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Financial Report, 2005

City of Breckenridge Hills

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**CITY OF BRECKENRIDGE
HILLS, MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2005

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FINANCIAL REPORT

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

INDEPENDENT AUDITORS' REPORT

August 14, 2006

Mayor and City Council
CITY OF BRECKENRIDGE HILLS, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF BRECKENRIDGE HILLS, MISSOURI** (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note A-3, the City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position - modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note A-3

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. 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.

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are 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 financial statements taken as whole.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BRECKENRIDGE HILLS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005

As management of the City of Breckenridge Hills, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$1,048,863. The City has unrestricted net assets of \$298,972.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$298,972.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$128,359 or 6.8% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The statement of activities - modified cash basis presents information showing how the City's net assets changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, the judicial department, public relations, public safety, the health department, parks and recreation, and public works.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

The City has elected to utilize a modified cash basis of accounting as explained in Note A of the notes to financial statements.

The government-wide financial statements can be found on pages 9 and 10 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. 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. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Capital Improvement Fund, Sewer Lateral Fund, and Police Training Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section in this report.

The City adopts an annual appropriated budget for its General Fund, Capital Improvement Fund, Sewer Lateral Fund, and Police Training Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 11 through 15 of this report.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 23 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 25 through 33 of this report.

Other Supplemental Information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 35 and 36 of this report.

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

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

A condensed version of the statement of net assets - modified cash basis follows:

	December 31	
	2005	2004
ASSETS		
Cash and other current assets	\$ 426,102	343,916
Capital assets	<u>786,236</u>	<u>413,290</u>
Total Assets	<u>1,212,338</u>	<u>757,206</u>
LIABILITIES		
Other liabilities	127,130	122,241
Long-term liabilities	<u>36,345</u>	<u>18,979</u>
Total Liabilities	<u>163,475</u>	<u>141,220</u>
NET ASSETS		
Invested in capital assets, net of related debt	749,891	394,311
Unrestricted	<u>298,972</u>	<u>221,675</u>
Total Net Assets	<u>\$1,048,863</u>	<u>615,986</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets exceed liabilities by \$1,048,863 at the close of December 31, 2005.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. Governmental activities increased the City's net assets by \$432,877. Key elements of this are as follows:

	For The Years	
	Ended December 31	
	<u>2005</u>	<u>2004</u>
REVENUES		
Program revenues:		
Charges for services	\$ 866,063	874,919
Federal and state grants	586,952	354,731
General revenues:		
Taxes	942,961	976,381
Rent income	39,982	33,085
Investment income	1,392	1,061
Gain on sale of capital asset	-	300
Miscellaneous	<u>3,756</u>	<u>2,020</u>
Total Revenues	<u>2,441,106</u>	<u>2,242,497</u>
EXPENSES		
General government	682,838	774,452
Judicial department	128,374	108,776
Public relations	4,102	5,794
Public safety	953,684	965,905
Health department	2,739	3,137
Parks and recreation	111	103
Public works	<u>236,381</u>	<u>271,590</u>
Total Expenses	<u>2,008,229</u>	<u>2,129,757</u>
CHANGE IN NET ASSETS	432,877	112,740
NET ASSETS, JANUARY 1	<u>615,986</u>	<u>503,246</u>
NET ASSETS, DECEMBER 31	<u>\$1,048,863</u>	<u>615,986</u>

Changes in Net Assets. The increase in net assets of \$432,877 was largely attributable to an increase in capital assets and a decrease in related debt.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

At December 31, 2005, the total fund balance was \$298,972.

The fund balance in the City's General Fund increased by \$84,040 or 189.6% from the prior year's fund balance. The change of the current year's fund balances are mainly due to:

- Administration expenditures were down \$91,678 or 11.9% from previous year.

