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Financial Report, 2006

City of Jennings

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SUSAN MONTEE, CPA

Missouri State Auditor

January 26, 2007

City Clerk
City of Jennings
St. Louis County
2120 Hord Avenue
Jennings, MO 63136

Fiscal Period: One Year Ended March 31, 2006 ✓

Dear City Clerk:

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

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA
STATE AUDITOR

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

Judy Buerky
Local Government Analyst



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

May 19, 2006

Mayor and City Council
CITY OF JENNINGS, MISSOURI

Our audit of the financial statements of the **CITY OF JENNINGS, MISSOURI** (the City) for the year ended March 31, 2006, was performed in accordance with U.S. generally accepted auditing standards. We obtained an understanding of the internal control to determine our audit procedures. Per our independent auditors' report, we applied limited procedures to the supplemental information.

There were no significant changes to the City's accounting policies or estimate policies, except that during the current year the City adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. In addition, these policies were discussed with management and were not a condition of our retention.

There were no disagreements or difficulties encountered in performing the audit. There were no uncorrected misstatements aggregated by us during the audit that would be material individually or in the aggregate to the financial statements taken as a whole. Various adjusting entries had to be made adjusting balance sheet and revenue/expenditure accounts.

In planning and performing our audit, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. However, during our audit we became aware of matters that are opportunities for strengthening internal controls and improving operating efficiency.

The memorandum that accompanies this letter entitled "Internal Control and Management Comments and Recommendations" summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated May 19, 2006 on the financial statements of the City. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various City personnel.

16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
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We wish to express our appreciation for the cooperation and courtesy extended to us by all personnel. We will be pleased to discuss these recommendations with you in greater detail at your convenience. Should you desire assistance in the implementation of these recommendations, please do not hesitate to contact us.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF JENNINGS, MISSOURI
INTERNAL CONTROL AND MANAGEMENT
COMMENTS AND RECOMMENDATIONS

Findings for the year ended March 31, 2006:

1. COMMENT

We noted the City has not taken an annual physical inventory of capital assets.

RECOMMENDATION

We recommend the City adopt a written policy related to the maintenance of the capital asset system. This would include an annual capital asset inventory, procedures for the reporting of assets procurement, and authorization and reporting of asset disposals.

2. COMMENT

We noted the budget for fiscal year beginning April 1, 2005 was not adopted prior to the start of the fiscal year.

RECOMMENDATION

We recommend that the annual budget be adopted by the City Council prior to the beginning of the fiscal year in accordance with state statutes.

3. COMMENT

The City incurred expenditures in excess of budgeted amounts.

RECOMMENDATION

We recommend the City further amend budgeted amounts during the year so that expenditures are not incurred without an appropriation.

4. COMMENT

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

RECOMMENDATION

We recommend City management consider developing a fraud detection program that provides for the procedures to be followed should anyone suspect that fraudulent activity is occurring at the City.

CITY OF JENNINGS, MISSOURI
INTERNAL CONTROL AND MANAGEMENT
COMMENTS AND RECOMMENDATIONS

5. COMMENT

As noted in the prior year, the City does not have an accounting policies and procedures manual. A current accounting and procedures manual can help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good manual should aid in the training of new employees and allow for delegation to other employees of some accounting functions. Written procedures will reduce misunderstandings, duplicated procedures, and potential fraud possibilities.

RECOMMENDATION

We recommend the City develop an accounting and procedures manual in order to communicate its accounting procedures to other personnel and also to document the approved procedures. It will take some time and effort for management to develop a manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel.



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**CITY OF JENNINGS,
MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended March 31, 2006

CITY OF JENNINGS, MISSOURI
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

May 19, 2006

Mayor and City Council
CITY OF JENNINGS, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF JENNINGS, MISSOURI** (the City) as of and for the year ended March 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 A-3, the City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended on the basis of accounting described in Note A-3.

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as whole.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006

As management of the City of Jennings, Missouri (the City), 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 March 31, 2006. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the liabilities of the City exceeded its assets for the most recent fiscal year by \$2,481,470. The City had unrestricted net assets of (\$7,255,414).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$4,373,293.
- At the end of the current fiscal year, fund balance for the General Fund was \$2,564,471.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A 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 supplemental information and other supplemental 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.

The statement of net assets - modified cash basis 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 - modified cash basis 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 revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include beautification, building, city clerk, collector, court, economic development, federal jail, fire protection, legal, maintenance, police, public health, public works, recreation, sewer lateral, special services, and teen activities. The City does not have any business-type activities.

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006

The City has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to the financial statements.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements. The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. The City does not have any proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds 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. 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 City's near-term financial decisions. Both the governmental funds balance sheet - modified cash basis and the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis 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 funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Capital Improvement Fund, Parks Fund, and the Tax Increment Financing Area 3 Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section in this report.

The City adopts an annual appropriated budget for the General Fund and Capital Improvement Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental funds financial statements can be found on pages 12 through 15 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006**

resources of these funds are not available to support the City's own programs, and thus do not represent discretionary assets of the City. The statement of fiduciary fund financial statements can be found on pages 16 and 17 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 18 through 33 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 35 through 44 of this report.

Other Supplemental Information. The combining statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplemental information. Combining statements can be found beginning on page 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second 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*. Therefore, a comparative analysis of government-wide data is also included in this report.

A condensed version of the statement of net assets - modified cash basis follows:

	March 31	
	2006	2005
ASSETS		
Cash and other current assets	\$ 4,623,759	4,046,194
Capital assets	<u>4,902,956</u>	<u>4,567,140</u>
Total Assets	<u>9,526,715</u>	<u>8,613,334</u>
 LIABILITIES		
Other liabilities	250,466	251,354
Noncurrent liabilities	<u>11,757,719</u>	<u>5,128,103</u>
Total Liabilities	<u>12,008,185</u>	<u>5,379,457</u>
 NET ASSETS		
Invested in capital assets, net of related debt	4,773,944	4,376,714
Unrestricted	<u>(7,255,414)</u>	<u>(1,142,837)</u>
Total Net Assets	<u>(\$ 2,481,470)</u>	<u>3,233,877</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, liabilities exceeded assets by \$2,481,470 at the close of March 31, 2006.

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006**

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, and vehicles), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities. As illustrated below, governmental activities decreased the City's net assets by \$5,715,347. This was largely attributable to the issuance of tax increment revenue notes in the Tax Increment Financing Area 3 Fund used to fund economic development in the TIF area.

	For The Years Ended March 31	
	2006	2005
REVENUES		
Program revenues:		
Charges for services	\$ 2,160,037	2,031,993
Operating grants and contributions	926,852	919,126
General revenues:		
Taxes	5,991,713	5,768,798
Licenses and permits	358,869	280,818
Investment income	58,936	28,606
Miscellaneous	<u>199,850</u>	<u>423,482</u>
Total Revenues	<u>9,696,257</u>	<u>9,452,823</u>
EXPENSES		
Beautification	1,673	2,035
Building	341,005	382,790
City clerk	833,968	987,284
Collector	86,013	91,269
Court	169,555	160,734
Economic development	6,952,012	4,979,611
Federal jail	1,031,420	1,011,367
Fire protection	1,103,602	1,093,690
Legal	102,600	115,048
Maintenance	190,421	97,225
Police	2,885,850	2,883,780
Public health	164,521	164,091
Public works	984,801	815,166
Recreation	218,743	164,902
Sewer lateral	144,798	167,905
Special services	174,905	214,140
Teen activities	19,397	3,009
Interest	<u>6,320</u>	<u>8,293</u>
Total Expenses	<u>15,411,604</u>	<u>13,342,339</u>
CHANGE IN NET ASSETS	(5,715,347)	(3,889,516)
NET ASSETS, APRIL 1	<u>3,233,877</u>	<u>7,123,393</u>
NET ASSETS, MARCH 31	(\$ <u>2,481,470</u>)	<u>3,233,877</u>

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At March 31, 2006, the combined fund balance was \$4,373,293.

