

CITY OF VALLEY PARK, MISSOURI
AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CITY OF VALLEY PARK, MISSOURI
MODIFIED CASH BASIS FINANCIAL STATEMENTS
TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis – Unaudited		4-7
Basic Financial Statements:		
Government-Wide Financial Statements		
Statement of Net Position – Modified Cash Basis	A	8
Statement of Activities – Modified Cash Basis	B	9
Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet - Modified Cash Basis - Governmental Funds	C	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	D	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities – Modified Cash Basis	E	12
Proprietary Funds Financial Statements		
Statement of Net Position – Modified Cash Basis – Proprietary Funds	F	13
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis – Proprietary Funds	G	14
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	H	15
Fiduciary Fund Financial Statement		
Statement of Net Position – Modified Cash Basis – Fiduciary Funds	I	16

CITY OF VALLEY PARK, MISSOURI

TABLE OF CONTENTS (CONTINUED)

		<u>PAGE</u>
Notes to the Basic Financial Statements		17-42
Supplementary Information	<u>STATEMENT</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance -- Modified Cash Basis -- Budget and Actual -- General Fund	1	43-47
Statement of Revenues, Expenditures and Changes in Fund Balance -- Modified Cash Basis -- Budget and Actual -- General Fund (Valley Days Fund)	2	48
Statement of Revenues, Expenditures and Changes in Fund Balance -- Modified Cash Basis -- Budget and Actual -- Restricted Sales Tax Fund	3	49
Statement of Revenues, Expenditures and Changes in Fund Balance -- Modified Cash Basis -- Budget and Actual -- TIF-Peerless Park (UMB) Revenue Fund	4	50
Statement of Revenues, Expenditures and Changes in Fund Balance -- Modified Cash Basis -- Budget and Actual -- Sewer Lateral	5	51
Notes to Budgetary Comparison Schedules		52
Combining Balance Sheet- Modified Cash Basis -- General Funds	6	53
Combining Statement of Revenues, Expenditures and Changes In Fund Balances -- Modified Cash Basis -- General Funds	7	54
Combining Balance Sheet -- Modified Cash Basis -- Non-major Governmental Funds	8	55-56
Combining Statement of Revenues, Expenditures and Changes In Fund Balances -- Modified Cash Basis -- Non-major Governmental Funds	9	57-58
Other Information -- Unaudited	<u>SCHEDULE</u>	
LAGERS Retirement System -- Schedule of Changes in Net Pension Liability and Related Ratios	1	59
LAGERS Retirement System -- Schedule of Contributions	2	60
Notes to LAGERS Retirement System		61

CITY OF VALLEY PARK, MISSOURI

TABLE OF CONTENTS (CONTINUED)

Federal Compliance Section	<u>PAGE</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62-63
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	64-66
Schedule of Expenditures of Federal Awards	67-68
Schedule of Findings and Questioned Costs	69-71



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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Valley Park, Missouri

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Valley Park, Missouri ("City"), as of and for the year ended June 30, 2017, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such 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, each major fund, and the aggregate remaining fund information of the City of Valley Park, Missouri, as of June 30, 2017, and the respective changes in modified cash basis financial position and where applicable, cash flows- modified cash basis, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Valley Park's basic financial statements. The budgetary comparison information, combining general fund and nonmajor fund financial statements, management's discussion and analysis and LAGERS retirement system information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison information on pages 43 through 52 and combining general fund and nonmajor fund financial statements on pages 53 through 58 and the schedule of expenditures of federal awards 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 the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, combining general fund and nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

The management's discussion and analysis on pages 4 through 7, and LAGERS retirement system information on pages 59 through 61, 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 February 7, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cragin + Cragin P.C.

Certified Public Accountants

Kirkwood, Missouri
February 7, 2018

UNAUDITED

**City of Valley Park, Missouri
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

The discussion and analysis of the City of Valley Park's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

The financial statements of the City have been prepared on the modified cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid rather than when incurred.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2017 include the following:

- St. Louis County Police contract renewed.
- The City continues on Jefferson Ave/Main St Project.
- The City is continuing to work on various projects that were damaged during the flood in 2015/2016
- The City is replacing street slabs in Ward 4.
- The City purchased a one ton F-550 pickup truck for the Street Department.

The City's net position (modified cash basis) and the governmental funds ending cash and investments balances (modified cash basis) were \$3,751,141.83. This represents a 16.8% decrease over the fiscal year ending June 30, 2016.

UNAUDITED

Revenue and Expenditure Comparison for years
Ending June 30, 2016 and 2017

	<u>6/30/2016</u>	<u>%</u>	<u>6/30/2017</u>	<u>%</u>
Revenue all Funds				
Taxes (net)	\$ 4,693,998.94	72.68%	\$ 4,769,782.88	61.53%
Licenses and Permits	342,029.71	5.30%	383,111.79	4.94%
Charges for Services	399,487.92	6.19%	395,518.34	5.10%
Fines and Forfeitures	110,958.00	1.72%	81,275.49	1.05%
Intergovernmental	642,131.04	9.94%	1,820,161.58	23.48%
Interest	10,336.03	0.16%	10,997.28	0.14%
Bond Interest Subsidy	114,823.87	1.78%	111,431.69	1.44%
Miscellaneous	144,946.61	2.24%	179,484.79	2.32%
Total	<u>\$ 6,458,712.12</u>	<u>100.00%</u>	<u>\$ 7,751,763.84</u>	<u>100.00%</u>
Expenditures all Funds				
Administrative	\$ 850,226.10	10.25%	\$ 913,334.71	10.71%
Streets	675,500.17	8.14%	724,960.40	8.50%
Sewer Lateral	20,298.25	0.24%	28,535.22	0.33%
Parks	189,109.92	2.28%	298,417.53	3.50%
Community Development	3,276,510.64	39.49%	3,114,458.01	36.51%
Police	1,301,096.96	15.68%	1,298,901.90	15.23%
Court	102,981.33	1.24%	82,577.92	0.97%
Mayor	10,434.40	0.13%	11,101.25	0.13%
Emergency Management	5,774.78	0.07%	1,227.21	0.01%
Operating Expenses - Utilities	411,343.52	4.96%	410,364.59	4.81%
Debt Service				
Principal	413,110.12	4.98%	445,447.83	5.22%
Interest and Fees	1,041,438.03	12.55%	1,201,173.34	14.08%
Total	<u>\$ 8,297,824.22</u>	<u>100.00%</u>	<u>\$ 8,530,499.91</u>	<u>100.00%</u>

Using the Basic Financial Statements

The City's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the modified cash basis operations of the City as a whole. The "Basic Financial Statements" section includes government- wide financial statements, fund financial statements and notes to financial statements. The government-wide financial statements, consisting of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the City's modified cash basis financial condition.

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By showing the change in net position (modified cash basis) for the year, the reader may ascertain whether the City's modified cash basis financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the City's financial condition include increases in or erosion of the property tax base, current property tax laws in Missouri restricting revenue growth, facility conditions, and other factors.

Government-wide Financial Analysis

Net position of the City at June 30, 2017, of \$ 3,942,231.98 reflects the City's total assets of cash and investments (net). Net position at June 30, 2017 of \$ 1,614,767.72 is unrestricted.

Governmental Funds Financial Analysis

Revenues Collected	6/30/2016	6/30/2017
Program Revenues Collected		
Charges for Services	\$ 458,648.71	\$ 469,815.28
Intergovernmental	734,426.98	1,820,161.58
General Revenues Collected:		
Property Taxes	1,275,500.09	1,348,917.13
Franchise & Public Service Taxes	797,830.50	790,124.40
Sales Tax	2,620,569.18	2,628,044.51
Financial Institutions Tax	99.17	2,696.84
Investment Income	10,336.03	10,997.28
Miscellaneous	52,650.67	179,484.79
Bond Interest Subsidy	114,823.87	111,431.69
Total Revenues Collected	6,064,885.20	7,361,673.50
Expenses Paid		
Administrative	866,435.28	925,663.17
Public Safety	1,404,078.29	1,381,479.82
Streets	675,500.17	724,960.40
Sewer Lateral	20,298.25	28,535.22
Parks	189,109.92	298,417.53
Community Development	3,276,510.64	3,114,458.01
Debt Service		
Principal	413,110.12	445,447.83
Interest and Fees	1,041,438.03	1,201,173.34
Total Expenses Paid	7,886,480.70	8,120,135.32
Excess of Revenues over Expenses	(1,821,595.50)	(758,461.82)
Net Position July 1	6,331,199.15	4,509,603.65
Net Position, June 30	\$ 4,509,603.65	\$ 3,751,141.83

UNAUDITED

Business Type Activities

	<u>6/30/2016</u>	<u>6/30/2017</u>
<u>Sanitation Fund</u>		
Revenue	\$ 393,826.92	\$ 390,090.34
Expenditures	<u>411,343.52</u>	<u>410,364.59</u>
Net Income/Loss	<u>\$ (17,516.60)</u>	<u>\$ (20,274.25)</u>

The Sanitation Fund experienced net loss of \$ 20,274.25.

General Fund Budgetary Highlights

On June 29, 2016, the City adopted its budget. Overall General Fund revenues were 2% lower than projections, and expenditures were 3% lower than projections.

Capital Assets and Debt Administration

The City operates under the modified cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements.

At year end the City had debt in the amount of \$12,626,524.09:

Certificates of Participation	\$ 4,685,000.00
Tax Increment Revenue Notes	7,884,118.54
Capital Lease Obligations	57,405.55

Next Year's Budget

The June 30, 2018 budget, as adopted by the Board of Aldermen in June of 2017, proposed revenues of \$ 7,306,286.00 and expenditures of \$ 7,152,795.00. The budget calls for general fund revenue of \$ 3,552,386.00 and general fund expenditures and transfers of \$ 3,502,077.00.

Contacting the City's Financial Management

While this Management's Discussion & Analysis is designed to provide a general overview of the cash basis financial condition and operations of the City, citizens, tax payers and creditors may want further details. To obtain such details, please contact Bill Hanks, City Clerk at the Valley Park City Hall, 300 Benton, Valley Park, Missouri, 63088 or call 636/225-5171 during regular office hours, Monday through Friday, 8:30am to 4:30pm.

