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Financial Report, 2002

City of Clarkson Valley

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

**CITY OF CLARKSON VALLEY,
MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2002

CITY OF CLARKSON VALLEY, MISSOURI
FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

September 27, 2002

Honorable Mayor and Board of Aldermen
CITY OF CLARKSON VALLEY, MISSOURI

We have audited the accompanying financial statements of the **CITY OF CLARKSON VALLEY, MISSOURI** (the City) as of and for the year ended June 30, 2002 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

As described in Note A-3, the City prepares its financial statements on the 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 financial position of the City as of June 30, 2002 and the results of its operations for the year then ended, on the basis of accounting described in Note A-3.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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 presented in all material respects, on the cash basis of accounting, in relation to the financial statements taken as a whole.

Hochschild, Bloom & Company LLP

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Member: Independent Accountants International with Member Offices in Principal U.S. and International Cities.

Scott Douglass
MAYOR



Michele McMahon
CITY CLERK

CITY OF CLARKSON VALLEY MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is intended to be an overview of the City of Clarkson Valley's (the City) financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the City's financial statements (attached).

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities (pages 4 and 5) provide information about the activities of the City as a whole. Fund financial statements (pages 6 and 7) report the City's operation in more detail than the government-wide statement by providing information about the City's General Fund. The remaining statement (page 8) provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the City government.

FINANCIAL STATEMENTS

A condensed version of the statement of net assets - cash basis at June 30, 2002 compared to the prior year follows:

	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>Percentage Change</u>
Cash and investments	\$1,102,297	1,106,798	(4,501)	(.4%)
Liabilities	<u>24,208</u>	<u>24,891</u>	<u>(683)</u>	(.3)
Net Assets	<u>\$1,078,089</u>	<u>1,081,907</u>	<u>(3,818)</u>	(.4)

A condensed version of the statement of activities - cash basis for the year ended June 30, 2002 compared to the prior year follows:

City of Clarkson Valley

P.O. Box 987 • Chesterfield, Missouri 63006
Office (636) 227-8607 Fax (636) 227-1914

	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>Percentage Change</u>
Revenues	\$838,256	856,814	(18,558)	(2.2%)
Expenses	<u>842,074</u>	<u>799,806</u>	<u>42,268</u>	5.2
Change In Net Assets	(\$ <u>3,818</u>)	<u>57,008</u>	<u>(60,826)</u>	NA

The decrease in the cash, investments and net assets is due primarily to decreases in overall revenues. Decreases in revenue resulted from decreases in the property tax rates and lower returns on investments.

You can think of the City's net assets (the difference between assets and liabilities) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors such as changes in the City's property tax base, the amount of snow during the winter season, etc., to assess the overall health of the City.

THE CITY AS A TRUSTEE

The City has fiduciary responsibilities as a trustee for the municipal court bonds, building bonds (new construction), and police officers standards and training account. All the City's fiduciary activities are reported in a separate statement of net assets (page 8). The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BUDGETARY HIGHLIGHTS

The City did not revise its budget for the year. Expenditures were \$55,006 below the amount budgeted which is 6.1% of the \$897,080 total budgeted expenditures for the General Fund for the year. Revenues were \$8,656 over the amount budgeted which is 1.04% of the \$829,600 total budgeted revenues for the General Fund for the year.

ECONOMIC FACTORS

While property taxes are important to the City, they represent 14% of the City's revenues. Larger sources come from sales tax and fines, 42% and 22%, respectively, of the City's total revenues. The City's resources tend to keep pace with the demand for services. Nevertheless, the City monitors all resources and determines the future needs. Police protection and sanitation continue to be the services requiring the greatest percentage of resources amounting to 34% and 30% of the total expenditure budget, respectively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City Clerk's Office at 636-227-8607.

