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Audit of Financial Statements, 2004

City of Eureka

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CITY OF EUREKA, MISSOURI
AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004

CITY OF EUREKA, MISSOURI

CASH BASIS FINANCIAL STATEMENTS

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CITY OF EUREKA, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Eureka, Missouri

Dear Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eureka, Missouri as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Eureka, Missouri at June 30, 2004, and the respective changes in financial position and cash flows – cash basis, where applicable, thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

As described in Note 1, the City of Eureka, Missouri, has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 and 30 through 35, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Eureka, Missouri's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

Croghan + Croghan P.C.

Certified Public Accountants

May 19, 2005
Kirkwood, Missouri

UNAUDITED

**City of Eureka, Missouri
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2004**

The discussion and analysis of the City of Eureka's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

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

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, GASB Statement No. 34 permits the omission of this information in the first year of adoption of the new reporting model. We have attempted to provide some comparative information in this document. Subsequent reports will include more comprehensive comparative information.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2004 include the following:

- Wastewater Treatment Plant expansion project is continuing at a cost so far of \$3,000,000.00, with an estimated total cost of \$4,000,000.00 upon completion in fiscal year ending June 30, 2006.
- Sales tax collections in the combined government-wide and TIF areas have remained flat, while property taxes in the combined areas have increased by 8%.
- Refunding of 2000 Certificates of Participation was performed to realize savings on future debt payments due to lower interest rates.
- Water disinfection project is in progress with a current cost of \$700,000.00. Anticipated completion in fiscal year ending June 30, 2006 will result in a total project cost of \$1,700,000.00.

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- Public Works facility was completed with a current cost of \$54,000.00 and total project cost of \$896,000.00.

The City's net assets (cash basis) and the governmental funds ending balances (cash basis) were \$8,090,751.23. This represents a 4.8% decrease over the fiscal year ending June 30, 2003.

Revenue and Expenditure Comparison for years Ending June 30, 2003 and 2004

	2002-03	%	2003-04	%
Revenue all Funds				
Taxes	\$ 6,077,143.91	65.37%	\$ 6,335,193.74	65.23%
Licenses and Permits	431,778.79	4.64%	450,786.24	4.64%
Charges for Services	1,665,171.90	17.91%	1,501,127.27	15.46%
Fines and Forfeitures	336,300.17	3.62%	351,074.96	3.61%
Federal Grants	103,693.31	1.12%	30,650.03	0.32%
State Distributions	102,713.82	1.10%	105,057.95	1.08%
Interest	327,558.34	3.52%	305,244.38	3.14%
Collections	23,496.50	0.25%	22,637.50	0.23%
Contributions	4,267.50	0.05%	4,238.67	0.04%
Bond Lease Proceeds	0.00	0.00%	365,015.00	3.76%
Miscellaneous	224,163.07	2.41%	241,150.76	2.48%
Total	<u>\$ 9,296,287.31</u>	<u>100.00%</u>	<u>\$ 9,712,176.50</u>	<u>100.00%</u>
Expenditures all Funds				
General Government	\$ 1,078,182.95	13.81%	\$ 1,091,312.25	10.55%
Public Safety	2,065,763.25	26.46%	2,090,150.30	20.22%
Park Department	238,864.29	3.06%	298,557.30	2.89%
Building Maintenance	66,514.44	0.85%	69,355.67	0.67%
Public Works	781,134.05	10.00%	841,111.99	8.13%
Operating	1,317,913.27	16.88%	1,320,674.92	12.77%
Capital Outlay	836,887.03	10.72%	4,319,133.19	41.77%
Bond Principal & Interest	1,422,939.47	18.22%	309,173.72	2.99%
Total	<u>\$ 7,808,198.75</u>	<u>100.00%</u>	<u>\$ 10,339,469.34</u>	<u>100.00%</u>

Using the Basic Financial Statements

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

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(Cash Basis), provide highly consolidated cash basis financial information and render a government-wide perspective of the City's cash basis financial condition.

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

Government-wide Financial Analysis

Net assets of the City at June 30, 2004, of \$8,200,397.13 reflect the City's total assets of cash and investments (net). Net assets at June 30, 2004 of \$831,893.77 is unrestricted.

