

**CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2006**

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JEFFERSON COUNTY, MISSOURI  
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# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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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 units, each major fund, and the aggregate remaining fund information of the City of Festus, Missouri, (the City) as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Festus' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of Festus Public Library Foundation, Inc. (the Foundation) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the City's basic financial statements. The Foundation's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 0.72 percent, 0.67 percent, and 0.26 percent of the assets, net assets, and revenues, respectively, of the City's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Foundation's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Festus, Missouri, as of September 30, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type

activities, each major fund, and the aggregate remaining fund information of the City of Festus, Missouri, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2007 on our consideration of the City of Festus' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Daniel Jones & Associates*

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

January 25, 2007

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2006

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, 2006. 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 \$19,313,696 (net assets). Of this amount, \$7,184,524 (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 2006 fiscal year, the City of Festus's Governmental Fund Statements reported combined ending fund balances of \$5,547,891, an increase of \$306,028 in comparison with the prior year. Approximately 97% of this total amount or \$5,371,161 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 amount is held as a reserve fund balance.
- As of the close of the 2006 fiscal year, the City of Festus's Proprietary Funds reported combined ending net assets of \$7,560,080, an increase of \$1,147,754 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,645,126 or 34% of total general fund expenditures.
- The City's total debt increased by \$604,489 during the current fiscal year to a total of \$16,673,410.

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

The government-wide financial statements distinguish functions of the City of Festus, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Not only do the government-wide financial statements include the City itself (known as the primary government), but also two legally separate agencies. Financial information for the component units are shown separately from the financial information presented for the primary government. The *governmental activities* of the City of Festus, Missouri include general government, judicial, building and planning, public safety, parks and recreation, public works and a public library. The City of Festus, Missouri operates 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, which is considered to be a major fund. 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  
FOR THE YEAR ENDING SEPTEMBER 30, 2006

**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.

During the first part of the year, the City of Festus, Missouri operated 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. The services provided by this fund have been allocated to the various funds utilizing the services and this fund will be closed.

**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 third 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 \$19,313,696 at the close of the most recent fiscal year.

CITY OF FESTUS, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2006

**City of Festus Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current & Other Assets	\$12,251,575	\$ 8,330,298	\$11,965,058	\$11,710,989	\$24,216,633	\$20,041,287
Capital Assets, Net	7,129,159	5,615,961	8,897,672	7,355,130	16,026,831	12,971,091
<b>Total Assets</b>	<b>19,380,734</b>	<b>13,946,259</b>	<b>20,862,730</b>	<b>19,066,119</b>	<b>40,243,464</b>	<b>33,012,378</b>
<b>Liabilities</b>						
Long-Term Liabilities	4,071,781	4,192,798	12,601,629	11,991,847	16,673,410	16,184,645
Other Liabilities	3,555,337	2,192,654	701,021	661,946	4,256,358	2,854,600
<b>Total Liabilities</b>	<b>7,627,118</b>	<b>6,385,452</b>	<b>13,302,650</b>	<b>12,653,793</b>	<b>20,929,768</b>	<b>19,039,245</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	7,174,905	5,633,965	4,789,724	4,162,381	11,964,629	9,796,346
Restricted	(26,541)	62,054	191,084	258,473	164,543	320,527
Unrestricted	4,605,252	1,864,788	2,579,272	1,991,472	7,184,524	3,856,260
<b>Total Net Assets</b>	<b>\$11,753,616</b>	<b>\$ 7,560,807</b>	<b>\$ 7,560,080</b>	<b>\$ 6,412,326</b>	<b>\$19,313,696</b>	<b>\$13,973,133</b>

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

An additional portion of the City's net assets (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$7,184,524 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2006, the City of Festus, Missouri is able to report positive balances in all three categories of net assets, for the government as a whole. The restricted net assets for the governmental activities reflected a negative balance for the current year-end.

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

City of Festus Statement of Activities	Government Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,260,529	\$ 1,160,732	\$ 3,831,925	\$ 3,922,871	\$ 5,092,454	\$ 5,083,603
Operating Grants	117,209	178,566	29,094	17,100	146,303	195,666
Capital Grants & Contributions	1,063,555	19,382	611,792	8,996	1,675,347	28,378
General Revenues:						
Taxes	5,881,851	6,395,819	-	-	5,881,851	6,395,819
Licenses (taxes)	165,664	146,824	-	-	165,664	146,824
Investment Income	211,126	84,850	301,951	207,541	513,077	292,391
Joint Venture Loss, Net	-	-	(136,604)	(136,755)	(136,604)	(136,755)
Miscellaneous	56,288	220,894	5,102	3,102	61,390	223,996
<b>Total Revenue</b>	<b>8,756,222</b>	<b>8,207,067</b>	<b>4,643,260</b>	<b>4,022,855</b>	<b>13,399,482</b>	<b>12,229,922</b>
<b>Expenses</b>						
Administration	594,873	579,225	-	-	594,873	579,225
Court	162,645	193,046	-	-	162,645	193,046
Building Department	300,074	254,585	-	-	300,074	254,585
Police	2,085,510	1,928,497	-	-	2,085,510	1,928,497
Dispatch	416,320	416,631	-	-	416,320	416,631
Fire	304,569	274,336	-	-	304,569	274,336
Emergency Management	16,741	6,405	-	-	16,741	6,405
Street	485,739	463,232	-	-	485,739	463,232
Health	94,985	78,691	-	-	94,985	78,691
Library	200,613	185,992	-	-	200,613	185,992
Parks	489,134	441,116	-	-	489,134	441,116
Public Works	809,846	612,643	-	-	809,846	612,643
Non-Departmental	1,070,508	911,412	-	-	1,070,508	911,412
Economic Development	-	-	-	-	-	-
Interest and Fiscal Charges	35,427	33,827	-	-	35,427	33,827
Airport	-	-	65,841	65,064	65,841	65,064
Water and Sewer	-	-	3,429,665	3,565,297	3,429,665	3,565,297
<b>Total Expenses</b>	<b>7,066,984</b>	<b>6,379,638</b>	<b>3,495,506</b>	<b>3,630,361</b>	<b>10,562,490</b>	<b>10,009,999</b>
Special Items:						
Transfers	-	-	-	-	-	-
<b>Increase (decrease)</b>	<b>\$ 1,689,238</b>	<b>\$ 1,827,429</b>	<b>\$ 1,147,754</b>	<b>\$ 392,494</b>	<b>\$ 2,836,992</b>	<b>\$ 2,219,923</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 decreased 8% for the year for the Government Activities Funds. The property tax benefited an increase of \$73,431 or 13% compared to last year. The sales tax collections net of reimbursements decreased by nearly \$500,000. The utility gross receipts tax had an increase of almost \$27,000 or 5% compared to last year receipts. The state gas tax decreased by less than 2% and vehicle gas tax decreased almost 18% compared to last year. The City's business licenses increased by almost 19% and building permits decreased from last year by 31%. The General Fund received donations in the amount of \$50,184, which included \$50,000 donated by Home Depot to purchase and install two public warning sirens.
- The police department received a COPS Grant in the amount of \$22,856 that was used for a methamphetamine program administered by Festus with participants from other local police departments.
- 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 \$70,800 for the fiscal year ending 2006 and \$69,159 for the fiscal year ending 2005. The City was able to use the part of the funds during 2006 to construct two disc golf courses and purchase some park benches.
- 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 2006, the unreserved fund balance of the general fund was \$1,645,126, while the total fund balance was \$1,795,544. 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 31.6% of total general fund expenditures and transfers out of \$5,200,591, while total fund balance represents 34.5% of total general fund expenditures and transfers out.

The fund balance of the City's general fund decreased by \$228,959 or 11.3%, from the prior-year fund balance. The change of the current year's fund balances is mainly due to:

- Sales tax revenue decreased due to a stagnant year for the economy and due to a major retailer paying their September 2006 sales taxes on the October sales tax report. Additionally the employees received a 3% cost of living raise and the wages and benefits of the employee performing the duties in the Vehicle Maintenance fund was transferred to Non-Departmental fund for ten months in 2006.

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**GOVERNMENTAL FUNDS (continued)**

- Real Estate and Personal Property Tax increased due to the increase in assessed valuation. Building permits decreased from the second 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 \$163,300 or 11% from the prior-year. The expenditures increased by \$345,046, with a nearly \$135,000 increase in wages and benefits and over \$152,000 increase in capital outlay. At the end of September 30, 2006 the unreserved fund balance of \$1,647,870 is available for spending at the City's discretion.
- The County Transportation Fund increased by \$8,673 or 4.1% from the prior year. At the end of September 30, 2006 the unreserved fund balance of \$218,678 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 \$1,898,025 available at September 30, 2006.

**PROPRIETARY FUNDS**

Business-type activities increased the City's net assets by \$1,147,754, which is an increase of 17.9% over the prior fiscal year. Key elements of this change are as follows:

- The City's Municipal Airport had a decrease in net assets of \$29,713 or (8.4%) from the prior year. The City's Municipal Airport is currently being operated under a management agreement with the Citizens for Airport Economic Expansion, Inc. who is a not-for-profit corporation formed for the express purpose of providing airport management services.
- The Water and Sewer Fund had an increase in net assets in the amount of \$1,177,467 or 19.4% from the prior year. The City water sales increased in the amount of \$121,348 or 5.1% 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 \$3,482 or .4%. Water taps had an increase of \$2,220 or 2.3% from the prior year. Sewer taps had a decrease of \$15,400 or (6.7%) 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, 2006 amounts to \$16,026,831 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The increase in the City of Festus's investment in capital assets for the current fiscal year was 24.1%, (a 26.9% increase for governmental activities and a 21.9% increase for business-type activities).