The General Fund is the chief operating fund of the City. The fund balance in the City's General Fund increased by \$484,940 from the prior year. The change of the current year's fund balance is mainly due to increased economic activity and reimbursements in the Tax Increment Financing Area 3.

The Capital Improvement Fund is the City's primary fund for financing capital expenditures. Revenue for this fund is derived from a ½ cent sales tax. This is a restricted fund and can only be used for acquiring and maintaining capital assets. The fund balance in this fund increased by \$257,084 from the prior year. The change of the current year's fund balance is mainly due to a decrease in capital improvements following the completion of Koeneman Park.

The Parks Fund is a restricted fund and can only be used for park operating and capital improvement expenses. Revenues for this fund is derived from governmental grants, fund transfers, and ½ cent sales tax. The fund balance in this fund decreased by \$263,244 from the prior year. The change of the current year's fund balance is mainly due to decreased revenue from sales tax.

The Tax Increment Financing Area 3 is a restricted fund and can only be used for economic development in the fund designated area. The fund balance in this fund increased by \$23,229 from the prior year. Construction activities continue in this area resulting in the issuance of \$6,691,031 in Tax Increment Financing notes in the current year.

Fiduciary Funds. The City maintains a fiduciary fund for the assets of the uniformed personnel through the Police and Firemen's Retirement Fund. As of the end of the current fiscal year ending March 31, 2006, the net assets of the Pension Trust Fund totaled \$6,049,149. This represents a decrease of \$154,234 in total net assets over the last fiscal year. This change is primarily due to decreases in the market value of the Pension Trust Fund's investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City has invested \$4,902,956, net of accumulated depreciation, at March 31, 2006 in a broad range of capital assets, including land, buildings and improvements, equipment, and vehicles. The amount includes a net increase for the current fiscal year (including additions and retirements) of \$335,816.

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006**

	March 31	
	2006	2005
Land	\$ 730,726	652,026
Building and improvements	4,728,290	4,279,544
Equipment	865,427	839,707
Vehicles	<u>728,244</u>	<u>664,580</u>
Total	7,052,687	6,435,857
Less - Accumulated depreciation	<u>2,149,731</u>	<u>1,868,717</u>
 Net Capital Assets	 <u>\$4,902,956</u>	 <u>4,567,140</u>

Additional information on the City's capital assets can be found starting on page 23 in Note D in the notes to the financial statements.

Debt Administration. At March 31, 2006, the City had total long-term debt obligations for governmental activities in the amount of \$11,757,719. None of the debt outstanding represents general obligation bonds.

	March 31	
	2006	2005
Governmental activities:		
Tax Increment Financing notes	\$11,628,707	4,937,676
Capital leases	<u>129,012</u>	<u>190,427</u>
 Total	 <u>\$11,757,719</u>	 <u>5,128,103</u>

At March 31, 2006, the City had capital lease obligations for governmental activities in the amount of \$129,012 for the acquisition of fire department equipment.

The Tax Increment Financing (TIF) notes represent a special limited obligation of the City that have been issued by the City. The City will make principal and interest payments on TIF notes to the note holder based on incremental revenues in lieu of taxes attributable to the project site. During the year ended March 31, 2006, a total of \$6,691,031 in TIF notes was issued. Additional information regarding the City's long-term debt can be found beginning on page 30 in Note G in the notes to the financial statements. No principal was retired.

BUDGETARY HIGHLIGHTS

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

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2006**

- Total collected revenues were \$46,319 less than budgeted. Lower than expected court fines and fees were offset by economic development reimbursements from the TIF developers.
- Total expenditures were \$582,913 less than budgeted.

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

- Total collected revenues were \$24,438 more than budgeted due to higher than expected intergovernmental receipts and investment income.
- Total expenditures were \$355,015 under budget due to capital outlay projects not completed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ending March 31, 2007, the City projects revenues of \$8,071,600 and expenditures of \$8,067,369.

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 Jennings
2120 Hord Avenue
Jennings, MO 63136

CITY OF JENNINGS, MISSOURI
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
MARCH 31, 2006

	Governmental Activities
ASSETS	
Cash and investments	\$ 4,405,228
Cash - restricted	218,531
Capital assets:	
Land	730,726
Capital assets, net of accumulated depreciation	4,172,230
Total Assets	9,526,715
 LIABILITIES	
Court bonds payable	109,575
Due to others	11,260
Unearned revenue	102,223
Miscellaneous	27,408
Noncurrent liabilities:	
Due within one year	65,453
Due in more than one year	11,692,266
Total Liabilities	12,008,185
 NET ASSETS	
Invested in capital assets, net of related debt	4,773,944
Unrestricted	(7,255,414)
Total Net Assets	\$ (2,481,470)

CITY OF JENNINGS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net Revenues (Expenses) And Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	
Governmental Activities				
Beautification	\$ 1,673	-	-	(1,673)
Building	341,005	-	-	(341,005)
City clerk	833,968	19,850	-	(814,118)
Collector	86,013	-	-	(86,013)
Court	169,555	-	-	(169,555)
Economic development	6,952,012	150,000	-	(6,802,012)
Federal jail	1,031,420	1,085,373	-	53,953
Fire protection	1,103,602	66,391	10,731	(1,026,480)
Legal	102,600	-	-	(102,600)
Maintenance	190,421	-	-	(190,421)
Police	2,885,850	643,308	81,777	(2,141,202)
Public health	164,521	-	-	(164,521)
Public works	984,801	28,583	727,327	(228,891)
Recreation	218,743	6,301	-	(146,582)
Sewer lateral	144,798	160,231	-	15,433
Special services	174,905	-	-	(174,905)
Teen activities	19,397	-	21,594	2,197
Interest	6,320	-	-	(6,320)
Total Govern- mental Activities	<u>\$ 15,411,604</u>	<u>2,160,037</u>	<u>841,429</u>	<u>(12,324,715)</u>
General Revenues				
Taxes				4,533,149
Gross receipts tax				1,458,564
License tax				133,883
Permits				224,986
Investment income				58,936
Miscellaneous				199,850
Total General Revenues				<u>6,609,368</u>
CHANGE IN NET ASSETS				(5,715,347)
NET ASSETS, APRIL 1				<u>3,233,877</u>
NET ASSETS, MARCH 31				<u>\$ (2,481,470)</u>

See notes to financial statements

CITY OF JENNINGS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
MARCH 31, 2006

