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Audit of Financial Statements, 2005

City of Eureka

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CITY OF EUREKA, MISSOURI
AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

CITY OF EUREKA, MISSOURI

CASH BASIS FINANCIAL STATEMENTS

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CITY OF EUREKA, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Eureka, Missouri

Dear Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eureka, Missouri as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Eureka, Missouri at June 30, 2005, and the respective changes in financial position and cash flows – cash basis, where applicable, thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 30 through 35, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Eureka, Missouri's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor governmental fund financial statements have 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 financial statements taken as a whole.

Crosby + Crosby P.C.
Certified Public Accountants

January 26, 2006
Kirkwood, Missouri

UNAUDITED

**City of Eureka, Missouri
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2005**

The discussion and analysis of the City of Eureka's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

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

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2005 include the following:

- Wastewater Treatment Plant expansion project is continuing at a cost so far of \$3,500,000, with an estimated total cost of \$4,000,000 upon completion in fiscal year ending June 30, 2007.
- Sales tax collections in the combined city-wide and TIF areas have increased by 2%, while property taxes in the combined areas have increased by 10%.
- The Forby Road water tank and main were completed with a current cost of \$400,000.
- Water disinfection project is in progress with a current cost of \$800,000. Anticipated completion in fiscal year ending June 30, 2006 will result in a total project cost of \$1,600,000.
- The \$500,000 balance of the Eureka-Allenton Road property purchase was paid.
- Storm water control projects were performed at a cost of \$300,000.

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- The Old Town Transportation Development District became effective January 1, 2005 with businesses in that district collecting the applicable ¾ of 1% sales tax to finance the improvements. The activity of this financing and sales tax is not reflected on the financial statements of the City.

Using the Basic Financial Statements

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

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

Government-wide Financial Analysis

The City's net assets (cash basis) and the government-wide ending fund balances (cash basis) were \$7,812,570.42. This represents a 4.7% decrease from the Fiscal Year ending June 30, 2004. Net assets of the City at June 30, 2005, reflect the City's total assets of cash and investments (net), of which \$465,095.82 is unrestricted.

**Revenue and Expenditure Comparison
Years Ending June 30, 2004 and 2005**

	<u>2003-04</u>	<u>% of Total</u>	<u>2004-05</u>	<u>% of Total</u>
Revenue all Funds				
Taxes	6,335,193.74	65.23%	6,436,299.25	68.40%
Licenses and Permits	450,786.24	4.64%	441,183.48	4.69%
Charges for Services	1,501,127.27	15.46%	1,409,672.15	14.98%
Fines and Forfeitures	351,074.96	3.61%	388,655.82	4.13%
Federal Grants	30,650.03	0.32%	-0-	0%
State Distributions	105,057.95	1.08%	166,182.73	1.77%
Interest	305,244.38	3.14%	223,116.67	2.37%
Collections	22,637.50	0.23%	24,707.50	0.26%
Contributions	4,238.67	0.04%	11,596.10	0.12%
Bond Lease Proceeds	365,015.00	3.76%	-0-	0%
Miscellaneous	241,150.76	2.48%	308,837.68	3.28%
Total	<u>9,712,176.50</u>	<u>100.00%</u>	<u>9,410,251.38</u>	<u>100.00%</u>

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Expenditures all Funds

General Government	1,091,312.25	10.56%	1,191,852.17	12.16%
Public Safety	2,090,150.30	20.22%	2,297,624.33	23.45%
Park Department	298,557.30	2.89%	311,130.77	3.18%
Building Maintenance	69,355.67	0.67%	91,641.90	0.94%
Public Works	841,111.99	8.13%	889,977.20	9.08%
Operating	1,320,674.92	12.77%	1,153,686.91	11.78%
Capital Outlay	4,319,133.19	41.77%	3,477,714.75	35.49%
Bond Principal & Interest	309,173.72	2.99%	384,450.06	3.92%
Total	<u>10,339,469.34</u>	<u>100.00%</u>	<u>9,798,078.09</u>	<u>100.00%</u>

Governmental Funds Activities:

Revenues Collected	<u>2003-2004</u>	<u>2004-2005</u>
Program Revenues collected		
Charges for services	\$ 1,171,258.05	\$ 1,030,958.96
Operating Grants & Contributions	198,038.15	81,653.61
General revenues collected:		
Property Taxes	1,141,312.85	1,255,829.71
Franchise and Public Service Taxes	715,559.31	769,736.08
Sales Tax	4,478,321.58	4,568,119.19
Investment Income	285,964.51	217,303.77
Sales of Assets	13,170.11	12,280.00
Bond Lease Proceeds	365,015.00	-0-
Miscellaneous	100,197.84	214,495.16
Transfers between funds	<u>599,200.00</u>	<u>462,000.00</u>
Total Revenues Collected	<u>\$9,068,037.40</u>	<u>\$8,612,376.48</u>
Expenses Paid		
Administrative	1,091,312.25	1,191,852.17
Police Department	2,090,150.30	2,297,624.33
Building Maintenance	69,355.67	91,641.90
Park Department	298,557.30	311,130.77
Public Works	841,111.99	889,977.20
Operating	456,995.21	366,715.68
Capital Outlay	4,319,133.19	3,477,714.75
Bond Principal	150,000.00	250,000.00
Bond Interest and Fees	<u>159,173.72</u>	<u>134,450.06</u>
Total Expenses Paid	<u>9,475,789.63</u>	<u>9,011,106.86</u>
Changes in net assets	(407,752.23)	(398,730.38)
Net Assets, July 1	<u>8,498,503.46</u>	<u>8,090,751.23</u>
Net Assets, July 1	<u>\$ 8,090,751.23</u>	<u>\$7,692,020.85</u>

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Business Type Activities:

	<u>2003-2004</u>	<u>2004-2005</u>
<u>Water Operating Fund</u>		
Revenue	\$ 607,261.92	\$ 622,904.61
Expenses/Transfers	<u>797,720.46</u>	<u>607,926.47</u>
Net Income/Loss	\$ (190,458.54)	\$ 14,978.14
Retained Earnings, July 1	<u>265,282.30</u>	<u>74,823.76</u>
Retained Earnings, June 30	\$ <u>74,823.76</u>	\$ <u>89,801.90</u>
<u>Sewer Operating Fund</u>		
Revenue	\$ 171,563.65	\$ 178,566.36
Expenses/Transfers	<u>199,674.30</u>	<u>179,028.44</u>
Net Income/Loss	\$ (28,110.65)	\$ (462.08)
Retained Earnings, July 1	<u>56,195.78</u>	<u>28,085.13</u>
Retained Earnings, June 30	\$ <u>28,085.13</u>	\$ <u>27,623.05</u>
<u>Solid Waste Management Fund</u>		
Revenue/Transfers	\$ 494,513.53	\$ 458,403.93
Expenditures	<u>495,484.95</u>	<u>462,016.32</u>
Net Income/Loss	\$ (971.42)	\$ (3,612.39)
Retained Earnings, July 1	<u>7,708.43</u>	<u>6,737.01</u>
Retained Earnings, June 30	\$ <u>6,737.01</u>	\$ <u>3,124.62</u>

Water Operating transfers are used to fund construction costs in addition to regular operating expenses. Transfers of funds between Water Operating and Sewer Operating to cover expenses are allowable by ordinance.

Sewer Operating expense for sludge removal was approximately \$41,000 less and utilities were higher by \$20,000 in FY 2004-05 due to the new wastewater treatment plant becoming fully operational in early in the fiscal year.

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General Fund Budgetary Highlights

On July 6, 2004, the City adopted its original budget for the fiscal year ended June 30, 2005. The final budget was adopted August 24, 2004, and it was amended June 15, 2005, to reflect adjustments which were made during the year. Overall, General Fund revenues increased 1% as compared with projections. Taxes collected were down 1% from budget, due to less telecommunications gross receipts tax collected than anticipated. Police fines were 13% greater than budget. Police expenditures were 3% less than projections. Administration expenditures were 4.8% less than projections. Total expenditures were 7.7% less than budget.

