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Financial Report, 2008

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, 2008

CITY OF JENNINGS, MISSOURI
FINANCIAL REPORT

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

INDEPENDENT AUDITORS' REPORT

October 6, 2008

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, 2008, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 - modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information as of March 31, 2008, and the respective changes in financial position - modified cash basis thereof for the year then ended, on the basis of accounting described in Note A-3.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 of the City. 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, on the basis of accounting described in Note A-3, 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, 2008**

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, 2008. 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 \$3,488,025. The City has a deficit in unrestricted net assets totaling (\$12,092,159) primarily due to \$15,357,020 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 \$6,136,703.
- At the end of the current fiscal year, the fund balance for the General Fund was \$2,694,151.

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, 2008**

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 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, 2008**

Fiduciary fund. 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 31 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 33 through 42 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 44 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>2008</u>	<u>2007</u>
ASSETS		
Cash and other current assets	\$ 7,141,965	7,196,335
Capital assets	<u>5,161,582</u>	<u>4,860,718</u>
Total Assets	<u>12,303,547</u>	<u>12,057,053</u>
LIABILITIES		
Other liabilities	518,502	302,120
Noncurrent liabilities	<u>15,273,070</u>	<u>15,599,251</u>
Total Liabilities	<u>15,791,572</u>	<u>15,901,371</u>
NET ASSETS (DEFICIENCY)		
Invested in capital assets, net of related debt	5,161,582	4,797,159
Restricted for debt service	432,968	1,311,593
Restricted for special projects	3,009,584	2,389,344
Unrestricted (deficit)	<u>(12,092,159)</u>	<u>(12,342,414)</u>
Total Net Assets (Deficiency)	(\$ <u>3,488,025</u>)	<u>(3,844,318)</u>

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008**

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 \$3,488,025 at the close of March 31, 2008.

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 increased the City's net assets by \$356,293. This was largely attributable to the increase in tax revenue.

	For The Years Ended March 31	
	2008	2007
REVENUES		
Program revenues:		
Charges for services	\$ 1,860,913	1,681,827
Operating grants and contributions	841,778	870,383
General revenues:		
Taxes	7,249,898	6,438,391
License tax and permits	329,324	374,454
Investment income	169,482	149,029
Miscellaneous	<u>102,503</u>	<u>188,814</u>
Total Revenues	<u>10,553,898</u>	<u>9,702,898</u>
EXPENSES		
Beautification	322	847
Building	334,806	336,770
City clerk	983,015	995,228
Collector	91,582	90,858
Court	155,092	166,210
Economic development	429,300	1,067,890
Federal jail	1,030,033	1,040,588
Fire protection	1,084,557	1,097,409
Legal	176,661	135,559
Maintenance	238,525	232,119
Police	2,977,458	2,991,384
Public health	173,817	170,116
Public works	1,094,418	1,043,644
Recreation	281,484	243,711
Sewer lateral	154,510	103,375

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008**

	For The Years Ended March 31	
	2008	2007
EXPENSES (Continued)		
Special services	213,899	181,721
Teen activities	5,681	13,544
Interest	<u>772,445</u>	<u>1,154,773</u>
Total Expenses	<u>10,197,605</u>	<u>11,065,746</u>
 CHANGE IN NET ASSETS	 356,293	 (1,362,848)
 NET ASSETS (DEFICIENCY), APRIL 1	 <u>(3,844,318)</u>	 <u>(2,481,470)</u>
 NET ASSETS (DEFICIENCY), MARCH 31	 <u>(\$ 3,488,025)</u>	 <u>(3,844,318)</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, 2008, the combined fund balance was \$6,136,703.

The General Fund is the chief operating fund of the City. The fund balance in the City's General Fund increased by \$18,703 from the prior year. The change of the current year's fund balance is not significant.

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 \$158,676 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 decreased by \$196,850 from the prior year. The decrease in this fund is due to a full year principal and interest payments on the bond issuance.

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, 2008, the net assets of the Pension Trust Fund totaled \$6,140,248. This represents an increase of

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008**

\$77,638 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 \$5,161,582, net of accumulated depreciation, at March 31, 2008 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 \$300,864.

Capital assets were as follows:

	March 31	
	2008	2007
Land	\$ 761,926	755,126
Construction in progress	150,270	17,650
Building and improvements	4,947,298	4,733,959
Equipment	1,291,491	1,017,641
Vehicles	<u>835,562</u>	<u>827,306</u>
Total	7,986,547	7,351,682
Less - Accumulated depreciation	<u>2,824,965</u>	<u>2,490,964</u>
Net Capital Assets	<u>\$5,161,582</u>	<u>4,860,718</u>

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

Debt administration. At March 31, 2008, the City had total long-term debt obligations for governmental activities in the amount of \$15,357,020. None of the debt outstanding represents general obligation bonds.

	March 31	
	2008	2007
Governmental activities:		
Tax increment financing refunding bonds	\$15,357,020	15,625,000
Capital lease	<u>-</u>	<u>63,559</u>
Total	<u>\$15,357,020</u>	<u>15,688,559</u>

At March 31, 2008, the City had fulfilled the capital lease obligations for governmental activities for the acquisition of fire department equipment.

The tax increment financing (TIF) refunding 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 refunding

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008**

bonds to the bond holder based on incremental revenues in lieu of taxes attributable to the project site. Additional information regarding the City's long-term debt can be found beginning on page 30 in Note F in the notes to financial statements.

