



Scott Fitzpatrick

Missouri State Auditor

City of Cuba

Report No. 2023-025

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Findings in the audit of the City of Cuba

Utility Transfers	The city has not established adequate procedures to ensure transfers from utility funds are reasonable and used for intended purposes. The city's audited financial statements report transfers from the Electric and Natural Gas Funds to the General Fund of \$1.8 million and \$1.7 million for the years ended June 30, 2020, and 2021, respectively.
Budgets	City budget documents approved by the Board for the years ended June 30, 2022, 2021, and 2020, do not reflect the anticipated fund balances, reducing the effectiveness of the budget as a tool for monitoring or controlling disbursements. In addition, the Board does not receive budget-to-actual information or actual cash and fund balance information, which are necessary to monitor the city's financial condition.
Procurement Procedures and Contracts	The city has not periodically solicited proposals for various contracted and professional services, did not always enter into written contracts when required, and did not have procedures to monitor contracts. The city entered into contracts with multiple and/or indefinite renewal periods and did not have procedures in place to identify expired contracts. As a result, the city did not periodically evaluate the services provided and determine if soliciting proposals was in the city's best interest.
City Planning	The city has not updated its required comprehensive plan since its adoption in 2003 and, as a result, this plan may not reflect the current needs of the city.
Worker Classification	The city did not adequately document why it classified the Waste Water Treatment Plant Manager as an independent contractor. Upon the Waste Water Treatment Plant Manager's retirement in March 2016, the Board entered into a written agreement for the individual to perform the same duties he performed before retirement until it hired and trained a new employee. The city did not hire anyone to fill the manager position, and the individual continues to perform the work as of March 2023.
Visitor Center	City officials sold merchandise at the city visitor center without Board knowledge or approval and circumvented city accounting controls and procedures. As a result the Board could not properly oversee these operations.
Electronic Communication Policy	The city has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms. Additionally, the city has not always retained text messages in accordance with requirements.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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City of Cuba

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Cuba, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Cuba. We have audited certain operations of the city in fulfillment of our duties. The city engaged Sikich Certified Public Accountants (CPAs) and Business Advisors, LLP, to audit the city's financial statements for the year ended June 30, 2021. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2021. The objectives of our audit were to:


1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Cuba.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive style with a large, stylized "S" and "F".

Scott Fitzpatrick
State Auditor

City of Cuba

Management Advisory Report

State Auditor's Findings

1. Utility Transfers

The city has not established adequate procedures to ensure transfers from city utility funds are reasonable and used for intended purposes. The Board has no documentation for the basis of the transfers (e.g. reimbursement for utility expenditures paid from the General Fund or administrative expense allocations) from restricted Electric and Natural Gas Funds to the General Fund. Instead, city officials indicated the amounts transferred each quarter are based on the amount necessary to cover budget shortfalls in the General Fund and prevent the General Fund from having a deficit fund balance. The city's audited financial statements report transfers from the Electric and Natural Gas Funds to the General Fund of \$1.8 million and \$1.7 million for the years ended June 30, 2020, and 2021, respectively.

Transferring restricted utility money may result in the city not having sufficient reserve funding available to ensure the utility system operates efficiently and effectively. The city's Electric Utility Cost of Service and Rate Design Study Report (preliminary report dated September 2022) conducted by BHMG Engineers, Inc., recommends the city consider lowering the amount of transfers out of the Electric Fund to build reserves to a recommended minimum.

To ensure utility transfers are reasonable and used only for utility fund operations, and reserve funding is sufficient, it is important the city evaluate the value of government services the transfers are offsetting and document the process for determining the amounts transferred to the General Fund.

Recommendation

The Board of Aldermen discontinue transferring money from the Electric and Natural Gas Funds to the General Fund unless such transfers support the utilities and are properly justified, documented, and authorized.

Auditee's Response

The Board of Aldermen will continue to monitor the transfer of Electric and Natural Gas funds and ensure such transfers are supported and are properly justified, documented, and authorized by the rate study.

2. Budgets

The Board of Aldermen does not have adequate procedures to prepare city budgets or adequately monitor the city's financial condition or cash balances.