Capital Assets and Debt Administration

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

At year end the City had capital lease debt in the amount of \$ 4,120,000.00

Fiscal Year 2005-06 Projections

The assessed property valuation is expected to increase by approximately 7.4%. The tax rates for real estate and personal property will remain the same. Employee wages will be increased by 3%.

The West Fifth Street TIF and South I-44 TIF projects will be terminated in Fiscal Year 2005-06. Any balances in those funds prior to termination will be refunded to St. Louis County, and excess revenue transfers will be made to the General, Capital Improvement, and Storm Water/Parks Funds. Subsequent taxes collected from the TIF areas will flow to the General, Capital Improvement, and Storm Water/Parks Funds.

The balance of the wastewater treatment plant expansion and the water system disinfection projects are estimated at a cost of \$475,000 in Fiscal Year 2005-06. Bridge replacements are planned at a cost of approximately \$1,000,000 and storm water projects are planned at approximately \$1,100,000. Additional other capital improvements are estimated at \$2,000,000.

Contacting the City's Financial Management

While this Management's Discussion & Analysis is designed to provide a general overview of the cash basis financial condition and operations of the City, citizens, tax payers and creditors may want further details. To obtain such details, please contact Craig Sabo, City Administrator, or Karen Crayne, Finance Director, at the Eureka City Hall, 100 City Hall Drive, P. O. Box 125, Eureka, Missouri, 63025 or call (636) 938-5233 during regular office hours, Monday through Friday, 8:00am to 5:00pm.

CITY OF EUREKA, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 344,546.25	\$ 120,549.57	\$ 465,095.82
Restricted Assets			
Cash and Investments	<u>7,347,474.60</u>	<u> </u>	<u>7,347,474.60</u>
Total Assets	<u>7,692,020.85</u>	<u>120,549.57</u>	<u>7,812,570.42</u>
 <u>LIABILITIES</u>			
None	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET ASSETS</u>			
Restricted for:			
Construction	2,788,457.41	-	2,788,457.41
TIF Projects	4,152,073.79		4,152,073.79
Debt Service	370,304.34		370,304.34
Deposits	19,005.85		19,005.85
Other	17,633.21		17,633.21
Unrestricted	<u>344,546.25</u>	<u>120,549.57</u>	<u>465,095.82</u>
Total Net Assets	<u>\$ 7,692,020.85</u>	<u>\$ 120,549.57</u>	<u>\$ 7,812,570.42</u>

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

CITY OF EUREKA, MISSOURI
 STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues Received			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
Governmental Activities:							
Administration	\$ 1,191,852.17	\$ 279,800.74	\$ -	\$ -	\$ (912,051.43)	\$ -	\$ (912,051.43)
Police Department	2,297,624.33	413,363.32	33,016.61	-	(1,851,244.40)	-	(1,851,244.40)
Building Maintenance	91,641.90	-	-	-	(91,641.90)	-	(91,641.90)
Park Department	311,130.77	91,134.25	48,637.00	-	(171,359.52)	-	(171,359.52)
Public Works	889,977.20	155,995.88	-	-	(733,981.32)	-	(733,981.32)
Operating	366,715.68	90,664.77	-	-	(276,050.91)	-	(276,050.91)
Capital Outlay	3,477,714.75	-	-	-	(3,477,714.75)	-	(3,477,714.75)
Bond Principal	250,000.00	-	-	-	(250,000.00)	-	(250,000.00)
Bond Interest and Fees	134,450.06	-	-	-	(134,450.06)	-	(134,450.06)
Total governmental activities:	<u>9,011,106.86</u>	<u>1,030,958.96</u>	<u>81,653.61</u>	<u>-</u>	<u>(7,898,494.29)</u>	<u>-</u>	<u>(7,898,494.29)</u>
Business-type Activities:							
Water Operating	205,926.47	617,763.54	-	-	-	411,837.07	411,837.07
Sewer Operating	119,028.44	177,508.80	-	-	-	58,480.36	58,480.36
Solid Waste Management	462,016.32	458,403.93	-	-	-	(3,612.39)	(3,612.39)
Total business-type activities:	<u>786,971.23</u>	<u>1,253,676.27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,705.04</u>	<u>466,705.04</u>
Total City	<u>\$ 9,798,078.09</u>	<u>\$ 2,284,635.23</u>	<u>\$ 81,653.61</u>	<u>\$ -</u>	<u>(7,898,494.29)</u>	<u>466,705.04</u>	<u>(7,431,789.25)</u>
General Revenues:							
Taxes							
Property Taxes					1,255,829.71	-	1,255,829.71
Franchise and Public Service Taxes					769,736.08	-	769,736.08
Sales Tax					4,568,119.19	-	4,568,119.19
Investment Income					217,303.77	6,198.63	223,502.40
Sales of Assets					12,280.00	-	12,280.00
Miscellaneous					214,495.16	-	214,495.16
Transfers between funds					462,000.00	(462,000.00)	-
Total General Revenues					<u>7,499,763.91</u>	<u>(455,801.37)</u>	<u>7,043,962.54</u>
Change in Net Assets					<u>(398,730.38)</u>	<u>10,903.67</u>	<u>(387,826.71)</u>
Net Assets - beginning					<u>8,090,751.23</u>	<u>109,645.90</u>	<u>8,200,397.13</u>
Net Assets - ending					<u>\$ 7,692,020.85</u>	<u>\$ 120,549.57</u>	<u>\$ 7,812,570.42</u>

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

CITY OF EUREKA, MISSOURI
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
 GOVERNMENTAL FUNDS
 JUNE 30, 2005

	Major Funds						Total Governmental Funds
	General	Sewer Construction	Water Construction	TIF Special Allocation Project #3	Storm Water Control/Parks	Non-Major Funds	
<u>ASSETS</u>							
Cash and Investments	\$ 178,914.62	\$ 62,111.61	\$ 189,447.42	\$ 3,994,233.32	\$ 1,956,172.36	\$ 1,311,141.52	\$ 7,692,020.85
Total Assets	<u>\$ 178,914.62</u>	<u>\$ 62,111.61</u>	<u>\$ 189,447.42</u>	<u>\$ 3,994,233.32</u>	<u>\$ 1,956,172.36</u>	<u>\$ 1,311,141.52</u>	<u>\$ 7,692,020.85</u>
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities:							
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity:							
Fund Balance:							
Reserved:							
Construction	-	62,111.61	189,447.42	-	1,956,172.36	580,726.02	2,788,457.41
TIF Payments				3,994,233.32		157,840.47	4,152,073.79
Debt Service						370,304.34	370,304.34
Deposits						19,005.85	19,005.85
Other						17,633.21	17,633.21
Unreserved	178,914.62					165,631.63	344,546.25
Total Fund Equity	<u>178,914.62</u>	<u>62,111.61</u>	<u>189,447.42</u>	<u>3,994,233.32</u>	<u>1,956,172.36</u>	<u>1,311,141.52</u>	<u>7,692,020.85</u>
Total Liabilities and Fund Equity	<u>\$ 178,914.62</u>	<u>\$ 62,111.61</u>	<u>\$ 189,447.42</u>	<u>\$ 3,994,233.32</u>	<u>\$ 1,956,172.36</u>	<u>\$ 1,311,141.52</u>	

Reconciliation to Statement of Net Assets:

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

There are no adjustments

Net assets of governmental activities \$ 7,692,020.85

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

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-CASH BASIS-GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Major Funds		
	General	Sewer Construction	Water Construction
REVENUES:			
Taxes	\$ 2,919,195.03	\$ -	\$ -
Licenses, Permits and Fees	335,934.99		
State Distributions	21,420.51		
Charges for Services		62,204.88	93,791.00
Interest	11,353.60	913.96	19,722.01
Fines and Forfeitures	388,655.82		
Miscellaneous	193,734.92		
Collections			
Contributions			
Total Revenues	<u>3,870,294.87</u>	<u>63,118.84</u>	<u>113,513.01</u>
EXPENDITURES:			
Operating	4,782,226.37	-	-
Capital Outlay	33,564.84	918,350.80	1,386,097.58
Debt Service:			
Principal			
Interest			
Total Expenditures	<u>4,815,791.21</u>	<u>918,350.80</u>	<u>1,386,097.58</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(945,496.34)</u>	<u>(855,231.96)</u>	<u>(1,272,584.57)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers- In	532,500.00	900,000.00	135,000.00
Operating Transfers- Out	(505.00)		
Total Operating Transfers	<u>531,995.00</u>	<u>900,000.00</u>	<u>135,000.00</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(413,501.34)</u>	<u>44,768.04</u>	<u>(1,137,584.57)</u>
FUND BALANCE, JULY 1, 2004	<u>592,415.96</u>	<u>17,343.57</u>	<u>1,327,031.99</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 178,914.62</u>	<u>\$ 62,111.61</u>	<u>\$ 189,447.42</u>

