

CITY OF TWIN OAKS, MISSOURI



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

CITY OF TWIN OAKS, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended December 31, 2016**

Prepared by the City Administrator

CITY OF TWIN OAKS, MISSOURI
FINANCIAL REPORT

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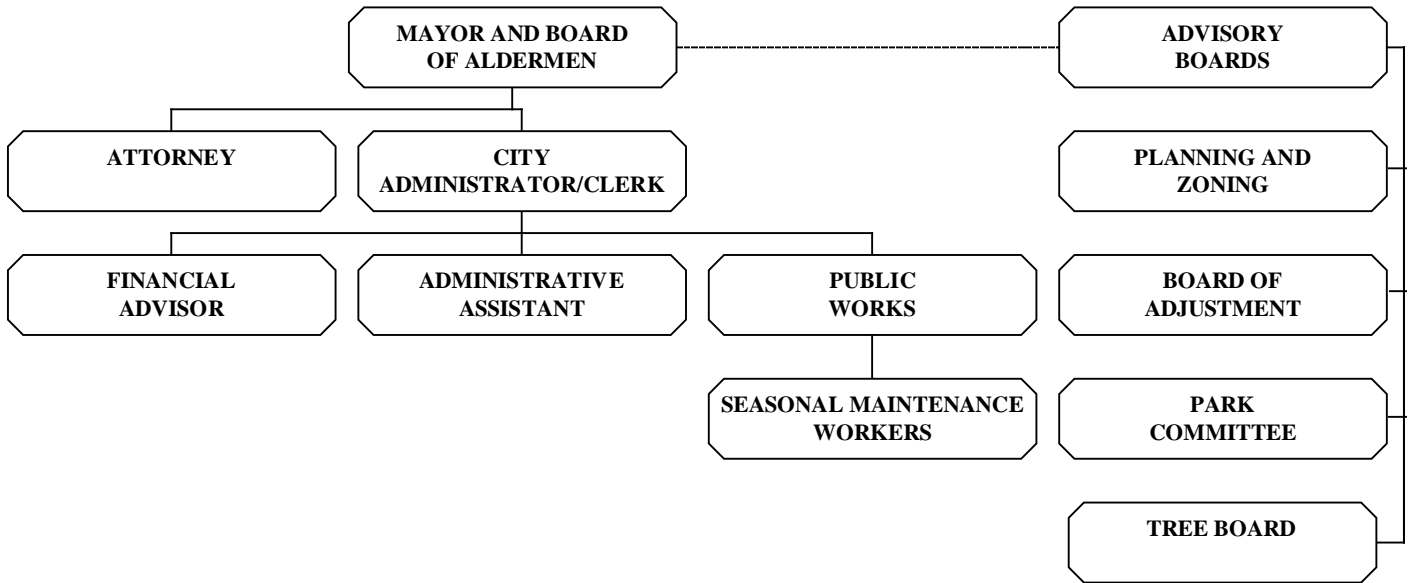
SECTION I - INTRODUCTORY SECTION

CITY OF TWIN OAKS, MISSOURI
PRINCIPAL OFFICIALS

<u>Elected Officials</u>	<u>Terms</u>
Russ Fortune Mayor	April 2017 - April 2019
Lisa Eisenhauer Alderwoman	April 2017 - April 2019
Jeff Graves Alderman	April 2016 - April 2018
Tim Stoeckl Alderman	April 2016 - April 2018
Dennis Whitmore Alderman	April 2017 - April 2019

CITY OF TWIN OAKS, MISSOURI

ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Twin Oaks
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



1393 Big Bend Road, Suite F • Twin Oaks, MO 63021
(636) 225-7873 • fax (636) 225-6547 • www.villageoftwinoaks.org

June 16, 2017

The Honorable Mayor, Board of Aldermen,
and Citizens of the City of Twin Oaks, Missouri

The Comprehensive Annual Financial Report (CAFR) of the City of Twin Oaks, Missouri (the City) for the fiscal year ended December 31, 2016, is hereby submitted. This report was prepared by the City Administrator and staff. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is designed to fairly present the financial position and results of the various funds and operations of the City.

To provide a reasonable basis for making these representations, management of the City has established internal controls that are designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

The City was incorporated in 1938 to stop the neighboring communities from annexing the City. The City is a small community with a population of 392, covering approximately 0.27 square miles. Prior to 2016 the City was a Village. During 2016, the residents voted to become a fourth-class city.

In compliance with Missouri State Statutes, the duties of the City are vested in the Board of Aldermen and Mayor. Aldermen are elected at large and hold two year terms. Two Aldermen run in the even numbered years and two in the odd numbered years. The Mayor runs for a two-year term in odd numbered years.

The City is located in Southwest St. Louis County at the intersection of the new Highway 141 and County Arterial Big Bend Road with easy access to Highway 44, Highway 270, and Highway 40 (I-64).

ECONOMIC CONDITION

Within the current economic climate, the City has been fortunate to see only a slight decrease in revenue during this period of economic slowdown. The City has relied on sales tax from local businesses as our primary source of revenue electing not to assess property taxes to neither residential nor commercial properties in the past. However, a commercial property tax has been assessed since 2012.

Housing sales follow national trends and the City has seen a decrease in the number of homes being sold throughout the community. Home values remain stable and the City continues to be a desirable community in which to live due to our low taxes, superior services, and proximity to shopping and major highways.

MAJOR INITIATIVES

For a number of years the City has relied on Big Bend Square Shopping Center for a majority of its revenue. Following the completion of Highway 141, there has been an increased commercial development within the City. Walgreen's opened a new store in 2005, Commerce Bank opened in 2006, Schnucks opened a new store in January 2007, and Shop N' Save opened a new store in November 2007. With the addition of the Schnucks and Shop N' Save, they now provide 90% of the City's revenues.

LONG-TERM FINANCIAL PLANNING

The voters approved a ½-cent capital improvement sales tax. These funds are to be used for major reconstruction projects. In addition, the funds from this sales tax are being reviewed for future street and infrastructure projects.

The voters also passed a ½-cent sales tax for parks and stormwater. The City utilizes these funds for improvements to parks and general parks services as well as stormwater mitigation projects.

RELEVANT FINANCIAL POLICIES

In 2016, the City continued its policy of not assessing property taxes to residential properties. This helped City residents to survive the effects of the recent economic slowdown.

INDEPENDENT AUDIT

City ordinances require an annual audit by independent certified public accountants. The certified public accounting firm of Hochschild, Bloom & Company LLP was selected by the Board of Aldermen to perform this year's audit. The auditor's report is included in this report.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Finance Reporting to the City for its CAFR for the fiscal year ended December 31, 2015. This was the tenth year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. Such CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

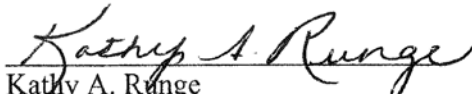
The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. The City will continue to work toward receiving this award as a commitment to the Board of Aldermen and the general public that we are committed to the highest standards in government financial reporting.

ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis was made possible by the dedicated service and cooperation of the entire staff of the City. Each member has my sincere appreciation for their contributions made in the preparation of this report. We would also like to acknowledge the assistance of our independent public accountants, Hochschild, Bloom & Company LLP, in formulating this report.

In closing, without the support of the Mayor and Board of Aldermen, preparation of this report would not have been possible.

