

**CITY OF CRANE, MISSOURI**  
**BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2009**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Board of Aldermen  
City of Crane  
Crane, Missouri

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Crane, Missouri, as of and for the year ended June 30, 2009, 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 of Crane, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 misstatements. 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the City of Crane, Missouri, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and Board of Aldermen  
City of Crane  
Crane, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2010, 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, grant agreements and other matters. The purpose of that 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.

Management's Discussion and Analysis and budgetary comparison schedules 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.

*Davis, Lynn & Moots, P.C.*

DAVIS, LYNN & MOOTS, P.C.  
January 7, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF CRANE, MISSOURI**  
**June 30, 2009**

The management's discussion and analysis of the City of Crane's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the City's financial statements, which begin on page 14.

***Financial Highlights***

- The assets of the City exceeded its liabilities as of June 30, 2009, by \$2.7 million (net assets).
- The net assets of the City's governmental activities increased by \$58,685 as a result of current year activities. The net assets of the City's business activities increased by \$778,924 for the year.

***Using This Annual Report***

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

***Government-Wide Financial Statements***

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. The City's net assets – the difference between assets and liabilities – is 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.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, electric and refuse services are provided here.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF CRANE, MISSOURI**  
**June 30, 2009**

***Fund Financial Statements***

The fund financial statements provide detailed information about the City's funds and not the City as a whole. The Board of Aldermen establishes funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.
- **Enterprise Funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

***Notes to the Basic Financial Statements***

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF CRANE, MISSOURI  
June 30, 2009**

*Government-Wide Financial Analysis*

**NET ASSETS**

The following table presents the condensed Statement of Net Assets for the City as of June 30, 2009:

	Governmental Activities	Business-Type Activities	Total June 30, 2009	Total June 30, 2008
Current and other assets	\$ 378,838	\$ 2,028,474	\$ 2,407,312	\$ 822,787
Capital assets	857,406	798,069	1,655,475	1,737,133
TOTAL ASSETS	1,236,244	2,826,543	4,062,787	2,559,920
Other liabilities	7,925	933,305	941,230	239,129
Long-term liabilities outstanding	5,294	433,010	438,304	475,147
TOTAL LIABILITIES	13,219	1,366,315	1,379,534	714,276
Net assets:				
Invested in capital assets net of related debt	857,406	988,698	1,846,104	1,405,133
Restricted	110,405	115,067	225,472	189,816
Unrestricted	255,214	356,463	611,677	250,695
TOTAL NET ASSETS	<u>\$ 1,223,025</u>	<u>\$ 1,460,228</u>	<u>\$ 2,683,253</u>	<u>\$ 1,845,644</u>

Total net assets of the City was \$2,683,253 for the year. Total liabilities for the City was \$1,390,090. Restricted net assets of the City totaled \$225,472 as of June 30, 2009. This amount represents monies that are restricted for debt service, depreciation replacement, reserve, and use tax.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF CRANE, MISSOURI**  
**June 30, 2009**

**CHANGES IN NET ASSETS**

	Governmental Activities	Business-Type Activities	Total Year Ended June 30, 2009	Total Year Ended June 30, 2008
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 82,393	\$ 1,591,844	\$ 1,674,237	\$ 1,545,701
Operating grants and contributions	35,722	-	35,722	42,476
Capital grants and contributions	49,431	617,969	667,400	65,679
General Revenues				
Ad valorem taxes	65,896	-	65,896	63,360
Sales taxes	186,873	-	186,873	199,790
Motor vehicle and gas taxes	51,831	-	51,831	55,330
Other taxes	43,408	-	43,408	49,150
Franchise fees	43,612	-	43,612	36,483
Interest	2,139	2,884	5,023	10,435
Other revenue	17,625	851	18,476	83,187
Transfers	(15,267)	15,267	-	-
TOTAL REVENUES	563,663	2,228,815	2,792,478	2,151,591
<b>EXPENSES</b>				
Administrative	80,034	-	80,034	91,650
Law and safety	179,937	-	179,937	190,454
Fire	54,421	-	54,421	26,163
Municipal Court	52,158	-	52,158	39,456
Street	90,595	-	90,595	150,738
Park	47,833	-	47,833	41,922
Water	-	120,677	120,677	106,522
Sewer	-	116,575	116,575	140,165
Electric	-	1,053,236	1,053,236	961,788
Refuse	-	132,751	132,751	135,344
Interest	-	26,652	26,652	-
TOTAL EXPENSES	504,978	1,449,891	1,954,869	1,884,202
INCREASE IN NET ASSETS	\$ 58,685	\$ 778,924	\$ 837,609	\$ 267,389

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF CRANE, MISSOURI**  
**June 30, 2009**

***Governmental Activities***

Governmental activities increased the net assets of the City by \$58,685. Tax revenues for the City were \$391,620, which represents 79% of the funding of these activities. Program revenues for the functions totaled just \$167,546. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF CRANE'S  
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administration	\$ 80,034	\$ 72,129
Law and safety	179,937	177,453
Fire	54,421	25,921
Municipal court	52,158	(5,970)
Street	90,595	72,155
Park	47,833	(4,256)
	\$ 504,978	\$ 337,432

***Business-Type Activities***

Business-type activities increased the City's net assets by \$778,924.