Preparation

City budget documents approved by the Board for the years ended June 30, 2022, 2021, and 2020, do not reflect the anticipated fund balances, reducing the effectiveness of the budget as a tool for monitoring or controlling disbursements. In addition, the budgets did not include a budget message, beginning and estimated ending available resources for each fund, or comparative statements of actual or estimated revenues or expenditures for the 2 previous years as required.

City budgets do not include the beginning fund balance so the budgeted ending available balance does not reasonably reflect potential fund balance.



City of Cuba
 Management Advisory Report - State Auditor's Findings

Instead, the Comptroller includes current year budgeted revenues and expenditures. If budgeted expenditures exceed budgeted revenues, the Comptroller will add "other resources (retained earnings)" (accounting system title) or "transfers in" in the amount of the difference to ensure the ending budgeted balance is \$0. The "other resources" may include a portion of the beginning balance, but the \$0 ending balance does not necessarily represent a reasonable ending balance. For example, following are the city's General Fund budgets for the 3 years ended June 30, 2022.

	Year Ended June 30,		
	2022	2021	2020
Revenues	\$ 1,190,400	1,216,200	1,266,700
Other Resources (Retained Earnings)	-	-	-
Transfers In	2,328,090	2,224,963	2,000,825
Total Resources	\$ 3,518,490	3,441,163	3,267,525
Expenditures	\$ 3,518,490	3,441,163	3,267,525
Transfers Out	-	-	-
Total Expenditures	\$ 3,518,490	3,441,163	3,267,525
Resources Less Expenditures	\$ -	-	-

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. Realistic projections of the city's available resources and uses of funds are essential for the efficient management of finances and for communicating accurate financial data to city residents. Section 67.010, RSMo, requires the budget to present a complete financial plan for the ensuing budget year and sets specific guidelines for the information to be included in the budget. The Comptroller indicated the city uses the budget feature of the accounting software and has examples of budgets from other cities, but has not had time to incorporate all elements into the city's budget.

Monitoring

The Board is not adequately monitoring the city's financial condition, as it does not receive budget-to-actual information or actual cash and fund balance information. Instead, the Board only receives proposed quarterly budget revisions. Proper monitoring of budget-to-actual and actual cash and fund balance information is necessary for the budget to be an effective management tool and ensure the Board is fully aware of the financial condition of city funds. The Board indicated it believes expenditures presented for approval are properly budgeted and sufficient funding is available or the items would not be presented.

Recommendation

The Board of Aldermen prepare annual budgets that contain all information required by state law and provide reasonable estimates of anticipated ending



fund balances. The Board should also ensure it receives detailed financial data to adequately monitor budgets and the city's financial condition.

Auditee's Response

The Board of Aldermen will ensure detailed financial data is received to adequately monitor and prepare budgets that contain all information required by state law and provide reasonable estimates of anticipated ending fund balances.

3. Procurement Procedures and Contracts

The city has not periodically solicited proposals for various contracted and professional services and does not have procedures to identify expiring contracts. We judgmentally selected 13 of 44 (30 percent) city vendors with disbursements for contract labor or professional services for review. Payments to these 13 vendors totaled approximately \$939,000 for the year ended June 30, 2021. Our review noted the following concerns:

Professional services

The city did not solicit proposals for professional services, including economic development services (\$62,830) and engineering services (\$192,992). City personnel indicated they did not solicit proposals on all professional services because the city code excluded professional services from the purchasing requirements.

Contracts

The city entered into contracts with multiple and/or indefinite renewal periods and did not have procedures in place to identify expired contracts. As a result, the city did not periodically evaluate the services provided and determine if soliciting proposals was in the city's best interest and continued to pay vendors without current written contracts. During the year ended June 30, 2021, the city issued disbursements for sanitation services totaling \$174,585 based on a contract that expired in 2009, legal services totaling \$29,650 based on a contract entered into in 2006 that was continuously renewed without a competitive selection process, and economic development services totaling \$62,830 based on a contract that expired in 2017.

Conclusion

Periodically soliciting proposals for professional services is a good business practice, helps provide a range of possible choices, and allows the city to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration. For engineering services, Sections 8.289 and 8.291, RSMo, provide the requirements for obtaining, evaluating, and negotiating for such services.