Governmental Funds Financial Analysis

Governmental Activities:

Revenues Collected

Program Revenues collected	
Charges for services	\$ 1,171,258.05
Operating Grants & Contributions	198,038.15
General revenues collected:	
Property Taxes	1,845,916.24
Franchise and Public Service Taxes	702,214.93
Sales Tax	3,787,062.57
Investment Income	285,964.51
Sales of Assets	13,170.11
Bond Lease Proceeds	365,015.00
Miscellaneous	100,197.84
Transfers between funds	<u>599,200.00</u>
Total Revenues Collected	<u>9,068,037.40</u>

Expenses Paid

Administrative	1,091,312.25
Police Department	2,090,150.30
Building Maintenance	69,355.67
Park Department	298,557.30
Public Works	841,111.99
Operating	456,995.21
Capital Outlay	4,319,133.19
Bond Principal	150,000.00
Bond Interest and Fees	<u>159,173.72</u>
Total Expenses Paid	<u>9,475,789.63</u>

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Changes in net assets	(407,752.23)
Net Assets, July 1, 2003	<u>8,498,503.46</u>
Net Assets, July 1, 2004	\$ <u>8,090,751.23</u>

Business Type Activities

	<u>2002-2003</u>	<u>2003-2004</u>
<u>Water Operating Fund</u>		
Revenue	\$ 563,925.54	\$ 607,261.92
Expenses/Transfers	<u>407,819.22</u>	<u>797,720.46</u>
Net Income/Loss	265,282.30	(190,458.54)
Retained Earnings, July 1	<u>109,175.98</u>	<u>265,282.30</u>
Retained Earnings, June 30	\$ <u>265,282.30</u>	\$ <u>74,823.76</u>
<u>Sewer Operating Fund</u>		
Revenue	\$ 169,926.99	\$ 171,563.65
Expenses/Transfers	<u>187,864.14</u>	<u>199,674.30</u>
Net Income/Loss	(17,937.15)	(28,110.65)
Retained Earnings, July 1	<u>74,132.93</u>	<u>56,195.78</u>
Retained Earnings, June 30	\$ <u>56,195.78</u>	\$ <u>28,085.13</u>
<u>Solid Waste Management Fund</u>		
Revenue/Transfers	\$ 454,433.49	\$ 494,513.53
Expenses	<u>457,701.87</u>	<u>495,484.95</u>
Net Income/Loss	(3,268.38)	(971.42)
Retained Earnings, July 1	<u>10,976.81</u>	<u>7,708.43</u>
Retained Earnings, June 30	\$ <u>7,708.43</u>	\$ <u>6,737.01</u>

Water Operating transfers are used to fund construction costs in addition to regular operating expenses. Transfers of funds between Water Operating and Sewer Operating to cover expenses are allowable by ordinance. The sanitation rates were decreased by Ordinance in 2004 along with a contractor change.

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General Fund Budgetary Highlights

In June, 2003, the City adopted its budget for the fiscal year ended June 30, 2004. The 2003-04 budget was amended in July, of 2004 to reflect adjustments which were made during the year. Overall, revenues increased 8% as compared with projections which includes capital lease proceeds and refunding. Taxes collected were down 20% from budget due to tax allocations to TIF. Police fines were 20% greater than budget. Expenditures were 36% less than projections. Administration expenditure were 8% less than projections.

Capital Assets and Debt Administration

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

At year end the City had capital lease debt in the amount of \$ 4,370,000.00.

Other Analysis

The assessed valuation is expected to decrease by approximately .8%. The tax rates for real estate and personal property will remain the same. The West Fifth Street TIF project will be terminated in 2005. Any balances in that fund will be refunded to St. Louis County. Employee wages will be increased by 3%. The wastewater treatment plant expansion and the water system disinfection projects will be ongoing at an estimated cost of \$2,269,000.00 in 2005. Additional other capital improvements are estimated at \$4,000,000.00.