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

- The Capital Improvement Fund decreased by \$21,615 or 30.8%. This decrease was a result of a transfer to the General Fund in the amount of \$55,471 for certain expenditures incurred from 2000 to 2005. Additionally, the City incurred additional expenditures related to the completion of the Woodson Road project. These expenditures totaling \$398,391 were offset by a reimbursement of \$286,609 from MoDOT.
- The Sewer Lateral Fund increased by \$7,657 or 14.7% due to the amount of taxes received exceeding the number of homes requiring sewer repairs.
- The Police Training Fund increased by \$7,184 or 13.6% due to the amount of court revenue received exceeding the amount of police training expenditures.

Capital Assets. The City has invested \$1,191,914 at December 31, 2005 in a broad range of capital assets, including land, buildings, equipment, infrastructure, and vehicles. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$441,006. The City's capital assets, net of accumulated depreciation, consisted of:

	December 31	
	2005	2004
Land	\$196,388	196,388
Buildings	37,644	40,074
Equipment	79,771	91,556
Infrastructure	378,471	-
Vehicles	<u>93,962</u>	<u>85,272</u>
Total Capital Assets, Net Of Accumulated Depreciation	<u>\$786,236</u>	<u>413,290</u>

Additional information on the City's capital assets can be found on pages 20 and 21 in Note C in the notes to the financial statements.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Capital Leases. At December 31, 2005, the City had capital lease obligations for governmental activities in the amount of \$36,345 compared to \$17,158 at December 31, 2004. The increase in the City's capital lease obligations is due to two new police car leases.

Additional information on the City's capital leases can be found on pages 22 and 23 in Note G in the notes to the financial statements.

BUDGETARY HIGHLIGHTS

In the General Fund, the following significant variances occurred between fund budget and actual expenditures:

- General tax revenue was \$15,984 over budget due to sales tax revenue being higher than anticipated.

In the Capital Improvement Fund, revenues and expenditures were higher than anticipated due to the construction of the Woodson Road project.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Next year's budget projects less sales tax revenue due to the loss of a major grocery store from the City.
- Capital improvement expenses are also expected to go down next year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Breckenridge Hills
Office of the City Clerk
9623 St. Charles Rock Road
Breckenridge Hills, MO 63114

CITY OF BRECKENRIDGE HILLS, MISSOURI

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 334,046
Cash - restricted for court bonds	92,056
Capital assets:	
Land	196,388
Capital assets, net of accumulated depreciation	589,848
Total Assets	<u>1,212,338</u>
LIABILITIES	
Payroll taxes and withholding payable	13,254
Municipal court bonds	92,056
Trust accounts	11,617
Due to state	2,146
Funds in escrow	8,057
Long-term liabilities:	
Due within one year	14,192
Due in more than one year	22,153
Total Liabilities	<u>163,475</u>
NET ASSETS	
Invested in capital assets, net of related debt	749,891
Unrestricted	298,972
Total Net Assets	<u>\$ 1,048,863</u>

CITY OF BRECKENRIDGE HILLS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Expenses	Program Revenues		Net Revenues (Expenses) And Changes In Net Assets
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
FUNCTIONS/PROGRAMS				
Governmental Activities				
General government	\$ 682,838	104,182	-	286,620
Judicial department	128,374	38,907	-	-
Public relations	4,102	-	-	-
Public safety	953,684	656,982	20,754	-
Health department	2,739	-	-	-
Parks and recreation	111	-	-	-
Public works	236,381	65,992	279,578	-
Total Governmental Activities	\$ 2,008,229	866,063	300,332	286,620
General Revenues				
Taxes:				
Property				218,420
Sales				562,495
Utility				162,046
Rent income				39,982
Investment income				1,392
Miscellaneous				3,756
Total General Revenues				988,091
CHANGE IN NET ASSETS				432,877
NET ASSETS, JANUARY 1				615,986
NET ASSETS, DECEMBER 31				\$ 1,048,863