***Financial Analysis of the City's Funds***

The combined fund balances of the City's governmental funds as of June 30, 2009, were \$372,913. The General Fund decreased by \$15,808. The Park Fund increased by \$13,735. The Street Fund increased by \$72,531.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF CRANE, MISSOURI**  
**June 30, 2009**

***General Fund Budgetary Highlights***

Revenues

The original General Fund budget had total revenues of \$356,771 and actual receipts were \$375,600.

Expenditures

The original General Fund budget had total expenditures of \$354,929 and actual expenditures were \$386,568.

***Capital Assets and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$857,406 (net of accumulated depreciation) as of June 30, 2009. This represents a \$14,298 decrease from the prior year. Capital assets for business-type activities were \$1,886,327 as of June 30, 2009. This represents an increase of \$853,845 which was due primarily to a water service project.

**Debt**

Total debt of the governmental activities as of June 30, 2009, was \$7,294, which represents compensated absences payable and capital leases.

Total debt of the business-type activities as of June 30, 2009, was \$913,951.

***Economic Factors and Next Year's Budget***

The City's Utilities department is in the process of building an additional water tower and water line replacement and equipping water towers with monitoring controls. There has also been an increased cost of materials and supplies and higher cost of petroleum based pipe for sewer and water and electric supplies. All departments face challenges with fuel rate fluctuation. We now incur surcharges that we have not experienced in the past from our suppliers for increased fuel rates. The Parks department is looking at the renovation or replacement of the City pool and pool house and rebuilding bathroom facilities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF CRANE, MISSOURI  
June 30, 2009**

*Contacting the City's Financial Management*

For additional information or questions, please contact any of the following officers at:

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120 N. Commerce, PO Box 17  
Crane, MO 65633  
(417) 723-8305  
cityclerk@crane-mo.com

Collin Brannan, Mayor  
Beth Murphy, City Clerk

CITY OF CRANE, MISSOURI  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents - unrestricted	\$ 201,150	\$ 481,961	\$ 683,111
Investments	-	11,000	11,000
Ad valorem taxes receivable, net	38,030	-	38,030
FEMA receivable	20,598	130,686	151,284
Utilities receivable, net	-	137,060	137,060
Prepaid expenses	8,655	5,985	14,640
Restricted cash and cash equivalents	110,405	173,524	283,929
Capital Assets:			
Non-depreciable	6,689	1,088,258	1,094,947
Depreciable, net	850,717	798,069	1,648,786
<b>TOTAL ASSETS</b>	<b>1,236,244</b>	<b>2,826,543</b>	<b>4,062,787</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	4,833	392,944	397,777
Accrued expenses	1,092	963	2,055
Meter deposits payable	-	58,457	58,457
Short-term debt	-	440,000	440,000
Current maturities of long-term debt	2,000	40,941	42,941
	<u>7,925</u>	<u>933,305</u>	<u>941,230</u>
<b>Noncurrent</b>			
Compensated absences payable	5,294	16,322	21,616
Bonds payable	-	405,000	405,000
Capital lease payable	-	11,688	11,688
	<u>5,294</u>	<u>433,010</u>	<u>438,304</u>
<b>TOTAL LIABILITIES</b>	<b>13,219</b>	<b>1,366,315</b>	<b>1,379,534</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	857,406	988,698	1,846,104
Restricted	110,405	115,067	225,472
Unrestricted	255,214	356,463	611,677
<b>TOTAL NET ASSETS</b>	<b>\$ 1,223,025</b>	<b>\$ 1,460,228</b>	<b>\$ 2,683,253</b>

See accompanying notes.

CITY OF CRANE, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (80,034)	\$ 6,958	\$ -	\$ 947	\$ (72,129)	\$ -	\$ (72,129)
Law and safety	(179,937)	-	-	2,484	(177,453)	-	(177,453)
Fire	(54,421)	-	-	28,500	(25,921)	-	(25,921)
Municipal court	(52,158)	58,128	-	-	5,970	-	5,970
Street	(90,595)	940	-	17,500	(72,155)	-	(72,155)
Park	(47,833)	16,367	35,722	-	4,256	-	4,256
TOTAL GOVERNMENTAL ACTIVITIES	(504,978)	82,393	35,722	49,431	(337,432)	-	(337,432)
Business-type activities							
Water	(147,329)	262,977	-	617,969	-	733,617	733,617
Sewer	(116,575)	94,594	-	-	-	(21,981)	(21,981)
Electric	(1,053,236)	1,105,186	-	-	-	51,950	51,950
Refuse	(132,751)	129,087	-	-	-	(3,664)	(3,664)
TOTAL BUSINESS-TYPE ACTIVITIES	(1,449,891)	1,591,844	-	617,969	-	759,922	759,922
TOTAL GOVERNMENT	\$ (1,954,869)	\$ 1,674,237	\$ 35,722	\$ 667,400	(337,432)	759,922	422,490
		General Revenues:					
					65,896	-	65,896
					186,873	-	186,873
					51,831	-	51,831
					43,408	-	43,408
					43,612	-	43,612
					2,139	2,884	5,023
					17,625	851	18,476
					(15,267)	15,267	-
				Total General Revenues	396,117	19,002	415,119
				Changes in Net Assets	58,685	778,924	837,609
				Net Assets, Beginning of year	1,164,340	681,304	1,845,644
				Net Assets, End of year	\$ 1,223,025	\$ 1,460,228	\$ 2,683,253

