

**CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2008**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
City Council  
City of Festus, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Festus, Missouri, (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Festus' management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

The financial statements of Festus Public Library Foundation, Inc. (the Foundation) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the City's basic financial statements. The Foundation's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 0.02 percent, 0.31 percent, and 0.63 percent of the assets, net assets, and revenues, respectively, of the City's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Foundation's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units for the City of Festus, Missouri, as of September 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Festus, Missouri, as of September 30, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009 on our consideration of the City of Festus' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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.

The Management's Discussion and Analysis and Required Supplemental Information on pages 3 through 13 and 46 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Festus' basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2009

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2008  
(UNAUDITED)

As management of the City of Festus, Missouri, we offer readers of the City of Festus's Financial Statements this narrative overview and analysis of the financial activities of the City of Festus, Missouri for the Fiscal Year ended September 30, 2008. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes and supplementary information that follow this Management's Discussion and Analysis.

## FINANCIAL HIGHLIGHTS

- The assets of the City, as reported by the Statement of Net Assets, exceeded its liabilities at the close of the most recent fiscal year by \$ 25,431,189 (net assets). Of this amount, \$ 9,312,042 (unrestricted net assets) may be used to meet the City's ongoing obligations to its citizens and creditors in accordance with the City's fund designation and fiscal policies.
- As of the close of the 2008 fiscal year, the City of Festus' Governmental Fund Statements reported combined ending fund balances of \$ 6,626,997 an increase of \$ 379,426 in comparison with the prior year, after adjustments. 100 % of this total amount is available for spending at the government's discretion (unreserved fund balance). Of this amount the City tries to maintain a balance of \$1,000,000 for emergency purposes in the General Fund and \$1,000,000 in the City Transportation Tax Fund.
- As of the close of the 2008 fiscal year, the City of Festus's Proprietary Funds reported combined ending net assets of \$ 8,162,907, an increase of \$ 636,977 in comparison with the prior year, after adjustments.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 2,183,211 or 40% of total general fund expenditures.
- The City's total debt increased by \$ 11,872 during the current fiscal year to a total of \$ 16,920,055. This includes the capital lease for the purchase and remodeling of the new Library building at 400 West Main Street.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Festus, Missouri's basic financial statements. The City of Festus, Missouri's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Festus, Missouri's finances, in a manner similar to a private-sector business. Note the government-wide financial statements exclude fiduciary fund activities.

The two government-wide statements are the *statement of net assets* and the *statement of activities*. These statements report the City's net assets and how they have changed.

The *statement of net assets* presents information on all the City of Festus' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Festus, Missouri is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing and related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)**

The government-wide financial statements distinguish functions of the City of Festus, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Not only do the government-wide financial statements include the City itself (known as the primary government), but also two legally separate agencies. Financial information for the component units are shown separately from the financial information presented for the primary government. The *governmental activities* of the City of Festus, Missouri include general government, judicial, building and planning, public safety, parks and recreation, public works and a public library. The City of Festus, Missouri operates two *business-type activities* that include a municipal airport and a water and sewer department.

**FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Festus, Missouri like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Festus, Missouri can be divided into two categories: governmental funds and proprietary funds.

**GOVERNMENTAL FUNDS**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and the government-wide *financial statements*.

The City of Festus, Missouri maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Library Fund, City Transportation Tax Fund, County Transportation Tax Fund, and NID Fund, which are considered to be a major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplementary information section in this report.

The City of Festus, Missouri adopts an annual appropriated budget for all of its major governmental funds and all other governmental funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**PROPRIETARY FUNDS**

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City has two enterprise funds, which are the municipal airport fund and the water and sewer fund. The proprietary fund financial statements provide separate information for the Airport and the Water and Sewer funds since both are considered to be major funds of the City.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Festus's progress in funding its obligations to provide pension benefits to its employees.

**OTHER SUPPLEMENTARY INFORMATION**

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS-FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

This is the fifth year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Therefore, a comparative analysis of government-wide data is provided.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Festus, Missouri, assets exceeded liabilities by \$ 25,431,189 at the close of the most recent fiscal year.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**City of Festus Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<i><b>Assets</b></i>						
Current & Other Assets	\$14,812,949	\$13,731,966	\$11,129,294	\$11,635,866	\$25,942,243	\$25,367,832
Capital Assets, Net	11,853,829	9,712,039	8,979,913	8,525,233	20,833,742	18,237,272
<b>Total Assets</b>	<b>26,666,778</b>	<b>23,444,005</b>	<b>20,109,207</b>	<b>20,161,099</b>	<b>46,775,985</b>	<b>43,605,104</b>
<i><b>Liabilities</b></i>						
Long-Term Liabilities	5,545,157	4,826,673	11,374,898	12,081,510	16,920,055	16,908,183
Other Liabilities	3,853,339	3,370,672	571,402	553,659	4,424,741	3,924,331
<b>Total Liabilities</b>	<b>9,398,496</b>	<b>8,197,345</b>	<b>11,946,300</b>	<b>12,635,169</b>	<b>21,344,796</b>	<b>20,832,514</b>
<i><b>Net Assets</b></i>						
Invested in Capital Assets, Net of Related Debt	10,949,173	9,337,134	5,560,125	4,784,360	16,509,298	14,121,494
Restricted	(516,159)	(559,601)	126,008	198,874	(390,151)	(360,727)
Unrestricted	6,835,268	6,469,127	2,476,774	2,542,696	9,312,042	9,011,823
<b>Total Net Assets</b>	<b>\$17,268,282</b>	<b>\$15,246,660</b>	<b>\$ 8,162,907</b>	<b>\$ 7,525,930</b>	<b>\$25,431,189</b>	<b>\$22,772,590</b>

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (1.5 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$9,312,042 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2008, the City of Festus, Missouri is able to report positive balances in all but the restricted net assets for the governmental activities, which reflected a negative balance for the current year-end.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Key elements of the changes in net assets are as follows:

City of Festus Statement of Activities	Government Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$1,343,057	\$1,314,153	\$ 3,506,408	\$ 3,783,367	\$4,849,465	\$5,097,520
Operating Grants	68,681	199,070	-	21,485	68,681	220,555
Capital Grants & Contributions	2,721,738	891,904	66,013	28,170	2,787,751	920,074
General Revenues:						
Taxes	8,127,316	7,665,366	-	-	8,127,316	7,665,366
Licenses (taxes)	191,256	190,489	-	-	191,256	190,489
Investment Income	236,989	288,617	271,903	317,997	508,892	606,614
Gain/Loss, on disposal	(28,927)	-	-	(136,999)	(28,927)	(136,999)
Miscellaneous	1,301,090	95,265	9,543	7,956	1,310,633	103,221
<b>Total Revenue</b>	<b>13,961,200</b>	<b>10,644,864</b>	<b>3,853,867</b>	<b>4,021,976</b>	<b>17,815,067</b>	<b>14,666,840</b>
<b>Expenses</b>						
Administration	608,466	572,938	-	-	608,466	572,938
Court	162,961	139,136	-	-	162,961	139,136
Building Department	385,967	324,831	-	-	385,967	324,831
Police	2,294,661	2,060,880	-	-	2,294,661	2,060,880
Dispatch	420,884	394,256	-	-	420,884	394,256
Fire	497,118	288,757	-	-	497,118	288,757
Emergency Management	26,376	26,250	-	-	26,376	26,250
Street	2,681,727	1,380,671	-	-	2,681,727	1,380,671
Health	115,621	92,990	-	-	115,621	92,990
Library	1,598,467	216,981	-	-	1,598,467	216,981
Parks	733,144	489,313	-	-	733,144	489,313
Public Works	49,603	1,010	-	-	49,603	1,010
Non-Departmental	1,646,637	1,139,635	-	-	1,646,637	1,139,635
Economic Development	-	-	-	-	-	-
Interest and Fiscal Charges	71,979	51,866	-	-	71,979	51,866
Airport	-	-	26,422	49,934	26,422	49,934
Water and Sewer	-	-	3,831,582	3,975,395	3,831,582	3,975,395
<b>Total Expenses</b>	<b>11,293,611</b>	<b>7,179,514</b>	<b>3,858,004</b>	<b>4,025,329</b>	<b>15,151,615</b>	<b>11,204,843</b>
Special Items:						
Transfers	(641,115)	20,000	641,115	(20,000)	-	-
<b>Increase (decrease)</b>	<b>\$ 2,026,474</b>	<b>\$ 3,485,350</b>	<b>\$ 636,978</b>	<b>\$ (23,353)</b>	<b>\$ 2,663,452</b>	<b>\$ 3,461,997</b>

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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## **SIGNIFICANT CHANGES IN NET ASSETS**

### **Governmental Activities:**

Some of the highlights of these changes are:

- Taxes increased 6% for the year for the Government Activities Funds. The sales tax collections net of reimbursements for all governmental funds, increased \$ 71,390 or 1.3%, this is due to the new Capital Improvements tax being collected for a full year, otherwise there would have been a decrease of 3%. The utility gross receipts tax had an increase of \$363,681 or over 56% compared to last year's receipts, the majority of this increase is due to the cell phone companies paying back and current taxes after a court settlement. The state gas tax decreased by over 2% and the vehicle sales tax decreased over 25% compared to last year. The City's business licenses increased slightly by .4% and building permits increased from last year by over 34%.
- The City began the collection of a two percent tourism tax in fiscal year 2003 to promote tourism in the City and to be used towards improvements to City parks. The City has collected \$85,530 for the fiscal year ending 2008 and \$79,523 for the fiscal year ending 2007. The City was able to use the part of the funds during 2008 purchase a Life Trail system and to purchase 12 benches for various locations.
- The City has set up a special allocation fund to deposit 50% of sales tax revenues generated from the Lowe's and Home Depot stores, which will get reimbursed back to them for certain infrastructure costs (see notes to the financial statements for more detail).

## **FINANCIAL ANALYSIS OF THE CITY OF FESTUS, MISSOURI'S FUNDS**

As noted earlier, City of Festus, Missouri uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **GOVERNMENTAL FUNDS**

The focus of the City of Festus, Missouri's governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of year 2008, the unreserved fund balance of the general fund was \$ 2,016,523, while the total fund balance was \$ 2,183,211. As a measure of the general funds liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 36.7% of total general fund expenditures and transfers out of \$5,489,813, while total fund balance represents 39.7% of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$276,673 or 13.9%, from the adjusted prior-year fund balance. The change of the current year's fund balances is due to:

- 911 tax revenue, merchant's licenses, utility gross receipts, and building permits all increased over 2007 revenues. Real Estate and Personal Property Tax increased by over 13%. The Festus R-6 School District gave a one-time reimbursement of \$30,000 for the school resource officer's salary and benefits during 2007-2008. Sales tax revenues decreased by 3% and investment income decreased by almost 25%.

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**GOVERNMENTAL FUNDS (continued)**

- General Fund expenditures increased due to various reasons including a 3% pay increase, an increase in Lagers, two street employees' wages and benefits transferred from City Transportation Tax to General Fund and an additional police officer added during the year.

Changes in fund balances for other major governmental funds can be described as follows:

- The City Transportation Fund increased by \$207,009 or 10% from the prior-year. The expenditures decreased by \$457,363, with a decrease in regular wages and benefits, since two street employees were transferred from City Transportation Fund to the General Fund. There was an increase of over \$33,000 in overtime wages, an increase of over \$28,000 in gas and maintenance on trucks and equipment, and an over \$394,000 decrease in capital outlay, primarily due to a donation to the City of streets and sidewalks by various developers in the prior year. At the end of September 30, 2008 the unreserved fund balance of \$2,329,188 is available for spending at the City's discretion.
- The County Transportation Fund increased by \$4,945 or 2.2% from the prior year. At the end of September 30, 2008 the unreserved fund balance of \$228,922 is essentially a reserve needed in order to pay for expenditures up front until the City can request reimbursement through the County. There was deferred revenue in the amount of \$1,398,230 available at September 30, 2008.

