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1-1-2007

## Independent Auditors' Report and Financial Statements, 2006

City of Cottleville

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09-092-0014

**SUSAN MONTEE, CPA**  
Missouri State Auditor

January 10, 2008

City Clerk  
City of Cottleville  
St. Charles County  
P.O. Box 350  
Cottleville, MO 63338

Fiscal Period: One Year Ended December 31, 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

**CITY OF COTTLEVILLE, MISSOURI**

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

**Bates CPAs**

A Professional Corporation of Accountants and Consultants

CITY OF COTTLEVILLE, MISSOURI

DECEMBER 31, 2006

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# 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

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Cottleville, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Cottleville, Missouri, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of City of Cottleville, 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.

As described in Note 1, the City of Cottleville, Missouri prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cottleville, Missouri as of December 31, 2006, and the revenues it collected and expenditures it paid for the year then ended on the basis of accounting described in Note 1. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and unencumbered cash of each nonmajor governmental fund of the City of Cottleville, Missouri, as of December 31, 2006, and the respective revenues it collected and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2007, on our consideration of the City of Cottleville, Missouri 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 the internal control over financial reporting or 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 22 through 29, 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, PC*

September 6, 2007

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# **City of Cottleville, Missouri**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED December 31, 2006**

As management of the City of Cottleville, 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 December 31, 2006. We encourage readers to consider the information presented here along with the City's financial statements, including the notes to the financial statements.

#### **FINANCIAL HIGHLIGHTS**

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$ 4,026,791. The City has unrestricted net assets of \$ 132,705.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund equity of \$ 6,458,107.
- At the end of the current fiscal year, unrestricted fund equity for the General Fund was \$ 130,650 or 8.7% of total General Fund Expenditures.

#### **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.

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, public works, planning and zoning, board of adjustment, street department, waste hauling services, parks and recreation, building maintenance, police department, emergency preparedness, and municipal court.

The City has elected to utilize a modified cash basis of accounting as explained in Note 1.C of the notes to the financial statements.

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

**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2006**

**Fund Financial Statements**

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

**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 cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend able financial resources during a given period. These funds use fund equity as their measure of available spend able 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 equity provide a reconciliation to facilitate this comparison between governmental funds and the 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 equity for the General Fund, Capital Improvement Fund and Debt Service Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Capital Improvement Fund and Debt Service Fund, Road Special Revenue Fund, Waste Hauling Fund and Parks Fund. 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 through 21 of this report.

**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2006**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A condensed version of the statement of net assets follows:

<b><u>ASSETS</u></b>	<b><u>December 31, 2005</u></b>	<b><u>December 31, 2006</u></b>
Cash and other current assets	\$ 119,511	\$ 6,460,282
Restricted Assets	-	13,176
Capital assets	3,148,945	4,561,171
Other assets	<u>-</u>	<u>117,413</u>
Total Assets	<u>3,268,456</u>	<u>11,152,042</u>
<b><u>LIABILITIES</u></b>		
Other liabilities	300	3,496
Performance deposits	39,234	13,176
Short-term debt	510,213	32,718
Noncurrent Liability	<u>192,641</u>	<u>7,075,861</u>
Total Liabilities	<u>742,388</u>	<u>7,125,251</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	2,446,091	3,673,919
Restricted	72,234	220,167
Unrestricted	<u>7,743</u>	<u>132,705</u>
Total Net Assets	<u>\$ 2,526,068</u>	<u>\$ 4,026,791</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 Cottleville, assets exceeded liabilities by \$ 4,026,791 at the close of December 31, 2006.

By far the largest portion of the City of Cottleville's net assets ( 91.2% percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Cottleville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of Cottleville net assets ( 5.5% percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 132,705 (3.3%) may be used to meet the government's ongoing obligations to citizens and creditors.



**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2006**

**Governmental Activities**

As illustrated below, governmental activities increased the City's net assets by \$ 1,500,723.

	<u>FOR THE YEAR ENDED DECEMBER 31, 2005</u>	<u>FOR THE YEAR ENDED DECEMBER 31, 2006</u>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 591,914	\$ 691,045
Operating grants and contributions	160,585	150,114
Capital grants and contributions	1,599,342	1,268,794
General revenues:		
Taxes	736,392	1,045,623
Communication Fees	36,000	30,000
Lease Income	9,865	11,040
Licenses	35,855	40,393
Unrestricted		
Investment income	394	90,914
Miscellaneous	<u>6,858</u>	<u>24,788</u>
Total revenues	<u>3,177,205</u>	<u>3,352,711</u>
<b>EXPENSES</b>		
General government	441,026	401,264
Police	689,030	780,835
Public works	389,049	379,610
Parks	37,774	19,094
Waste Hauling	168,935	224,257
Capital Lease	2,771	20,690
Unallocated Depreciation	<u>7,326</u>	<u>26,238</u>
Total expenses	<u>1,735,911</u>	<u>1,851,988</u>
<b>CHANGE IN NET ASSETS</b>	1,441,294	1,500,723
<b>NET ASSETS – BEGINNING</b>	<u>1,084,774</u>	<u>2,526,068</u>
<b>NET ASSETS – ENDING</b>	<u>\$ 2,526,068</u>	<u>\$ 4,026,791</u>

**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 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.

**Governmental 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 December 31, 2006 the combined fund equity was \$ 6,458,107.

