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1-1-2005

## Comprehensive Annual Financial Report, 2004

City of Des Peres

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### Recommended Citation

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**CITY OF COTTLEVILLE, MISSOURI**  
**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

CITY OF COTTLEVILLE, MISSOURI

DECEMBER 31, 2004

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-7
Statement of Net Assets Arising from Cash Transactions	8
Statement of Activities Arising from Cash Transactions	9
Statement of Assets, Liabilities and Fund Equity Arising from Cash Transactions – Governmental Funds	10
Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Equity – Governmental Funds	11
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	12
Notes to Financial Statements	13-20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues Collected and Expenditures Paid – Budget and Actual (Budget Basis) – General Fund	21-23
Schedule of Revenues Collected and Expenditures Paid – Budget and Actual (Budget Basis) – Road Fund	24
Schedule of Revenues Collected and Expenditures Paid – Budget and Actual (Budget Basis) – Park Fund	25
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Equity – Budget and Actual (Budget Basis) – Other Fund – Capital Improvements	26

# Bates CPAs

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## 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, 2004, 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 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, 2004, and the revenues it collected and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

During 2004, the City implemented a new financial reporting model, as required by the provisions of GASB 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2005, 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 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 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 21 through 26, 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.*

June 14, 2005

# City of Cottleville, Missouri

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED December 31, 2004

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, 2004. 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 \$ 1,084,774. The City has unrestricted net assets of \$ 65,096.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund equity of \$ 115,122.
- At the end of the current fiscal year, unrestricted fund equity for the General Fund was \$ 80,213 or 7.2% 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, parks and recreation, building maintenance, police department, emergency preparedness, and municipal court. The City does not have any business-type activities.

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, 2004**

**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 spendable financial resources during a given period. These funds use fund equity 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 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, Road Special Revenue Fund, and Parks and Recreation Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Road Special Revenue Fund, and Parks and Recreation 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.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The statement of fiduciary net assets can be found on page 13 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 18 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 19 through 20 of this report.

**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2004**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This is the first year that the City has presented its financial statements under the new reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Because this reporting model significantly changes both the recording and presentation of financial data, the City has not restated prior fiscal years for the purpose of providing comparative information in this discussion and analysis. In future years when prior year information is available, a comparative analysis of government-wide data will be included.

A condensed version of the statement of net assets follows:

<u><b>ASSETS</b></u>	<u><b>December 31, 2004</b></u>
Cash and other current assets	\$ 115,975
Restricted Assets	15,128
Capital assets	<u>1,224,923</u>
Total Assets	<u>1,356,026</u>
 <u><b>LIABILITIES</b></u>	
Other liabilities	950
Escrow liability	15,031
Noncurrent Liabilities	<u>255,271</u>
Total Liabilities	<u>271,252</u>
 <u><b>NET ASSETS</b></u>	
Invested in capital assets, net of related debt	969,652
Restricted/Long Term	50,026
Unrestricted	<u>65,096</u>
Total Net Assets	<u>\$ 1,084,774</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 \$ 1,084,774 at the close of December 31, 2004.

By far the largest portion of the City of Cottleville's net assets ( 89.4% 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. Although the City of Cottleville's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Cottleville net assets ( 4.6% percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$65,096 (6%) 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, 2004**

**Governmental Activities**

As illustrated below, governmental activities increased the City's net assets by \$293,936. This was largely attributable to revenues collected exceeded operating expenditures in all funds. The City has no business activities.

	<b>FOR THE YEAR ENDED DECEMBER 31, 2004</b>
<b>REVENUES</b>	
Program revenues:	
Charges for services	\$ 383,809
Operating grants and contributions	123,327
Capital grants and contributions	325,566
General revenues:	
Taxes	569,244
Communication fees	24,000
Lease income	9,600
Licenses	29,275
Unrestricted	
Investment income	790
Miscellaneous	<u>30,949</u>
Total revenues	<u>1,496,560</u>
<b>EXPENSES</b>	
General government	376,802
Police	524,142
Public works	294,384
Parks	980
Interest on capital lease	1,730
Unallocated depreciation	<u>4,586</u>
Total expenses	<u>1,202,624</u>
<b>CHANGE IN NET ASSETS</b>	293,936
<b>NET ASSETS – BEGINNING</b>	<u>790,838</u>
<b>NET ASSETS – ENDING</b>	<u>\$ 1,084,774</u>



**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2004**

**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, 2004 the combined fund equity was \$ 115,122.

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 7.2 percent of general fund total expenditures. The fund equity in the City's General Fund decreased by \$36,261 or 31.1% from prior year fund equity. The change of the current year's fund equity is mainly due to the expenditures being greater than revenue in 2004.

