

**CITY OF FESTUS, MISSOURI  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2005**

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## INDEPENDENT AUDITORS' 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 unit, 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, 2005, 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, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 1, the modified cash basis financial position of the governmental activities of the City of Festus, Missouri as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable there of for the year then ended in conformity with U.S. generally accepted accounting principles.

During fiscal year 2004, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2006 on our consideration of the City of Festus, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Required Supplemental Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. 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, Missouri's basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

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

January 17, 2006

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2005

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, 2005. 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 \$13,973,133 (net assets). Of this amount, \$3,856,260 (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 2005 fiscal year, the City of Festus's Governmental Fund Statements reported combined ending fund balances of \$5,241,863, an increase of \$1,010,288 in comparison with the prior year. Approximately 95% of this total amount or \$4,977,965 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. The remaining 5% or \$263,898 is held as a reserve fund balance.
- As of the close of the 2005 fiscal year, the City of Festus's Proprietary Funds reported combined ending net assets of \$6,412,326, an increase of \$448,223 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,882,253 or 40% of total general fund expenditures.
- The City's total debt decreased by \$487,277 during the current fiscal year to a total of \$16,184,645.

## 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's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City 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).

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2005

**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 a legally separate redevelopment agency. Financial information for the component unit is 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 three *business-type activities* that include a municipal airport, water and sewer department and a vehicle maintenance 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, City Transportation Tax Fund, and County Transportation Tax Fund, all of which are considered to be 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.

The City of Festus, Missouri also operates an internal service fund used to account for financing of services provided by one department to other departments of the City on a cost-plus basis. The City's internal service fund is the Vehicle Maintenance Fund.

**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 second 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 \$13,973,133 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**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<i>Assets</i>						
Current & Other Assets	\$ 8,330,298	\$ 6,894,276	\$11,710,989	\$ 8,054,661	\$20,041,287	\$14,948,937
Capital Assets, Net	5,615,961	5,200,167	7,355,130	11,003,239	12,971,091	16,203,406
<b>Total Assets</b>	<b>13,946,259</b>	<b>12,094,443</b>	<b>19,066,119</b>	<b>19,057,900</b>	<b>33,012,378</b>	<b>31,152,343</b>
<i>Liabilities</i>						
Long-Term Liabilities	4,192,798	4,428,261	11,991,847	12,243,661	16,184,645	16,671,922
Other Liabilities	2,192,654	2,008,889	661,946	850,136	2,854,600	2,859,025
<b>Total Liabilities</b>	<b>6,385,452</b>	<b>6,437,150</b>	<b>12,653,793</b>	<b>13,093,797</b>	<b>19,039,245</b>	<b>19,530,947</b>
<i>Net Assets</i>						
Invested in Capital Assets, Net of Related Debt	5,633,965	4,151,993	4,162,381	2,732,966	9,796,346	6,884,959
Restricted	62,054	183,737	258,473	258,115	320,527	441,852
Unrestricted	1,864,788	1,321,563	1,991,472	2,973,022	3,856,260	4,294,585
<b>Total Net Assets</b>	<b>\$ 7,560,807</b>	<b>\$ 5,657,293</b>	<b>\$ 6,412,326</b>	<b>\$ 5,964,103</b>	<b>\$13,973,133</b>	<b>\$11,621,396</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 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$3,856,260 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2005, the City of Festus, Missouri is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,160,732	\$ 1,145,943	\$ 3,922,871	\$ 3,483,066	\$ 5,083,603	\$ 4,629,009
Operating Grants	178,566	444,512	17,100	-	195,666	444,512
Capital Grants	19,382	1,317,112	8,996	336,647	28,378	1,653,759
General Revenues						
Taxes	6,395,819	5,514,361	-	-	6,395,819	5,514,361
Licenses (taxes)	146,824	147,951	-	-	146,824	147,951
Investment Income	84,850	21,812	207,541	174,022	292,391	195,834
Joint Venture Loss, Net	-	-	(136,755)	(40,943)	(136,755)	(40,943)
Miscellaneous	220,894	118,231	3,102	125,000	223,996	243,231
<b>Total Revenue</b>	<b>8,207,067</b>	<b>8,709,922</b>	<b>4,022,855</b>	<b>4,077,792</b>	<b>12,229,922</b>	<b>12,787,714</b>
<b>Expenses</b>						
Administration	579,225	575,073	-	-	579,225	575,073
Court	193,046	221,491	-	-	193,046	221,491
Building Department	254,585	211,091	-	-	254,585	211,091
Police	1,928,497	1,884,327	-	-	1,928,497	1,884,327
Dispatch	416,631	403,708	-	-	416,631	403,708
Fire	274,336	329,885	-	-	274,336	329,885
Emergency Management	6,405	-	-	-	6,405	-
Street	463,232	169,427	-	-	463,232	169,427
Health	78,691	76,475	-	-	78,691	76,475
Library	185,992	192,816	-	-	185,992	192,816
Parks	441,116	311,496	-	-	441,116	311,496
Public Works	612,643	716,984	-	-	612,643	716,984
Non-Departmental	911,412	724,836	-	-	911,412	724,836
Economic Development	-	2,329,953	-	-	-	2,329,953
Interest and Fiscal Charges	33,827	30,642	-	-	33,827	30,642
Airport	-	-	65,064	351,462	65,064	351,462
Water and Sewer	-	-	3,565,297	3,469,804	3,565,297	3,469,804
<b>Total Expenses</b>	<b>6,379,638</b>	<b>8,178,204</b>	<b>3,630,361</b>	<b>3,821,266</b>	<b>10,009,999</b>	<b>11,999,470</b>
Special Items:						
Transfers	-	(959,099)	-	959,099	-	-
<b>Increase (decrease)</b>	<b>\$ 1,827,429</b>	<b>\$ (427,381)</b>	<b>\$ 392,494</b>	<b>\$ 1,215,625</b>	<b>\$ 2,219,923</b>	<b>\$ 788,244</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, including property taxes, increased 5% for the year for the General Fund and Special Revenue Funds. The sales tax benefited an increase of almost \$200,000 or 5% compared to last year. The Utility Gross Receipts tax had an increase of \$22,578 or 4% compared to last year receipts. The State Gas Tax and Vehicle Gas Tax both decreased by less than 1% compared to last year. The City's business licenses and Building Permits had decreases from last year of 1% and 10%, respectively. The General Fund received donations in the amount of \$25,463, which included \$25,000 donated by Home Depot to purchase and install a public warning siren.
- The police department received a COPS Grant in the amount of \$117,266 that was used for a methamphetamine program administered by Festus with participants from other local police departments. In addition they received a Local Law Enforcement Block Grant in the amount of \$14,452 that was used to purchase video equipment and radios
- The City began the collection of a 2 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 \$68,139 for the fiscal year ending 2004 and \$69,159 for the fiscal year ending 2005. The City was able to use the funds during 2005 to construct a pavilion and a public restroom at Sunset Park.
- 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 2005, the unreserved fund balance of the general fund was \$1,882,253, while the total fund balance was \$2,024,503. 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 38.1% of total general fund expenditures and transfers out of \$4,938,046, while total fund balance represents 41.0% of total general fund expenditures and transfers out.

The fund balance of the City's general fund decreased by \$20,823 or 1.0%, from the prior-year fund balance. The change of the current year's fund balances is mainly due to:

- Sales tax revenue increased due to the Lowe's and Home Depot retail stores being in business for a full year in 2005, which was then offset in expenses by adding one additional person to the building department, increasing the lagers benefit, moving additional personnel from the City Transportation Fund over to the General Fund Street Department and increasing capital expenditures.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**GOVERNMENTAL FUNDS (continued)**

- Real Estate and Personal Property Tax increased due to the prior year's increase in residential buildings in the five new subdivisions being taxed for a full year. Building permits decreased from the prior year, reflecting a slow down in new construction in the City.

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

- The City Transportation Fund increased by \$448,619 or 42.0% from the prior-year. This increase was in part a result from the additional sales tax generated from the new Lowe's and Home Depot retail stores being in operation for a full year. The other significant change was the transfer of a portion of street department wages from the City Transportation Fund to the General Fund. At the end of September 30, 2005 the unreserved fund balance of \$1,486,154 is available for spending at the City's discretion.
- The County Transportation Fund increased by \$2,717 or 1.3% from the prior year. At the end of September 30, 2005 the unreserved fund balance of \$210,005 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 \$1,507,327 available at September 30, 2005.

**PROPRIETARY FUNDS**

Business-type activities increased the City's net assets by \$448,223, which is an increase of 7.5% than the prior fiscal year. Key elements of this change are as follows:

- The City's Municipal Airport had a decrease in net assets of \$16,713 or (4.5%) from the prior year. The City's Municipal Airport is currently being operated under a new 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.
- The Water and Sewer Fund had an increase in net assets in the amount of \$409,207 or 7.3% from the prior year. The City water sales increased in the amount of \$355,122 or 17.7% from the prior year. This is a result from an increase in water rates needed in order to purchase water from the Jefferson County Water Authority and to meet debt service requirements. The City sewer sales increased in the amount of \$56,013 or 6.5%. Water taps had a decrease of \$57,339 or (37.3%) from the prior year, which is offset by a decrease in the costs of installing new residential water meters. Sewer taps had a decrease of \$66,251 or (22.4%) from the prior year.

**CAPITAL ASSETS**

The City of Festus's investment in capital assets for its governmental and business type activities as of September 30, 2005 amounts to \$12,971,088 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The decrease in the City of Festus's investment in capital assets for the current fiscal year was (19.9%), (an 8% increase for governmental activities and a (33%) decrease for business-type activities).

