

University of Missouri, St. Louis

IRL @ UMSL

---

UMSLCAB - UMSL's Political Science Millennial  
Era Saint Louis Local Curated Area Budgets

Political Science Department

---

1-1-2007

## Financial Report, 2006

City of Wentzville

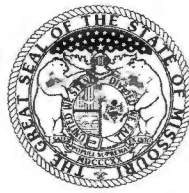
Follow this and additional works at: <https://irl.umsl.edu/cab>

---

### Recommended Citation

City of Wentzville, "Financial Report, 2006" (2007). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 65.  
<https://irl.umsl.edu/cab/65>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact [marvinh@umsl.edu](mailto:marvinh@umsl.edu).



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

July 13, 2007

City Clerk  
City of Wentzville  
St. Charles County  
310 West Pearce Boulevard  
Wentzville, MO 63385

Fiscal Period: One Year Ended December 31, 2006 ✓

Dear City Clerk:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA  
STATE AUDITOR

A handwritten signature in black ink that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst



---

**CITY OF WENTZVILLE,  
MISSOURI**

**FINANCIAL REPORT  
(Audited)**

Year Ended December 31, 2006

---

**CITY OF WENTZVILLE, MISSOURI**  
**FINANCIAL REPORT**

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Assets - Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Statement of Net Assets - Fiduciary Fund	22
Notes to Financial Statements	23
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	47
Park Special Revenue Fund	49
Transportation Special Revenue Fund	50
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	51
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Capital Improvement Capital Projects Fund	53
Neighborhood Improvement District Capital Projects Fund	54
Schedule of Changes in Assets and Liabilities - Fiduciary Fund	55





**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

## INDEPENDENT AUDITORS' REPORT

June 7, 2007

Honorable Mayor and the Board of Aldermen  
**CITY OF WENTZVILLE, MISSOURI**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF WENTZVILLE, MISSOURI** (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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 as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

- ☐ 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- ☐ 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Hochschild, Bloom & Company LLP*  
CERTIFIED PUBLIC ACCOUNTANTS



# **CITY OF WENTZVILLE, MISSOURI**

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

### **FOR THE YEAR ENDED DECEMBER 31, 2006**

Our discussion and analysis of the City of Wentzville, Missouri's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the City's financial statements, which follows this section.

#### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended December 31, 2006, the City's total net assets increased by \$31,880,223 from \$65,655,213 to \$97,535,436, or 49% from the prior year.
- During the year, the City's expenses for governmental activities were \$17,408,184 and were funded by program revenues of \$20,284,370 and further funded with taxes and other general revenues that totaled \$16,330,070.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$11,962,153.
- General Fund fund balance increased \$1,243,937. At December 31, 2006, the General Fund fund balance of \$7,014,877 is an increase of 22% from the prior year.
- Park Fund has a fund balance of \$311,800 after receiving transfers totaling \$745,895 from the General Fund and the Capital Improvement Fund.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are governmental-wide statements for each of three categories of activities - governmental and business-type - along with blended component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

#### **Reporting the City as a Whole**

##### **The Statement of Net Assets and the Statement of Activities**

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net assets and changes in them from the prior year. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

# **CITY OF WENTZVILLE, MISSOURI**

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

### **FOR THE YEAR ENDED DECEMBER 31, 2006**

- Governmental activities -- Most of the City's basic services are reported here, including the police, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.
- Blended component units -- These account for activities of the City's reporting entity that meet the criteria for blending, specifically Economic Development Council.

#### **Reporting the City's Most Significant Funds**

##### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

*Proprietary funds* -- When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's Enterprise Funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. This includes an Internal Service Fund where cost is centralized then fully allocated out the departments of the City.

*Fiduciary funds* -- The City is responsible for assets that - because of a trust arrangement or other fiduciary requirement - can be used only for trust beneficiaries or others parties. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

#### **A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

##### **Net Assets**

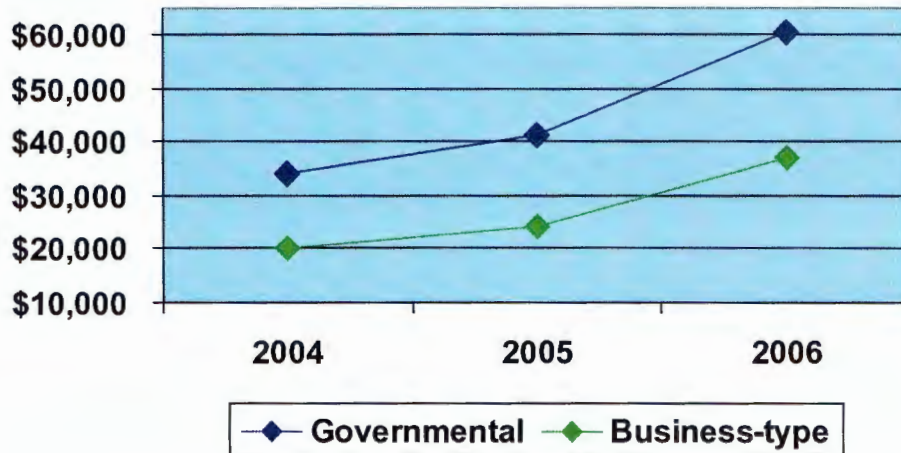
The City's combined net assets increased from approximately \$65,655,213 to \$97,535,436 between fiscal years 2005 and 2006. Looking at the net assets of governmental and business-type activities separately, governmental activities had a larger increase than business-type activities.



**CITY OF WENTZVILLE, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Activities			Business-type Activities			Total		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
<b>ASSETS</b>									
Current and other assets	\$ 9,876,174	11,875,961	11,997,372	10,276,153	37,279,168	33,230,196	20,152,327	49,155,129	45,227,568
Capital assets, net	27,379,720	38,253,495	58,236,873	31,220,175	34,670,007	57,838,945	58,599,895	72,923,502	116,075,818
<b>Total Assets</b>	<b>37,255,894</b>	<b>50,129,456</b>	<b>70,234,245</b>	<b>41,496,328</b>	<b>71,949,175</b>	<b>91,069,141</b>	<b>78,752,222</b>	<b>122,078,631</b>	<b>161,303,386</b>
<b>LIABILITIES</b>									
Current liabilities	1,111,167	1,933,161	3,058,352	3,136,490	3,090,375	12,034,793	4,247,657	5,023,536	15,093,145
Noncurrent liabilities	2,108,753	6,837,067	6,627,904	18,078,613	44,562,815	42,046,901	20,187,366	51,399,882	48,674,805
<b>Total Liabilities</b>	<b>3,219,920</b>	<b>8,770,228</b>	<b>9,686,256</b>	<b>21,215,103</b>	<b>47,653,190</b>	<b>54,081,694</b>	<b>24,435,023</b>	<b>56,423,418</b>	<b>63,767,950</b>
<b>NET ASSETS</b>									
Net assets invested in capital assets, net of related debt	25,659,720	36,598,495	56,726,873	15,895,175	17,470,521	35,445,503	41,554,895	54,069,016	92,172,376
Restricted	890,557	640,261	437,669	1,937,574	2,161,776	2,408,302	2,828,131	2,802,037	2,845,971
Unrestricted	7,485,697	4,120,472	3,383,447	2,448,476	4,663,688	(866,358)	9,934,173	8,784,160	2,517,089
<b>Total Net Assets</b>	<b>\$34,035,974</b>	<b>41,359,228</b>	<b>60,547,989</b>	<b>20,281,225</b>	<b>24,295,985</b>	<b>36,987,447</b>	<b>54,317,199</b>	<b>65,655,213</b>	<b>97,535,436</b>

**Net Assets**  
(in 000's)



**CITY OF WENTZVILLE, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**Changes in Net Assets**

For the year ended December 31, 2004 net assets of the primary changed as follows:

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues	\$7,416,953	10,282,628	17,699,581
Taxes and other general revenues	12,967,544	722,342	13,689,886
<b>Total Revenues</b>	20,384,497	11,004,970	31,389,467
<b>Expenses</b>			
General government	4,128,471	-	4,128,471
Public safety	4,489,128	-	4,489,128
Community development	4,392,739	-	4,392,739
Parks and recreation	1,752,513	-	1,752,513
Interest on long-term debt	105,873	-	105,873
WEDC	-	1,204,082	1,204,082
Trash/natural gas	-	844,322	844,322
Water and sewer facility	-	4,738,479	4,738,479
<b>Total Expenses</b>	14,868,724	6,786,883	21,655,607
Revenues over (under) expenses	5,515,773	4,218,087	9,733,860
Transfers	(200,883)	200,883	-
<b>Change in Net Assets</b>	\$5,314,890	4,418,970	9,733,860

For the year ended December 31, 2005 net assets of the primary changed as follows:

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues	\$7,201,268	11,914,454	19,115,722
Taxes and other general revenues	15,785,888	350,033	16,135,921
<b>Total Revenues</b>	22,987,156	12,264,487	35,251,643
<b>Expenses</b>			
General government	3,811,587	-	3,811,587
Public safety	4,949,071	-	4,949,071
Community development	4,824,786	-	4,824,786
Parks and recreation	1,850,885	-	1,850,885
Interest on long-term debt	104,513	-	104,513
WEDC	-	1,622,689	1,622,689
Trash/natural gas	-	1,087,131	1,087,131
Water and sewer facility	-	5,662,967	5,662,967
<b>Total Expenses</b>	15,540,842	8,372,787	23,913,629
Revenues over (under) expenses	7,446,314	3,891,700	11,338,014
Transfers	(123,060)	123,060	-
<b>Change in Net Assets</b>	\$7,323,254	4,014,760	11,338,014



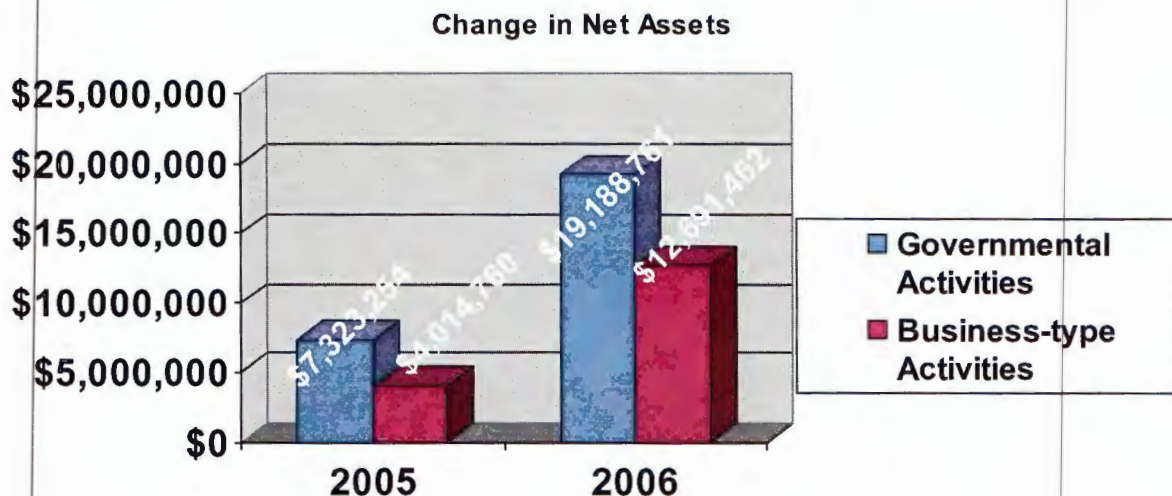
# CITY OF WENTZVILLE, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2006

