

***REPORT OF***  
***CITY OF ASHLAND, MISSOURI***  
***YEAR ENDED APRIL 30, 2015***

*CITY OF ASHLAND, MISSOURI*

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**CITY OF ASHLAND, MISSOURI**

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Professional Corporation  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Missouri (the "City"), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### PARTNERS

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of April 30, 2015, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof and respective budgetary comparison for the General and Street Funds for the year then ended in accordance with the modified cash basis of accounting described in Note I.

### **Basis of Accounting**

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

### **Other Matters**

#### *Other Information*

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

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

The management's discussion and analysis and schedule of funding progress have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015, on our consideration of the City's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



July 24, 2015

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

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

As management of the City of Ashland, Missouri, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2015. The City implemented Governmental Accounting Standards Board GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the first time for fiscal year 2003.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$9,973,234. Of this amount, \$9,973,234 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$514,902.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,257,045. \$810,612 is unassigned and available for use within the City's designation and policies.
- At the end of the current fiscal year, the general fund had a surplus fund balance of \$814,721.
- The City's bond payable decreased \$172,000 due to scheduled payments.

**Overview of the Financial Statements**

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

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

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

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

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

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

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

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

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

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-42.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Other information can be found on page 43 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the other information on pensions. Combining and individual statements and schedules can be found on pages 44-49 of this report.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ashland, assets exceeded liabilities by \$9,973,234 as of April 30, 2015.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

A significant portion of the City's net position (66%) is its investments in capital assets (e.g., land, building, equipment, improvements and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

2015 NET POSITION

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,252,936	\$ 1,104,786	\$ 2,357,722
Restricted assets	4,109	1,046,449	1,050,558
Capital assets	2,437,701	6,380,136	8,817,837
Total Assets	<u>\$ 3,694,746</u>	<u>\$ 8,531,371</u>	<u>\$ 12,226,117</u>
Capital lease payable	\$ -	\$ 62,797	\$ 62,797
Bonds payable	-	2,123,000	2,123,000
Deposit payable	-	67,086	67,086
Total Liabilities	<u>\$ -</u>	<u>\$ 2,252,883</u>	<u>\$ 2,252,883</u>
Net Position:			
Net investment in capital assets	\$ 2,437,701	\$ 4,178,425	\$ 6,616,126
Restricted	446,433	36,491	482,924
Unrestricted	810,612	2,063,572	2,874,184
Total Net Position	<u>\$ 3,694,746</u>	<u>\$ 6,278,488</u>	<u>\$ 9,973,234</u>

2014 NET POSITION

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,040,533	\$ 1,369,366	\$ 2,409,899
Restricted assets	21,133	732,412	753,545
Capital assets	2,539,323	6,210,890	8,750,213
Total Assets	<u>\$ 3,600,989</u>	<u>\$ 8,312,668</u>	<u>\$ 11,913,657</u>
Capital lease payable	\$ 21,305	\$ 73,989	\$ 95,294
Bonds payable	-	2,295,000	2,295,000
Deposit payable	-	65,031	65,031
Total Liabilities	<u>\$ 21,305</u>	<u>\$ 2,434,020</u>	<u>\$ 2,455,325</u>
Net Position:			
Net investment in capital assets	\$ 2,690,016	\$ 3,841,901	\$ 6,531,917
Restricted	355,836	36,622	392,458
Unrestricted	533,832	2,000,125	2,533,957
Total Net Position	<u>\$ 3,579,684</u>	<u>\$ 5,878,648</u>	<u>\$ 9,458,332</u>

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

As of April 30, 2015, the City is able to report positive balances in all three categories of net position for the government as a whole.

**Analysis of the City's Operations** - Overall the City had an increase in net position of \$514,902.

Governmental Activities: Governmental activities increased the net position by \$115,062.

Business-Type Activities: Net Position from business-type activities increased by \$399,840 from \$5,878,648 to \$6,278,488. This increase was primarily due to investment into additional capital assets.

The following tables provide a summary of the City's operations for years ended April 30, 2015 and 2014.

2015 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 41,403	\$ 1,538,909	\$ 1,580,312
Operating grants and contributions	99,835	-	99,835
General Revenues:			
Other taxes	148,606	-	148,606
Property taxes	134,080	-	134,080
Sales taxes	828,185	-	828,185
Franchise taxes	300,192	-	300,192
Interest and investment earnings	9,115	74,043	83,158
Miscellaneous	182,935	-	182,935
Total Revenues	<u>1,744,351</u>	<u>1,612,952</u>	<u>3,357,303</u>
Expenses:			
General government	471,280	-	471,280
Public safety	425,081	-	425,081
Transportation	718,201	-	718,201
Cultural and recreation	13,794	-	13,794
Interest expense	933	-	933
Water, sewer and sanitation	-	1,213,112	1,213,112
Total Expenses	<u>1,629,289</u>	<u>1,213,112</u>	<u>2,842,401</u>
Increase (Decrease) in net position	115,062	399,840	514,902
Net Position - Beginning of year	<u>3,579,684</u>	<u>5,878,648</u>	<u>9,458,332</u>
Net Position - End of year	<u>\$ 3,694,746</u>	<u>\$ 6,278,488</u>	<u>\$ 9,973,234</u>