See accompanying notes.

CITY OF CRANE, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2009

	General Fund	Park Fund	Street Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents - unrestricted	\$ 52,346	\$ 74,686	\$ 74,118	\$ 201,150
Taxes receivable, net	25,337	1,101	11,592	38,030
Grants receivable	-	3,098	17,500	20,598
Due from other fund	10,556	-	-	10,556
Prepaid expenses	8,655	-	-	8,655
Restricted cash and cash equivalents	110,405	-	-	110,405
<b>TOTAL ASSETS</b>	<u>\$ 207,299</u>	<u>\$ 78,885</u>	<u>\$ 103,210</u>	<u>\$ 389,394</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,599	\$ -	\$ 2,234	\$ 4,833
Due to other fund	-	10,556	-	10,556
Accrued expenses	978	-	114	1,092
<b>TOTAL LIABILITIES</b>	<u>3,577</u>	<u>10,556</u>	<u>2,348</u>	<u>16,481</u>
<b>Fund Balances</b>				
<b>Reserved, reported in:</b>				
General Fund	110,405	-	-	110,405
<b>Unreserved, reported in:</b>				
General Fund	93,317	-	-	93,317
Special Revenue Fund	-	68,329	100,862	169,191
<b>TOTAL FUND BALANCES</b>	<u>203,722</u>	<u>68,329</u>	<u>100,862</u>	<u>372,913</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 207,299</u>	<u>\$ 78,885</u>	<u>\$ 103,210</u>	<u>\$ 389,394</u>

See accompanying notes.

CITY OF CRANE, MISSOURI  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
 NET ASSETS  
 June 30, 2009

Fund balance - total governmental funds	\$ 372,913
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	1,188,810
Less accumulated depreciation	<u>(331,404)</u>
	857,406
Compensated absences are not accrued in the governmental funds but rather is recognized as an expenditure when due	(5,294)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(2,000)</u>
Net assets of governmental activities	<u><u>\$ 1,223,025</u></u>

See accompanying notes.

CITY OF CRANE, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General Fund	Park Fund	Street Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 265,996	\$ 8,990	\$ 116,634	\$ 391,620
Licenses and permits	6,958	-	-	6,958
Intergovernmental revenues	31,931	26,728	17,500	76,159
Charges for services	58,128	16,367	940	75,435
Miscellaneous	12,587	15,831	340	28,758
<b>TOTAL REVENUES</b>	<b>375,600</b>	<b>67,916</b>	<b>135,414</b>	<b>578,930</b>
<b>EXPENDITURES</b>				
Current				
Administrative	103,899	-	-	103,899
Law and safety	172,626	-	-	172,626
Municipal court	51,406	-	-	51,406
Fire	58,637	-	-	58,637
Street	-	-	63,976	63,976
Park	-	42,661	-	42,661
<b>TOTAL EXPENDITURES</b>	<b>386,568</b>	<b>42,661</b>	<b>63,976</b>	<b>493,205</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>(10,968)</b>	<b>25,255</b>	<b>71,438</b>	<b>85,725</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	16,524	-	1,093	17,617
Operating transfers out	(21,364)	(11,520)	-	(32,884)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,840)</b>	<b>(11,520)</b>	<b>1,093</b>	<b>(15,267)</b>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>	<b>(15,808)</b>	<b>13,735</b>	<b>72,531</b>	<b>70,458</b>
FUND BALANCE, July 1	219,530	54,594	28,331	302,455
FUND BALANCE, June 30	<u>\$ 203,722</u>	<u>\$ 68,329</u>	<u>\$ 100,862</u>	<u>\$ 372,913</u>

See accompanying notes.

CITY OF CRANE, MISSOURI  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 70,458

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

Governmental funds report capital outlays as expenditures. However, in  
 the statement of activities the cost of these assets is allocated over their  
 estimated useful lives on a straight line basis and reported as depreciation  
 expense. The following is the detail of the amount by which depreciation  
 exceeded capital outlays for the year.