For the year ended December 31, 2006 net assets of the primary changed as follows:

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues	\$20,284,370	21,064,988	41,349,358
Taxes and other general revenues	16,330,070	710,274	17,040,344
<b>Total Revenues</b>	<b>36,614,440</b>	<b>21,775,262</b>	<b>58,389,702</b>
<b>Expenses</b>			
General government	4,734,747	-	4,734,747
Public safety	5,069,540	-	5,069,540
Community development	5,371,645	-	5,371,645
Parks and recreation	2,007,723	-	2,007,723
Interest and fiscal charges	224,529	-	224,529
WEDC	-	1,704,047	1,704,047
Trash/natural gas	-	1,313,118	1,313,118
Water and sewer facility	-	6,084,130	6,084,130
<b>Total Expenses</b>	<b>17,408,184</b>	<b>9,101,295</b>	<b>26,509,479</b>
Revenues over (under) expenses	19,206,256	12,673,967	31,880,223
Transfers	(17,495)	17,495	-
<b>Change in Net Assets</b>	<b>\$19,188,761</b>	<b>12,691,462</b>	<b>31,880,223</b>



The City's governmental activities' increase in net assets of \$19,188,761 represents a 162% positive change from the prior year. The business-type activities' increase in net assets of \$12,691,462 represents a 216% positive change in net assets. The results indicate the City, as a whole, improved its financial condition from the prior year. The major reason the governmental fund increased was \$13,676,558 in dedicated stormwater lines and streets in 2006, compared to \$2,286,334 in 2005. In business-type activities dedicated water and sewer lines increased by \$7,463,665 in 2006. Along with holding expenditures for the general government activities to a \$1,867,342 increase or 12% while revenues increased by \$13,627,284 or 59%. In the business-type activities, there was an increase due to the growth in the customer base. Revenues increased by 78% while the expenditures went up 9% and net assets increased by 52% which was an 32% increase in growth from 2005.



# CITY OF WENTZVILLE, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2006

#### Governmental Activities

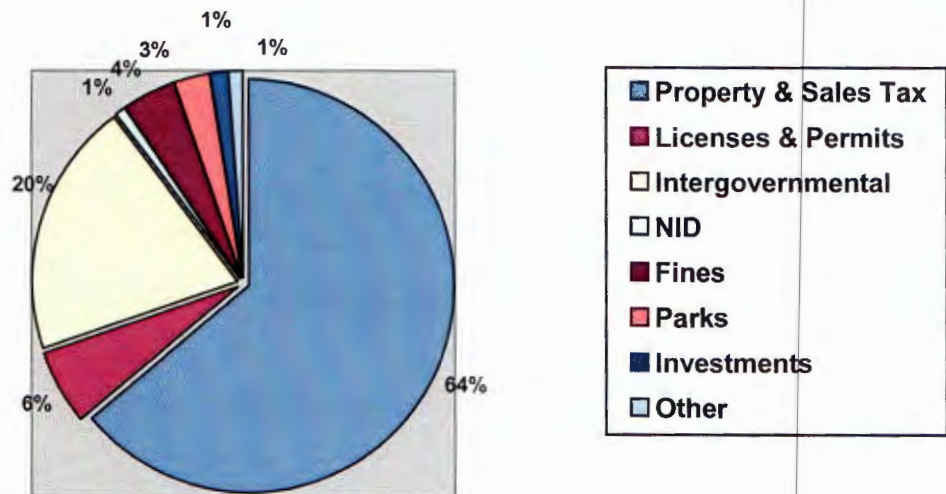
##### **Government-wide**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balances. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is net revenues (expenses). The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended December 31, 2006, total expenses for governmental activities amounted to \$17,408,184. Of these total expenses, taxpayers and other general revenues before transfers funded \$16,330,070, while those directly benefiting from the program funded \$18,638,826 from grants and other contributions and \$1,645,544 from charges for services.

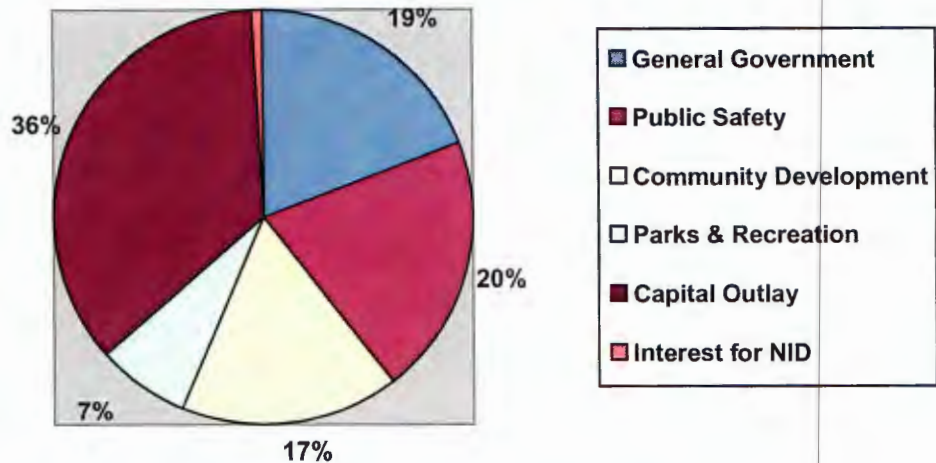
For the year ended December 31, 2006, the City's governmental funds activities were as follows:

#### **Governmental Funds Revenues**



**CITY OF WENTZVILLE, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**Governmental Funds Expenditures**



**Governmental Activities**

	Total Expense of Services	Net Revenues (Expense) of Services
	2006	2006
General government	\$ 4,734,747	(3,627,489)
Public safety	5,069,540	(4,900,917)
Community development	5,371,645	12,929,688
Parks and recreation	2,007,723	(1,300,567)
Interest on long-term debt	224,529	(224,529)
<b>Total</b>	<b>\$17,408,184</b>	<b>2,876,186</b>

**Business-type Activities**

In reviewing the business-type activities net revenues (expenses), the following highlights should be noted:

- Total business-type activities reported net program related revenues of \$11,963,693 for the year ended December 31, 2006.

	Total Expense of Services	Net Revenues (Expense) of Services
	2006	2006
Water/wastewater	\$6,084,130	11,405,404
Trash/natural gas	1,313,118	(18,692)
WEDC	1,704,047	576,981
<b>Total</b>	<b>\$9,101,295</b>	<b>11,963,693</b>

**CITY OF WENTZVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2006 fiscal year, the governmental funds reported a combined fund balance of \$6,452,253 or a 3% decrease from the prior year. The Enterprise Funds reported combined net assets of \$36,985,580 or a 52% increase from 2005.

Other fund highlights include:

- For the year ended December 31, 2006, the General Fund's total fund balance increased by \$1,243,937 or 22%.
- The Park Special Revenue Fund's total fund balance increased by \$64,055 including a transfer in of \$745,895.
- The Water/Wastewater Fund reported an increase in net assets, after transfers, for the year ended December 31, 2006, with the Water/Wastewater Fund increasing \$11,828,786.
- The wastewater treatment plant expansion is being financed by \$19,430,000 in revenue bonds through the State of Missouri Department of Natural Resources revolving fund program. The voters actually passed authority for thirty million dollars worth of bonds. The remaining balance will be used for phase two of the expansion when phase one is completed in 2008.

**General Fund Budgetary Highlights**

Actual revenues were \$13,540,559 or 7% more than the revised budget. Expenditures were \$11,642,982 or 8% under budget. One reason for this is that the City budgets a Budget Stabilization (Reserve) account for unforeseen expenditures each year. The balance in Budget Stabilization on December 31, 2006 is \$204,096. Public Works capital outlay was \$378,100 under budget primarily due to a City Hall study with \$214,503 budgeted but not completed in 2006 and \$102,076 for a Stormwater study not completed in 2006. In total Public Works was \$624,943 under budget or 63% of the total General Fund expenditures variance. This was due to multi-year projects that will not be completed until 2007.

Fiscal year 2006 revenues were budgeted originally at \$22,028 less than the 2005 actual, a 0.1% decrease. The actual increase of 2006 over 2005 is \$969,989 or 8%. Increases were in all revenue categories. An example is interest income at 405% above budget due to higher interest rates and slower spending. Expenditures were originally budgeted to increase \$1,170,696 or 10%. The actual increase is \$233,545 or 2%, as projects were delayed in being completed for various reasons.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 31, 2005, the City had \$72,923,502 invested in capital assets, net of depreciation, including police equipment, buildings, park facilities, water lines, and sewer lines. At the end of December 31, 2006 the amount had increased to \$116,075,818, an increase of \$43,152,316 or 59%.



**CITY OF WENTZVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Primary Government Capital Assets  
(Net of accumulated depreciation)**

	Governmental Activities			Business-type Activities			Total		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Land	\$ 3,898,007	8,619,703	8,709,249	1,358,879	1,354,509	1,230,161	5,256,886	9,974,212	9,939,410
Buildings	2,072,562	2,219,204	2,088,555	6,775,341	6,531,374	6,287,465	8,847,903	8,750,578	8,376,020
Infrastructure	17,795,411	20,490,898	38,059,486	22,197,770	23,274,958	32,801,455	39,993,181	43,765,856	70,860,941
Equipment	1,931,052	2,976,041	2,878,059	255,988	320,045	745,923	2,187,040	3,296,086	3,623,982
Construction in progress	1,682,688	3,947,649	6,501,524	632,197	3,189,121	16,773,941	2,314,885	7,136,770	23,275,465
<b>Totals</b>	<b>\$27,379,720</b>	<b>38,253,495</b>	<b>58,236,873</b>	<b>31,220,175</b>	<b>34,670,007</b>	<b>57,838,945</b>	<b>58,599,895</b>	<b>72,923,502</b>	<b>116,075,818</b>

General activities increased by \$19,983,378, business activities increased by \$23,168,938 for a total increase of \$43,152,316. See Note C to the financial statements for more detail information on the City's capital assets and changes therein.

**Primary Government Long-Term Debt**

In 2005 the City incurred \$4,714,771 in notes payable for the purchase of 28 acres for the Park Department. The Sewerage System Revenue Bond of \$19,430,000 and the Series 2005 Leasehold Bonds of \$7,540,000 were new debt. The Sewerage System Bonds were to finance the expansion of the wastewater treatment plant. The Series 2005 Leasehold Bonds were for the construction of a water tower, booster pumping station, and associated water mains. These projects were in the construction stage during 2006.