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

**Governmental Activities:**

- Land purchased in the amount of \$2,552 for the purpose of repairing Lee Avenue.
- The Fire Department acquired a new fire-training tower at a cost of \$248,383.
- Building and other improvements included \$33,734 in Park pavilions, \$55,015 for a new Park restroom.
- The Police Department purchased four new police cars (2006 Ford Crown Victoria) at a price of \$20,887.50 each.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental Activities (continued)**

- The Police Department also purchased a 2002 Taurus sedan for \$1,483 and a utility vehicle for \$7,468
- The Street Department purchased a 2006 dump truck for \$70,787 and a 2006 pickup truck for \$17,224.
- Machinery and equipment additions include, Fire Department gear totaling \$3,083 and a depth finder costing \$1,590.
- The Park Department purchased a gator for \$6,896 and a ball field tarp costing \$3,000, \$2,250 of which was donated. The Park Department also constructed two disc golf courses at a cost of \$24,333 with monies from the Tourism Tax. Additional items for the Park Department include a freestanding climber, installed \$3,013 and a batting cage for \$3,928.
- The Police Department purchased new equipment including 2 handheld lasers \$2,895, 12 tactical vests totaling \$8,507, a digital camera for \$1,640, a radio base station for \$10,660, and 2 radar units totaling \$5,990.
- The Street Department acquired new equipment consisting of a crack router costing \$7,950, a heat lance for \$2,500, a super shot melter for \$26,454, a sweeper costing \$119,904 and a striping machine for \$41,813.
- The Emergency Management Department acquired phones with wiring for the EOC room totaling \$5,392, a ham radio with power supply at a cost of \$1,353, and 2 rotating storm sirens at a combined cost of \$49,155.
- Infrastructure additions include donated storm sewers in the West Ridge Subdivision valued at \$285,842, storm water projects costing \$13,947, \$24,130 and \$42,205, and street paving on Festus Centre Drive for \$119,550.
- Flagpoles and monuments were purchased and placed at the City Parks for a cost totaling \$16,324.
- Streets and curbs for the West Ridge Subdivision were donated to the City with a value of \$623,154.
- The Administration Department during the year purchased a new copier/scanner/fax machine at a cost of \$8,025, three computers with monitors costing \$3,511, a server with existing SCO UNIX operating system totaling \$2,651, and a payroll software module at a cost of \$3,500.
- The Building Department purchased two laptop computers for a total cost of \$2,005.
- The Police Department purchased a new copier/scanner/fax machine at a cost of \$8,025.
- The Library acquired two circulation desks at a total cost of \$11,082 and a copy machine with cabinet for \$3,199.
- Construction in Progress additions include \$47,969 towards the new animal control kennel, \$141,948 in bike trail construction and \$7,293 in park improvements.
- Several items were removed from service including two copiers, a computer, park equipment, a pavilion, a stage, and part of a chain link fence for a combined historical cost of \$31,977.
- Also the police sold 6 cars and the street department sold a pickup and a utility truck for a combined historical cost of \$122,066.

**Business-Type Activities:**

- The addition to land was for an easement for the Ashford/Greenbrier lift station for a total of \$3,735.
- The Construction in Progress balance amounted to \$227,285, included in this amount is the Ashford & Greenbrier lift station.
- The Sewer Department installed an 18" parallel sewer line for a cost of \$878,086. In addition sewer systems were installed at Meadows and Pounds for a combined cost of \$63,509. They also lined 8", 10", and 15" sewer lines in various locations for \$188,642.
- The West Ridge Subdivision's sanitary sewer system and water system were donated to the City with values of \$278,760 and \$155,992, respectively.
- A fence was purchased for a cost of \$1,910.
- The Water Department purchased a 2006 pickup truck for \$17,265 and a 2006 dump truck for \$70,787.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2006

**CAPITAL ASSESTS (continued)**

- Generators were acquired at a cost of \$12,920, \$12,920, and \$45,071. Pumps, site work, appurtances and electric were added at a cost of \$86,267. A 500' one-inch hose with 2500 PSI was purchased for the Vactor truck for \$1,117.
- The Water Department sold a car with a historical cost of \$12,000.

City of Festus Capital Assets (net of depreciation)	Government Activities		Business-type Activities		Total Capital Assets	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,117,983	\$ 1,115,431	\$ 237,549	\$ 158,814	\$ 1,355,532	\$ 1,274,245
Construction in Progress	265,680	134,867	227,285	75,399	492,965	210,266
Systems and Improvements			7,440,065	6,162,882	7,440,065	6,162,882
Buildings and Other Improvements	1,494,152	1,252,529	255,123	278,872	1,749,275	1,531,401
Office Equipment	59,497	38,660			59,497	38,660
Automotive Equipment	489,364	517,032	126,527	85,565	615,891	602,597
Machinery and Equipment	501,659	296,225	594,419	517,697	1,096,078	813,922
Furniture and Fixtures			2,996	3,833	2,996	3,833
Computer Equipment			13,708	17,257	13,708	17,257
Infrastructure	2,406,240	2,052,518			2,406,240	2,052,518
Land Improvements	794,584	208,701			794,584	208,701
Capital Assets, Net	\$ 7,129,159	\$ 5,615,963	\$ 8,897,672	\$ 7,300,319	\$ 16,026,831	\$ 12,916,282

**LONG-TERM DEBT**

**Governmental Activities:**

At the end of September 30, 2006, the City had outstanding long-term debt obligations for governmental activities in the amount of \$4,071,781 compared to \$4,088,843 in 2005. The City's obligations include a Neighborhood Improvement District Bonds in the amount of \$584,731 that will be assessed to property owners benefiting from improvements within the Bailey Station, Tanglewood, and Alexander Heights Subdivisions over the next 17 years. Capital lease obligations outstanding totaled \$63,540, which include a capital lease for a sewer cleaner and a capital lease for police vehicles. The Certificate of Participation was issued to purchase the fire-training center. The Notes Payable is the balance due to Lowe's and Home Depot for reimbursement of infrastructure costs, which is to be repaid with a specified portion of the sales tax collected by those companies. (See the Note IV - Long Term Debt for further clarification of the agreements).

**Business-type Activities:**

At the end of September 30, 2006, the City had outstanding long-term debt obligations for business-type activities in the amount of \$12,601,629 compared to \$11,980,078 in 2005. The net increase in long-term debt for business-type activities of \$621,551 included the issuance of a Certificate of Participation for the installation of the 18" parallel sewer line, net of discount \$1,057,127. It also included a decrease in the notes payable for the Pounds Sewer Project in the amount of \$32,069, a decrease in the 2001C State Revolving Fund Loan in the amount of \$2,393 and a decrease in the 2002B State Revolving Fund Loan in the amount of \$24,153. Other decreases included principal payments on the revenue bonds Series 2003 for \$260,000, Series 2002B for \$70,000 and Series 2001C for \$30,000.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2006

**LONG-TERM DEBT (continued)**

City of Festus Outstanding Long-Term Debt Obligations September 30,	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Capital Leases	\$ 63,540	\$ 55,422	\$ 31,299	\$ 45,811	\$ 94,839	\$ 101,233
Revenue Bonds			8,348,066	8,700,780	8,348,066	8,700,780
NID	584,731	609,997	225,269	235,003	810,000	845,000
Certificates of Participation	227,556		1,057,127		1,284,683	
Notes Payable	3,195,954	3,423,424	2,939,868	2,998,483	6,135,822	6,421,907
<b>Total</b>	<b>\$4,071,781</b>	<b>\$4,088,843</b>	<b>\$12,601,629</b>	<b>\$11,980,077</b>	<b>\$ 16,673,410</b>	<b>\$ 16,068,920</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 \$94,433 over what was actually budgeted. Conservatism was used in designating a budget amount for Utility Gross Receipts 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 over budget mainly due to Federal and State reimbursements received for the storm damage, which were not included in the budget. Sales tax revenues were less than budgeted, a 3% increase over the previous year's sales tax revenues was budgeted, however, the revenues were approximately the same as the previous year.
- Under administration, the City budgeted \$26,000 in legal and engineering fees whereas, the expenditures only amounted to \$12,273. The telephone costs were less than budget by \$4,708, due to plan changes and adjustments.
- Under court, personal services were less than budgeted by 10% due to legal fees actual expenditures coming in almost \$7,100 less than amount budgeted. Office expenses were down by 32% of what was budgeted and special expenses were 9% less than budget.
- The police department was under budget by \$56,199, which included under-spending of benefits by 3% or \$12,817, office expenses were 23% less than budgeted, and special expenses coming in 10% under budget.
- The fire department engineering fees were 40% under budget and the office expenses were only 73% of the amount budgeted.
- The non-departmental budget was under budget by \$170,759. This difference is primarily a book difference due to the reflection of capital purchases and debt payments being reflected in the Long-Term Debt Fund, however, the funds originally budgeted for those items are still reflected in the General Fund Budget.

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 \$44,459 less than what was budgeted and the investment income coming in \$60,919 over budget.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING SEPTEMBER 30, 2006

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

- Expenditures for the City's Transportation Tax Fund were \$298,679 under the amount budgeted. The three primary categories for this were material and supply, which was \$106,698 under budget, personal services, which was \$30,973 under budget, and special expenses, which was \$36,898 under budget.
- The County Transportation Tax Fund showed intergovernmental revenue under budget by \$348,179, which was a result of grant revenue received for the Festus Bikeway System that was delayed in construction. Public Works expenditures in this fund were under budget by \$1,347,382, which was a result of the bridge project that did not get started and the bikeway that did not get completed.

**REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2006

	Primary Government			Componet Unit	Componet Unit
	Governmental Activities	Business Type Activities	Total	Festus Public Library Foundation	Jefferson County Water Authority
<b>ASSETS</b>					
Cash and investments	4,859,969	2,382,280	7,242,249	-	8,981,400
Restricted cash and investments	43,899	4,318,366	4,362,265	205,569	-
Receivables (net of allowance for uncollectibles)					
Taxes	6,002,787	-	6,002,787	-	-
Special assessments	830,990	221,987	1,052,977	-	-
Service charges	-	398,990	398,990	-	132,720
Interest	48,800	60,429	109,229	-	99,248
Other	171,337	84,374	255,711	-	32,508
Court	88,675	-	88,675	-	-
Prepaid items	203,271	45,022	248,293	-	56,075
Internal balances	-	-	-	-	-
Inventory	-	125,373	125,373	-	8,190
Investment in joint venture	-	4,164,034	4,164,034	-	-
Debt issue costs	1,847	164,203	166,050	-	322,717
Other Noncurrent Assets	-	-	-	-	3,889,748
Capital assets:					
Land and construction in progress	1,383,664	464,833	1,848,497	-	298,083
Other capital assets, net of accumulated depreciation	5,745,495	8,432,839	14,178,334	-	14,473,697
Total Assets	<u>19,380,734</u>	<u>20,862,730</u>	<u>40,243,464</u>	<u>205,569</u>	<u>28,294,386</u>
<b>LIABILITIES</b>					
Accounts payable	330,640	254,559	585,199	-	2,541
Accrued payroll	218,147	39,595	257,742	-	5,810
Accrued payroll liabilities - other	34,681	7,419	42,100	-	-
Accrued interest	-	98,953	98,953	-	228,200
Deposits payable	-	230,195	230,195	-	-
Fund held for others	4,123	-	4,123	-	-
Unearned revenue	2,872,083	-	2,872,083	-	-
Other liabilities	95,663	70,300	165,963	-	-
Noncurrent liabilities:					
Due Within One Year	91,195	544,766	635,961	-	594,080
Due in More Than One Year	3,980,586	12,056,863	16,037,449	-	25,485,306
Total Liabilities	<u>7,627,118</u>	<u>13,302,650</u>	<u>20,929,768</u>	<u>-</u>	<u>26,315,937</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	7,174,905	4,789,724	11,964,629	-	-
Reserved for debt service funds	(26,541)	191,084	164,543	-	-
Reserved for sewer line extension	-	-	-	-	-
Restricted for other purposes	-	-	-	205,569	-
Unrestricted	4,605,252	2,579,272	7,184,524	-	1,978,449
Total Net Assets	<u>11,753,616</u>	<u>7,560,080</u>	<u>19,313,696</u>	<u>205,569</u>	<u>1,978,449</u>

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	Program Cash Receipts			Net (Expense) Revenue and Changes in Net Assets				Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total		Festus Public Library Foundation
<b>PRIMARY GOVERNMENT:</b>									
Governmental Activities:									
Administration	594,873	-	1,312	-	(593,561)	-	(593,561)	-	-
Court	162,645	292,263	-	-	129,618	-	129,618	-	-
Building Department	300,074	84,589	-	-	(215,485)	-	(215,485)	-	-
Police	2,085,510	3,320	47,219	-	(2,034,971)	-	(2,034,971)	-	-
Dispatch	416,320	46,350	-	-	(369,970)	-	(369,970)	-	-
Fire	304,569	14,600	-	-	(289,969)	-	(289,969)	-	-
Emergency Management	16,741	-	-	-	(16,741)	-	(16,741)	-	-
Street	485,739	-	-	-	(485,739)	-	(485,739)	-	-
Health	94,985	17,064	-	-	(77,921)	-	(77,921)	-	-
Library	200,613	45,397	6,636	7,500	(141,080)	-	(141,080)	-	-
Parks	489,134	44,421	2,211	2,396	(440,106)	-	(440,106)	-	-
Public Works	809,846	37,092	-	112,111	(660,643)	-	(660,643)	-	-
Nondepartmental	1,070,508	675,433	59,831	941,548	606,304	-	606,304	-	-
Economic development	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	35,427	-	-	-	(35,427)	-	(35,427)	-	-
Total Government Activities	7,066,984	1,260,529	117,209	1,063,555	(4,625,691)	-	(4,625,691)	-	-
Business-type Activities:									
Airport	65,841	1,800	29,094	3,233	-	(31,714)	(31,714)	-	-
Water and Sewer	3,429,665	3,830,125	-	608,559	-	1,009,019	1,009,019	-	-
Total Business-type Activities	3,495,506	3,831,925	29,094	611,792	-	977,305	977,305	-	-
Total Primary Government	10,562,490	5,092,454	146,303	1,675,347	(4,625,691)	977,305	(3,648,386)	-	-
<b>COMPONENT UNITS:</b>									
Component Unit - Festus Public Library Foundation	-	-	-	-	-	-	-	-	(123,833)
Component Unit - Jefferson County Water Authority	1,738,593	1,614,760	-	-	-	-	-	-	(123,833)
Total Component Units	1,738,593	1,614,760	-	-	-	-	-	-	(123,833)
General Revenues									
Taxes:									
Sales tax	-	-	-	-	4,060,137	-	4,060,137	-	-
Property tax	-	-	-	-	627,654	-	627,654	-	-
Taxes - other	-	-	-	-	1,194,060	-	1,194,060	-	-
Licenses (taxes)	-	-	-	-	165,664	-	165,664	-	-
Investment income	-	-	-	-	301,951	301,951	301,951	4,982	296,071
Joint venture loss, net	-	-	-	-	(136,604)	(136,604)	(136,604)	-	-
Miscellaneous	-	-	-	-	56,288	5,102	61,390	-	7,556
Intergovernmental Revenues	-	-	-	-	-	-	-	-	(21,181)
Transfers	-	-	-	-	-	-	-	-	-
Total General Revenues	-	-	-	-	6,314,929	170,449	6,485,378	4,982	282,446
CHANGE IN NET ASSETS									
NET ASSETS, BEGINNING (AS RESTATED, SEE NOTE XII)					1,689,238	1,147,754	2,836,992	4,982	158,613
NET ASSETS, ENDING					10,064,378	6,412,326	16,476,704	200,587	1,819,836
NET ASSETS, ENDING					11,753,616	7,560,080	19,313,696	205,569	1,978,449

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2006

ASSETS	General Fund	Other Governmental Funds	Total Governmental Fund
Cash and investments	1,472,780	3,386,387	4,859,167
Restricted cash and investments	4,123	-	4,123
Receivables (net of allowance for uncollectibles)			
Taxes	481,816	2,325,017	2,806,833
Special assessments	-	830,990	830,990
Interest	16,711	31,931	48,642
Other	86,644	84,693	171,337
Court	88,675	-	88,675
Prepaid items	150,418	52,853	203,271
Due from other funds	-	-	-
Total Assets	<u>2,301,167</u>	<u>6,711,871</u>	<u>9,013,038</u>
LIABILITIES			
Accounts payable	159,291	171,073	330,364
Accrued payroll	101,543	26,690	128,233
Accrued payroll liabilities - other	26,653	8,028	34,681
Due to other funds	-	-	-
Fund held for others	4,123	-	4,123
Deferred revenue	122,197	2,749,886	2,872,083
Other liabilities	91,816	3,847	95,663
Total Liabilities	<u>505,623</u>	<u>2,959,524</u>	<u>3,465,147</u>
FUND BALANCE			
Reserved:			
Prepaid items	150,418	52,853	203,271
Encumbrances	-	-	-
Debt service fund	-	(26,541)	(26,541)
Unrestricted:			
General fund	1,645,126	-	1,645,126
Special revenue fund	-	3,726,035	3,726,035
Total Fund Balances	<u>1,795,544</u>	<u>3,752,347</u>	<u>5,547,891</u>
Total Liabilities and Fund Balances	<u>2,301,167</u>	<u>6,711,871</u>	<u>9,013,038</u>

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

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

Total Fund Balances - Governmental Funds	5,547,891
Amounts reported for governmental activities in the statement of net assets are different because:	
Certain current assets are not available to pay for current period expenditures and therefore, are deferred in the funds.	40,552
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$13,031,281 and the accumulated depreciation is \$5,902,122.	7,129,159
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.	4,291
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.	184
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued payables	(267)
Accrued compensated absences	(89,914)
Bonds and notes payable outstanding	(878,280)
	(968,461)
Net Assets Of Governmental Activities	11,753,616

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	205,239	418,434	623,673
Taxes - other	3,348,368	1,909,807	5,258,175
Intergovernmental	33,014	163,400	196,414
Special assessments	-	37,092	37,092
Licenses and permits	248,403	-	248,403
Fines and penalties	289,557	-	289,557
Investment income	60,765	145,235	206,000
Other	104,023	129,226	233,249
Service charges	682,262	-	682,262
Total Revenues	4,971,631	2,803,194	7,774,825
<b>EXPENDITURES</b>			
Current:			
Administration	527,066	-	527,066
Court	161,245	-	161,245
Building Department	296,595	-	296,595
Police	1,932,686	26,818	1,959,504
Dispatch	421,179	-	421,179
Fire	266,398	-	266,398
Emergency management	4,462	-	4,462
Street	196,585	-	196,585
Health	-	90,647	90,647
Library	-	190,527	190,527
Parks	-	419,477	419,477
Public works	-	805,674	805,674
Nondepartmental	840,104	89,050	929,154
Economic development	-	-	-
Capital outlay	163,058	845,165	1,008,223
Debt service:			
Principal	44,151	25,266	69,417
Interest and Fiscal Charges	1,586	29,731	31,317
Total Expenditures	4,855,115	2,522,355	7,377,470
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	116,516	280,839	397,355
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from note payable	-	-	-
Transfers in	-	553,958	553,958
Transfers out	(345,476)	(299,809)	(645,285)
Total Other Financing Sources (Uses)	(345,476)	254,149	(91,327)
<b>NET CHANGE IN FUND BALANCE</b>	(228,960)	534,988	306,028
<b>FUND BALANCES (DEFICIT), OCTOBER 1</b>	2,024,503	3,217,360	5,241,863
<b>FUND BALANCES, SEPTEMBER 30</b>	1,795,543	3,752,348	5,547,891

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

CITY OF FESTUS  
JEFFERSON COUNTY, 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, 2006

Net Change in Fund Balances - Governmental Funds 306,028

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 (\$1,129,393) exceeded the depreciation (\$617,041) in the current period.