EXHIBIT A

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 1,423,677.57	\$ 191,090.15	\$ 1,614,767.72
Restricted Assets:			
Cash and Investments	<u>2,327,464.26</u>	<u> </u>	<u>2,327,464.26</u>
Total Assets	<u>3,751,141.83</u>	<u>191,090.15</u>	<u>3,942,231.98</u>
 <u>LIABILITIES</u>			
Liabilities:			
None	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET POSITION</u>			
Restricted for:			
Bond Deposits	25,857.33	-	25,857.33
Capital Improvements	553,841.83		553,841.83
Debt Service	1,250,211.94		1,250,211.94
Other purposes	14,113.09		14,113.09
Sewer Lateral	483,440.07		483,440.07
Unrestricted	<u>1,423,677.57</u>	<u>191,090.15</u>	<u>1,614,767.72</u>
Total Net Position	<u>\$ 3,751,141.83</u>	<u>\$ 191,090.15</u>	<u>\$ 3,942,231.98</u>

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

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues Received			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 925,663.17	\$ 383,111.79	\$ -	\$ -	\$ (542,551.38)	\$ -	\$ (542,551.38)
Public Safety	1,381,479.82	81,275.49			(1,300,204.33)		(1,300,204.33)
Streets	724,960.40		404,508.85		(320,451.55)		(320,451.55)
Sewer Lateral	28,535.22				(28,535.22)		(28,535.22)
Parks	298,417.53	5,428.00			(292,989.53)		(292,989.53)
Community Development	3,114,458.01			1,415,652.73	(1,698,805.28)		(1,698,805.28)
Debt Service							
Principal	445,447.83				(445,447.83)		(445,447.83)
Interest and Fees	1,201,173.34		111,431.69		(1,089,741.65)		(1,089,741.65)
Total governmental activities	8,120,135.32	469,815.28	515,940.54	1,415,652.73	(5,718,726.77)	-	(5,718,726.77)
Business-type Activities:							
Sanitation	410,364.59	390,090.34	-	-	-	(20,274.25)	(20,274.25)
Total business-type activities	410,364.59	390,090.34	-	-	-	(20,274.25)	(20,274.25)
Total City	\$ 8,530,499.91	\$ 859,905.62	\$ 515,940.54	\$ 1,415,652.73	(5,718,726.77)	(20,274.25)	(5,739,001.02)
General Revenues:							
Taxes							
Property Taxes					1,348,917.13	-	1,348,917.13
Franchise and Public Service Taxes					790,124.40		790,124.40
Sales Tax					2,628,044.51		2,628,044.51
Financial Institutions Tax					2,696.84		2,696.84
Investment Income					10,997.28		10,997.28
Miscellaneous					179,484.79		179,484.79
Total General Revenues					4,960,264.95	-	4,960,264.95
Change in Net Position					(758,461.82)	(20,274.25)	(778,736.07)
Net Position - beginning					4,509,603.65	211,364.40	4,720,968.05
Net Position - ending					\$ 3,751,141.83	\$ 191,090.15	\$ 3,942,231.98

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

CITY OF VALLEY PARK, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major Funds					Total
	General Fund	Restricted Sales Tax Fund	TIF - Peerless Park (UMB) Revenue	Sewer Lateral	COP 2010 Reserve B	Governmental Funds
ASSETS						
Cash and Investments	\$ 1,423,677.57	\$ -	\$ -	\$ -	\$ -	\$ 1,423,677.57
Restricted Assets:						
Cash and Investments		553,728.75	721,667.52	483,440.07	472,803.82	2,327,464.26
Total Assets	\$ 1,423,677.57	\$ 553,728.75	\$ 721,667.52	\$ 483,440.07	\$ 472,803.82	\$ 3,751,141.83

LIABILITIES AND FUND EQUITY

Liabilities:						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-

Fund Equity:

Fund Balance:						
Restricted						
Bond Deposits	-	-	-	-	-	25,857.33
Capital Improvements		553,728.75				553,841.83
Debt Service			721,667.52		472,803.82	1,250,211.94
Sewer Lateral				483,440.07		483,440.07
Other purposes						14,113.09
Unassigned	1,423,677.57					1,423,677.57
Total Fund Equity	1,423,677.57	553,728.75	721,667.52	483,440.07	472,803.82	3,751,141.83

Total Liabilities and Fund Equity

\$ 1,423,677.57	\$ 553,728.75	\$ 721,667.52	\$ 483,440.07	\$ 472,803.82	\$ 95,824.10
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Reconciliation to Statement of Net Position:

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

There are no adjustments

Net position of governmental activities

\$ 3,751,141.83

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Major Funds						Non-Major Funds	Total Governmental Funds
	General Fund	Restricted Sales Tax	TIF - Peerless Park (UMB) Revenue	Sewer Lateral	COP 2010 Reserve B			
REVENUES:								
Taxes	\$ 2,369,747.08	\$ 1,030,845.58	\$ 1,078,291.17	\$ 48,867.06	\$ -	\$	242,031.99	\$ 4,769,782.88
Intergovernmental	404,508.85	1,415,652.73						1,820,161.58
Charges for Services	5,428.00							5,428.00
Fines and Forfeitures	79,931.49						1,344.00	81,275.49
Licenses and Permits	383,111.79							383,111.79
Investment Income	3,745.01	1,132.83	88.28		5,794.75		236.41	10,997.28
Miscellaneous	151,550.86	27,933.93						179,484.79
Total Revenues	3,398,023.08	2,475,565.07	1,078,379.45	48,867.06	5,794.75		243,612.40	7,250,241.81
EXPENDITURES:								
Administration	888,190.60	-	1,537.00	-	1,336.63		22,270.48	913,334.71
Streets	724,960.40							724,960.40
Sewer Lateral				28,535.22				28,535.22
Parks	298,417.53							298,417.53
Community Development	104,456.81	2,609,953.20					400,048.00	3,114,458.01
Police	1,298,901.90							1,298,901.90
Court	82,577.92							82,577.92
Mayor	11,101.25							11,101.25
Emergency Management	1,227.21							1,227.21
Debt Service								
Principal	23,322.82	10,714.16		2,678.94			408,731.91	445,447.83
Interest and Fees	1,633.32	825.62		208.73			1,198,505.67	1,201,173.34
Total Expenditures	3,434,789.76	2,621,492.98	1,537.00	31,422.89	1,336.63		2,029,556.06	8,120,135.32
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,766.68)	(145,927.91)	1,076,842.45	17,444.17	4,458.12		(1,785,943.66)	(869,893.51)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-		1,753,602.60	1,753,602.60
Operating Transfers Out		(733,043.59)	(800,971.97)		(115.40)		(219,471.64)	(1,753,602.60)
Bond Interest Subsidy		111,431.69						111,431.69
Total Other Financing Sources (Uses)	-	(621,611.90)	(800,971.97)	-	(115.40)		1,534,130.96	111,431.69
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(36,766.68)	(767,539.81)	275,870.48	17,444.17	4,342.72		(251,812.70)	(758,461.82)
FUND BALANCE, JULY 1, 2016	1,460,444.25	1,321,268.56	445,797.04	465,995.90	468,461.10		347,636.80	4,509,603.65
FUND BALANCE, JUNE 30, 2017	\$ 1,423,677.57	\$ 553,728.75	\$ 721,667.52	\$ 483,440.07	\$ 472,803.82	\$	95,824.10	\$ 3,751,141.83

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

CITY OF VALLEY PARK, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- MODIFIED CASH BASIS- GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$ (758,461.82)
There are no adjustments	<u>-</u>
Change in Net Position of Governmental Activities	\$ <u><u>(758,461.82)</u></u>

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

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2017

	Major Enterprise Funds
	<u>Sanitation</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>191,090.15</u>
Total Assets	\$ <u><u>191,090.15</u></u>
 <u>LIABILITIES</u>	
Liabilities:	
None	\$ <u>-</u>
 <u>NET POSITION</u>	
Unrestricted	<u>191,090.15</u>
Total Net Position	\$ <u><u>191,090.15</u></u>

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

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds
	Sanitation
OPERATING REVENUES:	
Charges for Service	\$ 390,090.34
OPERATING EXPENSES:	
Salaries and Labor	196,116.36
Payroll Taxes	14,602.58
Pension Expense	1,165.29
Hospital Insurance	43,856.02
Beneflex	(4,010.66)
Dumping Fees	87,280.80
Refunds	40.00
Truck Expense	18,208.61
General Insurance	7,093.76
Lubes & Fluids	99.94
Computer Consulting	18,091.48
Other Expenses	460.75
Uniform Expense	1,045.81
Fuel	11,933.24
Tires and Tubes	10,368.96
Billing Expense	4,011.65
Total Operating Expenses	410,364.59
NET INCOME (LOSS) BEFORE TRANSFERS	(20,274.25)
OPERATING TRANSFERS	-
NET INCOME (LOSS) AFTER TRANSFERS	(20,274.25)
TOTAL NET POSITION, JULY 1, 2016	211,364.40
TOTAL NET POSITION, JUNE 30, 2017	\$ 191,090.15

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

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS -
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds
	<u>Sanitation</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 390,090.34
Cash Payments to Suppliers for Goods and Services	(158,635.00)
Cash Payments to Employees For Services	<u>(251,729.59)</u>
Net Cash Provided (Used) by Operating Activities	<u>(20,274.25)</u>
Cash Flows from Noncapital Financing Activities:	
None	<u>-</u>
Cash Flows from Capital and Related Financing Activities:	
None	<u>-</u>
Cash Flows from Investing Activities:	
None	<u>-</u>
Cash and Cash Equivalents, Beginning of Year	<u>211,364.40</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>191,090.15</u></u>
Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income(Loss)	\$ (20,274.25)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Changes in assets and liabilities:	
None	<u> </u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(20,274.25)</u></u>

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

EXHIBIT I

CITY OF VALLEY PARK, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Restricted Assets:	
Cash and Investments	\$ <u><u>1,252.00</u></u>
 <u>LIABILITIES</u>	
Due to Others - Court Bonds	\$ <u><u>1,252.00</u></u>

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

CITY OF VALLEY PARK, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

1. Summary of Significant Accounting Policies

The City of Valley Park, Missouri was incorporated in 1917. The City operates under a Mayor-Board of Alderman form of government. The City's major operations include police, parks, public works, and general administrative services. In addition, the City owns and operates a sanitation system.

The City's financial statements are prepared in accordance with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Principals Used to Determine Scope of Entity

The financial statements of the City include the financial activities of the City and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by both GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The City has determined that no outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

Included within the reporting entity:

Tax Increment Financing (TIF) Commission of the City of Valley Park, Missouri (effective October 7, 2009, the City also assumed jurisdiction over the TIF redevelopment area in the annexation area formally known as the City of Peerless Park, and assumed the duties and responsibilities of the TIF). The Tax Increment Financing Commission was formed to encourage economic development in the City. It is governed by a Board of Commissioners. The Commission oversees certain redevelopment activities. The City has established several special allocation funds into which payments in lieu of taxes derived from increases in the equalized assessed value of property and economic activity revenues are deposited and the funds required by the provisions of the Bond ordinance. The Commission does not issue a separate financial statement.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis present financial information about the City’s government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities- Modified Cash Basis presents a comparison between direct expenses and program revenue for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

General Government	Licenses, permits and fees
Public Safety	Fine revenue
Streets	Vehicle fees and sales tax and gasoline excise tax shared by the State; operating grants
Parks	Rentals
Community Development	Operating and capital grants
Debt Service	Certificate interest subsidy

Fund Financial Statements

During the year, the City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of the governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. A fund is considered major if it is the primary operating fund of the City, the City chooses the fund, or a fund meets the following criteria:

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

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary, and fiduciary.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The following are the City's governmental funds:

Governmental Funds

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

GASB 54 clarifies the definitions of the governmental fund types. The following is reported as part of the General Fund for financial reporting purposes but is maintained individually for accounting purposes and budgetary comparisons of legally adopted budgets.

Valley Days Fund – to account for the collection of special monies and expenditures related thereto.

Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Restricted Sales Tax Fund – to account for the collection of storm water and capital improvement sales tax and expenditures related thereto.