Debt management was busy in 2006, not in financing new projects, but in refinancing outstanding debt. The 2006 Bear Creek NID issue refinanced the 2000 issue. The 2006 Leasehold Bonds were a refunding of the 1997 Leasehold Bonds (Prior Treatment Plant Expansion). The 1999 Leasehold Bonds (TIF and Refunding of 95 Water Tower) had a \$1,098,200 defeasance of the TIF portion of the issue. The City's changes in long-term debt by type of debt are as follows:

	Governmental Activities			Business-type Activities			Total			Percentage Change
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2005-2006
Accrued absences	\$ 388,753	467,296	530,959	21,293	24,814	26,666	410,046	492,110	557,625	13%
Notes Payable	-	4,714,771	4,714,771	-	-	-	-	4,714,771	4,714,771	-
Neighborhood Improvement District Bonds	1,720,000	1,655,000	1,510,000	-	-	-	1,720,000	1,655,000	1,510,000	(9%)
Sewerage System Revenue Bonds	-	-	-	-	19,430,000	19,430,000	-	19,430,000	19,430,000	-
Leasehold Revenue Bonds	-	-	-	18,370,000	25,125,000	23,175,000	18,370,000	25,125,000	23,175,000	(8%)
<b>Totals</b>	<b>\$2,108,753</b>	<b>6,837,067</b>	<b>6,755,730</b>	<b>18,391,293</b>	<b>44,579,814</b>	<b>42,631,666</b>	<b>20,500,046</b>	<b>51,416,881</b>	<b>49,387,396</b>	<b>(4%)</b>

See Note H to the financial statements for more detail information on the City's long-term debt and changes therein.

**CITY OF WENTZVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

---

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The 2007 budget includes expenditures of \$41,221,650 and revenues of \$38,437,848. 2007 revenues are a \$28,718,000 decrease from the 2006 amended budget. This is due to bonds for the wastewater treatment plant expansion of \$19 million and grant funds for infrastructure projects budgeted in 2006 not being included in 2007. The City is including a twelve (12%) percent increase in sales tax revenue in 2007.

Expenditures for 2007 will also be reduced due the large scale projects listed above being in the 2006 budget. Included in the 2007 budget is \$2,000,000 for right of way acquisition for construction projects to be budgeted in 2008.

The City continues to be one of the fastest growing communities in the State of Missouri. While tax revenues continue to grow, the expenses for both operational and especially capital expenses grow faster. Approximately 1,000 residential building permits are expected, the population has grown from about 6,800 in 2000 to 21,000 in 2006.

Continued residential growth and expansion of the commercial base is eminent. New commercial is coming, with the expansion of a very large retailer completed in 2007 and two additional large retailers opening in the fall of 2007, along with many smaller developments. The increase in commercial growth and sales taxes will help support the needs of the City.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's office at 310 W. Pearce, Wentzville, MO 63385 or by phone (636) 327-5101.



**CITY OF WENTZVILLE, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity pooled cash and cash equivalents	\$ 2,962,956	4,050,699	7,013,655
Cash and cash equivalents	15,210	-	15,210
Investments	1,754,569	2,894,760	4,649,329
Receivable:			
Property tax, net	3,125,616	-	3,125,616
Other taxes	1,722,239	-	1,722,239
Accounts, net	1,768,704	505,808	2,274,512
Accrued interest	24,069	85,817	109,886
Internal balances	8,497	(8,497)	-
Due from Fiduciary Fund	164	-	164
Inventories	101,978	356,222	458,200
Bond issue costs	39,607	-	39,607
Prepaid items	442,477	43,252	485,729
Restricted assets:			
Cash and cash equivalents	31,286	22,674,368	22,705,654
Investments	-	1,990,486	1,990,486
Deferred charges	-	637,281	637,281
Capital assets:			
Land and construction in progress	15,210,773	18,004,102	33,214,875
Other capital assets, net of accumulated depreciation	43,026,100	39,834,843	82,860,943
Total Assets	<u>70,234,245</u>	<u>91,069,141</u>	<u>161,303,386</u>
<b>LIABILITIES</b>			
Accounts payable	2,044,328	2,148,087	4,192,415
Retainage payable	438,215	1,176,659	1,614,874
Accrued liabilities	287,668	271,826	559,494
Interest payable	254,355	826,929	1,081,284
Customer deposits	2,500	397,367	399,867
Payable from restricted assets:			
Court bonds	31,286	-	31,286
2005 SRF reserve deposit	-	6,079,319	6,079,319
Unearned revenues	-	1,134,606	1,134,606
Noncurrent liabilities:			
Due within one year	110,000	1,075,000	1,185,000
Due in more than one year	6,517,904	40,971,901	47,489,805
Total Liabilities	<u>9,686,256</u>	<u>54,081,694</u>	<u>63,767,950</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	56,726,873	2,408,302	59,135,175
Restricted for protested taxes	29,438	-	29,438
Restricted for debt service	-	(868,225)	(868,225)
Restricted for capital improvements	290,037	-	290,037
Restricted for NID projects	118,194	-	118,194
Unrestricted	3,383,447	35,447,370	38,830,817
Total Net Assets	<u>\$ 60,547,989</u>	<u>36,987,447</u>	<u>97,535,436</u>

See notes to financial statements



**CITY OF WENTZVILLE, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Revenues (Expenses) And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 4,734,747	945,825	-	161,433	(3,627,489)	-	(3,627,489)
Public safety	5,069,540	17,183	119,440	32,000	(4,900,917)	-	(4,900,917)
Community development	5,371,645	-	4,624,774	13,676,559	12,929,688	-	12,929,688
Parks and recreation	2,007,723	682,536	4,620	20,000	(1,300,567)	-	(1,300,567)
Interest and fiscal charges	224,529	-	-	-	(224,529)	-	(224,529)
Total Governmental Activities	17,408,184	1,645,544	4,748,834	13,889,992	2,876,186	-	2,876,186
<b>Business-type Activities</b>							
Water and sewer facility	6,084,130	7,490,962	-	9,998,572	-	11,405,404	11,405,404
Trash/natural gas	1,313,118	1,294,426	-	-	-	(18,692)	(18,692)
Wentzville economic development council	1,704,047	2,017,806	-	263,222	-	576,981	576,981
Total Business-type Activities	9,101,295	10,803,194	-	10,261,794	-	11,963,693	11,963,693
Total Primary Government	<u>\$ 26,509,479</u>	<u>12,448,738</u>	<u>4,748,834</u>	<u>24,151,786</u>	<u>2,876,186</u>	<u>11,963,693</u>	<u>14,839,879</u>
<b>General Revenues</b>							
Taxes - property and sales					14,400,446	-	14,400,446
Licenses and permits					1,340,870	-	1,340,870
Investment income					307,971	575,798	883,769
Gain on sale of property					-	106,850	106,850
Miscellaneous					280,783	27,626	308,409
<b>Transfers</b>					(17,495)	17,495	-
Total General Revenues And Transfers					<u>16,312,575</u>	<u>727,769</u>	<u>17,040,344</u>
<b>CHANGE IN NET ASSETS</b>					19,188,761	12,691,462	31,880,223
<b>NET ASSETS, JANUARY 1</b>					41,359,228	24,295,985	65,655,213
<b>NET ASSETS, DECEMBER 31</b>					<u>\$ 60,547,989</u>	<u>36,987,447</u>	<u>97,535,436</u>

See notes to financial statements

**CITY OF WENTZVILLE, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2006**

	<b>General Fund</b>	<b>Park Fund</b>	<b>Transportation Fund</b>	<b>Capital Improvement Fund</b>	<b>Neighborhood Improvement District Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Equity in pooled cash and cash equivalents	\$ 2,116,541	124,810	860	-	118,194	2,360,405
Cash and cash equivalents	14,360	850	-	-	-	15,210
Investments	1,754,569	-	-	-	-	1,754,569
Receivable:						
Property taxes, net	2,733,203	244,022	-	-	148,391	3,125,616
Other taxes	1,024,682	-	403,874	290,037	3,646	1,722,239
Other	83,353	20,640	-	-	1,562,515	1,666,508
Accrued interest	24,069	-	-	-	-	24,069
Inventories	85,584	5,225	11,169	-	-	101,978
Prepaid items	377,699	55,926	8,852	-	-	442,477
Restricted assets:						
Cash and cash equivalents	31,286	-	-	-	-	31,286
Due from other funds	10,528	-	-	-	-	10,528
<b>Total Assets</b>	<b>\$ 8,255,874</b>	<b>451,473</b>	<b>424,755</b>	<b>290,037</b>	<b>1,832,746</b>	<b>11,254,885</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 620,832	82,057	1,277,304	-	-	1,980,193
Retainage payable	8,109	-	430,106	-	-	438,215
Accrued liabilities	259,952	27,716	-	-	-	287,668
Customer deposits	-	2,500	-	-	-	2,500
Payable from restricted assets - court bonds	31,286	-	-	-	-	31,286
Deferred revenue	320,818	27,400	-	-	1,714,552	2,062,770
<b>Total Liabilities</b>	<b>1,240,997</b>	<b>139,673</b>	<b>1,707,410</b>	<b>-</b>	<b>1,714,552</b>	<b>4,802,632</b>
<b>Fund Balances</b>						
Reserved for:						
Encumbrances	439,126	3,911	2,813,721	-	-	3,256,758
Protested taxes	29,438	-	-	-	-	29,438
Inventory and prepaid items	463,283	61,151	20,021	-	-	544,455
Unreserved:						
General Fund	6,083,030	-	-	-	-	6,083,030
Special Revenue Funds	-	246,738	(4,116,397)	-	-	(3,869,659)
Capital Projects Funds	-	-	-	290,037	118,194	408,231
<b>Total Fund Balances (Deficit)</b>	<b>7,014,877</b>	<b>311,800</b>	<b>(1,282,655)</b>	<b>290,037</b>	<b>118,194</b>	<b>6,452,253</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 8,255,874</b>	<b>451,473</b>	<b>424,755</b>	<b>290,037</b>	<b>1,832,746</b>	<b>11,254,885</b>

See notes to financial statements

**CITY OF WENTZVILLE, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

Total Fund Balances - Governmental Funds	\$ 6,452,253
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$71,632,259 and the accumulated depreciation is \$13,395,386.	58,236,873
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,194,868
The Internal Service Fund is used by the City to charge for services provided for insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	506,647
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued interest payable	(254,355)
Accrued compensated absences	(530,959)
Bonds and notes payable outstanding	(6,096,945)
Bond issuance cost, net	39,607
Net Assets Of Governmental Activities	<u>\$ 60,547,989</u>