See notes to financial statements

CITY OF BRECKENRIDGE HILLS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>Capital Improvement</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash	\$ 190,443	15,112	59,029	58,956	10,506	334,046
Cash - restricted for court bonds	92,056	-	-	-	-	92,056
Due from General Fund	-	33,422	639	1,006	2,146	37,213
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 282,499</u>	<u>48,534</u>	<u>59,668</u>	<u>59,962</u>	<u>12,652</u>	<u>463,315</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll taxes and withholding payable	\$ 13,254	-	-	-	-	13,254
Municipal court bonds	92,056	-	-	-	-	92,056
Due to Crime Victim's Compensation Fund	2,146	-	-	-	-	2,146
Due to Police Training Fund	1,006	-	-	-	-	1,006
Due to Capital Improvement Fund	33,422	-	-	-	-	33,422
Due to Sewer Lateral Fund	639	-	-	-	-	639
Trust accounts	11,617	-	-	-	-	11,617
Due to state	-	-	-	-	2,146	2,146
Funds in escrow	-	-	-	-	8,057	8,057
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>154,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,203</u>	<u>164,343</u>
 Fund Balances						
Unreserved - General Fund	128,359	-	-	-	-	128,359
Unreserved - Special Revenue Funds	-	48,534	59,668	59,962	2,449	170,613
	<u>128,359</u>	<u>48,534</u>	<u>59,668</u>	<u>59,962</u>	<u>2,449</u>	<u>298,972</u>
Total Fund Balances	<u>128,359</u>	<u>48,534</u>	<u>59,668</u>	<u>59,962</u>	<u>2,449</u>	<u>298,972</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities And Fund Balances	<u>\$ 282,499</u>	<u>48,534</u>	<u>59,668</u>	<u>59,962</u>	<u>12,652</u>	<u>463,315</u>

See notes to financial statements

CITY OF BRECKENRIDGE HILLS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005

Total Fund Balances - Total Governmental Funds \$ 298,972

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
\$1,191,914 and the accumulated depreciation is \$405,678. 786,236

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:

Lease obligations outstanding (36,345)

Total Net Assets of Governmental Activities \$ 1,048,863

CITY OF BRECKENRIDGE HILLS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Capital Improvement</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES						
General taxes	\$ 743,164	163,476	46,431	-	-	953,071
Intergovernmental	269,468	286,609	-	-	-	556,077
Licenses and permits	160,763	-	-	-	-	160,763
Municipal court	692,910	-	-	16,447	-	709,357
Miscellaneous	57,283	4,370	40	114	31	61,838
Total Revenues	<u>1,923,588</u>	<u>454,455</u>	<u>46,471</u>	<u>16,561</u>	<u>31</u>	<u>2,441,106</u>
EXPENDITURES						
Current:						
Administration	678,615	-	5	-	-	678,620
Judicial	113,687	-	-	-	-	113,687
Public relations	4,102	-	-	-	-	4,102
Police	891,496	-	-	9,377	-	900,873
Parks	111	-	-	-	-	111
Public works	207,008	-	38,809	-	-	245,817
Capital outlay	-	437,877	-	-	-	437,877
Debt service:						
Principal	-	23,300	-	-	-	23,300
Interest	-	88	-	-	-	88
Total Expenditures	<u>1,895,019</u>	<u>461,265</u>	<u>38,814</u>	<u>9,377</u>	<u>-</u>	<u>2,404,475</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>28,569</u>	<u>(6,810)</u>	<u>7,657</u>	<u>7,184</u>	<u>31</u>	<u>36,631</u>

See notes to financial statements

(Continued)

CITY OF BRECKENRIDGE HILLS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Capital Improvement</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Other Governmental Funds</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	55,471	-	-	-	-	55,471
Transfers out	-	(55,471)	-	-	-	(55,471)
Capital lease proceeds	-	40,666	-	-	-	40,666
Total Other Financing Sources (Uses)	<u>55,471</u>	<u>(14,805)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,666</u>
NET CHANGE IN FUND BALANCES	84,040	(21,615)	7,657	7,184	31	77,297
FUND BALANCES , JANUARY 1	<u>44,319</u>	<u>70,149</u>	<u>52,011</u>	<u>52,778</u>	<u>2,418</u>	<u>221,675</u>
FUND BALANCES, DECEMBER 31	<u>\$ 128,359</u>	<u>48,534</u>	<u>59,668</u>	<u>59,962</u>	<u>2,449</u>	<u>298,972</u>