Depreciation Expense	(617,041)	
Capital Outlays	1,129,393	512,352

Gain/(Loss) on capital assets sold		(18,175)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		943,606
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Transfers In from other funds		62,702
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and in the treatment of long-term debt and related items.

Debt issued for 2005 COP Bonds	(230,000)	(230,000)
2005 COP Underwritten Discount	2,875	
2005 COP Cost of Issuance	2,174	5,049
Amortization of 2005 COP Underwriter Discount	(431)	
Amortization of 2005 COP Cost of Issuance	(326)	(757)

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

Compensated Absences		14,041
Repayment of long-term debt		70,255
Accounts Payable		(267)
Accrued interest receivable		158

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.

24,246

Change in Net Assets Of Governmental Activities		<u><u>1,689,238</u></u>
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CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Water & Sewer	Totals	
<b>Current</b>				
Cash and Investments	44,226	2,338,054	2,382,280	184
Restricted Cash and Investments	-	4,318,366	4,318,366	-
Receivables (net of allowance for uncollectibles)	-	-	-	-
Special Assessments	-	221,987	221,987	-
Service Charges	450	398,540	398,990	-
Interest	-	60,429	60,429	-
Other	8,881	75,493	84,374	-
Prepaid Items	155	44,867	45,022	-
Inventory	-	125,373	125,373	-
Total Current Assets	<u>53,712</u>	<u>7,583,109</u>	<u>7,636,821</u>	<u>184</u>
<b>Noncurrent Assets</b>				
Investments in joint venture	-	4,164,034	4,164,034	-
Debt Issue Costs	-	164,203	164,203	-
Other capital assets, net of accumulated depreciation	276,942	8,620,730	8,897,672	-
Total Noncurrent Assets	<u>276,942</u>	<u>12,948,967</u>	<u>13,225,909</u>	<u>-</u>
Total Assets	<u>330,654</u>	<u>20,532,076</u>	<u>20,862,730</u>	<u>184</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable	4,831	249,728	254,559	-
Payroll and compensated absences payable	-	39,595	39,595	-
Accrued payroll liabilities - other	-	7,419	7,419	-
Accrued interest	-	98,953	98,953	-
Revenue bonds payable and neighborhood improvement district bonds - current	-	429,734	429,734	-
Capital leases - current	-	15,258	15,258	-
Notes payable - current	-	99,774	99,774	-
Deposits payable	-	230,195	230,195	-
Due to other funds	-	-	-	-
Other liabilities	-	70,300	70,300	-
Total Current	<u>4,831</u>	<u>1,240,956</u>	<u>1,245,787</u>	<u>-</u>
<b>Long Term</b>				
Revenue bonds payable and neighborhood improvement district bonds, net of bond premiums & discounts	-	9,200,728	9,200,728	-
Capital leases	-	16,041	16,041	-
Notes payable	-	2,840,094	2,840,094	-
Total Long Term	<u>-</u>	<u>12,056,863</u>	<u>12,056,863</u>	<u>-</u>
Total Liabilities	<u>4,831</u>	<u>13,297,819</u>	<u>13,302,650</u>	<u>-</u>
<b>NET ASSETS</b>				
Net Assets Invested in Capital Assets, Net of Related Debt	276,941	4,512,783	4,789,724	-
Reserved for debt reserve funds	-	191,084	191,084	-
Reserved for sewer line extension	-	-	-	-
Unrestricted Net Asset	48,882	2,530,390	2,579,272	184
Total Net Assets	<u>325,823</u>	<u>7,234,257</u>	<u>7,560,080</u>	<u>184</u>

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN  
NET ASSETS - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Water & Sewer	Totals	
OPERATING REVENUES				
Fuel Sales	-	-	-	-
Hanger Rent	1,800	-	1,800	-
Water and Sewer Collections and Fees	-	3,706,651	3,706,651	-
Service Charges	-	-	-	39,521
Other	-	123,474	123,474	-
Total Operating Revenues	<u>1,800</u>	<u>3,830,125</u>	<u>3,831,925</u>	<u>39,521</u>
OPERATING EXPENSES				
Personnel services	4,951	787,511	792,462	10,531
Materials and supplies	-	130,287	130,287	29,634
Purchased water	-	1,122,635	1,122,635	-
Utilities and maintenance	-	135,454	135,454	737
Depreciation and amortization	25,766	363,643	389,409	-
Treatment plant	-	235,529	235,529	-
Fuel Costs	-	-	-	-
Feasibility study	32,327	-	32,327	-
Other	2,797	241,365	244,162	2,998
Total Operating Expenses	<u>65,841</u>	<u>3,016,424</u>	<u>3,082,265</u>	<u>43,900</u>
OPERATING INCOME (LOSS)	(64,041)	813,701	749,660	(4,379)
NONOPERATING REVENUES (EXPENSES)				
Interest income	2,001	299,950	301,951	-
Miscellaneous income	-	5,102	5,102	-
Interest expense	-	(413,241)	(413,241)	-
Joint venture loss, net	-	(136,604)	(136,604)	-
Total Nonoperating Revenues (Expenses)	<u>2,001</u>	<u>(244,793)</u>	<u>(242,792)</u>	<u>-</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(62,040)	568,908	506,868	(4,379)
Capital contributions	3,233	608,559	611,792	-
Grant contributions	29,094	-	29,094	-
Transfers in	-	-	-	28,625
CHANGE IN NET ASSETS	(29,713)	1,177,467	1,147,754	24,246
NET ASSETS, OCTOBER 1	<u>355,536</u>	<u>6,056,790</u>	<u>6,412,326</u>	<u>(24,062)</u>
NET ASSETS, SEPTEMBER 30	<u><u>325,823</u></u>	<u><u>7,234,257</u></u>	<u><u>7,560,080</u></u>	<u><u>184</u></u>

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Business - type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Water And Sewer	Totals	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Flows from Operating Activities:				
Receipts from Customers	15,249	3,848,024	3,863,273	39,607
Payments to Suppliers	(34,168)	(1,983,184)	(2,017,352)	(47,404)
Payments to Employees	(17)	(666,000)	(666,017)	(3,496)
Other Receipts (Payments)	(6,953)	(27,309)	(34,262)	-
Net Cash Flows from Operating Activities	<u>(25,889)</u>	<u>1,171,531</u>	<u>1,145,642</u>	<u>(11,293)</u>
Cash Flows from Noncapital Financing Activities				
Grants and other contributions	32,327	610,383	642,710	-
Transfer in	-	-	-	28,625
Net Cash Used by Noncapital Financing Activities	<u>32,327</u>	<u>610,383</u>	<u>642,710</u>	<u>28,625</u>
Cash Flows from Capital and Related Financing Activities:				
Payments of long-term debt	-	(442,863)	(442,863)	-
Proceeds from notes payable	-	1,032,923	1,032,923	-
Interest on debt	-	(413,241)	(413,241)	-
Acquisition and construction of capital assets	-	(1,952,219)	(1,952,219)	-
Proceeds from sales of capital assets	-	356	356	-
Net Cash Used by Capital and Related Financing Activities:	<u>-</u>	<u>(1,775,044)</u>	<u>(1,775,044)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Miscellaneous income	-	(16,952)	(16,952)	-
Interest on Investments	2,001	299,950	301,951	-
Net Cash Used by Investing Activities	<u>2,001</u>	<u>282,998</u>	<u>284,999</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,439	289,868	298,307	17,332
CASH AND CASH EQUIVALENTS , OCTOBER 1	<u>35,787</u>	<u>6,366,552</u>	<u>6,402,339</u>	<u>(17,148)</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>44,226</u></u>	<u><u>6,656,420</u></u>	<u><u>6,700,646</u></u>	<u><u>184</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Cash flows from operating activities:				
Operating Profit (Loss)	(64,039)	816,624	752,585	(4,379)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation Expense	25,766	363,643	389,409	-
(Increase) decrease in:				
Accounts receivable	(450)	(14,721)	(15,171)	86
Prepaid items	1,339	30,593	31,932	2,223
Inventories	-	(47,368)	(47,368)	-
Other current assets	6,946	-	6,946	-
Increase (decrease) in:				
Accounts payable	4,549	(42,300)	(37,751)	(5,527)
Accrued liabilities	-	65,060	65,060	(3,696)
Total Adjustments	<u>38,150</u>	<u>354,907</u>	<u>393,057</u>	<u>(6,914)</u>
Net cash provided by operating activities	<u><u>(25,889)</u></u>	<u><u>1,171,531</u></u>	<u><u>1,145,642</u></u>	<u><u>(11,293)</u></u>

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. The Financial Reporting Entity**

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

**Discretely Presented Component Units**

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

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

**Festus Public Library Foundation, Inc.** – The component unit's governing body is appointed by the City Council. The purpose of the component unit is to establish future expansion and repair of the library building, and to update and add to the collection of books, materials, and equipment in the library. Separate financial statements are not prepared for the Festus Public Library Foundation, Inc.

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

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

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

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

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

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

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

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

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

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

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

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

The government reports the following major governmental fund:

*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.

The City reports the following major proprietary fund:

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

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 departments 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.

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

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

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.