**CITY OF WENTZVILLE, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	General Fund	Park Fund	Transportation Fund	Capital Improvement Fund	Neighborhood Improvement District Fund	Total Governmental Funds
<b>REVENUES</b>						
General property and sales taxes	\$ 10,547,525	458,053	2,129,048	1,932,080	668	15,067,374
Licenses and permits	1,335,582	-	-	-	-	1,335,582
Intergovernmental	127,565	4,620	4,616,649	-	-	4,748,834
NID assessments	-	-	-	-	161,433	161,433
Fines and forfeitures	968,296	-	-	-	-	968,296
Parks memberships and programs	-	682,536	-	-	-	682,536
Investment income	302,957	-	-	-	5,014	307,971
Miscellaneous	258,634	18,354	-	-	-	276,988
Total Revenues	<u>13,540,559</u>	<u>1,163,563</u>	<u>6,745,697</u>	<u>1,932,080</u>	<u>167,115</u>	<u>23,549,014</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,078,556	-	1,921,778	525,499	3,620	4,529,453
Public safety	4,808,120	-	-	-	-	4,808,120
Community development	3,975,312	-	-	-	-	3,975,312
Parks and recreation	-	1,692,788	-	-	-	1,692,788
Capital outlay	780,994	156,410	7,461,384	-	-	8,398,788
Debt service:						
Principal	-	-	-	-	70,000	70,000
Interest and fiscal charges	-	-	-	-	77,228	77,228
Bond issuance costs	-	-	-	-	42,181	42,181
Total Expenditures	<u>11,642,982</u>	<u>1,849,198</u>	<u>9,383,162</u>	<u>525,499</u>	<u>193,029</u>	<u>23,593,870</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,897,577</u>	<u>(685,635)</u>	<u>(2,637,465)</u>	<u>1,406,581</u>	<u>(25,914)</u>	<u>(44,856)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Discount on Neighborhood Improvement District Bonds	-	-	-	-	(9,588)	(9,588)
Issuance of Neighborhood Improvement District Bonds	-	-	-	-	1,510,000	1,510,000
Payment to escrow agent	-	-	-	-	(1,626,794)	(1,626,794)
Transfers in	10,545	745,895	1,353,936	-	-	2,110,376
Transfers out	(664,185)	-	-	(1,463,686)	-	(2,127,871)
Sale of capital assets	-	3,795	-	-	-	3,795
Total Other Financing Sources (Uses)	<u>(653,640)</u>	<u>749,690</u>	<u>1,353,936</u>	<u>(1,463,686)</u>	<u>(126,382)</u>	<u>(140,082)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>1,243,937</u>	<u>64,055</u>	<u>(1,283,529)</u>	<u>(57,105)</u>	<u>(152,296)</u>	<u>(184,938)</u>
<b>FUND BALANCES, JANUARY 1</b>	<u>5,770,940</u>	<u>247,745</u>	<u>874</u>	<u>347,142</u>	<u>270,490</u>	<u>6,637,191</u>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<u>\$ 7,014,877</u>	<u>311,800</u>	<u>(1,282,655)</u>	<u>290,037</u>	<u>118,194</u>	<u>6,452,253</u>

See notes to financial statements

**CITY OF WENTZVILLE, 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 DECEMBER 31, 2006**

Net Change In Fund Balances - Governmental Funds	\$ (184,938)
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 (\$8,233,276) exceeded depreciation (\$1,963,414) in the current period.	6,269,862
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	13,713,516
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds adjusted for deferred revenue.	(651,167)
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 costs, premiums, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued:	
Bonds payable	(1,510,000)
Issuance costs	42,181
Discount on bonds	9,588
Deferred charges on bonds	126,759
Repayments:	
Bonds payable	1,655,000
Amortization	(11,095)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest on bonds	(221,171)
Accrued compensated absence liability - net increase	(63,663)
Internal Service Fund is used by management to charge the costs 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.	13,889
Change In Net Assets Of Governmental Activities	<u>\$ 19,188,761</u>

See notes to financial statements

**CITY OF WENTZVILLE, MISSOURI**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**DECEMBER 31, 2006**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water/ Wastewater Fund	Trash/ Natural Gas Fund	Wentzville Economic Development Council Fund	Eliminations	Totals	
ASSETS						
Current Assets						
Equity pooled cash and cash equivalents	\$ 3,888,539	-	162,160	-	4,050,699	602,551
Investments	2,894,760	-	-	-	2,894,760	-
Receivable:						
Accounts, net	468,618	36,400	790	-	505,808	102,196
Other	3,898,125	-	-	(3,898,125)	-	-
Accrued interest	50,332	-	35,485	-	85,817	-
Inventories	356,222	-	-	-	356,222	-
Prepaid items	42,394	858	-	-	43,252	-
Total Current Assets	11,598,990	37,258	198,435	(3,898,125)	7,936,558	704,747
Noncurrent Assets						
Capital assets:						
Land and construction in progress	11,111,991	165,273	6,726,838	-	18,004,102	-
Other capital assets, net of accumulated depreciation	27,192,530	-	13,773,658	(1,131,345)	39,834,843	-
Total Capital Assets	38,304,521	165,273	20,500,496	(1,131,345)	57,838,945	-
Restricted assets:						
Cash and cash equivalents	18,102,892	-	4,571,476	-	22,674,368	-
Investments	-	-	1,990,486	-	1,990,486	-
Deferred charges	277,889	-	359,392	-	637,281	-
Total Restricted Assets	18,380,781	-	6,921,354	-	25,302,135	-
Total Noncurrent Assets	56,685,302	165,273	27,421,850	(1,131,345)	83,141,080	-
Total Assets	68,284,292	202,531	27,620,285	(5,029,470)	91,077,638	704,747
LIABILITIES						
Current Liabilities						
Accounts payable	1,605,773	75	542,239	-	2,148,087	64,135
Retainage payable	881,666	-	294,993	-	1,176,659	-
Due to other funds	-	10,364	-	-	10,364	-
Accrued liabilities	271,019	807	-	-	271,826	-
Interest payable	428,757	-	2,271,297	(1,873,125)	826,929	-
Customer deposits	397,367	-	-	-	397,367	-
Deferred revenue	1,134,606	-	-	-	1,134,606	132,098
Bonds payable - current	-	-	1,075,000	-	1,075,000	-
	4,719,188	11,246	4,183,529	(1,873,125)	7,040,838	196,233
Payable from restricted assets:						
2005 SRF reserve deposit	6,079,319	-	-	-	6,079,319	-
Total Current Liabilities	10,798,507	11,246	4,183,529	(1,873,125)	13,120,157	196,233
Noncurrent Liabilities						
Bonds payable	19,853,996	889	23,142,016	(2,025,000)	40,971,901	-
Total Liabilities	30,652,503	12,135	27,325,545	(3,898,125)	54,092,058	196,233
NET ASSETS						
Invested in capital assets, net of related debt	26,723,594	165,273	9,687,981	(1,131,345)	35,445,503	-
Restricted for debt service	-	-	2,408,302	-	2,408,302	-
Unrestricted	10,908,195	25,123	(11,801,543)	-	(868,225)	508,514
Total Net Assets	\$ 37,631,789	190,396	294,740	(1,131,345)	36,985,580	508,514
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					1,867	
Net Assets Of Business-type Activities					\$36,987,447	

See notes to financial statements



**CITY OF WENTZVILLE, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>
	<b>Water/ Wastewater Fund</b>	<b>Trash/ Natural Gas Fund</b>	<b>Wentzville Economic Development Council Fund</b>	<b>Eliminations</b>	<b>Totals</b>	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 7,477,842	1,294,426	1,831,414	-	10,603,682	1,638,135
Licenses and permits	13,120	-	-	-	13,120	-
TIF assessments	-	-	186,392	-	186,392	-
Total Operating Revenues	<u>7,490,962</u>	<u>1,294,426</u>	<u>2,017,806</u>	<u>-</u>	<u>10,803,194</u>	<u>1,638,135</u>
<b>OPERATING EXPENSES</b>						
Personnel services	951,535	23,766	-	-	975,301	-
Other charges and services	3,171,160	14,139	-	-	3,185,299	1,367,090
Operating supplies	595,197	1,742	-	-	596,939	-
Repairs and maintenance	422,032	-	-	-	422,032	-
Depreciation	873,710	-	630,183	(56,565)	1,447,328	-
Contractual services	68,245	1,273,471	11,397	-	1,353,113	253,169
Total Operating Expenses	<u>6,081,879</u>	<u>1,313,118</u>	<u>641,580</u>	<u>(56,565)</u>	<u>7,980,012</u>	<u>1,620,259</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,409,083</u>	<u>(18,692)</u>	<u>1,376,226</u>	<u>56,565</u>	<u>2,823,182</u>	<u>17,876</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	399,860	-	378,438	(202,500)	575,798	-
Interest expense	(6,238)	-	(1,321,532)	202,500	(1,125,270)	-
Miscellaneous income	27,509	-	117	-	27,626	-
Gain on sale of property	-	-	106,850	-	106,850	-
Total Nonoperating Revenues (Expenses)	<u>421,131</u>	<u>-</u>	<u>(836,127)</u>	<u>-</u>	<u>(414,996)</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>1,830,214</u>	<u>(18,692)</u>	<u>540,099</u>	<u>56,565</u>	<u>2,408,186</u>	<u>17,876</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>9,998,572</u>	<u>-</u>	<u>263,222</u>	<u>-</u>	<u>10,261,794</u>	<u>-</u>
<b>TRANSFERS</b>						
Transfers in	<u>-</u>	<u>17,495</u>	<u>-</u>	<u>-</u>	<u>17,495</u>	<u>-</u>
<b>CHANGES IN NET ASSETS</b>	<u>11,828,786</u>	<u>(1,197)</u>	<u>803,321</u>	<u>56,565</u>	<u>12,687,475</u>	<u>17,876</u>
<b>NET ASSETS, JANUARY 1</b>	<u>25,803,003</u>	<u>191,593</u>	<u>(508,581)</u>	<u>(1,187,910)</u>	<u>24,298,105</u>	<u>490,638</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 37,631,789</u>	<u>190,396</u>	<u>294,740</u>	<u>(1,131,345)</u>	<u>36,985,580</u>	<u>508,514</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					<u>1,867</u>	
Net Assets Of Business-type Activities					<u>\$ 36,987,447</u>	