CITY OF BRECKENRIDGE HILLS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Net Change In Fund Balances - Total Governmental Funds \$ 77,297

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

Capital outlays are reported in governmental funds as expenditures, however,
in the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays over the capitalization threshold totaling
\$441,006 exceeded depreciation (\$68,060) in the current period. 372,946

The issuance of long-term debt (i.e., 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. This
amount is the effect of these differences in the treatment of long-term
debt and related items.

Debt issued:

 Capital leases payable (40,666)

Repayments:

 Capital leases payable 23,300

Change In Net Assets Of Governmental Activities \$ 432,877

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF BRECKENRIDGE HILLS, MISSOURI** (the City) was incorporated as a village on February 27, 1950. On August 6, 1991, the residents approved a change to a third-class city. The City operates under a Mayor/City Council form of government and provides various services including legislative, police protection, streets, health services, public improvements, planning and zoning, parks, and general administrative services. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

In evaluating the City as a reporting entity, management has addressed all component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City does not have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets - modified cash basis and the statement of activities - modified cash basis) report information on all activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no business-type activities.

The statement of activities - modified cash basis 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.

Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, all governmental funds utilize a “current financial resources” measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets - modified cash basis. 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.

Basis of Accounting

In the government-wide statement of net assets - modified cash basis, statement of activities - modified cash basis, and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this modified 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 or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as U.S. generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide statements would be presented on the accrual basis of accounting.

The City reports the following major 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.

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Improvement Fund -- The Capital Improvement Fund is used to account for financial resources to be used for the acquisition, construction, or improvements and maintenance of major capital facilities and infrastructure.

Sewer Lateral Fund -- The Sewer Lateral Fund is used to account for the resources and expenditures of the lateral sewer tax.

Police Training Fund -- The Police Training Fund is used to account for the resources and expenditures of certain specified training funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

5. Capital Assets

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

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

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

The City has elected not to record the historical cost of infrastructure placed in service prior to January 1, 2004.

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

Assets	Years
Buildings	40
Equipment	10
Infrastructure	20
Vehicles	7

6. Compensated Absences

Compensated absences have not been accrued by the City. Employees must use all accrued vacation prior to their next anniversary date.

7. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets - modified cash basis.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

8. Property Taxes

The City levies a tax on the assessed value of all real and personal property located within the City as of January 1 each year. Taxes are levied in September and are considered delinquent if not paid by December 31. St. Louis County assesses property values, collects the tax, and remits collected amounts to the City.

9. Use of Estimates

The preparation of financial statements 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 during the reporting period. Actual results could differ from those estimates.

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH

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, 2005, the City's bank balances totaling \$500,569 were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

	For The Year Ended December 31, 2005			
	Balance	Additions	Deletions	Balance
	December 31			December 31
	2004			2005
Governmental Activities				
Capital assets not being depreciated:				
Land	\$196,388	-	-	196,388
Capital assets being depreciated:				
Buildings	97,195	-	-	97,195
Equipment	152,213	2,299	-	154,512
Infrastructure	-	398,391	-	398,391
Vehicles	305,112	40,316	-	345,428
Total Capital Assets Being Depreciated	554,520	441,006	-	995,526
Less - Accumulated depreciation for:				
Buildings	57,121	2,430	-	59,551
Equipment	60,657	14,084	-	74,741
Infrastructure	-	19,920	-	19,920
Vehicles	219,840	31,626	-	251,466
Total Accumulated Depreciation	337,618	68,060	-	405,678
Total Capital Assets Being Depreciated, Net	216,902	372,946	-	589,848
Governmental Activities Capital Assets, Net	\$413,290	372,946	-	786,236

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended December 31 2005
Governmental activities:	
General government	\$ 3,690
Public safety	35,330
Health department	2,739
Public works	<u>26,301</u>
	<u>\$68,060</u>

NOTE D - PENSION PLAN

The City has established a money purchase pension plan for full-time City employees, administered by Public Employees Benefit Services Corporation. Employees are eligible for participation from date of employment.