**CAPITAL ASSETS**

The City has invested \$ 969,653 at December 31, 2004 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 \$ 77,378. The City's capital assets, net of accumulated depreciation, consisted of:

	<u>December 31, 2004</u>		
	<u>Gross</u>	<u>Accum Depr</u>	<u>Net</u>
Land	\$ 660,483	\$( 11,799)	\$ 648,684
Construction in Progress	14,458	-	14,458
Building & Improvements	153,470	( 15,678)	137,792
Vehicles	156,794	( 72,196)	84,598
Infrastructure	343,977	( 4,586)	339,391
 Total Capital Assets, Net of Accumulated Depreciation	 <u>\$ 1,329,182</u>	 <u>\$( 104,259)</u>	 <u>\$ 1,224,923</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.

**LONG-TERM DEBT**

**Note Payable**

At December 31, 2004 the City still owed \$199,008 on the February 1998 note payable. The note is backed by the full faith and credit of the City and is payable from general revenues of the City.

**Capital Lease**

At December 31, 2004, the City had capital lease obligations for governmental activities in the amount of \$ 56,262 compared to \$ 18,595 at December 31, 2003. The increase in the City's capital lease obligations is due to additional vehicle leases obtain in 2004.

**City of Cottleville, Missouri**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED December 31, 2004**

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

For year ending December 31, 2005 the City projects revenue of \$ 2,012,516 and expenditures of \$ 1,962,744, giving the City an ending fund equity of \$ 49,772 at December 31, 2005.

**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, 2004

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents, unrestricted	\$ 81,077
Restricted assets:	
Cash and cash equivalents restricted for:	
Development costs	15,128
Park improvements	34,898
Capital assets (net of accumulated depreciation):	
Land	703,751
Building	82,725
Vehicles	10,552
Vehicles under capital lease	74,046
Infrastructure	339,391
Construction in progress	<u>14,458</u>
Total assets	<u>1,356,026</u>
<u>LIABILITIES</u>	
Court bonds	950
Escrow liability	15,031
Noncurrent liabilities:	
Due within one year	39,052
Due in more than one year	<u>216,219</u>
Total liabilities	<u>271,252</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	969,652
Restricted for:	
Development costs	15,128
Park improvements	34,898
Unrestricted	<u>65,096</u>
Total net assets	<u>\$ 1,084,774</u>

See Notes to Financial Statements

CITY OF COTTLEVILLE, MISSOURI

STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS

YEAR ENDED DECEMBER 31, 2004

<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	\$ 376,802	\$ -	\$ -	\$ -	\$( 376,802)
Public safety	524,142	210,397	80,240	4,000	( 229,505)
Public works	294,384	173,181	-	-	( 121,203)
Parks	980	231	-	-	( 749)
Road	-	-	43,087	321,566	364,653
Interest on capital leases	1,730	-	-	-	( 1,730)
Unallocated depreciation	<u>4,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 4,586)</u>
Total governmental activities	<u>1,202,624</u>	<u>383,809</u>	<u>123,327</u>	<u>325,566</u>	<u>( 369,922)</u>
Total primary government	<u>1,202,624</u>	<u>383,809</u>	<u>123,327</u>	<u>325,566</u>	<u>( 369,922)</u>
		General revenues:			
					158,298
					107,044
					29,275
					296,986
					6,916
					24,000
					9,600
					( 2,902)
					790
					<u>33,851</u>
					<u>663,858</u>
					293,936
					<u>790,838</u>
					<u>\$ 1,084,774</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, 2004