	<u>General</u>	<u>Capital Improvement</u>	<u>Parks</u>	<u>Tax Increment Financing Area 3</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 2,602,006	847,225	149,125	56,186	750,686	4,405,228
Cash - restricted	218,531	-	-	-	-	218,531
Due from other funds	-	-	-	469	6,264	6,733
Total Assets	<u><u>\$ 2,820,537</u></u>	<u><u>847,225</u></u>	<u><u>149,125</u></u>	<u><u>56,655</u></u>	<u><u>756,950</u></u>	<u><u>4,630,492</u></u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Court bonds payable	\$ 109,575	-	-	-	-	109,575
Due to others	11,260	-	-	-	-	11,260
Due to other funds	5,600	-	-	-	1,133	6,733
Deferred revenue	102,223	-	-	-	-	102,223
Miscellaneous	27,408	-	-	-	-	27,408
Total Liabilities	<u><u>256,066</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,133</u></u>	<u><u>257,199</u></u>
Fund Balances						
Unreserved:						
General	2,564,471	-	-	-	-	2,564,471
Special revenue	-	847,225	149,125	56,655	755,817	1,808,822
Total Fund Balances	<u><u>2,564,471</u></u>	<u><u>847,225</u></u>	<u><u>149,125</u></u>	<u><u>56,655</u></u>	<u><u>755,817</u></u>	<u><u>4,373,293</u></u>
Total Liabilities And Fund Balances	<u><u>\$ 2,820,537</u></u>	<u><u>847,225</u></u>	<u><u>149,125</u></u>	<u><u>56,655</u></u>	<u><u>756,950</u></u>	<u><u>4,630,492</u></u>

See notes to financial statements

CITY OF JENNINGS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS -
MODIFIED CASH BASIS
MARCH 31, 2006

Total Fund Balances - Total Governmental Funds \$ 4,373,293

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$7,052,687 and the accumulated depreciation is \$2,149,731. 4,902,956

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Capital leases payable outstanding (129,012)
Tax increment financing notes payable (11,628,707)

Total Net Assets Of Governmental Activities \$ (2,481,470)

CITY OF JENNINGS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	General	Capital Improvement	Parks	Tax Increment Financing Area 3	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,805,950	873,660	18,347	1,309	719,238	5,418,504
Gross receipts taxes	1,458,564	-	-	-	-	1,458,564
Licenses	133,883	-	-	-	-	133,883
Permits	224,986	-	-	-	-	224,986
Charges for services	1,281,431	-	-	-	-	1,281,431
Court receipts	459,777	-	-	-	-	459,777
Intergovernmental	49,809	10,731	65,860	-	122,934	249,334
Investment income	41,467	15,047	166	3	2,253	58,936
Other	411,167	-	-	-	-	411,167
Total Revenues	<u>7,867,034</u>	<u>899,438</u>	<u>84,373</u>	<u>1,312</u>	<u>844,425</u>	<u>9,696,582</u>
EXPENDITURES						
Current:						
Beautification	-	-	-	-	642	642
Building	444,848	-	-	-	-	444,848
City clerk	824,077	-	-	-	-	824,077
Collector	86,013	-	-	-	-	86,013
Court	164,240	-	-	-	-	164,240
Economic development	-	-	-	6,756,114	170,754	6,926,868
Federal jail	980,820	-	-	-	-	980,820
Fire protection	954,541	-	-	-	64,764	1,019,305
Legal	102,595	-	-	-	-	102,595
Maintenance	137,559	-	-	-	-	137,559
Police	2,574,270	-	-	-	97,174	2,671,444
Public health	164,521	-	-	-	-	164,521
Public works	648,147	-	-	-	-	648,147
Recreation	123,568	-	-	-	-	123,568
Special services	174,905	-	-	-	-	174,905
Teen activities	-	-	-	-	19,397	19,397
Sewer lateral	-	-	-	-	144,798	144,798
Capital outlay	-	527,982	497,618	-	82,078	1,107,678
Debt service:						
Principal	-	61,415	-	-	-	61,415
Interest	-	6,320	-	-	-	6,320
Total Expenditures	<u>7,380,104</u>	<u>595,717</u>	<u>497,618</u>	<u>6,756,114</u>	<u>579,607</u>	<u>15,809,160</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>486,930</u>	<u>303,721</u>	<u>(413,245)</u>	<u>(6,754,802)</u>	<u>264,818</u>	<u>(6,112,578)</u>
OTHER FINANCING SOURCES (USES)						
Tax increment financing notes issued	-	-	-	6,691,031	-	6,691,031
Transfers in	213,243	181,073	202,841	87,000	-	684,157
Transfers out	(215,233)	(227,710)	(52,840)	-	(188,374)	(684,157)
Total Other Financing Sources (Uses)	<u>(1,990)</u>	<u>(46,637)</u>	<u>150,001</u>	<u>6,778,031</u>	<u>(188,374)</u>	<u>6,691,031</u>
NET CHANGE IN FUND BALANCES	484,940	257,084	(263,244)	23,229	76,444	578,453
FUND BALANCES, APRIL 1	<u>2,079,531</u>	<u>590,141</u>	<u>412,369</u>	<u>33,426</u>	<u>679,373</u>	<u>3,794,840</u>
FUND BALANCES, MARCH 31	<u>\$ 2,564,471</u>	<u>847,225</u>	<u>149,125</u>	<u>56,655</u>	<u>755,817</u>	<u>4,373,293</u>

See notes to financial statements

CITY OF JENNINGS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2006

Net Change in Fund Balances - Governmental Funds \$ 578,453

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 335,816

The issuance and repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

Debt issued:

Tax increment financing notes (6,691,031)

Repayments:

Capital lease payable 61,415 (6,629,616)

Change In Net Assets Of Governmental Activities \$ (5,715,347)

CITY OF JENNINGS, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS -
FIDUCIARY FUND
MARCH 31, 2006

	<u>Pension Trust Fund</u>
ASSETS	
Cash	\$ 60,451
Receivables:	
Interest and dividends	35,428
Other receivable	9,409
Contributions receivable - members	1,851
Total Receivables	<u>46,688</u>
Investments	<u>5,942,010</u>
NET ASSETS	
Reserved for employees retirement system	<u>\$ 6,049,149</u>

CITY OF JENNINGS, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
MODIFIED CASH BASIS - FIDUCIARY FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 161,821
Member contributions	22,817
	<u>184,638</u>
Investment income:	
Interest	199,286
Dividends	103,470
Net depreciation in fair value of investments	(107,079)
	<u>195,677</u>
Less - Investment management and custodial fees	8,336
Net Investment Income	<u>187,341</u>
Total Additions	<u>371,979</u>
DEDUCTIONS	
Benefits paid to retirees and beneficiaries	455,780
Refunds of member contributions	53,652
Administrative expenses	16,781
Total Deductions	<u>526,213</u>
NET DECREASE	(154,234)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, APRIL 1	<u>6,203,383</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, MARCH 31	<u><u>\$ 6,049,149</u></u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF JENNINGS, MISSOURI** (the City) was incorporated in December 1946. The City operates under a Mayor/City Council form of government and provides various services including legislative, fire and police protection, streets, sanitation and health services, public improvements, planning and zoning, parks, and general administrative services. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

In evaluating the City as a reporting entity, management has addressed all component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City does not have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The City has no business-type activities.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, all governmental funds 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 - modified cash basis. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures 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 U.S. generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

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

The City reports the following major governmental funds:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Capital Improvement Fund -- The Capital Improvement Fund is used to account for financial resources to be used for the acquisition, construction, or improvements and maintenance of major capital facilities and infrastructure.