Contacting the City's Financial Management

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

CITY OF EUREKA, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 8,090,751.23	\$ 109,645.90	\$ 8,200,397.13
Total Assets	<u>8,090,751.23</u>	<u>109,645.90</u>	<u>8,200,397.13</u>
 <u>LIABILITIES</u>			
None	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET ASSETS</u>			
Restricted for:			
Construction	4,052,166.73	-	4,052,166.73
TIF Projects	2,919,853.33		2,919,853.33
Debt Service	365,541.98		365,541.98
Deposits	21,842.41		21,842.41
Other	9,098.91		9,098.91
Unrestricted	<u>722,247.87</u>	<u>109,645.90</u>	<u>831,893.77</u>
Total Net Assets	<u>\$ 8,090,751.23</u>	<u>\$ 109,645.90</u>	<u>\$ 8,200,397.13</u>

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

CITY OF EUREKA, MISSOURI
 STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues Received			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
Governmental Activities:							
Administration	\$ 1,091,312.25	\$ 384,895.38	\$ -	\$ -	\$ (706,416.87)	\$ -	\$ (706,416.87)
Police Department	2,090,150.30	373,712.46	198,038.15	-	(1,518,399.69)	-	(1,518,399.69)
Building Maintenance	69,355.67	-	-	-	(69,355.67)	-	(69,355.67)
Park Department	298,557.30	69,691.31	-	-	(228,865.99)	-	(228,865.99)
Public Works	841,111.99	277,068.04	-	-	(564,043.95)	-	(564,043.95)
Operating	456,995.21	65,890.86	-	-	(391,104.35)	-	(391,104.35)
Capital Outlay	4,319,133.19	-	-	-	(4,319,133.19)	-	(4,319,133.19)
Bond Principal	150,000.00	-	-	-	(150,000.00)	-	(150,000.00)
Bond Interest and Fees	159,173.72	-	-	-	(159,173.72)	-	(159,173.72)
Total governmental activities:	9,475,789.63	1,171,258.05	198,038.15	-	(8,106,493.43)	-	(8,106,493.43)
Business-type Activities:							
Water Operating	208,520.46	589,877.23	-	-	-	381,356.77	381,356.77
Sewer Operating	159,674.30	169,668.47	-	-	-	9,994.17	9,994.17
Solid Waste Management	495,484.95	464,513.53	-	-	-	(30,971.42)	(30,971.42)
Total business-type activities:	863,679.71	1,224,059.23	-	-	-	360,379.52	360,379.52
Total City	\$ 10,339,469.34	\$ 2,395,317.28	\$ 198,038.15	\$ -	(8,106,493.43)	360,379.52	(7,746,113.91)
General Revenues:							
Taxes							
Property Taxes					1,845,916.24	-	1,845,916.24
Franchise and Public Service Taxes					702,214.93	-	702,214.93
Sales Tax					3,787,062.57	-	3,787,062.57
Investment Income					285,964.51	19,279.87	305,244.38
Sales of Assets					13,170.11	-	13,170.11
Bond Lease Proceeds					365,015.00	-	365,015.00
Miscellaneous					100,197.84	-	100,197.84
Transfers between funds					599,200.00	(599,200.00)	0.00
Total General Revenues					7,698,741.20	(579,920.13)	7,118,821.07
Change in Net Assets					(407,752.23)	(219,540.61)	(627,292.84)
Net Assets - beginning					8,498,503.46	329,186.51	8,827,689.97
Net Assets - ending					\$ 8,090,751.23	\$ 109,645.90	\$ 8,200,397.13