	<u>General</u>	<u>Road Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 81,066	\$ -	\$ 34,898	\$ 11	\$ 115,975
Escrow restricted for development costs	<u>15,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,128</u>
Total assets	<u>\$ 96,194</u>	<u>\$ -</u>	<u>\$ 34,898</u>	<u>\$ 11</u>	<u>\$ 131,103</u>
<b>LIABILITIES, AND FUND BALANCES</b>					
Liabilities:					
Court bonds	\$ 950	\$ -	\$ -	\$ -	\$ 950
Escrow liability	<u>15,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,031</u>
Total liabilities	<u>15,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,981</u>
Fund equity and other credits:					
Unreserved, reported in:					
General fund	80,213	-	-	-	80,213
Special revenue funds	<u>-</u>	<u>-</u>	<u>34,898</u>	<u>11</u>	<u>34,909</u>
Total fund equity	<u>80,213</u>	<u>-</u>	<u>34,898</u>	<u>11</u>	115,122
Total liabilities and fund equity	<u>\$ 96,194</u>	<u>\$ -</u>	<u>\$ 34,898</u>	<u>\$ 11</u>	

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

Capital assets of \$1,329,182, net of accumulated depreciation of \$104,259 are not financial resources and therefore, are not reported in the funds	1,224,923
Long-term liabilities, including notes payables, are not due and payable in the current period and therefore are not reported in the funds	<u>( 255,271)</u>
Net assets of governmental activities	<u>\$ 1,084,774</u>

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, 2004

	<u>General</u>	<u>Road Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES COLLECTED:					
Taxes	\$ 265,342	\$ -	\$ 6,916	\$ -	\$ 272,258
Intergovernmental	424,626	321,566	-	-	746,192
Licenses and permits	241,456	-	-	-	241,456
Fines and forfeitures	181,503	-	-	-	181,503
Investment income	790	-	231	-	1,021
Other revenue	49,109	-	56	7,940	57,105
Total revenues collected	<u>1,162,826</u>	<u>321,566</u>	<u>7,203</u>	<u>7,940</u>	<u>1,499,535</u>
EXPENDITURES PAID:					
Current expenditures:					
Administration	350,965	-	-	-	350,965
Police	470,863	-	-	-	470,863
Public works	299,599	-	-	-	299,599
Road improvements	-	348,435	-	-	348,435
Park expenses	-	-	980	-	980
Capital outlay	-	-	-	133,809	133,809
Debt service:					
Principal retirement	-	-	-	14,215	14,215
Capital lease:					
Obligation retirement	-	-	-	24,601	24,601
Interest	-	-	-	1,730	1,730
Total expenditures paid	<u>1,121,427</u>	<u>348,435</u>	<u>980</u>	<u>174,355</u>	<u>1,645,197</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	41,399	( 26,869)	6,223	( 166,415)	( 145,662)
OTHER FINANCING SOURCES					
Operating transfers in (out)	( 92,810)	26,099	-	66,711	-
Proceeds from sale of city property	15,150	-	-	-	15,150
Capital lease proceeds	-	-	-	92,268	92,268
REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID	( 36,261)	( 770)	6,223	( 7,436)	( 38,244)
FUND EQUITY, BEGINNING OF YEAR	<u>116,474</u>	<u>770</u>	<u>28,675</u>	<u>7,447</u>	<u>153,366</u>
FUND EQUITY, END OF YEAR	<u>\$ 80,213</u>	<u>\$ -</u>	<u>\$ 34,898</u>	<u>\$ 11</u>	<u>\$ 115,122</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, 2004

Amounts reported for *governmental activities* in the statement of activities (page 9) are different because:

Net change in fund equity – total governmental funds (page 11)	\$( 38,244)
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 outlays of \$348,435 exceeded depreciation of \$37,019 in the current period	311,416
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.	
The proceeds of capital leases provide current financial resources to governmental funds, but incurring capital lease obligations increases long-term liabilities in the statement of net assets. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of current year capital lease principal reductions.	24,601
The repayment of the principal of long-term debt consumes the financial resources of government funds; however, has no effect on net assets	14,215
In the statement of activities, the loss on the disposition of assets is reported, whereas in the governmental funds, the proceeds from the disposition increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets disposed of \$90,022, net of related accumulated depreciation of \$71,970	<u>( 18,052)</u>
Change in net assets of governmental activities (page 6)	<u>\$ 293,936</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.

