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Financial Report, 2004

City of Crystal Lake Park

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

**CITY OF CRYSTAL LAKE
PARK, MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2004

CITY OF CRYSTAL LAKE PARK, MISSOURI
FINANCIAL REPORT

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

INDEPENDENT AUDITORS' REPORT

February 2, 2005

Honorable Mayor and Board of Aldermen
CITY OF CRYSTAL LAKE PARK, 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 CRYSTAL LAKE PARK, MISSOURI** (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 opinions.

As described in Note A-3, the City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position for the year then ended, on the basis of accounting described in Note A-3.

The City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2004.

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

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

As management of the City of Crystal Lake Park, 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 December 31, 2004. We encourage readers to consider the information presented here in conjunction with the City's financial statements (attached).

Financial Highlights

- * The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$876,420. Of this amount, \$392,899 may be used to meet the City's ongoing obligations to citizens and creditors.
- * The City's total net assets increased by \$94,010.
- * As of the close of the current fiscal year, the City's governmental fund reported ending fund balance of \$392,899, a decrease of \$188,163 in comparison with the prior year. All of this amount is available for spending at the City's discretion (unreserved fund balance).
- * At the end of the current fiscal year, the unreserved balance for the General Fund was \$182,923, or 118%, of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis 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 financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, public safety, streets, and community services.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Fund financial statements. A 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. The City only maintains governmental 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. 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 government's near-term financing decisions. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and changes in fund balance - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three governmental funds. Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Street Improvement Fund, and Capital Improvement Fund, which are considered to be major funds.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

Notes to the 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 financial statements can be found on pages 14 through 20 of this report.

Required supplementary information. This Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund and major Special Revenue Funds (starting on page 22) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$876,420 at the close of the most recent fiscal year.

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

The largest portion of the City's net assets reflects its investment in capital assets, less any related 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.

A condensed version of the Statement of Net Assets - Modified Cash Basis is as follows:

	December 31 2004
ASSETS	
Cash and investments	\$ 404,618
Capital assets	<u>665,552</u>
Total Assets	<u>1,070,170</u>
 LIABILITIES	
Security deposit	11,719
Noncurrent liabilities - due within one year	<u>182,031</u>
Total Liabilities	<u>193,750</u>
 NET ASSETS	
Invested in capital assets, net of related debt	483,521
Unrestricted	<u>392,899</u>
Total Net Assets	<u>\$ 876,420</u>

Governmental activities. Governmental activities increased the City's net assets by \$94,010.

A condensed version of the Statement of Activities - Modified Cash Basis is as follows:

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>For The Year Ended December 31, 2004</u>
REVENUES	
Program revenues:	
Charges for services	\$ 34,332
General revenues:	
Taxes	196,339
Gross receipts taxes	22,443
Licenses and permits	140
Investment income	2,878
Other income	<u>10,500</u>
Total Revenues	<u>266,632</u>
 EXPENSES	
Administration	40,649
Community services	23,930
Public safety	91,635
Street expenditures	8,620
Interest on long-term debt	<u>7,788</u>
Total Expenses	<u>172,622</u>
 CHANGE IN NET ASSETS	 94,010
 NET ASSETS, JANUARY 1	 <u>782,410</u>
 NET ASSETS, DECEMBER 31	 <u>\$876,420</u>

Comparative analysis will be provided in future years when prior year information is available.

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 near-term inflows, outflows, and balances of spendable 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 net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$392,899.

**CITY OF CRYSTAL LAKE PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

General Fund Budgetary Highlights

During the year there was a \$108,000 decrease in appropriations between the original and final amended budget. Following are the main components of the decrease:

- A \$23,000 increase in tax revenue due to the collection of additional delinquent taxes.
- A \$1,400 increase in investment income.
- An increase in other income of \$10,500 for additional income related to the street project.
- A \$1,500 decrease in administrative expenses mainly due to decreases in professional fees and increases in office supplies.
- A \$900 increase in community services expenses.
- An increase in transfers out of \$143,500 for the street project.

Capital assets. The City's investment in capital assets for its governmental activities as of December 31, 2004 amounts to \$665,552 (net of accumulated depreciation). This investment in capital assets includes land, park facilities, bridges, and roads. The total increase in the City's investment in capital assets for the current fiscal year was \$214,205 or 47%. The increase is due to the construction in progress for the street project that is expected to be completed in 2005.

Additional information on the City's capital assets can be found in Note E starting on page 18 of this report.

Long-term debt. At the end of the current fiscal year, the City had debt outstanding of \$182,031. This amount is a note payable for the street project. The debt decreased by \$67,969 during the current fiscal year.

Additional information on the City's long-term debt can be found in Note D starting on page 17 of this report.