Parks Fund -- The Parks Fund is used to account for sales tax and other financial resources for parks expenditures.

Tax Increment Financing Area 3 Fund -- The Tax Increment Financing Area 3 Fund is used to account for financial resources and expenditures for the particular economic development area.

Additionally, the City reports the following fund type:

Pension Trust Fund -- The Pension Trust Fund is used to account for assets held in a trustee capacity for the City's eligible employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 they are needed.

4. Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are stated at fair value or cost which approximates fair value.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements where applicable. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City has elected not to record the historical cost of infrastructure placed in service prior to April 1, 2004.

Depreciation is being computed on the straight-line method using asset lives as follows:

Assets	Years
Buildings and improvements	40
Equipment	7
Vehicles	5

6. Compensated Absences

Compensated absences are not vested and have not been accrued by the City.

7. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets - modified cash basis.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

8. Property Taxes

The City levies a tax on the assessed value of all real and personal property located within the City as of January 1 each year. Taxes are levied in September and are considered delinquent if not paid by December 31. St. Louis County assesses property values, collects the tax, and remits collected amounts to the City.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Use of Estimates

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of March 31, 2006, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of March 31, 2006, the City had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>	<u>Credit Risk</u>
Primary Government						
Certificates of deposit	\$ 384,000	384,000	-	-	-	N/A
Fixed income securities	189,000	189,000	-	-	-	AAA
Money market funds	<u>2,561,479</u>	<u>2,561,479</u>	-	-	-	N/A
Total Primary Government	<u>3,134,479</u>	<u>3,134,479</u>	-	-	-	
Fiduciary Fund						
Certificates of deposit	192,272	-	-	-	192,272	N/A
Government securities:						
Treasury securities	135,090	-	-	-	135,090	AAA
Federal agencies	3,358,812	-	-	-	3,358,812	AAA
Money market funds	110,476	110,476	-	-	-	Not rated
Mortgage backed securities	230,897	-	1,357	5,442	224,098	AAA
Mutual funds	<u>1,914,463</u>	<u>1,914,463</u>	-	-	-	AAA
Total Fiduciary Fund	<u>5,942,010</u>	<u>2,024,939</u>	<u>1,357</u>	<u>5,442</u>	<u>3,910,272</u>	
Total Investments	<u>\$9,076,489</u>	<u>5,159,418</u>	<u>1,357</u>	<u>5,442</u>	<u>3,910,272</u>	

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy requires pre-qualifying all entities the City conducts business with and diversifying the portfolio so potential losses on individual securities will be minimized.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. In accordance with the City's investment policy, the City will structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby, avoiding the need to sell securities on the open market prior to maturity. Additionally, the City invests primarily in shorter-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires diversification to minimize the risk of loss resulting from concentrations.

NOTE C - INVESTMENTS GREATER THAN 5% OF NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Investments which exceed 5% or more of net assets held in trust for pension benefits are as follows:

	March 31 <u>2006</u>
Vanguard GNMA Fund	\$856,041
Federated GNMA Institutional Fund	362,489
Vanguard Long-Term Treasury Fund	354,131
ING GNMA Income Fund	341,802

NOTE D - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - CAPITAL ASSETS (Continued)

	For The Year Ended March 31, 2006			
	Balance March 31 2005	Additions	Retirements	Balance March 31 2006
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 652,026	78,700	-	730,726
Capital assets being depreciated:				
Buildings and improvements	4,279,544	448,746	-	4,728,290
Equipment	839,707	25,720	-	865,427
Vehicles	664,580	103,339	39,675	728,244
Total Capital Assets Being Depreciated	<u>5,783,831</u>	<u>577,805</u>	<u>39,675</u>	<u>6,321,961</u>
Less - Accumulated depreciation for:				
Buildings and improvements	1,006,006	115,382	-	1,121,388
Equipment	464,044	88,348	-	552,392
Vehicles	398,667	116,959	39,675	475,951
Total Accumulated Depreciation	<u>1,868,717</u>	<u>320,689</u>	<u>39,675</u>	<u>2,149,731</u>
Total Capital Assets Being Depreciated, Net	<u>3,915,114</u>	<u>257,116</u>	<u>-</u>	<u>4,172,230</u>
 Governmental Activities Capital Assets, Net	 <u>\$4,567,140</u>	 <u>335,816</u>	 <u>-</u>	 <u>4,902,956</u>

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

	For The Year Ended March 31, 2006
Governmental activities:	
Federal jail	\$ 33,870
Fire protection	53,580
Police	125,562
Public works	60,735
Recreation	<u>46,942</u>
	<u>\$320,689</u>

NOTE E - EMPLOYEE RETIREMENT SYSTEMS

Missouri Local Government Employees Retirement System

1. Plan Description

The City's full-time employees participate in 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 is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 - 70.755. As such, it is LAGERS' 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 401a and it is tax exempt. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 0.7% (general), 8.7% (police), and 11.6% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost

For the plan year ended June 30, 2005, the City's annual pension cost of \$162,249 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 and/or February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually attributable to inflation; c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the 1983 Group Annuity Mortality table; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2005 was 15 years.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS (Continued)

3. Annual Pension Cost (Continued)

Three-year trend information follows:

<u>For The Plan Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$162,249	100%	\$ -
2004	158,891	100	-
2003	146,225	100	-

Schedule of funding progress follows:

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Excess Actuarial Assets Over Liability</u>
2005	\$6,002,790	\$4,061,664	\$1,941,126
2004	6,206,769	4,428,301	1,778,468
2003	5,648,114	3,971,847	1,676,267

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Excess Assets As A Percentage Of Covered Payroll</u>
2005	148%	\$2,972,772	65.30%
2004	140	3,093,714	57.49
2003	142	3,232,820	51.85

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS (Continued)

City of Jennings Police and Firemen's Retirement Fund

1. Plan Description

The City of Jennings Police and Firemen's Retirement Fund (the Plan) is a defined benefit plan covering all full-time employees of the Police and Fire Departments of the City of Jennings (the City) hired before April 1, 1987. The Plan provides retirement benefits based on service and salary with the City. The Plan also provides for disability payments and payments to the deceased member's spouse or children, based on the participant's service and salary with the City. The Plan is considered part of the City's financial reporting entity. The Plan issues a financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the City's Collector's office.

Covered employees who terminate their service voluntarily for reasons other than disability, provided they have 10 years of creditable service, shall be fully vested, subject to the conditions mentioned below.

Covered employees whose services are terminated for any reason and who are not eligible for any benefits will receive a refund of all employee payroll deductions contributed to the Fund plus interest of 3% compounded annually.

Covered employees who have attained the age of 65 years and have 15 years of creditable service shall be eligible for normal retirement benefits.

Additionally, covered employees who have attained the age of 55 years and have 20 years of creditable service shall be eligible for normal retirement benefits.

Employees eligible for normal retirement benefits will receive an initial payment equal to the total of all of the employee's contributions to the Plan, plus monthly payments equal to 2.25% of the employee's average monthly salary for the last five or ten years, whichever average is greater, multiplied by the number of years of creditable service, subject to a limit of 50% of said average monthly salary.