**CITY OF WENTZVILLE, MISSOURI**

**STATEMENT OF CASH FLOWS -**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water/ Wastewater Fund	Trash/ Natural Gas Fund	Wentzville Economic Development Council Fund	Totals
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 14,015,226	1,285,229	2,119,922	17,420,377
Receipts from interfund services provided	-	-	-	1,557,724
Payments to suppliers	(3,339,053)	(1,289,779)	689,090	(3,939,742)
Payments to employees	(724,954)	(23,309)	-	(748,263)
Net Cash Provided By (Used In) Operating Activities	9,951,219	(27,859)	2,809,012	(130,094)
<b>Cash flows from noncapital financing activities:</b>				
Due to other funds	-	10,364	-	10,364
Net transfers from other funds	-	17,495	-	17,495
Net Cash Provided By Noncapital Financing Activities	-	27,859	-	-
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(9,353,938)	-	(4,060,487)	(13,414,425)
Proceeds from sale of capital assets	-	-	231,199	231,199
Principal payments on special obligation capital improvement bonds	-	-	(2,077,773)	(2,077,773)
Payment from refunding bonds	-	-	(7,488)	(7,488)
Net Cash Used In Capital And Related Financing Activities	(9,353,938)	-	(5,914,549)	(15,268,487)
<b>Cash flows from investing activities:</b>				
Investment income	433,835	-	375,427	809,262
Investments purchased	(3,131,923)	-	-	(3,131,923)
Investments sold	2,274,163	-	253,792	2,527,955
Interest expense	364,275	-	(1,118,471)	(754,196)
Miscellaneous income	27,509	-	117	27,626
Net Cash Used In Investing Activities	(32,141)	-	(489,135)	(521,276)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	565,140	-	(3,594,672)	(3,029,532)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	21,426,291	-	8,328,308	29,754,599
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 21,991,431	-	4,733,636	26,725,067
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,409,083	(18,692)	1,376,226	2,766,617
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	873,710	-	630,183	1,503,893
(Increase) decrease in:				
Accounts receivables	1,012,804	(9,197)	102,116	1,105,723
Other receivable	(202,500)	-	-	(202,500)
Inventories	(48,040)	-	-	(48,040)
Prepaid items	(5,014)	(294)	-	(5,308)
Increase (decrease) in:				
Accounts payable	92,255	(133)	488,659	580,781
Retainage payable	878,380	-	211,828	1,090,208
Accrued liabilities	220,229	(432)	-	219,797
Compensated absences	6,352	889	-	7,241
Customer deposits	28,294	-	-	28,294
Reserve deposits	5,874,517	-	-	5,874,517
Deferred revenue	(188,851)	-	-	(188,851)
Total Adjustments	8,542,136	(9,167)	1,432,786	9,965,755
Net Cash Provided By (Used In) Operating Activities	\$ 9,951,219	(27,859)	2,809,012	(130,094)
<b>Noncash activities:</b>				
Capital contributions from developers	\$ 9,998,572	-	263,222	10,261,794
Par value debt issued	-	-	2,725,000	2,725,000
Costs of issuance	-	-	(64,328)	(64,328)
Interest payment	-	-	40,840	40,840
Amount of old debt placed in escrow for payment	-	-	(2,709,000)	(2,709,000)
<b>Cash Used</b>	\$ -	-	(7,488)	(7,488)

See notes to financial statements

**CITY OF WENTZVILLE, MISSOURI**  
**STATEMENT OF NET ASSETS - FIDUCIARY FUND**  
**DECEMBER 31, 2006**

	<u>Agency Fund</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Accounts receivable	<u>\$    58,273</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Due to other funds	\$        164
Due to others	<u>58,109</u>
Total Current Liabilities	<u>\$    58,273</u>



# CITY OF WENTZVILLE, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF WENTZVILLE, MISSOURI** (the City) was incorporated in March 1872 and established a Mayor - Board of Aldermen form of government. The City's major operations include public safety (police), highways and streets, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting and financial reporting policies of 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:

#### 1. 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 that 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 unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City. There are no separate financial statements prepared for the City's component unit.

#### Blended Component Unit

The following component unit is legally separate from the City; however, its governing body is substantively the same as the City's and, consequently, it is, in substance, the same as the primary government. As such, the balances and transactions of this component unit are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the City itself.

**Wentzville Economic Development Council (WEDC)** - The WEDC was formed in 1994 as a Missouri not-for-profit corporation for the purpose of facilitating the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City.

#### 2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from the 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 City is reported

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

separately from certain legally separate component units for which the City 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, proprietary funds, and fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

**3. 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 and fiduciary 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 funds 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 compensated absences and claims and judgments, are recorded only when payment is due (i.e., matured).

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



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 City reports the following major governmental funds:

**General Fund** -- This 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.

**Park Fund** -- This fund is a Special Revenue Fund used to account for taxes and park programs revenue and for the activities related to the parks department.

**Transportation Fund** -- This fund is a Special Revenue Fund used to account for special revenues received from transportation taxes.

**Capital Improvement Fund** -- This fund is used to account for financial resources designated for the acquisition or construction of major capital facilities and improvements (other than those financed by proprietary funds).

**Neighborhood Improvement District Fund** -- This fund is used to account for the activities related to the District.

The City reports the following major proprietary funds:

**Water/Wastewater Fund** -- This fund is used to account for operations of the City's water and sewer departments.

**Trash/Natural Gas Fund** -- This fund is used to account for revenues and expenses related to trash collections made by the City on behalf of its residents.

Additionally, the City reports the following fund types:

**Internal Service Fund** -- This fund is used to account for services provided to other departments of the City by the Self-Insurance Fund. Charges for services are allocated to various City departments on a cost recovery basis.

**Agency Fund** -- This fund is a Fiduciary Fund used to account for the receipt and disbursement of resources for the Transportation Development District.

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



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

statements to the extent that those standards do not conflict with or contradict guidance of 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contribution, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds and Internal Service Fund 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.

**4. Cash, Cash Equivalents, and Investments**

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. GASB Statement 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. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Special Assessments Receivable**

Special assessments receivable represents the residents' portion of improvements related to the Neighborhood Improvement District which have been completed and billed. The City's portion of such improvements are expended as incurred. At the time of the levy, special assessments receivable in the amount of the levy and deferred revenue equal to the amount that is not currently available are recognized in the Neighborhood Improvement District Fund.

**6. Inventories**

Inventories in the governmental and proprietary funds are valued at cost (first-in, first-out) and the expense is recognized when inventory items are consumed in operations.

**7. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**8. 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 \$5,000 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. Infrastructure acquired prior to the implementation of GASB 34 has been reported.

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

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

<b>Assets</b>	<b>Years</b>
Buildings	10 - 30
Infrastructure	30 - 40
Equipment	3 - 10

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Restricted Assets**

Certain General Fund monies are classified as restricted assets on the balance sheet because their use is limited to refunding court bonds paid.

Certain cash and investments of the Neighborhood Improvement District Fund and the Enterprise Funds are restricted for the repayment of the outstanding bonds, interest, and capital improvements in accordance with bond ordinances and the related Trust indentures.

**10. Allowance for Doubtful Accounts**

The allowance for uncollectible receivables is as follows:

	<u>December 31, 2006</u>	
	<u>Government Activities</u>	<u>Business-type Activities</u>
General Fund	\$29,567	-
Park Fund	2,661	-
Water/Wastewater Fund	-	7,957
Trash/Natural Gas Fund	-	<u>1,500</u>
	<u>\$32,228</u>	<u>9,457</u>

**11. Long-term Debt**

The bonds are to be liquidated by the related fund. Also, compensated absences payable are generally liquidated by the General Fund.

**12. Deferred Revenues**

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both the revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**13. Long-term Liabilities**

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



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Long-term Liabilities (Continued)**

type statement of net assets. Bond premiums and discount, 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 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 costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**14. Compensated Absences**

City employees generally earn vacation monthly based upon their length of service to the City. Regular full-time employees who are separated from service are compensated for vacation accrued up to the date of separation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave is accumulated based on length of service and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination, but is payable upon retirement or death. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

**15. Reserved Fund Balance**

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

**16. Equity in Pooled Cash and Investments**

The City maintains the majority of its cash and investments in a pooled cash and investments account. As a control, the City also maintains separate accounting records for each fund, so that in the accompanying financial statements, equity in pooled cash and investments reflects each fund's share of such accounts.

**17. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund types. Encumbrances out-

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**17. Encumbrances (Continued)**

standing at year-end are reported as a reservation of fund balance. Encumbrances do not constitute current year expenditures or liabilities.

**18. 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.

**19. Property Taxes**

The City's property taxes are levied each October based on the assessed valuation for all real property located in the City as of the previous January 1. Taxes are due upon receipt of billing and become delinquent after December 31. Liens are placed on property for delinquent taxes on January 1 following the due date.

The St. Charles County Assessor establishes assessed values and the County tax collector makes collections. The assessed value at January 1, 2006 upon which the 2006 levy was based for real estate, personal property, and railroads and utilities taxes was \$483,850,352.

The City's tax rate was levied at \$0.9734 per \$100 of assessed valuation which is used completely for general governmental services.

**20. Interfund Eliminations**

All significant interfund transactions between the Water/Wastewater Fund and the WEDC have been eliminated.

**21. Use of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.



# CITY OF WENTZVILLE, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS

#### 1. Deposits

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2006, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

#### 2. Investments

As of December 31, 2006, the City had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>	<u>Credit Risk</u>
<b>Governmental Funds</b>							
Certificates of deposit	\$ 2,135,361	-	2,135,361	-	-	-	N/A
Money market funds	<u>219,656</u>	<u>219,656</u>	-	-	-	-	Not rated
Total Investments	2,355,017	<u>219,656</u>	<u>2,135,361</u>	-	-	-	
Amounts included in cash and cash equivalents	<u>(600,448)</u>						
Total Government- al Funds	<u>1,754,569</u>						
<b>Proprietary Funds</b>							
Certificated of deposit	3,922,531	-	3,626,531	296,000	-	-	N/A
Government securities:							
Federal Agency							
Notes	1,154,604	-	-	-	248,864	905,740	AAA
Money market funds	<u>21,298,019</u>	<u>21,298,019</u>	-	-	-	-	Not rated
Total Investments	26,375,154	<u>21,298,019</u>	<u>3,626,531</u>	<u>296,000</u>	<u>248,864</u>	<u>905,740</u>	
Amounts included in cash and cash equivalents	<u>(21,489,908)</u>						
Total Proprietary Funds	<u>4,885,246</u>						
 Grand Total Investments	 \$ <u>6,639,815</u>						



# CITY OF WENTZVILLE, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS (Continued)

#### 2. Investments (Continued)

##### Investments Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a written investment policy covering credit risk.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a written investment policy covering interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have a written investment policy covering concentration of credit risk.

### NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended December 31, 2006		
	Balance December 31 2005	Additions	Reclassi- fications And Deletions
<b>Governmental Activities:</b>			
Capital assets not being depreciated:			
Land	\$ 8,619,703	89,546	-
Construction in progress	3,947,649	5,228,011	2,674,136
Total Capital Assets Not Being Depreciated	12,567,352	5,317,557	2,674,136
Capital assets being depreciated:			
Buildings	4,733,967	43,105	-
Infrastructure	26,131,271	18,651,606	-
Equipment	6,501,890	623,703	264,056
Total Capital Assets Being Depreciated	37,367,128	19,318,414	264,056
Less - Accumulated depreciation for:			
Buildings	2,514,763	173,754	-
Infrastructure	5,640,373	1,083,018	-
Equipment	3,525,849	706,642	249,013
Total Accumulated Depreciation	11,680,985	1,963,414	249,013
Total Capital Assets Being Depreciated, Net	25,686,143	17,355,000	15,043
Governmental Activities Capital Assets, Net	\$38,253,495	22,672,557	2,689,179

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - CAPITAL ASSETS (Continued)**