**F. Allowance for Uncollectable Accounts**

Allowance for uncollectible accounts is as follows:

	September 30, 2006
Business-type Activities – Water and Sewer Enterprise Fund	\$14,000

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

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

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

**H. Inventory and Prepaid Items**

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

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

**I. Restricted Assets**

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

**J. Capital Assets**

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

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.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

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

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

**K. Compensated Absences**

Vacation

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

	Total	Amounts Due Within One Year
Governmental Activities	\$ 89,914	\$ 89,914
Business Type Activities	14,506	14,506
	\$ 104,420	\$ 104,420

Sick Leave

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

**L. Deferred Revenue**

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

**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  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

**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**

As September 30, 2006 the City had deposits and investments as follows:

Type	Maturities	2006 Cost
Unrestricted Deposits :		
Petty Cash	N/A	\$ 1,944
Demand Deposits	N/A	1,981,480
Restricted Deposits :		
Bond Demand Deposits	N/A	427,349
Total Deposits		\$ 2,410,773
Unrestricted Investment:		
Agency Note	10/4/2006	\$ 500,604
Agency Note	10/25/2006	228,030
Agency Note	12/29/2006	954,638
Certificate of Deposit	11/13/2006	771,850
Agency Bonds	12/19/2006	523,395
Agency Bonds	1/16/2007	438,398
Agency Bonds	2/6/2007	415,174
Agency Bonds	3/20/2007	884,062
Agency Bonds	3/14/2007	542,307

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

Type	Maturities	2006 Cost
Restricted Investments :		
Agency Note	10/4/2006	29,500
Agency Note	10/25/2006	12,000
Agency Note	12/29/2006	45,500
Certificate of Deposit	11/13/2006	30,250
Agency Bonds	12/19/2006	17,155
Agency Bonds	2/6/2007	29,000
Guaranteed Investment Contract	6/30/2023	1,214,427
Guaranteed Investment Contract	6/30/2023	9,197
Guaranteed Investment Contract	6/30/2023	13,764
Guaranteed Investment Contract	6/30/2023	2,534,490
Total Investments		\$ 9,193,741
Total Deposits and Investments		\$ <u>11,604,514</u>

Investments are recorded at cost, which approximates market.

**Interest Rate Risk** – The City’s investment policy minimizes the risk that the market value of securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities. Investments in banker’s acceptance and commercial paper shall mature and become payable not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase. The City’s established investment policy has limited the City’s investment portfolio to a weighted-average maturity that does not exceed three years.

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

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit by governmental unit securities which, when combined with Federal Deposit Insurance Corporation (“FDIC”) insurance, are at least equal to the amount on deposit at all times. At September 30, 2006, the City’s deposits bank balance was insured or collateralized as follows:

At September 30, 2006, 100% of the City’s investments were guaranteed by the U.S. Government.

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
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agencies. More than 5% of the City's total unrestricted investments are with a bank certificate of deposit.

**III. CAPITAL ASSETS**

Capital asset activity was as follows:

	<u>For The Year Ended September 30, 2006</u>			Balance September 30, 2006
	Balance September 30, 2005	Additions	Reductions	
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,115,431	\$ 2,552	\$ -	\$ 1,117,983
Construction in process	134,867	197,210	(66,397)	265,680
Total Capital Assets Not Being Depreciated	<u>1,250,298</u>	<u>199,762</u>	<u>(66,397)</u>	<u>1,383,663</u>
Capital assets being depreciated:				
Buildings and other improvements	2,825,569	337,132	(2,308)	3,160,393
Office equipment	233,674	41,998	(15,583)	260,089
Automotive equipment	2,774,573	180,512	(123,246)	2,831,839
Machinery and equipment	1,118,404	330,056	(10,883)	1,437,577
Infrastructure	2,210,778	485,674	(18,179)	2,678,273
Land Improvements	641,987	639,478	(2,023)	1,279,442
Total Capital Assets Being Depreciated	<u>\$ 9,804,985</u>	<u>\$ 2,014,850</u>	<u>\$ (172,222)</u>	<u>\$ 11,647,613</u>
Less-Accumulated depreciation for:				
Buildings and other improvements	\$ 1,573,040	\$ 95,310	\$ (2,109)	\$ 1,666,241
Office equipment	195,014	21,161	(15,583)	200,592
Automotive equipment	2,257,541	208,180	(123,246)	2,342,475
Machinery and equipment	822,179	124,844	(11,104)	935,918
Infrastructure	158,260	113,955	(182)	272,033
Land Improvements	433,286	53,595	(2,023)	484,858
Total Accumulated Depreciation	<u>5,439,320</u>	<u>617,045</u>	<u>(154,247)</u>	<u>5,902,117</u>
Total Capital Assets Being Depreciated, Net	<u>4,365,665</u>	<u>1,397,806</u>	<u>(17,975)</u>	<u>5,745,496</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 5,615,963</u>	 <u>\$ 1,597,568</u>	 <u>\$ (84,372)</u>	 <u>\$ 7,129,159</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 158,814	\$ 78,735	\$ -	\$ 237,549
Construction in process	75,399	1,192,794	(1,040,908)	227,285
Total Capital Assets Not Being Depreciated	<u>234,213</u>	<u>1,271,529</u>	<u>(1,040,908)</u>	<u>464,833</u>
Capital assets being depreciated:				
Systems and improvements	8,277,704	1,566,898	(75,000)	9,769,602

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**III. CAPITAL ASSETS (Continued)**

	<u>For The Year Ended September 30, 2006</u>			Balance September 30, 2006
	Balance September 30, 2005	Additions	Reductions	
Buildings and other improvements	827,329	-	-	827,329
Automotive equipment	257,973	88,052	(12,000)	334,025
Machinery and equipment	907,592	158,295	-	1,065,887
Furniture and fixtures	7,642	-	-	7,642
Computer equipment	24,086	-	-	24,086
Total Capital Assets Being Depreciated	10,302,327	1,813,245	(87,000)	12,028,572
Less-Accumulated depreciation for:				
Systems and improvements	2,114,822	214,715	-	2,329,537
Buildings and other improvements	548,457	23,749	-	572,206
Automotive equipment	172,408	47,090	(12,000)	207,498
Machinery and equipment	389,895	81,572	-	471,468
Furniture and fixtures	3,809	837	-	4,646
Computer equipment	6,829	3,549	-	10,378
Total Accumulated Depreciation	3,236,221	371,512	(12,000)	3,595,733
Total Capital Assets Being Depreciated, Net	7,066,106	1,441,733	(75,000)	8,432,839
Business-type Activities Capital Assets, Net	7,300,318	2,713,262	(1,115,908)	8,897,672

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

	<u>For The Year Ended September 30, 2006</u>
Governmental Activities:	
Administration	\$ 70,976
Court	1,244
Building department	4,231
Police	99,559
Culture and dispatch	1,108
Fire	37,194
Street	291,175
Emergency Management	12,279
Non-Departmental	12,724
Health	4,272
Library	10,086
Parks	72,193
Total Depreciation Expense – Governmental Activities	\$ 617,041

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FOR THE YEAR ENDED SEPTEMBER 30, 2006

**III. CAPITAL ASSETS (Continued)**

	<b>For The Year Ended September 30, 2006</b>
Business-type activities:	
Airport	25,766
Water and sewer	345,746
	371,512
Total Depreciation Expense – Business-type Activities	\$ 371,512

**IV. LONG-TERM DEBT**

Long-term liability activity was as follows:

	<b>For The Year Ended September 30, 2006</b>				
	Balance September 30, 2005	Additions	Reductions	Balance September 30, 2006	
Governmental activities:					
Capital leases	\$ 55,422	\$ 81,870	\$ (73,752)	\$ 63,540	\$ 30,929
Neighborhood Improvement District bonds	609,997	-	(25,266)	584,731	25,266
Certificates of Participation	-	230,000	-	230,000	35,000
Less: Discount	-	431	(2,875)	(2,444)	-
Notes payable	3,423,424	-	(227,470)	3,195,954	-
Total Governmental Activities Debt	4,088,843	312,301	(329,363)	4,071,781	91,195
Business-type activities:					
Capital leases	45,812	-	(14,513)	31,299	15,258
Revenue bonds	8,765,000	-	(360,000)	8,405,000	385,000
Plus: Premium	212,966	-	(12,166)	200,800	-
Less: On Refunding	(277,186)	19,452	-	(257,734)	-
Neighborhood Improvement District Bonds	235,003	-	(9,734)	225,269	9,734
Certificates of Participation	-	1,070,000	-	1,070,000	35,000
Less: Discount	-	502	(13,375)	(12,873)	-
Note payable	2,998,483	-	(58,615)	2,939,868	99,774
Total Business-type Activities Debt	11,980,078	1,089,954	(468,403)	12,601,629	544,766

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

**Capital Leases**

	<u>September 30, 2006</u>
<b>Governmental Activities:</b>	
Capital lease \$24,250 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13%.	\$ 10,433
Capital lease \$81,870 for police cars, 2006, due in annual installments through February 27, 2008, interest payable at 5.50%.	53,107
	<u>63,540</u>
<b>Business-type Activities:</b>	
Capital lease \$72,749 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13%.	\$ <u>31,298</u>

The total amount of the sewer cleaner capital lease is \$41,731. This amount is split between the governmental activities and the business-type activities.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Automobile equipment	\$ 223,172	-
Machinery and equipment	24,250	72,749
Less – Accumulated depreciation	<u>(143,188)</u>	<u>(42,437)</u>
Total	<u>\$ 104,234</u>	<u>30,312</u>

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, 2006 is as follows:

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

**Capital Leases (Continued)**

For The Years Ending September 30,	Governmental Activities	Business-type Activities	Total
2007	\$ 34,385	\$ 16,863	\$ 51,248
2008	34,385	16,864	51,249
2009	-	-	-
Total Minimum Lease Payments	68,770	33,727	102,497
Less – Amount representing interest	(5,230)	(2,429)	(7,659)
Present Value Of Future Minimum Lease Payments	\$ 63,540	\$ 31,298	\$ 94,838

**Neighborhood Improvement District Bonds**

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

**September 30,  
2006**

**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%.

\$ 584,731

**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%.

\$ 225,269

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

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

**Neighborhood Improvement District Bonds (Continued)**

<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>
2007	\$ 25,266	28,898	54,164	9,734	11,132	20,866
2008	25,266	27,900	53,166	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	28,876	24,083	52,959	11,124	9,277	20,401
2012-2016	169,644	97,542	267,186	65,356	37,577	102,933
2017-2021	223,786	47,126	270,912	86,214	18,154	104,368
2022	54,141	1,502	55,643	20,859	579	21,438
	\$ <u>584,731</u>	<u>279,114</u>	<u>863,845</u>	<u>225,269</u>	<u>107,524</u>	<u>332,793</u>

**Certificates of Participation**

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

September 30,  
2006

**Governmental Activities:**

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

**Business-type Activities**

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

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

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JEFFERSON COUNTY, MISSOURI  
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**IV. LONG-TERM DEBT (Continued)**

**Certificates of Participation (Continued)**

<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>
2007	\$ 35,000	7,625	42,625	35,000	43,723	78,723
2008	35,000	6,435	41,435	40,000	42,448	82,448
2009	40,000	5,160	45,160	40,000	41,088	81,088
2010	40,000	3,800	43,800	40,000	39,727	79,727
2011	80,000	1,560	81,560	40,000	38,267	78,267
2012-2016	-	-	-	235,000	164,860	399,860
2017-2021	-	-	-	280,000	111,835	391,835
2022-2025	-	-	-	360,000	42,026	402,026
	<u>\$ 230,000</u>	<u>24,580</u>	<u>254,580</u>	<u>1,070,000</u>	<u>523,974</u>	<u>1,593,974</u>

September 30,  
2006

**Governmental Activities:**

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

\$ 1,583,935

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

\$ 1,612,019

\$ 3,195,954

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
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**IV. LONG-TERM DEBT (Continued)**

	<u>September 30, 2006</u>
<b>Business-type Activities:</b>	
<b>Revenue Bonds Payable</b>	
\$3,960,000 Revenue Bonds, Series 2003, due in annual installments through July 1, 2019, interest payable at 3.036%.	\$ 3,205,000
\$3,575,000 Revenue Bonds, Series 2002B, due in annual installments through July 2023, interest payable at 2.05% to 5.5%.	3,440,000
\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 1, 2022, interest payable at 3% to 5.375%.	<u>1,760,000</u>
	<u>\$ 8,405,000</u>
<b>Notes Payable</b>	
\$300,000 note payable for Pound Sewer Project, due in monthly installments through January 2009, interest payable at 5.32%, secured by fire truck.	\$ 106,812
State Revolving Fund (SRF) – 2001C, no interest	309,174
State Revolving Fund (SRF) – 2002B, no interest	<u>2,523,882</u>
	<u>\$ 2,939,868</u>

The debt maturity of the bonds, excluding amount maturing after September 30, 2006, 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>
2007	\$ 385,000	\$ 360,991	\$ 745,991	\$ 100,505	\$ 5,682	\$ 106,187
2008	490,000	348,742	838,742	168,792	3,886	172,678
2009	505,000	332,902	837,902	172,663	1,993	174,656
2010	510,000	315,984	825,984	138,729	-	138,729
2011	540,000	296,190	836,190	141,166	-	141,166
2012-2016	2,815,000	1,150,031	3,965,031	817,927	-	817,927
2017-2021	2,510,000	533,203	3,043,203	934,205	-	934,205
2022-2023	650,000	45,251	695,251	465,881	-	465,881
	<u>\$ 8,405,000</u>	<u>\$ 3,383,294</u>	<u>\$ 11,788,294</u>	<u>\$ 2,939,868</u>	<u>\$ 11,561</u>	<u>\$ 2,951,429</u>

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

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. 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 8.1% (general) and 6.2% (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 provisions of the City are established by state statute.

**3. Annual Pension Cost**

For 2006, the City's annual pension cost of \$257,162 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 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

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

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

increases of 4% per year, compounded annually, attributable to inflation, c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, d) pre-retirement mortality based on the RP-2000 combined Healthy Table set back 0 years for men and 0 years for women and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2006 was 15 years.

Three-year trend information follows:

For The Years Ended June 30	Annual Pension Cost (APC)	Percentage Of APC Contributed
2006	\$ 257,162	100%
2005	149,544	100%
2004	82,523	100%

Schedule of funding progress follows:

For The Valuation Years Ended February 28/29	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)
2006	\$ 5,992,687	\$ 6,016,141	\$ 23,454
2005	5,635,136	5,718,061	82,925
2004	5,423,055	4,611,882	(811,173)

For The Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Excess Assets As A Percentage Of Covered Payroll
2006	100%	\$ 3,355,310	1%
2005	99%	2,981,956	3%
2004	118%	2,951,382	-

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

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

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations.

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

There were no due from/due to other funds balances at September 30, 2006.

**VII. INTERFUND TRANSFERS**

Individual fund transfers are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>September 30, 2006</u>
General Fund	Internal Service Fund	\$ 28,625
General Fund	Nonmajor funds – Library	8,149
General Fund	Nonmajor funds – Capital Service	246,000
General Fund	Nonmajor funds – Long-Term Debt	62,702
Nonmajor funds – City Transportation	Nonmajor funds – NID Assessment	4,081
Nonmajor funds – Levee Tax	Nonmajor funds - Park	295,728
		<u>\$ 645,285</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

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prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**IX. LITIGATION**

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. The City is a defendant in a lawsuit regarding a claim for zoning enforcement damages which seeks damages in excess of \$3,000,000. As of September 30, 2006, the City has not recorded a provision for this matter as management intends to vigorously defend these allegations and believes the payment of the damages is not probable. However, if the City is found liable in the lawsuit insurance will not cover any of the damages and the financial condition of the City in future periods could be adversely affected.

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

The City of Festus and the City of Crystal City, Missouri participate in the Festus-Crystal City Sewage Treatment Commission (the Commission) which was formed for the purpose of operating and maintaining a sewage treatment facility for the two cities. Both City Councils appoint two members to the Commission. The City of Festus is committed to pay monthly to the Commission an amount equal to 58 - 60% of the previous month's costs of operation and maintenance of the shared facility and repairs and replacements of equipment. City of Crystal City is committed to pay the remaining 40 - 42% of described costs. Complete financial statements of the Commission can be obtained directly from its administrative offices. The City accounts for its participation in this joint venture under the equity method of accounting to reflect its 58 - 60% ownership of the Commission. The City's interest in the joint venture at September 30, 2006 is \$4,164,034 and its share of the Commission's net loss before adding back depreciation assets financed by grants from other governments is \$136,604.

Depreciation on assets financed by grants from other governments, \$126,271, 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, 2006, the City's cost for sewage treatment services provided by the Commission was \$216,161, 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, 2006 were both \$825,270. Commission management stated that no long-term liabilities were outstanding at September 30, 2006. For the year ended September 30, 2006, total receipts, disbursements, and depreciation were \$337,845; \$377,845; and \$136,604, respectively, resulting in a net decrease in the Commission's equity of \$136,604.

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
NOTES TO ACCOMPANYING FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**XI. CONCENTRATION**

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

**XII. RESTATEMENT OF BEGINNING FUND BALANCES**

The City reports government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting as prescribed under GASB Statement No. 34. When GASB No. 34 was applied, there was an error in the presentation of the government-wide net assets or fund balances. This error did not affect the individual governmental fund balances, only the government-wide balances. The restatement causes an increase of \$2,503,571 to the beginning balance for net assets on the statement of activities from \$7,560,807 as previously reported to \$10,064,378.

**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
GENERAL FUND - BUDGETARY BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	194,907	194,907	205,239	10,332
Taxes - other	3,359,248	3,359,248	3,348,368	(10,880)
Intergovernmental	22,758	22,758	33,014	10,256
Special assessments	-	-	-	-
Licenses and permits	232,100	232,100	248,403	16,303
Fines and penalties	294,500	294,500	289,557	(4,943)
Investment income	20,000	20,000	60,765	40,765
Other	43,500	77,500	104,023	26,523
Service charges	676,185	676,185	682,262	6,077
Total Revenues	<u>4,843,198</u>	<u>4,877,198</u>	<u>4,971,631</u>	<u>94,433</u>
EXPENDITURES				
Current:				
Administration	583,958	589,958	527,066	(62,892)
Court	171,857	183,857	161,245	(22,612)
Building department	304,292	304,292	296,595	(7,697)
Police	1,991,390	1,988,885	1,932,686	(56,199)
Dispatch	438,227	438,227	421,179	(17,048)
Fire	245,812	285,162	266,398	(18,764)
Emergency management	3,170	5,030	4,462	(568)
Street	203,365	203,365	196,585	(6,780)
Nondepartmental	856,098	1,010,863	840,104	(170,759)
Capital outlay	293,333	193,928	163,058	(30,870)
Debt Service:				
Principal	44,152	45,637	44,151	(1,486)
Interest and fiscal charges	1,586	1,586	1,586	-
Total Expenditures	<u>5,137,240</u>	<u>5,250,790</u>	<u>4,855,115</u>	<u>(395,675)</u>
REVENUES OVER (UNDER) EXPENDITURES	(294,042)	(373,592)	116,516	490,108
OTHER FINANCING SOURCES				
Transfers in		-	-	-
Transfers out	(246,000)	(339,274)	(345,476)	(6,202)
Total Other Financing Sources (Uses)	<u>(246,000)</u>	<u>(339,274)</u>	<u>(345,476)</u>	<u>(6,202)</u>
NET CHANGE IN FUND BALANCE	<u>(540,042)</u>	<u>(712,866)</u>	(228,960)	<u>483,906</u>
FUND BALANCES (DEFICIT), OCTOBER 1			2,024,503	
FUND BALANCES, SEPTEMBER 30			<u>1,795,543</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
REQUIRED SUPPLEMENTAL INFORMATION –  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**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**