Covered employees experiencing total and permanent disability as a result of employment with the City are eligible to receive an initial payment equal to the total of all of the employee's contributions to the Plan, plus monthly payments equal to 2.25% of the employee's average monthly salary for the greater of the last five or ten years, multiplied by the number of years of creditable service (subject to a limit of 50% of said average monthly salary), but not less than \$100.

If a covered employee dies as a result of employment with the City before retirement, an initial payment equal to the total of all the employee's contributions to the Plan, plus monthly payments equal to 75% of 2.25% of the employee's average monthly salary for

NOTE E - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Plan Description (Continued)

the greater of the last five or ten years, multiplied by the number of years of creditable service (subject to a limit of 50% of said average monthly salary), but not less than \$100, shall be paid to the surviving spouse until death or remarriage.

If a covered employee dies after normal retirement, 75% of the deceased employee's monthly benefit, but not less than \$100, shall be paid to the surviving spouse until death or remarriage.

2. Funding

The Plan is funded by a tax levy of \$.18 per \$100 of the assessed value of all tangible real and personal property as may appear on the tax books of the City. Additional funding for the Plan is provided by payroll deductions at the rate of 3.39% of covered employees' salary. The City is not required to contribute any amounts in excess of property tax assessment to the Plan and has no funding obligation relating to the Plan.

3. Annual Pension Cost

For the plan year ended March 31, 2006, the City's tax levy contribution was \$161,821. The required contribution was \$210,990 which was determined as part of the April 1, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include a) a rate of return on the investment of present and future assets of 7% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually attributable to inflation; and c) pre-retirement mortality based on the 1983 Group Annuity Mortality table. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at April 1, 2005 was 15 years.

4. Trend Information

Historical trend information is as follows:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS (Continued)

4. Trend Information (Continued)

For The Actuarial Valuation Years Ended March 31	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)
2005	\$6,203,383	\$8,168,623	\$1,965,240
2004	6,323,381	8,085,470	1,762,089
2003	6,347,008	8,209,739	1,862,731
2002	6,101,956	7,344,864	1,242,908
2001	6,013,070	7,225,452	1,212,382
2000	5,623,005	6,841,955	1,218,950
1999	5,782,487	6,632,344	849,857

For The Actuarial Valuation Years Ended March 31	Funded Ratio	Annual Covered Payroll	AAL As A Percentage Of Covered Payroll
2005	75.9%	\$651,727	301.5%
2004	78.2	725,030	243.0
2003	77.3	788,961	236.1
2002	83.1	781,902	159.0
2001	83.2	824,512	147.0
2000	82.2	807,122	151.0
1999	87.2	925,035	92.0

5. Employer Contribution

For The Years Ended March 31	Required Contribution	Percent Contributed	Net Pension Obligation (Asset)
2006	\$210,990	77%	\$326,234
2005	197,947	80	263,348
2004	207,927	69	211,185
2003	199,281	71	138,387
2002	199,077	70	74,018
2001	190,128	76	12,761
2000	153,050	83	(31,814)

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - COMMITMENTS AND CONTINGENT LIABILITIES

The City receives various grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The City is not aware of any noncompliance with federal or state provisions that might require the City to provide reimbursement.

During fiscal year 1998, the City designated certain areas in the City as redevelopment areas eligible for Tax Increment Financing (TIF) treatment. The City has pledged approximately \$8,000,000 in incremental tax revenue to reimburse local employers for redevelopment expenses incurred as well as reimbursing the City for expenses related to the TIF plans.

NOTE G - LONG-TERM DEBT

A summary of changes in long-term liabilities is as follows:

	<u>For The Year Ended March 31, 2006</u>			<u>Balance</u> <u>March 31</u> <u>2006</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
	<u>Balance</u> <u>March 31</u> <u>2005</u>	<u>Additions</u>	<u>Deletions</u>		
	Governmental activities:				
TIF note	\$4,937,676	6,691,031	-	11,628,707	-
Capital lease	<u>190,427</u>	<u>-</u>	<u>61,415</u>	<u>129,012</u>	<u>65,453</u>
Total Governmental Activities	<u>\$5,128,103</u>	<u>6,691,031</u>	<u>61,415</u>	<u>11,757,719</u>	<u>65,453</u>

The capital lease is liquidated by the Capital Improvement Fund and the TIF note liquidated by the Tax Increment Financing Area 3 Fund.

TIF Note

In 2005 and 2006, the City issued Series 2005 TIF notes for the purpose of paying a portion of the redevelopment project costs in connection with the "Northland Redevelopment Project". The TIF notes are considered a special limited obligation of the City. The City will make principal and interest payments on the TIF notes based on incremental payments in lieu of taxes (PILOTS), economic activity tax (EATS), municipal revenues, and county revenues.

Since annual repayment amounts for the TIF note will be determined based on future revenues, a schedule of debt service requirements to maturity cannot be established. The notes may be issued up to an aggregate of \$17,135,000 and mature on January 1, 2024 with interest of 7% payable semi-annually beginning May 1, 2005.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

Capital Lease

The City has entered into lease agreements for financing the acquisition of fire equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

Assets	
Equipment	\$335,000
Less - Accumulated depreciation	<u>143,571</u>
	<u>\$191,429</u>

A schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of March 31, 2006 is as follows:

For The Years <u>Ended March 31</u>	
2007	\$ 67,735
2008	<u>67,734</u>
Total minimum lease payments	135,469
Less - Amount representing interest	<u>6,457</u>
Present Value Of Net Minimum Lease Payments	<u>\$129,012</u>

NOTE H - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the normal course of business, the City has numerous transactions between funds. The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. These balances are expected to be repaid by March 31, 2007. The following is a reconciliation of internal receivables and payables:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

	March 31, 2006	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ -	5,600
Tax Increment Financing Area 3 Fund	<u>469</u>	<u>-</u>
Total Major Governmental Funds	<u>469</u>	<u>5,600</u>
Nonmajor governmental funds:		
Special Revenue Funds:		
Local Law Enforcement Block Grant	410	-
Sewer Lateral Fund	5,854	-
Tax Increment Financing Area 1 Fund	-	319
Tax Increment Financing Area 4 Fund	<u>-</u>	<u>814</u>
Total Nonmajor Governmental Funds	<u>6,264</u>	<u>1,133</u>
	<u>\$6,733</u>	<u>6,733</u>

Transfers may be used to move unrestricted General Fund or other fund revenues to finance various programs that the government may account for in other funds in accordance with budgetary or other authorization, including amounts provided as subsidies or matching funds for various grant programs. Individual interfund transactions are as follows:

	For The Year Ended March 31, 2006				
	Transfers In				
	<u>General</u>	<u>Parks</u>	<u>Capital Im- provement</u>	<u>TIF Area 3</u>	<u>Total</u>
Transfers out:					
General Fund	\$ -	-	181,073	34,160	215,233
Capital Improvement Fund	24,869	202,841	-	-	227,710
Parks Fund	-	-	-	52,840	52,840
Nonmajor Governmental Funds	<u>188,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,374</u>
	<u>\$213,243</u>	<u>202,841</u>	<u>181,073</u>	<u>87,000</u>	<u>684,157</u>

NOTE I - 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 is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a state-wide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and mu-