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

**Governmental Activities:**

- Easement purchased in the amount of \$5,300.00 for the purpose of constructing and maintaining a fence along the right of way of the Burlington Northern Railroad needed in order to construct the Festus Bikeway System.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2005

**Governmental Activities (continued)**

- Other land additions included \$42,691.79 for the Fire Department's new firehouse; \$8,000.00 for the Health Department's kennel, and two parcels for the Non-Departmental fund storm water sewer projects in the amounts of \$3,552.00 and \$3,629.61.
- Construction in progress balance amounted to \$134,867, which consisted of a new restroom and a park pavilion at Sunset Park and the Festus Bikeway System still under construction.
- Building and other improvements additions of \$137,972 included \$46,748 to revamp HVAC-phase 3 at City Hall, \$13,598 in improvements to the new Emergency Operations Center, \$63,813 new restroom at West City Park, \$10,733 for the Park Department office, and \$3,080 for a rock bin.
- Office equipment additions of \$14,659 were for new computers and software for various departments and the \$1,627 reduction was for a computer system removed from service and destroyed.
- A 1988 truck with a Mack tank was purchased for \$14,000 from the Non-Departmental fund to be used at the City's old landfill site. The Park Department purchased a Bobcat skid loader with a 74" bucket, a Bobcat backhoe with a 13" bucket, and a 2005 pickup truck for a total of \$43,142. The Police Department bought two 2004 vehicles for \$15,614 each and a 1992 utility van for \$2,500. Two pickup trucks were purchased for \$12,489 each for the Street Department, along with a 2005 backhoe/loader for \$71,300, a snowplow with a v-box spreader for \$13,838, a 2005 dump truck for \$62,166 and a pull tarp system for \$1,006. Reductions to the automotive equipment group included two police vehicles at a historical cost of \$14,000 and \$8,150 and from the Street Department a tractor with a cost of \$31,522, a tandem dump truck with a cost of \$25,000 and a dump truck with a cost of \$10,000, totaling \$88,672 in reductions.
- Two new rotating storm sirens were installed at a cost of \$22,785 and \$23,060. The Emergency Management Department also purchased a 128-channel local government radio for \$1,131. The Fire Department purchased various pieces of scuba equipment, including air packs, a Survivair kit, and a defender tank, as well as a light bar for a total expense of \$16,272. The Health Department purchased a mosquito fogger for \$7,500. A new Playmaker playground structure was purchased for the Park Department at a cost of \$42,265. Also the Park Department purchased a 61" Grasshopper mower for \$2,209. The Police Department purchased five video systems for \$2,900 each and three video systems with leather holsters for \$2,909 each., as well as a radar unit for \$2,059 and a fingerprint machine for \$1,000. An ice machine was purchased for the Street Department at a cost of \$1,243.
- The City constructed a storm water project on Festus-Horine Road that amounted to \$68,492.
- The Park Department added infrastructure improvements of a guardrail, fencing, and a tie wall for a total of \$8,991.
- The City did overlays totaling \$246,623 on Fifth Street, Grand Avenue, Warne Street, Ann Street, Harrison Lane, Maple Street, West Main Street, and Pounds Road.

**Business-Type Activities:**

- The main reason for the decrease in the construction in progress amount is the completion of the new sewer treatment facility that is jointly operated with the City of Crystal City. The completed amount is reflected as an Investment in joint venture on the Statement of Net Assets.
- The Construction in Progress balance amounted to \$130,205, included in this amount is 18" parallel sewer line, Tanglewood lift station, and Ashford & Greenbrier lift station.
- The Water Department installed an 8" water main extension on South Adams for \$18,153 and a 6" water main extension on Joachim for \$16,194. Also the elevated water tower was repainted at a cost of \$48,011 and the concrete water tank was recoated at a cost of \$101,788.
- The Systems and improvements reduction is for the Northwood sewage treatment plant that was destroyed

CITY OF FESTUS, MISSOURI  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDING SEPTEMBER 30, 2005

**Business-Type Activities: (continued)**

- The Water Department purchased a 2005 pickup truck for \$13,987 and sold a pickup truck originally acquired in 1989 at a cost of \$14,000.
- The City contracted to have a sewer lift station built in the Alexander Heights Subdivision that cost \$149,124, which will be assessed over 18 years to the twelve property owners benefiting from the improvement.
- Additions to Machinery and equipment includes a 23 HP pump costing \$2,700; a submersible pump costing \$8,695; a tapping and stopping unit costing \$17,592; a stopping unit costing \$10,140; a Bobcat trencher costing \$2,608; a 76" rotary tiller costing \$3,220; a set of Bobcat tracks costing \$2,900; a jet rodder hose costing \$1,517; a 2005 backhoe loader costing \$69,500; a Warthog with accessories costing \$1,312; and an ice machine costing \$1,243. The reductions included an icemaker that was destroyed and a sewer jetter cleaner that was sold
- A payment box was purchased and installed at a cost of \$1,698.
- Credit card readers were purchased for the Airport at a total cost of \$10,784.
- The Water Department disposed of a photocopier with a historical cost of \$4,955.

City of Festus Capital Assets (net of depreciation)	Government Activities		Business-type Activities		Total Capital Assets	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,115,431	\$ 1,052,257	\$ 233,814	\$ 233,814	\$ 1,349,245	\$ 1,286,071
Construction in Progress	134,867	142,487	130,205	3,686,943	265,072	3,829,430
Systems and Improvements			6,020,740	6,117,992	6,020,740	6,117,992
Buildings and Other Improvements	1,461,231	1,432,511	346,014	376,102	1,807,245	1,808,613
Office Equipment	38,658	41,471			38,658	41,471
Automotive Equipment	517,032	440,738	85,566	106,636	602,598	547,374
Machinery and Equipment	296,224	264,471	517,698	469,656	813,922	734,127
Furniture and Fixtures			3,833	2,972	3,833	2,972
Computer Equipment			17,257	9,124	17,257	9,124
Infrastructure	2,052,518	1,826,232			2,052,518	1,826,232
Capital Assets, Net	\$ 5,615,961	\$ 5,200,167	\$ 7,355,127	\$ 11,003,239	\$ 12,971,088	\$ 16,203,406

**LONG-TERM DEBT**

**Governmental Activities:**

At the end of September 30, 2005, the City had outstanding long-term debt obligations for governmental activities in the amount of \$4,088,843 compared to \$4,337,226 in 2004. The City's obligations include a Neighborhood Improvement District Bonds in the amount of \$609,997 that will be assessed to property owners benefiting from improvements within the Bailey Station, Tanglewood, and Alexander Heights Subdivisions over the next 18 years. Capital lease obligations outstanding totaled \$55,422, which include a capital lease for a sewer cleaner and a capital lease for police vehicles. 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).

CITY OF FESTUS, MISSOURI  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDING SEPTEMBER 30, 2005

**LONG-TERM DEBT (continued)**

**Business-type Activities:**

At the end of September 30, 2005, the City had outstanding long-term debt obligations for business-type activities in the amount of \$11,980,078 compared to \$12,235,565 in 2004. The net increase in notes payable for business-type activities of \$104,373 included a decrease in the notes payable for the Pounds Sewer Project in the amount of \$30,449, a decrease in the 2001C State Revolving Fund Loan in the amount of \$10,021 and an increase in the 2002B State Revolving Fund Loan in the amount of \$144,843. This increase is a result of the release of construction funds related to the construction of the new sewage treatment facility whereas; the state will match 70% of the construction funds to fund up the reserve account.

City of Festus Outstanding Long-Term Debt Obligations September 30, 2005	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Capital Leases	\$ 55,422	\$ 105,572	\$ 45,812	\$ 59,617	\$ 101,234	\$ 165,189
Revenue Bonds			8,700,780	9,038,492	8,700,780	9,038,492
NID	609,997	631,654	235,003	243,346	845,000	875,000
Notes Payable	3,423,424	3,600,000	2,998,483	2,894,110	6,421,907	6,494,110
<b>Total</b>	<b>\$ 4,088,843</b>	<b>\$ 4,337,226</b>	<b>\$ 11,980,078</b>	<b>\$12,235,565</b>	<b>\$16,068,921</b>	<b>\$16,572,791</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 \$49,119 over what was actually budgeted. Conservatism was used in designating a budget amount for Building Permits and Investment Income and both had revenues higher than budget. The variance in service charges was due to the actual number of trash customers being larger than the number used for the budget. Intergovernmental actual was less than budget largely due to the amount of the Traffic Cop Grant being less than what was originally projected.
- Under administration, the City budgeted \$27,500 in legal and engineering fees whereas, the expenditures only amounted to \$8,453. In addition the auditing fees were budgeted at \$15,000 and actual expenditures were only \$10,971.
- Under court, personal services were less than budgeted by 4% due to legal fees actual expenditures coming in over \$3,000 less than amount budgeted. Office expenses were down by 33% of what was budgeted and special expenses were 22% less than budget.
- The police department was under budget by \$88,009, which included under-spending of overtime wages by 58%, benefits 10% less than budgeted, and special expenses coming in 13% under budget.
- Fire Department personal services were 8% under budget, in part due to a change in pay to part time personnel and also engineering fees were only 30% of the amount budgeted. The utilities and maintenance actual expenses for the Fire Department were less than 50% of the amount budgeted.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2005

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

- The Street Department's actual expenditures were under budget in total by 13%. This was due to several employee positions not being filled for the full year
- Non-Departmental was under budget by \$25,713, which was due in part to grass and weed cutting, limb pickup and other special expenses coming in at over \$20,000 under budget. Most of the remaining difference was health insurance expenses for retirees being less than amount budgeted.
- Capital outlay purchases were under budget by \$110,152, which was in part a result of the storm sewer projects that were budgeted but did not get completed in the current fiscal year.