BUDGETARY HIGHLIGHTS

In the General Fund, the following significant variances occurred between 2008 budget and actual expenditures:

- Total collected revenues were \$473,856 less than budgeted primarily due to lower than expected tax collections and lower revenue from real estate taxes, jail operations, and other income items.
- Total expenditures were \$365,322 less than budgeted due to various departments spending less than budgeted.

In the Capital Improvement Fund, the following significant variances occurred between 2008 budget and actual expenditures:

- Total collected revenues were \$161,561 less than budgeted due to less than expected tax revenue.
- Total expenditures were \$244,651 under budget due to capital outlay projects not completed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ending March 31, 2009, the City projects revenues of \$9,151,600 and expenditures of \$9,105,335.

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, 2008

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,389,029
Cash and investments - restricted	1,266,176
Bond issue costs	486,760
Capital assets:	
Land	761,926
Construction in progress	150,270
Capital assets, net of accumulated depreciation	4,249,386
Total Assets	12,303,547
LIABILITIES	
Court bonds payable	101,743
Due to others	8,980
Unearned revenue	385,690
Miscellaneous	22,089
Noncurrent liabilities:	
Due within one year	520,000
Due in more than one year	14,753,070
Total Liabilities	15,791,572
NET ASSETS (DEFICIENCY)	
Invested in capital assets, net of related debt	5,161,582
Restricted for debt service	432,968
Restricted for special projects	3,009,584
Unrestricted (deficit)	(12,092,159)
Total Net Assets (Deficiency)	\$ (3,488,025)

CITY OF JENNINGS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2008

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	\$ 322	-	-	-	(322)
Building	334,806	-	-	-	(334,806)
City clerk	983,015	21,558	-	-	(961,457)
Collector	91,582	-	-	-	(91,582)
Court	155,092	-	-	-	(155,092)
Economic development	429,300	166,672	-	-	(262,628)
Federal jail	1,030,033	961,209	-	-	(68,824)
Fire protection	1,084,557	1,000	-	-	(1,083,557)
Legal	176,661	-	-	-	(176,661)
Maintenance	238,525	-	-	-	(238,525)
Police	2,977,458	549,052	50,403	-	(2,378,003)
Public health	173,817	-	-	-	(173,817)
Public works	1,094,418	17,740	781,572	-	(295,106)
Recreation	281,484	36,412	631	-	(244,441)
Sewer lateral	154,510	107,270	-	-	(47,240)
Special services	213,899	-	-	-	(213,899)
Teen activities	5,681	-	9,172	-	3,491
Interest	772,445	-	-	-	(772,445)
Total Governmen- tal Activities	<u>\$ 10,197,605</u>	<u>1,860,913</u>	<u>841,778</u>	<u>-</u>	<u>(7,494,914)</u>
General Revenues					
Taxes					5,667,253
Gross receipts tax					1,582,645
License tax					185,235
Permits					144,089
Investment income					169,482
Miscellaneous					102,503
Total General Revenues					<u>7,851,207</u>
CHANGE IN NET ASSETS					356,293
NET ASSETS (DEFICIENCY), APRIL 1					<u>(3,844,318)</u>
NET ASSETS (DEFICIENCY), MARCH 31					<u>\$ (3,488,025)</u>

See notes to financial statements

CITY OF JENNINGS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
MARCH 31, 2008

	General	Capital Improvement	Tax Increment Financing Area 3	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,743,638	1,131,343	432,499	1,081,549	5,389,029
Cash and investments - restricted	498,051	-	768,125	-	1,266,176
Due from other funds	-	-	25,592	4,577	30,169
Total Assets	<u>\$ 3,241,689</u>	<u>1,131,343</u>	<u>1,226,216</u>	<u>1,086,126</u>	<u>6,685,374</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Court bonds payable	\$ 101,743	-	-	-	101,743
Due to others	8,980	-	-	-	8,980
Due to other funds	29,036	-	-	1,133	30,169
Deferred revenue - protested taxes	385,690	-	-	-	385,690
Miscellaneous	22,089	-	-	-	22,089
Total Liabilities	<u>547,538</u>	<u>-</u>	<u>-</u>	<u>1,133</u>	<u>548,671</u>
 Fund Balances					
Reserved for debt service	-	-	432,968	-	432,968
Unreserved:					
General	2,694,151	-	-	-	2,694,151
Special revenue	-	1,131,343	793,248	1,084,993	3,009,584
Total Fund Balances	<u>2,694,151</u>	<u>1,131,343</u>	<u>1,226,216</u>	<u>1,084,993</u>	<u>6,136,703</u>
Total Liabilities And Fund Balances	<u>\$ 3,241,689</u>	<u>1,131,343</u>	<u>1,226,216</u>	<u>1,086,126</u>	<u>6,685,374</u>

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, 2008

Total Fund Balances - Governmental Funds	\$ 6,136,703
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 governmental funds. The cost of the assets is \$7,986,547 and the accumulated depreciation is \$2,824,965.	5,161,582
Certain prepaid amounts benefit future periods and, therefore, are not reported in the governmental funds:	
Unamortized bond issuance cost	486,760
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:	
Tax increment financing refunding bonds payable	(15,357,020)
Unamortized bond discount	<u>83,950</u>
Total Net Assets (Deficiency) Of Governmental Activities	<u><u>\$ (3,488,025)</u></u>

