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1-1-2005

## Audit of Financial Statements, 2006

City of Winchester

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

January 11, 2007

Barbara Beckett, City Administrator/Treasurer  
City of Winchester  
St. Louis County  
109 Lindy Boulevard  
Winchester, MO 63021-5299

Fiscal Period: One Year Ended June 30, 2006 ✓

Dear Ms. Beckett:

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

Judy Buerky  
Local Government Analyst



**CITY OF WINCHESTER**

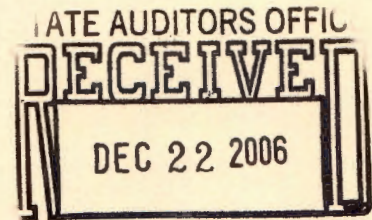
109 LINDY BLVD.

WINCHESTER, MISSOURI 63021-5299

(636) 391-0600

FAX (636) 391-6365 ✓

December 20, 2006



Ms. Judy Buerky  
Missouri State Auditor's Office  
P.O. Box 869  
Jefferson City, Missouri 65102

Re: Audit Report - City of Winchester, Missouri

Dear Ms. Buerky:

Enclosed please find a copy of the Audit Report for the City of Winchester.

If you have any further questions or require further information, please contact me.

Sincerely,

Barbara Beckett  
City Administrator/Treasurer

Enclosure

**CITY OF WINCHESTER, MISSOURI**

**AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

CITY OF WINCHESTER, MISSOURI

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Robert E. Croghan, Jr. CPA  
Michael P. Croghan CPA  
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phone 314 966-6644  
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## INDEPENDENT AUDITOR'S REPORT

Robert E. Croghan CPA

Board of Aldermen  
City of Winchester, Missouri

Dear Members of the Board:

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Winchester, Missouri, as of and for the year ended June 30, 2006 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 internal control over financial reporting of the City. 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 opinion.

As described in Note 1 to the financial statements, the City's policy is to prepare its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities and each major fund of the City of Winchester, Missouri, at June 30, 2006, and the respective changes in financial position – cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and the respective budgetary comparison for the General Fund are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Croghan & Croghan P.C.*  
Certified Public Accountants

Kirkwood, Missouri  
December 13, 2006

**UNAUDITED**

**CITY OF WINCHESTER, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The discussion and analysis of the City's financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

The financial statements of the City have been prepared on the pure cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid versus when incurred.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999.

**Financial Highlights**

The City received one grant through the St. Louis County Health Department for a Buy Recycled Products Program. This program provided funding for a year's supply of recycled office products.

Winchester began receiving funding this year from the new Capital Improvement Sales Tax. The tax, which was approved by the voters during this fiscal year totaled approximately \$60,000.

With a rise in the interest rates, the City was able to take advantage of Certificates of Deposit for a significant increase in the investment income.

Capital improvements in the City's Reber Park accounted for an increase in the Park Department expenditures. Projects included an additional playground at the Pavilion and grading for storm water drainage at the southeastern portion of the Park.

# UNAUDITED

Table 1 provides a summary of the City's net assets for 2006 and 2005:

	Table 1	2006	2005
Assets			
Cash and investments		\$ 689,253.25	\$ 762,065.82
Restricted Assets:			
Cash and Investments		<u>61,202.49</u>	<u>—</u>
Total Assets		\$ <u>750,455.74</u>	\$ <u>762,065.82</u>
Liabilities			
Payroll Withholdings		\$ <u>3,683.40</u>	\$ <u>3,397.76</u>
Net Assets			
Restricted for:			
Capital Improvements		61,202.49	
Unrestricted		<u>685,569.85</u>	<u>758,668.06</u>
Total Net Assets		\$ <u>746,772.34</u>	\$ <u>758,668.06</u>

Table 2 shows the change in net assets for fiscal year 2006 and 2005 for Governmental Activities:

## Revenue and Expenditure Comparison for years ending June 30, 2006 and 2005

Revenues	2006	2005	Inc/Dec.
Program Revenues:			
Charges for Services and Sales	\$ 65,239	\$ 70,306	\$ (5,067)
Operating Grants	3,632	59,667	(56,035)
General Revenue:			
Property taxes	37,084	42,393	(5,309)
Sales taxes	210,414	203,252	7,162
Franchise and Public service Taxes	280,226	210,001	70,225
Investment income	24,363	12,499	11,864
Miscellaneous	<u>3,665</u>	<u>4,937</u>	<u>(1,272)</u>
Total Revenue	<u>624,624</u>	<u>603,055</u>	<u>21,568</u>



## UNAUDITED

Program Expenses:			
Administrative	318,119	298,947	19,172
Public Safety	150,222	142,377	7,845
Streets and Sewer	90,533	83,235	7,298
Park and Recreation Program	53,771	10,359	43,412
Maintenance Department	23,874	27,074	(3,200)
Total Expenses	<u>636,519</u>	<u>561,992</u>	<u>74,527</u>
Increase (Decrease) in Net Assets	\$ <u>(11,895)</u>	\$ <u>41,063</u>	\$ <u>52,959</u>

Total taxes collected made up 84% of the total revenues collected for the year ended June 30, 2006. Administrative costs and expenses for public safety made up 50% and 24%, respectively, of total expenditures.

### Using the Basic Financial Statements

The City's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the cash basis operations of the City as a whole. The "Basic Financial Statements" section includes government-wide financial statements, fund financial statements and notes to financial statements. The government-wide financial statements, consisting of the Statement of Net Assets (Cash Basis) and the Statement of Activities (Cash Basis), provide highly consolidated cash basis financial information and render a government-wide perspective of the City's cash basis financial condition.

By showing the change in net assets (cash basis) for the year, the reader may ascertain whether the City's cash basis financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the City's financial condition include increases in or erosion of the property tax base, current property tax laws in Missouri restricting revenue growth, facility conditions, and other factors.

### Governmental Funds Financial Analysis

Revenues collected	
Taxes	\$ 527,724
Licenses and Permits	27,800
Fines and Forfeitures	36,189
State Grants	3,632
Interest	24,364
Miscellaneous	<u>4,915</u>
Total revenues collected	<u>624,624</u>

## *UNAUDITED*

Expenses paid	
Administrative	318,119
Public safety	150,222
Streets and sewer	90,533
Park and recreation program	53,771
Maintenance department	<u>23,874</u>
Total expenses paid	<u>636,519</u>
Change in net assets	(11,895)
Net assets, July 1, 2005	<u>758,668</u>
Net assets, June 30, 2006	<u>\$ 746,772</u>

### **General Fund Budgetary Highlights**

Over the course of the year, the Board of Aldermen revised the City's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri Statutes for Municipal Government Finance, Section 67 RSMo. requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted June 22, 2005, and the final budget amendment was adopted on June 28, 2006.

A schedule showing the General Fund's original budget and the final budget figure compared with actual cash basis operating results is provided in this report in Statement 1.

The General Fund's final actual revenues reflect a 3.5% increase of \$21,568, which is approximately 3.7% over the final budgeted revenues. The General Funds' final actual expenditures paid reflect an increase of \$1,887, which is approximately .3% less than the final budgeted amount. Note that expenditures incurred during the fiscal year through a grant from the Municipal Parks Grant Commission of St. Louis County in the amount of \$29,075 were not reimbursed before the end of the fiscal year.

### **Capital Assets and Debt Administration**

The City operates under the cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements.

## ***UNAUDITED***

### **Budgetary Analysis**

The City of Winchester has been able to continue programs and services as in the past without substantial increases or decreases in the revenue sources. However, for future years the City is currently watching developments in sales tax losses due to internet sales, as well as declining telephone gross receipts due to cellular phone use. With these and other issues affecting the State and all local governments in Missouri, budget cutting due to revenue shortfalls may be a possibility.

### **Contacting the City's Financial Management**

While this Management's Discussion & Analysis is designed to provide a general overview of the cash basis financial condition and operations of the City, citizens groups, tax payers, and creditors may want further details. To obtain such details, please contact Barbara Beckett, City Administrator/Treasurer, at the Winchester City Hall, 109 Lindy Blvd., Winchester, Missouri 63021-5299 or call 636/391-0600 during regular office hours, Monday through Friday, 9:00 a.m. to 4:00 p.m., Central Time.