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council  
City of Festus, Missouri

We have audited the financial statements of the City of Festus, as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements and have issued our basic report thereon dated January 25, 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 25, 2007

## **SUPPLEMENTARY INFORMATION**

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2006

		SPECIAL REVENUE FUNDS															
ASSETS		Health	Libraries	Park	Capital Reserves	Law Enforcement Training	Cops Grant	Public Works Rehabilitation	City Transportation Tax	County Transportation Tax	Levee Tax	Tourism Tax	Local Law Enforcement Block Grant	Sales Tax Reimbursement	Federal Forfeiture	NID Assessment	Totals
Cash and investments		118,089	89,005	145,756	5,224	80,005	1,530,486	144,106	499,757	91,852	-	-	-	129,918	5,415	(24,030)	3,386,387
Restricted cash and investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes		5,551	7,630	46,561	-	-	1,555,656	1,966,578	77,863	19,982	45,196	-	-	-	-	-	2,325,017
Special Assessments		1,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	830,990
Interest		605	691	1,285	9,393	391	12,895	968	4,267	1,236	-	-	-	-	-	829,774	31,931
Other		6,983	-	1,706	-	2,032	14,891	59,081	-	-	-	-	-	-	-	-	84,693
Prepaid items		2,570	7,251	10,948	-	-	32,084	-	-	-	-	-	-	-	-	-	52,853
Due from other funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets		133,014	104,577	206,256	580,397	7,256	1,746,012	2,170,733	581,887	113,070	175,114	-	-	175,114	5,415	805,744	6,711,871
LIABILITIES																	
Accounts Payable		3,088	3,003	6,980	-	448	46,973	54,030	55,812	-	-	-	-	-	-	-	171,073
Accrued payroll		2,607	4,116	5,687	-	-	14,280	-	-	-	-	-	-	-	-	-	26,690
Accrued payroll liabilities - other		585	1,033	1,605	-	-	4,805	-	-	-	-	-	-	-	-	-	8,028
Due to other funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue		5,091	6,998	6,998	-	-	-	1,898,025	3,000	-	-	-	-	-	-	829,774	2,749,886
Other liabilities		-	-	1,336	-	-	-	-	-	-	-	-	-	-	-	2,511	3,847
Total Liabilities		11,371	15,150	22,606	-	448	66,058	1,952,055	58,812	-	-	-	-	-	-	832,285	2,939,524
FUND BALANCE																	
Reserved items		2,570	7,251	10,948	-	-	32,084	-	-	-	-	-	-	-	-	-	52,853
Encumbrances		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special revenue funds		121,073	82,176	172,702	580,397	6,808	1,647,870	218,678	523,075	113,070	175,114	-	-	175,114	5,415	(26,541)	3,726,035
Total Fund Balance		123,643	89,427	183,650	580,397	6,808	1,679,954	218,678	523,075	113,070	175,114	-	-	175,114	5,415	(26,541)	3,752,347
Total Liabilities and Fund Balance		135,014	104,577	206,256	580,397	7,256	1,746,012	2,170,733	581,887	113,070	175,114	-	-	175,114	5,415	805,744	6,711,871

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2006

REVENUE	SPECIAL REVENUE FUNDS													Totals		
	Health	Library	Park	Capital Reserve	Law Enforcement Training	Cops Grant	Public Works Building Rehabilitation	City Transportation Tax	County Transportation Tax	Levee Tax	Tourism Tax	Local Law Enforcement Block Grant	Sales Tax Reimbursement		Federal Forfeiture	NID Assessment
Property taxes	111,382	153,426	153,426	-	-	-	-	-	-	-	-	-	-	-	-	418,434
Taxes - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,909,807
Intergovernmental	-	5,671	1,705	-	6,412	22,856	-	1,489,033	198,153	591,457	70,800	-	(99,636)	-	-	163,400
Special Assessments	-	-	-	-	-	-	-	14,645	112,111	-	-	-	-	-	-	145,756
Investment income	7,500	5,731	8,281	19,910	308	-	3,841	61,919	8,432	18,403	3,162	-	4,142	774	2,832	145,735
Other	15,434	47,672	47,499	-	-	-	-	12,877	240	-	-	-	-	5,504	-	120,226
Total Revenues	134,316	212,500	210,911	19,910	6,720	22,856	3,841	1,238,474	318,936	609,860	73,962	-	(95,494)	6,278	39,924	2,803,194
EXPENDITURES																
Current:																
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	90,647	-	-	-	4,962	21,856	-	-	-	-	-	-	-	-	-	26,818
Library	-	190,527	-	-	-	-	-	-	-	-	-	-	-	-	-	90,647
Parks	-	-	419,477	-	-	-	-	-	-	-	-	-	-	-	-	190,527
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	419,477
Capital outlay	43,134	11,499	50,222	-	-	1,000	4,871	805,674	310,263	6,576	-	-	-	-	77,603	894,724
Debt service:	-	-	-	-	-	-	352	265,419	310,263	105,582	27,251	-	-	30,443	-	845,165
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,266
Total Expenditures	133,781	202,026	469,699	-	4,962	22,856	5,223	1,071,093	310,263	112,158	27,251	-	-	30,443	132,600	2,522,355
REVENUES OVER (UNDER) EXPENDITURES	735	10,474	(258,788)	19,910	1,758	-	(1,382)	167,381	8,673	497,702	46,711	-	(95,494)	(24,165)	(92,676)	280,839
OTHER FINANCING SOURCES (USES)																
Transfers in	-	8,149	295,728	246,000	-	-	-	(4,081)	-	(295,728)	-	-	-	-	4,081	553,958
Transfers out	-	-	-	-	-	-	-	(4,081)	-	(295,728)	-	-	-	-	-	(299,809)
Total Other Financing Sources (Uses)	-	8,149	295,728	246,000	-	-	-	(4,081)	-	(295,728)	-	-	-	-	4,081	254,149
NET CHANGE IN FUND BALANCE	735	18,623	36,940	265,910	1,758	-	(1,382)	163,300	8,673	201,974	46,711	-	(95,494)	(24,165)	(88,595)	534,988
FUND BALANCES (DEFICIT), OCTOBER 1	122,909	70,804	146,710	314,487	5,030	-	81,039	1,516,654	210,005	321,101	66,359	-	270,608	29,580	62,054	3,217,360
FUND BALANCES, SEPTEMBER 30	123,644	89,427	183,650	580,397	6,808	-	79,657	1,679,954	218,678	523,075	113,070	-	175,114	5,415	(26,541)	3,752,348

CITY OF FESTUS  
JEFFERSON COUNTY, 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, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	106,190	106,190	111,582	5,392
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	1,500	1,500	7,500	6,000
Other	2,300	2,300	15,434	13,134
Total Revenues	109,990	109,990	134,516	24,526
EXPENDITURES				
Current:				
Health	87,735	97,080	90,647	(6,433)
Capital expenditures	76,000	66,655	43,134	(23,521)
Total Expenditures	163,735	163,735	133,781	(29,954)
REVENUES OVER (UNDER) EXPENDITURES	(53,745)	(53,745)	735	54,480
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>(53,745)</u>	<u>(53,745)</u>	735	<u>54,480</u>
FUND BALANCES, OCTOBER 1			122,909	
FUND BALANCES, SEPTEMBER 30			<u>123,644</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, 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, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	146,009	146,009	153,426	7,417
Taxes - other	-	-	-	-
Intergovernmental	11,461	11,461	5,671	(5,790)
Special Assessments	-	-	-	-
Investment income	850	850	5,731	4,881
Other	32,550	32,550	47,672	15,122
Total Revenues	190,870	190,870	212,500	21,630
EXPENDITURES				
Current:				
Library	197,704	197,479	190,527	(6,952)
Capital expenditures	17,000	17,225	11,499	(5,726)
Total Expenditures	214,704	214,704	202,026	(12,678)
REVENUES OVER (UNDER) EXPENDITURES	(23,834)	(23,834)	10,474	34,308
OTHER FINANCING SOURCES (USES)				
Transfers in	8,149	8,149	8,149	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	8,149	8,149	8,149	-
NET CHANGE IN FUND BALANCE	(15,685)	(15,685)	18,623	34,308
FUND BALANCES, OCTOBER 1			70,804	
FUND BALANCES, SEPTEMBER 30			89,427	

CITY OF FESTUS  
 JEFFERSON COUNTY, 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, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	146,009	146,009	153,426	7,417
Taxes - other	-	-	-	-
Intergovernmental	-	-	1,705	1,705
Special Assessments	-	-	-	-
Investment income	-	-	8,281	8,281
Other	42,698	42,698	47,499	4,801
Total Revenues	188,707	188,707	210,911	22,204
EXPENDITURES				
Current:				
Parks	475,659	483,669	419,477	(64,192)
Capital expenditures	45,700	37,690	50,222	12,532
Total Expenditures	521,359	521,359	469,699	(51,660)
REVENUES OVER (UNDER) EXPENDITURES	(332,652)	(332,652)	(258,788)	73,864
OTHER FINANCING SOURCES (USES)				
Transfers in	298,373	298,373	295,728	(2,645)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	298,373	298,373	295,728	(2,645)
NET CHANGE IN FUND BALANCE	(34,279)	(34,279)	36,940	71,219
FUND BALANCES, OCTOBER 1			146,710	
FUND BALANCES, SEPTEMBER 30			183,650	

