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Financial Report, 2007

City of Jennings

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

CITY OF JENNINGS, MISSOURI

FINANCIAL REPORT
(Audited)

Year Ended March 31, 2007

CITY OF JENNINGS, MISSOURI
FINANCIAL REPORT

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets - Modified Cash Basis	10
Statement of Activities - Modified Cash Basis	11
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis - Governmental Funds	12
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds to the Statement of Net Assets - Modified Cash Basis	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	14
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	15
Statement of Fiduciary Net Assets - Modified Cash Basis - Fiduciary Fund	16
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis - Fiduciary Fund	17
Notes to Financial Statements	18
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Modified Cash Basis:	
General Fund	35
Capital Improvement Fund	43
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Modified Cash Basis	44
OTHER SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Modified Cash Basis	46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis	47



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

INDEPENDENT AUDITORS' REPORT

October 15, 2007

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, 2007, 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 as of March 31, 2007, and the respective changes in financial position for the year then ended, on the basis of accounting described in Note A-3.

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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, is presented for purposes of additional analysis and is 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, is fairly stated in all material respects in relation to the financial statements taken as whole.

Hochschild, Bloant Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007**

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, 2007. 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 \$3,844,318. The City has a deficit in unrestricted net assets totaling (\$12,342,414) primarily due to \$15,625,000 in Tax Increment and Community Improvement Refunding Revenue Bonds, Series 2006 (Northland Redevelopment Area Project) outstanding at year-end for infrastructure assets not owned by the City.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$6,376,385.
- At the end of the current fiscal year, the fund balance for the General Fund was \$2,675,448.

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, pub-

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007

lic works, recreation, sewer lateral, special services, and teen activities. The City does not have any business-type activities.

The City has elected to utilize a modified cash basis of accounting as explained in Note 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, 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.

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007

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 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 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

The City presents its financial statements under the 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*.

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

	<u>March 31</u>	
	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and other current assets	\$ 7,196,335	4,623,759
Capital assets	4,860,718	4,902,956
Total Assets	<u>12,057,053</u>	<u>9,526,715</u>
LIABILITIES		
Other liabilities	302,120	250,466
Noncurrent liabilities	<u>15,599,251</u>	<u>11,757,719</u>
Total Liabilities	<u>15,901,371</u>	<u>12,008,185</u>
NET ASSETS (DEFICIENCY)		
Invested in capital assets, net of related debt	4,797,159	4,773,944
Restricted for debt service	1,311,593	-
Restricted for special projects	2,389,344	-
Unrestricted (deficit)	<u>(12,342,414)</u>	<u>(7,255,414)</u>
Total Net Deficiency	<u>(\$ 3,844,318)</u>	<u>(2,481,470)</u>

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007

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 \$3,844,318 at the close of March 31, 2007.

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 \$1,362,848. This was largely attributable to the issuance of tax increment revenue bonds in the Tax Increment Financing Area 3 Fund used to fund economic development in the TIF area.

	For The Years	
	Ended March 31	
	2007	2006
REVENUES		
Program revenues:		
Charges for services	\$ 1,681,827	2,160,037
Operating grants and contributions	870,383	926,852
General revenues:		
Taxes	6,438,391	5,991,713
License tax and permits	374,454	358,869
Investment income	149,029	58,936
Miscellaneous	188,814	199,850
Total Revenues	<u>9,702,898</u>	<u>9,696,257</u>
EXPENSES		
Beautification	847	1,673
Building	336,770	341,005
City clerk	995,228	833,968
Collector	90,858	86,013
Court	166,210	169,555
Economic development	1,067,890	6,952,012
Federal jail	1,040,588	1,031,420
Fire protection	1,097,409	1,103,602
Legal	135,559	102,600
Maintenance	232,119	190,421
Police	2,991,384	2,885,850
Public health	170,116	164,521
Public works	1,043,644	984,801
Recreation	243,711	218,743
Sewer lateral	103,375	144,798

CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007

	For The Years Ended March 31	
	2007	2006
EXPENSES (Continued)		
Special services	181,721	174,905
Teen activities	13,544	19,397
Interest	<u>1,154,773</u>	<u>6,320</u>
Total Expenses	<u>11,065,746</u>	<u>15,411,604</u>
 CHANGE IN NET ASSETS	 (1,362,848)	 (5,715,347)
 NET DEFICIENCY, APRIL 1	 <u>(2,481,470)</u>	 <u>3,233,877</u>
 NET DEFICIENCY, MARCH 31	 <u>(\$ 3,844,318)</u>	 <u>(2,481,470)</u>

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 a government's resources available for spending at the end of the fiscal year.

At March 31, 2007, the combined fund balance was \$6,376,385.

The General Fund is the chief operating fund of the City. The fund balance in the City's General Fund increased by \$110,977 from the prior year. The change of the current year's fund balance is mainly due to increased economic activity 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 \$125,442 from the prior year. The change of the current year's fund balance is mainly due to a delay in capital improvement projects.

The Tax Increment Financing Area 3 Fund 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 \$1,366,412 from the prior year. The increase in this fund is due to the issuance of Tax Increment and Community Improvement Refunding Revenue Bonds, Series 2006 and the establishment of the debt service reserves.

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, 2007, the net assets of the Pension Trust Fund totaled \$6,062,610. This represents an in-

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007**

crease of \$13,461 in total net assets over the last fiscal year. This change is primarily due to increases in the market value of the Pension Trust Fund's investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City has invested \$4,860,718, net of accumulated depreciation, at March 31, 2007 in a broad range of capital assets, including land, buildings and improvements, equipment, and vehicles. The amount includes a net decrease for the current fiscal year (including additions and retirements) of \$42,238.

Capital assets were as follows:

	March 31	
	2007	2006
Land	\$ 755,126	730,726
Construction in progress	17,650	-
Building and improvements	4,733,959	4,728,290
Equipment	1,017,641	865,427
Vehicles	<u>827,306</u>	<u>728,244</u>
Total	7,351,682	7,052,687
Less - Accumulated depreciation	<u>2,490,964</u>	<u>2,149,731</u>
Net Capital Assets	<u>\$4,860,718</u>	<u>4,902,956</u>

Additional information on the City's capital assets can be found starting on page 24 in Note C in the notes to the financial statements.