The City contributes 5% of each employee's total compensation. Employee benefits funded by the City's contribution begin vesting after five years of credited service, at which time they become fully vested. Nonvested pension benefits are forfeited when an employee terminates employment prior to vesting. Forfeitures are designated within the plan document as being used to reduce the City's annual contribution.

Because this is a defined contribution plan, no actuarial assumptions or calculations are required. Active participants have the right to direct, from among several alternatives, the nature of the investments of the contributions made by the City on their behalf. The Plan Administrator currently offers participants a number of publicly-traded mutual funds as investment alternatives. Contributions made by the City to the plan were \$40,849 for the year ended December 31, 2005.

NOTE E - DEFERRED COMPENSATION PLAN

The City offers its employees a salary deferral plan through the same company which manages the City's employee pension plan. This plan has been established in accordance with Section 457 of the Internal Revenue Code. The plan is available to all City employees, and permits them to defer a portion of their salary until future years. Participation is optional. Compensation so deferred is not available to employees until termination, retirement, death, or unforeseen emergency.

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - CONTINGENCIES

The City is subject to claims and legal proceedings covering various matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect of the financial condition or results of operations of the City.

NOTE G - LONG-TERM DEBT

Changes in general long-term debt are as follows:

	<u>For The Year Ended December 31, 2005</u>			<u>Amounts Due Within One Year</u>	
	<u>Balance December 31 2004</u>	<u>Additions</u>	<u>Payments</u>		<u>Balance December 31 2005</u>
	Capital leases	\$17,158	40,666		21,479
Equipment note payable - 4.9%, due in monthly installments of \$916, maturing February 2005	<u>1,821</u>	<u>-</u>	<u>1,821</u>	<u>-</u>	<u>-</u>
	<u>\$18,979</u>	<u>40,666</u>	<u>23,300</u>	<u>36,345</u>	<u>14,192</u>

The City has lease agreements at December 31, 2005 for vehicles which are accounted for as capital leases. The capital leases are to be liquidated by the Capital Improvement Fund.

The assets acquired through capital leases are as follows:

Vehicles	\$80,940
Less - Accumulated depreciation	<u>23,171</u>
	<u>\$57,769</u>

A schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of December 31, 2005 is as follows:

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

**For The
Years Ended
December 31**

2006	\$15,720
2007	14,606
2008	<u>8,520</u>
	38,846
Less - Amount representing interest	<u>2,501</u>
 Present Value Of Future Minimum Lease Payments	 <u>\$36,345</u>

NOTE H - DUE FROM/TO OTHER FUNDS

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. The following is a reconciliation of internal receivables and payables.

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>December 31 2005</u>
Capital Improvement Fund	General Fund	\$33,422
Sewer Lateral Fund	General Fund	639
Police Training Fund	General Fund	1,006
Crime Victim's Compensation Fund	General Fund	<u>2,146</u>
		<u>\$37,213</u>

NOTE I - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>December 31 2005</u>
General Fund	Capital Improvement Fund	<u>\$55,471</u>