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Investments	\$ 689,253.25
Restricted Assets:	
Cash and Investments	<u>61,202.49</u>
Total Assets	\$ <u>750,455.74</u>
 <u>LIABILITIES</u>	
Payroll Withholdings	\$ <u>3,683.40</u>
 <u>NET ASSETS</u>	
Restricted for:	
Capital Improvements	61,202.49
Unrestricted	\$ <u>685,569.85</u>
Total Net Assets	<u><u>746,772.34</u></u>

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

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF ACTIVITIES - CASH BASIS  
YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenditures Paid	Program Revenues Received			Net(Expenses) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					<b>Government Activities</b>
Administrative	\$ 318,118.90	\$ 27,800.00	\$ 3,631.50	\$ -	\$ (286,687.40)
Public Safety	150,221.77	36,189.00			(114,032.77)
Streets and Sewer	90,532.82				(90,532.82)
Park and Recreation Program	53,771.47	1,250.00			(52,521.47)
Maintenance Department	23,873.97				(23,873.97)
Total governmental activities:	<u>\$ 636,518.93</u>	<u>\$ 65,239.00</u>	<u>\$ 3,631.50</u>	<u>\$ -</u>	<u>\$ (567,648.43)</u>
<b>General Revenues:</b>					
Taxes					
Property Taxes					\$ 37,083.68
Franchise and Public Service Taxes					280,226.06
Sales Tax					210,414.15
Investment Income					24,363.56
Miscellaneous					3,665.26
Total General Revenues					<u>555,752.71</u>
Change in Net Assets					(11,895.72)
Net Assets - beginning					<u>758,668.06</u>
Net Assets - ending					<u><u>746,772.34</u></u>

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



## EXHIBIT C

CITY OF WINCHESTER, MISSOURI  
 COMBINED BALANCE SHEET - CASH BASIS  
 GOVERNMENTAL FUND TYPES  
 JUNE 30, 2006

	General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash and Investments	\$ 689,253.25	\$ 689,253.25
Restricted Assets:		
Cash and Investments	<u>61,202.49</u>	<u>61,202.49</u>
Total Assets	<u>\$ 750,455.74</u>	<u>\$ 750,455.74</u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Payroll Withholdings	\$ <u>3,683.40</u>	\$ <u>3,683.40</u>
Fund Balance		
Reserved	61,202.49	61,202.49
Unreserved	<u>685,569.85</u>	<u>685,569.85</u>
Total Fund Balance	<u>746,772.34</u>	<u>746,772.34</u>
Total Liabilities and Fund Balance	<u>\$ 750,455.74</u>	

## Reconciliation to Statement of Net Assets - Cash Basis

Amounts reported for governmental activities in the statement of net  
 assets - cash basis are different because:

There are no adjustments

Total net assets - governmental activities

\$ 746,772.34

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

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - CASH BASIS - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2006

	General Fund	Total Governmental Funds
REVENUES:		
Taxes	\$ 527,723.89	\$ 527,723.89
Licenses and Permits	27,800.00	27,800.00
Fines and Forfeitures	36,189.00	36,189.00
State Grants	3,631.50	3,631.50
Interest	24,363.56	24,363.56
Miscellaneous	4,915.26	4,915.26
Total Revenues	<u>624,623.21</u>	<u>624,623.21</u>
EXPENDITURES:		
Administrative	318,118.90	318,118.90
Public Safety	150,221.77	150,221.77
Streets and Sewer	90,532.82	90,532.82
Park and Recreation Program	53,771.47	53,771.47
Maintenance Department	23,873.97	23,873.97
Total Expenditures	<u>636,518.93</u>	<u>636,518.93</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,895.72)	(11,895.72)
FUND BALANCE, JULY 1, 2005	<u>758,668.06</u>	<u>758,668.06</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 746,772.34</u>	746,772.34