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

CITY OF EUREKA, MISSOURI
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
 GOVERNMENTAL FUNDS
 JUNE 30, 2004

	Major Funds						Total Governmental Funds
	General	Sewer Construction	Water Construction	TIF Special Allocation Project #3	Storm Water Control/Parks	Non-Major Funds	
<u>ASSETS</u>							
Cash and Investments	\$ 592,415.96	\$ 17,343.57	\$ 1,327,031.99	\$ 2,805,842.50	\$ 2,195,064.71	\$ 1,153,052.50	\$ 8,090,751.23
Total Assets	<u>\$ 592,415.96</u>	<u>\$ 17,343.57</u>	<u>\$ 1,327,031.99</u>	<u>\$ 2,805,842.50</u>	<u>\$ 2,195,064.71</u>	<u>\$ 1,153,052.50</u>	<u>\$ 8,090,751.23</u>
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities:							
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity:							
Fund Balance:							
Unreserved	592,415.96	17,343.57	1,327,031.99	2,805,842.50	2,195,064.71	1,153,052.50	8,090,751.23
Total Fund Equity	<u>592,415.96</u>	<u>17,343.57</u>	<u>1,327,031.99</u>	<u>2,805,842.50</u>	<u>2,195,064.71</u>	<u>1,153,052.50</u>	<u>8,090,751.23</u>
Total Liabilities and Fund Equity	<u>\$ 592,415.96</u>	<u>\$ 17,343.57</u>	<u>\$ 1,327,031.99</u>	<u>\$ 2,805,842.50</u>	<u>\$ 2,195,064.71</u>	<u>\$ 1,153,052.50</u>	

Reconciliation to Statement of Net Assets:

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

There are no adjustments

Net assets of governmental activities \$ 8,090,751.23

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

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-CASH BASIS-GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	Major Funds		
	General	Sewer Construction	Water Construction
REVENUES:			
Taxes	\$ 2,859,339.91	\$ -	\$ -
Licenses, Permits and Fees	384,895.38		
Federal Entitlements			
State Distributions	8,323.43		
Charges for Services		90,631.04	186,437.00
Interest	18,448.67	43,915.59	69,592.91
Fines and Forfeitures	351,074.96		
Miscellaneous	82,861.42		
Collections			
Contributions			
Total Revenues	<u>3,704,943.77</u>	<u>134,546.63</u>	<u>256,029.91</u>
EXPENDITURES:			
Operating	4,356,257.65	-	-
Capital Outlay	34,229.86	2,745,227.64	802,938.51
Debt Service:			
Principal			
Interest			
Total Expenditures	<u>4,390,487.51</u>	<u>2,745,227.64</u>	<u>802,938.51</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(685,543.74)</u>	<u>(2,610,681.01)</u>	<u>(546,908.60)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers- In	580,758.90	825,000.00	224,200.00
Operating Transfers- Out	(52,089.59)		(100,000.00)
Refunding Bonds and Reserve, Net Payment to Refunding Bonds Escrow Agent and Costs			
Total Operating Transfers	<u>528,669.31</u>	<u>825,000.00</u>	<u>124,200.00</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(156,874.43)</u>	<u>(1,785,681.01)</u>	<u>(422,708.60)</u>
FUND BALANCE, JULY 1, 2003	<u>749,290.39</u>	<u>1,803,024.58</u>	<u>1,749,740.59</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 592,415.96</u>	<u>\$ 17,343.57</u>	<u>\$ 1,327,031.99</u>

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

EXHIBIT D

Major Funds			
TIF Special Allocation Project #3	Storm Water Control/Parks	Non-Major Funds	Total Governmental Funds
\$ 1,322,167.90	\$ 911,190.20	\$ 1,242,495.73	\$ 6,335,193.74
		65,890.86	450,786.24
		30,650.03	30,650.03
		96,734.52	105,057.95
			277,068.04
48,070.21	77,200.60	28,736.53	285,964.51
			351,074.96
		158,289.34	241,150.76
		22,637.50	22,637.50
		4,238.67	4,238.67
<u>1,370,238.11</u>	<u>988,390.80</u>	<u>1,649,673.18</u>	<u>8,103,822.40</u>
-	-	456,995.21	4,813,252.86
	350,199.88	420,767.16	4,353,363.05
		150,000.00	150,000.00
		159,173.72	159,173.72
<u>-</u>	<u>350,199.88</u>	<u>1,186,936.09</u>	<u>9,475,789.63</u>
<u>1,370,238.11</u>	<u>638,190.92</u>	<u>462,737.09</u>	<u>(1,371,967.23)</u>
-	-	331,531.70	1,961,490.60
	(50,000.00)	(1,160,201.01)	(1,362,290.60)
		4,704,328.42	4,704,328.42
		(4,339,313.42)	(4,339,313.42)
<u>-</u>	<u>(50,000.00)</u>	<u>(463,654.31)</u>	<u>964,215.00</u>
1,370,238.11	588,190.92	(917.22)	(407,752.23)
<u>1,435,604.39</u>	<u>1,606,873.79</u>	<u>1,153,969.72</u>	<u>8,498,503.46</u>
\$ <u>2,805,842.50</u>	\$ <u>2,195,064.71</u>	\$ <u>1,153,052.50</u>	\$ <u>8,090,751.23</u>