**PROPRIETARY FUNDS**

Business-type activities increased the City's net assets by \$636,978, which is an increase of more than 8% over the prior fiscal year. Key elements of this change are as follows:

- The City's Municipal Airport had a decrease in net assets of \$ 25,594 or (9%) from the prior year. The City's Municipal Airport is currently being operated under a management agreement with the Citizens for Airport Economic Expansion, Inc. who is a not-for-profit corporation formed for the express purpose of providing airport management services. There is a contract for the sale of airport that should be executed in 2009.
- The Water and Sewer Fund had an increase in net assets in the amount of \$ 662,572 or 9% from the prior year. The City water sales decreased in the amount of \$146,083 or (5.9%) from the prior year. The City sewer sales decreased in the amount of \$50,830 or (5.5%).
- The primary reason for the increase is the transfer in to the Water and Sewer Fund of \$641,115 from the new sales tax deposited into the Capital Improvement Fund.

**CAPITAL ASSETS**

The City of Festus' investment in capital assets for its governmental and business type activities as of September 30, 2008 amounts to \$20,833,742 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The increase in the City of Festus' investment in capital assets for the current fiscal year was 14%, (a 22% increase for governmental activities and a 5% increase for business-type activities).

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**CAPITAL ASSETS (continued)**

Major capital asset events during the current fiscal year included the following:

**Governmental Activities:**

- The building purchased last year by the Library was being renovated with current year expenditures of \$1,310,112
- The Library also acquired 20 computers and monitors, which along with installation, switches, wireless access, printer and fax machine cost \$18,381. The Library received a grant for the computers totaling \$13,710.
- Received a donation of the Veterans Memorial clock valued at \$20,485.
- The Police Department acquired 3 police cars through lease purchase for a total of \$65,405.
- The Health Department received land improvements at the kennel totaling \$13,269 including a chain link fence and an entrance road.
- There were streets overlaid at a cost of \$224,362, sidewalks added for \$90,539, and retaining walls for \$28,313.
- The Building Department purchased a new car for \$13,604, net of trade-in and acquired new mapping equipment.
- The Fire Department rehabbed one of their fire trucks at capitalized cost of \$120,000.
- There were storm water projects totaling \$372,080 added to the fixed assets for the year.
- The Street Department acquired a concrete saw (\$2,750), a power screed (\$3,000), a tack distributor (\$2,000), a 2007 backhoe breaker (\$11,618), and a trailer (\$2,378).
- The public works building had a parking lot paved and roof replaced.
- The Parks Department purchased 2 mowers for \$19,552.
- The Parks Department also had the parking lot at West City Park asphalted, a metal roof installed on the West City Park concession stand and purchased a Life Trail system with Tourism funds.
- Dispatch acquired surveillance monitors for \$3,954.

**Business-Type Activities:**

- During the year there was \$63,614 spent on lining various 8" sewer lines in the City.
- The Scenic Drive elevated water tower was upgraded for a cost of \$90,077.
- An 8" water main replacement on Walnut, Lee, and Woodrow at a cost of \$188,544 and a 6" water main on Redwood for \$11,225.
- There were equipment additions of a locator (\$3,565), a micro-line printer (\$1,076), and a Bod probe (\$1,068).
- There was a donation of land for well #8 with a value of \$5,000.
- A 2008 Ford F250 pickup with a bed liner, Westin nerfbars, and lettering was acquired for a total of \$18,960.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2008  
(UNAUDITED)

City of Festus Capital Assets (net of depreciation)	Government Activities		Business-type Activities		Total Capital Assets	
	2008	2007	2008	2007	2008	2007
	Land	\$ 1,414,168	\$ 1,414,168	\$ 242,549	\$ 237,549	\$ 1,656,717
Construction in Progress	1,562,632	503,455	470,516	45,539	2,033,148	548,994
Systems and Improvements			7,317,535	7,180,693	7,317,535	7,180,693
Buildings and Other Improvements	2,095,365	2,163,067	213,550	231,374	2,308,915	2,394,441
Office Equipment	54,332	50,154			54,332	50,154
Automotive Equipment	444,051	439,506	63,367	82,862	507,418	522,368
Machinery and Equipment	396,506	469,035	663,386	734,898	1,059,892	1,203,933
Furniture and Fixtures			1,322	2,159	1,322	2,159
Computer Equipment			7,686	10,159	7,686	10,159
Infrastructure	3,575,632	2,432,139			3,575,632	2,432,139
Land Improvements	2,311,140	2,240,515			2,311,140	2,240,515
Capital Assets, Net	\$ 11,853,826	\$ 9,712,039	\$ 8,979,911	\$ 8,525,233	\$ 20,833,737	\$ 18,237,272

## LONG-TERM DEBT

### Governmental Activities:

At the end of September 30, 2008, the City had outstanding long-term debt obligations for governmental activities in the amount of \$5,543,863 compared to \$4,832,020 in 2007. The City's obligations include a Neighborhood Improvement District Bonds in the amount of \$534,207 that will be assessed to property owners benefiting from improvements within the Bailey Station, Tanglewood, and Alexander Heights Subdivisions over the next 14 years. Capital lease obligations outstanding totaled \$1,664,313, which include a capital lease for a sewer cleaner, two capital leases for police vehicles and a capital lease for the new library project. The Certificate of Participation was issued to purchase the fire-training center. The Notes Payable is the balance due to Lowe's and Home Depot for reimbursement of infrastructure costs, which is to be repaid with a specified portion of the sales tax collected by those companies. (See the Note IV - Long Term Debt for further clarification of the agreements).

### Business-type Activities:

At the end of September 30, 2008, the City had outstanding long-term debt obligations for business-type activities in the amount of \$11,374,898 compared to \$12,081,510 in 2007. The Neighborhood Improvement District (NID) Bonds totaling \$205,801 have various maturity dates out to 2022. The Certificates of Participation Series 2005 is for the installation of the 18" parallel sewer line, net of the discount and the \$983,464 is due in annual installments through 2025. The revenue bonds consist of various series and installments, which are due through July 2023. The notes payable includes the Pound Sewer Project payable through January 2009, the SRF-2001C and SRF-2002B. (See the Note IV - Long Term Debt for further clarification of the agreements).

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2008  
(UNAUDITED)

City of Festus Outstanding Long-Term Debt Obligations September 30,	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Capital Leases	\$1,664,313	\$ 817,895	\$ -	\$ 16,041	\$ 1,664,313	\$ 833,936
Revenue Bonds			7,487,638	7,970,352	7,487,638	7,970,352
NID	534,207	559,473	205,801	215,535	740,008	775,008
Certificates of Participation	158,706	193,131	983,464	1,022,794	1,142,170	1,215,925
Notes Payable	3,186,637	3,261,521	2,697,995	2,856,788	5,884,632	6,118,309
<b>Total</b>	<b>\$5,543,863</b>	<b>\$4,832,020</b>	<b>\$11,374,898</b>	<b>\$12,081,510</b>	<b>\$ 16,918,761</b>	<b>\$ 16,913,530</b>

**SIGNIFICANT VARIANCES BETWEEN BUDGETS AND ACTUAL EXPENDITURES**

In the general fund, the following significant variances occurred between budget, amended budget and actual expenditures:

- General revenues showed an increase of \$197,093 over the amended budget. Conservatism was used in designating a budget amount for Utility Gross Receipts, 911 Tax, Building Permits, and Investment Income and all had revenues higher than budget. Whereas, even though conservatism was used the Sales Tax, Vehicle Sales Tax, and Additional Motor Fees were all under amounts budgeted. The variance in service charges was due to the actual number of trash customers being larger than the number used for the budget. Grant revenue was under budget because a grant requested for the Fire Department was not received.
- Under administration, telephone was under budget due to dropping the T-1 line to the Firehouse from City Hall, printing was under budget since it was determined not to do a newsletter, and Economic Development was under budget since the Council decided to only pay for one-half of the year
- The police department was under budget by \$45,126, which included under-spending of benefits by 6% or \$26,397, office expenses were 18% less than budgeted, and special expenses coming in 7% under budget.
- Dispatch was 2% under on personal services and 13% under on benefits, due in part to turn over in personnel.
- The fire department volunteer firefighters were 18% under budget and the vehicle and travel expenses were \$10,986 or 33% over budget due mainly to various repairs of their heavy equipment.
- The non-departmental budget for grass and weed cutting was under budget by almost \$8,000.

Other significant variances occurred between budget, amended budget and actual expenditures for other major governmental funds can be described below:

- The City's Transportation Tax Fund showed sales tax revenues coming in \$22,713 less than what was budgeted and the investment income coming in \$27,660 more than budget.
- Expenditures for the City's Transportation Tax Fund were \$121,362 under the amount budgeted. The primary categories for this were material and supply, which was \$22,191 under budget and special expenses, which were \$43,998 under budget.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2008  
(UNAUDITED)

**SIGNIFICANT VARIANCES BETWEEN BUDGETS AND ACTUAL EXPENDITURES (concluded)**

- The County Transportation Tax Fund showed grant revenue under budget by \$81,718, which was a result of grant revenue received for the Festus Bikeway System that was delayed in construction. Capital Outlay expenditures in this fund were under budget by \$734,221, which was a result of the bridge project and bike trail project carried over with more of the projects' costs having been completed in the prior budget year than previously expected.
- The Library Fund Showed capital expenditures under budget, since the remodeling of the new library building was fully budgeted in fiscal year 9/30/08 but was no completed until January 2009.

**SUBSEQUENT EVENT**

On December 10, 2008, the Council approved Ordinance # 3851 allowing for the City Administrator to sign a contract for the sale of the existing airport land and buildings.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Festus, Missouri's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance and Administration, 711 West Main Street, Festus, MO 63028.

## **BASIC FINANCIAL STATEMENTS**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2008

	Primary Government			Componet Unit	Componet Unit
	Governmental Activities	Business Type Activities	Total	Festus Public Library Foundation	Jefferson County Water Authority
<b>ASSETS</b>					
Cash and cash equivalents	2,171,411	660,868	2,832,279	-	301,980
Investments	4,042,720	1,458,225	5,500,945	-	508,956
Restricted cash and investments	727,095	4,025,358	4,752,453	90,257	8,323,885
Receivables (net of allowance for uncollectibles)					
Taxes	5,891,617	-	5,891,617	-	-
Special assessments	1,329,983	182,368	1,512,351	-	-
Service charges	-	380,365	380,365	-	145,320
Interest	27,627	51,453	79,080	-	95,342
Grants	10,690	1,620	12,310	-	411
Other	207,301	58,022	265,323	-	-
Court	138,014	-	138,014	-	-
Prepaid items	233,929	55,191	289,120	-	62,445
Inventory	-	200,064	200,064	-	13,957
Investment in joint venture	-	3,912,369	3,912,369	-	3,638,676
Debt issue costs	32,563	143,391	175,954	-	263,261
Other Noncurrent Assets	0	-	0	-	-
Capital assets:					
Land and construction in progress	2,976,799	713,064	3,689,863	-	370,986
Other capital assets, net of accumulated depreciation	8,877,030	8,266,849	17,143,879	-	14,108,839
Total Assets	<u>26,666,779</u>	<u>20,109,207</u>	<u>46,775,986</u>	<u>90,257</u>	<u>27,834,058</u>
<b>LIABILITIES</b>					
Accounts payable	900,199	162,858	1,063,057	-	30,845
Accrued payroll	259,002	53,044	312,046	-	-
Accrued payroll liabilities - other	39,404	9,744	49,148	-	19,039
Accrued interest	4,225	99,354	103,579	-	218,544
Deposits payable	-	246,355	246,355	-	-
Fund held for others	9,038	-	9,038	-	-
Unearned revenue	2,263,320	-	2,263,320	-	-
Other liabilities	378,154	47	378,200	-	-
Noncurrent liabilities:					
Due Within One Year	168,751	728,787	897,538	-	824,242
Due in More Than One Year	5,376,406	10,646,111	16,022,517	-	24,035,678
Total Liabilities	<u>9,398,498</u>	<u>11,946,300</u>	<u>21,344,798</u>	<u>-</u>	<u>25,128,348</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	10,949,173	5,560,125	16,509,298	-	(2,227,978)
Reserved for debt service funds	(516,159)	126,008	(390,151)	-	4,121,865
Reserved for sewer line extension	-	-	-	-	-
Restricted for other purposes	-	-	-	90,257	-
Unrestricted	6,835,267	2,476,774	9,312,041	-	811,823
Total Net Assets	<u>17,268,281</u>	<u>8,162,907</u>	<u>25,431,188</u>	<u>90,257</u>	<u>2,705,710</u>

