
**CITY OF GREENDALE,
MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended September 30, 2016

CITY OF GREENDALE, MISSOURI
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

March 13, 2017

Honorable Mayor and Board of Alderpersons
CITY OF GREENDALE, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF GREENDALE, MISSOURI** (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3; 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such

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opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note A-3.

Basis of Accounting

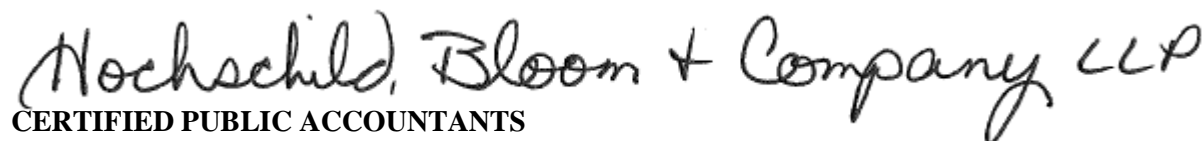
We draw attention to Note A-3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A-3.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting 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.


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF GREENDALE, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

As management of the City of Greendale, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2016. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities for the year ended September 30, 2016 by \$1,009,880. The City has unrestricted net position of \$504,912.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$651,196.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$472,097.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A 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 basic financial statements. This report also contains supplemental information in addition to the basic financial statements.

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

The statement of net position - modified cash basis 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 of whether the financial position of the City is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the City's net position changed during the most recent year end.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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, police and court, and public works. The City does not have any business-type activities.

The City has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to financial statements.

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.

**CITY OF GREENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

All of the funds of the City are governmental funds. It should be noted that the City does not have any fiduciary or 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, the governmental funds financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. 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 balances as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar 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 financial decisions. Both the governmental funds balance sheet - modified cash basis and the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund and Capital Improvement Fund, which are considered to be major funds.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

Notes to the basic 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.

Supplemental information. The MD&A and the budgetary comparison schedules represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE CITY
AS A WHOLE**

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

**CITY OF GREENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A condensed version of the statement of net position - modified cash basis follows:

	September 30	
	2016	2015
ASSETS		
Cash and other assets	\$ 654,021	660,259
Capital assets	563,684	572,653
Total Assets	1,217,705	1,232,912
LIABILITIES		
Other liabilities	2,825	17,544
Long-term liabilities	205,000	225,000
Total Liabilities	207,825	242,544
NET POSITION		
Net investment in capital assets	358,684	347,653
Restricted	146,284	128,202
Unrestricted	504,912	514,513
Total Net Position	\$ 1,009,880	990,368

Governmental activities. Governmental activities increased the City's net position by \$19,512. Key elements of this are as follows:

**CITY OF GREENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	For The Years Ended September 30	
	2016	2015
REVENUES		
Program revenues:		
Charges for services	\$ 103,143	111,577
Operating grants and contributions	42,553	38,253
Capital grants and contributions	15,000	-
General revenues:		
Taxes	243,355	247,970
Investments income	3,622	633
Miscellaneous	900	902
Total Revenues	408,573	399,335
EXPENSES		
Administration	159,138	138,802
Police and court	81,209	83,319
Public works	138,077	147,648
Interest on long-term debt	10,637	11,586
Total Expenses	389,061	381,355
CHANGE IN NET POSITION	19,512	17,980
NET POSITION, OCTOBER 1	990,368	972,388
NET POSITION, SEPTEMBER 30	\$ 1,009,880	990,368

Change in net position. The increase in net position of \$19,512 was largely attributable to an increase in grant revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At September 30, 2016 total fund balances were \$651,196.

**CITY OF GREENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

The fund balance in the City's General Fund decreased \$8,101 or 1.57% of the prior year fund balance. The change in the current year's General Fund balance is mainly due to a decrease in fines and forfeitures and an increase in expenditures.

Changes in fund balances for other major governmental funds can be described as follows:

- Capital Improvement Fund increased by \$12,882 or 16.08% of the prior year fund balance. This increase was mainly due to very little capital expenditures during the fiscal year ending September 30, 2016.

CAPITAL ASSETS

The City has invested \$563,684, net of accumulated depreciation, at September 30, 2016 in equipment and infrastructure. This amount represents a net decrease for the current year (including additions and deductions) of \$8,969. The City's capital assets, net of accumulated depreciation, consisted of:

	September 30	
	2016	2015
Land	\$ 11,800	-
Buildings	3,155	-
Equipment	342	683
Infrastructure	548,387	571,970
Total	\$ 563,684	572,653

Additional information on the City's capital assets can be found in Note C in the notes to financial statements.

