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1-1-1994

## Component Unit Financial Statements, 1993

City of Jennings

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CITY OF JENNINGS, MISSOURI,  
PRIMARY GOVERNMENT

COMPONENT UNIT  
FINANCIAL STATEMENTS 1993

MARCH 31, 1993

HUBER  
RING  
HELM  
& Co.

A PROFESSIONAL CORPORATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

Honorable City Council  
City of Jennings, Missouri

We have audited the accompanying component unit financial statements of the City of Jennings, Missouri primary government, as listed in the accompanying Table of Contents, as of and for the year ended March 31, 1993. We previously audited and reported upon the component unit financial statements of the City of Jennings, Missouri, primary government, for the year ended March 31, 1992, totals of which are included for comparative purposes only. These component unit financial statements are the responsibility of the City of Jennings, Missouri primary government's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". These standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these component unit financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The City of Jennings, Missouri primary government also has not maintained a complete record of its general fixed assets as required by generally accepted accounting principles, and accordingly, the statement of general fixed assets only includes certain land, buildings, and improvements and excludes equipment and depreciation of all assets.

1.

Honorable City Council  
City of Jennings, Missouri

In our opinion, except for the effects of not maintaining a complete record of its general fixed assets, the component unit financial statements referred to above present fairly, in all material respects, the combined assets and liabilities arising from cash transactions of the City of Jennings, Missouri primary government as of March 31, 1993, and the combined revenues collected and expenditures paid for the year then ended, on the basis of accounting described in Note 1.

*Huber, Ring, Helm & Co., P.C.*

St. Louis, Missouri  
September 20, 1993

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

COMBINED COMPONENT UNIT STATEMENT OF ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS  
ALL FUND TYPES AND ACCOUNT GROUPS

MARCH 31, 1993  
(WITH COMPARATIVE TOTALS FOR MARCH 31, 1992)

ASSETS AND OTHER DEBITS	Account Groups			Total All Funds	
	General	General Fixed Assets	General Long-Term Debt	1993	1992
<b>ASSETS</b>					
Cash and cash equivalents (Note 2)	\$ 59,877			\$ 59,877	\$ 166,013
Certificate of deposit	12,660			12,660	12,106
Miscellaneous receivable	483			483	698
Due from Jennings School District					9,000
Notes receivable (Note 3)	32,640			32,640	73,403
Inventory (Net of rent received of \$9,085 in 1993 and \$36,559 in 1992) (Note 4)	464,411			464,411	523,094
<b>RESTRICTED ASSETS</b>					
Cash and cash equivalents, (Note 2)	250,000			250,000	250,000
Cash escrow accounts, (Note 2)	79,317			79,317	82,082
<b>PROPERTY, PLANT AND EQUIPMENT, at cost</b>					
Land		\$ 220,914		220,914	220,914
Buildings and improvements		3,010,321		3,010,321	1,847,599
<b>OTHER DEBITS</b>					
Amount to be provided for retirement of capitalized lease obligation			\$ 348,425	348,425	
	<u>\$ 899,388</u>	<u>\$3,231,235</u>	<u>\$ 348,425</u>	<u>\$4,479,048</u>	<u>\$3,184,909</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Line of credit payable (Note 5)	\$ 150,000			\$ 150,000	
Capitalized lease obligation (Note 6)			\$ 348,425	348,425	\$ 99,435
Escrow funds					
Court bonds payable	59,693			59,693	63,109
School district and individual escrow	2,060			2,060	15,796
Due to Police and Firemen's Pension Fund (Note 12)	10,798			10,798	133,086
Due to Jennings Special Business District (Note 12)	2,196			2,196	21,797
Withheld taxes	57			57	6,919
Taxes paid under protest (Note 9)	28,497			28,497	45,207
Total liabilities	<u>253,301</u>		<u>348,425</u>	<u>601,726</u>	<u>385,349</u>
<b>COMMITMENTS (Note 10)</b>					
<b>EQUITY</b>					
Investment in general fixed assets		\$3,231,235		3,231,235	2,068,513
Fund balance, as restated (Note 11)	566,770			566,770	648,965
Fund balance, restricted	79,317			79,317	82,082
Total fund equity	<u>646,087</u>	<u>3,231,235</u>		<u>3,877,322</u>	<u>2,799,560</u>
	<u>\$ 899,388</u>	<u>\$3,231,235</u>	<u>\$ 348,425</u>	<u>\$4,479,048</u>	<u>\$3,184,909</u>

The accompanying notes are an integral part  
of these component unit financial statements.

