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City of Festus

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

CITY OF FESTUS, MISSOURI

FINANCIAL REPORT
(Audited)

Year Ended September 30, 2004

CITY OF FESTUS, MISSOURI
FINANCIAL REPORT

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

INDEPENDENT AUDITORS' REPORT

January 12, 2005

Honorable Mayor and City Council
CITY OF FESTUS, MISSOURI

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF FESTUS, MISSOURI** (the City) as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable there of for the year then ended in conformity with U.S. generally accepted accounting principles.

During fiscal year 2004, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

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In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic 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 basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF FESTUS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING SEPTEMBER 30, 2004**

As management of the City of Festus, Missouri, we offer readers of the City of Festus' Financial Statements this narrative overview and analysis of the financial activities of the City of Festus, Missouri for the Fiscal Year ended September 30, 2004. Due to the fact that this is the first year the current financial reporting model is being used, comparisons with the previous year are limited. However, 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.

FINANCIAL HIGHLIGHTS

- The assets of the City, as reported by the Statement of Net Assets, exceeded its liabilities at the close of the most recent fiscal year by \$11,621,396 (net assets). Of this amount, \$4,294,585 (unrestricted net assets) may be used to meet the City's ongoing obligations to its citizens and creditors.
- As of the close of the 2004 fiscal year, the City of Festus's Governmental Fund Statements reported combined ending fund balances of \$4,231,575, an increase of \$798,734 in comparison with the prior year. Approximately 87% of this total amount or \$3,671,934 is available for spending at the government's discretion (unreserved fund balance). Of this amount the Board tries to maintain balance of \$1,000,000 for emergency purposes. The remaining 13% or \$559,638 is held as a reserve fund balance.
- As of the close of the 2004 fiscal year, the City of Festus's Proprietary Funds reported combined ending net assets of \$5,964,103, an increase of \$1,215,625 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,898,993 or 45% of total general fund expenditures, net of related proceeds from note payable.
- The City's total debt increased by \$5,152,525 during the current fiscal year to a total of \$16,671,922. The key factor in this increase was from two individual agreements the City entered into with Lowe's and Home Depot agreeing to reimburse a portion of certain infrastructure costs for up to a maximum of \$1,800,000 for each agreement or a total of \$3,600,000. The other key factor was due to the increase in the funding of the reserve account in the amount of \$1,933,804 from the 2002B State Revolving Fund (SRF) no-interest loan.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Festus, Missouri's basic financial statements. The City of Festus, Missouri's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Festus, Missouri's finances, in a manner similar to a private-sector business. Note the government-wide financial statements exclude fiduciary fund activities.

The two government-wide statements are the *statement of net assets* and the *statement of activities*. These statements report the City's net assets and how they have changed.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing and related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The government-wide financial statements distinguish functions of the City of Festus, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Not only do the government-wide financial statements include the City itself (known as the primary government), but also a legally separate redevelopment agency. Financial information for the component unit is separately from the financial information presented for the primary government. The *governmental activities* of the City of Festus, Missouri include general government, judicial, building and planning, public safety, parks and recreation, public works and a public library. The City of Festus, Missouri operates three *business-type activities* that include a municipal airport, water and sewer department and a vehicle maintenance department.

The government-wide financial statements can be found on pages 11-12 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 of Festus, Missouri like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Festus, Missouri can be divided into two categories: governmental funds and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Festus, Missouri maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, City-Transportation Tax Fund, and County Transportation Tax 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 non-major governmental funds is provided in the form of *combining statements* in the other supplementary information section in this report.

The City of Festus, Missouri adopts an annual appropriated budget for all of its major governmental funds and all other governmental funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City has two enterprise funds that include the municipal airport and the water and sewer fund, out of which both are considered the City's major enterprise fund.

The City of Festus, Missouri also operates an internal service fund used to account for financing of services provided by one department to other departments of the City on a cost-plus basis. The City's internal service fund is the Vehicle Maintenance Fund.

The basic proprietary fund financial statements can be found on pages 17-19 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 financial statements can be found on pages 20-40 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Festus's progress in funding its obligations to provide pension benefits to its employees. The required supplementary information can be found on pages 42-45 of this report.

OTHER SUPPLEMENTARY INFORMATION

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. The other supplementary information can be found on pages 47-62 of this report.

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

This is the first year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Therefore, a comparative analysis of government-wide data is not available until the second year is implemented.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Festus, Missouri, assets exceeded liabilities by \$11,621,396 at the close of the most recent fiscal year.

Management's Discussion and Analysis. In future years, when prior year information will be available, a comparative analysis of government-wide data will be included in this report.

City of Festus Net Assets as of September 30, 2004

	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
Assets			
Current & Other Assets	\$ 6,894,276	\$ 8,054,661	\$ 14,948,937
Capital Assets, Net	5,200,167	11,003,239	16,203,406
Total Assets	12,094,443	19,057,900	31,152,343
Liabilities			
Long-Term Liabilities	4,428,261	12,243,661	16,671,922
Other Liabilities	2,008,889	850,136	2,859,025
Total Liabilities	6,437,150	13,093,797	19,530,947
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,151,993	2,732,966	6,884,959
Restricted	183,737	258,115	441,852
Unrestricted	1,321,563	2,973,022	4,294,585
Total Net Assets	\$ 5,657,293	\$ 5,964,103	\$ 11,621,396

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

An additional portion of the City's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$4,294,585 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Festus, Missouri is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities decreased the City's net assets by (\$427,381). Key elements of this are as follows:

City of Festus Statement of Activities	Government Activities	Business-Type Activities	Totals
	2004	2004	2004
Revenues			
Program Revenues:			
Charges for Services	\$ 1,145,943	\$ 3,483,066	\$ 4,629,009
Operating Grants	444,512	-	444,512
Capital Grants	1,317,112	336,647	1,653,759
General Revenues			
Taxes	5,514,361	-	5,514,361
Licenses (taxes)	147,951	-	147,951
Investment Income	21,812	174,022	195,834
Joint Venture Loss, Net	-	(40,943)	(40,943)
Miscellaneous	118,231	125,000	243,231
Total Revenue	8,709,922	4,077,792	12,787,714
Expenses			
Administration	575,073	-	575,073
Court	221,491	-	221,491
Building Department	211,091	-	211,091
Police	1,884,327	-	1,884,327
Dispatch	403,708	-	403,708
Fire	329,885	-	329,885
Street	169,427	-	169,427
Health	76,475	-	76,475
Library	192,816	-	192,816
Parks	311,496	-	311,496
Public Works	716,984	-	716,984
Non-Departmental	724,836	-	724,836
Economic Development	2,329,953	-	2,329,953
Interest and Fiscal Charges	30,642	-	30,642
Airport	-	351,462	351,462
Water and Sewer	-	3,469,804	3,469,804
Total Expenses	8,178,204	3,821,266	11,999,470
Transfers	(959,099)	959,099	-
Increase (decrease)	(427,381)	1,215,625	(788,244)

SIGNIFICANT CHANGES IN LIABILITIES

Governmental Activities:

The decrease in net assets of (\$427,381) was partially attributable to the issuance of long-term debt entered into with Lowe's and Home Depot reflecting the notes-payable in the amount of \$3,600,000 less capitalization of approximately \$1,200,000 in assets. This amount was offset by \$1,700,885 in capital outlays over the capitalization threshold of \$2,202,619 exceeded depreciation of \$501,734 in the current period.

- Taxes, including property taxes, increased 15% for the year for the General Fund and Special Revenue Funds. The majority of this increase was due to the sales tax revenue generated from the new Lowe's and Home Depot stores, which began operations in late April 2004. The General sales tax benefited an increase of \$150,000 or 7% compared to last year. The Utility Gross Receipts tax had an increase of \$17,066 or 3% compared to last year receipts. The State Gas Tax also increased by \$8,981 or 3% compared to last year. However, the Vehicle Gas Tax was unchanged. The City's business licenses were increased by \$31,020 or 27% because of the new business licenses added for Lowe's and Home Depot. The City's police court fines was increased by \$54,949 or 22% due to the increase in DWI's and warrants being entered into the court system more timely. The General Fund received donations in the amount of \$25,300, which consisted of \$25,000 donated by Home Depot to purchase and install a public warning siren.
- The park fund received net proceeds in the amount of \$7,490 for the sale of a 1977 Ford 550 Diesel Front Loader/Backhoe and a 1978 Kubota Diesel Tractor. They also received a donation in the amount of \$25,000 from Home Depot to be used towards a mini park on the parking lot of Home Depot.
- The police department received a Local Law Enforcement Block Grant in the amount of \$11,217, which was offset to purchase vehicle equipment and radios.
- The City Transportation Fund received funds, for the first time, in the amount of \$39,500 from the Festus Special Road District to be used on City roads at the City's discretion. Whereas, in the past the Festus Special Road District is required by law to use a percentage of the

tax revenue they receive to be used on City roads, which they elected to make a donation to the City instead of the Road District making the improvements.

- The County Transportation Fund received grant revenues in the amount of \$1,032,067, which consisted of \$644,687 for the construction of the Sunshine Drive Bridge, \$343,444 for the resurfacing of N. 6th St., West Main St., Collins Road (North), Cromwell Road and new concrete construction of roadway on Collins Road (South), \$43,936 for the Festus Bikeway System. All three projects mentioned-above were funded through the Missouri Department of Transportation and City's match was funded through the County Transportation Tax (deferred revenue).
- The City began the collection of a 2 percent tourism tax in fiscal year 2003 to promote tourism in the City to be used towards improvements to City parks. However, this was the first full year the City had collected this tax, which generated \$68,139 for the fiscal year ending 2004. The City was able to use the funds to design and print park brochures to promote City parks and to construct a public restroom at West City Park.
- The City has set up a special allocation fund to deposit 50% of sales tax revenues generated from the Lowe's and Home Depot stores, which will get reimbursed back to them for certain infrastructure costs (see notes to the financial statements on page 33 in more detail). Whereas, at September 30, 2004 \$39,814 was deposited into the special allocation fund for Home Depot and \$70,232 was deposited into the special allocation fund for Lowe's.