Road Special Revenue Fund – is used to account for certain tax and intergovernmental revenues legally restricted to expenditures for road improvements.

Park Revenue Fund – is used to account for certain tax revenues restricted for park improvements.

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. 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.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Computer equipment	5-10

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

E. Capital Lease Obligations

In the government-wide financial statements, capital lease obligations are reported as liabilities in the applicable government activities or business-type activities statement of net assets arising from cash transactions.

In the fund financial statements, governmental fund types recognize capital lease payments during the current period.

F. 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 2004 was .3757 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. Louis 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

G. Total (Memorandum Only) Data

The total column in the combined financial statements is captioned (Memorandum Only) to indicate that it is presented only to facilitate financial analysis. Data in this column does 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 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

At December 31, 2004, all cash and cash equivalents are fully insured or collateralized.

The surplus funds of the City (except for the pension fund which is controlled by a third party investment consultant) may be legally invested in any of the securities identified as eligible in Section 30.270 of Missouri State Statutes.

The City considers highly liquid assets (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

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.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 660,483	\$ -	\$ -	\$ 660,483
Construction in progress	<u>10,000</u>	<u>4,458</u>	<u>-</u>	<u>14,458</u>
Total capital assets, not being depreciated	<u>670,483</u>	<u>4,458</u>	<u>-</u>	<u>674,941</u>
Capital assets being depreciated:				
Land improvements	55,067	-	-	55,067
Buildings	98,403	-	-	98,403
Vehicles	126,097	21,598	( 90,022)	57,673
Vehicles under capital lease	58,451	62,268	( 21,598)	99,121
Infrastructure	<u>-</u>	<u>343,977</u>	<u>-</u>	<u>343,977</u>
Total capital assets being depreciated	<u>338,018</u>	<u>427,843</u>	<u>( 111,620)</u>	<u>654,241</u>
Less accumulated depreciation for:				
Land improvements	( 9,646)	( 2,153)	-	( 11,799)
Buildings	( 12,706)	( 2,972)	-	( 15,678)
Vehicles	( 105,007)	( 14,084)	71,970	( 47,121)
Vehicles under capital lease	( 11,851)	( 13,224)	-	( 25,075)
Infrastructures	<u>-</u>	<u>( 4,586)</u>	<u>-</u>	<u>( 4,586)</u>
Total accumulated depreciation	<u>( 139,210)</u>	<u>( 37,019)</u>	<u>71,970</u>	<u>( 104,259)</u>
Total capital assets being depreciated, net	<u>198,808</u>	<u>390,824</u>	<u>( 39,650)</u>	<u>549,982</u>
Governmental activities capital assets, net	<u>\$ 869,291</u>	<u>\$ 395,282</u>	<u>\$ ( 39,650)</u>	<u>\$ 1,224,923</u>

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

Governmental activities:	
General government	\$ 5,125
Public safety	27,308
Unallocated depreciation	<u>4,586</u>
Total depreciation expense governmental activities	<u>\$ 37,019</u>

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: LONG-TERM DEBT

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.

Capital leases

The City leases several police vehicles pursuant to leases, which meet the criteria for capitalization. Assets under these capital leases aggregated \$99,121 at December 31, 2004 and are included in the capital assets of the City (Note 5).

The following is a summary of the long-term debt activity for the year ended December 31, 2004:

	<u>Balance</u> <u>December 31, 2003</u>	<u>Addition</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31, 2004</u>
<u>Governmental activities</u>				
Note payable	\$ 213,223	\$ -	\$ 14,215	\$ 199,008
Capital lease obligations	<u>18,595</u>	<u>62,268</u>	<u>24,601</u>	<u>56,262</u>
	<u>\$ 231,818</u>	<u>\$ 62,268</u>	<u>\$ 38,816</u>	<u>\$ 255,270</u>