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - RISK MANAGEMENT (Continued)

municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2006.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes				
Sales	\$ 2,275,000	2,275,000	2,319,992	44,992
Property:				
Real estate	825,000	825,000	696,442	(128,558)
Personal property	195,000	195,000	165,639	(29,361)
Railroad	35,000	35,000	30,445	(4,555)
Gasoline	455,000	455,000	445,179	(9,821)
Cigarette	60,000	60,000	55,319	(4,681)
Road and bridge	85,000	85,000	92,934	7,934
Total Taxes	<u>3,930,000</u>	<u>3,930,000</u>	<u>3,805,950</u>	<u>(124,050)</u>
Gross Receipts Taxes				
Utilities	1,280,000	1,280,000	1,384,360	104,360
Cable	75,000	75,000	74,204	(796)
Total Gross Receipts Taxes	<u>1,355,000</u>	<u>1,355,000</u>	<u>1,458,564</u>	<u>103,564</u>
Licenses				
Merchants and manufacturers	115,000	115,000	98,589	(16,411)
Liquor	4,000	4,000	3,225	(775)
Coin vending machines	2,000	2,000	2,200	200
Vehicles	25,000	25,000	26,014	1,014
Dog tags	1,500	1,500	262	(1,238)
Miscellaneous	5,000	5,000	3,593	(1,407)
Total Licenses	<u>152,500</u>	<u>152,500</u>	<u>133,883</u>	<u>(18,617)</u>
Permits				
Building permits	75,000	75,000	104,433	29,433
Street excavating permits	3,800	3,800	2,700	(1,100)
Plumbing permits	12,000	12,000	-	(12,000)
Occupancy permits	19,000	19,000	18,035	(965)
Housing inspections	30,000	30,000	28,137	(1,863)
Heating permits	8,400	8,400	6,848	(1,552)
User fees	-	-	3,674	3,674
Other permits and fees	38,500	38,500	61,159	22,659
Total Permits	<u>186,700</u>	<u>186,700</u>	<u>224,986</u>	<u>38,286</u>
Charges for Services				
Jail operations	975,000	975,000	910,173	(64,827)
Prisoner security	75,000	75,000	65,490	(9,510)
Police reports	55,000	55,000	60,906	5,906

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES (Continued)				
Charges for Services (Continued)				
Police contracts	35,000	35,000	42,455	7,455
Fire contracts	15,000	15,000	65,921	50,921
Commissary receipts	60,000	60,000	68,971	8,971
Rental	14,000	14,000	19,850	5,850
Transportation	22,000	22,000	19,082	(2,918)
Weed cutting	-	-	28,583	28,583
Total Charges For Services	<u>1,251,000</u>	<u>1,251,000</u>	<u>1,281,431</u>	<u>30,431</u>
Court Receipts				
Costs and fines	500,000	500,000	375,653	(124,347)
Traffic bureau	106,000	106,000	72,485	(33,515)
D.W.I. recoupment fee	3,800	3,800	3,145	(655)
Crime victims compensation	1,800	1,800	1,150	(650)
Training fund	8,700	8,700	7,344	(1,356)
Total Court Receipts	<u>620,300</u>	<u>620,300</u>	<u>459,777</u>	<u>(160,523)</u>
Other				
Telephone commission	50,000	50,000	21,657	(28,343)
Community programs	-	-	25,361	25,361
Concession stands	-	-	5,277	5,277
Economic development reimbursement	55,000	7,000	150,000	143,000
Investment income	200,000	200,000	41,467	(158,533)
Intergovernmental grants	3,500	3,500	49,809	46,309
Trash stickers	15,000	15,000	8,381	(6,619)
False alarm charges	600	600	470	(130)
Miscellaneous	94,002	141,753	200,021	58,268
Total Other	<u>418,102</u>	<u>417,853</u>	<u>502,443</u>	<u>84,590</u>
Total Revenues	<u>7,913,602</u>	<u>7,913,353</u>	<u>7,867,034</u>	<u>(46,319)</u>
EXPENDITURES				
Building				
Personnel costs:				
Salaries	279,283	279,283	280,796	1,513
Payroll tax	21,365	21,365	20,451	(914)
Employee insurance	22,647	22,647	22,662	15
Pension contribution	1,955	1,955	1,820	(135)
	<u>325,250</u>	<u>325,250</u>	<u>325,729</u>	<u>479</u>

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Building (Continued)				
Contracts	-	-	1,066	1,066
Dues	500	500	482	(18)
Supplies	6,000	6,000	5,063	(937)
Economic development	25,000	25,000	25,143	143
Computer contracts	500	500	500	-
Demolition	10,000	80,225	86,159	5,934
Radio	500	500	193	(307)
Map making	200	200	171	(29)
Professional development	750	750	342	(408)
Total Building	<u>368,700</u>	<u>438,925</u>	<u>444,848</u>	<u>5,923</u>
Fire Protection				
Personnel costs:				
Salaries	734,311	732,478	712,259	(20,219)
Payroll tax	56,175	56,175	50,447	(5,728)
Employee insurance	52,686	52,686	52,073	(613)
Pension contribution	45,205	45,205	45,872	667
	<u>888,377</u>	<u>886,544</u>	<u>860,651</u>	<u>(25,893)</u>
Maintenance and repairs	5,000	5,000	1,764	(3,236)
Gas and oil	4,000	4,000	2,300	(1,700)
Equipment replacement	35,500	35,500	67,267	31,767
Utilities	2,000	2,000	1,634	(366)
Telephone and radio	16,000	16,000	15,306	(694)
Uniforms	400	2,233	(432)	(2,665)
Supplies	3,100	3,100	2,910	(190)
Professional development	1,500	1,500	1,191	(309)
Community programs	3,000	3,000	1,950	(1,050)
Total Fire Protection	<u>958,877</u>	<u>958,877</u>	<u>954,541</u>	<u>(4,336)</u>
City Clerk				
Personnel costs:				
Salaries	223,211	223,211	220,546	(2,665)
Payroll tax	17,076	17,076	17,010	(66)
Employee insurance	29,900	29,900	26,737	(3,163)
Pension contribution	1,335	1,335	1,319	(16)
Unemployment compensation	15,000	15,000	9,198	(5,802)
	<u>286,522</u>	<u>286,522</u>	<u>274,810</u>	<u>(11,712)</u>
Dues	9,000	9,000	9,868	868
Utilities	35,000	35,000	36,233	1,233