FINANCIAL ANALYSIS OF THE CITY OF FESTUS, MISSOURI'S FUNDS

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

GOVERNMENTAL FUNDS

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

At the end of year 2004, the unreserved fund balance of the general fund was \$1,898,993, while the total fund balance was \$2,045,326. As a measure of the general funds liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out, net of related proceeds from note payable. Unreserved fund balance represents 43.9% or \$4,319,994 of total general fund expenditures and transfers out, net of related proceeds from note payable, while total fund balance represents 47.3% of total general fund expenditures and transfers out, net of related proceeds from note payable.

The fund balance of the City's general fund increased by \$393,585 or 23.8%, from the prior-year fund balance. The change of the current years fund balances is mainly due to:

- Sales tax revenue increased due to the development of the Lowe's and Home Depot retail stores being completed and open for business as of April 2004. Business licenses also increased due to the development of these two new retail stores.
- Real Estate and Personal Property Tax increased due to the increase in population from the five new residential subdivisions being developed in the City. Also, with the new development there was a significant increase in building permits issued.

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

- The City Transportation Fund increased by \$238,480 or 28.7% from the prior-year. This increase was a result from the sales tax generated from the new Lowe's and Home Depot retail stores. The other significant increase was the donation of \$39,500 from the Festus Special Road District Tax to be used on City streets at the City's discretion. At the end of September 30, 2004 the unreserved fund balance of \$1,036,418 is available for spending at the City's discretion.
- The County Transportation Fund increased by \$27,015 or 14.9% from the prior year. This increase was a result from an invoice of a court judgment, related to the Benton Storm Sewer project, that had been accrued to the prior fiscal year but the sales tax reimbursed through the deferred revenue was recorded in the current fiscal year. Whereas, the revenue did not offset the expenditure in the same period. At the end of September 30, 2004 the unreserved fund balance of \$41,106 is essentially a reserve needed in order to pay for expenditures up front until the City can request reimbursement through the County deferred revenue in the amount of \$1,327,717 available at September 30, 2004.

NONFUNDAL FUNDS

Business-type activities increased the City's net assets by \$1,215,625, which is an increase of 25.6% than the prior fiscal year. Key elements of this change are as follows:

- The City's Municipal Airport had a decrease of \$15,427 or (17.5%) in aviation fuel from the prior year. This decrease is largely due to the loss of the City's biggest fuel purchaser who had relocated his business from the City's Municipal Airport. Hanger rent also showed a decrease of \$5,276 or (15.3%) from the prior year. The City's Municipal Airport is currently being operated under a new management agreement with the Citizens for Airport Economic Expansion, Inc. who is a not for profit corporation formed for the express purpose of providing airport management services. The main change in net assets resulted in the change in estimate due to the asset lives being changed. As a result, the ending fund balance decreased in the amount of \$249,369 or (40.1%) from the prior year.
- The Water and Sewer Fund had an increase in net assets in the amount of \$1,464,994 or (35.4%) from the prior year. The result of this increase came from contributions in the amount of \$1,295,746 for infrastructure improvements that included a water tank, misc.

distribution lines, easement, wastewater treatment facility and a sewer distribution line. The City water sales increased in the amount of \$568,257 or 39.5% from the prior year. This is a result from an increase in water rates needed in order to purchase water from the Jefferson County Water Authority and to meet debt service requirements. Water taps also showed a significant increase in the amount of \$95,589 or 164.84% from the prior year, which is offset by the costs of installing new residential water meters. Sewer taps had an increase of \$63,594 or 27.3% from the prior year due to the increase in residential housing development.

CAPITAL ASSETS

The City of Festus's investment in capital assets for its governmental and business type activities as of September 30, 2004 amounts to \$16,203,406 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The increase in the City of Festus's investment in capital assets for the current fiscal year was 51% (a 16% increase for governmental activities and a 35% increase for business-type activities).

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

Governmental Activities:

- Easement purchased in the amount of \$6,000 for the purpose of constructing and maintaining a fence along the right of way of the Burlington Northern Railroad needed in order to construct the Festus Bikeway System.
- Construction in progress amounted to \$142,487, which consisted of a public warning siren, new restrooms at West City Park and the Festus Bikeway System still under construction.
- The City accepted Bailey Station Subdivision street work adding a total of \$137,636 to the City's infrastructure total.
- The City constructed a storm water project on 4th & Walnut that amounted to \$44,032, which was partially funded through a DNF grant in the amount of \$14,146.
- The City contracted to have a 160 ft. water line bored underneath Sunshine Drive for storm water related problems that was funded through the County Transportation Tax fund in the amount of \$41,600.
- The City accepted infrastructure improvements in the amount of \$310,948 in the development of the Lowe's retail store, which included the construction of Bradley Street, traffic signage and stripping, storm sewer lines and catch basins.
- The City replaced and constructed the Sunshine Drive Bridge that totaled \$897,216, which was mainly funded through a grant from MoDot in the amount of \$705,407. The balance of the construction costs was funded through the County Transportation Tax in the amount of \$191,809.
- The City contracted a street rehab project in the amount of \$438,520, which was funded through a grant from MoDot in the amount of \$343,444. The balance of the construction costs was funded through the County Transportation Tax in the amount of \$95,077.
- The parks department purchased and installed a mega play center at West City Park which cost \$45,431, of that \$10,696 was donated from the Friends of the Festus Parks for the installation of the new playground equipment. They also purchased skate park equipment in the amount of \$23,961, which \$7,500 was donated from the Friends of the Festus Park. A park shelter was purchased in the amount of \$1,000 for the mini park at Home Depot. An infield groomer in the amount of \$3,020 was purchased through the Tourism Tax Revenue.
- The street department purchased a 2004 Dump Truck in the amount of \$27,423, a 2005 Tandem Dump Truck in the amount of \$72,975, a trailer in the amount of \$4,398, a snow-plow in the amount of \$6,600, a 10 ft. stainless steel spreader in the amount of \$5,700, and a 8 ½ ft. snow-plow in the amount of \$3,265. All capital purchases were purchased through the City Transportation Tax.
- The fire department purchased a 2004 Ford Expedition in the amount of \$29,129, which was funded through their capital reserve fund. They also added an addition onto the firehouse that amounted to \$11,947, which was funded through the general fund.
- The police department purchased six new police vehicles through a lease in the amount of \$120,514.
- The library purchased and installed an outside display sign that was funded through donations.

Business-Type Activities:

- City accepted a sewer line easement in the amount of \$75,000 that was contributed from the developer of the Northwood's Subdivision needed in order to construct a sewer line extension extending to the new sewer treatment plant facility.
- City contracted to have an 8" sewer line extension constructed from the Northwood's Subdivision in the amount of \$42,790, which \$27,220 was funded through R & E Partnership. Whereas, the City will reimburse R & E back over a 10-year period with 25% of sewer revenue generated from within the subdivision.
- Construction in progress amounted to \$3,686,943, which consists of the new sewer treatment facility that is joint operated with the City of Crystal City.
- The City contracted to have a sewer lift station built in the Alexander Heights Subdivision that cost \$149,124, which will be assessed over 18 years to the twelve property owners benefiting from the improvement.
- The City accepted sanitary sewer lines within the Tanglewood Subdivision in the amount of \$92,940, a wastewater treatment facility in the amount of \$114,009 and a water system in phase 1 in the amount of \$70,000, which was funded through the developer and/or paid through NID construction proceeds that will be assessed to property owners over a the next 18 year period.
- City accepted the construction of a water tank in the amount of \$800,000 and misc. water distribution lines in the amount of \$159,099 associated with the construction of the new Lowe's retail store agreement.
- City crews installed 8" water main extensions on North Creek and Benton that amounted to \$53,579 that was partially funded through the SRF construction proceeds.
- A generator was purchased for the Jersey Lift Station in the amount of \$24,405.
- City installed a new scada system in the amount of \$149,724.

City of Festus Capital Assets (net of depreciation)	Government Activities	Business-type Activities	Total Capital Assets
	2004	2004	2004
Land	\$ 1,052,257	\$ 233,814	\$ 1,286,071
Construction in Progress	142,487	3,686,943	3,829,430
Systems and Improvements	-	6,117,992	6,117,992
Buildings and Other Improvements	1,432,511	376,102	1,808,613
Office Equipment	41,471	-	41,471
Automotive Equipment	440,738	106,636	547,374
Machinery and Equipment	264,471	469,656	734,127
Furniture and Fixtures	-	2,972	2,972
Computer Equipment	-	9,124	9,124
Infrastructure	1,826,232	-	1,826,232
Capital Assets, Net	5,200,167	11,003,239	16,203,406

Additional information on the City's capital assets can be found in Note C on pages 28-29 of this report.

LONG-TERM DEBT

Governmental Activities:

At the end of September 30, 2004, the City had outstanding long-term debt obligations for governmental activities in the amount of \$4,337,226 compared to \$824,312 in 2003. Of this amount, \$3,600,000 is additional notes payable that were added in the current fiscal year. Whereas, the City had entered into separate agreements with Lowe's and Home Depot for reimbursement of infrastructure costs that are not to exceed \$1,800,000 per each agreement (see additional information under notes to financial statements - page 33). The City's obligations also includes a Neighborhood Improvement District Bonds in the amount of \$631,654 that will be assessed to property owners benefiting from improvements within the Bailey Station and Tanglewood Subdivision over the next 18 years. Capital lease obligations outstanding totaled \$105,572, which include a capital lease for a sewer cleaner and two capital leases for police vehicles.

Business-type Activities:

At the end of September 30, 2004, the City had outstanding long-term debt obligations for business-type activities in the amount of \$12,235,565 compared to \$10,607,723 in 2003. Of this amount, \$1,903,687 was added to notes payable in the current fiscal year, which had a decrease in the notes payable for the Pounds Sewer Project in the amount of \$28,911, a decrease in the 2001C State Revolving Fund Loan in the amount of \$1,206 and a increase in the 2002B State Revolving Fund Loan in the amount of \$1,933,804. This increase is a result of the release of construction funds related to the construction of the new sewage treatment facility whereas; the state will match 70% of the construction funds to fund up the reserve account.

City of Festus Outstanding Long-Term Debt Obligations September 30, 2004	Governmental Activities		Business-Type Activities		Totals	
	2003	2004	2003	2004	2003	2004
Capital Leases	192,658	105,572	72,748	59,617	265,406	165,189
Revenue Bonds	-	-	9,301,206	9,038,492	9,301,206	9,038,492
NID	631,654	631,654	243,346	243,346	875,000	875,000
Notes Payable	-	3,600,000	990,423	2,894,110	990,423	6,494,110
Total	824,312	4,337,226	10,607,723	12,235,565	11,432,035	16,572,791

Additional information on the City's long-term debt can be found in Note D on pages 31-32 of this report.