The annual requirements to repay the note payable and capital lease obligations, including interest, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>		
	<u>Note</u> <u>Payable</u>	<u>Capital</u> <u>Lease</u> <u>Obligations</u>	<u>Total</u>
2005	\$ 14,214	\$ 26,667	\$ 40,881
2006	14,214	22,040	36,254
2007	14,214	10,465	24,679
2008	14,214	-	14,214
2009	14,214	-	14,214
2010-2014	71,070	-	71,070
2015-2018	<u>56,869</u>	<u>-</u>	<u>56,869</u>
	199,009	59,172	258,181
Amounts representing Interest	<u>-</u>	<u>2,910</u>	<u>2,910</u>
	199,009	56,262	255,271
Due within one year	<u>14,214</u>	<u>24,838</u>	<u>39,032</u>
Due in more than one year	<u>\$ 184,795</u>	<u>\$ 31,424</u>	<u>\$ 216,219</u>

NOTE 7: 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.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 8: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Excess of Expenditures Paid over Revenues Collected of Individual Funds:

General Fund	<u>\$ 36,261</u>
Road Fund	<u>\$ 770</u>
Capital Improvements	<u>\$ 7,436</u>

NOTE 9: ROAD IMPROVEMENTS AND COMMITMENTS

The following is a summary of the intergovernmental sources of funds received during 2003 for road improvements:

	<u>College Boulevard</u>	<u>Motherhead Road</u>	<u>Total</u>
Missouri Department of Transportation	\$ 126,109	\$ -	\$ 126,109
St. Charles County Transportation Tax	137,668	4,458	142,126
Other	<u>53,331</u>	<u>-</u>	<u>53,331</u>
	<u>\$ 317,108</u>	<u>\$ 4,458</u>	<u>\$ 321,566</u>

The following is a summary of amounts expended during 2004 on significant road improvements, including studies, design, engineering and construction.

College Boulevard	\$ 343,977
Motherhead Road	<u>4,458</u>
	<u>\$ 348,435</u>

At December 31, 2004, the City was committed to additional construction costs totaling \$725,000 related to the Motherhead Road project. These costs will continue to be funded from intergovernmental revenues received from the St. Charles County government. This project is scheduled to be completed during 2005.

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 is receivable monthly, commencing January 1, 2001 for an initial term of five years. The lessee has the right to extend its tenancy beyond the initial term for four additional five-year terms.

NOTE 11: OTHER RELATED PARTY TRANSACTIONS

The former Mayor of the City is employed by the car dealership through which police vehicles have been leased and repaired. The following transactions occurred during 2004.

1. Lease payments totaled \$24,601 for all vehicle leases during 2004.
2. Vehicle repairs paid to the car dealership during 2004 totaled \$3,995.

A company owned by an Alderman provided snow removal services totaling \$351 during 2004.

CITY OF COTTLEVILLE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 12: 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 2004 employees could contribute up to \$13,000 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 \$5,935 and \$3,765, respectively, for the year ending December 31, 2004.

CITY OF COTTLEVILLE, MISSOURI

SUPPLEMENTARY SCHEDULE 1

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2004

	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
	<u>(Budget Basis)</u>		<u>(Unfavorable)</u>
			<u>Variance</u>
<b>REVENUES COLLECTED</b>			
<b>Taxes</b>			
Real property taxes	\$ 158,298	\$ 152,189	\$ 6,109
Utilities tax	107,044	110,000	( 2,956)
Financial institution tax	<u>-</u>	<u>450</u>	<u>( 450)</u>
Total Taxes	<u>265,342</u>	<u>262,639</u>	<u>2,703</u>
<b>Intergovernmental</b>			
Sales and use taxes	296,986	285,000	11,986
Gasoline and motor vehicle taxes	80,240	78,000	2,240
Contracted police services	4,313	5,000	( 687)
County road and bridge	<u>43,087</u>	<u>45,000</u>	<u>( 1,913)</u>
Total Intergovernmental	<u>424,626</u>	<u>413,000</u>	<u>11,626</u>
<b>Licenses and Permits</b>			
Business licenses	7,150	4,500	2,650
Fireworks permits	16,000	12,000	4,000
Liquor licenses	6,125	4,500	1,625
Communication fees	24,000	30,000	( 6,000)
Building and related permits	173,181	87,100	86,081
MO project exemption	<u>15,000</u>	<u>30,000</u>	<u>( 15,000)</u>
Total Licenses and Permits	<u>241,456</u>	<u>168,100</u>	<u>73,356</u>
<b>Fines and Forfeitures</b>	<u>181,503</u>	<u>152,900</u>	<u>28,603</u>
<b>Investment income</b>	<u>790</u>	<u>2,500</u>	<u>( 1,710)</u>
<b>Other Revenue</b>			
Francis Howell resource officer	22,616	22,616	-
Block grant	4,000	4,000	-
P.O.S.T.	966	1,100	( 134)
Ground lease	9,625	9,675	( 50)
DWI recoupment	-	15,000	( 15,000)
Other	<u>11,902</u>	<u>6,000</u>	<u>5,902</u>
Total Other Revenue	<u>49,109</u>	<u>58,391</u>	<u>( 9,282)</u>
<b>Total Revenues Collected</b>	<u>\$ 1,162,826</u>	<u>\$ 1,057,530</u>	<u>\$ 105,296</u>