Debt Administration. At March 31, 2007, the City had total long-term debt obligations for governmental activities in the amount of \$15,688,559. None of the debt outstanding represents general obligation bonds.

	March 31	
	2007	2006
Governmental activities:		
Tax increment financing note	\$ -	11,628,707
Tax increment financing bonds	15,625,000	-
Capital lease	<u>63,559</u>	<u>129,012</u>
Total	<u>\$15,688,559</u>	<u>11,757,719</u>

At March 31, 2007, the City had capital lease obligations for governmental activities in the amount of \$63,559 for the acquisition of fire department equipment.

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2007**

The Tax Increment Financing (TIF) bonds 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 bonds to the bond holder based on incremental revenues in lieu of taxes attributable to the project site. During the year ended March 31, 2007, \$15,625,000 in TIF refund bonds were issued to refund the principal and interest on TIF notes outstanding. Additional information regarding the City's long-term debt can be found beginning on page 30 in Note F in the notes to the financial statements.

BUDGETARY HIGHLIGHTS

In the General Fund, the following significant variances occurred between 2007 budget and actual expenditures:

- Total collected revenues were \$443,670 less than budgeted due to lower than expected tax collections and lower revenue from jail operations.
- Total expenditures were \$355,524 less than budgeted.

In the Capital Improvement Fund, the following significant variances occurred between 2007 budget and actual expenditures:

- Total collected revenues were \$25,368 more than budgeted due to higher than expected investment income.
- Total expenditures were \$443,634 under budget due to capital outlay projects not completed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ending March 31, 2008, the City projects revenues of \$8,377,050 and expenditures of \$8,488,660.

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, 2007

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,089,339
Cash and investments - restricted	1,589,166
Bond issue costs	517,830
Capital assets:	
Land	755,126
Construction in progress	17,650
Capital assets, net of accumulated depreciation	4,087,942
Total Assets	12,057,053
 LIABILITIES	
Court bonds payable	94,121
Due to others	7,170
Unearned revenue	175,587
Miscellaneous	25,242
Noncurrent liabilities:	
Due within one year	258,559
Due in more than one year	15,340,692
Total Liabilities	15,901,371
 NET ASSETS (DEFICIENCY)	
Invested in capital assets, net of related debt	4,797,159
Restricted for debt service	1,311,593
Restricted for special projects	2,389,344
Unrestricted (deficit)	(12,342,414)
Total Net Assets (Deficiency)	\$ (3,844,318)

CITY OF JENNINGS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
Beautification	\$ 847	-	868	-	21
Building	336,770	-	-	-	(336,770)
City clerk	995,228	23,338	-	-	(971,890)
Collector	90,858	-	-	-	(90,858)
Court	166,210	-	-	-	(166,210)
Economic development	1,067,890	-	-	-	(1,067,890)
Federal jail	1,040,588	901,835	-	-	(138,753)
Fire protection	1,097,409	615	-	-	(1,096,794)
Legal	135,559	-	-	-	(135,559)
Maintenance	232,119	-	-	-	(232,119)
Police	2,991,384	597,677	92,977	-	(2,300,730)
Public health	170,116	-	-	-	(170,116)
Public works	1,043,644	12,295	759,845	-	(271,504)
Recreation	243,711	30,282	5,493	-	(207,936)
Sewer lateral	103,375	115,785	-	-	12,410
Special services	181,721	-	-	-	(181,721)
Teen activities	13,544	-	11,200	-	(2,344)
Interest	1,154,773	-	-	-	(1,154,773)
Total Govern- mental Activities	\$ 11,065,746	1,681,827	870,383	-	(8,513,536)
General Revenues					
Taxes					4,944,597
Gross receipts tax					1,493,794
License tax					174,662
Permits					199,792
Investment income					149,029
Miscellaneous					188,814
Total General Revenues					7,150,688
CHANGE IN NET ASSETS					(1,362,848)
NET DEFICIENCY, APRIL 1					(2,481,470)
NET DEFICIENCY, MARCH 31					\$ (3,844,318)

See notes to financial statements

CITY OF JENNINGS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
MARCH 31, 2007

	General	Capital Improvement	Tax Increment Financing Area 3	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,703,220	972,667	111,005	1,302,447	5,089,339
Cash and investments - restricted	277,573	-	1,311,593	-	1,589,166
Due from other funds	-	-	469	3,889	4,358
Total Assets	\$ 2,980,793	972,667	1,423,067	1,306,336	6,682,863
 LIABILITIES AND FUND BALANCES					
Liabilities					
Court bonds payable	\$ 94,121	-	-	-	94,121
Due to others	7,170	-	-	-	7,170
Due to other funds	3,225	-	-	1,133	4,358
Deferred revenue - protested taxes	175,587	-	-	-	175,587
Miscellaneous	25,242	-	-	-	25,242
Total Liabilities	305,345	-	-	1,133	306,478
 Fund Balances					
Reserved for debt service	-	-	1,311,593	-	1,311,593
Unreserved:					
General	2,675,448	-	-	-	2,675,448
Special revenue	-	972,667	111,474	1,305,203	2,389,344
Total Fund Balances	2,675,448	972,667	1,423,067	1,305,203	6,376,385
Total Liabilities And Fund Balances	\$ 2,980,793	972,667	1,423,067	1,306,336	6,682,863

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, 2007

Total Fund Balances - Total Governmental Funds	\$ 6,376,385
<p>Amounts reported for governmental activities in the statement of net assets - modified cash basis are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$7,351,682 and the accumulated depreciation is \$2,490,964.</p>	4,860,718
<p>Certain prepaid amounts benefit future periods and, therefore, are not reported in the funds:</p> <p style="padding-left: 40px;">Unamortized bond issuance cost for debt issued in the current year</p>	517,830
<p>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:</p> <p style="padding-left: 40px;">Capital leases payable outstanding</p> <p style="padding-left: 40px;">Tax increment financing bonds payable</p> <p style="padding-left: 40px;">Unamortized bond discount</p>	<p>(63,559)</p> <p>(15,625,000)</p> <p style="border-top: 1px solid black;">89,308</p>
Net Assets (Deficiency) Of Governmental Activities	\$ (3,844,318)

**MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007**

	<u>General</u>	<u>Capital Improvement</u>	<u>Tax Increment Financing Area 3</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 3,875,064	902,345	14,856	1,025,795	5,818,060
Gross receipts taxes	1,493,794	-	-	-	1,493,794
License tax	174,662	-	-	-	174,662
Permits	199,792	-	-	-	199,792
Charges for services	1,019,513	-	-	-	1,019,513
Court receipts	493,713	-	-	-	493,713
Intergovernmental	3,417	-	-	104,177	107,594
Investment income	94,902	23,023	21,390	9,714	149,029
Other	244,673	-	-	2,068	246,741
Total Revenues	<u>7,599,530</u>	<u>925,368</u>	<u>36,246</u>	<u>1,141,754</u>	<u>9,702,898</u>
EXPENDITURES					
Current:					
Beautification	-	-	-	847	847
Building	376,121	-	-	-	376,121
City clerk	976,200	-	-	-	976,200
Collector	90,858	-	-	-	90,858
Court	163,547	-	-	-	163,547
Economic development	-	-	877,436	149,103	1,026,539
Federal jail	998,323	-	-	-	998,323
Fire protection	954,671	-	-	65,545	1,020,216
Legal	135,559	-	-	-	135,559
Maintenance	154,753	-	-	-	154,753
Police	2,667,105	-	-	98,491	2,765,596
Public health	170,116	-	-	-	170,116
Public works	620,284	-	-	-	620,284
Recreation	161,129	-	-	-	161,129
Special services	181,721	-	-	-	181,721
Teen activities	-	-	-	13,544	13,544
Sewer lateral	-	-	-	103,375	103,375
Capital outlay	24,400	730,570	-	153,037	908,007
Debt service:					
Principal	-	65,453	12,505,774	-	12,571,227
Interest	-	2,282	1,142,348	-	1,144,630
Bond issuance costs	-	-	528,187	-	528,187
Total Expenditures	<u>7,674,787</u>	<u>798,305</u>	<u>15,053,745</u>	<u>583,942</u>	<u>24,110,779</u>
REVENUES OVER (UNDER) EXPENDITURES					
	<u>(75,257)</u>	<u>127,063</u>	<u>(15,017,499)</u>	<u>557,812</u>	<u>(14,407,881)</u>
OTHER FINANCING SOURCES (USES)					
Tax increment financing bonds issued	-	-	15,625,000	-	15,625,000
Tax increment financing notes issued	-	-	877,067	-	877,067
Discount on bonds	-	-	(91,094)	-	(91,094)
Transfers in	245,648	21,683	-	37,731	305,062
Transfers out	(59,414)	(23,304)	(27,062)	(195,282)	(305,062)
Total Other Financing Sources (Uses)	<u>186,234</u>	<u>(1,621)</u>	<u>16,383,911</u>	<u>(157,551)</u>	<u>16,410,973</u>
NET CHANGE IN FUND BALANCES	110,977	125,442	1,366,412	400,261	2,003,092
FUND BALANCES, APRIL 1	<u>2,564,471</u>	<u>847,225</u>	<u>56,655</u>	<u>904,942</u>	<u>4,373,293</u>
FUND BALANCES, MARCH 31	<u>\$ 2,675,448</u>	<u>972,667</u>	<u>1,423,067</u>	<u>1,305,203</u>	<u>6,376,385</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, 2007

Net Change in Fund Balances - Governmental Funds \$ 2,003,092

Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities - modified cash basis, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$347,225) exceeded capital outlay over the capitalization threshold totaling \$304,987 in the current period. (42,238)

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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, these amounts are deferred and amortized in the statement of activities - modified cash basis. This amount is the net effect of these differences in the treatment of long-term debt.

Debt issued:

Tax increment financing bonds	(15,625,000)	
Tax increment financing notes	(877,067)	
Deferred bond issuance costs, net of amortization	517,830	
Discount on debt issuance, net of amortization	89,308	

Repayments:

Tax increment financing notes	12,505,774	
Capital lease payable	65,453	(3,323,702)
	65,453	(3,323,702)

Change In Net Assets Of Governmental Activities \$ (1,362,848)

CITY OF JENNINGS, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS -
FIDUCIARY FUND
MARCH 31, 2007

	<u>Pension Trust Fund</u>
ASSETS	
Cash	<u>\$ 49,082</u>
Receivables:	
Interest and dividends	35,912
Other receivable	5,552
Contributions receivable - members	1,618
Total Receivables	<u>43,082</u>
Investments at fair value:	
Certificates of deposit	195,161
Government securities	3,475,206
Money market funds	155,664
Mortgage backed securities	161,975
Mutual funds	1,982,440
Total Investments	<u>5,970,446</u>
NET ASSETS	
Reserved for employees retirement system	<u>\$ 6,062,610</u>

CITY OF JENNINGS, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
MODIFIED CASH BASIS - FIDUCIARY FUND
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 163,862
Member contributions	23,252
	<u>187,114</u>
Investment income:	
Interest	206,835
Dividends	106,326
Net appreciation in fair value of investments	68,644
	<u>381,805</u>
Less - Investment management and custodial fees	12,121
Net Investment Income	<u>369,684</u>
Total Additions	<u>556,798</u>
DEDUCTIONS	
Benefits paid to retirees and beneficiaries	487,720
Refunds of member contributions	49,864
Administrative expenses	5,753
Total Deductions	<u>543,337</u>
NET INCREASE	13,461
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, APRIL 1	<u>6,049,149</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, MARCH 31	<u><u>\$ 6,062,610</u></u>

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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, economic development, 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 (deficiency), 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.

The Pension Trust Funds use the modified cash basis of accounts, except that certain receivables are recorded.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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.

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 fiduciary fund:

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. Fair values are based on the last reported sales price on March 31 or on the last reported bid price if no sale was made on that date.