For The Year Ended December 31, 2006				
	Balance December 31 2005	Additions	Reclassi- fications And Deletions	Balance December 31 2006
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,354,509	-	124,348	1,230,161
Construction in progress	<u>3,189,121</u>	<u>13,699,397</u>	<u>114,577</u>	<u>16,773,941</u>
Total Capital Assets Not Being Depreciated	<u>4,543,630</u>	<u>13,699,397</u>	<u>238,925</u>	<u>18,004,102</u>
Capital assets being depreciated:				
Buildings	7,672,669	17,023	-	7,689,692
Water system	8,687,567	4,461,178	-	13,148,745
Sewer system	22,122,410	6,131,106	-	28,253,516
Equipment	<u>1,207,856</u>	<u>546,487</u>	<u>-</u>	<u>1,754,343</u>
Total Capital Assets Being Depreciated	<u>39,690,502</u>	<u>11,155,794</u>	<u>-</u>	<u>50,846,296</u>
Less - Accumulated depreciation for:				
Buildings	1,141,295	260,932	-	1,402,227
Water system	2,560,183	285,098	-	2,845,281
Sewer system	4,974,836	780,689	-	5,755,525
Equipment	<u>887,811</u>	<u>120,609</u>	<u>-</u>	<u>1,008,420</u>
Total Accumulated Depreciation	<u>9,564,125</u>	<u>1,447,328</u>	<u>-</u>	<u>11,011,453</u>
Total Capital Assets Being Depreciated, Net	<u>30,126,377</u>	<u>9,708,466</u>	<u>-</u>	<u>39,834,843</u>
Business-type Activities Capital Assets, Net	<u>\$34,670,007</u>	<u>23,407,863</u>	<u>238,925</u>	<u>57,838,945</u>

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

	For The Year Ended December 31 2006
<b>Governmental activities:</b>	
General government	\$ 129,045
Public safety	169,272
Community development	1,408,213
Parks and recreation	<u>256,884</u>
Total Depreciation Expense - Governmental Activities	<u>\$1,963,414</u>
<b>Business-type activities:</b>	
Water and Sewer Facility	\$ 873,710
Wentzville Economic Development Council	<u>573,618</u>
Total Depreciation Expense - Business-type Activities	<u>\$1,447,328</u>



# CITY OF WENTZVILLE, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE D - RESTRICTED ASSETS

Certain amounts are restricted for various bond and escrow purposes. The bond reserve restricted account balances are as follows:

	<u>December 31, 2006</u>	
	<u>Actual</u>	<u>Required</u>
Leasehold Revenue Bonds:		
Series 1999 Reserve	\$ 244,360	104,000
Series 2001 Reserve	1,335,600	1,294,500
Series 2002 Reserve	687,302	665,000
Series 2004 Reserve	652,866	638,500
Series 2005 Reserve Account	551,593	549,522
Series 2006 Reserve	272,181	272,500
Sewerage System Revenue Bonds, Series 2005 Reserve	<u>6,121,099</u>	<u>6,121,099</u>
	<u>\$9,865,001</u>	<u>9,645,121</u>

The 2006 Reserve Funds are below the required balance amount at December 31, 2006, due to market fluctuations in the investment balances. The Bank Trustee and the City have agreed to restore the deficiency by paying additional payments through interest earnings and future increase until the Reserve Fund equals the requirement.

### NOTE E - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

		<u>December 31 2006</u>
<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	Capital Improvement Fund -	
	Capital Projects Fund	\$ 10,545
Park Fund - Special Revenue Fund	General Fund	646,690
Park Fund - Special Revenue Fund	Capital Improvement Fund -	
	Capital Projects Fund	99,205
Transportation Fund - Special Revenue Fund	Capital Improvement Fund -	
	Capital Projects Fund	1,353,936
Trash/Natural Gas Fund - Enterprise Fund	General Fund	<u>17,495</u>
		<u>\$2,127,871</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 unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - RESTRICTED NET ASSETS**

The government-wide statement of net assets reports \$2,845,971 of restricted net assets, which is restricted by enabling legislation.

**NOTE G - INTERFUND ASSETS/LIABILITIES**

Individual interfund assets and liabilities are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>December 31 2006</u>
General Fund	Trash/Natural Gas Fund	\$10,364
General Fund	Fiduciary Fund	<u>164</u>
		<u>\$10,528</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) inter-fund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending December 31, 2007.

**NOTE H - LONG-TERM DEBT**

The following is a summary of the City's long-term debt transactions including the long-term debt obligations of the WEDC:

	For The Year Ended December 31, 2006				Amounts
	Balance			Balance	Due
	December 31			December 31	Within
	2005	Additions	Reductions	2006	One Year
Governmental activities:					
Neighborhood Improvement					
District Bonds	\$1,655,000	1,510,000	1,655,000	1,510,000	110,000
Notes payable	4,714,771	-	-	4,714,771	-
Less - Discounts	-	(9,588)	(599)	(8,989)	-
Less - Deferred loss	-	(126,759)	(7,922)	(118,837)	-
Total Bond and Notes					
Payable	6,369,771	1,373,653	1,646,479	6,096,945	110,000
Compensated absences	467,296	63,663	-	530,959	-
Total Governmental					
Activities	\$6,837,067	1,437,316	1,646,479	6,627,904	110,000

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT (Continued)**

	For The Year Ended December 31, 2006			Amounts Due Within One Year
	Balance December 31 2005	Additions	Reductions	
Business-type activities:				
Leasehold Revenue Bonds	\$25,125,000	2,725,000	4,675,000	23,175,000
Sewerage System Revenue Bonds	19,430,000	-	-	19,430,000
Plus - Premium (net)	7,815	(19,538)	(37,530)	25,807
Less - Deferred loss	(536,677)	(110,124)	(36,229)	(610,572)
Total Bonds	44,026,138	2,595,338	4,601,241	42,020,235
Compensated absences	24,814	1,852	-	26,666
Total Business-type Activities	<u>\$44,050,952</u>	<u>2,597,190</u>	<u>4,601,241</u>	<u>42,046,901</u>

**1. Neighborhood Improvement District Bonds**

On April 1, 2006 the City issued \$1,510,000 of Neighborhood Improvement District Limited General Obligation Refunding Bonds (Bear Creek stormwater detention, sanitary sewer and water improvement project) Series 2006. The bonds were issued for the purpose of refunding in advance the \$1,585,000 of outstanding Neighborhood Improvement District Bonds Series 2000. The bonds are indebtedness of the City and are to be paid from special assessments that are assessed on the real property of the District. The bonds bear interest from 3.5% to 3.92% and are due March 1, 2018.

The net proceeds of the 2006 bonds were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt has been removed from the City's financial statements. The City decreased its aggregate debt service payments for this transaction by \$361,147 which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$175,833.

Annual principal and interest on the Neighborhood Improvement District Bonds, Series 2006 are as follows:



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT (Continued)**

**1. Neighborhood Improvement District Bonds (Continued)**

<b>For The Years Ended December 31</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2007	\$ 110,000	53,545	163,545
2008	115,000	49,608	164,608
2009	120,000	45,495	165,495
2010	120,000	41,265	161,265
2011	125,000	36,885	161,885
2012 - 2016	695,000	110,989	805,989
2017 - 2018	<u>225,000</u>	<u>7,115</u>	<u>232,115</u>
	<u>\$1,510,000</u>	<u>344,902</u>	<u>1,854,902</u>

**2. Series 2005A and 2005B Notes Payable**

In 2005 the City issued \$4,714,771 of Series 2005A and 2005B notes payable for land which are special, limited obligation of the City payable from a portion of the sales tax generated within certain development property. The notes have an interest rate of 4.5%.

**3. Wentzville Economic Development Council (WEDC) - Leasehold Revenue Bonds**

The WEDC was formed as a Missouri not-for-profit corporation. The purpose of the WEDC is to facilitate the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City.

Funding of such capital improvements and facilities has been provided through the issuance of Leasehold Revenue Bonds. The Leasehold Revenue Bonds do not constitute a legal debt or liability for the City, the State of Missouri, or for any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Leasehold Revenue Bonds does not obligate the City to levy any form of taxation or to make any appropriation for payment in any fiscal year. The WEDC has no taxing power.

On April 1, 1999, the WEDC issued \$3,195,000 of Leasehold Revenue and Improvement Bonds. A portion of the bonds amounting to \$1,815,000 were issued to fund the construction of water and sewer lines, roads, and sidewalks within the newly formed Tax Increment Financing District. The balance of the bonds amounting to \$1,380,000 were issued to advance refund \$1,290,000 of outstanding 1995 Leasehold Revenue Bonds. The bonds mature in varying amounts each year through 2015 and accrue interest at varying rates between 3.8% and 5.5%. Concurrent with the issuance of these bonds, the City entered into a lease agreement whereby certain assets acquired or constructed by the WEDC have been



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT (Continued)**

**3. Wentzville Economic Development Council (WEDC) - Leasehold Revenue Bonds (Continued)**

leased to the City. The lease terminates each December 31 and can be renewed for additional one-year periods through 2015. At the end of the lease, the assets are intended to become the property of the Water/Wastewater Fund. Lease payments by the City are to be sufficient at all times to pay the total amount of interest, principal (whether at maturity, by acceleration, or by redemption as provided in the bond indenture), and premium, if any, on the bonds as they become due.

On July 1, 2002, the WEDC issued \$6,650,000 of Leasehold Revenue Bonds, Series 2002. The proceeds are being used to construct a lift station, sewer main, and a basin for storm-water control. Payment of the principal is for varying amounts every year through 2022. Interest is due semi-annually with varying interest rates from 2.25% to 5.15%. Concurrent with the issuance of these bonds, the City entered into a lease agreement whereby certain assets constructed and acquired by the WEDC have been leased to the City. There are successive one-year lease renewal options through 2022. Lease payments by the City are to be sufficient at all times to pay the total amount of interest, principal (whether at maturity, by acceleration, or by redemption as provided in the bond indenture), and premium, if any, on the bonds as they become due.

On December 16, 2004, the WEDC issued \$6,700,000 of Leasehold Revenue Refunding Bonds, Series 2004. The balance of the bonds amounting to \$6,447,300 were issued to advance refund \$6,035,000 of outstanding 2000 Leasehold Revenue Bonds. The bonds mature in varying amounts each year through 2021 and accrue interest at varying rates between 2.05% and 4.25%. The Leasehold Revenue Bonds, Series 2000 proceeds were used to finance the construction of a new police station and acquisition of equipment for the police department. Concurrent with the issuance of these 2000 Leasehold Revenue Bonds, the City entered into a lease agreement whereby certain assets constructed and acquired by the WEDC have been leased to the City. There are successive one-year renewal options with a final renewal term ending not later than February 1, 2021.

On July 13, 2005, the WEDC issued \$7,540,000 of Leasehold Revenue Bonds, Series 2005. The proceeds are being used to acquire land and to construct a water tower, booster pump, and water main. Payment of the principal is for varying amounts every year through 2025. Interest is due semi-annually with varying interest rates from 2.55% to 4.25%. Concurrent with the issuance of these bonds, the City entered into a lease agreement whereby certain assets constructed and acquired by the WEDC have been leased to the City. There are successive one-year lease renewal options through 2025. Lease payments by the City are to be sufficient at all times to pay the total amount of interest, principal (whether by maturing, by acceleration, or by redemption as provided in the bond indenture), and premium, if any, on the bonds as they become due.

