

VILLAGE OF INNSBROOK, MISSOURI
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Village of Innsbrook
1835 Highway F
Innsbrook, Missouri 63390

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of

VILLAGE OF INNSBROOK, MISSOURI

as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village'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(C); this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, the business-type activities, and each major fund of Village of Innsbrook, as of June 30, 2017, 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 1(C).

Basis of Accounting

We draw attention to Note 1(C) 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 Village of Innsbrook's basic financial statements. The management's discussion and analysis and budgetary comparison information, as stated in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Spinner & Kummer, P.C.

Certified Public Accountants
Saint Louis, Missouri

August 31, 2017

GS/cp

MANAGEMENT'S DISCUSSION AND ANALYSIS

An objective and easily readable analysis of the Village's financial activities. The Management's Discussion and Analysis presents an analytical overview of both short-term and long-term financial information.

VILLAGE OF INNSBROOK, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

Our discussion and analysis of the Village of Innsbrook's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2017, within the limitations of the Village's modified cash basis of accounting. Please read it in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The net position for the Governmental Activities increased by \$79,666.
- Governmental Activities revenue was \$148,774.
- Expenses for the Governmental Activities were \$69,108.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

This annual report consists of four parts as follows:

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the Village government-wide (or "as a whole") and present a longer-term view of the Village's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the Village government. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant ("major") funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Other Information: This Management Discussion and Analysis and the General Fund Budgetary Comparison Schedule represent other information presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The Village has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the Village's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result

from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities.

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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The Village's Reporting Entity Presentation

This annual report includes all activities for which the Innsbrook Board of Trustees are fiscally responsible.

The primary government includes the following legal entity:

- Village of Innsbrook, Missouri

The Government-wide Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all of the Village's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the Village's net position and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the Village's net position - the difference between assets and liabilities - as one way to measure the Village's financial health or financial position. Over time increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Village's sales tax base and the condition of the Village's roads, to assess of the overall health of the Village.

In the Statement of Net Position and the Statement of Activities, we have one type of activity:

Governmental activities - Most of the Village's basic services are reported here, including the general administration and streets. Sales taxes, property taxes, motor fuel taxes, and permits and fees finance most of these activities.

Reporting the Village's Most Significant Funds

The Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Trustees establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship or (differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements. The Village considers the General Fund to be its significant or major governmental fund.

The Village currently has no fiduciary funds. Fiduciary funds are often used to account for assets that are held in trustee or fiduciary capacity such as pension plan assets, assets held per trust agreement and similar arrangements.

A FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position - Modified Cash Basis

The Village's combined net position, resulting from modified cash basis transactions, increased approximately \$79,666 between fiscal years 2016 and 2017.

	<u>Governmental Activities</u>	
	<u>2017</u>	
Current and other assets	\$	291,302.
Restricted assets		<u>58,822.</u>
Total assets	\$	<u>350,124.</u>
Other liabilities	\$	1,262.
Long-term debt outstanding		<u>144,267.</u>
Total liabilities	\$	<u>145,529.</u>
Net position		
Restricted	\$	58,822.
Unrestricted		<u>145,773.</u>
Total net position	\$	<u>204,595.</u>

Net position of the Village's governmental activities increased 64% to \$204,595. However, \$58,822 of those net position either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, roads, bridges, and so on). Consequently, unrestricted net position showed \$145,773 at the end of this year.

Changes in Net Position - Modified Cash Basis

For the year ended June 30, 2017, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental Activities</u>	
	<u>2017</u>	
Revenues -		
Program revenues:		
Permits and fees	\$	4,186.
General revenues:		
Real estate and personal property taxes		72,309.
Sales tax		50,039.
Motor fuel and vehicle taxes		22,064.
Interest revenue		<u>176.</u>
Total revenues	\$	<u>148,774.</u>
Expenses -		
Administration Department	\$	65,364.
Street Department		<u>3,744.</u>
Total expenses	\$	<u>69,108.</u>
Change in net position	\$	<u><u>79,666.</u></u>

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the Village's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended June 30, 2017, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$69,108. Of these total expenses, taxpayers and other general revenues funded \$64,922, while those directly benefiting from the program funded \$0 from grants and other contributions and \$4,186 from charges for services.

