

CITY OF CRYSTAL LAKE PARK, MISSOURI

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Crystal Lake Park
Crystal Lake Park, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the City of Crystal Lake Park, Missouri, as of and for the year ended December 31, 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.

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

Auditors' 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 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 financial position-modified cash basis of the governmental activities and each major fund of the City of Crystal Lake Park, Missouri, as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 this matter.

Other Matters*Supplementary 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 on pages 3a through 3d and budgetary comparison information on pages 16 through 19, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of the City of Crystal Lake Park, Missouri'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 City of Crystal Lake Park, Missouri's internal control over financial reporting and compliance.



Fick, Eggemeyer, Williamson, CPA's
St. Louis, Missouri
March 22, 2016

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

As management of the City of Crystal Lake Park, 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 fiscal year ended December 31, 2015. 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 most recent fiscal year by \$1,159,980. The City had an unrestricted net position of \$241,377.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$424,199, a decrease of \$59,249 or 12.3%.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$241,377 or 136.9% of total General Fund expenditures.

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 required supplemental information and other 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 fiscal year.

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, management information systems, community center, legal department, public works, planning and zoning, board of adjustment, street department, summer youth program, parks and recreation, health department, building maintenance, police department, municipal court, and sewer lateral. 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 1 of the notes to financial statements.

The government-wide financial statements can be found on pages 4 and 5 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. The City only maintains governmental 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 balance 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 City'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 two 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 change in fund balances - modified cash basis for the General Fund and the Capital Improvement Fund, which are considered to be major funds.

The City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets.

The governmental funds financial statements can be found on pages 6 through 9 of this report.

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. The notes to the basic financial statements can be found on pages 10 through 15 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, certain supplementary information can be found on pages 16 through 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Assets		
Current assets	\$ 429,919	\$ 485,103
Capital assets, net	735,781	614,136
Total assets	<u>1,165,700</u>	<u>1,099,239</u>
Liabilities		
Current liabilities	5,720	1,655
Total liabilities	<u>5,720</u>	<u>1,655</u>
Net position		
Net investment in capital assets	735,781	614,136
Restricted	182,822	307,339
Unrestricted	241,377	176,109
Total net position	<u>\$ 1,159,980</u>	<u>\$ 1,097,584</u>

Governmental activities. Governmental activities increased the City's net position by \$62,396. Key elements of this are as follows:

	For the years Ended December 31,	
	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 4,209	\$ 5,530
General revenues		
Taxes	275,823	256,428
Gross receipts tax	39,167	41,220
Investment income	2,250	1,635
Other income	114	5,570
Total revenues	<u>321,563</u>	<u>310,383</u>
Expenses		
Administration	53,565	54,587
Community services	44,693	33,849
Public safety	121,170	119,380
Sewer lateral	1,470	527
Capital improvements	38,269	39,924
Total expenses	<u>259,167</u>	<u>248,267</u>
Change in net position	62,396	62,116
Net position, beginning of year	1,097,584	1,035,468
Net position, end of year	<u>\$ 1,159,980</u>	<u>\$ 1,097,584</u>

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 and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 December 31, 2015 the total fund balance of all governmental funds was \$424,199.

The fund balance in the City's General fund decreased by \$59,249 compared to an increase of \$72,404 in the prior year. The change is mainly due a parks project that had expenditures in the current year and grant revenue in 2016.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$735,781 (net of accumulated depreciation). This investment in capital assets includes land, bridges, roads, and equipment. The total increase in the City's capital assets for the current fiscal year was \$121,645.

Additional information on the City's capital assets can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Taxes are the main source of revenue for the City at 86% of total revenues. Revenues and expenditures are expected to remain level for the next few years, with no plans for major projects. These factors were considered in preparing the City's 2016 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Crystal Lake Park, P.O. Box 31338, Crystal Lake Park, MO 63131.

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2015

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 229,919
Certificates of deposit	200,000
Total current assets	429,919
Noncurrent assets	
Land and construction in progress	306,603
Capital assets, net of depreciation	429,178
Total noncurrent assets	735,781
TOTAL ASSETS	\$ 1,165,700
LIABILITIES	
Current liabilities	
Payroll tax withholding	\$ 720
Permit deposit	5,000
Total current liabilities	5,720
Noncurrent liabilities	
None	-
Total noncurrent liabilities	-
TOTAL LIABILITIES	\$ 5,720
NET POSITION	
Net investment in capital assets	\$ 735,781
Restricted for sewer lateral	82,714
Restricted for capital improvements	100,108
Unrestricted	241,377
TOTAL NET POSITION	\$ 1,159,980