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 \$67,424 less what was budgeted and the investment income coming in \$21,276 over budget.
- Expenditures for the City's Transportation Tax Fund were \$331,997 under the amount budgeted. The two primary categories for this were material and supply, which was \$153,195 under budget and special expenses, which was \$110,216 under budget.
- The County Transportation Tax Fund showed intergovernmental revenue under budget by \$459,508, which was a result of grant revenue budgeted for the Festus Bikeway System that was delayed in construction until the spring of 2006. Public Works expenditures in this fund were under budget by \$250,000, which was a result of storm drain projects that did not get started.

**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  
FESTUS, MISSOURI  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2005

	Primary Government		Total	Componet Unit
	Governmental Activities	Business Type Activities		Library
<b>ASSETS</b>				
Cash and investments	4,470,233	1,915,832	6,386,065	-
Restricted cash and investments	18,004	4,486,510	4,504,514	73,640
Receivables (net of allowance for uncollectibles)				
Taxes	2,203,750	-	2,203,750	-
Special assessments	872,484	241,388	1,113,872	-
Service charges	-	401,365	401,365	-
Interest	22,513	46,938	69,451	-
Other	450,569	67,863	518,432	-
Court	88,675	-	88,675	-
Prepaid items	204,070	76,953	281,023	-
Internal balances	-	-	-	-
Inventory	-	39,845	39,845	-
Investment in joint venture	-	4,283,686	4,283,686	-
Debt issue costs	-	150,609	150,609	-
Capital assets:				
Land and construction in progress	1,250,298	364,022	1,614,320	-
Other capital assets, net of accumulated depreciation	4,365,663	6,991,108	11,356,771	-
Total Assets	<u>13,946,259</u>	<u>19,066,119</u>	<u>33,012,378</u>	<u>73,640</u>
<b>LIABILITIES</b>				
Accounts payable	367,402	292,310	659,712	-
Accrued payroll	111,012	27,167	138,179	-
Accrued payroll liabilities - other	28,037	3,571	31,608	-
Accrued interest	2,511	98,953	101,464	-
Deposits payable	-	220,599	220,599	-
Fund held for others	18,004	-	18,004	-
Unearned revenue	1,594,344	-	1,594,344	-
Other liabilities	71,344	19,346	90,690	-
Noncurrent liabilities:				
Due Within One Year	84,409	416,495	500,904	-
Due in More Than One Year	4,108,389	11,575,352	15,683,741	-
Total Liabilities	<u>6,385,452</u>	<u>12,653,793</u>	<u>19,039,245</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,633,965	4,162,381	9,796,346	-
Reserved for debt service funds	62,054	133,473	195,527	-
Reserved for sewer line extension	-	125,000	125,000	-
Unrestricted	1,864,788	1,991,472	3,856,260	73,640
Total Net Assets	<u>7,560,807</u>	<u>6,412,326</u>	<u>13,973,133</u>	<u>73,640</u>

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

CITY OF FESTUS  
FESTUS, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Functions/Programs	Program Cash Receipts				Net (Expense) Revenue and Changes in Net Assets			Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Unit Library
<b>Governmental Activities:</b>								
Administration	579,225	-	2,625	-	(576,600)	-	(576,600)	-
Court	193,046	287,558	-	-	94,512	-	94,512	-
Building Department	254,585	116,032	-	-	(138,553)	-	(138,553)	-
Police	1,928,497	6,173	141,714	14,452	(1,766,158)	-	(1,766,158)	-
Dispatch	416,631	46,350	-	-	(370,281)	-	(370,281)	-
Fire	274,336	8,225	-	-	(266,111)	-	(266,111)	-
Emergency Management	6,405	-	-	-	(6,405)	-	(6,405)	-
Street	463,232	-	-	-	(463,232)	-	(463,232)	-
Health	78,691	2,101	-	-	(76,590)	-	(76,590)	-
Library	185,992	35,849	7,179	4,148	(138,816)	-	(138,816)	-
Parks	441,116	45,554	20	-	(395,542)	-	(395,542)	-
Public Works	612,643	4,800	-	782	(607,061)	-	(607,061)	-
Nondepartmental	911,412	608,090	25,463	-	(277,859)	-	(277,859)	-
Economic development	-	-	1,565	-	1,565	-	1,565	-
Interest and Fiscal Charges	33,827	-	-	-	(33,827)	-	(33,827)	-
<b>Total Government Activities</b>	<b>6,379,638</b>	<b>1,160,732</b>	<b>178,566</b>	<b>19,382</b>	<b>(5,020,958)</b>	<b>-</b>	<b>(5,020,958)</b>	<b>-</b>
<b>Business-type Activities:</b>								
Airport	65,064	23,832	17,100	3,684	-	(20,448)	(20,448)	-
Water and Sewer	3,565,297	3,899,039	-	5,312	-	339,054	339,054	-
<b>Total Business-type Activities</b>	<b>3,630,361</b>	<b>3,922,871</b>	<b>17,100</b>	<b>8,996</b>	<b>-</b>	<b>318,606</b>	<b>318,606</b>	<b>-</b>
<b>Total Primary Government</b>	<b>10,009,999</b>	<b>5,083,603</b>	<b>195,666</b>	<b>28,378</b>	<b>(5,020,958)</b>	<b>318,606</b>	<b>(4,702,352)</b>	<b>-</b>
<b>Component Unit - Library</b>	<b>131,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(131,578)</b>
<b>General Revenues</b>								
Taxes:								
Sales tax					4,558,221	-	4,558,221	-
Property tax					554,223	-	554,223	-
Taxes - other					1,283,375	-	1,283,375	-
Licenses (taxes)					146,824	-	146,824	-
Investment income					84,850	207,541	292,391	1,261
Joint venture loss net					-	(136,755)	(136,755)	-
Miscellaneous					220,894	3,102	223,996	-
Transfers					-	-	-	-
<b>Total General Revenues</b>					<b>6,848,387</b>	<b>73,888</b>	<b>6,922,275</b>	<b>1,261</b>
<b>CHANGE IN NET ASSETS</b>					<b>1,827,429</b>	<b>392,494</b>	<b>2,219,923</b>	<b>(130,317)</b>
<b>NET ASSETS OCTOBER 1</b>					<b>5,657,293</b>	<b>5,964,103</b>	<b>11,621,396</b>	<b>203,957</b>
<b>PRIOR PERIOD ADJUSTMENT (SEE NOTE XII)</b>					<b>76,085</b>	<b>55,729</b>	<b>131,814</b>	<b>-</b>
<b>NET ASSETS SEPTEMBER 30</b>					<b>7,560,807</b>	<b>6,412,326</b>	<b>13,973,133</b>	<b>73,640</b>

CITY OF FESTUS  
FESTUS, MISSOURI  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2005

ASSETS	General Fund	City Transportation	County Transportation	Other Governmental Funds	Total Governmental Fund
Cash and investments	1,519,172	1,350,113	205,665	1,395,283	4,470,233
Restricted cash and investments	18,004	-	-	-	18,004
Receivables (net of allowance for uncollectibles)					
Taxes	504,779	-	1,509,977	188,994	2,203,750
Special assessments	-	-	-	872,484	872,484
Interest	7,750	8,185	1,227	5,351	22,513
Other	158,895	208,896	463	82,229	450,483
Court	88,675	-	-	-	88,675
Prepaid items	142,251	30,500	-	29,094	201,845
Due from other funds	92,810	-	-	-	92,810
Total Assets	<u>2,532,336</u>	<u>1,597,694</u>	<u>1,717,332</u>	<u>2,573,435</u>	<u>8,420,797</u>
<b>LIABILITIES</b>					
Accounts payable	202,873	69,987	-	89,015	361,875
Accrued payroll	85,186	9,322	-	13,007	107,515
Accrued payroll liabilities - other	19,588	1,731	-	1,248	22,567
Due to other funds	-	-	-	82,907	82,907
Fund held for others	18,004	-	-	-	18,004
Deferred revenue	114,029	-	1,507,327	893,366	2,514,722
Other liabilities	68,153	-	-	3,191	71,344
Total Liabilities	<u>507,833</u>	<u>81,040</u>	<u>1,507,327</u>	<u>1,082,734</u>	<u>3,178,934</u>
<b>FUND BALANCE</b>					
Reserved:					
Prepaid items	142,250	30,500	-	29,094	201,844
Encumbrances	-	-	-	-	-
Debt service fund	-	-	-	62,054	62,054
Unrestricted:					
General fund	1,882,253	-	-	-	1,882,253
Special revenue fund	-	1,486,154	210,005	1,399,553	3,095,712
Total Fund Balances	<u>2,024,503</u>	<u>1,516,654</u>	<u>210,005</u>	<u>1,490,701</u>	<u>5,241,863</u>
Total Liabilities and Fund Balances	<u>2,532,336</u>	<u>1,597,694</u>	<u>1,717,332</u>	<u>2,573,435</u>	<u>8,420,797</u>

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

CITY OF FESTUS  
 FESTUS, MISSOURI  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

Total Fund Balances - Governmental Funds	5,241,863
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$11,055,281 and the accumulated depreciation is \$5,439,320.	5,615,961
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds	920,378
The Internal Service Fund is used by the City to charge for services provided by the vehicle maintenance department to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets	(24,062)
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 interest payable	(2,511)
Accrued compensated absences	(101,979)
Bonds and notes payable outstanding	<u>(4,088,843)</u>
Net Assets Of Governmental Activities	<u><u>7,560,807</u></u>