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT  
 COMBINED COMPONENT UNIT STATEMENT OF REVENUES COLLECTED,  
 EXPENDITURES PAID AND CHANGES IN FUND BALANCES

ALL FUND TYPES

YEAR ENDED MARCH 31, 1993  
 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1992)

	<u>GENERAL FUND</u>			<u>Total All Funds</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>1993</u>	<u>1992</u>
REVENUES (Pages 19 and 20)					
Taxes	\$3,597,922	\$3,583,343	\$ (14,579)	\$3,583,343	\$3,870,559
License fee revenue	190,994	177,190	(13,804)	177,190	190,098
Permit and fee revenue	30,097	28,886	(1,211)	28,886	29,578
Police department/court revenue	627,692	468,762	(158,930)	468,762	413,582
Rent and house sales		219,707	219,707	219,707	434,251
Cable TV franchise	59,238	67,013	7,775	67,013	62,330
Community development reimbursement		4,989	4,989	4,989	6,723
Section 810 Urban Homesteading Fund					86,010
United States Marshals Service		781,516	781,516	781,516	218,484
Contracts and other receipts	311,599	295,777	(15,822)	295,777	229,185
Interest on investments	<u>26,136</u>	<u>22,350</u>	<u>(3,786)</u>	<u>22,350</u>	<u>26,203</u>
Total revenue	<u>4,843,678</u>	<u>5,649,533</u>	<u>805,855</u>	<u>5,649,533</u>	<u>5,567,003</u>
EXPENDITURES (Page 5)	<u>4,571,620</u>	<u>5,734,492</u>	<u>(1,162,872)</u>	<u>5,734,492</u>	<u>5,865,566</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 272,058</u>	(84,959)	<u>\$ (357,017)</u>	(84,959)	(298,563)
FUND BALANCES, BEGINNING OF YEAR AS RESTATED (NOTE 11)		<u>731,046</u>			<u>1,029,609</u>
FUND BALANCES, END OF YEAR		<u>\$ 646,087</u>		<u>\$ (84,959)</u>	<u>\$ 731,046</u>

The accompanying notes are an integral part  
of these component unit financial statements.

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT  
 COMBINED COMPONENT UNIT STATEMENT OF EXPENDITURES PAID  
 YEAR ENDED MARCH 31, 1993  
 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1992)

EXPENDITURES	GENERAL FUND			Total All Funds	
	Budget	Actual	Variance - Favorable (Unfavorable)	1993	1992
Building Department	\$ 209,934	\$ 207,410	\$ 2,524	\$ 207,410	\$ 223,372
Fire Department	617,092	572,301	44,791	572,301	655,142
City Clerk Department	553,677	573,023	(19,346)	573,023	587,501
Legal Department	41,104	48,899	(7,795)	48,899	39,642
Collector's Department	54,374	56,366	(1,992)	56,366	59,465
Maintenance Department	95,350	82,773	12,577	82,773	85,019
Police Department	1,875,750	1,988,255	(112,505)	1,988,255	1,934,447
Police Judges' Department	94,383	101,134	(6,751)	101,134	98,325
Auxiliary Police		100	(100)	100	45
Public Works Department					
Public Works	423,210	399,228	23,982	399,228	439,982
Public Health and Lighting	190,907	318,475	(127,568)	318,475	454,193
Park and Recreation	312,787	263,758	49,029	263,758	357,616
House Purchases		183,016	(183,016)	183,016	447,532
Community Development Activities		2,870	(2,870)	2,870	3,592
Housing Referral Department	103,052	84,123	18,929	84,123	121,494
Community Development Department					701
Section 810 Urban Homesteading		12,066	(12,066)	12,066	89,014
Bad debts		59,179	(59,179)	59,179	50,000
Jail improvements		781,516	(781,516)	781,516	218,484
<b>TOTAL EXPENDITURES</b>	<b><u>\$4,571,620</u></b>	<b><u>\$5,734,492</u></b>	<b><u>\$ (1,162,872)</u></b>	<b><u>\$5,734,492</u></b>	<b><u>\$5,865,566</u></b>

The accompanying notes are an integral part  
of these component unit financial statements.



CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS

MARCH 31, 1993

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City of Jennings, Missouri ("City"), was incorporated by order of the St. Louis County Court, as a city of the third class with the Mayor-Council form of government under the statutes of the State of Missouri in December 1946. The City provides the following services: Public Safety - Police and Fire, Streets, Public Works, Housing, Public Improvements, Planning and Zoning and General Administrative Services.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has decided to include the primary government only. Financial activities of other component units for the reporting entity are not included.