CITY OF JENNINGS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	General	Capital Improvement	Tax Increment Financing Area 3	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,997,101	937,891	590,695	991,192	6,516,879
Gross receipts taxes	1,582,645	-	-	-	1,582,645
License tax	185,235	-	-	-	185,235
Permits	144,089	-	-	-	144,089
Charges for services	1,079,409	-	-	-	1,079,409
Court receipts	432,497	-	-	-	432,497
Intergovernmental	20,005	-	-	59,575	79,580
Investment income	89,856	24,610	46,385	8,631	169,482
Other	222,357	938	166,672	-	389,967
Total Revenues	<u>7,753,194</u>	<u>963,439</u>	<u>803,752</u>	<u>1,059,398</u>	<u>10,579,783</u>
EXPENDITURES					
Current:					
Beautification	-	-	-	322	322
Building	403,887	-	-	-	403,887
City clerk	965,327	-	-	-	965,327
Collector	91,582	-	-	-	91,582
Court	155,092	-	-	-	155,092
Economic development	-	-	21,202	341,116	362,318
Federal jail	977,784	-	-	-	977,784
Fire protection	1,018,486	-	-	47	1,018,533
Legal	176,661	-	-	-	176,661
Maintenance	160,080	-	-	-	160,080
Police	2,735,574	-	-	111	2,735,685
Public health	173,817	-	-	-	173,817
Public works	730,532	-	-	-	730,532
Recreation	165,629	-	-	-	165,629
Special services	219,850	-	-	-	219,850
Teen activities	-	-	-	5,681	5,681
Sewer lateral	-	-	-	154,510	154,510
Capital outlay	-	739,781	-	510,135	1,249,916
Debt service:					
Principal	-	63,559	267,980	-	331,539
Interest	-	4,176	736,543	-	740,719
Total Expenditures	<u>7,974,301</u>	<u>807,516</u>	<u>1,025,725</u>	<u>1,011,922</u>	<u>10,819,464</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>(221,107)</u>	<u>155,923</u>	<u>(221,973)</u>	<u>47,476</u>	<u>(239,681)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	267,686	2,753	25,123	-	295,562
Transfers out	<u>(27,876)</u>	<u>-</u>	<u>-</u>	<u>(267,686)</u>	<u>(295,562)</u>
Total Other Financing Sources (Uses)	<u>239,810</u>	<u>2,753</u>	<u>25,123</u>	<u>(267,686)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	18,703	158,676	(196,850)	(220,210)	(239,681)
FUND BALANCES, APRIL 1	<u>2,675,448</u>	<u>972,667</u>	<u>1,423,066</u>	<u>1,305,203</u>	<u>6,376,384</u>
FUND BALANCES, MARCH 31	<u>\$ 2,694,151</u>	<u>1,131,343</u>	<u>1,226,216</u>	<u>1,084,993</u>	<u>6,136,703</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, 2008

Net Change in Fund Balances - Governmental Funds \$ (239,681)

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

Capital outlays are reported in the 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 outlays over the capitalization threshold (\$681,793) exceeded depreciation (\$372,726) in the current period. 309,067

The net effect of various miscellaneous transactions involving capital assets:
 Cost of disposals, net of accumulated depreciation (8,203)

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

Amortization of bond issuance costs	(31,070)	
Amortization of discount on debt issuance	(5,359)	
Repayments:		
Tax increment financing refunding bonds	267,980	
Capital lease payable	63,559	295,110

Change In Net Assets Of Governmental Activities \$ 356,293

CITY OF JENNINGS, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS -
MODIFIED CASH BASIS - FIDUCIARY FUND
MARCH 31, 2008

	<u>Pension Trust Fund</u>
ASSETS	
Cash	<u>\$ 50,101</u>
Receivables:	
Interest and dividends	35,479
Other receivable	7,343
Contributions receivable - members	<u>1,637</u>
Total Receivables	<u>44,459</u>
Investments at fair value:	
Certificates of deposit	162,810
Government securities	3,532,124
Money market funds	110,474
Mortgage backed securities	134,589
Mutual funds	<u>2,105,691</u>
Total Investments	<u>6,045,688</u>
NET ASSETS	
Reserved for employees retirement system	<u><u>\$ 6,140,248</u></u>

CITY OF JENNINGS, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
MODIFIED CASH BASIS - FIDUCIARY FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 177,429
Member contributions	22,077
	<u>199,506</u>
Investment income:	
Interest	204,710
Dividends	108,053
Net appreciation in fair value of investments	134,919
	<u>447,682</u>
Less - Investment management and custodial fees	10,230
Net Investment Income	<u>437,452</u>
Total Additions	<u>636,958</u>
DEDUCTIONS	
Benefits paid to retirees and beneficiaries	511,807
Refunds of member contributions	36,209
Administrative expenses	11,304
Total Deductions	<u>559,320</u>
NET INCREASE	77,638
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, APRIL 1	<u>6,062,610</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, MARCH 31	<u><u>\$ 6,140,248</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.

CITY OF JENNINGS, MISSOURI
NOTES TO 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.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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.

10. 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting in these risks have not exceeded coverage in the past three years.

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, 2008, 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, 2008, 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>Less Than One Year</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	\$ 1,251,000	-	-	1,251,000	-	-	N/A
Government securities:							
Federal agencies	768,125	-	-	768,125	-	-	AAA
Money market funds	<u>2,992,708</u>	<u>2,992,708</u>	-	-	-	-	Not rated
Total Primary Government	<u>5,011,833</u>	<u>2,992,708</u>	-	<u>2,019,125</u>	-	-	
Fiduciary Fund							
Certificates of deposit	162,810	-	-	-	-	162,810	N/A
Government securities:							
Federal agencies	3,532,124	-	-	-	-	3,532,124	AAA
Money market funds	110,474	110,474	-	-	-	-	Not rated
Mortgage backed securities	134,589	-	287	-	4,236	130,066	AAA
Mutual funds	<u>2,105,691</u>	<u>2,105,691</u>	-	-	-	-	AAA
Total Fiduciary Fund	<u>6,045,688</u>	<u>2,216,165</u>	<u>287</u>	-	<u>4,236</u>	<u>3,825,000</u>	
Total Invest- ments	<u>\$11,057,521</u>	<u>5,208,873</u>	<u>287</u>	<u>2,019,125</u>	<u>4,236</u>	<u>3,825,000</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 prequalifying 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:

	For The Year Ended March 31, 2008			
	Balance	Additions	Retirements And Reclass- ifications	Balance
	March 31 2007			March 31 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 755,126	6,800	-	761,926
Construction in progress	<u>17,650</u>	<u>150,270</u>	<u>17,650</u>	<u>150,270</u>
Total Capital Assets Not Being Depreciated	<u>772,776</u>	<u>157,070</u>	<u>17,650</u>	<u>912,196</u>
Capital assets being depreciated:				
Buildings and improvements	4,733,959	213,339	-	4,947,298
Equipment	1,017,641	273,850	-	1,291,491
Vehicles	<u>827,306</u>	<u>55,184</u>	<u>46,928</u>	<u>835,562</u>
Total Capital Assets Being Depreciated	<u>6,578,906</u>	<u>542,373</u>	<u>46,928</u>	<u>7,074,351</u>
Less - Accumulated depreciation for:				
Buildings and improvements	1,235,082	119,027	-	1,354,109
Equipment	658,538	142,575	-	801,113
Vehicles	<u>597,344</u>	<u>111,124</u>	<u>38,725</u>	<u>669,743</u>
Total Accumulated Depreciation	<u>2,490,964</u>	<u>372,726</u>	<u>38,725</u>	<u>2,824,965</u>
Total Capital Assets Being Depreciated, Net	<u>4,087,942</u>	<u>169,647</u>	<u>8,203</u>	<u>4,249,386</u>
 Governmental Activities Capital Assets, Net	 <u>\$4,860,718</u>	 <u>326,717</u>	 <u>25,853</u>	 <u>5,161,582</u>

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

	For The Year Ended March 31, 2008
Governmental activities:	
Administration	\$ 828
Federal jail	33,870
Fire protection	51,750
Police	148,118
Public works	82,440
Recreation	<u>55,720</u>
	<u>\$372,726</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 0.4% (general), 7.6% (police), and 9.7% (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, 2007, the City's annual pension cost of \$165,412 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2007 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, 2007 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>
2007	\$165,412	100%	\$ -
2006	151,029	100	-
2005	162,249	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>
2007	\$7,068,473	\$4,724,125	\$2,344,348
2006	6,405,560	4,286,891	2,118,669
2005	6,002,790	4,061,664	1,941,126

<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>
2007	150%	\$3,428,920	68.36%
2006	149	3,110,475	68.11
2005	148	2,972,772	65.30

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.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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, 2008, the City's tax levy contribution was \$177,429. The required contribution was \$203,494 which was determined as part of the April 1, 2007 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 3% 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, 2007 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)
2007	\$6,062,610	\$7,949,816	\$1,887,206
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

For The Actuarial Valuation Years Ended March 31	Funded Ratio	Annual Covered Payroll	AAL As A Percentage Of Covered Payroll
2007	76.3%	\$596,590	316.3%
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

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

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 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, 2008</u>			<u>Balance</u> <u>March 31</u> <u>2008</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
	<u>Balance</u> <u>March 31</u> <u>2007</u>	<u>Additions</u>	<u>Deletions</u>		
	Governmental activities:				
Capital lease	\$ 63,559	-	63,559	-	-
TIF refunding bonds	15,625,000	-	267,980	15,357,020	520,000
Less - Issuance discount	<u>(89,308)</u>	<u>-</u>	<u>(5,358)</u>	<u>(83,950)</u>	<u>-</u>
Total Governmen- tal Activities	<u>\$15,599,251</u>	<u>-</u>	<u>326,181</u>	<u>15,273,070</u>	<u>520,000</u>

The TIF refunding bonds are liquidated by the Tax Increment Financing Area 3 Fund.

TIF Refunding Bonds

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".

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%.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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, 2009. The following is a reconciliation of internal receivables and payables:

	March 31, 2008	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ -	29,036
Tax Increment Financing Area 3 Fund	<u>25,592</u>	-
Total Major Governmental Funds	<u>25,592</u>	<u>29,036</u>
Nonmajor governmental funds:		
Special Revenue Funds:		
Local Law Enforcement Block Grant	410	-
Sewer Lateral Fund	4,167	-
Tax Increment Financing Area 1 Fund	-	319
Tax Increment Financing Area 4 Fund	<u>-</u>	<u>814</u>
Total Nonmajor Governmental Funds	<u>4,577</u>	<u>1,133</u>
	<u>\$30,169</u>	<u>30,169</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, 2008			
	Transfers In			
	General	Capital Improvement	Tax Increment Financing Area 3	Total
Transfers out:				
General Fund	\$ -	2,753	25,123	27,876
Nonmajor governmental funds	<u>267,686</u>	<u>-</u>	<u>-</u>	<u>267,686</u>
	<u>\$267,686</u>	<u>2,753</u>	<u>25,123</u>	<u>295,562</u>