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

EXHIBIT D

Major Funds			
TIF Special Allocation Project #3	Storm Water Control/Parks	Non-Major Funds	Total Governmental Funds
\$ 1,339,864.47	\$ 930,721.83	\$ 1,246,517.92	\$ 6,436,299.25
		105,248.49	441,183.48
		144,762.22	166,182.73
			155,995.88
98,526.35	62,654.34	23,747.78	216,918.04
			388,655.82
		115,102.76	308,837.68
		24,707.50	24,707.50
		11,596.10	11,596.10
<u>1,438,390.82</u>	<u>993,376.17</u>	<u>1,671,682.77</u>	<u>8,150,376.48</u>
-	-	366,715.68	5,148,942.05
	332,268.52	807,433.01	3,477,714.75
		250,000.00	250,000.00
		134,450.06	134,450.06
<u>-</u>	<u>332,268.52</u>	<u>1,558,598.75</u>	<u>9,011,106.86</u>
<u>1,438,390.82</u>	<u>661,107.65</u>	<u>113,084.02</u>	<u>(860,730.38)</u>
-	-	585,707.23	2,153,207.23
<u>(250,000.00)</u>	<u>(900,000.00)</u>	<u>(540,702.23)</u>	<u>(1,691,207.23)</u>
<u>(250,000.00)</u>	<u>(900,000.00)</u>	<u>45,005.00</u>	<u>462,000.00</u>
1,188,390.82	(238,892.35)	158,089.02	(398,730.38)
<u>2,805,842.50</u>	<u>2,195,064.71</u>	<u>1,153,052.50</u>	<u>8,090,751.23</u>
<u>\$ 3,994,233.32</u>	<u>\$ 1,956,172.36</u>	<u>\$ 1,311,141.52</u>	<u>\$ 7,692,020.85</u>

CITY OF EUREKA, MISSOURI
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES-CASH BASIS
YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds	\$ (398,730.38)
There are no adjustments	<u>-</u>
Change in Net Assets of Governmental Activities	<u>\$ (398,730.38)</u>

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

CITY OF EUREKA, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2005

	Major Fund Water Operating	Non-Major Funds	Total Enterprise Funds
ASSETS			
Cash and Investments	\$ 89,801.90	\$ 30,747.67	\$ 120,549.57
Total Assets	\$ 89,801.90	\$ 30,747.67	\$ 120,549.57
 LIABILITIES			
None	\$ -	\$ -	\$ -
 NET ASSETS			
Unrestricted	89,801.90	30,747.67	120,549.57
Total Net Assets	\$ 89,801.90	\$ 30,747.67	\$ 120,549.57

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

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Major Fund Water Operating	Non-major Funds	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Service	\$ 615,839.97	\$ 635,912.73	\$ 1,251,752.70
Reimbursement	1,923.57		1,923.57
Total Operating Revenues	<u>617,763.54</u>	<u>635,912.73</u>	<u>1,253,676.27</u>
OPERATING EXPENSES:			
Payment to Contractors	-	462,016.32	462,016.32
Insurance-Department	15,124.00	10,032.00	25,156.00
Lab Equipment and Supplies		301.53	301.53
General Maintenance and Sludge Removal	34,219.12	18,417.70	52,636.82
Utilities	121,881.23	78,028.50	199,909.73
Conferences		20.00	20.00
Sales Tax	9,629.30		9,629.30
Primacy Fees	7,243.56		7,243.56
Repair Fees	3,223.42		3,223.42
Equipment	2,706.00		2,706.00
Meter Deposit Refunds	7,842.24		7,842.24
Water/Sewer Testing	1,090.00	4,785.00	5,875.00
Utility Locates	959.21	959.24	1,918.45
Gasoline/Diesel Fuel	1,324.19	(61.79)	1,262.40
Miscellaneous	684.20	4,146.26	4,830.46
Payments To Be Reimbursed		2,400.00	2,400.00
Total Operating Expenses	<u>205,926.47</u>	<u>581,044.76</u>	<u>786,971.23</u>
OPERATING INCOME (LOSS)	411,837.07	54,867.97	466,705.04
NON-OPERATING REVENUES (EXPENSES):			
Interest	5,141.07	1,057.56	6,198.63
NET INCOME (LOSS)	416,978.14	55,925.53	472,903.67
OPERATING TRANSFERS	(402,000.00)	(60,000.00)	(462,000.00)
TOTAL NET ASSETS, JULY 1, 2004	<u>74,823.76</u>	<u>34,822.14</u>	<u>109,645.90</u>
TOTAL NET ASSETS, JUNE 30, 2005	<u>\$ 89,801.90</u>	<u>\$ 30,747.67</u>	<u>\$ 120,549.57</u>

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

CITY OF EUREKA, MISSOURI
STATEMENT OF CASH FLOWS - CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005

	Major Fund Water Operating	Non-major Funds	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 617,763.54	\$ 635,912.73	\$ 1,253,676.27
Cash Payments to Suppliers for Goods and Services	<u>(205,926.47)</u>	<u>(581,044.76)</u>	<u>(786,971.23)</u>
Net Cash Provided (Used) by Operating Activities	<u>411,837.07</u>	<u>54,867.97</u>	<u>466,705.04</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers	<u>(402,000.00)</u>	<u>(60,000.00)</u>	<u>(462,000.00)</u>
Cash Flows from Capital and Related Financing Activities:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest Earned	<u>5,141.07</u>	<u>1,057.56</u>	<u>6,198.63</u>
Cash, Beginning of Year	<u>74,823.76</u>	<u>34,822.14</u>	<u>109,645.90</u>
Cash, End of Year	<u>\$ 89,801.90</u>	<u>\$ 30,747.67</u>	<u>\$ 120,549.57</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income(Loss)	\$ 411,837.07	\$ 54,867.97	\$ 466,705.04
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities			
Changes in assets and liabilities:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 411,837.07</u>	<u>\$ 54,867.97</u>	<u>\$ 466,705.04</u>

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

CITY OF EUREKA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

1. Summary of Significant Accounting Policies

The financial statements of the City of Eureka, Missouri have been prepared on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Principals Used to Determine Scope of Entity

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

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the City's financial statements.

Included within the reporting entity:

Tax Increment Financing Commission of the City of Eureka, Missouri. The Tax Increment Financing Commission was formed to encourage economic development in the City. It is governed by a Board of Commissioners. The Commission oversees certain redevelopment activities. The City has established special allocation funds into which payments in lieu of taxes derived from increases in the equalized assessed value of property are deposited and the funds required by the provisions of the various Bond Ordinances.

The City has determined that no other outside agency meets the criteria set forth in GASB statement No. 39 and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present financial information about the City's government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes,

intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary, and fiduciary.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The following are the City's governmental funds:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Street/Road Fund - To account for gasoline and road tax revenues received by the City and those expenditures for the maintenance of the streets.

Sewer Construction Fund - To account for revenues and expenditures for the construction of sewer lines and expansion of existing wastewater treatment facilities.

Water Construction Fund - To account for revenues and expenditures of special charges and other items pertaining to expansion of existing and new facilities of the water wells.

Cable Television Receipts Fund - To account for cable franchise fees and expenditures relating thereto.

City Park #3 Fund - To account for special fees for open space or park land dedication.

D.A.R.E. Donation Fund - To account for private donations and expenditures for police public safety programs.

Construction/Excavation Deposits Fund - To account for deposits collected when City rights of way are to be disturbed by outside contractors' operations.

Police Department Special Fund - To account for special collections and expenditures for police department.

Crime Victims Compensation Fund - To account for revenues and expenditures pertaining to crime victims compensation.