In addition, current, clear, and detailed written contracts allow for proper monitoring, are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure taxpayer dollars are used appropriately and effectively. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.



Recommendation

The Board of Aldermen update the city code to include competitive selection for professional services, and ensure city code complies with statutory provisions. In addition, the Board should solicit competitive bids or proposals for contract and professional services on a periodic basis, develop procedures to identify expiring contracts, and enter into written agreements as required.

Auditee's Response

The Board of Aldermen will work to better monitor and solicit all contracts for professional services and update the city code to include competitive selection and ensure city code complies with statutory provisions.

4. City Planning

The city has not updated its required comprehensive plan since its adoption in 2003 and, as a result, this plan may not reflect the current needs of the city. The Mayor indicated that parts of the plan have been updated but the city had not considered the need to update the entire plan.

According to a report from the Missouri Municipal League (MML)¹, a "city plan is a detailed development plan, commonly referred to as a comprehensive development plan or master plan, showing the future growth of the municipality." The MML report also states that a "comprehensive plan . . . means that zoning decisions should be governed by what is good for the community as a whole rather than by what is best for an individual land owner."

Section 89.340, RSMo, requires the city's planning and zoning commission to make and adopt a city plan and comprehensive plan to help guide future decisions regarding development of the municipality. In addition, a comprehensive plan helps ensure efficient and effective use of city resources.

Recommendation

The Board of Aldermen update the city's comprehensive plan and use it to guide future decisions regarding development of the municipality.

Auditee's Response

The Board of Aldermen will work with Meramec Regional Planning Commission and Missouri Municipal League to get a cost for budgeting and start to update the city's comprehensive plan.

5. Worker Classification

The city did not adequately document why it classified the Waste Water Treatment Plant Manager as an independent contractor. Upon the Waste Water Treatment Plant Manager's retirement in March 2016, the Board entered into a written agreement, effective April 1, 2016, with him to perform the same duties he performed before retirement until it hired and trained a new employee. The city did not hire anyone to fill the manager position, and he continues to perform the work as of March 2023.

¹ <<https://www.mocities.com/Web/News/Technical-Bulletin-Pages/Planning-and-Zoning-Procedures-for-Missouri-Municipalities.aspx>>, accessed March 14, 2023.



City of Cuba
Management Advisory Report - State Auditor's Findings

When the city entered into the agreement with the manager, they changed the position classification from employee to independent contractor and did not document the reason for the change. There were no significant modifications to the manager's responsibilities, and the manager continued to receive employee benefits including the use of a city vehicle and required continuing education. City officials indicated they reclassified this position because the employee wished to retire and the city did not have any other employees trained to take over the responsibilities of this position. While this may be the case, there are certain requirements to meet the definition of an independent contractor and to remain eligible for the Missouri Local Government Employees Retirement System (LAGERS) retirement benefits while working. In addition, because the city classified the manager as an independent contractor, the city did not resume his contributions to the LAGERS, and the city did not withhold payroll taxes.

Section 70.686, RSMo, provides that a retiree who becomes reemployed in a position covered by a participating political subdivision shall be considered a reemployed member with contributions due immediately. In addition, Section 70.630.3, RSMo, provides that in any case of question as to the system membership status of any person, the LAGERS board shall decide the question. Internal Revenue Source Publication 15-A provides guidance on what to examine when determining whether an individual is an employee or independent contractor including, but not limited to, whether an individual sets their own schedule, provides their own tools, and receives employee benefits; and whether the work is in the normal course of business for the city.

Proper classification of employees is necessary to ensure compliance with various state and federal laws and regulations. In addition, if an employee is classified as an independent contractor and there is no reasonable basis for doing so, the city is liable for employment taxes for that employee.

Recommendation

The Board of Aldermen ensure all persons hired by the city are properly classified as employees or contract employees in compliance with state and federal laws and regulations. In addition, the Board should resume contributions for retired employees who are reemployed in a position covered by the LAGERS as required by state law.

Auditee's Response

The Board of Aldermen will ensure all future persons hired by the city are properly classified as employees or contract employees in compliance with state and federal laws and regulations. The Board of Aldermen will contact legal counsel and LAGERS to ensure compliance with state law.

