

University of Missouri, St. Louis

IRL @ UMSL

---

UMSLCAB - UMSL's Political Science Millennial  
Era Saint Louis Local Curated Area Budgets

Political Science Department

---

1-1-2007

## Audit of Financial Statements, 2006

City of Eureka

Follow this and additional works at: <https://irl.umsl.edu/cab>

---

### Recommended Citation

City of Eureka, "Audit of Financial Statements, 2006" (2007). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 426.  
<https://irl.umsl.edu/cab/426>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact [marvinh@umsl.edu](mailto:marvinh@umsl.edu).



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

August 27, 2007

Karen E. Crayne, Finance Director  
City of Eureka  
St. Louis County  
P.O. Box 125  
Eureka, MO 63025-0125

Fiscal Period: One Year Ended June 30, 2006 ✓

Dear Ms. Crayne:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

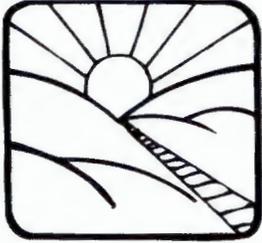
Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA  
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst



# City of Eureka

100 City Hall Drive • P.O. Box 125 • Eureka, Missouri 63025-0125 • (636) 938-5233  
Fax: (636) 938-4080 • Relay Missouri 1-800-735-2966 (TDD) • www.eureka.mo.us

"Proud Past, Promising Future"

*Mayor*

Kevin M. Coffey

*City Administrator*

Craig E. Sabo

*City Clerk*

Ralph Lindsey

*Aldermen Ward I*

Art Pucci

Steve Collins

*Aldermen Ward II*

Robert H. Kee, Jr.

Marilyn Leistner

*Aldermen Ward III*

D. Wayne Swofford, Jr.

Gary Adams

July 26, 2007

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

Dear Ms. Buerky:

Enclosed is our audit report for Fiscal Year Ended **6-30-2006**. I apologize for the delay in sending you our report.

Sincerely,

Karen E. Crayne  
Finance Director

Enclosure

**CITY OF EUREKA, MISSOURI**

**AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

CITY OF EUREKA, MISSOURI

CASH BASIS FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<b>Independent Auditor's Report</b>		1-2
<b>Management's Discussion and Analysis</b>		3-8
<b>Basic Financial Statements:</b>		
<b>Government-Wide Financial Statements</b>		
Statement of Net Assets – Cash Basis	A	9
Statement of Activities – Cash Basis	B	10
<b>Fund Financial Statements</b>		
Governmental Funds Financial Statements		
Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions - Governmental Funds	C	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis – Governmental Funds	D	12
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities – Cash Basis	E	13
Proprietary Funds Financial Statements		
Statement of Net Assets -Cash Basis - Proprietary Funds	F	14
Statement of Revenues, Expenses, and Changes in Net Assets - Cash Basis – Proprietary Funds	G	15
Statement of Cash Flows - Cash Basis - Proprietary Funds	H	16

CITY OF EUREKA, MISSOURI

TABLE OF CONTENTS (CONTINUED)

		<u>PAGE</u>
<b>Notes to Financial Statements</b>		17-31
<b>Required Supplementary Information – Unaudited</b>	<u>STATEMENT</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Cash Basis – with Comparison to Budget – General Fund	1	32-35
Statement of Revenues, Expenditures and Changes in Fund Balance – Cash Basis – with Comparison to Budget – Major Funds	2	36
Notes to Budgetary Comparison Schedules		37
<b>Other Supplementary Information:</b>	<u>SCHEDULE</u>	
Combining Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions – Non-major Governmental Funds	1	38-39
Combining Statement of Revenues, Expenditures and Changes In Fund Balance – Cash Basis – Non-major Governmental Funds	2	40-41

Robert E. Croghan, Jr. CPA  
Michael P. Croghan CPA  
Cynthia Croghan Backes CPA



11007 Manchester Road  
Kirkwood, Missouri 63122-1259  
phone 314 966-6644  
fax 314 966-3074

Robert E. Croghan CPA

## 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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting of the City. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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, 2006, 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 8 and 32 through 37, 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 opinions 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 basic financial statements taken as a whole.

*Crosby + Crosby P.C.*  
Certified Public Accountants

July 26, 2007  
Kirkwood, Missouri

**UNAUDITED**

**City of Eureka, Missouri  
Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2006**

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, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

The financial statements of the City have been prepared on the pure cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid 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, 2006 include the following:

- Wastewater Treatment Plant expansion project is continuing at a cost so far of \$3,520,000, with an estimated total cost of \$4,000,000 upon completion in fiscal year ending June 30, 2008.
- The West 5<sup>th</sup> Street TIF and South I-44 TIF projects were terminated in Fiscal Year 2005-06. Balances of \$3.2 Million in these funds were transferred to St. Louis County and \$100,000 was distributed to County municipalities. Internal transfers of excess revenue from the TIF accounts were made as follows: \$400,000 to CIP Fund and \$700,000 to Storm Water/Parks Fund.
- Sales tax collections in the combined city-wide and TIF areas have increased by 20.6%, due mainly to the TIF closures and St. Louis County distribution to us from the excess TIF funds we had refunded to them.
- The JBA property was sold on April 13, 2006, for \$4,709,770.
- Water disinfection project was completed with a current cost of \$75,000, resulting in a total project cost of \$1,600,000.

## UNAUDITED

- The upgrading to radio read water meters was accelerated at the end of the fiscal year, with \$180,000 spent this year and anticipated completion in early FY 2008 for a total project cost of \$600,000.
- Sewer revenue increased 34% due to a rate increase in March 2006, with the minimum residential rate doubling from \$2.50 to \$5.00 per month plus monthly charge of \$0.50 per 1,000 gallons of water used during the month of January. Commercial rates increased from \$4.00 per month for the first 40,000 gallons of water used to \$6.50 per month for the first 2,000 gallons of water used plus \$0.50 per 1,000 gallons of water monthly per usage during the month of January.
- Storm water control projects were performed at a cost of \$800,000.

### 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 \$10,556,939.88. This represents a 35% increase from the Fiscal Year ending June 30, 2005.

The majority of the increase in net assets is due to the sale of the JBA property and an industrial parcel totaling \$4,900,000. Taxes increased by \$500,000 due to the closure of the West 5<sup>th</sup> St. TIF and the South I-44 Development TIF during the first half of the fiscal year. These increases were offset by the refund of excess TIF funds to St. Louis County and municipalities of \$3,332,000.

Capital outlay in FY 2005-06 was \$1,400,000 less than in FY 2004-05. In FY 2004-05 \$1,200,000 more was spent on the water disinfection system and a new water tank on Forby Road. Costs for completion of the waste water treatment facility were \$600,000

**UNAUDITED**

higher in FY 2004-05. Storm water improvement spending was \$500,000 higher in FY 2005-06.

Net assets of the City at June 30, 2006, reflect the City's total assets of cash and investments (net), of which \$1,610,843.98 is unrestricted.

