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Component Unit Financial Statements, 1995

City of Jennings

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**CITY OF JENNINGS, MISSOURI,
PRIMARY GOVERNMENT**

**COMPONENT UNIT
FINANCIAL STATEMENTS**

**MARCH 31, 1995
(WITH COMPARATIVE TOTALS FOR 1994)**

**HUBER
RING
HELM
&^{CO.}**

A PROFESSIONAL CORPORATION OF
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Combined Component Unit Statement of Assets and Liabilities Arising from Cash Transactions - All Fund Types and Account Groups	3
Combined Component Unit Statement of Revenue Collected, Expenditures Paid and Changes in Fund Balances - All Fund Types	4
Combined Component Unit Statement of Expenditures Paid - All Fund Types	5
Notes to Component Unit Financial Statements	6-17
Independent Auditor's Report on Supplemental Information	18
Supplemental Information Component Unit Statement of Revenue Collected - General Fund	19-20

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A PROFESSIONAL CORPORATION
OF CERTIFIED PUBLIC ACCOUNTANTS

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, 1995. 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, 1994, 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.

The component unit financial statements referred to above include only the financial activities of the primary government. Financial activities of other component units that form the reporting entity are not included.

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.

1.

Honorable City Council
City of Jennings, Missouri

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.

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, 1995, and the combined revenue collected and expenditures 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 a report dated June 16, 1995, on our consideration of City of Jennings, Missouri's internal control structure and a report dated June 16, 1995, on its compliance with laws and regulations.

Hulen, Rugg, Helm & Co., P.C.

St. Louis, Missouri
June 16, 1995

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, 1995
 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1994)

ASSETS	Account Groups		Total All Funds		
	General	General Fixed Assets	General Long-Term Debt	1995	1994
Cash (Note 2)	\$ 771,045			\$ 771,045	\$ 356,852
Certificate of deposit	13,897			13,897	13,240
Miscellaneous receivables	4,161			4,161	1,089
Notes receivable (Note 3)	27,371			27,371	32,049
Inventory (Net of rent received of \$18,517 in 1995 and \$24,275 in 1994) (Note 4)	319,812			319,812	403,348
RESTRICTED ASSETS					
Cash and cash equivalents (Note 2)					250,000
Cash escrow accounts (Note 2)	143,522			143,522	101,388
PROPERTY, PLANT AND EQUIPMENT, at cost					
Land		\$ 220,914		220,914	220,914
Buildings and improvements		3,014,495		3,014,495	3,014,495
OTHER ASSET					
Amount to be provided for retirement of capitalized lease obligation			\$ 110,768	110,768	224,407
	<u>\$1,279,808</u>	<u>\$3,235,409</u>	<u>\$ 110,768</u>	<u>\$4,625,985</u>	<u>\$4,617,782</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Note payable (Note 5)	\$ 29,599			\$ 29,599	\$ 33,824
Capitalized lease obligation (Note 6)			\$ 110,768	110,768	224,407
Unearned revenue	26,056			26,056	182,397
Escrow funds					
Court bonds payable	120,882			120,882	78,500
Individual escrow	1,932			1,932	729
Due to Police and Firemen's Retirement Fund (Note 11)	13,279			13,279	12,066
Due to Jennings Special Business District (Note 11)	2,120			2,120	12,252
Withheld taxes	552			552	587
Taxes paid under protest (Note 9)	4,470			4,470	4,470
Total liabilities	<u>198,890</u>		<u>110,768</u>	<u>309,658</u>	<u>549,232</u>
COMMITMENTS (Note 10)					
EQUITY					
Investment in general fixed assets		\$3,235,409		3,235,409	3,235,409
Fund balance	1,080,918			1,080,918	833,141
Total fund equity	<u>1,080,918</u>	<u>3,235,409</u>		<u>4,316,327</u>	<u>4,068,550</u>
	<u>\$1,279,808</u>	<u>\$3,235,409</u>	<u>\$ 110,768</u>	<u>\$4,625,985</u>	<u>\$4,617,782</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 REVENUE COLLECTED,
 EXPENDITURES PAID AND CHANGES IN FUND BALANCES

ALL FUND TYPES

YEAR ENDED MARCH 31, 1995
 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1994)