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

2014 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 64,233	\$ 1,525,536	\$ 1,589,769
Operating grants and contributions	221,177	-	221,177
Capital grants and contributions	2,195	190,478	192,673
General Revenues:			
Other taxes	140,788	-	140,788
Property taxes	134,911	-	134,911
Sales taxes	523,406	-	523,406
Franchise taxes	301,375	-	301,375
Interest and investment earnings	7,355	75,426	82,781
Miscellaneous	79,614	-	79,614
Internal transfers	7,389	(7,389)	-
<b>Total Revenues</b>	<b>1,482,443</b>	<b>1,784,051</b>	<b>3,266,494</b>
Expenses:			
General government	523,179	-	523,179
Public safety	425,609	-	425,609
Transportation	690,126	-	690,126
Cultural and recreation	51,699	-	51,699
Interest expense	405	-	405
Water, sewer and sanitation	-	1,280,615	1,280,615
<b>Total Expenses</b>	<b>1,691,018</b>	<b>1,280,615</b>	<b>2,971,633</b>
Increase (Decrease) in net position	(208,575)	503,436	294,861
Net Position - Beginning of year	3,788,259	5,456,441	9,244,700
Prior Period Adjustment	-	(81,229)	(81,229)
Net Position - Beginning of year, Restated	3,788,259	5,375,212	9,163,471
<b>Net Position - End of year</b>	<b>\$ 3,579,684</b>	<b>\$ 5,878,648</b>	<b>\$ 9,458,332</b>

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

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirement. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,257,045.

In the general fund, the City budgeted for a decrease in the fund balance of \$108,637, which was primarily resulting from additional expenditures. Due to actual revenues being more than budgeted and actual expenses being less than budgeted, the actual fund balance increase for fiscal year 2015 was \$23,291.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

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

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2015 amounts to \$8,817,837 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements and construction in progress.

2015 CAPITAL ASSETS AT YEAR-END  
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	Business-Type Activities	Total
Property, plant and equipment:			
Land and land elements	\$ 270,433	\$ 228,746	\$ 499,179
Buildings	219,877	241,942	461,819
Machinery and vehicles	106,629	144,059	250,688
Infrastructure	1,784,444	-	1,784,444
Furniture and equipment	40,779	122,463	163,242
Property and improvements	15,539	5,327,818	5,343,357
Construction in progress	-	315,108	315,108
Net Capital Assets	<u>\$ 2,437,701</u>	<u>\$ 6,380,136</u>	<u>\$ 8,817,837</u>

2014 CAPITAL ASSETS AT YEAR-END  
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	Business-Type Activities	Total
Property, plant and equipment:			
Land and land elements	\$ 270,433	\$ 228,746	\$ 499,179
Buildings	228,100	252,905	481,005
Machinery and vehicles	128,087	188,843	316,930
Infrastructure	1,828,998	-	1,828,998
Furniture and equipment	66,321	15,622	81,943
Property and improvements	17,384	5,335,921	5,353,305
Construction in progress	-	188,853	188,853
Net Capital Assets	<u>\$ 2,539,323</u>	<u>\$ 6,210,890</u>	<u>\$ 8,750,213</u>

Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements on pages 32-33 of this report.

**Debt Administration**

At the end of the current fiscal year, the City had revenue bonded debt of \$2,123,000. The revenue bonds are secured by the combined water and sewerage system revenues.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2015  
(UNAUDITED)

2015  
Outstanding Debt at Year End  
Revenue Bonds, Note Payable Debt and Deposits

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ -	\$ 2,123,000	\$ 2,123,000
Capital lease obligation	-	62,797	62,797
Deposits payable	-	67,086	67,086
Total	\$ -	\$ 2,252,883	\$ 2,252,883

2014  
Outstanding Debt at Year End  
Revenue Bonds, Note Payable Debt and Deposits

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ -	\$ 2,295,000	\$ 2,295,000
Capital lease obligation	21,305	73,989	95,294
Deposits payable	-	65,031	65,031
Total	\$ 21,305	\$ 2,434,020	\$ 2,455,325

During the fiscal year, the City's total debt decreased by \$202,442 or 8%. The decrease was due to scheduled payments.

Additional information on the City's long-term debt can be found in the Notes to Basic Financial Statements on pages 34-38 of this report.

**Transfers**

The City transferred \$64,467 from the general fund to the street fund in 2015. The City made no transfers in 2014.

