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Financial Statements, 2006

City of Glendale

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SUSAN MONTEE, CPA

Missouri State Auditor

March 9, 2007

City Clerk
City of Glendale
St. Louis County
424 North Sappington Road
Glendale, MO 63122

Fiscal Period: One Year Ended June 30, 2006

Dear City Clerk:

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

STATE AUDITORS OFFICE
RECEIVED
FEB 28 2007

CITY OF GLENDALE, MISSOURI
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

**CITY OF GLENDALE, MISSOURI
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YEAR ENDED JUNE 30, 2006**

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CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Board of Aldermen
City of Glendale
Glendale, Missouri

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 Glendale, Missouri as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City at June 30, 2006, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2006, on our consideration of City of Glendale's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Larson, Allen, Weishaar & Co., LLP

LARSON, ALLEN, WEISHAIR & CO., LLP

St. Louis, Missouri
December 18, 2006

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

As the financial managers of the City of Glendale, Missouri, we offer readers of the City of Glendale's financial statements this narrative overview and analysis of the financial activities of the City of Glendale, Missouri for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- On a government-wide basis the assets of the City of Glendale exceeded its liabilities for the most recent fiscal year by \$ 2,413,740. Of this amount, \$ 1,134,270 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Glendale's governmental funds reported combined ending fund balances of \$ 1,274,650, which is an increase of \$261,951 in comparison with the prior year. Approximately 98% of this total amount or \$ 1,248,180 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 731,446 or 22% of total general fund expenditures of \$3,319,303, which is 3% below the target in the city's fiscal policy.
- The City of Glendale's total debt decreased by \$ 81,609 or 9% during the current fiscal year, as a result of continued payment of annual joint venture obligation principal on lease purchase and or notes payable.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

The Government-wide financial statements distinguish functions of the City of Glendale, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Glendale, Missouri include general government, municipal court, police, fire, dispatching, and public works.

Business-Type Activities –. The City of Glendale, Missouri's business-type activity consists of its refuse collection and disposal services, which is operated under a contractual arrangement with a private hauler. These operations derive revenues from charges for services that are intended to recoup the full cost of operations.

The government-wide financial statements include only the City of Glendale, Missouri itself (known as the *primary government*), as the City does not have any component units to be included herein.

The government-wide financial statements can be found on pages 13 through 14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Glendale, Missouri, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Glendale, Missouri can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The City of Glendale, Missouri maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Sewer Lateral Fund, Pension Trust Fund, General Capital Improvements Fund, and Parks & Stormwater Fund, all of which are considered major funds.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

The City of Glendale, Missouri, adopts an annual appropriated budget for its General Fund, Sewer Lateral Fund, Pension Tax Fund, General Capital Improvements Fund and Parks and Stormwater Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 15 through 18 of this report.

Proprietary Funds

Proprietary Funds are to be used to report the same functions presented as *business-type activities* in the government-wide financial statements. These statements include one enterprise fund utilized for the City's refuse collection and disposal.

The Proprietary Enterprise Fund financial statements can be found on pages 19 through 21.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Glendale, Missouri's own programs. The accounting used for fiduciary funds is much like that which is used for proprietary funds.

The statement of fiduciary net assets can be found on pages 22 through 23 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 through 38 of this report.

Required Supplementary Information

In addition to the financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the General, Sewer Lateral, and Pension Tax Funds.

The required supplementary information can be found on pages 39 through 49 of this report.

Other Supplemental Information

The individual fund statements provide fund level detail for all other major Governmental Funds and the Enterprise Fund.

The other supplementary information can be found on pages 50 through 52 of this report.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Financial Analysis of the City as a whole.

This is the third year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Therefore, a comparative analysis of government-wide data will be included in this report.

Net Assets-- The City's combined net assets are approximately \$ 2,413,740. Looking at the net assets of governmental and business type activities separately provides additional information.

The comparative condensed statement of net assets is as follows:

	Governmental Activities		Business Activities		Total	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
ASSETS						
Current and Other Asset: \$	1,573,457	\$ 1,260,245	\$ 27,302	\$ 18,782	\$ 1,600,759	\$ 1,279,027
Capital Assets, Net	1,966,433	1,949,773	-	-	1,966,433	1,949,773
Total Assets	3,539,890	3,210,018	27,302	18,782	3,567,192	3,228,800
LIABILITIES						
Long-Term Liabilities	809,786	891,395	-	-	809,786	891,395
Other Liabilities	283,413	235,642	60,253	43,742	343,666	279,384
Total Liabilities	1,093,199	1,127,037	60,253	43,742	1,153,452	1,170,779
NET ASSETS						
Invested in Capital Assets						
Net of Related Debt	1,279,470	1,062,676	-	-	1,279,470	1,062,676
Unrestricted	1,167,221	1,020,305	(32,951)	(24,960)	1,134,270	995,345
Total Net Assets	\$ 2,446,691	\$ 2,082,981	\$ (32,951)	\$ (24,960)	\$ 2,413,740	\$ 2,058,021

As provided above, at the end of the current fiscal year, the City of Glendale, Missouri is able to report a total positive balance of net assets of \$2,413,740.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Governmental Activities. Governmental activities increased the City of Glendale, Missouri's net assets by \$355,719. The comparative Condensed Statement of Changes in Net Assets is as follows:

	Governmental Activities		Business Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues						
Charges for services	\$586,156	\$ 514,613	\$554,044	\$556,736	\$1,140,200	\$1,071,349
Operating Grants & Contributions	83,243	28,774			83,243	28,774
Capital Grants & Contributions	205,407	277,068			205,407	277,068
General revenues						
Property taxes	860,533	654,917			860,533	654,917
Other taxes	2,081,036	1,918,828			2,081,036	1,918,828
Licenses/Permits	61,528	193,523			61,528	193,523
Investment income	35,414	15,751			35,414	15,751
Intergovernmental income	258,413	291,284			258,413	291,284
Gain on sale of capital assets	0	-19,995			0	-19,995
Miscellaneous	45,685	38,550			45,685	38,550
Total revenues	4,217,415	3,913,313	554,044	556,736	4,771,459	4,470,049
Expenses						
General government	413,800	603,450			413,800	603,450
Municipal court	51,196	58,491			51,196	58,491
Police dept.	954,151	944,338			954,151	944,338
Dispatching	218,316	218,316			218,316	218,316
Fire dept.	1,643,944	1,188,274			1,643,944	1,188,274
Public works	463,687	709,095			463,687	709,095
Interest & fiscal charges	108,611	6,957			108,611	6,957
Sanitation	0	0	562,035	553,111	562,033	553,111
Total expenses	3,853,705	3,728,921	562,035	553,111	4,415,740	4,282,032
Change in net assets	363,710	184,392	-7,991	3,625	355,719	188,017
Net Assets, Beginning of year	2,082,981	1,898,589	-24,960	-28,585	2,058,021	1,870,004
Net Assets, End of year	\$2,446,691	\$2,082,981	(\$32,951)	(\$24,960)	\$2,413,740	\$2,058,021

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Financial Analysis of the Governmental Funds

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

Governmental Funds

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

At the end of year 2006 the unreserved fund balance of the general fund was \$731,446, while the total fund balance was \$757,916. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 22.0% of total general fund expenditures, while total fund balance represents 22.8 % of total general fund expenditures.

The fund balance in the City's general fund increased by \$70,632 or 10.3% from the prior year fund balance. The change of the current year's fund balances are mainly due to:

- FYE 2006 was the first full year with gross utilities tax receipts at 9% versus the old rate of 7%.
- Certain ICAC reimbursements are allowing the City to decrease personnel expenses.
- Revenue was up moderately in other categories such as sales tax, court revenue, investment income, construction permits, and Road and Bridge Refund.

Proprietary Funds

The City's proprietary enterprise fund statements provide the same type of information found in the government wide financial statements, but in more detail. Net liabilities of the Sanitation fund at the end of year amounted to (\$ 32,947), a change in net assets of (\$ 7,987).

Fiduciary Funds

The City maintains Fiduciary funds for the assets of the City of Glendale's Fireman and Policemen's Pension Plan. The net assets of the Pension Trust Fund totaled \$ 4,060,603 representing an increase of \$ 465,507 in total net assets over the last fiscal year.

General Fund Budgetary Highlights

Final budgeted revenues and expenditures were \$148,909 higher than the original figures because they were changed at mid year to better reflect the City of Glendale's involvement in the ICAC program mentioned above. In the general fund the following major variances occurred between budgeted and actual amounts.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

- Total revenue of \$ 3,377,435 was \$11,506 higher than original budget. The major contributor to the increase was the passage of the gross receipts tax on utilities from 7% to 9%. This tax increase generated an extra \$48,198 above the \$669,650 originally budgeted. Real Estate and Personal Property taxes came in \$54,281 lower than budgeted. This was due to an allocation error between the General Fund and the Pension Fund that was not discovered until after the budget was prepared.
- Two of the six operating departments finished the year with a budget surplus.
- Four operating departments finished the year in deficit. The Fire Department deficit was a result of higher than anticipated overtime expenditures.
- On the other hand, deficit spending in Public Works can be attributed to higher than expected spending for part time and overtime labor.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Capital Assets

The City has invested \$ 3,479,888 in a broad range of capital assets, including park facilities, buildings, machinery & equipment and automobiles & trucks. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$163,187.

	Capital Assets Net of Depreciation	
	Governmental Activities	
	June 30, 2006	June 30, 2005
Land	\$ 813,000	\$ 813,000
Construction in progress	3,943	-
Buildings & Improvements	506,772	486,375
Machinery, equipment & vehicles	562,135	601,583
Office furniture & equipment	80,583	48,815
Total	\$ 1,966,433	\$ 1,949,773

Additional information on the City's capital assets can be found in Note 4 in the notes to the basic financial statements.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Long-Term Debt

At the end of June 2006, the City had outstanding long-term debt obligations for governmental activities in the amount of \$ 686,963 compared to \$ 780,632 in 2005. Of this amount, \$ 70,225 is Capital lease obligations, \$ 591,980 in a Joint Venture Obligation, \$ 24,758 in Notes outstanding. The 12 % decrease in the City's long-term debt obligations is due to meeting the amortization schedules for these obligations.

The City's governmental activities debt is detailed below:

Outstanding Long-Term Debt Obligations

	June 30, 2006 Fiscal Year 2006	Fiscal Year 2005	% Change
Capital Lease Obligations (Vehicles)	\$ 70,225	\$ 93,600	-25%
Joint Venture Obligation (Share of Aquatic Center)	591,980	637,517	-7%
Note Payable (Computer Aided Dispatch & Record Management System)	24,758	49,515	-50%
Total	\$ 686,963	\$ 780,632	-12%

Additional information on the City's long-term debt can be found in Note 5 in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General Fund Revenue for FY 2006-07 is projected to increase by approximately .13% from the revised 2005-06 Budget to a total of \$3,559,334. The expenditure side of the budget is expected to increase by 4.1% from the 2005-06 revised budget to a total of \$3,487,407. The 2006-07 General Fund Budget will operate in the black with an approximate surplus of \$71,927. As a result of this surplus, brought on by the increase in the gross receipts tax on utilities, we expect the General Fund balance to increase about 9% to approximately \$829,843.

Several factors and or trends have allowed the City of Glendale's General Fund to return to a situation in which we expect a relatively small surplus. This is a much better scenario than the early part of this decade when the General Fund consistently had budget deficits of slightly below or above (\$100,000), which was caused by flat revenue, such as sales tax, not keeping pace with increasing expenses. The largest factor in the improvement in our revenue picture the last few years was the November 2004 passage of the increase in gross utilities taxes from 7% to 9%. The last full year of utility taxes at 7% was FY 03-04 which brought in \$503,948 in receipts versus the first full year at 9% was FY 05-06 where \$717,848 was collected. Other factors that have helped the General Fund is the City's involvement in the ICAC Grant that we administer and the Cingular tower rent of \$1,000 per month.

**CITY OF GLENDALE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

In the future, new and or increased revenue streams will need to be found as expenses such as salaries and health insurance continue to rise. This could be mitigated somewhat by the cell phone gross receipts revenue that we will hopefully be receiving after this matter is settled in the courts.

The Capital Improvement Fund Budget totals \$1,539,176 in revenue and \$1,587,066 in expenditures for FY 2006-07. Revenue is significantly higher than what is available under the ½-cent capital improvement sales tax because of the proposed transfer from the Parks and Stormwater Fund and grant reimbursements for the Sappington Road project. Revenue from the ½-cent Capital Improvement Tax is showing the same stagnant pattern of growth as the one-cent sales tax for the General Fund. The Capital Improvement fund balance increased significantly from last year because of funds provided by MODOT for engineering expense reimbursements for Sappington Road and a transfer from the Parks and Stormwater fund for the Sappington Road Improvements project. We expect the fund balance to again increase because of transfers for the Sappington Road project.

The Parks and Stormwater Fund is projected to have revenues of \$120,543 and expenditures of \$117,900 in FY 2006-07. It is anticipated that the Parks and Stormwater Fund balance will continue to be limited as a result of transfers for Sappington Road. The Sanitary Lateral Fund will continue to operate with a deficit fund balance. The sewer lateral fee increase that passed in the Nov. 2004 election generated enough surplus to pay off the vendors in the 06-05 FY and will now start to pay back the subsidies from the other funds.

Projected revenue and expenditures for the Enterprise Sanitation fund for 2006-07 will be approximately \$563,331 and \$554,408 respectively. There should be little or no fund balance carried over from year to year for this pay-as-you-go Enterprise Fund.

We anticipate that the Pension Fund will continue to operate in deficit for another year until the return on investments of Plan Assets shows improvement. The actuarial cost for the plan will again exceed available revenue from the property tax levy in 2006-07, because of investment returns not meeting plan expectations. There is always a delay in recognition by the Actuary of improved investment return in determining the annual actuarial cost. Nevertheless, the Pension Plan remains well funded and is able to absorb several years of under performance of investments.

Requests for Information

This financial report is designed to provide a general overview of the City of Glendale, Missouri's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, 424 N. Sappington Road, Glendale, MO 63122.

CITY OF GLENDALE, MISSOURI
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 54,643	\$ -	\$ 54,643
Investments	950,409	-	950,409
Receivables, Net			
Taxes	498,183	-	498,183
Interest	8,776	-	8,776
Court	13,954	-	13,954
Other	5,375	26,222	31,597
Inventory	-	1,080	1,080
Other Receivable	15,647	-	15,647
Cash - Restricted	26,470	-	26,470
Capital Assets:			
Non-Depreciable	816,943	-	816,943
Depreciable - Net	1,149,490	-	1,149,490
Total Assets	<u>3,539,890</u>	<u>27,302</u>	<u>3,567,192</u>
LIABILITIES			
Accounts Payable	179,615	44,037	223,652
Accrued Wages	41,115	568	41,683
Other Payable	-	15,648	15,648
Accrued Interest Payable	3,570	-	3,570
Appearance Bonds	3,675	-	3,675
Other Liabilities	55,438	-	55,438
Long-Term Liabilities			
Due Within One Year	216,518	-	216,518
Due in More than One Year	593,268	-	593,268
Total Liabilities	<u>1,093,199</u>	<u>60,253</u>	<u>1,153,452</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,279,470	-	1,279,470
Unrestricted (Deficit)	1,167,221	(32,951)	1,134,270
Total Net Assets	<u>\$ 2,446,691</u>	<u>\$ (32,951)</u>	<u>\$ 2,413,740</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENDALE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary Government							
Government Activities							
General Government	\$ 413,800	\$ 196,172	\$ -	\$ -	\$ (217,627)	\$ -	\$ (217,627)
Municipal Court	51,196	193,832	-	-	142,636	-	142,636
Police Department	954,151	-	-	-	(954,151)	-	(954,151)
Dispatching	218,316	-	-	-	(218,316)	-	(218,316)
Fire Department	1,643,944	196,151	83,243	-	(1,364,550)	-	(1,364,550)
Public Works	463,687	-	-	205,407	(258,280)	-	(258,280)
Interest and Fiscal Charges	108,611	-	-	-	(108,611)	-	(108,611)
Total Government Activities	<u>3,853,705</u>	<u>586,156</u>	<u>83,243</u>	<u>205,407</u>	<u>(2,978,899)</u>	<u>-</u>	<u>(2,978,899)</u>
Business-Type Activities							
Sanitation Fund	562,035	554,044	-	-	-	(7,991)	(7,991)
Total Primary Government	<u>\$ 4,415,740</u>	<u>\$ 1,140,200</u>	<u>\$ 83,243</u>	<u>\$ 205,407</u>	<u>(2,978,899)</u>	<u>(7,991)</u>	<u>(2,986,890)</u>
General Revenues							
Taxes:							
Property Taxes, Levied for General Purpose					704,310	-	704,310
Property Taxes, Levied for Pension					156,223	-	156,223
Sales and Local Use Taxes					933,037	-	933,037
Capital Improvements Tax					329,406	-	329,406
Gross Receipts Tax					775,476	-	775,476
Miscellaneous Taxes					43,117	-	43,117
Intergovernmental					258,413	-	258,413
Licenses (Taxes)					61,528	-	61,528
Investment Income					35,414	-	35,414
Miscellaneous					45,685	-	45,685
Total General Revenues					<u>3,342,610</u>	<u>-</u>	<u>3,342,610</u>
CHANGE IN NET ASSETS					363,710	(7,991)	355,719
Net Assets - Beginning					2,082,981	(24,960)	2,058,021
NET ASSETS - ENDING					<u>\$ 2,446,691</u>	<u>\$ (32,951)</u>	<u>\$ 2,413,740</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENDALE, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2006**

	General	Sewer Lateral	Pension Tax	General Capital Improvements	Parks and Stormwater Improvements	Total Governmental Funds
ASSETS						
Cash	\$ 36,289	\$ 18,354	\$ -	\$ -	\$ -	\$ 54,643
Investments	950,409	-	-	-	-	950,409
Receivables			-			
Taxes	288,631	-	-	194,250	15,302	498,183
Interest	8,776	-	-	-	-	8,776
Court	13,954	-	-	-	-	13,954
Other	52	5,323	-	-	-	5,375
Internal Balances	75,348	-	-	260,747	362,501	698,596
Cash - Restricted	26,470	-	-	-	-	26,470
Total Assets	<u>\$ 1,399,929</u>	<u>\$ 23,677</u>	<u>\$ -</u>	<u>\$ 454,997</u>	<u>\$ 377,803</u>	<u>\$ 2,256,406</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 40,030	\$ 7,950	\$ -	\$ 131,635	\$ -	\$ 179,615
Accrued Wages	41,115	-	-	-	-	41,115
Appearance Bonds	3,675	-	-	-	-	3,675
Internal Balances	522,796	79,700	-	-	120,458	722,954
Deferred Revenue	18,965	-	-	-	-	18,965
Other Liabilities	15,433	-	-	-	-	15,433
Total Liabilities	<u>642,014</u>	<u>87,650</u>	<u>-</u>	<u>131,635</u>	<u>120,458</u>	<u>\$ 981,757</u>
FUND BALANCES (DEFICIT)						
Reserved:						
DEA Funds	26,470	-	-	-	-	26,470
Unreserved:						
General Fund	731,446	-	-	-	-	731,446
Special Revenue Fund	-	(63,973)	-	-	-	(63,973)
Capital Projects Fund	-	-	-	323,362	257,345	580,707
Total Fund Balances (Deficit)	<u>757,916</u>	<u>(63,973)</u>	<u>-</u>	<u>323,362</u>	<u>257,345</u>	<u>1,274,650</u>
Total Liabilities and Fund Balances	<u>\$ 1,399,930</u>	<u>\$ 23,677</u>	<u>\$ -</u>	<u>\$ 454,997</u>	<u>\$ 377,803</u>	<u>\$ 2,256,407</u>

See accompanying Notes to Financial Statements.

CITY OF GLENDALE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Fund Balances - Governmental Funds \$ 1,274,650

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	Capital Assets	3,479,888	
	Accumulated Depreciation	<u>(1,513,455)</u>	
			1,966,433

Revenues in the statement of activities that do not provide current reported deferred as revenue in the funds. 18,964

Long-term liabilities are not due and payable in the current period and, reported as liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported on the governmental-wide state of net assets.

Long-term liabilities at year-end consist of:

Accrued Compensated Absences	(122,823)		
Capital Leases Outstanding	(70,225)		
Joint Venture Outstanding	(591,980)		
Notes Payable Outstanding	(24,758)		
Accrued Interest on Outstanding Debts	<u>(3,570)</u>		
			<u>(813,356)</u>

Net Assets of Governmental Activities \$ 2,446,691

CITY OF GLENDALE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	General	Sewer Lateral	Pension Tax	General Capital Improvements	Parks and Stormwater Improvements	Total Governmental Funds
REVENUES						
General Taxes	\$ 2,159,370	\$ 106,508	\$ 203,259	\$ 329,406	\$ 117,346	\$ 2,915,889
Intergovernmental	596,125	-	-	210,284	-	806,409
Licenses and Permits	203,092	-	-	-	-	203,092
Municipal Court	193,833	-	-	-	-	193,833
Miscellaneous	225,015	73	-	-	-	225,088
Total Revenues	<u>3,377,435</u>	<u>106,581</u>	<u>203,259</u>	<u>539,690</u>	<u>117,346</u>	<u>4,344,311</u>
EXPENDITURES						
Current:						
General Governmental	371,759	-	203,259	-	-	575,018
Municipal Court	51,196	-	-	-	-	51,196
Police Department	965,464	-	-	-	-	965,464
Dispatching	209,195	-	-	-	-	209,195
Fire Department	1,153,114	-	-	-	-	1,153,114
Public Works	568,575	-	-	-	-	568,575
Capital Outlay	-	53,027	-	398,160	-	451,187
Debt Service:						
Principal	-	-	-	48,132	45,537	93,669
Interest and Fiscal Charges	-	-	-	6,321	8,621	14,942
Total Expenditures	<u>3,319,303</u>	<u>53,027</u>	<u>203,259</u>	<u>452,613</u>	<u>54,158</u>	<u>4,082,360</u>
REVENUES OVER EXPENDITURES	58,132	53,554	-	87,077	63,188	261,951
OTHER FINANCING SOURCES (USES)						
Transfers In	12,500	-	-	63,010	-	75,510
Transfers Out	-	(12,500)	-	-	(63,010)	(75,510)
Total Other Financing Sources (Uses)	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>	<u>63,010</u>	<u>(63,010)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	70,632	41,054	-	150,087	178	261,951
Fund Balances - July 1, 2005	<u>687,284</u>	<u>(105,027)</u>	<u>-</u>	<u>173,275</u>	<u>257,167</u>	<u>1,012,699</u>
FUND BALANCES (DEFICIT) - JUNE 30, 2006	<u>\$ 757,916</u>	<u>\$ (63,973)</u>	<u>\$ -</u>	<u>\$ 323,362</u>	<u>\$ 257,345</u>	<u>\$ 1,274,650</u>

See accompanying Notes to Financial Statements.

**CITY OF GLENDALE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

Net Change in Fund Balances - Governmental Funds \$ 261,951

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$165,187) exceeded depreciation (\$147,956) in the current period. 17,231

Revenues in the statement of activities that do not provide current financial resources are not reported deferred as revenue in the funds. 2,691

Repayments during the current year:

Capital Lease Obligation	23,375	
Joint Venture Obligation	45,537	
Note Payable	<u>24,757</u>	
		93,669

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modification accrual basis of accounting until due, rather than as it accrued.

Accrued Compensated Absences	(12,060)	
Accrued Interest on Outstanding Debt	<u>228</u>	
		<u>(11,832)</u>

Change in Net Assets of Governmental Activities \$ 363,710

**CITY OF GLENDALE, MISSOURI
STATEMENT OF NET ASSETS – ENTERPRISE FUND
YEAR ENDED JUNE 30, 2006**

ASSETS

Receivables:

 Other

\$ 26,222

Inventory

1,080

 Total Assets

27,302

LIABILITIES

Accounts Payable

44,037

Accrued Wages

568

Internal Balances

15,648

 Total Liabilities

60,253

NET ASSETS

Unrestricted (Deficit)

\$ (32,951)

See accompanying Notes to Financial Statements.

CITY OF GLENDALE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2006

OPERATING REVENUES	
Charges for Sanitation Services	\$ 554,044
OPERATING EXPENSES	
Personnel Services	27,404
Operating Supplies	4,145
Other Services and Charges	530,486
Total Operating Expenses	<u>562,035</u>
CHANGE IN NET ASSETS	(7,991)
Net Assets - Beginning	<u>(24,960)</u>
NET ASSETS - JUNE 30, 2006	<u><u>\$ (32,951)</u></u>

See accompanying Notes to Financial Statements.

**CITY OF GLENDALE, MISSOURI
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
YEAR ENDED JUNE 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 557,495
Payments to Suppliers	<u>557,495</u>
Net Cash Provided by Operating Activities	<u>-</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents - July 1, 2005	<u>-</u>
------------------------------------------	----------

CASH AND CASH EQUIVALENTS - JUNE 30, 2006

	<u><u>\$ -</u></u>
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RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ (7,991)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
(Increase) Decrease in:	
Accounts Receivable	3,451
Inventory	360
Increase (Decrease) in:	
Accounts Payable	526
Accrued Wages	335
Due to General Fund	<u>3,319</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

CITY OF GLENDALE, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS – PENSION TRUST FUND
YEAR ENDED JUNE 30, 2006

ASSETS

Investments	\$ 4,020,597
Due from General Fund	40,006
Total Assets	<u>\$ 4,060,603</u>

NET ASSETS

Reserved for Employees' Retirement System	<u>\$ 4,060,603</u>
-------------------------------------------	---------------------

See accompanying Notes to Financial Statements.

CITY OF GLENDALE, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – PENSION TRUST FUND
YEAR ENDED JUNE 30, 2006

ADDITIONS

Contributions:

Employer Contributions	\$ 162,657
Employee Contributions	_ 45,685
Total Contributions	208,342

Investment Income:

Net Appreciation in Fair Value of Investments and Interest in Dividends	397,986
Investment Expense	(14,709)
Net Investment Income	383,277

Total Additions 591,619

DEDUCTIONS

Benefits:

Retirement	94,590
Other	17,453
Withdrawals	14,069
Total Deductions	126,112

CHANGE IN NET ASSETS

465,507

Net Assets - July 1, 2005

3,595,096

NET ASSETS - JUNE 30, 2006

\$ 4,060,603

**CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and financial reporting policies of the City of Glendale, Missouri (the City) conform to U.S generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

The City defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the City's governing body has any significant amount of financial accountability for potential component units. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City. The City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. As a general rule the effect of interfund activity has been removed from these statements, Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements, Major individual governmental funds and a major individual Enterprise Fund are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

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

CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

General Fund: This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Sewer Lateral Fund: This fund is a Special Revenue Fund used to account for special revenues received which are specifically earmarked for expenditures for repairs to residential sanitary sewer laterals.

Pension Tax Fund: This fund is a Special Revenue Fund used to accumulate taxes for the Pension Trust Fund.

General Capital Improvements Fund: This fund is a Capital Projects Fund for use of the ½ cent capital improvement sales tax.

Parks and Stormwater Improvements Fund: This fund is a Capital Projects Fund used to cover the share of the expenses for constructing and maintaining a jointly operated Aquatic Center with the Cities of Kirkwood and Oakland.

The government reports the following major proprietary fund:

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

**CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Additionally, the government reports the following fund type:

Pension Trust Fund --This fund is used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations, other governmental units, and/or other funds. The Pension Trust Fund is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The City's Pension Trust Fund includes the assets of the Firemen's and Policemen's Pension Fund.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges for sanitation services. Operating expenses for the Enterprise Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

The City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Missouri state statute require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The City maintains a cash pool that is available for use by the all funds. Each fund type's portion of this pool is displayed on the combined statement of assets, liabilities and fund balance as "Cash" under each fund's caption.

CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The City may purchase any investments allowed by the Missouri State Treasurer and Repurchase Agreements. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

Investments in the Pension Trust Fund are held in deposit administration contracts which are reported at contract value.

Allowance for Doubtful Accounts

Management believes there are no significant uncollectible receivables, therefore, no allowance for doubtful accounts has been recorded.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The City has elected not to retroactively report infrastructure constructed prior to July 1, 2003.

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

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

<u>Assets</u>	<u>Years</u>
Building and Improvements	10 – 40
Office Furniture and Equipment	10 – 25
Machinery, Equipment, and Vehicles	5 – 20

Compensated Absences

Vacations accrue to employees based on years of service on January 1 of each year and may not be carried over into the next year, except as authorized by the City. Sick leave accumulated at a rate of one day per month, except that employees with 20 or more years of continued service will accumulate sick leave at a rate of 1½ days per month. A maximum of 60 days may be accumulated. Sick leave is only available to provide compensation during periods of illness.

**CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post Employment Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

Transfers

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

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in September of each year based on the assessed value as of the prior January 1 for all real and personal property located within the City. Payment is due upon receipt of billing and becomes delinquent after December 31. Property taxes are billed and collected by St. Louis County and remitted by the County to the City.

Fund Balance Reserves

Within the governmental fund financial statements, reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriation or is legally segregated for a specific future use. Reserved fund balance at June 30, 2006 is comprised of Drug Enforcement Agency (DEA) Funds.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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

**CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates

The preparation of basic financial statements in conformity *with* GAAP requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Restricted Assets

Certain resources set aside for DEA Funds and court bond deposits are classified as restricted assets on the balance sheet because their use is limited to police liabilities and repayment of deposits.

Budgetary Process

The City prepares and legally adopts an annual budget for the General Fund, Sewer Lateral Special Revenue Fund, Pension Tax Special Revenue Fund, General and Capital Improvements Capital Projects Fund, Parks and Stormwater Improvements Capital Projects Fund, and Sanitation Enterprise Fund. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

The Board follows the procedures outlined below in establishing the budgetary data:

- a. The City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following by July 1. The operating budget includes proposed operating expenditures, capital expenditures, and the means for financing them.
- b. Public hearings are conducted to obtain comments from all interested parties.
- c. The budget for the coming year is formally adopted on or before the last day of the fiscal year ending.
- d. Transfers of budgeted amounts must be approved by the Board of Aldermen.
- e. There were budget amendments during the year.

**CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The City purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The City has a deposit policy for custodial credit risk that follows Missouri Statutes for deposits.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets or balance sheet under each fund's caption. In accordance with applicable Missouri Statute, the District maintains deposits at depository banks authorized by the City's elected officials.

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

The City's deposits in banks at June 30, 2006, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Missouri Statutes.

For balance sheet purposes \$950,409 of certificates of deposit are classified as investments due to their maturity dates.

NOTE 3 INVESTMENTS

Statutes authorize the City to invest in obligations of the commercial investments, U.S. Treasury, agencies, and instrumentalities in the pension plan's fiduciary fund. The pension plan has no formal investment policy. The City's pension plan investments consist of the following:

<u>Type of Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Fiduciary Fund		
Mutual Funds	4,020,597	4,020,597
Total	<u>\$ 4,971,006</u>	<u>\$ 4,971,006</u>

CITY OF GLENDALE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 3 INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments held by the City are not rated.

Concentration of Credit Risk

The City has investments in certain agencies that exceed 5% of the total investments. Those concentrations are as follows:

NEF Select Large Cap Fund	\$ 1,510,564
NEF Select Small Cap Fund	634,981
NEF Select AGE High Income Fund	629,291
MetLife General Investment Fund	1,126,453

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 813,000	\$ -	\$ -	\$ 813,000
Construction in Progress	-	3,943	-	3,943
Total Capital Assets Not Being Depreciated	813,000	3,943	-	816,943
Capital Assets Being Depreciated:				
Buildings and Other Improvements	910,946	58,481	-	969,427
Office Furniture and Equipment	83,870	38,909	-	122,779
Machinery, Equipment and Vehicles	1,508,885	63,854	2,000	1,570,739
Total Capital Assets Being Depreciated	2,503,701	161,244	2,000	2,662,945
Less: Accumulated Depreciation for:				
Buildings and Other Improvements	424,571	38,084	-	462,655
Office Furniture and Equipment	35,055	7,141	-	42,196
Machinery, Equipment and Vehicles	907,302	102,731	1,429	1,008,604
Total Accumulated Depreciation	1,366,928	147,956	1,429	1,513,455
Total Capital Assets Being Depreciated	1,136,773	13,288	571	1,149,490
Governmental Activities Capital Assets	\$ 1,949,773	\$ 17,231	\$ 571	\$ 1,966,433

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2006

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

	Year Ended June 30, 2006
Governmental Activities:	
General Government	\$ 40,979
Police Department	51,984
Fire Department	48,693
Public Works	6,300
Total	\$ 147,956

NOTE 5 LONG-TERM DEBT

The following is a summary of changes in long-term liabilities:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Amount Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$ 93,600	\$ -	\$ (23,375)	\$ 70,225	\$ 23,400
Joint Venture Obligation	637,517	-	(45,537)	591,980	45,537
Note Payable	49,515	-	(24,757)	24,758	24,758
Compensated Absences	110,763	122,823	(110,763)	122,823	122,823
	\$ 891,395	\$ 122,823	\$ (204,432)	\$ 809,786	\$ 216,518

Capital Lease Obligations

The City is obligated under certain vehicle leases accounted for as capital leases. The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery, Equipment and Vehicles	\$ 261,818
Less Accumulated Depreciation	(130,909)
Total	\$ 130,909

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2006

NOTE 5 LONG-TERM DEBT (CONTINUED)

The following is a schedule for future minimum lease payments under capital leases, together with the net present value of the minimum lease payments:

<u>For the Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 23,400	\$ 2,944	\$ 26,344
2008	23,400	1,873	25,273
2009	23,425	803	24,228
Total	<u>\$ 70,225</u>	<u>\$ 5,620</u>	<u>\$ 75,845</u>

Joint Venture Obligation

The City is obligated under an agreement for 16.58% of the costs of the construction and operation of an aquatic center. The City is responsible for semi-annual payments of principal and interest to August 2018.

The annual requirements to amortize the joint venture obligation are as follows:

<u>For the Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 45,537	\$ 7,798	\$ 53,335
2008	45,537	8,794	54,331
2009	45,537	9,477	55,014
2010	45,537	9,699	55,236
2011	45,537	9,699	55,236
2012-2016	227,685	37,634	265,319
2017-2019	136,610	7,287	143,897
Total	<u>\$ 591,980</u>	<u>\$ 90,388</u>	<u>\$ 682,368</u>

Note Payable

The City is obligated under a note payable, original principal totaling \$123,787 for a computer aided dispatch and record management system, due in yearly installments through September 2006, interest payable at 6.36%.

The annual requirements to amortize the note payable of the long-term debt outstanding including interest payments are as follows:

<u>For the Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	<u>\$ 24,758</u>	<u>\$ 333</u>	<u>\$ 25,091</u>

**CITY OF GLENDALE, MISSOURI
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 YEAR ENDED JUNE 30, 2006**

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS

Police and Firemen's Pension Plan

Plan Description and Provisions

The Plan is a single employer defined benefit pension plan that covers all of the City's full-time police, dispatch, and fire employees. The Plan provides retirement and death benefits to plan members and beneficiaries in accordance with the ordinance establishing the Plan. The Plan may be amended under the provisions of the original ordinance. The payroll for employees covered by the Plan for the year ended July 1, 2006 was \$1,408,883 and the City's total payroll was \$2,159,315.

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's financial statements. Information about the Plan is provided in a summary plan description.

Schedule of Funding Status and Progress

Current membership in the Plan is comprised of the following:

Group	July 1, 2006
Retirees and beneficiaries currently receiving benefits	8
Vested terminated employees not yet receiving benefits	7
Active employees	27

Employees attaining the age 55 who have completed 15 or more years of service are entitled to benefits based upon average earnings and years of service. The Plan also provides early retirement, death, and disability.

City ordinance requires each member to contribute 3.25% of gross salary. The ordinance requires the City to contribute the actuarially computed amounts, which together with employee contributions and investment income will cover the costs of the Plan.

Schedule of Employer Contributions - Property Taxes

For the Years Ended July 1	Annual Required Contribution	Actual Contribution	Percentage Contributed
2005	\$ 159,816	\$ 159,816	100%
2004	155,503	155,503	100%
2003	125,364	125,364	100%
2002	108,608	108,608	100%
2001	44,352	44,352	100%
2000	52,544	52,544	100%
1999	57,296	57,296	100%

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2006

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Cost Method	Aggregate method*
Asset Valuation Method	At market value
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	5%

The aggregate method does not identify and separately amortize unfunded actuarial liabilities.

Police & Fireman's Pension Plan

Annual Pension Cost

Current year annual pension costs for the Plan are shown in the trend information. Annual required contributions were made by the Plan. There was no net pension obligation for the Plan. Unless otherwise indicated, information is provided as of the latest actuarial valuation, July 1, 2005.

Trend Information

The historical trend information about the Plan is presented herewith to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparison with other Public Employee Retirement Systems (PERS).

Pension Plan			
Valuation for the Actuarial Years Ended July 1	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2005	\$ 159,816	100%	\$ -
2004	155,503	100%	-
2003	125,364	100%	-
2002	108,608	100%	-
2001	44,352	100%	-
2000	52,544	100%	-

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2006

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Non-Uniformed Employees Pension Plan

Plan Description

The City participates in 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 LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

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

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 4.4% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Annual Pension Cost

For 2006, the City's annual pension cost of \$20,898 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2004 and 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 4.2% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the 1983 Group Annuity Mortality table, and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period- The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2005 was 15 years.

**CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2006**

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Three-year trend information follows:

<u>For the Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	20,898	100%	-
2005	20,971	100%	-
2004	20,898	100%	-

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS office in Jefferson City.

NOTE 7 COMMITMENTS AND CONTINGENCIES

The City has an agreement to operate an aquatic center facility. The City shall be required to contribute additional funds to the project in the event that operational revenues are insufficient to cover operational costs and expenses.

At June 30, 2006, the City had commitments for engineering fees for a road project totaling \$114,615.

NOTE 8 ENTERPRISE FUND

The Enterprise Fund is comprised of one major homogeneous segment of the City which provides sanitation services. Working capital as of June 30, 2006 was \$(32,949).

NOTE 9 INTERNAL BALANCES

Individual fund amounts are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30, 2006</u>
General Capital Improvements Fund	General Fund	\$ 120,289
General Capital Improvements Fund	Parks and Stormwater	120,458
General Capital Improvements Fund	Improvements Fund	20,000
Parks and Stormwater	Sewer Lateral Fund	362,501
Improvements Fund	General Fund	15,648
General Fund	Sanitation Fund	59,700
General Fund	Sewer Lateral Fund	40,006
Pension Trust Fund	General Fund	<u>\$ 738,602</u>

**CITY OF GLENDALE, MISSOURI
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 YEAR ENDED JUNE 30, 2006**

NOTE 10 INTERFUND TRANSFERS

Individual fund transfers are as follows:

Transfer From	Transfer To	June 30, 2006
		\$ 63,010
Parks and Stormwater Improvements	General Capital Improvements	12,500
Sewer Lateral	General	\$ 75,510

NOTE 11 EXCESS EXPENDITURES OVER BUDGET

	For the Year Ended June 30, 2006		
	Budget	Actual	Excess
General Fund	\$ 3,294,097	\$ 3,319,303	\$ (25,206)
Sanitation	\$ 556,186	\$ 562,035	\$ (5,849)

NOTE 12 DEFICIT BALANCES

The Sewer Lateral Fund had a deficit in fund balance of \$(63,973) at June 30, 2006. This deficit will be offset by future revenues.

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES				
General Taxes				
Current Real Estate Taxes	\$ 556,210	\$ 556,210	\$ 518,855	\$ (37,355)
Current Personal Property Taxes	82,500	82,500	77,600	(4,900)
Delinquent Taxes	15,000	15,000	4,620	(10,380)
Utility Property Taxes	6,500	6,500	4,854	(1,646)
Sales Tax	781,900	781,900	792,476	10,576
Gross Receipts Tax:				
Water	62,500	62,500	62,857	357
Telephone	86,150	86,150	79,218	(6,932)
Gas	265,500	265,500	316,626	51,126
Electric	255,500	255,500	259,147	3,647
Local Option Use Tax	42,500	42,500	43,117	617
Total General Taxes	<u>2,154,260</u>	<u>2,154,260</u>	<u>2,159,370</u>	<u>5,110</u>
Intergovernmental				
Fire Contract - Warson Woods	195,730	195,730	196,151	421
Road and Bridge Refund	127,200	127,200	140,561	13,361
Cigarette Tax	21,500	21,500	21,040	(460)
Gasoline Tax Motor Fuels	241,500	241,500	237,373	(4,127)
Grants	1,000	1,000	1,000	-
Total Intergovernmental	<u>586,930</u>	<u>586,930</u>	<u>596,125</u>	<u>9,195</u>
Licenses and Permits				
Merchants' Licenses	55,000	55,000	39,769	(15,231)
Automobile Licenses	20,500	20,500	20,105	(395)
Interest and Penalties	2,000	2,000	2,264	264
Animal Licenses	1,600	1,600	1,654	54
Construction Permits	58,500	58,500	64,350	5,850
Housing Inspections	15,730	15,730	17,323	1,593
Cable Television	56,000	56,000	57,627	1,627
Total Licenses and Permits	<u>209,330</u>	<u>209,330</u>	<u>203,092</u>	<u>(6,238)</u>
Municipal Court				
Court Costs	25,000	25,000	24,538	(462)
Court Fines	148,500	148,500	160,754	12,254
Miscellaneous Court Revenues	10,000	10,000	8,541	(1,459)
Total Municipal Court	<u>183,500</u>	<u>183,500</u>	<u>193,833</u>	<u>10,333</u>
Miscellaneous				
Investment Income	22,000	22,000	33,150	11,150
Sale of Surplus Property	7,000	7,000	1,768	(5,232)
Other	50,000	198,909	190,097	(8,812)
Total Miscellaneous	<u>79,000</u>	<u>227,909</u>	<u>225,015</u>	<u>(2,894)</u>
Total Revenues	3,213,020	3,361,929	3,377,435	15,506

ITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
GENERAL GOVERNMENT EXPENDITURES				
Personnel Services				
Salaries:				
City Officials	\$ 20,448	\$ 20,448	\$ 20,448	\$ -
Full-Time	194,279	194,279	194,536	257
Part-Time	2,000	2,000	161	(1,839)
Employee Insurance	19,388	19,388	22,349	2,961
Workers' Compensation	1,040	1,040	1,151	111
FICA	16,847	16,847	16,646	(201)
LAGERS	8,702	8,702	8,476	(226)
Car Allowance	1,200	1,200	1,200	-
Unscheduled Overtime	3,500	3,500	2,145	(1,355)
Total Personnel Services	<u>267,404</u>	<u>267,404</u>	<u>267,113</u>	<u>(291)</u>
Contractual and Commodities				
Maintenance - Buildings and Grounds	3,000	3,000	1,363	(1,637)
Utilities:				
Electric	4,300	4,300	4,187	(113)
Gas	1,000	1,000	799	(201)
Telephone	3,000	3,000	4,848	1,848
Water and Sewer	500	500	451	(49)
Maintenance - Equipment	1,700	1,700	80	(1,620)
Equipment Rental	350	350	92	(258)
Legal Publications	800	800	612	(188)
Audit	7,000	7,000	8,842	1,842
Elections	2,210	2,210	1,581	(629)
Inspection Contracts	900	900	1,800	900
Other Contractual Services	9,150	9,150	12,891	3,741
Postage	2,500	2,500	2,123	(377)
Printing	2,500	2,500	3,461	961
Office Supplies	6,000	6,000	5,708	(292)
Computer Supplies	700	700	700	-
Janitorial Supplies	5,117	5,117	5,270	153
Other Commodities	-	-	61	61
Total Contractual and Commodities	<u>50,727</u>	<u>50,727</u>	<u>54,869</u>	<u>4,142</u>
Other				
Employee Relations	6,000	6,000	9,895	3,895
Community Relations	7,500	7,500	11,215	3,715
Professional Services	3,000	3,000	4,794	1,794
Professional Development	5,000	5,000	4,421	(579)
Due and Subscriptions	4,000	4,000	4,500	500
General Insurance	14,930	14,930	14,519	(411)
Miscellaneous	500	500	434	(66)
Total Other	<u>40,930</u>	<u>40,930</u>	<u>49,778</u>	<u>8,848</u>
Total General Governmental Expenditures	359,061	359,061	371,759	12,698

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
MUNICIPAL COURT EXPENDITURES				
Personnel Services				
Salaries:				
City Officials	\$ 17,952	\$ 17,952	\$ 17,952	\$ -
Full-Time	22,665	22,665	23,043	378
FICA	3,145	3,145	3,132	(13)
Total Personnel Services	<u>43,762</u>	<u>43,762</u>	<u>44,127</u>	<u>365</u>
Contractual and Commodities				
Equipment Rental	300	300	92	(208)
Postage	500	500	500	-
Printing	800	800	802	2
Office Supplies	200	200	120	(80)
Total Contractual and Commodities	<u>1,800</u>	<u>1,800</u>	<u>1,514</u>	<u>(286)</u>
Other				
Professional Services	4,500	4,500	4,496	(4)
Professional Development	1,000	1,000	926	(74)
Dues and Subscriptions	110	110	35	(75)
Miscellaneous	100	100	98	(2)
Total Other	<u>5,710</u>	<u>5,710</u>	<u>5,555</u>	<u>(155)</u>
Total Municipal Court Expenditures	<u>51,272</u>	<u>51,272</u>	<u>51,196</u>	<u>(76)</u>

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
POLICE DEPARTMENT EXPENDITURES				
Personnel Services				
Salaries:				
Full-Time	\$ 613,000	\$ 630,757	\$ 633,688	\$ 2,931
Part-Time	19,000	16,500	12,181	(4,319)
Employee Insurance	108,094	111,500	126,234	14,734
Workers' Compensation	16,182	16,182	16,290	108
FICA	50,260	51,618	50,423	(1,195)
Clothing Allowance	6,000	6,000	7,159	1,159
Unscheduled Overtime	25,000	25,000	15,969	(9,031)
Total Personnel Services	<u>837,536</u>	<u>857,557</u>	<u>861,944</u>	<u>4,387</u>
Contractual and Commodities				
Maintenance - Buildings and Grounds	1,500	1,500	1,127	(373)
Utilities:				
Electric	4,400	4,400	4,187	(213)
Gas	1,000	1,000	799	(201)
Telephone	4,000	4,000	5,572	1,572
Water and Sewer	475	475	451	(24)
Motor Fuels	15,500	18,000	18,334	334
Maintenance - Equipment	9,000	9,000	10,353	1,353
Maintenance - Other Equipment	2,300	2,300	1,822	(478)
Other Contractual Services	9,600	71,957	21,202	(50,755)
Postage	700	700	700	-
Printing	1,500	1,500	1,321	(179)
Office Supplies	500	500	294	(206)
Janitorial Supplies and Services	5,620	5,620	5,271	(349)
Other Commodities	800	57,555	5,836	(51,719)
Total Contractual and Commodities	<u>56,895</u>	<u>178,507</u>	<u>77,269</u>	<u>(101,238)</u>
Other				
Community Relations	500	500	216	(284)
Professional Development	5,500	12,776	8,543	(4,233)
Due and Subscriptions	1,350	1,350	868	(482)
General Insurance	17,570	17,570	15,840	(1,730)
Miscellaneous	500	500	784	284
Total Other	<u>25,420</u>	<u>32,696</u>	<u>26,251</u>	<u>(6,445)</u>
Total Police Department Expenditures	919,851	1,068,760	965,464	(103,296)

ITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
DISPATCHING EXPENDITURES				
Personnel Services				
Salaries:				
Full-Time	\$ 97,032	\$ 97,032	\$ 97,853	\$ 821
Part-Time	51,450	51,450	48,183	(3,267)
Employee Insurance	12,773	12,773	14,915	2,142
Workers' Compensation	385	385	434	49
FICA	11,512	11,512	11,530	18
Clothing Allowance	1,000	1,000	1,022	22
Unscheduled Overtime	3,000	3,000	5,453	2,453
Total Personnel Services	<u>177,152</u>	<u>177,152</u>	<u>179,390</u>	<u>2,238</u>
Contractual and Commodities				
Maintenance - Equipment	2,000	2,000	1,332	(668)
Equipment Rental	5,800	5,800	5,113	(687)
Advertising and Legal	200	200	20	(180)
Rejis Contract	19,800	19,800	19,941	141
Other Contractual Services	600	600	622	22
Printing	200	200	195	(5)
Office Supplies	500	500	368	(132)
Computer Supplies	1,300	1,300	1,310	10
Other Commodities	100	100	108	8
Uniforms and Clothing	150	150	113	(37)
Total Contractual and Commodities	<u>30,650</u>	<u>30,650</u>	<u>29,122</u>	<u>(1,528)</u>
Other				
Professional Development	600	600	476	(124)
Due and Subscriptions	300	300	207	(93)
Total Other	<u>900</u>	<u>900</u>	<u>683</u>	<u>(217)</u>
 Total Dispatching Expenditures	 <u>208,702</u>	 <u>208,702</u>	 <u>209,195</u>	 <u>493</u>

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
FIRE DEPARTMENT EXPENDITURES				
Personnel Services				
Salaries - Full-Time	\$ 751,179	\$ 751,179	\$ 752,564	\$ 1,385
Employee Insurance	127,592	127,592	144,838	17,246
Workers' Compensation	32,501	32,501	34,620	2,119
FICA	59,377	59,377	62,990	3,613
Unscheduled Overtime	25,000	25,000	72,708	47,708
Total Personnel Services	995,649	995,649	1,067,720	72,071
Contractual and Commodities				
Maintenance - Buildings and Grounds	2,430	2,430	2,661	231
Utilities:				
Electric	4,500	4,500	4,187	(313)
Gas	2,600	2,600	2,698	98
Telephone	6,500	6,500	7,791	1,291
Water and Sewer	460	460	451	(9)
Motor Fuels	8,000	10,500	10,110	(390)
Maintenance - Motor Equipment	9,000	11,500	8,875	(2,625)
Maintenance - Other Equipment	3,570	3,570	3,242	(328)
EMS and Medical Supplies	5,000	3,500	2,382	(1,118)
Other Contractual Services	7,000	7,000	6,854	(146)
Janitorial Supplies and Services	2,500	2,500	2,052	(448)
Small Tools	1,200	1,200	1,124	(76)
Other Commodities	1,000	1,000	979	(21)
Uniforms and Clothing	6,450	6,450	5,761	(689)
Total Contractual and Commodities	60,210	63,710	59,167	(4,543)
Other				
Community Relations	5,050	4,050	3,583	(467)
Professional Development	8,000	8,000	8,908	908
Due and Subscriptions	3,000	1,500	1,421	(79)
General Insurance	12,870	11,870	11,846	(24)
Grants	500	500	469	(31)
Miscellaneous	-	-	-	-
Total Other	29,420	25,920	26,227	307
Total Fire Department Expenditures	1,085,279	1,085,279	1,153,114	67,835

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
PUBLIC WORKS EXPENDITURES				
Personnel Services				
Salaries:				
Full-Time	\$ 207,843	\$ 207,843	\$ 219,274	\$ 11,431
Part-Time	20,000	20,000	21,973	1,973
Employee Insurance	51,673	51,673	52,699	1,026
Workers' Compensation	11,341	11,341	12,716	1,375
FICA	19,113	19,113	19,916	803
LAGERS	9,723	9,723	9,925	202
Unscheduled Overtime	20,000	20,000	19,984	(16)
Total Personnel Services	<u>339,693</u>	<u>339,693</u>	<u>356,487</u>	<u>16,794</u>
Contractual and Commodities				
Maintenance - Buildings and Grounds	6,000	8,200	12,679	4,479
Utilities:				
Electric	2,000	2,000	1,726	(274)
Gas	1,900	1,900	1,702	(198)
Telephone	6,000	6,000	9,522	3,522
Water and Sewer	500	500	417	(83)
Street Lights	17,000	17,000	17,608	608
Motor Fuels	10,500	10,500	11,289	789
Maintenance - Motor Equipment	17,000	11,800	13,002	1,202
Maintenance - Other Equipment	17,000	22,200	22,912	712
Equipment Rental	2,500	2,500	1,094	(1,406)
Welding	1,250	1,250	1,106	(144)
Forestry	13,000	13,000	12,496	(504)
Snow Removal	25,000	32,500	36,730	4,230
Signs and Pavement Marking	7,500	2,300	5,099	2,799
Mosquito Fogging	10,000	1,500	6,782	5,282
Janitorial Supplies and Services	4,000	6,500	7,344	844
Small Tools and Hardware	1,000	1,000	1,152	152
Other Commodities	1,000	1,000	2,259	1,259
Uniforms and Clothing	5,700	5,700	6,563	863
Street Maintenance	21,000	21,000	26,481	5,481
Total Contractual and Commodities	<u>169,850</u>	<u>168,350</u>	<u>197,963</u>	<u>29,613</u>
Other				
Professional Services	1,000	1,000	1,871	871
Professional Development	2,000	2,000	2,692	692
General Insurance	7,980	7,980	7,862	(118)
Miscellaneous	500	2,000	1,700	(300)
Total Other	<u>11,480</u>	<u>12,980</u>	<u>14,125</u>	<u>1,145</u>
Total Public Works Expenditures	<u>521,023</u>	<u>521,023</u>	<u>568,575</u>	<u>47,552</u>
Total Expenditures	3,145,188	3,294,097	3,319,303	25,206

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES UNDER EXPENDITURES	\$ 67,832	\$ 67,832	\$ 58,132	\$ (9,700)
OTHER FINANCING SOURCES				
Transfers In	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 80,332</u>	<u>\$ 80,332</u>	\$ 70,632	<u>\$ (9,700)</u>
Fund Balance - July 1, 2005			<u>687,284</u>	
FUND BALANCE - JUNE 30, 2006			<u>\$ 757,916</u>	

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL – SEWER LATERAL SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2006

	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
General Taxes	\$ 112,500	\$ 106,508	\$ (5,992)
Miscellaneous	30	73	43
Total Revenues	112,530	106,581	(5,949)
 EXPENDITURES			
Capital Outlay	90,000	53,027	(36,973)
 REVENUES OVER EXPENDITURES	22,530	53,554	31,024
 OTHER FINANCING SOURCES			
Transfers Out	12,500	12,500	-
 Fund Balance - Beginning		(105,027)	
 FUND BALANCE - ENDING		\$ (63,973)	

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – PENSION TAX SPECIAL
YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
General Taxes	\$ 118,181	\$ 203,259	\$ 85,078
EXPENDITURES			
Current:			
General Government	<u>118,181</u>	<u>203,259</u>	<u>85,078</u>
REVENUES UNDER EXPENDITURES	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - July 1, 2005		<u>-</u>	
FUND BALANCE - JUNE 30, 2006		<u>\$ -</u>	

SUPPLEMENTARY INFORMATION

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL CAPITAL IMPROVEMENT CAPITAL
PROJECTS FUND
YEAR ENDED JUNE 30, 2006

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
General Taxes	\$ 343,960	\$ 343,960	\$ 329,406	\$ (14,554)
Grants	218,840	239,890	210,284	(29,606)
Total Revenues	<u>562,800</u>	<u>583,850</u>	<u>539,690</u>	<u>(44,160)</u>
EXPENDITURES				
Capital Outlay:				
General Government	54,500	54,500	60,916	6,416
Municipal Court	1,000	1,000	934	
Police Department	28,000	49,050	49,594	544
Dispatching	25,100	25,100	17,820	(7,280)
Fire Department	43,000	43,000	41,871	(1,129)
Public Works	427,550	427,550	227,025	(200,525)
Total Capital Outlay	<u>579,150</u>	<u>600,200</u>	<u>398,160</u>	<u>(202,040)</u>
Debt Service:				
Principal:				
Dispatching	24,760	24,760	24,760	-
Fire Department	23,400	23,400	23,400	-
Total Principal	<u>48,160</u>	<u>48,160</u>	<u>48,160</u>	<u>-</u>
Interest and Fiscal Charges:				
Dispatching	1,750	1,750	1,670	(80)
Fire Department	3,000	3,000	4,623	1,623
Total Interest and Fiscal Charges	<u>4,750</u>	<u>4,750</u>	<u>6,293</u>	<u>1,543</u>
Total Expenditures	<u>632,060</u>	<u>653,110</u>	<u>452,613</u>	<u>(200,497)</u>
REVENUES OVER (UNDER) EXPENDITURES	(69,260)	(69,260)	87,077	156,337
OTHER FINANCING SOURCES				
Transfers In	70,010	70,010	63,010	<u>(7,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 750</u>	<u>\$ 750</u>	150,087	<u>149,337</u>
Fund Balance - July 1, 2005			<u>173,275</u>	
FUND BALANCE - JUNE 30, 2006			<u>\$ 323,362</u>	

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS (DEFICIT)
BUDGET AND ACTUAL – PARKS AND STORMWATER FUND
YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
General Taxes	\$ 126,000	\$ 117,346	\$ (8,654)
EXPENDITURES			
Capital Outlay	-	-	-
Debt Service:			
Principal	<u>52,500</u>	<u>54,158</u>	<u>1,658</u>
Total Expenditures	<u>52,500</u>	<u>54,158</u>	<u>1,658</u>
REVENUES OVER EXPENDITURES	73,500	63,188	(10,312)
OTHER FINANCING USES			
Transfers Out	<u>(70,010)</u>	<u>(63,010)</u>	<u>7,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,490</u>	178	<u>\$ (3,312)</u>
Fund Balance - July 1, 2005		<u>257,167</u>	
FUND BALANCE - JUNE 30, 2006		<u>\$ 257,345</u>	

CITY OF GLENDALE, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS (DEFICIT)
BUDGET AND ACTUAL – SANITATION ENTERPRISE FUND
YEAR ENDED JUNE 30, 2006

	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
OPERATING REVENUES			
Sanitation Fees	\$ 553,140	\$ 549,621	\$ (3,519)
Sale of Paper Bags	2,800	1,359	(1,441)
Miscellaneous Income	2,000	3,064	1,064
Total Operating Revenues	557,940	554,044	(3,896)
OPERATING EXPENDITURES			
Personnel Services:			
Salaries - Part-Time	19,288	24,173	4,885
FICA	738	1,924	1,186
Unscheduled Overtime	350	1,307	957
Total Personnel Services	20,376	27,404	7,028
Operating Supplies:			
Postage	2,300	1,701	(599)
Printing	700	632	(68)
Purchase of Paper Bags	2,800	1,812	(988)
Total Operating Supplies	5,800	4,145	(1,655)
Other Services and Charges:			
Residential Collection	530,010	530,486	476
Total Operating Expenses	556,186	562,035	5,849
CHANGE IN NET ASSETS	\$ 1,754	(7,991)	\$ (9,745)
Net Assets - Beginning		(24,960)	
NET ASSETS (DEFICIT) - JUNE 30, 2006		\$ (32,951)	

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Aldermen
City of Glendale
Glendale, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Glendale, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Glendale's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Glendale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of City of Glendale, in a separate letter dated December 18, 2006.

Board of Aldermen
City of Glendale

This report is intended solely for the information and use of the management, Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Larson, Allen, Weishair Co., LLP

LARSON, ALLEN, WEISHAIR & CO., LLP

St. Louis, Missouri
December 18, 2006