	GENERAL FUND			Total All Funds	
	Budget	Actual	Variance - Favorable (Unfavorable)	1995	1994
REVENUE COLLECTED					
Taxes	\$3,361,076	\$3,922,978	\$ 561,902	\$3,922,978	\$3,921,705
License fee revenue	181,250	141,342	(39,908)	141,342	175,417
Permit and fee revenue	59,125	66,422	7,297	66,422	39,573
Police department/court revenue	300,000	315,312	15,312	315,312	296,266
Gain (loss) on sale of houses (Note 4)		(13,129)	(13,129)	(13,129)	(7,359)
Cable TV franchise	70,000	70,450	450	70,450	69,125
Community development reimbursement		1,000	1,000	1,000	2,208
Jail operations	1,087,000	1,105,401	18,401	1,105,401	1,010,138
Contracts and other receipts	215,450	201,461	(13,989)	201,461	184,632
Interest on investments	22,000	36,575	14,575	36,575	18,633
Total revenue	<u>5,295,901</u>	<u>5,847,812</u>	<u>551,911</u>	<u>5,847,812</u>	<u>5,710,338</u>
EXPENDITURES PAID	<u>5,704,216</u>	<u>5,600,035</u>	<u>104,181</u>	<u>5,600,035</u>	<u>5,462,359</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (408,315)</u>	247,777	<u>\$ 656,092</u>	247,777	247,979
FUND BALANCES, BEGINNING OF YEAR		<u>833,141</u>		<u>833,141</u>	<u>585,162</u>
FUND BALANCES, END OF YEAR		<u>\$1,080,918</u>		<u>\$1,080,918</u>	<u>\$ 833,141</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
 ALL FUND TYPES

YEAR ENDED MARCH 31, 1995
 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1994)

	GENERAL FUND			Total All Funds	
	Budget	Actual	Variance - Favorable (Unfavorable)	1995	1994
EXPENDITURES PAID					
Building Department	\$ 285,594	\$ 293,269	\$ (7,675)	\$ 293,269	\$ 255,148
Fire Department	707,547	685,106	22,441	685,106	632,687
City Clerk Department	472,568	473,096	(528)	473,096	538,361
Legal Department	56,705	94,989	(38,284)	94,989	64,233
Collector's Department	52,047	55,971	(3,924)	55,971	52,174
Maintenance Department	102,850	95,843	7,007	95,843	106,468
Police Department	1,897,220	2,001,913	(104,693)	2,001,913	2,039,973
Police Judges' Department	146,444	99,703	46,741	99,703	102,458
Public Works Department					
Public Works	438,189	424,061	14,128	424,061	381,137
Public Health and Lighting	152,264	170,794	(18,530)	170,794	154,486
Park	252,790	237,919	14,871	237,919	207,648
Recreation	103,840	78,054	25,786	78,054	71,966
Community Development Activities					820
Housing Referral Department	88,987	76,290	12,697	76,290	84,436
Interest expense	18,000	12,719	5,281	12,719	25,313
Section 810 Urban Homesteading					363
Bad debts		4,083	(4,083)	4,083	
Jail improvements					11,569
Federal jail	929,171	796,225	132,946	796,225	733,119
TOTAL EXPENDITURES	<u>\$5,704,216</u>	<u>\$5,600,035</u>	<u>\$ 104,181</u>	<u>\$5,600,035</u>	<u>\$5,462,359</u>

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, 1995

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. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenses and related liabilities are recognized when paid rather than when the obligation is incurred.

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 indicated on the following page.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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.

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 prisoner funds.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is carried at cost and consists of houses purchased by the City for subsequent resale under its lease-option program. 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, 1994, 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 1994, the tax rate was \$1.18 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, 1994, upon which the 1994 levy was based for real property was \$58,670,142.

Property taxes are recorded as revenue when collected. Taxes are due on October 1st and delinquent after 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, 1995 and 1994, cash and cash equivalents, including restricted, consisted of:

Cash	<u>1995</u>	<u>1994</u>
Petty cash	\$ 490	\$ 490
Checking accounts	200,838	(10,149)
Savings	158,014	366,511
Certificates of deposit	<u>411,703</u>	
Total unrestricted	771,045	<u>356,852</u>
Checking account	122,834	81,190
Savings account	20,688	20,198
Certificates of deposit		<u>250,000</u>
Total restricted	<u>143,522</u>	<u>351,388</u>
Total cash and cash equivalents	<u>\$914,567</u>	<u>\$708,240</u>

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Risk Category (Bank Balances)	<u>1995</u>	<u>1994</u>
1. Insured or collateralized with securities held by the City or by its agent in the City's name	\$120,566	\$219,933
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name	<u>849,608</u>	<u>670,561</u>
Total	<u>\$970,174</u>	<u>\$890,494</u>