TIF- Peerless Park (UMB) Revenue Fund – to account for payments in lieu of taxes, economic activity tax revenues and amounts necessary to be transferred to TIF - Peerless Park Debt Service (UMB) Fund.

Former Corps Escrow Fund – to account for payment of remaining costs associated with levee construction project.

Sewer Lateral Fund – to account for revenues and expenditures related to the sewer lateral programs.

Police Training Fund – to account for revenues and expenditures pertaining to police training.

Bond Deposit Fund – to account for bond deposits.

TIF- Route 141/Marshall Road Project (UMB) Revenue- Eats Account – to account for economic activity tax revenues to be transferred to TIF- Route 141/Marshall Road Project (UMB) Debt Service Fund.

TIF- Route 141/Marshall Road Project (UMB) Revenue- Pilots Account – to account for payments in lieu of taxes to be transferred to TIF- Route 141/Marshall Road Project (UMB) Debt Service Fund.

TIF- Route 141/Marshall Road Project (UMB) Revenue- CID Revenues Account – to account for CID sales tax revenue to be transferred to TIF- Route 141/Marshall Road Project (UMB) Debt Service Fund.

Debt Service Funds:

Debt Service Funds are used to account for the accumulation of resources for, and the repayment of, long-term debt principal, interest and related costs.

COP 2010 Reserve B – to account for an amount from proceeds of the Certificate of Participation (2010B) applied in accordance with the provisions of the lease purchase agreement.

COP 2010 Debt Service – to account for the accumulation of resources and payment of interest and principal of the Certificate of Participation (Series 2010).

TIF-Peerless Park Debt Service (UMB) Fund – to account for accumulation of resources and payment of interest and principal of the Tax Increment Revenue Notes.

TIF- 2015 Series A Debt Service – to account for accumulation of resources and payment of interest and principal of the TIF- 2015 Series A Debt Service.

TIF- 2015 Series B Debt Service – to account for accumulation of resources and payment of interest and principal of the TIF- 2015 Series B Debt Service.

Capital Projects Funds:

Capital project funds are used to account for and report financial resources restricted, committed, or assigned for capital outlays, including the acquisition or construction of specific capital facilities or other capital items.

COP 2010 Project A – to account for costs of acquiring, constructing, and installing certain stormwater and road improvements. Financing provided by Certificates of Participation.

Proprietary Funds

Enterprise Funds:

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Sanitation Fund – to account for the charges to residents for trash pick-up and expenses pertaining to that service.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and other operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

Agency Fund:

Municipal Court – represents monies that are held by the City's municipal court in a fiduciary capacity on behalf of various individuals and entities. This fund is not considered an operating fund of the City.

Major and Non-major Funds

The funds are classified as major or non-major as follows:

Major Funds:

General Funds

Special Revenue Funds:

Restricted Sales Tax
Sewer Lateral Fund
TIF-Peerless Park (UMB) Revenue

Enterprise Funds:

Sanitation

Debt Service Funds:

COP 2010 Reserve B

Non-Major Funds:

Special Revenue Funds:

Former Corps Escrow Fund
Police Training
Bond Deposit
TIF- Route 141/Marshall Road Project
(UMB) Revenue- Eats Account
TIF- Route 141/Marshall Road Project
(UMB) Revenue- Pilots Account
TIF- Route 141/Marshall Road Project
(UMB) Revenue- CID Revenues

Debt Service Funds:

COP 2010 Debt Service
TIF- Peerless Park Debt Service (UMB)
TIF- 2015 Series A Debt Service
TIF- 2015 Series B Debt Service

Capital Projects Funds:

COP 2010 Project A

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 - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, both governmental and business-like activities are presented using the “economic resources” measurement focus, within the limitations of the modified cash basis of accounting, as defined 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 government funds utilize a “current financial resources” measurement focus within the limitations of 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.
- b. The proprietary funds utilize an “economic resources” measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and the unrestricted resources as they are needed.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments arising from cash transactions or events.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and

deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government- wide financial statements would be presented in accordance with the accrual basis of accounting.

D. Budgets and Budgetary Accounting

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

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 29, 2016.
4. Budgets for City funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.
5. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

For the year ended June 30, 2017, the City complied, in all material respects, with applicable budget laws, except as noted below:

1. Excess of expenditures and transfers over appropriations in individual funds. The following is a summary:

Fund	Appropriations	Transfers / Expenditures	Excess
TIF-Route 141/Marshall Road Project (UMB) Revenue Eats Account	\$ 176,000.00	\$ 181,440.43	\$ 5,440.43
TIF-Route 141/Marshall Road Project (UMB) Revenue CID Revenue Account	36,000.00	38,060.24	2,060.24
TIF-2015 Series B Debt Service	176,000.00	185,721.55	9,721.55
COP 2010 Project B	-	1,452.03	1,452.03
Former Corps Escrow Fund*	253,708.00	400,048.00	146,340.00

* Transfer / Expenditure approved by Board.

E. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the City. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

For the purpose of the Statement of Net Position- Modified Cash Basis, "cash and investments" includes all cash on hand, demand deposits, repurchase agreements, open-ended money market mutual funds, and government agency and corporate bonds. For the purpose of the proprietary funds Statement of Cash Flows- Modified Cash Basis, "cash and cash equivalents" includes all cash on hand and demand deposits.

F. Capital Assets

Capital outlays of the various funds are recorded as expenditures when incurred. These capital outlays represent the cost of land, buildings and improvements, and furniture and equipment. The City does not maintain a record of its capital assets.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

The restricted assets at June 30, 2017 are as follows:

Restricted Sales Tax Fund	\$ 553,728.75
TIF-Peerless Park (UMB) Revenue	721,667.52
Sewer Lateral Fund	483,440.07
Police Training Fund	14,113.09
Bond Deposit Fund	25,857.33
Former Corps Escrow Fund	108.43
TIF - Route 141/Marshall Road Project (UMB) Revenue - Eats Account	25,123.18
TIF - Route 141/Marshall Road Project (UMB) Revenue - Pilots Account	24,591.05
TIF - Route 141/Marshall Road Project (UMB) Revenue - CID Revenues Account	6,011.64
COP 2010- Reserve B	472,803.82
COP 2010- Debt Service Fund	11.03
TIF- Peerless Park Debt Service (UMB)	3.70
COP 2010 - Project A	4.65
	<u>\$ 2,327,464.26</u>

H. Governmental Fund Balances

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable- Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted- Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed- Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action (ordinance) of the City's highest level of decision-making authority.

Assigned- Amounts constrained by the City's intent (resolution) to be used for specific purposes but that are neither restricted nor committed.

Unassigned- The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangement in place.

Fund balances of the City's governmental funds at June 30, 2017, are classified as follows regarding level of constraint:

	General Fund	Special Revenue Funds	Capital Projects	Debt Service Funds
Fund Balances:				
Restricted for:				
Bond Deposits	\$ -	\$ 25,857.33	\$ -	\$ -
Capital Improvements		553,837.18	4.65	
Debt Service		777,393.39		472,818.55
Sewer Lateral		483,440.07		
Other Purposes		14,113.09		
Unassigned	1,423,677.57			
Total Fund Balances	<u>\$ 1,423,677.57</u>	<u>\$ 1,854,641.06</u>	<u>\$ 4.65</u>	<u>\$ 472,818.55</u>

I. Net Position/Fund Balance Classifications

Government-Wide Statements

Net position is classified and displayed in three components:

1. *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 and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

J. Interfund Activity

In the process of aggregating the financial information for the government-wide Statement of Net Position- Modified Cash Basis and Statement of Activities- Modified Cash Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. *Interfund services.* Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- c. *Interfund reimbursement.* Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- d. *Interfund transfers.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statement as follows:

- a. Interfund balances.* Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the "Governmental" and "Business-Type Activities" columns of the Statement of Net Position- Modified Cash Basis, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. Internal activities.* Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities – Modified Cash Basis, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers- Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. See Note 5 for details of interfund transactions.

K. Fines and Court Costs

Missouri statute now requires municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for minor traffic violations. The City's fines, court costs and other revenues pertaining to minor traffic violations totaled \$56,786.00 for the fiscal year. "Annual general operating revenue" is defined in the statute and may or may not include various sources of the City's revenues. "General operating revenue" totaled \$3,308,820.00. The City's fines and court costs for minor traffic violations are 1.72% "annual general operating revenue."

L. Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the final statements and accompanying notes. Actual results may differ from those estimates.

M. Adoption of New Accounting Standards

The City adopted GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The City also adopted GASB Statement 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The City also adopted GASB Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

The City also adopted GASB Statement 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The City also adopted GASB Statement 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Because of the accounting method used, the City does not record the net pension asset, deferred outflows of resources, or deferred inflows of resources for the pension plan.

2. Cash and Investments

The City is governed by the deposit and investment limitations of the City Investment Policy and state law. The depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes. Debt certificate proceeds held by trustees are invested in accordance with the provisions of the trust indentures.

The City may invest the funds in bonds or any instrument permitted by law for the investment of state money's in accordance with section 165.051 of the Missouri Revised Statutes.

The cash and investments held at June 30, 2017, and reported at cost are as follows:

Type	Maturities	Carrying Value
Cash on hand		\$ 950.00
Deposits:		
Demand deposits	Demand	581,357.08
Investments:		
Repurchase Agreement	July 1, 2017	2,109,708.31
Money market mutual funds:		
Fidelity		
Treasury Fund	Demand	782,059.79
Government Agency Bonds	Various	315,274.27
Corporate Bonds	Various	152,880.53
Other	Various	2.00
Total Investments:		3,359,924.90
Total Cash and Investments:		\$ 3,942,231.98
Reconciliation to financial statements:		
Cash and Investments		\$ 1,614,767.72
Restricted Assets:		
Cash and Investments		2,327,464.26
		\$ 3,942,231.98

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial credit risk that requires a depository contract with each safekeeping bank that complies with the Financial Institutions Reform, Recovery and Enforcement Act of 1989. At June 30, 2017 bank balances were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized the pledging financial institution or its agent in the City's name.

Custodial Credit Risk - Investments - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City has a written investment policy covering custodial credit risk, and in accordance with its policy, the City's addresses custodial risk by pre-qualifying institutions with which the City places investments, diversifying the investment portfolio and maintaining a standard of quality for investments.

Investment Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City has a written investment policy covering interest rate risk stating that the City will minimize interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities.

Investment Credit Risk - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has a written investment policy covering investment credit risk stating that the City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversifying the portfolio so that potential losses on individual securities will be minimized.

At June 30, 2017, the City's investments were rated as follows:

Investment Type	City of Valley Park Investment Maturities			Credit Rating
	<1 year	1-3 years	4-5 years	
Repurchase Agreement	\$ 2,109,708.31	\$ -	\$ -	not rated
Money Market Mutual Fund	782,059.79			Aaa-mf
Government Agency Bonds	155,365.63		159,908.64	Aaa
Corporate Bonds		152,880.53		Aaa
Other	2.00			not rated

Concentration of Credit Risk: It is the City's policy that deposits and investments shall be diversified to minimize the risk of loss resulting from over concentrations of assets in specific maturity, specific issuer or specific class of securities. The maximum invested by security type and issuer shall be:

	City Policy Limit
U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
Collateralized time and demand deposits	100%
U.S. Government agencies and sponsored enterprises	<60%
Collateralized repurchase agreements	none stated

At June 30, 2017, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments by fund and overall:

		Percent of Fund's Total Investments	Percent of City's Total Investments
COP 2010 Reserve B Fund			
FNMA notes	\$ 315,274.27	67%	9%
Private Export Funding Corp.	152,880.53	32%	5%

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

	Fair Value Measurements Using			Cost Measurement Using
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Measured at Fair Value
U.S. Government Agency Bonds	\$ -	\$ 315,314.19	\$ -	\$ 315,274.27
Corporate Bonds		152,022.00		152,880.53
Other			2.00	2.00

3. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31.

