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1-1-2007

## Independent Auditor's Report and Financial Statements 2006

City of Weldon Spring

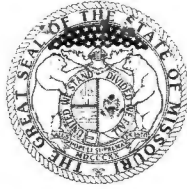
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**SUSAN MONTEE, CPA**

**Missouri State Auditor**

May 1, 2007

City Clerk

City of Weldon Spring

St. Charles County

5401 Independence Road

Weldon Spring, MO 63304

Fiscal Period: One Year Ended September 30, 2006 ✓

Dear City Clerk:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA  
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst

# Bates CPAs

A Professional Corporation

of

Accountants and Consultants

2031 Collier Corporate Parkway  
St. Charles, MO 63303

Phone: 636-947-8400  
Fax: 636-947-1191

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

Honorable Mayor and Board of Aldermen  
City of Weldon Spring, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Weldon Spring, Missouri as of and for the year ended September 30, 2006, which collectively comprise the City of Weldon Spring, Missouri's basic financial statements, and have issued our report thereon dated January 18, 2007. 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.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Weldon Spring, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The following matters are considered reportable conditions.

### 1. Fraud Policy

The American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*, focuses on the auditor's consideration of fraud in an audit of financial statements. It is City management's responsibility to design and implement programs, and internal controls to prevent, detect, and deter fraud. The City leadership sets the proper tone and creates and maintains a culture of honesty and high ethical standards.

In light of the issuance of the AICPA of SAS 99, we recommend the City's management consider developing a fraud detection program that provides for the procedures to be followed should anyone suspect that fraudulent activity is occurring in the City.

### 2. Interest Income

Current City procedures do not record interest income in the month received. We recommend procedures be modified to record interest income in the month received which will be more consistent with the cash basis of accounting used with the City budget.

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### 3. Payroll costs

During our tests, we noted, unlike the time sheets of all other employees, city clerk time sheets are not reviewed by management personnel. To improve monitoring of payroll costs, we recommend the city administrator review these time sheets.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not consider the aforementioned reportable conditions to be material weaknesses.

### Compliance

As part of obtaining reasonable assurance about whether City of Weldon Spring, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 the following instance of noncompliance that is required to be reported under Government Auditing Standards.

#### 1. Collateral Pledged

At September 30, 2006, collateral pledged by a certain bank was not sufficient to cover deposits as follows:

Deposits	\$ <u>264,259</u>
FDIC insurance	\$ 100,000
Collateral pledged	<u>160,383</u>
	\$ <u>260,383</u>
Deficit	\$ <u>3,876</u>

This report is intended solely for the information and use of management, Board of Aldermen, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Boater CPA, P.C.*

January 18, 2007



CITY OF WELDON SPRING, MISSOURI

INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

CITY OF WELDON SPRING, MISSOURI

SEPTEMBER 30, 2006

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# Bates CPAs

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of  
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2031 Collier Corporate Parkway  
St. Charles, MO 63303

Phone: 636-947-8400  
Fax: 636-947-1191

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Weldon Spring, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Weldon Spring, Missouri, as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Weldon Spring, Missouri management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Weldon Spring, Missouri as of September 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2006, on our consideration of the City of Weldon Spring, Missouri internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 20 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bates CPAs, P.C.*

January 18, 2007



**City of Weldon Spring, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

As management of the City of Weldon Spring, Missouri, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis.

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$6,504,347. The City has unrestricted net assets of \$543,850.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund equity of \$2,416,907.
- At the end of the current fiscal year, unrestricted fund equity for the General Fund was \$543,850.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Note the government-wide financial statements exclude fiduciary fund activities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, planning and zoning, board of adjustment, parks and recreation, building maintenance, emergency preparedness, and municipal court. The City does not have any business-type activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.



**City of Weldon Spring, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are government funds. It should be noted that the City does not have any fiduciary or proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions, reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements utilize a current financial resources measurement focus as applied to the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near term financing requirements.