CITY OF EUREKA, MISSOURI
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES-CASH BASIS
YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds	\$ (407,752.23)
There are no adjustments	<u>-</u>
Change in Net Assets of Governmental Activities	<u>\$ (407,752.23)</u>

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

CITY OF EUREKA, MISSOURI
 STATEMENT OF NET ASSETS - CASH BASIS
 PROPRIETARY FUNDS
 JUNE 30, 2004

	<u>Major Funds</u> Water Operating	Non-Major Funds	Total Enterprise Funds
ASSETS			
Cash and Investments	\$ 74,823.76	\$ 34,822.14	\$ 109,645.90
Total Assets	<u>\$ 74,823.76</u>	<u>\$ 34,822.14</u>	<u>\$ 109,645.90</u>
 LIABILITIES			
None	\$ -	\$ -	\$ -
 NET ASSETS			
Unrestricted	<u>74,823.76</u>	<u>34,822.14</u>	<u>109,645.90</u>
Total Net Assets	<u>\$ 74,823.76</u>	<u>\$ 34,822.14</u>	<u>\$ 109,645.90</u>

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

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Major Fund Water Operating	Non-major Funds	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Service	\$ 589,039.05	\$ 634,182.00	\$ 1,223,221.05
Reimbursement	838.18		838.18
Total Operating Revenues	<u>589,877.23</u>	<u>634,182.00</u>	<u>1,224,059.23</u>
OPERATING EXPENSES:			
Payment to Contractors	-	498,734.95	498,734.95
Insurance-Department	13,286.00	9,238.00	22,524.00
Lab Equipment and Supplies		3,371.28	3,371.28
General Maintenance and Sludge Removal	30,763.17	56,715.22	87,478.39
Utilities	124,685.27	57,390.69	182,075.96
Conferences		65.00	65.00
Sales Tax	9,079.35		9,079.35
Primacy Fees	6,954.99		6,954.99
Repair Fees	2,817.86		2,817.86
Equipment	1,898.92		1,898.92
Meter Deposit Refunds	8,778.10		8,778.10
Water/Sewer Testing	1,270.00	2,076.00	3,346.00
Utility Locates	1,080.00	1,090.00	2,170.00
Gasoline/Diesel Fuel	1,021.72	218.40	1,240.12
Miscellaneous	5,217.00	3,459.71	8,676.71
Payments To Be Reimbursed	1,668.08	22,800.00	24,468.08
Total Operating Expenses	<u>208,520.46</u>	<u>655,159.25</u>	<u>863,679.71</u>
OPERATING INCOME (LOSS)	381,356.77	(20,977.25)	360,379.52
NON-OPERATING REVENUES (EXPENSES):			
Interest	17,384.69	1,895.18	19,279.87
NET INCOME (LOSS)	398,741.46	(19,082.07)	379,659.39
OPERATING TRANSFERS	(589,200.00)	(10,000.00)	(599,200.00)
TOTAL NET ASSETS, JULY 1, 2003	<u>265,282.30</u>	<u>63,904.21</u>	<u>329,186.51</u>
TOTAL NET ASSETS, JUNE 30, 2004	<u>\$ 74,823.76</u>	<u>\$ 34,822.14</u>	<u>\$ 109,645.90</u>