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Program Cash Receipts				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Component Unit	
							Festus Public Library Foundation	Jefferson County Water Authority
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
Administration	608,466	-	2,437	-	(606,029)	-	-	-
Court	162,961	252,834	-	-	89,873	-	-	-
Building Department	385,967	109,022	-	37,164	(239,781)	-	-	-
Police	2,294,661	2,677	58,033	108,292	(2,125,659)	-	-	-
Dispatch	420,884	48,816	-	3,954	(368,114)	-	-	-
Fire	497,118	13,705	-	158,445	(324,968)	-	-	-
Emergency Management	26,376	-	-	-	(26,376)	-	-	-
Street	2,681,727	3,850	-	1,141,492	(1,536,385)	-	-	-
Health	115,621	7,503	-	19,531	(88,587)	-	-	-
Library	1,598,467	67,619	8,211	802,637	(720,000)	-	-	-
Parks	733,144	58,162	-	255,292	(419,690)	-	-	-
Public Works	49,603	62,564	-	37,306	50,267	-	-	-
Nondepartmental	1,646,637	716,305	-	157,625	(772,707)	-	-	-
Economic development	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	71,979	-	-	-	(71,979)	-	-	-
Total Government Activities	11,293,611	1,343,057	68,681	2,721,738	(7,160,135)	-	-	-
Business-type Activities:								
Airport	26,422	-	-	-	-	(26,422)	-	-
Water and Sewer	3,831,582	3,506,408	-	66,013	-	(259,161)	-	-
Total Business-type Activities	3,858,004	3,506,408	-	66,013	-	(285,583)	-	-
Total Primary Government	15,151,615	4,849,465	68,681	2,787,751	(7,160,135)	(285,583)	-	-
<b>COMPONENT UNITS:</b>								
Component Unit - Festus Public Library Foundation	816	-	-	-	-	-	(816)	-
Component Unit - Jefferson County Water Authority	1,726,099	1,781,380	-	-	-	-	-	55,281
Total Component Units	1,726,915	1,781,380	-	-	-	-	(816)	55,281
General Revenues								
Taxes:								
Sales tax	-	-	-	-	5,836,293	-	-	-
Property tax	-	-	-	-	693,294	-	-	-
Taxes - other	-	-	-	-	1,597,729	-	-	-
Licenses (taxes)	-	-	-	-	191,256	-	-	-
Investment income	-	-	-	-	271,903	271,903	45	307,139
Gain/Loss on Disposal of Assets	-	-	-	-	(28,927)	-	-	-
Miscellaneous	-	-	-	-	1,301,089	9,543	-	-
Transfers	-	-	-	-	(641,115)	641,115	84,406	42,823
Total General Revenues	-	-	-	-	9,186,608	922,561	84,451	349,962
CHANGE IN NET ASSETS					2,026,473	636,978	83,635	405,243
NET ASSETS, BEGINNING (AS RESTATED, SEE NOTE XIII)					15,241,808	7,525,929	6,622	2,300,467
NET ASSETS, ENDING					17,268,281	8,162,907	90,257	2,705,710

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2008

ASSETS	General Fund	City Transportation Tax	County Transportation Tax	NID Assesment	Library	Other Governmental Funds	Total Governmental Fund
Cash and cash equivalents	666,386	781,282	90,309	20,326	(140,821)	753,929	2,171,411
Investments	1,095,570	1,389,775	-	-	10,000	1,547,375	4,042,720
Restricted cash and investments	9,038	-	-	-	-	33,894	42,932
Receivables (net of allowance for uncollectibles)							
Taxes	554,191	197,442	1,660,248	-	3,007	290,093	2,704,981
Special assessments	-	-	-	700,516	629,014	453	1,329,983
Interest	7,297	9,304	-	-	84	9,942	26,627
Other	117,035	1,187	81,719	-	-	7,360	207,301
Grants	3,835	-	-	-	6,855	-	10,690
Court	138,014	-	-	-	-	-	138,014
Prepaid items	168,688	38,487	-	-	7,976	18,778	233,929
Due from other funds	134,029	-	-	-	-	-	134,029
Total Assets	<u>2,894,083</u>	<u>2,417,477</u>	<u>1,832,276</u>	<u>720,842</u>	<u>516,115</u>	<u>2,661,824</u>	<u>11,042,617</u>
<b>LIABILITIES</b>							
Accounts payable	103,171	22,591	205,124	-	472,274	97,039	900,199
Accrued payroll	122,536	16,341	-	-	5,300	10,815	154,992
Accrued payroll liabilities - other	30,272	4,781	-	-	1,244	3,107	39,404
Due to other funds	-	-	-	-	134,029	-	134,029
Fund held for others	9,038	-	-	-	-	-	9,038
Deferred revenue	154,518	-	1,398,230	700,516	2,567	7,489	2,263,320
Accrued interest	-	-	-	2,278	-	-	2,278
Other liabilities	291,337	44,576	-	-	-	42,240	378,153
Noncurrent liabilities:							
Due within one year	-	-	-	25,266	-	-	25,266
Due in more than one year	-	-	-	508,941	-	-	508,941
Total Liabilities	<u>710,872</u>	<u>88,289</u>	<u>1,603,354</u>	<u>1,237,001</u>	<u>615,414</u>	<u>160,690</u>	<u>4,415,620</u>
<b>FUND BALANCE</b>							
Reserved:							
Prepaid items	168,688	38,487	-	-	7,976	18,778	233,929
Encumbrances	-	-	-	-	-	-	-
Debt service fund	-	-	-	(516,159)	-	-	(516,159)
Unrestricted:							
General fund	2,014,523	-	-	-	-	-	2,014,523
Special revenue fund	-	2,290,701	228,922	-	(107,275)	2,482,356	4,894,704
Total Fund Balances	<u>2,183,211</u>	<u>2,329,188</u>	<u>228,922</u>	<u>(516,159)</u>	<u>(99,299)</u>	<u>2,501,134</u>	<u>6,626,997</u>
Total Liabilities and Fund Balances	<u>2,894,083</u>	<u>2,417,477</u>	<u>1,832,276</u>	<u>720,842</u>	<u>516,115</u>	<u>2,661,824</u>	<u>11,042,617</u>

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

Total Fund Balances - Governmental Funds	6,626,997
Amounts reported for governmental activities in the statement of net assets are different because:	
Certain current assets are not available to pay for current period expenditures and therefore, are deferred in the funds.	684,163
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,853,829
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.	33,563
The long-term debt group cash is not accounted for in the fund financial statements.	3,186,636
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued payables	(1,947)
Accrued compensated absences	(104,010)
Bonds and notes payable outstanding	(5,010,950)
Net Assets Of Governmental Activities	17,268,281

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	City Transportation Tax	County Transportation Tax	NID Assesment	Library	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	238,493	-	-	-	165,466	289,335	693,294
Taxes - other	3,895,875	1,201,787	784,061	-	-	1,552,300	7,434,022
Intergovernmental	-	-	-	-	-	-	-
Special assessments	-	-	-	62,564	-	-	62,564
Grant revenue	25,463	-	81,719	-	21,891	15,986	145,058
Licenses and permits	297,978	-	-	-	-	-	297,978
Fines and penalties	254,781	-	-	-	-	-	254,781
Investment income	47,568	72,660	4,765	6,080	4,445	90,601	226,118
Building lease payments	-	-	-	-	56,000	-	56,000
Other	121,209	11,625	181	-	69,618	227,138	429,771
Service charges	765,121	-	-	-	-	-	765,121
<b>Total Revenues</b>	<b>5,646,486</b>	<b>1,286,073</b>	<b>870,725</b>	<b>68,644</b>	<b>317,420</b>	<b>2,175,359</b>	<b>10,364,707</b>
<b>EXPENDITURES</b>							
Current:							
Administration	516,175	-	-	-	-	-	516,175
Court	160,619	-	-	-	-	-	160,619
Building Department	345,640	-	-	-	-	-	345,640
Police	2,099,940	-	-	-	-	9,003	2,108,943
Dispatch	415,069	-	-	-	-	-	415,069
Fire	279,112	-	-	-	-	-	279,112
Emergency management	7,884	-	-	-	-	-	7,884
Street	338,780	758,537	-	-	-	-	1,097,317
Health	-	-	-	-	-	101,118	101,118
Library	-	-	-	-	203,256	-	203,256
Parks	-	-	-	-	-	448,716	448,716
Public works	-	-	-	-	-	-	-
Nondepartmental	865,778	-	-	1,339	-	368,389	1,235,507
Economic development	-	-	-	-	-	-	-
Capital outlay	349,610	316,587	865,779	-	1,370,884	648,664	3,551,524
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	27,804	38,137	-	65,941
<b>Total Expenditures</b>	<b>5,378,608</b>	<b>1,075,124</b>	<b>865,779</b>	<b>29,143</b>	<b>1,612,277</b>	<b>1,575,890</b>	<b>10,536,822</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>267,878</b>	<b>210,949</b>	<b>4,946</b>	<b>39,501</b>	<b>(1,294,857)</b>	<b>599,469</b>	<b>(172,114)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Lease purchase proceeds	-	-	-	-	1,192,658	-	1,192,658
Transfers in	120,000	-	-	3,940	-	452,512	576,452
Transfers out	(111,205)	(3,940)	-	-	-	(1,102,421)	(1,217,566)
<b>Total Other Financing Sources (Uses)</b>	<b>8,795</b>	<b>(3,940)</b>	<b>-</b>	<b>3,940</b>	<b>1,192,658</b>	<b>(649,909)</b>	<b>551,543</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>276,673</b>	<b>207,009</b>	<b>4,946</b>	<b>43,441</b>	<b>(102,199)</b>	<b>(50,440)</b>	<b>379,429</b>
<b>FUND BALANCES (DEFICIT), OCTOBER 1</b>	<b>1,914,073</b>	<b>2,122,179</b>	<b>223,977</b>	<b>(559,600)</b>	<b>2,901</b>	<b>2,551,575</b>	<b>6,255,105</b>
<b>PRIOR PERIOD ADJUSTMENT (See Note XIII)</b>	<b>(7,535)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,535)</b>
<b>RESTATED FUND BALANCES (DEFICIT), OCTOBER 1</b>	<b>1,906,538</b>	<b>2,122,179</b>	<b>223,977</b>	<b>(559,600)</b>	<b>2,901</b>	<b>2,551,575</b>	<b>6,247,570</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>2,183,211</b>	<b>2,329,188</b>	<b>228,922</b>	<b>(516,159)</b>	<b>(99,299)</b>	<b>2,501,135</b>	<b>6,626,999</b>

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net Change in Fund Balances - Governmental Funds 379,428

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$3,551,524) exceeded the depreciation (\$747,374) in the current period.