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2007, 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, 2007, the City had the following investments:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

<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	\$1,152,000	-	1,152,000	-	-	N/A
Government securities:						
Federal agencies	768,967	-	768,967	-	-	AAA
Money market funds	<u>1,977,926</u>	<u>1,977,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A
Total Primary Government	<u>3,898,893</u>	<u>1,977,926</u>	<u>1,920,967</u>	<u>-</u>	<u>-</u>	
Fiduciary Fund						
Certificates of deposit	195,161	-	-	-	195,161	N/A
Government securities:						
Federal agencies	3,475,206	-	-	-	3,475,206	AAA
Money market funds	155,664	155,664	-	-	-	Not rated
Mortgage backed securities	161,975	-	767	4,886	156,322	AAA
Mutual funds	<u>1,982,440</u>	<u>1,982,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA
Total Fiduciary Fund	<u>5,970,446</u>	<u>2,138,104</u>	<u>767</u>	<u>4,886</u>	<u>3,826,689</u>	
Total Investments	<u>\$9,869,339</u>	<u>4,116,030</u>	<u>1,921,734</u>	<u>4,886</u>	<u>3,826,689</u>	

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.

3. Cash and Investments - Restricted

Certain resources set aside for the repayment of court bonds and protested taxes are classified as restricted assets on the balance sheet because their use is limited.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS

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

	<u>For The Year Ended March 31, 2007</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>March 31</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31</u>
	<u>2006</u>			<u>2007</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 730,726	24,400	-	755,126
Construction in Progress	<u>-</u>	<u>17,650</u>	<u>-</u>	<u>17,650</u>
Total Capital Assets Not Being Depreciated	<u>730,726</u>	<u>42,050</u>	<u>-</u>	<u>772,776</u>
Capital assets being depreciated:				
Buildings and improvements	4,728,290	5,669	-	4,733,959
Equipment	865,427	152,214	-	1,017,641
Vehicles	<u>728,244</u>	<u>105,054</u>	<u>5,992</u>	<u>827,306</u>
Total Capital Assets Being Depreciated	<u>6,321,961</u>	<u>262,937</u>	<u>5,992</u>	<u>6,578,906</u>
Less - Accumulated depreciation for:				
Buildings and improvements	1,121,388	113,694	-	1,235,082
Equipment	552,392	106,146	-	658,538
Vehicles	<u>475,951</u>	<u>127,385</u>	<u>5,992</u>	<u>597,344</u>
Total Accumulated Depreciation	<u>2,149,731</u>	<u>347,225</u>	<u>5,992</u>	<u>2,490,964</u>
Total Capital Assets Being Depreciated, Net	<u>4,172,230</u>	<u>(84,288)</u>	<u>-</u>	<u>4,087,942</u>
Governmental Activities Capital Assets, Net	<u>\$4,902,956</u>	<u>(42,238)</u>	<u>-</u>	<u>4,860,718</u>

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

	<u>For The</u> <u>Year Ended</u> <u>March 31, 2007</u>
Governmental activities:	
Federal jail	\$ 33,870
Fire protection	51,750
Police	144,336
Public works	66,882
Recreation	<u>50,387</u>
	<u>\$347,225</u>

NOTE D - 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 state 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), 8.3% (police), and 11% (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, 2006, the City's annual pension cost of \$151,029 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2006 included 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% to 6% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; 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, 2006 was 15 years.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (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>
2006	\$151,029	100%	\$ -
2005	162,249	100	-
2004	158,891	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>
2006	\$6,405,560	\$4,286,891	\$2,118,669
2005	6,002,790	4,061,664	1,941,126
2004	6,206,769	4,428,301	1,778,468

<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>
2006	149%	\$3,110,475	68.11%
2005	148	2,972,772	65.30
2004	140	3,093,714	57.49

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, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City, MO.

NOTE D - 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 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 Plan 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 D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

City of Jennings Police and Firemen's Retirement Fund (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 \$0.18 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, 2007, the City's tax levy contribution was \$163,862. The required contribution was \$214,005 which was determined as part of the April 1, 2006 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 6% 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, 2006 was 16 years and the amortization method is the level dollar, fixed period.

4. Trend Information

Historical trend information is as follows:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

City of Jennings Police and Firemen's Retirement Fund (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)
2006	\$6,049,149	\$7,988,755	\$1,939,606
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

For The Actuarial Valuation Years Ended March 31	Funded Ratio	Annual Covered Payroll	AAL As A Percentage Of Covered Payroll
2006	75.7%	\$652,747	297.1%
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

5. Employer Contribution

For The Years Ended March 31	Annual Required Contribution	Percent Contributed	Net Pension Obligation
2007	\$214,005	77%	\$392,313
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

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - 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 F - LONG-TERM DEBT

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

	<u>For The Year Ended March 31, 2007</u>				
	<u>Balance</u>				
	<u>March 31</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31</u>	<u>Due</u>
	<u>2006</u>			<u>2007</u>	<u>Within</u>
					<u>One Year</u>
Governmental activities:					
TIF notes	\$11,628,707	877,067	12,505,774	-	-
Capital lease	129,012	-	65,453	63,559	63,559
TIF refunding bonds	-	15,625,000	-	15,625,000	195,000
Less - Issuance discount	-	(91,094)	(1,786)	(89,308)	-
Total Governmental Activities	<u>\$11,757,719</u>	<u>16,410,973</u>	<u>12,569,441</u>	<u>15,599,251</u>	<u>258,559</u>

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

TIF Note and TIF Refunding Bonds

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 Area 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.

In November 2006, the City issued \$15,625,000 in Tax Increment and Community Improvement Refunding Revenue Bonds Series 2006 in connection with the "Northland Redevelopment Area Project".

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - LONG-TERM DEBT (Continued)

The bonds were issued to refund prior outstanding principal and interest of the Series 2005 TIF notes, fund the Debt Service and Debt Reserve Funds, and to pay the costs of issuance of the 2006 bonds. The TIF Refunding Bonds are considered a special limited obligation of the City. The City will make principal and interest payments on the TIF Refunding Bonds based on incremental payments in lieu of taxes (PILOTS), economic activity tax (EATS), municipal revenues, and county revenues. Since annual repayment amounts for the bonds will be determined based on future revenues, a schedule of debt service requirements to maturity cannot be established. The bonds mature on November 1, 2023 and bear interest from 4.75% to 5%.