The General Fund is the chief operating fund of the City of Cottleville. 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 less than 8.5 percent of general fund total expenditures. The fund equity in the City's General Fund decreased by \$ 127,563 from prior year fund equity. The change of the current year's fund equity is mainly due to the expenditures being less than revenue in 2006.

**Capital Assets (Net)**

The City has invested \$ 4,561,172 at December 31, 2006 in a broad range of capital assets, including park facilities, buildings, machinery and equipment, and vehicles. This amount includes a net increase for the current fiscal year (including additions and deductions) of \$ 1,412,227. The City's capital assets, net of accumulated depreciation, consisted of:

	<u>December 31, 2006</u>		
	<u>Gross</u>	<u>Accum Depr</u>	<u>Net</u>
Land	\$ 1,706,904	\$ 16,105	\$ 1,690,799
Construction in Progress	264,879	-	264,879
Building & Improvements	98,403	22,198	76,205
Equipment	7,850	1,243	6,607
Vehicles	216,763	129,892	86,871
Infrastructure	<u>2,472,012</u>	<u>36,201</u>	<u>2,435,811</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,766,811</u>	<u>\$ 205,639</u>	<u>\$ 4,561,172</u>

Additional information on the City's capital assets can be found on page 17 in Note 5 in the notes to the financial statements.

**Note Payable**

At December 31, 2006 the City still owed \$ 170,579 on the February 1998 note payable. The note is backed by full faith and credit of the City and is payable from general revenues of the City.

**Short-term/Long-term Debt**

During 2005 the City borrowed \$ 460,000 for a Site Lease Purchase Agreement with principal and interest totaling \$ 477,298 and refinanced it with certificates of participation in the amount of \$ 6,955,000 on September 1, 2006. The Certificate of Participation funds will also be used to build a new city hall, police department and park.

**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2006**

**Capital Lease**

At December 31, 2006, the City had capital lease obligations for governmental activities in the amount of \$ 22,060 compared to \$ 50,952 at December 31, 2005.

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

For year ending December 31, 2007 the City projects revenue of \$ 4,686,460 and expenditures of \$ 8,904,778, giving the City an ending fund equity of \$ 1,104,298 at December 31, 2007.

**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 Cottleville  
Amy Spencer, City Clerk/Treasurer  
5377 Highway N, Suite A  
Cottleville, Mo. 63304

CITY OF COTTLEVILLE, MISSOURI

STATEMENT OF NET ASSETS ARISING FROM CASH TRANSACTIONS

DECEMBER 31, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 6,460,282
Construction escrows	13,176
Capital assets (net of accumulated depreciation):	
Land and improvements	1,690,797
Building	76,206
Equipment	6,607
Vehicles	38,985
Vehicles under capital lease	47,886
Infrastructure	2,435,811
Construction in progress	264,879
Bond issuance costs	116,092
Miscellaneous receivable	<u>1,321</u>
Total assets	<u>11,152,042</u>
<u>LIABILITIES</u>	
Court bonds	3,496
Performance deposits	13,176
Noncurrent liabilities:	
Due within one year	32,718
Due in more than one year	<u>7,075,861</u>
Total liabilities	<u>7,125,251</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	3,673,919
Restricted for:	
Debt service	13,735
Park improvements	9,756
Road improvements	114,598
Site development and capital improvements	82,078
Unrestricted	<u>132,705</u>
Total net assets	<u>\$ 4,026,791</u>

See Notes to Financial Statements

CITY OF COTTLEVILLE, MISSOURI

STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS

YEAR ENDED DECEMBER 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 401,264	\$ -	\$ 3,257	\$ 25,000	\$( 373,007)
Public safety	780,835	285,410	-	-	( 495,425)
Public works and road improvements	379,610	218,116	146,857	1,243,794	1,229,157
Parks	19,094	7,628	-	-	( 11,466)
Waste hauling	224,257	179,891	-	-	( 44,366)
Interest on long-term debt	20,690	-	-	-	( 20,690)
Unallocated depreciation	26,238	-	-	-	( 26,238)
Total governmental activities	<u>1,851,988</u>	<u>691,045</u>	<u>150,114</u>	<u>1,268,794</u>	<u>257,965</u>
Total primary government	<u>1,851,988</u>	<u>691,045</u>	<u>150,114</u>	<u>1,268,794</u>	<u>257,965</u>
		General revenues:			
					208,714
					163,688
					40,393
					673,221
					30,000
					11,040
					90,914
					<u>24,788</u>
					<u>1,242,758</u>
					1,500,723
					<u>2,526,068</u>
					<u>\$ 4,026,791</u>