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

CITY OF FESTUS  
FESTUS, MISSOURI  
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	General Fund	City Transportation	County Transportation	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	174,618	-	-	349,237	523,855
Taxes - other	3,369,829	1,128,216	351,991	855,492	5,705,528
Intergovernmental	22,048	65	782	147,769	170,664
Special assessments	-	-	-	32,019	32,019
Licenses and permits	259,013	-	-	-	259,013
Fines and penalties	290,883	-	-	-	290,883
Investment income	32,108	25,776	2,611	24,356	84,851
Other	54,982	22,575	105	142,541	220,203
Service charges	654,441	-	-	-	654,441
<b>Total Revenues</b>	<u>4,857,922</u>	<u>1,176,632</u>	<u>355,489</u>	<u>1,551,414</u>	<u>7,941,457</u>
<b>EXPENDITURES</b>					
Current:					
Administration	503,501	-	-	-	503,501
Court	191,802	-	-	-	191,802
Building Department	249,162	-	-	-	249,162
Police	1,770,215	-	-	74,138	1,844,353
Dispatch	401,870	-	-	-	401,870
Fire	237,293	-	-	-	237,293
Emergency management	861	-	-	-	861
Street	248,700	-	-	-	248,700
Health	-	-	-	74,419	74,419
Library	-	-	-	175,811	175,811
Parks	-	-	-	377,569	377,569
Public works	-	612,643	-	-	612,643
Nondepartmental	774,702	-	-	10,814	785,516
Economic development	-	-	-	-	-
Capital outlay	313,747	113,404	352,772	390,950	1,170,873
Debt service:					
Principal	6,924	-	-	62,436	69,360
Interest and Fiscal Charges	363	-	-	33,518	33,881
<b>Total Expenditures</b>	<u>4,699,140</u>	<u>726,047</u>	<u>352,772</u>	<u>1,199,655</u>	<u>6,977,614</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>158,782</b>	<b>450,585</b>	<b>2,717</b>	<b>351,759</b>	<b>963,843</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from note payable	-	-	-	-	-
Transfers in	7,131	-	-	213,082	220,213
Transfers out	(238,906)	(3,816)	-	(7,131)	(249,853)
<b>Total Other Financing Sources (Uses)</b>	<u>(231,775)</u>	<u>(3,816)</u>	<u>-</u>	<u>205,951</u>	<u>(29,640)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(72,993)</b>	<b>446,769</b>	<b>2,717</b>	<b>557,710</b>	<b>934,203</b>
<b>FUND BALANCES (DEFICIT) OCTOBER 1</b>	<b>2,045,326</b>	<b>1,068,035</b>	<b>207,288</b>	<b>910,926</b>	<b>4,231,575</b>
<b>PRIOR PERIOD ADJUSTMENT (See Note XII)</b>	<b>52,170</b>	<b>1,850</b>	<b>-</b>	<b>22,065</b>	<b>76,085</b>
<b>FUND BALANCES SEPTEMBER 30</b>	<u><b>2,024,503</b></u>	<u><b>1,516,654</b></u>	<u><b>210,005</b></u>	<u><b>1,490,701</b></u>	<u><b>5,241,863</b></u>

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

CITY OF FESTUS  
 FESTUS, MISSOURI  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

Net Change in Fund Balances - Governmental Funds 934,203

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 (\$1,025,798) exceeded the depreciation (\$522,824) in the current period. 502,974

Gain on capital assets sold 21,511

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 322,725

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.

Debt issued for the current year - notes payable -

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:

Accrued interest on bonds	54
Compensated Absences	(12,851)
Repayment of long-term debt	50,150

Internal Service Fund is used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities in the statement of activities. 8,663

Change in Net Assets Of Governmental Activities 1,827,429

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

CITY OF FESTUS  
FESTUS, MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

ASSETS	Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
	Airport	Water & Sewer	
<b>Current</b>			
Cash and Investments	35,788	1,880,044	
Restricted Cash and Investments	-	4,486,510	
Receivables (net of allowance for uncollectibles)	-	-	
Special Assessments	-	241,388	
Service Charges	-	401,365	
Interest	312	46,626	
Other	15,516	52,347	86
Prepaid Items	1,493	75,460	2,225
Inventory	-	39,845	
Total Current Assets	<u>53,109</u>	<u>7,223,585</u>	<u>2,311</u>
<b>Noncurrent Assets</b>			
Investments in joint venture	-	4,283,686	-
Debt Issue Costs	-	150,609	-
Other capital assets, net of accumulated depreciation	302,709	7,052,419	-
Total Noncurrent Assets	<u>302,709</u>	<u>11,486,714</u>	<u>-</u>
Total Assets	<u>355,818</u>	<u>18,710,299</u>	<u>2,311</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	282	292,028	5,527
Payroll and compensated absences payable	-	38,936	3,497
Accrued payroll liabilities - other	-	3,571	201
Accrued interest	-	98,953	
Revenue bonds payable and neighborhood improvement			
district bonds - current	-	369,734	
Capital leases - current	-	14,513	
Notes payable - current	-	32,069	
Deposits payable	-	220,599	
Due to other funds	-	-	17,148
Other liabilities	-	19,346	
Total Current	<u>282</u>	<u>1,089,749</u>	<u>26,373</u>
<b>Long Term</b>			
Revenue bonds payable and neighborhood improvement			
district bonds, net of bond discounts	-	8,566,047	
Capital leases	-	31,299	
Notes payable	-	2,966,414	
Total Long Term	<u>-</u>	<u>11,563,760</u>	<u>-</u>
Total Liabilities	<u>282</u>	<u>12,653,509</u>	<u>26,373</u>
<b>NET ASSETS</b>			
Net Assets Invested in Capital Assets, Net of Related Debt	302,707	3,859,674	-
Reserved for debt reserve funds	-	133,473	-
Reserved for sewer line extension	-	-	-
Unrestricted Net Asset	52,829	2,063,643	(24,062)
Total Net Assets	<u>355,536</u>	<u>6,056,790</u>	<u>(24,062)</u>

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

CITY OF FESTUS  
 FESTUS, MISSOURI  
 STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN  
 NET ASSETS - PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business-type Activities - Enterprise Funds		Governmental Activities -
	Airport	Water & Sewer	Internal Service Fund
<b>OPERATING REVENUES</b>			
Fuel Sales	12,968	-	-
Hanger Rent	10,802	-	-
Water and Sewer Collections and Fees	-	3,580,246	-
Service Charges	-	-	99,176
Other	62	318,793	-
Total Operating Revenues	<u>23,832</u>	<u>3,899,039</u>	<u>99,176</u>
<b>OPERATING EXPENSES</b>			
Personnel services	13,368	727,122	46,737
Materials and supplies	97	62,828	68,601
Purchased water	-	1,208,796	-
Utilities and maintenance	4,631	134,132	913
Depreciation and amortization	24,868	320,647	667
Treatment plant	-	333,934	-
Fuel Costs	-	-	-
Feasibility study	19,000	-	-
Other	3,100	378,406	3,235
Total Operating Expenses	<u>65,064</u>	<u>3,165,865</u>	<u>120,153</u>
<b>OPERATING INCOME (LOSS)</b>	(41,232)	733,174	(20,977)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	633	206,908	-
Miscellaneous income	3,102	-	-
Interest expense	-	(399,432)	-
Joint venture loss, net	-	(136,755)	-
Total Nonoperating Revenues (Expenses)	<u>3,735</u>	<u>(329,279)</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(37,497)	403,895	(20,977)
Capital contributions	3,684	5,312	-
Grant contributions	17,100	-	-
Transfers in	-	-	29,640
<b>CHANGE IN NET ASSETS</b>	(16,713)	409,207	8,663
<b>NET ASSETS, OCTOBER 1</b>	<u>372,249</u>	<u>5,591,854</u>	<u>(32,725)</u>
<b>PRIOR PERIOD ADJUSTMENT (See Note XII)</b>	-	55,729	-
<b>NET ASSETS, SEPTEMBER 30</b>	<u><u>355,536</u></u>	<u><u>6,056,790</u></u>	<u><u>(24,062)</u></u>

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

CITY OF FESTUS  
FESTUS, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business - type Activities - Enterprise Funds		Governmental Activities -
	Airport	Water And Sewer	Internal Service Fund
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash Flows from Operating Activities:			
Receipts from Customers	12,485	3,746,527	99,090
Payments to Suppliers	(28,361)	(2,253,077)	(70,506)
Payments to Employees	(14,048)	(714,609)	(46,355)
Net Cash Flows from Operating Activities	<u>(29,924)</u>	<u>778,841</u>	<u>(17,771)</u>
Cash Flows from Noncapital Financing Activities			
Due to other funds	3,684	(139,143)	(11,869)
Transfer in	-	-	29,640
Net Cash Used by Noncapital Financing Activities	<u>3,684</u>	<u>(139,143)</u>	<u>17,771</u>
Cash Flows from Capital and Related Financing Activities:			
Payments of long-term debt	-	(495,430)	-
Proceeds from notes payable	-	186,843	-
Interest on debt	-	(403,050)	-
Acquisition and construction of capital assets	(10,784)	(276,528)	-
Net Cash Used by Capital and Related Financing Activities:	<u>(10,784)</u>	<u>(988,165)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Miscellaneous income	3,102	-	-
Grant contributions	17,100	-	-
Interest on Investments	633	206,908	-
Net Cash Used by Investing Activities	<u>20,835</u>	<u>206,908</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(16,189)</b>	<b>(141,559)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1</b>	<b>51,975</b>	<b>6,508,113</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	<b><u>35,786</u></b>	<b><u>6,366,554</u></b>	<b><u>-</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating Profit (Loss)	(41,235)	788,903	(20,977)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation Expense	24,868	320,647	667
(Increase) decrease in:			
Accounts receivable	(11,347)	(152,512)	(86)
Prepaid items	104	(4,687)	(89)
Inventory	-	5,076	-
Increase (decrease) in:			
Accounts payable	(1,634)	(191,099)	2,331
Accrued liabilities	(680)	12,513	383
Total Adjustments	<u>11,311</u>	<u>(10,062)</u>	<u>3,206</u>
Net Cash Provided by Operating Activities	<u>(29,924)</u>	<u>778,841</u>	<u>(17,771)</u>
Noncash capital activities:			
Contribution of capital assets	-	-	-

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

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**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. There are no separate financial statements prepared for the City's component units.