**Revenue and Expenditure Comparison  
Years Ending June 30, 2005 and 2006**

	<u>2004-05</u>	<u>% of Total</u>	<u>2005-06</u>	<u>% of Total</u>
<b>Revenue all Funds</b>				
Taxes	6,436,299.25	68.40%	7,094,444.61	68.72%
Licenses and Permits	441,183.48	4.69%	573,096.59	5.55%
Charges for Services	1,409,672.15	14.98%	1,519,412.52	14.72%
Fines and Forfeitures	388,655.82	4.13%	471,385.75	4.56%
State Distributions	166,182.73	1.77%	59,402.78	0.57%
Interest	223,116.67	2.37%	273,751.74	2.65%
Collections	24,707.50	0.26%	27,425.50	0.27%
Contributions	11,596.10	0.12%	7,894.89	0.08%
Miscellaneous	308,837.68	3.28%	297,231.14	2.88%
Total	<u>9,410,251.38</u>	<u>100.00%</u>	<u>10,324,045.52</u>	<u>100.00%</u>
<b>Expenditures all Funds</b>				
General Government	1,191,852.17	12.16%	1,338,040.04	14.58%
Public Safety	2,297,624.33	23.45%	2,522,261.65	27.47%
Park Department	311,130.77	3.18%	358,128.65	3.90%
Building Maintenance	91,641.90	0.94%	114,757.57	1.25%
Public Works	889,977.20	9.08%	957,520.72	10.43%
Operating	1,153,686.91	11.78%	1,425,391.79	15.53%
Capital Outlay	3,477,714.75	35.49%	2,104,255.32	22.92%
Bond Principal & Interest	384,450.06	3.92%	359,588.83	3.92%
Total	<u>9,798,078.09</u>	<u>100.00%</u>	<u>9,179,944.57</u>	<u>100.00%</u>
<b>Special/Extraordinary Items</b>				
Sale of Property	-0-	-0-	4,932,060.00	N/A
Refund to Tax Authority	-0-	-0-	(3,331,791.49)	N/A
Net	<u>-0-</u>	<u>-0-</u>	<u>1,600,268.51</u>	<u>N/A</u>

**Governmental Funds Activities:**

Revenues Collected	<u>2004-2005</u>	<u>2005-2006</u>
Program Revenues collected		
Charges for services	\$ 1,030,958.96	\$ 1,071,907.84
Operating Grants & Contributions	81,653.61	67,297.67

**UNAUDITED**

General revenues collected:		
Property Taxes	1,255,829.71	1,005,942.74
Franchise and Public Service Taxes	769,736.08	817,538.57
Sales Tax	4,568,119.19	5,270,963.30
Investment Income	217,303.77	266,680.14
Sales of Assets	12,280.00	16,179.00
Miscellaneous	214,495.16	278,756.67
Transfers between funds	<u>462,000.00</u>	<u>477,441.91</u>
Total Revenues Collected	<u>\$8,612,376.48</u>	<u>\$9,272,707.84</u>
Expenses Paid		
Administrative	1,191,852.17	1,338,040.04
Police Department	2,297,624.33	2,522,261.65
Building Maintenance	91,641.90	114,757.57
Park Department	311,130.77	358,128.65
Public Works	889,977.20	957,520.72
Operating	366,715.68	347,268.39
Capital Outlay	3,477,714.75	2,104,255.32
Bond Principal	250,000.00	225,000.00
Bond Interest and Fees	<u>134,450.06</u>	<u>134,588.83</u>
Total Expenses Paid	<u>9,011,106.86</u>	<u>8,101,821.17</u>
Special/Extraordinary Items		
Sale of Property	-0-	4,932,060.00
Refund to Tax Authority	-0-	(3,331,791.49)
Changes in net assets	(398,730.38)	2,771,155.18
Net Assets Beginning	<u>8,090,751.23</u>	<u>7,692,020.85</u>
Net Assets Ending	<u>\$ 7,692,020.85</u>	<u>\$10,463,176.03</u>

**Business Type Activities:**

	<u>2004-2005</u>	<u>2005-2006</u>
<b><u>Water Operating Fund</u></b>		
Revenue	\$ 622,904.61	\$ 809,305.96
Transfers In	-0-	275,558.09
Expenses	205,926.47	480,164.36
Transfers Out	<u>402,000.00</u>	<u>648,000.00</u>
Net Income/Loss	\$ 14,978.14	\$ (43,300.31)
Retained Earnings, July 1	\$ 74,823.76	\$ 89,801.90
Retained Earnings, June 30	<u>\$ 89,801.90</u>	<u>\$ 46,501.59</u>

*UNAUDITED*

<u>Sewer Operating Fund</u>	<u>2004-2005</u>	<u>2005-2006</u>
Revenue	\$ 178,566.36	\$ 239,539.90
Expenses/Transfers	<u>179,028.44</u>	<u>223,772.16</u>
Net Income/Loss	\$ (462.08)	\$ 15,767.74
Retained Earnings, July 1	<u>28,085.13</u>	<u>\$ 27,623.05</u>
Retained Earnings, June 30	<u>\$ 27,623.05</u>	<u>\$ 43,390.79</u>
 <u>Solid Waste Management Fund</u>		
Revenue/Transfers	\$ 458,403.93	\$ 484,933.73
Expenditures	<u>462,016.32</u>	<u>484,186.88</u>
Net Income/Loss	\$ (3,612.39)	\$ 746.85
Retained Earnings, July 1	<u>6,737.01</u>	<u>3,124.62</u>
Retained Earnings, June 30	<u>\$ 3,124.62</u>	<u>\$ 3,871.47</u>

Water rates were increased with the September 2005 billing, accounting for most of the Fiscal Year 2005-06 increase in water operating revenue. Water Operating expenses increased due to additional operating costs for the new disinfection system. A \$200,000 residential sewer claim settlement was paid out of Water Operating in FY 2005-06. Water Operating transfers are used to fund construction costs in addition to regular operating expenses. The transfer of \$275,558.09 into Water Operating from CIP Fund in FY 2005-06 to return a temporary transfer made in FY 2001-02 for the Eureka Land Co. purchase enabled a transfer of \$147,000 to be made from Water Operating to General Fund for Sewer Operating Fund expense transfer shortages from prior years. Transfers of funds between Water Operating and Sewer Operating to cover expenses are allowable by ordinance.

Sewer Operating revenue increased \$60,000 due mainly to a rate increase in March 2006. Sewer Operating expenses for FY 2005-06 remained about the same as FY 2004-05. An increase of \$50,000 in transfers to General Fund was available and used to cover expense transfer shortages from prior years.

**General Fund Budgetary Highlights**

On July 5, 2005, the City adopted its original budget for the fiscal year ended June 30, 2006. The budget was amended on June 20 and June 29, 2005, to reflect adjustments which were made during the year. Overall, General Fund revenues were even compared with projections. Taxes collected were down 7% from budget, due to less sales tax collected than anticipated. However, all other categories of General Fund revenue were over budget enough to offset the tax variance. The anticipated tax was difficult to determine due to the TIF closures in FY 2005-06.

## **UNAUDITED**

### **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 \$3,895,000.

### **Fiscal Year 2006-07 Projections**

The assessed property valuation is expected to increase by approximately 7.9%. The tax rates for real estate and personal property will remain the same. Employee wages will be increased by 3%.

The sale of the Allenton properties for \$2,260,000 and rights of way for \$190,900 will be a Special Item on the financials in FY 2006-07.

The balance of the wastewater treatment plant expansion project is estimated at a cost of \$400,000 in Fiscal Year 2006-07. Storm water projects are planned at approximately \$200,000.

Only a minimal amount of the FY 2005-06 budgeted bridge replacements were performed. Therefore, bridge replacements are planned for FY 2006-07 at a cost of approximately \$1,300,000 (less \$348,000 grant reimbursement).

Water meters city wide are to be upgraded to the radio read type at an estimated cost of \$319,000 to be incurred in FY 2006-07. Other water system expansion and upgrades are anticipated at a cost of \$1,000,000.

City park enhancements and trail development are planned at \$900,000. Additional other capital improvements are estimated at \$1,800,000.