**Request for Information**

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

CITY OF ASHLAND, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
APRIL 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,007,623	\$ 1,104,786	\$ 2,112,409
Restricted cash and cash equivalents	4,109	1,009,958	1,014,067
Investments	245,313	-	245,313
Restricted investments held in escrow	-	36,491	36,491
Land	270,433	228,746	499,179
Other capital assets, net of accumulated depreciation	2,167,268	6,151,390	8,318,658
<b>Total Assets</b>	<b>3,694,746</b>	<b>8,531,371</b>	<b>12,226,117</b>
<b>LIABILITIES (Note III-D)</b>			
<b>Current Liabilities:</b>			
Due within one year	-	188,625	188,625
<b>Long-Term Liabilities:</b>			
Refundable deposits	-	67,086	67,086
Due in more than one year	-	1,997,172	1,997,172
<b>Total Liabilities</b>	<b>-</b>	<b>2,252,883</b>	<b>2,252,883</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,437,701	4,178,425	6,616,126
<b>Restricted but expendable for:</b>			
Debt service	895	36,491	37,386
Other purposes	445,538	-	445,538
Unrestricted	810,612	2,063,572	2,874,184
<b>Total Net Position</b>	<b>\$ 3,694,746</b>	<b>\$ 6,278,488</b>	<b>\$ 9,973,234</b>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
YEAR ENDED APRIL 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 471,280	\$ 26,361	\$ 99,835	\$ -	\$ (345,084)	\$ -	\$ (345,084)
Public Safety	425,081	15,042	-	-	(410,039)	-	(410,039)
Streets	718,201	-	-	-	(718,201)	-	(718,201)
Park	13,794	-	-	-	(13,794)	-	(13,794)
Interest expense	933	-	-	-	(933)	-	(933)
<b>Total Governmental Activities</b>	<b>1,629,289</b>	<b>41,403</b>	<b>99,835</b>	<b>-</b>	<b>(1,488,051)</b>	<b>-</b>	<b>(1,488,051)</b>
Business-Type Activities:							
Water, Sewer and Sanitation	1,213,112	1,538,909	-	-	-	325,797	325,797
<b>Total Business-Type Activities</b>	<b>1,213,112</b>	<b>1,538,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,797</b>	<b>325,797</b>
General Revenues:							
Taxes:							
Property taxes					134,080	-	134,080
Sales taxes					828,185	-	828,185
Motor vehicle and fuel taxes					142,336	-	142,336
Franchise taxes					300,192	-	300,192
Other taxes					6,270	-	6,270
Investment income					9,115	74,043	83,158
Miscellaneous					182,935	-	182,935
<b>Total general revenues</b>					<b>1,603,113</b>	<b>74,043</b>	<b>1,677,156</b>
Change in net position					115,062	399,840	514,902
Net position - beginning					3,579,684	5,878,648	9,458,332
Net position - ending					<b>\$ 3,694,746</b>	<b>\$ 6,278,488</b>	<b>\$ 9,973,234</b>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
APRIL 30, 2015

	General Fund	Street Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 565,299	\$ 23,990	\$ 348,413	\$ 69,921	\$ 1,007,623
Restricted cash and cash equivalents	4,109	-	-	-	4,109
Investments	245,313	-	-	-	245,313
<b>Total Assets</b>	<b>\$ 814,721</b>	<b>\$ 23,990</b>	<b>\$ 348,413</b>	<b>\$ 69,921</b>	<b>\$ 1,257,045</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Other payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Assigned for debt service	-	-	-	895	895
Assigned for street	-	23,990	-	-	23,990
Assigned for court fines	-	-	-	40,334	40,334
Assigned for learning garden	-	-	-	28,692	28,692
Assigned for capital projects	-	-	348,413	-	348,413
Assigned for Friends of Ashland	4,109	-	-	-	4,109
Unassigned	810,612	-	-	-	810,612
<b>Total Fund Balances</b>	<b>814,721</b>	<b>23,990</b>	<b>348,413</b>	<b>69,921</b>	<b>1,257,045</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 814,721</b>	<b>\$ 23,990</b>	<b>\$ 348,413</b>	<b>\$ 69,921</b>	

Reconciliation to Statement of Net Position:

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

Capital assets used in governmental activities of \$12,412,795 net of accumulated depreciation of \$9,975,094 are not financial resources and, therefore, are not reported in the funds.	2,437,701
Net position of governmental activities	<u>\$ 3,694,746</u>

CITY OF ASHLAND, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2015

	General Fund	Street Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 134,080	\$ -	\$ -	\$ -	\$ 134,080
Sales taxes	362,951	-	165,251	-	528,202
Franchise taxes	300,192	-	-	-	300,192
Other taxes	6,270	-	-	-	6,270
Intergovernmental	4,369	442,319	-	95,466	542,154
Licenses and permits	26,361	-	-	-	26,361
Fines and forfeits	729	-	-	14,313	15,042
Investment income	9,115	-	-	-	9,115
Miscellaneous	63,716	119,219	-	-	182,935
<b>Total Revenues</b>	<b>907,783</b>	<b>561,538</b>	<b>165,251</b>	<b>109,779</b>	<b>1,744,351</b>
<b>EXPENDITURES:</b>					
General government	385,927	-	-	96,519	482,446
Public safety	420,304	-	-	11,963	432,267
Streets	-	537,548	-	-	537,548
Parks	13,794	-	-	-	13,794
Capital outlay	-	-	82,917	-	82,917
<b>Total Expenditures</b>	<b>820,025</b>	<b>537,548</b>	<b>82,917</b>	<b>108,482</b>	<b>1,548,972</b>
Excess (Deficit) of Revenues over Expenditures	87,758	23,990	82,334	1,297	195,379
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in (out)	(64,467)	64,467	-	-	-
Total Other Financing Sources (Uses)	(64,467)	64,467	-	-	-
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	23,291	88,457	82,334	1,297	195,379
Fund Balance, Beginning (Deficit)	791,430	(64,467)	266,079	68,624	1,061,666
Fund Balance, Ending (Deficit)	\$ 814,721	\$ 23,990	\$ 348,413	\$ 69,921	\$ 1,257,045

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 195,379

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

Repayments of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position:

Capital debt obligation principal payments 21,305

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized 438,689  
Depreciation expense (540,311)