See Notes to Financial Statements

CITY OF COTTLEVILLE, MISSOURI

STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY  
ARISING FROM CASH TRANSACTIONS – GOVERNMENTAL FUNDS

DECEMBER 31, 2006

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 132,825	\$ 36,776	\$ 805,281	\$ 11,809	\$ 986,691
Cash and cash equivalents restricted for site development	-	5,358,993		-	5,358,993
Cash and cash equivalents restricted for specific road improvements	-	-		114,598	114,598
Construction escrows	13,176	-	-	-	13,176
Miscellaneous receivable	<u>1,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,321</u>
<b>Total assets</b>	<b><u>\$ 147,322</u></b>	<b><u>\$ 5,395,769</u></b>	<b><u>\$ 805,281</u></b>	<b><u>\$ 126,407</u></b>	<b><u>\$ 6,474,779</u></b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Court bonds	\$ 3,496	\$ -	\$ -	\$ -	\$ 3,496
Performance deposits	<u>13,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,176</u>
<b>Total liabilities</b>	<b><u>16,672</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16,672</u></b>
<b>Fund equity:</b>					
Unreserved, reported in:					
General fund	130,650	-		-	130,650
Debt service fund	-	-	805,281	-	805,281
Special revenue funds	<u>-</u>	<u>5,395,769</u>	<u>-</u>	<u>126,407</u>	<u>5,522,176</u>
<b>Total fund equity</b>	<b><u>130,650</u></b>	<b><u>5,395,769</u></b>	<b><u>805,281</u></b>	<b><u>126,407</u></b>	<b><u>6,458,107</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 147,322</u></b>	<b><u>\$ 5,395,769</u></b>	<b><u>\$ 805,281</u></b>	<b><u>\$ 126,407</u></b>	

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

Capital assets of \$4,766,810, net of accumulated depreciation of \$205,639 are not financial resources and therefore, are not reported in the funds	4,561,171
Bond issuance costs of \$118,062, net of accumulated amortization of \$1,970 are not financial resources and therefore, are not reported in the funds	116,092
Long-term liabilities, including notes payables, are not due and payable in the current period and therefore are not reported in the funds	<u>( 7,108,579)</u>
Net assets of governmental activities	<b><u>\$ 4,026,791</u></b>

See Notes to Financial Statement

CITY OF COTTLEVILLE, MISSOURI

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES COLLECTED:					
Taxes	\$ 372,402	\$ 18,552	\$ -	\$ 6,973	\$ 397,927
Intergovernmental	808,839	-	-	289,864	1,098,703
Licenses and permits	288,509	-	-	-	288,509
Fines and forfeitures	211,456	-	-	-	211,456
Charges for services	-	-	-	179,509	179,509
Investment income	1,905	74,750	13,735	1,180	91,570
Other revenue	<u>98,752</u>	<u>25,000</u>	<u>-</u>	<u>79,258</u>	<u>203,010</u>
Total revenues collected	<u>1,781,863</u>	<u>118,302</u>	<u>13,735</u>	<u>556,784</u>	<u>2,470,684</u>
EXPENDITURES PAID:					
Current expenditures:					
Administration	355,208	-	-	-	355,208
Police	752,948	-	-	-	752,948
Public works	394,321	-	-	-	394,321
Road improvements	-	-	-	304,312	304,312
Park	-	-	-	13,515	13,515
Waste hauling expense	-	-	-	224,257	224,257
Capital outlay	-	313,737	-	-	313,737
Debt service :					
Principal retirement	-	731,322	-	-	731,322
Interest	-	18,210	-	-	18,210
Bond issuance costs	-	119,312	-	-	119,312
Capital lease:					
Obligation retirement	-	21,129	-	7,763	28,892
Interest	<u>-</u>	<u>912</u>	<u>-</u>	<u>888</u>	<u>1,800</u>
Total expenditures paid	<u>1,502,477</u>	<u>1,204,622</u>	<u>-</u>	<u>550,735</u>	<u>3,257,834</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	279,386	( 1,086,320)	13,735	6,049	( 787,150)
OTHER FINANCING SOURCES					
Operating transfers in (out)	( 151,823)	92,601	-	59,222	-
Certificates of participation proceeds	-	6,163,454	791,546	-	6,955,000
Original issue discount	-	( 39,720)	-	-	( 39,720)
Tax anticipation note proceeds	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
NET CHANGE IN FUND EQUITY	127,563	5,380,015	805,281	65,271	6,378,130
FUND EQUITY, BEGINNING OF YEAR	<u>3,087</u>	<u>15,754</u>	<u>-</u>	<u>61,136</u>	<u>79,977</u>
FUND EQUITY, END OF YEAR	<u>\$ 130,650</u>	<u>\$ 5,395,769</u>	<u>\$ 805,281</u>	<u>\$ 126,407</u>	<u>\$ 6,458,107</u>

See Notes to Financial Statements

CITY OF COTTLEVILLE, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,  
AND CHANGES IN FUND EQUITY OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS

YEAR ENDED DECEMBER 31, 2006

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

Net change in fund equity – total governmental funds	\$ 6,378,130
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 capital asset additions of \$588,087 exceeded depreciation of \$57,887 in the current period.	530,200
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	882,027
The issuance of long-term debt, including leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, have any effect on net assets. This amount is the net effect of these differences:	
Certificate of participation	\$(6,955,000)
Unamortized original issue discount	39,060
Unamortized bond issue costs	116,092
Note proceeds	( 250,000)
Note principal payments	731,322
Capital lease principal payments	<u>28,892</u>
	<u>( 6,289,634)</u>
Change in net assets of governmental activities	<u>\$ 1,500,723</u>

See Notes to Financial Statements



CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cottleville, Missouri, (the City) was incorporated as a fourth class city on August 6, 1992 and established a Mayor/Board of Aldermen form of government. The City's major operations include police, general administrative services and road development.