Reconciliation to the Statement of Activities - Cash Basis

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

There are no adjustments

Changes in net assets of governmental activities \$ 746,772.34

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

## EXHIBIT E

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF NET ASSETS - CASH BASIS  
FIDUCIARY FUND  
JUNE 30, 2006

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and Investments	\$ <u>1,443.00</u>
Total Assets	\$ <u><u>1,443.00</u></u>
<u>LIABILITIES</u>	
Deposits	\$ <u>1,443.00</u>
Total Liabilities	\$ <u><u>1,443.00</u></u>

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

CITY OF WINCHESTER, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

1. Summary of Significant Accounting Principles

The financial statements of the City of Winchester, Missouri have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Principals Used to Determine Scope of Entity

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises oversight responsibility.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the City's financial statements. The City has determined that no other outside agency meets the criteria set forth in GASB Statement No. 39 and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present financial information about the City's governmental activities. These statements include the financial activities of the overall government in its entirety excluding fiduciary activities. Government activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.



## Fund Financial Statements

During the year, the City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of the governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

## Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary, and fiduciary. The City does not maintain any proprietary funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may, or must, be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

### Governmental Funds:

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

### Fiduciary Funds:

Agency Fund - This fund represents monies that are held by the City's municipal court in a fiduciary capacity on behalf of various individuals. This fund is not considered an operating fund of the City.

## C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

### Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the "economic resources" measurement focus, within the limitations of the cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost and recovery) and financial position. All assets and liabilities (whether current or noncurrent, financial or non financial) associated with their activities are reported.



All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

#### Basis of Accounting

The government-wide financial statements and the governmental fund financial statements are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

#### D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund.
2. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget was formally adopted on June 22, 2005.
5. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budget amounts are as originally adopted, or as amended by the Board of Aldermen.

6. Budgets for all funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operations are

presented in the statements of revenues, expenditures, and changes in fund balance - budget and actual in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

#### E. Capital Assets

Capital outlays are recorded as expenditures when incurred. These capital outlays represent the cost of land, buildings and improvements, and furniture and equipment. The City does not maintain a record of its capital assets.

#### F. Inventory

The City does not maintain inventory cost records. Inventory is accounted for using the purchase method in which supplies are charged to expenditures when purchased.

#### G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

The restricted assets at June 30, 2006 are as follows:

Capital Improvement Sales Tax	\$ <u>61,202.49</u>
-------------------------------	---------------------

#### H. Net Assets

Net assets represent the difference between assets and liabilities.

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Restricted for Capital Improvements: The City has restricted \$61,202.49 for purposes of capital improvements.

## 2. Cash and Investments

The City is governed by the deposit and investment limitations of City policy and state law. The depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes.

The deposits and investments held at June 30, 2006, and reported at cost are as follows:

Type	Maturities	Carrying Value
Deposits:		
Demand deposits	N/A	\$ 39,347.55
Savings accounts	N/A	412,546.54
Certificates of Deposit	various	<u>298,436.65</u>
Total Deposits		<u>\$ 750,330.74</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2006, none of the City's bank balance of \$817,185.62 was exposed to custodial credit risk.

#### Reconciliation to financial statements:

##### Current:

Cash and cash equivalents	\$ 750,330.74
Petty cash	<u>125.00</u>
	<u>\$ 750,455.74</u>

### 3. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the City.

The assessed valuation of the tangible taxable property for the calendar year 2005 for purposes of local taxation was:

#### St. Louis County

Real Estate	\$ 16,421,110
Personal Property	3,030,184
State Assessed Utilities	<u>212,921</u>
Total	<u>\$ 19,664,215</u>

The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2005 for purposes of local taxation was:

General Revenue	
Residential	\$ .1800
Commercial	\$ .1950
Personal Property	\$ .2610

#### 4. Retirement Plan

##### A. Plan Description

The City of Winchester 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 the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System 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.

##### B. Funding Policy

The City of Winchester'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 rate is 7.4% (general) 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 political subdivision are established by state statute.

##### C. Annual Pension Cost

For 2006, the political subdivision's annual pension cost of \$6,988 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, and (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 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 a closed basis. The amortization period at February 28, 2006 was 16 years.



### Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ 6,640	100%	\$ 0
6/30/05	\$ 6,042	100%	\$ 0
6/30/06	\$ 6,988	100%	\$ 0

### REQUIRED SUPPLEMENTARY INFORMATION Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
2/29/04	151,045	165,059	14,014	92%	88,274	16%
2/28/05	167,523	182,167	14,644	92%	89,518	16%
2/28/06	187,709	203,864	16,155	92%	93,034	17%

Note: The above assets and actuarial 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.

#### 5. Contingencies

The City is defendant in various litigation. The aggregate liability, after insurance coverage, is not determinable at this time. No provision has been made in the accompanying statements for settlement costs, if any.

The City has participated in federal and state grant programs. The programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements could be established at some future date.

Also the City is involved in legal action regarding the collection of certain gross receipts taxes. The amount of gross receipts taxes at issue at June 30, 2006, is \$12,905.01. The ultimate resolution of this matter is unknown at this time.

#### 6. Commitments

The City contracts for police services with St. Louis County. The contract terminates in December, 2007, with required monthly payments of approximately \$12,030.35.



7. Operating Lease

The City is committed under a five-year lease for a copier. This lease for accounting purposes is considered an operating lease. Operating leases do not give rise to property rights, and therefore, the results of the lease agreement are not reflected in the City's account groups. Lease expenditures for the year ended June 30, 2006, amounted to \$3,072.00.

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 3,072.00
2007	3,072.00
2008	<u>2,304.00</u>
Total	<u>\$ 8,448.00</u>

8. Participation in a Public Entity Risk Pool - (MIRMA)

The City is member of the Missouri Intergovernmental Risk Management Association (MIRMA), a protected self-insurance program of political subdivisions. The City does not pay premiums to purchase insurance policies, but pays an assessment to be a member of self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The City believes it is not possible to estimate the range of contingent losses to be borne by the City.

## STATEMENT 1

CITY OF WINCHESTER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
RESOURCES:				
Taxes:				
Real Estate	\$ 33,320.00	\$ 29,511.00	\$ 29,348.54	\$ (162.46)
Personal Property	7,000.00	7,736.00	7,735.14	(0.86)
Utilities	800.00	800.00	731.90	(68.10)
Paid under Protest		1,685.00	1,684.50	(0.50)
Gross Receipts (Utilities)				
Gas	30,000.00	40,599.00	40,598.75	(0.25)
Electric	40,000.00	41,184.00	41,183.70	(0.30)
Water	9,000.00	8,968.00	8,963.50	(4.50)
Telephone	20,000.00	20,147.00	20,146.92	(0.08)
Cable TV	12,000.00	12,194.00	12,193.46	(0.54)
Sales Tax	205,000.00	205,000.00	210,414.15	5,414.15
Capital Improvement Sales Tax	40,000.00	40,000.00	61,162.09	21,162.09
Cigarette Tax	6,000.00	6,000.00	5,857.18	(142.82)
Missouri Gas Tax	50,000.00	47,234.00	47,233.07	(0.93)
Motor Vehicle Tax	22,000.00	21,011.00	20,504.43	(506.57)
County Road & Bridge	18,000.00	19,967.00	19,966.56	(0.44)
Total Taxes	493,120.00	502,036.00	527,723.89	25,687.89
Licenses and Permits:				
Excavation Permit Fee	600.00	600.00	200.00	(400.00)
Swimming Pool Permits	75.00	125.00	125.00	-
Building Inspections	5,000.00	5,000.00	4,410.00	(590.00)
Occupancy Permits	700.00	700.00	560.00	(140.00)
Building Permits	2,000.00	2,000.00	1,340.00	(660.00)
Sign Permits	700.00	1,040.00	1,040.00	
Board of Adjustment Fee	50.00	150.00	150.00	
Merchant's Licenses	18,000.00	18,005.00	17,975.00	(30.00)
Liquor Licenses	1,700.00	2,000.00	2,000.00	
Special Use Permits	125.00	125.00		(125.00)
Total Licenses and Permits	28,950.00	29,745.00	27,800.00	(1,945.00)
Fines and Forfeitures:				
CVC Court Fines	3,000.00	3,000.00	2,782.50	(217.50)
Court Costs and Fines	36,000.00	32,831.00	32,817.50	(13.50)
Police Training	400.00	400.00	371.00	(29.00)
Shelter Fund	400.00	400.00	218.00	(182.00)
Total Fines and Forfeitures	39,800.00	36,631.00	36,189.00	(442.00)
Interest	14,000.00	23,356.00	24,363.56	1,007.56
State Grants	19,500.00	3,632.00	3,631.50	(0.50)