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

CITY OF EUREKA, MISSOURI
STATEMENT OF CASH FLOWS - CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Major Fund		Non-major		Total
	Water		Funds		Enterprise
	Operating		Funds		Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 589,877.23	\$	634,182.00	\$	1,224,059.23
Cash Payments to Suppliers for Goods and Services	<u>(208,520.46)</u>	<u>(655,159.25)</u>	<u>(863,679.71)</u>		
Net Cash Provided (Used) by Operating Activities	<u>381,356.77</u>	<u>(20,977.25)</u>	<u>360,379.52</u>		
Cash Flows from Noncapital Financing Activities:					
Operating Transfers	<u>(589,200.00)</u>	<u>(10,000.00)</u>	<u>(599,200.00)</u>		
Cash Flows from Capital and Related Financing Activities:					
None	<u>-</u>	<u>-</u>	<u>-</u>		
Cash Flows from Investing Activities:					
Interest Earned	<u>17,384.69</u>	<u>1,895.18</u>	<u>19,279.87</u>		
Cash, Beginning of Year	<u>265,282.30</u>	<u>63,904.21</u>	<u>329,186.51</u>		
Cash, End of Year	<u>\$ 74,823.76</u>	<u>\$ 34,822.14</u>	<u>\$ 109,645.90</u>		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income(Loss)	\$ 381,356.77	\$	(20,977.25)	\$	360,379.52
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities					
Changes in assets and liabilities:					
None	<u>-</u>	<u>-</u>	<u>-</u>		
Net Cash Provided (Used) by Operating Activities	<u>\$ 381,356.77</u>	<u>\$</u>	<u>(20,977.25)</u>	<u>\$</u>	<u>360,379.52</u>

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

CITY OF EUREKA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of Significant Accounting Policies

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

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

For the first time the financial statements include:

- The addition of Management Discussion and Analysis as required supplementary information.
- A new format for the City's basic financial statements including a government-wide Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis, in addition to fund financial statements, with emphasis on major funds, for governmental and proprietary activities, prepared using the cash basis of accounting.
- The reporting of budget and actual information for the General, Sewer Construction, Water Construction, TIF Special Allocation Project #3 and Storm Water Control Parks Funds in a new format as required supplementary information.
- The change to the direct method of reporting cash flows from operations in the proprietary fund financial statements.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has elected to implement selected provisions of the Statement in the current year.

A. Principals Used to Determine Scope of Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used in evaluating potential component units is the scope of public service and the existence of special financing relationships. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Included within the reporting entity:

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

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

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present financial information about the City's government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

Fund Accounting

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

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School Resource Officer Grant Fund - To account for revenues and expenditures for school district reserve officer grant program.

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

Industrial Park Fund - To account for revenues and expenditures of the City in connection with a proposed industrial park.

School Resource Officer Grant Fund II - To account for revenues and expenditures for school district reserve officer grant program.

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

Capital Project Funds

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

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

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

Proprietary Funds

Enterprise Funds

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

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

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

Major and Non-major Funds

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

<u>Major Funds</u>	<u>Non-major Funds</u>
General Fund	Special Revenue Funds:
Special Revenue Funds:	Street/Road
Sewer Construction	Cable TV Receipts
Water Construction	City Park #3
TIF Special Allocation Project #3	DARE Donation
Storm Water Control/Parks	Construction/Excavation Deposit
	Police Dept. Special Fund
	Crime Victims Compensation
	Plan Review Escrow Fund
	TIF Project #3
	CIP Sales Tax Fund
	TIF Fund Administration #3
	School Resource Officer Grant
	TIF Fund Project #5
	Industrial Park
	School Resource Officer Grant II

Major Funds

Proprietary Funds:
Water Operating

Non-major Funds

Capital Projects Fund:
Property Acquisition
Property Acquisition Debt Service

Proprietary Funds:
Sewer Operating
Solid Waste Management

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain

liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

D. Budgets and Budgetary Accounting

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

1. The City Administrator submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 17, 2003.
4. Budgets for City funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

E. Pooled Cash and Temporary Investments

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

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

F. Capital Assets

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

G. Net Assets

Net assets represent the difference between assets and liabilities.

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

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

H. Interfund Activity

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

I. Estimates

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

2. Changes in Accounting Principles and Restatement of Fund Balances

Changes in Accounting Principles – For the fiscal year ended June 30, 2004, the City has implemented GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments.” At June 30, 2003, there was no effect on fund balances as a result of implementing GASB Statement No. 34.