NOTE H - RESTRICTED NET ASSETS

The government-wide statements of net assets reports \$3,442,552 of restricted net assets, \$1,989,984 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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes				
Sales	\$ 2,400,000	2,400,000	2,414,717	14,717
Property:				
Real estate	875,000	875,000	772,493	(102,507)
Personal property	194,000	194,000	169,742	(24,258)
Railroad	30,000	30,000	32,307	2,307
Gasoline	445,000	445,000	451,090	6,090
Cigarette	53,000	53,000	52,236	(764)
Road and bridge	90,000	90,000	104,516	14,516
Total Taxes	<u>4,087,000</u>	<u>4,087,000</u>	<u>3,997,101</u>	<u>(89,899)</u>
Gross Receipts Taxes				
Utilities	1,480,000	1,480,000	1,500,769	20,769
Cable	78,000	78,000	81,876	3,876
Total Gross Receipts Taxes	<u>1,558,000</u>	<u>1,558,000</u>	<u>1,582,645</u>	<u>24,645</u>
Licenses				
Merchants and manufacturers	200,000	200,000	148,160	(51,840)
Liquor	4,000	4,000	3,810	(190)
Coin vending machines	2,000	2,000	1,550	(450)
Vehicles	26,000	26,000	25,802	(198)
Dog tags	300	300	180	(120)
Miscellaneous	4,000	4,000	5,733	1,733
Total Licenses	<u>236,300</u>	<u>236,300</u>	<u>185,235</u>	<u>(51,065)</u>
Permits				
Building permits	100,000	100,000	38,616	(61,384)
Street excavating permits	3,000	3,000	3,175	175
Plumbing permits	12,000	12,000	10,879	(1,121)
Occupancy permits	19,000	19,000	16,425	(2,575)
Housing inspections	28,000	28,000	23,112	(4,888)
Heating permits	7,000	7,000	7,023	23
Other permits and fees	55,000	55,000	44,859	(10,141)
Total Permits	<u>224,000</u>	<u>224,000</u>	<u>144,089</u>	<u>(79,911)</u>
Charges for Services				
Jail operations	970,000	970,000	827,814	(142,186)
Prisoner security	70,000	70,000	48,935	(21,065)
Police reports	60,000	60,000	39,225	(20,775)