SIGNIFICANT VARIANCES BETWEEN BUDGETS AND ACTUAL EXPENDITURES

In the general fund, the following significant variances occurred between budget, amended budget and actual expenditures:

- General revenues showed an increase of \$482,989 over what was actually budgeted. This is a result of an increase in sales tax revenues generated from the Lowe's and Home Depot retail stores, which also showed an increase in business licenses. The City budgeted conservatively since this was the first year revenues were generated from these two stores. Building permits also showed an increase of \$95,171 over what was actually budgeted. There again, the City budgeted on the conservative side because of the new development in the area.
- Under administration, personal services were down by 8% due to the City Administrator resigning, which did not get filled until the following year. The City budgeted \$35,000 in legal and engineering fees whereas, the expenditures only amounted to \$16,673. The City also budgeted \$10,000 for being a member of the economic development. However, the City opted not to renew their membership until further into the budget year, which resulted in a prorated membership fee of only \$6,440.
- Under court, personal services were down by 8% due to the Court Clerk resigning, which did not get filled until later in the year. Office expenses were down by 20% of what was budgeted and special expenses were down by 14% also.
- The police department was under budget by \$50,961, which was largely due to personnel changes.
- Non-Departmental was over budget by \$40,674, which was a result in the trash pickup fees due to the increase in residential homes being built.
- Capital outlay purchases were under budget by \$35,385, which was a result in the HVAC system that was budgeted but did not get completed in the current fiscal year.

Other significant variances occurred between budget, amended budget and actual expenditures for other major governmental funds can be described below:

- The City's Transportation Tax Fund showed sales tax revenues with an increase of \$134,209 over what was budgeted, which was a result in the sales tax revenue generated from the new Lowe's and Home Depot store. Whereas, the City budgeted conservatively since this was the first year revenue was generated from these two stores.
- The City's County Transportation Tax Fund showed intergovernmental revenue under budget by \$658,923, which was a result in grant revenue budgeted for the Festus Bikeway System that was delayed in construction until the fall of 2005. Public Works expenditures in this fund were under budget by \$240,700, which was a result of additional street reconstruction that did not get started. Also, capital outlay was under budget by \$949,732, which was a result of the delay in the Festus Bikeway System.

REQUESTS FOR INFORMATION

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

CITY OF FESTUS, MISSOURI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	Primary Government			Component Unit
	Governmental	Business-type	Total	Library
	Activities	Activities		
ASSETS				
Cash and investments	\$ 3,182,111	1,940,126	5,122,237	-
Restricted cash and investments	97,297	4,619,962	4,717,259	203,957
Receivables (net of allowance for uncollectibles):				
Taxes	2,255,448	-	2,255,448	-
Special assessments	592,558	47,645	640,203	-
Service charges	-	342,784	342,784	-
Interest	6,082	38,922	45,004	-
Other	489,009	164,344	653,353	-
Court	79,864	-	79,864	-
Prepaid items	189,932	72,370	262,302	-
Internal balances	1,975	(1,975)	-	-
Inventory	-	44,921	44,921	-
Investment in joint venture	-	625,732	625,732	-
Debt issue costs	-	159,830	159,830	-
Capital assets:				
Land and construction in progress	1,194,744	3,920,757	5,115,501	-
Other capital assets, net of accumulated depreciation	4,005,423	7,082,482	11,087,905	-
Total Assets	<u>12,094,443</u>	<u>19,057,900</u>	<u>31,152,343</u>	<u>203,957</u>
LIABILITIES				
Accounts payable	474,442	480,668	955,110	-
Accrued payroll	94,884	21,218	116,102	-
Accrued payroll liabilities - other	11,574	-	11,574	-
Accrued interest	2,565	102,571	105,136	-
Deposits payable	-	209,172	209,172	-
Fund held for others	17,950	-	17,950	-
Unearned revenue	1,343,881	-	1,343,881	-
Other liabilities	63,593	36,507	100,100	-
Noncurrent liabilities:				
Due within one year	94,128	402,275	496,403	-
Due in more than one year	4,334,133	11,841,386	16,175,519	-
Total Liabilities	<u>6,437,150</u>	<u>13,093,797</u>	<u>19,530,947</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,151,993	2,732,966	6,884,959	-
Reserved for debt reserve funds	183,737	133,115	316,852	-
Reserved for sewer line extension	-	125,000	125,000	-
Unrestricted	1,321,563	2,973,022	4,294,585	203,957
Total Net Assets	<u>\$ 5,657,293</u>	<u>5,964,103</u>	<u>11,621,396</u>	<u>203,957</u>

CITY OF FESTUS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes In Net Assets							
	Program Revenues				Primary Government			Component Unit
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total	Library
Primary Government:								
Governmental Activities								
Administration	\$ 575,073	-	-	-	(575,073)	-	(575,073)	-
Court	221,491	304,571	-	-	83,080	-	83,080	-
Building department	211,091	134,945	-	-	(76,146)	-	(76,146)	-
Police	1,884,327	9,949	11,701	11,217	(1,851,460)	-	(1,851,460)	-
Dispatch	403,708	46,013	-	-	(357,695)	-	(357,695)	-
Fire	329,885	8,288	-	-	(321,597)	-	(321,597)	-
Street	169,427	-	402,966	584,776	818,315	-	818,315	-
Health	76,475	1,280	-	-	(75,195)	-	(75,195)	-
Library	192,816	16,610	12,209	-	(163,997)	-	(163,997)	-
Parks	311,496	43,758	454	-	(267,284)	-	(267,284)	-
Public works	716,984	-	880	721,119	5,015	-	5,015	-
Nondepartmental	724,836	580,529	16,302	-	(128,005)	-	(128,005)	-
Economic development	2,329,953	-	-	-	(2,329,953)	-	(2,329,953)	-
Interest and fiscal charges	30,642	-	-	-	(30,642)	-	(30,642)	-
Total Governmental Activities	<u>8,178,204</u>	<u>1,145,943</u>	<u>444,512</u>	<u>1,317,112</u>	<u>(5,270,637)</u>	<u>-</u>	<u>(5,270,637)</u>	<u>-</u>
Business-type Activities								
Airport	351,462	101,995	-	-	-	(249,467)	(249,467)	-
Water and sewer	3,469,804	3,381,071	-	336,647	-	247,914	247,914	-
Total Business-type Activities	<u>3,821,266</u>	<u>3,483,066</u>	<u>-</u>	<u>336,647</u>	<u>-</u>	<u>(1,553)</u>	<u>(1,553)</u>	<u>-</u>
Total Primary Government	<u>\$ 11,999,470</u>	<u>4,629,009</u>	<u>444,512</u>	<u>1,653,759</u>	<u>(5,270,637)</u>	<u>(1,553)</u>	<u>(5,272,190)</u>	<u>-</u>
Component Unit								
Library	\$ 1,900	-	-	-	-	-	-	(1,900)
General Revenues								
Taxes:								
Sales tax					3,618,197	-	3,618,197	-
Property taxes					474,770	-	474,770	-
Taxes - other					1,421,394	-	1,421,394	-
Licenses (taxes)					147,951	-	147,951	-
Investment income					21,812	174,022	195,834	3,224
Joint venture loss, net					-	(40,943)	(40,943)	-
Miscellaneous					118,231	125,000	243,231	1,182
Transfers					(959,099)	959,099	-	-
Total General Revenues					<u>4,843,256</u>	<u>1,217,178</u>	<u>6,060,434</u>	<u>4,406</u>
CHANGE IN NET ASSETS					(427,381)	1,215,625	788,244	2,506
NET ASSETS, OCTOBER 1					<u>6,084,674</u>	<u>4,748,478</u>	<u>10,833,152</u>	<u>201,451</u>
NET ASSETS, SEPTEMBER 30					<u>\$ 5,657,293</u>	<u>5,964,103</u>	<u>11,621,396</u>	<u>203,957</u>

See notes to financial statements

CITY OF FESTUS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004

	General	City Transportation	County Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,546,134	926,964	-	709,013	3,182,111
Restricted cash and investments	17,950	-	-	79,347	97,297
Receivables:					
Taxes	493,863	170,589	1,440,181	150,815	2,255,448
Special assessments	1,950	965	-	589,643	592,558
Interest	2,768	1,956	-	1,358	6,082
Other	64,065	-	419,307	5,637	489,009
Court	79,864	-	-	-	79,864
Prepaid items	136,698	30,824	-	20,276	187,798
Due from other funds	110,889	-	-	44,648	155,537
Total Assets	\$ 2,454,181	1,131,298	1,859,488	1,600,737	7,045,704
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 149,829	48,423	242,610	30,384	471,246
Accrued payroll	69,339	12,955	-	11,270	93,564
Accrued payroll liabilities - other	9,998	920	-	569	11,487
Due to other funds	-	-	81,873	42,673	124,546
Fund held for others	17,950	-	-	-	17,950
Deferred revenue	99,426	965	1,327,717	603,635	2,031,743
Other liabilities	62,313	-	-	1,280	63,593
Total Liabilities	408,855	63,263	1,652,200	689,811	2,814,129
Fund Balances					
Reserved:					
Prepaid items	136,698	30,824	-	20,276	187,798
Encumbrances	9,635	793	166,182	11,493	188,103
Debt Service Fund	-	-	-	183,737	183,737
Unreserved:					
General Fund	1,898,993	-	-	-	1,898,993
Special Revenue Funds	-	1,036,418	41,106	695,420	1,772,944
Total Fund Balances	2,045,326	1,068,035	207,288	910,926	4,231,575
Total Liabilities And Fund Balances	\$ 2,454,181	1,131,298	1,859,488	1,600,737	7,045,704

CITY OF FESTUS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

Total Fund Balances - Governmental Funds	\$ 4,231,575
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 \$10,208,415 and the accumulated depreciation is \$5,008,915.	5,199,500
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	687,862
The Internal Service Fund is used by the City to charge for services provided by the vehicle maintenance department to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	(32,725)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued interest payable	(2,565)
Accrued compensated absences	(89,128)
Bonds and notes payable outstanding	(4,337,226)
Net Assets Of Governmental Activities	\$ 5,657,293