Interfund transfers may be used to move amounts from the fund that collects them to the funds that are authorized to expend them or use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
General Taxes				
Real estate	\$ 42,000	54,944	54,944	-
Utility franchise	177,000	162,046	162,046	-
Sales	552,000	476,309	492,293	15,984
Local option use	35,000	33,881	33,881	-
Total General Taxes	<u>806,000</u>	<u>727,180</u>	<u>743,164</u>	<u>15,984</u>
Intergovernmental				
Road and bridge tax	26,000	33,935	33,935	-
Cigarette tax	36,321	36,321	36,321	-
Gasoline tax	142,000	139,632	139,632	-
Motor vehicle tax	63,000	59,580	59,580	-
Total Intergovernmental	<u>267,321</u>	<u>269,468</u>	<u>269,468</u>	<u>-</u>
Licenses and Permits				
Merchants' licenses	105,000	91,354	92,914	1,560
Liquor licenses	5,000	4,103	4,102	(1)
Tradesmen licenses	2,000	725	725	-
Vending licenses	2,000	1,720	1,720	-
Dog tags	50	44	44	-
Occupancy permits	6,000	5,660	5,660	-
Building permits	15,000	26,303	26,303	-
Excavation and plumbing permits	4,000	7,343	7,342	(1)
Electrical permits	5,000	4,529	4,528	(1)
Building inspections	26,000	17,425	17,425	-
Total Licenses And Permits	<u>170,050</u>	<u>159,206</u>	<u>160,763</u>	<u>1,557</u>
Municipal Court				
Court fines	650,000	654,316	654,003	(313)
Bond forfeitures	65,000	38,907	38,907	-
Total Municipal Court	<u>715,000</u>	<u>693,223</u>	<u>692,910</u>	<u>(313)</u>
Miscellaneous				
Railroad utility	2,000	2,107	2,107	-
Copies	4,000	2,570	2,570	-
Interest income	800	1,241	1,144	(97)
Liens	10,000	4,019	4,019	-

(Continued)

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES (Continued)				
Miscellaneous				
Rent income	40,104	39,982	39,982	-
False alarms	4,000	3,000	3,000	-
Sale of capital assets	2,000	-	-	-
Tow trucks and releases	1,175	715	715	-
Board of adjustment/zoning meeting	1,500	3,000	3,000	-
Other	1,560	1,636	746	(890)
Total Miscellaneous	<u>67,139</u>	<u>58,270</u>	<u>57,283</u>	<u>(987)</u>
Total Revenues	<u>2,025,510</u>	<u>1,907,347</u>	<u>1,923,588</u>	<u>16,241</u>
EXPENDITURES				
Administration				
Personnel services:				
Salaries	116,554	116,772	116,772	-
Employee insurance	21,393	21,537	21,537	-
FICA	8,917	9,404	9,404	-
Pension	4,500	4,360	4,360	-
Unemployment - all departments	6,000	-	-	-
	<u>157,364</u>	<u>152,073</u>	<u>152,073</u>	-
Accounting and audit	7,500	16,285	16,285	-
Advertising	4,500	1,728	1,728	-
Bank fees	3,000	2,688	2,688	-
Board of adjustment/zoning	1,000	1,470	1,470	-
Building, maintenance, and repair	3,500	2,773	2,773	-
CVC state	48,000	46,276	46,276	-
Drug and alcohol program	500	769	104	(665)
Dues and subscriptions	4,000	3,379	3,379	-
Elections	3,000	1,212	1,212	-
Filing liens	1,000	552	552	-
General insurance	30,000	32,262	32,262	-
Lawsuit settlements	-	14,139	14,139	-
Legal	30,000	19,332	19,332	-
Office supplies and equipment	8,000	5,453	5,453	-
Peace officer training	4,000	6,052	6,052	-
Postage	5,000	4,742	4,742	-
Recodification	10,000	-	-	-
Telephone	6,000	6,295	6,295	-

(Continued)

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Administration (Continued)				
Training	20,500	13,988	13,988	-
Trash removal	247,590	247,590	247,590	-
Utilities	18,000	19,712	19,712	-
Workers' compensation	90,000	80,510	80,510	-
Total Administration	<u>702,454</u>	<u>679,280</u>	<u>678,615</u>	<u>(665)</u>
Judicial				
Personnel services:				
Salaries	43,805	42,982	42,982	-
Employee insurance	3,381	3,417	3,417	-
FICA	3,352	3,412	3,412	-
Pension	1,508	1,479	1,479	-
	<u>52,046</u>	<u>51,290</u>	<u>51,290</u>	-
Equipment repair/REJIS	10,000	16,924	16,924	-
FIT for confinement	500	-	-	-
Operating supplies	9,000	13,303	13,303	-
Prisoner housing	30,000	30,574	30,574	-
Professional development	1,500	1,046	1,046	-
Translator	600	550	550	-
Total Judicial	<u>103,646</u>	<u>113,687</u>	<u>113,687</u>	-
Public Relations				
Events	5,000	3,084	3,086	2
Miscellaneous	100	82	82	-
Public notices and advertisements	5,000	934	934	-
Total Public Relations	<u>10,100</u>	<u>4,100</u>	<u>4,102</u>	<u>2</u>
Police				
Personnel services:				
Salaries:				
Salary	94,037	94,035	94,035	-
Hourly payroll	563,830	523,260	523,260	-
Temporary help	-	-	7,992	7,992
Dispatch	30,000	27,583	27,583	-
Holiday pay	17,041	12,794	12,794	-
Overtime	1,000	63	63	-