### **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, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 1,517,080.13	\$ 93,763.85	\$ 1,610,843.98
Restricted Assets			
Cash and Investments	<u>8,946,095.90</u>		<u>8,946,095.90</u>
Total Assets	<u>10,463,176.03</u>	<u>93,763.85</u>	<u>10,556,939.88</u>
 <u>LIABILITIES</u>			
None	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET ASSETS</u>			
Restricted for:			
Construction	8,366,036.01	-	8,366,036.01
TIF Projects	109,794.34		109,794.34
Debt Service	381,141.79		381,141.79
Deposits	18,505.85		18,505.85
Other	70,617.91		70,617.91
Unrestricted	<u>1,517,080.13</u>	<u>93,763.85</u>	<u>1,610,843.98</u>
Total Net Assets	<u>\$ 10,463,176.03</u>	<u>\$ 93,763.85</u>	<u>\$ 10,556,939.88</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, 2006

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
<b>Governmental Activities:</b>							
Administration	\$ 1,338,040.04	\$ 299,626.27	\$ -	\$ -	\$ (1,038,413.77)	\$ -	\$ (1,038,413.77)
Police Department	2,522,261.65	498,811.25			(2,023,450.40)		(2,023,450.40)
Building Maintenance	114,757.57		67,297.67		(47,459.90)		(47,459.90)
Park Department	358,128.65	73,583.00			(284,545.65)		(284,545.65)
Public Works	957,520.72	154,208.27			(803,312.45)		(803,312.45)
Operating	347,268.39	45,679.05			(301,589.34)		(301,589.34)
Capital Outlay	2,104,255.32				(2,104,255.32)		(2,104,255.32)
Bond Principal	225,000.00				(225,000.00)		(225,000.00)
Bond Interest and Fees	134,588.83				(134,588.83)		(134,588.83)
<b>Total governmental activities:</b>	<b>8,101,821.17</b>	<b>1,071,907.84</b>	<b>67,297.67</b>	<b>-</b>	<b>(6,962,615.66)</b>		<b>(6,962,615.66)</b>
<b>Business-type Activities:</b>							
Water Operating	480,164.36	802,044.60	-	-	-	321,880.24	321,880.24
Sewer Operating	113,772.16	238,151.89				124,379.73	124,379.73
Solid Waste Management	484,186.88	479,933.73				(4,253.15)	(4,253.15)
<b>Total business-type activities:</b>	<b>1,078,123.40</b>	<b>1,520,130.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>442,006.82</b>	<b>442,006.82</b>
<b>Total City</b>	<b>\$ 9,179,944.57</b>	<b>\$ 2,592,038.06</b>	<b>\$ 67,297.67</b>	<b>\$ -</b>	<b>(6,962,615.66)</b>	<b>442,006.82</b>	<b>(6,520,608.84)</b>
<b>General Revenues:</b>							
Taxes							
Property Taxes					1,005,942.74		1,005,942.74
Franchise and Public Service Taxes					817,538.57		817,538.57
Sales Tax					5,270,963.30		5,270,963.30
Investment Income					266,680.14	7,071.60	273,751.74
Sales of Property					16,179.00	1,577.77	17,756.77
Miscellaneous					278,756.67		278,756.67
Special Item - Sale of Property					4,932,060.00		4,932,060.00
Extraordinary Item - Refund to Tax Authority					(3,331,791.49)		(3,331,791.49)
Transfers between funds					477,441.91	(477,441.91)	-
<b>Total General Revenues, Special and Extraordinary Items, and Transfers</b>					<b>9,733,770.84</b>	<b>(468,792.54)</b>	<b>9,264,978.30</b>
<b>Change in Net Assets</b>					<b>2,771,155.18</b>	<b>(26,785.72)</b>	<b>2,744,369.46</b>
<b>Net Assets - beginning</b>					<b>7,692,020.85</b>	<b>120,549.57</b>	<b>7,812,570.42</b>
<b>Net Assets - ending</b>					<b>\$ 10,463,176.03</b>	<b>\$ 93,763.85</b>	<b>\$ 10,556,939.88</b>

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, 2006

	Major Funds				Total Governmental Funds
	General	CIP Sales Tax	Storm Water Control/Parks	Non-Major Funds	
<u>ASSETS</u>					
Cash and Investments	\$ 1,385,139.09	\$ 3,945,147.52	\$ 3,057,700.39	\$ 2,075,189.03	\$ 10,463,176.03
Total Assets	<u>\$ 1,385,139.09</u>	<u>\$ 3,945,147.52</u>	<u>\$ 3,057,700.39</u>	<u>2,075,189.03</u>	<u>\$ 10,463,176.03</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity:					
Fund Balance:					
Reserved:					
Construction	-	3,945,147.52	3,057,700.39	1,363,188.10	8,366,036.01
TIF Projects				109,794.34	109,794.34
Debt Service				381,141.79	381,141.79
Deposits				18,505.85	18,505.85
Other				70,617.91	70,617.91
Unreserved	1,385,139.09			131,941.04	1,517,080.13
Total Fund Equity	<u>1,385,139.09</u>	<u>3,945,147.52</u>	<u>3,057,700.39</u>	<u>2,075,189.03</u>	<u>10,463,176.03</u>
Total Liabilities and Fund Equity	<u>\$ 1,385,139.09</u>	<u>\$ 3,945,147.52</u>	<u>\$ 3,057,700.39</u>	<u>\$ 2,075,189.03</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

\$ 10,463,176.03

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, 2006

	Major Funds				Total Governmental Funds
	General	CIP Sales Tax	Storm Water Control/Parks	Non-Major Funds	
<b>REVENUES:</b>					
Taxes	\$ 4,176,367.35	\$ 922,154.80	\$ 1,082,425.41	\$ 913,497.05	\$ 7,094,444.61
Licenses, Permits and Fees	373,209.27			199,887.32	573,096.59
State Distributions	59,402.78				59,402.78
Interest	27,511.30	55,472.69	89,714.52	93,981.63	266,680.14
Fines and Forfeitures	471,385.75				471,385.75
Miscellaneous	207,022.60			87,913.07	294,935.67
Collections				27,425.50	27,425.50
Contributions				7,894.89	7,894.89
Total Revenues	<u>5,314,899.05</u>	<u>977,627.49</u>	<u>1,172,139.93</u>	<u>1,330,599.46</u>	<u>8,795,265.93</u>
<b>EXPENDITURES:</b>					
Operating	5,290,708.63	-	-	347,268.39	5,637,977.02
Capital Outlay	27,384.20	512,329.82	926,967.23	637,574.07	2,104,255.32
Debt Service:					
Principal				225,000.00	225,000.00
Interest				134,588.83	134,588.83
Total Expenditures	<u>5,318,092.83</u>	<u>512,329.82</u>	<u>926,967.23</u>	<u>1,344,431.29</u>	<u>8,101,821.17</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,193.78)</u>	<u>465,297.67</u>	<u>245,172.70</u>	<u>(13,831.83)</u>	<u>693,444.76</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers- In	1,216,072.59	384,436.51	856,355.33	1,243,648.82	3,700,513.25
Operating Transfers- Out	(6,654.34)	(1,984,499.36)		(1,231,917.64)	(3,223,071.34)
Total Operating Sources and Use:	<u>1,209,418.25</u>	<u>(1,600,062.85)</u>	<u>856,355.33</u>	<u>11,731.18</u>	<u>477,441.91</u>
<b>SPECIAL AND EXTRAORDINARY ITEMS</b>					
Special - Sale of Property	-	4,932,060.00	-	-	4,932,060.00
Extraordinary - Refund to Tax Authority				(3,331,791.49)	(3,331,791.49)
NET CHANGE IN FUND BALANCE	1,206,224.47	3,797,294.82	1,101,528.03	(3,333,892.14)	2,771,155.18
FUND BALANCE, JULY 1, 2005	<u>178,914.62</u>	<u>147,852.70</u>	<u>1,956,172.36</u>	<u>5,409,081.17</u>	<u>7,692,020.85</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 1,385,139.09</u>	<u>\$ 3,945,147.52</u>	<u>\$ 3,057,700.39</u>	<u>\$ 2,075,189.03</u>	<u>\$ 10,463,176.03</u>

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

CITY OF EUREKA, MISSOURI  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES-CASH BASIS  
YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$ 2,771,155.18
There are no adjustments	<u>-</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,771,155.18</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, 2006