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Sewer Fund, Road and Bridges Fund, Municipal Hall and Park Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget for all its major funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 10 and 11 of this report.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13-19 of this report.

**City of Weldon Spring, Missouri  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**Other Information**

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 20-23 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A condensed version of the statement of net assets follows:

<u>ASSETS</u>	<b>Current Year</b>	<b>Prior Year</b>
Cash and other current assets	\$ 2,506,995	\$ 2,140,953
Capital assets	<u>5,224,353</u>	<u>5,374,410</u>
Total Assets	<u>7,731,348</u>	<u>7,515,363</u>
 <u>LIABILITIES</u>		
Long term liabilities	1,031,936	1,130,228
Other liabilities	<u>195,065</u>	<u>200,405</u>
Total Liabilities	<u>1,227,001</u>	<u>1,330,633</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	4,087,441	4,143,588
Restricted	1,873,056	1,569,436
Unrestricted	<u>543,850</u>	<u>471,706</u>
Total Net Assets	<u>\$ 6,504,347</u>	<u>\$ 6,184,730</u>

As noted earlier, net assets may serve over time as a useful indicator of a city's financial position. As illustrated above, in the case of the City of Weldon Spring, assets exceeded liabilities by \$6,504,347 at the close of September 30, 2006

By far the largest portion of the City of Weldon Spring's net assets (63 percent) reflects its investment in capital assets (e.g., land, building, sewers, and infrastructure); less any related debt used to acquire those assets that is still outstanding.

**City of Weldon Spring, Missouri  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**Governmental Activities**

As illustrated below, government activities increased the City's net assets by \$319,617. The City has no business activities.

	<b>FOR THE YEAR ENDED <u>SEPTEMBER 30, 2006</u></b>	<b>FOR THE YEAR ENDED <u>SEPTEMBER 30, 2005</u></b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 247,459	\$ 161,022
Capital grants and contributions	0	1,591,078
Operating grants and contributions	237,411	259,799
General revenues:		
Taxes	222,183	250,427
Franchise fees	316,477	292,736
Investment income	20,536	7,642
Miscellaneous	<u>12,778</u>	<u>780</u>
Total revenues	<u>1,056,844</u>	<u>2,563,484</u>
<b>EXPENSES</b>		
General government	381,998	373,584
Law enforcement	5,270	5,270
Parks and recreation	96,184	131,365
Road	72,028	59,936
Sewer administration and maintenance	4,905	9,107
Unallocated depreciation	148,919	140,839
Interest on long-term debt	<u>27,923</u>	<u>28,471</u>
Total expenses	<u>737,227</u>	<u>748,572</u>
<b>CHANGE IN NET ASSETS</b>	319,617	1,814,912
<b>NET ASSETS – BEGINNING</b>	<u>6,184,730</u>	<u>4,369,818</u>
<b>NET ASSETS – ENDING</b>	<u>\$ 6,504,347</u>	<u>\$ 6,184,730</u>



**City of Weldon Spring, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Government Funds**

The focus of the City's governmental funds is to provide information on inflows, outflows, and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund equity may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2006 the combined fund equity was \$2,416,907.

The General Fund is the chief operating fund of the City of Weldon Spring. As a measure of the General Fund's liquidity, it may be useful to compare general fund equity to general fund total expenditures. General fund equity represents 146 percent of general fund expenditures. The fund equity in the City's General Fund increased by \$72,144 or 15% from prior year fund equity. The change of the current year's fund equity is mainly due to increased revenues.

**CAPITAL ASSETS**

The City has invested \$5,224,353 at September 30, 2006 in a broad range of capital assets, including park land and improvements, city hall building, machinery and equipment, infrastructure, and construction in progress. This amount includes a net decrease for the current fiscal year (including additions and deductions) of \$150,057. The City's capital assets, net of accumulated depreciation, consisted of:

Land and improvements	\$ 532,155
Building	284,216
Machinery and equipment	60,781
Infrastructure	4,146,134
Construction in progress	<u>201,067</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,224,353</u>

**City of Weldon Spring, Missouri  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**LONG-TERM LIABILITIES**

At the end of the fiscal year, the City has total bonded debt outstanding of \$810,000. The entire amount is authorized by the issuance of General Obligation Neighborhood Improvement Bonds Series 2001 for the purpose of permanently financing the Weldon Spring Neighborhood Sewer District Project. The bonds are payable from special assessments to be levied upon property benefited by the acquisition and construction of said project.