LONG-TERM DEBT

The City's long-term debt consisted of:

	September 30	
	2016	2015
General obligation bonds	\$ 205,000	225,000

Further information regarding long-term debt can be found in Note D in the notes to financial statements.

GENERAL FUND BUDGET AND ACTUAL AMOUNTS

The City's General Fund expenditures were under budget by \$3,164 and the revenues were over budget by \$9,233.

**CITY OF GREENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City expects an increase in expenditures in the General Fund due to an increase in personnel and police contract costs and in the Capital Improvement Fund due to an increase in capital expenditures. The Storm Water Parks Fund expects similar revenue and expenditures next year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Greendale, Missouri
Office of the City Administrator
7309 Natural Bridge Road, Room 204
Greendale, MO 63121

CITY OF GREENDALE, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 653,641
Cash - restricted	380
Capital assets:	
Land	11,800
Capital assets, net of accumulated depreciation	551,884
Total Assets	1,217,705
 LIABILITIES	
Court bonds payable	380
Deposits held for others	2,445
Long-term liabilities:	
Due within one year	20,000
Due in more than one year	185,000
Total Liabilities	207,825
 NET POSITION	
Net investment in capital assets	358,684
Restricted for:	
Capital projects	92,972
Police training	1,500
Storm water parks	51,812
Unrestricted	504,912
Total Net Position	\$ 1,009,880

CITY OF GREENDALE, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program Revenues			Net Revenues (Expenses) And Changes In Net Position	
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 159,138	6,825	7,166	15,000	(130,147)
Police and court	81,209	23,913	-	-	(57,296)
Public works	138,077	72,405	35,387	-	(30,285)
Interest on long-term debt	10,637	-	-	-	(10,637)
Total Governmental Activities	\$ 389,061	103,143	42,553	15,000	(228,365)
General Revenues					
Taxes:					
Property					26,918
Sales					152,412
Utility					63,084
Licenses					941
Investment income					3,622
Miscellaneous					900
Total General Revenues					247,877
CHANGE IN NET POSITION					19,512
NET POSITION, OCTOBER 1					990,368
NET POSITION, SEPTEMBER 30					\$ 1,009,880

See notes to financial statements

CITY OF GREENDALE, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	Capital Improvement	Nonmajor Storm Water Parks	Total Governmental Funds
ASSETS				
Cash and investments	\$ 511,466	91,487	50,688	653,641
Cash - restricted	380	-	-	380
Due from General Fund	-	1,485	1,124	2,609
Total Assets	\$ 511,846	92,972	51,812	656,630
 LIABILITIES AND FUND BALANCES				
Liabilities				
Court bonds payable	\$ 380	-	-	380
Deposits held for others	2,445	-	-	2,445
Due to other funds	2,609	-	-	2,609
Total Liabilities	5,434	-	-	5,434
 Fund Balances				
Restricted for:				
Capital improvement	-	92,972	-	92,972
Police training	1,500	-	-	1,500
Storm water parks	-	-	51,812	51,812
Assigned for subsequent year's budget	32,815	-	-	32,815
Unassigned	472,097	-	-	472,097
Total Fund Balances	506,412	92,972	51,812	651,196
Total Liabilities And Fund Balances	\$ 511,846	92,972	51,812	656,630

See notes to financial statements

CITY OF GREENDALE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2016

Total Fund Balances - Governmental Funds \$ 651,196

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds financial statements. The cost of the assets is \$726,027 and the accumulated depreciation is \$162,343. 563,684

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds financial statements. Long-term liabilities at year-end consist of:

General obligation bonds (205,000)