See Independent Auditors' Report



CITY OF COTTLEVILLE, MISSOURI

SUPPLEMENTARY SCHEDULE 1, Continued

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2004

	Actual (Budget Basis)	Budget	Favorable (Unfavorable) Variance
EXPENDITURES PAID:			
Administration			
Salaries	\$ 139,506	\$ 126,389	\$( 13,117)
Payroll tax	12,950	9,922	( 3,028)
Health, dental and life	22,602	20,401	( 2,201)
Pension	1,713	11,070	9,357
Accounting	16,046	22,221	6,175
Advertising	1,406	4,056	2,650
Auto	691	950	259
Codification	1,275	5,525	4,250
Dues and subscriptions	2,694	1,700	( 994)
Elections	2,513	2,500	( 13)
Insurance	24,362	21,835	( 2,527)
Judge	4,364	3,850	( 514)
Legal	62,380	52,390	( 9,990)
Miscellaneous	128	-	( 128)
Meeting expense	2,059	2,000	( 59)
Newsletter	4,652	5,944	1,292
P.O. box rental	250	180	( 70)
Prosecuting attorney	9,300	13,200	3,900
Postage	4,321	3,200	( 1,121)
Publishing expense	799	750	( 49)
Signs	2,652	2,500	( 152)
Supplies	5,808	4,000	( 1,808)
Telephones and pagers	1,201	1,480	279
Training and seminars	1,686	2,050	364
Utilities	9,760	12,500	2,740
Workmen's compensation	15,847	16,165	318
	<u>350,965</u>	<u>346,778</u>	<u>( 4,187)</u>
Total Administration			

See Independent Auditors' Report

CITY OF COTTLEVILLE, MISSOURI

SUPPLEMENTARY SCHEDULE 1, Continued

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2004

	Actual (Budget Basis)	Budget	Favorable (Unfavorable) Variance
EXPENDITURES PAID, Continued			
Police			
Salaries	\$ 311,594	\$ 337,869	\$ 26,275
Payroll taxes	21,909	26,192	4,283
Health, dental and life	54,806	81,650	26,844
Pension	4,222	23,482	19,260
Ammunition	-	2,000	2,000
Applications/testing	1,600	1,000	( 600)
Dispatching	19,330	21,000	1,670
Equipment miscellaneous	2,881	3,000	119
Gasoline	16,679	17,000	321
Lock-up service	-	450	450
Miscellaneous	1,583	1,500	( 83)
Office expense	1,090	1,500	410
Public relations	7,523	2,500	( 5,023)
Radar	882	500	( 382)
Repairs and maintenance	6,013	6,119	106
Telephones and pagers	10,088	9,800	( 288)
Training	4,457	5,500	1,043
Uniforms	6,206	4,000	( 2,206)
Total Police	<u>470,863</u>	<u>545,062</u>	<u>74,199</u>
Public Works			
Salaries	4,329	4,326	( 3)
Payroll taxes	395	331	( 64)
Engineering	215,061	109,650	( 105,411)
Government center miscellaneous	5,215	5,000	( 215)
Maintenance other	7,037	5,000	( 2,037)
Mosquito spray	2,873	2,000	( 873)
Road and bridge maintenance	43,087	45,000	1,913
Snow removal	848	-	( 848)
Street lighting	17,127	16,000	( 1,127)
Traffic signals	3,627	2,500	( 1,127)
Total Public Works	<u>299,599</u>	<u>189,807</u>	<u>( 109,792)</u>
Total Expenditures Paid	<u>1,121,427</u>	<u>1,081,647</u>	<u>( 39,780)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	41,399	( 24,117)	65,516
OTHER FINANCING SOURCES (USES)			
Operating transfers	( 92,810)	( 72,307)	( 20,503)
Proceeds from sale of city property	15,150	20,000	( 4,850)
REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID	( 36,261)	( 76,424)	40,163
FUND EQUITY, BEGINNING OF YEAR	<u>116,474</u>	<u>116,474</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 80,213</u>	<u>\$ 40,050</u>	<u>\$ 40,163</u>