Basis of Accounting

The accounts of the City are maintained using the cash basis of accounting. Under the cash basis of accounting, revenues and expenditures are recognized only when cash is received or paid.

Fund Accounting

The accounts of the City are organized on the basis of funds and two account groups, each of which is considered a separate accounting entity.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic types and broad fund categories as follows:

Governmental Funds

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized.

Such assets are normally immovable and of value only to the City, therefore, the purpose of stewardship for these items is satisfied without recording of these assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Certain capital improvements and all furniture and equipment, including capitalized leases of equipment, are not included in the general fixed asset account group but have been charged to expense when acquired.

General Long-Term Debt Account Group

Capital lease obligations for Non-Enterprise Funds are accounted for in the General Long-Term Debt Account Group. The capitalized lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances. Assets acquired under capital leases in Non-Enterprise Funds are accounted for in the General Fixed Assets Account Group.

Restricted Cash

Restricted cash consists of cash restricted for taxes paid under protest, court appearance bonds and line of credit restrictions.

Inventory

Inventory in the general fund is carried at cost and consists of houses purchased by the City for subsequent resale under its lease-option program.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory (Continued)

The purchase price and subsequent costs are accumulated for each house using the method of specific identification.

Total Column on Combined Statements

The financial information for the year ended March 31, 1992, has been presented for comparative purposes and is not intended to be a complete financial statement presentation. The total columns are not intended to present consolidated financial information.

Property Tax

In 1992, the tax rate was \$.88 per \$100.00 of assessed value including \$.18 for the police and firemen's retirement fund. The City's Property Tax is levied each year per assessed value listed as of the prior January 1st for all real property located in the City. Assessed values are established by the County Assessment Board. The assessed value at January 1, 1992, upon which the 1992 levy was based for real property was \$61,780,807.

Property taxes are recorded as revenue when collected. Taxes are due on October 1st and delinquent December 31st.

Cash and Cash Equivalents

The City considers all temporary cash investments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 2 - CASH AND CASH EQUIVALENTS

At March 31, 1993, cash and cash equivalents, including restricted, consisted of:

Cash and cash equivalents	
Petty cash	\$ 490
Checking accounts	58,961
Savings	426
Total unrestricted	<u>59,877</u>
Checking account	59,641
Savings account	19,676
Certificate of deposit	250,000
Total restricted	<u>329,317</u>
Total cash and cash equivalents	<u>\$389,194</u>

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Risk Category (Bank Balances)

1. Insured or collateralized with securities held by the City or by its agent in the City's name	\$119,938
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name	<u>225,427</u>
Total	<u>\$345,365</u>

NOTE 3 - NOTES RECEIVABLE

Note dated June 9, 1986, monthly payments of \$1,213 including interest at 7% through August 2001, secured by first deed of trust.	\$109,179
Note dated March 9, 1989, monthly payments of \$35 with no interest through July 2000, secured by a second deed of trust.	4,133
Note dated September 2, 1992, monthly payments of \$269 including interest at 9.5% through September 2012, secured by deed of trust.	<u>28,507</u>
	141,819
Less allowance for doubtful accounts, note dated June 9, 1986.	<u>109,179</u>
	32,640
Less current portion	<u>2,036</u>
	<u>\$ 30,604</u>

NOTE 4 - INVENTORY

Under a comprehensive housing plan for the City of Jennings, the City may choose to purchase property from the Department of HUD or through conventional real estate sources. Any property throughout the City that is advertised on the open market may be considered for purchase and the lease-option program by the City. The City enters into a special lease-option agreement with an individual who agrees to lease the property for a maximum of twelve months. At the end of that period, the house is sold to that individual and the total rental payments received by the City become the down payment on the sale. This down payment enables individuals who might otherwise be unable to secure financing to do so. If the individual subsequently desires to resell the property within a specified time period, the City has the right to purchase it before all others. During the time that the City holds title to the property, it is included in inventory at actual cost. Rent received from tenants, to be applied to their down payment, is a reduction of inventory until the sale is completed. Money received subsequent to year end for sales that closed prior to March 31st are recorded as a receivable.

