

CITY OF CRYSTAL LAKE PARK, MISSOURI

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



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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, 2017, and the related notes to the financial statements, which collectively comprise the City of Crystal Lake Park, Missouri'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 fraud or error.

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 modified cash basis financial position of the governmental activities and each major fund of the City of Crystal Lake Park, Missouri, as of December 31, 2017, and the respective changes in financial thereof for the year then ended in accordance with the modified cash basis of accounting 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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crystal Lake Park, Missouri's basic financial statements. The management's discussion and analysis and budgetary comparison schedules and related notes, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and related notes 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, budgetary comparison schedules and related notes are fairly stated in all material respects in relation to the basic financial statements as a whole.

The management's discussion and analysis 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 February 21, 2018, 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 the City of Crystal Lake Park, Missouri's internal control over financial reporting and compliance.



Fick, Eggemeyer, Williamson, CPA's
St. Louis, Missouri
February 21, 2018

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017. 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 \$1,416,590. The City had an unrestricted net position of \$294,843.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$712,878, an increase of \$88,275 or 14.1%.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$294,843 or 140.7% 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, 2017</u>	<u>December 31, 2016</u>
Assets		
Current assets	\$ 721,885	\$ 630,653
Capital assets, net	703,712	758,257
Total assets	<u>1,425,597</u>	<u>1,388,910</u>
Liabilities		
Current liabilities	<u>9,007</u>	<u>6,050</u>
Total liabilities	<u>9,007</u>	<u>6,050</u>
Net position		
Net investment in capital assets	703,712	758,257
Restricted	418,035	356,842
Unrestricted	<u>294,843</u>	<u>267,761</u>
Total net position	<u>\$ 1,416,590</u>	<u>\$ 1,382,860</u>

Governmental activities. Governmental activities increased the City's net position by \$33,730. Key elements of this are as follows:

	For the years Ended December 31,	
	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues		
Charges for services	\$ 7,399	\$ 3,605
Capital grants	-	214,655
General revenues		
Taxes	275,024	245,164
Gross receipts tax	36,206	37,774
Investment income	823	1,462
Other income	63	295
Total revenues	<u>319,515</u>	<u>502,955</u>
Expenses		
Administration	82,040	61,518
Community services	24,722	30,769
Public safety	124,340	123,109
Sewer lateral	-	10,134
Capital improvements	54,683	54,545
Total expenses	<u>285,785</u>	<u>280,075</u>
Change in net position	33,730	222,880
Net position, beginning of year	<u>1,382,860</u>	<u>1,159,980</u>
Net position, end of year	<u>\$ 1,416,590</u>	<u>\$ 1,382,860</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, 2017 the total fund balance of all governmental funds was \$712,878.

The fund balance in the City's General fund increased by \$41,075 compared to an increase of \$26,276 in the prior year. The change is mainly due to increased tax revenues in the current year.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$703,712 (net of accumulated depreciation). This investment in capital assets includes land, bridges, roads, and equipment. The total decrease in the City's capital assets for the current fiscal year was \$55,545.

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 new year, with a park projected budgeted for 2018. These factors were considered in preparing the City's 2018 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, 2017

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 721,885
Total current assets	721,885
Noncurrent assets	
Land	139,500
Capital assets, net of depreciation	564,212
Total noncurrent assets	703,712
TOTAL ASSETS	\$ 1,425,597
 LIABILITIES	
Current liabilities	
Payroll tax withholding	\$ 1,007
Permit deposit	8,000
Total current liabilities	9,007
Noncurrent liabilities	
None	-
Total noncurrent liabilities	-
TOTAL LIABILITIES	\$ 9,007
 NET POSITION	
Net investment in capital assets	\$ 703,712
Restricted for sewer lateral	94,608
Restricted for proposition P	1,991
Restricted for capital improvements	321,436
Unrestricted	294,843
TOTAL NET POSITION	\$ 1,416,590

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, 2017

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Administration	\$ 82,040	\$ 7,399	\$ -	\$ -	\$ (74,641)
Community services	24,722	-	-	-	(24,722)
Public safety	124,340	-	-	-	(124,340)
Capital improvements	54,683	-	-	-	(54,683)
Total governmental activities	\$ 285,785	\$ 7,399	\$ -	\$ -	(278,386)

General revenues:

Real estate taxes	112,324
Property taxes	12,581
Cigarette taxes	1,176
Sales taxes	99,285
Sewer lateral taxes	12,002
Gasoline taxes	12,851
Motor vehicle taxes	6,112
Road and bridge taxes	18,693
Gross receipts taxes	36,206
Interest and investment earnings	823
Other income	63
Total general revenues	312,116
Changes in net position	33,730
Net position - beginning	1,382,860
Net position - ending	\$ 1,416,590