CITY OF CLARKSON VALLEY, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2002

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 83,506
Investments	<u>1,018,791</u>
Total Assets	1,102,297
LIABILITIES	
Deposits held for others	<u>24,208</u>
NET ASSETS - UNRESTRICTED	<u>\$1,078,089</u>

CITY OF CLARKSON VALLEY, MISSOURI
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2002

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenue - Charges For Services</u>	<u>Net Revenue (Expenses) And Changes In Net Assets</u>
Governmental activities:			
Administration	\$190,445	11,305	(179,140)
Court	61,991	-	(61,991)
Police protection	294,207	184,073	(110,134)
Sanitation	269,116	-	(269,116)
Snow removal	<u>26,315</u>	<u>-</u>	<u>(26,315)</u>
Total Governmental Activities	<u>\$842,074</u>	<u>195,378</u>	<u>(646,696)</u>
 GENERAL REVENUE			
Taxes			611,853
Other revenue			<u>31,025</u>
Total General Revenue			<u>642,878</u>
 CHANGE IN NET ASSETS			(3,818)
 NET ASSETS, JULY 1			<u>1,081,907</u>
 NET ASSETS, JUNE 30			<u>\$1,078,089</u>

CITY OF CLARKSON VALLEY, MISSOURI
BALANCE SHEET - CASH BASIS - GOVERNMENTAL FUND
JUNE 30, 2002

	<u>General Fund</u>
ASSETS	
Cash	\$ 59,298
Investments	<u>1,018,791</u>
Total Assets	<u>\$1,078,089</u>
 FUND BALANCE	
Unreserved - undesignated	<u>\$1,078,089</u>

CITY OF CLARKSON VALLEY, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - CASH BASIS - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2002

	<u>General Fund</u>
REVENUE	
Taxes	\$ 611,853
Program revenue	195,378
Other	<u>31,025</u>
Total Revenue	<u>838,256</u>
EXPENDITURES	
Administration	190,445
Court	61,991
Police protection	294,207
Sanitation	269,116
Snow removal	<u>26,315</u>
Total Expenditures	<u>842,074</u>
EXCESS OF EXPENDITURES OVER REVENUE	(3,818)
FUND BALANCE, JULY 1	<u>1,081,907</u>
FUND BALANCE, JUNE 30	<u>\$1,078,089</u>

CITY OF CLARKSON VALLEY, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS - FIDUCIARY FUND
JUNE 30, 2002

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$24,208</u>
LIABILITIES - DEPOSITS HELD FOR OTHERS	
Building bonds (new construction)	\$ 9,053
Court bonds	8,602
Police officers standards and training	<u>6,553</u>
	<u>\$24,208</u>

CITY OF CLARKSON VALLEY, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF CLARKSON VALLEY, MISSOURI** (the City) was incorporated in 1950 as a political subdivision duly organized under the laws of the State of Missouri. The City operates under a Mayor-Board of Aldermen form of government and provides or contracts for various services including public safety, sanitation collection, zoning 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.

2. Fund Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to those directly relating to the function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Funds are classified into two types: governmental and fiduciary. The following funds are used by the City:

Governmental Fund Type

General Fund - The General Fund accounts for all activities except those required to be accounted for in another fund. Revenues in this fund are derived from taxes, fees and other sources that usually are not designated for any specific purpose. The revenues are used for general ongoing government services such as administration, maintenance, police and sanitation.

Fiduciary Fund Type

Agency Funds - Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's Agency Funds include the assets of the Municipal Court Appearance Bond Account, Building Permit Bonds and Police Officers Standards and Training Fund.

CITY OF CLARKSON VALLEY, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

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

4. Budgetary Data

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

- a. The proposed budget is submitted to the Board of Aldermen. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue plus any unreserved balance at the end of such year.
- b. The budget must be adopted by the Board of Aldermen.
- c. Budget amendments must be approved by the Board of Aldermen. There were no amendments in the current year.
- d. All annual appropriations lapse at fiscal year-end.

5. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in August of each year based on the assessed value as of the prior January 1 for all taxable property located within the City. Payment is due upon receipt of billing and becomes delinquent after December 31. The City's tax rate is \$.136 per \$100 of assessed valuation.

The assessed valuation for property for the 2001 levy located in the City at January 1, 2001 was \$87,487,988.

6. Compensated Absences

Employees' vacations are one working week per year. Employees are expected to take an annual vacation. Vacation leave cannot be accumulated and must be taken before the end of the year. In the event that an employee dies, terminates, retires, is discharged or otherwise separates employment with the City without utilizing accrued vacation leave, such employee shall not be compensated for vacation leave. The City does not allow sick leave.

NOTE B - CASH AND INVESTMENTS

State law requires that the City's deposits with financial institutions must be collateralized in an amount at least equal to the uninsured deposits. As of June 30, 2002, the City's bank deposits were fully secured.