NOTE 5 - LONG-TERM DEBT

	<u>Current</u>	<u>Long-Term</u>
Line of credit payable to bank. The City may borrow up to \$150,000 with interest at bank's base rate plus 1%, secured by certificate of deposit. Subsequent to year end, this amount was paid in full.	\$150,000	
Line of credit payable to bank. The City may borrow up to \$400,000 for the housing program, with interest at 8.5%, secured by first deeds of trust on properties purchased with proceeds, certificate of deposit and rent reserve account maturing nine months from the date of the note on each property. At the balance sheet date, no amount was drawn on this line of credit.	<u>\$150,000</u>	<u>\$ -0-</u>

Subsequent to year end, the City borrowed an additional \$300,000 from the bank with interest at 7%, due January 1994. Additionally, the City borrowed \$600,000 from the State of Missouri with interest at 2.75%, due March 1994, secured by first lien upon all revenues to be received by or entitled to be received by the City in 1993. Proceeds from this note were used to pay off the note from the bank.

NOTE 6 - CAPITAL LEASE OBLIGATION

During the year, the City completed expansion of their jail facilities. The cost of this expansion was \$1,366,571 of which \$1,000,000 was reimbursed to the City by a grant from the United States Marshall's Service Cooperative Agreement Program (CAP) (See Note 10). The remaining \$366,571 was financed through a 3-year capital lease with monthly payments of \$11,487 including interest at 8%, due January 1996. The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments as of March 31, 1993:

<u>Year Ending</u> <u>March 31,</u>	<u>Amount</u>
1994	\$137,844
1995	137,844
1996	<u>114,871</u>
Total minimum lease payments	390,559
Less amount representing interest	<u>42,134</u>
Present value of net minimum lease payments	348,425
Less current portion	<u>114,094</u>
	<u>\$234,331</u>

NOTE 7 - PENSION PLAN

The City adopted the City of Jennings Police and Firemen's Retirement Fund at the regular election, April 3, 1962. This plan covers the salaried members of the Police and Fire Departments of the City of Jennings, Missouri, hired before April 1, 1987, and provides for payments for retirement, disability, and death.

The plan is funded through a tax levied on the assessed value of all taxable real and tangible personal property as may appear on the tax books for the City and contributions paid into the Fund by covered employees. All salaried members of the Police and Fire Departments of the City of Jennings, Missouri, hired subsequent to April 1, 1987 are covered under the Missouri Local Government Employees Retirement System (LAGERS) (See Note 8).

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the Fund on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among other plans.

The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money.

Significant actuarial assumptions which have been used are as follows:

Rate of return on invested assets	7.50% per annum, compounded
Projected salary increases	6.00% per annum, compounded
Mortality	In accordance with the 1971 Group Annuity Mortality Table projected to 1985 by Scale D

As of March 31, 1992, the pension benefit obligation and net assets available for plan benefits were as follows:

Actuarial Present Value of Accumulated Plan Benefits	
Terminated vested participants	\$ 81,626
Disabled participants	55,872
Retirees and beneficiaries	1,775,494
Current participants	
Vested	1,106,652
Non-vested	<u>815,844</u>
Total actuarial present value of accumulated plan benefits	<u>\$3,835,488</u>
Net Assets available for Plan Benefits	<u>\$4,379,875</u>

NOTE 7 - PENSION PLAN (CONTINUED)

Effective March 31, 1993, the Fund changed its method of reporting the pension benefit obligation from an end of year presentation to a beginning of year presentation.

NOTE 8 - LAGERS PENSION PLAN

Plan Description

The City of Jennings contributes to the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by statute. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The Plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt.

All full-time employees, not covered under the Police and Firemen's Pension Plan, are eligible to participate in LAGERS. Benefits vest after five years of credited service.

Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect. The allowance is equal to a benefit factor multiplied by the final average salary multiplied by the number of years of service. LAGERS also provides early retirement, death and disability benefits. The City of Jennings participates under the contributory plan and each member contributes 4% of gross salary. The employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its employees using the actuarial basis specified by state statute.

Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the Plan's funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due, and (iii) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the Plan.

The pension benefit obligation was determined as part of an actuarial valuation of the Plan as of February 29, 1992.

NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

Funding Status and Progress (Continued)

Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 3.4% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the 1984 Group Annuity Mortality Table set back no years for men and 6 years for women.