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
City Clerk (Continued)				
Postage	5,000	5,000	7,632	2,632
Election costs	10,000	10,000	9,809	(191)
Supplies	12,000	12,000	13,332	1,332
Accounting and data processing	55,000	55,000	55,460	460
Bank charges	2,500	2,500	(410)	(2,910)
Personnel	30,000	30,000	25,243	(4,757)
Bonds and insurance	520,000	520,000	355,610	(164,390)
Hospitality	500	500	396	(104)
Wellness program	14,000	14,000	9,486	(4,514)
Car allowance	250	250	68	(182)
Publications	20,000	20,000	20,101	101
Advertising	5,000	5,000	2,299	(2,701)
Professional development	5,000	5,000	4,140	(860)
Total City Clerk	<u>1,009,772</u>	<u>1,009,772</u>	<u>824,077</u>	<u>(185,695)</u>
Legal				
Personnel costs:				
Salaries	33,673	33,673	33,673	-
Payroll tax	2,576	2,576	2,576	-
Employee insurance	6,636	6,636	4,199	(2,437)
	<u>42,885</u>	<u>42,885</u>	<u>40,448</u>	<u>(2,437)</u>
Legal fees	100,000	100,000	62,147	(37,853)
Total Legal	<u>142,885</u>	<u>142,885</u>	<u>102,595</u>	<u>(40,290)</u>
Collector				
Personnel costs:				
Salaries	67,576	67,576	68,498	922
Payroll tax	5,170	5,170	5,069	(101)
Employee insurance	8,341	8,341	7,831	(510)
Pension contribution	473	473	476	3
	<u>81,560</u>	<u>81,560</u>	<u>81,874</u>	<u>314</u>
Supplies	1,000	1,000	1,489	489
Trash sticker	13,000	13,000	2,370	(10,630)
County clerk	250	250	240	(10)
Professional development	200	200	40	(160)
Total Collector	<u>96,010</u>	<u>96,010</u>	<u>86,013</u>	<u>(9,997)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Maintenance				
Licenses and fees	1,000	1,000	1,043	43
Gas and oil	100,000	100,000	136,516	36,516
Total Maintenance	<u>101,000</u>	<u>101,000</u>	<u>137,559</u>	<u>36,559</u>
Court				
Personnel costs:				
Salaries	98,903	98,903	106,010	7,107
Payroll tax	7,566	7,566	7,906	340
Employee insurance	12,005	12,005	10,711	(1,294)
Pension contribution	570	570	440	(130)
	<u>119,044</u>	<u>119,044</u>	<u>125,067</u>	<u>6,023</u>
Utilities	20,000	20,000	22,806	2,806
Postage	2,500	2,500	601	(1,899)
Supplies	6,000	6,000	7,044	1,044
Interim judges	4,000	4,000	2,050	(1,950)
Computer	2,300	2,300	1,335	(965)
Office equipment lease	2,500	2,500	2,890	390
Professional development	13,529	13,529	2,447	(11,082)
Total Court	<u>169,873</u>	<u>169,873</u>	<u>164,240</u>	<u>(5,633)</u>
Police				
Personnel costs:				
Salaries	1,866,037	1,866,037	1,741,580	(124,457)
Payroll tax	142,752	142,752	131,542	(11,210)
Employee insurance	143,875	143,875	168,301	24,426
Pension contribution	112,621	112,621	90,564	(22,057)
	<u>2,265,285</u>	<u>2,265,285</u>	<u>2,131,987</u>	<u>(133,298)</u>
Utilities	40,000	40,000	50,729	10,729
Postage	3,100	3,100	692	(2,408)
Uniforms	24,000	24,000	20,919	(3,081)
Office supplies	7,500	7,500	7,906	406
Building maintenance	35,000	35,000	39,757	4,757
Police reserves	2,500	2,500	104	(2,396)
Police equipment	17,500	17,500	16,091	(1,409)
Computer contracts	10,000	10,000	-	(10,000)
Prisoner	83,000	83,000	92,993	9,993
D.W.I. supplies	14,209	14,209	1,675	(12,534)
Investigative	-	-	247	247

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police (Continued)				
Car allowance and parking	100	100	74	(26)
Office equipment leasing	4,200	4,200	3,837	(363)
Police radio	139,347	139,347	130,038	(9,309)
D.A.R.E.	1,000	1,000	289	(711)
Police teletype	49,000	49,000	56,239	7,239
Crime prevention	5,000	5,000	3,807	(1,193)
Training fund	6,250	6,250	2,256	(3,994)
Ammunition	4,500	4,500	3,988	(512)
Professional development	47,223	47,223	10,642	(36,581)
Total Police	<u>2,758,714</u>	<u>2,758,714</u>	<u>2,574,270</u>	<u>(184,444)</u>
Public Health				
Vector control - mosquito	10,000	10,000	6,409	(3,591)
Tree and weed cutting	1,000	1,000	-	(1,000)
Street lights	162,500	162,500	158,112	(4,388)
Total Public Health	<u>173,500</u>	<u>173,500</u>	<u>164,521</u>	<u>(8,979)</u>
Public Works				
Personnel costs:				
Salaries	509,943	509,943	438,702	(71,241)
Payroll tax	37,098	37,098	31,013	(6,085)
Employee insurance	61,815	61,815	58,477	(3,338)
Pension contribution	3,395	3,395	2,588	(807)
	<u>612,251</u>	<u>612,251</u>	<u>530,780</u>	<u>(81,471)</u>
Equipment maintenance	3,000	3,000	2,869	(131)
Gas, oil, and maintenance	8,000	8,000	-	(8,000)
Equipment	37,000	37,000	21,241	(15,759)
Utilities	30,000	30,000	40,425	10,425
Uniforms	4,600	4,600	3,384	(1,216)
Supplies	23,800	23,800	18,296	(5,504)
Salt	20,000	20,000	13,141	(6,859)
Paint supplies and signs	5,000	5,000	3,491	(1,509)
Hauling cost	10,800	10,800	13,386	2,586
Professional development	1,200	1,200	1,134	(66)
Total Public Works	<u>755,651</u>	<u>755,651</u>	<u>648,147</u>	<u>(107,504)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Recreation				
Personnel costs:				
Salaries	64,259	64,259	55,737	(8,522)
Payroll tax	6,218	6,218	4,209	(2,009)
Employee insurance	923	923	933	10
Pension contribution	380	380	368	(12)
	<u>71,780</u>	<u>71,780</u>	<u>61,247</u>	<u>(10,533)</u>
Dues	125	125	195	70
Equipment	3,000	3,000	611	(2,389)
Utilities	15,000	15,000	13,797	(1,203)
Contract	1,000	1,000	-	(1,000)
Concession stand supplies	4,000	4,095	4,080	(15)
Supplies	4,400	4,400	3,301	(1,099)
Building maintenance	11,000	11,000	11,831	831
Community program	30,000	30,154	24,265	(5,889)
Professional development	750	750	490	(260)
Special events	5,000	5,000	3,751	(1,249)
Total Recreation	<u>146,055</u>	<u>146,304</u>	<u>123,568</u>	<u>(22,736)</u>
Federal Jail				
Personnel costs:				
Salaries	610,018	610,018	582,976	(27,042)
Payroll tax	46,666	46,666	42,434	(4,232)
Employee insurance	61,541	61,541	63,669	2,128
Pension contribution	4,270	4,270	3,161	(1,109)
	<u>722,495</u>	<u>722,495</u>	<u>692,240</u>	<u>(30,255)</u>
Utilities	21,000	21,000	22,396	1,396
Postage	700	700	802	102
Uniforms	8,000	8,000	8,103	103
Supplies	2,500	2,500	2,735	235
Building maintenance - jail	7,000	7,000	9,297	2,297
Commissary	40,000	40,000	40,139	139
Meals and coffee	170,000	170,000	138,458	(31,542)
Laundry	17,000	17,000	17,324	324
Medical	48,000	48,000	44,167	(3,833)
Radio	1,000	1,000	1,583	583
Ammunition	1,100	1,100	1,261	161
Professional development	3,000	3,000	2,315	(685)
Total Federal Jail	<u>1,041,795</u>	<u>1,041,795</u>	<u>980,820</u>	<u>(60,975)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)				
Special Services				
Personnel costs:				
Salaries	99,959	99,959	100,748	789
Payroll tax	7,647	7,647	7,343	(304)
Employee insurance	8,455	8,455	12,187	3,732
Pension contribution	700	700	707	7
	116,761	116,761	120,985	4,224
Dues	500	500	413	(87)
Utilities	12,000	12,000	1,713	(10,287)
Supplies	1,500	1,500	2,351	851
Building maintenance	12,500	12,500	13,215	715
Insurance deductible	25,000	25,000	35,083	10,083
Safety equipment	500	500	280	(220)
Mileage	50	50	-	(50)
Publications	400	400	414	14
Professional development	500	500	451	(49)
Total Special Services	169,711	169,711	174,905	5,194
Total Expenditures	7,892,543	7,963,017	7,380,104	(582,913)
 REVENUES OVER (UNDER)				
EXPENDITURES	21,059	(49,664)	486,930	536,594
 OTHER FINANCING SOURCES (USES)				
Transfers in	145,000	145,000	213,243	68,243
Transfers out	(174,820)	(174,820)	(215,233)	(40,413)
Total Other Financing Sources (Uses)	(29,820)	(29,820)	(1,990)	27,830
 NET CHANGE IN FUND BALANCE				
	\$ (8,761)	(79,484)	484,940	564,424
 FUND BALANCE, APRIL 1			2,079,531	
 FUND BALANCE, MARCH 31			\$ 2,564,471	