Respectfully submitted,


Kathy A. Runge
Village Administrator/Clerk

SECTION II - FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

June 16, 2017

Honorable Mayor and Board of Aldermen
CITY OF TWIN OAKS, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF TWIN OAKS, MISSOURI** (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information and introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other

supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF TWIN OAKS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

This section of the City of Twin Oaks, Missouri's (the City) financial report presents an easily readable analysis of the City's financial activities based on currently known facts, decisions, and conditions. For a comprehensive understanding of the financial statements, please review the City's financial statements, including the footnotes, that follow the management's discussion and analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources for the most recent fiscal year by \$5,620,641.
- The cost of the governmental activities was \$1,124,629 in fiscal year 2016.
- As of the close of the current year, the governmental funds reported combined ending fund balances of \$1,976,834 a decrease of \$117,988 in comparison to the prior year. Of this amount, \$602,267 or 30% is unassigned funds available for spending at the City's discretion.
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund was \$641,067 or 100% of the General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplemental information, other supplemental information, and a report on internal controls and compliance in addition to the basic financial statements.

Government-wide financial statements. The first set of financial statements are the government-wide statements which report information about the City as a whole using accounting methods similar to those used by private-sector business. The two government-wide statements, statement of net position and statement of activities, report the net position and how they have changed.

The statement of net position presents information on all of the assets, liabilities, and deferred inflows and outflows, with the difference between the amounts reported as net position. Over time increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net position also provides information on unrestricted and restricted net position and net investment in capital assets.

The statement of activities presents information showing how the net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of timing of related cash flows.

The statement of activities presents the various functions of the City and the degree by which they are supported by charges for services, federal and state grants, tax revenues, and investment income.

**CITY OF TWIN OAKS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The governmental activities of the City include administration, sanitation and health, police, streets, parks, stormwater, and sewer lateral. The City does not have any business-type activities.

Fund financial statements. The second set of statements are fund financial statements, which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole.

Governmental funds. Governmental funds tell how general governmental services were financed in the short-term as well as what financial resources remain available for future spending to finance City programs.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near term in-flows and out-flows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains individual governmental funds according to their type (General, Capital Project, and Special Revenue Funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvements Fund, Parks/Stormwater Fund, and Road Fund which are considered to be major funds. Individual fund data for the nonmajor governmental fund is provided in the form of supplemental information.

Notes to financial statements. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplemental information. This management's discussion and analysis, budgetary comparison schedule and notes to the schedule for the General Fund and major special revenue funds, and information concerning the City's progress in funding its obligation to provide pension benefits to its employees represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes.

Other supplemental information. The individual fund schedules provides fund level detail for other major funds and the nonmajor governmental fund.

**CITY OF TWIN OAKS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

FINANCIAL ANALYSIS OF THE CITY

A condensed version of the statement of net position compared to the prior year follows:

	December 31		2016 Change	
	2016	2015	Amount	Percent
ASSETS				
Current and other assets	\$ 2,050,976	2,174,834	(123,858)	(6) %
Capital assets, net of depreciation	3,613,872	3,551,946	61,926	2
Total Assets	<u>5,664,848</u>	<u>5,726,780</u>	<u>(61,932)</u>	(1)
DEFERRED OUTFLOWS				
	<u>38,247</u>	<u>14,410</u>	<u>23,837</u>	165
LIABILITIES				
Current and other liabilities	57,339	33,190	24,149	73
Long-term liabilities	5,055	5,370	(315)	(6)
Total Liabilities	<u>62,394</u>	<u>38,560</u>	<u>23,834</u>	62
DEFERRED INFLOWS				
	<u>20,060</u>	<u>27,716</u>	<u>(7,656)</u>	(28)
NET POSITION				
Investment in capital assets	3,613,872	3,551,946	61,926	2
Restricted	1,323,704	1,342,045	(18,341)	(1)
Unrestricted	683,065	780,923	(97,858)	(13)
Total Net Position	<u>\$ 5,620,641</u>	<u>5,674,914</u>	<u>(54,273)</u>	(1) %

**CITY OF TWIN OAKS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

A condensed version of the statement of activities compared to the prior year follows:

	For The Years		2016 Change	
	Ended December 31		Amount	Percent
	2016	2015		
REVENUE				
Program revenues:				
Charges for services	\$ 66,521	59,016	7,505	13 %
Operating grants and contributions	15,555	17,000	(1,445)	(9)
General revenues:				
Taxes	965,901	1,124,149	(158,248)	(14)
Investment income	7,652	7,113	539	8
Other	14,727	16,020	(1,293)	(8)
Total Revenues	<u>1,070,356</u>	<u>1,223,298</u>	<u>(152,942)</u>	<u>(13)</u>
EXPENSES				
Administration	490,778	417,647	73,131	18
Sanitation and other health costs	51,011	47,953	3,058	6
Police	107,720	102,460	5,260	5
Streets	224,846	205,169	19,677	10
Parks	227,136	222,730	4,406	2
Stormwater	19,178	9,338	9,840	105
Sewer lateral	3,960	-	3,960	100
Total Expenses	<u>1,124,629</u>	<u>1,005,297</u>	<u>119,332</u>	<u>12</u>
CHANGE IN NET POSITION	(54,273)	218,001	(272,274)	(125)
NET POSITION, JANUARY 1	<u>5,674,914</u>	<u>5,456,913</u>	<u>218,001</u>	4
NET POSITION, DECEMBER 31	<u>\$ 5,620,641</u>	<u>5,674,914</u>	<u>(54,273)</u>	<u>(1) %</u>

At about 90% of total revenues, sales tax collections represent the City's principal revenue source. The City is a "point-of-sale" sales tax collector. This means the City retains the majority of sales taxes collected in the City. The City believes labor relations at one of its principal retailers resulted in diminished commercial activity and, accordingly, reduced sales tax collections in the current fiscal year. Administration expenses have increased as a result of increased legal costs.

You can think of the City's net position as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors such as changes in the City's property tax base, etc., to assess the overall health of the City.

**CITY OF TWIN OAKS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The City's property tax rates in 2016 and 2015 were \$0.312 per \$100 of assessed valuation each year for commercial real property.

The General Fund has \$12,063 of nonspendable fund balance for prepaid items. The amount of nonspendable fund balance for prepaid items has been set aside on the internal records of the City, but is included in unrestricted net position of the government-wide financial statement. The amount assigned to subsequent year's budget is per the 2017 General Fund budget amount of expenditures over revenues. The remaining balance of the City's General Fund balance after subtracting the nonspendable and assigned amounts is \$602,267. The total General Fund balance at December 31, 2016 was \$653,130 a decrease of \$99,647 from the previous year. The decrease in fund balance was caused by lower amounts of tax revenues received in addition to higher administration expenditures during the year.

The Capital Improvements Fund balance at December 31, 2016 was \$762,485, a decrease of \$46,353 from the previous year. The fund experienced an increase in capital outlay costs.

The Parks/Stormwater Fund balance at December 31, 2016 was \$508,822, an increase of \$29,533. This fund received lower amounts of tax revenues and had increased capital expenditures compared to the previous year.

The Road Fund balance at December 31, 2016 was \$0. The City only transferred enough money into this fund to cover excess current year costs.

BUDGETARY HIGHLIGHTS

The City did not revise its budget during the fiscal year.

General Fund expenditures were \$96,076 or 17% over budgeted expenditures of \$543,200. Overall General Fund expenditures are \$63,584 or 11% above the December 31, 2015 year-end total of \$575,692. General Fund revenues were \$87,671 or 14% below the amount budgeted of \$627,300. Tax revenue was \$95,885 under budget. Overall General Fund revenues are \$65,263 or 11% lower than the December 31, 2015 year-end total of \$604,892.