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:

	March 31
	<u>2007</u>
Assets:	
Equipment	\$335,000
Less - Accumulated depreciation	<u>191,429</u>
	<u>\$143,571</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, 2007 is as follows:

<u>For The Year</u>	
<u>Ended March 31</u>	
2008	\$65,735
Less - Amount representing interest	<u>2,176</u>
Present Value Of Net Minimum Lease Payments	<u>\$63,559</u>

NOTE G - 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, 2008. The following is a reconciliation of internal receivables and payables:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

	<u>March 31, 2007</u>	
	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ -	3,225
Tax Increment Financing Area 3 Fund	<u>469</u>	<u>-</u>
Total Major Governmental Funds	<u>469</u>	<u>3,225</u>
Nonmajor governmental funds:		
Special Revenue Funds:		
Local Law Enforcement Block Grant	410	-
Sewer Lateral Fund	3,479	-
Tax Increment Financing Area 1 Fund	-	319
Tax Increment Financing Area 4 Fund	<u>-</u>	<u>814</u>
Total Nonmajor Governmental Funds	<u>3,889</u>	<u>1,133</u>
	<u>\$4,358</u>	<u>4,358</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:

	<u>For The Year Ended March 31, 2007</u>			
	<u>Transfers In</u>			
	<u>General</u>	<u>Capital Improvement</u>	<u>Non- Major</u>	<u>Total</u>
Transfers out:				
General Fund	\$ -	21,683	37,731	59,414
Capital Improvement Fund	23,304	-	-	23,304
TIF Area 3 Fund	27,062	-	-	27,062
Nonmajor governmental funds	<u>195,282</u>	<u>-</u>	<u>-</u>	<u>195,282</u>
	<u>\$245,648</u>	<u>21,683</u>	<u>37,731</u>	<u>305,062</u>

NOTE H - 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

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - RISK MANAGEMENT (Continued)

lines of coverage are not available individually and the membership is limited to municipalities and 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, 2007.

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.

NOTE I - RESTRICTED NET ASSETS

The government-wide statements of net assets reports \$3,700,937 of restricted net assets, \$1,781,202 of which is restricted by enabling legislation.

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes				
Sales	\$ 2,450,000	2,450,000	2,375,026	(74,974)
Property:				
Real estate	850,000	850,000	709,129	(140,871)
Personal property	195,000	195,000	162,323	(32,677)
Railroad	35,000	35,000	33,264	(1,736)
Gasoline	455,000	455,000	444,712	(10,288)
Cigarette	60,000	60,000	54,347	(5,653)
Road and bridge	85,000	85,000	96,263	11,263
Total Taxes	<u>4,130,000</u>	<u>4,130,000</u>	<u>3,875,064</u>	<u>(254,936)</u>
Gross Receipts Taxes				
Utilities	1,325,000	1,325,000	1,413,253	88,253
Cable	55,000	55,000	80,541	25,541
Total Gross Receipts Taxes	<u>1,380,000</u>	<u>1,380,000</u>	<u>1,493,794</u>	<u>113,794</u>
Licenses				
Merchants and manufacturers	115,000	115,000	138,446	23,446
Liquor	4,000	4,000	3,375	(625)
Coin vending machines	2,000	2,000	2,120	120
Vehicles	25,000	25,000	25,786	786
Dog tags	1,500	1,500	203	(1,297)
Miscellaneous	-	-	4,732	4,732
Total Licenses	<u>147,500</u>	<u>147,500</u>	<u>174,662</u>	<u>27,162</u>
Permits				
Building permits	100,000	100,000	61,378	(38,622)
Street excavating permits	3,000	3,000	5,150	2,150
Plumbing permits	12,000	12,000	-	(12,000)
Occupancy permits	19,000	19,000	18,395	(605)
Housing inspections	30,000	30,000	25,828	(4,172)
Heating permits	5,000	5,000	20,058	15,058
Other permits and fees	35,000	35,000	68,983	33,983
Total Permits	<u>204,000</u>	<u>204,000</u>	<u>199,792</u>	<u>(4,208)</u>
Charges for Services				
Jail operations	960,000	960,000	787,965	(172,035)
Prisoner security	70,000	70,000	52,774	(17,226)
Police reports	55,000	55,000	43,263	(11,737)

(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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES (Continued)				
Charges for Services (Continued)				
Police contracts	50,000	50,000	52,385	2,385
Fire contracts	35,000	35,000	-	(35,000)
Commissary receipts	60,000	60,000	32,549	(27,451)
Rental	20,000	20,000	23,338	3,338
Transportation	20,000	20,000	14,944	(5,056)
Weed cutting	15,000	15,000	12,295	(2,705)
Total Charges For Services	<u>1,285,000</u>	<u>1,285,000</u>	<u>1,019,513</u>	<u>(265,487)</u>
Court Receipts				
Costs and fines	450,000	450,000	423,135	(26,865)
Traffic bureau	75,000	75,000	57,575	(17,425)
D.W.I. recoupment fee	3,400	3,400	5,407	2,007
Crime victims compensation	1,000	1,000	1,264	264
Training fund	5,700	5,700	6,332	632
Total Court Receipts	<u>535,100</u>	<u>535,100</u>	<u>493,713</u>	<u>(41,387)</u>
Investment Income	<u>15,000</u>	<u>15,000</u>	<u>94,902</u>	<u>79,902</u>
Other				
Telephone commission	22,000	22,000	13,603	(8,397)
Community programs	30,000	30,000	22,036	(7,964)
Economic development reimbursement	10,000	10,000	-	(10,000)
Intergovernmental	4,500	4,500	3,417	(1,083)
Donations	2,000	2,000	95,841	93,841
Trash stickers	12,000	12,000	8,164	(3,836)
Miscellaneous	266,100	266,100	105,029	(161,071)
Total Other	<u>346,600</u>	<u>346,600</u>	<u>248,090</u>	<u>(98,510)</u>
Total Revenues	<u>8,043,200</u>	<u>8,043,200</u>	<u>7,599,530</u>	<u>(443,670)</u>
EXPENDITURES				
Building				
Personnel costs:				
Salaries	283,728	283,728	286,524	2,796
Payroll tax	21,705	21,705	20,785	(920)
Employee insurance	23,040	23,040	21,277	(1,763)
Pension contribution	1,986	1,986	1,839	(147)
	<u>330,459</u>	<u>330,459</u>	<u>330,425</u>	<u>(34)</u>
Dues	700	700	374	(326)
Supplies	6,000	4,100	2,809	(1,291)