The City defines its financial reporting entity in accordance with Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The city is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on that PCU, or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City.

Based on the foregoing definition, the City's financial statements include all funds, 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 arising from cash transactions. 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 COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The City maintains its records and budget, and presents the government-wide financial statement and governmental fund financial statements in accordance with the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

If the City utilized generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Under the modified accrual basis revenues are recognized when measurable and available. Measurable means being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Under the accrual basis revenues are recognized when earned. Expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Therefore, the financial statements are not intended to reflect the financial position or results of operations of the City in conformity with generally accepted accounting principles.

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.

Capital Improvements Fund – is used to account for certain transfers and revenues restricted for capital improvements.

Debt Service Fund – accounts for the resources accumulated and payments made for principal and interest on Series 2006 Certificates of Participation.

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.

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 elected not to report general infrastructure assets retroactively. Therefore, no general infrastructure assets purchased or constructed prior to January 1, 2004 are included in the statement of net assets arising from cash transactions.

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	50
Vehicles	5
Computer equipment	5-10

Vehicles under capital lease are being amortized using straight-line method over a 5 year estimated useful life.

F. Long-term Liabilities

In the government-wide financial statements, long-term debt and capital lease obligations are reported as liabilities in the statement of net assets arising from cash transactions.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Long-term debt principal and capital lease payments are recognized as expenditures during the current period.

G. Property Taxes

Property tax revenues are recorded when received. The City's property taxes are levied each September based on the assessed value at January 1 for all real and personal property located in the City. Taxes are due and payable on November 1 and delinquent after December 31. The City's property tax rate for 2006 was .34 per \$100 assessed valuation, all of which was allocated to the general fund.

All property tax assessment, billing, and collection functions are handled by the St. Charles County Government. Taxes collected are remitted to the City by the St. Charles County Collector in the month following the actual collection date.

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Use of Estimates

The preparation of basic financial statements in conformity with the modified cash basis of accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2: BUDGET POLICY AND PRACTICE

The City's policy is to adopt annual budgets for the General Fund and Special Revenue Funds in accordance with the modified cash basis of accounting. All budget appropriations lapse at year-end. The City follows these procedures in establishing its annual budgets as reflected in the financial statements.

1. Prior to December each year, the Budget Committee which is composed of the City Administrator, City Treasurer and independent outside consultant, after receiving input from each department head, submits to the Board of Aldermen the annual operating budget for the fiscal year commencing January 1. The Operating Budget includes proposed expenditures and means of financing them.
2. Prior to December 31, the budget is legally adopted and enacted through passage of an ordinance.
3. Formal budgetary integration is employed as a management control device during the year for the general fund. Formal budgetary integration is not employed for the special revenue fund because these receipts and expenditures are dependent upon the timing of road improvements which is beyond the control of the City.
4. Budgeted amounts included in the financial statements are as originally adopted or as subsequently amended by the Board of Aldermen.

NOTE 3: CASH AND CASH EQUIVALENTS

**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 December 31, 2006, \$58,000 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.

**Investments**

At December 31, 2006, the City has no investments.

**Investment Policies**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by prequalifying all institutions with which the City will do business and diversifying the portfolio so that potential losses on individual investments will be minimized.

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 minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market. Additionally, the City primarily invests in short-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City requires collateralization of all certificates of deposits and repurchase agreements. Additionally, the City requires a deposit contract and pledge agreements with each safekeeping bank.

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 4: RESTRICTED ASSETS

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

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,651,837	\$ -	\$ -	\$ 1,651,837
Construction in progress	<u>690,932</u>	<u>254,879</u>	<u>680,932</u>	<u>264,879</u>
Total capital assets, not being depreciated	<u>2,342,769</u>	<u>254,879</u>	<u>680,932</u>	<u>1,916,716</u>
Capital assets being depreciated				
Land improvements	55,067	-	-	55,067
Buildings	98,403	-	-	98,403
Equipment	7,850	-	-	7,850
Vehicles	94,526	36,000	-	130,526
Vehicles under capital lease	86,237	-	-	86,237
Infrastructure	<u>611,845</u>	<u>1,860,167</u>	<u>-</u>	<u>2,472,012</u>
Total capital assets being depreciated	<u>953,928</u>	<u>1,896,167</u>	<u>-</u>	<u>2,850,095</u>
Less accumulated depreciation for:				
Land improvements	( 13,952)	( 2,153)	-	( 16,105)
Buildings	( 19,226)	( 2,972)	-	( 22,198)
Equipment	( 458)	( 785)	-	( 1,243)
Vehicles	( 81,100)	( 10,441)	-	( 91,541)
Vehicles under capital lease	( 21,104)	( 17,247)	-	( 38,351)
Infrastructures	<u>( 11,912)</u>	<u>( 24,289)</u>	<u>-</u>	<u>( 36,201)</u>
Total accumulated depreciation	<u>( 147,752)</u>	<u>( 57,887)</u>	<u>-</u>	<u>( 205,639)</u>
Total capital assets being depreciated, net	<u>806,176</u>	<u>1,838,280</u>	<u>-</u>	<u>2,644,456</u>
Governmental activities capital assets, net	<u>\$ 3,148,945</u>	<u>\$ 2,093,159</u>	<u>\$ ( 680,932)</u>	<u>\$ 4,561,172</u>