Capital outlay	47,184
Depreciation	<u>(61,482)</u>
	(14,298)

The issuance of long-term debt provides current financial resources to governmental funds. The  
 repayment of the principal portion of long-term debt is a use of current financial resources of  
 governmental funds. 2,000

Some expenditures reported in the governmental funds represent  
 the use of current financial resources and were recognized in  
 the statement of activities when incurred. 525

Change in net assets of governmental activities \$ 58,685

See accompanying notes.

CITY OF CRANE, MISSOURI  
STATEMENT OF NET ASSETS – ENTERPRISE FUND  
June 30, 2009

	<u>Utility Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 481,961
Investments	11,000
Utilities receivable, net	137,060
Intergovernmental receivable	130,686
Prepaid expenses	5,985
	<hr/>
	TOTAL CURRENT ASSETS
	766,692
Restricted Assets	
Cash and cash equivalents	173,524
	<hr/>
	TOTAL RESTRICTED ASSETS
	173,524
Property, Plant and Equipment	3,783,765
Less Accumulated Depreciation	(1,897,438)
	<hr/>
	TOTAL PROPERTY, PLANT AND EQUIPMENT
	1,886,327
	<hr/>
	TOTAL ASSETS
	2,826,543
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	392,944
Accrued expenses	963
Meter deposits payable	58,457
Short-term debt	440,000
Current maturities of long-term debt	40,941
	<hr/>
	TOTAL CURRENT LIABILITIES
	933,305
Long-Term Liabilities	
Capital lease payable	11,688
Bonds payable	405,000
Compensated absences	16,322
	<hr/>
	TOTAL LONG-TERM LIABILITIES
	433,010
	<hr/>
	TOTAL LIABILITIES
	1,366,315
Net Assets	
Invested in capital assets, net of related debt	988,698
Restricted	115,067
Unrestricted	356,463
	<hr/>
	TOTAL NET ASSETS
	<u>\$ 1,460,228</u>

See accompanying notes.

CITY OF CRANE, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND  
 Year Ended June 30, 2009

OPERATING REVENUES

Charges for services		
Water	\$	262,977
Electric		1,105,186
Sewer		94,594
Refuse		129,087
		<hr/>
	TOTAL OPERATING REVENUES	1,591,844

OPERATING EXPENSES

Electric		
Wages and benefits		168,406
Purchased power		736,765
Supplies		65,870
Other operating expenses		57,530
Depreciation		24,665
Water		
Wages and benefits		44,193
Supplies		41,512
Other operating expenses		28,441
Depreciation		6,531
Sewer		
Wages and benefits		78,172
Supplies		826
Other operating expenses		4,321
Depreciation		33,256
Refuse		
Landfill service		127,192
Supplies		2,651
Depreciation		2,908
		<hr/>
	TOTAL OPERATING EXPENSES	1,423,239
		<hr/>
	OPERATING INCOME	168,605

NONOPERATING REVENUES (EXPENSES)

Interest income		2,884
Other revenue		851
Grant revenue		617,969
Interest expense		(26,652)
		<hr/>
	TOTAL NONOPERATING REVENUES (EXPENSES)	595,052

OTHER FINANCING SOURCES (USES)

Transfer in		18,406
Transfer out		(3,139)
		<hr/>
	TOTAL OTHER FINANCING SOURCES (USES)	15,267

NET INCOME 778,924

NET ASSETS, July 1		681,304
NET ASSETS, June 30	\$	<u>1,460,228</u>

See accompanying notes.

CITY OF CRANE, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND  
Year Ended June 30, 2009

	<u>Utility Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,468,748
Cash paid to suppliers	(793,636)
Cash paid to employees	(283,665)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	391,447
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grant revenue	617,969
Other revenue	851
Operating transfers from other funds	15,267
	<hr/>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	634,087
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of fixed assets	(921,205)
Principal paid on debt	(35,000)
Interest paid on debt	(26,652)
Capital lease proceeds	440,000
Principal paid on leases	(6,424)
	<hr/>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(549,281)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	2,884
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,884
NET INCREASE IN CASH AND CASH EQUIVALENTS	479,137
 CASH AND CASH EQUIVALENTS, Beginning of year	<hr/> 176,348
CASH AND CASH EQUIVALENTS, End of year	655,485
LESS RESTRICTED CASH AND CASH EQUIVALENTS	<hr/> (173,524)
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 481,961</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 168,605
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	67,360
(Increase) decrease in:	
Utilities receivable	7,590
Intergovernmental receivable	(130,686)
Prepaid expenses	(5,985)
Increase (decrease) in:	
Accounts payable	279,420
Accrued expenses	(1,815)
Meter deposits payable	(148)
Compensated absences	7,106
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 391,447</u>

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under a Board of Aldermen/Mayor form of government. The City provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water, sewer, electric and refuse operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. In accordance with GASB 1600.131 (Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting), the proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those pronouncements that conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies.

### Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be 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 is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

### Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Assets and the Statement of Activities) and fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*FUND FINANCIAL STATEMENTS*

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the enterprise funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenses and Changes in Fund Balance identifying categories that required conversion from the fund statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Street Fund: The Street Fund of the City is used to account for resources restricted for operations of the City streets.

Park Fund: The Park Fund of the City is used to account for resources restricted for operations of the City Park.

The City reports the following major enterprise fund:

Utility Fund: The Utility Fund accounts for the activities and capital improvements of the City's water, sewer, electric and refuse operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Electric plant	25 years
Water and sewer systems	25 years
Structures and improvements	25 - 40 years
Vehicles and equipment	3 - 20 years
Infrastructure	10 - 25 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Unreserved Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Compensated Absences

Employees earn vacation time based on the number of year's service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Due To and From Other Funds

During the course of its operations, the City has transactions between funds to finance operations, provide services, construct assets, and service debt.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

No allowance for doubtful accounts has been provided as management deems that all receivables are considered fully collectible.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with FASB Accounting Standards Codification Topic No. 835-20-30 – *The Amount of Interest Cost to be Capitalized in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. There was no interest capitalized during the current fiscal year.

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

*Unrestricted* – This consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City first applies restricted net assets.

CITY OF CRANE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2009, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

Investments of the City as of June 30, 2009, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
Certificates of Deposit	11/14/09-11/23/09	<u>\$ 11,000</u>

Custodial Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City’s Certificates of Deposit are entirely insured or collateralized by a trust department of a bank that does not hold the collateralized deposits.

NOTE D – RESTRICTED ASSETS

General Fund

Cash has been restricted and fund balance/net assets reserved in the amount of \$110,405 for the balance of use reserve and depreciation replacement.

Utility Fund

During 1998, the City issued Revenue Refunding Bonds, Series 1998, in the amount of \$735,000. The bond covenants establish amounts required to be deposited in certain sinking and reserve funds. As of June 30, 2009, the City has made the required deposits.

CITY OF CRANE, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE D – RESTRICTED ASSETS (continued)

	Restricted Cash and Investments	Restricted Net Assets
DEBT SERVICE		
Replacement Account	\$ 38,712	\$ 38,712
Debt Service Reserve	76,355	76,355
Customer Deposits	58,457	-
	<u>\$ 173,524</u>	<u>\$ 115,067</u>

NOTE E – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	2008
Assessed Valuation	
Real estate	\$ 7,308,734
Personal property	2,073,622
	<u>TOTAL \$ 9,382,356</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$ .7786
Park Fund	.1230
	<u>TOTAL \$ .9016</u>

The legal debt margin at June 30, 2009, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 938,236	\$ 938,236	\$ 1,876,472
LEGAL DEBT MARGIN	<u>\$ 938,236</u>	<u>\$ 938,236</u>	<u>\$ 1,876,472</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

CITY OF CRANE, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE E – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (continued)

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

The business-type activities long-term debt as of June 30, 2009, consists of the 1998 Refunding Revenue Bonds and two capital leases.

Refunding Revenue Bonds

On December 1, 1998, the City issued \$735,000 in Series 1998 Combined Waterworks and Sewerage System Refunding Revenue Bonds with interest rates ranging from 4.25% to 5.30%, with principal payments due May 1 and interest payments due May 1 and November 1 of each year. The City used the proceeds to refund the outstanding 1994 Revenue Bonds on December 1, 1998. The Bonds outstanding at June 30, 2009, are due as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 35,000	\$ 23,010	\$ 58,010
2011	40,000	21,225	61,225
2012	40,000	19,185	59,185
2013	40,000	17,145	57,145
2014	40,000	15,105	55,105
2015	45,000	12,985	57,985
2016	45,000	10,600	55,600
2017	50,000	8,215	58,215
2018	55,000	5,565	60,565
2019	50,000	2,650	52,650
	<u>\$ 440,000</u>	<u>\$ 135,685</u>	<u>\$ 575,685</u>

CITY OF CRANE, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Capital Lease Obligations

On June 15, 2006, the City entered into a lease purchase agreement to finance the purchase of a vehicle. The agreement required monthly lease payments of \$353 including interest at 9.89%.

On May 13, 2008, the city entered into a lease purchase agreement to finance the purchase of a backhoe. The agreement requires monthly lease payments of \$309 including interest at 5%.

Although the lease agreements provide for the cancellation of the leases at the City's option at the renewal dates, the City does not foresee exercising its options to cancel. Therefore, the leases are accounted for as noncancellable capital leases in accordance with ASC-840-10-25.