CITY OF FESTUS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General	City Transportation	County Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 156,070	-	-	319,584	475,654
Taxes - other	3,235,036	1,107,884	381,361	716,790	5,441,071
Intergovernmental	10,638	880	1,032,067	30,849	1,074,434
Special assessments	-	349	-	-	349
Licenses and permits	270,171	-	-	-	270,171
Fines and penalties	306,610	-	-	-	306,610
Investment income	8,595	6,095	254	6,868	21,812
Other	70,224	10,003	510	131,467	212,204
Service charges	626,542	-	-	-	626,542
Total Revenues	<u>4,683,886</u>	<u>1,125,211</u>	<u>1,414,192</u>	<u>1,205,558</u>	<u>8,428,847</u>
EXPENDITURES					
Current:					
Administration	505,835	-	-	-	505,835
Court	221,037	-	-	-	221,037
Building department	206,791	-	-	-	206,791
Police	1,770,456	-	-	6,849	1,777,305
Dispatch	387,538	-	-	-	387,538
Fire	222,535	-	-	-	222,535
Street	21,191	-	-	-	21,191
Health	-	-	-	73,293	73,293
Library	-	-	-	169,648	169,648
Parks	-	-	-	392,039	392,039
Public works	-	757,504	141,250	-	898,754
Nondepartmental	669,967	-	-	15,686	685,653
Economic development	3,600,000	-	-	-	3,600,000
Capital outlay	204,237	123,606	1,245,927	375,963	1,949,733
Debt service:					
Principal	6,578	4,377	-	41,737	52,692
Interest and fiscal charges	709	1,244	-	29,678	31,631
Total Expenditures	<u>7,816,874</u>	<u>886,731</u>	<u>1,387,177</u>	<u>1,104,893</u>	<u>11,195,675</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>(3,132,988)</u>	<u>238,480</u>	<u>27,015</u>	<u>100,665</u>	<u>(2,766,828)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from note payable	3,600,000	-	-	-	3,600,000
Transfers in	29,693	-	-	68,682	98,375
Transfers out	(103,120)	-	-	(29,693)	(132,813)
Total Other Financing Sources (Uses)	<u>3,526,573</u>	<u>-</u>	<u>-</u>	<u>38,989</u>	<u>3,565,562</u>
NET CHANGE IN FUND BALANCES	393,585	238,480	27,015	139,654	798,734
FUND BALANCES, OCTOBER 1	<u>1,651,741</u>	<u>829,555</u>	<u>180,273</u>	<u>771,272</u>	<u>3,432,841</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 2,045,326</u>	<u>1,068,035</u>	<u>207,288</u>	<u>910,926</u>	<u>4,231,575</u>

CITY OF FESTUS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Net Change In Fund Balances - Governmental Funds \$ 798,734

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$2,202,619) exceeded depreciation (\$501,734) in the current period. 1,700,885

Loss on capital assets sold (2,258)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 592,023

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (3,600,000)

Debt issued for the current year - notes payable

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

Accrued interest on bonds 989

Compensated absences (9,933)

Repayments of long-term debt 87,086

Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities in the statement of activities. 5,093

Change In Net Assets Of Governmental Activities \$ (427,381)

CITY OF FESTUS MISSOURI
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
SEPTEMBER 30, 2004

	Business-type Activities - Enterprise Funds		Governmental Activities -
	Airport	Water And Sewer	Internal Service Fund
ASSETS			
Current Assets			
Cash and investments	\$ 51,975	1,888,151	-
Restricted cash and investments	-	4,619,962	-
Receivables (net of allowance for uncollectibles):			
Special assessments	-	47,645	-
Service charges	1,670	341,114	-
Interest	-	38,922	-
Other	2,811	161,533	-
Prepaid items	1,597	70,773	2,134
Inventory	-	44,921	-
Total Current Assets	<u>58,053</u>	<u>7,213,021</u>	<u>2,134</u>
Noncurrent Assets			
Investment in joint venture	-	625,732	-
Debt issue costs	-	159,830	-
Other capital assets, net of accumulated depreciation	316,791	10,686,448	667
Total Noncurrent Assets	<u>316,791</u>	<u>11,472,010</u>	<u>667</u>
Total Assets	<u>374,844</u>	<u>18,685,031</u>	<u>2,801</u>
LIABILITIES			
Current Liabilities			
Accounts payable	1,915	478,753	3,196
Payroll and compensated absences payable	680	28,634	3,227
Accrued payroll liabilities - other	-	-	87
Accrued interest	-	102,571	-
Revenue bonds payable and neighborhood improvement district bonds - current	-	353,343	-
Capital leases - current	-	16,864	-
Notes payable - current	-	30,449	-
Deposits payable	-	209,172	-
Due to other funds	-	1,975	29,016
Other liabilities	-	36,507	-
Total Current Liabilities	<u>2,595</u>	<u>1,258,268</u>	<u>35,526</u>
Noncurrent Liabilities			
Revenue bonds payable and neighborhood improvement district bonds, net of bond discounts	-	8,928,495	-
Capital leases	-	42,753	-
Notes payable	-	2,863,661	-
Total Noncurrent Liabilities	<u>-</u>	<u>11,834,909</u>	<u>-</u>
Total Liabilities	<u>2,595</u>	<u>13,093,177</u>	<u>35,526</u>
NET ASSETS			
Invested in capital assets, net of related debt	152,388	2,580,578	667
Reserved for debt reserve funds	-	133,115	-
Reserved for sewer line extension	-	125,000	-
Unrestricted	219,861	2,753,161	(33,392)
Total Net Assets	<u>\$ 372,249</u>	<u>5,591,854</u>	<u>(32,725)</u>

See notes to financial statements

CITY OF FESTUS, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
	Airport	Water And Sewer	
OPERATING REVENUES			
Fuel sales	\$ 72,388	-	-
Hanger rent	29,029	-	-
Water and sewer charges	-	3,316,316	-
Service charges	-	-	84,986
Other	578	64,755	-
Total Operating Revenues	<u>101,995</u>	<u>3,381,071</u>	<u>84,986</u>
OPERATING EXPENSES			
Personnel services	28,959	660,716	44,798
Materials and supplies	-	58,647	62,284
Purchased water	-	1,059,997	-
Utilities and maintenance	16,758	129,544	852
Depreciation and amortization	237,888	605,372	1,833
Treatment plant	-	273,930	-
Fuel costs	58,002	-	-
Other	9,855	258,007	4,564
Total Operating Expenses	<u>351,462</u>	<u>3,046,213</u>	<u>114,331</u>
OPERATING INCOME (LOSS)	<u>(249,467)</u>	<u>334,858</u>	<u>(29,345)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	98	173,924	-
Miscellaneous income	-	125,000	-
Interest expense	-	(423,591)	-
Joint venture loss, net	-	(40,943)	-
Total Nonoperating Revenues (Expenses)	<u>98</u>	<u>(165,610)</u>	<u>-</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(249,369)</u>	<u>169,248</u>	<u>(29,345)</u>
Capital Contributions	-	1,295,746	-
Transfers in	-	-	34,438
CHANGE IN NET ASSETS	<u>(249,369)</u>	<u>1,464,994</u>	<u>5,093</u>
NET ASSETS, OCTOBER 1	<u>621,618</u>	<u>4,126,860</u>	<u>(37,818)</u>
NET ASSETS, SEPTEMBER 30	<u>\$ 372,249</u>	<u>5,591,854</u>	<u>(32,725)</u>

See notes to financial statements

CITY OF FESTUS, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Business-type Activities - Enterprise Funds		Governmental Activities -
	Airport	Water And Sewer	Internal Service Fund
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash flows from operating activities:			
Receipts from customers and users	\$ 105,660	3,340,840	84,986
Payments to suppliers	(83,608)	(1,498,065)	(57,446)
Payments to employees	(29,017)	(655,740)	(44,091)
Net Cash Provided By (Used In) Operating Activities	<u>(6,965)</u>	<u>1,187,035</u>	<u>(16,551)</u>
Cash flows from noncapital financing activities:			
Due to other funds	20,217	46,366	(17,887)
Transfer in	-	-	34,438
Net Cash Provided By Noncapital Financing Activities	<u>20,217</u>	<u>46,366</u>	<u>16,551</u>
Cash flows from capital and financing activities:			
Payments of long-term debt	-	(312,042)	-
Proceeds from notes payable	-	1,932,598	-
Interest on debt	-	(425,256)	-
Acquisition and construction of capital assets	-	(3,301,244)	-
Net Cash Used In Capital And Financing Activities	<u>-</u>	<u>(2,105,944)</u>	<u>-</u>
Cash flows from investing activities:			
Miscellaneous income	-	125,000	-
Interest on investments	98	177,825	-
Net Cash Provided By Investing Activities	<u>98</u>	<u>302,825</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,350	(569,718)	-
CASH AND CASH EQUIVALENTS, OCTOBER 1	38,625	7,077,831	-
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 51,975	6,508,113	-
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (249,467)	334,858	(29,345)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	237,888	605,372	1,833
(Increase) decrease in:			
Accounts receivable	3,665	(51,168)	-
Prepaid items	(55)	(41,987)	(98)
Inventory	-	20,111	-
Increase (decrease) in:			
Accounts payable	1,062	268,872	10,254
Accrued liabilities	(58)	4,976	805
Customer deposits	-	10,937	-
Other liabilities	-	35,064	-
Total Adjustments	<u>242,502</u>	<u>852,177</u>	<u>12,794</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (6,965)</u>	<u>1,187,035</u>	<u>(16,551)</u>
Noncash capital activities:			
Contribution of capital assets	\$ -	1,295,746	-

See notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. The Financial Reporting Entity

The City defines its financial reporting entity in accordance with provisions established by the Governmental Accounting Standards Board (GASB). Such standards require inclusion of component units based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on that PCU or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City. The City's financial reporting entity consists of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. There are no separate financial statements prepared for the City's component units.

Discretely Presented Component Units

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

Festus Public Library Foundation, Inc. -- The component unit's governing body is appointed by the City's Board. The purpose of the component unit is to establish future expansion and repair of the library building, and to update and add to the collection of books, materials, and equipment in the library.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Property taxes, sales taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

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 primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

City Transportation -- The City Transportation is a Special Revenue Fund used to provide funding for transportation related expenses.