The assessed valuation of the tangible taxable property for the calendar year 2016 for purposes of local taxation was:

Real Estate	\$ 111,566,310.00
Personal Property	18,188,280.00
Railroad and Utilities	4,330,892.00
Total	<u>\$ 134,085,482.00</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2016 for purposes of local taxation was:

Residential	\$ 0.476
Agricultural	-
Commercial	0.665
Personal Property	0.57

4. Long-Term Debt

Governmental Activities

As of June 30, 2017, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

Certificates of Participation

\$5,395,000.00 taxable certificates, due in varying installments through April 1, 2025; interest at 4.25%-7%:	<u>\$ 4,685,000.00</u>
Total Certificates of Participation:	<u>\$ 4,685,000.00</u>

Tax Increment Revenue Notes:

\$4,520,100.00 tax increment revenue notes, due in varying annual installments from available funds through January 2, 2020; interest at 10%:	\$ 4,520,100.00
\$2,679,900.00 tax increment revenue notes, due in varying annual installments from available funds through January 2, 2020; interest at prime +1%, currently at 4.25%:	2,679,900.00
\$490,295.71 tax increment revenue notes, due in varying annual installments from available funds through September 19, 2033; interest at 6%:	366,218.11
\$942,457.31 tax increment revenue notes, due in varying annual installments from available funds through September 19, 2033; interest at 7.5%:	<u>317,900.43</u>
Total Tax Increment Revenue Notes:	<u>\$ 7,884,118.54</u>

Capital Lease Obligations:

2012 capital lease with Meramec Valley Bank for a vehicle (cost \$60,419.00), payable in installments of \$10,815.15, including principal and interest at 3.70%, final payment due July 5, 2017:	\$ 10,446.22
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2015 capital lease with Meramec Valley Bank for a vehicle (cost \$22,585.50), payable in installments of \$5,000.98, including principal and interest at 3.5%, final payment due November 5, 2017: 9,411.45

2015 capital lease with Meramec Valley Bank for a vehicle (cost \$52,160.00), payable in installments of \$18,056.57, including principal and interest at 3.5%, final payment due November 5, 2017: 17,420.31

2017 capital lease with Meramec Valley Bank for a vehicle (cost \$25,631.00), payable in installments of \$5,489.82, including principal and interest at 3.5%, final payment due October 5, 2020: 20,127.57

Total Capital Lease Obligations: \$ 57,405.55

Changes in Long-Term Debt

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

Type of Debt	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due Within One Year
Governmental Activities:					
Certificates of Participation	\$ 4,930,000.00	\$ -	\$ 245,000.00	\$ 4,685,000.00	\$ 250,000.00
TIF Revenue Notes*	8,047,850.45		163,731.91	7,884,118.54	-
Capital Leases	68,490.47	25,631.00	36,715.92	57,405.55	37,234.26
Total	<u>\$ 13,046,340.92</u>	<u>\$ 25,631.00</u>	<u>\$ 445,447.83</u>	<u>\$ 12,626,524.09</u>	<u>\$ 287,234.26</u>

*Includes debt acquired through the assumption of the Tax Increment Financing Commission of the City of Peerless Park, Missouri totaling \$7,200,000.00.

Payments on the Certificates of Participation are made by the COP 2010 Debt Service fund. Payments on the TIF Revenue Notes are made by the TIF 2015 Series A Debt Service and TIF 2015 Series B Debt Service Funds. Payments on the capital leases are made by the General, Sewer Lateral, and Restricted Sales Tax funds.

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2017, are as follows:

Year Ended June, 30	Governmental Activities			
	Certificates of Participation		Tax Increment Revenue Notes** (Peerless Park)	
	Principal	Interest	Principal	Interest
2018	\$ 250,000.00	\$ 329,232.50	\$ -	\$ 16,126,109.83
2019	260,000.00	315,482.50		1,694,310.72
2020	270,000.00	299,882.50	7,200,000.00	847,155.35
2021	280,000.00	283,412.50		
2022	295,000.00	265,772.50		
2023-2027	1,675,000.00	1,011,660.00		
2028-2032	1,655,000.00	322,918.75		
2033-2034				
	<u>\$ 4,685,000.00</u>	<u>\$ 2,828,361.25</u>	<u>\$ 7,200,000.00</u>	<u>\$ 18,667,575.90</u>
Year Ended June, 30	Tax Increment Revenue Notes (Route 141/Marshall Rd Project)		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ -	\$ 43,581.75	\$ 37,234.26	\$ 2,125.91
2019		41,347.88	9,746.91	743.89
2020		41,347.88	5,119.06	370.76
2021		41,347.88	5,305.32	184.50
2022		41,347.88		
2023-2027		206,739.40		
2028-2032		206,739.40		
2033-2034	684,118.54	62,021.82		
	<u>\$ 684,118.54</u>	<u>\$ 684,473.89</u>	<u>\$ 57,405.55</u>	<u>\$ 3,425.06</u>
Year Ended June, 30	Total Governmental Activities			
	Principal	Interest		
2018	\$ 287,234.26	\$ 16,501,049.99		
2019	269,746.91	2,051,884.99		
2020	7,475,119.06	1,188,756.49		
2021	285,305.32	324,944.88		
2022	295,000.00	307,120.38		
2023-2027	1,675,000.00	1,218,399.40		
2028-2032	1,655,000.00	529,658.15		
2033-2034	684,118.54	62,021.82		
	<u>\$ 12,626,524.09</u>	<u>\$ 22,183,836.10</u>		

**Includes unpaid interest accrued and added to interest through March 1, 2017.

5. Interfund Transfers and Balances

Interfund Transfers

Transfers between funds for the year ended for the year ended June 30, 2017, were as follows:

	Transfers In	Transfers Out
Major Funds:		
Special Revenue Funds:		
Restricted Sales Tax	\$ -	\$ 733,043.59
TIF-Peerless Park (UMB) Revenue		800,971.97
	-	1,534,015.56
Debt Service Funds:		
COP 2010 Reserve B	-	115.40
Non-Major Funds:		
Special Revenue Funds:		
Formrt Corps Escrow Fund	146,376.65	
TIF- Route 141/Marshall Road Project (UMB) Revenue – CID Revenues Account		33,750.09
TIF- Route 141/Marshall Road Project (UMB) Revenue – Pilots Account		7,807.96
TIF- Route 141/Marshall Road Project (UMB) Revenue – Eats Account		177,913.59
	146,376.65	219,471.64
Debt Service Funds:		
TIF – 2015 Series A Debt Service	33,750.09	
TIF – 2015 Series B Debt Service	185,721.55	
COP 2010 – Debt Service	586,782.34	
TIF – Peerless Park Debt Service (UMB)	800,971.97	
	1,607,225.95	-
	\$ 1,753,602.60	\$ 1,753,602.60

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. Redevelopment Plans and Projects

In December 1988, the City approved an ordinance designating a redevelopment project area, known as the Valley Park Levee and Infrastructure Development Plan and Project, and authorizing tax increment financing (TIF). In the fall of 2006, the United States Army Corps of Engineers, with the City as local sponsor, completed a 100 year levee system to protect the City from floodwaters of the Meramec River and tributaries. In March 2011, the City made final payments on its TIF revenue bonds related to this project.

Effective October 7, 2009, the City assumed jurisdiction over the TIF redevelopment area in the annexation formally known as the City of Peerless Park and assumed the duties and responsibilities of the TIF. In January 1997, an agreement was signed between the City of Peerless Park and a developer for undertaking a redevelop plan and project known as the Druco, Inc. Project. In December 1997, the City of Peerless Park issued TIF notes not to exceed \$7,200,000.00. The Notes constitute special, limited obligations of the City payable as to principal, premium, if any, and interest solely from "Pledged Revenues" means (1) all Net Proceeds and (2) all moneys held in the

Revenue Fund under the Indenture and all moneys held in the Debt Service Fund under the Indenture together with investment earnings thereon. "Net Proceeds" means all moneys on deposit in (a) the Pilots Account of the Special Allocation Fund and (b) subject to annual appropriation, the Economic Activity Tax Account of the Special Allocation Fund, excluding (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer or (ii) any sum received by the City which is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum. The Obligations of the City with respect to these notes terminate on January 2, 2020, whether or not the principal amount or interest hereon has been paid in full.

In March 2011, an agreement was signed between the City of Valley Park and a developer for undertaking a redevelopment plan and project known as the Route 141/Marshall Road Redevelopment Plan & Project. In January 2015, the City of Valley Park issued TIF notes totaling \$1,437,753.02. The Notes constitute special, limited obligations of the City payable as to principal, premium, if any, and interest solely from the Pledged Revenues and other moneys pledged thereto and held by the Trustee pursuant to the Indenture. "Pledged Revenues" mean all Net Proceeds and all moneys held in the Revenue Fund and the Debt Service Fund under the Indenture, together with investment earnings thereon. "Net Proceeds" means (a) all PILOTs on deposit in the PILOTs Account of the Special Allocation Fund, (b) all EATS on deposit in the EATS Account of the Special Allocation Fund that have been appropriated by the City to the repayment of the Notes and (c) all CID Portion of CID Sales Tax Revenues that have been appropriated by the Route 141/Marshall Road Community Improvement District to the repayment of the Notes (provided that the CID Portion of CID Sales Tax Revenues may not be used to pay principal and interest on the Series B Notes). Net Proceeds do not include (1) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (2) any sum received by the City that is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum. The obligations of the City with respect to these notes terminate on September 19, 2033, whether or not the principal amount or interest hereon has been paid in full.

7. Operating Leases

The City is committed under leases for equipment. The leases for accounting purposes are considered operating leases. Operating leases do not give rise to property rights or lease obligations. Lease expenditures for the year ended June 30, 2017, amounted to \$ 6,159.76.

Year Ending June 30,	Amount
2018	\$ 5,208.36
2019	1,736.12
Total	<u>\$ 6,944.48</u>

8. Retirement Plan

General Information about the Pension Plan

Plan description. The City of Valley Park defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Valley Park participates in the Missouri Local Government Employees Retirement System (LAGERS).

LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit Multiplier:	1.75% for life
Final Average Salary:	5 years
Member Contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	4
Active employees	18
	<u>27</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rate is 0.9% of annual covered payroll.