Total Net Position Of Governmental Activities \$ 1,009,880

CITY OF GREENDALE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor Storm Water Parks</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 223,010	44,709	9,556	277,275
Licenses and permits	8,292	-	-	8,292
Fines and forfeitures	23,913	-	-	23,913
Sewer lateral fees	14,206	-	-	14,206
Solid waste	57,414	-	-	57,414
Grants	7,166	-	-	7,166
Investment income	3,489	75	58	3,622
Miscellaneous	1,685	-	-	1,685
Total Revenues	<u>339,175</u>	<u>44,784</u>	<u>9,614</u>	<u>393,573</u>
EXPENDITURES				
Current:				
Administration	157,532	-	-	157,532
Police and court	81,209	-	-	81,209
Public works	108,535	-	-	108,535
Capital outlay	-	1,265	5,914	7,179
Debt service:				
Principal	-	20,000	-	20,000
Interest and other costs	-	10,637	-	10,637
Total Expenditures	<u>347,276</u>	<u>31,902</u>	<u>5,914</u>	<u>385,092</u>
NET CHANGES IN FUND				
BALANCES	(8,101)	12,882	3,700	8,481
FUND BALANCES, OCTOBER 1	<u>514,513</u>	<u>80,090</u>	<u>48,112</u>	<u>642,715</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 506,412</u>	<u>92,972</u>	<u>51,812</u>	<u>651,196</u>

CITY OF GREENDALE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net Changes In Fund Balances - Governmental Funds \$ 8,481

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$23,969) exceeded capital outlays over the capitalization threshold totaling \$0 in the current period. (23,969)

The net effect of various transactions involving capital assets:
 Contributed assets 15,000

The issuance of long-term debt (i.e., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.
 General obligation bond repayments 20,000

Change In Net Position Of Governmental Activities \$ 19,512

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF GREENDALE, MISSOURI** (the City) was incorporated in 1950. The City operates under a Mayor-Board of Alderpersons form of government and provides various services including public safety, public improvements, and general administrative services. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not have any component units.

2. Government-wide and Fund Financial Statements

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

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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 - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the fund financial statements, all governmental funds utilize a “current financial resources” measurement focus as applied to the modified cash basis of accounting. 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.

Basis of Accounting

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balances, revenues, and expenses/expenditures when they result from cash transactions with a provision for depreciation in the government-wide financial statements. 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 accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City reports the following major governmental funds:

General Fund -- The General Fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvement Fund -- The Capital Improvement Fund is a Special Revenue Fund that is used to account for financial resources to be used for certain capital improvements and maintenance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

4. Cash and Investments

State statutes authorize the City to invest in certificates of deposit, certain obligations or guaranteed obligations of the United States and its agencies, collateralized repurchase agreements, bankers' acceptances, commercial paper, and money market accounts.

Investments are reported at fair value.

5. Capital Assets

Capital assets, which include equipment and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements where applicable. Capital assets are defined by the City as assets with an initial cost of more than \$100 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

The City has elected not to record the historical cost of infrastructure placed in service prior to January 1, 2004.

Depreciation is being computed on the straight-line method using asset lives as follows:

Assets	Years
Building	50
Equipment	5 - 10
Infrastructure	10 - 50

6. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position - modified cash basis.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Long-term Liabilities (Continued)

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

7. Due To/From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

8. Property Taxes

The City levies a tax on the assessed value of all real and personal property located within the City as of January 1 each year. Taxes are levied in October and are considered delinquent if not paid by December 31. St. Louis County assesses property values, collects the tax, and remits collected amounts to the City.

9. Fund Balance Policies

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

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

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

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

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

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

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

CITY OF GREENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Use of Estimates

The preparation of basic financial statements requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

11. Restricted Cash

Certain resources set aside for repayments of court bonds are classified as restricted assets on the balance sheet because their use is limited.

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of September 30, 2016, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of September 30, 2016, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Certificates of deposit	<u>\$ 415,795</u>	<u>-</u>	<u>415,795</u>	<u>-</u>	N/A

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy states that they will eliminate credit risk by maintaining its funds in federally insured depository institutions in amounts not to exceed the limits of insurance.

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy states that they will eliminate interest rate risk by maintaining its funds in federally insured institutions. Deposits in these institutions vary the rate of interest as market conditions change so there is no fluctuation in the value of accounts or are certificates of deposit at a fixed rate over a fixed term of 90 days to 60 months, and are nonnegotiable so there is no risk of a loss in value due to a change in the market interest rate.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have a written investment policy covering concentration of credit risk.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. At September 30, 2016 the City had no investments subject to the fair value level classification.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