STATEMENT 1  
(CONTINUED)

CITY OF WINCHESTER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
REVENUES:				
Miscellaneous:				
Ballfield User Fee	\$ 1,100.00	\$ 1,250.00	\$ 1,250.00	\$ -
Advertising Reimbursement	50.00	50.00		(50.00)
Hayride Receipts	250.00	250.00		(250.00)
Pavilion Reservation Fee	500.00	510.00	540.00	30.00
Animal Tag Fee	1,500.00	1,500.00	1,350.00	(150.00)
Solicitor's Permit Fee	50.00	50.00		(50.00)
Answering Service User Fee	200.00	480.00	480.00	
False Alarm Fee	50.00	160.00	160.00	
Miscellaneous Reimbursement to City	1,000.00	1,000.00	241.06	(758.94)
Miscellaneous Income	1,500.00	1,220.00	894.20	(325.80)
Construction Bond	100.00	100.00		(100.00)
Post Commission Fund	300.00			
Total Miscellaneous	6,600.00	6,570.00	4,915.26	(1,654.74)
Total Revenues	601,970.00	601,970.00	624,623.21	22,653.21
EXPENDITURES:				
Administrative:				
Mayor	5,400.00	5,056.00	5,040.00	16.00
Board of Aldermen	14,880.00	14,880.00	14,880.00	-
City Clerk Salary	46,100.00	46,100.00	46,043.66	56.34
Asst. City Clerk Salary	23,970.00	24,225.00	24,224.07	0.93
Cleaning Personnel	3,000.00	3,000.00	2,990.00	10.00
Bookkeeper/Clerical Staff	22,835.00	23,568.00	23,567.53	0.47
Court Clerk/General Office	20,400.00	20,571.00	20,570.34	0.66
Legal Services	16,500.00	16,468.40	16,468.33	0.07
Litigation	300.00			
Court Reporter - Bd of Adjustment	100.00	2.00		2.00
Building Inspector's Salary	11,900.00	7,595.00	7,595.00	
Building Commissioner	5,500.00	1,395.00	1,395.00	
Code Enforcement Officer	3,800.00	4,144.00	4,143.05	0.95
City Hall Utilities & Services	12,000.00	14,000.00	13,999.22	0.78
Notices - Newspaper	1,400.00	1,188.00	1,187.81	0.19
Accounting	5,700.00	6,300.00	6,300.00	
Code Revisions	2,000.00			
Unemployment Benefits	1,000.00	4,009.00	4,008.15	0.85
Insurance (General)	12,000.00	12,257.00	12,257.00	
Insurance (Staff)	28,500.00	27,057.00	27,056.12	0.88
LAGERS	6,070.00	6,911.00	6,910.05	0.95
Federal Medicare	3,060.00	2,666.00	2,665.96	0.04
FICA	11,750.00	11,400.00	11,399.21	0.79
Dues	2,700.00	1,803.00	1,714.40	88.60
Administrator Car Allowance	3,600.00	3,600.00	3,600.00	
Election Board	700.00	600.00	561.60	38.40
Office Supplies	600.00	1,497.00	1,496.63	0.37
Stationery and Writing Impl.	250.00	250.00	225.06	24.94
Household Supplies	226.00	674.00	673.94	0.06
Postage	1,000.00	793.00	792.30	0.70
Other Supplies	900.00	1,540.00	1,539.40	0.60
Recycling	150.00	7,776.00	7,775.14	0.86

STATEMENT 1  
(CONTINUED)