CAPITAL ASSETS

During the year ended December 31, 2016, the City added \$235,103 in capital assets. The City has been required to report infrastructure as a capital asset since 2004 (previously reported as an expenditure when paid). The City has elected not to report major general infrastructure retroactively. The balances were as follows:

**CITY OF TWIN OAKS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	For The Years Ended December 31	
	2016	2015
	Capital assets, net of depreciation:	
Land and construction in progress	\$ 1,524,672	1,340,006
Buildings	246,056	256,633
Building improvements	57,767	60,057
Improvements other than buildings	607,171	722,135
Machinery and equipment	34,154	28,021
Infrastructure	1,144,052	1,145,094
Total Capital Assets, Net of Depreciation	\$ 3,613,872	3,551,946

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

LONG-TERM DEBT

At December 31, 2016, the City has only compensated absences as outstanding long-term debt obligations in the amount of \$5,055.

The City's long-term debt balances were as follows:

	December 31	
	2016	2015
Compensated absences	\$ 5,055	5,370

Additional information can be found in Note D in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General Fund tax revenues decreased compared to 2015. Sales taxes totaled 77% of the City's General Fund revenues. The General Fund sales tax revenue decreased by 14% in 2016, compared to an increase of 7% in 2015.
- The 2017 budget was prepared with a commercial property tax consistent with the prior year.
- Beginning in 2017, the City is planning to build a new Town Hall on City-owned property. Completion is expected in early 2018. Certificates of participation will be issued to finance the project. Debt service and capital outlay are included in the 2017 budget.

**CITY OF TWIN OAKS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City office at 1393 Big Bend Road, Suite F, Twin Oaks, MO 63021, or telephone 636-225-7873.

CITY OF TWIN OAKS, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,838,137
Accrued interest	88
Receivables:	
Other	2,064
Taxes	198,572
Prepaid items	12,063
Net pension asset	52
Capital assets:	
Land and construction in progress	1,524,672
Other capital assets, net of accumulated depreciation	2,089,200
Total Assets	5,664,848
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	38,247
 LIABILITIES	
Accounts payable	51,639
Security deposits	5,700
Noncurrent liabilities:	
Due within one year	2,527
Due in more than one year	2,528
Total Liabilities	62,394
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	20,060
 NET POSITION	
Investment in capital assets	3,613,872
Restricted for:	
Capital improvements	762,485
Parks/stormwater	508,822
Sewer lateral	52,397
Unrestricted	683,065
Total Net Position	\$ 5,620,641

CITY OF TWIN OAKS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Revenues			Net Revenues (Expenses) And Change In Net Position	
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants And Contribution	Capital Grants And Contribution	Governmental Activities
Governmental Activities					
Administration	\$ 490,778	63,261	-	-	(427,517)
Sanitation and other health costs	51,011	-	-	-	(51,011)
Police	107,720	-	-	-	(107,720)
Streets	224,846	-	15,555	-	(209,291)
Parks	227,136	1,090	-	-	(226,046)
Stormwater	19,178	-	-	-	(19,178)
Sewer lateral	3,960	2,170	-	-	(1,790)
Total Governmental Activities	\$ 1,124,629	66,521	15,555	-	(1,042,553)
General Revenues					
Taxes:					
Sales tax					915,270
Other taxes					50,631
Investment income					7,652
Other					14,727
Total General Revenues					988,280
CHANGE IN NET POSITION					(54,273)
NET POSITION, JANUARY 1					5,674,914
NET POSITION, DECEMBER 31					\$ 5,620,641

See notes to financial statements

CITY OF TWIN OAKS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Capital Improvements</u>	<u>Parks/ Stormwater</u>	<u>Road</u>	<u>Other Governmental Fund - Sewer Lateral</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 548,235	761,431	472,804	4,471	51,196	1,838,137
Accrued interest	88	-	-	-	-	88
Receivables:						
Other	2,064	-	-	-	-	2,064
Taxes	117,500	33,449	39,351	7,071	1,201	198,572
Prepaid items	12,063	-	-	-	-	12,063
Due from other funds	7,706	-	-	-	-	7,706
	<u>7,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,706</u>
Total Assets	<u>\$ 687,656</u>	<u>794,880</u>	<u>512,155</u>	<u>11,542</u>	<u>52,397</u>	<u>2,058,630</u>
LIABILITIES						
Accounts payable	\$ 12,775	32,395	2,633	3,836	-	51,639
Security deposits	5,000	-	700	-	-	5,700
Due to other funds	-	-	-	7,706	-	7,706
Total Liabilities	<u>17,775</u>	<u>32,395</u>	<u>3,333</u>	<u>11,542</u>	<u>-</u>	<u>65,045</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	16,751	-	-	-	-	16,751
FUND BALANCES						
Nonspendable:						
Prepaid items	12,063	-	-	-	-	12,063
Restricted for:						
Capital improvements	-	762,485	-	-	-	762,485
Parks/stormwater	-	-	508,822	-	-	508,822
Sewer lateral	-	-	-	-	52,397	52,397
Assigned for subsequent year's budget	38,800	-	-	-	-	38,800
Unassigned	602,267	-	-	-	-	602,267
Total Fund Balances	<u>653,130</u>	<u>762,485</u>	<u>508,822</u>	<u>-</u>	<u>52,397</u>	<u>1,976,834</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 687,656</u>	<u>794,880</u>	<u>512,155</u>	<u>11,542</u>	<u>52,397</u>	<u>2,058,630</u>

CITY OF TWIN OAKS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Total Fund Balances - Governmental Funds	\$ 1,976,834
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$4,890,210 and the accumulated depreciation is \$1,276,338.	3,613,872
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	16,751
Certain items are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension asset	52
Deferred outflows related to pensions	38,247
Deferred inflows related to pensions	(20,060)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Compensated absences	<u>(5,055)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 5,620,641</u></u>

CITY OF TWIN OAKS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Capital Improvements</u>	<u>Parks/ Stormwater</u>	<u>Road</u>	<u>Other Governmental Fund - Sewer Lateral</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 445,915	229,203	269,723	23,905	-	968,746
Licenses and fees	64,238	-	-	-	-	64,238
Investment income - interest	7,383	-	-	-	269	7,652
Permits	7,316	-	-	-	-	7,316
Other revenues	14,777	-	1,090	-	-	15,867
Sewer lateral fees	-	-	-	-	2,170	2,170
Total Revenues	<u>539,629</u>	<u>229,203</u>	<u>270,813</u>	<u>23,905</u>	<u>2,439</u>	<u>1,065,989</u>
EXPENDITURES						
Current:						
Administration	477,687	-	-	-	-	477,687
Sanitation and other health costs	50,854	-	-	-	-	50,854
Police	107,720	-	-	-	-	107,720
Streets	-	-	-	135,515	-	135,515
Parks	-	-	152,469	-	-	152,469
Stormwater	-	-	10,555	-	-	10,555
Capital outlay	3,015	114,672	78,256	49,274	3,960	249,177
Total Expenditures	<u>639,276</u>	<u>114,672</u>	<u>241,280</u>	<u>184,789</u>	<u>3,960</u>	<u>1,183,977</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(99,647)</u>	<u>114,531</u>	<u>29,533</u>	<u>(160,884)</u>	<u>(1,521)</u>	<u>(117,988)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	160,884	-	160,884
Transfers out	-	(160,884)	-	-	-	(160,884)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(160,884)</u>	<u>-</u>	<u>160,884</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(99,647)</u>	<u>(46,353)</u>	<u>29,533</u>	<u>-</u>	<u>(1,521)</u>	<u>(117,988)</u>
FUND BALANCES, JANUARY 1	<u>752,777</u>	<u>808,838</u>	<u>479,289</u>	<u>-</u>	<u>53,918</u>	<u>2,094,822</u>
FUND BALANCES, DECEMBER 31	<u>\$ 653,130</u>	<u>762,485</u>	<u>508,822</u>	<u>-</u>	<u>52,397</u>	<u>1,976,834</u>

CITY OF TWIN OAKS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net Change In Fund Balances - Governmental Funds \$ (117,988)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$173,177) exceeded capital outlays over the capitalization threshold (\$235,103) in the current period. 61,926

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 4,367

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued compensated absences	315
Pension expense	<u>(2,893)</u>

Change In Net Position Of Governmental Activities \$ (54,273)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Twin Oaks, Missouri was incorporated May 17, 1938. Voters approved transitioning to 4th Class City status in November 2016. The **CITY OF TWIN OAKS** (the City) operates under a Mayor/Board of Aldermen/City Administrator form of government and provides various services including legislative, police protection, streets, sanitation and health services, public improvements, planning and zoning, parks, and general administrative services. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However,

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Their expenditures are generally recognized when the related fund liability is incurred.

Taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The City reports the following major governmental funds:

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

Capital Improvements Fund -- This fund is a Capital Projects Fund used to account for financial resources designated for the acquisition or construction of major capital facilities and improvements. It is mainly funded by a dedicated ½-cent capital improvements sales tax.

Parks/Stormwater Fund -- This fund is a Special Revenue Fund used to account for financial resources designated for parks and stormwater detention improvements. It is mainly funded by a dedicated ½-cent parks/stormwater sales tax.

Road Fund -- This fund is a Special Revenue Fund used to account for financial resources designated for construction of major road improvements as well as road maintenance. It is funded by dedicated sales and property taxes.

4. Property Taxes

Property taxes may be levied annually in September based on the assessed valuation of all real and personal property located in the City as of the previous January 1. Taxes are billed in Oc-

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Property Taxes (Continued)

tober and are due and collectible on December 31. All unpaid taxes become delinquent on January 1 of the following year and attach as an enforceable lien on the property at that date. The City levies a tax on the assessed value of commercial real property located within the City.

Property tax revenue is recognized to the extent it is collected within 60 days after year-end in the fund financial statements. Property taxes not collected within 60 days of year-end are deferred for fund financial statements but are recognized as revenue in the government-wide financial statements.

5. Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund. Interfund transfers may be used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

6. Capital Assets

Capital assets, which include building improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, and infrastructure are reported in the governmental activities of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated acquisition value at the date of donation. Prior to January 1, 2004 governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since January 1, 2004 are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not capitalized.

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

Asset	Years
Buildings and building improvements	40
Improvements other than buildings	15
Machinery and equipment	3 - 10
Furniture and fixtures	7
Infrastructure	20

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation. The liability for these compensated absences is recorded as a liability in the government-wide financial statements. In the fund financial statements, compensated absences are reported in governmental funds only if they have matured. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

9. Restricted Assets

Certain General Fund monies are classified as restricted assets on the balance sheet because their use is limited to refunding security deposits paid.

10. Investments

State statutes and City policies authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities and certain commercial paper. Investments consisting of certificates of deposit are stated at cost, which approximates fair value.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension reported on the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources for unavailable revenues reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the government-wide statement of net position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

13. Risk Management

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

14. Fund Balance Policies

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

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

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

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

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the City Administrator to which the Board of Aldermen has designated authority per the City's fund balance policy.

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

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

15. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Pensions (Continued)

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. LAGERS' investments are reported at fair value.

NOTE B - BANK DEPOSITS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party.

The City's bank deposits are required by state law to be collateralized by the deposit of certain securities in an amount at least equal to the uninsured deposits with the financial institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2016, the City's bank deposits totaled \$1,868,975. The bank balances were covered by federal depository insurance in the amount of \$373,005 and \$1,495,970 was covered by collateral pledged in the name of the City and held by the pledging bank's trust department or agent.

The City has one certificate of deposit of \$112,593 that matures September 2017.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At December 31, 2016, the City had its investment in a certificate of deposit at one financial institution.

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

For The Year Ended December 31, 2016

	<u>Balance December 31 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31 2016</u>
Capital assets not being depreciated:				
Land	\$ 1,295,701	-	-	1,295,701
Construction in progress	44,305	184,666	-	228,971
Total Capital Assets Not Being Depreciated	<u>1,340,006</u>	<u>184,666</u>	<u>-</u>	<u>1,524,672</u>
Capital assets being depreciated:				
Buildings	290,842	-	-	290,842
Building improvements	93,641	-	-	93,641
Improvements other than buildings	1,208,818	-	-	1,208,818
Machinery and equipment	71,536	15,159	2,003	84,692
Furniture and fixtures	13,553	-	-	13,553
Infrastructure	1,638,714	35,278	-	1,673,992
Total Capital Assets Being Depreciated	<u>3,317,104</u>	<u>50,437</u>	<u>2,003</u>	<u>3,365,538</u>
Less - Accumulated depreciated for:				
Buildings	34,210	10,576	-	44,786
Building improvements	33,583	2,291	-	35,874
Improvements other than buildings	532,918	68,730	-	601,648
Machinery and equipment	43,515	9,026	2,003	50,538
Furniture and fixtures	13,553	-	-	13,553
Infrastructure	447,385	82,554	-	529,939
Total Accumulated Depre- ciation	<u>1,105,164</u>	<u>173,177</u>	<u>2,003</u>	<u>1,276,338</u>
Total Capital Assets Being Depreciated, Net	<u>2,211,940</u>	<u>(122,740)</u>	<u>-</u>	<u>2,089,200</u>
Total Capital Assets, Net	<u>\$ 3,551,946</u>	<u>61,926</u>	<u>-</u>	<u>3,613,872</u>

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

	<u>For The Year Ended December 31 2016</u>
Administration	\$ 8,284
Parks	69,015
Stormwater	8,623
Streets	<u>87,255</u>
Total	<u>\$ 173,177</u>

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

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

	For The Year Ended December 31, 2016			Amount Due Within One Year	
	Balance December 31 2015	Additions	Reductions		Balance December 31 2016
	Compensated absences	\$ 5,370	4,491		4,806

Compensated absences are generally liquidated by the General Fund.

NOTE E - OPERATING LEASES

The City is obligated under leases for office facilities and equipment, which are accounted for as operating leases. Total costs under these leases were \$30,449 for the year ended December 31, 2016.

The following is a schedule of future minimum rental payments required:

For The Years Ending December 31	Real Estate	Equipment
2017	\$ 28,200	2,472
2018	4,700	2,472
2019	-	2,472
2020	-	2,472
2021	-	1,236

NOTE F - COMMITMENTS AND CONTINGENCIES

The City contracts with the St. Louis County Police Department to provide public safety related services. Payments for services for the year ended December 31, 2016 amounted to \$107,720. This amount can be adjusted when both parties agree that special circumstances arise which require additional related costs.

The City is contracted with a company for the construction design of a new Town Hall. As of December 31, 2016, the City has an amount of \$49,495 committed to the project.

The City is a defendant in a lawsuit pertaining to matter which is incidental to performing routine governmental functions. Based on the current status of these legal proceedings, it is the opinion of management that this will not have a material effect on the City's financial position.

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - INTERFUND TRANSFERS

Interfund transfers are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	For The Year Ended December 31 2016
Road Fund	Capital Improvements Fund	\$ 160,884

Interfund transfers were used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

NOTE H - PENSION PLAN

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in 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 City, 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 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 and receive a reduced allowance.

	<u>2016 Valuation</u>
Benefit multiplier	1.5% for life
Final average salary	3 years
Member contributions	4%

NOTE H - PENSION PLAN (Continued)

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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees, entitled to but not yet receiving benefits	5
Active employees	<u>2</u>
Total	<u>7</u>

Contributions

The City 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 City do not contribute to the pension plan. The City's contribution rate is 7.6% (General) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2016.