Net Cost of the Village of Inns brook's Governmental Activities - Modified Cash Basis

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>June 30, 2017</u>		<u>June 30, 2017</u>	
Administration	\$	65,364.	\$	61,178.
Street Dept.		<u>3,744.</u>		<u>3,744.</u>
Total	\$	<u><u>69,108.</u></u>	\$	<u><u>64,922.</u></u>

A FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund reported revenues of \$148,774 and expenditures of \$87,905, resulting in an increase in fund balance of \$60,869.

General Fund Budgetary Highlights

For the year ended June 30, 2017, General Fund expenditures were \$4,117 below final appropriations, while actual resources available for appropriation were \$4,824 above the final budgeted amount.

DEBT ADMINISTRATION

Long-Term Debt - Modified Cash Basis

At June 30, 2017, the Village had \$144,267 in long-term debt arising from modified cash basis transactions, compared to \$163,064 at June 30, 2016. This represents a decrease of 12%. All debt is related to governmental activities.

Primary Government Long-Term Debt - Modified Cash Basis

<u>Governmental Activities</u>	<u>Balance at</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Note payable – Highway F project	\$ 144,267.	\$ 163,064.
Total	\$ 144,267.	\$ 163,064.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending June 30, 2018, the Village's budget is fairly consistent with this year.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Village's financial condition and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carla Alaya, Village Administrator/Clerk, at Village Hall, 1835 Highway F, Innsbrook, Missouri.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
 - Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF INNSBROOK, MISSOURI

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017**

	Governmental <u>Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 291,302.20
Restricted assets:	
Cash and cash equivalents	<u>58,822.43</u>
TOTAL ASSETS	<u>\$ 350,124.63</u>
<u>LIABILITIES</u>	
Payroll withholding payable	\$ 1,262.32
Long-term liabilities:	
Due within one year	19,237.19
Due in more than one year	<u>125,029.91</u>
TOTAL LIABILITIES	<u>\$ 145,529.42</u>
<u>NET POSITION</u>	
Restricted for:	
Street projects	\$ 58,822.43
Unrestricted	<u>145,772.78</u>
TOTAL NET POSITION	<u><u>\$ 204,595.21</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF INNSBROOK, MISSOURI

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>	<u>NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION</u>
Governmental Activities:		<u>Charges for Services</u>	<u>Governmental Activities</u>
Administration Department	\$ 65,363.95	\$ 4,186.07	\$ (61,177.88)
Street Department	<u>3,744.39</u>	<u> </u>	<u>(3,744.39)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 69,108.34</u>	<u>\$ 4,186.07</u>	<u>\$ (64,922.27)</u>
General Revenues:			
Real estate and property taxes			\$ 72,309.25
Sales tax			50,039.25
Motor fuel and vehicle taxes			22,063.45
Interest revenue			<u>176.22</u>
TOTAL GENERAL REVENUES			<u>\$ 144,588.17</u>
CHANGE IN NET POSITION			\$ 79,665.90
<u>NET POSITION - Beginning of year (unaudited)</u>			<u>124,929.31</u>
<u>NET POSITION - End of year</u>			<u>\$ 204,595.21</u>

See accompanying notes to the basic financial statements.

VILLAGE OF INNSBROOK, MISSOURI

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017**

**General
Fund**

ASSETS

Cash and cash equivalents	\$ 291,302.20
Restricted assets:	
Cash and cash equivalents	<u>58,822.43</u>
TOTAL ASSETS	<u>\$ 350,124.63</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Payroll withholdings payable	<u>\$ 1,262.32</u>
TOTAL LIABILITIES	<u>\$ 1,262.32</u>

Fund Balance:	
Restricted for street projects	\$ 58,822.43
Unassigned	<u>290,039.88</u>
TOTAL FUND BALANCE	<u>\$ 348,862.31</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 350,124.63</u>
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RECONCILIATION TO STATEMENT OF NET POSITION

Fund Balance	\$ 348,862.31
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities of \$10,756.00 are not financial resources and, therefore, are not reported in the funds, Net of accumulated depreciation of \$10,756.00.	0.00
Long-term liabilities of \$144,267.10 are not due and payable in the current period and are not reported in the funds.	<u>(144,267.10)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 204,595.21</u>

See accompanying notes to the basic financial statements.