Net Pension Liability. The employer’s net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial assumptions. The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and the pre-retirement tables were adjusted for mortality improvement back to the observation period base year for 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	<u>\$ 2,688,374</u>	<u>\$ 2,970,292</u>	<u>\$ (281,918)</u>
Changes for the year:			
Service cost	89,823	-	89,823
Interest	195,527		195,527
Difference between expected and actual experience	(218,992)		(218,992)
Contributions - employer		7,898	(7,898)
Contributions - employee		35,101	(35,101)
Net investment income		377,708	(377,708)
Benefit payments, including refunds	(72,406)	(72,406)	-
Administrative expense		(2,360)	2,360
Other changes		(117,528)	117,528
Net changes	<u>(6,048)</u>	<u>228,413</u>	<u>(234,461)</u>
Balances at 6/30/2017	<u><u>\$ 2,682,326</u></u>	<u><u>\$ 3,198,705</u></u>	<u><u>\$ (516,379)</u></u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total pension liability (TPL)	\$ 3,194,657	\$ 2,682,326	\$ 2,269,495
Plan fiduciary net position	3,198,705	3,198,705	3,198,705
Net pension liability/(asset) (NPL)	<u>\$ (4,048)</u>	<u>\$ (516,379)</u>	<u>\$ (929,210)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017 the employer recognized pension expense was \$183,308. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ (236,017)
Differences in assumptions	99,781	
Excess (deficit) investment returns	57,550	
Contributions subsequent to the measurement date*		
Total	<u>\$ 157,331</u>	<u>\$ (236,017)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	
2018	\$ 23,200
2019	23,199
2020	(8,600)
2021	(51,297)
2022	(17,762)
Thereafter	(47,426)
Total	<u>\$ (78,686)</u>

Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

9. Commitments and Contingencies

Commitments

The City contracts for police services with St. Louis County. The contract terminates in June 2017 with required monthly payments of \$107,703.00. On June 19, 2017 the City entered into an agreement which terminates June 30, 2018, which may also be renewed for additional four, one year terms. The contract rate for the first year is \$107,500.18 per month.

Contingencies

The City is involved in various legal actions in which claims are being asserted against the City. The aggregate liability, after insurance coverage, if any, is not determinable at this time. Accordingly, and as a result of the City's use of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

On November 1, 2016, the City executed an agreement with the Valley Park School District in settlement of litigation. The City has agreed to pay \$1,837,480.00 to the Valley Park School District over the next 30 years, with \$400,000.00 paid during the year ended June 30, 2017.

The City participates in various federal and state grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City is not aware of any noncompliance that might require the City to provide reimbursement.

The City is not current with submissions to the Missouri Department of Economic Development of its annual reports concerning the status of all redevelopment plans and projects.

10. Tax Abatement

The City has established Tax Increment Financing (TIF) Districts pursuant to Missouri Statutes. TIFs allow for the redevelopment of the areas and use incremental tax revenues to provide for eligible expenditures related to the project.

The City has established separate special revenue funds to account for these TIFs. Incremental tax revenues for the year (City portion), could not be determined.

11. Risk Management

Worker's Compensation

The City is a member of the Missouri Rural Services Workers' Compensation Insurance Trust, a protected self-insurance program of member participants. The City does not pay premiums to purchase insurance policies, but pays an assessment to be a member of self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The City believes it is not possible to estimate the range or contingent losses to be borne by the City. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in insurance coverage from the prior year.

Group Medical Insurance

The City purchases commercial insurance for eligible employees. The City also funds a health reimbursement arrangement plan for eligible employees.

12. Conduit Debt Obligations

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2017, there were several series of Industrial Revenue Bonds outstanding. The aggregate principal amount outstanding at June 30, 2017 could not be determined.

13. Subsequent Events

On August 25, 2017, the City acquired a vehicle and financed it with a capital lease in the amount of \$54,563.00.

SUPPLEMENTARY INFORMATION

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES:				
Taxes				
Real Estate and Personal Property Tax	\$ 660,000.00	\$ 660,000.00	\$ 663,082.17	\$ 3,082.17
Railroad & Utility Tax	32,000.00	32,000.00	32,067.20	67.20
Gross Receipts Tax	780,000.00	780,000.00	738,014.66	(41,985.34)
Cigarette Tax	20,000.00	20,000.00	20,042.54	42.54
Sales Tax	946,000.00	946,000.00	913,843.67	(32,156.33)
Financial Institution Tax	1,000.00	1,000.00	2,696.84	1,696.84
	<u>2,439,000.00</u>	<u>2,439,000.00</u>	<u>2,369,747.08</u>	<u>(69,252.92)</u>
Intergovernmental				
County Road Fund	130,000.00	130,000.00	127,036.09	(2,963.91)
Gasoline Tax	268,000.00	268,000.00	277,472.76	9,472.76
CDBG Reimbursement	40,000.00	40,000.00		(40,000.00)
	<u>438,000.00</u>	<u>438,000.00</u>	<u>404,508.85</u>	<u>(33,491.15)</u>
Licenses, Permits and Fees				
Merchants, Manufacturing and				
Business Licenses	208,000.00	208,000.00	248,088.87	40,088.87
Coin Operated Machine Licenses	3,200.00	3,200.00		(3,200.00)
Billboard License	15,000.00	15,000.00	15,580.24	580.24
Liquor Licenses	15,000.00	15,000.00	15,283.33	283.33
Vehicle Fees	32,000.00	32,000.00	32,932.35	932.35
Filing Fees	200.00	200.00	200.00	
Bad Check Fee	120.00	120.00	380.00	260.00
Permits	30,000.00	30,000.00	39,147.00	9,147.00
Occupancy Inspection	40,000.00	37,000.00	30,900.00	(6,100.00)
Nuisance / Weed Cutting	2,000.00	2,000.00	550.00	(1,450.00)
Community Development Fees		150.00	50.00	(100.00)
	<u>345,520.00</u>	<u>342,670.00</u>	<u>383,111.79</u>	<u>40,441.79</u>
Interest	<u>3,000.00</u>	<u>3,000.00</u>	<u>3,745.01</u>	<u>745.01</u>
Fines and Forfeitures				
Police, Court and Fines	110,000.00	110,000.00	72,900.49	(37,099.51)
Battered Women (Court)	1,000.00	1,000.00	673.00	(327.00)
Inmate Security Fund	2,000.00	2,000.00	1,318.00	(682.00)
Crime Victim Compensation	6,000.00	6,000.00	5,040.00	(960.00)
	<u>119,000.00</u>	<u>119,000.00</u>	<u>79,931.49</u>	<u>(39,068.51)</u>
Miscellaneous				
Photo Copies	50.00	50.00	-	(50.00)
Insurance From Individuals	500.00	500.00	659.65	159.65
Library Utility Reimbursement	500.00	500.00	500.00	
Park Rental Deposit	5,500.00	5,500.00	5,175.00	(325.00)
Deposits on Specs and Plans	2,500.00	74,696.50	76,296.50	1,600.00
Refunds	1,000.00	1,000.00	810.77	(189.23)
Deposit-Public Hearing Ad	1,500.00	1,500.00	2,000.00	500.00
Alarm	1,500.00	1,500.00	860.00	(640.00)
Cell Tower Rent	8,000.00	8,000.00	12,588.00	4,588.00
Insurance Refund	1,000.00	1,000.00	11,916.00	10,916.00
Cell Phone Tower License	4,500.00	4,500.00	4,000.00	(500.00)
Bond Forfeiture	1,200.00	1,200.00	950.00	(250.00)
Park Misc.			253.00	253.00
Other	1,650.00	4,500.00	3,074.12	(1,425.88)
Street Equipment Purchase			20,089.92	20,089.92
	<u>29,400.00</u>	<u>104,446.50</u>	<u>139,172.96</u>	<u>34,726.46</u>
Total Revenues	<u>3,373,920.00</u>	<u>3,446,116.50</u>	<u>3,380,217.18</u>	<u>(65,899.32)</u>

STATEMENT 1
(CONTINUED)

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES:				
Administration Department				
Salaries	\$ 147,945.00	\$ 147,945.00	\$ 144,851.98	\$ 3,093.02
Payroll Taxes	15,000.00	15,000.00	14,343.10	656.90
Pension Expense	3,100.00	3,100.00	2,167.09	932.91
Street Lights	65,000.00	66,667.08	66,667.08	
Code Book	3,000.00	3,000.00	2,875.00	125.00
Equipment Expense	35,000.00	54,115.69	54,115.69	
Office Supplies and Expense	15,000.00	17,915.59	17,915.59	
Hospital Insurance	52,166.16	52,316.47	52,316.47	
General Insurance	120,000.00	120,000.00	107,730.60	12,269.40
Accounting Fees	40,000.00	40,000.00	38,519.96	1,480.04
Supplies	1,500.00	1,687.19	1,687.14	0.05
Advertising	1,000.00	1,000.00	665.09	334.91
Gas	5,800.00	5,800.00	4,115.60	1,684.40
Electric	14,500.00	14,278.13	12,679.16	1,598.97
Telephone	5,000.00	5,081.82	5,081.82	
Legal Fees	120,000.00	147,400.00	147,336.61	63.39
Dues and Meeting Expense	9,000.00	7,554.79	6,173.33	1,381.46
Building Maintenance	35,000.00	29,107.81	22,359.61	6,748.20
Battered Women	1,100.00	912.50	673.00	239.50
Official Expense	38,400.00	43,878.68	38,400.00	5,478.68
Other Expense	6,000.00	4,826.67	4,826.67	
Floral Account	1,000.00	405.96	333.40	72.56
Sewer and Water	3,000.00	3,000.00	1,858.69	1,141.31
Drug Testing	2,661.00	2,661.00	2,661.00	
Newsletter	3,000.00	3,065.68	3,065.68	
Refund Bldg & Occ. Permits	2,000.00	74,196.50	74,196.50	
Annexation	10,000.00	12,976.60	12,976.60	
Recreational Facility Reimbursement	1,500.00	1,349.69	850.00	499.69
Computer Consulting Expense	56,840.00	9,495.79	9,495.79	
Uniforms	852.81	852.81	852.81	
Levee Cost Corps	10,000.00	13,988.50	13,987.50	1.00
Document Management	44.21	44.21		44.21
Beneflex	25,000.00	20,000.00	22,412.04	(2,412.04)
	849,409.18	923,624.16	888,190.60	35,433.56
Street Department				
Salaries	364,737.00	410,868.95	410,024.75	844.20
Payroll Taxes	29,200.00	30,510.34	30,510.34	
Pension Expense	3,690.48	3,690.48	3,690.48	
Hospital Insurance	126,432.84	119,977.71	119,977.71	
General Insurance	35,000.00	18,621.12	18,621.12	
Office Supplies & Expense	1,000.00	1,000.00	833.37	166.63
Tree Removal	3,500.00			
Telephone	2,500.00	2,500.00	1,877.28	622.72
Tools	3,001.03	3,001.03	3,001.03	
Advertisement	237.42	237.42		237.42
Dues & Meeting Expense	1,000.00	1,000.00		1,000.00
Equipment	13,300.00	50,137.71	35,688.44	14,449.27
Ice	198.05	198.05	130.00	68.05
Truck Expense	20,500.00	10,624.82	10,624.82	

STATEMENT 1
(CONTINUED)