Depreciation Expense	(747,374)	
Capital Outlays	3,551,524	2,804,150

Gain/(Loss) on capital assets sold		(28,927)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(1,118,764)
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Transfers In from other funds		-
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and in the treatment of long-term debt and related items.

Amortization of 2005 COP Underwriter Discount	(575)	
Amortization of 2005 & 2008 COP Cost of Issuance	(818)	(1,393)
Payment of 2005 COP interest		(6,038)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated Absences		(1,983)

Change in Net Assets Of Governmental Activities		<hr style="border: 0.5px solid black;"/> <u>2,026,473</u>
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CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Water & Sewer	Totals	
<b>Current</b>				
Cash and cash equivalents	22,497	638,370	660,868	-
Investments	-	1,458,225	1,458,225	-
Restricted Cash and Investments	-	4,025,358	4,025,358	-
Receivables (net of allowance for uncollectibles)				
Special Assessments	-	182,368	182,368	-
Service Charges	-	380,365	380,365	-
Interest	-	51,453	51,453	-
Grants	1,620	-	1,620	-
Other	139	57,884	58,022	-
Prepaid Items	41	55,150	55,191	-
Inventory	-	200,064	200,064	-
Total Current Assets	<u>24,297</u>	<u>7,049,237</u>	<u>7,073,533</u>	-
<b>Noncurrent Assets</b>				
Investments in joint venture	-	3,912,369	3,912,369	-
Debt Issue Costs	-	143,391	143,391	-
Non-depreciable capital assets:				
Land	48,490	664,574	713,064	-
Depreciable capital assets:				
Other capital assets, net of accumulated depreciation	184,159	8,082,690	8,266,849	-
Total Noncurrent Assets	<u>232,649</u>	<u>12,803,024</u>	<u>13,035,674</u>	-
Total Assets	<u>256,946</u>	<u>19,852,261</u>	<u>20,109,207</u>	-
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable	227	162,631	162,859	-
Payroll and compensated absences payable	-	53,044	53,044	-
Accrued payroll liabilities - other	-	9,744	9,744	-
Accrued interest	-	99,354	99,354	-
Revenue bonds payable and neighborhood improvement district bonds - current	-	556,124	556,124	-
Capital leases - current	-	-	-	-
Notes payable - current	-	172,663	172,663	-
Deposits payable	-	246,355	246,355	-
Due to other funds	-	-	-	-
Other liabilities	-	47	47	-
Total Current	<u>227</u>	<u>1,299,962</u>	<u>1,300,189</u>	-
<b>Long Term</b>				
Revenue bonds payable and neighborhood improvement district bonds, net of bond premiums & discounts	-	8,120,779	8,120,779	-
Capital leases	-	-	-	-
Notes payable	-	2,525,332	2,525,332	-
Total Long Term	<u>-</u>	<u>10,646,111</u>	<u>10,646,111</u>	-
Total Liabilities	<u>227</u>	<u>11,946,073</u>	<u>11,946,300</u>	-
<b>NET ASSETS</b>				
Net Assets Invested in Capital Assets, Net of Related Debt	232,649	5,327,476	5,560,125	-
Reserved for debt reserve funds	-	126,008	126,008	-
Reserved for sewer line extension	-	-	-	-
Unrestricted Net Asset	24,070	2,452,704	2,476,774	-
Total Net Assets	<u>256,719</u>	<u>7,906,188</u>	<u>8,162,907</u>	-

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN  
NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Water & Sewer	Totals	
<b>OPERATING REVENUES</b>				
Fuel Sales	-	-	-	-
Hanger Rent	-	-	-	-
Water and Sewer Collections and Fees	-	3,401,250	3,401,250	-
Service Charges	-	-	-	-
Other	-	105,158	105,158	-
Total Operating Revenues	-	3,506,408	3,506,408	-
<b>OPERATING EXPENSES</b>				
Personnel services	-	1,066,652	1,066,652	-
Materials and supplies	-	206,362	206,362	-
Purchased water	-	1,127,280	1,127,280	-
Utilities and maintenance	-	261,211	261,211	-
Depreciation and amortization	18,964	489,455	508,419	-
Treatment plant	-	217,399	217,399	-
Fuel Costs	-	-	-	-
Feasibility study	-	-	-	-
Other	7,458	63,111	70,569	-
Total Operating Expenses	26,422	3,431,470	3,457,892	-
<b>OPERATING INCOME (LOSS)</b>	(26,422)	74,938	48,516	-
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	828	271,075	271,903	-
Miscellaneous income	-	9,543	9,543	-
Interest expense	-	(400,112)	(400,112)	-
Gain/loss on disposal	-	-	-	-
Joint venture loss, net	-	-	-	-
Total Nonoperating Revenues (Expenses)	828	(119,494)	(118,666)	-
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(25,594)	(44,556)	(70,150)	-
Capital contributions	-	66,013	66,013	-
Grant contributions	-	-	-	-
Transfers in (out)	-	641,115	641,115	-
<b>CHANGE IN NET ASSETS</b>	(25,594)	662,572	636,978	-
NET ASSETS, OCTOBER 1	282,313	7,243,616	7,525,929	-
PRIOR PERIOD ADJUSTMENT	-	-	-	-
RESTATED NET ASSETS, OCTOBER 1	282,313	7,243,616	7,525,929	-
<b>NET ASSETS, SEPTEMBER 30</b>	256,719	7,906,188	8,162,907	-

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business - type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Water And Sewer	Totals	
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	87	3,461,890	3,461,977	-
Payments to Suppliers	(7,557)	(1,197,370)	(1,204,927)	-
Payments to Employees	-	(1,055,124)	(1,055,124)	-
Other Receipts (Payments)	89	(128,505)	(128,416)	-
Net Cash Flows from Operating Activities	(7,380)	1,080,890	1,073,510	-
<b>Cash Flows from Noncapital Financing Activities</b>				
Grants and other contributions	-	66,826	66,826	-
Transfer in / (out)	-	-	-	-
Net Cash Used by Noncapital Financing Activities	-	66,826	66,826	-
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments of long-term debt	-	(674,567)	(674,567)	-
Proceeds from notes payable	-	(40,000)	(40,000)	-
Interest on debt	-	(400,112)	(400,112)	-
Acquisition and construction of capital assets	-	(806,986)	(806,986)	-
Proceeds from sales of capital assets	-	3,813	3,813	-
Net Cash Used by Capital and Related Financing Activities:	-	(1,917,853)	(1,917,853)	-
<b>Cash Flows from Investing Activities:</b>				
Miscellaneous income	-	130,707	130,707	-
Interest on Investments	828	271,075	271,904	-
Net Cash Used by Investing Activities	828	401,782	402,611	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(6,552)	(368,355)	(374,906)	-
<b>CASH AND CASH EQUIVALENTS , OCTOBER 1</b>	29,049	6,490,307	6,519,356	-
<b>PRIOR PERIOD ADJUSTMENT (See Note XII)</b>	-	-	-	-
<b>RESTATED CASH AND CASH EQUIVALENTS, OCTOBER 1</b>	29,049	6,490,307	6,519,356	-
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	22,497	6,121,952	6,144,450	-
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
<b>Cash flows from operating activities:</b>				
Operating Profit (Loss)	(26,422)	720,970	694,548	-
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>				
Depreciation Expense	18,964	351,702	370,666	-
Gain/(loss) on disposal	-	-	-	-
<b>(Increase) decrease in:</b>				
Accounts receivable	-	56,170	56,170	-
Prepaid items	(11)	3,533	3,523	-
Inventories	-	(69,316)	(69,316)	-
Other current assets	166	-	166	-
<b>Increase (decrease) in:</b>				
Accounts payable	(88)	25,956	25,868	-
Accrued liabilities	-	(8,125)	(8,125)	-
Total Adjustments	19,032	359,920	378,952	-
Net cash provided by (used in) operating activities	(7,391)	1,080,890	1,073,499	-

The notes to the financial statements are an integral part of this statement.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting and financial reporting policies applied by the **City of Festus, Missouri** (the City) conform to U.S. generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**A. The Financial Reporting Entity**

The City defines its financial reporting entity in accordance with provisions established by the Governmental Accounting Standards Board (GASB). Such standards require inclusion of component units based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on the PCU or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City. The City's financial reporting entity consists of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Discretely Presented Component Units**

The discretely presented component unit columns in the basic financial statements include the financial data of the City's other component units. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. The following entities are discretely presented in the basic financial statements as governmental fund types:

**Jefferson County Water Authority** – Three of the six members of the component unit's governing body are members of the City of Festus administration or City Council. The component unit currently makes the debt service payments for one of the city's bond issues. This arrangement causes the City of Festus to have an economic interest in the component unit's financial well-being since failure to make the debt service payments by the component unit would impose a financial burden on the city. Separate financial statements are prepared for the Jefferson County Water Authority and may be obtained by contacting the City of Festus.

**Festus Public Library Foundation, Inc.** – The City Council appoints the Library Board. The Library Board then appoints three members from the Library Board and four members from the community to serve as the governing body of the Foundation. The purpose of the component unit is to establish future expansion and repair of the library building, and to update and add to the collection of books, materials, and equipment in the library. Separate financial statements are not prepared for the Festus Public Library Foundation, Inc.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and Fund Financial Statements (Concluded)**

interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due (i.e. matured).

Property taxes, sales taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

*General Fund* – The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Library Fund* – The Library Fund is the primary operating fund of the Library. It is used to account for all financial resources for operations of the library of the city of Festus.

*City Transportation Tax Fund* – The City Transportation Tax Fund is comprised of taxes collected to maintain roads and streets within the city.

*County Transportation Tax Fund* – The County Transportation Tax Fund is comprised of taxes collected to maintain roads and streets within the city.

*NID Fund* – The NID Fund is a fund that controls all of the activities for NIDs within the city limits.

The City reports the following major proprietary fund:

*Water and Sewer Fund* – The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)**

resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Airport and Water and Sewer Enterprise Funds and of the City's Internal Service Funds are charges for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting – under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. Cash, Cash Equivalents, and Investments**

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. GASB State No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that all investments be reported in the financial statements at fair value. Fair value is established as readily determinable current market value for equity and debt securities.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Allowance for Uncollectable Accounts**

Allowance for uncollectible accounts is as follows:

	September 30, 2008
Business-type Activities – Water and Sewer Enterprise Fund	\$14,000

**G. Due To/From Other Funds**

Noncurrent portions of long-term interfund loans receivable (reported in “advances to” asset accounts) are equally offset by fund balance reserve account which indicates that they do not constitute “available spendable resources” since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in “due from” asset accounts) are considered “available spendable resources” and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as “internal balances”.

**H. Inventory and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**I. Restricted Assets**

Certain proceeds of the Water and Sewer Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**J. Capital Assets**

Capital assets which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets (Concluded)**

In accordance with GASB Statement No. 34, infrastructure assets constructed, purchased, or donated effective October 1, 2003 are reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Asset	Years
Buildings and other improvements	15-30
Office equipment	3-10
Automotive equipment	4-6
Machinery and equipment	5-7
Infrastructure	20-50

**K. Compensated Absences**

Vacation

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire accumulated vacation leave is accrued when incurred in the government-wide financial statements. For governmental funds, the expenditure for vacation leave is recorded in the fund when the employees who have accumulated vacation leave are paid. Therefore, current portion of the liability is not reported in the governmental funds. A schedule of the accrual for vacation leave follows:

	Total	Amounts Due Within One Year
Governmental Activities	\$ 104,010	\$ 104,010
Business Type Activities	20,685	20,685
	\$ 124,695	\$ 124,695

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences (Concluded)**

Sick Leave

Sick leave is accumulated by eligible employees at a rate of 1 day for every full month of service and is available for use after six months of being a regular full-time employee. Unused accumulated sick leave is not eligible to be paid to the employee when separation of employment occurs and consequently is accounted for in the period the sick leave is taken and no liability is recorded.