VILLAGE OF INNSBROOK, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

REVENUES

Real estate and personal property tax	\$ 72,309.25
Sales tax	50,039.25
Motor fuel and vehicle tax	22,063.45
Permits and fees	4,186.07
Interest revenue	<u>176.22</u>
TOTAL REVENUES	\$ <u>148,774.24</u>

EXPENDITURES

Current:	
Administration Department	\$ 65,363.95
Debt Service:	
Principal payment	18,796.52
Interest payment	<u>3,744.39</u>
TOTAL EXPENDITURES	\$ <u>87,904.86</u>

NET CHANGE IN FUND BALANCE \$ 60,869.38

FUND BALANCE - Beginning of year (unaudited) 287,992.93

FUND BALANCE - End of year \$ 348,862.31

See accompanying notes to the basic financial statements.

VILLAGE OF INNSBROOK, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	Total Governmental <u>Funds</u>
Reconciliation to the Statement of Activities	
Net change in fund balances - total governmental funds	\$ 60,869.38
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense as to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	0.00
Depreciation expense	0.00
Repayment of debt principal is an expenditure in the governmental funds, But the repayment reduces long-term liabilities in the Statement of Net Position.	<u>18,796.52</u>
Change in Net Position of Governmental Activities	<u>\$ 79,665.90</u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF INNSBROOK, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Village's financial reporting entity is comprised of the following:

Primary Government: Village of Innsbrook, Missouri

Component Units: None

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statement

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

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

The funds of the financial report entity are described as follows:

Governmental Funds

General Fund

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide 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 Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit.

Capital Assets

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

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Furniture and fixtures	5 - 10 years
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Fund Financial Statements

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

Long-Term Debt

All long-term debt arising from cash transactions to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

Equity Classification

Government-Wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

It is the Village’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balances

The Village has not adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The statement is designed to improve financial reporting by establishing fund balance classifications that are easier to understand and apply. GASB 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

Non-spendable – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

Committed – Amounts constrained to specific purposes by the Village itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest-level action to remove or change the constraint. The Village’s highest level of decision-making authority is the Board of Trustees. The formal action that is required to be taken to establish committed fund balances is either by ordinance or resolution.

Assigned – Amounts the Village intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

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

The Village’s policy is to spend the most restricted resources first before less restricted resources in the following order: Non-spendable (if funds become spendable), restricted, committed, assigned, then unassigned.

The Village’s fund balance policy was enacted in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The Village’s primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The Village also seeks to maintain the highest possible credit ratings which are dependent, in part, on the Village’s maintenance of a healthy fund balance. The unrestricted fund balances of the General Fund have been accumulating to meet this purpose to provide stability and flexibility in order to respond to unexpected adversity and/or opportunities. The target is to maintain an unrestricted fund balance of not less than 15% of annual

operating expenditures in order to provide adequate funding to cover approximately two months of operating expenditures, provide the liquidity necessary to accommodate the Village's uneven cash flow, which is inherent in its periodic tax collection schedule, and provide liquidity to respond to contingent liabilities.

E. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 15 and payable by December 31. Taxes paid after December 31 are subject to penalties. Warren County bills, collects, and remits the property taxes to the Village. The Village records the revenues from property taxes when they are received, since the Village uses the modified cash basis of accounting.

F. Revenues, Expenditures and Expenses

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived from permits and fees are reported as program revenues. All other revenues are reported as general. The Village has the following program revenues in each activity:

Administration

Permits and fees

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

Operating Revenue and Expenses

Operating revenues and expenses include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:

Current
Capital Outlay
Debt Service

In the fund financial statements, governmental funds report expenditures of financial resources.

G. Use of Estimates

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

2. CASH AND INVESTMENTS

The Village has determined through experience, that interest bearing checking accounts, certificates of deposit, and government securities are appropriate types of investments for its needs.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000.00
Collateralized:	
Collateral held by Village's agent in the Village's name	0.00
Collateral held by pledging bank's trust department in the Village's name	100,231.35
Collateral held by pledging bank's trust department not in the Village's name	0.00
Uninsured and uncollateralized	<u>0.00</u>
Total	<u>\$ 350,231.35</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$0.00 of the Village's bank balance of \$350,231.35 was exposed to credit risk as follows:

<u>Type of Deposit</u>	<u>Custody Credit Risk Amount</u>
Uninsured and uncollateralized	\$ 0.00
Uninsured and collateralized by pledging bank's trust department not in the Village's name	<u>0.00</u>
Total	<u>\$ 0.00</u>

3. RESTRICTED ASSETS

The amount of restricted assets in the governmental-type activities is comprised of motor fuel and vehicle taxes received by the Village for improvements to be made to the Village's streets.