The other major component is \$320,228 supported by a promissory note bearing interest at 3.875%, secured by City Hall and park real estate. This promissory note was for the sole purpose of purchasing 12.41 acres with residence to serve as a City hall and park. The loan is payable with revenues generated by a one-half percent sales tax approved by voters of the City.

**BUDGETARY HIGHLIGHTS**

In the General Fund, the following significant variances occurred between 2006 budget and actual expenditures:

- Total collected revenues were \$13,511 greater than budgeted due to increased interest earnings on investments.
- Total administrative expenditures were \$10,922 less than budgeted due to decreased payroll and benefits because of the open City Administrator position.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For the year ending September 30, 2007 the City projects General Fund revenue of \$391,200 and expenditures of \$416,200.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Weldon Spring  
City Treasurer  
5401 Independence Road  
Weldon Spring, MO 63304

CITY OF WELDON SPRING  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets	
Pooled cash and cash equivalents	\$ 2,400,086
Receivables	<u>106,909</u>
Total current assets	<u>2,506,995</u>
Capital assets (net of accumulated depreciation)	
Land and land improvements	532,155
Building	284,216
Machinery and equipment	60,781
Infrastructure	4,146,134
Construction in progress	<u>201,067</u>
Total capital assets, net	<u>5,224,353</u>
Total assets	<u>7,731,348</u>
<b><u>LIABILITIES</u></b>	
Current liabilities	
Accounts payable	31,673
Accrued salaries and payroll taxes	13,415
Accrued interest	6,685
Escrow payable	45,000
Bonds and note payable current	<u>98,292</u>
Total current liabilities	<u>195,065</u>
Non-current liabilities	
Bonds payable	755,000
Note payable	<u>276,936</u>
Total non-current liabilities	<u>1,031,936</u>
Total liabilities	<u>1,227,001</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	4,087,441
Restricted for:	
City hall and park	263,763
Road improvements	1,463,914
Bond debt service	145,380
Unrestricted	<u>543,850</u>
Total net assets	<u>\$ 6,504,347</u>

See Notes to Financial Statements



CITY OF WELDON SPRING  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities Net Revenue (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:	\$ 381,998	\$ 95,282	\$ -	\$ -	\$ ( 286,716)
General government	5,270	-	-	-	( 5,270)
Law enforcement	96,184	8,578	-	-	( 87,606)
Parks and recreation	72,028	53,990	237,411	-	219,373
Road	4,905	89,609	-	-	84,704
Sewer administration and maintenance	148,919	-	-	-	( 148,919)
Depreciation unallocated	27,923	-	-	-	( 27,923)
Interest on long-term debt					
Total governmental activities	<u>737,227</u>	<u>247,459</u>	<u>237,411</u>	<u>-</u>	<u>( 252,357)</u>
Total primary government	<u>737,227</u>	<u>247,459</u>	<u>237,411</u>	<u>-</u>	<u>( 252,357)</u>
		General revenues:			
					222,183
					316,477
					20,536
					<u>12,778</u>
					<u>571,974</u>
					319,617
					<u>6,184,730</u>
					<u>\$ 6,504,347</u>