**L. Deferred Revenue**

Deferred revenue is composed of delinquent property tax receivables, protested utility taxes, and insurance proceeds not used which are measurable but not available and, therefore, not recognized as revenue in the accompanying governmental fund financial statements.

**M. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for subsequent year appropriations or legally restricted by outside parties for use of specific purpose.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**O. Property Taxes**

The City's property tax calendar is as follows:

- Property is assessed by the County on January 1 each year.
- The tax levy ordinance is adopted and filed with the county clerk on or before September 1.
- Property taxes are due to be collected on or before December 31.
- Property taxes attach as an enforceable lien on property as of January 1.

**P. Grant Revenue**

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the Fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as deferred revenue or amounts receivable from the grantor.

**Q. Interfund Transactions**

In the fund financial statements, the City has the following types of transactions among funds:

*Transfers* – Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

**R. Use of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**II. CASH AND INVESTMENTS**

At September 30, 2008, the City had deposits and investments as follows:

<u>Type</u>	<u>Maturities</u>	<u>2008 Cost</u>
Unrestricted Deposits :		
Petty Cash	N/A	\$ 1,944
Demand Deposits	N/A	2,830,335
Restricted Deposits :		
Escrow Account	N/A	648,053
Bond Demand Deposits	N/A	163,308
Deposits	N/A	33,894
Total Deposits		\$ 3,677,534
Unrestricted Investment:		
Agency Note	10/14/08	\$ 544,442
Agency Note	11/17/08	1,327,300
Agency Note	12/15/08	773,489
Agency Note	12/22/08	843,420
Agency Bonds	1/7/09	691,294
Agency Bonds	1/31/09	621,000
Agency Bonds	2/28/09	700,000
Total Unrestricted Investments		\$ 5,500,945
Restricted Investments :		
Repurchase Agreement	7/1/36	168,784
Agency Note	11/17/08	72,700
Agency Note	12/15/08	16,400
Agency Note	12/22/08	45,500
Agency Bond	1/31/08	29,000
Guaranteed Investment Contract	6/30/23	16,411
Guaranteed Investment Contract	6/30/23	43,750
Guaranteed Investment Contract	6/30/23	845,243
Guaranteed Investment Contract	6/30/23	8,878
Guaranteed Investment Contract	6/30/23	307,723
Guaranteed Investment Contract	6/30/23	2,352,808
Total Investments		\$ 3,907,197
Total Deposits and Investments		\$ 13,085,676

Investments are recorded at cost, which approximates market.

**Interest Rate Risk** – The City’s investment policy minimizes the risk that the market value of securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities. Investments in banker’s acceptance and commercial paper

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
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**II. CASH AND INVESTMENTS (Concluded)**

shall mature and become payable not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase. The City's established investment policy has limited the City's investment portfolio to a weighted-average maturity that does not exceed three years.

**Credit Risk** – State law permits Cities to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies that mature or become payable in one year or less from the date of issue

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit by governmental unit securities which, when combined with Federal Deposit Insurance Corporation ("FDIC") insurance, are at least equal to the amount on deposit at all times. At September 30, 2008, the City's deposits bank balance was insured or collateralized as follows:

At September 30, 2008, 100% of the City's investments were guaranteed by the U.S. Government.

**Concentration of Credit Risks** – The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City's total unrestricted investments are with U.S. federal agencies.

**III. CAPITAL ASSETS**

Capital asset activity was as follows:

	<u>For The Year Ended September 30, 2008</u>			<u>Balance September 30, 2008</u>
	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,414,167	\$ -	\$ -	\$ 1,414,167
Construction in process	503,456	2,047,832	(988,656)	1,562,632
Total Capital Assets Not Being Depreciated	1,917,623	2,047,832	(988,656)	2,976,799
Capital assets being depreciated:				
Buildings and other improvements	3,942,741	61,606	-	4,004,347
Office equipment	248,662	28,603	(34,231)	243,034
Automotive equipment	2,872,650	204,452	(124,097)	2,953,005
Machinery and equipment	1,520,868	49,661	(21,629)	1,548,900
Infrastructure	2,823,479	1,295,411	-	4,118,890
Land Improvements	2,811,483	206,644	(13,290)	3,004,837
Total Capital Assets Being Depreciated	\$ 14,219,883	\$ 1,846,377	\$ (193,247)	\$ 15,873,015

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**III. CAPITAL ASSETS (Continued)**

	<u>For The Year Ended September 30, 2008</u>			<b>Balance September 30, 2008</b>
	<b>Balance September 30, 2007</b>	<b>Additions</b>	<b>Reductions</b>	
Less-Accumulated depreciation for:				
Buildings and other improvements	\$ 1,779,676	\$ 129,306	\$ -	\$ 1,908,982
Office equipment	198,508	24,425	(34,231)	188,702
Automotive equipment	2,433,143	199,909	(124,097)	2,508,954
Machinery and equipment	1,051,838	122,185	(21,629)	1,152,394
Infrastructure	391,340	151,918	-	543,258
Land Improvements	570,967	128,130	(5,400)	693,697
Total Accumulated Depreciation	<u>6,425,472</u>	<u>754,001</u>	<u>(185,357)</u>	<u>6,994,116</u>
Total Capital Assets Being Depreciated, Net	<u>7,794,411</u>	<u>1,074,729</u>	<u>(7,890)</u>	<u>8,877,030</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,712,034</u>	<u>\$ 3,122,561</u>	<u>\$ (996,546)</u>	<u>\$ 11,853,829</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 237,549	\$ 5,000	\$ -	\$ 242,549
Construction in process	45,539	424,977	-	470,516
Total Capital Assets Not Being Depreciated	<u>283,088</u>	<u>429,977</u>	<u>-</u>	<u>713,065</u>
Capital assets being depreciated:				
Systems and improvements	9,531,562	350,858	-	9,882,420
Buildings and other improvements	827,329	-	-	827,329
Automotive equipment	334,025	18,960	-	352,985
Machinery and equipment	1,244,650	6,115	-	1,250,765
Furniture and fixtures	7,642	-	-	7,642
Computer equipment	24,086	1,075	-	25,161
Total Capital Assets Being Depreciated	<u>11,969,294</u>	<u>377,008</u>	<u>-</u>	<u>12,346,302</u>
Less-Accumulated depreciation for:				
Systems and improvements	2,350,869	214,016	-	2,564,885
Buildings and other improvements	595,955	17,824	-	613,779
Automotive equipment	251,163	38,455	-	289,618
Machinery and equipment	509,752	77,627	-	587,379
Furniture and fixtures	5,483	837	-	6,320
Computer equipment	13,927	3,549	-	17,475
Total Accumulated Depreciation	<u>3,727,149</u>	<u>352,307</u>	<u>-</u>	<u>4,079,456</u>
Total Capital Assets Being Depreciated, Net	<u>8,242,145</u>	<u>24,701</u>	<u>-</u>	<u>8,266,846</u>
Business-type Activities Capital Assets, Net	<u>\$ 8,525,233</u>	<u>\$ 454,678</u>	<u>\$ -</u>	<u>\$ 8,979,911</u>

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
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FOR THE YEAR ENDED SEPTEMBER 30, 2008

**III. CAPITAL ASSETS (Concluded)**

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

		<u>For The Year Ended September 30, 2008</u>
Governmental Activities:		
Administration	\$	61,238
Court		359
Building department		10,071
Police		82,052
Culture and dispatch		1,176
Fire		41,705
Street		401,251
Emergency Management		23,691
Non-Departmental		16,421
Health		5,212
Library		24,069
Parks		86,756
Vehicle		-
Total Depreciation Expense – Governmental Activities	\$	<u>754,001</u>
Business-type activities:		
Airport		18,964
Water and sewer		<u>333,341</u>
Total Depreciation Expense – Business-type Activities	\$	<u>352,305</u>

**IV. LONG-TERM DEBT**

Long-term liability activity was as follows:

	<b>Balance September 30, 2007</b>	<b><u>For The Year Ended September 30, 2008</u></b>			<b>Balance September 30, 2008</b>	<b>Amounts Due Within One Year</b>
		Additions	Reductions			
Governmental activities:						
Capital leases	\$ 817,895	\$ 1,668,999	\$ (822,581)	\$ 1,664,313	\$ 99,875	
Neighborhood Improvement						
District bonds	559,473	-	(25,266)	534,207	28,876	
Certificates of Participation	195,000	-	(35,000)	160,000	40,000	
Less: Discount	(1,869)	575	-	(1,294)	-	
Notes payable	3,261,521	-	(74,884)	3,186,637	-	
Total Governmental Activities Debt	<u>4,832,020</u>	<u>1,669,574</u>	<u>(957,731)</u>	<u>5,543,863</u>	<u>168,751</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**IV. LONG-TERM DEBT (Continued)**

	<u>For The Year Ended September 30, 2008</u>			Balance September 30, 2008	Amounts Due Within One Year
	Balance September 30, 2007	Additions	Reductions		
Business-type activities:					
Capital leases	16,041	-	(16,041)	-	-
Revenue bonds	8,020,000	-	(490,000)	7,530,000	505,000
Plus: Premium	188,635	-	(12,165)	176,470	-
Less: On Refunding	(238,283)	19,451	-	(218,832)	-
Neighborhood Improvement					
District Bonds	215,535	-	(9,734)	205,801	11,124
Certificates of Participation	1,035,000	-	(40,000)	995,000	40,000
Less: Discount	(12,205)	669	-	(11,536)	-
Note payable	2,856,788	-	(158,793)	2,697,995	172,663
Total Business-type Activities Debt	<u>12,081,511</u>	<u>20,120</u>	<u>(726,733)</u>	<u>11,374,898</u>	<u>728,787</u>

**Capital Leases**

September 30,  
2008

**Governmental Activities:**

Capital lease \$24,250 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13%.	\$ -
Capital lease \$81,870 for police cars 2006, due in annual installments through February 27, 2008, interest payable at 5.50%.	-
Capital lease \$90,909 for police cars 2007, due in monthly installments through 2009, interest payable at 5.60%.	30,273
Capital lease \$65,405 for police cars 2008, due in annual installments through April 8, 2010, interest payable at 5.60%.	42,405
Capital lease \$750,000 for library project, due in annual installments through February 1, 2022, interest payable at 4.32%.	-
Capital lease \$1,600,000 for library project, due in monthly installments through July 1, 2028, interest payable at 4.85%.	<u>1,591,636</u>
	<u>1,664,314</u>

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**IV. LONG-TERM DEBT (Continued)**

**Capital Leases (Continued)**

**Business-type Activities:**

Capital lease \$72,749 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13%. \$ -

The total amount of the sewer cleaner capital lease was paid off during the fiscal year.

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Assets:		
Automobile equipment	\$ 238,184	\$ -
Machinery and equipment	24,250	72,749
Building (Library Project)	1,600,000	-
Less – Accumulated depreciation	(155,612)	(72,749)
Total	\$ 1,706,822	\$ -

A schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of September 30, 2008 is as follows:

<b>For The Years Ending September 30,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
2009	\$ 180,060	\$ -	\$ 180,060
2010	148,092	-	148,092
2011	125,092	-	125,092
2012	125,092	-	125,092
2013	125,092	-	125,092
2014-2018	625,460	-	625,460
2019-2023	625,460	-	625,460
2024-2028	604,613	-	604,613
Total Minimum Lease Payments	2,558,961	-	2,558,961
Less – Amount representing interest	(894,652)	-	(894,652)
Present Value Of Future Minimum Lease Payments	\$ 1,664,309	\$ -	\$ 1,664,309

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**IV. LONG-TERM DEBT (Continued)**

**Neighborhood Improvement District Bonds**

The total amount of the Neighborhood Improvement District Bonds Series 2002 is \$875,000. This amount is split between the governmental activities and the business-type activities.