**Discretely Presented Component Units**

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

**Festus Public Library Foundation, Inc.** – The component unit's governing body is appointed by the City's Board. 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.

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

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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 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:

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*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.

*City Transportation* – The City Transportation is a Special Revenue Fund used provide funding for transportation related expenses.

*County Transportation* – The County Transportation is a Special Revenue Fund used to provide capital improvements to publicly maintained roads.

The City reports the following major proprietary fund:

*Airport Fund* – The Airport 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.

*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.

Additionally, the City reports the following fund type:

*Internal Service Fund* – Internal Service Fund is used to account for services provided to other departments of the City by the Vehicle Maintenance Fund. Charges for services are allocated to various City department on a cost recovery basis.

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.

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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 contribution, including special assessments. Internally dedicated 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, MISSOURI  
 NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**F. Allowance for Uncollectable Accounts**

Allowance for uncollectible accounts is as follows:

	September 30, 2005
Business-type Activities – Water and Sewer Enterprise Fund	\$14,000
Governmental Activities – General Fund	88,675

**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 for 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, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**J. Capital Assets (Continued)**

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**

Vested or accumulated vacation and sick 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 and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrued to employees. The entire compensated absence is accrued when incurred in the government-wide financial statements. For governmental funds, the expenditure for compensated absences is recorded in the fund when the employees who have accumulated unpaid leave is paid. Therefore, current portion of the liability is not reported in the governmental funds.

**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.

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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.

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**II. CASH AND INVESTMENTS**

Missouri state statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. government agencies and securities of the State of Missouri and of local governments in Missouri with populations greater than 400,000. Deposits in financial institutions in excess of federally insured amounts must be collateralized by securities pledged to the City by those same institutions. The collateral is required to be held by the City or by the trust department of a financial institution other than the pledging bank.

At September 30, 2005, the City's and the discretely presented component unit's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

The following is a reconciliation of the City's deposit and investment balances:

	<b>September 30, 2005</b>
	<b>Cash And</b>
	<b>Investments</b>
	<hr/>
Government-wide statement of net assets	\$ 10,916,988

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

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**II. CASH AND INVESTMENTS (Continued)**

September 30, 2005				
	Categories			Carrying Amount/ Fair Value
	1	2	3	
U.S. government agency securities	\$ 3,203,761	\$ -	\$ -	\$ 3,203,761
Repurchase agreements	-	1,673,000	-	1,673,000
	\$ 3,203,761	\$ 1,673,000	\$ -	\$ 4,876,761
Guaranteed investments contracts				3,722,040
Money market funds				1,588,310
Amounts to reconcile to cash and investments				729,877
Total Cash And Investments – Primary Government				\$ 10,916,988
Total Component Unit Cash Deposits				\$ 73,640

**III. CAPITAL ASSETS**

Capital asset activity was as follows:

	<u>For The Year Ended September 30, 2005</u>			Balance September 30, 2005
	Balance September 30, 2004	Additions	Reductions	
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,052,257	\$ 63,174	\$ -	\$ 1,115,431
Construction in process	142,487	78,978	(85,598)	134,867
Total Capital Assets Not Being Depreciated	1,194,744	142,152	(86,598)	1,250,298
Capital assets being depreciated:				
Buildings and other improvements	3,329,584	137,972	-	3,467,556
Office equipment	220,641	14,659	(1,627)	233,673
Automotive equipment	2,599,087	264,158	(88,672)	2,774,573
Machinery and equipment	988,309	142,751	(12,657)	1,118,403
Infrastructure	1,886,672	324,106	-	2,210,778
Total Capital Assets Being Depreciated	9,024,293	883,646	(102,956)	9,804,983

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**III. CAPITAL ASSETS (Continued)**

	<u>For The Year Ended September 30, 2005</u>			Balance September 30, 2005
	Balance September 30, 2004	Additions	Reductions	
Less-Accumulated depreciation for:				
Buildings and other improvements	\$ 1,897,073	\$ 109,252	\$ -	\$ 2,006,325
Office equipment	179,170	17,472	(1,627)	195,015
Automotive equipment	2,158,349	187,864	(88,672)	2,257,541
Machinery and equipment	723,838	109,749	(11,408)	822,179
Infrastructure	60,440	97,820	-	158,260
Total Accumulated Depreciation	<u>5,018,870</u>	<u>522,157</u>	<u>(101,707)</u>	<u>5,439,320</u>
Total Capital Assets Being Depreciated, Net	<u>4,005,423</u>	<u>361,489</u>	<u>(1,249)</u>	<u>4,365,663</u>
 Governmental Activities Capital Assets, Net	 <u>5,200,167</u>	 <u>503,641</u>	 <u>(87,847)</u>	 <u>5,615,961</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	233,814	-	-	233,814
Construction in process	3,686,942	702,606	(4,259,343)	130,205
Total Capital Assets Not Being Depreciated	<u>3,920,756</u>	<u>702,606</u>	<u>(4,259,343)</u>	<u>364,019</u>
Capital assets being depreciated:				
Systems and improvements	7,622,325	184,146	(107,120)	7,699,351
Buildings and other improvements	1,330,682	-	-	1,330,682
Automotive equipment	257,986	13,987	(14,000)	257,973
Machinery and equipment	806,036	121,427	(19,870)	907,593
Furniture and fixtures	5,944	1,698	-	7,642
Computer equipment	18,258	10,784	(4,955)	24,087
Total Capital Assets Being Depreciated	<u>10,041,231</u>	<u>332,042</u>	<u>(145,945)</u>	<u>10,227,328</u>
Less-Accumulated depreciation for:				
Systems and improvements	1,504,333	187,669	(13,391)	1,678,611
Buildings and other improvements	954,580	30,088	-	984,668
Automotive equipment	151,350	35,057	(14,000)	172,407
Machinery and equipment	336,380	72,805	(19,290)	389,895
Furniture and fixtures	2,972	837	-	3,809
Computer equipment	9,134	2,651	(4,955)	6,830
Total Accumulated Depreciation	<u>2,958,749</u>	<u>329,107</u>	<u>(51,636)</u>	<u>3,236,220</u>
Total Capital Assets Being Depreciated, Net	<u>7,082,482</u>	<u>2,935</u>	<u>(94,309)</u>	<u>6,991,108</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,003,238</u>	<u>\$ 705,541</u>	<u>\$ (4,353,652)</u>	<u>\$ 7,355,127</u>

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**III. CAPITAL ASSETS (Continued)**

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

	<u>For The Year Ended September 30, 2005</u>
Governmental Activities:	
Administration	\$ 75,723
Court	1,244
Building department	5,423
Police	84,144
Culture and dispatch	14,761
Fire	37,043
Street	214,532
Emergency Management	5,544
Non-Departmental	5,743
Health	4,272
Library	10,181
Parks	63,547
Capital assets held by the City's Internal Service Funds are Charged to the various functions based on their usage of the assets	667
Total Depreciation Expense – Governmental Activities	\$ 522,824
Business-type activities:	
Airport	24,868
Water and sewer	304,140
Total Depreciation Expense – Business-type Activities	\$ 329,008

**IV. LONG-TERM DEBT**

Long-term liability activity was as follows:

	<u>Balance September 30, 2004</u>	<u>For The Year Ended September 30, 2005</u>		<u>Balance September 30, 2005</u>	<u>Amounts Due Within One Year</u>
		<u>Additions</u>	<u>Reductions</u>		
Governmental activities:					
Capital leases	\$ 105,572	\$ -	\$ (50,150)	\$ 55,422	\$ 44,989
Neighborhood Improvement District bonds	631,654	-	(21,657)	609,997	25,266
Notes payable	3,600,000	-	(176,576)	3,423,424	-

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

For The Year Ended September 30, 2005

	<u>Balance September 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2005</u>	<u>Amounts Due Within One Year</u>
Total Capital					
Leases And Bonds	4,337,226	-	(248,383)	4,088,843	70,255
Compensated absences	91,035	23,401	(10,481)	103,955	14,154
Total Governmental Activities Long-term Liabilities	<u>4,428,261</u>	<u>23,401</u>	<u>(258,864)</u>	<u>4,192,798</u>	<u>84,409</u>
Business-type activities:					
Capital leases	59,617	-	(13,805)	45,812	14,513
Revenue bonds	9,110,000	-	(345,000)	8,765,000	360,000
Plus: Premium	225,130	-	(12,164)	212,966	-
Less: On Refunding	(296,638)	19,452	-	(277,186)	-
Neighborhood Improvement District Bonds	243,346	-	(8,343)	235,003	9,734
Note payable	2,894,110	198,745	(94,372)	2,998,483	32,069
Total Debt	12,235,565	218,197	(473,684)	11,980,078	416,316
Compensated absences	8,096	3,852	(179)	11,769	179
Total Business-type Activities Long-Term Liabilities	<u>12,243,661</u>	<u>222,049</u>	<u>(473,863)</u>	<u>11,991,847</u>	<u>416,495</u>

**Capital Leases**

September 30,  
2005

**Governmental Activities:**

Capital lease \$24,250 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13%.	\$ 15,271
Capital lease \$20,788 for police cars, 2003, due in annual installments through September 12, 2005, interest payable at 5.25%.	0.00
Capital lease \$120,514 for police cars, 2003, due in annual installments through December 23, 2005, interest payable at 3.95%.	<u>40,151</u>
	<u>55,422</u>

CITY OF FESTUS, MISSOURI  
 NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

September 30,  
2005

**Business-type Activities:**

Capital lease \$72,748 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13% \$ 45,811

The total amount of the sewer cleaner capital lease is \$61,082. This amount is split between the governmental activities and the business-type activities.