	Major Funds			Total Enterprise Funds
	Water Operating	Solid Waste Management	Non-Major Funds	
ASSETS				
Cash and Investments	\$ 46,501.59	\$ 3,871.47	\$ 43,390.79	\$ 93,763.85
Total Assets	<u>\$ 46,501.59</u>	<u>\$ 3,871.47</u>	<u>\$ 43,390.79</u>	<u>\$ 93,763.85</u>
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
NET ASSETS				
Unrestricted	<u>46,501.59</u>	<u>3,871.47</u>	<u>43,390.79</u>	<u>93,763.85</u>
Total Net Assets	<u>\$ 46,501.59</u>	<u>\$ 3,871.47</u>	<u>\$ 43,390.79</u>	<u>\$ 93,763.85</u>

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, 2006

	Major Funds		Non-major Funds	Total Enterprise Funds
	Water Operating	Solid Waste Management		
OPERATING REVENUES:				
Charges for Service	\$ 801,326.90	\$ 479,933.73	\$ 238,151.89	\$ 1,519,412.52
Reimbursement	717.70			717.70
Total Operating Revenues	<u>802,044.60</u>	<u>479,933.73</u>	<u>238,151.89</u>	<u>1,520,130.22</u>
OPERATING EXPENSES:				
Payment to Contractors	-	484,186.88	-	484,186.88
Insurance-Department	18,246.00		13,049.00	31,295.00
Lab Equipment and Supplies			324.79	324.79
General Maintenance and Sludge Removal	52,264.49		34,162.26	86,426.75
Utilities	155,515.63		60,502.83	216,018.46
Conferences			420.00	420.00
Sales Tax	11,392.60			11,392.60
Primacy Fees	1,090.00			1,090.00
Repair Fees	7,503.47			7,503.47
Meter Deposit Refunds	17,746.90			17,746.90
Water/Sewer Testing	7,622.16			7,622.16
Utility Locates	964.20		964.20	1,928.40
Gasoline/Diesel Fuel	2,673.91		450.18	3,124.09
Contingencies	204,925.00		369.00	205,294.00
Miscellaneous	220.00		3,529.90	3,749.90
Total Operating Expenses	<u>480,164.36</u>	<u>484,186.88</u>	<u>113,772.16</u>	<u>1,078,123.40</u>
OPERATING INCOME (LOSS)	321,880.24	(4,253.15)	124,379.73	442,006.82
NON-OPERATING REVENUES (EXPENSES):				
Sale of Property	1,577.77	-	-	1,577.77
Interest	5,683.59		1,388.01	7,071.60
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>329,141.60</u>	<u>(4,253.15)</u>	<u>125,767.74</u>	<u>450,656.19</u>
OPERATING TRANSFERS				
Transfers In	275,558.09	5,000.00	-	280,558.09
Transfers Out	(648,000.00)		(110,000.00)	(758,000.00)
Total Operating Transfers	<u>(372,441.91)</u>	<u>5,000.00</u>	<u>(110,000.00)</u>	<u>(477,441.91)</u>
NET CHANGE IN FUND BALANCE	(43,300.31)	746.85	15,767.74	(26,785.72)
TOTAL NET ASSETS, JULY 1, 2005	<u>89,801.90</u>	<u>3,124.62</u>	<u>27,623.05</u>	<u>120,549.57</u>
TOTAL NET ASSETS, JUNE 30, 2006	<u>\$ 46,501.59</u>	<u>\$ 3,871.47</u>	<u>\$ 43,390.79</u>	<u>\$ 93,763.85</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, 2006

	Major Funds			Total Enterprise Funds
	Water Operating	Solid Waste Management	Non-major Funds	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 802,044.60	\$ 479,933.73	\$ 238,151.89	\$ 1,520,130.22
Cash Payments to Suppliers for Goods and Services	<u>(480,164.36)</u>	<u>(484,186.88)</u>	<u>(113,772.16)</u>	<u>(1,078,123.40)</u>
Net Cash Provided (Used) by Operating Activities	<u>321,880.24</u>	<u>(4,253.15)</u>	<u>124,379.73</u>	<u>442,006.82</u>
Cash Flows from Noncapital Financing Activities:				
Operating Transfers	<u>(372,441.91)</u>	<u>5,000.00</u>	<u>(110,000.00)</u>	<u>(477,441.91)</u>
Cash Flows from Capital and Related Financing Activities:				
Sale of Property	<u>1,577.77</u>	<u>-</u>	<u>-</u>	<u>1,577.77</u>
Cash Flows from Investing Activities:				
Interest Earned	<u>5,683.59</u>	<u>-</u>	<u>1,388.01</u>	<u>7,071.60</u>
Cash, Beginning of Year	<u>89,801.90</u>	<u>3,124.62</u>	<u>27,623.05</u>	<u>120,549.57</u>
Cash, End of Year	<u>\$ 46,501.59</u>	<u>\$ 3,871.47</u>	<u>\$ 43,390.79</u>	<u>\$ 93,763.85</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income(Loss)	\$ 321,880.24	\$ (4,253.15)	\$ 124,379.73	\$ 442,006.82
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>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 321,880.24</u>	<u>\$ (4,253.15)</u>	<u>\$ 124,379.73</u>	<u>\$ 442,006.82</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, 2006

**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 to city parks and arts.

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:

<u>Major Funds</u>	<u>Non-major Funds</u>
General Fund	Special Revenue Funds: Street/Road Sewer Construction Water Construction Cable TV Receipts City Park #3 DARE Donation Construction/Excavation Deposit Police Dept. Special Fund Crime Victims Compensation Fund Plan Review Escrow Fund TIF Project #3 TIF Special Allocation Project #3 TIF Fund Administration #3 TIF Fund Project #5
Special Revenue Funds: CIP Sales Tax Fund Storm Water Control/Parks	
Proprietary Funds: Water Operating Solid Waste Management	Capital Projects Funds: Property Acquisition Property Acquisition Debt Service  Proprietary Funds: Sewer Operating

### 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 5, 2005. The budget was amended June 20 and 29, 2006.
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 \$8,366,036.01 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 \$109,794.34 for purposes of various TIF capital projects.

Restricted for Debt Service: The City has restricted \$381,141.79 for purposes of payment of amounts due under certificate of participation agreements.

Restricted for Deposits: The City has restricted \$18,505.85 for purposes of reviews and permits of construction projects.

Restricted for Other: The City has restricted \$70,617.91 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.

#### J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transaction is or events that are within the control of the Board of Aldermen and that are either unusual in nature or infrequent in occurrence. Extraordinary and special items occurring during the year ended June 30, 2006, included a refund to St. Louis County for unused TIF revenue and a sale of property, respectively.

## 2. New Accounting Pronouncements

For the fiscal year ended June 30, 2006, the City has implemented GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. At June 30, 2005, 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>
Police Dept. Special Fund	\$ 24,658.00	\$ 12,558.84
Crime Victims Fund	27,800.00	27,513.38
Plan Review Escrow Fund	18,005.85	12,005.85
TIF Special Allocation #3	3,331,791.49	3,045,649.75
CIP Sales Tax Fund	1,375,500.00	(216,484.30)
TIF Fund Project #5	36,020.51	33,050.46
Sewer Operating	144,800.00	83,973.05
Water Operating	480,143.74	340,759.99
Solid Waste Management II	484,700.00	481,124.62

It should be noted that no funds were originally budgeted with negative balances and no funds ended the year with negative actual balances. Several unexpected events happened during the fiscal year causing more revisions than normal. During the revision process the focus was placed more on aligning actual expenses to the budget, as was customary; thus inadvertently creating negative fund balances.

- B. Excesses of expenditures and transfers over appropriations in individual funds. The following is a summary of excesses of fund expenditures and transfers over appropriations.