The total minimum lease payments required at June 30, 2009, are as follows:

Year Ended June 30,	Vehicle	Backhoe	Total
2010	\$ 4,231	\$ 3,711	\$ 7,942
2011	4,168	3,712	7,880
2012	-	3,378	3,378
TOTAL MINIMUM LEASE PAYMENTS	8,399	10,801	19,200
LESS AMOUNT REPRESENTING INTEREST	(802)	(769)	(1,571)
PRINCIPAL BALANCE, JUNE 30, 2009	<u>\$ 7,597</u>	<u>\$ 10,032</u>	<u>\$ 17,629</u>

A summary of the changes in long-term debt – business-type activities for the year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
1998 Refunding Revenue Bonds	\$ 475,000	\$ -	\$ 35,000	\$ 440,000
Compensated Absences	9,216	7,106	-	16,322
Capital Lease	13,156	-	3,124	10,032
Capital Lease	10,897	-	3,300	7,597
TOTAL	<u>\$ 508,269</u>	<u>\$ 7,106</u>	<u>\$ 41,424</u>	<u>\$ 473,951</u>

CITY OF CRANE, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE G – SHORT-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Debt for the Water Fund consists of Series 2007 Interim Financing Notes through the Missouri Public Utilities Commission in the amount of \$440,000. The amount authorized totaled \$1,500,000 and is being used as interim construction financing to fund the water system of the City. The obligation is due at the completion of construction. The loan bears interest at 2.7%. Permanent financing will be obtained from USDA Rural Development at the completion of the construction project.

Changes in short-term debt for the Water Fund during the current year were as follows:

	June 30, 2008	Additions	Reductions	June 30, 2009
Loan Payable - Missouri Public Utilities Commission	\$ -	\$ 440,000	\$ -	\$ 440,000

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities				
Non-depreciable capital assets:				
Construction in progress	\$ 6,689	\$ -	\$ -	\$ 6,689
Depreciable capital assets				
Building and improvements	265,256	\$ 25,155	\$ -	290,411
Vehicles and equipment	287,349	22,029		309,378
Infrastructure	582,332	-	-	582,332
Total Depreciable Capital Assets	1,134,937	\$ 47,184	\$ -	1,182,121

CITY OF CRANE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE H – CAPITAL ASSETS (continued)

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Less accumulated depreciation				
Building and improvements	98,212	\$ 7,060	\$ -	105,272
Vehicles and equipment	64,800	18,992		83,792
Infrastructure	106,910	35,430	-	142,340
Total Accumulated Depreciation	<u>269,922</u>	<u>\$ 61,482</u>	<u>\$ -</u>	<u>331,404</u>
Total Depreciable Capital Assets, net	<u>865,015</u>			<u>850,717</u>
Total Governmental Activities Capital Assets	<u>\$ 871,704</u>			<u>\$ 857,406</u>

Depreciation expense was charged to functions as follows:

Administration	\$ 1,290
Fire	13,813
Law and safety	7,032
Street	34,175
Park	5,172
	<u>\$ 61,482</u>

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-Type Activities				
Electric				
Non-Depreciable				
Land	\$ 50,900	\$ -	\$ -	\$ 50,900
Depreciable capital assets:				
Electric plant	1,132,493	\$ -	\$ -	1,132,493
	<u>1,132,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,132,493</u>
Less accumulated depreciation				
Electric Plant	782,211	\$ 24,665	\$ -	806,876
	<u>782,211</u>	<u>\$ 24,665</u>	<u>\$ -</u>	<u>806,876</u>
Depreciable Capital Assets, net	350,282			325,617

CITY OF CRANE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE H – CAPITAL ASSETS (continued)

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Water and Sewer				
Non-depreciable capital assets:				
Work in progress	110,115	\$ 921,205	\$ -	1,031,320
Depreciable capital assets:				
Water and Sewer plant	1,528,906	\$ -	\$ -	1,528,906
	1,528,906	\$ -	\$ -	1,528,906
Less accumulated depreciation				
Water and Sewer plant	1,026,481	\$ 39,787	\$ -	1,066,268
	1,026,481	\$ 39,787	\$ -	1,066,268
Depreciable Capital Assets, net	502,425			462,638
Refuse				
Non-depreciable capital assets				
Land	6,038	\$ -	\$ -	6,038
Depreciable capital assets:				
Equipment	13,663	\$ -	\$ -	13,663
Improvements	20,445	-	-	20,445
	34,108	\$ -	\$ -	34,108
Less accumulated depreciation				
Equipment	12,249	\$ -	\$ -	12,249
Improvements	9,137	2,908	-	12,045
	21,386	\$ 2,908	\$ -	24,294
Depreciable Capital Assets, net	12,722			9,814
Total Capital Assets- Business-Type Activities, net	\$ 1,032,482			\$ 1,886,327

#### NOTE I – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

#### NOTE J – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of June 30, 2009, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

#### NOTE K – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at June 30, 2009, consists of one capital lease obligation and compensated absences payable.

##### Capital Lease Obligations

On August 11, 2003, the City entered into a cancelable lease purchase agreement to finance the purchase of a fire truck. The agreement requires annual lease payments with 4.5% interest due at maturity.