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, 2017

	General	Capital Improvements	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 400,449	\$ 321,436	\$ 721,885
TOTAL ASSETS	\$ 400,449	\$ 321,436	\$ 721,885
LIABILITIES AND FUND BALANCE			
Liabilities			
Payroll tax withholding	\$ 1,007	\$ -	\$ 1,007
Permit deposit	8,000	-	8,000
Total liabilities	9,007	-	9,007
Fund balance (deficit)			
Restricted for:			
Sewer lateral	94,608	-	94,608
Proposition P	1,991	-	1,991
Capital improvements	-	321,436	321,436
Unassigned	294,843	-	294,843
Total fund balance (deficit)	391,442	321,436	712,878
TOTAL LIABILITIES AND FUND BALANCE	\$ 400,449	\$ 321,436	\$ 721,885

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, 2017

Total fund balance - governmental funds	\$ 712,878
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 \$1,209,717 and the accumulated depreciation is \$506,005.	<u>703,712</u>
Total net position of governmental activities	<u><u>\$ 1,416,590</u></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, 2017

	General	Capital Improvements	Total Governmental Funds
Revenues			
Taxes	\$ 206,127	\$ 68,897	\$ 275,024
Gross receipts taxes	36,206	-	36,206
Licenses and permits	7,399	-	7,399
Investment income	805	18	823
Other income	63	-	63
Grant income	-	-	-
Total revenues	<u>250,600</u>	<u>68,915</u>	<u>319,515</u>
Expenditures			
Current			
Administration	82,040	-	82,040
Community services	3,145	21,577	24,722
Public safety	124,340	-	124,340
Sewer lateral	-	-	-
Capital improvements	-	138	138
Total expenditures	<u>209,525</u>	<u>21,715</u>	<u>231,240</u>
Excess (deficiency) of revenues over expenditures	41,075	47,200	88,275
Fund balance, beginning of year	<u>350,367</u>	<u>274,236</u>	<u>624,603</u>
Fund balance, end of year	<u>\$ 391,442</u>	<u>\$ 321,436</u>	<u>\$ 712,878</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, 2017

Net change in fund balances - total governmental funds	\$	88,275
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Depreciation expense	(54,545)	(54,545)
Change in net position of governmental activities	\$	33,730

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, 2017

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, 2017

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, 2017**

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
Land improvements	15
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, General fund - proposition P 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, 2017**

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 2017 for purposes of local taxation was \$17,596,206. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation was:

	Real Estate		Personal
	Residential	Commercial	Property
General Fund	\$ 0.6510	\$ 0.4530	\$ 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 expired December 31, 2017. In December 2017 a new contract was signed and the new agreement expires December 31, 2022. The contract is paid on a monthly basis and increased annually by three percent. A total of \$124,340 was paid in 2017 and payments of \$128,070 are expected for 2018.

**CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 3 - COMMITMENTS AND CONTINGENCIES (continued)

Pending Litigation

The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City's attorney that resolution of this matter will not have a material adverse effect on the financial condition of the City.

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 \$721,885 and bank balances total \$725,817.

Of the bank balances (including demand deposits and certificates of deposits), \$500,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$225,817 was covered by pledged securities.

Note 5 – MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

Missouri State statutes require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations. All fines and costs from traffic violations in excess of 20% of the City's "annual general operating revenue" is required to be remitted to the director of the department of revenue for annual distribution to the schools of the county. "Annual general operating revenue of the City" is defined by the Missouri State Auditor as revenue that is not required by the enacting ordinance law or Constitution to be used only for a designated purpose and can be used to pay any bill or obligation of the City. This includes, but is not limited to, general sales tax, general property tax, and fees from certain licenses and permits, interest, fines, and penalties. "General Operation Revenues" does not include, among other items, designated sales or use taxes, user fees, grant funds or other revenue designated by law, ordinance, or Constitution, for a specific purpose.

Total court fines and costs (all case types)	\$	-
Total general operating revenue of the City	\$	238,598
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, 2017

Note 7 - CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2017 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Land	\$ 139,500	\$ -	\$ -	\$ 139,500
Total capital assets not being depreciated	<u>139,500</u>	<u>-</u>	<u>-</u>	<u>139,500</u>
<i>Capital assets being depreciated:</i>				
Equipment	4,300	-	-	4,300
Land improvements	244,124	-	-	244,124
Infrastructure	<u>821,793</u>	<u>-</u>	<u>-</u>	<u>821,793</u>
Total capital assets being depreciated	<u>1,070,217</u>	<u>-</u>	<u>-</u>	<u>1,070,217</u>
<i>Less accumulated depreciation for:</i>				
Equipment	4,300	-	-	4,300
Land improvements	16,275	16,275	-	32,550
Infrastructure	<u>430,885</u>	<u>38,270</u>	<u>-</u>	<u>469,155</u>
Total accumulated depreciation	<u>451,460</u>	<u>54,545</u>	<u>-</u>	<u>506,005</u>
Total net capital assets being depreciated	<u>618,757</u>	<u>(54,545)</u>	<u>-</u>	<u>564,212</u>
Governmental activity capital assets, net	<u>\$ 758,257</u>	<u>\$ (54,545)</u>	<u>\$ -</u>	<u>\$ 703,712</u>