6. Visitor Center

City officials sold merchandise at the city visitor center without Board approval and circumvented city accounting controls and procedures.



City of Cuba
Management Advisory Report - State Auditor's Findings

6.1 Board approval

City officials sold merchandise and consigned goods at the visitor center without Board knowledge or approval. As a result the Board could not properly oversee these operations. A review of Board meeting minutes found no discussion of the sales or any approval. Tourism Board meeting minutes indicate the visitor center and the purchase of promotional materials was discussed but not merchandise or consignment sales. Board members indicated they were aware city personnel displayed items of local businesses but were not notified of the addition of selling items.

6.2 Accounting controls and procedures

Accounting controls and procedures over sales at the city's visitor center need improvement.

- City personnel did not issue receipt slips for merchandise sales and were not aware of money or inventory that should be on hand. The city sells Osage Trail shirts and uses the proceeds to purchase promotional cards for tourism. During a cash count, we found \$131 in an envelope marked "Osage money" that city personnel indicated was from t-shirt sales. However, there were no receipt slips issued or records to indicate what was sold, when the sale took place, or how much money was collected.

Visitor center personnel indicated collections and inventory purchases were not processed through the normal city procedures because they did not want to wait for the city to issue a payment for the promotional items.

- The visitor center allows local vendors to display and sell merchandise on consignment at the visitor center without a written agreement and does not issue receipt slips for the sales or otherwise track receipts and items sold. Items for sale included Christmas cards, books, apparel, key chains, and jarred sauces from various local restaurants. During a cash count, we found \$175 in an envelope marked "Viva Cuba" and \$171 in the cash register. However, there were no receipt slips issued or records to indicate what was sold, when the sale occurred, or how much money was collected or disbursed to vendors. As noted, the Board was not aware of these operations so it did not ensure consignment operations followed city procedures.

Failure to implement adequate receipting, recording, and transmitting procedures increases the risk that loss, theft, or misuse of money will occur and increases the likelihood that errors will go undetected. Clear and detailed written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.



Recommendations

The Board of Aldermen:

6.1&

6.2 Review visitor center sales and determine if it is an appropriate function of the city. If so, the Board should implement proper oversight and accounting controls and procedures including requiring receipt slips and inventory tracking, and enter into written contracts with consignment vendors.

Auditee's Response

The Board of Aldermen ceased all sales of merchandise at the visitor center upon the auditors notifying them of the issue.

7. Electronic Communication Policy

The city has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms. Additionally, the city has not always retained text messages in accordance with statutory requirements.

According to city officials, text messages are often used when conducting city business. However, the city does not maintain records of business related text messages. The Board indicated it was unaware of the record retention requirements and the electronic communications guidelines.

Section 109.210(5), RSMo, defines a public record as "documents, books, papers, photographs, maps, sound recordings or other material, regardless of physical form or characteristics, made or received pursuant to law or in connection with the transaction of official business." Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.²

The Board of Aldermen can help ensure compliance with state law by developing written policies to address the use of personal email, social media and message accounts, and management and retention of electronic communications, and retaining these records accordingly.

² Missouri Secretary of State Record Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed March 16, 2023.



City of Cuba
Management Advisory Report - State Auditor's Findings

Recommendation

The Board of Aldermen develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines. In addition, retain electronic communication in accordance with these policies.

Auditee's Response

The Board of Aldermen is moving forward to implement a written records management and retention policy to address electronic communications management to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

City of Cuba

Organization and Statistical Information

The City of Cuba is located in Crawford County. The city was incorporated in 1857 and is currently a fourth-class city. The city employed 43 full-time employees and 22 part-time employees on June 30, 2021. The city's population was 3,181 in 2020, according to the U.S. Census Bureau.

City operations include law enforcement services, maintenance of streets, utilities (gas, electric, water, and sewer), airport management, animal control, visitor center, and parks and recreation.

Mayor and Board of Aldermen

The city government consists of a mayor and 6-member board of aldermen, a city collector, and a city marshal. The board members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen, as of June 30, 2021, are identified below. The Mayor is paid \$1,000 per month and the Board of Aldermen members are paid \$500 per month. The compensation of these officials is established by ordinance.