Change in Net Position of Governmental Activities \$ 115,062

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 GENERAL FUND  
 YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 791,430	\$ 791,430	\$ 791,430	-
Resources (Inflows):				
Property taxes	127,000	127,000	134,080	7,080
Sales taxes	350,000	350,000	362,951	12,951
Franchise taxes	251,000	251,000	300,192	49,192
Other taxes	5,300	5,300	6,270	970
Intergovernmental	1,350	1,350	4,369	3,019
Alcoholic beverage licenses	2,500	2,500	2,147	(353)
Animal licenses	300	300	50	(250)
Building permits	20,000	20,000	24,164	4,164
Municipal court fines and fees	3,080	3,080	729	(2,351)
Investment income	7,000	7,000	9,115	2,115
Lease income	40,000	40,000	42,585	2,585
Fall festival and park donations	500	500	430	(70)
Other	8,100	8,100	20,701	12,601
Total	<u>816,130</u>	<u>816,130</u>	<u>907,783</u>	<u>91,653</u>
Amounts available for appropriation	<u>1,607,560</u>	<u>1,607,560</u>	<u>1,699,213</u>	<u>91,653</u>
Charges to Appropriations (Outflows):				
General Government:				
Personnel services	192,125	190,998	183,969	7,029
Materials and supplies	3,200	3,000	2,245	755
Other services and charges	171,540	207,237	198,393	8,844
Capital expenditures	10,300	10,291	1,320	8,971
Total General Government	<u>377,165</u>	<u>411,526</u>	<u>385,927</u>	<u>25,599</u>
Public Safety:				
Personnel services	338,429	339,980	338,807	1,173
Materials and supplies	40,800	38,665	33,138	5,527
Other services and charges	40,970	51,085	45,277	5,808
Capital expenditures	1,300	3,081	3,082	(1)
Total Public Safety	<u>421,499</u>	<u>432,811</u>	<u>420,304</u>	<u>12,507</u>
Park Department:				
Personnel services	15,180	15,963	13,794	2,169
Total Park Department	<u>15,180</u>	<u>15,963</u>	<u>13,794</u>	<u>2,169</u>
Other Financing Uses:				
Transfers to other funds	-	64,467	64,467	-
Total Charges to Appropriations	<u>813,844</u>	<u>924,767</u>	<u>884,492</u>	<u>40,275</u>
Ending Budgetary Fund Balance	<u>\$ 793,716</u>	<u>\$ 682,793</u>	<u>\$ 814,721</u>	<u>\$ 131,928</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 STREET FUND  
 YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance (Deficit)	\$ (64,467)	\$ (64,467)	\$ (64,467)	-
Resources (Inflows):				
Intergovernmental	398,500	398,500	442,319	43,819
Investment income	140	140	-	(140)
Miscellaneous	201,600	201,600	119,219	(82,381)
Total	<u>600,240</u>	<u>600,240</u>	<u>561,538</u>	<u>(38,702)</u>
Other Financing Sources:				
Transfer from other funds	-	64,467	64,467	-
Amounts available for appropriation	<u>535,773</u>	<u>600,240</u>	<u>561,538</u>	<u>(38,702)</u>
Charges to appropriations (Outflows):				
Street Department:				
Personnel services	56,441	55,154	54,055	1,099
Materials and supplies	26,200	29,425	27,831	1,594
Other services and charges	464,510	436,745	412,875	23,870
Capital expenditures	53,089	55,739	42,787	12,952
Total Street Department	<u>600,240</u>	<u>577,063</u>	<u>537,548</u>	<u>39,515</u>
Total Charges to Appropriations	<u>600,240</u>	<u>577,063</u>	<u>537,548</u>	<u>39,515</u>
Ending Budgetary Fund Balance (Deficit)	<u>\$ (64,467)</u>	<u>\$ 23,177</u>	<u>\$ 23,990</u>	<u>\$ 813</u>

CITY OF ASHLAND, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND (WATER, SEWER AND SANITATION)  
APRIL 30, 2015

**Assets**

Current Assets:

Cash and cash equivalents	\$ 1,104,786
Restricted cash and cash equivalents	1,009,958
Total Cash and Cash Equivalents	2,114,744
Investments	
Restricted investments held in escrow	36,491
Total Investments	36,491
Total Current Assets	2,151,235

Noncurrent Assets:

Land	228,746
Construction in process	315,108
Other capital assets, net of accumulated depreciation	5,836,282
Total Noncurrent Assets	6,380,136

Total Assets	\$ 8,531,371
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**Liabilities**

Current Liabilities:

Bonds payable - current portion	\$ 177,000
Capital lease payable - current portion	11,625
Total Current Liabilities	188,625

Noncurrent Liabilities:

Refundable deposits	67,086
Bonds payable - long-term portion	1,946,000
Capital lease payable - long-term portion	51,172
Total Noncurrent Liabilities	2,064,258

Total Liabilities	\$ 2,252,883
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**Net Position**

Net investment in capital assets	\$ 4,178,425
Restricted but expendable for debt service	36,491
Unrestricted (Deficit)	2,063,572
Total Net Position	\$ 6,278,488

CITY OF ASHLAND, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND (WATER, SEWER AND SANITATION)  
YEAR ENDED APRIL 30, 2015

Operating Revenues:	
Charges for services	\$ 1,486,640
Miscellaneous	<u>52,269</u>
Total Operating Revenues	<u>1,538,909</u>
Operating Expenses:	
Personnel services	351,005
Materials and supplies	347,394
Repairs and maintenance	71,260
Utilities	35,063
Other	59,888
Depreciation	<u>236,553</u>
Total Operating Expenses	<u>1,101,163</u>
Operating Income (Loss)	<u>437,746</u>
Non-Operating Revenues (Expenses):	
Investment income	74,043
Interest expense and fees on debt	<u>(111,949)</u>
Total nonoperating revenues (expenses)	<u>(37,906)</u>
Net income	399,840
Net Position, Beginning	<u>5,878,648</u>
Net Position, Ending	<u><u>\$ 6,278,488</u></u>