CITY OF GREENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended September 30, 2016			
	Balance September 30 2015	Increases	Decreases	Balance September 30 2016
Capital assets not being depreciated				
Land	\$ -	11,800	-	11,800
Capital assets being depreciated:				
Buildings	-	3,200	-	3,200
Equipment	3,378	-	-	3,378
Infrastructure	707,649	-	-	707,649
Total Capital Assets Being Depreciated	711,027	3,200	-	714,227
Less - Accumulated depreciation for:				
Buildings	-	45	-	45
Equipment	2,695	341	-	3,036
Infrastructure	135,679	23,583	-	159,262
Total Accumulated Depreciation	138,374	23,969	-	162,343
Total Capital Assets Being Depreciated, Net	572,653	(20,769)	-	551,884
Total Capital Assets, Net	\$ 572,653	(8,969)	-	563,684

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

	For The Year Ended September 30 2016
Administration	\$ 341
Public works	23,628
Total	\$ 23,969

CITY OF GREENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

	For The Year Ended September 30, 2016			Amount Due Within One Year	
	Balance September 30 2015	Additions	Payments		Balance September 30 2016
	General obligation bonds	\$ 225,000	-		20,000

The general obligation bonds are liquidated by the Capital Improvement Fund.

General Obligation Bonds

In September 2004, the City issued \$400,000 in General Obligation Bonds (Series 2004) due in varying amounts through March 15, 2024 with interest of 4.75%. The series 2004 Bonds were used for infrastructure improvements.

Aggregate maturities required on the general obligation bonds are as follows:

For The Years Ending September 30	Principal	Interest	Total
2017	\$ 20,000	9,263	29,263
2018	25,000	8,194	33,194
2019	25,000	7,006	32,006
2020	25,000	5,819	30,819
2021	25,000	4,631	29,631
2022 - 2024	85,000	6,294	91,294
Total	\$ 205,000	41,207	246,207

NOTE E - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

CITY OF GREENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - INTERFUND ASSETS/LIABILITIES (Continued)

Due to/from other funds:

Receivable Fund	Payable Fund	September 30 2016
Capital Improvement Fund	General Fund	\$ 1,485
Nonmajor Storm Water Parks Fund	General Fund	<u>1,124</u>
Total		<u><u>\$ 2,609</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursement expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Amounts are expected to be repaid during the fiscal year ending September 30, 2017.

NOTE F - RESTRICTED NET POSITION

The government-wide statements of net position reports \$146,284 of restricted net position, all of which is restricted by enabling legislation.

NOTE G - INSURANCE

The City carries commercial insurance for its risks of loss, including property, workers' compensation, and public officials' liability insurance. Claims have not exceeded coverage during any of the last three years.

NOTE H - COMMITMENTS AND CONTINGENCIES

The City has contracted with the City of Normandy to provide police and court services. Payments for services for the year ended September 30, 2016 amounted to \$81,165.

SUPPLEMENTAL INFORMATION SECTION

CITY OF GREENDALE, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Sales	\$ 90,000	90,000	96,252	6,252
Real estate	28,000	28,000	26,918	(1,082)
Motor vehicle	5,100	5,100	5,621	521
Motor vehicle licenses	6,000	6,000	2,885	(3,115)
Utilities	67,129	66,129	63,084	(3,045)
Gasoline	17,000	17,000	20,240	3,240
Cigarette	1,700	1,700	1,895	195
Road and bridge	7,000	6,000	6,115	115
Total Taxes	<u>221,929</u>	<u>219,929</u>	<u>223,010</u>	<u>3,081</u>
Licenses and permits				
Merchants	620	820	876	56
Building and inspections	5,023	4,983	5,601	618
Occupational	880	880	1,360	480
Animal tags	500	500	455	(45)
Total Licenses And Permits	<u>7,023</u>	<u>7,183</u>	<u>8,292</u>	<u>1,109</u>
Fines and forfeitures	<u>22,400</u>	<u>16,000</u>	<u>23,913</u>	<u>7,913</u>
Sewer lateral fees	<u>16,650</u>	<u>16,650</u>	<u>14,206</u>	<u>(2,444)</u>
Solid waste	<u>60,500</u>	<u>56,000</u>	<u>57,414</u>	<u>1,414</u>
Grants and donations	<u>-</u>	<u>11,300</u>	<u>7,166</u>	<u>(4,134)</u>
Investment income	<u>2,700</u>	<u>1,596</u>	<u>3,489</u>	<u>1,893</u>
Miscellaneous	<u>500</u>	<u>1,284</u>	<u>1,685</u>	<u>401</u>
Total Revenues	<u>331,702</u>	<u>329,942</u>	<u>339,175</u>	<u>9,233</u>
EXPENDITURES				
Administration				
Personnel costs:				
Salaries	83,765	76,960	78,185	1,225
Payroll tax	6,432	6,432	7,523	1,091
Total Personnel Costs	<u>90,197</u>	<u>83,392</u>	<u>85,708</u>	<u>2,316</u>