Statutes authorize the City to invest in obligations of U.S. Treasury Agencies and instrumentalities, obligations of the State of Missouri and repurchase agreements.

CITY OF CLARKSON VALLEY, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

The investment amounts are as follows:

	June 30, 2002			<u>Fair Value/ Carrying Amount</u>
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury obligations	\$ <u>-</u>	<u>1,018,791</u>	<u>-</u>	<u>1,018,791</u>

NOTE C - COMMITMENTS

The City's waste collection contract required monthly payments of \$22,428. The City has exercised its option to extend the contract through April 30, 2003 at a cost of \$26.16 per month per residence. Expenditures for the year ended June 30, 2002 for sanitation services were \$269,116.

The police service agreement is with the City of Ballwin. The current payment amount under contract is \$24,400 per month through December 31, 2002. Expenditures for the year ended June 30, 2002 for police services were \$294,207. The cost of the police contract is based on a formula which allocates the City of Ballwin's police department budgeted expenditures to the City which is based on the percentage of police activity incurred in the City.

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 purchases commercial insurance for all risks of loss. Settled claims have not exceeded the City's commercial coverages in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION SECTION

CITY OF CLARKSON VALLEY, MISSOURI
SUPPLEMENTAL INFORMATION

GENERAL FUND - SCHEDULE OF REVENUE COLLECTED - BUDGET AND ACTUAL

For The Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
GENERAL REVENUE			
Taxes:			
Cigarette	\$ 11,500	10,703	(797)
Fee increases	14,000	13,197	(803)
Franchise, utilities and cable fees	47,500	49,786	2,286
Gasoline	78,000	73,639	(4,361)
Personal property	19,000	16,942	(2,058)
Real estate	100,000	98,637	(1,363)
Sales	<u>340,000</u>	<u>348,949</u>	<u>8,949</u>
Total Taxes	<u>610,000</u>	<u>611,853</u>	<u>1,853</u>
Other revenue:			
Interest	50,000	28,025	(21,975)
Miscellaneous	<u>2,500</u>	<u>3,000</u>	<u>500</u>
Total Other Revenue	<u>52,500</u>	<u>31,025</u>	<u>(21,475)</u>
Total General Revenue	<u>662,500</u>	<u>642,878</u>	<u>(19,622)</u>
PROGRAM REVENUE			
Board of adjustments	2,100	1,448	(652)
Permits and inspections	15,000	9,657	(5,343)
Traffic fines	150,000	184,073	34,073
Zoning requests	<u>-</u>	<u>200</u>	<u>200</u>
Total Program Revenue	<u>167,100</u>	<u>195,378</u>	<u>28,278</u>
	<u>\$829,600</u>	<u>838,256</u>	<u>8,656</u>