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

Governmental activities:

General government	\$ 4,134
Park	5,579
Public safety	23,885
Unallocated depreciation	<u>24,289</u>
Total depreciation expense governmental activities	<u>\$ 57,887</u>

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 6: SHORT-TERM DEBT

Site Lease Purchase Agreement

On August 25, 2005, the Board of Aldermen, pursuant to ordinance 772, authorized the acquisition of a certain site for a purchase price of \$425,000. In order to pay the acquisition cost and certain related expenses, the Board of Aldermen, concurrently with the conveyance of the title to the site by the seller to the City, authorized (1) a Site Lease, pursuant to which the City will lease the site to the bank for the rental payments to provide funds to pay the site acquisition costs, including financing costs, and the costs of preparing preliminary plans for development of the site; and (2) a Lease Purchase Agreement, pursuant to which the bank will sublease the site back to the City, in consideration of rental payments.

The City has the option to purchase the Bank's leasehold estate in the site at any time, upon payment by the City of the then applicable option purchase price plus all rental payments, additional payments and accrued interest components of the rental payments up to the date of purchase.

<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance December 31, 2006</u>
\$ 460,000	\$ -	\$ 460,000	\$ -

NOTE 7: LONG-TERM DEBT

Certificates of Participation Series 2006

During 2006 the City authorized the issuance of \$6,955,000 Series 2006 Certificates of Participation in order to provide funds to finance or refinance costs of (a) acquiring a certain site and constructing, furnishing and equipping a new City Hall and Police Department facility and recreation facilities on the site; (b) to fund a debt service reserve fund for the Series 2006 Certificates; and (c) to fund the interest component of Base Rentals to be distributed to owners of the Series 2006 Certificates on February 1, 2007.

The annual principal and interest requirements to maturity of the Certificates of Participation as of December 31, 2006 are as follows:

<u>For the Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ -	\$ 334,254	\$ 334,254
2008	40,000	357,066	397,066
2009	60,000	355,066	415,066
2010	80,000	352,066	432,066
2011	95,000	348,066	443,066
2012-2016	680,000	1,656,956	2,336,956
2017-2021	1,130,000	1,447,974	2,577,974
2022-2026	1,730,000	1,104,872	2,834,872
2027-2031	3,140,000	577,238	3,717,238
	<u>\$ 6,955,000</u>	<u>\$ 6,533,558</u>	<u>\$ 13,488,558</u>

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 7: LONG-TERM DEBT, continued

Note Payable

Pursuant to a non-interest bearing note, the City borrowed \$284,295 during February 1998 from the brother of former Mayor Kochanski. Payments of \$7,107 are payable semiannually until paid in full in December 2018. The note is secured by land.

Annual debt service requirements to maturity for the aforementioned note payable are as follows:

<u>Year ending December</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 14,214	\$ -
2008	14,214	-
2009	14,214	-
2010	14,214	-
2011	14,214	-
2012-2016	71,071	-
2017-2018	28,438	-
	<u>\$ 191,901</u>	<u>\$ -</u>

Capital Leases

The City leases several vehicles pursuant to leases, which meet the criteria for capitalization. Assets under these capital leases aggregated \$86,237 at December 31, 2006 and are included in the capital assets of the City.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007, are as follows:

Governmental activities:

<u>Year ending December</u>	
2007	\$ 19,112
2008	3,611
	<u>22,723</u>
Amounts representing interest	663
	<u>\$ 22,060</u>

The following is a summary of the long-term debt activity for the year ended December 31, 2006:

	<u>Balance December 31, 2005</u>	<u>Addition</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Certificates of Participation, Series 2006, interest rates 4.75% to 5.25%	\$ -	\$ 6,955,000	\$ -	\$ 6,955,000	\$ -
Note payable	191,901	-	21,322	170,579	14,214
Vehicle capital lease obligations	50,952	-	28,892	22,060	18,504
Less deferred amounts: Issuance discounts	-	( 39,720)	660	( 39,060)	-
	<u>\$ 242,853</u>	<u>\$ 6,915,280</u>	<u>\$ 49,554</u>	<u>\$ 7,108,579</u>	<u>\$ 32,718</u>

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 8: 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 purchases commercial insurance for all risks of loss.

There have been no insurance settlements exceeding coverage for each of the past three fiscal years.

NOTE 9: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Excess of expenditures paid over appropriations of individual funds:

General Fund	<u>\$ 30,811</u>
Capital Improvements	<u>\$ 1,144,591</u>
Park Fund	<u>\$ 4,015</u>

NOTE 10: GROUND LEASE AS LESSOR

The City leases a parcel of land upon which the lessee has constructed communications facilities. Pursuant to the terms of the lease, \$800 rent was receivable monthly, commencing November 1, 2000 for an initial term of five years. The lessee exercised the option to extend the lease for another five-year term effective November 1, 2005 with rent of \$920 per month. The lessee has the right to extend its tenancy for three additional five-year terms.

NOTE 11: PENSION PLAN

The City provides pension benefits for all of its full-time employees through a deferred compensation plan and a money purchase defined contribution pension plan administered by Metropolitan Life Insurance Company. The plan was adopted effective October 1, 2004. Benefits under the plan depend solely on amounts contributed to the plan plus investment earnings and forfeitures of other participants' benefits that may be allocated to such participant's account.