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT (Continued)**

**3. Wentzville Economic Development Council (WEDC) - Leasehold Revenue Bonds (Continued)**

On December 1, 2006, the WEDC issued \$2,725,000 of Leasehold Revenue Refunding Bonds, Series 2006. The proceeds are being used to refund \$2,615,000 of outstanding 1997 Leasehold Revenue Bonds. The 1997 bonds were used to finance certain sewer treatment facilities and improvements. Concurrent with the issuance of these bonds, the City sold certain assets related to the sewer treatment facilities to the WEDC. The WEDC then entered into a lease agreement with the City dated September 1, 1997, whereby these assets and future improvements thereto have been leased to the City. The lease terminates each December 31 and can be renewed for additional one-year periods through 2017. At the end of the lease, the assets are intended to become the property of the Water/Wastewater Fund. Lease payments by the City are to be sufficient at all times to pay the total amount of interest, principal (whether at maturity, by acceleration, or by redemption as provided in the bond indenture), and premium, if any, in the bonds as they become due. The bonds mature in varying amounts each year through 2017 and accrue interest at varying rates between 3.45% and 3.9%.

The net proceeds of the 2006 bonds were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt has been removed from the City's financial statements. The City decreased its aggregate debt service payments for this transaction by \$134,785 which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$100,129.

Annual principal and interest requirements to maturity on the Leasehold Revenue Bonds are as follows:

<b>For The Years Ended December 31</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2007	\$ 1,075,000	902,075	1,977,075
2008	1,015,000	897,773	1,912,773
2009	995,000	864,184	1,859,184
2010	1,030,000	829,013	1,859,013
2011	1,070,000	791,110	1,861,110
2012 - 2016	6,165,000	3,290,528	9,455,528
2017 - 2021	8,405,000	1,808,087	10,213,087
2022 - 2025	<u>3,420,000</u>	<u>286,360</u>	<u>3,706,360</u>
	<u>\$23,175,000</u>	<u>9,669,130</u>	<u>32,844,130</u>



# CITY OF WENTZVILLE, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE H - LONG-TERM DEBT (Continued)

#### 4. Water Pollution Control Revenue Bonds Payable

In November 2005, the Missouri State Environmental Improvement and Energy Resources Authority (the Authority) authorized and issued Water Pollution Control Revenue Bonds (State Revolving Funds Programs) Series 2005C (Series 2005C). The Series 2005C bonds provided funds to make loans to various Missouri political subdivisions that will be used to finance water treatment projects. A portion of the proceeds of the Series 2005C bonds issued by the Authority were used to purchase Participant Revenue Bonds (Participant Bonds) authorized and issued by the City in the aggregate principal amount of \$19,430,000, the proceeds of which will be used for constructing, repairing, and equipping new and existing wastewater facilities. The District's Participant Bonds have interest rates ranging from 3.25% to 5% and are payable in semi-annual installments at varying amounts through 2027.

In connection with the City's issuance of the 2005C bonds, the City participates in the State Revolving Funds Program established by the Missouri Department of Natural Resources (DNR). Monies from federal capitalization grants and state matching funds are used to fund a reserve account for each participant. As the City incurs approved capital expenses, the DNR reimburses the City for the expenses from the bond proceeds account and deposits in a bond reserve fund in the City's name an additional 70% for the Series 2005C bonds. Interest earned from this reserve fund can be used by the City to fund interest payments on the bonds. On the date of each payment of the principal amount of the City's Participant Bonds, the trustee transfers from this reserve account to the master trustee an amount equal to 70% for the Series 2005C bonds. The costs of operation and maintenance of the wastewater treatment and sewerage facilities and the debt service is payable from wastewater revenues.

Annual principal and interest on the Series 2005C bonds are as follows:

<b>For The Years Ended December 31</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2007	\$ -	857,514	857,514
2008	835,000	857,514	1,692,514
2009	840,000	830,376	1,670,376
2010	845,000	802,656	1,647,656
2011	855,000	773,082	1,628,082
2012 - 2016	4,470,000	3,336,096	7,806,096
2017 - 2021	4,900,000	2,318,594	7,218,594
2022 - 2026	5,510,000	1,057,964	6,567,964
2027	<u>1,175,000</u>	<u>54,050</u>	<u>1,229,050</u>
	<u>\$19,430,000</u>	<u>10,887,846</u>	<u>30,317,846</u>



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H - LONG-TERM DEBT (Continued)**

**5. Interest Capitalization**

In accordance with FASB Statement No. 62, the City capitalizes the net effect of interest expense, related interest revenue and arbitrage expense on major construction while in progress amounting to \$123,118 for the year. The components of this amount include capitalized interest expense totaled \$859,555, related offsetting interest income totaled \$1,222,434 and related offsetting arbitrage rebate payable totaled \$239,761 for the year.

**6. Defeased Debt**

The City has defeased various debt issues by placing the proceeds in irrevocable trusts to provide for all future debt service payments on the old debt. Accordingly, the trust assets and liability for the defeased debt are not included in the City's financial statements. As of December 31, 2006, \$5,275,000 of debt is considered defeased.

**NOTE I - EMPLOYEE RETIREMENT BENEFIT PLAN**

**1. Plan Description and Provisions**

The City participates in the Missouri Local Government Employees Retirement System (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 state statute, Section RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

**2. Funding Policy**

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rates are 8.2% (general) and 8.5% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the subdivision are established by state statute.

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE I - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)**

**3. Annual Pension Cost**

For 2006, the City's annual pension cost of \$506,283 was equal to the required and actual contributions. The required contribution was determined as part of the February 29/28, 2004 and/or 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2006 included a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back zero years for men and zero 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:

<b><u>For The Years Ended June 30</u></b>	<b><u>Pension Cost (APC)</u></b>	<b><u>Annual Percentage Of APC Contributed</u></b>
2006	\$506,283	100%
2005	440,577	100
2004	364,450	100

Schedule of funding progress follows:

<b><u>For The Valuation Years Ended February 28/29</u></b>	<b><u>Actuarial Value Of Assets</u></b>	<b><u>Entry Age Actuarial Accrued Liability (AAL)</u></b>	<b><u>Unfunded AAL (Excess Assets)</u></b>
2006	\$8,379,444	\$8,034,501	(\$344,943)
2005	7,351,566	7,145,850	(205,716)
2004	6,604,480	6,235,954	(368,526)



**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE I - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)**

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

<b>For The Valuation Years Ended February 28/29</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded AAL As A Percentage Of Covered Payroll</b>
2006	104%	\$6,232,549	- %
2005	103	5,667,981	-
2004	106	5,199,347	-

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

**NOTE J - MAJOR CUSTOMERS AGREEMENT**

A 30-year agreement was entered into between the City and General Motors Corporation (GM) on August 22, 1980 for water and sewer services. Under the terms of this agreement, the City agreed to design, provide, and install water and sewer facilities. The City bills GM monthly for operating expenses and usage costs, as well as the monthly rate of the annual debt service requirements for which the City is obligated to pay as a result of this agreement (Note L). The amount received for the year ended December 31, 2006 was approximately \$1,126,000.

**NOTE K - RISK MANAGEMENT**

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 workers' 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 expires June 30, 2007.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would



# CITY OF WENTZVILLE, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE K - RISK MANAGEMENT (Continued)

not materially impact the overall operations of the City. The City paid an assessment totaling \$592,038 for MIRMA's fiscal years ended June 30, 2007. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

### NOTE L - CONTINGENCIES

#### 1. Litigation

The City is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

#### 2. Confiscation Funds

All Missouri entities that have collected confiscation funds may be required to remit all or part of these funds to other governmental entities. The City has not recorded any of these funds as revenue in this year or in previous years.

The City entered into an agreement with St. Charles County Public Water Supply District Number 2 (Water District) as of September 10, 1980 for the construction of a water transmission line and the purchase of a maximum of 3.3 million gallons of water daily. The Water District paid for the construction costs through the issuance of Special Obligation Water Revenue Bonds, of which a portion of the debt service and maintenance costs are passed on to the City. During 2006, the City paid \$393,599 under this agreement, with the cost recorded as part of the purchase of water in the Enterprise Funds.

The City has an agreement with the Wentzville Parkway Transportation Corporation (Corporation) that issued debt of \$12,935,000 of bonds payable in 2001. Upon final payment of the debt, the title and interest of the Corporation will be dedicated to the Missouri Highway and Transportation Commission (Commission). The City has agreed to provide funding from its transportation sales tax or other legally available amount less the amount of Commission payments and other amounts available to the Corporation sufficient to pay the principal and interest on the bonds and other specified items when due. The amount of bonds outstanding as of December 31, 2006 was \$3,390,000.

Certain conduit debt obligations indebtedness issued by the City has been loaned to a qualified borrower who is required to make payments to the trustees sufficient to meet principal and interest requirements of the related obligation. The aggregate principal amount of outstanding bonds at December 31, 2006 was \$45,275,682.

The City had a commitment to purchase sewer equipment in the amount of \$47,399 at December 31, 2006.

**CITY OF WENTZVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE M - DEFICIT BALANCE**

The Transportation Special Revenue Fund has a deficit in fund balance of \$1,282,655. This deficit will be offset by future revenues.

**CITY OF WENTZVILLE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**

**REQUIRED SUPPLEMENTAL INFORMATION SECTION**



**CITY OF WENTZVILLE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006 WITH COMPARATIVE**  
**TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006				2005
	Budgeted Amounts			Over (Under) Budget	
	Original	Final	Actual		Actual
<b>REVENUES</b>					
General property and sales taxes	\$ 10,223,232	10,223,232	10,547,525	324,293	9,724,068
Licenses and permits	1,101,210	1,131,210	1,335,582	204,372	1,250,301
Intergovernmental	50,000	121,977	127,565	5,588	316,956
Fines and forfeitures	874,500	874,500	968,296	93,796	895,125
Investment income	60,000	60,000	302,957	242,957	127,292
Miscellaneous	240,600	267,755	258,634	(9,121)	257,828
Total Revenues	12,549,542	12,678,674	13,540,559	861,885	12,571,570
<b>EXPENDITURES</b>					
Current:					
General government:					
Administrative:					
Personnel services	673,113	629,212	653,204	23,992	649,767
Other charges and services	261,029	262,929	307,991	45,062	231,677
Operating supplies	520,550	233,600	29,227	(204,373)	24,272
Repairs and maintenance	94,558	90,058	67,478	(22,580)	53,120
Contractual services	98,911	125,011	197,490	72,479	138,421
Capital outlay	167,777	174,905	78,066	(96,839)	364,386
Total Administrative	1,815,938	1,515,715	1,333,456	(182,259)	1,461,643
Finance:					
Personnel services	385,576	395,421	416,045	20,624	405,661
Other charges and services	105,456	103,456	91,748	(11,708)	93,908
Operating supplies	23,450	25,450	20,643	(4,807)	21,520
Repairs and maintenance	41,818	41,818	42,582	764	41,094
Contractual services	38,614	38,614	35,569	(3,045)	36,469
Capital outlay	-	-	-	-	28,232
Total Finance	594,914	604,759	606,587	1,828	626,884
Municipal court:					
Personnel services	183,510	183,242	176,705	(6,537)	173,366
Other charges and services	16,713	16,713	14,418	(2,295)	14,279
Operating supplies	7,000	7,000	4,325	(2,675)	5,605
Repairs and maintenance	2,050	2,050	1,697	(353)	1,769
Contractual services	25,000	25,000	19,434	(5,566)	19,731
Total Municipal Court	234,273	234,005	216,579	(17,426)	214,750
Total General Government	2,645,125	2,354,479	2,156,622	(197,857)	2,303,277
Public safety - Police Department:					
Personnel services	3,784,286	3,812,352	3,850,528	38,176	3,826,617
Other charges and services	415,476	415,476	412,886	(2,590)	359,481
Operating supplies	199,387	209,715	226,097	16,382	219,676
Repairs and maintenance	136,400	151,754	147,281	(4,473)	116,095
Contractual services	204,772	230,072	171,328	(58,744)	171,485
Capital outlay	109,715	262,101	231,446	(30,655)	205,800
Total Public Safety - Police Department	4,850,036	5,081,470	5,039,566	(41,904)	4,899,154