(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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES (Continued)				
Charges for Services (Continued)				
Police contracts	45,000	45,000	51,541	6,541
Fire contracts	10,000	10,000	-	(10,000)
Commissary receipts	55,000	55,000	53,935	(1,065)
Rental	20,000	20,000	21,558	1,558
Transportation	17,000	17,000	18,661	1,661
Weed cutting	30,000	30,000	17,740	(12,260)
Total Charges For Services	<u>1,277,000</u>	<u>1,277,000</u>	<u>1,079,409</u>	<u>(197,591)</u>
Court Receipts				
Costs and fines	420,000	420,000	369,910	(50,090)
Traffic bureau	60,000	60,000	52,705	(7,295)
D.W.I. recoupment fee	1,500	1,500	3,321	1,821
Crime victims compensation	1,000	1,000	1,077	77
Training fund	6,500	6,500	5,484	(1,016)
Total Court Receipts	<u>489,000</u>	<u>489,000</u>	<u>432,497</u>	<u>(56,503)</u>
Investment Income	<u>40,000</u>	<u>40,000</u>	<u>89,856</u>	<u>49,856</u>
Intergovernmental	<u>4,500</u>	<u>4,500</u>	<u>20,005</u>	<u>15,505</u>
Other				
Telephone commission	22,000	22,000	11,864	(10,136)
Community programs	30,000	30,000	27,611	(2,389)
Economic development reimbursement	10,000	10,000	-	(10,000)
Disaster reimbursement	-	-	37,631	37,631
Donations	2,000	2,000	631	(1,369)
Trash stickers	8,000	8,000	5,687	(2,313)
Miscellaneous	239,250	239,250	138,933	(100,317)
Total Other	<u>311,250</u>	<u>311,250</u>	<u>222,357</u>	<u>(88,893)</u>
Total Revenues	<u>8,227,050</u>	<u>8,227,050</u>	<u>7,753,194</u>	<u>(473,856)</u>
EXPENDITURES				
Building				
Personnel costs:				
Salaries	240,235	240,235	282,566	42,331
Payroll tax	18,378	18,378	21,155	2,777
Employee insurance	19,430	19,430	21,558	2,128
Pension contribution	960	960	994	34
	<u>279,003</u>	<u>279,003</u>	<u>326,273</u>	<u>47,270</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Building (Continued)				
Repairs and maintenance	-	-	276	276
Dues	700	700	423	(277)
Supplies	6,000	6,000	5,163	(837)
Economic development	50,000	50,000	62,281	12,281
Demolition	40,000	40,000	7,164	(32,836)
Radio	700	700	-	(700)
Map making	500	500	-	(500)
Professional development	2,000	2,000	404	(1,596)
Computer	2,000	2,000	1,903	(97)
Total Building	<u>380,903</u>	<u>380,903</u>	<u>403,887</u>	<u>22,984</u>
Fire Protection				
Personnel costs:				
Salaries	733,456	793,456	795,098	1,642
Payroll tax	56,109	56,109	60,364	4,255
Employee insurance	50,005	50,005	49,165	(840)
Pension contribution	67,750	67,750	43,279	(24,471)
	<u>907,320</u>	<u>967,320</u>	<u>947,906</u>	<u>(19,414)</u>
Maintenance and repairs	4,000	4,000	916	(3,084)
Gas and oil	8,000	8,000	6,725	(1,275)
Equipment replacement	2,000	2,000	37,568	35,568
Utilities	16,000	16,000	580	(15,420)
Telephone and radio	35,500	35,500	16,963	(18,537)
Uniforms	600	600	184	(416)
Supplies	3,600	3,600	2,426	(1,174)
Emergency management	10,000	10,000	-	(10,000)
Professional development	2,000	5,400	4,122	(1,278)
Community programs	3,000	3,000	992	(2,008)
Miscellaneous	-	500	104	(396)
Total Fire Protection	<u>992,020</u>	<u>1,055,920</u>	<u>1,018,486</u>	<u>(37,434)</u>
City Clerk				
Personnel costs:				
Salaries	239,397	239,397	171,107	(68,290)
Payroll tax	18,313	18,313	17,221	(1,092)
Employee insurance	27,422	27,422	25,627	(1,795)
Pension contribution	957	957	1,541	584
Unemployment compensation	15,000	15,000	11,692	(3,308)
	<u>301,089</u>	<u>301,089</u>	<u>227,188</u>	<u>(73,901)</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
City Clerk (Continued)				
Dues	10,000	10,000	9,890	(110)
Utilities	35,000	35,000	38,172	3,172
Postage	7,500	7,500	5,028	(2,472)
Election costs	10,000	10,000	5,174	(4,826)
Supplies	14,000	14,000	13,377	(623)
Accounting and data processing	50,000	50,000	54,934	4,934
Bank charges	1,500	1,500	-	(1,500)
Personnel	20,000	20,000	32,388	12,388
Bonds and insurance	700,000	625,000	546,394	(78,606)
Hospitality	750	750	710	(40)
Wellness program	10,000	10,000	4,422	(5,578)
Car allowance	250	250	178	(72)
Publications	17,000	17,000	17,964	964
Advertising	5,000	5,000	5,098	98
Professional development	5,000	5,000	4,410	(590)
Total City Clerk	<u>1,187,089</u>	<u>1,112,089</u>	<u>965,327</u>	<u>(146,762)</u>
Legal				
Personnel costs:				
Salaries	33,672	33,672	33,673	1
Payroll tax	2,575	2,575	2,576	1
Employee insurance	7,884	7,884	4,418	(3,466)
	<u>44,131</u>	<u>44,131</u>	<u>40,667</u>	<u>(3,464)</u>
Legal fees	90,500	90,500	135,994	45,494
Total Legal	<u>134,631</u>	<u>134,631</u>	<u>176,661</u>	<u>42,030</u>
Collector				
Personnel costs:				
Salaries	69,354	69,354	68,521	(833)
Payroll tax	5,305	5,305	5,071	(234)
Employee insurance	4,286	4,286	8,468	4,182
Pension contribution	269	269	264	(5)
	<u>79,214</u>	<u>79,214</u>	<u>82,324</u>	<u>3,110</u>
Supplies	1,000	2,025	2,026	1
Trash sticker	11,000	11,000	6,790	(4,210)
County clerk	250	250	240	(10)
Professional development	200	200	202	2
Total Collector	<u>91,664</u>	<u>92,689</u>	<u>91,582</u>	<u>(1,107)</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Maintenance				
Licenses and fees	800	800	891	91
Gas and oil	160,000	170,000	159,189	(10,811)
Total Maintenance	<u>160,800</u>	<u>170,800</u>	<u>160,080</u>	<u>(10,720)</u>
Court				
Personnel costs:				
Salaries	104,684	104,684	100,983	(3,701)
Payroll tax	8,008	8,008	7,559	(449)
Employee insurance	12,115	12,115	13,110	995
Pension contribution	394	394	343	(51)
	<u>125,201</u>	<u>125,201</u>	<u>121,995</u>	<u>(3,206)</u>
Utilities	23,000	23,000	20,287	(2,713)
Postage	1,000	1,000	1,735	735
Supplies	6,000	6,000	4,704	(1,296)
Interim judges	4,000	4,000	2,200	(1,800)
Computer	1,500	1,500	1,526	26
Office equipment lease	1,500	1,500	1,804	304
Professional development	21,000	21,000	841	(20,159)
Total Court	<u>183,201</u>	<u>183,201</u>	<u>155,092</u>	<u>(28,109)</u>
Police				
Personnel costs:				
Salaries	1,855,300	1,874,450	1,866,260	(8,190)
Payroll tax	141,930	142,988	136,672	(6,316)
Employee insurance	145,768	145,768	171,479	25,711
Pension contribution	102,190	102,190	102,350	160
	<u>2,245,188</u>	<u>2,265,396</u>	<u>2,276,761</u>	<u>11,365</u>
Utilities	42,000	42,000	43,565	1,565
Postage	3,100	3,100	2,675	(425)
Uniforms	26,300	26,300	23,571	(2,729)
Office supplies	7,500	7,500	7,656	156
Building maintenance	35,000	35,000	39,251	4,251
Police reserves	2,500	2,500	184	(2,316)
Police equipment	15,000	15,000	15,921	921
Prisoner	83,000	83,000	66,189	(16,811)
D.W.I. supplies	23,000	23,000	4,624	(18,376)
Investigative	10,000	10,000	600	(9,400)
Car allowance and parking	100	100	273	173
Office equipment leasing	4,200	4,200	4,131	(69)