Plan Review Escrow Fund - To account for the revenues and expenditures for reviews and permits of proposed projects.

Tax Increment Financing (TIF) Fund Project #3 - To account for the expenditures of the City for Project #3.

Special Allocation Fund - (TIF) Project #3 - To account for payments in lieu of taxes (PILOT) received by the City from St. Louis County and other funds required.

C.I.P. Sales Tax Fund - To account for revenues and expenditures pertaining to capital improvements sales tax.

Tax Increment Financing (TIF) Administration #3 - To account for administration expenditures of the City for Project #3.

Tax Increment Financing (TIF) Fund - Project #5 - To account for expenditures of the City for Project #5.

Storm Water Control/Parks - To account for revenues and expenditures for improving storm water control and parks.

Capital Project Funds

Property Acquisition Fund - To account for proceeds of certificates of participation designated for acquisition of property and other capital outlay.

Property Acquisition Debt Service Fund - To account for the accumulation of resources for, and the payment of, amounts due under capital lease purchase agreements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's proprietary funds:

Proprietary Funds

Enterprise Funds

Sewer Operating Fund - To account for the revenues and expenses for the operation of the sewage system.

Water Operating Fund - To account for the revenues and expenses for the operation of the water system.

Solid Waste Management Fund II - To account for the charges to residents for trash pick-up and expenses pertaining to that service.

Major and Non-major Funds

The funds are classified as major or non-major as follows:

Major Funds

General Fund

Special Revenue Funds:
Sewer Construction
Water Construction
TIF Special Allocation Project #3
Storm Water Control/Parks

Proprietary Funds:
Water Operating

Non-major Funds

Special Revenue Funds:
Street/Road
Cable TV Receipts
City Park #3
DARE Donation
Construction/Excavation Deposit
Police Dept. Special Fund
Crime Victims Compensation
Plan Review Escrow Fund
TIF Project #3
CIP Sales Tax Fund
TIF Fund Administration #3
TIF Fund Project #5

Capital Projects Funds:
Property Acquisition
Property Acquisition Debt Service

Proprietary Funds:
Sewer Operating
Solid Waste Management

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the “economic resources” measurement focus, within the limitations of the cash basis of accounting, as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the cash basis of accounting, is used as appropriate:

- a. All government funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

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

1. The City Administrator submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.

2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The original budget was formally adopted on July 6, 2004. The final budget was adopted August 24, 2004, and it was amended June 15, 2005.
4. Budgets for City funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

E. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the Finance Director. Investments of the pooled accounts consist of certificates of deposit and money market accounts. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

For the purpose of the Statement of Net Assets-Cash Basis, "cash and investments" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows-Cash Basis, "cash" includes all demand, savings accounts and certificates of deposit of the City.

F. Capital Assets

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

G. Restricted Assets

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

Restricted for Construction: The City has restricted \$2,788,457.41 for purposes of streets/roads, water and sewer construction, capital improvement sales tax and stormwater/parks improvement.

Restricted for TIF Projects: The City has restricted \$4,152,073.79 for purposes of various TIF capital projects.

Restricted for Debt Service: The City has restricted \$370,304.34 for purposes of payment of amounts due under certificate of participation agreements.

Restricted for Deposits: The City has restricted \$19,005.85 for purposes of reviews and permits of construction projects.

Restricted for Other: The City has restricted \$17,633.21 for crime victims compensation, donations and police grants.

H. Net Assets

Net assets represent the difference between assets and liabilities.

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

I. Interfund Activity

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. See Note 7 for details of interfund transactions.

J. Estimates

The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. New Accounting Pronouncements

For the fiscal year ended June 30, 2005, the City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. At June 30, 2004, there was no effect on fund balance as a result of implementing this GASB Statement.

3. Other Required Individual Fund Disclosures

- A. Excess of appropriations over beginning fund balance/retained earnings plus anticipated revenues and transfers:

<u>Fund</u>	<u>Appropriations</u>	<u>Beginning Fund Balance/Net Assets Plus Revenues</u>
General	\$5,219,340.00	\$4,917,938.99

The General Fund revenue budget was revised on June 15, 2005 to closely align with actual revenue figures which were then available. The expense budget was not revised to lower amounts as the practice is to not revise expenses if they fall under budget. Therefore, a negative General Fund balance was inadvertently created. The actual revenue was significantly lower than budget due to the fact that the West 5th Street TIF District did not terminate during the year as anticipated. The favorable expense budget variance of \$403,548.79 more than offsets the budgeted negative General Fund balance of \$301,401.00. In addition, the General Fund had an ending fund balance of \$178,914.62 at June 30, 2005.

4. Cash and Investments

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

The City may invest the funds in bonds or any instrument permitted by law for the investment of state money's in accordance with section 165.051 of the Missouri Revised Statutes.

The deposits and investments held at June 30, 2005, and reported at cost are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 209,796.38
Money Market		2,203,086.16
Certificate of deposits	Various	<u>5,029,246.54</u>
		<u>7,442,129.08</u>
Investments:		
U.S. Gov't Agency note	1/15/08	363,093.62
Mutual Fund		<u>7,210.72</u>
		<u>370,304.34</u>
Total Deposits and Investments		<u>\$ 7,812,433.42</u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 7,812,433.42
Petty Cash		<u>137.00</u>
		<u>\$ 7,812,570.42</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2005, none of the City's bank balance of \$7,550,806.66 was exposed to custodial credit risk.

Custodial Credit Risk - Investments - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the City or its agent but not in the government's name. All investments, evidenced by individual securities, are registered in the name of the City or of a type that are not exposed to custodial credit risk.

Investment Rate Risk - The City has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2005 are provided in the schedule above.

Investment Credit Risk - The City has an investment policy that limits its investment choices as documented above. At June 30, 2005, the City's investments were rated as follows:

<u>Description</u>	<u>Financial Institution</u>	<u>Amount</u>	<u>Rating</u>
U.S. Governmental Agency Notes	UMB Bank	\$ 363,093.62	AAA
Fidelity U.S. Treasury Money Market Fund	UMB Bank	7,210.72	Aaa

Concentration of Investment Credit Risk - Concentration of credit risk is required to be disclosed by the City for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the US Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments).

The City does not have a policy on limiting the amount it may invest in any one issuer. At June 30, 2005, the City had the following investments that were more than 5% of the City's total investments:

<u>Description</u>	<u>Concentration</u>
FNMA note	100%

5. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31.

The assessed valuation of the tangible taxable property for the calendar year 2004 for purposes of local taxation was:

Residential	\$ 104,845,870
Commercial	33,266,940
Agricultural	252,500
Personal Property	32,024,550
Railroad and Utilities	<u>4,704,350</u>
Total	\$ <u>175,094,210</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2004 for purposes of local taxation was:

Residential	\$.373
Commercial	\$.390
Agricultural	\$.373
Personal Property	\$.390

6. Long-Term Debt

Governmental Activities

As of June 30, 2005, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

Certificates of Participation:

\$4,370,000.00 certificates of participation, due in varying annual installments through January 1, 2020; interest at 1.15% - 4.2%:

\$ 4,120,000.00

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2005.

Type of Debt	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Amount Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$ 4,370,000.00	\$ -	\$ 250,000.00	\$ 4,120,000.00	\$ 225,000.00

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2005, are as follows:

Year Ended June, 30	Governmental Activities	
	Certificates of Participation	
	Principal	Interest
2006	\$ 225,000.00	\$ 132,660.00
2007	230,000.00	129,510.00
2008	235,000.00	125,600.00
2009	240,000.00	120,782.50
2010	240,000.00	115,022.50
2011-2016	2,950,000.00	665,242.50
Total	\$ 4,120,000.00	\$ 1,288,817.50

The City has entered into agreements with UMB Bank, N.A. (UMB) to finance acquisition of real property and improvements thereon. The City has also issued refunding certificates to refund the original certificates. Under these agreements, the City leases the project sites to UMB for a term commencing March 1, 2004, and ending December 31, 2039, for consideration of \$4,370,000.00 with 1.15% to 4.2% interest. Simultaneously, UMB leases back the property to the City for the original price plus interest. Once the obligation is paid, title reverts back to the City. UMB Bank, N.A., is trustee for the programs.