CITY OF FESTUS  
 JEFFERSON COUNTY, 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, 2006

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUE				
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	2,000	2,000	19,910	17,910
Other	-	-	-	-
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>19,910</u>	<u>17,910</u>
EXPENDITURES				
Capital expenditures	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>2,000</u>	<u>19,910</u>	<u>17,910</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	246,000	246,000	246,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>246,000</u>	<u>246,000</u>	<u>246,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>248,000</u>	<u>248,000</u>	265,910	<u>17,910</u>
FUND BALANCES, OCTOBER 1			314,487	
FUND BALANCES, SEPTEMBER 30			<u>580,397</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, 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, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	6,500	6,500	6,412	(88)
Special Assessments	-	-	-	-
Investment income	-	-	308	308
Other	-	-	-	-
Total Revenues	<u>6,500</u>	<u>6,500</u>	<u>6,720</u>	<u>220</u>
EXPENDITURES				
Current:				
Police	6,500	6,500	4,962	(1,538)
Capital expenditures	-	-	-	-
Total Expenditures	<u>6,500</u>	<u>6,500</u>	<u>4,962</u>	<u>(1,538)</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,758	1,758
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	1,758	<u>1,758</u>
FUND BALANCES, OCTOBER 1			5,050	
FUND BALANCES, SEPTEMBER 30			<u>6,808</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
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, 2006

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

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
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, 2006

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUE				
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	3,841	3,841
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>3,841</u>	<u>3,841</u>
EXPENDITURES				
Current:				
Nondepartmental	5,000	5,000	4,871	(129)
Capital expenditures	60,000	60,000	352	(59,648)
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>5,223</u>	<u>(59,777)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(65,000)</u>	<u>(65,000)</u>	<u>(1,382)</u>	<u>63,618</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>(65,000)</u>	<u>(65,000)</u>	<u>(1,382)</u>	<u>63,618</u>
FUND BALANCES, OCTOBER 1			81,039	
FUND BALANCES, SEPTEMBER 30			<u><u>79,657</u></u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
CITY TRANSPORTATION SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Taxes	1,193,492	1,193,492	1,149,033	(44,459)
Intergovernmental	-	-	14,645	14,645
Special assessments	-	-	-	-
Investment income	1,000	1,000	61,919	60,919
Other	11,650	11,650	12,877	1,227
Total Revenues	1,206,142	1,206,142	1,238,474	32,332
EXPENDITURES				
Current:				
Public works	1,008,091	1,012,172	805,674	(206,498)
Capital outlay	357,600	357,600	265,419	(92,181)
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,365,691	1,369,772	1,071,093	(298,679)
REVENUES OVER (UNDER) EXPENDITURES	(159,549)	(163,630)	167,381	331,011
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(4,081)	(4,081)	(4,081)	-
Total Other Financing Sources (Uses)	(4,081)	(4,081)	(4,081)	-
NET CHANGE IN FUND BALANCE	(163,630)	(167,711)	163,300	331,011
FUND BALANCES (DEFICIT), OCTOBER 1			1,516,654	
FUND BALANCES, SEPTEMBER 30			1,679,954	

CITY OF FESTUS  
 JEFFERSON COUNTY, 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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	486,050	486,050	198,153	(287,897)
Intergovernmental	460,290	460,290	112,111	(348,179)
Investment income	1,000	1,000	8,432	7,432
Other	-	-	240	240
Total Revenues	<u>947,340</u>	<u>947,340</u>	<u>318,936</u>	<u>(628,404)</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Capital outlay	1,657,645	1,657,645	310,263	(1,347,382)
Total Expenditures	<u>1,657,645</u>	<u>1,657,645</u>	<u>310,263</u>	<u>(1,347,382)</u>
REVENUES OVER (UNDER) EXPENDITURES	(710,305)	(710,305)	8,673	718,978
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>(710,305)</u>	<u>(710,305)</u>	8,673	<u>718,978</u>
FUND BALANCES (DEFICIT), OCTOBER 1			210,005	
FUND BALANCES, SEPTEMBER 30			<u><u>218,678</u></u>	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - LEVEE TAX SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	596,746	596,746	591,457	(5,289)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	500	500	18,403	17,903
Other	-	-	-	-
Total Revenues	<u>597,246</u>	<u>597,246</u>	<u>609,860</u>	<u>12,614</u>
EXPENDITURES				
Current:				
Nondepartmental	289,949	289,949	6,576	(283,373)
Capital expenditures	-	-	105,582	105,582
Total Expenditures	<u>289,949</u>	<u>289,949</u>	<u>112,158</u>	<u>(177,791)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>307,297</u>	<u>307,297</u>	<u>497,702</u>	<u>190,405</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(298,373)	(298,373)	(295,728)	2,645
Total Other Financing Sources (Uses)	<u>(298,373)</u>	<u>(298,373)</u>	<u>(295,728)</u>	<u>2,645</u>
NET CHANGE IN FUND BALANCE	<u>8,924</u>	<u>8,924</u>	201,974	<u>193,050</u>
FUND BALANCES, OCTOBER 1			321,101	
FUND BALANCES, SEPTEMBER 30			<u>523,075</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
BUDGET TO ACTUAL - TOURISM TAX SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	66,000	66,000	70,800	4,800
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	100	100	3,162	3,062
Other	-	-	-	-
Total Revenues	<u>66,100</u>	<u>66,100</u>	<u>73,962</u>	<u>7,862</u>
EXPENDITURES				
Current:				
Nondepartmental	-	-	-	-
Capital expenditures	24,000	27,450	27,251	(199)
Total Expenditures	<u>24,000</u>	<u>27,450</u>	<u>27,251</u>	<u>(199)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>42,100</u>	<u>38,650</u>	<u>46,711</u>	<u>8,061</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>42,100</u>	<u>38,650</u>	46,711	<u>8,061</u>
FUND BALANCES, OCTOBER 1			66,359	
FUND BALANCES, SEPTEMBER 30			<u>113,070</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
BUDGET TO ACTUAL - SALES TAX REIMBURSEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	236,500	236,500	(99,636)	(336,136)
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	4,142	4,142
Other	-	-	-	-
Total Revenues	<u>236,500</u>	<u>236,500</u>	<u>(95,494)</u>	<u>(331,994)</u>
EXPENDITURES				
Current:				
Nondepartmental	439,500	439,500	-	(439,500)
Total Expenditures	<u>439,500</u>	<u>439,500</u>	<u>-</u>	<u>(439,500)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(203,000)</u>	<u>(203,000)</u>	<u>(95,494)</u>	<u>107,506</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>(203,000)</u>	<u>(203,000)</u>	<u>(95,494)</u>	<u>107,506</u>
FUND BALANCES, OCTOBER 1			270,608	
FUND BALANCES, SEPTEMBER 30			<u><u>175,114</u></u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
BUDGET TO ACTUAL - FEDERAL FORFEITURE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Investment income	-	-	774	774
Other	-	-	5,504	5,504
Total Revenues	-	-	6,278	6,278
EXPENDITURES				
Current:				
Capital outlay	-	-	30,443	30,443
Debt service:				
Interest and fiscal charges	-	-	-	-
Principal	29,000	29,000	-	(29,000)
Total Expenditures	29,000	29,000	30,443	1,443
REVENUES OVER (UNDER) EXPENDITURES	(29,000)	(29,000)	(24,165)	4,835
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(29,000)	(29,000)	(24,165)	4,835
FUND BALANCES, OCTOBER 1			29,580	
FUND BALANCES, SEPTEMBER 30			5,415	

CITY OF FESTUS  
 JEFFERSON COUNTY, MISSOURI  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
 BUDGET TO ACTUAL - COPS GRANT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	43,345	43,345	22,856	(20,489)
Special Assessments	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>43,345</u>	<u>43,345</u>	<u>22,856</u>	<u>(20,489)</u>
EXPENDITURES				
Current:				
Police	41,815	41,815	21,856	(19,959)
Capital expenditures	1,530	1,530	1,000	(530)
Total Expenditures	<u>43,345</u>	<u>43,345</u>	<u>22,856</u>	<u>(20,489)</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, OCTOBER 1			-	
FUND BALANCES, SEPTEMBER 30			<u>-</u>	

CITY OF FESTUS  
JEFFERSON COUNTY, MISSOURI  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BLANCE -  
BUDGET TO ACTUAL - NID ASSESSMENT SPECIAL REVENUE FUND

REVENUE	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Property taxes	-	-	-	-
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	49,938	49,938	37,092	(12,846)
Investment income	1,000	1,000	2,832	1,832
Other	-	-	-	-
Total Revenues	<u>50,938</u>	<u>50,938</u>	<u>39,924</u>	<u>(11,014)</u>
EXPENDITURES				
Current:				
Nondepartmental	750	750	77,603	76,853
Capital outlay	134,422	134,422	-	(134,422)
Debt service:				
Interest and fiscal charges	-	-	29,731	29,731
Principal	-	-	25,266	25,266
Total Expenditures	<u>135,172</u>	<u>135,172</u>	<u>132,600</u>	<u>(2,572)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(84,234)</u>	<u>(84,234)</u>	<u>(92,676)</u>	<u>(8,442)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,081	4,081	4,081	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,081</u>	<u>4,081</u>	<u>4,081</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(80,153)</u>	<u>(80,153)</u>	<u>(88,595)</u>	<u>(8,442)</u>
FUND BALANCES, OCTOBER 1			62,054	
FUND BALANCES, SEPTEMBER 30			<u>(26,541)</u>	