Employees are eligible to participate immediately upon commencing employment with the City. Annuity contracts, common stock and money market funds are purchased with the contributions through the insurance company. During 2006 employees could contribute up to \$15,000 through the deferred compensation plan.

The City's contributions for each participant are made into the money purchase plan. Contributions and interest allocated to the participant's account are fully vested after five years continuous service. The City contributes an amount equal to 3% of the employee's base salary plus a match of the employee's contributions not to exceed 4% of the employee's compensation.

The City and employees contributed \$36,939 and \$33,250, respectfully, for the year ending December 31, 2006.



CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 12: TRANSFERS

Individual interfund transactions are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>December 31,</u> <u>2006</u>
Road Fund	General Fund	\$ 14,409
Capital Improvement Fund	General Fund	\$ 92,600
Waste Hauling Fund	General Fund	\$ 44,814

Interfund transfers were used to use revenues collected in the General Fund to finance capital improvements and waste hauling costs in accordance with budgetary authorization.

CITY OF COTTLEVILLE, MISSOURI  
REQUIRED SUPPLEMENTARY SCHEDULE 1

GENERAL FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Original</u> <u>and</u> <u>Final</u> <u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
<b>REVENUES COLLECTED</b>			
<b>Taxes</b>			
Real property taxes	\$ 208,714	\$ 205,589	\$ 3,125
Utilities tax	<u>163,688</u>	<u>160,000</u>	<u>3,688</u>
Total Taxes	<u>372,402</u>	<u>365,589</u>	<u>6,813</u>
<b>Intergovernmental</b>			
Sales and use taxes	647,695	600,000	47,695
Gasoline and motor vehicle taxes	81,224	83,000	( 1,776)
Contracted police services	14,287	8,000	6,287
County road and bridge	<u>65,633</u>	<u>48,000</u>	<u>17,633</u>
Total Intergovernmental	<u>808,839</u>	<u>739,000</u>	<u>69,839</u>
<b>Licenses and Permits</b>			
Business licenses	5,143	7,200	( 2,057)
Fireworks permits	28,000	28,000	-
Liquor licenses	7,250	3,650	3,600
Communication fees	30,000	36,000	( 6,000)
Building and related permits	<u>218,116</u>	<u>209,260</u>	<u>8,856</u>
Total Licenses and Permits	<u>288,509</u>	<u>284,110</u>	<u>4,399</u>
Fines and Forfeitures	<u>211,456</u>	<u>215,500</u>	<u>( 4,044)</u>
Investment income	<u>1,905</u>	<u>500</u>	<u>1,405</u>
<b>Other Revenue</b>			
Francis Howell resource officer	56,508	56,508	-
Ground lease	11,040	9,725	1,315
Other	<u>31,204</u>	<u>8,500</u>	<u>22,704</u>
Total Other Revenue	<u>98,752</u>	<u>74,733</u>	<u>24,019</u>
Total Revenues Collected	<u>\$ 1,781,863</u>	<u>\$ 1,679,432</u>	<u>\$ 102,431</u>

CITY OF COTTLEVILLE, MISSOURI

REQUIRED SUPPLEMENTARY SCHEDULE 1, Continued

GENERAL FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	<u>Actual</u>	<u>Original</u>	
	<u>(Budget Basis)</u>	<u>and</u>	
		<u>Final</u>	<u>Favorable</u>
		<u>Budget</u>	<u>(Unfavorable)</u>
			<u>Variance</u>
<b>EXPENDITURES PAID:</b>			
Administration			
Salaries	\$ 102,365	\$ 103,445	\$ 1,080
Payroll tax	8,156	8,721	565
Health, dental and life	16,581	26,337	9,756
Pension	4,012	6,985	2,973
Accounting	21,606	21,368	( 238)
Advertising	375	-	( 375)
City Hall lease	36,025	36,000	( 25)
Codification	-	2,000	2,000
Dues and subscriptions	6,222	4,500	( 1,722)
Elections	2,984	4,000	1,016
Insurance	23,128	22,429	( 699)
Judge	5,151	3,850	( 1,301)
Legal	48,290	60,000	11,710
Mayor events	2,847	-	( 2,847)
Meeting expense	2,603	2,000	( 603)
Newsletter	6,263	12,000	5,737
P.O. box rental	264	250	( 14)
Prosecuting attorney	7,388	10,000	2,612
Postage	3,601	4,000	399
Publishing expense	5,723	-	( 5,723)
Recorder of deeds	1,149	-	( 1,149)
Signs	333	500	167
Supplies	5,713	6,000	287
Telephones and pagers	1,177	600	( 577)
Training and seminars	2,673	2,550	( 123)
Utilities	11,409	12,000	591
Web page	-	500	500
Workmen's compensation	29,170	31,670	2,500
	<u>355,208</u>	<u>381,705</u>	<u>26,497</u>
Total Administration			