Actuarial Assumptions

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% 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 RP-2014 Healthy Annuitant mortality tables for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disables mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

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.

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - PENSION PLAN (Continued)

The new assumptions used in February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 29, 2016.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00%	5.29%
Fixed income	26.00	2.23
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.

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2015	\$ 185,702	220,140	(34,438)
Changes for the year			
Service cost	9,923	-	9,923
Interest	13,817	-	13,817
Difference between expected and actual experience	18,003	-	18,003
Changes of assumptions	4,879	-	4,879
Contributions - employer	-	9,154	(9,154)
Contributions - employee	-	4,605	(4,605)
Net investment income (loss)	-	(791)	791
Administrative expense	-	(505)	505
Other changes	-	(227)	227
Net Changes	<u>46,622</u>	<u>12,236</u>	<u>34,386</u>
Balances at June 30, 2016	<u>\$ 232,324</u>	<u>232,376</u>	<u>(52)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$41,860	(52)	(33,722)

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

For the year ended December 31, 2016, the City recognized pension expense of \$10,115. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

CITY OF TWIN OAKS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - PENSION PLAN (Continued)

	Outflows	Inflows	Net Outflows
Differences in experience	\$ 10,406	(20,060)	(9,654)
Changes in assumptions	2,820	-	2,820
Net difference between projected and actual earnings on pension plan investments	20,357	-	20,357
Contributions subsequent to the measurement date*	4,664	-	4,664
Total	<u>\$ 38,247</u>	<u>(20,060)</u>	<u>18,187</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 (asset) for the next fiscal year.

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

For The Years Ending December 31			
2017			\$ 7,638
2018			1,552
2019			890
2020			3,443
Total			<u>\$ 13,523</u>

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,323,704 of restricted net position which is restricted by enabling legislation.

NOTE J - SUBSEQUENT EVENT

On April 7, 2017, the City issued \$1.6 million of Series 2017 Certificates of Participation for the purpose of financing construction of a new Town Hall.

On April 14, 2017, the City entered into a contract in the amount of \$1.6 million for the construction of its new Town Hall.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Taxes:			
Sales tax and sales tax interest	\$ 506,600	416,344	(90,256)
Motor vehicle sales tax	4,900	5,022	122
Cigarette tax	1,100	1,006	(94)
Property tax	29,200	23,543	(5,657)
Total Taxes	541,800	445,915	(95,885)
Licenses and fees:			
Merchants licenses	49,300	52,695	3,395
Liquor licenses	2,500	3,200	700
Cable franchise fee	9,900	8,343	(1,557)
Total Licenses And Fees	61,700	64,238	2,538
Investment income - interest	5,900	7,383	1,483
Permits:			
Administrative permits	900	5,446	4,546
Occupancy permits	2,000	1,870	(130)
Total Permits	2,900	7,316	4,416
Other revenues:			
Miscellaneous revenue	400	262	(138)
Tower lease agreements	14,600	14,515	(85)
Total Other Revenues	15,000	14,777	(223)
Total Revenues	627,300	539,629	(87,671)

(Continued)

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES			
Administration:			
Salaries and related costs:			
Salaries	141,500	104,035	(37,465)
Payroll taxes and benefits	45,800	27,133	(18,667)
Total Salaries And Related Costs	187,300	131,168	(56,132)
Professional fees:			
Legal fees	50,800	202,325	151,525
Engineering	2,000	2,666	666
Audit	11,500	10,624	(876)
Total Professional Fees	64,300	215,615	151,315
Office expenditures and related costs:			
Rental	45,200	44,436	(764)
Office supplies	23,800	16,184	(7,616)
Telephone	7,000	7,633	633
Postage	600	561	(39)
Printing	700	364	(336)
Accounting	6,000	5,370	(630)
Total Office Expenditures And Related Costs	83,300	74,548	(8,752)
Other expenditures:			
Codification	4,000	6,212	2,212
Land/property maintenance	2,400	2,384	(16)
Dues, education, and travel	9,500	4,817	(4,683)
Public hearings and notices	1,700	2,336	636
Election	300	856	556
Insurance	22,700	24,212	1,512
Miscellaneous	8,400	15,539	7,139
Total Other Expenditures	49,000	56,356	7,356
Total Administration	383,900	477,687	93,787

(Continued)

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)			
Sanitation and other health costs:			
Trash collection	40,500	40,268	(232)
Outside labor	11,000	10,586	(414)
Total Sanitation And Other Health Costs	<u>51,500</u>	<u>50,854</u>	<u>(646)</u>
 Police	 <u>105,600</u>	 <u>107,720</u>	 <u>2,120</u>
 Capital outlay	 <u>2,200</u>	 <u>3,015</u>	 <u>815</u>
Total Expenditures	<u>543,200</u>	<u>639,276</u>	<u>96,076</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ 84,100</u></u>	 <u>(99,647)</u>	 <u><u>(183,747)</u></u>
 FUND BALANCE, JANUARY 1		 <u>752,777</u>	
 FUND BALANCE, DECEMBER 31		 <u><u>\$ 653,130</u></u>	

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
PARKS/STORMWATER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Sales tax	\$ 353,100	269,723	(83,377)
Miscellaneous	200	1,090	890
Total Revenues	353,300	270,813	(82,487)
EXPENDITURES			
Parks:			
Salaries	29,000	41,155	12,155
Utilities	11,200	11,275	75
Maintenance and improvements	76,500	62,790	(13,710)
Engineering	3,000	1,467	(1,533)
Events and entertainment	34,500	34,564	64
Tools and supplies	700	1,218	518
Capital outlay	235,000	78,256	(156,744)
Total Parks	389,900	230,725	(159,175)
Stormwater:			
Repairs and maintenance	1,500	-	(1,500)
Engineering	-	10,555	10,555
Total Stormwater	1,500	10,555	9,055
Total Expenditures	391,400	241,280	(150,120)
NET CHANGE IN FUND BALANCE	\$ (38,100)	29,533	67,633
FUND BALANCE, JANUARY 1		479,289	
FUND BALANCE, DECEMBER 31		\$ 508,822	

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - ROAD SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Gasoline tax	\$ 11,200	10,533	(667)
Road tax	17,100	13,372	(3,728)
Total Revenues	28,300	23,905	(4,395)
EXPENDITURES			
Streets:			
Salaries	36,200	37,923	1,723
Street lights	10,000	9,244	(756)
Street maintenance and landscaping	27,700	64,069	36,369
Street engineering	-	4,544	4,544
Street tools and supplies	8,700	460	(8,240)
Snow removal	22,200	19,275	(2,925)
Capital outlay	-	49,274	49,274
Total Expenditures	104,800	184,789	79,989
REVENUES UNDER EXPENDITURES	(76,500)	(160,884)	(84,384)
OTHER FINANCING SOURCES			
Transfers in	76,500	160,884	84,384
NET CHANGE IN FUND BALANCE	\$ -	-	-
FUND BALANCE, JANUARY 1		-	
FUND BALANCE, DECEMBER 31		\$ -	

**CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

Budgetary Data

The City follows these procedures in establishing the budgetary data:

- a. Formal budgetary integration is employed as a management control device. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America except capital leases and related capital outlay are not budgeted.
- b. The budget includes proposed expenditures and the means of financing them.
- c. The legal level of budgetary control is at the line item level.
- d. Board of Aldermen approval is required for budget amendments.
- e. Appropriations lapse at the end of the year.