County Transportation -- The County Transportation is a Special Revenue Fund used to provide capital improvements to publicly maintained roads.

The City reports the following major proprietary fund:

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

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

Additionally, the City reports the following fund type:

Internal Service Fund -- Internal Service Fund is used to account for services provided to other departments of the City by the Vehicle Maintenance Fund. Charges for services are allocated to various City departments on a cost recovery basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Parking Facility Enterprise Fund and of the City's Internal Service Funds are charges for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

4. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

5. Cash, Cash Equivalents, and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that all investments be reported in the financial statements at fair value. Fair value is established as readily determinable current market value for equity and debt securities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is as follows:

	September 30 2004
Business-type Activities - Water and Sewer Enterprise Fund	<u>\$5,062</u>
Governmental Activities - General Fund	<u>\$79,864</u>

7. Due To/From Other Funds

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

8. Inventory and Prepaid Items

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

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

9. Restricted Assets

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

10. Capital Assets

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Capital Assets (Continued)

In accordance with GASB Statement No. 34, infrastructure assets constructed, purchased, or donated effective October 1, 2003 are reported in the government-wide financial statements.

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

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

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

The City had a change in estimate in the amount of \$415,400 due to the asset lives change in the business-type activities.

11. Compensated Absences

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

12. Deferred Revenue

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

13. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Long-Term Obligations (Continued)

in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. Fund Equity

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

15. Property Taxes

The City's property tax calendar is as follows:

- a. Property is assessed by the County on January 1 each year.
- b. The tax levy ordinance is adopted and filed with the county clerk on or before September 1.
- c. Property taxes are due to be collected on or before December 31.
- d. Property taxes attach as an enforceable lien on property as of January 1.

16. Grant Revenue

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the Fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as deferred revenue or amounts receivable from the grantor.

17. Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Interfund Transactions (Continued)

Transfers -- Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

18. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

Missouri state statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. government agencies and securities of the State of Missouri and of local governments in Missouri with populations greater than 400,000. Deposits in financial institutions in excess of federally insured amounts must be collateralized by securities pledged to the City by those same institutions. The collateral is required to be held by the City or by the trust department of a financial institution other than the pledging bank.

At September 30, 2004 the City's and the discretely presented component unit's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

The following is a reconciliation of the City's deposit and investment balances:

	<u>September 30, 2004</u>
	<u>Cash And Investments</u>
Government-wide statement of net assets	<u>\$9,839,496</u>

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end as: 1) insured or registered with securities held by the City or its agent in the City's name, 2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or 3) uninsured and unregistered for which the securities are held by the counterparty or by its trust department or agent, but not in the City's name.

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

	<u>September 30, 2004</u>			<u>Carrying Amount/ Fair Value</u>
	<u>Categories</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government agency securities	\$3,948,456	-	-	3,948,456
Repurchase agreements	-	1,000,000	-	1,000,000
	<u>\$3,948,842</u>	<u>1,000,000</u>	<u>-</u>	4,948,456
Guaranteed investment contracts				3,040,497
Money market funds				1,052,381
Amounts to reconcile to cash and investments				<u>798,162</u>
 Total Cash And Investments - Primary Government				 <u>\$9,839,496</u>
 Total Component Unit Cash Deposits				 <u>\$ 203,957</u>

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	<u>For The Year Ended September 30, 2004</u>			
	<u>Balance September 30 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30 2004</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$1,046,257	6,000	-	1,052,257
Construction in process	-	142,487	-	142,487
Total Capital Assets Not Being Depreciated	<u>1,046,257</u>	<u>148,487</u>	<u>-</u>	<u>1,194,744</u>
Capital assets being depreciated:				
Buildings and other improvements	3,293,190	36,394	-	3,329,584
Office equipment	222,675	6,456	8,490	220,641
Automotive equipment	2,416,788	250,041	67,742	2,599,087
Machinery and equipment	901,631	103,391	16,713	988,309
Infrastructure	<u>228,822</u>	<u>1,657,850</u>	<u>-</u>	<u>1,886,672</u>
Total Capital Assets Being Depreciated	<u>7,063,106</u>	<u>2,054,132</u>	<u>92,945</u>	<u>9,024,293</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	1,787,718	109,355	-	1,897,073
Office equipment	167,689	19,874	8,393	179,170
Automotive equipment	2,005,498	223,510	70,659	2,158,349
Machinery and equipment	634,965	100,508	11,635	723,838
Infrastructure	<u>10,120</u>	<u>50,320</u>	<u>-</u>	<u>60,440</u>
Total Accumulated Depreciation	<u>4,605,990</u>	<u>503,567</u>	<u>90,687</u>	<u>5,018,870</u>
Total Capital Assets Being Depreciated, Net	<u>2,457,116</u>	<u>1,550,565</u>	<u>2,258</u>	<u>4,005,423</u>
Governmental Activities Capital Assets, Net	<u>\$3,503,373</u>	<u>1,699,052</u>	<u>2,258</u>	<u>5,200,167</u>

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	<u>For The Year Ended September 30, 2004</u>			<u>Balance September 30 2004</u>
	<u>Balance September 30 2003</u>	<u>Additions</u>	<u>Reductions</u>	
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 158,814	75,000	-	233,814
Construction in progress	<u>839,797</u>	<u>2,977,382</u>	<u>130,236</u>	<u>3,686,943</u>
Total Capital Assets Not Being Depreciated	<u>998,611</u>	<u>3,052,382</u>	<u>130,236</u>	<u>3,920,757</u>
Capital assets being depreciated:				
Systems and improvements	6,145,600	1,494,956	18,231	7,622,325
Building and other improvements	1,328,707	1,975	-	1,330,682
Automotive equipment	257,986	-	-	257,986
Machinery and equipment	619,727	186,309	-	806,036
Furniture and fixtures	5,944	-	-	5,944
Computer equipment	<u>18,258</u>	<u>-</u>	<u>-</u>	<u>18,258</u>
Total Capital Assets Being Depreciated	<u>8,376,222</u>	<u>1,683,240</u>	<u>18,231</u>	<u>10,041,231</u>
Less - Accumulated depreciation for:				
Systems and improvements	1,117,947	386,386	-	1,504,333
Building and other improvements	698,587	255,993	-	954,580
Automotive equipment	87,165	64,185	-	151,350
Machinery and equipment	213,486	122,894	-	336,380
Furniture and fixtures	867	2,105	-	2,972
Computer equipment	<u>6,657</u>	<u>2,477</u>	<u>-</u>	<u>9,134</u>
Total Accumulated Depreciation	<u>2,124,709</u>	<u>834,040</u>	<u>-</u>	<u>2,958,749</u>
Total Capital Assets Being Depreciated, Net	<u>6,251,513</u>	<u>849,200</u>	<u>18,231</u>	<u>7,082,482</u>
Business-type Activities Capital Assets, Net	<u>\$7,250,124</u>	<u>3,901,582</u>	<u>148,467</u>	<u>11,003,239</u>

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

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	<u>For The Year Ended September 30 2004</u>
Governmental activities:	
Administration	\$ 73,231
Court	1,139
Building department	4,272
Police	90,301
Culture and dispatch	15,086
Fire	106,100
Street	145,520
Health	3,200
Library	10,061
Parks	52,824
Capital assets held by the City's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>1,833</u>
Total Depreciation Expense - Governmental Activities	<u>\$503,567</u>
Business-type activities:	
Airport	\$237,888
Water and sewer	<u>596,152</u>
Total Depreciation Expense - Business-type Activities	<u>\$834,040</u>

NOTE D - LONG-TERM DEBT

Long-term liability activity was as follows:

	For The Year Ended September 30, 2004				
	Balance September 30 2003	Additions	Reductions	Balance September 30 2004	Amounts Due Within One Year
	Governmental activities:				
Capital leases	\$192,658	-	87,086	105,572	54,645
Neighborhood Improvement District Bonds	631,654	-	-	631,654	21,657
Notes payable	<u>-</u>	<u>3,600,000</u>	<u>-</u>	<u>3,600,000</u>	<u>-</u>
Total Capital					
Leases And Bonds	824,312	3,600,000	87,086	4,337,226	76,302
Compensated absences	<u>80,619</u>	<u>28,382</u>	<u>17,966</u>	<u>91,035</u>	<u>17,826</u>
Total Governmental Activities Long- term Liabilities	<u>\$904,931</u>	<u>3,628,382</u>	<u>105,052</u>	<u>4,428,261</u>	<u>94,128</u>

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

	For The Year Ended September 30, 2004				
	Balance September 30 2003	Additions	Reductions	Balance September 30 2004	Amounts Due Within One Year
Business-type activities:					
Capital leases	\$ 72,748	-	13,131	59,617	16,864
Revenue bonds	9,380,000	-	270,000	9,110,000	345,000
Plus: Premium	237,296	-	12,166	225,130	-
Less: On Refunding	(316,090)	19,452	-	(296,638)	-
Neighborhood Improvement District Bonds	243,346	-	-	243,346	8,343
Note payable	<u>990,423</u>	<u>1,932,598</u>	<u>28,911</u>	<u>2,894,110</u>	<u>30,449</u>
Total Debt	10,607,723	1,952,050	324,208	12,235,565	400,656
Compensated absences	<u>6,743</u>	<u>2,972</u>	<u>1,619</u>	<u>8,096</u>	<u>1,619</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$10,614,466</u>	<u>1,955,022</u>	<u>325,827</u>	<u>12,243,661</u>	<u>402,275</u>

Capital Leases

	September 30 2004
Governmental activities:	
Capital lease \$24,250 for sewer cleaner, 2003 due in annual installments through April 4, 2008, interest payable at 5.13%.	\$ 19,872
Capital lease \$20,788 for police cars, 2003, due in annual installments through September 12, 2005, interest payable at 5.25%.	6,923
Capital lease \$120,514 for police cars, 2003, due in annual installments through December 23, 2005, interest payable at 3.95%.	<u>78,777</u>
	<u>\$105,572</u>

Business-type activities:

Capital lease \$72,748 for sewer cleaner, 2003, due in annual installments through April 4, 2008, interest payable at 5.13%.	<u>\$59,617</u>
--	-----------------

The total amount of the sewer cleaner capital lease is \$79,489. This amount is split between the governmental activities and the business-type activities.