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Assets:		
Automobile equipment	\$ 141,302	-
Machinery and equipment	24,250	72,749
Less – Accumulated depreciation	(83,353)	(30,312)
Total	\$ 82,199	42,437

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, 2005 is as follows:

<b>For The Years Ending September 30,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
2006	\$ 47,358	\$ 16,864	\$ 64,222
2007	5,621	16,864	22,485
2008	5,621	16,864	22,485
2009	-	-	-
Total Minimum Lease Payments	58,600	50,592	109,192
Less – Amount representing interest	(3,178)	(4,780)	(7,958)
Present Value Of Future Minimum Lease Payments	\$ 55,422	\$ 45,812	\$ 101,234

**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.

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

September 30,  
2005

**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% \$ 610,006

**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%. \$ 235,003

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

<u>For The Years Ended September 30</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 25,266	29,730	54,998	9,734	11,454	21,188
2007	25,266	28,897	54,165	9,734	11,132	20,866
2008	25,266	27,909	53,167	9,734	10,748	20,482
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
2011-2015	162,427	105,540	267,969	62,574	40,658	103,231
2016-2020	209,351	58,800	268,153	80,649	22,652	103,302
2021-2022	104,678	5,907	110,581	40,330	2,276	42,602
	\$ <u>610,006</u>	<u>308,846</u>	<u>918,852</u>	<u>235,003</u>	<u>118,977</u>	<u>353,980</u>

September 30,  
2005

**Governmental Activities:**

The City has entered into an agreement of 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.

\$1,800,000

CITY OF FESTUS, MISSOURI  
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FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

September 30,  
2005

**Governmental Activities (Continued):**

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 a 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

1,623,424

\$3,423,424

September 30,  
2005

**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%.	\$	3,465,000
\$3,575,000 Revenue Bonds, Series 2002B, due in annual installments through July 2023, interest payable at 2.05% to 5.5%		3,510,000
\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 1, 2022, interest payable at 3% to 5.375%.		<u>1,790,000</u>
	\$	<u>8,765,000</u>

**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	\$	138,881
State Revolving Fund (SRF) – 2001C, no interest		311,567
State Revolving Fund (SRF) – 2002B, no interest		<u>2,548,035</u>
	\$	<u>2,998,483</u>

CITY OF FESTUS, MISSOURI  
 NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

The debt maturity of the bonds, excluding amount maturing after September 30, 2005, 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>
2006	\$ 360,000	\$ 372,240	\$ 732,240	\$ 32,069	\$ 7,388	\$ 39,457
2007	385,000	360,992	745,992	33,775	5,682	39,457
2008	490,000	348,743	838,743	35,572	3,886	39,458
2009	505,000	332,903	837,903	37,465	1,993	39,458
2010	510,000	315,984	825,984	-	-	-
2011-2015	2,870,000	1,263,513	4,133,513	-	-	-
2016-2020	2,515,000	659,413	3,174,413	-	-	-
2021-2023	1,130,000	101,750	1,231,750	-	-	-
	<u>\$ 8,765,000</u>	<u>\$ 3,755,538</u>	<u>\$ 12,520,538</u>	<u>\$ 138,881</u>	<u>\$ 18,949</u>	<u>\$ 157,830</u>

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

**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 a tax exempt.

CITY OF FESTUS, MISSOURI  
 NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

**1. Plan Description (continued)**

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 7.1% (general) and 6.0% (police) and 15.0% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. 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 2005, the City's annual pension cost of \$149,544 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 and/or February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumption 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% to 4.2% per year, depending on age attributable seniority/merit; d) pre-retirement mortality based on the 1983 Group Annuity Mortality table; 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 28, 2005 was 15 years.

Three-year trend information follows:

<b>For The Years Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>
2005	\$ 149,544	100%
2004	82,523	100%
2003	89,958	100%

CITY OF FESTUS, MISSOURI  
 NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

**3. Annual Pension Cost (continued)**

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 (VAL)
2005#	\$ 5,535,136	\$ 5,718,061	\$ 82,925
2005	5,633,704	4,883,646	(750,058)
2004	5,423,055	4,611,882	(811,173)
2003	5,135,505	4,336,024	(799,481)

For The Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Excess Assets As A Percentage Of Covered Payroll
2005#	99%	\$ 2,981,956	-
2005	115	2,981,956	-
2004	118	2,951,382	27%
2003	118	2,839,119	28%

# After benefit change

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, 2001 annual actuarial valuations.

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

Individual fund "due from" and "due to" amounts are as follows:

Receivable	Payable	September 30, 2005
General	Internal Service Fund	\$ 17,148
General	Nonmajor fund – LLEBG	9,259
General	Nonmajor fund – Debt Service	4,930
General	Nonmajor fund – COPS Grant	7,245
Nonmajor fund – Park	Nonmajor fund – Levee	52,223
		<u>\$ 90,805</u>

CITY OF FESTUS, MISSOURI  
 NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**VII. INTERFUND TRANSFERS**

Individual fund transfers are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>September 30, 2005</u>
General Fund	Internal Service Fund	\$ 29,640
General Fund	Nonmajor funds – Library	37,791
General Fund	Nonmajor funds – Capital Service	171,000
Nonmajor funds – City Transportation	Nonmajor funds – Debt Service	3,816
Nonmajor funds – Debt Service	Nonmajor funds – City Transportation	(3,816)
Nonmajor funds – Federal Forfeiture	General Fund	(7,131)
General Fund	Nonmajor funds – Local Law Enforcement Block Grant	475
		<u>\$ 231,775</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.

**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.

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**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. It is management's opinion that any liability resulting from claims in excess of insurance coverage will not have a material effect on the financial statements of the City at September 30, 2005.

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

The City of Festus and the City of Crystal City, Missouri participate in the Festus-Crystal City Sewerage 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 as well as to contribute an additional \$500 per month. City of Crystal City is committed to pay the remaining 40 - 42% of described costs and additional contribution of \$350 per month. 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, 2005 is \$4,283,685 and its share of the Commission's net loss before adding back depreciation assets financed by grants from other governments is \$136,755.

Depreciation on assets financed by grants from other governments, \$23,556, 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, 2005, the City's cost for sewerage treatment services provided by the Commission was \$203,341, which includes the City's share of operating expenses, capital, and reserve.

The following paragraph is unaudited:

The Commission maintains its accounts on the cash basis. Total assets and equity of the Commission at September 30, 2005 were both \$961,874. Commission management stated that no long-term liabilities were outstanding at September 30, 2005. For the year ended September 30, 2005, total receipts, disbursements, and depreciation were \$338,320; \$338,320; and \$68,238, respectively, and total capital contributions were \$10,200, resulting in a net decrease in the Commission's equity of \$58,038.

**XI. CONCENTRATION**

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

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**XII. ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCES**

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

GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by the state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City’s governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Additionally, the City’s statement of net assets includes capital assets and long-term liabilities of the City which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. In addition to the fixed assets previously recorded in the General Fixed Assets Account Group, the City capitalized infrastructure assets acquired on or after October 1, 2003. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the City’s General Fund, City Transportation Fund, County Transportation Fund, and other governmental funds, which is similar to that previously presented for these funds in the City’s financial statements, although the format of financial statements has been modified by GASB No. 34

GASB No. 34 also includes, as required supplementary information, Management’s Discussion Analysis (MD&A), which provides an analytical overview of the City’s financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results for the General Fund, City Transportation, and County Transportation Fund.

GASB No. 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB No. 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended including descriptions of activities of major funds, future debt service and lease obligations in five year increments, and interfund balances and transactions.

These statements had a significant effect on the City’s financial reporting model. All statements were retroactively applied to October 1, 2003. Restatement of net assets within the government-wide governmental activities financial statements is as follows:

CITY OF FESTUS, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**XII. ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCES  
(continued)**

General Fund	\$	52,170
City Transportation Fund		1,850
Special Revenue Funds		22,065
Water and Sewer Enterprise Fund		55,729
Total Fund Equity, September 30, 2005, As Restated		131,814

The previously stated net assets/fund balance have been adjusted as follows:

	<b>General Fund</b>	<b>City Transportation</b>	<b>Other Govern-mental Funds</b>	<b>Water and Sewer Enterprise Fund</b>
Net assets/fund balances, September 30, 2004, as previously reported	2,045,326	1,068,035	910,926	5,591,854
Restatement for:				
Receivables	28,598	-	(29,716)	-
Payables	-	1,850	(3,358)	604
Joint Venture	-	-	-	12,734
Contributed Capital	23,572	-	55,139	42,391
Net Assets/Fund Balances, September 30, 2004, As Restated	2,097,496	1,069,885	932,991	5,647,583

## **REQUIRED SUPPLEMENTAL INFORMATION SECTION**

CITY OF FESTUS  
 FESTUS, MISSOURI  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
 GENERAL FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property taxes	170,473	170,473	174,618	4,145
Taxes - other	3,372,137	3,372,137	3,369,829	(2,308)
Intergovernmental	45,668	49,845	22,048	(27,797)
Special assessments	-	-	-	-
Licenses and permits	238,500	238,500	259,013	20,513
Fines and penalties	289,200	289,200	290,883	1,683
Investment income	8,000	8,000	32,108	24,108
Other	51,423	51,423	54,982	3,559
Service charges	629,225	629,225	654,441	25,216
Total Revenues	<u>4,804,626</u>	<u>4,808,803</u>	<u>4,857,922</u>	<u>49,119</u>
<b>EXPENDITURES</b>				
Current:				
Administration	561,068	567,922	503,501	(64,421)
Court	210,109	213,821	191,802	(22,019)
Building department	246,071	258,237	249,162	(9,075)
Police	1,858,224	1,858,224	1,770,215	(88,009)
Dispatch	419,795	419,795	401,870	(17,925)
Fire	257,852	277,681	237,293	(40,388)
Emergency management	2,670	2,670	861	(1,809)
Street	291,902	291,902	248,700	(43,202)
Nondepartmental	815,665	800,415	774,702	(25,713)
Capital outlay	414,997	423,899	313,747	(110,152)
Debt Service:				
Principal	6,924	6,924	6,924	-
Interest and fiscal charges	364	364	363	(1)
Total Expenditures	<u>5,085,641</u>	<u>5,121,854</u>	<u>4,699,140</u>	<u>(422,714)</u>
REVENUES OVER (UNDER) EXPENDITURES	(281,015)	(313,051)	158,782	(471,833)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	7,232	7,232	7,131	(101)
Transfers out	(238,431)	(239,222)	(238,906)	316
Total Other Financing Sources (Uses)	<u>(231,199)</u>	<u>(231,990)</u>	<u>(231,775)</u>	<u>215</u>
NET CHANGE IN FUND BALANCE	<u>(512,214)</u>	<u>(545,041)</u>	(72,993)	<u>(472,048)</u>
FUND BALANCES (DEFICIT), OCTOBER 1			2,045,326	
PRIOR PERIOD ADJUSTMENT (See Note XII)			<u>52,170</u>	
FUND BALANCES, SEPTEMBER 30			<u>2,024,503</u>	