<u>Type of Restricted Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents:	
Street projects	<u>\$ 58,822.43</u>
Total Restricted Assets	<u>\$ 58,822.43</u>

4. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2017 was as follows:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2017</u>
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Equipment	\$ 10,756.00	\$ 0.00	\$ 0.00	\$ 10,756.00
Total capital assets being depreciated	<u>\$ 10,756.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 10,756.00</u>
Less accumulated depreciation:				
Equipment	\$ 10,756.00	\$ 0.00	\$ 0.00	\$ 10,756.00
Total accumulated depreciation	<u>\$ 10,756.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 10,756.00</u>
Total capital assets being depreciated, net	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Governmental activities capital assets, net	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

Governmental Activities:	
Administration	\$ 0.00
Total depreciation expense for governmental activities	<u>\$ 0.00</u>

5. LONG-TERM DEBT

Governmental Activities

As of June 30, 2017, the long-term debt, arising from cash transactions, payable from the general revenue fund resources consisted of the following:

• Note payable – Highway F project, payable in annual installments, final payment due August 15, 2023.	<u>144,267.10</u>
Total	<u>\$ 144,267.10</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
Note payable - Hwy. F project	\$ 163,063.62	\$ 0.00	\$ 18,796.52	\$ 144,267.10	\$ 19,237.19
Total Governmental Activities	<u>\$ 163,063.62</u>	<u>\$ 0.00</u>	<u>\$ 18,796.52</u>	<u>\$ 144,267.10</u>	<u>\$ 19,237.19</u>

Debt Service Requirement to Maturity

Note Payable – Highway F Project

<u>Payment Date</u>	<u>Interest Rate</u>	<u>Lease Payment</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Purchase Option</u>
8/15/2017	2.29%	\$ 22,540.91	\$ 3,303.72	\$ 19,237.19	\$ 125,029.91
8/15/2018	2.29%	22,540.91	2,863.18	19,677.73	105,352.18
8/15/2019	2.29%	22,540.91	2,412.56	20,128.35	85,223.83
8/15/2020	2.29%	22,540.91	1,956.97	20,583.94	64,639.89
8/15/2021	2.29%	22,540.91	1,480.25	21,060.66	43,579.23
8/15/2022	2.29%	22,540.91	997.96	21,542.95	22,036.28
8/15/2023	2.29%	<u>22,540.91</u>	<u>504.63</u>	<u>22,036.28</u>	0.00
		<u>\$ 157,786.37</u>	<u>\$ 13,519.27</u>	<u>\$ 144,267.10</u>	

Annual payments are subject to annual appropriation. The lease has been accounted for as an acquisition of an asset. The minimum lease is the payment amount.

Interest Expense Allocated by Function

Interest expense, including fiscal agent fees, on long-term debt was charged to functions in the Statement of Activities as follows:

Governmental-Type Activities:

General Fund \$ 3,744.39

6. RISK MANAGEMENT

The Village 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 Village is a member of the Missouri Public Entity Risk Management Fund (MoPERM), which provides liability insurance coverage under one comprehensive plan for all members. The Village pays an annual premium to MoPERM for its general liability, law enforcement liability, public officials’ errors and omissions, and automobile liability. MoPERM is self-sustaining through member premiums and reinsures with commercial companies for excess insurance. The Village manages workers compensation, health, and life through purchased commercial insurance.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. ASSESSED VALUATION AND TAX LEVY

	Aggregate Assessed Valuation <u>2 0 1 6</u>
<u>Assessed Valuation</u>	
Aggregate Assessed Valuation	\$ <u>60,486,523.00</u>
<u>Tax Levy per \$100 of Assessed Valuation:</u>	
General Fund	\$ <u>.1272</u>
TOTAL TAXES ASSESSED	\$ <u>76,938.86</u>
TOTAL TAXES COLLECTED	\$ <u>72,309.25</u>

The receipts of current and delinquent taxes during the year ended June 30, 2017 aggregated approximately 94% of the current assessed taxes.