**September 30,  
2008**

**Governmental Activities:**

\$631,654 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3% to 5.55%. \$ 534,207

**Business-type Activities**

\$243,346 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3% to 5.55%. \$ 205,801

Annual debt service requirements to maturity for the Neighborhood Improvement District Bonds are as follows:

<b>For The Years Ended September 30</b>	<b><u>Governmental Activities</u></b>			<b><u>Business-type Activities</u></b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2009	\$ 28,876	\$ 26,681	\$ 55,557	\$ 11,124	\$ 10,279	\$ 21,403
2010	28,876	25,382	54,258	11,124	9,778	20,902
2011	28,876	24,082	52,958	11,124	9,278	20,402
2012	32,486	22,702	55,188	12,515	8,746	21,261
2013	32,486	21,199	53,685	12,515	8,167	20,682
2014-2018	187,694	79,663	267,357	72,309	30,691	103,000
2019-2023	194,913	22,604	217,517	75,090	8,708	83,798
	-	-	-	-	-	-
	<u>\$ 534,207</u>	<u>\$ 222,313</u>	<u>\$ 756,520</u>	<u>\$ 205,801</u>	<u>\$ 85,647</u>	<u>\$ 291,448</u>

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**IV. LONG-TERM DEBT (Continued)**

**Certificates of Participation**

The total amount of the Certificates of Participation, Series 2005, is \$1,300,000. This amount is split between the governmental activities and the business-type activities.

**September 30,  
2008**

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**Governmental Activities:**

\$230,000 Certificates of Participation, Series 2005, due in annual installments through December 1, 2010, interest payable at 3.4% to 3.9% \$ 160,000

**Business-type Activities**

\$1,070,000 Certificates of Participation, Series 2005, due in annual installments through December 1, 2025, interest payable at 3.4% to 4.5% \$ 995,000

Annual debt service requirements to maturity for the Certificates of Participation are as follows:

<b>For The Years Ended September 30</b>	<b><u>Governmental Activities</u></b>			<b><u>Business-type Activities</u></b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2009	\$ 40,000	\$ 5,160	\$ 45,160	\$ 40,000	\$ 41,088	\$ 81,088
2010	40,000	3,800	43,800	40,000	39,727	79,727
2011	80,000	1,560	81,560	40,000	38,268	78,268
2012	-	-	-	45,000	36,610	81,610
2013	-	-	-	45,000	34,855	79,855
2014-2018	-	-	-	250,000	145,286	395,286
2019-2023	-	-	-	310,000	86,332	396,332
2024-2028	-	-	-	225,000	15,637	240,637
	<u>\$ 160,000</u>	<u>\$ 10,520</u>	<u>\$ 170,520</u>	<u>\$ 995,000</u>	<u>\$ 437,803</u>	<u>\$ 1,432,803</u>

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

September 30,  
2008

**Governmental Activities:**

The City has entered into an agreement on February 26, 2003 for the development of a Lowe's Store within the City limits. Whereas, the City has agreed to reimburse Lowe's a portion of certain City and State infrastructure costs for up to a maximum aggregate amount of \$1,800,000 plus interest until the company either receives the total amount of the final project costs or fifteen (15) years from the full execution of this agreement. The City is to deposit 50% of the 1.5% sales tax generated from the business into a special allocation fund to be released on a quarterly basis.

\$ 1,446,815

The City has entered into agreement on June 25, 2003 with Home Depot for the redevelopment of the Gannon Plaza Area in the City limits to include a Home Depot store. Whereas, the City has agreed to reimburse Home Depot a portion of site preparation costs and City improvements for up to a maximum aggregate amount of \$1,800,000 plus interest until the company either receives the total amount of the final project costs or fifteen (15) years from the full execution of this agreement. A portion of the amount to be reimbursed will be comprised of sales tax reimbursement and a portion will be comprised of tax abatement. The City shall deposit 50% of the 1% sales tax generated within the redeveloped area, less the base taxable sales, into the special allocation fund to be released on an annual basis.

\$ 1,739,822

\$ 3,186,637

September 30,  
2008

**Business-type Activities:**

**Revenue Bonds Payable**

\$3,960,000 Revenue Bonds, Series 2003, due in annual installments through July 1, 2019, interest payable at 3.036%.

\$ 2,645,000

\$3,575,000 Revenue Bonds, Series 2002B, due in annual installments through July 2023, interest payable at 2.05% to 5.5%.

3,185,000

\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 1, 2022, interest payable at 3% to 5.375%.

1,700,000

\$ 7,530,000

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
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**Notes Payable**

\$300,000 note payable for Pound Sewer Project, due in monthly installments through January 2009, interest payable at 5.32%, secured by fire truck.	\$	37,465
State Revolving Fund (SRF) – 2001C, no interest		307,722
State Revolving Fund (SRF) – 2002B, no interest		2,352,808
	\$	2,697,995

The debt maturity of the bonds, excluding amount maturing after September 30, 2008, which were remitted prior to the current fiscal year-end and the SRF note, are as follows:

<u>For The Years Ended September 30</u>	<u>Revenue Bonds</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 505,000	\$ 332,902	\$ 837,902	\$ 172,663	\$ 1,993	\$ 174,656
2010	510,000	315,984	825,984	148,523	-	148,523
2011	540,000	296,190	836,190	153,691	-	153,691
2012	550,000	275,362	825,362	158,805	-	158,805
2013	560,000	253,638	813,638	166,371	-	166,371
2014-2018	2,730,000	911,753	3,641,753	1,044,181	-	1,044,181
2019-2023	2,135,000	287,730	2,422,730	853,761	-	853,761
2024-2028	-	-	-	-	-	-
	\$ 7,530,000	\$ 2,673,559	\$ 10,203,559	\$ 2,697,995	\$ 1,993	\$ 2,699,988

In conjunction with SRF – 2001C and 2002B notes, a reserve account has been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri.

When fully funded, this loan (reserve account) will be funded in an amount equal to 33.33% for the Series 2001C and 70% for the Series 2002B of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amount held in the reserve account will be reduced such that the reserve account will equal 33.33% and 70%, respectively, of the remaining principal balance of such bonds.

The \$4,450,000 Series 2003 Revenue Bonds are in the name of the City. The Jefferson County Water Authority (the Authority) is using \$490,000 debt proceeds for construction costs and intends to pay the future debt service payments. Therefore, \$490,000 of the debt has been recorded on the books of the Authority.

CITY OF FESTUS  
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**V. EMPLOYEE RETIREMENT PLAN**

**1. Plan Description**

The City participates in LAGERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 – 70.555. As such, it is LAGER'S responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and it is tax exempt. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P. O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

**2. Funding Policy**

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 10.3% (general) and 8.9% (police) and 17.3% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

**3. Annual Pension Cost**

For 2008, the City's annual pension cost of \$332,731 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008, included, a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, b) projected salary increases of 4% per year, compounded annually, attributable to inflation, c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2008 was 15 years.

CITY OF FESTUS  
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NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**V. EMPLOYEE RETIREMENT PLAN (Continued)**

Three-year trend information follows:

For The Years Ended June 30	Annual Pension Cost (APC)	Percentage Of APC Contributed
2006	\$ 257,162	100%
2007	261,155	100%
2008	332,731	100%

Schedule of funding progress follows:

For The Valuation Years Ended February 28/29	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)
2006	\$ 5,992,687	\$ 6,016,141	\$ 23,454
2007	6,710,668	6,550,142	(160,526)
2008	6,851,702	6,520,390	(331,312)
2008#	6,851,702	7,467,025	615,323

For The Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Excess Assets As A Percentage Of Covered Payroll
2006	100%	\$ 3,355,310	1%
2007	102%	3,480,449	-
2008	105%	3,582,175	-
2008#	92%	3,582,175	17%

# After benefit changes.

**3. Annual Pension Cost**

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**VI. DUE FROM AND DUE TO OTHER FUNDS**

There were no due from/due to other fund balances at September 30, 2008. Balances in the Library and General Funds of \$134,029 have been eliminated upon consolidation in the government-wide financial statements.

**VII. INTERFUND TRANSFERS**

Individual fund transfers are as follows:

<u>Fund</u>		<u>Transfers In</u>	<u>Transfers Out</u>	
Governmental Activities:	General Fund	\$ 120,000	\$ 111,205	
	Nonmajor Funds- Capital Reserve	100,000	141,200	
	Nonmajor Funds- Park	320,107	-	
	Nonmajor Funds- Storm Water Tax	-	310,107	
	Nonmajor Funds- Public Works	31,200	-	
	Nonmajor Funds- LLEB	1,205	-	
	Nonmajor Funds- Capital Improvement	-	641,115	
	Nonmajor Funds – Tourism Tax	-	10,000	
	City Transportation	-	3,940	
	NID Assessment	3,940	-	
	<b>Total Governmental Activities</b>	<u>576,452</u>	<u>1,217,567</u>	
	Business Type Activities:	Proprietary Fund- Water & Sewer	641,115	-
			<u>641,115</u>	<u>-</u>

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**VIII. INSURANCE**

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a state-wide governmental self-insurance pool which provides property, liability, and worker's compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and has a June 30 anniversary date. MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**IX. LITIGATION**

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. At this time, a reasonable estimate as to the amount or range of potential loss and/or gain cannot be provided.

**X. FESTUS-CRYSTAL CITY SEWAGE TREATMENT COMMISSION**

The City of Festus and the City of Crystal City, Missouri participate in the Festus-Crystal City Sewage Treatment Commission (the Commission) which was formed for the purpose of operating and maintaining a sewage treatment facility for the two cities. Both City Councils appoint two members to the Commission. The City of Festus is committed to pay monthly to the Commission an amount equal to 58 - 60% of the previous month's costs of operation and maintenance of the shared facility and repairs and replacements of equipment. City of Crystal City is committed to pay the remaining 40 - 42% of described costs. Complete financial statements of the Commission can be obtained directly from its administrative offices. The City accounts for its participation in this joint venture under the equity method of accounting to reflect its 58 - 60% ownership of the Commission. The City's interest in the joint venture at September 30, 2008 is \$3,912,369 and its share of the Commission's net loss before adding back depreciation assets financed by grants from other governments is \$137,753.

Depreciation on assets financed by grants from other governments, \$99,990, is reflected in the statement of revenues, expenses, and changes in retained earnings and is due to depreciation expense for fixed assets maintained by the Commission which were purchased with Commission assets. Depreciation expense is charged against contributed capital. For the year ended September 30, 2008, the City's cost for sewage treatment services provided by the Commission was \$626,625, which includes the City's share of operating expenses, capital, and reserve.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**X. FESTUS-CRYSTAL CITY SEWAGE TREATMENT COMMISSION (Concluded)**

The following paragraph is unaudited:

The Commission maintains its accounts on the cash basis. Total assets and equity of the Commission at September 30, 2008 were both \$550,518. Commission management stated that no long-term liabilities were outstanding at September 30, 2008. For the year ended September 30, 2008, total receipts, disbursements, and depreciation were \$1,192,378; \$1,192,378; and \$137,753, respectively, resulting in a net decrease in the Commission's equity of \$137,753.

**XI. CONCENTRATION**

The City entered into a water rate agreement to purchase water from the Jefferson County Water Authority.

**XII. SUBSEQUENT EVENTS**

During the fiscal year, the Council approved the sale of the old Library Building to COMTREA for the sum of \$295,000.

The City of Festus purchased a fire truck in October of 2008 for \$350,000 and made the first monthly payment in November 2008 – payments are monthly in the amount of \$6,406.37 and the interest rate is 3.75%.

During the fiscal year, the Council approved the sale of the Airport for \$2,000,000, pending the approval of financing of the group, who is currently maintaining the airport for the city.