7. Interfund Transfers

Transfers between funds for the year ended for the year ended June 30, 2005, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund:	\$ <u>532,500.00</u>	\$ <u>505.00</u>
Special Revenue Fund:		
Sewer Construction	900,000.00	-
Water Construction	135,000.00	
Storm Water Control/Park		<u>900,000.00</u>
	<u>1,035,000.00</u>	<u>900,000.00</u>
Enterprise Funds:		
Water Operating	<u>-</u>	<u>402,000.00</u>
 <u>Nonmajor Funds:</u>		
Special Revenue Funds:		
Road	-	115,000.00
CIP Sales Tax	200,000.00	385,202.23
Dare Donation	505.00	
TIF #5 Mall Project		40,000.00
Construction/Excavation Deposits		500.00
Special Allocation Fund-(TIF) Project #3		<u>250,000.00</u>
	<u>200,505.00</u>	<u>790,702.23</u>
Capital Project Funds:		
Property Acquisition	5,000.00	-
Property Acquisition Debt Service	<u>380,202.23</u>	
	<u>385,202.23</u>	<u>-</u>
Enterprise Funds:		
Sewer Operating	<u>-</u>	<u>60,000.00</u>
 Grand Totals	 \$ <u>2,153,207.23</u>	 \$ <u>2,153,207.23</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

8. Retirement Plan

A. Plan Description

The City of Eureka participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

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

B. Funding Policy

The City of Eureka's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 10.0% (general) and 11.4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For 2005, the political subdivision's annual pension cost of \$269,928 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 and/or February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 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 tables projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2005 was 15 years.

Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
06/30/03	\$177,672	100%	\$0
06/30/04	\$220,026	100%	\$0
06/30/05	\$269,928	100%	\$0

REQUIRED SUPPLEMENTARY INFORMATION Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/03	3,904,112	4,093,927	189,815	95%	2,370,576	8
02/29/04	4,201,172	4,719,819	518,647	89%	2,401,077	22
02/29/05	4,698,211	5,294,734	596,523	89%	2,506,283	24

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. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

9. Commitments and Contingencies

Commitments

The City has contracted with the St. Louis County Police Department for dispatching services for the initial period of March 1, 2005 through February 28, 2006. Unless the contract is terminated, it will be automatically renewed for an additional one-year period. The amount of the contract can increase no more than 12% annually. The current monthly payments are \$3,656.00. Approximate future minimum contractual payments are as follows:

Year Ended June 30,

2006	<u>\$ 29,248.00</u>
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The City contracts for the collection of residential solid waste, composites, recyclables and special waste from dwelling units in the City. The five-year contract expires December 31, 2008. The 2005 rate is \$13.88 per month per unit. The City charges its residents for these trash services.

Also, the City, as of June 30, 2005, has commitments for various capital projects totaling approximately \$ 369,000.00.

Contingencies

The City is involved in various legal actions and claims arising in the normal course of City business. In the opinion of City management, any settlement or judgment not covered by insurance would not have a material adverse effect on the City's financial position.

The City receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The City is not aware of any noncompliance with Federal or State provisions that might require the City to provide reimbursement.

10. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity serviced by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate principal amount payable for the bonds issued prior to June 30, 2005, could not be determined.

11. Automobile, Liability and Workers Compensation Insurance

The City is a member of the Missouri Public Entity Risk Management Fund (MoPERM) and the St. Louis Area Insurance Trust (SLAIT), protected self-insurance programs of political subdivisions. The City does not pay premiums to purchase insurance policies, but pays an assessment to be a member of self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The City believes it is not possible to estimate the range or contingent losses to be borne by the City.

12. Related Party Transactions

An Alderman is an employee of Pioneer Bank & Trust Company. The selection of City depository is achieved through competitive bidding. The City entered into a depository contract and pledge agreement with Pioneer Bank & Trust Company on November 30, 2001, which was renewed November 30, 2004. City funds on deposit are disclosed in Note 4.

13. Subsequent Events

The City has entered into various agreements with other public and private corporations for the planning, development, construction, acquisition or operation of various capital improvements.

The City has terminated and is dissolving the West Fifth Street Redevelopment Area (TIF Project #3 funds) and the South I-44 Redevelopment Area (TIF Project #5 funds).

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EUREKA, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 CASH BASIS - WITH COMPARISON TO BUDGET
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes				
Real Estate	\$ 478,000.00	\$ 517,000.00	\$ 504,739.68	\$ (12,260.32)
Personal Property Tax	115,000.00	126,200.00	128,261.73	2,061.73
Railroad Tax	19,000.00	18,000.00	18,083.55	83.55
Gross Receipts Tax	620,000.00	726,000.00	658,213.43	(67,786.57)
Financial Institution Tax	1,000.00	500.00	0.53	(499.47)
Cigarette Tax	30,000.00	28,200.00	28,224.03	24.03
Sales Tax	2,324,900.00	1,535,667.34	1,581,672.08	46,004.74
Total Taxes	<u>3,587,900.00</u>	<u>2,951,567.34</u>	<u>2,919,195.03</u>	<u>(32,372.31)</u>
Licenses, Permits & Fees				
Liquor Licenses	18,000.00	18,000.00	25,115.00	7,115.00
Plumbing, Mechanical and Excavation Permits	27,000.00	28,000.00	25,675.00	(2,325.00)
Merchants and Peddlers Licenses	174,000.00	157,000.00	154,569.45	(2,430.55)
Building and Sign Permits	27,000.00	32,000.00	35,460.00	3,460.00
Exterior Appearance Inspection	1,900.00	2,300.00	2,250.00	(50.00)
Park Pavilion Permit Fees	950.00	800.00	825.00	25.00
Subdivision Review Fees	1,000.00	1,100.00	1,040.00	(60.00)
Community Center Damage/ Clean Up Deposits	4,000.00	3,700.00	3,800.00	100.00
Community Center User Fees	8,000.00	9,500.00	9,950.00	450.00
Street Inspections	5,000.00	8,000.00	6,994.00	(1,006.00)
Board Adjustments	1,000.00	400.00	1,000.00	600.00
Reimbursements	30,000.00	25,000.00	24,400.29	(599.71)
Park Program Fees	40,000.00	45,000.00	36,920.50	(8,079.50)
Ballfield Lighting Fees	1,500.00	3,000.00	4,638.75	1,638.75
POST Training Fees	1,500.00	3,000.00	3,297.00	297.00
Total Licenses, Permits and Fees	<u>340,850.00</u>	<u>336,800.00</u>	<u>335,934.99</u>	<u>(865.01)</u>
State Distributions				
Speed Compliance	6,800.00	19,800.00	8,708.77	(11,091.23)
Sert Program	2,000.00	1,000.00	1,600.00	600.00
Miscellaneous Grants	3,000.00	22,800.00	11,111.74	(11,688.26)
Total State Distributions	<u>11,800.00</u>	<u>43,600.00</u>	<u>21,420.51</u>	<u>(22,179.49)</u>
Federal Distributions				
In-Car Computer Grant	3,000.00	-	-	-
Total Federal Distributions	<u>3,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest				
Investments	\$ 20,000.00	\$ 16,000.00	\$ 9,011.75	\$ (6,988.25)
Taxes			2,152.74	2,152.74
Municipal Court Bond			161.33	161.33
Other			27.78	27.78
Total Interest	<u>20,000.00</u>	<u>16,000.00</u>	<u>11,353.60</u>	<u>(4,646.40)</u>

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - WITH COMPARISON TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (Continued):				
Fines & Forfeitures				
Fines, T.V.B., Police				
Training and Police Reports	271,300.00	327,300.00	368,691.32	41,391.32
Police Bond Forfeitures	10,000.00	15,000.00	18,713.00	3,713.00
Crime Victim Compensation Fund	1,200.00	1,100.00	1,251.50	151.50
Total Fines and Forfeitures	<u>282,500.00</u>	<u>343,400.00</u>	<u>388,655.82</u>	<u>45,255.82</u>
Miscellaneous				
Phone Booth/Soda Machine Revenue	1,000.00	1,000.00	412.12	(587.88)
Filing/Advertising Fees	1,500.00	1,700.00	2,300.00	600.00
Copy Work Receipts	3,500.00	3,500.00	17,748.69	14,248.69
Marymount Rental Income	7,755.30	7,950.00	7,950.16	0.16
Reimbursements, Donations and Special Assessments	37,000.00	109,200.00	153,043.95	43,843.95
Sale of Surplus Property	12,000.00	12,000.00	12,280.00	280.00
Total Miscellaneous	<u>62,755.30</u>	<u>135,350.00</u>	<u>193,734.92</u>	<u>58,384.92</u>
Total Revenues	<u>4,308,805.30</u>	<u>3,826,717.34</u>	<u>3,870,294.87</u>	<u>43,577.53</u>
EXPENDITURES:				
Police Department				
Salaries	1,260,000.00	1,379,000.00	1,375,751.90	3,248.10
FICA Taxes	96,400.00	105,500.00	103,292.14	2,207.86
Workmen's Compensation	30,000.00	32,500.00	30,868.00	1,632.00
Unemployment Tax	3,000.00	2,500.00	1,798.77	701.23
Employee Insurance	232,000.00	267,000.00	260,498.34	6,501.66
Retirement Contribution (LAGERS)	119,000.00	149,000.00	144,405.82	4,594.18
Uniform Expense	16,000.00	17,400.00	11,533.15	5,866.85
Legal and Professional Fees	75,000.00	72,000.00	62,312.00	9,688.00
Department and Vehicle Insurance	40,000.00	44,000.00	42,258.00	1,742.00
Office Equipment and Supplies	15,400.00	16,000.00	14,724.29	1,275.71
Department Supplies	25,000.00	35,700.00	21,166.24	14,533.76
Gasoline Account	43,000.00	48,000.00	43,733.10	4,266.90
Vehicle Repairs and Tires	55,000.00	53,900.00	45,018.93	8,881.07
Jail Costs	6,500.00	9,000.00	5,604.73	3,395.27
K-9 Program	1,000.00	4,410.00	1,192.49	3,217.51
Dispatching and Radio/ Radar Repair	39,000.00	43,700.00	44,747.14	(1,047.14)
Membership Fees	4,500.00	6,000.00	4,741.00	1,259.00
Equipment	36,300.00	22,590.00	16,641.84	5,948.16
Advertising	-	1,500.00	769.29	730.71
Miscellaneous	5,500.00	3,200.00	3,591.18	(391.18)
Conference Fees	15,000.00	16,500.00	10,829.47	5,670.53
Service Agreements/Warranties	3,600.00	4,100.00	3,627.33	472.67
Payments to be Reimbursed	26,500.00	20,000.00	35,117.52	(15,117.52)
POSTC Fees to State	4,000.00	3,600.00	3,339.50	260.50
REJIS Inquiry & Info System	33,000.00	31,000.00	22,961.62	8,038.38
SERT Program	4,000.00	4,600.00	3,742.38	857.62
Total Police Department	<u>2,188,700.00</u>	<u>2,392,700.00</u>	<u>2,314,266.17</u>	<u>78,433.83</u>

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - WITH COMPARISON TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2005

EXPENDITURES: (Continued)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Administration				
Salaries	\$ 596,000.00	\$ 606,000.00	\$ 605,603.27	\$ 396.73
FICA Taxes	48,000.00	49,000.00	46,865.26	2,134.74
Workmen's Compensation	4,900.00	4,800.00	4,696.00	104.00
Unemployment Taxes	1,600.00	1,300.00	715.38	584.62
Employee Insurance	108,000.00	108,500.00	101,709.98	6,790.02
Retirement Contributions (LAGERS)	53,000.00	56,500.00	59,585.86	(3,085.86)
Uniforms	1,050.00	1,300.00	342.89	957.11
Expense Allowance (Elected Officials)	31,000.00	30,700.00	26,800.00	3,900.00
Conference, Luncheon, Membership Fees	13,000.00	16,000.00	9,794.35	6,205.65
Engineering	50,000.00	45,000.00	29,762.11	15,237.89
Legal and Professional Fees	76,000.00	70,000.00	42,236.64	27,763.36
Codification Expenses	5,000.00	4,000.00	2,384.00	1,616.00
Department and Vehicle Insurance	14,500.00	15,000.00	15,356.00	(356.00)
Advertising	7,500.00	10,500.00	7,385.27	3,114.73
Election Expense	4,000.00	3,000.00	2,921.16	78.84
Office Supplies, Postage and Equipment	33,800.00	33,500.00	30,518.24	2,981.76
Gasoline, Car Expenses and Tires	9,500.00	10,000.00	7,895.72	2,104.28
Mobile Phone/Pager Fees	1,400.00	1,200.00	623.00	577.00
Computer Expense	18,000.00	28,000.00	15,582.78	12,417.22
Department Supplies	10,500.00	15,600.00	10,061.24	5,538.76
Miscellaneous/Contingencies	76,700.00	117,000.00	151,094.38	(34,094.38)
Refunds	2,500.00	1,000.00	632.50	367.50
Service Agreements/Warranties	16,000.00	17,500.00	14,474.32	3,025.68
Payments to be Reimbursed	11,000.00	6,000.00	4,811.82	1,188.18
Total Administration	<u>1,192,950.00</u>	<u>1,251,400.00</u>	<u>1,191,852.17</u>	<u>59,547.83</u>
Building Maintenance				
Coffee Service	1,700.00	2,000.00	1,555.65	444.35
Insurance	6,500.00	7,300.00	6,826.00	474.00
Utilities	44,000.00	42,000.00	29,064.30	12,935.70
General Maintenance	13,000.00	10,000.00	11,114.29	(1,114.29)
Special Contracts	16,500.00	48,400.00	42,648.50	5,751.50
Equipment/Fixtures	1,700.00	1,000.00	315.16	684.84
Misc./Payments to be Reimbursed	500.00	500.00	118.00	382.00
Total Building Maintenance	<u>83,900.00</u>	<u>111,200.00</u>	<u>91,641.90</u>	<u>19,558.10</u>
Park Department				
Salaries	106,000.00	150,000.00	134,219.40	15,780.60
FICA Taxes	8,800.00	12,200.00	10,666.18	1,533.82
Workmen's Compensation	3,500.00	4,000.00	3,684.00	316.00
Unemployment Tax	700.00	700.00	305.56	394.44
Employee Insurance	17,500.00	31,000.00	21,998.50	9,001.50
Retirement Contribution (LAGERS)	6,900.00	11,400.00	10,264.91	1,135.09
Expense Allowance-Board	8,400.00	8,400.00	6,600.00	1,800.00
Memberships/Conferences	1,500.00	2,200.00	1,714.56	485.44
Insurance	9,600.00	11,000.00	10,771.00	229.00
Supplies and Signs	15,200.00	21,040.00	18,779.80	2,260.20
General Maintenance	28,000.00	28,000.00	18,923.29	9,076.71
Utilities	31,000.00	26,500.00	16,827.49	9,672.51
Advertising	1,000.00	1,500.00	1,792.70	(292.70)
Computer Software/Support	30,000.00	1,000.00	990.00	10.00
Professional Services	500.00	34,000.00	21,211.00	12,789.00

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - WITH COMPARISON TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES: (Continued)				
Park Department (Continued)				
Equipment	1,500.00	16,000.00	16,923.00	(923.00)
Miscellaneous	6,700.00	18,900.00	3,783.56	15,116.44
Park Board Activities	21,800.00	25,200.00	20,685.00	4,515.00
Refunds	7,000.00	8,000.00	6,426.00	1,574.00
Payments to be Reimbursed	500.00	3,000.00	1,487.82	1,512.18
Total Park Department	<u>306,100.00</u>	<u>414,040.00</u>	<u>328,053.77</u>	<u>85,986.23</u>
Public Works Department				
Salaries	630,000.00	632,000.00	557,612.85	74,387.15
FICA Taxes	48,200.00	48,300.00	42,060.05	6,239.95
Workmen's Compensation	18,000.00	20,500.00	19,138.00	1,362.00
Unemployment Tax	1,500.00	1,400.00	759.13	640.87
Employee Insurance	120,000.00	124,000.00	96,050.14	27,949.86
Retirement Contribution (LAGERS)	57,000.00	62,800.00	53,007.01	9,792.99
Gasoline & Vehicle Repairs	46,200.00	74,500.00	57,959.66	16,540.34
Uniforms	7,500.00	7,800.00	4,913.72	2,886.28
Advertising		1,500.00	547.05	952.95
Utilities	11,500.00	11,000.00	8,434.03	2,565.97
Contracted Labor	40,000.00	60,000.00	48,130.52	11,869.48
Supplies	1,700.00	2,200.00	379.48	1,820.52
Pager/Mobile phone fees	1,000.00	1,000.00	753.30	246.70
Misc./Contingencies	3,500.00	3,000.00	232.26	2,767.74
Total Public Works Department	<u>986,100.00</u>	<u>1,050,000.00</u>	<u>889,977.20</u>	<u>160,022.80</u>
Total Expenditures	<u>4,757,750.00</u>	<u>5,219,340.00</u>	<u>4,815,791.21</u>	<u>403,548.79</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(448,944.70)</u>	<u>(1,392,622.66)</u>	<u>(945,496.34)</u>	<u>447,126.32</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	656,325.39	498,805.69	532,500.00	33,694.31
Operating Transfers Out	(40,000.00)		(505.00)	(505.00)
Total Operating Transfers	<u>616,325.39</u>	<u>498,805.69</u>	<u>531,995.00</u>	<u>33,189.31</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	167,380.69	(893,816.97)	(413,501.34)	480,315.63
FUND BALANCE, JULY 1, 2004	<u>592,415.96</u>	<u>592,415.96</u>	<u>592,415.96</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 759,796.65</u>	<u>\$ (301,401.01)</u>	<u>\$ 178,914.62</u>	<u>\$ 480,315.63</u>

CITY OF EUREKA, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - CASH BASIS - WITH COMPARISON TO BUDGET
 MAJOR FUNDS
 YEAR ENDED JUNE 30, 2005

	Special Revenue							
	Sewer Construction				Water Construction			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	63,000.00	73,600.00	62,204.88	(11,395.12)	117,000.00	128,000.00	93,791.00	(34,209.00)
Interest	45,000.00	500.00	913.96	413.96	49,000.00	35,000.00	19,722.01	(15,277.99)
Total Revenues	<u>108,000.00</u>	<u>74,100.00</u>	<u>63,118.84</u>	<u>(10,981.16)</u>	<u>166,000.00</u>	<u>163,000.00</u>	<u>113,513.01</u>	<u>(49,486.99)</u>
EXPENDITURES:								
Current:								
Operating	-	-	-	-	-	-	-	-
Capital Outlay	3,899,000.00	1,735,000.00	918,350.80	816,649.20	1,768,000.00	1,625,000.00	1,386,097.58	238,902.42
Total Expenditures	<u>3,899,000.00</u>	<u>1,735,000.00</u>	<u>918,350.80</u>	<u>816,649.20</u>	<u>1,768,000.00</u>	<u>1,625,000.00</u>	<u>1,386,097.58</u>	<u>238,902.42</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,791,000.00)</u>	<u>(1,660,900.00)</u>	<u>(855,231.96)</u>	<u>805,668.04</u>	<u>(1,602,000.00)</u>	<u>(1,462,000.00)</u>	<u>(1,272,584.57)</u>	<u>189,415.43</u>
OTHER FINANCING SOURCES (USES):								
Operating Transfer-In	2,075,000.00	1,650,000.00	900,000.00	(750,000.00)	224,200.00	135,000.00	135,000.00	-
Operating Transfer-Out	-	-	-	-	(100,000.00)	-	-	-
Total Operating Transfers	<u>2,075,000.00</u>	<u>1,650,000.00</u>	<u>900,000.00</u>	<u>(750,000.00)</u>	<u>124,200.00</u>	<u>135,000.00</u>	<u>135,000.00</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,716,000.00)</u>	<u>(10,900.00)</u>	<u>44,768.04</u>	<u>55,668.04</u>	<u>(1,477,800.00)</u>	<u>(1,327,000.00)</u>	<u>(1,137,584.57)</u>	<u>189,415.43</u>
FUND BALANCE, JULY 1, 2004	<u>17,343.57</u>	<u>17,343.57</u>	<u>17,343.57</u>	<u>-</u>	<u>1,327,031.99</u>	<u>1,327,031.99</u>	<u>1,327,031.99</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ (1,698,656.43)</u>	<u>\$ 6,443.57</u>	<u>\$ 62,111.61</u>	<u>\$ 55,668.04</u>	<u>\$ (150,768.01)</u>	<u>\$ 31.99</u>	<u>\$ 189,447.42</u>	<u>\$ 189,415.43</u>

	Special Revenue							
	Special Allocation - Project #3				Storm Water Control/Parks			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
Taxes	\$ 465,000.00	\$ 508,700.00	\$ 1,339,864.47	\$ 831,164.47	\$ 1,057,000.00	\$ 1,060,000.00	\$ 930,721.83	\$ (129,278.17)
Charges for Services								
Interest	8,000.00	13,000.00	98,526.35	85,526.35	40,000.00	60,000.00	62,654.34	2,654.34
Total Revenues	<u>473,000.00</u>	<u>521,700.00</u>	<u>1,438,390.82</u>	<u>916,690.82</u>	<u>1,097,000.00</u>	<u>1,120,000.00</u>	<u>993,376.17</u>	<u>(126,623.83)</u>
EXPENDITURES:								
Current:								
Operating	1,510,547.00	2,459,585.86	-	2,459,585.86	-	-	-	-
Capital Outlay					1,400,000.00	1,476,850.00	332,268.52	1,144,581.48
Total Expenditures	<u>1,510,547.00</u>	<u>2,459,585.86</u>	<u>-</u>	<u>2,459,585.86</u>	<u>1,400,000.00</u>	<u>1,476,850.00</u>	<u>332,268.52</u>	<u>1,144,581.48</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,037,547.00)</u>	<u>(1,937,885.86)</u>	<u>1,438,390.82</u>	<u>3,376,276.68</u>	<u>(303,000.00)</u>	<u>(356,850.00)</u>	<u>661,107.65</u>	<u>1,017,957.65</u>
OTHER FINANCING SOURCES (USES):								
Operating Transfer-In	24,693.37	22,794.69	-	(22,794.69)	106,627.94	291,328.48	-	(291,328.48)
Operating Transfer-Out	(422,750.76)	(890,751.33)	(250,000.00)	640,751.33	(1,300,000.00)	(1,650,000.00)	(900,000.00)	750,000.00
Total Operating Transfers	<u>(398,057.39)</u>	<u>(867,956.64)</u>	<u>(250,000.00)</u>	<u>617,956.64</u>	<u>(1,193,372.06)</u>	<u>(1,358,671.52)</u>	<u>(900,000.00)</u>	<u>458,671.52</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,435,604.39)</u>	<u>(2,805,842.50)</u>	<u>1,188,390.82</u>	<u>3,994,233.32</u>	<u>(1,496,372.06)</u>	<u>(1,715,521.52)</u>	<u>(238,892.35)</u>	<u>1,476,629.17</u>
FUND BALANCE, JULY 1, 2004	<u>2,805,842.50</u>	<u>2,805,842.50</u>	<u>2,805,842.50</u>	<u>-</u>	<u>2,195,064.71</u>	<u>2,195,064.71</u>	<u>2,195,064.71</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 1,370,238.11</u>	<u>\$ -</u>	<u>\$ 3,994,233.32</u>	<u>\$ 3,994,233.32</u>	<u>\$ 698,692.65</u>	<u>\$ 479,543.19</u>	<u>\$ 1,956,172.36</u>	<u>\$ 1,476,629.17</u>

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

CITY OF EUREKA, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2005

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

1. The City Administrator submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The original budget was formally adopted on July 6, 2004. The final budget was adopted August 24, 2004, and it was amended June 15, 2005.
4. Budgets for City funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

OTHER SUPPLEMENTARY INFORMATION

CITY OF EUREKA, MISSOURI
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2005