CITY OF ASHLAND, MISSOURI  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUND (WATER, SEWER AND SANITATION)  
YEAR ENDED APRIL 30, 2015

Cash flows from operating activities:	
Receipts from customers	\$ 1,538,909
Payments to suppliers	(511,550)
Payments to employees	(351,005)
Net cash provided by operating activities	<u>676,354</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(405,799)
Principal paid on capital debt	(183,192)
Interest and fiscal agent fees paid on capital debt	(111,949)
Net cash (used) for capital and related financing activities	<u>(700,940)</u>
Cash flows from investing activities:	
Purchase of investments	183,296
Maturities of investments	(183,165)
Interest income	74,043
Net cash provided (used) by investing activities	<u>74,174</u>
Net increase in cash and cash equivalents	49,588
Balance, beginning of year	<u>2,065,156</u>
Balance, end of year	<u><u>\$ 2,114,744</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 437,746
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	236,553
Changes in assets and liabilities:	
Refundable deposits	2,055
Net cash provided by operating activities	<u><u>\$ 676,354</u></u>

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

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

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

**B. Basis of Presentation**

Government-Wide Financial Statements

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

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

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

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

Fund Financial Statements

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

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund

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

Special Revenue Funds

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

<u>Fund</u>	<u>Brief Description</u>
Street	Accounts for revenues received and expenditures paid for street improvements.
Court Fund	Accounts for revenues received and expenditures paid for the court system.
Learning Garden Fund	Accounts for grants received and related expenditures.

Capital Project Funds

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

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

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

**Proprietary Fund**

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City combined the Water, Sewer and Sanitation Enterprise Funds into one fund in fiscal year 2013. The Water, Sewer and Sanitation Enterprise Fund is reported as a major fund and accounts for activities of the City in providing water, sewer and trash services to the public.

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

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

Measurement Focus

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

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

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

Basis of Accounting

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

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

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

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

**D. Assets, Liabilities and Equity**

Cash and Cash Equivalents

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

Capital Assets

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

Government-Wide Statements

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

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

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

Fund Financial Statements

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

Long-Term Debt

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

Capitalization of Interest Costs

The Proprietary Funds capitalize the interest cost of restricted tax exempt borrowings, less any interest earned on temporary investments of the proceeds of those borrowings, until the specified assets acquired with those borrowings is placed into service. During fiscal year 2015 no interest was capitalized.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

Equity Classifications

*Government-Wide Statements*

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

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

*Fund Financial Statements*

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

*Fund Equity – Fund Financial Statements:*

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

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

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

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

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

*Contributions and Grants*

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

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

Program Revenues

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

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

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

Operating Revenues and Expenses

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

**F. Use of Estimates**

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

**G. Interfund Receivables and Payables**

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

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**Insured and Collateralized Deposits**

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

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

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

**A. Deposits and Investments**

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

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

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

CITY OF ASHLAND, MISSOURI  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2015

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

The deposits and investments held at April 30, 2015, are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		\$ 3,229,238
Time deposit	11/01/15	65,690
Time deposit	12/22/16	30,000
Time deposit	01/07/17	65,000
		3,389,928
Investments:		
U.S. Fixed Income	01/01/28	18,352
Total investments		18,352
Total deposits and investments		\$ 3,408,280
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 2,112,409
Restricted cash and cash equivalents		1,014,067
Investments		245,313
Restricted investments held in escrow		36,491
Total		\$ 3,408,280

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

***Custodial Credit Risk - Deposits.*** Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$3,381,210 at April 30, 2015, which was fully insured by depository insurance or secured with collateral.

***Investment interest rate risk.*** The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at April 30, 2015, are provided in the previous schedule.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

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

**Concentration of investment credit risk.** The City places no limit on the amount it may invest in any one issuer. At April 30, 2015, the City had no concentration of credit risk.

**B. Restricted Assets**

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

Series 2000 and 2002 Revenue Bonds - Principal and interest	\$	130,690
Series 2000 and 2002 Revenue Bonds - Reserve		879,268
Total Bond Restricted Funds Required		1,009,958
Restricted funds held in Escrow		36,491
Restricted for Friends of Ashland		4,109
Total Restricted Assets	\$	1,050,558

**C. Capital Assets**

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2015, was as follows:

	Balance April 30, 2014	Additions	Disposals	Balance April 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 270,433	\$ -	\$ -	\$ 270,433
Construction in progress	-	-	-	-
Total capital assets not being depreciated	270,433	-	-	270,433
Capital assets being depreciated				
Buildings	399,616	3,591	-	403,207
Machinery and vehicles	381,253	15,717	-	396,970
Furniture and equipment	308,983	-	-	308,983
Other property and equipment	124,704	-	-	124,704
Infrastructure	10,489,117	419,381	-	10,908,498
Total capital assets being depreciated	11,703,673	438,689	-	12,142,362
Total capital assets at historical costs	11,974,106	438,689	-	12,412,795
Less accumulated depreciation				
Buildings	(171,516)	(11,814)	-	(183,330)
Machinery and vehicles	(253,166)	(37,175)	-	(290,341)
Furniture and equipment	(242,662)	(25,542)	-	(268,204)
Other property and equipment	(107,320)	(1,845)	-	(109,165)
Infrastructure	(8,660,119)	(463,935)	-	(9,124,054)
Total accumulated depreciation	(9,434,783)	(540,311)	-	(9,975,094)
Total capital assets being depreciated, net	2,268,890	(101,622)	-	2,167,268
Net capital assets	\$ 2,539,323	\$ (101,622)	\$ -	\$ 2,437,701