(Continued)

**CITY OF WENTZVILLE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006 WITH COMPARATIVE**  
**TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006				2005
	Budgeted Amounts			Over (Under) Budget	
EXPENDITURES (Continued)	Original	Final	Actual		Actual
Community development:					
Economic development:					
Personnel services	135,701	136,906	138,909	2,003	136,334
Other charges and services	59,055	59,055	52,598	(6,457)	55,974
Operating supplies	33,622	34,180	36,841	2,661	27,686
Repairs and maintenance	1,250	1,250	649	(601)	2,430
Contractual services	99,000	55,025	10,520	(44,505)	36,418
Capital outlay	650	39,067	-	(39,067)	2,735
Total Economic Development	329,278	325,483	239,517	(85,966)	261,577
Public works:					
Personnel services	2,074,354	2,042,699	1,916,502	(126,197)	1,852,726
Other charges and services	249,357	248,394	216,851	(31,543)	216,216
Operating supplies	128,459	129,448	97,279	(32,169)	86,277
Repairs and maintenance	46,215	47,205	43,913	(3,292)	50,079
Contractual services	216,276	226,406	172,764	(53,642)	154,175
Capital outlay	589,860	826,017	447,917	(378,100)	432,450
Total Public Works	3,304,521	3,520,169	2,895,226	(624,943)	2,791,923
Street:					
Personnel services	664,621	663,621	594,857	(68,764)	569,199
Other charges and services	270,497	270,497	361,193	90,696	279,334
Operating supplies	138,475	145,911	123,774	(22,137)	142,078
Repairs and maintenance	68,700	77,021	77,858	837	53,657
Contractual services	179,180	179,180	130,804	(48,376)	69,380
Capital outlay	129,700	23,926	23,565	(361)	39,858
Total Street	1,451,173	1,360,156	1,312,051	(48,105)	1,153,506
Total Community Development	5,084,972	5,205,808	4,446,794	(759,014)	4,207,006
Total Expenditures	12,580,133	12,641,757	11,642,982	(998,775)	11,409,437
REVENUES OVER (UNDER)					
EXPENDITURES	(30,591)	36,917	1,897,577	1,860,660	1,162,133
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	10,545	10,545	960,611
Transfers out	-	(984,291)	(664,185)	320,106	(858,424)
Total Other Financing Sources (Uses)	-	(984,291)	(653,640)	330,651	102,187
NET CHANGE IN FUND BALANCE	\$ (30,591)	(947,374)	1,243,937	2,191,311	1,264,320
FUND BALANCE, JANUARY 1			5,770,940		
FUND BALANCE, DECEMBER 31			\$ 7,014,877		



**CITY OF WENTZVILLE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PARK SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006 WITH COMPARATIVE**  
**TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006			2005
	Budgeted Amounts		Over (Under) Budget	
	Original	Final	Actual	Actual
<b>REVENUES</b>				
General property and sales taxes	\$ 442,717	442,717	458,053	412,250
Intergovernmental	86,000	86,000	4,620	16,839
Parks memberships and programs	582,810	582,810	682,536	573,983
Miscellaneous	9,300	20,999	18,354	14,855
Total Revenues	<u>1,120,827</u>	<u>1,132,526</u>	<u>1,163,563</u>	<u>1,017,927</u>
<b>EXPENDITURES</b>				
Parks and recreation:				
Personnel services	995,211	998,141	978,639	964,500
Other charges and services	265,122	265,122	296,287	234,700
Operating supplies	267,968	275,434	245,938	217,723
Repairs and maintenance	142,702	151,638	135,308	83,590
Contractual services	47,220	53,220	36,616	29,126
Total Parks And Recreation	<u>1,718,223</u>	<u>1,743,555</u>	<u>1,692,788</u>	<u>1,529,639</u>
Capital outlay	<u>844,079</u>	<u>879,491</u>	<u>156,410</u>	<u>5,048,176</u>
Total Expenditures	<u>2,562,302</u>	<u>2,623,046</u>	<u>1,849,198</u>	<u>6,577,815</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,441,475)</u>	<u>(1,490,520)</u>	<u>(685,635)</u>	<u>(5,559,888)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from notes payable	-	-	-	4,714,771
Transfers in	-	1,441,475	745,895	968,006
Sale of capital assets	-	-	3,795	-
Total Other Financing Sources	<u>-</u>	<u>1,441,475</u>	<u>749,690</u>	<u>5,682,777</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,441,475)</u>	<u>(49,045)</u>	<u>64,055</u>	<u>122,889</u>
FUND BALANCE, JANUARY 1			<u>247,745</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 311,800</u>	



**CITY OF WENTZVILLE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - TRANSPORTATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006 WITH COMPARATIVE**  
**TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006				2005
	Budgeted Amounts			Over (Under) Budget	
	Original	Final	Actual		Actual
<b>REVENUES</b>					
General property and sales taxes	\$ 2,175,065	2,175,065	2,129,048	(46,017)	2,080,799
Intergovernmental	6,265,457	6,788,403	4,616,649	(2,171,754)	2,506,799
Total Revenues	8,440,522	8,963,468	6,745,697	(2,217,771)	4,587,598
<b>EXPENDITURES</b>					
General government:					
Other charges and services	662,504	956,653	654,535	(302,118)	656,289
Repairs and maintenance	400,000	106,166	97,509	(8,657)	144,582
Contractual services	-	93,763	1,169,734	1,075,971	347,138
Total General Government	1,062,504	1,156,582	1,921,778	765,196	1,148,009
Capital outlay	8,823,250	10,862,596	7,461,384	(3,401,212)	3,743,916
Total Expenditures	9,885,754	12,019,178	9,383,162	(2,636,016)	4,891,925
<b>REVENUES OVER (UNDER) EXPENDITURES</b>					
	(1,445,232)	(3,055,710)	(2,637,465)	418,245	(304,327)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	962,595	1,353,936	391,341	50,000
<b>NET CHANGE IN FUND BALANCE</b>					
	\$ (1,445,232)	(2,093,115)	(1,283,529)	809,586	(254,327)
<b>FUND BALANCE, JANUARY 1</b>					
			874		
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>					
			\$ (1,282,655)		

**CITY OF WENTZVILLE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

---

**Budgetary Data**

The City follows the procedures outlined below in establishing the budgetary data reflected in the financial statements:

- a. Prior to December, the City Administrator, after receiving input from each department head, submits to the Board of Aldermen the operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to January 1, the budget is legally enacted through passage of an ordinance.
- c. A motion from the Board of Aldermen is required to transfer budgeted amounts between funds, or to transfer substantial budgeted amounts between departments within any fund or for any revisions that would alter the total expenditures of any fund.
- d. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.
- e. Current year budget includes amendments. Management may authorize transfers of appropriations up to \$2,500 within a department. The Board of Aldermen must approve all transfers between departments and/or in excess of \$2,500.

**Excess of Expenditures over Appropriations**

For the year ended December 31, 2006, expenditures exceeded appropriations in the finance department of the General Fund, Capital Improvement Capital Projects Fund, and Neighborhood Improvement District Capital Projects Fund by \$1,828, \$15,961, and \$18,603, respectively. These over expenditures were funded by available fund balance.

**OTHER SUPPLEMENTAL INFORMATION SECTION**



**CITY OF WENTZVILLE, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006 WITH COMPARATIVE**  
**TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006			2005
	Budgeted Amounts		Over (Under) Budget	
	Original	Final	Actual	Actual
<b>REVENUES</b>				
General property and sales taxes	\$ 1,929,317	1,929,317	1,932,080	2,763
<b>EXPENDITURES</b>				
General government:				
Other charges and services	509,538	509,538	525,499	15,961
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,419,779	1,419,779	1,406,581	(13,198)
<b>OTHER FINANCING USES</b>				
Transfers out	-	(1,419,779)	(1,463,686)	43,907
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,419,779</u>	<u>-</u>	(57,105)	<u>(57,105)</u>
FUND BALANCE, JANUARY 1			347,142	
FUND BALANCE, DECEMBER 31			<u>\$ 290,037</u>	

**CITY OF WENTZVILLE, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - NEIGHBORHOOD IMPROVEMENT DISTRICT CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006 WITH COMPARATIVE**  
**TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006		2005	
	Original And Final Budgeted Amounts	Actual	Over (Under) Budget	Actual
<b>REVENUES</b>				
General property and sales taxes	\$ -	668	668	1,835
NID assessments	163,770	161,433	(2,337)	28,230
Investment income	5,000	5,014	14	5,607
Total Revenues	168,770	167,115	(1,655)	35,672
<b>EXPENDITURES</b>				
General government	3,423	3,620	197	-
Debt service:				
Principal	74,178	70,000	(4,178)	65,000
Interest and fiscal charges	96,825	77,228	(19,597)	105,709
Bond issuance costs	-	42,181	42,181	-
Total Expenditures	174,426	193,029	18,603	170,709
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(5,656)	(25,914)	(20,258)	(135,037)
<b>OTHER FINANCING SOURCES (USES)</b>				
Discount on Neighborhood Improvement District Bonds	-	(9,588)	(9,588)	-
Issuance of Neighborhood Improvement District Bonds	-	1,510,000	1,510,000	-
Payment to escrow agent	-	(1,626,794)	(1,626,794)	-
Total Other Financing Sources (Uses)	-	(126,382)	(126,382)	-
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (5,656)</u>	<u>(152,296)</u>	<u>(146,640)</u>	<u>(135,037)</u>
<b>FUND BALANCE, JANUARY 1</b>		<u>270,490</u>		
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 118,194</u>		

**CITY OF WENTZVILLE, MISSOURI**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND**  
**DECEMBER 31, 2006**

	<u>Balance December 31 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31 2006</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 36,463	270,693	307,156	-
Accounts receivable	<u>48,827</u>	<u>58,273</u>	<u>48,827</u>	<u>58,273</u>
Total Current Assets	<u>\$ 85,290</u>	<u>328,966</u>	<u>355,983</u>	<u>58,273</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Due to other funds	\$ -	164	-	164
Due to others	<u>85,290</u>	<u>328,802</u>	<u>355,983</u>	<u>58,109</u>
Total Current Liabilities	<u>\$ 85,290</u>	<u>328,966</u>	<u>355,983</u>	<u>58,273</u>