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Financial Report, 2007

City of Breckenridge Hills

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**CITY OF BRECKENRIDGE
HILLS, MISSOURI**

**FINANCIAL REPORT
(Audited)**

Year Ended December 31, 2007

CITY OF BRECKENRIDGE HILLS, MISSOURI
FINANCIAL REPORT

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

INDEPENDENT AUDITORS' REPORT

December 31, 2008

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, 2007, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 as of December 31, 2007, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, on the basis of accounting described in Note A-3, in relation to the financial statements taken as a whole.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007. 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 \$1,108,279. The City has unrestricted net assets of \$121,233.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$412,083.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$57,521 or 3% 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, parks and recreation, and public works.

The City has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to financial statements.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

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 funds 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 City's near-term financial decisions. Both the governmental funds balance sheet - modified cash basis and the governmental funds statement of revenues, expenditures, and changes in fund balances - 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 funds balance sheet - modified cash basis and in the governmental funds 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 funds financial statements can be found on pages 11 through 14 of this report.

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 15 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.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Other supplemental information. The combining fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplemental information. Combining 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

The City presents its financial statements under the 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*.

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

	<u>December 31</u>		<u>2007 Change</u>	
	<u>2007</u>	<u>2006</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Cash and other current assets	\$ 489,542	480,402	9,140	1.90%
Capital assets	<u>738,979</u>	<u>738,838</u>	<u>141</u>	0.02
Total Assets	<u>1,228,521</u>	<u>1,219,240</u>	<u>9,281</u>	0.76
LIABILITIES				
Other liabilities	77,459	105,238	(27,779)	(26.40)
Long-term liabilities	<u>42,783</u>	<u>22,154</u>	<u>20,629</u>	93.11
Total Liabilities	<u>120,242</u>	<u>127,392</u>	<u>(7,150)</u>	(5.61)
NET ASSETS				
Invested in capital assets, net of related debt	696,196	716,684	(20,488)	(2.85)
Restricted	290,850	218,687	72,163	33.00
Unrestricted	<u>121,233</u>	<u>156,477</u>	<u>(35,244)</u>	(22.52)
Total Net Assets	<u>\$1,108,279</u>	<u>1,091,848</u>	<u>16,431</u>	1.50%

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 \$1,108,279 at the close of December 31, 2007.

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 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.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Governmental activities. Governmental activities increased the City's net assets by \$16,431. Key elements of this are as follows:

	For The Years		2007 Change	
	Ended December 31		Amount	Percent
	2007	2006		
REVENUES				
Program revenues:				
Charges for services	\$ 909,732	878,839	30,893	3.51%
Capital and operating grants and contributions	332,221	312,761	19,460	6.22
General revenues:				
Taxes	821,285	806,231	15,054	1.86
Rent income	35,381	38,513	(3,132)	(8.13)
Investment income	2,537	1,801	736	40.86
Miscellaneous	20,029	6,830	13,199	193.25
Total Revenues	<u>2,121,185</u>	<u>2,044,975</u>	<u>76,210</u>	3.72
EXPENSES				
Administration	677,149	642,279	34,870	5.42
Judicial	147,756	136,524	11,232	8.22
Public relations	2,876	4,626	(1,750)	(37.83)
Police	974,285	949,046	25,239	2.65
Parks	148	86	62	72.09
Public works	302,540	269,429	33,111	12.28
Total Expenses	<u>2,104,754</u>	<u>2,001,990</u>	<u>102,764</u>	5.13
CHANGE IN NET ASSETS	16,431	42,985	(26,554)	(61.77)
NET ASSETS, JANUARY 1	<u>1,091,848</u>	<u>1,048,863</u>	<u>42,985</u>	4.10
NET ASSETS, DECEMBER 31	<u>\$1,108,279</u>	<u>1,091,848</u>	<u>16,431</u>	1.50%

Changes in net assets. The increase in net assets of \$16,431 was largely attributable to an increase in program revenues.

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.

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.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

At December 31, 2007, the total fund balance was \$412,083 of which \$380,290 was unreserved.

The fund balance in the City's General Fund decreased by \$31,576 or 26.12% from the prior year's fund balance. The change of the current year's fund balances are mainly due to:

- Total expenditures increased by \$53,116 or 2.83% from previous year.

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

- The Capital Improvement Fund increased by \$21,496 or 17.59%. This increase was a result of more intergovernmental revenue.
- The Sewer Lateral Fund increased by \$25,184 or 27.91% due to the amount of taxes received exceeding the number of homes requiring sewer repairs.
- The Police Training Fund increased by \$21,775 or 54.83% due to the increase in municipal court revenue and a decrease in capital outlay.

CAPITAL ASSETS

The City has invested \$738,979 at December 31, 2007 in a broad range of capital assets, including land, construction in progress, buildings, equipment, infrastructure, and vehicles. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$141. The City's capital assets, net of accumulated depreciation, consisted of:

	December 31	
	2007	2006
Land	\$196,388	196,388
Construction in progress	38,510	15,715
Buildings	32,784	35,214
Equipment	54,343	67,057
Infrastructure	338,631	358,551
Vehicles	<u>78,323</u>	<u>65,913</u>
Total Capital Assets, Net Of Accumulated Depreciation	<u>\$738,979</u>	<u>738,838</u>

Additional information on the City's capital assets can be found on pages 19 and 20 in Note C in the notes to financial statements.

CITY OF BRECKENRIDGE HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

CAPITAL LEASES

At December 31, 2007, the City had capital lease obligations for governmental activities in the amount of \$42,783 compared to \$22,154 at December 31, 2006. The increase in the City's capital lease obligations is due to a new lease for two police cars.

Additional information on the City's capital leases can be found on pages 21 and 22 in Note G in notes to financial statements.

BUDGETARY HIGHLIGHTS

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

- General taxes revenues were \$59,134 under budget primarily due to sales tax revenue being lower than anticipated.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The City has elected to participate in the sales tax revenue pooled account in 2008. It is anticipated that this will result in an increase of at least \$100,000 in sales tax revenue.
- Capital improvement expenses are also expected to increase due to the Wismer Road Project.

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:

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

CITY OF BRECKENRIDGE HILLS, MISSOURI
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2007

	Governmental Activities
ASSETS	
Cash	\$ 421,191
Cash - restricted	68,351
Capital assets:	
Land and construction in process	234,898
Capital assets, net of accumulated depreciation	504,081
Total Assets	1,228,521
LIABILITIES	
Payroll taxes and withholding payable	20,332
Municipal court bonds	36,558
Trust accounts	10,366
Due to state	2,146
Funds in escrow	8,057
Long-term liabilities:	
Due within one year	21,971
Due in more than one year	20,812
Total Liabilities	120,242
NET ASSETS	
Invested in capital assets, net of related debt	696,196
Restricted:	
Capital projects	143,659
Sewer lateral	115,398
Protested cell phone taxes	31,793
Unrestricted	121,233
Total Net Assets	\$ 1,108,279

CITY OF BRECKENRIDGE HILLS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues			Net Revenues
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	(Expenses) And Changes In Net Assets
FUNCTIONS/PROGRAMS					
Governmental Activities					
Administration	\$ 677,149	92,647	-	-	(584,502)
Judicial	147,756	70,299	-	-	(77,457)
Public relations	2,876	-	-	-	(2,876)
Police	974,285	699,805	22,468	-	(252,012)
Parks	148	-	-	-	(148)
Public works	302,540	46,981	298,732	11,021	54,194
Total Governmental Activities	\$ 2,104,754	909,732	321,200	11,021	(862,801)
General Revenues					
Taxes:					
Property					187,083
Sales					457,017
Utility					177,185
Rent income					35,381
Investment income					2,537
Miscellaneous					20,029
Total General Revenues					879,232
CHANGE IN NET ASSETS					16,431
NET ASSETS, JANUARY 1					1,091,848
NET ASSETS, DECEMBER 31					\$ 1,108,279

See notes to financial statements

CITY OF BRECKENRIDGE HILLS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<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	\$ 146,883	114,510	89,035	60,479	10,284	421,191
Cash - restricted	68,351	-	-	-	-	68,351
Due from General Fund	-	29,149	26,363	1,006	2,146	58,664
	<u>\$ 215,234</u>	<u>143,659</u>	<u>115,398</u>	<u>61,485</u>	<u>12,430</u>	<u>548,206</u>
Total Assets	<u>\$ 215,234</u>	<u>143,659</u>	<u>115,398</u>	<u>61,485</u>	<u>12,430</u>	<u>548,206</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll taxes and withholding payable	\$ 20,332	-	-	-	-	20,332
Municipal court bonds	36,558	-	-	-	-	36,558
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	29,149	-	-	-	-	29,149
Due to Sewer Lateral Fund	26,363	-	-	-	-	26,363
Trust accounts	10,366	-	-	-	-	10,366
Due to state	-	-	-	-	2,146	2,146
Funds in escrow	-	-	-	-	8,057	8,057
	<u>125,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,203</u>	<u>136,123</u>
Total Liabilities	<u>125,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,203</u>	<u>136,123</u>
 Fund Balances						
Reserved - protested taxes	31,793	-	-	-	-	31,793
Unreserved - General Fund	57,521	-	-	-	-	57,521
Unreserved - Special Revenue Funds	-	143,659	115,398	61,485	2,227	322,769
	<u>89,314</u>	<u>143,659</u>	<u>115,398</u>	<u>61,485</u>	<u>2,227</u>	<u>412,083</u>
Total Fund Balances	<u>89,314</u>	<u>143,659</u>	<u>115,398</u>	<u>61,485</u>	<u>2,227</u>	<u>412,083</u>
Total Liabilities And Fund Balances	<u>\$ 215,234</u>	<u>143,659</u>	<u>115,398</u>	<u>61,485</u>	<u>12,430</u>	<u>548,206</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, 2007

Total Fund Balances - Governmental Funds	\$ 412,083
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 governmental funds. The cost of the assets is \$1,179,357 and the accumulated depreciation is \$440,378.	738,979
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	<u>(42,783)</u>
Total Net Assets Of Governmental Activities	<u><u>\$ 1,108,279</u></u>

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, 2007

	<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	\$ 660,866	124,098	43,853	-	-	828,817
Intergovernmental	278,369	23,852	-	7,220	-	309,441
Licenses and permits	130,758	-	-	-	-	130,758
Municipal court	764,734	-	-	18,925	-	783,659
Miscellaneous	61,194	3,782	218	3,276	40	68,510
Total Revenues	<u>1,895,921</u>	<u>151,732</u>	<u>44,071</u>	<u>29,421</u>	<u>40</u>	<u>2,121,185</u>
EXPENDITURES						
Current:						
Administration	666,695	-	-	-	-	666,695
Judicial	148,806	-	-	-	-	148,806
Public relations	2,876	-	-	-	-	2,876
Police	904,733	-	-	7,646	-	912,379
Parks	148	-	-	-	-	148
Public works	204,239	-	18,887	-	-	223,126
Capital outlay	-	106,644	-	-	-	106,644
Debt service:						
Principal	-	21,543	-	-	-	21,543
Interest	-	2,049	-	-	-	2,049
Total Expenditures	<u>1,927,497</u>	<u>130,236</u>	<u>18,887</u>	<u>7,646</u>	<u>-</u>	<u>2,084,266</u>
NET CHANGE IN FUND BALANCES	(31,576)	21,496	25,184	21,775	40	36,919
FUND BALANCES , JANUARY 1	<u>120,890</u>	<u>122,163</u>	<u>90,214</u>	<u>39,710</u>	<u>2,187</u>	<u>375,164</u>
FUND BALANCES, DECEMBER 31	<u>\$ 89,314</u>	<u>143,659</u>	<u>115,398</u>	<u>61,485</u>	<u>2,227</u>	<u>412,083</u>

See notes to financial statements

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, 2007

Net Change In Fund Balances - Governmental Funds \$ 36,919

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

Capital outlays are reported in the 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
\$64,967 exceeded depreciation (\$64,826) in the current period. 141

The issuance of long-term debt (i.e., bonds, leases) provides current financial
resources to the governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of the 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 lease	(42,172)
Repayments:	
Capital leases	21,543
	21,543

Change In Net Assets Of Governmental Activities	<u><u>\$ 16,431</u></u>
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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 intergovernmental 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 and 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:

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)

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.

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

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

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.

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.

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Restricted Cash

Certain resources set aside for the repayments of court bonds and protested taxes are classified as restricted assets on the balance sheet because their use is limited.

10. 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.

NOTE B - CASH

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, 2007, the City's bank balances totaling \$510,421 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:

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	<u>For The Year Ended December 31, 2007</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>December 31</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31</u>
	<u>2006</u>			<u>2007</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$196,388	-	-	196,388
Construction in progress	<u>15,715</u>	<u>22,795</u>	-	<u>38,510</u>
Total Capital Assets Not Being Depreciated	<u>212,103</u>	<u>22,795</u>	-	<u>234,898</u>
Capital assets being depreciated:				
Buildings	97,195	-	-	97,195
Equipment	154,512	-	-	154,512
Infrastructure	398,391	-	-	398,391
Vehicles	<u>287,770</u>	<u>42,172</u>	<u>35,581</u>	<u>294,361</u>
Total Capital Assets Being Depreciated	<u>937,868</u>	<u>42,172</u>	<u>35,581</u>	<u>944,459</u>
Less - Accumulated depreciation for:				
Buildings	61,981	2,430	-	64,411
Equipment	87,455	12,714	-	100,169
Infrastructure	39,840	19,920	-	59,760
Vehicles	<u>221,857</u>	<u>29,762</u>	<u>35,581</u>	<u>216,038</u>
Total Accumulated Depreciation	<u>411,133</u>	<u>64,826</u>	<u>35,581</u>	<u>440,378</u>
Total Capital Assets Being Depreciated, Net	<u>526,735</u>	<u>(22,654)</u>	-	<u>504,081</u>
Governmental Activities Capital Assets, Net	<u>\$738,838</u>	<u>141</u>	<u>-</u>	<u>738,979</u>

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

	<u>For The</u> <u>Year Ended</u> <u>December 31</u> <u>2007</u>
Governmental activities:	
General government	\$ 3,071
Public safety	35,455
Public works	<u>26,300</u>
	<u>\$64,826</u>

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN

The City has established a money purchase pension plan, a defined contribution 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.

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 \$41,382 for the year ended December 31, 2007.

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.

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:

	For The Year Ended December 31, 2007			Amount Due Within One Year	
	Balance December 31 2006	Additions	Payments		
	2006	2007	2007		
Capital leases	<u>\$22,154</u>	<u>42,172</u>	<u>21,543</u>	<u>42,783</u>	<u>21,971</u>

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

The City has lease agreements at December 31, 2007 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	\$82,488
Less - Accumulated depreciation	<u>23,303</u>
	<u>\$59,185</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, 2007 is as follows:

For The Years Ended <u>December 31</u>	
2008	\$23,925
2009	15,405
2010	<u>6,420</u>
	45,750
Less - Amount representing interest	<u>2,967</u>
Present Value Of Future Minimum Lease Payments	<u>\$42,783</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. These amounts are expected to be repaid in the next fiscal year. 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 2007</u>
Capital Improvement Fund	General Fund	\$29,149
Sewer Lateral Fund	General Fund	26,363
Police Training Fund	General Fund	1,006
Crime Victim's Compensation Fund	General Fund	<u>2,146</u>
		<u>\$58,664</u>

CITY OF BRECKENRIDGE HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - RESTRICTED NET ASSET

The government-wide statement of net assets reports \$290,850 of restricted net assets, all of which is restricted by enabling legislation.

CITY OF BRECKENRIDGE HILLS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION

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, 2007

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
General Taxes			
Real estate	\$ 57,000	62,985	5,985
Utility franchise	160,000	177,185	17,185
Sales	465,000	374,683	(90,317)
Local option use	38,000	46,013	8,013
Total General Taxes	<u>720,000</u>	<u>660,866</u>	<u>(59,134)</u>
Intergovernmental			
Road and bridge tax	24,000	38,682	14,682
Cigarette tax	36,321	36,321	-
Gasoline tax	110,000	140,733	30,733
Motor vehicle tax	64,000	62,633	(1,367)
Total Intergovernmental	<u>234,321</u>	<u>278,369</u>	<u>44,048</u>
Licenses and Permits			
Merchants' licenses	90,000	81,675	(8,325)
Liquor licenses	3,050	3,803	753
Tradesmen licenses	1,500	1,825	325
Vending licenses	1,600	1,630	30
Dog tags	50	34	(16)
Storage units	1,560	-	(1,560)
Occupancy permits	7,000	6,335	(665)
Building permits	10,000	10,200	200
Excavation and plumbing permits	7,000	5,609	(1,391)
Electrical permits	3,000	3,122	122
Building inspections	20,000	16,525	(3,475)
Total Licenses And Permits	<u>144,760</u>	<u>130,758</u>	<u>(14,002)</u>
Municipal Court			
Court fines	720,000	694,435	(25,565)
Bond forfeitures	68,400	70,299	1,899
Total Municipal Court	<u>788,400</u>	<u>764,734</u>	<u>(23,666)</u>
Miscellaneous			
Railroad utility	2,500	2,161	(339)
Copies	2,000	1,519	(481)
Interest income	2,000	1,856	(144)

(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, 2007

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES (Continued)			
Miscellaneous (Continued)			
Liens	8,000	4,620	(3,380)
Rent income	42,000	35,381	(6,619)
False alarms	2,500	2,975	475
Sale of capital assets	12,000	3,109	(8,891)
Tow trucks and releases	650	570	(80)
Board of adjustment/zoning meeting	1,200	1,500	300
Other	-	7,503	7,503
Total Miscellaneous	72,850	61,194	(11,656)
Total Revenues	1,960,331	1,895,921	(64,410)
 EXPENDITURES			
Administration			
Personnel services:			
Salaries	121,052	124,959	3,907
Employee insurance	19,466	18,457	(1,009)
FICA	9,260	9,931	671
Pension	4,673	4,576	(97)
Unemployment - all departments	1,000	-	(1,000)
	155,451	157,923	2,472
Accounting and audit	11,000	16,075	5,075
Advertising	1,000	1,252	252
Bank fees	3,500	3,070	(430)
Board of adjustment/zoning	1,500	600	(900)
Building, maintenance, and repair	2,000	2,641	641
CVC state	42,000	49,577	7,577
Drug and alcohol program	500	329	(171)
Dues and subscriptions	3,500	4,042	542
Elections	2,000	1,375	(625)
Filing liens	1,000	219	(781)
General insurance	42,000	42,606	606
Lawsuit settlements	-	150	150
Legal	18,000	20,674	2,674
Office supplies and equipment	31,414	19,488	(11,926)
Peace officer training	6,000	6,744	744
Postage	6,000	5,268	(732)

(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, 2007

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Administration (Continued)			
Telephone	6,000	5,262	(738)
Training	19,000	14,575	(4,425)
Trash removal	254,583	254,583	-
Utilities	21,000	21,562	562
Workers' compensation	34,000	38,680	4,680
Total Administration	661,448	666,695	5,247
 Judicial			
Personnel services:			
Salaries	52,467	51,954	(513)
Employee insurance	10,510	9,805	(705)
FICA	4,014	4,086	72
Pension	2,623	2,568	(55)
	69,614	68,413	(1,201)
Equipment repair/REJIS	22,000	22,284	284
FIT for confinement	200	-	(200)
Operating supplies	6,000	12,526	6,526
Prisoner housing	21,000	41,977	20,977
Professional development	2,000	3,006	1,006
Translator	550	600	50
Total Judicial	121,364	148,806	27,442
 Public Relations			
Events	4,800	2,762	(2,038)
Miscellaneous	150	114	(36)
Public notices and advertisements	1,500	-	(1,500)
Total Public Relations	6,450	2,876	(3,574)
 Police			
Personnel services:			
Salaries:			
Salary	98,793	98,794	1
Hourly payroll	587,248	537,904	(49,344)
Dispatch	34,000	28,363	(5,637)
Holiday pay	11,749	12,778	1,029
Overtime	500	-	(500)

(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, 2007

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Police (Continued)			
Personnel services (continued):			
Employee insurance	89,620	98,373	8,753
FICA	53,381	50,489	(2,892)
Pension	26,000	29,016	3,016
	901,291	855,717	(45,574)
Ammunition	500	-	(500)
Equipment maintenance contracts	4,000	1,901	(2,099)
General equipment	6,000	11,045	5,045
Car washes	100	-	(100)
K-9 expense	1,800	206	(1,594)
Miscellaneous	250	-	(250)
Motor fuels	36,000	30,709	(5,291)
Office supplies	1,000	299	(701)
Photo supplies	500	-	(500)
Public affairs	250	-	(250)
Radio repair/radar	4,000	4,185	185
Uniforms and clothing	2,000	671	(1,329)
Total Police	957,691	904,733	(52,958)
Parks			
Miscellaneous	200	148	(52)
Public Works			
Personnel services:			
Salaries:			
Salary	108,351	108,312	(39)
Overtime	3,000	4,960	1,960
Employee insurance	22,036	20,845	(1,191)
FICA	8,289	8,715	426
Pension	5,418	5,222	(196)
	147,094	148,054	960
Asphalt	1,000	259	(741)
Equipment rental	1,000	1,040	40
Landfill	2,000	4,379	2,379
Maintenance - equipment and other	500	242	(258)
Motor fuels and tires	6,000	6,531	531

(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, 2007

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)			
Public Works (Continued)			
Salt/gravel	3,700	4,555	855
Signs and poles	1,800	332	(1,468)
Street lights	25,500	25,887	387
Tools and supplies	6,000	9,394	3,394
Utilities	2,500	2,197	(303)
Weed/insect control	4,000	1,369	(2,631)
Total Public Works	<u>201,094</u>	<u>204,239</u>	<u>3,145</u>
Total Expenditures	<u>1,948,247</u>	<u>1,927,497</u>	<u>(20,750)</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ 12,084</u></u>	 <u><u>(31,576)</u></u>	 <u><u>(43,660)</u></u>
 FUND BALANCE, JANUARY 1		 <u>120,890</u>	
 FUND BALANCE, DECEMBER 31		 <u><u>\$ 89,314</u></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, 2007

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
General taxes	\$ 134,000	124,098	(9,902)
Intergovernmental	-	23,852	23,852
Miscellaneous	-	3,782	3,782
Total Revenues	134,000	151,732	17,732
EXPENDITURES			
Capital outlay	152,521	106,644	(45,877)
Debt service:			
Principal	14,606	21,543	6,937
Interest	-	2,049	2,049
Total Expenditures	167,127	130,236	(36,891)
NET CHANGE IN FUND BALANCE	\$ (33,127)	21,496	54,623
FUND BALANCE, JANUARY 1		122,163	
FUND BALANCE, DECEMBER 31		\$ 143,659	

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, 2007

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
General taxes	\$ 43,000	43,853	853
Miscellaneous	-	218	218
Total Revenues	43,000	44,071	1,071
 EXPENDITURES			
Public works	43,000	18,887	(24,113)
 NET CHANGE IN FUND BALANCE	\$ -	25,184	25,184
 FUND BALANCE, JANUARY 1		90,214	
 FUND BALANCE, DECEMBER 31		\$ 115,398	

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, 2007

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Intergovernmental	\$ 6,800	7,220	420
Municipal court	15,000	18,925	3,925
Miscellaneous	-	3,276	3,276
Total Revenues	21,800	29,421	7,621
EXPENDITURES			
Police	28,500	7,646	(20,854)
NET CHANGE IN FUND BALANCE	\$ (6,700)	21,775	28,475
FUND BALANCE, JANUARY 1		39,710	
FUND BALANCE, DECEMBER 31		\$ 61,485	

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, 2007

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, Sewer Lateral, and Police Training Funds. All other funds are unbudgeted.
- f. During the year the City Council did not authorize supplemental appropriations to the budget.

Expenditures

For the year ended December 31, 2007, expenditures exceeded appropriations as follows:

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Over</u> <u>Budget</u>
General Fund:			
Administration	\$661,448	666,695	5,247
Judicial department	121,364	148,806	27,442
Public Works	201,094	204,239	3,145

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

CITY OF BRECKENRIDGE HILLS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF BRECKENRIDGE HILLS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING BALANCE
SHEET - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>Crime Victim's Compensation</u>	<u>Narcotics Seizures</u>	<u>Totals</u>
ASSETS			
Cash	\$ -	10,284	10,284
Due from General Fund	<u>2,146</u>	<u>-</u>	<u>2,146</u>
Total Assets	<u><u>\$ 2,146</u></u>	<u><u>10,284</u></u>	<u><u>12,430</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>2,227</u>	<u>2,227</u>
Total Liabilities And Fund Balances	<u><u>\$ 2,146</u></u>	<u><u>10,284</u></u>	<u><u>12,430</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, 2007

	<u>Crime Victim's Compensation</u>	<u>Narcotics Seizures</u>	<u>Totals</u>
REVENUES			
Miscellaneous	\$ -	40	40
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	40	40
FUND BALANCES, JANUARY 1	<u>-</u>	<u>2,187</u>	<u>2,187</u>
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>2,227</u>	<u>2,227</u>