Although the lease agreement provides for cancellation of the lease at the City's option at the renewal date, the City does not foresee exercising its option to cancel. Therefore, the lease is accounted for as a noncancelable capital lease in accordance with ASC-840-10-25.

CITY OF CRANE, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE K – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

The total annual minimum lease payments required at June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 2,000	\$ 1,890	\$ 3,890

A summary of the changes in long-term debt – governmental activities for the year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Compensated Absences	\$ 5,819	\$ -	\$ 525	\$ 5,294
Capital Lease	4,000	-	2,000	2,000
TOTAL	\$ 9,819	\$ -	\$ 2,525	\$ 7,294

NOTE L – COMMITMENTS

At June 30, 2009, the City was committed to Harper Drilling in the amount of \$197,844; Millers-Blevins Construction in the amount of \$758,936; and Caldwell Tanks in the amount of \$569,309 for the construction of the water system.

On June 25, 2007, the City approved obtaining \$1,500,000 in Series 2007 Interim Financing Notes through the Missouri Public Utilities Commission as an advance of funds to be provided through issuance of the bond issue passed in 2005 by the citizens of the City. At June 30, 2009, \$440,000 of Series 2007 Interim Financing Notes through the Missouri Public Utilities Commission had been issued. This leaves \$1,060,000 available for issuance from the Interim Financing Notes.

On March 17, 2009, based on the 2005 bond election approving the issuance of up to \$1,500,000 in combined waterworks and sewerage system revenue bonds, the City authorized \$1,500,000 in Series 2009A Combined Waterworks and Sewerage System Revenue Bonds for construction of the water system. At June 30, 2009, the City had not issued the bonds. These bonds will serve as the permanent financing for the 2007 Interim Financing Notes.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF CRANE, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes, penalties and interest	\$ 55,000	\$ 55,000	\$ 56,906	\$ 1,906
Sales tax	152,000	152,000	128,470	(23,530)
Franchise taxes	36,600	36,600	43,612	7,012
Other taxes	25,000	25,000	37,008	12,008
	<u>268,600</u>	<u>268,600</u>	<u>265,996</u>	<u>(2,604)</u>
Licenses and Permits				
Business licenses	2,900	2,900	3,214	314
Other	6,449	6,449	3,744	(2,705)
	<u>9,349</u>	<u>9,349</u>	<u>6,958</u>	<u>(2,391)</u>
Intergovernmental Revenues				
Grants	-	28,500	31,931	3,431
Charges for Services				
Fines and forfeitures	48,172	48,172	58,128	9,956
Miscellaneous				
Interest	650	650	1,696	1,046
Other	30,000	30,000	10,891	(19,109)
	<u>30,650</u>	<u>30,650</u>	<u>12,587</u>	<u>(18,063)</u>
TOTAL REVENUES	<u>356,771</u>	<u>385,271</u>	<u>375,600</u>	<u>(9,671)</u>
<b>EXPENDITURES</b>				
Current				
Administrative	106,350	106,350	103,899	2,451
Police	176,053	176,053	172,626	3,427
Municipal court	49,934	49,934	51,406	(1,472)
Fire	22,592	63,892	58,637	5,255
	<u>354,929</u>	<u>396,229</u>	<u>386,568</u>	<u>9,661</u>
TOTAL EXPENDITURES	<u>354,929</u>	<u>396,229</u>	<u>386,568</u>	<u>9,661</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	1,842	(10,958)	(10,968)	10
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,859	4,859	16,524	11,665
Transfers (out)	-	-	(21,364)	(21,364)
	<u>4,859</u>	<u>4,859</u>	<u>(4,840)</u>	<u>(9,699)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,859</u>	<u>4,859</u>	<u>(4,840)</u>	<u>(9,699)</u>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>				
	6,701	(6,099)	(15,808)	(9,709)
FUND BALANCE, July 1	<u>219,530</u>	<u>219,530</u>	<u>219,530</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ 226,231</u>	<u>\$ 213,431</u>	<u>\$ 203,722</u>	<u>\$ (9,709)</u>

CITY OF CRANE, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – PARK FUND  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 8,630	\$ 8,630	\$ 8,990	\$ 360
Charges for Services				
Pool receipts	15,500	15,500	13,595	(1,905)
Park receipts	3,500	3,500	2,772	(728)
	<u>19,000</u>	<u>19,000</u>	<u>16,367</u>	<u>(2,633)</u>
Intergovernmental				
Grants	-	27,000	26,728	(272)
	<u>-</u>	<u>27,000</u>	<u>26,728</u>	<u>(272)</u>
Other				
Donations	-	-	8,994	8,994
Interest earned	10	10	443	433
Miscellaneous	1,675	1,675	6,394	4,719
	<u>1,685</u>	<u>1,685</u>	<u>15,831</u>	<u>14,146</u>
TOTAL REVENUES	29,315	56,315	67,916	11,601
<b>EXPENDITURES</b>				
Park	29,252	44,252	42,661	1,591
TOTAL EXPENDITURES	<u>29,252</u>	<u>44,252</u>	<u>42,661</u>	<u>1,591</u>
EXCESS OF REVENUES OVER EXPENDITURES	63	12,063	25,255	13,192
<b>OTHER FINANCING (USES)</b>				
Transfers (out)	-	-	(11,520)	(11,520)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER (USES)	63	12,063	13,735	1,672
FUND BALANCE, July 1	54,594	54,594	54,594	-
FUND BALANCE, June 30	<u>\$ 54,657</u>	<u>\$ 66,657</u>	<u>\$ 68,329</u>	<u>\$ 1,672</u>