(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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Building (Continued)				
Economic development	28,750	56,381	39,351	(17,030)
Demolition	-	1,400	1,050	(350)
Radio	700	700	213	(487)
Map making	500	500	348	(152)
Professional development	2,000	2,000	1,551	(449)
Capital outlay	24,000	24,500	24,400	(100)
Total Building	<u>393,109</u>	<u>420,740</u>	<u>400,521</u>	<u>(20,219)</u>
Fire Protection				
Personnel costs:				
Salaries	748,986	748,986	763,639	14,653
Payroll tax	57,297	57,297	57,594	297
Employee insurance	54,181	54,181	46,931	(7,250)
Pension contribution	50,445	50,445	48,210	(2,235)
	<u>910,909</u>	<u>910,909</u>	<u>916,374</u>	<u>5,465</u>
Maintenance and repairs	4,000	4,000	1,093	(2,907)
Gas and oil	6,000	8,000	6,892	(1,108)
Equipment replacement	2,000	2,000	4,406	2,406
Utilities	16,000	16,000	1,306	(14,694)
Telephone and radio	35,500	35,500	16,394	(19,106)
Uniforms	600	600	453	(147)
Supplies	3,600	3,600	2,686	(914)
Professional development	1,500	1,500	964	(536)
Community programs	3,000	3,000	1,054	(1,946)
Miscellaneous	-	-	3,049	3,049
Total Fire Protection	<u>983,109</u>	<u>985,109</u>	<u>954,671</u>	<u>(30,438)</u>
City Clerk				
Personnel costs:				
Salaries	219,269	226,769	224,562	(2,207)
Payroll tax	16,774	16,774	20,812	4,038
Employee insurance	27,682	27,682	24,843	(2,839)
Pension contribution	1,536	1,536	1,306	(230)
Unemployment compensation	10,000	10,000	15,690	5,690
	<u>275,261</u>	<u>282,761</u>	<u>287,213</u>	<u>4,452</u>
Dues	10,000	10,000	9,469	(531)
Utilities	40,000	40,000	37,291	(2,709)
Postage	7,500	7,500	4,638	(2,862)

(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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
City Clerk (Continued)				
Election costs	10,000	10,000	6,781	(3,219)
Supplies	13,000	13,000	10,943	(2,057)
Accounting and data processing	55,000	55,000	57,408	2,408
Bank charges	2,500	2,500	(342)	(2,842)
Personnel	25,000	25,000	16,182	(8,818)
Bonds and insurance	375,000	375,000	510,605	135,605
Hospitality	750	750	532	(218)
Wellness program	10,000	10,000	9,713	(287)
Car allowance	250	250	24	(226)
Publications	20,000	20,000	15,374	(4,626)
Advertising	5,000	5,000	5,332	332
Professional development	5,000	5,000	5,037	37
Total City Clerk	<u>854,261</u>	<u>861,761</u>	<u>976,200</u>	<u>114,439</u>
Legal				
Personnel costs:				
Salaries	33,673	33,673	33,673	-
Payroll tax	2,576	2,576	2,576	-
Employee insurance	4,279	4,279	3,991	(288)
	<u>40,528</u>	<u>40,528</u>	<u>40,240</u>	<u>(288)</u>
Legal fees	60,500	85,500	95,319	9,819
Total Legal	<u>101,028</u>	<u>126,028</u>	<u>135,559</u>	<u>9,531</u>
Collector				
Personnel costs:				
Salaries	70,345	70,345	67,545	(2,800)
Payroll tax	5,381	5,381	4,966	(415)
Employee insurance	8,640	8,640	7,292	(1,348)
Pension contribution	492	492	472	(20)
	<u>84,858</u>	<u>84,858</u>	<u>80,275</u>	<u>(4,583)</u>
Supplies	1,000	1,000	1,370	370
Trash sticker	11,000	11,000	8,963	(2,037)
County clerk	250	250	200	(50)
Professional development	200	200	50	(150)
Total Collector	<u>97,308</u>	<u>97,308</u>	<u>90,858</u>	<u>(6,450)</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, 2007

EXPENDITURES (Continued)	Original Budget	Final Budget	Actual	Over (Under) Budget
Maintenance				
Licenses and fees	1,000	1,000	1,079	79
Gas and oil	120,000	120,000	153,674	33,674
Total Maintenance	<u>121,000</u>	<u>121,000</u>	<u>154,753</u>	<u>33,753</u>
Court				
Personnel costs:				
Salaries	104,343	104,343	106,217	1,874
Payroll tax	7,982	7,982	8,054	72
Employee insurance	13,099	13,099	11,226	(1,873)
Pension contribution	731	731	564	(167)
	<u>126,155</u>	<u>126,155</u>	<u>126,061</u>	<u>(94)</u>
Utilities	23,000	23,000	24,446	1,446
Postage	1,000	1,000	546	(454)
Supplies	6,000	6,000	5,009	(991)
Interim judges	4,000	4,000	2,000	(2,000)
Computer	1,500	1,500	2,365	865
Office equipment lease	1,500	1,500	1,689	189
Professional development	17,000	17,000	1,431	(15,569)
Total Court	<u>180,155</u>	<u>180,155</u>	<u>163,547</u>	<u>(16,608)</u>
Police				
Personnel costs:				
Salaries	1,940,427	1,940,427	1,853,855	(86,572)
Payroll tax	147,803	147,803	137,505	(10,298)
Employee insurance	171,404	171,404	126,031	(45,373)
Pension contribution	119,554	119,554	92,374	(27,180)
	<u>2,379,188</u>	<u>2,379,188</u>	<u>2,209,765</u>	<u>(169,423)</u>
Utilities	42,000	42,000	45,774	3,774
Postage	3,100	3,100	2,337	(763)
Uniforms	22,000	22,000	20,028	(1,972)
Office supplies	7,500	7,500	8,881	1,381
Building maintenance	35,000	35,000	35,442	442
Police reserves	2,500	500	81	(419)
Police equipment	15,000	18,000	19,792	1,792
Prisoner	83,000	83,000	74,291	(8,709)
D.W.I. supplies	19,509	19,509	5,635	(13,874)
Investigative	10,000	10,000	7,940	(2,060)
Car allowance and parking	100	100	-	(100)
Office equipment leasing	4,200	4,200	4,508	308