**XIII. PRIOR PERIOD ADJUSTMENT**

The General Fund was adjusted in 2008 by \$7,535 to adjust for prior periods Account Payable.

The Governmental Funds were adjusted in 2008 by \$2,683.28 to adjust for prior period asset net of depreciation.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
GENERAL FUND - BUDGETARY BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Property taxes	221,627	239,138	238,493	(645)
Taxes - other	3,502,211	3,795,500	3,895,875	100,375
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	33,000	42,000	25,463	(16,537)
Licenses and permits	325,350	268,550	297,978	29,428
Fines and penalties	260,300	260,300	254,781	(5,519)
Investment income	40,000	40,000	47,568	7,568
Other	73,680	55,938	121,209	65,271
Service charges	700,225	747,967	765,121	17,154
<b>Total Revenues</b>	<b>5,156,393</b>	<b>5,449,393</b>	<b>5,646,486</b>	<b>197,093</b>
<b>EXPENDITURES</b>				
Current:				
Administration	563,945	563,945	516,175	(47,770)
Court	165,630	165,630	160,619	(5,011)
Building department	350,782	350,782	345,640	(5,142)
Police	2,105,000	2,137,801	2,099,940	(37,861)
Dispatch	444,716	444,716	415,069	(29,647)
Fire	294,952	294,952	279,112	(15,840)
Emergency management	11,140	11,140	7,884	(3,256)
Street	352,315	352,315	338,780	(13,535)
Nondepartmental	888,635	888,635	865,778	(22,857)
Capital outlay	263,286	362,592	349,610	(12,982)
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>5,440,401</b>	<b>5,572,508</b>	<b>5,378,608</b>	<b>(193,900)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(284,008)</b>	<b>(123,115)</b>	<b>267,878</b>	<b>390,993</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	120,000	120,000	-
Transfers out	(153,500)	(111,500)	(111,205)	295
<b>Total Other Financing Sources (Uses)</b>	<b>(153,500)</b>	<b>8,500</b>	<b>8,795</b>	<b>295</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(437,508)</b>	<b>(114,615)</b>	<b>276,673</b>	<b>391,288</b>
FUND BALANCE, OCTOBER 1			1,914,073	
PRIOR PERIOD ADJUSTMENT (See Note XIII)			(7,535)	
FUND BALANCE, SEPTEMBER 30			<u>2,183,211</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
REQUIRED SUPPLEMENTAL INFORMATION –  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**Explanation of Budgetary Process**

Budgets are adopted on an accrual basis. An annual appropriated budget is adopted for the governmental funds except proceeds from notes payable and related expenses. All annual appropriations lapse at fiscal year-end.

In August, all departments submit requests for appropriation to the City's budget committee so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. During September, the budget is presented to the City Council for review. Prior to October 1, the budget is enacted by City Council through passage of an ordinance. Expenditures may not legally exceed budgeted appropriations at the activity level. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original budget ordinance. The City Administrator is authorized to transfer appropriations between budget line items within departments. The City Council must approve transfers between funds and departments.

The Library fund has a negative fund balance due to debt.

**FEDERAL COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

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**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***

To the City Council  
City of Festus, Missouri

We have audited the financial statements of the City of Festus, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our basic report thereon dated April 30, 2009. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Festus' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting 2008-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Festus' 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

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

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2009

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**I. CURRENT YEAR FINANCIAL STATEMENT FINDINGS**

Finding: 2008-01

Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters In An Audit*, which is effective for periods ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Cause: Due to the short time frame for the implementation of the new SAS requirement, the City of Festus, Missouri did not prepare the required documentation.

Condition: Documentation of the components of internal controls has not been prepared.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the City may not be able to ensure that controls are in place, communicated and operating effectively.

Recommendation: We recommend that the City develop the required internal control documentation. In addition, we recommend referring to the COSO internal control guidance and tools as a means to begin the process.

Management's Response: Management recognizes the importance of documenting the City's internal controls and has begun to prepare the appropriate documentation.

**II. PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

Finding: 2007-01

Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters In An Audit*, which is effective for periods ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Cause: Due to the short time frame for the implementation of the new SAS requirement, the City of Festus, Missouri did not prepare the required documentation.

Condition: Documentation of the components of internal controls has not been prepared.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the City may not be able to ensure that controls are in place, communicated and operating effectively.

Recommendation: We recommend that the City develop the required internal control documentation. In addition, we recommend referring to the COSO internal control guidance and tools as a means to begin the process.

Management's Response: Management recognizes the importance of documenting the City's internal controls and has begun to prepare the appropriate documentation.

## **SUPPLEMENTARY INFORMATION**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS

ASSETS	Health	Park	Capital Reserve	Law Enforcement Training	Public Works Building Rehabilitation	Storm Water Tax	Tourism Tax	Local Law Enforcement Block Grant	Sales Tax Reimbursement	Federal Forfeiture	Capital Improvement	Totals
Cash and cash equivalents	75,204	55,219	56,435	2,660	399	197,819	40,285	-	108,703	1,219	215,986	753,929
Investments	80,000	205,050	677,325	-	-	415,000	170,000	-	-	-	-	1,547,375
Restricted cash and investments	-	-	-	-	-	33,894	-	-	-	-	-	33,894
Receivables (net of allowance for uncollectibles):												
Taxes	2,251	52,389	-	-	-	98,763	18,153	-	20,389	-	98,148	290,093
Special Assessments	453	-	-	-	-	-	-	-	-	-	-	453
Interest	424	1,206	4,892	-	-	2,533	888	-	-	-	-	9,942
Other	6,265	525	-	570	-	-	-	-	-	-	-	7,360
Prepaid Items	6,646	12,091	-	-	-	41	-	-	-	-	-	18,778
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	171,243	326,480	738,652	3,230	399	748,050	229,325	-	129,092	1,219	314,134	2,661,824
LIABILITIES												
Accounts Payable	878	5,252	-	-	-	90,909	-	-	-	-	-	97,039
Accrued payroll	3,080	7,735	-	-	-	-	-	-	-	-	-	10,815
Accrued payroll liabilities - other	719	2,388	-	-	-	-	-	-	-	-	-	3,107
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	1,922	2,567	-	-	-	3,000	-	-	-	-	-	7,489
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	1,365	-	-	-	20,437	-	-	-	-	20,438	42,240
Noncurrent liabilities:												
Due Within One Year	-	-	-	-	-	-	-	-	-	-	-	-
Due in More Than one Year	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	6,599	19,307	-	-	-	114,346	-	-	-	-	20,438	160,690
FUND BALANCE												
Reserved for:												
Prepaid items	6,646	12,091	-	-	-	41	-	-	-	-	-	18,778
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:												
Special revenue funds	157,998	295,082	738,652	3,230	399	633,663	229,325	-	129,092	1,219	293,696	2,482,356
Total Fund Balance	164,644	307,173	738,652	3,230	399	633,704	229,325	-	129,092	1,219	293,696	2,501,134
Total Liabilities and Fund Balance	171,243	326,480	738,652	3,230	399	748,050	229,325	-	129,092	1,219	314,134	2,661,824

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION - STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS

REVENUE	Health	Park	Capital Reserve	Law Enforcement Training	Public Works Building Rehabilitation	Storm Water Tax	Tourism Tax	Local Law Enforcement Block Grant	Sales Tax Reimbursement	Federal Forfeiture	Capital Improvement	Totals
Property taxes	123,868	165,466	-	-	-	-	-	-	-	-	-	289,335
Taxes - other	-	-	-	-	-	620,208	85,530	-	227,804	-	618,757	1,552,300
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	-	-	-
Grant Revenue	-	9,853	28,516	570	298	26,410	6,859	15,416	2,857	-	9,705	15,986
Investment income	5,835	-	-	168	-	-	-	-	-	-	-	90,601
Building Lease Payments	18,913	164,090	-	527	-	37,306	2,000	3,616	-	687	-	227,138
Other	148,617	339,409	28,516	1,265	298	683,924	94,388	19,032	230,662	786	628,462	2,175,358
Total Revenues												
EXPENDITURES												
Current:												
Police	-	-	-	6,000	-	-	-	-	-	3,003	-	9,003
Health	101,118	-	-	-	-	-	-	-	-	-	-	101,118
Library	-	-	-	-	-	-	-	-	-	-	-	-
Parks	-	448,716	-	-	-	-	-	-	-	-	-	448,716
Street	-	-	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	97,357	-	-	271,032	-	-	368,389
Capital outlay	9,408	164,201	-	-	49,603	372,080	33,135	20,237	-	-	-	648,664
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	110,526	612,917	-	6,000	49,603	469,437	33,135	20,237	271,032	3,003	-	1,575,890
REVENUES OVER (UNDER) EXPENDITURES	38,091	(273,507)	28,516	(4,735)	(49,305)	214,487	61,253	(1,205)	(40,371)	(2,217)	628,462	599,468
OTHER FINANCING SOURCES (USES)												
Lease purchase proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	320,107	100,000	-	31,200	-	-	1,205	-	-	-	452,512
Transfers out	-	-	(141,200)	-	-	(310,107)	(10,000)	-	-	-	(641,115)	(1,102,421)
Total Other Financing Sources (Uses)	-	320,107	(41,200)	-	31,200	(310,107)	(10,000)	1,205	-	-	(641,115)	(649,909)
NET CHANGE IN FUND BALANCE	38,091	46,599	(12,684)	(4,735)	(18,105)	(95,620)	51,253	-	(40,371)	(2,217)	(12,652)	(50,440)
FUND BALANCES (DEFICIT), OCTOBER 1, 2007	126,532	260,574	751,336	7,965	18,504	729,324	178,072	-	169,463	3,437	306,349	2,551,575
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	-	-
RESTATED FUND BALANCE (DEFICIT) OCT. 1	126,532	260,574	751,336	7,965	18,504	729,324	178,072	-	169,463	3,437	306,349	2,551,575
FUND BALANCES, SEPTEMBER 30, 2008	164,644	307,173	738,652	3,230	399	633,704	229,325	-	129,092	1,219	293,696	2,501,134