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

Governmental activities:	
Capital improvements	\$ 54,545
Total	<u>\$ 54,545</u>

Note 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 21, 2018 the date which the financial statements were available for issue, and noted no reportable events.

Supplementary Information

CITY OF CRYSTAL LAKE PARK, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Real estate	\$ 102,268	\$ 102,268	\$ 112,324	\$ 10,056
Property	10,951	10,951	12,581	1,630
Cigarette	1,388	1,388	1,176	(212)
Sales	64,962	64,962	68,044	3,082
Sewer lateral	10,800	10,800	12,002	1,202
Total taxes	190,369	190,369	206,127	15,758
Gross receipts taxes				
Cable television	5,986	5,986	5,641	(345)
Utilities	35,981	35,981	30,565	(5,416)
Total gross receipt taxes	41,967	41,967	36,206	(5,761)
Licenses and permits	4,551	4,551	7,399	2,848
Investment income	628	628	805	177
Other income	250	250	63	(187)
Total revenues	237,765	237,765	250,600	12,835
Expenditures				
Administration				
Administrative personnel	27,000	27,000	26,159	841
Codification	2,000	2,000	1,842	158
Dues and subscriptions	750	750	1,443	(693)
Insurance	2,300	2,300	2,458	(158)
Miscellaneous	1,950	1,950	291	1,659
Office supplies	7,000	7,000	7,152	(152)
Professional fees	40,000	40,000	42,023	(2,023)
Telephone	365	365	672	(307)
Total administration	81,365	81,365	82,040	(675)

(continued on next page)

CITY OF CRYSTAL LAKE PARK, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Expenditures (continued)				
Community services				
Seasonal events	2,800	2,800	3,145	(345)
Public safety	124,340	124,340	124,340	-
Sewer lateral	10,800	10,800	-	10,800
Total expenditures	219,305	219,305	209,525	9,780
Excess (deficiency) of revenues over expenditures (i)	<u>\$ 18,460</u>	<u>\$ 18,460</u>	41,075	<u>\$ 22,615</u>
Fund balance, beginning of year			350,367	
Fund balance, end of year			<u>\$ 391,442</u>	

(i) Unrestricted and restricted for the sewer lateral and proposition P excess of revenues over expenditures for the year ended December 31, 2017 was \$27,082, \$12,002 and \$1,991, respectively.

CITY OF CRYSTAL LAKE PARK, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Sales	\$ 31,853	\$ 31,853	\$ 31,241	\$ (612)
Gasoline	12,228	12,228	12,851	623
Motor vehicle	5,153	5,153	6,112	959
Road and bridge	17,576	17,576	18,693	1,117
Investment income	943	943	18	(925)
Total taxes	<u>67,753</u>	<u>67,753</u>	<u>68,915</u>	<u>1,162</u>
Grant income	<u>193,377</u>	<u>193,377</u>	-	<u>(193,377)</u>
Total revenues	<u>261,130</u>	<u>261,130</u>	<u>68,915</u>	<u>(192,215)</u>
Expenditures				
Community services				
Leaf removal	11,500	11,500	5,525	5,975
Park maintenance	6,000	6,000	5,679	321
Snow removal	12,500	12,500	2,527	9,973
Street lighting	7,200	7,200	6,707	493
Street maintenance	10,000	10,000	1,139	8,861
Capital improvements				
Capital improvements	211,822	211,822	138	211,684
Total expenditures	<u>259,022</u>	<u>259,022</u>	<u>21,715</u>	<u>237,307</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,108</u>	<u>\$ 2,108</u>	47,200	<u>\$ 45,092</u>
Fund balance, beginning of year			<u>274,236</u>	
Fund balance, end of year			<u>\$ 321,436</u>	

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2017

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



Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2017, 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 February 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Crystal Lake Park, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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

Fick, Eggemeyer, & Williamson, CPA's
St. Louis, Missouri
February 21, 2018

CITY OF CRYSTAL LAKE PARK, MISSOURI
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified _____ Yes X No

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

Noncompliance material to financial statements noted? _____ Yes X 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 Uniform Guidance _____ 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: \$ 750,000

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, 2017

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, 2017

There were no prior year audit findings.