8. VILLAGE OFFICIALS

2 0 1 7

Chairman	Jeff Thomsen
Trustee	Jerry Rust
Trustee	Ted Sator
Trustee	Tom Stevener
Trustee	Trish Dunn
Village Clerk/Administrator	Carla Ayala

OTHER INFORMATION

Other information includes financial information and disclosures that are presented for purposes of additional analysis but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Modified Cash Basis - General Fund

VILLAGE OF INNSBROOK, MISSOURI

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>BEGINNING BUDGETARY FUND BALANCE -</u> (unaudited)	\$ 287,992.93	\$ 287,992.93	\$ 287,992.93
<u>REVENUES (inflows):</u>			
Real estate and personal property tax	71,500.00	72,000.00	72,309.25
Sales tax	41,500.00	46,500.00	50,039.25
Motor fuel and vehicle tax	21,500.00	21,500.00	22,063.45
Permits and fees	1,850.00	3,800.00	4,186.07
Interest earned	<u>100.00</u>	<u>150.00</u>	<u>176.22</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 424,442.93</u>	<u>\$ 431,942.93</u>	<u>\$ 436,767.17</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current -			
Administration:			
Abstracts and maps	\$ 500.00	\$ 100.00	\$ 30.00
Adopt-A-Highway expense	700.00	200.00	200.00
Dues and subscriptions	950.00	960.00	967.78
Election expense	650.00	50.00	24.25
Payroll expense	37,000.00	43,800.00	43,774.10
Insurance expense	3,000.00	2,600.00	2,546.92
Miscellaneous expense	500.00	0.00	0.00
Mowing expense	900.00	900.00	810.00
Neighborhood Improvement Program	500.00	0.00	0.00
Newsletter expense	2,000.00	2,700.00	1,777.91
Office supplies, equipment and copier	4,500.00	2,000.00	1,813.41
Telephone, fax and internet	1,400.00	1,700.00	1,636.65
Postage and delivery expense	150.00	170.00	169.91
Professional services	8,000.00	7,000.00	5,500.00
Public notice expense	850.00	1,250.00	811.13
Rent expense	2,401.00	2,401.00	2,201.00
Repairs and maintenance	100.00	200.00	180.01
Seminars, travel, training and mileage	3,400.00	3,400.00	2,506.26
Taxes, penalties and interest	100.00	50.00	39.49
Meet the Candidate Night	<u>0.00</u>	<u>0.00</u>	<u>375.13</u>
TOTAL CURRENT	<u>\$ 67,601.00</u>	<u>\$ 69,481.00</u>	<u>\$ 65,363.95</u>

See accompanying notes to the Budgetary Comparison Schedule.

VILLAGE OF INNSBROOK, MISSOURI

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Debt Service:			
Principal payment	\$ 22,541.00	\$ 22,541.00	\$ 18,796.52
Interest payment	<u>0.00</u>	<u>0.00</u>	<u>3,744.39</u>
TOTAL DEBT SERVICE	<u>\$ 22,541.00</u>	<u>\$ 22,541.00</u>	<u>\$ 22,540.91</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 90,142.00</u>	<u>\$ 92,022.00</u>	<u>\$ 87,904.86</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 334,300.93</u>	<u>\$ 339,920.93</u>	<u>\$ 348,862.31</u>

See accompanying notes to the Budgetary Comparison Schedule.

VILLAGE OF INNSBROOK, MISSOURI

NOTES TO OTHER INFORMATION BUDGETARY COMPARISON SCHEDULE JUNE 30, 2017

Budgets and Budgetary Practices

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to June 1, the Village Administrator/Clerk submits to the Board of Trustees a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them.
- b. Open meetings of the Board of Trustees are held to obtain taxpayer comments.
- c. Prior to June 30, the budget is adopted by the Board of Trustees.
- d. Budgets are adopted on a basis consistent with the modified cash basis of accounting.
- e. Any revisions that alter the total expenditures/expenses must be approved by the Board of Trustees.
- f. The Board of Trustees adopts an amended budget (if necessary), approving any additional expenditures/expenses.
- g. All annual appropriations lapse at fiscal year-end.

All transfers of appropriations between departments and supplemental appropriations require the Board of Trustees' approval. Supplemental appropriations must also be approved by the Board of Trustees.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.