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - HEALTH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	124,268	124,268	123,868	(400)
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	2,500	2,500	5,835	3,335
Other	2,350	2,350	18,913	16,563
Total Revenues	<u>129,118</u>	<u>129,118</u>	<u>148,617</u>	<u>19,499</u>
EXPENDITURES				
Current:				
Health	124,153	124,153	101,118	(23,035)
Capital expenditures	4,000	4,000	9,408	5,408
Total Expenditures	<u>128,153</u>	<u>128,153</u>	<u>110,526</u>	<u>(17,627)</u>
REVENUES OVER (UNDER) EXPENDITURES	965	965	38,091	37,126
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>965</u>	<u>965</u>	38,091	<u>37,126</u>
FUND BALANCES, OCTOBER 1			126,552	
FUND BALANCES, SEPTEMBER 30			<u>164,644</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	171,071	166,071	165,466	(605)
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant Revenue	4,008	17,718	21,891	4,173
Investment income	3,000	3,000	4,445	1,445
Building lease payments	68,400	68,400	56,000	(12,400)
Other	69,000	90,000	69,618	(20,382)
Total Revenues	<u>315,479</u>	<u>345,189</u>	<u>317,420</u>	<u>(27,769)</u>
EXPENDITURES				
Current:				
Library	153,384	221,162	203,256	(17,906)
Capital expenditures	1,702,778	1,648,301	1,370,884	(277,417)
Debt Service:				
Principal	37,129	39,194	-	(39,194)
Interest and fiscal charges	30,649	38,137	38,137	(0)
Total Expenditures	<u>1,923,940</u>	<u>1,946,794</u>	<u>1,612,277</u>	<u>(334,517)</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,608,461)	(1,601,605)	(1,294,857)	306,748
OTHER FINANCING SOURCES (USES)				
Lease purchase proceeds	1,600,000	1,600,000	1,192,658	(407,342)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,192,658</u>	<u>(407,342)</u>
NET CHANGE IN FUND BALANCE	<u>(8,461)</u>	<u>(1,605)</u>	(102,199)	<u>(100,594)</u>
FUND BALANCES, OCTOBER 1			2,901	
FUND BALANCES (DEFECIT), SEPTEMBER 30			<u>(99,299)</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - PARK SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	166,071	166,071	165,466	(605)
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	4,000	4,000	9,853	5,853
Other	45,256	45,256	164,090	118,834
Total Revenues	<u>215,327</u>	<u>215,327</u>	<u>339,409</u>	<u>124,082</u>
EXPENDITURES				
Current:				
Parks	498,947	498,947	448,716	(50,231)
Capital expenditures	54,650	54,650	164,201	109,551
Total Expenditures	<u>553,597</u>	<u>553,597</u>	<u>612,917</u>	<u>59,320</u>
REVENUES OVER (UNDER) EXPENDITURES	(338,270)	(338,270)	(273,507)	64,763
OTHER FINANCING SOURCES (USES)				
Transfers in	331,500	331,500	320,107	(11,393)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>331,500</u>	<u>331,500</u>	<u>320,107</u>	<u>(11,393)</u>
NET CHANGE IN FUND BALANCE	<u>(6,770)</u>	<u>(6,770)</u>	46,599	<u>53,369</u>
FUND BALANCES, OCTOBER 1			260,574	
FUND BALANCES, SEPTEMBER 30			<u>307,173</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - CAPITAL RESERVE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	18,000	18,000	28,516	10,516
Other	-	-	-	-
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>28,516</u>	<u>10,516</u>
EXPENDITURES				
Capital expenditures	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	18,000	18,000	28,516	10,516
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(21,200)</u>	<u>(141,200)</u>	<u>(141,200)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>78,800</u>	<u>(41,200)</u>	<u>(41,200)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>96,800</u>	<u>(23,200)</u>	<u>(12,684)</u>	<u>10,516</u>
FUND BALANCES, OCTOBER 1			751,336	
FUND BALANCES, SEPTEMBER 30			<u>738,652</u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET TO ACTUAL - LAW ENFORCEMENT TRAINING SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	2,000	2,000	570	(1,430)
Investment income	100	100	168	68
Other	3,900	3,900	527	(3,373)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>1,265</u>	<u>(4,735)</u>
EXPENDITURES				
Current:				
Police	6,000	6,000	6,000	-
Capital expenditures	-	-	-	-
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	(4,735)	(4,735)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	(4,735)	(4,735)
FUND BALANCES, OCTOBER 1			7,965	
FUND BALANCES, SEPTEMBER 30			<u>3,230</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	13,500	15,416	15,416	-
Investment income	-	-	-	-
Other	-	3,616	3,616	-
Total Revenues	<u>13,500</u>	<u>19,032</u>	<u>19,032</u>	<u>-</u>
EXPENDITURES				
Current:				
Capital expenditures	15,000	20,237	20,237	-
Total Expenditures	<u>15,000</u>	<u>20,237</u>	<u>20,237</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,500)	(1,205)	(1,205)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500	1,500	1,205	(295)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>1,205</u>	<u>(295)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>295</u>	-	<u>(295)</u>
FUND BALANCES, OCTOBER 1			-	
FUND BALANCES, SEPTEMBER 30			<u>-</u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET TO ACTUAL -PUBLIC WORKS BUILDING REHABILITATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	500	297	298	1
Other	-	-	-	-
Total Revenues	<u>500</u>	<u>297</u>	<u>298</u>	<u>1</u>
EXPENDITURES				
Current:				
Nondepartmental				
Capital expenditures	48,700	49,568	49,603	35
Total Expenditures	<u>48,700</u>	<u>49,568</u>	<u>49,603</u>	<u>35</u>
REVENUES OVER (UNDER) EXPENDITURES	(48,200)	(49,271)	(49,305)	(34)
OTHER FINANCING SOURCES (USES)				
Transfers in	31,200	31,200	31,200	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>31,200</u>	<u>31,200</u>	<u>31,200</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(17,000)</u>	<u>(18,071)</u>	(18,105)	<u>(34)</u>
FUND BALANCES, OCTOBER 1			18,504	
FUND BALANCES, SEPTEMBER 30			<u>399</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
CITY TRANSPORTATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes - Other	1,224,500	1,224,500	1,201,787	(22,713)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	45,000	45,000	72,660	27,660
Other	3,500	3,500	11,625	8,125
Total Revenues	<u>1,273,000</u>	<u>1,273,000</u>	<u>1,286,073</u>	<u>13,073</u>
EXPENDITURES				
Current:				
Street	990,109	990,109	758,537	(231,572)
Capital outlay	206,371	206,371	316,587	110,216
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,196,480</u>	<u>1,196,480</u>	<u>1,075,124</u>	<u>(121,356)</u>
REVENUES OVER (UNDER) EXPENDITURES	76,520	76,520	210,949	134,429
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(3,945)	(3,945)	(3,940)	5
Total Other Financing Sources (Uses)	<u>(3,945)</u>	<u>(3,945)</u>	<u>(3,940)</u>	<u>5</u>
NET CHANGE IN FUND BALANCE	<u>72,575</u>	<u>72,575</u>	207,009	<u>134,434</u>
FUND BALANCES, OCTOBER 1			2,122,179	
FUND BALANCES, SEPTEMBER 30			<u>2,329,188</u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
 COUNTY TRANSPORTATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Over
	Original	Final		(Under)
REVENUES				Budget
Taxes	565,000	565,000	784,061	219,061
Intergovernmental			-	-
Grant revenue	-	-	81,719	81,719
Investment income	2,000	2,000	4,765	2,765
Other	-	-	181	181
Total Revenues	<u>567,000</u>	<u>567,000</u>	<u>870,725</u>	<u>303,725</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Capital outlay	1,600,000	1,600,000	865,779	(734,221)
Total Expenditures	<u>1,600,000</u>	<u>1,600,000</u>	<u>865,779</u>	<u>(734,221)</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,033,000)	(1,033,000)	4,946	1,037,946
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,033,000)</u>	<u>(1,033,000)</u>	4,946	<u>1,037,946</u>
FUND BALANCES, OCTOBER 1			223,977	
FUND BALANCES, SEPTEMBER 30			<u>228,922</u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET TO ACTUAL - STORM WATER SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	643,000	643,000	620,208	(22,792)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	15,000	15,000	26,410	11,410
Other	-	-	37,306	37,306
Total Revenues	<u>658,000</u>	<u>658,000</u>	<u>683,924</u>	<u>25,924</u>
EXPENDITURES				
Current:				
Nondepartmental	287,450	287,450	97,357	(190,093)
Capital expenditures	141,949	391,249	372,080	(19,169)
Total Expenditures	<u>429,399</u>	<u>678,699</u>	<u>469,437</u>	<u>(209,262)</u>
REVENUES OVER (UNDER) EXPENDITURES	228,601	(20,699)	214,487	235,186
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(321,500)</u>	<u>(321,500)</u>	<u>(310,107)</u>	<u>11,393</u>
Total Other Financing Sources (Uses)	<u>(321,500)</u>	<u>(321,500)</u>	<u>(310,107)</u>	<u>11,393</u>
NET CHANGE IN FUND BALANCE	<u>(92,899)</u>	<u>(342,199)</u>	<u>(95,620)</u>	<u>246,579</u>
FUND BALANCES, OCTOBER 1			729,324	
FUND BALANCES, SEPTEMBER 30			<u>633,704</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - TOURISM TAX SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	70,000	70,000	85,530	15,530
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	2,000	2,000	6,859	4,859
Other	-	-	2,000	2,000
Total Revenues	<u>72,000</u>	<u>72,000</u>	<u>94,388</u>	<u>22,388</u>
EXPENDITURES				
Current:				
Nondepartmental	-	-	-	-
Capital expenditures	40,000	40,000	33,135	(6,865)
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>33,135</u>	<u>(6,865)</u>
REVENUES OVER (UNDER) EXPENDITURES	32,000	32,000	61,253	29,253
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>22,000</u>	<u>22,000</u>	51,253	<u>29,253</u>
FUND BALANCES, OCTOBER 1			178,072	
FUND BALANCES, SEPTEMBER 30			<u>229,325</u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET TO ACTUAL - SALES TAX REIMBURSEMENT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	275,000	275,000	227,804	(47,196)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	2,000	2,000	2,857	857
Other	-	-	-	-
Total Revenues	<u>277,000</u>	<u>277,000</u>	<u>230,662</u>	<u>(46,338)</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>277,000</u>	<u>277,000</u>	<u>271,032</u>	<u>(5,968)</u>
Total Expenditures	<u>277,000</u>	<u>277,000</u>	<u>271,032</u>	<u>(5,968)</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	(40,371)	(40,371)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	(40,371)	<u>(40,371)</u>
FUND BALANCES, OCTOBER 1			169,463	
FUND BALANCES, SEPTEMBER 30			<u>129,092</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - FEDERAL FORFEITURE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	-	96	99	3
Other	-	687	687	-
Total Revenues	-	783	786	3
EXPENDITURES				
Current:				
Police	3,445	3,003	3,003	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Principal	-	-	-	-
Total Expenditures	3,445	3,003	3,003	-
REVENUES OVER (UNDER) EXPENDITURES	(3,445)	(2,220)	(2,217)	3
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(3,445)	(2,220)	(2,217)	3
FUND BALANCES, OCTOBER 1			3,437	
FUND BALANCES, SEPTEMBER 30			1,219	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - CAPITAL IMPROVEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	630,000	630,000	618,757	(11,243)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Grant revenue	-	-	-	-
Investment income	1,000	1,000	9,705	8,705
Other	-	-	-	-
Total Revenues	<u>631,000</u>	<u>631,000</u>	<u>628,462</u>	<u>(2,538)</u>
EXPENDITURES				
Current:				
Police	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Principal	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	631,000	631,000	628,462	(2,538)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(920,000)</u>	<u>(920,000)</u>	<u>(641,115)</u>	<u>278,885</u>
Total Other Financing Sources (Uses)	<u>(920,000)</u>	<u>(920,000)</u>	<u>(641,115)</u>	<u>278,885</u>
NET CHANGE IN FUND BALANCE	<u>(289,000)</u>	<u>(289,000)</u>	(12,652)	<u>276,348</u>
FUND BALANCES, OCTOBER 1			306,349	
FUND BALANCES, SEPTEMBER 30			<u>293,696</u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET TO ACTUAL - NID ASSESSMENT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	49,937	49,937	62,564	12,627
Grant revenue	-	-	-	-
Investment income	300	300	6,080	5,780
Other	-	-	-	-
Total Revenues	<u>50,237</u>	<u>50,237</u>	<u>68,644</u>	<u>18,407</u>
EXPENDITURES				
Current:				
Nondepartmental	750	1,400	1,339	(61)
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	27,900	27,900	27,804	(96)
Principal	25,266	25,266	-	(25,266)
Total Expenditures	<u>53,916</u>	<u>54,566</u>	<u>29,143</u>	<u>(25,423)</u>
REVENUES OVER (UNDER) EXPENDITURES	(3,679)	(4,329)	39,501	43,830
OTHER FINANCING SOURCES (USES)				
Transfers in	3,945	3,945	3,940	(5)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,945</u>	<u>3,945</u>	<u>3,940</u>	<u>(5)</u>
NET CHANGE IN FUND BALANCE	<u>266</u>	<u>(384)</u>	43,441	<u>43,825</u>
FUND BALANCES, OCTOBER 1			(559,600)	
PRIOR PERIOD ADJUSTMENT			-	
FUND BALANCES, SEPTEMBER 30			<u>(516,159)</u>	