CITY OF COTTLEVILLE, MISSOURI

REQUIRED SUPPLEMENTARY SCHEDULE 1, Continued

GENERAL FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	<u>Actual</u>	<u>Original</u>	
	<u>(Budget Basis)</u>	<u>and</u>	
		<u>Final</u>	<u>Favorable</u>
		<u>Budget</u>	<u>(Unfavorable)</u>
			<u>Variance</u>
EXPENDITURES PAID, Continued			
Police			
Salaries	\$ 491,213	\$ 501,417	\$ 10,204
Payroll taxes	33,537	42,269	8,732
Health, dental and life	122,687	86,357	( 36,330)
Pension	26,286	34,889	8,603
Ammunition	-	2,000	2,000
Applications/testing	1,363	1,000	( 363)
Dispatching	15,310	30,000	14,690
Equipment miscellaneous	2,601	2,000	( 601)
Gasoline	28,245	22,000	( 6,245)
Miscellaneous	3,376	4,000	624
Office expense	982	1,250	268
Public relations	1,948	4,500	2,552
Radar	210	500	290
Repairs and maintenance	5,794	7,000	1,206
Telephones and pagers	7,660	9,000	1,340
Training	6,686	8,000	1,314
Uniforms	5,050	8,000	2,950
Total Police	<u>752,948</u>	<u>764,182</u>	<u>11,234</u>
Public Works			
Salaries	4,050	3,300	( 750)
Payroll taxes	324	279	( 45)
Engineering	274,281	232,700	( 41,581)
Government center miscellaneous	12,158	5,000	( 7,158)
Maintenance other	5,283	4,000	( 1,283)
Mosquito spray	1,065	2,000	935
Road and bridge maintenance	65,633	48,000	( 17,633)
Road improvements	8,350	6,500	( 1,850)
Street lighting	20,845	22,000	1,155
Traffic signals	2,332	2,000	( 332)
Total Public Works	<u>394,321</u>	<u>325,779</u>	<u>( 68,542)</u>
Total Expenditures Paid	<u>1,502,477</u>	<u>1,471,666</u>	<u>( 30,811)</u>
REVENUES COLLECTED OVER (UNDER)			
EXPENDITURES PAID	279,386	207,766	71,620
OTHER FINANCING SOURCES (USES)			
Operating transfers out	( 151,823)	( 149,927)	( 1,896)
NET CHANGE IN FUND EQUITY	127,563	57,839	69,724
FUND EQUITY, BEGINNING OF YEAR	<u>3,087</u>	<u>3,087</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 130,650</u>	<u>\$ 60,926</u>	<u>\$ 69,724</u>

CITY OF COTTLEVILLE, MISSOURI

REQUIRED SUPPLEMENTARY SCHEDULE 2

CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	Actual (Budget Basis)	Original and Final Budget	Favorable (Unfavorable) Variance
REVENUES COLLECTED			
Taxes	\$ 18,552	\$ 350,000	\$( 331,448)
Investment income	88,485	95,000	( 6,515)
Donations	<u>25,000</u>	<u>226,500</u>	<u>( 201,500)</u>
Total revenue	<u>132,037</u>	<u>671,500</u>	<u>( 539,463)</u>
EXPENDITURES PAID			
Capital outlay	313,737	46,495	( 267,242)
Debt service:			
Principal retirement	731,322	14,215	( 717,107)
Interest	18,210	17,000	( 1,210)
Bond issuance costs	159,032	-	( 159,032)
Capital lease:			
Obligation retirement	21,129	21,129	-
Interest	<u>912</u>	<u>912</u>	<u>-</u>
Total expenditures paid	<u>1,244,342</u>	<u>99,751</u>	<u>(1,144,591)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	(1,112,305)	571,749	(1,684,054)
OTHER FINANCING SOURCES			
Operating transfers in	92,601	99,710	( 7,109)
Tax anticipation note proceeds	250,000	-	250,000
Proceeds from sale of property	-	1,584,080	(1,584,080)
Certificates of participation proceeds	<u>6,955,000</u>	<u>-</u>	<u>6,955,000</u>
NET CHANGE IN FUND EQUITY	6,185,296	2,255,539	3,929,757
FUND EQUITY, BEGINNING OF YEAR	<u>15,754</u>	<u>15,754</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 6,201,050</u>	<u>\$ 2,271,293</u>	<u>\$ 3,929,757</u>

CITY OF COTTLEVILLE, MISSOURI  
REQUIRED SUPPLEMENTARY SCHEDULE 3

ROAD FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	Actual (Budget Basis)	Original and Final Budget	Favorable (Unfavorable) Variance
<b>REVENUES COLLECTED</b>			
Intergovernmental	\$ 289,864	\$ 115,000	\$ 174,864
Investment income	242	-	242
Other	<u>71,661</u>	<u>250,000</u>	<u>( 178,339)</u>
Total revenue	<u>361,767</u>	<u>365,000</u>	<u>( 3,233)</u>
<b>EXPENDITURES PAID</b>			
Current:			
Road improvements	<u>304,312</u>	<u>400,000</u>	<u>95,688</u>
Total expenditures paid	<u>304,312</u>	<u>400,000</u>	<u>95,688</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	57,455	( 35,000)	92,455
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in (out)	<u>14,408</u>	<u>35,000</u>	<u>( 20,592)</u>
NET CHANGE IN FUND EQUITY	71,863	-	71,863
FUND EQUITY, BEGINNING OF YEAR	<u>42,740</u>	<u>42,740</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 114,603</u>	<u>\$ 42,740</u>	<u>\$ 71,863</u>