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Expenditures Over Appropriations</u>
Police Dept. Special Fund	\$ 24,658.00	\$ 27,264.00	\$ (2,606.00)
Property Acquisition Debt Service Fund	356,085.00	357,076.25	(991.25)

An error in estimates of last minute expenditures resulted in budget revisions creating the unfavorable excess for the above two funds.

#### 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 110% of 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, 2006, and reported at cost are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 19,279.94
Money Market		2,284,531.95
Certificates of deposit	Various	<u>7,871,849.20</u>
		<u>10,175,661.09</u>
Investments:		
U.S. Gov't Agency note	1/15/08	363,093.62
Mutual Fund		<u>18,048.17</u>
		<u>381,141.79</u>
Total Deposits and Investments		<u>\$ 10,556,802.88</u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 10,556,802.88
Petty Cash		<u>137.00</u>
		<u>\$ 10,556,939.88</u>

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2006, none of the City's bank balance of \$10,394,680.51 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, 2006 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, 2006, the City's investments were rated as follows:

Description	Financial Institution	Amount	Rating
U.S. Governmental Agency Notes	UMB Bank	\$ 363,093.62	AAA
Fidelity U.S. Treasury Money Market Fund	UMB Bank	18,048.17	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, 2006, the City had the following investments that were more than 5% of the City's total investments:

Description	Concentration
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 2005 for purposes of local taxation was:

Residential	\$ 119,649,640
Commercial	40,459,980
Agricultural	236,750
Personal Property	34,054,500
Railroad and Utilities	<u>4,778,136</u>
Total	\$ <u>199,179,006</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2005 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, 2006, 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%: \$ 3,895,000.00

### Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2006.

Type of Debt	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Amount Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$ 4,120,000.00	\$ -	\$ 225,000.00	\$ 3,895,000.00	\$ 230,000.00

### Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2006, are as follows:

Year Ended June, 30	Governmental Activities	
	Certificates of Participation	
	Principal	Interest
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	250,000.00	108,662.50
2012-2016	1,385,000.00	418,885.00
2017-2020	1,315,000.00	137,695.00
Total	\$ 3,895,000.00	\$ 1,156,157.50

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, 2006, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund:	\$ <u>1,216,072.59</u>	\$ <u>6,654.34</u>
Special Revenue Fund:		
CIP Sales Tax	384,436.51	1,984,499.36
Storm Water Control/Parks	<u>856,355.33</u>	
	<u>1,240,791.84</u>	<u>1,984,499.36</u>
Enterprise Funds:		
Water Operating	275,558.09	648,000.00
Solid Waste Management	<u>5,000.00</u>	
	<u>280,558.09</u>	<u>648,000.00</u>
Special Revenue Funds:		
Road	300,817.58	139,000.00
Water Construction	560,522.41	
TIF Special Allocation Project #3	22,559.47	1,064,285.84
TIF Fund Administration #3		20,905.13
TIF #5 Mall Project		<u>7,726.67</u>
	<u>883,899.46</u>	<u>1,231,917.64</u>
Capital Project Funds:		
Property Acquisition	4,000.00	-
Property Acquisition Debt Service	<u>355,749.36</u>	
	<u>359,749.36</u>	<u>-</u>
Enterprise Funds:		
Sewer Operating	<u>-</u>	<u>110,000.00</u>
Grand Totals	\$ <u>3,981,071.34</u>	\$ <u>3,981,071.34</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 various funds 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 10.8% (general) and 12.0% (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 2006, the political subdivision's annual pension cost of \$308,375 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 6.0% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and 0 years for women 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, 2006 was 15 years.

#### Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/04	\$220,026	100%	\$0
06/30/05	\$269,928	100%	\$0
06/30/06	\$308,375	100%	\$0

REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued 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
02/29/04	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
02/28/06	4,980,756	5,612,521	631,765	89%	2,585,238	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, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**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, 2006 through February 28, 2007. 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 \$3,826.75. Approximate future minimum contractual payments are as follows:

Year Ended June 30,

2007	<u>\$ 30,614.00</u>
------	---------------------

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 \$14.23 per month per unit. The City charges its residents for these trash services.

Effective Jan. 1, 2006, the City has contracted with Holloway, LLC to pass sales tax in excess of \$175,000.00 generated annually from the Eureka Pointe commercial development to Holloway, LLC to reimburse them for \$1,800,000.00 in development costs plus 6.5% interest. It is anticipated that the reimbursement will be complete in approximately 10 years.

Also, the City, as of June 30, 2006, has commitments for various capital projects totaling approximately \$355,000.00.

## 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. 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.

### **11. Related Party Transactions**

The City entered into a depository contract and pledge agreement with Pioneer Bank & Trust Company on November 30, 2001, at which time an Alderman was employed by the bank. The depository contract and pledge agreement was renewed November 30, 2004. City funds on deposit are disclosed in Note 4.

### **12. 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 sold, on July 3, 2006, property to a developer for \$3,349,755.50.

The City issued, on September 12, 2006, tax increment revenue notes totaling \$2,500,000.00.

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes				
Real Estate	\$ 538,000.00	\$ 538,000.00	\$ 637,124.24	\$ 99,124.24
Personal Property Tax	132,000.00	132,000.00	130,937.67	(1,062.33)
Railroad Tax	18,000.00	18,000.00	17,530.57	(469.43)
Gross Receipts Tax	650,000.00	650,000.00	706,276.02	56,276.02
Financial Institution Tax			16.14	16.14
Cigarette Tax	28,000.00	28,000.00	27,232.03	(767.97)
Sales Tax	3,400,000.00	3,128,527.47	2,657,250.68	(471,276.79)
Total Taxes	<u>4,766,000.00</u>	<u>4,494,527.47</u>	<u>4,176,367.35</u>	<u>(318,160.12)</u>
Licenses, Permits & Fees				
Liquor Licenses	19,000.00	19,000.00	20,573.15	1,573.15
Plumbing, Mechanical and Excavation Permits	23,000.00	23,000.00	36,980.70	13,980.70
Merchants and Peddlers Licenses	154,000.00	154,000.00	166,526.29	12,526.29
Building and Sign Permits	20,000.00	20,000.00	38,399.10	18,399.10
Exterior Appearance Inspection	2,000.00	2,000.00	2,240.00	240.00
Park Pavilion Permit Fees	1,000.00	1,000.00	915.00	(85.00)
Subdivision Review Fees	1,000.00	1,000.00	1,034.00	34.00
Community Center Damage/ Clean Up Deposits	4,000.00	4,000.00	4,550.00	550.00
Community Center User Fees	10,000.00	10,000.00	8,350.00	(1,650.00)
Street Inspections	8,000.00	8,000.00	11,127.00	3,127.00
Board Adjustments	800.00	800.00	600.00	(200.00)
Reimbursements			18,438.03	18,438.03
Park Program Fees	35,500.00	35,500.00	41,509.50	6,009.50
Ballfield Fees	12,000.00	12,000.00	18,258.50	6,258.50
POST Training Fees			3,708.00	3,708.00
Total Licenses, Permits and Fees	<u>290,300.00</u>	<u>290,300.00</u>	<u>373,209.27</u>	<u>82,909.27</u>
State Distributions				
Speed Compliance	3,000.00	3,000.00	33,971.14	30,971.14
Sert Program	2,000.00	2,000.00	1,787.00	(213.00)
Sobriety Checkpoint Program			7,941.60	7,941.60
Miscellaneous Grants			15,703.04	15,703.04
Total State Distributions	<u>5,000.00</u>	<u>5,000.00</u>	<u>59,402.78</u>	<u>54,402.78</u>
Interest				
Investments	10,000.00	10,000.00	19,677.57	9,677.57
Taxes			7,087.88	7,087.88
Municipal Court Bond			595.60	595.60
Other			150.25	150.25
Total Interest	<u>10,000.00</u>	<u>10,000.00</u>	<u>27,511.30</u>	<u>17,511.30</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, 2006