The notes to the financial statements are an integral part of this statement

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Administration	\$ 53,565	\$ 4,209	\$ -	\$ -	\$ (49,356)
Community services	44,693	-	-	-	(44,693)
Public safety	121,170	-	-	-	(121,170)
Sewer lateral	1,470	-	-	-	(1,470)
Capital improvements	38,269	-	-	-	(38,269)
Total governmental activities	\$ 259,167	\$ 4,209	\$ -	\$ -	(254,958)

General revenues:

Real estate taxes	112,663
Property taxes	12,240
Cigarette taxes	1,351
Sales taxes	100,461
Sewer lateral taxes	12,226
Gasoline taxes	12,515
Motor vehicle taxes	5,921
Road and bridge taxes	18,446
Gross receipts taxes	39,167
Interest and investment earnings	2,250
Other income	114
Total general revenues	<u>317,354</u>
Changes in net position	62,396
Net position - beginning	<u>1,097,584</u>
Net position - ending	<u>\$ 1,159,980</u>

The notes to the financial statements are an integral part of this statement

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General	Capital Improvements	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 129,811	\$ 100,108	\$ 229,919
Certificates of deposit	200,000	-	200,000
TOTAL ASSETS	\$ 329,811	\$ 100,108	\$ 429,919
LIABILITIES AND FUND BALANCE			
Liabilities			
Payroll tax withholding	\$ 720	\$ -	\$ 720
Permit deposit	5,000	-	5,000
Total liabilities	5,720	-	5,720
Fund balance (deficit)			
Restricted for:			
Sewer lateral	82,714	-	82,714
Capital improvements	-	100,108	100,108
Unassigned	241,377	-	241,377
Total fund balance (deficit)	324,091	100,108	424,199
TOTAL LIABILITIES AND FUND BALANCE	\$ 329,811	\$ 100,108	\$ 429,919

The notes to the financial statements are an integral part of this statement

CITY OF CRYSTAL LAKE PARK, MISSOURI
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2015

Total fund balance - governmental funds	\$ 424,199
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 funds. The cost of assets is \$1,132,696 and the accumulated depreciation is \$396,915.	<u>735,781</u>
Total net position of governmental activities	<u>\$ 1,159,980</u>

The notes to the financial statements are an integral part of this statement

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Capital Improvements	Total Governmental Funds
Revenues			
Taxes	\$ 207,985	\$ 67,838	\$ 275,823
Gross receipts taxes	39,167	-	39,167
Licenses and permits	4,209	-	4,209
Investment income	900	1,350	2,250
Other income	114	-	114
Total revenues	<u>252,375</u>	<u>69,188</u>	<u>321,563</u>
Expenditures			
Current			
Administration	52,677	-	52,677
Community services	1,033	32,852	33,885
Public safety	121,170	-	121,170
Sewer lateral	1,470	-	1,470
Capital improvements	-	171,610	171,610
Total expenditures	<u>176,350</u>	<u>204,462</u>	<u>380,812</u>
Excess (deficiency) of revenues over expenditures	76,025	(135,274)	(59,249)
Fund balance, beginning of year	<u>248,066</u>	<u>235,382</u>	<u>483,448</u>
Fund balance, end of year	<u>\$ 324,091</u>	<u>\$ 100,108</u>	<u>\$ 424,199</u>

The notes to the financial statements are an integral part of this statement

CITY OF CRYSTAL LAKE PARK, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds \$ (59,249)

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	171,610	
Depreciation expense	(39,157)	132,453

In the statement of activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize the proceeds from these assets.

Loss on disposal of capital assets		(10,808)

Change in net position of governmental activities		\$ 62,396

The notes to the financial statements are an integral part of this statement

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crystal Lake Park (the City) was incorporated in 1938. The City operates under a Mayor-Board of Aldermen form of government and provides various services including public safety, recreation, public improvements, planning and zoning, sewer lateral, and general administrative services.

Reporting Entity

The City defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the City's governing body has any significant amount of financial accountability for potential component units. The City's is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the potential component unit may provide specific financial benefits to, or impose specific financial burdens on, the City. Currently, the City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. As a general rule the effect of interfund activity has been removed from these statements.

The statement of activities 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. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. The major governmental funds are the General Fund and Capital Projects Fund and are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is the 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.

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.

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 balances as their measure of available spendable financial resources at the end of the period.

In the government-wide statement of net position - modified cash basis, the statement of activities - modified cash and the fund financial statements, governmental 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 with a provision for depreciation and long-term debt in the government-wide statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. Modifications to the cash basis include certificates of deposit, capital assets, payroll tax withholding and permit deposits.

The government reports the following major governmental funds:

General Fund - This fund is the general 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 - This fund is used to account for financial resources to be used for the acquisition, construction, or improvement and maintenance of major capital facilities, public improvements, infrastructure and operating equipment.