(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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police (Continued)				
Police radio	146,688	146,688	147,672	984
D.A.R.E.	1,000	1,000	-	(1,000)
Police teletype	55,000	55,000	59,654	4,654
Crime prevention	5,000	5,000	4,662	(338)
Training fund	24,013	24,013	1,360	(22,653)
Ammunition	4,500	3,500	2,978	(522)
Professional development	43,360	43,360	16,305	(27,055)
Total Police	<u>2,902,658</u>	<u>2,902,658</u>	<u>2,667,105</u>	<u>(235,553)</u>
Public Health				
Vector control - mosquito	17,500	10,000	5,003	(4,997)
Tree and weed cutting	2,000	2,000	1,800	(200)
Street lights	186,875	186,875	163,313	(23,562)
Total Public Health	<u>206,375</u>	<u>198,875</u>	<u>170,116</u>	<u>(28,759)</u>
Public Works				
Personnel costs:				
Salaries	477,999	477,999	406,315	(71,684)
Payroll tax	34,654	34,654	27,850	(6,804)
Employee insurance	68,800	68,800	50,306	(18,494)
Pension contribution	3,407	3,407	2,681	(726)
	<u>584,860</u>	<u>584,860</u>	<u>487,152</u>	<u>(97,708)</u>
Equipment maintenance	13,000	13,000	11,379	(1,621)
Utilities	45,000	45,000	43,966	(1,034)
Uniforms	5,300	5,300	2,172	(3,128)
Supplies	18,000	18,000	16,468	(1,532)
Salt	23,000	23,000	38,969	15,969
Paint supplies and signs	5,000	5,000	4,989	(11)
Hauling cost	15,000	15,000	13,945	(1,055)
Professional development	1,400	1,400	1,244	(156)
Total Public Works	<u>710,560</u>	<u>710,560</u>	<u>620,284</u>	<u>(90,276)</u>
Recreation				
Personnel costs:				
Salaries	93,587	93,587	78,682	(14,905)
Payroll tax	7,159	7,159	17,617	10,458

(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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Recreation (Continued)				
Employee insurance	5,040	5,040	4,327	(713)
Pension contribution	653	653	517	(136)
	<u>106,439</u>	<u>106,439</u>	<u>101,143</u>	<u>(5,296)</u>
Dues	150	150	265	115
Equipment	5,000	5,000	1,709	(3,291)
Utilities	15,000	15,000	14,133	(867)
Concession stand supplies	6,000	6,000	4,234	(1,766)
Supplies	6,927	6,927	4,613	(2,314)
Building maintenance	12,000	12,000	11,542	(458)
Community program	40,000	40,000	22,610	(17,390)
Professional development	1,000	1,000	1,198	198
Special events	5,000	5,000	(318)	(5,318)
Total Recreation	<u>197,516</u>	<u>197,516</u>	<u>161,129</u>	<u>(36,387)</u>
Federal Jail				
Personnel costs:				
Salaries	620,076	620,076	606,608	(13,468)
Payroll tax	47,436	47,436	44,467	(2,969)
Employee insurance	69,465	69,465	64,439	(5,026)
Pension contribution	4,342	4,342	3,756	(586)
	<u>741,319</u>	<u>741,319</u>	<u>719,270</u>	<u>(22,049)</u>
Utilities	21,000	21,000	24,578	3,578
Postage	700	700	266	(434)
Uniforms	8,000	8,000	3,925	(4,075)
Supplies	2,500	2,500	2,922	422
Building maintenance - jail	7,000	7,000	7,623	623
Commissary	40,000	40,000	42,136	2,136
Meals and coffee	165,000	165,000	135,995	(29,005)
Laundry	17,000	17,000	15,018	(1,982)
Medical	45,000	45,000	44,140	(860)
Radio	1,000	1,000	1,155	155
Ammunition	600	-	-	-
Police equipment - jail	-	-	133	133
Professional development	3,000	3,000	1,162	(1,838)
Total Federal Jail	<u>1,052,119</u>	<u>1,051,519</u>	<u>998,323</u>	<u>(53,196)</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, 2007

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)				
Special Services				
Personnel costs:				
Salaries	101,956	101,956	104,069	2,113
Payroll tax	7,800	7,800	8,430	630
Employee insurance	12,960	12,960	10,035	(2,925)
Pension contribution	816	816	671	(145)
	123,532	123,532	123,205	(327)
Dues	500	500	60	(440)
Utilities	2,000	2,000	1,551	(449)
Supplies	1,500	1,500	1,728	228
Building maintenance	12,500	12,500	13,791	1,291
Insurance deductible	35,000	35,000	40,463	5,463
Safety equipment	500	500	-	(500)
Mileage	50	50	-	(50)
Publications	500	500	424	(76)
Professional development	1,000	1,000	499	(501)
Total Special Services	177,082	177,082	181,721	4,639
Total Expenditures	7,976,280	8,030,311	7,674,787	(355,524)
 REVENUES OVER (UNDER)				
EXPENDITURES	66,920	12,889	(75,257)	(88,146)
 OTHER FINANCING SOURCES (USES)				
Transfers in	145,000	172,631	245,648	73,017
Transfers out	(32,500)	(32,500)	(59,414)	(26,914)
Total Other Financing Sources (Uses)	112,500	140,131	186,234	46,103
 NET CHANGE IN FUND BALANCE	\$ 179,420	153,020	110,977	(42,043)
 FUND BALANCE, APRIL 1			2,564,471	
 FUND BALANCE, MARCH 31			\$ 2,675,448	