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

Water, Sewer and Sanitation

	Balance April 30, 2014	Additions	Disposals	Balance April 30, 2015
Capital assets not being depreciated:				
Land	\$ 228,746	\$ -	\$ -	\$ 228,746
Construction in Progress	188,853	126,255	-	315,108
Total capital assets not being depreciated	<u>417,599</u>	<u>126,255</u>	<u>-</u>	<u>543,854</u>
Capital assets being depreciated				
Buildings	452,770	-	-	452,770
Machinery and vehicles	461,871	-	-	461,871
Furniture and equipment	37,207	114,657	-	151,864
Property and improvements	6,786,325	164,887	-	6,951,212
Total capital assets being depreciated	<u>7,738,173</u>	<u>279,544</u>	<u>-</u>	<u>8,017,717</u>
Total capital assets at historical costs	<u>8,155,772</u>	<u>405,799</u>	<u>-</u>	<u>8,561,571</u>
Less accumulated depreciation				
Buildings	(199,865)	(10,963)	-	(210,828)
Machinery and vehicles	(273,028)	(44,784)	-	(317,812)
Furniture and equipment	(21,585)	(7,816)	-	(29,401)
Property and improvements	(1,450,404)	(172,990)	-	(1,623,394)
Total accumulated depreciation	<u>(1,944,882)</u>	<u>(236,553)</u>	<u>-</u>	<u>(2,181,435)</u>
Total capital assets being depreciated, net	<u>5,793,291</u>	<u>42,991</u>	<u>-</u>	<u>5,836,282</u>
Net capital assets	<u>\$ 6,210,890</u>	<u>\$ 169,246</u>	<u>\$ -</u>	<u>\$ 6,380,136</u>

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

Primary Government:

Governmental activities:

General government	\$ 21,405
Public safety	30,434
Streets	481,820
Park	6,652
Total depreciation expense for governmental activities	<u>\$ 540,311</u>

Business-type activities:

Water, Sewer and Sanitation	\$ 236,553
Total depreciation expense for business-type activities	<u>\$ 236,553</u>

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

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

**D. Long-Term Debt**

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

Governmental Activities

As of April 30, 2015, the long-term debt arising from modified cash transactions, payable from governmental fund resources, has been paid off.

Business-Type Activities

As of April 30, 2015, the long-term debt, arising from modified cash transactions, payable from proprietary fund resources consisted of the following:

**Bonds Payable:**

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

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

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

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



CITY OF ASHLAND, MISSOURI  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2015

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

Debt Service Requirements To Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, except for refundable deposits, as of April 30, 2015, are as follows:

**2002 Revenue Bonds**

Year Ending April 30,	Principal	Interest	Total
2016	\$ 21,000	\$ 9,675	\$ 30,675
2017	22,000	8,494	30,494
2018	23,000	7,256	30,256
2019	24,000	5,963	29,963
2020	26,000	4,612	30,612
2021-2025	56,000	4,782	60,782
Total	<u>\$ 172,000</u>	<u>\$ 40,782</u>	<u>\$ 212,782</u>

**2007 Revenue Bonds Issued for Wastewater Improvements**

Year Ending April 30,	Principal	Interest	Total
2016	\$ 45,000	\$ 29,637	\$ 74,637
2017	50,000	27,838	77,838
2018	50,000	25,837	75,837
2019	50,000	23,838	73,838
2020	50,000	21,837	71,837
2021-2025	265,000	76,013	341,013
2026-2029	175,000	15,737	190,737
Total	<u>\$ 685,000</u>	<u>\$ 220,737</u>	<u>\$ 905,737</u>

**2008 Revenue Bonds Issued for Water Improvements**

Year Ending April 30,	Principal	Interest	Total
2016	\$ 55,000	\$ 49,385	\$ 104,385
2017	60,000	46,772	106,772
2018	60,000	43,773	103,773
2019	60,000	40,772	100,772
2020	60,000	37,623	97,623
2021-2025	325,000	138,577	463,577
2026-2029	290,000	42,262	332,262
Total	<u>\$ 910,000</u>	<u>\$ 399,164</u>	<u>\$ 1,309,164</u>

CITY OF ASHLAND, MISSOURI  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2015

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

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

Year Ending April 30,	Principal	Interest	Total
2016	\$ 56,000	\$ 8,200	\$ 64,200
2017	55,000	6,812	61,812
2018	59,000	5,388	64,388
2019	63,000	3,862	66,862
2020	62,000	2,300	64,300
2021-2025	61,000	763	61,763
Total	<u>\$ 356,000</u>	<u>\$ 27,325</u>	<u>\$ 383,325</u>

**E. Capital Lease – Governmental Activities**

On September 24, 2012, the City entered into a cancellable lease agreement as lessee to finance the acquisition of equipment.

This lease was paid off in fiscal year 2015.