Cash and Cash Equivalents

The City considers all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less to be cash and cash equivalents. Missouri State Statute requires that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Certificates of deposits held at local banks with an original maturity of more than three months are valued at cost and labeled as certificates of deposits in the financial statements.

Use of Estimates

The preparation of basic financial statements in conformity in a comprehensive basis of accounting other than U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include land, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and 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 fair market value on the date of donation. The City has elected not to retroactively report infrastructure constructed prior to March 1, 2004. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	10-25
Equipment	5-20

Interfund Transactions

Interfund transfers may be used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance capital improvements in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Governmental Fund Balances

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Restricted - the portion of a Governmental Fund's balance that is subject to external enforceable legal restrictions. The following fund balances are restricted by City ordinance, tax authority, or grant agreements: General fund - Sewer Lateral and Capital Improvements.

Unassigned - available expendable financial resources in a Governmental Fund that are not designated for a specific purpose. The following fund comprises the unassigned fund balance: General Fund.

**CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 25% of annual operating expenditures for the fiscal year.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City utilizes restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Note 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by December 31. The county collects the property tax and remits it to the City. The assessed valuation of the tangible real, personal taxable and public utility property for the calendar year 2015 for purposes of local taxation was \$16,479,377. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2015 for purposes of local taxation was:

	Real Estate		Personal
	Residential	Commercial	Property
General Fund	\$ 0.6790	\$ 0.7080	\$ 0.8080

Note 3 - COMMITMENTS AND CONTINGENCIES

The City entered into a contract with the City of Frontenac for police and fire protection and ambulance services. The current contract expires December 31, 2017. The contract is paid on a monthly basis and increased annually by an amount equal to the percentage of increase in the Consumer Price Index for salaries in the St. Louis area, as measured by the Bureau of Labor Statistics of the U.S. Department of Labor for the preceding year. A total of \$121,170 was paid in 2015 and payments of \$123,109 are expected for 2016.

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4 - DEPOSITS

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

Deposits - At year-end, the carrying amount of the City's demand deposits totaled \$429,919 and bank balances total \$423,010. Included in the total, the City also had certificates of deposit with a total carrying amount and face value of \$200,000. These certificates of deposit are shown as certificates of deposit rather than cash equivalents due to their original maturity dates.

Of the bank balances (including demand deposits and certificates of deposits), \$423,010 was insured by the Federal Deposit Insurance Corporation (FDIC).

Note 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 22, 2016 the date which the financial statements were available for issue.

Note 6 – MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations. Total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$0. "Annual general operating revenue of the City" is not defined in the amended statute and may or may not include various sources of the City's revenues. The City is defining "annual general operating revenues of the City" as total general fund revenues less restricted revenues.

Total court fines and costs (all case types)	\$	-
Total general operating revenue of the City	\$	240,149
Court fines and costs as a percentage of total general operating revenues		0.00%

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 7 - CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2015 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Land	\$ 139,500	\$ -	\$ -	\$ 139,500
Construction in progress	3,493	163,610	-	167,103
Total capital assets not being depreciated	<u>142,993</u>	<u>163,610</u>	<u>-</u>	<u>306,603</u>
<i>Capital assets being depreciated:</i>				
Equipment	39,833	-	35,533	4,300
Infrastructure	813,793	8,000	-	821,793
Total capital assets being depreciated	<u>853,626</u>	<u>8,000</u>	<u>35,533</u>	<u>826,093</u>
<i>Less accumulated depreciation for:</i>				
Equipment	28,137	888	24,725	4,300
Infrastructure	354,346	38,269	-	392,615
Total accumulated depreciation	<u>382,483</u>	<u>39,157</u>	<u>24,725</u>	<u>396,915</u>
Total net capital assets being depreciated	<u>471,143</u>	<u>(31,157)</u>	<u>10,808</u>	<u>429,178</u>
Governmental activity capital assets, net	<u>\$ 614,136</u>	<u>\$ 132,453</u>	<u>\$ 10,808</u>	<u>\$ 735,781</u>

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

Governmental activities:	
Administration	\$ 888
Capital improvements	38,269
Total	<u>\$ 39,157</u>