CITY OF WINCHESTER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
EXPENDITURES:				
Administrative: (Continued)				
Newsletter	\$ 1,400.00	\$ 1,493.60	\$ 1,493.60	\$ -
Copier Supplies	3,100.00	3,327.00	3,325.38	1.62
Education & Training	2,000.00	1,774.00	1,740.00	34.00
Travel & Public Relations	3,500.00	2,341.00	2,330.75	10.25
Pictures	100.00	11.00	10.94	0.06
Soda, Coffee, Etc.	75.00	75.00	58.99	16.01
Lafayette Older Adults Program	500.00	243.00	200.00	43.00
Appreciation Picnic	1,300.00	1,212.00	1,207.35	4.65
Computer Supplies	700.00	788.00	787.08	0.92
Computer Programming	2,000.00	25.00	24.95	0.05
Computer Repairs	2,000.00	1,360.00	1,358.00	2.00
City Hall Furniture	500.00	500.00	458.12	41.88
City Hall Remodeling	500.00			
Construction Bond	450.00			
ADA City Requirements	500.00			
Miscellaneous	300.00	327.00	326.50	0.50
Residential Trash Service	30,500.00	33,719.00	33,718.27	0.73
Total Administrative	317,716.00	318,521.00	318,118.90	402.10
Public Safety:				
Judge	5,725.00	5,911.00	5,910.30	0.70
CVC State Portion	3,000.00	2,650.00	2,645.23	4.77
Police Fund	400.00	400.00	371.00	29.00
Shelter Fund	400.00	226.00	226.00	
Forms	300.00	114.00	100.74	13.26
Emergency Preparedness Material	100.00			
Emergency Preparedness Labor	100.00			
Emergency Preparedness Contractual	1,100.00	295.00		295.00
Emergency Management Training	800.00	150.00	150.00	
Police Contract (St. Louis County)	141,000.00	140,819.00	140,818.50	0.50
Training	200.00	0.00		
Miscellaneous	75.00	75.00		75.00
Total Public Safety	153,200.00	150,640.00	150,221.77	418.23
Streets and Sewer:				
Street Lights	16,000.00	16,000.00	15,822.84	177.16
Snow Removal-Contracted	11,500.00	9,100.00	9,094.00	6.00
Snow Removal-Labor	350.00			
Snow Removal-Supplies	75.00	75.00	9.00	66.00
Street Cleaning	3,000.00	700.00	700.00	
Street Repairs-Contracted	35,840.00	63,029.00	59,263.50	3,765.50
Street Repairs-Labor	300.00	265.00	257.75	7.25
Street Repairs-Supplies	100.00	100.00	10.47	89.53
Engineering	8,000.00	1,440.00	1,440.00	



STATEMENT 1  
(CONTINUED)

CITY OF WINCHESTER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive(Negative)
EXPENDITURES:				
Streets and Sewer: (Continued)				
Street Striping-Supplies	\$ 2,200.00	\$ 2,235.00	\$ 2,234.96	\$ 0.04
Street Striping-Labor	250.00	43.00	41.17	1.83
Right-of-Way Labor	400.00	400.00	389.88	10.12
Storm Sewers	1,000.00	150.00	150.00	
Storm Sewers-Labor	700.00	503.00	502.88	0.12
Project Observer Salary	32.00	32.00		32.00
Signs	500.00	235.00	234.78	0.22
Sign Installation and Painting Labor	800.00	370.00	367.64	2.36
Miscellaneous - Street & Sewers	250.00	14.00	13.95	0.05
Total Streets and Sewer	81,297.00	94,691.00	90,532.82	4,158.18
Park and Recreation:				
Park Water	2,500.00	2,191.00	2,190.83	0.17
Park Electric	1,400.00	1,101.00	1,100.51	0.49
Park Sewer	400.00	195.00	194.96	0.04
Park Director Salary	4,260.00	4,260.00	4,245.00	15.00
Sports Program Supplies				
Hayride	350.00	54.00	54.00	
Hayride Salaries	150.00	186.00	185.50	0.50
Easter Egg Hunt	425.00	355.00	355.00	
Party in Park	800.00	710.00	710.00	
New Recreation Programs	195.00	4.00	4.00	
Contracted Improvements	3,000.00	36,508.00	40,272.88	(3,764.88)
Halloween	70.00	70.00	56.16	13.84
Christmas	150.00	150.00	130.00	20.00
Christmas Lighting Contest	200.00	200.00	200.00	
Park Pavilion Inspectors	950.00	845.00	845.00	
Landscaping	2,000.00	3,226.00	3,225.50	0.50
Education & Training	50.00	14.00		14.00
Playground Improvements	2,000.00			
Safety Maintenance	1,000.00			
Miscellaneous	100.00	100.00	2.13	97.87
Total Park and Recreation	20,000.00	50,169.00	53,771.47	(3,602.47)
Maintenance Department:				
Park-Grass Cutting - Contracted	4,900.00	5,990.00	5,990.00	-
Park-Grass Cutting	500.00	16.00	13.50	2.50
Park Buildings Labor	850.00	146.00	145.38	0.62
Park Playground Labor	950.00	1,233.00	1,232.39	0.61
Park Grounds Labor	5,700.00	3,606.00	3,605.41	0.59
Park Maintenance Supplies	250.00	17.99	17.96	0.03
City-Grass Cutting	500.00	549.00	548.38	0.62
Pavilion Labor	600.00	832.01	832.01	
Restroom Labor	1,200.00	1,234.00	1,233.40	0.60