The assets acquired through capital leases are as follows:

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

	Governmental Activities	Business-type Activities
Assets:		
Automobile equipment	\$141,302	-
Machinery and equipment	24,250	72,749
Less - Accumulated depreciation	<u>(43,987)</u>	<u>(18,187)</u>
Total	<u>\$121,565</u>	<u>54,562</u>

A schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of September 30, 2004 is as follows:

For The Years Ended September 30	Governmental Activities	Business-type Activities	Total
2005	\$ 54,645	16,864	29,772
2006	47,358	16,864	22,485
2007	5,621	16,864	22,485
2008	<u>5,621</u>	<u>16,864</u>	<u>22,485</u>
Total Minimum Lease Payments	113,245	67,456	97,227
Less - Amount representing interest	<u>7,673</u>	<u>7,839</u>	<u>10,814</u>
Present Value Of Future Minimum Lease Payments	<u>\$105,572</u>	<u>59,617</u>	<u>86,413</u>

Neighborhood Improvement District Bonds

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

September 30
2004

Governmental Activities:

\$631,654 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3% to 5.55%.

\$631,654

Business-type Activities:

\$243,346 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3% to 5.55%.

\$243,346

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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

For The Years Ended September 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 21,657	30,459	52,116	8,343	11,735	20,078
2006	25,266	29,730	54,996	9,734	11,454	21,188
2007	25,266	28,897	54,163	9,734	11,132	20,866
2008	25,266	27,899	53,165	9,734	10,748	20,482
2009	28,876	26,681	55,557	11,124	10,279	21,403
2010 - 2014	155,206	112,996	268,202	59,794	43,532	103,326
2015 - 2019	198,520	69,615	268,135	76,480	26,820	103,300
2020 - 2022	151,597	13,023	164,620	58,403	5,016	63,419
	<u>\$631,654</u>	<u>339,300</u>	<u>970,954</u>	<u>243,346</u>	<u>130,716</u>	<u>374,062</u>

September 30
2004

Governmental Activities:

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

\$1,800,000

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

1,800,000

\$3,600,000

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

Business-type Activities:

	<u>September 30</u> <u>2004</u>
Revenue Bonds Payable	
\$3,960,000 Revenue Bonds, Series 2003, due in annual installments through July 1, 2019, interest payable at 3.036%.	\$3,720,000
\$3,575,000 Revenue Bonds, Series 2002B, due in annual installments through July 2023, interest payable at 2.05% to 5.5%.	3,570,000
\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 1, 2022, interest payable at 3% to 5.375%.	<u>1,820,000</u>
	<u>\$9,110,000</u>
Notes Payable	
\$300,000 note payable for Pounds Sewer Project, due in monthly installments through January 2009, interest payable at 5.32%, secured by fire truck.	\$ 169,330
State Revolving Fund (SRF) - 2001C, no interest.	321,588
State Revolving Fund (SRF) - 2002B, no interest.	<u>2,403,192</u>
	<u>\$2,894,110</u>

The debt maturity of the bonds, excluding amounts maturing after September 30, 2004, which were re-mitted prior to the current fiscal year-end and the SRF note, are as follows:

<u>For The</u> <u>Years Ended</u> <u>September 30</u>	<u>Revenue Bonds</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 345,000	382,307	727,307	30,449	9,008	39,457
2006	360,000	372,241	732,241	32,069	7,388	39,457
2007	385,000	360,991	745,991	33,775	5,682	39,457
2008	490,000	348,741	838,741	35,572	3,886	39,458
2009	505,000	332,901	837,901	37,465	1,993	39,458
2010-2014	2,740,000	1,372,073	4,112,073	-	-	-
2015-2019	2,690,000	787,086	3,477,086	-	-	-
2020-2023	<u>1,595,000</u>	<u>181,500</u>	<u>1,776,500</u>	-	-	-
	<u>\$9,110,000</u>	<u>4,137,840</u>	<u>13,247,840</u>	<u>169,330</u>	<u>27,957</u>	<u>197,287</u>

NOTE D - LONG-TERM DEBT (Continued)

In conjunction with SRF - 2001C and 2002B notes, a reserve account has been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri.

When fully funded, this loan (reserve account) will be funded in an amount equal to 33.33% for the Series 2001C and 70% for the Series 2002B of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve account will be reduced such that the reserve account will equal 33.33% and 70%, respectively, of the remaining principal balance of such bonds.

The \$4,450,000 Series 2003 Revenue Bonds are in the name of the City. The Jefferson County Water Authority (the Authority) is using \$490,000 debt proceeds for construction costs and intends to pay the future debt service payments. Therefore, \$490,000 of the debt has been recorded on the books of the Authority.

NOTE E - EMPLOYEE RETIREMENT PLAN

1. Plan Description

The City participates in LAGERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

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

2. Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 3.2% (general) and 2.1% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost

For 2004, the City's annual pension cost of \$82,523 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and/or 2003 annual actuarial valuation using the entry age actuarial cost method. The ac-

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT PLAN (Continued)

3. Annual Pension Cost (Continued)

tuarial assumptions included a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 4.2% per year, depending on age attributable to seniority/merit; d) pre-retirement mortality based on the 1983 Group Annuity Mortality table; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2004 was 15 years.

Three-year trend information follows:

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
2004	\$ 82,523	100%
2003	89,958	100
2002	132,277	100

Schedule of funding progress follows:

<u>For The Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Excess Assets</u>
2004	\$5,423,055	\$4,611,882	\$ 811,173
2003	5,135,505	4,336,024	799,481
2002	4,986,573	3,856,007	1,130,566

<u>For The Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Excess Assets As A Percentage Of Covered Payroll</u>
2004	118%	\$2,951,382	27%
2003	118	2,839,119	28
2002	129	2,451,099	46

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations.

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - DUE FROM AND DUE TO OTHER FUNDS

Individual fund "due from" and "due to" amounts are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>September 30 2004</u>
General	Internal Service Fund	\$ 29,016
General	County Transportation	81,873
Nonmajor fund - Park	Nonmajor fund - Levee	42,673
Nonmajor funds - Debt Service	Water and Sewer Enterprise	<u>1,975</u>
Total		<u>\$155,537</u>

NOTE G - INTERFUND TRANSFERS

Individual fund transfers are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>September 30 2004</u>
General Fund	Nonmajor funds - Library	\$43,000
General Fund	Nonmajor funds - Fire Equipment	25,000
General Fund	Internal	34,438
Nonmajor funds - Federal Forfeiture	General Fund	(29,693)
General Fund	Nonmajor funds - Community Development Block Grant	<u>682</u>
		<u>\$73,427</u>

Lowes provided infrastructure water and sewer assets to the General Fund related to the note payable agreement of \$959,099. When these assets were transferred to the Water and Sewer Fund, the amount was reflected in the government-wide statements.

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use restricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE H - INSURANCE

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a state-wide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and mu-

NOTE H - INSURANCE (Continued)

nicipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and has a June 30 anniversary date.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

NOTE I - LITIGATION

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. It is management's opinion that any liability resulting from claims in excess of insurance coverage will not have a material effect on the financial statements of the City at September 30, 2004.

NOTE J - COMMITMENTS

The City has commitments related to a construction contract for the expansion of water and sewer facilities, a wastewater treatment plant, and bridges amounting to \$134,247 at September 30, 2004.

NOTE K - FESTUS-CRYSTAL CITY SEWERAGE TREATMENT COMMISSION

The City of Festus and the City of Crystal City, Missouri participate in the Festus-Crystal City Sewerage Treatment Commission (the Commission) which was formed for the purpose of operating and maintaining a sewerage treatment facility for the two cities. Both City Councils appoint two members to the Commission. The City of Festus is committed to pay monthly to the Commission an amount equal to 60% of the previous month's costs of operation and maintenance of the shared facility and repairs and replacements of equipment as well as to contribute an additional \$500 per month. City of Crystal City is committed to pay the remaining 40% of described costs and additional contribution of \$350 per month. Complete financial statements of the Commission can be obtained directly from its administrative offices. The City accounts for its participation in this joint venture under the equity method of accounting to reflect its 60% ownership of the Commission. The City's interest in the joint venture at September 30, 2004 is \$625,732 and its share of the Commission's net loss before adding back depreciation on assets financed by grants from other governments is \$40,943. Depreciation on assets financed by grants from other governments, \$29,335, is reflected in the statement of revenues, expenses, and changes in retained earnings and is due to depreciation expense for fixed assets maintained by the Commission which were purchased with Commission assets. Depreciation expense is charged against contributed

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - FESTUS-CRYSTAL CITY SEWERAGE TREATMENT COMMISSION (Continued)

capital. For the year ended September 30, 2004, the City's cost for sewerage treatment services provided by the Commission was \$191,888.

The following paragraph is unaudited:

The Commission maintains its accounts on the cash basis. Total assets and equity of the Commission at September 30, 2004 were both \$1,019,912. Commission management stated that no long-term liabilities were outstanding at September 30, 2004. For the year ended September 30, 2004, total receipts, disbursements, and depreciation were \$374,480; \$374,480; and \$68,238, respectively, and total capital contributions were \$10,200, resulting in a net decrease in the Commission's equity of \$58,038.

NOTE L - CONCENTRATION

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

NOTE M - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCES

During fiscal year 2004, the City adopted GASB Statement No. 34 (GASB No. 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37 (GASB No. 37), *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38 (GASB No. 38), *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Additionally, the City's statement of net assets includes capital assets and long-term liabilities of the City which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. In addition to the fixed assets previously recorded in the General Fixed Assets Account Group, the City capitalized infrastructure assets acquired on or after October 1, 2003. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the City's General Fund, City Transportation Fund, County Transportation Fund, and other governmental funds, which is similar to that pre-

CITY OF FESTUS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE M - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCES
(Continued)

viously presented for these funds in the City's financial statements, although the format of financial statements has been modified by GASB No. 34.

GASB No. 34 also includes, as required supplementary information, Management's Discussion and Analysis (MD&A), which provides an analytical overview of the City's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results for the General Fund, City Transportation Fund, and County Transportation Fund.

GASB No. 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB No. 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended including descriptions of activities of major funds, future debt service and lease obligations in five year increments, and interfund balances and transactions.