(Continued)

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police (Continued)				
Employee insurance	102,527	102,336	94,344	(7,992)
FICA	51,630	49,135	49,135	-
Pension	34,661	29,930	29,930	-
	<u>894,726</u>	<u>839,136</u>	<u>839,136</u>	<u>-</u>
Ammunition	1,500	752	752	-
Equipment maintenance contracts	4,000	2,874	2,874	-
General equipment	5,000	11,204	11,204	-
Car washes	300	5	5	-
Miscellaneous	500	-	-	-
Motor fuels	20,000	24,619	24,619	-
Office costs - computer	-	4,600	4,600	-
Office supplies	2,000	1,475	1,475	-
Photo supplies	1,000	173	173	-
Public affairs	500	-	-	-
Radio repair/radar	2,500	5,512	5,512	-
Uniforms and clothing	2,000	747	747	-
Vehicle repair and tires	-	399	399	-
Total Police	<u>934,026</u>	<u>891,496</u>	<u>891,496</u>	<u>-</u>
Health				
Motor fuels	600	-	-	-
Supplies and film	1,000	-	-	-
Total Health	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks				
Miscellaneous	250	111	111	-
Public Works				
Personnel services:				
Salaries:				
Salary	103,127	103,120	103,120	-
Overtime	1,000	4,172	4,172	-
Employee insurance	19,899	21,618	21,618	-
FICA	8,043	8,243	8,243	-
Pension	5,157	5,080	5,080	-
	<u>137,226</u>	<u>142,233</u>	<u>142,233</u>	<u>-</u>

(Continued)

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Public Works (Continued)				
Asphalt	1,000	1,600	1,600	-
Board ups	200	4	4	-
Equipment rental	2,000	1,472	1,472	-
Landfill	2,400	2,787	2,787	-
Maintenance - equipment and other	400	389	389	-
Motor fuels and tires	4,200	5,901	5,901	-
Salt/gravel	8,000	5,794	5,794	-
Signs and poles	2,000	358	358	-
Street lights	24,100	25,487	25,487	-
Tools and supplies	4,000	8,742	8,742	-
Utilities	2,400	2,975	2,975	-
Weed/insect control	5,000	9,266	9,266	-
Total Public Works	<u>192,926</u>	<u>207,008</u>	<u>207,008</u>	<u>-</u>
Total Expenditures	<u>1,945,002</u>	<u>1,895,682</u>	<u>1,895,019</u>	<u>(663)</u>
REVENUES OVER EXPENDITURES	80,508	11,665	28,569	16,904
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>55,471</u>	<u>55,471</u>	<u>55,471</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 135,979</u>	<u>67,136</u>	84,040	<u>16,904</u>
FUND BALANCE, JANUARY 1			<u>44,319</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 128,359</u>	