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (Continued):				
<i>Fines &amp; Forfeitures</i>				
Fines, T.V.B., Police				
Training and Police Reports	\$ 332,900.00	\$ 332,900.00	\$ 457,728.62	\$ 124,828.62
Police Bond Forfeitures	15,000.00	15,000.00	12,300.00	(2,700.00)
Crime Victim Compensation Fund	1,275.00	1,275.00	1,357.13	82.13
Total Fines and Forfeitures	<u>349,175.00</u>	<u>349,175.00</u>	<u>471,385.75</u>	<u>122,210.75</u>
<i>Miscellaneous</i>				
Phone Booth/Soda Machine Revenue	400.00	400.00	717.98	317.98
Filing/Advertising Fees	1,800.00	1,800.00	3,050.00	1,250.00
Copy Work Receipts			14,277.48	14,277.48
Marymount Rental Income	8,149.00	8,149.00	8,148.92	(0.08)
Reimbursements, Donations and Special Assessments	149,200.00	149,200.00	164,649.22	15,449.22
Sale of Surplus Property	10,000.00	10,000.00	16,179.00	6,179.00
Total Miscellaneous	<u>169,549.00</u>	<u>169,549.00</u>	<u>207,022.60</u>	<u>37,473.60</u>
Total Revenues	<u>5,590,024.00</u>	<u>5,318,551.47</u>	<u>5,314,899.05</u>	<u>(3,652.42)</u>
EXPENDITURES:				
<i>Police Department</i>				
Salaries	1,458,000.00	1,458,000.00	1,501,637.62	(43,637.62)
FICA Taxes	111,500.00	111,500.00	112,444.86	(944.86)
Workmen's Compensation	35,000.00	35,000.00	33,114.00	1,886.00
Unemployment Tax	2,500.00	2,500.00	4,000.92	(1,500.92)
Employee Insurance	308,000.00	308,000.00	293,088.16	14,911.84
Retirement Contribution (LAGERS)	159,200.00	159,200.00	159,534.13	(334.13)
Uniform Expense	20,640.00	20,640.00	15,263.53	5,376.47
Legal and Professional Fees	70,000.00	70,000.00	66,669.00	3,331.00
Department and Vehicle Insurance	48,000.00	48,000.00	44,649.00	3,351.00
Office Equipment and Supplies	13,380.00	13,380.00	15,124.92	(1,744.92)
Department Supplies	24,797.00	24,797.00	22,748.73	2,048.27
Gasoline Account	51,000.00	51,000.00	57,368.00	(6,368.00)
Vehicle Repairs and Tires	61,550.00	61,550.00	52,127.34	9,422.66
Jail Costs	8,000.00	8,000.00	8,926.65	(926.65)
K-9 Program	1,890.00	1,890.00	1,405.61	484.39
Dispatching and Radio/ Radar Repair	45,630.00	45,630.00	48,033.70	(2,403.70)
Membership Fees	2,500.00	2,500.00	5,115.00	(2,615.00)
Equipment	19,260.00	19,260.00	15,479.36	3,780.64
Advertising	1,200.00	1,200.00	1,023.00	177.00
Miscellaneous	7,500.00	7,500.00	2,521.49	4,978.51
Conference Fees	15,600.00	15,600.00	10,337.94	5,262.06
Service Agreements/Warranties	4,500.00	4,500.00	1,924.44	2,575.56
Payments to be Reimbursed	27,000.00	27,000.00	30,403.02	(3,403.02)
POSTC Fees to State	4,200.00	4,200.00	3,672.19	527.81
REJIS Inquiry & Info System	30,000.00	30,000.00	29,155.17	844.83
SERT Program	4,460.00	4,460.00	1,973.23	2,486.77
Total Police Department	<u>2,535,307.00</u>	<u>2,535,307.00</u>	<u>2,537,741.01</u>	<u>(2,434.01)</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, 2006

EXPENDITURES: (Continued)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>Administration</b>				
Salaries	\$ 660,000.00	\$ 660,000.00	\$ 626,835.84	\$ 33,164.16
FICA Taxes	53,300.00	53,300.00	48,647.46	4,652.54
Workmen's Compensation	6,000.00	6,000.00	5,740.00	260.00
Unemployment Taxes	1,200.00	1,200.00	1,658.63	(458.63)
Employee Insurance	127,000.00	127,000.00	113,029.77	13,970.23
Retirement Contributions (LAGERS)	71,400.00	71,400.00	65,927.16	5,472.84
Uniforms	900.00	900.00	378.16	521.84
Expense Allowance (Elected Officials)	30,700.00	30,700.00	26,900.00	3,800.00
Conference, Luncheon, Membership Fees	13,500.00	13,500.00	10,396.81	3,103.19
Engineering	41,000.00	41,000.00	30,997.87	10,002.13
Legal and Professional Fees	81,000.00	81,000.00	79,498.59	1,501.41
Codification Expenses			1,808.00	(1,808.00)
Department and Vehicle Insurance	21,000.00	21,000.00	16,287.00	4,713.00
Advertising	10,000.00	10,000.00	10,465.77	(465.77)
Election Expense	4,000.00	4,000.00	2,147.04	1,852.96
Office Supplies, Postage and Equipment	47,500.00	47,500.00	30,847.83	16,652.17
Gasoline, Car Expenses and Tires	12,000.00	12,000.00	7,754.89	4,245.11
Mobile Phone/Pager Fees	900.00	900.00	604.80	295.20
Computer Expense	24,000.00	24,000.00	14,209.62	9,790.38
Department Supplies	24,300.00	24,300.00	13,303.46	10,996.54
Miscellaneous/Contingencies	141,800.00	141,800.00	206,894.79	(65,094.79)
Refunds	1,000.00	1,000.00	1,391.25	(391.25)
Service Agreements/Warranties	18,000.00	18,000.00	15,370.67	2,629.33
Payments to be Reimbursed	4,500.00	4,500.00	6,944.63	(2,444.63)
<b>Total Administration</b>	<b>1,395,000.00</b>	<b>1,395,000.00</b>	<b>1,338,040.04</b>	<b>56,959.96</b>
<b>Building Maintenance</b>				
Coffee Service	2,000.00	2,000.00	2,110.50	(110.50)
Insurance	8,000.00	8,000.00	7,105.00	895.00
Utilities	34,700.00	34,700.00	32,822.25	1,877.75
General Maintenance			14,902.82	(14,902.82)
Special Contracts	18,500.00	18,500.00	17,406.00	1,094.00
Building Improvements	14,500.00	14,500.00	40,411.00	(25,911.00)
Equipment/Fixtures	38,500.00	38,500.00		38,500.00
Misc./Payments to be Reimbursed	300.00	300.00		300.00
<b>Total Building Maintenance</b>	<b>116,500.00</b>	<b>116,500.00</b>	<b>114,757.57</b>	<b>1,742.43</b>
<b>Park Department</b>				
Salaries	171,000.00	171,000.00	156,253.69	14,746.31
FICA Taxes	13,700.00	13,700.00	12,382.21	1,317.79
Workmen's Compensation	5,800.00	5,800.00	5,614.00	186.00
Unemployment Tax	600.00	600.00	484.10	115.90
Employee Insurance	29,000.00	29,000.00	23,990.89	5,009.11
Retirement Contribution (LAGERS)	13,000.00	13,000.00	10,768.94	2,231.06
Expense Allowance-Board	8,400.00	8,400.00	6,450.00	1,950.00
Memberships/Conferences	2,200.00	2,200.00	1,786.64	413.36
Insurance	13,000.00	13,000.00	12,331.00	669.00
Supplies and Signs	26,950.00	26,950.00	13,280.03	13,669.97
General Maintenance	28,000.00	28,000.00	30,967.91	(2,967.91)
Utilities	22,000.00	22,000.00	16,881.30	5,118.70
Advertising	2,000.00	2,000.00	899.10	1,100.90
Computer Software/Support	1,000.00	1,000.00	1,019.97	(19.97)
Professional Services			20,742.40	(20,742.40)