These statements had a significant effect on the City's financial reporting model. All statements were retroactively applied to October 1, 2003. Restatement of net assets within the government-wide governmental activities financial statements is as follows:

General Fund	\$1,651,741
Special Revenue Funds	1,670,578
Debt Service Fund	110,522
Internal Service Fund	<u>(37,818)</u>
Total Fund Equity, September 30, 2003, As Restated	3,395,023
Required GASB No. 34 adjustments:	
Capital assets, net accumulated depreciation	3,500,873
Long-term and other liabilities	<u>(907,061)</u>
Revenue recognition	<u>95,839</u>
Total Net Assets, September 30, 2003	<u>\$6,084,674</u>

The previously stated net assets/fund balance have been adjusted as follows:

	<u>General Fund</u>	<u>City Trans- portation</u>	<u>Internal Service Fund</u>	<u>Other Governmen- tal Funds</u>	<u>Airport Enterprise Fund</u>	<u>Water And Sewer Enterprise Fund</u>
Net assets/fund balances, September 30, 2003, as previously reported	\$1,594,412	822,630	(40,318)	765,914	135,837	3,276,875
Restatement for:						
Receivables	(9,583)	-	-	-	-	-
Compensated absences	66,912	6,925	-	5,358	-	-
Capital assets	-	-	-	-	351,358	(78,966)
Contributed capital	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>134,423</u>	<u>928,951</u>
Net Assets/Fund Balances, September 30, 2003, As Restated	<u>\$1,651,741</u>	<u>829,555</u>	<u>(37,818)</u>	<u>771,272</u>	<u>621,618</u>	<u>4,126,860</u>

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF FESTUS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Property taxes	\$ 149,682	149,682	156,070	6,388
Taxes - other	2,974,890	2,974,890	3,235,036	260,146
Intergovernmental	15,000	15,000	10,638	(4,362)
Licenses and permits	175,000	175,000	270,171	95,171
Fines and penalties	254,200	254,200	306,610	52,410
Investment income	7,500	7,500	8,595	1,095
Other	53,300	53,300	70,224	16,924
Service charges	571,325	571,325	626,542	55,217
Total Revenues	<u>4,200,897</u>	<u>4,200,897</u>	<u>4,683,886</u>	<u>482,989</u>
EXPENDITURES				
Current:				
Administration	543,216	547,175	505,835	(41,340)
Court	243,629	246,265	221,037	(25,228)
Building department	208,344	210,223	206,791	(3,432)
Police	1,831,932	1,821,417	1,770,456	(50,961)
Dispatch	403,393	405,342	387,538	(17,804)
Fire	230,481	235,481	222,535	(12,946)
Street	18,747	22,674	21,191	(1,483)
Nondepartmental	629,293	629,293	669,967	40,674
Capital outlay	240,122	239,622	204,237	(35,385)
Debt service:				
Principal	6,578	6,578	6,578	-
Interest and fiscal charges	709	709	709	-
Total Expenditures	<u>4,356,444</u>	<u>4,364,779</u>	<u>4,216,874</u>	<u>(147,905)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(155,547)</u>	<u>(163,882)</u>	<u>467,012</u>	<u>630,894</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	36,260	36,260	29,693	(6,567)
Transfers out	(102,438)	(102,438)	(103,120)	-
Total Other Financing Sources (Uses)	<u>(66,178)</u>	<u>(66,178)</u>	<u>(73,427)</u>	<u>(6,567)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (221,725)</u>	<u>(230,060)</u>	<u>393,585</u>	<u>623,645</u>
FUND BALANCE, OCTOBER 1			<u>1,651,741</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 2,045,326</u>	

CITY OF FESTUS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CITY TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - other	\$ 973,675	973,675	1,107,884	134,209
Intergovernmental	-	-	880	880
Special assessments	100	100	349	249
Investment income	4,500	4,500	6,095	1,595
Other	2,650	2,650	10,003	7,353
Total Revenues	<u>980,925</u>	<u>980,925</u>	<u>1,125,211</u>	<u>144,286</u>
EXPENDITURES				
Current:				
Public works	780,617	785,633	757,504	(28,129)
Capital outlay	112,709	140,138	123,606	(16,532)
Debt service:				
Principal	-	-	4,377	4,377
Interest and fiscal charges	-	-	1,244	1,244
Total Expenditures	<u>893,326</u>	<u>925,771</u>	<u>886,731</u>	<u>(39,040)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ 87,599</u>	<u>55,154</u>	238,480	<u>183,326</u>
FUND BALANCE, OCTOBER 1			<u>829,555</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 1,068,035</u>	

CITY OF FESTUS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COUNTY TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Taxes - other	\$ 460,036	381,361	(78,675)
Intergovernmental	1,690,990	1,032,067	(658,923)
Investment income	400	254	(146)
Other	-	510	510
Total Revenues	<u>2,151,426</u>	<u>1,414,192</u>	<u>(737,234)</u>
EXPENDITURES			
Current:			
Public works	381,950	141,250	(240,700)
Capital outlay	<u>2,195,659</u>	<u>1,245,927</u>	<u>(949,732)</u>
Total Expenditures	<u>2,577,609</u>	<u>1,387,177</u>	<u>(1,190,432)</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>\$ (426,183)</u>	27,015	<u>453,198</u>
FUND BALANCE, OCTOBER 1		<u>180,273</u>	
FUND BALANCE, SEPTEMBER 30		<u>\$ 207,288</u>	

CITY OF FESTUS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Explanation of Budgetary Process

Budgets are adopted on an accrual basis. An annual appropriated budget is adopted for the governmental funds except proceeds from notes payable and related expenses. All annual appropriations lapse at fiscal year-end.

In August all departments submit requests for appropriation to the City's budget committee so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. During September the budget is presented to the City Council for review. Prior to October 1 the budget is enacted by City Council through passage of an ordinance. Expenditures may not legally exceed budgeted appropriations at the activity level. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original budget ordinance. The City Administrator is authorized to transfer appropriations between budget line items within departments. The City Council must approve transfers between funds and departments.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004

	<u>Special Revenue Funds</u>					
	<u>Health</u>	<u>Library</u>	<u>Park</u>	<u>Fire Equipment</u>	<u>Law Enforcement Training</u>	<u>Public Works Building Rehabilitation</u>
ASSETS						
Cash and investments	\$ 113,350	55,335	123,095	137,405	3,235	88,394
Restricted cash and investments	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Taxes	2,745	3,774	3,774	-	-	-
Special assessments	4,867	-	-	-	-	-
Interest	269	132	254	375	-	185
Other	531	2,626	730	-	-	-
Prepaid items	2,011	6,051	12,214	-	-	-
Due from other funds	-	-	42,673	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 123,773</u>	<u>67,918</u>	<u>182,740</u>	<u>137,780</u>	<u>3,235</u>	<u>88,579</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 412	8,613	4,591	-	-	-
Accrued payroll	2,031	3,617	5,622	-	-	-
Accrued payroll liabilities - other	84	105	380	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	7,612	4,473	3,774	-	-	-
Other liabilities	-	-	1,280	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>10,139</u>	<u>16,808</u>	<u>15,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Reserved for:						
Prepaid items	2,011	6,051	12,214	-	-	-
Encumbrances	-	5,035	-	-	-	-
Debt Service	-	-	-	-	-	-
Unreserved:						
Special Revenue Funds	111,623	40,024	154,879	137,780	3,235	88,579
Total Fund Balances	<u>113,634</u>	<u>51,110</u>	<u>167,093</u>	<u>137,780</u>	<u>3,235</u>	<u>88,579</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities And Fund Balances	<u>\$ 123,773</u>	<u>67,918</u>	<u>182,740</u>	<u>137,780</u>	<u>3,235</u>	<u>88,579</u>

(Continued)

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
SEPTEMBER 30, 2004

	<u>Special Revenue Funds</u>					<u>Totals</u>
	<u>Levee Tax</u>	<u>Tourism Tax</u>	<u>Sales Tax Reimbursement</u>	<u>Federal Forfeiture</u>	<u>Debt Service</u>	
ASSETS						
Cash and investments	16,439	37,882	64,441	69,437	-	709,013
Restricted cash and investments	-	-	-	-	79,347	79,347
Receivables (net of allowance for uncollectibles):						
Taxes	85,346	17,202	37,974	-	-	150,815
Special assessments	-	-	-	-	584,776	589,643
Interest	-	-	-	143	-	1,358
Other	1,750	-	-	-	-	5,637
Prepaid items	-	-	-	-	-	20,276
Due from other funds	-	-	-	-	1,975	44,648
Total Assets	103,535	55,084	102,415	69,580	666,098	1,600,737
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	11,405	5,363	-	-	-	30,384
Accrued payroll	-	-	-	-	-	11,270
Accrued payroll liabilities - other	-	-	-	-	-	569
Due to other funds	42,673	-	-	-	-	42,673
Deferred revenue	3,000	-	-	-	584,776	603,635
Other liabilities	-	-	-	-	-	1,280
Total Liabilities	57,078	5,363	-	-	584,776	689,811
Fund Balances						
Reserved for:						
Prepaid items	-	-	-	-	-	20,276
Encumbrances	-	6,458	-	-	-	11,493
Debt Service	-	-	102,415	-	81,322	183,737
Unreserved:						
Special Revenue Funds	46,457	43,263	-	69,580	-	695,420
Total Fund Balances	46,457	49,721	102,415	69,580	81,322	910,926
Total Liabilities And Fund Balances	103,535	55,084	102,415	69,580	666,098	1,600,737