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES: (Continued)				
Street Department (continued)				
Uniforms	\$ 5,000.00	\$ 3,110.17	\$ 3,110.17	\$ -
O & M Garage	3,206.37	3,206.37	3,206.37	
Chemicals	2,000.00	2,000.00	562.78	1,437.22
Tractor Expense	10,899.89	10,899.89	10,899.89	
Mosquito Spraying	13,612.95	13,612.95	13,612.95	
Other	1,201.95	1,201.95	671.42	530.53
Signs	2,500.00	2,500.00	2,481.92	18.08
Equipment Rental	1,090.00	1,090.00	1,090.00	
Fuel	30,000.00	19,783.48	19,783.48	
First Aid & Safety Equipment	2,602.17	2,602.17	2,602.17	
Street Materials	65,000.00	22,774.59	22,774.59	
Tires and Tubes	3,227.88	3,227.88	3,227.88	
Lubes and Fluids	2,960.69	2,960.69	2,309.70	650.99
Weedeater/Supplies	2,500.00	2,500.00	1,383.21	1,116.79
Damage to Non-City Property			201.95	(201.95)
Computer Equipment Purchase	1,000.00			
Computer Consulting Expense	1,800.00	2,062.58	2,062.58	
Education	1,000.00	1,000.00		1,000.00
Debt Service				
Principal			13,396.40	(13,396.40)
Interest and Fees			1,052.87	(1,052.87)
	<u>753,898.72</u>	<u>746,900.35</u>	<u>739,409.67</u>	<u>7,490.68</u>
Parks				
Salaries	109,592.47	100,362.74	100,362.74	-
Payroll Taxes	8,800.00	7,405.75	7,405.75	
Pension Expense	2,000.00	820.72	820.72	
General Insurance	2,500.00	886.72	886.72	
Beautification - Flowers	6,000.00	4,185.39	4,185.39	
Vance Trails	2,500.00			
Caboose Relocation	2,500.00			
Park Deposit		450.00	450.00	
Damage to City Property			170.00	(170.00)
Park Materials/Supplies	12,500.00	6,546.11	6,546.11	
Advertising	1,000.00	245.00	245.00	
Events	9,000.00	4,805.40	4,805.40	
Office Supplies	1,000.00	1,071.37	1,071.37	
Park Equipment	10,000.00	5,018.64	5,018.64	
Park Electric	5,000.00	4,510.24	4,510.24	
Electric	3,500.00	2,482.51	2,482.51	
Truck Expense	7,001.00	5,682.78	681.80	5,000.98
Uniforms	880.00	496.40	496.40	
Telephone	2,500.00	1,279.95	1,279.95	
Heat	1,500.00	155.38	155.38	
Park Fuel	5,000.00	2,606.49	2,606.49	
Chemicals	500.00			
Tires & Tubes	1,500.00	672.95	672.95	
Tractor Expense	1,500.00	1,271.94	1,271.94	
Hospital Insurance	19,277.40	30,166.70	30,166.70	
Engineering	12,500.00	120,618.75	107,513.75	13,105.00
O & M General	1,000.00			
Computer Consulting Expense	2,520.00	2,887.52	2,887.52	
Weedeater Supplies	750.00			
Other	1,000.00	1,040.97	1,225.01	(184.04)
Sewer and Water	1,800.00	1,517.15	1,517.15	
Education	1,000.00			
Dues/ Meeting Expense	1,000.00	354.04		354.04
Leonard Park Repairs	5,000.00	54.60	54.60	
Bringnole Park Repairs	7,000.00	5,282.68	5,282.68	
Johnny On Spot		3,644.62	3,644.62	
Debt Service				
Principal			4,422.99	(4,422.99)
Interest and Fees			577.99	(577.99)
	<u>249,120.87</u>	<u>316,523.51</u>	<u>303,418.51</u>	<u>13,105.00</u>

STATEMENT 1
(CONTINUED)

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES: (Continued)				
Community Development				
Salaries	\$ 70,143.00	\$ 68,901.80	\$ 41,078.68	\$ 27,823.12
Payroll Taxes	5,700.00	3,790.00	3,138.59	651.41
Pension Expense	1,100.00	1,100.00	358.40	741.60
General Insurance	4,100.00	4,100.00	2,216.80	1,883.20
Engineering Fees	9,000.00	3,975.00	2,355.00	1,620.00
Office Supplies and Expense	2,000.00	1,700.00	1,446.16	253.84
Telephone	3,000.00	3,000.00	2,544.29	455.71
Advertising	1,500.00	1,154.95	31.32	1,123.63
Equipment Purchase	1,500.00	1,208.23		1,208.23
Hospital Insurance	14,299.44	14,591.21	14,591.21	
Training	1,000.00	32.48		32.48
Dues and Meeting Expense	1,000.00	1,000.00		1,000.00
Software Purchases		5,025.00	5,025.00	
Legal Fees		1,910.00		1,910.00
Truck Expense and Fuel	8,250.00	8,250.00	1,934.03	6,315.97
Uniforms	100.00	100.00		100.00
Computer Consulting Expense	9,000.00	10,312.57	10,312.57	
Refund Public Hearing Ad			967.52	(967.52)
Consulting Fees			1,910.00	(1,910.00)
Other Expense		1,541.20	2,335.18	(793.98)
Debt Service				
Principal			5,503.43	(5,503.43)
Interest and Fees			2.46	(2.46)
	<u>131,692.44</u>	<u>131,692.44</u>	<u>95,750.64</u>	<u>35,941.80</u>
Police Department :				
Police Department Contract	1,292,436.00	1,292,436.00	1,292,436.00	-
Telephone	2,600.00	2,600.00	1,677.86	922.14
Miscellaneous	6,000.00	6,000.00	4,788.04	1,211.96
	<u>1,301,036.00</u>	<u>1,301,036.00</u>	<u>1,298,901.90</u>	<u>2,134.10</u>
Court Department				
Salaries	53,920.00	45,121.20	41,701.69	3,419.51
Payroll Taxes	4,500.00	4,500.00	3,106.28	1,393.72
Pension Expense	1,000.00	240.62	240.62	
Office Supplies and Equipment	4,500.00	5,714.84	5,714.84	
Uniforms		45.79	45.79	
Hospital Insurance	10,014.48	10,014.48	4,549.23	5,465.25
Telephone	750.00	750.00	652.63	97.37
Regis	11,000.00	11,000.00	9,191.15	1,808.85
Dues and Meeting	2,000.00	2,000.00	1,769.02	230.98
Housing for Prisoners-Clayton	5,000.00	2,700.00	690.00	2,010.00
Computer Consulting Expense	6,840.00	7,837.55	7,837.55	
Prosecuting Attorney	11,500.00	10,000.00	6,879.12	3,120.88
Other Expense	500.00	500.00	200.00	300.00
	<u>111,524.48</u>	<u>100,424.48</u>	<u>82,577.92</u>	<u>17,846.56</u>
Planning and Zoning				
Office Supplies & Expense	150.00	150.00	-	150.00
	<u>150.00</u>	<u>150.00</u>	<u>-</u>	<u>150.00</u>
Mayors Office				
Salaries	9,600.00	9,600.00	9,600.00	-
Payroll Taxes	800.00	800.00	734.40	65.60
Office Supplies and Expenses	100.00	866.85	766.85	100.00
Dues and Meeting Expense	100.00	100.00		100.00
	<u>10,600.00</u>	<u>11,366.85</u>	<u>11,101.25</u>	<u>265.60</u>

STATEMENT 1
(CONTINUED)

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES: (Continued)				
Emergency Management Account				
Salaries	\$ 2,280.00	\$ 2,280.00	\$ 1,140.00	\$ 1,140.00
Payroll Taxes	200.00	200.00	87.21	112.79
Operating Expense	1,000.00	1,000.00		1,000.00
	<u>3,480.00</u>	<u>3,480.00</u>	<u>1,227.21</u>	<u>2,252.79</u>
 Total Expenditures	 <u>3,410,911.69</u>	 <u>3,535,197.79</u>	 <u>3,420,577.70</u>	 <u>114,620.09</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (36,991.69)	 (89,081.29)	 (40,360.52)	 (48,720.77)
 OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(5,000.00)	(5,000.00)		(5,000.00)
Total other financing sources (uses):	<u>(5,000.00)</u>	<u>(5,000.00)</u>	<u>-</u>	<u>(5,000.00)</u>
 EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	 (41,991.69)	 (94,081.29)	 (40,360.52)	 (53,720.77)
 FUND BALANCE, JULY 1, 2016	 <u>1,460,906.68</u>	 <u>1,460,906.68</u>	 <u>1,460,906.68</u>	 <u>-</u>
FUND BALANCE, JUNE 30, 2017	\$ <u><u>1,418,914.99</u></u>	\$ <u><u>1,366,825.39</u></u>	\$ <u><u>1,420,546.16</u></u>	\$ <u><u>(53,720.77)</u></u>

STATEMENT 2

CITY OF VALLEY PARK, MISSOURI
 SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - BUDGET AND ACTUAL -
 GENERAL FUND (VALLEY DAYS FUND)
 YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Miscellaneous	\$ 19,600.00	\$ 19,600.00	\$ 17,805.90	\$ (1,794.10)
Total Revenues	<u>19,600.00</u>	<u>19,600.00</u>	<u>17,805.90</u>	<u>(1,794.10)</u>
EXPENDITURES:				
General Government:				
Community Development				
Entertainment	6,000.00	4,252.16	3,750.00	502.16
Concessions	2,700.00	4,896.22	4,896.22	
Rentals	2,500.00	2,500.00	1,790.00	710.00
Fireworks	4,500.00	2,303.78		2,303.78
Other	<u>2,000.00</u>	<u>3,747.84</u>	<u>3,775.84</u>	<u>(28.00)</u>
Total Expenditures	<u>17,700.00</u>	<u>17,700.00</u>	<u>14,212.06</u>	<u>3,487.94</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,900.00	1,900.00	3,593.84	1,693.84
OTHER FINANCING SOURCES(USES):				
Operating Transfers In	5,000.00	5,100.00	-	(5,100.00)
Operating Transfers Out				
Total Other Financing Sources (Uses)	<u>5,000.00</u>	<u>5,100.00</u>	<u>-</u>	<u>(5,100.00)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	6,900.00	7,000.00	3,593.84	(3,406.16)
FUND BALANCE, JULY 1, 2016	<u>(462.43)</u>	<u>(462.43)</u>	<u>(462.43)</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2017	\$ <u>6,437.57</u>	\$ <u>6,537.57</u>	\$ <u>3,131.41</u>	\$ <u>(3,406.16)</u>