Economic Factors and Next Year's Budget

Taxes are the main source of revenue for the City at 87% of total revenues. Street expenditures were the main expenses for the current year, however, in future years the street expenditures will be substantially less due to the completion of the project. These factors were considered in preparing the City's 2005 budget.

Requests for Information

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Crystal Lake Park, PO Box 31338, Crystal Lake Park, MO 63131.

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004

	Governmental Activities
ASSETS	
Cash and investments	\$ 404,618
Capital assets:	
Land and construction in progress	610,586
Other capital assets, net of accumulated depreciation	54,966
Total Assets	1,070,170
LIABILITIES	
Security deposit	11,719
Noncurrent liabilities:	
Due within one year	182,031
Total Liabilities	193,750
NET ASSETS	
Invested in capital assets, net of related debt	483,521
Unrestricted	392,899
Total Net Assets	\$ 876,420

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Expenses</u>	<u>Program Revenues Charges For Services</u>	<u>Net Revenue (Expenses) And Changes In Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities			
Administration	\$ 40,649	-	(40,649)
Community services	23,930	-	(23,930)
Public safety	91,635	-	(91,635)
Streets	8,620	34,332	25,712
Interest on long-term debt	7,788	-	(7,788)
Total Governmental Activities	<u>\$ 172,622</u>	<u>34,332</u>	<u>(138,290)</u>
General Revenues			
Taxes			196,339
Gross receipts taxes			22,443
Licenses and permits			140
Investment income			2,878
Other income			10,500
Total General Revenues			<u>232,300</u>
CHANGE IN NET ASSETS			94,010
NET ASSETS, JANUARY 1			<u>782,410</u>
NET ASSETS, DECEMBER 31			<u>\$ 876,420</u>

CITY OF CRYSTAL LAKE PARK, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	General Fund	Street Improvement Fund	Capital Improvement Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 194,642	95,019	114,957	404,618
 LIABILITIES AND FUND BALANCES				
Liabilities				
Security deposit	\$ 11,719	-	-	11,719
 Fund Balances				
Unreserved, reported in:				
General Fund	182,923	-	-	182,923
Special Revenue Funds	-	95,019	114,957	209,976
Total Fund Balances	182,923	95,019	114,957	392,899
Total Liabilities And Fund Balances	\$ 194,642	95,019	114,957	404,618

CITY OF CRYSTAL LAKE PARK, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004

Total Fund Balances - Governmental Funds	\$ 392,899
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$712,065 and the accumulated depreciation is \$46,513.	665,552
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:	
Note payable outstanding	<u>(182,031)</u>
Net Assets - Governmental Activities	<u><u>\$ 876,420</u></u>

CITY OF CRYSTAL LAKE PARK, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 170,014	34,332	26,325	230,671
Gross receipts taxes	22,443	-	-	22,443
Licenses and permits	140	-	-	140
Investment income	2,878	-	-	2,878
Other income	10,500	-	-	10,500
Total Revenues	<u>205,975</u>	<u>34,332</u>	<u>26,325</u>	<u>266,632</u>
EXPENDITURES				
Administration	40,649	-	-	40,649
Community services	22,153	-	-	22,153
Public safety	91,635	-	-	91,635
Street expenditures	-	224,601	-	224,601
Debt service	-	75,757	-	75,757
Total Expenditures	<u>154,437</u>	<u>300,358</u>	<u>-</u>	<u>454,795</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>51,538</u>	<u>(266,026)</u>	<u>26,325</u>	<u>(188,163)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	143,500	-	143,500
Transfer out	(143,500)	-	-	(143,500)
Total Other Financing Sources (Uses)	<u>(143,500)</u>	<u>143,500</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(91,962)	(122,526)	26,325	(188,163)
FUND BALANCES, JANUARY 1	<u>274,885</u>	<u>217,545</u>	<u>88,632</u>	<u>581,062</u>
FUND BALANCES, DECEMBER 31	<u>\$ 182,923</u>	<u>95,019</u>	<u>114,957</u>	<u>392,899</u>

CITY OF CRYSTAL LAKE PARK, 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 DECEMBER 31, 2004

Net Change In Fund Balances - Governmental Funds \$ (188,163)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$219,295) exceeded depreciation (\$5,091) in the current period. 214,204

Repayment of debt principal is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The following adjustments have been made for debt service:

Principal payments 67,969

Change In Net Assets Of Governmental Activities \$ 94,010

CITY OF CRYSTAL LAKE PARK, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF CRYSTAL LAKE PARK, MISSOURI** (the City) was incorporated in 1938. The City operates under a Mayor-Board of Aldermen form of government and provides various services including public safety, recreation, public improvements, planning and 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. There are no component units to be included in the City's reporting entity.

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. For the most part, 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 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF CRYSTAL LAKE PARK, 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. 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/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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

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

The City reports the following major governmental funds:

General Fund -- This fund accounts for all activities except those required to be accounted for in another fund.