Supplementary Information

CITY OF CRYSTAL LAKE PARK, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Real estate	\$ 102,268	\$ 102,268	\$ 112,663	\$ 10,395
Property	10,951	10,951	12,240	1,289
Cigarette	1,387	1,387	1,351	(36)
Sales	64,962	64,962	69,505	4,543
Sewer lateral	10,800	10,800	12,226	1,426
Total taxes	<u>190,368</u>	<u>190,368</u>	<u>207,985</u>	<u>17,617</u>
Gross receipts taxes				
Cable television	5,986	5,986	6,789	803
Utilities	35,981	35,981	32,378	(3,603)
Total gross receipt taxes	<u>41,967</u>	<u>41,967</u>	<u>39,167</u>	<u>(2,800)</u>
Licenses and permits	4,551	4,551	4,209	(342)
Investment income	629	629	900	271
Other income	250	250	114	(136)
Total revenues	<u>237,765</u>	<u>237,765</u>	<u>252,375</u>	<u>14,610</u>
Expenditures				
Administration				
Administrative personnel	31,150	31,150	22,775	8,375
Codification	2,000	2,000	1,460	540
Dues and subscriptions	900	900	1,488	(588)
Insurance	2,300	2,300	1,856	444
Miscellaneous	1,350	1,350	441	909
Office supplies	7,000	7,000	7,084	(84)
Professional fees	21,400	21,400	17,090	4,310
Telephone	365	365	483	(118)
Total administration	<u>66,465</u>	<u>66,465</u>	<u>52,677</u>	<u>13,788</u>

(continued on next page)

CITY OF CRYSTAL LAKE PARK, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Expenditures (continued)				
Community services				
Seasonal events	1,600	1,600	1,033	567
Public safety	121,170	121,170	121,170	-
Sewer lateral	10,800	10,800	1,470	9,330
Total expenditures	200,035	200,035	176,350	23,685
Excess (deficiency) of revenues over expenditures (i)	<u>\$ 37,730</u>	<u>\$ 37,730</u>	76,025	<u>\$ 38,295</u>
Fund balance, beginning of year			248,066	
Fund balance, end of year			<u>\$ 324,091</u>	

- (i) Unrestricted and restricted for the sewer lateral excess of revenues over expenditures for the year ended December 31, 2015 was \$65,269 and \$10,756, respectively.

CITY OF CRYSTAL LAKE PARK, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Sales	\$ 31,853	\$ 31,853	\$ 30,956	\$ (897)
Gasoline	12,228	12,228	12,515	287
Motor vehicle	5,153	5,153	5,921	768
Road and bridge	17,576	17,576	18,446	870
Investment income	943	943	1,350	407
Total taxes	<u>67,753</u>	<u>67,753</u>	<u>69,188</u>	<u>1,435</u>
Grant income	<u>247,000</u>	<u>247,000</u>	-	<u>(247,000)</u>
Total revenues	<u>314,753</u>	<u>314,753</u>	<u>69,188</u>	<u>(245,565)</u>
Expenditures				
Community services				
Leaf removal	11,500	11,500	10,110	1,390
Park maintenance	6,000	6,000	5,296	704
Snow removal	11,500	11,500	7,920	3,580
Street lighting	7,200	7,200	7,607	(407)
Street maintenance	13,000	13,000	1,919	11,081
Capital improvements				
Capital improvements	<u>276,979</u>	<u>276,979</u>	<u>171,610</u>	<u>105,369</u>
Total expenditures	<u>326,179</u>	<u>326,179</u>	<u>204,462</u>	<u>121,717</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (11,426)</u>	<u>\$ (11,426)</u>	(135,274)	<u>\$ (123,848)</u>
Fund balance, beginning of year			<u>235,382</u>	
Fund balance, end of year			<u>\$ 100,108</u>	

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

Note 1 - 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 Aldermen 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. These budgets are adopted on the modified cash basis of accounting.
- b. Public hearings are 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 Aldermen for each fiscal year.
- d. The Board of Aldermen may amend budgeted amounts.
- e. All appropriations not spent or legally encumbered at year-end lapse.

Federal Compliance Section



**INDEPENDENT AUDITORS' 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**

To the Board of Alderman
City of Crystal Lake Park
Crystal Lake Park, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Crystal Lake Park, Missouri, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City of Crystal Lake Park, Missouri's basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Crystal Lake Park, Missouri'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 City of Crystal Lake Park, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Crystal Lake Park, Missouri'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 City of Crystal Lake Park, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Fick, Eggemeyer, & Williamson, CPA's
St. Louis, Missouri
March 22, 2016

CITY OF CRYSTAL LAKE PARK, MISSOURI
FOR THE YEAR ENDED DECEMBER 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified Yes No

Reportable conditions identified that are not considered to be material weaknesses Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards - N/A

Internal control over major programs:

Material weaknesses identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses Yes No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) Yes No

Identification of major program:

CFDA Numbers Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? Yes No

CITY OF CRYSTAL LAKE PARK, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section II - Financial Statement Findings

There are no significant deficiencies to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

CITY OF CRYSTAL LAKE PARK, MISSOURI
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

There were no prior year audit findings.