(Continued)

CITY OF GREENDALE, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Administration (Continued)				
Rent	5,100	5,100	5,100	-
Insurance	14,000	14,000	13,980	(20)
Travel	1,400	1,400	609	(791)
Office supplies	2,000	2,000	1,972	(28)
Postage	800	800	605	(195)
Bank charges	550	100	39	(61)
Dues and subscriptions	1,000	1,000	1,333	333
Professional fees	5,400	8,764	9,521	757
Legal	14,500	22,000	22,806	806
Accounting	8,000	8,000	6,400	(1,600)
Computer software/hardware	1,000	1,000	-	(1,000)
Contract labor	3,900	2,120	1,217	(903)
Repairs and maintenance	1,000	-	99	99
Printing	-	150	150	-
Leases	1,800	1,500	1,440	(60)
Utilities	2,400	2,400	2,854	454
Miscellaneous	2,800	2,700	3,699	999
Total Administration	<u>155,847</u>	<u>156,426</u>	<u>157,532</u>	<u>1,106</u>
Police and court	<u>85,162</u>	<u>82,162</u>	<u>81,209</u>	<u>(953)</u>
Public works				
Contract services	2,000	1,600	3,505	1,905
Solid waste collection	73,926	70,000	69,698	(302)
Street lighting	7,700	7,700	7,792	92
Snow removal	8,000	8,000	3,730	(4,270)
Forestry/trees	10,000	10,000	9,257	(743)
Sewer lateral	16,800	14,552	14,553	1
Total Public Works	<u>118,426</u>	<u>111,852</u>	<u>108,535</u>	<u>(3,317)</u>
Total Expenditures	<u>359,435</u>	<u>350,440</u>	<u>347,276</u>	<u>(3,164)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (27,733)</u>	<u>(20,498)</u>	(8,101)	<u>12,397</u>
FUND BALANCE, OCTOBER 1			<u>514,513</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 506,412</u>	

CITY OF GREENDALE, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Sales	\$ 40,000	40,000	44,709	4,709
Investment income	257	75	75	-
Total Revenues	<u>40,257</u>	<u>40,075</u>	<u>44,784</u>	<u>4,709</u>
EXPENDITURES				
Capital outlay	7,000	-	1,265	1,265
Principal	40,000	20,000	20,000	-
Interest and other costs	10,213	10,663	10,637	(26)
Total Expenditures	<u>57,213</u>	<u>30,663</u>	<u>31,902</u>	<u>1,239</u>
NET CHANGE IN FUND BALANCE	<u>\$ (16,956)</u>	<u>9,412</u>	12,882	<u>3,470</u>
FUND BALANCE, OCTOBER 1			<u>80,090</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 92,972</u>	

CITY OF GREENDALE, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - STORM WATER PARKS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 6,500	6,500	9,556	3,056
Investment income	223	58	58	-
Total Revenues	6,723	6,558	9,614	3,056
 EXPENDITURES				
Capital outlay	6,700	6,700	5,914	(786)
 NET CHANGE IN FUND BALANCE	\$ 23	(142)	3,700	3,842
 FUND BALANCE, OCTOBER 1			48,112	
 FUND BALANCE, SEPTEMBER 30			\$ 51,812	

CITY OF GREENDALE, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Budgets and Budgetary Accounting

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

- a. The proposed budget is submitted to the Board of Alderpersons for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any fund balance at the end of such year.
- b. A public hearing(s) is conducted in the City to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the Board of Alderpersons each fiscal year.
- d. All appropriations not spent or legally encumbered at year-end lapse.
- e. The Board of Alderpersons may amend the budget amounts.

Expenditures

For the year ended September 30, 2016, expenditures exceeded appropriations in the Capital Improvements Fund. These expenditures were covered by current year revenues.

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over Budget</u>
	<u>Original</u>	<u>Final</u>		
Capital Improvements Fund:				
Capital outlay	\$ 7,000	-	1,265	1,265
Principal	40,000	20,000	20,000	-
Interest and other costs	10,213	10,663	10,637	(26)
Total	<u>\$ 57,213</u>	<u>30,663</u>	<u>31,902</u>	<u>1,239</u>