NOTE 3 - NOTES RECEIVABLE

	<u>1995</u>	<u>1994</u>
Note dated March 9, 1989, monthly payments of \$35 with no interest through July 2000, secured by a second deed of trust.	\$ 4,083	\$ 4,083
Note dated September 2, 1992, monthly payments of \$269 including interest at 9.5% through September 2012, secured by deed of trust.	<u>27,371</u>	<u>27,966</u>
	31,454	32,049
Less reserve for bad debt	<u>(4,083)</u>	<u> </u>
	<u>\$ 27,371</u>	<u>\$ 32,049</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 specified period of time. 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. During 1994, the City Council voted to terminate the housing program and sell the current inventory of homes.

NOTE 4 - INVENTORY (CONTINUED)

The gain or loss on sale of homes is calculated by subtracting the original cost of the homes from the gross proceeds from the sale plus any deposit or earnest money. At March 31, 1995, the loss was:

Gross Proceeds	\$ 75,021
Cost	(99,640)
Deposit	<u>11,490</u>
Loss	<u><u>\$(13,129)</u></u>

NOTE 5 - LONG-TERM DEBT

	<u>1995</u>	<u>1994</u>
Promissory note dated May 26, 1993, with the Missouri Department of Natural Resources, payable semi-annually with payments of \$2,440, including interest at 2%, due October 1, 2001.	<u>\$29,599</u>	<u>\$33,824</u>

Subsequent to year end, the City obtained a line of credit up to \$300,000.

NOTE 6 - CAPITAL LEASE OBLIGATION

During the year ended March 31, 1993, 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. Following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments as of March 31, 1995:

Year Ending <u>March 31,</u> 1996	<u>Amount</u>
Total minimum lease payments	114,870
Less amount representing interest	<u>4,102</u>
Present value of net minimum lease payments	<u><u>\$110,768</u></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.

NOTE 7 - PENSION PLAN (CONTINUED)

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. The following information is presented as of March 31, 1995.

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, 1995, the pension benefit obligation consisted of the following components:

Actuarial Present Value of Accumulated Plan Benefits	
Terminated vested participants	\$ 83,863
Disabled participants	21,191
Retirees and beneficiaries	2,014,040
Current participants	
Vested	1,183,552
Non-vested	<u>1,134,496</u>
Total actuarial present value of accumulated plan benefits	<u>\$4,437,142</u>
Net assets available for plan benefits	<u>\$4,729,005</u>

NOTE 8 - LAGERS PENSION PLAN

Plan Description

The City of Jennings contributes to the Missouri Local Government Employees Retirement System (LAGERS), an agent

NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

Plan Description (Continued)

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 employer is required by statute to contribute the 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 28, 1994. 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, before retirement and 4.0% per year compounded annually after retirement, (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.

NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

At February 28, 1994, the assets in excess of the pension benefit obligation were \$764,519, determined as follows:

Pension Benefit Obligation (Employer Accumulation Fund and Member Deposit Fund Only):	
Retirees and beneficiaries currently receiving benefits	\$ -0-
Terminated employees not yet receiving benefits	160,716
Current employees -	
Accumulated employee contributions including allocated investment income	228,152
Employer financed - vested	897,037
Employer financed - nonvested	<u>232,244</u>
Total pension benefit obligation	1,518,149
Net assets available for benefits at cost (market value of assets: \$2,311,707)	<u>2,282,668</u>
Assets in excess of the pension benefit obligation	<u>\$ 764,519</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 amount 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.

The City's contribution for 1994 of \$62,333 was made in accordance with actuarially determined contribution requirements determined through an actuarial valuation. This amount consisted of a) normal cost which is 5.9% of covered payroll and b) amortization of prior service costs which is 4.3% of covered payroll.

The value of vested benefits was not determined in connection with the actuarial valuation of the Plan. At February 28, 1994, (the date of the most recent actuarial valuation) the assets (at cost) exceeded the aggregate accrued actuarial liabilities by \$454,026. A copy of the actuarial valuation is forwarded to the City on an annual basis.

NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

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).

<u>Valuation Date</u>	(1) <u>Net Assets Available For Benefits</u>	(2) <u>Pension Benefit Obligation (PBO)</u>	(3) <u>% Funded (1)/(2)</u>
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
02/28/93	2,046,374	1,259,265	163
02/28/94	2,282,668	1,518,149	150

(4) <u>Unfunded PBO (2)-(1)</u>	(5) <u>Annual Covered Payroll</u>	(6) <u>Unfunded PBO as a % of Covered Payroll (4)/(5)</u>
(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	-
(787,109)	1,365,983	-
(764,519)	1,912,210	-

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.