STATEMENT 3

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - RESTRICTED SALES TAX FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Taxes				
Sales Tax-Capital Improvements	\$ 365,000.00	\$ 365,000.00	\$ 370,633.38	\$ 5,633.38
Sales Tax-Storm Water	325,000.00	325,000.00	322,578.80	(2,421.20)
Sales Tax - Peerless Park	350,000.00	350,000.00	337,633.40	(12,366.60)
	<u>1,040,000.00</u>	<u>1,040,000.00</u>	<u>1,030,845.58</u>	<u>(9,154.42)</u>
Intergovernmental				
Federal Grant	1,960,000.00	1,960,000.00	1,170,176.76	(789,823.24)
FEMA/SEMA			245,475.97	245,475.97
	<u>1,960,000.00</u>	<u>1,960,000.00</u>	<u>1,415,652.73</u>	<u>(544,347.27)</u>
Interest	-	-	1,132.83	1,132.83
Other	-	-	27,933.93	27,933.93
Total Revenues	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>2,475,565.07</u>	<u>(524,434.93)</u>
EXPENDITURES:				
Community Development				
Labor	47,300.00	69,631.72	56,498.12	13,133.60
Payroll Taxes	4,000.00	171,980.17	4,248.73	167,731.44
Hospital Insurance	22,705.00	22,705.00	14,843.36	7,861.64
Pension Expense	2,300.00	2,498.70	506.28	1,992.42
O&M Expense	15,000.00	15,000.00	5,730.09	9,269.91
Vegetation Control	3,000.00	3,000.00	465.05	2,534.95
Equipment	14,300.00	46,167.05	23,412.86	22,754.19
Materials/Sidewalk	162,000.00	54,774.51	51,194.12	3,580.39
Lubes & Fluids	1,000.00	1,000.00		1,000.00
Relief Well Testing	24,000.00	23,865.00		23,865.00
Fuel	2,000.00	2,000.00	435.68	1,564.32
Capital Improvements	25,246.00			
Construction Fees	2,250,000.00	1,908,767.57	1,957,420.07	(48,652.50)
Contractors Fees		209,858.11	205,858.11	4,000.00
Legal Fees		11,112.50	11,112.50	
Engineering Fees	150,000.00	189,410.41	189,410.41	
Parks		71,346.02	71,346.02	
Truck Expense	1,000.00	1,000.00	19.78	980.22
Tractor Expense	5,000.00	5,000.00	410.36	4,589.64
Other	590,000.00	175,103.00	10,931.92	164,171.08
Flood		6,109.74	6,109.74	
Debt Service				
Principal			10,714.16	(10,714.16)
Interest and Fees			825.62	(825.62)
Total Expenditures	<u>3,318,851.00</u>	<u>2,990,329.50</u>	<u>2,621,492.98</u>	<u>368,836.52</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(318,851.00)	9,670.50	(145,927.91)	(155,598.41)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	10.00	10.00	-	(10.00)
Operating Transfers Out	(600,000.00)	(600,000.00)	(733,043.59)	(133,043.59)
Bond Interest Subsidy	112,000.00	112,000.00	111,431.69	(568.31)
Total other financing sources (use):	<u>(487,990.00)</u>	<u>(487,990.00)</u>	<u>(621,611.90)</u>	<u>(133,621.90)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(806,841.00)	(478,319.50)	(767,539.81)	(289,220.31)
FUND BALANCE, JULY 1, 2016	<u>1,321,268.56</u>	<u>1,321,268.56</u>	<u>1,321,268.56</u>	-
FUND BALANCE, JUNE 30, 2017	\$ <u>514,427.56</u>	\$ <u>842,949.06</u>	\$ <u>553,728.75</u>	\$ <u>(289,220.31)</u>

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL -
TIF PEERLESS PARK (UMB) REVENUE FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes				
Real Estate	\$ 650,000.00	\$ 650,000.00	\$ 685,834.96	\$ 35,834.96
Sales Tax	252,000.00	252,000.00	392,456.21	140,456.21
	<u>902,000.00</u>	<u>902,000.00</u>	<u>1,078,291.17</u>	<u>176,291.17</u>
Interest	-	-	88.28	88.28
Total Revenues	<u>902,000.00</u>	<u>902,000.00</u>	<u>1,078,379.45</u>	<u>176,379.45</u>
EXPENDITURES:				
Administration				
Bank Fees	2,000.00	2,000.00	1,537.00	463.00
Total Expenditures	<u>2,000.00</u>	<u>2,000.00</u>	<u>1,537.00</u>	<u>463.00</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	900,000.00	900,000.00	1,076,842.45	176,842.45
OTHER FINANCING SOURCES(USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(900,000.00)	(900,000.00)	(800,971.97)	99,028.03
Total Other Financing Sources (Uses)	<u>(900,000.00)</u>	<u>(900,000.00)</u>	<u>(800,971.97)</u>	<u>99,028.03</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	275,870.48	275,870.48
FUND BALANCE, JULY 1, 2016	<u>445,797.04</u>	<u>445,797.04</u>	<u>445,797.04</u>	-
FUND BALANCE, JUNE 30, 2017	<u>\$ 445,797.04</u>	<u>\$ 445,797.04</u>	<u>\$ 721,667.52</u>	<u>\$ 275,870.48</u>

CITY OF VALLEY PARK, MISSOURI
 SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - BUDGET AND ACTUAL -
 SEWER LATERAL
 YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Taxes				
Sewer Lateral	\$ 48,500.00	\$ 48,500.00	\$ 48,867.06	\$ 367.06
	<u>48,500.00</u>	<u>48,500.00</u>	<u>48,867.06</u>	<u>367.06</u>
Total Revenues	<u>48,500.00</u>	<u>48,500.00</u>	<u>48,867.06</u>	<u>367.06</u>
EXPENDITURES:				
Sewer Lateral				
Labor	17,500.00	17,500.00	8,192.48	9,307.52
Payroll Taxes	1,500.00	1,500.00	613.63	886.37
Hospital Insurance	1,700.00	1,885.48	1,885.48	
Pension Expense	500.00	500.00	74.24	425.76
Equipment	18,000.00	25,604.50	10,028.74	15,575.76
Drug Test/Vaccinations			3,523.50	(3,523.50)
Material	7,500.00	6,495.50	2,909.91	3,585.59
Tools			1,004.50	(1,004.50)
Truck Expense	4,000.00	4,000.00	279.23	3,720.77
Other Expenses	2,000.00	5,338.02	23.51	5,314.51
Debt Service				
Principal			2,678.94	(2,678.94)
Interest and Fees			208.73	(208.73)
Total Expenditures	<u>52,700.00</u>	<u>62,823.50</u>	<u>31,422.89</u>	<u>31,400.61</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,200.00)	(14,323.50)	17,444.17	31,767.67
OTHER FINANCING SOURCES(USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,200.00)	(14,323.50)	17,444.17	31,767.67
FUND BALANCE, JULY 1, 2016	<u>465,995.90</u>	<u>465,995.90</u>	<u>465,995.90</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 461,795.90</u>	<u>\$ 451,672.40</u>	<u>\$ 483,440.07</u>	<u>\$ 31,767.67</u>

CITY OF VALLEY PARK, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2017

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

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 29, 2016.
4. Budgets for City funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid
5. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

For the year ended June 30, 2017, the City complied, in all material respects, with applicable budget laws, except as noted below:

1. Excess of expenditures and transfers over appropriations in individual funds. The following is a summary:

Fund	Appropriations	Beginning Fund Balance plus Budgeted Revenues	Excess
TIF-Route 141/Marshall Road Project (UMB) Revenue Eats Account	\$ 176,000.00	\$ 181,440.43	\$ 5,440.43
TIF-Route 141/Marshall Road Project (UMB) Revenue CID Revenue Account	36,000.00	38,060.24	2,060.24
TIF-2015 Series B Debt Service	176,000.00	185,721.55	9,721.55
COP 2010 Project B	-	1,452.03	1,452.03

CITY OF VALLEY PARK, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
 GENERAL FUNDS
 YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Valley Days Fund</u>	<u>Total General Funds</u>
<u>ASSETS</u>			
Cash and Investments	\$ 1,420,546.16	\$ 3,131.41	\$ 1,423,677.57
Restricted Assets			
Cash and Investments	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>1,420,546.16</u>	\$ <u>3,131.41</u>	\$ <u>1,423,677.57</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
None	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund Balances:			
Restricted			
Bond Deposits	-	-	-
Capital Improvements			
Debt Service			
Sewer Lateral			
Other purposes			
Unassigned	<u>1,420,546.16</u>	<u>3,131.41</u>	<u>1,423,677.57</u>
Total Fund Balance	<u>1,420,546.16</u>	<u>3,131.41</u>	<u>1,423,677.57</u>
Total Liabilities and Fund Equity	\$ <u>1,420,546.16</u>	\$ <u>3,131.41</u>	\$ <u>1,423,677.57</u>

STATEMENT 7

CITY OF VALLEY PARK, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 MODIFIED CASH BASIS - GENERAL FUNDS
 YEAR ENDED JUNE 30, 2017

	General Fund	Valley Days Fund	Total General Funds
<u>REVENUES:</u>			
Taxes	\$ 2,369,747.08	\$ -	\$ 2,369,747.08
Intergovernmental	404,508.85		404,508.85
Charges for Services	5,428.00		5,428.00
Fines and Forfeitures	79,931.49		79,931.49
Licenses and Permits	383,111.79		383,111.79
Interest	3,745.01		3,745.01
Miscellaneous	133,744.96	17,805.90	151,550.86
Total Revenues	<u>3,380,217.18</u>	<u>17,805.90</u>	<u>3,398,023.08</u>
<u>EXPENDITURES:</u>			
Administration	888,190.60	-	888,190.60
Streets	724,960.40		724,960.40
Parks	298,417.53		298,417.53
Community Development	90,244.75	14,212.06	104,456.81
Police	1,298,901.90		1,298,901.90
Court	82,577.92		82,577.92
Mayor	11,101.25		11,101.25
Emergency Management	1,227.21		1,227.21
Debt Service			
Principal	23,322.82		23,322.82
Interest and Fees	1,633.32		1,633.32
Total Expenditures	<u>3,420,577.70</u>	<u>14,212.06</u>	<u>3,434,789.76</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,360.52)</u>	<u>3,593.84</u>	<u>(36,766.68)</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(40,360.52)</u>	<u>3,593.84</u>	<u>(36,766.68)</u>
FUND BALANCE, JULY 1, 2016	<u>1,460,906.68</u>	<u>(462.43)</u>	<u>1,460,444.25</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 1,420,546.16</u>	<u>\$ 3,131.41</u>	<u>\$ 1,423,677.57</u>

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	Police Training	Bonds Deposit	Former Corps Escrow Fund	TIF- Route 141/ Marshall Road Project (UMB) Revenue Eats Account	TIF- Route 141/ Marshall Road Project (UMB) Revenue Pilots Account	TIF- Route 141/ Marshall Road Project (UMB) Revenue CID Revenues Account
<u>ASSETS</u>						
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets						
Cash and Investments	14,113.09	25,857.33	108.43	25,123.18	24,591.05	6,011.64
Total Assets	<u>\$ 14,113.09</u>	<u>\$ 25,857.33</u>	<u>\$ 108.43</u>	<u>\$ 25,123.18</u>	<u>\$ 24,591.05</u>	<u>\$ 6,011.64</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:						
Restricted						
Bond Deposits	-	25,857.33	-	-	-	-
Capital Improvements			108.43			
Debt Service				25,123.18	24,591.05	6,011.64
Sewer Lateral						
Other purposes	14,113.09					
Unassigned						
Total Fund Balance	<u>14,113.09</u>	<u>25,857.33</u>	<u>108.43</u>	<u>25,123.18</u>	<u>24,591.05</u>	<u>6,011.64</u>
Total Liabilities and Fund Equ	<u>\$ 14,113.09</u>	<u>\$ 25,857.33</u>	<u>\$ 108.43</u>	<u>\$ 25,123.18</u>	<u>\$ 24,591.05</u>	<u>\$ 6,011.64</u>