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED MARCH 31, 2006

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 875,000	875,000	873,660	(1,340)
Intergovernmental	-	-	10,731	10,731
Investment income	-	-	15,047	15,047
Total Revenues	875,000	875,000	899,438	24,438
EXPENDITURES				
Capital outlay	887,232	882,732	527,982	(354,750)
Debt service:				
Principal	61,500	61,500	61,415	(85)
Interest	6,500	6,500	6,320	(180)
Total Expenditures	955,232	950,732	595,717	(355,015)
REVENUES OVER (UNDER) EXPENDITURES				
	(80,232)	(75,732)	303,721	379,453
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	181,073	181,073
Transfers out	(150,000)	(150,000)	(227,710)	(77,710)
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(46,637)	103,363
NET CHANGE IN FUND BALANCE				
	\$ (230,232)	(225,732)	257,084	482,816
FUND BALANCE, APRIL 1			590,141	
FUND BALANCE, MARCH 31			\$ 847,225	

CITY OF JENNINGS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2006

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The proposed budget on the modified cash basis of accounting is submitted to the City Council for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenues of the preceding year plus any unreserved balance at the end of such year. Sources from capital leases are not budgeted.
- b. Public hearings are conducted in the City to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the City Council for each fiscal year.
- d. The City Council may transfer budgeted amounts between departments to alter the total expenditures. All appropriations not spent or legally encumbered at year-end lapse.
- e. The City adopts a budget for the General Fund and the Capital Improvement Fund. All other funds are unbudgeted.
- f. During the year the City Council authorized supplemental appropriations to the budget.

Expenditures

For the year ended March 31, 2006, expenditures exceeded appropriations as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund:				
Maintenance	101,000	101,000	137,559	36,559
Special services	169,711	169,711	174,905	5,194

These expenditures were approved by the Board and were funded by savings in other departments and fund balance.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF JENNINGS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2006

	Tax Increment Financing Area 1	Tax Increment Financing Area 2	Tax Increment Financing Area 4	Fire Protection	Sewer Lateral	Local Law Enforcement Block Grant	Police Seizure	Beautifi- cation	Teen Activities	Total
ASSETS										
Cash and investments	\$ 64,514	33,687	109,713	46,762	306,306	21,703	153,815	3,103	11,083	750,686
Due from other funds	-	-	-	-	5,854	410	-	-	-	6,264
Total Assets	<u>\$ 64,514</u>	<u>33,687</u>	<u>109,713</u>	<u>46,762</u>	<u>312,160</u>	<u>22,113</u>	<u>153,815</u>	<u>3,103</u>	<u>11,083</u>	<u>756,950</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Due to other funds	\$ 319	-	814	-	-	-	-	-	-	1,133
Fund Balances										
Unreserved - Special Revenue Funds	64,195	33,687	108,899	46,762	312,160	22,113	153,815	3,103	11,083	755,817
Total Liabilities And Fund Balances	<u>\$ 64,514</u>	<u>33,687</u>	<u>109,713</u>	<u>46,762</u>	<u>312,160</u>	<u>22,113</u>	<u>153,815</u>	<u>3,103</u>	<u>11,083</u>	<u>756,950</u>

CITY OF JENNINGS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	Tax Increment Financing Area 1	Tax Increment Financing Area 2	Tax Increment Financing Area 4	Fire Protection	Sewer Lateral	Local Law Enforcement Block Grant	Police Seizure	Beautifi- cation	Teen Activities	Pension Tax	Total
REVENUES											
Taxes	\$ 77,530	30,634	96,191	192,831	160,231	-	-	-	-	161,821	719,238
Intergovernmental	-	-	-	-	-	19,563	81,777	-	21,594	-	122,934
Investment income	70	-	-	22	1,937	58	152	4	10	-	2,253
Total Revenues	<u>77,600</u>	<u>30,634</u>	<u>96,191</u>	<u>192,853</u>	<u>162,168</u>	<u>19,621</u>	<u>81,929</u>	<u>4</u>	<u>21,604</u>	<u>161,821</u>	<u>844,425</u>
EXPENDITURES											
Economic development	140,353	28,251	2,150	-	-	-	-	-	-	-	170,754
Miscellaneous:											
Bank charges	-	-	-	36	-	53	28	-	-	-	117
Other	-	-	-	-	-	-	-	642	19,397	161,821	181,860
Sewer lateral	-	-	-	-	144,798	-	-	-	-	-	144,798
Capital outlay:											
Capital purchases	-	-	-	-	-	31,307	49,740	1,031	-	-	82,078
Total Expenditures	<u>140,353</u>	<u>28,251</u>	<u>2,150</u>	<u>36</u>	<u>144,798</u>	<u>31,360</u>	<u>49,768</u>	<u>1,673</u>	<u>19,397</u>	<u>161,821</u>	<u>579,607</u>
REVENUES OVER (UNDER) EXPENDITURES	(62,753)	2,383	94,041	192,817	17,370	(11,739)	32,161	(1,669)	2,207	-	264,818
OTHER FINANCING USES											
Transfers out	-	-	-	(188,374)	-	-	-	-	-	-	(188,374)
NET CHANGE IN FUND BALANCES	(62,753)	2,383	94,041	4,443	17,370	(11,739)	32,161	(1,669)	2,207	-	76,444
FUND BALANCES, APRIL 1	<u>126,948</u>	<u>31,304</u>	<u>14,858</u>	<u>42,319</u>	<u>294,790</u>	<u>33,852</u>	<u>121,654</u>	<u>4,772</u>	<u>8,876</u>	<u>-</u>	<u>679,373</u>
FUND BALANCES, MARCH 31	<u>\$ 64,195</u>	<u>33,687</u>	<u>108,899</u>	<u>46,762</u>	<u>312,160</u>	<u>22,113</u>	<u>153,815</u>	<u>3,103</u>	<u>11,083</u>	<u>-</u>	<u>755,817</u>