(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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police (Continued)				
Police radio	151,824	151,824	152,620	796
D.A.R.E.	1,000	1,000	1,280	280
Police teletype	55,000	55,000	68,838	13,838
Crime prevention	5,000	5,000	4,490	(510)
Training fund	28,000	28,000	1,627	(26,373)
Ammunition	4,500	4,500	2,996	(1,504)
Professional development	46,250	46,250	18,322	(27,928)
Total Police	<u>2,788,462</u>	<u>2,808,670</u>	<u>2,735,574</u>	<u>(73,096)</u>
Public Health				
Vector control - mosquito	10,000	10,000	5,120	(4,880)
Tree and weed cutting	2,000	2,000	-	(2,000)
Street lights	186,875	186,875	168,697	(18,178)
Total Public Health	<u>198,875</u>	<u>198,875</u>	<u>173,817</u>	<u>(25,058)</u>
Public Works				
Personnel costs:				
Salaries	528,110	539,655	491,609	(48,046)
Payroll tax	38,105	38,705	33,496	(5,209)
Employee insurance	44,142	44,142	72,043	27,901
Pension contribution	1,992	1,992	1,722	(270)
	<u>612,349</u>	<u>624,494</u>	<u>598,870</u>	<u>(25,624)</u>
Equipment maintenance	18,000	18,000	18,137	137
Equipment rental	10,000	10,000	-	(10,000)
License and fees	-	-	27	27
Utilities	55,000	55,000	42,910	(12,090)
Uniforms	5,300	5,300	3,352	(1,948)
Supplies	18,000	18,000	14,401	(3,599)
Salt	23,000	23,000	21,839	(1,161)
Paint supplies and signs	15,000	15,000	1,616	(13,384)
Repairs and maintenance	-	-	7	7
Hauling cost	20,000	31,554	27,453	(4,101)
Professional development	1,500	1,500	1,920	420
Total Public Works	<u>778,149</u>	<u>801,848</u>	<u>730,532</u>	<u>(71,316)</u>
Recreation				
Personnel costs:				
Salaries	94,785	97,785	86,239	(11,546)
Payroll tax	7,251	7,251	6,491	(760)

(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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Recreation (Continued)				
Personnel costs (Continued):				
Employee insurance	4,960	4,960	5,102	142
Pension contribution	379	379	292	(87)
	<u>107,375</u>	<u>110,375</u>	<u>98,124</u>	<u>(12,251)</u>
Dues	250	250	230	(20)
Equipment	5,000	5,000	763	(4,237)
Utilities	15,000	15,000	15,401	401
Concession stand supplies	6,000	6,000	4,283	(1,717)
Senior citizens	500	500	-	(500)
Supplies	6,750	6,750	5,218	(1,532)
Building maintenance	12,000	12,000	11,252	(748)
Community program	30,000	30,705	24,589	(6,116)
Professional development	2,000	2,000	1,864	(136)
Special events	5,000	5,000	3,905	(1,095)
Total Recreation	<u>189,875</u>	<u>193,580</u>	<u>165,629</u>	<u>(27,951)</u>
Federal Jail				
Personnel costs:				
Salaries	623,140	623,140	578,728	(44,412)
Payroll tax	47,670	47,670	42,862	(4,808)
Employee insurance	61,692	61,692	73,808	12,116
Pension contribution	2,492	2,492	1,992	(500)
	<u>734,994</u>	<u>734,994</u>	<u>697,390</u>	<u>(37,604)</u>
Utilities	21,000	21,000	22,255	1,255
Postage	700	700	829	129
Uniforms	10,100	10,100	11,728	1,628
Supplies	2,500	2,500	2,751	251
Building maintenance - jail	7,000	7,000	5,832	(1,168)
Commissary	40,000	40,000	33,484	(6,516)
Meals and coffee	165,000	165,000	134,638	(30,362)
Laundry	17,000	17,000	19,269	2,269
Medical	45,000	45,000	47,116	2,116
Radio	1,000	1,000	673	(327)
Ammunition	600	600	342	(258)
Professional development	3,000	3,000	1,477	(1,523)
Total Federal Jail	<u>1,047,894</u>	<u>1,047,894</u>	<u>977,784</u>	<u>(70,110)</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Special Services				
Personnel costs:				
Salaries	98,801	98,801	153,206	54,405
Payroll tax	7,558	7,558	7,310	(248)
Employee insurance	11,719	11,719	12,927	1,208
Pension contribution	395	395	417	22
	<u>118,473</u>	<u>118,473</u>	<u>173,860</u>	<u>55,387</u>
Dues	200	200	96	(104)
Utilities	2,000	2,000	1,578	(422)
Supplies	2,000	2,000	614	(1,386)
Building maintenance	13,500	13,500	19,163	5,663
Insurance deductible	30,000	20,000	24,030	4,030
Safety equipment	500	500	-	(500)
Mileage	50	50	-	(50)
Publications	800	800	439	(361)
Professional development	1,000	1,000	40	(960)
Miscellaneous	-	-	30	30
Total Special Services	<u>168,523</u>	<u>158,523</u>	<u>219,850</u>	<u>61,327</u>
Total Expenditures	<u>8,302,086</u>	<u>8,339,623</u>	<u>7,974,301</u>	<u>(365,322)</u>
REVENUES UNDER EXPENDITURES	<u>(75,036)</u>	<u>(112,573)</u>	<u>(221,107)</u>	<u>(108,534)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	267,686	117,686
Transfers out	-	-	(27,876)	27,876
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>239,810</u>	<u>89,810</u>
NET CHANGE IN FUND BALANCE	<u>\$ 74,964</u>	<u>37,427</u>	18,703	<u>(18,724)</u>
FUND BALANCE, APRIL 1			<u>2,675,448</u>	
FUND BALANCE, MARCH 31			<u>\$ 2,694,151</u>	