Cody Leathers, Mayor
Warren Graddy, Alderman, Ward 1
Vacant, Alderwoman, Ward 1 (1)
Sam Black, Alderman, Ward 2
Curtis Holt, Alderman, Ward 2
Jeff Bouse, Alderman, Ward 3
Kevin Copling, Alderman, Ward 3

(1) Debbie Martin resigned on June 15, 2021. Dave Honea was appointed July 20, 2021, to fill this vacancy.

Financial Activity

City financial activity for the year ended June 30, 2021, obtained from the city's audited financial statements follows.

CITY OF CUBA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 928,560	434,292	856,883	2,219,735
Licenses and permits	40,287	-	-	40,287
Fines and forfeitures	28,635	-	-	28,635
Charges for services	8,083	-	96,239	104,322
Grants and contributions	42,882	-	355,592	398,474
Other	109,233	-	20,955	130,188
Total Revenues	1,157,680	434,292	1,329,669	2,921,641
EXPENDITURES				
Current:				
General government	1,690,326	-	-	1,690,326
Public safety	1,161,199	-	-	1,161,199
Highways and streets	-	-	376,921	376,921
Culture and recreation	-	-	60,148	60,148
Airport	-	-	85,209	85,209
Tourism	-	-	39,276	39,276
Capital outlay	301,434	-	853,768	1,155,202
Total Expenditures	3,152,959	-	1,415,322	4,568,281
REVENUES OVER (UNDER) EXPENDITURES	(1,995,279)	434,292	(85,653)	(1,646,640)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	108,921	-	-	108,921
Transfers in	1,800,000	-	285,800	2,085,800
Transfers out	-	(202,000)	(160,800)	(362,800)
Total Other Financing Sources (Uses)	1,908,921	(202,000)	125,000	1,831,921
NET CHANGE IN FUND BALANCES	(86,358)	232,292	39,347	185,281
FUND BALANCES, JULY 1	1,081,201	1,312,602	1,278,580	3,672,383
FUND BALANCES, JUNE 30	\$ 994,843	1,544,894	1,317,927	3,857,664

CITY OF CUBA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			
	Electric	Waterworks	Natural Gas	Total
OPERATING REVENUES				
Charges for services	\$ 6,052,841	1,372,162	2,023,723	9,448,726
Other revenue	48,199	40,747	15,211	104,157
Total Operating Revenues	<u>6,101,040</u>	<u>1,412,909</u>	<u>2,038,934</u>	<u>9,552,883</u>
OPERATING EXPENSES				
Personnel services	224,132	212,773	148,773	585,678
Contracted services	83,550	153,146	31,335	268,031
Utilities	5,701,122	-	1,339,082	7,040,204
Materials and supplies	45,355	61,891	36,473	143,719
Depreciation	157,649	369,237	89,990	616,876
Other	100,443	123,514	17,122	241,079
Total Operating Expenses	<u>6,312,251</u>	<u>920,561</u>	<u>1,662,775</u>	<u>8,895,587</u>
OPERATING INCOME (LOSS)	<u>(211,211)</u>	<u>492,348</u>	<u>376,159</u>	<u>657,296</u>
NONOPERATING REVENUES				
(EXPENSES)				
Investment income	-	2	-	2
Interest expense and fees	-	(23,640)	-	(23,640)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(23,638)</u>	<u>-</u>	<u>(23,638)</u>
INCOME (LOSS) BEFORE TRANSFERS	(211,211)	468,710	376,159	633,658
TRANSFERS				
Transfers out	<u>(1,287,075)</u>	<u>-</u>	<u>(435,925)</u>	<u>(1,723,000)</u>
CHANGE IN NET POSITION	(1,498,286)	468,710	(59,766)	(1,089,342)
FUND BALANCES, JULY 1	<u>3,013,538</u>	<u>6,229,453</u>	<u>2,862,299</u>	<u>12,105,290</u>
NET POSITION, JUNE 30	<u>\$ 1,515,252</u>	<u>6,698,163</u>	<u>2,802,533</u>	<u>11,015,948</u>