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
General taxes	\$ 165,000	163,379	163,476	97
Intergovernmental	-	-	286,609	286,609
Miscellaneous	-	-	4,370	4,370
Total Revenues	165,000	163,379	454,455	291,076
EXPENDITURES				
Capital outlay	134,662	104,607	437,877	333,270
Debt service:				
Principal	17,468	14,226	23,300	9,074
Interest	-	-	88	88
Total Expenditures	152,130	118,833	461,265	342,432
REVENUES OVER (UNDER) EXPENDITURES	12,870	44,546	(6,810)	(51,356)
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,471)	(55,471)	(55,471)	-
Capital lease proceeds	-	-	40,666	40,666
Total Other Financing Sources (Uses)	(55,471)	(55,471)	(14,805)	40,666
NET CHANGE IN FUND BALANCE	\$ (42,601)	(10,925)	(21,615)	(10,690)
FUND BALANCE, JANUARY 1			70,149	
FUND BALANCE, DECEMBER 31			\$ 48,534	

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - SEWER LATERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
General taxes	\$ 42,000	62,415	46,431	(15,984)
Miscellaneous	-	-	40	40
Total Revenues	42,000	62,415	46,471	(15,944)
EXPENDITURES				
Administration	-	-	5	5
Public works	42,000	38,814	38,809	(5)
Total Expenditures	42,000	38,814	38,814	-
NET CHANGE IN FUND BALANCE	\$ -	23,601	7,657	(15,944)
FUND BALANCE, JANUARY 1			52,011	
FUND BALANCE, DECEMBER 31			\$ 59,668	

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - POLICE TRAINING FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Municipal court	\$ 19,000	22,879	16,447	(6,432)
Miscellaneous	-	-	114	114
Total Revenues	19,000	22,879	16,561	(6,318)
EXPENDITURES				
Police	26,600	9,377	9,377	-
NET CHANGE IN FUND BALANCE	\$ (7,600)	13,502	7,184	(6,318)
FUND BALANCE, JANUARY 1			52,778	
FUND BALANCE, DECEMBER 31			\$ 59,962	

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Budgets and Budgetary Accounting

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

- a. The proposed budget on the modified cash basis of accounting is submitted to the City Council for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenues of the preceding year plus any unreserved balance at the end of such year.
- b. Public hearings are conducted in the City to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the City Council for each fiscal year.
- d. The City Council may transfer budgeted amounts between departments to alter the total expenditures. All appropriations not spent or legally encumbered at year-end lapse.
- e. The City adopts a budget for the General, Capital Improvement and Sewer Lateral and Police Training Funds. All other funds are unbudgeted.
- f. During the year the City Council did authorize supplemental appropriations to the budget.

Expenditures

For the year ended December 31, 2005, expenditures exceeded appropriations as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund:			
Public relations	\$ 4,100	4,102	2
Capital Improvement Fund:			
Capital outlay	104,607	437,877	333,270
Debt service:			
Principal	14,226	23,300	9,074
Interest	-	88	88
Sewer Lateral Fund			
Administration	-	5	5

These expenditures were approved by the Board and were funded by savings in other departments and/or fund balance.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF BRECKENRIDGE HILLS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>Crime Victim's Compensation</u>	<u>Narcotics Seizures</u>	<u>Totals</u>
ASSETS			
Cash	\$ -	10,506	10,506
Due from General Fund	<u>2,146</u>	<u>-</u>	<u>2,146</u>
Total Assets	<u><u>\$ 2,146</u></u>	<u><u>10,506</u></u>	<u><u>12,652</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to state	\$ 2,146	-	2,146
Funds in escrow	<u>-</u>	<u>8,057</u>	<u>8,057</u>
Total Liabilities	<u>2,146</u>	<u>8,057</u>	<u>10,203</u>
 Fund Balances			
Unreserved - Special Revenue Funds	<u>-</u>	<u>2,449</u>	<u>2,449</u>
Total Liabilities And Fund Balances	<u><u>\$ 2,146</u></u>	<u><u>10,506</u></u>	<u><u>12,652</u></u>

CITY OF BRECKENRIDGE HILLS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Crime Victim's Compensation</u>	<u>Narcotics Seizures</u>	<u>Totals</u>
REVENUES			
Miscellaneous	\$ -	31	31
EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCE	-	31	31
FUND BALANCES, JANUARY 1	-	2,418	2,418
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>2,449</u>	<u>2,449</u>