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, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 1,125,000	1,125,000	937,891	(187,109)
Investment income	-	-	24,610	24,610
Miscellaneous	-	-	938	938
Total Revenues	1,125,000	1,125,000	963,439	(161,561)
EXPENDITURES				
Capital outlay	1,059,667	1,052,167	739,781	(312,386)
Debt service:				
Principal	68,000	-	63,559	63,559
Interest	-	-	4,176	4,176
Total Expenditures	1,127,667	1,052,167	807,516	(244,651)
REVENUES OVER (UNDER) EXPENDITURES	(2,667)	72,833	155,923	83,090
OTHER FINANCING SOURCES				
Transfers in	-	-	2,753	2,753
NET CHANGE IN FUND BALANCE	\$ (2,667)	72,833	158,676	85,843
FUND BALANCE, APRIL 1			972,667	
FUND BALANCE, MARCH 31			\$ 1,131,343	

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, 2008

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, Capital Improvement Fund, and Park Sales Tax 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, 2008, expenditures exceeded appropriations as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund:				
Building	\$380,903	380,903	403,887	22,984
Legal	134,631	134,631	176,661	42,030
Special services	168,523	158,523	219,850	61,327
Park Sales Tax Fund	388,000	388,000	416,076	28,076

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, 2008

	<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>Park Sales Tax</u>	<u>Local Law Enforcement Block Grant</u>	<u>Police Seizure</u>	<u>Beautifi- cation</u>	<u>Teen Activities</u>	<u>Total</u>
ASSETS											
Cash and investments	\$ 104,714	58,524	64,247	6,034	290,614	395,488	22,873	124,005	2,806	12,244	1,081,549
Due from other funds	-	-	-	-	4,167	-	410	-	-	-	4,577
Total Assets	<u>\$ 104,714</u>	<u>58,524</u>	<u>64,247</u>	<u>6,034</u>	<u>294,781</u>	<u>395,488</u>	<u>23,283</u>	<u>124,005</u>	<u>2,806</u>	<u>12,244</u>	<u>1,086,126</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Due to other funds	\$ 319	-	814	-	-	-	-	-	-	-	1,133
Fund Balances											
Unreserved - Special Revenue Funds	<u>104,395</u>	<u>58,524</u>	<u>63,433</u>	<u>6,034</u>	<u>294,781</u>	<u>395,488</u>	<u>23,283</u>	<u>124,005</u>	<u>2,806</u>	<u>12,244</u>	<u>1,084,993</u>
Total Liabilities And Fund Balances	<u>\$ 104,714</u>	<u>58,524</u>	<u>64,247</u>	<u>6,034</u>	<u>294,781</u>	<u>395,488</u>	<u>23,283</u>	<u>124,005</u>	<u>2,806</u>	<u>12,244</u>	<u>1,086,126</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, 2008

	Tax Increment Financing Area 1	Tax Increment Financing Area 2	Tax Increment Financing Area 4	Fire Protection	Sewer Lateral	Park Sales Tax	Local Law Enforcement Block Grant	Police Seizure	Beautifi- cation	Teen Activities	Total
REVENUES											
Taxes	\$ 122,409	63,268	87,938	225,422	107,270	384,885	-	-	-	-	991,192
Intergovernmental	-	-	-	-	-	-	20,540	29,863	-	9,172	59,575
Investment income	36	-	-	16	8,325	169	29	51	1	4	8,631
Total Revenues	<u>122,445</u>	<u>63,268</u>	<u>87,938</u>	<u>225,438</u>	<u>115,595</u>	<u>385,054</u>	<u>20,569</u>	<u>29,914</u>	<u>1</u>	<u>9,176</u>	<u>1,059,398</u>
EXPENDITURES											
Economic development	100,354	40,300	200,462	-	-	-	-	-	-	-	341,116
Miscellaneous:											
Bank charges	-	-	-	47	-	-	111	-	-	-	158
Other	-	-	-	-	-	-	-	-	322	5,681	6,003
Sewer lateral	-	-	-	-	154,510	-	-	-	-	-	154,510
Capital outlay	-	-	-	-	-	416,076	15,874	78,185	-	-	510,135
Total Expenditures	<u>100,354</u>	<u>40,300</u>	<u>200,462</u>	<u>47</u>	<u>154,510</u>	<u>416,076</u>	<u>15,985</u>	<u>78,185</u>	<u>322</u>	<u>5,681</u>	<u>1,011,922</u>
REVENUES OVER (UNDER) EXPENDITURES	22,091	22,968	(112,524)	225,391	(38,915)	(31,022)	4,584	(48,271)	(321)	3,495	47,476
OTHER FINANCING USES											
Transfers out	-	-	-	(267,686)	-	-	-	-	-	-	(267,686)
NET CHANGE IN FUND BALANCES	22,091	22,968	(112,524)	(42,295)	(38,915)	(31,022)	4,584	(48,271)	(321)	3,495	(220,210)
FUND BALANCES, APRIL 1	82,304	35,556	175,957	48,329	333,696	426,510	18,699	172,276	3,127	8,749	1,305,203
FUND BALANCES, MARCH 31	<u>\$ 104,395</u>	<u>58,524</u>	<u>63,433</u>	<u>6,034</u>	<u>294,781</u>	<u>395,488</u>	<u>23,283</u>	<u>124,005</u>	<u>2,806</u>	<u>12,244</u>	<u>1,084,993</u>

CITY OF JENNINGS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND
ACTUAL - MODIFIED CASH BASIS - PARK SALES TAX FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 300,000	300,000	384,885	84,885
Investment income	-	-	169	169
Total Revenues	300,000	300,000	385,054	85,054
EXPENDITURES				
Capital outlay	388,000	388,000	416,076	28,076
NET CHANGE IN FUND BALANCE	\$ (88,000)	(88,000)	(31,022)	56,978
FUND BALANCE, APRIL 1			426,510	
FUND BALANCE, MARCH 31			\$ 395,488	