Property, plant and equipment includes the following amounts for leases which have been capitalized at April 30, 2015:

Equipment	\$ 61,222
Less accumulated amortization	<u>(31,160)</u>
	<u>\$ 30,062</u>

Amortization of capital leases was \$13,656 for the fiscal year ending April 30, 2015. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

CITY OF ASHLAND, MISSOURI  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2015

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

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

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

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

Year Ended <u>April 30,</u>		
2016	\$	14,053
2017		14,053
2018		14,053
2019		14,053
2020		<u>14,053</u>
Total Minimum Lease Payments		70,265
Less amount representing interest		<u>(7,468)</u>
Net Lease Payments	\$	<u><u>62,797</u></u>

Property, plant and equipment includes the following amounts for leases which have been capitalized at April 30, 2015:

Equipment	\$	98,817
Less accumulated amortization		<u>(47,761)</u>
	\$	<u><u>51,056</u></u>

Amortization of capital leases was \$19,763 for the fiscal year ending April 30, 2015. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

**G. Pledged Revenues**

The proprietary fund pledged future proprietary fund revenues, net of specified operating expenses, to repay proprietary fund revenue bonds and capital leases that were issued for the purpose of proprietary improvements. The bonds and leases are payable solely from the proprietary fund net revenues and are payable through 2029. Annual principal and interest payments in 2014 on the bonds and leases required 40% of net revenues. The total principal and interest remaining to be paid on the bonds and leases is \$2,881,273. Principal and interest paid for the current year was \$304,933 (not including refunding payment). Total proprietary fund net revenues for the current year were \$748,342.

CITY OF ASHLAND, MISSOURI  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2015

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

**H. Interfund Transfers**

Interfund transfers during the year ended April 30, 2015, were as follows:

Disbursing Fund	Receiving Fund	Amount
General Fund	Street Fund	\$ 64,467

The purpose of the \$64,467 transfer from the Proprietary Fund was to cover expenses and eliminate a deficit fund balance.

**IV. OTHER INFORMATION**

**A. Retirement Plan**

Plan Description

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

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

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

Funding Status

Full-time employees of the City of Ashland contribute 4% of their gross pay to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 5.9% (General) and 5.0% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

**IV. OTHER INFORMATION (continued)**

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$	31,919
Interest on net pension obligation		160
Adjustment to annual required contribution		(244)
Annual pension cost		31,835
Actual contributions		31,919
Increase (decrease) in NPO		(84)
NPO beginning of year		2,210
NPO end of year	\$	2,126

The annual required contribution (ARC) was determined as part of the February 29, 2012 and February 28, 2013 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2012 was 15 years for the General division and 6 years for the Police division. The amortization period as of February 28, 2013 was 16 years for the General division and 24 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 30,337	100.1%	\$ 2,186
2013	34,855	99.9%	2,210
2014	31,835	100.3%	2,126

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

**IV. OTHER INFORMATION (continued)**

**B. Risk Management**

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

**C. Taxes**

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

The assessed valuation of the tangible property in the City for the calendar year 2014 for purposes of local taxation was \$51,803,505. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2014 for purposes of local taxation was \$.2635 for the General Fund and \$.0 for the Debt Service Fund, or a total tax levy of \$.2635.

Property tax collections consist of current taxes, delinquent taxes, and interest and penalties on delinquent taxes. The receipts of current and delinquent property taxes during the fiscal year ended April 30, 2015, aggregated approximately 98.2% of the current assessment computed on the basis of the levy.

**D. Litigation**

At April 30, 2015, the City is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provision for loss contingencies that may result from this proceeding. While the outcome of the above noted contingencies cannot be predicted due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2015

**IV. OTHER INFORMATION (continued)**

**E. Fund Balance**

Classifications of fund balances at April 30, 2015 are as follows:

	General Fund	Street Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Fund Balances:					
Nonspendable					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned for other purposes	4,109	-	-	-	4,109
Assigned for capital projects purposes	-	-	348,413	-	348,413
Assigned for special revenue purposes	-	23,990	-	69,026	93,016
Assigned for debt service purposes	-	-	-	895	895
Unassigned	810,612	-	-	-	810,612
	<u>\$ 814,721</u>	<u>\$ 23,990</u>	<u>\$ 348,413</u>	<u>\$ 69,921</u>	<u>\$ 1,257,045</u>

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

**F. Fines**

Fines and penalties revenues as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis is \$15,042 for the year ended April 30, 2015, which is 2% of general fund revenues.

**F. Consideration of Subsequent Events**

Subsequent events have been evaluated through July 24, 2015, which is the date the financial statements are available to be issued.

## **SUPPLEMENTARY INFORMATION**

CITY OF ASHLAND, MISSOURI  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED APRIL 30, 2015

The following information is presented in accordance with Governmental Accounting Board Statement 27, "Accounting for Pensions by State and Local Governmental Employers" (see Note IV-A).

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/29/2012	\$ 660,937	\$ 721,095	\$ 60,158	92%	\$ 538,719	11%
02/28/2013	668,866	707,743	38,877	95%	512,103	8%
02/28/2014	784,341	742,039	(42,302)	106%	549,684	--

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

## **COMBINING FINANCIAL STATEMENTS**

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

Special Revenue Fund  
Debt Service Fund  
Capital Project Fund

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

Debt Service Fund

Debt Service Fund	Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
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CITY OF ASHLAND, MISSOURI  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2015