STATEMENT 8
(CONTINUED)

	Debt Service Funds				Capital Projects	
	COP 2010 Debt Service	TIF - Peerless Park Debt Service (UMB)	TIF - 2015 Series A Debt Service	TIF - 2015 Series B Debt Service	COP 2010 Project A Fund	Governmental Funds
<u>ASSETS</u>						
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets						
Cash and Investments	11.03	3.70			4.65	95,824.10
Total Assets	<u>11.03</u>	<u>3.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4.65</u>	<u>95,824.10</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:						
Restricted						
Bond Deposits	-	-	-	-	-	25,857.33
Capital Improvements					4.65	113.08
Debt Service	11.03	3.70				55,740.60
Sewer Lateral						
Other purposes						14,113.09
Unassigned						
Total Fund Balance	<u>11.03</u>	<u>3.70</u>	<u>-</u>	<u>-</u>	<u>4.65</u>	<u>95,824.10</u>
Total Liabilities and Fund Equ	<u>11.03</u>	<u>3.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4.65</u>	<u>95,824.10</u>

CITY OF VALLEY PARK, MISSOURI
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	Police Training	Bond Deposit	Former Corps Escrow Fund	TIF- Route 141/ Marshall Road Project (UMB) Revenue Eats Account	TIF- Route 141/ Marshall Road Project (UMB) Revenue Pilots Account	TIF- Route 141/ Marshall Road Project (UMB) Revenue CID Revenues Account
<u>REVENUES:</u>						
Taxes	\$ -	\$ -	\$ -	\$ 179,098.01	\$ 24,592.22	\$ 38,341.76
Fines and Forfeitures	1,344.00					
Interest		126.86	76.26	14.06		2.17
Total Revenues	<u>1,344.00</u>	<u>126.86</u>	<u>76.26</u>	<u>179,112.07</u>	<u>24,592.22</u>	<u>38,343.93</u>
<u>EXPENDITURES:</u>						
Administration						
Community Development	-	-	-	3,526.84	14,433.49	4,310.15
Debt Service			400,048.00			
Principal						
Interest and Fees						
Total Expenditures	<u>-</u>	<u>-</u>	<u>400,048.00</u>	<u>3,526.84</u>	<u>14,433.49</u>	<u>4,310.15</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>1,344.00</u>	<u>126.86</u>	<u>(399,971.74)</u>	<u>175,585.23</u>	<u>10,158.73</u>	<u>34,033.78</u>
<u>OTHER FINANCING SOURCES (USES):</u>						
Operating Transfers In	-	-	146,376.65	-	-	-
Operating Transfers Out				(177,913.59)	(7,807.96)	(33,750.09)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>146,376.65</u>	<u>(177,913.59)</u>	<u>(7,807.96)</u>	<u>(33,750.09)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>1,344.00</u>	<u>126.86</u>	<u>(253,595.09)</u>	<u>(2,328.36)</u>	<u>2,350.77</u>	<u>283.69</u>
FUND BALANCE, JULY 1, 2016	<u>12,769.09</u>	<u>25,730.47</u>	<u>253,703.52</u>	<u>27,451.54</u>	<u>22,240.28</u>	<u>5,727.95</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 14,113.09</u>	<u>\$ 25,857.33</u>	<u>\$ 108.43</u>	<u>\$ 25,123.18</u>	<u>\$ 24,591.05</u>	<u>\$ 6,011.64</u>

STATEMENT 9
(CONTINUED)

	Debt Service				Capital Projects	Total Non-Major Governmental Funds
	COP 2010 Debt Service	TIF - Peerless Park Debt Service (UMB)	TIF - 2015 Series A Debt Service	TIF - 2015 Series B Debt Service	COP 2010 Project A	
<u>REVENUES:</u>						
Taxes	-	\$ -	\$ -	\$ -	-	\$ 242,031.99
Fines and Forfeitures	13.36	3.70				1,344.00
Interest	13.36	3.70	-	-	-	236.41
Total Revenues						243,612.40
<u>EXPENDITURES:</u>						
Administration	-	-	-	-	-	22,270.48
Community Development						400,048.00
Debt Service						
Principal	245,000.00		11,188.57	152,543.34		408,731.91
Interest and Fees	341,788.76	800,977.18	22,561.52	33,178.21		1,198,505.67
Total Expenditures	586,788.76	800,977.18	33,750.09	185,721.55	-	2,029,556.06
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(586,775.40)	(800,973.48)	(33,750.09)	(185,721.55)	-	(1,785,943.66)
OTHER FINANCING SOURCES (USES):						
Operating Transfers-In	586,782.34	800,971.97	33,750.09	185,721.55	-	1,753,602.60
Operating Transfers-Out						(219,471.64)
Total Other Financing Sources (Uses)	586,782.34	800,971.97	33,750.09	185,721.55	-	1,534,130.96
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	6.94	(1.51)	-	-	-	(251,812.70)
FUND BALANCE, JULY 1, 2016	4.09	5.21	-	-	4.65	347,636.80
FUND BALANCE, JUNE 30, 2017	11.03	3.70	-	-	4.65	95,824.10

OTHER INFORMATION - UNAUDITED

CITY OF VALLEY PARK, MISSOURI
 OTHER INFORMATION (UNAUDITED)
 LAGERS RETIREMENT SYSTEM
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 YEAR ENDED JUNE 30, 2017

Year Ended June 30,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Employee Payroll	Net Pension Liability as a Percentage of Covered Employee Payroll
2015	\$ 2,383,433	\$ 3,059,435	\$ (676,002)	128.36%	\$ 829,422	(81.5)%
2016	2,688,374	2,970,292	(281,918)	110.49%	974,394	(28.9)%
2017	2,682,326	3,198,705	(516,379)	119.25%	832,097	(62.1)%

* Note: The above information is not available for years prior to the implementation of GASB 68.

SCHEDULE 2

CITY OF VALLEY PARK, MISSOURI
 OTHER INFORMATION (UNAUDITED)
 LAGERS RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS
 LAST 10 FISCAL YEARS

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2008	\$ 3,839.95	\$ 3,840.00	\$ (0.05)	\$ 767,989.17	0.50%
2009	3,827.43	3,827.53	(0.10)	765,486.95	0.50%
2010	4,060.72	4,060.74	(0.02)	812,144.43	0.50%
2011	26,761.24	12,949.05	13,812.19	863,265.95	1.50%
2012	24,553.55	20,461.21	4,092.34	818,451.78	2.50%
2013	33,744.03	45,550.70	(11,806.67)	865,231.43	5.26%
2014	28,985.69	42,572.39	(13,586.70)	905,802.95	4.70%
2015	30,861.19	30,861.11	0.08	857,255.36	3.60%
2016	17,815.85	17,815.86	(0.01)	989,765.20	1.80%
2017	7,897.71	7,897.84	(0.13)	877,516.00	0.90%

CITY OF VALLEY PARK, MISSOURI
OTHER INFORMATION (UNAUDITED)
NOTES TO LAGERS RETIREMENT SYSTEM
JUNE 30, 2017

Valuation Date:	February 28, 2017
Notes:	The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 15 to 25 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>
Other information:	None

FEDERAL COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Aldermen
City of Valley 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, the business type activities, each major fund, and the aggregate remaining fund information of the City of Valley Park, Missouri ("City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 7, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.



Certified Public Accountants

Kirkwood, Missouri
February 7, 2018



Robert E. Croghan, Jr. CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Aldermen
City of Valley Park, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Valley Park, Missouri's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control compliance over that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Croghin + Croghin P.C.

Certified Public Accountants

Kirkwood, Missouri
February 7, 2018

CITY OF VALLEY PARK, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
YEAR ENDED JUNE 30, 2017

Program Title	Federal CFDA Number	Pass-Through Identification Program	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation Highway Planning and Construction	20.205	STP- 5401 (671)	<u>\$ 1,417,582.54</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Emergency Mgmt. Agency (SEMA) Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	189-75472-00 FEMA-4317-DR-MO	<u>70,826.78</u>
Total expenditures of federal awards			<u><u>\$ 1,488,409.32</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF VALLEY PARK, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2017. The information reported in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which recognizes expenditures in the period the liabilities are paid. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Included as expenditures on this Schedule, and not presented in, or used in the preparation of the City's basic financial statements, are donated resources (volunteer labor) as valued by SEMA for the Disaster Grants - Public Assistance relating to the 2017 flood totaling \$19,384.63.

The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Subrecipients

The City did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2017.

CITY OF VALLEY PARK, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? ☒ Yes ☐ No
Significant deficiency(ies) identified
not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements
noted? ☐ Yes ☒ No

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? ☐ Yes ☒ No
Significant deficiency(ies) identified
not considered to be material weaknesses? ☒ Yes ☐ None reported

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

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

CITY OF VALLEY PARK, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. FINANCIAL STATEMENT FINDINGS

2017-1

Criteria: Statement on Auditing Standards (SAS) No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and SAS No. 115, *Communicating Internal Control Related Matters in an Audit*

Condition: Lack of sufficient segregation of duties in the accounting department.

Context: A review of the internal control procedures. *Internal control* is a process effected by the City's Board of Aldermen, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Cause: Size and budget constraints limiting the number of personnel with the accounting department.

Effect: The design of internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements and the assurance that assets are safeguarded against loss from use or disposition.

Questioned Costs: No costs have been questioned as a result of this finding.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: Due to the size of the City, segregation of duties is difficult to develop. We will review our segregation of duties and determine what duties can be reassigned to improve this condition.

2017-2

Criteria: City policies concerning fiscal management require the use of certain procurement procedures for certain purchases.

Condition and Context: A sample of items purchased indicated instances of noncompliance with City policies.

Cause: City policies and procedures in place were not fully implemented.

Effect: Established procedures in place and operating may not be consistent with City policies.

Questioned Costs: No costs have been questioned as a result of this finding.

Recommendation: We recommend that policies and procedures currently in place be followed or that management review policies concerning fiscal management and consider whether a more efficient framework for economic management should be established.

Views of Responsible Officials and Planned Corrective Actions: The City of Valley Park is currently reviewing our purchasing policy and intends to develop a more efficient purchasing system. The City is currently developing a draft procurement policy which should implement a more efficient purchasing system.

CITY OF VALLEY PARK, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-003 - Written policies required by the Office of Management and Budget's (OMB) Uniform Guidance - All federal programs.

Criteria: The Uniform Guidance requires a non-federal entity to have certain written policies and procedures in place surrounding the management of their federal awards.

Condition: The City has not adopted written policies and procedures related to federal awards as required by the Uniform Guidance.

Context: The lack of written controls pertains to all federal awards awarded on or after December 26, 2014.

Cause: This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

Effect: As a result of this condition, the City may not fully comply with the Uniform Guidance applicable to certain federal awards.

Questioned Costs: No costs have been questioned as a result of this finding.

Recommendation: We recommend the City adopt the required written policies and procedures required by the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: The City of Valley Park is currently in the process of revising its procurement policy to include the specifics of the Uniform Guidance (2CFR Part 200).

4. FOLLOW-UP PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year federal award findings and questioned costs.