CITY OF FESTUS  
 FESTUS, MISSOURI  
 STATEMENT OF REVENUE, EXPENDIURES, AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
 CITY TRANSPORTATION SPECIAL REVENUE FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	1,195,640	1,195,640	1,128,216	(67,424)
Intergovernmental	-	-	-	-
Special assessments	-	-	65	65
Investment income	4,500	4,500	25,776	21,276
Other	2,150	2,150	22,575	20,425
Total Revenues	<u>1,202,290</u>	<u>1,202,290</u>	<u>1,176,632</u>	<u>(25,658)</u>
EXPENDIURES				
Current:				-
Public works	948,423	948,423	612,643	(335,780)
Capital outlay	113,489	109,621	113,404	3,783
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,061,912</u>	<u>1,058,044</u>	<u>726,047</u>	<u>(331,997)</u>
REVENUES OVER (UNDER) EXPENDITURES	140,378	144,246	450,585	(306,339)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	(3,868)	(3,816)	52
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,868)</u>	<u>(3,816)</u>	<u>52</u>
NET CHANGE IN FUND BALANCE	<u>140,378</u>	<u>140,378</u>	446,769	<u>(306,391)</u>
FUND BALANCES (DEFICIT), OCTOBER 1			1,068,035	
PRIOR PERIOD ADJUSTMENT (See Note XII)			<u>1,850</u>	
FUND BALANCES, SEPTEMBER 30			<u>1,516,654</u>	

CITY OF FESTUS  
 FESTUS, MISSOURI  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
 COUNTY TRANSPORTATION SPECIAL REVENUE FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	471,894	471,894	351,991	(119,903)
Intergovernmental	460,290	460,290	782	(459,508)
Investment income	400	400	2,611	2,211
Other	-	-	105	105
Total Revenues	<u>932,584</u>	<u>932,584</u>	<u>355,489</u>	<u>(577,095)</u>
EXPENDITURES				
Current:				
Public works	250,000	250,000	-	250,000
Capital outlay	967,645	967,645	352,772	614,873
Total Expenditures	<u>1,217,645</u>	<u>1,217,645</u>	<u>352,772</u>	<u>864,873</u>
REVENUES OVER (UNDER) EXPENDITURES	(285,061)	(285,061)	2,717	(287,778)
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>(285,061)</u>	<u>(285,061)</u>	2,717	<u>(287,778)</u>
FUND BALANCES (DEFICIT), OCTOBER 1			207,288	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			<u>210,005</u>	

CITY OF FESTUS, MISSOURI  
REQUIRED SUPPLEMENTAL INFORMATION –  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**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.

## **FEDERAL COMPLIANCE SECTION**

**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 Board of Directors  
City of Festus, Missouri

We have audited the financial statements of the City of Festus, as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements and have issued our basic report thereon dated January 17, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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, and contracts; 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. We noted no matters involving these tests that we consider to be material weaknesses.

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  
CERTIFIED PUBLIC ACCOUNTANTS

January 17, 2006

## **SUPPLEMENTAL INFORMATION**

CITY OF FESTUS  
FESTUS, MISSOURI  
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2005

SPECIAL REVENUE FUNDS

ASSETS	Health	Library	Park	Capital Reserve	Law Enforcement Training	Cops Grant	Public Works Building Rehabilitation	Levee Tax	Tourism Tax	Local Law Enforcement Block Grant	Sales Tax Reimbursement	Federal Forfeiture	Debt Service	Totals
Cash and investments	122,830	68,772	85,211	312,098	2,874		80,566	291,163	54,370		283,500	29,550	64,349	1,395,283
Restricted cash and investments														
Receivables (net of allowance for uncollectibles):														
Taxes														
Special Assessments	4,769	6,557	6,557					104,447	13,153		53,511		866,867	188,994
Interest	5,617			2,389			473					30		872,484
Other	553	153	417		2,176	11,916		1,336		10,178			215	5,351
Prepaid Items	335	4,611	52,798											82,229
Due from other funds	2,111	6,382	20,601											29,094
Total Assets	136,215	86,475	165,584	314,487	5,050	11,916	81,039	396,946	67,523	10,178	337,011	29,580	931,431	2,573,435
LIABILITIES														
Accounts Payable	431	4,369	4,616			4,671		72,845	1,164	919				89,015
Accrued payroll	2,299	4,512	6,196											13,007
Accrued payroll liabilities - other	190	233	825											1,248
Due to other funds						7,245				9,259	66,403			82,907
Deferred revenue	10,386	6,557	6,557					3,000					866,866	893,366
Other liabilities			680										2,511	3,191
Total Liabilities	13,306	15,671	18,874			11,916		75,845	1,164	10,178	66,403		869,377	1,082,734
FUND BALANCE														
Reserved for:														
Prepaid items	2,111	6,382	20,601											29,094
Encumbrances														
Debt service													62,054	62,054
Unreserved:														
Special revenue funds	120,798	64,422	126,109	314,487	5,050		81,039	321,101	66,339		270,608	29,580		1,399,553
Total Fund Balance	122,909	70,804	146,710	314,487	5,050		81,039	321,101	66,339		270,608	29,580		1,490,701
Total Liabilities and Fund Balance	136,215	86,475	165,584	314,487	5,050	11,916	81,039	396,946	67,523	10,178	337,011	29,580	931,431	2,573,435

CITY OF FESTUS  
FESTUS, MISSOURI  
SUPPLEMENTAL INFORMATION - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2005

	SPECIAL REVENUE FUNDS											Totals		
	Health	Library	Park	Capital Reserve	Law Enforcement Training	Cops Grant	Public Works Building Rehabilitation	Levee Tax	Tourism Tax	Local Law Enforcement Block Grant	Sales Tax Reimbursement		Federal Forfeiture	Debt Service
REVENUE														
Property taxes	93,131	128,053	128,053											349,237
Taxes - other			295,343											855,492
Intergovernmental		9,461			6,590	117,266		295,342	69,159	14,452	195,648			147,769
Special Assessments	2,997	2,009	3,027	5,707	37			3,134	500	8	2,261		32,019	32,019
Investment income	3,966	38,834	47,263									512	2,314	24,356
Other	99,194	178,357	475,886	5,707	6,627	117,266	1,850	298,476	69,659	14,460	197,909	53,378	34,333	142,541
Total Revenues														1,551,414
EXPENDITURES														
Current:														
Police	74,419				4,812	69,326								74,138
Health														74,419
Library		175,811												175,811
Parks			377,569											377,569
Nondepartmental														10,814
Capital outlay	15,500	20,643	128,411			47,940	2,436	7,564	97,431	14,935			814	390,950
Debt service:							6,954	16,268						
Principal														
Interest and fiscal charges														
Total Expenditures	89,919	196,454	505,980		4,812	117,266	9,390	23,832	97,431	14,935		40,779	21,657	62,436
REVENUES OVER (UNDER) EXPENDITURES	9,275	(18,097)	(32,294)	5,707	1,815		(7,540)	274,644	(27,772)	(475)	197,909	(32,869)	(18,544)	351,759
OTHER FINANCING SOURCES (USES)														
Transfers in		37,791		171,000										
Transfers out														
Total Other Financing Sources (Uses)		37,791		171,000										
NET CHANGE IN FUND BALANCE	9,275	19,694	(32,294)	176,707	1,815		(7,540)	274,644	(27,772)	475	197,909	(40,000)	(14,728)	557,710
FUND BALANCES (DEFICIT), OCTOBER 1	113,634	51,110	167,093	137,780	3,235		88,579	46,457	49,721		102,415	69,580	81,322	910,926
PRIOR PERIOD ADJUSTMENT (See Note XII)			11,911											
FUND BALANCES, SEPTEMBER 30	122,909	70,804	146,710	314,487	5,050		81,039	321,101	66,359		(29,716)	29,580	(4,540)	22,065
														1,490,701

CITY OF FESTUS  
 FESTUS, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - HEALTH SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	92,607	91,007	93,131	2,124
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	500	500	2,997	2,497
Other	2,000	2,000	3,066	1,066
Total Revenues	95,107	93,507	99,194	5,687
EXPENDITURES				
Current:				
Health	78,418	78,765	74,419	4,346
Capital expenditures	67,000	66,653	15,500	51,153
Total Expenditures	145,418	145,418	89,919	55,499
REVENUES OVER (UNDER) EXPENDITURES	(50,311)	(51,911)	9,275	61,186
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(50,311)	(51,911)	9,275	61,186
FUND BALANCES, OCTOBER 1			113,634	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			122,909	