CITY OF CLARKSON VALLEY, MISSOURI
SUPPLEMENTAL INFORMATION

GENERAL FUND - SCHEDULE OF EXPENDITURES PAID - BUDGET AND ACTUAL

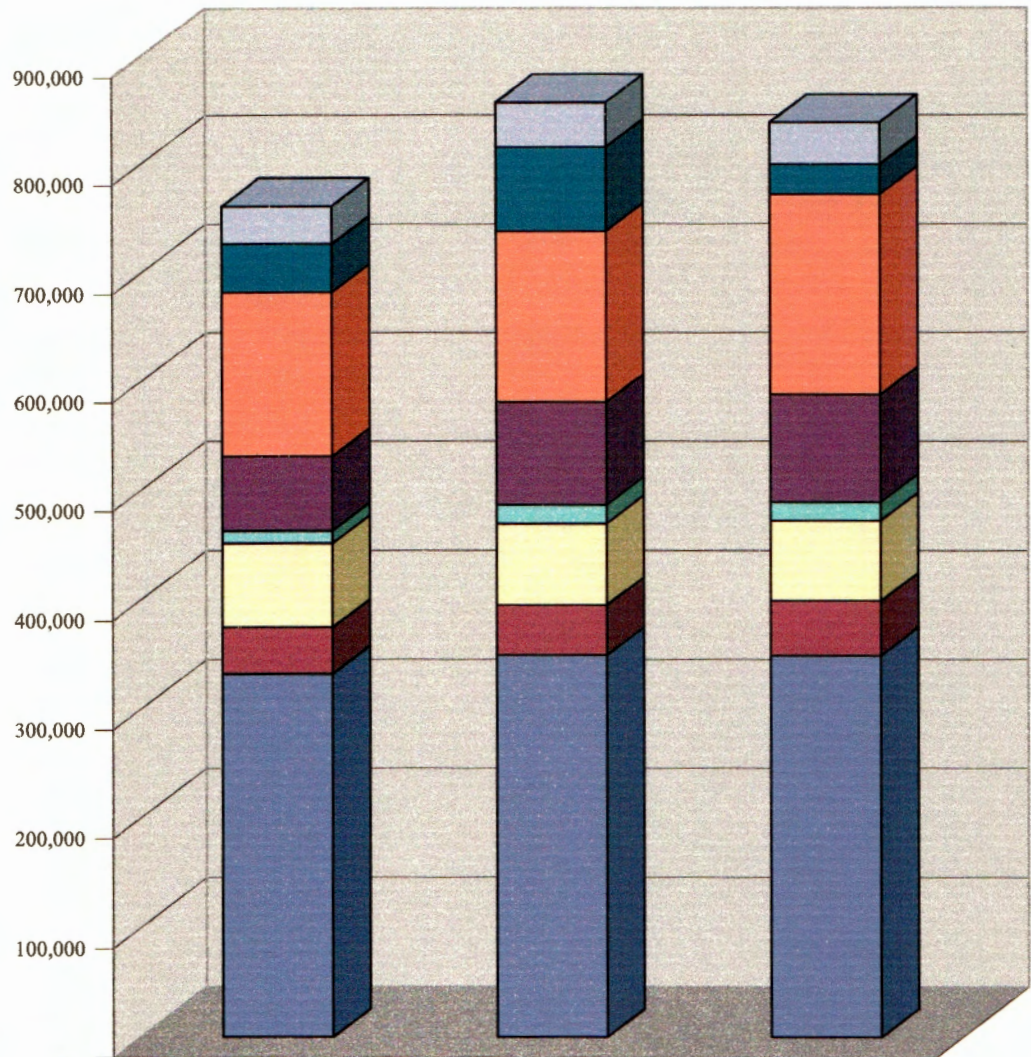
For The Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
ADMINISTRATION			
Salaries	\$ 53,800	52,463	1,337
Beautification	10,000	3,742	6,258
Board of adjustments	1,200	1,047	153
Codification	3,000	1,892	1,108
Dues and subscriptions	2,400	2,495	(95)
Election fees	1,400	2,483	(1,083)
Engineering fees	32,000	28,894	3,106
Inspections	9,000	10,103	(1,103)
Insurance	12,500	13,774	(1,274)
Legal notices	1,000	862	138
Miscellaneous	5,000	3,807	1,193
Mosquito spray	2,000	1,282	718
Office and computer maintenance	10,000	10,114	(114)
Payroll taxes	6,000	6,124	(124)
Professional fees	45,000	35,858	9,142
Rent	7,140	7,140	-
Signs and installation	5,000	4,750	250
Telephone	4,000	3,615	385
Total Administration	<u>210,440</u>	<u>190,445</u>	<u>19,995</u>
COURT			
Salary	30,640	28,674	1,966
Other	30,000	33,317	(3,317)
Total Court	<u>60,640</u>	<u>61,991</u>	<u>(1,351)</u>
POLICE PROTECTION	<u>306,000</u>	<u>294,207</u>	<u>11,793</u>
SANITATION	<u>270,000</u>	<u>269,116</u>	<u>884</u>
SNOW REMOVAL	<u>50,000</u>	<u>26,315</u>	<u>23,685</u>
	<u>\$897,080</u>	<u>842,074</u>	<u>55,006</u>

CITY OF CLARKSON VALLEY, MISSOURI

GRAPHS

**Revenues Collected For The
Years Ended June 30**



	2000	2001	2002
Miscellaneous	34,886	41,337	38,205
Interest	44,198	77,088	28,025
Traffic fines	151,241	157,359	184,073
Real estate tax	68,212	94,145	98,637
Personal property tax	11,683	17,450	16,942
Gasoline tax	76,860	74,776	73,639
Franchise, utilities and cable fees	42,353	45,548	49,786
Sales tax	332,152	349,111	348,949

CITY OF CLARKSON VALLEY, MISSOURI

GRAPHS

**Expenditures Paid For The
Years Ended June 30**