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, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES: (Continued)				
Park Department (Continued)				
Equipment	18,000.00	18,000.00	11,904.84	6,095.16
Miscellaneous	4,800.00	4,800.00	1,553.25	3,246.75
Park Board Activities	53,200.00	53,200.00	32,269.45	20,930.55
Refunds	8,600.00	8,600.00	4,704.00	3,896.00
Payments to be Reimbursed	1,500.00	1,500.00	5,749.77	(4,249.77)
Total Park Department	<u>422,750.00</u>	<u>422,750.00</u>	<u>370,033.49</u>	<u>52,716.51</u>
Public Works Department				
Salaries	680,000.00	680,000.00	609,970.49	70,029.51
FICA Taxes	52,000.00	52,000.00	46,007.10	5,992.90
Workmen's Compensation	23,500.00	23,500.00	22,450.00	1,050.00
Unemployment Tax	1,200.00	1,200.00	1,725.33	(525.33)
Employee Insurance	147,000.00	147,000.00	115,186.12	31,813.88
Retirement Contribution (LAGERS)	70,500.00	70,500.00	59,692.35	10,807.65
Gasoline & Vehicle Repairs	108,000.00	108,000.00	46,631.77	61,368.23
Uniforms	6,500.00	6,500.00	5,551.33	948.67
Advertising	1,000.00	1,000.00	646.72	353.28
Utilities	9,500.00	9,500.00	7,951.23	1,548.77
Contracted Labor	57,000.00	57,000.00	38,650.80	18,349.20
Supplies	3,000.00	3,000.00	1,601.85	1,398.15
Pager/Mobile phone fees	1,100.00	1,100.00	697.75	402.25
Misc./Contingencies	4,800.00	4,800.00	757.88	4,042.12
Total Public Works Department	<u>1,165,100.00</u>	<u>1,165,100.00</u>	<u>957,520.72</u>	<u>207,579.28</u>
Total Expenditures	<u>5,634,657.00</u>	<u>5,634,657.00</u>	<u>5,318,092.83</u>	<u>316,564.17</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44,633.00)</u>	<u>(316,105.53)</u>	<u>(3,193.78)</u>	<u>312,911.75</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	592,100.00	1,312,172.59	1,216,072.59	(96,100.00)
Operating Transfers Out	<u>(253,000.00)</u>	<u>(253,000.00)</u>	<u>(6,654.34)</u>	<u>246,345.66</u>
Total Operating Transfers	<u>339,100.00</u>	<u>1,059,172.59</u>	<u>1,209,418.25</u>	<u>150,245.66</u>
NET CHANGE IN FUND BALANCE	294,467.00	743,067.06	1,206,224.47	463,157.41
FUND BALANCE, JULY 1, 2005	<u>178,914.62</u>	<u>178,914.62</u>	<u>178,914.62</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 473,381.62</u>	<u>\$ 921,981.68</u>	<u>\$ 1,385,139.09</u>	<u>\$ 463,157.41</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, 2006

	Special Revenue							
	CIP Sales Tax Fund				Storm Water Control/Parks			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
Taxes	\$ 940,000.00	\$ 940,000.00	\$ 922,154.80	\$ (17,845.20)	\$ 1,100,000.00	\$ 1,100,000.00	\$ 1,082,425.41	\$ (17,574.59)
Charges for Services								
Grants	348,000.00	348,000.00		(348,000.00)				
Interest	8,000.00	8,000.00	55,472.69	47,472.69	50,000.00	50,000.00	89,714.52	39,714.52
Total Revenues	<u>1,296,000.00</u>	<u>1,296,000.00</u>	<u>977,627.49</u>	<u>(318,372.51)</u>	<u>1,150,000.00</u>	<u>1,150,000.00</u>	<u>1,172,139.93</u>	<u>22,139.93</u>
EXPENDITURES:								
Current:								
Operating	-	-	-	-	-	-	-	-
Capital Outlay	1,375,500.00	1,375,500.00	512,329.82	863,170.18	1,175,585.00	1,175,585.00	926,967.23	248,617.77
Total Expenditures	<u>1,375,500.00</u>	<u>1,375,500.00</u>	<u>512,329.82</u>	<u>863,170.18</u>	<u>1,175,585.00</u>	<u>1,175,585.00</u>	<u>926,967.23</u>	<u>248,617.77</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(79,500.00)</u>	<u>(79,500.00)</u>	<u>465,297.67</u>	<u>544,797.67</u>	<u>(25,585.00)</u>	<u>(25,585.00)</u>	<u>245,172.70</u>	<u>270,757.70</u>
OTHER FINANCING SOURCES (USES):								
Operating Transfer-In	601,998.00	601,998.00	384,436.51	(217,561.49)	472,777.98	641,557.31	856,355.33	214,798.02
Operating Transfer-Out	(860,085.00)	(860,085.00)	(1,984,499.36)	(1,124,414.36)				-
Total Operating Sources and Uses	<u>(258,087.00)</u>	<u>(258,087.00)</u>	<u>(1,600,062.85)</u>	<u>(1,341,975.85)</u>	<u>472,777.98</u>	<u>641,557.31</u>	<u>856,355.33</u>	<u>214,798.02</u>
SPECIAL ITEMS								
Sale of Property	222,500.00	222,500.00	4,932,060.00	4,709,560.00	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>(115,087.00)</u>	<u>(115,087.00)</u>	<u>3,797,294.82</u>	<u>3,912,381.82</u>	<u>447,192.98</u>	<u>615,972.31</u>	<u>1,101,528.03</u>	<u>485,555.72</u>
FUND BALANCE, JULY 1, 2005	<u>147,852.70</u>	<u>147,852.70</u>	<u>147,852.70</u>	<u>-</u>	<u>1,956,172.36</u>	<u>1,956,172.36</u>	<u>1,956,172.36</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 32,765.70</u>	<u>\$ 32,765.70</u>	<u>\$ 3,945,147.52</u>	<u>\$ 3,912,381.82</u>	<u>\$ 2,403,365.34</u>	<u>\$ 2,572,144.67</u>	<u>\$ 3,057,700.39</u>	<u>\$ 485,555.72</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, 2006

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 5, 2005. The budget was amended June 20 and 29, 2006.
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, 2006

	Special Revenue					
	Street/ Road Fund	Sewer Construction	Water Construction	Cable TV Receipts	City Park #3	D.A.R.E. Donation
<b>ASSETS</b>						
Cash and Investments	\$ 793,069.92	\$ 61,937.00	\$ 508,181.18	\$ 131,941.04	\$ 22,149.09	\$ 16,504.42
Total Assets	<u>\$ 793,069.92</u>	<u>\$ 61,937.00</u>	<u>\$ 508,181.18</u>	<u>\$ 131,941.04</u>	<u>\$ 22,149.09</u>	<u>\$ 16,504.42</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities:						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance						
Reserved:						
Construction	793,069.92	61,937.00	508,181.18	-	-	-
TIF Projects						
Debt Service						
Deposits						
Other					22,149.09	16,504.42
Unreserved				<u>131,941.04</u>		
Total Liabilities and Fund Balances	<u>\$ 793,069.92</u>	<u>\$ 61,937.00</u>	<u>\$ 508,181.18</u>	<u>\$ 131,941.04</u>	<u>\$ 22,149.09</u>	<u>\$ 16,504.42</u>