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes	\$ 900,000	900,000	902,345	2,345
Investment income	-	-	23,023	23,023
Total Revenues	<u>900,000</u>	<u>900,000</u>	<u>925,368</u>	<u>25,368</u>
EXPENDITURES				
Capital outlay	1,173,939	1,173,939	730,570	(443,369)
Debt service:				
Principal	65,500	65,500	65,453	(47)
Interest	2,500	2,500	2,282	(218)
Total Expenditures	<u>1,241,939</u>	<u>1,241,939</u>	<u>798,305</u>	<u>(443,634)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(341,939)</u>	<u>(341,939)</u>	<u>127,063</u>	<u>469,002</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	21,683	21,683
Transfers out	-	-	(23,304)	(23,304)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,621)</u>	<u>(1,621)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (341,939)</u>	<u>(341,939)</u>	125,442	<u>467,381</u>
FUND BALANCE, APRIL 1			<u>847,225</u>	
FUND BALANCE, MARCH 31			<u>\$ 972,667</u>	

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, 2007

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, 2007, expenditures exceeded appropriations as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund:				
City clerk	\$854,261	861,761	976,200	114,439
Legal	101,028	126,028	135,559	9,531
Maintenance	121,000	121,000	154,753	33,753
Special services	177,082	177,082	181,721	4,639

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, 2007

	Tax Increment Financing Area 1	Tax Increment Financing Area 2	Tax Increment Financing Area 4	Fire Protection	Sewer Lateral	Parks	Local Law Enforcement Block Grant	Police Seizure	Beautifi- cation	Teen Activities	Total
ASSETS											
Cash and investments	\$ 82,623	35,556	176,771	48,329	330,217	426,510	18,289	172,276	3,127	8,749	1,302,447
Due from other funds	-	-	-	-	3,479	-	410	-	-	-	3,889
Total Assets	<u>\$ 82,623</u>	<u>35,556</u>	<u>176,771</u>	<u>48,329</u>	<u>333,696</u>	<u>426,510</u>	<u>18,699</u>	<u>172,276</u>	<u>3,127</u>	<u>8,749</u>	<u>1,306,336</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Due to other funds	\$ 319	-	814	-	-	-	-	-	-	-	1,133
Fund Balances											
Unreserved - Special Revenue Funds	<u>82,304</u>	<u>35,556</u>	<u>175,957</u>	<u>48,329</u>	<u>333,696</u>	<u>426,510</u>	<u>18,699</u>	<u>172,276</u>	<u>3,127</u>	<u>8,749</u>	<u>1,305,203</u>
Total Liabilities And Fund Balances	<u>\$ 82,623</u>	<u>35,556</u>	<u>176,771</u>	<u>48,329</u>	<u>333,696</u>	<u>426,510</u>	<u>18,699</u>	<u>172,276</u>	<u>3,127</u>	<u>8,749</u>	<u>1,306,336</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, 2007

	<u>Tax Increment Financing Area 1</u>	<u>Tax Increment Financing Area 2</u>	<u>Tax Increment Financing Area 4</u>	<u>Fire Protection</u>	<u>Sewer Lateral</u>	<u>Parks</u>	<u>Local Law Enforcement Block Grant</u>	<u>Police Seizure</u>	<u>Beautifi- cation</u>	<u>Teen Activities</u>	<u>Pension Tax</u>	<u>Total</u>
REVENUES												
Taxes	\$ 96,418	31,338	70,564	196,814	115,785	351,014	-	-	-	-	163,862	1,025,795
Intergovernmental	-	-	-	-	-	-	11,910	81,067	-	11,200	-	104,177
Investment income	88	-	-	35	9,126	251	52	149	3	10	-	9,714
Other	-	-	-	-	-	1,200	-	-	868	-	-	2,068
Total Revenues	<u>96,506</u>	<u>31,338</u>	<u>70,564</u>	<u>196,849</u>	<u>124,911</u>	<u>352,465</u>	<u>11,962</u>	<u>81,216</u>	<u>871</u>	<u>11,210</u>	<u>163,862</u>	<u>1,141,754</u>
EXPENDITURES												
Economic development	78,397	67,200	3,506	-	-	-	-	-	-	-	-	149,103
Miscellaneous:												
Bank charges	-	-	-	-	-	-	123	51	-	-	-	174
Other	-	-	-	-	-	-	-	-	847	13,544	163,862	178,253
Sewer lateral	-	-	-	-	103,375	-	-	-	-	-	-	103,375
Capital outlay	-	-	-	-	-	75,080	15,253	62,704	-	-	-	153,037
Total Expenditures	<u>78,397</u>	<u>67,200</u>	<u>3,506</u>	<u>-</u>	<u>103,375</u>	<u>75,080</u>	<u>15,376</u>	<u>62,755</u>	<u>847</u>	<u>13,544</u>	<u>163,862</u>	<u>583,942</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>18,109</u>	<u>(35,862)</u>	<u>67,058</u>	<u>196,849</u>	<u>21,536</u>	<u>277,385</u>	<u>(3,414)</u>	<u>18,461</u>	<u>24</u>	<u>(2,334)</u>	<u>-</u>	<u>557,812</u>
OTHER FINANCING SOURCES (USES)												
Transfers in	-	37,731	-	-	-	-	-	-	-	-	-	37,731
Transfers out	-	-	-	(195,282)	-	-	-	-	-	-	-	(195,282)
Total Other Financing Sources (Uses)	<u>-</u>	<u>37,731</u>	<u>-</u>	<u>(195,282)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,551)</u>
NET CHANGE IN FUND BALANCES	<u>18,109</u>	<u>1,869</u>	<u>67,058</u>	<u>1,567</u>	<u>21,536</u>	<u>277,385</u>	<u>(3,414)</u>	<u>18,461</u>	<u>24</u>	<u>(2,334)</u>	<u>-</u>	<u>400,261</u>
FUND BALANCES, APRIL 1	<u>64,195</u>	<u>33,687</u>	<u>108,899</u>	<u>46,762</u>	<u>312,160</u>	<u>149,125</u>	<u>22,113</u>	<u>153,815</u>	<u>3,103</u>	<u>11,083</u>	<u>-</u>	<u>904,942</u>
FUND BALANCES, MARCH 31	<u>\$ 82,304</u>	<u>35,556</u>	<u>175,957</u>	<u>48,329</u>	<u>333,696</u>	<u>426,510</u>	<u>18,699</u>	<u>172,276</u>	<u>3,127</u>	<u>8,749</u>	<u>-</u>	<u>1,305,203</u>