At February 29, 1992, the assets in excess of the pension benefit obligation were \$594,197, determined as follows:

Pension Benefit Obligation:

Retirees and beneficiaries currently receiving benefits	\$ -0-
Terminated employees not yet receiving benefits	58,656
Current employees -	
Accumulated employee contributions including allocated investment income	263,704
Employer financed - vested	827,171
Employer financed - nonvested	
	<u>213,347</u>
Total pension benefit obligation	1,362,878
Net assets available for benefits at cost	<u>1,957,075</u>
Assets in excess of the pension benefit obligation	<u>\$ 594,197</u>

Funding Policy

The City is obligated by state statute to make all required contributions to the Plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. The prior service costs are amortized over an initial amortization period of 40 years, and the amounts of the additional unfunded obligations created due to increases in plan benefits over a period of 30 years. Any refunds of member contributions, as elected by the City, are amortized over a 15 year period.

The significant actuarial assumptions used to determine the actuarially determined employer contribution requirements are the same as those used to compute the pension benefit obligation.



NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

Funding Policy (Continued)

The City's contribution for 1992 of \$67,348 was made in accordance with actuarially determined contribution requirements determined through an actuarial valuation. This amount consisted of a) normal cost which is 3.9% of covered payroll and b) amortization of prior service costs which is .0% of covered payroll.

The value of vested benefits was not determined in connection with the actuarial valuation of the Plan. At February 29, 1992, (the date of the most recent actuarial valuation) the assets (at cost) exceeded the aggregate accrued actuarial liabilities by \$253,435. A copy of the actuarial valuation is forwarded to the City on an annual basis.

Trend Information

Historical information about the City's participation in the Missouri Local Government Employees Retirement System is presented herewith as required supplementary information. This information is intended to help users assess the retirement plan's funding status on a going-concern basis, assess progress being made in accumulating assets to pay benefits when due and allow for comparisons with other public employee retirement systems (PERS).

Valuation Date	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation (PBO)	(3) % Funded (1)/(2)
02/28/87	\$1,436,241	\$1,142,653	126%
02/29/88	1,586,105	1,200,426	132
02/28/89	1,515,013	1,145,929	132
02/28/90	1,611,094	1,122,241	144
02/28/91	1,817,175	1,250,988	145
02/29/92	1,957,075	1,362,878	144

  

(4) Unfunded PBO (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded PBO as a % of Covered Payroll (4)/(5)
\$ (293,588)	\$1,009,334	
(385,679)	1,050,430	
(369,084)	1,371,383	
(488,853)	1,510,049	
(566,187)	1,673,875	
(594,197)	1,805,584	

Notes: The above assets and pension benefit obligation do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. All current retiree assets and present values are excluded above, beginning in 1989.

NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

Trend Information (Continued)

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Plan's funded status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

<u>Revenues by Source</u>				
<u>Fiscal Year</u>	<u>Member Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Total</u>
06/30/87	\$ 37,802	\$ 55,929	\$218,327	\$312,058
06/30/88		75,671	109,833	185,504
06/30/89	328	67,627	139,679	207,634
06/30/90		78,077	179,794	257,871
06/30/91		91,406	124,572	215,978
06/30/92		81,336	156,510	237,846

<u>Expenses by Type</u>			
<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Total</u>
06/30/87	\$ 46,633	\$ 6,178	\$ 52,811
06/30/88	55,906	18,829	74,735
06/30/89	57,927	8,945	66,872
06/30/90	66,032	7,953	73,985
06/30/91	72,240	46	72,286
06/30/92	84,177		84,177

NOTE 9 - TAXES PAID UNDER PROTEST

The City has received \$28,497 in real estate and personal property tax bills paid under protest. The amounts paid under protest are subject to review by the State Tax Commission. The amount of refund, if any, will be established by the Commission. The tax is not recognized as revenue until the Commission has resolved the amount in dispute.

NOTE 9 - TAXES PAID UNDER PROTEST (CONTINUED)

The City has deposited \$19,676 in an escrow account at March 31, 1993 relating to the above tax disputes, which the City believes is sufficient to meet any potential refunds.

NOTE 10 - COMMITMENTS

Leases

The City leases various pieces of office equipment and has also contracted for communication services under operating leases. Future minimum lease payments due over the term of the contracts are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
1994	\$101,236
1995	16,180
1996	7,929
1997	4,729
1998	
Thereafter	<u>                    </u>
	<u>\$130,074</u>

Purchase Commitments

The CAP agreement guarantees fifty detention spaces for federal prisoners through November 2007. The federal agencies utilizing the space would also reimburse the City the per diem rate of \$45 per day per prisoner. This rate may be renegotiated on an annual basis.