CITY OF FESTUS  
 FESTUS, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - LIBRARY SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	125,071	125,071	128,053	2,982
Taxes - other	-	-	-	-
Intergovernmental	12,813	12,813	9,461	(3,352)
Special Assessments	-	-	-	-
Investment income	450	450	2,009	1,559
Other	21,700	35,200	38,834	3,634
Total Revenues	160,034	173,534	178,357	4,823
EXPENDITURES				
Current:				
Library	183,202	186,607	175,811	10,796
Capital expenditures	30,000	30,000	20,643	9,357
Total Expenditures	213,202	216,607	196,454	20,153
REVENUES OVER (UNDER) EXPENDITURES	(53,168)	(43,073)	(18,097)	24,976
OTHER FINANCING SOURCES (USES)				
Transfers in	37,791	37,791	37,791	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	37,791	37,791	37,791	-
NET CHANGE IN FUND BALANCE	(15,377)	(5,282)	19,694	24,976
FUND BALANCES, OCTOBER 1			51,110	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			70,804	

CITY OF FESTUS  
 FESTUS, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - PARK SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	125,071	125,071	128,053	2,982
Taxes - other	311,425	311,425	295,343	(16,082)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	700	700	3,027	2,327
Other	37,198	37,198	47,263	10,065
Total Revenues	474,394	474,394	473,686	(708)
EXPENDITURES				
Current:				
Parks	431,078	431,078	377,569	53,509
Capital expenditures	70,000	84,600	128,411	(43,811)
Total Expenditures	501,078	515,678	505,980	9,698
REVENUES OVER (UNDER) EXPENDITURES	(26,684)	(41,284)	(32,294)	8,990
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(26,684)	(41,284)	(32,294)	8,990
FUND BALANCES, OCTOBER 1			167,093	
PRIOR PERIOD ADJUSTMENT (See Note XII)			11,911	
FUND BALANCES, SEPTEMBER 30			146,710	

CITY OF FESTUS  
 FESTUS, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - CAPITAL RESERVE SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	1,500	1,500	5,707	4,207
Other	-	-	-	-
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>5,707</u>	<u>4,207</u>
EXPENDITURES				
Capital expenditures	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,500</u>	<u>1,500</u>	<u>5,707</u>	<u>4,207</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	171,000	171,000	171,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>171,000</u>	<u>171,000</u>	<u>171,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>172,500</u>	<u>172,500</u>	<u>176,707</u>	<u>4,207</u>
FUND BALANCES, OCTOBER 1			137,780	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			<u>314,487</u>	

CITY OF FESTUS  
 FESTUS, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - LAW ENFORCEMENT TRAINING SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	7,000	7,000	6,590	(410)
Special Assessments	-	-	-	-
Investment income	-	-	37	37
Other	-	-	-	-
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>6,627</u>	<u>(373)</u>
EXPENDITURES				
Current:				
Police	7,000	7,000	4,812	2,188
Capital expenditures	-	-	-	-
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>4,812</u>	<u>2,188</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,815	1,815
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	1,815	1,815
FUND BALANCES, OCTOBER 1			3,235	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			<u>5,050</u>	

CITY OF FESTUS  
 FESTUS, MISSOURI  
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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	7,115	17,299	14,452	(2,847)
Special Assessments	-	-	-	-
Investment income	-	-	8	8
Other	791	-	-	-
Total Revenues	<u>7,906</u>	<u>17,299</u>	<u>14,460</u>	<u>(2,839)</u>
EXPENDITURES				
Current:				
Capital expenditures	7,906	18,090	14,935	3,155
Total Expenditures	<u>7,906</u>	<u>18,090</u>	<u>14,935</u>	<u>3,155</u>
REVENUES OVER (UNDER) EXPENDITURES	-	(791)	(475)	316
OTHER FINANCING SOURCES (USES)				
Transfers in	-	791	475	(316)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>791</u>	<u>475</u>	<u>(316)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, OCTOBER 1			-	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			<u>-</u>	

CITY OF FESTUS  
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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL -PUBLIC WORKS BUILDING REHABILITATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	500	500	1,850	1,350
Other	-	-	-	-
Total Revenues	<u>500</u>	<u>500</u>	<u>1,850</u>	<u>1,350</u>
EXPENDITURES				
Current:				
Nondepartmental	10,000	10,000	2,436	7,564
Capital expenditures	10,000	10,000	6,954	3,046
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>9,390</u>	<u>10,610</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(19,500)</u>	<u>(19,500)</u>	<u>(7,540)</u>	<u>11,960</u>
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>(19,500)</u>	<u>(19,500)</u>	<u>(7,540)</u>	<u>11,960</u>
FUND BALANCES, OCTOBER 1			88,579	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			<u>81,039</u>	

CITY OF FESTUS  
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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - LEVEE TAX SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	311,425	311,425	295,342	(16,083)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	3,134	3,134
Other	-	-	-	-
Total Revenues	<u>311,425</u>	<u>311,425</u>	<u>298,476</u>	<u>(12,949)</u>
EXPENDITURES				
Current:				
Nondepartmental	14,000	14,000	7,564	6,436
Capital expenditures	<u>230,482</u>	<u>230,482</u>	<u>16,268</u>	<u>214,214</u>
Total Expenditures	<u>244,482</u>	<u>244,482</u>	<u>23,832</u>	<u>220,650</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>66,943</u>	<u>66,943</u>	<u>274,644</u>	<u>207,701</u>
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>66,943</u>	<u>66,943</u>	<u>274,644</u>	<u>207,701</u>
FUND BALANCES, OCTOBER 1			46,457	
PRIOR PERIOD ADJUSTMENT (See Note XII)			<u>-</u>	
FUND BALANCES, SEPTEMBER 30			<u>321,101</u>	

CITY OF FESTUS  
 FESTUS, MISSOURI  
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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - TOURISM TAX SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	65,000	65,000	69,159	4,159
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	500	500
Other	-	-	-	-
Total Revenues	65,000	65,000	69,659	4,659
EXPENDITURES				
Current:				
Nondepartmental	-	-	-	-
Capital expenditures	65,000	65,000	97,431	(32,431)
Total Expenditures	65,000	65,000	97,431	(32,431)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(27,772)	(27,772)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	(27,772)	(27,772)
FUND BALANCES, OCTOBER 1			49,721	
PRIOR PERIOD ADJUSTMENT (See Note XII)			44,410	
FUND BALANCES, SEPTEMBER 30			66,359	

CITY OF FESTUS  
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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - SALES TAX REIMBURSEMENT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	242,550	232,000	195,648	(36,352)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	2,261	2,261
Other	-	-	-	-
Total Revenues	<u>242,550</u>	<u>232,000</u>	<u>197,909</u>	<u>(34,091)</u>
EXPENDITURES				
Current:				
Nondepartmental	444,675	-	-	-
Total Expenditures	<u>444,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(202,125)</u>	<u>232,000</u>	<u>197,909</u>	<u>(34,091)</u>
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>(202,125)</u>	<u>232,000</u>	<u>197,909</u>	<u>(34,091)</u>
FUND BALANCES, OCTOBER 1			102,415	
PRIOR PERIOD ADJUSTMENT (See Note XII)			<u>(29,716)</u>	
FUND BALANCES, SEPTEMBER 30			<u><u>270,608</u></u>	

CITY OF FESTUS  
 FESTUS, MISSOURI  
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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - FEDERAL FORFEITURE SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	512	512
Other	-	53,400	53,378	(22)
Total Revenues	-	53,400	53,890	490
EXPENDITURES				
Current:				
Capital outlay	-	12,200	42,868	(30,668)
Debt service:				
Interest and fiscal charges	-	-	3,112	(3,112)
Principal	41,737	75,200	40,779	34,421
Total Expenditures	41,737	87,400	86,759	641
REVENUES OVER (UNDER) EXPENDITURES	(41,737)	(34,000)	(32,869)	1,131
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(7,232)	(7,232)	(7,131)	-
Total Other Financing Sources (Uses)	(7,232)	(7,232)	(7,131)	-
NET CHANGE IN FUND BALANCE	(48,969)	(41,232)	(40,000)	1,131
FUND BALANCES, OCTOBER 1			69,580	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			29,580	

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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET TO ACTUAL - DEBT SERVICE SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	49,938	49,938	32,019	(17,919)
Investment income	-	-	2,314	2,314
Other	-	-	-	-
Total Revenues	<u>49,938</u>	<u>49,938</u>	<u>34,333</u>	<u>(15,605)</u>
EXPENDITURES				
Current:				
Nondepartmental	724	724	814	90
Capital outlay	78,353	78,353	-	(78,353)
Debt service:				
Interest and fiscal charges	28,199	30,460	30,406	54
Principal	20,050	21,657	21,657	-
Total Expenditures	<u>127,326</u>	<u>131,194</u>	<u>52,877</u>	<u>78,317</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(77,388)</u>	<u>(81,256)</u>	<u>(18,544)</u>	<u>62,712</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,868	3,816	(52)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,868</u>	<u>3,816</u>	<u>(52)</u>
NET CHANGE IN FUND BALANCE	<u>(77,388)</u>	<u>(77,388)</u>	<u>(14,728)</u>	<u>62,660</u>
FUND BALANCES, OCTOBER 1			81,322	
PRIOR PERIOD ADJUSTMENT (See Note XII)			<u>(4,540)</u>	
FUND BALANCES, SEPTEMBER 30			<u>62,054</u>	

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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - COPS GRANT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	164,900	164,900	117,266	(47,634)
Special Assessments	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	164,900	164,900	117,266	(47,634)
EXPENDITURES				
Current:				
Police	115,430	115,430	69,326	46,104
Capital expenditures	49,470	49,470	47,940	1,530
Total Expenditures	164,900	164,900	117,266	47,634
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, OCTOBER 1			-	
PRIOR PERIOD ADJUSTMENT (See Note XII)			-	
FUND BALANCES, SEPTEMBER 30			-	