See Notes to Financial Statements

CITY OF WELDON SPRING, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Roads and Bridges Fund</u>	<u>Municipal Hall and Park Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Pooled cash and cash equivalents	\$ 550,781	\$ 145,380	\$ 1,456,980	\$ 246,945	\$ 2,400,086
Receivables	<u>66,489</u>	<u>-</u>	<u>19,404</u>	<u>21,016</u>	<u>106,909</u>
Total assets	<u>\$ 617,270</u>	<u>\$ 145,380</u>	<u>\$ 1,476,384</u>	<u>\$ 267,961</u>	<u>\$ 2,506,995</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:	\$ 17,618	\$ -	\$ 12,356	\$ 1,699	\$ 31,673
Accounts payable	10,802	-	114	2,499	13,415
Accrued salaries and payroll taxes	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Escrow payable	<u>73,420</u>	<u>-</u>	<u>12,470</u>	<u>4,198</u>	<u>90,088</u>
Total liabilities	<u>73,420</u>	<u>-</u>	<u>12,470</u>	<u>4,198</u>	<u>90,088</u>
Fund balances:					
Unreserved, reported in:					543,850
General Fund	543,850	-	-	-	1,873,057
Special Revenue Funds	<u>-</u>	<u>145,380</u>	<u>1,463,914</u>	<u>263,763</u>	<u>1,873,057</u>
Total fund balances	<u>543,850</u>	<u>145,380</u>	<u>1,463,914</u>	<u>263,763</u>	<u>2,416,907</u>
Total liabilities and fund balances	<u>\$ 617,270</u>	<u>\$ 145,380</u>	<u>\$ 1,476,384</u>	<u>\$ 267,961</u>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets of \$5,688,885, net of accumulated depreciation of \$464,532, are not financial resources and, therefore, are not reported in the funds.					5,224,353
<del>Bonds payable and note payable are not reported in the funds.</del>					<del>( 1,130,228)</del>
Accrued interest is not reported in the funds.					<u>6,685)</u>
					<u>\$ 6,504,347</u>

See Notes to Financial Statements

CITY OF WELDON SPRING, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2006

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Roads and Bridges Fund</u>	<u>Municipal Hall and Park Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes	\$ 324,080	\$ -	\$ 237,411	\$ 222,184	\$ 459,595
Franchise fees	86,786	-	-	-	324,080
Permits, licenses and applications	-	-	8,820	-	86,786
Grants	-	83,800	-	-	8,820
Fees	-	-	-	905	83,800
Rentals	13,671	-	-	14,990	905
Other	20,536	5,810	53,990	7,673	28,661
Interest	-	-	-	-	88,009
<b>Total revenues</b>	<u>445,073</u>	<u>89,610</u>	<u>300,221</u>	<u>245,752</u>	<u>1,080,656</u>
EXPENDITURES:					
Current:					
Administrative	372,013	4,906	10,522	-	387,441
Law enforcement	-	-	5,270	-	5,270
Parks and recreation	-	-	-	76,557	76,557
Occupancy	-	-	-	14,864	14,864
Road and bridge	916	-	96,220	-	96,220
Capital outlay	-	-	-	1,788	2,704
Debt service	-	50,000	-	43,292	93,292
Principal	-	14,892	-	13,651	28,543
Interest	-	-	-	-	-
<b>Total expenditures</b>	<u>372,929</u>	<u>69,798</u>	<u>112,012</u>	<u>150,152</u>	<u>704,891</u>
<b>NET CHANGES IN FUND BALANCES</b>	72,144	19,812	188,209	95,600	375,765
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>471,706</u>	<u>125,568</u>	<u>1,275,705</u>	<u>168,163</u>	<u>2,041,142</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 543,850</u>	<u>\$ 145,380</u>	<u>\$ 1,463,914</u>	<u>\$ 263,763</u>	<u>\$ 2,416,907</u>

See Notes to Financial Statements



CITY OF WELDON SPRING, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2006

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

Net change in fund balance – total governmental funds	\$ 375,765
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$175,953 exceeded capital asset additions of \$25,895 in the current period	( 150,058)
Payments of bonds principal and note principal are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net assets. This is the amount of current year bond and note principal payments.	93,292
Interest is reported using the modified accrual method in the funds and full accrual method in the statement of activities.	618
Change in net assets of governmental activities	<u>\$ 319,617</u>

See Notes to Financial Statements

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Weldon Spring, Missouri, (the City) was incorporated on November 18, 1984 and established a Mayor-Board of Aldermen form of government. The City's major operations include general administrative services, planning and zoning activities, park development and management, and sewer construction.