Expenditures for the General Fund, Road Fund, and Sewer Lateral Fund exceeded budget by \$96,076, \$79,989, and \$1,960, respectively. These over expenditures were covered by current year revenues or available fund balance.

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2016

	2016	2015
Total Pension Liability		
Service cost	\$ 9,923	12,619
Interest on the total pension liability	13,817	14,510
Difference between expected and actual experience	18,003	(35,372)
Assumption changes	4,879	-
Net Change In Total Pension Liability	46,622	(8,243)
Total Pension Liability Beginning	185,702	193,945
Total Pension Liability Ending (a)	\$ 232,324	185,702
 Plan Fiduciary Net Position		
Contributions - employer	\$ 9,154	8,457
Contributions - employee	4,605	4,381
Net investment income (loss)	(791)	3,922
Administrative expense	(505)	(559)
Other	(227)	8,842
Net Change In Plan Fiduciary Net Position	12,236	25,043
Plan Fiduciary Net Position Beginning	220,140	195,097
Plan Fiduciary Net Position Ending (b)	\$ 232,376	220,140
 Net Pension Liability (Asset) Ending (a)-(b)	\$ (52)	(34,438)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.02 %	118.54
 Covered Employee Payroll (for February 28/29 Valuation)	\$ 90,810	85,641
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(0.06) %	(40.21)

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

CITY OF TWIN OAKS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined pension contribution	\$ 8,294	9,732	8,626	9,233	13,342	11,839	10,954	11,045	9,813	9,208
Contributions in relation to the actuarially determined contribution	8,294	9,732	8,626	9,233	13,342	11,839	10,954	11,045	9,813	9,208
Contribution Deficiency	\$ -	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 109,126	118,681	118,166	119,913	168,891	147,988	142,260	143,441	119,675	105,836
Contributions as a Percentage of Covered Employee Payroll	7.60 %	8.20	7.30	7.70	7.90	8.00	7.70	7.70	8.20	8.70

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 14 to 20 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% 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	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 table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. 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.

Notes:

New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.
There were no benefit changes during the year.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF TWIN OAKS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Sales tax	\$ 246,900	229,203	(17,697)
EXPENDITURES			
Capital outlay	<u>207,500</u>	<u>114,672</u>	<u>(92,828)</u>
REVENUES OVER EXPENDITURES	<u>39,400</u>	<u>114,531</u>	<u>75,131</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(76,500)</u>	<u>(160,884)</u>	<u>84,384</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (37,100)</u></u>	<u>(46,353)</u>	<u><u>(9,253)</u></u>
FUND BALANCE, JANUARY 1		<u>808,838</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 762,485</u></u>	

CITY OF TWIN OAKS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income - interest	\$ 300	269	(31)
Sewer lateral fees	4,800	2,170	(2,630)
Total Revenues	<u>5,100</u>	<u>2,439</u>	<u>(2,661)</u>
EXPENDITURES			
Sewer lateral improvements	<u>2,000</u>	<u>3,960</u>	<u>1,960</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,100</u>	<u>(1,521)</u>	<u>(4,621)</u>
FUND BALANCE, JANUARY 1		<u>53,918</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 52,397</u>	

SECTION III - STATISTICAL SECTION

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City’s overall financial health.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. 45 - 50

Revenue Capacity

These schedules contain information to help the reader assess the City’s local revenue sources. Given the limited number of businesses, it would not be possible to break out sales tax information on industries because of the confidentiality of individual businesses. 51 - 53

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. Since the City has not had any long-term debt, these schedules are generally not applicable. 54 - 55

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. 56 - 57

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. 58 - 60

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF TWIN OAKS, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 3,613,872	3,551,946	3,582,373	2,731,259	2,645,403	2,738,040	2,432,026	2,110,038	1,945,913	1,118,324
Restricted	1,323,704	1,342,045	1,135,095	1,099,489	936,429	711,275	794,485	812,181	650,731	701,137
Unrestricted	683,065	780,923	734,093	651,273	550,754	495,988	523,856	605,464	525,754	396,852
 Total Governmental Activities										
Net Position	<u>\$ 5,620,641</u>	<u>5,674,914</u>	<u>5,451,561</u>	<u>4,482,021</u>	<u>4,132,586</u>	<u>3,945,303</u>	<u>3,750,367</u>	<u>3,527,683</u>	<u>3,122,398</u>	<u>2,216,313</u>

CITY OF TWIN OAKS, MISSOURI
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	For The Years Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES										
Administration	\$ 490,778	417,647	333,695	326,932	353,864	386,811	417,958	361,315	293,951	334,081
Sanitation and other health costs	51,011	47,953	53,276	53,698	53,438	56,745	55,790	53,926	52,056	50,101
Police	107,720	102,460	99,010	98,971	96,132	98,676	97,348	96,438	93,236	90,252
Streets	224,846	205,169	200,439	182,038	140,141	143,749	103,645	61,504	54,583	43,972
Parks	227,136	222,730	217,603	201,969	217,431	170,017	124,971	157,231	149,385	116,529
Stormwater	19,178	9,338	13,781	24,452	49,857	11,837	6,468	10,231	6,390	5,200
Sewer lateral	3,960	-	-	2,088	-	-	2,000	8	9,410	-
Interest on long-term debt	-	-	-	-	-	133	301	461	667	557
Total Expenses	<u>1,124,629</u>	<u>1,005,297</u>	<u>917,804</u>	<u>890,148</u>	<u>910,863</u>	<u>867,968</u>	<u>808,481</u>	<u>741,114</u>	<u>659,678</u>	<u>640,692</u>
PROGRAM REVENUES										
Charges for services:										
Administration	63,261	54,036	53,979	53,905	55,962	55,156	56,145	49,931	50,333	40,769
Parks	1,090	200	-	1,875	2,499	1,250	-	-	-	-
Sewer lateral	2,170	4,780	4,844	4,496	4,895	4,847	4,662	5,007	-	1,554
Operating grants and contributions	15,555	17,000	58,869	145,713	24,353	23,200	13,871	17,421	13,940	15,262
Capital grants and contributions	-	-	710,000	8,200	-	-	-	5,788	426,038	71,588
Total Program Revenues	<u>82,076</u>	<u>76,016</u>	<u>827,692</u>	<u>214,189</u>	<u>87,709</u>	<u>84,453</u>	<u>74,678</u>	<u>78,147</u>	<u>490,311</u>	<u>129,173</u>
NET REVENUES (EXPENSES)	<u>(1,042,553)</u>	<u>(929,281)</u>	<u>(90,112)</u>	<u>(675,959)</u>	<u>(823,154)</u>	<u>(783,515)</u>	<u>(733,803)</u>	<u>(662,967)</u>	<u>(169,367)</u>	<u>(511,519)</u>
GENERAL REVENUES AND OTHER CHANGE IN NET POSITION										
Taxes	965,901	1,124,149	1,033,721	984,170	977,669	941,298	912,168	1,020,640	1,022,816	805,020
Investment income	7,652	7,113	6,792	7,027	7,879	10,981	16,418	21,885	26,316	48,415
Other	14,727	16,020	19,139	34,197	24,889	26,172	27,901	25,727	26,320	34,198
Total General Revenues And Other Change In Net Position	<u>988,280</u>	<u>1,147,282</u>	<u>1,059,652</u>	<u>1,025,394</u>	<u>1,010,437</u>	<u>978,451</u>	<u>956,487</u>	<u>1,068,252</u>	<u>1,075,452</u>	<u>887,633</u>
CHANGE IN NET POSITION	<u>\$ (54,273)</u>	<u>218,001</u>	<u>969,540</u>	<u>349,435</u>	<u>187,283</u>	<u>194,936</u>	<u>222,684</u>	<u>405,285</u>	<u>906,085</u>	<u>376,114</u>