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.

NOTE 8 - LAGERS PENSION PLAN (CONTINUED)

Trend Information (Continued)

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
06/30/93		68,621	241,919	310,540
06/30/94		84,973	190,731	275,704

<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
06/30/93	96,116	716	96,832
06/30/94	105,994	1,024	107,018

NOTE 9 - TAXES PAID UNDER PROTEST

The City has received \$4,470 in real estate and personal property tax 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. The City has deposited \$20,088 in an escrow account at March 31, 1995 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.

NOTE 10 - COMMITMENTS (CONTINUED)

Leases (Continued)

Future minimum lease payments due over the term of the contracts are as follows:

Year Ending <u>March 31,</u>	<u>Amount</u>
1996	\$ 12,159
1997	6,606
1998	<u>156</u>
	<u>\$ 18,921</u>

Purchase Commitments

The CAP agreement guarantees 50 detention spaces for federal prisoners through November 2007. The federal agencies utilizing the space would also reimburse the City the per diem rate of \$54.85 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 on a house within the City boundaries.

<u>March 31, 1995</u> <u>Balance</u>	<u>Expiration</u> <u>of Guarantee</u>
<u>\$ 29,433</u>	March 1997

Contingency

The operations of the City's Police and Fire Departments include the handling and storing of fuel. There are environmental concerns in the handling of these items. In the opinion of management, the City follows all of the regulatory procedures and guidelines to ensure that the handling of these products are in compliance with Federal, State and Local regulations.

The company which built the jail in 1993 has gone bankrupt. The City did not obtain a lien waiver from the company and an unpaid vendor filed a lawsuit against the City. Subsequent to year-end, the City paid the vendor \$56,000. There have been no other claims by unpaid vendors, but there is a possibility that some may come forward.

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 of revenue per year over the life of the contract.

NOTE 10 - COMMITMENTS (CONTINUED)

Police Contract Revenue

The City has contracted with a neighboring City for police protection services on a year-to-year basis. The City will recognize approximately \$45,000 in revenue over the next twelve months.

NOTE 11 - 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, 1995 and 1994, amounts owed to the Fund were \$13,279 and \$12,066, 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, 1995 and 1994, amounts owed to the District were \$2,120 and \$12,252, 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
June 16, 1995

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

COMPONENT UNIT STATEMENT OF
REVENUE COLLECTED - GENERAL FUND

YEAR ENDED MARCH 31, 1995

REVENUE COLLECTED

Taxes

Real estate and personal property	\$ 656,230
Utilities, gross receipts	1,127,047
Fees and penalties	3,390
Intangible tax	9,533
Road refunds	73,697
Gasoline	366,955
Cigarettes	73,134
Sales	1,202,720
Use tax	369,700
Railroad and utilities	34,847
Trash collection	2,510
Special tax bills	3,215
	<u>3,922,978</u>

License fees

Merchants and manufacturers	105,551
Liquor	3,303
Coin vending machines	2,710
Vehicles	22,877
Dog tags and impounding	576
Miscellaneous	6,325
	<u>141,342</u>

Permits and fees

Building permits	6,367
Street excavating permits	3,250
Occupancy permits	18,505
Housing inspections	23,735
Heating permits	3,066
Other permits and fees	11,499
	<u>66,422</u>

Police Department/Court Revenue

Costs and fines	252,057
Training fund	2,912
Traffic bureau	28,792
False alarm charges	2,260
Court bond and police reports	29,291
	<u>315,312</u>

Loss on sale of homes

Loss on sale of homes	(13,129)
Cable TV franchise	70,450
Community development reimbursement	1,000
Jail revenue	1,105,401
Interest on investments	36,575
	<u>1,200,297</u>

See auditor's report on supplemental information.

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

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

YEAR ENDED MARCH 31, 1995

REVENUE COLLECTED (Continued)

Contracts and other revenues

Police seizure proceeds	\$ 15,380
Police contracts	37,472
Fire and radio contracts	64,859
Municipal radio service receipts	6,600
Trash bag and sticker sales	13,651
Concession stand receipts	2,803
User fee revenue	14,118
Jennings community project	2,994
Miscellaneous revenue	32,907
Bus fund revenue	4,987
Park fund revenue	3,338
Jenningsfest revenue	2,352
	<u>201,461</u>

TOTAL REVENUE

\$5,847,812

See auditor's report on supplemental information.