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue Funds						
	Health	Library	Park	Fire Equipment	Law Enforcement	Local Law Enforcement Block Grant	Public Works Building Rehabilitation
REVENUES							
Property taxes	\$ 85,222	117,181	117,181	-	-	-	-
Taxes - other	-	-	273,126	-	-	-	-
Intergovernmental	-	12,209	454	-	6,969	11,217	-
Investment income	928	561	941	1,271	3	13	733
Other	3,963	22,434	87,522	-	-	1,246	-
Total Revenues	<u>90,113</u>	<u>152,385</u>	<u>479,224</u>	<u>1,271</u>	<u>6,972</u>	<u>12,476</u>	<u>733</u>
EXPENDITURES							
Current:							
Police	-	-	-	-	6,849	-	-
Health	73,293	-	-	-	-	-	-
Library	-	169,648	-	-	-	-	-
Parks	-	-	392,039	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-
Capital outlay	-	18,445	37,580	29,129	-	12,476	6,387
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	<u>73,293</u>	<u>188,093</u>	<u>429,619</u>	<u>29,129</u>	<u>6,849</u>	<u>12,476</u>	<u>6,387</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>16,820</u>	<u>(35,708)</u>	<u>49,605</u>	<u>(27,858)</u>	<u>123</u>	<u>-</u>	<u>(5,654)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	43,000	-	25,000	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>43,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	16,820	7,292	49,605	(2,858)	123	-	(5,654)
FUND BALANCES (DEFICIT), OCTOBER 1	<u>96,814</u>	<u>43,818</u>	<u>117,488</u>	<u>140,638</u>	<u>3,112</u>	<u>-</u>	<u>94,233</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 113,634</u>	<u>51,110</u>	<u>167,093</u>	<u>137,780</u>	<u>3,235</u>	<u>-</u>	<u>88,579</u>

(Continued)

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue Funds						Totals
	Levee Tax	Tourism Tax	Community Development Block Grant	Sales Tax Reimbursement	Federal Forfeiture	Debt Service	
REVENUES							
Property taxes	-	-	-	-	-	-	319,584
Taxes - other	273,126	68,139	-	102,399	-	-	716,790
Intergovernmental	-	-	-	-	-	-	30,849
Investment income	1,231	127	-	16	566	478	6,868
Other	-	-	-	-	16,302	-	131,467
Total Revenues	<u>274,357</u>	<u>68,266</u>	<u>-</u>	<u>102,415</u>	<u>16,868</u>	<u>478</u>	<u>1,205,558</u>
EXPENDITURES							
Current:							
Police	-	-	-	-	-	-	6,849
Health	-	-	-	-	-	-	73,293
Library	-	-	-	-	-	-	169,648
Parks	-	-	-	-	-	-	392,039
Nondepartmental	1,992	9,800	-	-	3,894	-	15,686
Capital outlay	223,847	48,099	-	-	-	-	375,963
Debt service:							
Principal	-	-	-	-	41,737	-	41,737
Interest and fiscal charges	-	-	-	-	-	29,678	29,678
Total Expenditures	<u>225,839</u>	<u>57,899</u>	<u>-</u>	<u>-</u>	<u>45,631</u>	<u>29,678</u>	<u>1,104,893</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>48,518</u>	<u>10,367</u>	<u>-</u>	<u>102,415</u>	<u>(28,763)</u>	<u>(29,200)</u>	<u>100,665</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	682	-	-	-	68,682
Transfers out	-	-	-	-	(29,693)	-	(29,693)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>682</u>	<u>-</u>	<u>(29,693)</u>	<u>-</u>	<u>38,989</u>
NET CHANGE IN FUND BALANCES	48,518	10,367	682	102,415	(58,456)	(29,200)	139,654
FUND BALANCES (DEFICIT), OCTOBER 1	(2,061)	39,354	(682)	-	128,036	110,522	771,272
FUND BALANCES, SEPTEMBER 30	<u>46,457</u>	<u>49,721</u>	<u>-</u>	<u>102,415</u>	<u>69,580</u>	<u>81,322</u>	<u>910,926</u>

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HEALTH SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Property taxes	\$ 82,195	82,195	85,222	3,027
Investment income	900	900	928	28
Other	3,550	3,550	3,963	413
Total Revenues	<u>86,645</u>	<u>86,645</u>	<u>90,113</u>	<u>3,468</u>
EXPENDITURES				
Current:				
Health	<u>73,682</u>	<u>76,912</u>	<u>73,293</u>	<u>(3,619)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ 12,963</u>	<u>9,733</u>	16,820	<u>7,087</u>
FUND BALANCE, OCTOBER 1			<u>96,814</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 113,634</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Property taxes	\$ 112,957	117,181	4,224
Intergovernmental	12,813	12,209	(604)
Investment income	600	561	(39)
Other	19,200	22,434	3,234
Total Revenues	<u>145,570</u>	<u>152,385</u>	<u>6,815</u>
EXPENDITURES			
Current:			
Library	179,311	169,648	(9,663)
Capital outlay	17,700	18,445	745
Total Expenditures	<u>197,011</u>	<u>188,093</u>	<u>(8,918)</u>
REVENUES OVER (UNDER) EXPENDITURES	(51,441)	(35,708)	15,733
OTHER FINANCING SOUCES (USES)			
Transfer in	<u>43,000</u>	<u>43,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (8,441)</u>	<u>7,292</u>	<u>15,733</u>
FUND BALANCE, OCTOBER 1		<u>43,818</u>	
FUND BALANCE, SEPTEMBER 30		<u>\$ 51,110</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARK SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 112,957	112,957	117,181	4,224
Taxes - other	247,314	247,314	273,126	25,812
Intergovernmental	38,000	38,000	454	(37,546)
Investment income	750	750	941	191
Other	62,672	62,672	87,522	24,850
Total Revenues	<u>461,693</u>	<u>461,693</u>	<u>479,224</u>	<u>17,531</u>
EXPENDITURES				
Current:				
Parks	406,939	409,712	392,039	(17,673)
Capital outlay	84,988	84,988	37,580	(47,408)
Total Expenditures	<u>491,927</u>	<u>494,700</u>	<u>429,619</u>	<u>(65,081)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ (30,234)</u>	<u>(33,007)</u>	49,605	<u>82,612</u>
FUND BALANCE, OCTOBER 1			<u>117,488</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 167,093</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FIRE EQUIPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 1,000	1,000	1,271	271
EXPENDITURES				
Capital outlay	-	29,150	29,129	(21)
REVENUES OVER (UNDER) EXPENDITURES	1,000	(28,150)	(27,858)	292
OTHER FINANCING SOURCES (USES)				
Transfer in	25,000	25,000	25,000	-
NET CHANGE IN FUND BALANCE	<u>\$ 26,000</u>	<u>(3,150)</u>	(2,858)	<u>292</u>
FUND BALANCE, OCTOBER 1			<u>140,638</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 137,780</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Intergovernmental	\$ 7,000	6,969	(31)
Investment income	10	3	(7)
Total Revenues	7,010	6,972	(38)
EXPENDITURES			
Current:			
Police	9,000	6,849	(2,151)
REVENUES OVER (UNDER)			
EXPENDITURES	\$ (1,990)	123	2,113
FUND BALANCE, OCTOBER 1		3,112	
FUND BALANCE, SEPTEMBER 30		\$ 3,235	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Intergovernmental	\$ 11,217	11,217	-
Investment income	-	13	13
Other	1,246	1,246	-
Total Revenues	12,463	12,476	13
EXPENDITURES			
Capital outlay	12,547	12,476	(71)
REVENUES OVER (UNDER)			
EXPENDITURES	\$ (84)	-	84
FUND BALANCE, OCTOBER 1		-	
FUND BALANCE, SEPTEMBER 30		\$ -	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC WORKS BUILDING REHABILITATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ 650	733	83
EXPENDITURES			
Capital outlay	20,000	6,387	(13,613)
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (19,350)</u>	(5,654)	<u>13,696</u>
FUND BALANCE, OCTOBER 1		<u>94,233</u>	
FUND BALANCE, SEPTEMBER 30		<u>\$ 88,579</u>	

CITY OF FESTUS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LEVEE TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes - other	\$ 247,314	273,126	25,812
Investment income	-	1,231	1,231
Total Revenues	<u>247,314</u>	<u>274,357</u>	<u>27,043</u>
EXPENDITURES			
Current:			
Nondepartmental	1,500	1,992	492
Capital outlay	300,000	223,847	(76,153)
Total Expenditures	<u>301,500</u>	<u>225,839</u>	<u>(75,661)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (54,186)</u>	48,518	<u>102,704</u>
FUND BALANCE (DEFICIT), OCTOBER 1		<u>(2,061)</u>	
FUND BALANCE, SEPTEMBER 30		<u>\$ 46,457</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TOURISM TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes - other	\$ 60,000	68,139	8,139
Investment income	-	127	127
Total Revenues	<u>60,000</u>	<u>68,266</u>	<u>8,266</u>
EXPENDITURES			
Current:			
Nondepartmental	10,000	9,800	(200)
Capital outlay	79,000	48,099	(30,901)
Total Expenditures	<u>89,000</u>	<u>57,899</u>	<u>(31,101)</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>\$ (29,000)</u>	10,367	<u>39,367</u>
FUND BALANCE, OCTOBER 1		<u>39,354</u>	
FUND BALANCE, SEPTEMBER 30		<u>\$ 49,721</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SALES TAX REIMBURSEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - other	\$ -	123,750	102,399	(21,351)
Investment income	-	-	16	16
Total Revenues	<u>-</u>	<u>123,750</u>	<u>102,415</u>	<u>(21,335)</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ -</u>	<u>123,750</u>	<u>102,415</u>	<u>(21,335)</u>
FUND BALANCE, OCTOBER 1			<u>-</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 102,415</u>	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL FORFEITURE SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Investment income	\$ 200	566	366
Other	-	16,302	16,302
Total Revenues	200	16,868	16,668
EXPENDITURES			
Current:			
Nondepartmental	-	3,894	3,894
Debt service:			
Principal	51,200	41,737	(9,463)
Total Expenditures	51,200	45,631	(5,569)
REVENUES OVER (UNDER) EXPENDITURES	(51,000)	(28,763)	22,237
OTHER FINANCING SOURCES (USES)			
Transfer out	(36,260)	(29,693)	-
NET CHANGE IN FUND BALANCE	\$ (87,260)	(58,456)	22,237
FUND BALANCE, OCTOBER 1		128,036	
FUND BALANCE, SEPTEMBER 30		\$ 69,580	

CITY OF FESTUS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ -	-	478	478
EXPENDITURES				
Debt service:				
Principal	243,980	-	-	-
Interest and fiscal charges	2,800	33,585	29,678	(3,907)
Total Expenditures	<u>246,780</u>	<u>33,585</u>	<u>29,678</u>	<u>(3,907)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ (246,780)</u>	<u>(33,585)</u>	(29,200)	<u>4,385</u>
FUND BALANCE, OCTOBER 1			<u>110,522</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 81,322</u>	