CITY OF TWIN OAKS, MISSOURI
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	-	-	-	-	-	6,733	6,684	6,417	2,888
Unreserved	-	-	-	-	-	-	521,911	603,548	521,595	399,032
Nonspendable	12,063	8,804	7,357	7,135	6,566	6,957	-	-	-	-
Assigned	38,800	-	-	-	-	-	-	-	-	-
Unassigned	602,267	743,973	716,220	631,922	532,070	492,257	-	-	-	-
Total General Fund	<u>\$ 653,130</u>	<u>752,777</u>	<u>723,577</u>	<u>639,057</u>	<u>538,636</u>	<u>499,214</u>	<u>528,644</u>	<u>610,232</u>	<u>528,012</u>	<u>401,920</u>
All Other Governmental Funds										
Special revenue - unreserved	\$ -	-	-	-	-	-	794,485	812,181	650,731	701,137
Special revenue - restricted	561,219	533,207	420,592	273,127	197,383	154,070	-	-	-	-
Capital improvements - restricted	762,485	808,838	714,503	826,362	739,046	557,205	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,323,704</u>	<u>1,342,045</u>	<u>1,135,095</u>	<u>1,099,489</u>	<u>936,429</u>	<u>711,275</u>	<u>794,485</u>	<u>812,181</u>	<u>650,731</u>	<u>701,137</u>

GASB Statement No. 54 was implemented in 2011.

CITY OF TWIN OAKS, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	For The Years Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Taxes	\$ 968,746	1,132,991	1,042,322	990,146	968,767	948,261	919,406	1,028,068	1,031,720	815,320
Licenses and fees	64,238	60,179	60,169	58,737	59,974	59,575	61,033	54,522	48,676	40,851
Intergovernmental	-	1,644	43,964	129,833	10,240	-	-	9,760	426,038	-
Investment income - interest	7,652	7,113	6,792	7,027	7,879	10,981	16,418	21,885	26,316	48,415
Permits	7,316	2,300	2,105	2,685	3,365	2,315	1,745	1,430	1,880	4,880
Other revenues	15,867	16,270	19,139	45,943	27,388	36,925	27,901	25,727	26,320	61,486
Sewer lateral fees	2,170	4,780	4,844	4,496	4,895	4,847	4,662	5,007	4,813	1,554
Total Revenues	1,065,989	1,225,277	1,179,335	1,238,867	1,082,508	1,062,904	1,031,165	1,146,399	1,565,763	972,506
EXPENDITURES										
Administration	477,687	423,271	323,320	319,616	340,640	370,316	437,010	338,139	294,274	328,064
Sanitation and other health costs	50,854	47,740	52,898	53,284	52,939	57,999	55,311	53,926	52,056	50,101
Police	107,720	102,460	99,010	98,971	96,132	98,676	97,348	96,438	93,236	90,252
Streets	135,515	127,510	140,903	113,453	73,340	77,069	79,166	52,756	153,344	38,920
Parks	152,469	154,281	155,641	147,683	137,773	119,489	143,832	126,584	91,281	109,774
Stormwater	10,555	41,913	6,729	17,400	42,805	4,785	1,530	7,406	18,504	2,375
Sewer lateral	-	-	-	2,088	-	-	2,000	8	9,410	-
Capital outlay	249,177	91,952	280,708	222,891	74,303	444,148	311,628	224,848	775,129	168,096
Debt service:										
Principal	-	-	-	-	-	2,929	2,323	2,163	2,176	1,411
Interest	-	-	-	-	-	133	301	461	667	557
Total Expenditures	1,183,977	989,127	1,059,209	975,386	817,932	1,175,544	1,130,449	902,729	1,490,077	789,550
REVENUES OVER (UNDER) EXPENDITURES	(117,988)	236,150	120,126	263,481	264,576	(112,640)	(99,284)	243,670	75,686	182,956
OTHER FINANCING SOURCES (USES)										
Capital lease	-	-	-	-	-	-	-	-	-	11,002
Transfers in	160,884	169,032	304,584	146,425	48,909	46,659	157,362	-	-	80,211
Transfers out	(160,884)	(169,032)	(304,584)	(146,425)	(48,909)	(46,659)	(157,362)	-	-	(80,211)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	11,002
NET CHANGES IN FUND BALANCES	\$ (117,988)	236,150	120,126	263,481	264,576	(112,640)	(99,284)	243,670	75,686	193,958
Debt service as a percentage of noncapital expenditures	- %	-	-	-	-	0.4	0.4	0.3	0.2	-

CITY OF TWIN OAKS, MISSOURI
PROGRAM REVENUES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	For The Years Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Administration	\$ 63,261	54,036	763,979	63,776	55,962	55,156	56,145	49,931	45,520	42,323
Streets	15,555	15,356	14,905	22,409	14,113	13,697	13,871	19,237	439,978	42,550
Parks	1,090	1,844	43,964	123,508	12,739	10,753	-	3,972	-	44,300
Sewer lateral	2,170	4,780	4,844	4,496	4,895	4,847	4,662	5,007	4,813	-
Total Governmental Activities	<u>\$ 82,076</u>	<u>76,016</u>	<u>827,692</u>	<u>214,189</u>	<u>87,709</u>	<u>84,453</u>	<u>74,678</u>	<u>78,147</u>	<u>490,311</u>	<u>129,173</u>

CITY OF TWIN OAKS, MISSOURI
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax	Gasoline Tax	Road Tax	Property Tax	Other	Total
2016	\$ 920,292	\$ 10,533	\$ 13,372	\$ 23,543	\$ 1,006	\$ 968,746
2015	1,076,608	10,374	15,413	29,469	1,127	1,132,991
2014	989,937	10,206	14,897	27,282	-	1,042,322
2013	936,311	9,931	14,556	29,348	-	990,146
2012	932,288	9,978	14,453	12,048	-	968,767
2011	919,783	9,938	18,540	-	-	948,261
2010	892,796	10,243	16,367	-	-	919,406
2009	1,002,135	9,984	11,405	-	4,544	1,028,068
2008	1,001,028	10,233	15,565	-	4,894	1,031,720
2007	784,677	10,554	14,160	-	5,929	815,320

CITY OF TWIN OAKS, MISSOURI
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (1)
LAST TEN FISCAL YEARS

	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Twin Oaks, Missouri	0.3120	0.3120	0.3420	0.3370	0.3260	-	-	-	-	-
Overlapping governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
County General	0.2050	0.2050	0.2090	0.2000	0.2000	0.2000	0.2000	0.1900	0.1900	0.1900
County Park Maintenance	0.0490	0.0490	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
County Bond Retirement	0.0190	0.0190	0.0190	0.0280	0.0280	0.0280	0.0280	0.0280	0.0630	0.0630
Roads and Bridges	0.1030	0.1030	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050
County Health	0.1370	0.1370	0.1400	0.1400	0.1400	0.1400	0.1400	0.1500	0.1500	0.1500
St. Louis Community College	0.2185	0.2126	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003
Special School District	1.2409	1.2348	1.2609	1.2400	1.0123	1.0125	0.9950	0.9384	0.9184	0.9084
Metro Zoo	0.2795	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344	0.2330
County Library	0.2630	0.2590	0.2250	0.2500	0.1730	0.1630	0.1565	0.1380	0.1440	0.1400
Sheltered Workshop	0.0900	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690	0.0700
MSD-Extension	0.1196	0.0195	0.0197	0.0196	0.0186	0.0185	0.0180	-	-	0.0167
Valley Park School District	5.6642	5.4965	5.5910	5.6526	5.0587	4.9435	4.7174	4.5653	4.2722	4.1311
Metro Sewer District	0.1196	0.0879	0.0879	-	-	-	-	-	-	0.0700
Valley Park Fire District	1.2076	1.1860	1.3100	1.2780	1.1950	1.1530	1.1310	1.0230	1.0130	1.0040
West County Fire District	1.2920	1.2940	1.0000	0.0961	0.8960	0.8980	0.9130	0.7190	0.7260	0.7730
Parkway School District	4.7419	4.6796	4.1279	4.0743	3.9361	3.6761	3.5672	3.4100	3.2300	3.2300