CITY OF EUREKA, MISSOURI  
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<u>Special Revenue</u>			
	<u>TIF Fund Project #3</u>	<u>TIF Special Alloc. Proj. #3</u>	<u>TIF Fund Admin #3</u>	<u>TIF Fund Project #5</u>
<b>ASSETS</b>				
Cash and Investments	\$ 100,672.20	\$ -	\$ 4,308.98	\$ 4,813.16
	<u>\$ 100,672.20</u>	<u>\$ -</u>	<u>\$ 4,308.98</u>	<u>\$ 4,813.16</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Reserved:				
Construction	-	-	-	-
TIF Projects	100,672.20		4,308.98	4,813.16
Debt Service				
Deposits				
Other				
Unreserved				
Total Liabilities and Fund Equity	<u>\$ 100,672.20</u>	<u>\$ -</u>	<u>\$ 4,308.98</u>	<u>\$ 4,813.16</u>

<u>Capital Projects</u>		<u>Total</u>
<u>Property</u>	<u>Property</u>	<u>Non-major</u>
<u>Acquisition</u>	<u>Acquisition</u>	<u>Governmental</u>
	<u>Debt Service</u>	<u>Funds</u>
\$ <u>2,507.98</u>	\$ <u>381,141.79</u>	\$ <u>2,075,189.03</u>
\$ <u>2,507.98</u>	\$ <u>381,141.79</u>	\$ <u>2,075,189.03</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
-	-	1,363,188.10
		109,794.34
	381,141.79	381,141.79
		18,505.85
2,507.98		70,617.91
<u>2,507.98</u>	<u>381,141.79</u>	<u>131,941.04</u>
\$ <u>2,507.98</u>	\$ <u>381,141.79</u>	\$ <u>2,075,189.03</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, 2006

Special Revenue

	<u>Street/ Road Fund</u>	<u>Sewer Construction</u>	<u>Water Construction</u>	<u>Cable TV Receipts</u>	<u>City Park #3</u>	<u>D.A.R.E. Donation</u>
<b>REVENUES:</b>						
Taxes	\$ 488,847.16	\$ -	\$ -	\$ 77,802.79	\$ -	\$ -
Licenses, Permits and Fees	45,679.05	57,255.27	96,953.00			
State Distributions						
Interest	19,863.31	2,282.22	5,542.02	3,875.68		
Miscellaneous	33,626.00					
Collections						
Contributions						7,894.89
<b>Total Revenues</b>	<u>588,015.52</u>	<u>59,537.49</u>	<u>102,495.02</u>	<u>81,678.47</u>	<u>-</u>	<u>7,894.89</u>
<b>EXPENDITURES:</b>						
Operating	218,322.20	-	-	58,219.97	-	3,480.90
Capital Outlay	171,314.30	59,712.10	344,283.67		35,000.00	
Bond Principal						
Certificate Interest						
Miscellaneous						
<b>Total Expenditures</b>	<u>389,636.50</u>	<u>59,712.10</u>	<u>344,283.67</u>	<u>58,219.97</u>	<u>35,000.00</u>	<u>3,480.90</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>198,379.02</u>	<u>(174.61)</u>	<u>(241,788.65)</u>	<u>23,458.50</u>	<u>(35,000.00)</u>	<u>4,413.99</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfers-In	300,817.58	-	560,522.41	-	-	-
Operating Transfers-Out	(139,000.00)					
<b>Total Operating Sources and Uses</b>	<u>161,817.58</u>	<u>-</u>	<u>560,522.41</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL AND EXTRAORDINARY ITEMS</b>						
Special - Sale of Property	-	-	-	-	-	-
Extraordinary - Refund to Tax Authority						
<b>NET CHANGE IN FUND BALANCE</b>	360,196.60	(174.61)	318,733.76	23,458.50	(35,000.00)	4,413.99
<b>FUND BALANCE, JULY 1, 2005</b>	<u>432,873.32</u>	<u>62,111.61</u>	<u>189,447.42</u>	<u>108,482.54</u>	<u>57,149.09</u>	<u>12,090.43</u>
<b>FUND BALANCE, JUNE 30, 2006</b>	<u>\$ 793,069.92</u>	<u>\$ 61,937.00</u>	<u>\$ 508,181.18</u>	<u>\$ 131,941.04</u>	<u>\$ 22,149.09</u>	<u>\$ 16,504.42</u>

Special Revenue

<u>Construction/ Excavation Deposits</u>	<u>Police Department Special Fund</u>	<u>Crime Victims Compensation</u>	<u>Plan Review Escrow Fund</u>	<u>TIF Fund Project #3</u>	<u>TIF Special Alloc. Proj. #3</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 342,908.40
	398.17			13,224.60	36,376.14
2,770.00	51,517.07	27,425.50			
<u>2,770.00</u>	<u>51,915.24</u>	<u>27,425.50</u>	<u>-</u>	<u>13,224.60</u>	<u>379,284.54</u>
3,270.00	-	27,142.54	-	-	
	27,264.00				
<u>3,270.00</u>	<u>27,264.00</u>	<u>27,142.54</u>	<u>-</u>	<u>-</u>	<u>-</u>
(500.00)	24,651.24	282.96	-	13,224.60	379,284.54
-	-	-	-	-	22,559.47
-	-	-	-	-	(1,064,285.84)
-	-	-	-	-	(1,041,726.37)
-	-	-	-	-	-
-	-	-	-	-	(3,331,791.49)
(500.00)	24,651.24	282.96	-	13,224.60	(3,994,233.32)
7,000.00	2,508.84	2,013.38	12,005.85	87,447.60	3,994,233.32
<u>\$ 6,500.00</u>	<u>\$ 27,160.08</u>	<u>\$ 2,296.34</u>	<u>\$ 12,005.85</u>	<u>\$ 100,672.20</u>	<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, 2006

	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	
<b>REVENUES:</b>					
Taxes	\$ -	\$ 3,938.70	\$ -	\$ -	\$ 913,497.05
Licenses, Permits and Fees					199,887.32
State Distributions					-
Interest	255.15			12,164.34	93,981.63
Miscellaneous					87,913.07
Collections					27,425.50
Contributions					7,894.89
<b>Total Revenues</b>	<b>255.15</b>	<b>3,938.70</b>	<b>-</b>	<b>12,164.34</b>	<b>1,330,599.46</b>
<b>EXPENDITURES:</b>					
Operating	691.02	36,141.76	-	-	347,268.39
Capital Outlay					637,574.07
Bond Principal				225,000.00	225,000.00
Certificate Interest				132,076.25	132,076.25
Miscellaneous			2,512.58		2,512.58
<b>Total Expenditures</b>	<b>691.02</b>	<b>36,141.76</b>	<b>2,512.58</b>	<b>357,076.25</b>	<b>1,344,431.29</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(435.87)</b>	<b>(32,203.06)</b>	<b>(2,512.58)</b>	<b>(344,911.91)</b>	<b>(13,831.83)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers-In	-	-	4,000.00	355,749.36	1,243,648.82
Operating Transfers-Out	(20,905.13)	(7,726.67)			(1,231,917.64)
<b>Total Operating Sources and Uses</b>	<b>(20,905.13)</b>	<b>(7,726.67)</b>	<b>4,000.00</b>	<b>355,749.36</b>	<b>11,731.18</b>
<b>SPECIAL AND EXTRAORDINARY ITEMS</b>					
Special - Sale of Property	-	-	-	-	-
Extraordinary - Refund to Tax Authority					(3,331,791.49)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(21,341.00)</b>	<b>(39,929.73)</b>	<b>1,487.42</b>	<b>10,837.45</b>	<b>(3,333,892.14)</b>
<b>FUND BALANCE, JULY 1, 2005</b>	<b>25,649.98</b>	<b>44,742.89</b>	<b>1,020.56</b>	<b>370,304.34</b>	<b>5,409,081.17</b>
<b>FUND BALANCE, JUNE 30, 2006</b>	<b>\$ 4,308.98</b>	<b>\$ 4,813.16</b>	<b>\$ 2,507.98</b>	<b>\$ 381,141.79</b>	<b>\$ 2,075,189.03</b>