	Special Revenue			
	Street/ Road Fund	Cable TV Receipts	City Park #3	D.A.R.E. Donation
<u>ASSETS</u>				
Cash and Investments	\$ 432,873.32	\$ 108,482.54	\$ 57,149.09	\$ 12,090.43
Total Assets	\$ 432,873.32	\$ 108,482.54	\$ 57,149.09	\$ 12,090.43
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Reserved:				
Construction	432,873.32			
TIF Projects				
Debt Service				
Deposits				
Other				12,090.43
Unreserved	_____	108,482.54	57,149.09	_____
Total Liabilities and Fund Balances	\$ 432,873.32	\$ 108,482.54	\$ 57,149.09	\$ 12,090.43

Special Revenue

Construction/ Excavation Deposits	Police Department Special Fund	Crime Victims Compensation	Plan Review Escrow Fund
\$ <u>7,000.00</u>	\$ <u>2,508.84</u>	\$ <u>2,013.38</u>	\$ <u>12,005.85</u>
\$ <u><u>7,000.00</u></u>	\$ <u><u>2,508.84</u></u>	\$ <u><u>2,013.38</u></u>	\$ <u><u>12,005.85</u></u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
7,000.00	2,508.84	2,013.38	12,005.85
\$ <u><u>7,000.00</u></u>	\$ <u><u>2,508.84</u></u>	\$ <u><u>2,013.38</u></u>	\$ <u><u>12,005.85</u></u>

CITY OF EUREKA, MISSOURI
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue			
	TIF Fund Project #3	CIP Sales Tax	TIF Fund Admin #3	TIF Fund Project #5
<u>ASSETS</u>				
Cash and Investments	\$ 87,447.60	\$ 147,852.70	\$ 25,649.98	\$ 44,742.89
	<u>\$ 87,447.60</u>	<u>\$ 147,852.70</u>	<u>\$ 25,649.98</u>	<u>\$ 44,742.89</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Reserved:				
Construction		147,852.70		
TIF Projects	87,447.60		25,649.98	44,742.89
Debt Service				
Deposits				
Other				
Unreserved				
Total Liabilities and Fund Equity	<u>\$ 87,447.60</u>	<u>\$ 147,852.70</u>	<u>\$ 25,649.98</u>	<u>\$ 44,742.89</u>

<u>Capital Projects</u>		<u>Total Non-major Governmental Funds</u>
<u>Property Acquisition</u>	<u>Property Acquisition Debt Service</u>	
\$ <u>1,020.56</u>	\$ <u>370,304.34</u>	\$ <u>1,311,141.52</u>
\$ <u><u>1,020.56</u></u>	\$ <u><u>370,304.34</u></u>	\$ <u><u>1,311,141.52</u></u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
		580,726.02
		157,840.47
	370,304.34	370,304.34
		19,005.85
1,020.56		17,633.21
<u>1,020.56</u>	<u>370,304.34</u>	<u>165,631.63</u>
\$ <u><u>1,020.56</u></u>	\$ <u><u>370,304.34</u></u>	\$ <u><u>1,311,141.52</u></u>

CITY OF EUREKA, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005

	Special Revenue			
	Street/ Road Fund	Cable TV Receipts	City Park #3	D.A.R.E. Donation
REVENUES:				
Taxes	\$ 455,125.80	\$ -	\$ -	\$ -
Licenses, Permits and Fees		70,248.49	35,000.00	
State Distributions	96,125.22	48,637.00		
Interest	11,438.49	1,178.20		
Miscellaneous	21,649.00			
Collections				
Contributions				11,596.10
Total Revenues	<u>584,338.51</u>	<u>120,063.69</u>	<u>35,000.00</u>	<u>11,596.10</u>
EXPENDITURES:				
Operating	211,554.69	119,263.97	-	3,673.86
Capital Outlay	101,647.90			
Bond Principal				
Certificate Interest				
Miscellaneous				
Total Expenditures	<u>313,202.59</u>	<u>119,263.97</u>	<u>-</u>	<u>3,673.86</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>271,135.92</u>	<u>799.72</u>	<u>35,000.00</u>	<u>7,922.24</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers-In	-	-	-	505.00
Operating Transfers-Out	(115,000.00)			
Total Operating Transfers	<u>(115,000.00)</u>	<u>-</u>	<u>-</u>	<u>505.00</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	156,135.92	799.72	35,000.00	8,427.24
FUND BALANCE, JULY 1, 2004	<u>276,737.40</u>	<u>107,682.82</u>	<u>22,149.09</u>	<u>3,663.19</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 432,873.32</u>	<u>\$ 108,482.54</u>	<u>\$ 57,149.09</u>	<u>\$ 12,090.43</u>

Special Revenue

Construction/ Excavation Deposits	Police Department Special Fund	Crime Victims Compensation	Plan Review Escrow Fund	TIF Fund Project #3	CIP Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 791,392.12
3,325.00	64.89 8,066.24	24,707.50		2,534.66	3,007.06
<u>3,325.00</u>	<u>8,131.13</u>	<u>24,707.50</u>	<u>-</u>	<u>2,534.66</u>	<u>794,399.18</u>
825.00	- 8,451.80	25,031.94	4,836.56	-	- 697,333.31
<u>825.00</u>	<u>8,451.80</u>	<u>25,031.94</u>	<u>4,836.56</u>	<u>-</u>	<u>697,333.31</u>
<u>2,500.00</u>	<u>(320.67)</u>	<u>(324.44)</u>	<u>(4,836.56)</u>	<u>2,534.66</u>	<u>97,065.87</u>
-	-	-	-	-	200,000.00
<u>(500.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385,202.23)</u>
<u>(500.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,202.23)</u>
2,000.00	(320.67)	(324.44)	(4,836.56)	2,534.66	(88,136.36)
<u>5,000.00</u>	<u>2,829.51</u>	<u>2,337.82</u>	<u>16,842.41</u>	<u>84,912.94</u>	<u>235,989.06</u>
<u>\$ 7,000.00</u>	<u>\$ 2,508.84</u>	<u>\$ 2,013.38</u>	<u>\$ 12,005.85</u>	<u>\$ 87,447.60</u>	<u>\$ 147,852.70</u>

CITY OF EUREKA, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005

	Special Revenue		Capital Projects		Total Non-Major Governmental Funds
	TIF Fund Admin #3	TIF Fund Project #5	Property Acquisition Fund	Property Acquisition Debt Service Fund	
REVENUES:					
Taxes	\$ -	\$ 82,056.50	\$ -	\$ -	\$ 1,328,574.42
Licenses, Permits and Fees					105,248.49
State Distributions					144,762.22
Interest	762.12			4,762.36	23,747.78
Miscellaneous		6.02			33,046.26
Collections					24,707.50
Contributions					11,596.10
Total Revenues	<u>762.12</u>	<u>82,062.52</u>	<u>-</u>	<u>4,762.36</u>	<u>1,671,682.77</u>
EXPENDITURES:					
Operating	756.83	772.83	-	-	366,715.68
Capital Outlay					807,433.01
Bond Principal				250,000.00	250,000.00
Certificate Interest				130,202.23	130,202.23
Miscellaneous			4,247.83		4,247.83
Total Expenditures	<u>756.83</u>	<u>772.83</u>	<u>4,247.83</u>	<u>380,202.23</u>	<u>1,558,598.75</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5.29</u>	<u>81,289.69</u>	<u>(4,247.83)</u>	<u>(375,439.87)</u>	<u>113,084.02</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers-In	-	-	5,000.00	380,202.23	585,707.23
Operating Transfers-Out		(40,000.00)			(540,702.23)
Total Operating Transfers	<u>-</u>	<u>(40,000.00)</u>	<u>5,000.00</u>	<u>380,202.23</u>	<u>45,005.00</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>5.29</u>	<u>41,289.69</u>	<u>752.17</u>	<u>4,762.36</u>	<u>158,089.02</u>
FUND BALANCE, JULY 1, 2004	<u>25,644.69</u>	<u>3,453.20</u>	<u>268.39</u>	<u>365,541.98</u>	<u>1,153,052.50</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 25,649.98</u>	<u>\$ 44,742.89</u>	<u>\$ 1,020.56</u>	<u>\$ 370,304.34</u>	<u>\$ 1,311,141.52</u>