(1) Source: St. Louis County Collector (rates stated per \$100 assessed valuation), Tax District 108AS

CITY OF TWIN OAKS, MISSOURI
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Railroads And Utilities (2)</u>	<u>Total</u>		<u>Direct Tax Rate</u>
				<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
2016	\$ 14,009,010	\$ 1,403,400	\$ 132,920	\$ 15,545,330	\$ 58,662,807	0.312
2015	13,974,450	1,385,867	141,446	15,477,146	58,579,229	0.312
2014	13,014,620	1,368,210	130,019	14,512,849	55,376,137	0.342
2013	13,118,659	1,295,160	127,978	14,541,797	54,931,683	0.337
2012	13,802,015	1,310,830	128,955	15,241,800	58,217,489	0.326
2011	14,091,252	1,498,310	132,753	15,722,315	59,636,241	-
2010	14,316,865	1,807,220	132,272	16,256,357	61,417,961	-
2009	14,252,783	2,219,070	131,272	16,603,125	62,314,152	-
2008	12,576,490	2,522,500	131,183	15,230,173	59,741,275	-
2007	12,349,910	1,484,080	136,337	13,970,327	51,502,194	-

(1) Source: St. Louis County Assessor (rates stated per \$100 assessed valuation)

(2) Beginning in 2009, the real estate position of railroads and utilities is included with the real estate category.

CITY OF TWIN OAKS, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Fiscal Year	Original Tax Levy	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Portion Of Tax Levy Delinquent
2016	\$ 28,698	\$ 12,468	43 %	\$ 9,151	\$ 21,619	75 %	\$ 16,230	57 %
2015	28,701	16,930	59	13,352	30,282	106	11,765	41
2014	28,446	14,297	50	13,753	28,050	99	13,954	49
2013	28,082	14,250	50	15,905	30,156	107	13,751	49
2012	28,108	12,205	43	-	12,205	43	15,880	57
2011	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-

(1) Source: St. Louis County Collector's office. Taxes are shown in the year payment is actually received in accordance with St. Louis County reporting. This may cause the percentage of current and delinquent taxes collected to exceed 100%. Current and Delinquent Taxes Collected also includes the current year's protested taxes which have been released.

CITY OF TWIN OAKS, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2016

Name Of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Overlapping Debt
St. Louis County	\$ 101,310,000	0.01 %	\$ 10,130
Parkway School District	212,795,000	0.01	21,280
Valley Park School District	13,050,000	0.10	13,050
West County Fire Protection District	16,590,000	0.11	18,249
			62,709
City direct debt	-	100.00 %	-
Total Direct And Overlapping Debt			\$ 62,709

Source: Information was obtained by contacting the Taxing Jurisdiction and the St. Louis County Collector's office. The percentage applicable to the City is based on the Jurisdiction's assessed value within the boundaries of the City.

CITY OF TWIN OAKS, MISSOURI
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<u>Fiscal Years</u>	<u>Capital Lease</u>
2016	\$ -
2015	-
2014	-
2013	-
2012	-
2011	-
2010	2,929
2009	5,252
2008	7,415
2007	9,591

CITY OF TWIN OAKS, MISSOURI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Median Age (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Income (1)</u>	<u>Unemployment Rate</u>
2016	392	49.3	\$ 15,253,116	\$ 40,498	3.60 %
2015	393	57.0	15,253,116	38,812	3.60
2014	392	49.0	13,580,000	35,831	4.70
2013	392	49.0	13,580,000	35,831	5.70
2012	392	49.0	13,580,000	35,831	6.00
2011	392	49.0	13,580,000	35,831	6.80
2010	392	49.0	13,580,000	35,831	8.50
2009	354	46.3	11,793,864	33,316	9.00
2008	354	46.3	11,793,864	33,316	7.10
2007	354	46.3	11,793,864	33,316	5.10

(1) Source: U.S. Bureau of Census

CITY OF TWIN OAKS, MISSOURI
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total City Employment</u>
Schnucks Market	160	1	29 %	138	1	26 %
Shop N' Save	72	2	13	110	2	21
Dairy Queen	39	3	7	43	3	8
Walgreens Pharmacy	31	4	6	31	6	6
Nicoletti's	30	5	6	35	4	7
Krieger's Pub & Grill	28	6	5	30	7	5
Imo's Pizza	26	7	5	31	5	6
Hardees	19	8	4	14	9	3
Pizza Hut	17	9	3	23	8	4
Subway	10	10	2	12	10	2
Total	<u>432</u>		<u>80 %</u>	<u>467</u>		<u>88 %</u>

Source: City Business License Applications

Note:

The City now includes employment data on annual business license applications.

Total persons employed in the City for 2016 is 549 persons.

CITY OF TWIN OAKS, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administration:										
Administrator/Clerk	1	1	1	1	1	1	1	1	1	1
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Accounting clerk	-	-	1	1	1	1	1	1	1	1
Streets/parks:										
Maintenance/landscaping	1	1	1	1	1	1	1	1	1	1

Source: Annual Budget Document and Payroll Records

CITY OF TWIN OAKS, MISSOURI
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administration:										
City clerk (1):										
Site development/concept plans	2	-	-	1	2	-	-	-	1	-
Rezoning applications	1	-	-	-	-	-	1	-	-	-
Text amendments	-	-	-	-	-	-	-	-	-	-
Building permits	5	12	16	11	17	12	13	7	15	21
Building/housing inspections	15	12	9	13	7	10	10	8	10	19
Administrative assistant (2):										
Accounts payable processed	590	579	589	673	674	692	578	621	519	768
Payroll checks authorized	196	214	213	172	184	181	177	167	276	154
Public records requested	1	-	2	6	1	9	2	1	1	1
Collector (3):										
Business licenses issued	36	37	37	34	35	35	34	31	31	31
Liquor licenses issued	14	14	14	14	14	14	14	12	12	12
Sewer lateral fees collected (4)	165	167	160	161	164	163	156	165	165	163
Streets/parks:										
Maintenance/landscaping	1	1	1	1	1	1	1	1	1	1

(1) Source: Office records and St. Louis County Public Works Department records

(2) Source: Annual Budget Document and Payroll Records

(3) Source: Office Records/Business and Liquor License Applications

(4) Sewer lateral fees are collected by St. Louis County and remitted to the City.

CITY OF TWIN OAKS, MISSOURI
CAPITAL ASSETS STATISTICS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Parks:										
Number of parks	1	1	1	1	1	1	1	1	1	1
Acres of parks	11	11	11	11	11	11	11	11	11	11
Streets:										
Miles of streets	3	3	3	3	3	3	3	3	3	3
Street lights and signals	52	52	52	52	52	52	52	52	51	38

Source: Office records

**SECTION IV - INTERNAL CONTROL AND
COMPLIANCE SECTION**

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

**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***

June 16, 2017

Honorable Mayor and Board of Aldermen
CITY OF TWIN OAKS, 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, each major fund, and the aggregate remaining fund information of the **CITY OF TWIN OAKS, MISSOURI** (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2017.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A

significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS