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Audited Modified Cash Basis Financial Statements, 2007

City of Greendale

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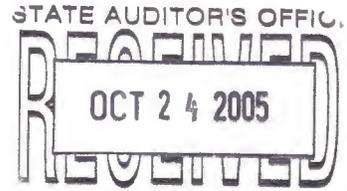
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CITY OF GREENDALE MISSOURI

Audited Modified Cash Basis Financial Statements

For the Year Ended April 30, 2005

Michael Cummins, CPA, P.C.

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Michael Cummins, CPA, P.C.

Three The Pines Court Suite E, St. Louis, MO 63141

314.628.9494 Fax 314.628.9495

E-Mail - Mike@MichaelCumminsCPA.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderpersons
City of Greendale, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Greendale, Missouri as of and for the year ended April 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Greendale, Missouri prepares its government-wide and fund financial statements on the modified cash basis which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the government activities and each major fund of the City of Greendale, Missouri at April 30, 2005, and the respective changes in financial position - modified cash basis for the year then ended, on the basis of accounting described in Note 1.

The City implemented the provisions of Governmental Accounting Standards Board Statement 34 and subsequent statements. The financial statements now included Management Discussion and Analysis, Financial statements of Government wide activities and Financial Statements for major funds.

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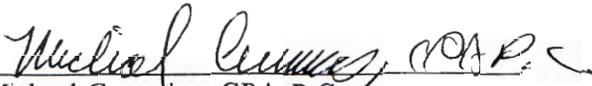
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Michael Cummins, CPA President - Kathryn Trimarke, Principal

Michael Cummins, CPA, P.C. (Continued)

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


Michael Cummins, CPA, P.C.
September 8, 2005

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005

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USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the City's modified cash basis of accounting.

Report Components

This annual report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities provide information about the activities of the City government-wide (or "as a whole") and present a longer-term view of the City's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant ("major") funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule (represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

on capital assets in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in the limitations resulting from the use of the modified cash basis of accounting.

Net Assets – Modified Cash Basis April 30, 2005

Assets	
Cash	\$ 453,093
Capital assets	<u>279,529</u>
Total assets	<u><u>\$ 732,622</u></u>
Long-term debt outstanding	390,000
Other liabilities	<u>9,755</u>
Total liabilities	<u>399,755</u>
Net assets	
Invested in capital assets, net of related debt	(110,471)
Unrestricted	<u>443,338</u>
Total net assets	<u><u>\$ 332,867</u></u>

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

Comparative analysis will be provided in future years when prior year information is available. Since the prior year was not done in accordance with GASB 34 it is not presented.

A statement that a comparative analysis will be provided in future years

Statement of Activities—Modified Cash Basis Year Ended April 30, 2005

Revenues collected	
Charges for services and operating grants	
Court fines	\$ 42,655
Sewer lateral fees	9,536
Grants	10,000
	<u>62,190</u>
General revenues	
Taxes	245,946
Licenses, permits, fees & fines	8,944
Interest	5,205
Other	2,790
	<u>262,885</u>
Total revenues collected	<u>325,075</u>
Expenses paid	
Administration	70,323
Police	86,358
Public works	113,388
Interest	26,264
	<u>296,332</u>
Net increase	<u>\$ 28,743</u>

Comparative analysis will be provided in future years when prior year information is available. Since the prior year was not done in accordance with GASB 34 it is not presented.

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

Analysis

Capital Fund Bond Income

- City voters approved \$400,000 capital improvement bond issue April 2004. Bond sale was executed September 2004.
- In preparation for capital improvement project (tree inventory and removals, sidewalk, apron and street replacement and repairs), expenses were incurred ahead of the bond issue funds receipt. Those expenses were engineering, legal, brokerage and bid advertising fees.
- From May 2004 through April 2005, \$109,884.82 was expended on capital improvements, leaving a balance in the Construction Fund of \$290,115.18.
- This temporary account was created to track new bond issue fund expenditures as part of the Budget vs. Actual report in Quick Books. Since the City has only one checking account, and the Budget vs. Actual report was reflecting outflow of funds as if it were coming from the operating budget, this account was established to show the offset to capital expenses reflected as expense items. This line item was shown as a manual adjustment (minus) to income when presented to the public and the Board to make it clear that this was a restricted fund not part of operating budget, but the source of funds to cover the capital expenditures.

Conserv Grant Revenue and Tree Conserv Grant Expense

The City of Greendale was awarded a \$10,000 Missouri Conservation Dept. T. R.I.M. grant in October 2004 to plant 72 new trees to replace many of the 122 trees the City had to remove (due to hazardous trees and trees whose roots could not withstand the root cuts needed for sidewalk replacement).

The new trees were planted by Waldbart and Sons in December 2004 and January 2005, following formal bid process. Once the work was completed and inspected by Mo. Dept. of Conservation, the check was released to the City and the City paid Waldbart and Sons in February 2005.

Taxes – Operating Fund

The main reason for the variance from FY 2004 to FY 2005 is that Missouri American Water paid their utility sales taxes in different months in FY 2004 (May, November and February) than they did in FY 2005 (October and February). The City budgeted expecting the same payment schedule, which did not happen. The May 2003 payment should have been made prior to May 2003 (FY 2004), per water company officials.

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

Permits

Fluctuations in building permit dollars collected are due to more expensive work being done in FY2004 to resident homes than in FY2005. The City charges \$50 plus 1% of the total material and labor cost of the job. All permits issued in FY 2005 were less than \$100 each. Over half of the permits issued in FY 2004 were for \$120 to \$327, higher cost work than in FY 2005. Also in FY2004, a combination apt. & business building was inspected (\$270), which did not happen in FY2005.

Court

The main reason for the difference in this item is that in FY2004, \$21,791 embezzled funds at the hands of a former employee was recovered. It was credited to the bond fund from which it was illegally taken, the bonds officially forfeited and transferred to city court revenue.

Also, in FY2004 only \$993.90 payments were made to Missouri Crime Victims Fund (CVC), local police training, POST because of previous overpayments that had been discovered. After the complete investigation that took several months' research, regular payments were resumed in FY 2005, which reduced the court revenue accordingly in FY2005. Total CVC, POST and police liability paid for FY2005 was \$5301.52.

Finally, due to the mechanized court system being new to then city/court clerk, there was a backlog of arrest warrants discovered late in FY2004 that were issued.

Reimbursements

FY 2004 = \$2279.75 reimbursed expenses from former employee for accounting expenses she caused; \$1500 from contractor who breached contract w/City; some grass cuts forced by City were reimbursed. No such activity in FY 2005 – non-recurring.

Interest

Interest increased dramatically in FY2005 because of the special funds that were created new as savings accounts – Capital Improvements Sales Tax fund (May 2004), Stormwater/Parks sales tax fund (May 2004), Construction Fund (bond issue sale revenue- September 2004). No such accounts in FY 2004.

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

EXPENSE

Administration

Less was spent in FY 2005 due to non-recurring expenses in FY 2004 (>\$1600 additional accounting expense; >\$5900 new PCs and software purchased) and a \$5400 savings in insurance premiums by combining previously separate policies.

Public Works

The difference is the almost \$10,000 savings from a renegotiated solid waste contract done November 2003, the bulk of which kicked in FY 2005; and a milder winter that saw almost \$2,000 less snow removal costs.

Tree Grant Conserv Expense

The City of Greendale was awarded a \$10,000 Missouri Conservation Dept. TR.I.M. grant in October 2004 to plant 72 new trees to replace many of the 122 trees the City had to remove (due to hazardous trees and trees whose roots could not withstand the root cuts needed for sidewalk replacement).

Park Grant Expense

The City was awarded a \$44,000 St Louis County Municipal Parks Grant in January 2005. \$4577.39 was expended ahead of grant funds receipt, as required by grant contract, on engineering fees for new park and pavilion construction, bid ads, AmerenUE electrical pole construction costs. The project was completed and the funds released to the City in FY 2006, including reimbursement for what was spent in FY 2005. This code is temporary and was created to track park grant expense against park grant revenue.

Police Dept.

In June 2004 a new three-year contract was negotiated with Bel-Nor Police Dept. at an increased cost (from \$6813/mo to \$7222/mo) over FY 2004's three-year contract that had ended.

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

Balance Sheet

Bond Escrow Account

More bonds were forfeited in FY 2005 at a faster pace than was done in FY 2004 due to mechanized court system being new to then city/court clerk. FY 2005 saw a purposeful special effort to clear the forfeited bonds faster.

Special fund accounts

Capital Improvement Sales Tax (used to pay principal and interest on capital improvement bonds twice per year payments) and Stormwater Sales Tax (used for city park maintenance) accounts were established in April 2004 as a result of voter approval granted November 2003. Funds started coming in from the state May 2004. Construction Fund (used to hold ad track bond revenue and expenses) and Debt Service Funds were established as savings accounts in September 2004 following voter approval of \$400,000 capital improvement bond issue and requirement by law to set up these separate funds.

NOTE: Capital Improvement Sales Tax revenue far exceeds principal and interest payments made twice annually and continues to do so. Timely payments have been and will continue to be made. The Board has voted to expend the sales tax funds in this manner. No tax levy has been necessary and none is anticipated in the future, though the current ordinance provides for such a tax levy should it become necessary.

BUDGET VS. ACTUAL

The City budgeted for close to \$400,000 to be spent on capital improvements as documented in the capital improvement budget worksheet provided to the accountant.

The grant from the state was an "in and out" item, shown in income to offset the check written against it to pay for the trees planted. Budget was for operating budget.

St. Louis County Pool sales tax did \$6,500 better than expected. The City budgeted expecting a declining trend based on pessimistic comments from the County.

The City budgeted \$6440 based on FY2004 actual data because historical data prior to FY2004 was manual pencil/paper records difficult to trend to the degree of code specificity we have with Quick Books. Div. Of Revenue motor vehicle lic. receipts came in \$1500 higher than budgeted, which is most of the budget. vs. actual difference.

All permit categories came in about \$350 less than original and amended budget – building, occupancy and housing inspections. Again, the City based its best guess on prior year (FY2004) mechanized data as manual prior years' historical data was difficult

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

to trend. In addition to there being less expensive enhancements done to residents' homes in FY2005, there were more housing inspections done in FY2004 than in FY2005.

Court revenue budgeted missed its mark due to a backlog of arrest warrants that were not issued until late in FY 2004. It takes several months for the warrants to produce court revenue as the defendant must get arrested, post bond and go through the judicial process before bond posted converts to court revenue from fines assessed.

Miscellaneous – A check for \$2592.50 came to the City from American Family Insurance Co. 7/23/04 as a dangerous building “bond” for 93 Greendale Drive’s severely damaged garage as a result of a fallen tree in a storm. Per ordinance, the City held the funds until the garage was demolished and debris cleaned up, then refunded it plus interest. This was a one-time temporary situation that could have been coded as a short-term liability instead.

Reimbursements – there were none in FY 2005. Budget assumed there would be same as in FY2004, i.e. forced grass cut re-payments by property owners.

City budgeted interest for special accounts assuming funds from Construction Account would be expended faster than they actually were. Capital improvement projects (sidewalk replacements) took longer, which left funds (\$297K) in interest bearing accounts longer than expected. More interest was earned than expected.

Special Funds – Capital Improvement Sales Tax fund had \$38,362.05 balance as of 3-7-05, but dropped to \$18,123.17 on 3/8/05 when the first interest payment (\$20,238.88) was made on the bonds. City budgeted that there would be \$29K at the end of FY2005 because the receipts were coming in significantly higher than originally estimated based on County sales tax data, but April 2005 receipts from the tax were lower than in previous FY 2005 months. Receipts did not begin until May 2004, so there was not enough historical data to establish a monthly trend. These special funds are permanent funds and were budgeted.

Admin. – City budgeted for a 15% increase in insurance premiums and bonding over FY2004 actual, based on insurance broker’s best estimate of worst case. Such an increase did not occur, which was \$1000 not spent as anticipated. Other categories’ actuals lower than budget were Office supplies/printing (\$400 less), election expense (\$380 less), legal fees (\$640 less); while a few other categories’ actuals were higher than budgeted – payroll (\$1000 more), payroll expenses (\$314 more).

Public Works – Snow removal actual was \$1130 less than budgeted – weather continues to challenge our budget process, but we won’t assume mild winters without a sustained trend.

City of Greendale - Missouri
Management Discussion and Analysis
For The Year Ended April 30, 2005
(Continued)

Police Dept. – new contract began July 2004 at \$7,222.22 per month (vs. \$6813 per month, which the City paid for the first couple of months of FY2005).

For questions please contact the Mayor Monica Huddleston at the City of Greendale (314) 383-2664.

City of Greendale - Missouri
Statement of Net Assets - Modified Cash Basis
April 30, 2005

Assets

	Governmental Activities
Current assets	
Cash	\$ 453,093
Total current assets	453,093
Noncurrent assets	
Furniture & equipment	9,832
Infrastructure	274,091
Construction in progress	4,577
Total cost	288,500
Less: accumulated depreciation	(8,971)
Total fixed assets	279,529
Total assets	\$ 732,622

Liabilities

Current liabilities	
Court bonds	\$ 7,065
Deposits	2,690
General obligation bonds	
Due within one year	10,000
Long term	380,000
Total liabilities	399,755
Net assets	
Invested in capital assets, net of related debt	(110,471)
Unrestricted	443,338
Total net assets	332,867
Total liabilities & net assets	\$ 732,622

See Notes to the Financial Statements

City of Greendale - Missouri
Statement of Activities - Modified Cash Basis
For The Year Ended April 30, 2005

Functions/Programs	Expenses	Program Charges for Services and Sales	Grants	Net (Expenses) Revenue and Changes in Net Assets Government Activities
Governmental activities:				
Administration	\$ (70,323)	\$ -	\$ -	\$ (70,323)
Police & court	(86,358)	42,655		(43,703)
Public works	(113,388)	9,536	10,000	(93,852)
Interest	(26,264)			(26,264)
	(296,332)	52,190	10,000	(234,142)
General revenues:				
Taxes				
Property taxes				33,520
Sales taxes				149,300
Utility taxes				39,410
Other taxes				23,716
Licenses & Permits				8,944
Interest				5,205
Other				2,790
				262,885
Subtotal, general revenues				262,885
Changes in net assets				28,743
Net assets - beginning				304,124
Net assets - ending				\$ 332,867

See Notes to the Financial Statements.

City of Greendale - Missouri
Statement of Assets And Liabilities - Modified Cash Basis
Governmental Funds
April 30, 2005

	General	Capital Improvements	Stormwater Parks	Capital Projects	Total
Assets					
Cash	\$ 313,003	\$ 21,875	\$ 5,314	\$ 112,901	\$ 453,093
Total assets	<u>\$ 313,003</u>	<u>\$ 21,875</u>	<u>\$ 5,314</u>	<u>\$ 112,901</u>	<u>\$ 453,093</u>
Liabilities					
Court bonds	\$ 7,065	\$ -	\$ -	\$ -	\$ 7,065
Deposits	2,690	-	-	-	2,690
	<u>9,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,755</u>
Fund balance	<u>303,248</u>	<u>21,875</u>	<u>5,314</u>	<u>112,901</u>	<u>443,338</u>
Total fund balance	<u>303,248</u>	<u>21,875</u>	<u>5,314</u>	<u>112,901</u>	<u>443,338</u>
Total liabilities and fund balances	<u>\$ 313,003</u>	<u>\$ 21,875</u>	<u>\$ 5,314</u>	<u>\$ 112,901</u>	<u>\$ 453,093</u>

See Notes to the Financial Statements

City of Greendale - Missouri
 Reconciliation of Total Governmental Fund Balance
 (Modified Cash Basis) To
 Net Assets (Modified Cash Basis) of Governmental Activities
 April 30, 2005

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

Total fund balance - governmental funds	\$	443,338
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Capital asset related transactions

Capital assets are recorded as expenditures paid in the fund financial statements. They are recorded as assets and depreciated over their estimated useful lives in the Government activities statement of net assets

Capital assets net of accumulated depreciation		279,529
--	--	---------

Debt related transactions

General obligation bonds are not reported in governmental funds in the Government activities statement of net assets

Bond liabilities recorded in governmental activities		(390,000)
--	--	-----------

Total net assets - governmental activities	\$	<u>332,867</u>
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See Notes to the Financial Statements.

City of Greendale - Missouri
 Statements of Revenues Collected, Expenditures Paid
 Changes In Fund Balances - Modified Cash Basis -Governmental Funds
 For The Year Ended April 30, 2005

	General	Capital Improvements	Stormwater Parks	Capital Projects	Total
Revenues collected					
Taxes	\$ 198,409	\$ 41,988	\$ 5,548	\$ -	\$ 245,945
Licenses, permits, fees & fines	61,135	-	-	-	61,135
Grants	10,000	-	-	-	10,000
Interest	2,826	126	11	2,241	5,204
Other	2,790	-	-	-	2,790
Total revenues collected	275,160	42,114	5,559	2,241	325,074
Expenditures paid					
Administration	66,690	-	-	5	66,695
Police	86,358	-	-	-	86,358
Public works	113,388	-	-	-	113,388
Debt service	24,264	-	-	12,000	36,264
Capital expenditures	279,850	-	-	-	279,850
Total expenditures paid	570,550	-	-	12,005	266,441
Revenues collected over (under)					
Expenditures paid before transfers & other	(295,390)	42,114	5,559	(9,764)	58,633
Transfers & other					
Proceeds of general obligation bonds	-	-	-	400,000	400,000
Transfers from other funds	298,219	-	-	-	298,219
Transfers to other funds	-	(20,439)	(445)	(277,335)	(298,219)
Total transfers	298,219	(20,439)	(445)	122,665	400,000
Revenues collected					
Over (under) expenditures paid	2,829	21,675	5,114	112,901	142,519
Fund balance beginning					
	300,419	200	200	-	300,819
Fund balance ending					
	\$ 303,248	\$ 21,875	\$ 5,314	\$ 112,901	\$ 443,338

See Notes to the Financial Statements.

City of Greendale - Missouri
 Reconciliation of The Statement of Revenues Collected,
 Expenditures Paid And Changes In Fund Balances of
 Governmental Funds (Modified Cash Basis) To The Statement of
 Activities - Modified Cash Basis
 For The Year Ended April 30, 2005

Total net change In fund balances--governmental funds	\$ 142,519
Amounts reported for governmental activities in the statement of activities are different because:	
Debt related transactions	
Long term debt proceeds are recorded as liability in the statement of governmental activities. Only interest expense is recorded in the statement of governmental activities.	
Bond proceeds	(400,000)
Principal payments long term debt	10,000
Capital asset related transactions	
Capital assets are expended in the fund financial statements. The Statement of governmental activities records these as assets and depreciates them over their estimated useful lives.	
Depreciation	(3,626)
Capital Outlays	<u>279,850</u>
Change In net assets of governmental activities	<u><u>\$ 28,743</u></u>

See Notes to the Financial Statements

City of Greendale, Missouri
Notes To Financial Statements
April 30, 2005

1. REPORTING ENTITY

The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The criteria used in determining the scope of the entity for financial reporting purposes includes, but is not limited to, the method of budget adoption, taxing authority, whether debt is secured by revenues or general obligations of the City, the obligation of the City to finance any deficits that may occur, and supervision over the accounting functions.

Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either 1) be able to impose its will on the organization or 2) the relationship must have the potential for creating a financial benefit to or imposing a financial burden on the City.

The City has determined that there are no entities that meet the criteria of a component unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's government-wide financial statements are prepared in accordance with the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). The City's fund financial statements are also prepared on the modified cash basis. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Change of Accounting Policy

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements of Government wide activities
- Financial Statements for major funds.

These and other changes are reflected in the accompanying financial statements (including Notes to the Basic Financial Statements). The City has elected to implement the select provisions of the Statement in the current year.

City of Greendale, Missouri

Notes To Financial Statements

April 30, 2005

(Continued)

Measurement Focus and Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes.

The statement of activities presents a comparison between direct expenses paid and program revenues collected for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of 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 all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds.

Governmental Funds

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. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used.

The difference between governmental fund assets and liabilities is reported as fund balance.

The City has one general fund two special revenue funds and one capital project fund.

General Fund – This fund is used to account for revenues and expenses not accounted for in another fund.

Special Revenue Funds

Storm Water Parks Fund

This fund is to be used for funding of storm water control or for local parks, or both.

Capital Improvement Fund

This fund is used to account for capital improvement sales tax used to fund capital improvements, including the operation and maintenance of capital improvements.

City of Greendale, Missouri
Notes To Financial Statements
April 30, 2005
(Continued)

Capital Projects Fund

The fund is to be used by the City to account for bond proceeds and related construction costs.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City maintains a capitalization threshold of \$ 100 dollars. The City has not recorded infrastructure expended in the current year. The City has not recorded infrastructure from the prior years. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives Years
Infrastructure	50
Equipment	5-10

Estimates

Management of the City uses estimates and assumptions in preparing financial statement. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure or non-disclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

3. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments include amounts in demand deposits as well as certificates of deposits with a maturity date within three months of the date acquired by the City.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

At year end, the carrying amount of the City's cash was insured or collateralized.

City of Greendale, Missouri

Notes To Financial Statements

April 30, 2005

(Continued)

The City does not have written collateral agreements with its banks and, under a provision of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the absence of such written agreements could jeopardize the City's rights to the pledged collateral, when amounts invested exceed FDIC insurance.

4. FIXED ASSETS

	Beginning	Additions	Retirements	Ending
Cost				
Equipment	\$ 8,650	\$ 1,182	\$ -	\$ 9,832
Infrastructure	-	274,090	-	274,090
Construction in progress	-	4,578	-	4,578
Total	8,650	279,850	-	288,500
Accumulated Depreciation				
Equipment	5,345	885	-	6,230
Infrastructure	-	2,741	-	2,741
Construction in progress	-	-	-	-
Total accumulated depreciation	5,345	3,626	-	8,971
Net Capital assets	\$ 3,305	\$ 276,224	\$ -	\$ 279,529

Depreciation was allocated to administration.

5. REAL ESTATE AND PROPERTY TAXES

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed values are established by the St. Louis County Assessor at 32% of estimated market value for commercial property, 19% of estimated market value for residential property, and 12% of estimated market value for agricultural property. All real property is reassessed every two years. The assessed value at January 1, 2004, upon which the 2004 levy was based for real, personal and public utility property, was \$5,640,272.

6. TAXES COLLECTED BY OTHER GOVERNMENTS

Motor vehicle, cigarette and gasoline taxes are collected by the Missouri Department of Revenue. Sales taxes are collected by the Missouri Department of Revenue and transferred to St. Louis County Missouri who then passes the collections on to the City. Motor vehicle, cigarette and gasoline taxes are collected by the Missouri Department of Revenue and then paid to the City.

City of Greendale, Missouri

Notes To Financial Statements

April 30, 2005

(Continued)

7. BOND DEPOSITS

Bond deposits consist of court bond deposits. The bonds are held until a final disposition is made in each case.

The City also collects bonds for construction and other purposes which are held in escrow.

8. GENERAL OBLIGATION BONDS

The City issued general obligation bonds which were authorized on September 9, 2004. The bonds have an interest rate of 4.75%. The bonds are payable in installments through March 24, 2024. According to the City Legal council the City is not obligated to establish a tax or debt service fund for the bonds. The bonds are paid out of the general fund of the City.

The changes in the general obligation bonds were as follows:

Bonds issued	\$ 400,000
Less principal payments	<u>(10,000)</u>
	<u>\$ 390,000</u>
Due within one year	<u>\$ 10,000</u>
Assessed valuation January 1, 2004	<u>\$ 5,640,272</u>
Debt limit - 10% of assessed value	\$ 564,027
Less general obligation bonds	(390,000)
Add amount available in debt service fund	<u>-</u>
Legal debt margin	<u>\$ 174,027</u>

City of Greendale, Missouri
Notes To Financial Statements
April 30, 2005
(Continued)

The principal and interest payments are as follows:

Fiscal Year Ended April 30,	Principal	Interest
2006	\$ 10,000	\$ 18,525
2007	15,000	18,050
2008	15,000	17,338
2009	15,000	16,625
2010	15,000	15,913
2011-2016	120,000	78,138
2017-2022	145,000	42,869
2022-2024	55,000	2,850
	<u>\$ 390,000</u>	<u>\$ 210,308</u>

9. COMMUNITY DEVELOPMENT GRANT PROGRAM

The City has available Community Development funds at April 30, 2005. Grant revenue and expenses have appropriately not been recorded on the City records because the funds are administered and disbursed directly through the St. Louis County Office of Community Development.

10. RESTRICTED REVENUES

State Motor Vehicle fuel tax and County Road and Bridge tax allocations to the City are restricted for use of repair, policing, signs, lighting, construction, etc. for roads, bridges, and highways in accordance with Section 30(a) of the Missouri Constitution. Also, revenues from a \$3 per moving violation court cost are restricted for police training expenditures. The City Sales taxes are restricted for capital improvements, parks and storm water projects.

11. CONTRACTUAL AGREEMENTS

The City has a contractual agreement with the Village of Bel-Nor Missouri, which provides police services. The term of the agreement is for three years beginning July 1, 2004 for \$ 7,222 per month.

The City has a contractual agreement with the City of Northwoods Missouri, which provides prisoner services. The term of the agreement is for one year beginning September 21, 2004 fees are billed based on the number of prisoners and related costs.

City of Greendale, Missouri
Notes To Financial Statements
April 30, 2005
(Continued)

The city has various commitments for construction projects as of April 30, 2005. The City has budgeted about \$ 380,000 for these projects. As of April 30, 2005 they have spent about \$ 270,000.

12. INTERFUND TRANSFERS

The City made transfers between the funds to the general fund as disclosed in the financial statements. The most significant of these was a transfer of debt proceeds to the general fund for payment of construction costs.

13. SEWER LATERAL FEES

Sewer lateral fees are collected by St. Louis County who retains the funds in a separate account.

14. RISK MANAGEMENT

The City is exposed to various risks of litigation and casualties. The City manages these risks by purchasing insurance. The Coverage of the policies has not changed significantly from the prior year. There were no settlements in excess of insurance for the past three years.

City of Greendale - Missouri
Budgetary Comparison Schedules
For The Year Ended April 30, 2005

City of Greendale - Missouri
 Budgetary Comparison Schedule
 General Fund
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Revenues collected			
Property taxes			
Real Estate Tax	27,433	26,444	26,444
Bridge & Road	6,087	5,900	5,900
Total Property taxes	33,520	32,344	32,344
Sales taxes			
Sales Tax - County Pool	88,828	82,300	82,300
Sales Tax - Vehicle	5,244	6,520	6,520
Motor Vehicle	7,268	5,750	5,750
Motor Vehicle - Additional	423	330	330
Total Sales taxes	101,763	94,900	94,900
Utility taxes			
Electric	12,433	13,200	13,200
Gas	16,941	16,000	16,000
Water	3,270	5,300	5,300
Telephone	6,199	5,032	5,032
Other	567	500	500
Total utility taxes	39,410	40,032	40,032
Other taxes			
Fuel Tax	21,105	20,500	20,500
Cigarette Tax	2,611	2,600	2,600
Total other taxes	23,716	23,100	23,100
Total Taxes	198,409	190,376	190,376
Licenses permits fees and fines			
Fine/Costs	39,801	57,000	57,000
Bond Forfeitures	2,679	100	100
Sewer Lateral Fees	9,536	9,120	9,120

See notes to required supplemental information.

City of Greendale - Missouri
 Budgetary Comparison Schedule
 General Fund- (Continued)
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Cable	5,444	5,600	5,600
Merchants	60	30	30
Animal	348	330	330
Building	747	1,500	1,500
Housing Inspections	1,710	1,800	1,800
Occupancy	625	1,000	1,000
Garage sale	11	8	8
False Alarms	174	300	300
Total licenses permits fees and fines	61,135	76,788	76,788
Grants			
Mo Conservation Grant Revenue	10,000	-	-
Total Grants	10,000	-	-
Interest			
Interest	854	500	500
Interest Special Fund Accounts	1,972	3,200	3,200
Total interest	2,826	3,700	3,700
Other income			
Miscellaneous	2,790	425	425
Police Training	-	1,500	1,500
Total other income	2,790	1,925	1,925
Total revenues	275,160	272,789	272,789

See notes to required supplemental information.

City of Greendale - Missouri
 Budgetary Comparison Schedule
 General Fund- (Continued)
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Expenditures paid			
Administration	-	-	-
City Officer	8,550	7,404	7,404
Clerks	14,892	12,816	12,816
Payroll Expenses	1,706	2,196	2,196
Rent	2,300	2,400	2,400
Insurance	6,993	12,050	12,050
Travel & Training	828	1,200	1,200
Office Supplies/Printing	2,214	4,392	4,392
Postage	488	804	804
Dues & Subscriptions	1,396	1,500	1,500
Bank Charges	166	180	180
Election Expense	420	800	800
Professional Fees:550.1 ¶	9,355	10,000	10,000
Accounting	5,910	6,800	6,800
Payroll Ser	465	300	300
Codification	2,399	1,950	1,950
Inspections	1,185	1,500	1,500
Contract Labor	360	680	680
Printing & Advertising	1,657	1,000	1,000
Telephone	2,310	2,196	2,196
Sunshine Fund	378	700	700
Miscellaneous	2,718	1,000	1,000
Total administration	66,690	71,868	71,868
Public works			
Street clean	33	3,200	1,600
Solid Waste C	77,424	77,214	77,214
Street Lights	7,536	7,560	7,560
Pest/Mosquito	530	570	570
Snow Removal	870	3,400	3,400
Forestry/Tree	7,640	7,400	7,400
Lawn/Leaf Removal	125	300	300

See notes to required supplemental information.

City of Greendale - Missouri
 Budgetary Comparison Schedule
 General Fund- (Continued)
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Sewer Lateral	9,120	9,120	9,120
Tree Conservation Grant Expense	10,019	-	-
Repairs & Maintenance Streets	91	500	500
Total public works	113,388	109,264	107,664
Police			
Police Services	86,258	85,849	85,849
Prisoner Holding Cell Fees	100	300	300
Total polices	86,358	86,149	86,149
Debt service			
Principal payments	10,000	-	-
Interest Bonds	10,239	8,500	8,500
Bond expenses general fund	4,025	-	-
Total debt service	24,264	8,500	8,500
Capital expenditures			
Streets	274,090	355,298	355,298
Parks grant expense	4,577	-	-
Computer	768	500	500
Equipment	415	400	400
Total capital expenditures	279,850	356,198	356,198
Total expenditure	570,550	631,978	630,378
Revenues collected over (under)			
Expenditures paid before transfers & other	(295,399)	(359,189)	(357,589)

See notes to required supplemental information.

City of Greendale - Missouri
 Budgetary Comparison Schedule
 General Fund- (Continued)
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Transfers			
Transfer From Capital improvement tax	20,439	-	-
Transfer from storm water fund	445	-	-
Transfer from Capital projects fund	<u>277,335</u>	-	-
Total transfers	<u>298,219</u>	-	-
Revenues collected over (under)			
Expenditures paid	<u>2,829</u>	<u>(359,189)</u>	<u>(357,589)</u>
Fund balance beginning	<u>300,419</u>	<u>300,419</u>	<u>300,419</u>
Fund balance ending	<u>\$ 303,248</u>	<u>\$ (58,770)</u>	<u>\$ (57,170)</u>

See notes to required supplemental information.

City of Greendale - Missouri
 Budgetary Comparison Schedule
 Capital Improvement Fund
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Revenues collected			
Capital Improvement Sales Tax	41,988	29,004	29,004
Interest - Capital improvement fund	126	-	-
Total revenues collected	<u>42,114</u>	<u>29,004</u>	<u>29,004</u>
Revenues collected over (under)			
Expenditures paid before transfers & other	<u>42,114</u>	<u>29,004</u>	<u>29,004</u>
Transfers			
Transfer to General Fund	<u>(20,439)</u>	<u>-</u>	<u>-</u>
Revenues collected over (under)			
Expenditures paid	<u>21,675</u>	<u>29,004</u>	<u>29,004</u>
Fund balance beginning	<u>200</u>	<u>200</u>	<u>200</u>
Fund balance ending	<u>\$ 21,875</u>	<u>\$ 29,204</u>	<u>\$ 29,204</u>

See notes to required supplemental information.

City of Greendale - Missouri
 Budgetary Comparison Schedule
 Storm Water Tax Fund
 For the year ended April 30, 2005

	Actual	Budget	
		Original	Final
Revenue			
Storm water Sales Tax	5,548	3,000	3,000
Storm water interest	11	-	-
Total revenues collected	<u>5,559</u>	<u>3,000</u>	<u>3,000</u>
Revenues collected over (under)			
Expenditures paid before transfers & other	<u>5,559</u>	<u>3,000</u>	<u>3,000</u>
Transfers			
Transfer to General Fund	<u>(445)</u>	<u>-</u>	<u>-</u>
Revenues collected over (under)			
Expenditures paid	<u>5,114</u>	<u>3,000</u>	<u>3,000</u>
Fund balance beginning	<u>200</u>		
Fund balance ending	<u><u>\$ 5,314</u></u>	<u><u>\$ 3,000</u></u>	<u><u>\$ 3,000</u></u>

See notes to required supplemental information.

City of Greendale, Missouri
Notes To Required Supplemental Information
Budgetary Comparison Schedules
April 30, 2005

The City follows these procedures in establishing budgetary data:

- a) The proposed budget for the General Fund is submitted to the Board of Aldermen for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any unreserved balance at the end of such year.
- b) Public hearings are conducted in the City to obtain taxpayer input and comments.
- c) The budget must be adopted by the affirmative vote of a majority of the Board of Aldermen for each fiscal year.
- d) All appropriations not spent or legally encumbered at year-end lapse.
- e) The Board of Aldermen may amend budgeted amounts. During the year the Board of Aldermen authorized amendments to the budget.