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Street Improvement Fund -- This fund accounts for all street projects including maintenance.

Capital Improvement Fund -- This fund is to be used for the acquisition, construction, or maintenance of major capital facilities, public improvements, and operating equipment.

4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in September 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 \$.774 per \$100 of assessed valuation for real estate and personal property.

The assessed valuation for property (real estate and personal) located in the City at January 1, 2004 for the 2004 levy was \$12,317,630.

5. Capital Assets

The capital assets of the City consist of common properties and infrastructure (e.g. streets and bridges). The capital assets are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with an initial individual cost of \$1,000 or more.

6. Interfund Transactions

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

7. 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 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.

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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 December 31, 2004, the City's bank deposits were fully secured.

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 reported at cost.

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:

	December 31, 2004			<u>Cost</u>
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury obligations	<u>\$149,553</u>	<u>-</u>	<u>-</u>	<u>149,553</u>

NOTE C - COMMITMENTS AND CONTINGENCIES

The City entered into a five-year contract in January 2002 with the City of Frontenac for police and fire protection and ambulance services. The contract is paid on a monthly basis and increased annually by an amount equal to the percentage of increase in the Consumer Price Index for salaries in the St. Louis area, as measured by the Bureau of Labor Statistics of the U.S. Department of Labor for the preceding year. A total of \$91,635 was paid in 2004.

At December 31, 2004 the City had pending street paving contract commitments in the amount of \$174,000.

NOTE D - GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	For The Year Ended December 31, 2004			<u>Balance December 31 2004</u>
	<u>Balance December 31 2003</u>	<u>Additions</u>	<u>Payments</u>	
	Note payable	<u>\$250,000</u>	<u>-</u>	

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - GENERAL LONG-TERM DEBT (Continued)

The note is to be liquidated by the Street Improvement Fund. Note payable consisted of the following:

	December 31 2004
\$250,000 unsecured bank promissory note dated September 1, 2003 with an interest rate of 3.25%. The loan matures August 31, 2005.	<u>\$182,031</u>

NOTE E - CAPITAL ASSETS

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

	For The Year Ended December 31, 2004			Balance December 31 2004
	Balance December 31 2003	Additions	Retirements	
	Governmental Activities			
Capital assets not being depreciated:				
Land	\$139,500	-	-	139,500
Construction in progress	<u>251,791</u>	<u>219,295</u>	-	<u>471,086</u>
Total Capital Assets Not Being Depreciated	<u>391,291</u>	<u>219,295</u>	-	<u>610,586</u>
Capital assets being depreciated:				
Equipment	35,533	-	-	35,533
Infrastructure	<u>65,946</u>	-	-	<u>65,946</u>
Total Capital Assets Being Depreciated	<u>101,479</u>	-	-	<u>101,479</u>
Less - Accumulated depreciation for:				
Equipment	4,293	1,777	-	6,070
Infrastructure	<u>37,129</u>	<u>3,314</u>	-	<u>40,443</u>
Total Accumulated Depreciation	<u>41,422</u>	<u>5,091</u>	-	<u>46,513</u>
Total Capital Assets Being Depreciated, Net	<u>60,057</u>	<u>(5,091)</u>	-	<u>54,966</u>
Governmental Activities Capital Assets, Net	<u>\$451,348</u>	<u>214,204</u>	-	<u>665,552</u>

Within the statement of activities - modified cash basis, depreciation expense is charged to functions of the primary government as follows:

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - CAPITAL ASSETS (Continued)

	For The Year Ended December 31 2004
Governmental activities:	
Community services	\$1,777
Street expenditures	<u>3,314</u>
 Total Depreciation Expense, Governmental Activities	 <u>\$5,091</u>

NOTE F - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCE

During fiscal year December 31, 2004, the City adopted GASB Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37 (GASB 37), *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38 (GASB 38), *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB 34 (as amended by GASB 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities on the statement of net assets - modified cash basis and statement of activities - modified cash basis. Additionally, the City's statement of net assets - modified cash basis includes capital assets, if any, and long-term liabilities of the City which were previously recorded in the General Long-Term Debt Account Group.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified cash basis of accounting for the City's General Fund and other governmental funds, which is similar to that previously presented for these funds in the District's financial statements, although the format of financial statements has been modified by GASB 34.

GASB 34 also includes, as required supplementary information, management's discussion and analysis, which provides an analytical overview of the City's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results for the governmental funds.

GASB 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended including descriptions of activities of major funds and future debt obligations.