STATEMENT 1  
(CONTINUED)

CITY OF WINCHESTER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
EXPENDITURES:				
Maintenance Department: (Continued)				
Fogging Labor	\$ -	\$ 16.00	\$ 15.75	\$ 0.25
Miscellaneous Labor	100.00	878.00	877.65	0.35
Gas and Fuel	500.00	500.00	389.09	110.91
Maintenance/Housekeeping Supplies	872.00	450.00	442.09	7.91
Building Supplies	150.00	153.00	152.67	0.33
Lawn & Plumbing Supplies	425.00	404.00	310.49	93.51
Hardware	75.00	75.00	140.91	(65.91)
Tools	435.00	181.00	180.89	0.11
City Hall Maintenance Labor	1,500.00	1,746.00	1,745.66	0.34
City Hall Maintenance Supplies	300.00	193.00	131.96	61.04
Contracted Labor	1,600.00			
Contracted Repairs	100.00	215.00	214.95	0.05
Equipment Repairs Supplies	250.00	140.00	139.08	0.92
Equipment Repairs Labor	650.00	650.00	481.14	168.86
Park Vandalism-Labor	400.00	119.00	118.37	0.63
Park Vandalism-Supplies	1,100.00	4.00		4.00
Safety Training & Equipment	1,725.00	528.00	526.94	1.06
Services, Utilities & Bldg. Repair	2,000.00	1,532.00	1,526.56	5.44
Equipment	525.00	1,221.00	1,220.54	0.46
Transportation/Time & Cost	600.00	739.00	738.13	0.87
Holiday Compensation	950.00	901.00	898.00	3.00
Miscellaneous	50.00	50.00	4.67	45.33
Total Maintenance Dept.	<u>29,757.00</u>	<u>24,319.00</u>	<u>23,873.97</u>	<u>445.03</u>
 TOTAL EXPENDITURES	 <u>601,970.00</u>	 <u>638,340.00</u>	 <u>636,518.93</u>	 <u>1,821.07</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 0.00	 (36,370.00)	 (11,895.72)	 24,474.28
 FUND BALANCE, JULY 1, 2005	 <u>758,668.06</u>	 <u>758,668.06</u>	 <u>758,668.06</u>	 <u>-</u>
 FUND BALANCE, JUNE 30, 2006	 <u>\$ 758,668.06</u>	 <u>722,298.06</u>	 <u>\$ 746,772.34</u>	 <u>\$ 24,474.28</u>

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

CITY OF WINCHESTER, MISSOURI  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2006

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

1. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund.
2. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget was formally adopted on June 22, 2005.
5. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budget amounts are as originally adopted, or as amended by the Board of Aldermen.

6. Budgets for all funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operations are presented in the statements of revenues, expenditures, and changes in fund balance - budget and actual in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.