The City defines its reporting entity in accordance with GASB 14. The guidelines set forth therein establish the exercise of oversight responsibility as the primary, but not the only, criteria for including a governmental unit as a component unit of the governmental reporting entity.

The financial statements present financial information on activities of the City for which the Board of Aldermen has oversight responsibility. Oversight responsibility is defined as control by or dependence on the City as determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

Based on the foregoing definition of oversight responsibility, the City's general purpose financial statements include all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the City.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish *governmental activities*, which normally are supported by taxes and City general revenues, from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The City has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 and contributions 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*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

The City reports the following major governmental funds:

General 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.

Sewer Special Revenue Fund – is used to account for certain fees restricted for sewer maintenance costs and certain bond debt service payments.

Roads and Bridges Special Revenue Fund – is used to account for certain tax revenues legally restricted to expenditures for the construction or servicing of roads and bridges.

Municipal Hall and Park Special Revenue Fund – is used to account for certain tax revenues restricted for maintenance of the municipal city hall and park and certain debt service payments.

C. 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, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current purpose. 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment, are recorded when payment is due.

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

D. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from date of acquisition.

The surplus funds of the City may be legally invested in any of the securities identified as eligible in Section 30.270 of Missouri State Statutes.

E. Capital Assets, Depreciation and Amortization

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City has elected not to report general infrastructure assets retroactively. Therefore, no general infrastructure assets purchased or placed in service prior to October 1, 2003 are included in the statement of net assets.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30
Park equipment	10
Heavy maintenance equipment	10
Vehicles	5
Office equipment	5
Computer equipment	5

F. Total (Memorandum Only) Data

The total columns in the combined general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

NOTE 2: BUDGET POLICY AND PRACTICE

The Board of Aldermen currently adopts annual budgets for the General Fund and Special Revenue Funds in accordance with the cash basis of accounting. Accordingly, budgeted revenues do not reflect revenues earned but not received and budgeted expenditures do not include expenditures incurred but not paid. All budget appropriations lapse at year end.

Supplementary budgetary comparison schedules include adjustments to reconcile actual amounts using the budget cash basis to actual amounts using the modified accrual basis pursuant to accounting principles generally accepted in the United States of America.

NOTE 3: CASH AND CASH EQUIVALENTS

The City maintains a deposit and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Balance Sheet.

**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 secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee 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 September 30, 2006, \$3,876 of the City's demand deposits were not secured or collateralized with securities held by the City or by its agent in the City's name.



CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 3: CASH AND CASH EQUIVALENTS, continued

**Investment Policies**

At September 30, 2006, the City had the following investments (considered cash and cash equivalents):

Repurchase agreements	\$ 1,430,885
Certificates of deposit	<u>109,796</u>
	<u>\$ 1,540,681</u>

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a written investment policy covering interest rate risk.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have a written investment policy covering concentration of credit risk.

NOTE 4: RESTRICTED ASSETS

Restricted assets are reported in various funds for cash deposited legally restricted for specific uses such as sewer maintenance costs, municipal hall and park costs, debt service payments and road improvements. See Note 1.c describing the priority for use of restricted and unrestricted assets.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006 was as follows:

	<u>Beginning Balance, Restated</u>	<u>2006 Increases</u>	<u>2006 Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 465,323	\$ -	\$ -	\$ 465,323
Construction in progress	<u>175,171</u>	<u>25,897</u>	<u>-</u>	<u>201,068</u>
Total capital assets, not being depreciated	<u>640,494</u>	<u>25,897</u>	<u>-</u>	<u>666,391</u>
Capital assets being depreciated:				
Land improvements	84,964	-	-	84,964
Buildings	357,678	-	-	357,678
Machinery and equipment	112,275	-	-	112,275
Infrastructure	<u>4,467,576</u>	<u>-</u>	<u>-</u>	<u>4,467,576</u>
Total capital assets being depreciated	<u>5,022,493</u>	<u>-</u>	<u>-</u>	<u>5,022,493</u>
Less accumulated depreciation for:				
Land improvements	( 13,883)	( 4,248)	-	( 18,131)
Buildings	( 62,550)	( 10,912)	-	( 73,462)
Machinery and equipment	( 39,620)	( 11,874)	-	( 51,494)
Infrastructure	<u>( 172,525)</u>	<u>( 148,919)</u>	<u>-</u>	<u>( 321,444)</u>
Total accumulated depreciation	<u>( 288,578)</u>	<u>( 175,953)</u>	<u>-</u>	<u>( 464,531)</u>
Total capital assets being depreciated, net	<u>4,733,915</u>	<u>( 175,953)</u>	<u>-</u>	<u>4,557,962</u>
Governmental activities capital assets, net	<u>\$ 5,374,409</u>	<u>\$ ( 150,056)</u>	<u>\$ -</u>	<u>\$ 5,224,353</u>

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

Governmental activities:	
General government	\$ 9,069
Parks	17,965
Infrastructure (unallocated)	<u>148,919</u>
Total depreciation expense governmental activities	<u>\$ 175,953</u>

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 6: LONG-TERM DEBT

General Obligation Neighborhood Improvement Bonds Series 2001

On November 11, 2001 the Board of Aldermen authorized the issuance of \$1,040,000 General Obligation Neighborhood Improvement Bonds (State Revolving Fund Program) Series 2001 for the purpose of permanently financing the Weldon Spring Neighborhood Sewer District Project and paying in full the Neighborhood Improvement District Notes (State Revolving Fund – Direct Loan Program) Series 1999.

Promissory Note, December 29, 1998

On December 8, 1998, the Board of Aldermen authorized the borrowing of \$575,000 for the sole purpose of purchasing 12.41 acres with residence to serve as a City hall and park. The loan is payable with revenues generated by a one-half percent sales tax approved by the voters of the City on February 3, 1998. This note was refinanced January 10, 2003.

The changes in general long-term debt during the year ended September 30, 2006 related to governmental activities are summarized as follows:

	<u>Balance Outstanding September 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding September 30, 2006</u>	<u>Due Within One Year</u>
General Obligation Neighborhood Improvement Bonds, Series 2001, original amount of \$1,040,000; bearing interest at an annual rate ranging from 3.0% to 5.375%	\$ 860,000	\$ -	\$ 50,000	\$ 810,000	\$ 55,000
Promissory note bearing interest at 4.75% per annum through January 10, 2003; then 3.875%; secured by City hall and park real estate; interest only payable quarterly April 1, 1999 through October 1, 1999; then principal payments of \$7,375 plus accrued interest payable quarterly through April 10, 2003; then, principal payments of \$10,823 plus accrued interest payable quarterly until January 1, 2008 at which time all unpaid principal and accrued interest will be due and payable in full.	<u>363,520</u>	<u>-</u>	<u>43,292</u>	<u>320,228</u>	<u>43,292</u>
	<u>\$ 1,223,520</u>	<u>\$ -</u>	<u>\$ 93,292</u>	<u>\$ 1,130,228</u>	<u>\$ 98,292</u>

The following is a summary of maturities of long-term debt as of September 30, 2006:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 98,292	\$ 26,112	\$ 124,404
2008	331,936	18,697	350,633
2009	55,000	12,544	67,544
2010	60,000	11,560	71,560
2011	60,000	10,494	70,494
2012-2016	315,000	38,361	353,361
2017-2019	<u>210,000</u>	<u>7,340</u>	<u>217,340</u>
Total Payments	<u>\$ 1,130,228</u>	<u>\$ 125,108</u>	<u>\$ 1,255,336</u>



CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 7: ROAD AND BRIDGE TAX REFUNDS

By authority of Article X, Section 12(b) of the Missouri Constitution, the County of St. Charles may rebate certain road and bridge tax to towns and cities.