CITY OF CRYSTAL LAKE PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCE (Continued)

These statements had a significant effect on the City's financial reporting model. All statements were retroactively applied to January 1, 2004. Restatement of net assets within the government-wide financial statements is as follows:

General Fund	\$274,885
Street Improvement Fund	217,545
Capital Improvement Fund	<u>88,632</u>
Total Fund Equity, December 31, 2003	581,062
Required GASB 34 adjustments:	
Long-term liabilities	(250,000)
Capital assets, net of accumulated depreciation	<u>451,548</u>
Total Net Assets, December 31, 2003	<u>\$782,410</u>

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF CRYSTAL LAKE PARK, 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 DECEMBER 31, 2004

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Real estate taxes	\$ 84,300	102,300	102,227	(73)
Property taxes	11,600	11,600	10,805	(795)
Cigarette tax	1,800	1,800	1,686	(114)
Sales tax	50,000	55,000	55,296	296
Total Taxes	<u>147,700</u>	<u>170,700</u>	<u>170,014</u>	<u>(686)</u>
Gross receipts taxes:				
Cable television	3,000	3,000	3,405	405
Utilities	20,000	20,000	19,038	(962)
Total Gross Receipts Taxes	<u>23,000</u>	<u>23,000</u>	<u>22,443</u>	<u>(557)</u>
Licenses and permits	400	400	140	(260)
Investment income	1,200	2,600	2,878	278
Other income	-	10,500	10,500	-
Total Revenues	<u>172,300</u>	<u>207,200</u>	<u>205,975</u>	<u>(1,225)</u>
EXPENDITURES				
Administration:				
Administrative personnel	8,000	8,000	7,358	(642)
Dues and subscriptions	500	500	324	(176)
Fees and permits	1,500	300	295	(5)
Insurance	2,000	2,000	2,156	156
Miscellaneous	1,500	2,200	2,208	8
Office supplies	8,500	14,000	14,338	338
Professional fees	20,000	13,500	13,369	(131)
Telephone	600	600	601	1
Total Administration	<u>42,600</u>	<u>41,100</u>	<u>40,649</u>	<u>(451)</u>
Community services:				
Snow removal	10,000	7,400	7,400	-
Leaf removal	7,000	10,500	10,850	350
Seasonal events	500	500	343	(157)
Park maintenance	3,000	3,500	3,560	60
City beautification	500	-	-	-
Total Community Services	<u>21,000</u>	<u>21,900</u>	<u>22,153</u>	<u>253</u>
Public safety	92,000	92,000	91,635	(365)
Total Expenditures	<u>155,600</u>	<u>155,000</u>	<u>154,437</u>	<u>(563)</u>
REVENUES OVER (UNDER) EXPENDITURES	16,700	52,200	51,538	(662)
OTHER FINANCING USES				
Transfer out	-	(143,500)	(143,500)	-
NET CHANGE IN FUND BALANCE	<u>\$ 16,700</u>	<u>(91,300)</u>	<u>(91,962)</u>	<u>(662)</u>
FUND BALANCE, JANUARY 1			<u>274,885</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 182,923</u>	

CITY OF CRYSTAL LAKE PARK, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Gasoline tax	\$ 13,000	13,000	13,289	289
Motor vehicle tax	6,000	6,000	5,731	(269)
Road and bridge tax	13,000	15,300	15,312	12
Total Taxes	<u>32,000</u>	<u>34,300</u>	<u>34,332</u>	<u>32</u>
EXPENDITURES				
Street expenditures:				
Street lighting	6,400	5,000	4,923	(77)
Street maintenance	2,000	400	383	(17)
Street improvement	-	219,300	219,295	(5)
Total Street Expenditures	<u>8,400</u>	<u>224,700</u>	<u>224,601</u>	<u>(99)</u>
Debt service:				
Principal	47,200	68,000	67,969	(31)
Interest	7,200	7,700	7,788	88
Total Debt Service	<u>54,400</u>	<u>75,700</u>	<u>75,757</u>	<u>57</u>
Total Expenditures	<u>62,800</u>	<u>300,400</u>	<u>300,358</u>	<u>(42)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(30,800)	(266,100)	(266,026)	74
OTHER FINANCING SOURCES				
Transfer in	-	143,500	143,500	-
NET CHANGE IN FUND BALANCE	<u>\$ (30,800)</u>	<u>(122,600)</u>	(122,526)	<u>74</u>
FUND BALANCE, JANUARY 1			<u>217,545</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 95,019</u>	

CITY OF CRYSTAL LAKE PARK, 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 DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales tax	\$ 24,000	26,300	26,325	25
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 24,000</u>	<u>26,300</u>	26,325	<u>25</u>
FUND BALANCE, JANUARY 1			<u>88,632</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 114,957</u>	

CITY OF CRYSTAL LAKE PARK, 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 DECEMBER 31, 2004

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 for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any unreserved balance at the end of such year.
- 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 Board of Aldermen for each fiscal year.
- d. The Board of Aldermen may amend budgeted amounts.
- e. All appropriations not spent or legally encumbered at year-end lapse.