	Special Revenue Fund		Debt Service Fund	Total
	Court Fund	Learning Garden		
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 40,334	\$ 28,692	\$ 895	\$ 69,921
Total Assets	<u>\$ 40,334</u>	<u>\$ 28,692</u>	<u>\$ 895</u>	<u>\$ 69,921</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Current liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Assigned for debt service	-	-	895	895
Assigned for learning garden	-	28,692	-	28,692
Assigned for capital projects	-	-	-	-
Assigned for court fines	40,334	-	-	40,334
Total Fund Balances	<u>40,334</u>	<u>28,692</u>	<u>895</u>	<u>69,921</u>
Total Liabilities and Fund Balances	<u>\$ 40,334</u>	<u>\$ 28,692</u>	<u>\$ 895</u>	<u>\$ 69,921</u>

CITY OF ASHLAND, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2015

	Special Revenue Fund		Debt Service Fund	Total
	Court Fund	Learning Garden		
<b>REVENUES</b>				
Fines and forfeits	\$ 14,313	\$ -	\$ -	\$ 14,313
Grant	-	95,466	-	95,466
Total Revenues	<u>14,313</u>	<u>95,466</u>	<u>-</u>	<u>109,779</u>
<b>EXPENDITURES</b>				
General government	-	96,519	-	96,519
Public safety	11,963	-	-	11,963
Total Expenditures	<u>11,963</u>	<u>96,519</u>	<u>-</u>	<u>108,482</u>
Excess (Deficit) of Revenues over Expenditures	<u>2,350</u>	<u>(1,053)</u>	<u>-</u>	<u>1,297</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	<u>2,350</u>	<u>(1,053)</u>	<u>-</u>	<u>1,297</u>
Fund Balances, beginning	<u>37,984</u>	<u>29,745</u>	<u>895</u>	<u>68,624</u>
Fund Balances, ending	<u>\$ 40,334</u>	<u>\$ 28,692</u>	<u>\$ 895</u>	<u>\$ 69,921</u>

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
 COURT FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 37,984	\$ 37,984	\$ 37,984	-
Resources (Inflows):				
Fines and forfeits	19,769	19,654	14,313	(5,341)
Total	19,769	19,654	14,313	(5,341)
Other Financing Sources:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	57,753	57,638	52,297	(5,341)
Charges to appropriations (Outflows):				
Police Department:				
Personnel services	234	234	177	57
Other services and charges	12,273	12,193	11,719	474
Training and equipment	78	78	67	11
Total Police Department	12,585	12,505	11,963	542
Total Charges to Appropriations	12,585	12,505	11,963	542
Ending Budgetary Fund Balance	\$ 45,168	\$ 45,133	\$ 40,334	\$ (4,799)

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
 LEARNING GARDEN FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 29,745	\$ 29,745	\$ 29,745	-
Resources (Inflows):				
Grant	100,000	100,000	95,466	(4,534)
Totals	100,000	100,000	95,466	(4,534)
Amounts available for appropriation	129,745	129,745	125,211	(4,534)
Charges to appropriations (Outflows):				
General Government:				
Other services and charges	100,000	100,000	96,519	3,481
Total General Government	100,000	100,000	96,519	3,481
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	100,000	100,000	96,519	3,481
Ending Budgetary Fund Balance	\$ 29,745	\$ 29,745	\$ 28,692	\$ (1,053)

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

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

## OTHER MAJOR FUND

### Capital Project Fund

Capital Project Fund

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

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 CAPITAL PROJECT FUND  
 YEAR ENDED APRIL 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 266,079	\$ 266,079	\$ 266,079	\$ -
Resources (Inflows):				
Sales taxes	155,000	155,000	165,251	10,251
Total	<u>155,000</u>	<u>155,000</u>	<u>165,251</u>	<u>10,251</u>
Amounts available for appropriation	<u>421,079</u>	<u>421,079</u>	<u>431,330</u>	<u>10,251</u>
Charges to appropriations (Outflows):				
Structural projects and other	40,692	82,957	82,917	40
Total	<u>40,692</u>	<u>82,957</u>	<u>82,917</u>	<u>40</u>
Total Charges to Appropriations	<u>40,692</u>	<u>82,957</u>	<u>82,917</u>	<u>40</u>
Ending Budgetary Fund Balance	<u>\$ 380,387</u>	<u>\$ 338,122</u>	<u>\$ 348,413</u>	<u>\$ 10,291</u>

## **COMPLIANCE AND INTERNAL CONTROL**



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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 Members  
of the Board of Aldermen  
City of Ashland, Missouri

**PARTNERS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Missouri (the “City”), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated July 24, 2015. As described in our report on the financial statements the City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses (2015-001).

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

July 24, 2015

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

CITY OF ASHLAND, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED APRIL 30, 2015

2015-001	Budgeting
Criteria:	Section 67.010 of the Missouri Revised Statutes states that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance plus any balance estimated for the beginning of the budget year.
Condition:	Budgeted expenditures in the street fund exceeded budgeted revenues plus the estimated cash balance at the beginning of the fiscal year.
Context:	During our audit, we reviewed the street fund budget and noted a deficit fund balance was budgeted.
Effect:	Expenditures were made from the street fund during the fiscal year without being done in compliance with the political subdivision budgetary requirements.
Cause:	Deficit street fund beginning cash balances and budgeted revenues for the fiscal year were less than budgeted expenditures.
Recommendation:	We recommend the City prepare their annual budgets for each fund taking into consideration the beginning of the year bank balances. If transfers are required to cause the City to be in compliance with budgetary statutes, we recommend the transfers be done such that they are not in violation of state statutes or local policies.
Views of Responsible Officials & Planned Corrective Action:	The City, when preparing their annual budget, will consider the beginning of the year bank balances and if needed, transfers will be done to comply with budgetary statutes.