Pursuant to Ordinance 7 of the City, the City has waived its rights to these rebates in return for St. Charles County's continued maintenance of public roads within the City's boundaries. These rebates totaled \$203,285 for the County's year ending December 31, 2005.

NOTE 8: RISK MANAGEMENT – CLAIMS AND JUDGMENTS

The City managed risks of loss related to employee life, health and disability, workers' compensation, property and liability by purchasing commercial insurance during 2006. There were no significant reductions in insurance coverage during 2006 and settlement amounts have not exceeded insurance coverage for the current or three prior years.



CITY OF WELDON SPRING

REQUIRED SUPPLEMENTARY SCHEDULE 1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED SEPTEMBER 30, 2006

	<u>Actual (Budget Basis)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	320,164	338,600	338,600	( 18,436)
Permits, licenses and applications	55,230	51,550	51,550	3,680
Other	13,671	1,140	1,140	12,531
Interest	<u>20,536</u>	<u>4,800</u>	<u>4,800</u>	<u>15,736</u>
Total revenues	<u>409,601</u>	<u>396,090</u>	<u>396,090</u>	<u>13,511</u>
<b>EXPENDITURES</b>				
Administrative				
Payroll	138,335	147,931	147,931	9,596
Payroll taxes and benefits	28,595	36,781	36,781	8,186
City attorney	24,485	27,600	27,600	3,115
City engineer	72,089	60,600	60,600	( 11,489)
City planner	20,619	16,000	16,000	( 4,619)
Other professional fees	12,716	13,495	13,495	779
Insurance	9,961	6,500	6,500	( 3,461)
Other administrative costs	<u>53,268</u>	<u>62,083</u>	<u>62,083</u>	<u>8,815</u>
Total administrative	360,068	370,990	370,990	10,922
Capital outlay	<u>916</u>	<u>4,200</u>	<u>4,200</u>	<u>3,284</u>
Total expenditures	<u>360,984</u>	<u>375,190</u>	<u>375,190</u>	<u>14,206</u>
NET CHANGE IN FUND BALANCE	48,617	<u>\$ 20,900</u>	<u>\$ 20,900</u>	<u>\$ 27,717</u>
<b>RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS</b>				
Accounts receivable 9/30/05	( 31,017)			
Accounts receivable 9/30/06	66,489			
Accounts payable 9/30/05	6,033			
Accounts payable 9/30/06	( 17,618)			
Accrued wages 9/30/05	7,186			
Accrued wages 9/30/06	<u>( 7,546)</u>			
	<u>23,527</u>			
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS	<u>\$ 72,144</u>			

See Independent Auditor's Report

CITY OF WELDON SPRING

REQUIRED SUPPLEMENTARY SCHEDULE 2

SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED SEPTEMBER 30, 2006

	<u>Actual (Budget Basis)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>
<b>REVENUE</b>				
Fees	\$ 83,800	\$ 68,156	68,156	\$ 15,644
Interest	<u>5,810</u>	<u>1,349</u>	<u>1,349</u>	<u>4,461</u>
Total revenues	<u>89,610</u>	<u>69,505</u>	<u>69,505</u>	<u>20,105</u>
<b>EXPENDITURES</b>				
Administrative costs	5,371	5,412	5,412	41
Capital outlay	-	3,600	3,600	3,600
Debt service:				
Principal	50,000	50,000	50,000	-
Interest	<u>14,892</u>	<u>13,312</u>	<u>13,312</u>	<u>( 1,580)</u>
Total expenditures	<u>70,263</u>	<u>72,324</u>	<u>72,324</u>	<u>2,061</u>
<b>NET CHANGE IN FUND BALANCE</b>	19,347	<u><u>\$ ( 2,819)</u></u>	<u><u>\$ ( 2,819)</u></u>	<u><u>\$ 22,166</u></u>
<b>RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS N</b>				
Accounts payable 9/30/05	<u>465</u>			
<b>NET CHANGE IN FUND BALANCE – MODIFIED ACCRUAL BASIS</b>	<u><u>\$ 19,812</u></u>			