See Independent Auditors' Report

CITY OF COTTLEVILLE, MISSOURI

SUPPLEMENTARY SCHEDULE 2

ROAD FUND

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

YEAR ENDED DECEMBER 31, 2004

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
REVENUES COLLECTED			
Intergovernmental	\$ 321,566	\$ 79,129	\$ 242,437
Total revenue	<u>321,566</u>	<u>79,129</u>	<u>242,437</u>
EXPENDITURES PAID			
Current:			
Road improvements	<u>348,435</u>	<u>93,691</u>	<u>( 254,744)</u>
Total expenditures paid	<u>348,435</u>	<u>93,691</u>	<u>( 254,744)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>( 26,869)</u>	<u>( 14,562)</u>	<u>( 12,307)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	<u>26,099</u>	<u>14,562</u>	<u>11,537</u>
REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID	<u>( 770)</u>	<u>-</u>	<u>( 770)</u>
FUND EQUITY, BEGINNING OF YEAR	<u>770</u>	<u>770</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ -</u>	<u>\$ 770</u>	<u>\$( 770)</u>

See Independent Auditors' Report

CITY OF COTTLEVILLE, MISSOURI

SUPPLEMENTARY SCHEDULE 3

PARK FUND

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

YEAR ENDED DECEMBER 31, 2004

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
REVENUES COLLECTED			
Taxes	\$ 6,916	\$ 7,000	\$( 84)
Investment income	231	100	131
Other revenue	<u>56</u>	<u>-</u>	<u>56</u>
Total revenue	<u>7,203</u>	<u>7,100</u>	<u>103</u>
EXPENDITURES PAID			
Current:			
Park expense	<u>980</u>	<u>16,585</u>	<u>15,605</u>
Total expenditures paid	<u>980</u>	<u>16,585</u>	<u>15,605</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	6,223	( 9,485)	15,708
FUND EQUITY, BEGINNING OF YEAR	<u>28,675</u>	<u>28,675</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 34,898</u>	<u>\$ 19,190</u>	<u>\$ 15,708</u>

See Independent Auditors' Report

CITY OF COTTLEVILLE, MISSOURI

SUPPLEMENTARY SCHEDULE 4

OTHER FUND – CAPITAL IMPROVEMENTS

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

YEAR ENDED DECEMBER 31, 2004

	<u>Actual</u> <u>(Budget Basis)</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
REVENUES COLLECTED			
Other revenue	\$ 7,940	\$ -	\$ 7,940
Total revenue	<u>7,940</u>	<u>-</u>	<u>7,940</u>
EXPENDITURES PAID			
Capital outlay	103,809	12,000	( 91,809)
Debt service:			
Principal retirement	14,215	14,215	-
Capital lease:			
Obligation retirement	24,601	24,601	-
Interest	<u>1,730</u>	<u>7,325</u>	<u>5,595</u>
Total expenditures paid	<u>144,355</u>	<u>58,141</u>	<u>( 86,214)</u>
REVENUES COLLECTED OVER (UNDER)			
EXPENDITURES PAID	( 136,415)	( 58,141)	( 78,274)
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	66,711	58,141	8,570
Proceeds from capital lease	<u>62,268</u>	<u>-</u>	<u>62,268</u>
REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER (UNDER)			
EXPENDITURES PAID	( 7,436)	-	( 7,436)
FUND EQUITY, BEGINNING OF YEAR	<u>7,447</u>	<u>7,447</u>	<u>-</u>
FUND EQUITY, END OF YEAR	<u>\$ 11</u>	<u>\$ 7,447</u>	<u>\$( 7,436)</u>

See Independent Auditors' Report