CITY OF COTTLEVILLE, MISSOURI  
REQUIRED SUPPLEMENTARY SCHEDULE 4

PARK FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Original</u> <u>and</u> <u>Final</u> <u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
<b>REVENUES COLLECTED</b>			
Taxes	\$ 6,973	\$ 8,500	\$( 1,527)
Investment income	413	200	213
Donations	2,830	4,000	( 1,170)
Other	<u>4,385</u>	<u>-</u>	<u>4,385</u>
Total revenue	<u>14,601</u>	<u>12,700</u>	<u>1,901</u>
<b>EXPENDITURES PAID</b>			
Current:			
Park expense	13,515	9,500	( 4,015)
Capital lease:			
Obligation retirement	7,763	7,763	-
Interest	<u>888</u>	<u>888</u>	<u>-</u>
Total expenditures paid	<u>22,166</u>	<u>18,151</u>	<u>( 4,015)</u>
NET CHANGE IN FUND EQUITY	( 7,565)	( 5,451)	( 2,114)
FUND EQUITY, BEGINNING OF YEAR	<u>17,321</u>	<u>17,321</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 9,756</u>	<u>\$ 11,870</u>	<u>\$( 2,114)</u>

CITY OF COTTLEVILLE, MISSOURI

REQUIRED SUPPLEMENTARY SCHEDULE 5

WASTE HAULING FUND

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY – BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED DECEMBER 31, 2006

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Original and Final Budget</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES COLLECTED			
Charges for services	\$ 179,509	\$ 204,560	\$( 25,051)
Investment income	525	500	25
Other	<u>382</u>	<u>-</u>	<u>382</u>
Total revenue	<u>180,416</u>	<u>205,060</u>	<u>( 24,644)</u>
EXPENDITURES PAID			
Current:			
Waste hauling	<u>224,257</u>	<u>241,607</u>	<u>17,350</u>
Total expenditures paid	<u>224,257</u>	<u>241,607</u>	<u>17,350</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>( 43,841)</u>	<u>( 36,547)</u>	<u>( 7,294)</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>44,814</u>	<u>37,547</u>	<u>7,267</u>
NET CHANGE IN FUND EQUITY	973	1,000	( 27)
FUND EQUITY, BEGINNING OF YEAR	<u>1,075</u>	<u>1,075</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 2,048</u>	<u>\$ 2,075</u>	<u>\$( 27)</u>



CITY OF COTTLEVILLE, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULES OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND EQUITY –  
BUDGET AND ACTUAL (BUDGET BASIS)

NOTE 1: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2006, expenditures exceeded appropriations in the General Fund, Capital Improvement Fund and Park Fund.

CITY OF COTTLEVILLE, MISSOURI

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
ARISING FROM CASH TRANSACTIONS

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2006

	<u>Road Fund</u>	<u>Park Fund</u>	<u>Waste Hauling Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and case equivalents	\$ 5	9,756	2,048	11,809
Cash and cash equivalents restricted for specific road improvements	<u>114,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,598</u>
Total assets	<u>\$ 114,603</u>	<u>\$ 9,756</u>	<u>\$ 2,048</u>	<u>\$ 126,407</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Fund equity:				
Unreserved	<u>\$ 114,603</u>	<u>\$ 9,756</u>	<u>\$ 2,048</u>	<u>\$ 126,407</u>
Total fund equity	<u>114,603</u>	<u>9,756</u>	<u>2,048</u>	<u>126,407</u>
Total liabilities and fund equity	<u>\$ 114,603</u>	<u>\$ 9,756</u>	<u>\$ 2,048</u>	<u>\$ 126,407</u>

CITY OF COTTEVILLE, MISSOURI

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND EQUITY

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	<u>Road Fund</u>	<u>Park Fund</u>	<u>Waste Hauling Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES COLLECTED:</b>				
Taxes	\$ -	\$ 6,973	\$ -	\$ 6,973
Charges for services	-	-	179,509	179,509
Intergovernmental	289,864	-	-	289,864
Investment income	242	413	525	1,180
Donations	-	2,830	-	2,830
Other	<u>71,661</u>	<u>4,385</u>	<u>382</u>	<u>76,428</u>
Total revenues collected	<u>361,767</u>	<u>14,601</u>	<u>180,416</u>	<u>556,784</u>
<b>EXPENDITURES PAID:</b>				
Current:				
Road improvements	304,312	-	-	304,312
Park	-	13,515	-	13,515
Waste hauling	-	-	224,257	224,257
Capital outlay	-	-	-	-
Capital lease:				
Obligation retirement	-	7,763	-	7,763
Interest	<u>-</u>	<u>888</u>	<u>-</u>	<u>888</u>
Total expenditures paid	<u>304,312</u>	<u>22,166</u>	<u>224,257</u>	<u>550,735</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	57,455	( 7,565)	( 43,841)	6,049
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	<u>14,408</u>	<u>-</u>	<u>44,814</u>	<u>59,222</u>
NET CHANGE IN FUND EQUITY	71,863	( 7,565)	973	65,271
FUND EQUITY, BEGINNING OF YEAR	<u>42,740</u>	<u>17,321</u>	<u>1,075</u>	<u>61,136</u>
FUND EQUITY, END OF YEAR	<u>\$ 114,603</u>	<u>\$ 9,756</u>	<u>\$ 2,048</u>	<u>\$ 126,407</u>