CITY OF CRANE, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – STREET FUND  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Sales taxes	\$ 58,600	\$ 58,600	\$ 58,403	\$ (197)
Motor vehicle taxes	55,800	55,800	51,831	(3,969)
Other taxes	6,400	6,400	6,400	-
	<u>120,800</u>	<u>120,800</u>	<u>116,634</u>	<u>(4,166)</u>
Intergovernmental Revenue				
Grants	-	10,000	17,500	7,500
Charges for Services				
Park receipts	700	700	940	240
Other				
Interest earned	490	490	340	(150)
TOTAL REVENUES	<u>121,990</u>	<u>131,990</u>	<u>135,414</u>	<u>3,424</u>
<b>EXPENDITURES</b>				
Street	<u>121,990</u>	<u>121,990</u>	<u>63,976</u>	<u>58,014</u>
TOTAL EXPENDITURES	<u>121,990</u>	<u>121,990</u>	<u>63,976</u>	<u>58,014</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	10,000	71,438	61,438
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>1,093</u>	<u>1,093</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	10,000	72,531	62,531
FUND BALANCE, July 1	<u>28,331</u>	<u>28,331</u>	<u>28,331</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ 28,331</u>	<u>\$ 38,331</u>	<u>\$ 100,862</u>	<u>\$ 62,531</u>

CITY OF CRANE, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
June 30, 2009

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late May or early June to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to July 1, ordinances are passed by Board which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.

## **OTHER FINANCIAL INFORMATION**



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MOOTS, P.C.  
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**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Aldermen  
City of Crane  
Crane, Missouri

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the City of Crane, Missouri as of and for the year ended June 30, 2009, which collectively comprise the City of Crane, Missouri's basic financial statements and have issued our report thereon dated January 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Crane, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Honorable Mayor and Board of Aldermen  
City of Crane  
Crane, Missouri

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. They are identified as items 09-1, 09-2 and 09-3.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crane, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the City of Crane, Missouri in a separate letter dated January 7, 2010.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Board of Aldermen and management, and is not intended to be and should not be used by anyone other than these specified parties.

*Davis, Lynn & Moots, P.C.*

DAVIS, LYNN & MOOTS, P.C.  
January 7, 2010

CITY OF CRANE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2009

09-1. Segregation of duties

*Condition:* Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. There are some mitigating controls in place but it is not possible to have segregation in all areas.

*Criteria:* Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

09-2. Design of internal control system for preparation of financial statements

*Condition:* The City has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management. However, the City does not have accounting professionals with the knowledge, experience and training to prepare governmental financial statements in conformity with Government Accounting Standards as part of their internal control system.

*Criteria:* A properly designed system of internal control, which includes preparation of financial statements in conformity with Governmental Accounting Standards, includes having accounting professionals as part of the system to perform that function.

*Effect:* The City employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

*Recommendation:* We recognize that the City may not have the resources to have an accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards. However, we recommend that management continue to increase their knowledge of financial reporting.

CITY OF CRANE, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2009

09-2. Design of internal control system for preparation of financial statements (continued)

*Response:* The City does not have the resources to hire additional accounting personnel with the knowledge, experience and training solely to prepare governmental financial statements in conformity with Governmental Accounting Standards. The City does have personnel with sufficient understanding to take responsibility for the financial statements.

09-3 Application of accounting principles generally accepted in the United States of America

*Condition:* The City has an accounting system and personnel in place to perform all basic bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management for the day-to-day operation of the City. However, the City does not have accounting professionals with the knowledge, experience, and training needed to properly apply accounting principles generally accepted in the United States of America. This condition is found in the majority of smaller entities.

*Criteria:* The City should have an accounting system that will ensure that accounting principles generally accepted in the United States of America are properly applied.

*Effect:* Audit adjustments were proposed to management to correct misstatements in order to ensure that the accounting principles generally accepted in the United States of America were properly applied.

*Recommendation:* We realize due to limited resources, the City may not be able to employ or contract accounting professionals with the combination of knowledge, experience, and training necessary to properly apply accounting principles generally accepted in the United States of America. However, our professional standards require that we bring this to your attention in this report.

*Response:* Due to limited resources, the City does not have the ability to employ accounting professionals with the combination of knowledge, experience, and training needed to properly apply accounting principles generally accepted in the United States of America.