See Independent Auditor's Report

CITY OF WELDON SPRING

REQUIRED SUPPLEMENTARY SCHEDULE 3

ROADS AND BRIDGES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED SEPTEMBER 30, 2006

	<u>Actual (Budget Basis)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>
<b>REVENUE</b>				
Taxes	\$ 237,475	\$ 219,267	\$ 219,267	\$ 18,208
Grants	103,784	1,750,000	1,750,000	( 1,646,216)
Interest	<u>53,990</u>	<u>13,297</u>	<u>13,297</u>	<u>40,693</u>
Total revenues	<u>395,249</u>	<u>1,982,564</u>	<u>1,982,564</u>	<u>( 1,587,315)</u>
<b>EXPENDITURES</b>				
Administrative				
Payroll	9,954	11,318	11,318	1,364
Payroll taxes and benefits	<u>819</u>	<u>947</u>	<u>947</u>	<u>128</u>
Total administrative	10,773	12,265	12,265	1,492
Road and bridge	93,048	2,024,466	2,024,466	1,931,418
Law enforcement	<u>5,270</u>	<u>192,270</u>	<u>192,270</u>	<u>187,000</u>
Total expenditures	<u>109,091</u>	<u>2,229,001</u>	<u>2,229,001</u>	<u>2,119,910</u>
<b>NET CHANGES IN FUND BALANCE</b>	286,158	<u><u>\$ ( 246,437)</u></u>	<u><u>\$ ( 246,437)</u></u>	<u><u>\$ 532,595</u></u>
<b>RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS</b>				
Accounts receivable 9/30/05	( 114,433)			
Accounts receivable 9/30/06	19,405			
Accounts payable 9/30/05	9,185			
Accounts payable 9/30/06	( 12,357)			
Accrued wages 9/30/05	311			
Accrued wages 9/30/06	<u>( 60)</u>			
	<u>( 97,949)</u>			
<b>NET CHANGE IN FUND BALANCE – MODIFIED ACCRUAL BASIS</b>	<u><u>\$ 188,209</u></u>			

See Independent Auditor's Report



CITY OF WELDON SPRING

REQUIRED SUPPLEMENTARY SCHEDULE 4

MUNICIPAL HALL AND PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED SEPTEMBER 30, 2006

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Variance</u>
<b>REVENUE</b>				
Taxes	\$ 223,640	\$ 226,488	\$ 226,488	\$( 2,848)
Rentals	905	840	840	65
Interest	7,673	1,200	1,200	6,473
Other	<u>14,990</u>	<u>-</u>	<u>-</u>	<u>14,990</u>
Total revenues	<u>247,208</u>	<u>228,528</u>	<u>228,528</u>	<u>18,680</u>
<b>EXPENDITURES</b>				
Occupancy	14,955	23,720	23,720	8,765
Park maintenance	75,471	87,408	87,408	11,937
Debt service:				
Principal	43,292	43,292	43,292	-
Interest	13,651	14,708	14,708	1,057
Capital outlay	<u>1,788</u>	<u>59,400</u>	<u>59,400</u>	<u>57,612</u>
Total expenditures	<u>149,157</u>	<u>228,528</u>	<u>228,528</u>	<u>79,371</u>
<b>NET CHANGE IN FUND BALANCE</b>	98,051	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,051</u>
<b>RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS</b>				
Accounts receivable 9/30/05	( 22,472)			
Accounts receivable 9/30/06	21,016			
Accounts payable 9/30/05	622			
Accounts payable 9/30/06	( 1,699)			
Accrued wages 9/30/05	1,614			
Accrued wages 9/30/06	<u>( 1,532)</u>			
	<u>( 2,451)</u>			
<b>NET CHANGE IN FUND BALANCE – MODIFIED ACCRUAL BASIS</b>	<u>\$ 95,600</u>			

See Independent Auditor's Report