Loan Guarantees

The City has guaranteed full payment and performance of all liabilities in the event of default by the borrowers for five years on two houses within the City boundaries.

<u>March 31, 1993 Balance</u>	<u>Expiration of Guarantee</u>
\$21,084	August 1995
<u>29,948</u>	March 1997
<u>\$51,032</u>	

Fire Contract Revenue

The City has contracted with two neighboring cities for fighting and controlling fires and providing fire protection for a period of twenty years, expiring February 2012. The City will recognize approximately \$90,000 per year over the life of the contract.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

Fund balance - general fund, as of March 31, 1991, was restated to reflect an adjustment to eliminate special tax bills receivable. The component unit financial statements are prepared on the cash basis of accounting. Therefore, the receivable should not be recorded until the revenue is received. The effect on fund balance - general fund, as of March 31, 1991, is as follows:

Fund Balance - General Fund, March 31, 1991, as previously reported	\$1,117,496
Prior year effect of correction of error	<u>(87,887)</u>
Fund Balance - General Fund, March 31, 1991, as restated	<u>\$1,029,609</u>

As a result of this change, the excess of revenues under expenditures increased by \$3,556 for the year ended March 31, 1992.

NOTE 12 - RELATED PARTY TRANSACTIONS

The City collects tax levy payments from taxpayers for the Jennings Police and Firemen's Retirement Fund and, on a regular basis, remits those payments to the Fund. At March 31, 1993 and 1992, amounts owed to the Fund were \$10,798 and \$133,086, respectively.

The City collects tax levy payments from taxpayers for the Jennings Special Business District and, on a regular basis, remits those payments to the District. At March 31, 1993 and 1992, amounts owed to the District were \$2,196 and \$21,797, respectively.

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A PROFESSIONAL CORPORATION  
OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report  
on Supplemental Information

Honorable City Council  
City of Jennings, Missouri

Our audit of the preceding component unit financial statements was made to form an opinion on the component unit financial statements taken as a whole. The supplementary information presented on pages 19 through 20 is not considered necessary for a fair presentation of the City's component unit financial statements in conformity with generally accepted accounting principles. This information, however, was subjected to the same auditing procedures applied in our audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole on the basis of accounting described in the Independent Auditor's Report.

*Huber, Ring, Helm & Co., P.C.*

St. Louis, Missouri  
September 20, 1993

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

COMPONENT UNIT STATEMENT OF  
REVENUES COLLECTED - GENERAL FUND

YEAR ENDED MARCH 31, 1993

REVENUES

Taxes

Real estate and personal property	\$ 476,017
Utilities, gross receipts	1,141,432
Interest, fees and penalties	4,371
Intangible tax	11,144
Road refunds	78,409
Gasoline	293,040
Cigarettes	68,824
Sales	1,381,490
Use tax	91,725
Railroad and utilities	22,769
Trash collection	10,880
Special tax bills	3,242
	<u>3,583,343</u>

License fees

Merchants and manufacturers	140,114
Liquor	3,131
Coin vending machines	2,771
Vehicles	25,224
Dog tags and impounding	953
Miscellaneous	4,997
	<u>177,190</u>

Permits and fees

Building permits	2,214
Street excavating permits	285
Occupancy permits	9,382
Housing inspections	11,559
Heating permits	576
Other permits and fees	4,870
	<u>28,886</u>

Police Department/Court Revenue

Costs and fines	264,205
Training fund	3,098
Traffic bureau	24,871
False alarm charges	7,665
Security of prisoners	154,643
Court bond and police reports	14,280
	<u>468,762</u>

Rent and house sales

Cable TV franchise	219,707
Community development reimbursement	67,013
United States Marshall's Service	4,989
Interest on investments	781,516
	<u>22,350</u>

See auditor's report on supplemental information.

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

COMPONENT UNIT STATEMENT OF  
REVENUES COLLECTED - GENERAL FUND (CONTINUED)

YEAR ENDED MARCH 31, 1993

REVENUES (Continued)

Contracts and other revenues	
Police seizure proceeds	\$ 35,520
Police contracts	17,340
Fire and radio contracts	142,231
Municipal radio service receipts	6,700
Trash bag and sticker sales	18,322
Concession stand receipts	5,853
User fee revenue	20,472
Jennings community project	3,099
Smoke detector sales	180
Miscellaneous revenue	<u>46,060</u>
	<u>295,777</u>

TOTAL REVENUE

\$5,649,533

See auditor's report on supplemental information.