In addition, for the fiscal year ended June 30, 2004, the City has implemented GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures” and GASB Statement No. 39, “Determining whether certain organizations are component units”. At June 30, 2003, there was no effect on fund balance as a result of implementing these GASB Statements.

3. Other Required Individual Fund Disclosures

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

<u>Fund</u>	<u>Appropriations</u>	<u>Beginning Fund Balance/Retained Earnings Plus Revenue and Transfers</u>
Water Operating	\$ 945,800.00	\$ 823,560.30
Sewer Operating	240,100.00	227,095.78
Police Dept. Special	5,601.71	5,555.69
TIF Fund Mall #5	152,193.63	58,296.06

4. Cash and Investments

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2004, the net carrying amount of the City's deposits was \$7,834,855.15 and the bank balance was \$7,925,244.38.

Of the bank balance, \$100,000.00 was covered by federal depository insurance and the remaining balance was collateralized with securities as of year end held by the City’s agent in the City’s name.

Of the bank balance, \$100,000.00 was covered by federal depository insurance and the remaining balance was collateralized with securities as of year end held by the City's agent in the City's name.

Investments - The City may purchase any investment allowed by the State Treasurer.

Investments made by the City are summarized below. The investments that are represented by specific securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Balances at June 30, 2004:

	Credit Risk			Carrying	Market
	Category				
	1	2	3	Amount	Value
	-	-	-	-	-

Investment in
Mutual Fund

\$ 365,541.98 \$ 365,541.98

5. Taxes

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

The assessed valuation of the tangible taxable property for the calendar year 2003 for purposes of local taxation was:

Real Estate	\$ 98,607,200
Commercial	33,212,790
Agricultural	214,140
Personal Property	32,021,004
Railroad and Utilities	<u>4,671,393</u>
Total	\$ <u>168,726,527</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2003 for purposes of local taxation was:

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

6. Long-Term Debt

Governmental Activities

As of June 30, 2004, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

Certificates of Participation:

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

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2004.

<u>Type of Debt</u>	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
Capital Lease Obligations	\$ 4,145,000.00	\$ 4,370,000.00	\$ 4,145,000.00	\$ 4,370,000.00	\$ 362,945.83

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

The following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

Year Ending	
June 30,	
2005	\$ 362,945.83
2006	357,660.00
2007	359,510.00
2008	360,600.00
2009	360,782.50
2010-2020	<u>3,970,265.00</u>
Total Minimum Lease Payments	5,771,763.33
Less amount representing interest	<u>(1,401,763.33)</u>
Net Lease Payments	\$ <u>4,370,000.00</u>

On March 1, 2004, the City issued \$4,370,000.00 in refunding certificates with interest rates ranging between 1.15% and 4.2%. The City issued the bonds to advance refund \$3,995,000.00 of the outstanding series 2000 certificates with interest rates ranging between 4.5% and 6.3%. The City used

the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion on the 2000 series certificates. As a result, the 2000 series certificates are considered defeased, and are not included in the financial statements. The outstanding principal of the defeased bonds is \$3,995,000.00 at June 30, 2004.

The advance refunding reduced total debt service payments over the next 16 years by approximately \$599,000.00. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$467,000.00.

7. Interfund Transfers

Transfers between funds for the year ended for the year ended June 30, 2004, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund:	\$ 580,758.90	\$ 52,089.59
Special Revenue Fund:		
Sewer Construction	825,000.00	-
Water Construction	224,200.00	100,000.00
Storm Water Control/Park	-	50,000.00
	<u>1,049,200.00</u>	<u>150,000.00</u>
Enterprise Funds:		
Water Operating	-	589,200.00
<u>Nonmajor Funds:</u>		
Special Revenue Funds:		
Road	-	229,000.00
CIP Sales Tax		859,442.11
School Resource Officer		1,657.46
TIF #5 Mall Project		70,000.00
Industrial Park		101.44
School Resource Officer	22,089.59	
	<u>22,089.59</u>	<u>1,160,201.01</u>
Capital Project Funds:		
Property Acquisition	3,500.00	-
Property Acquisition Debt Service	305,942.11	
	<u>309,442.11</u>	<u>-</u>
Enterprise Funds:		
Sewer Operating	-	40,000.00
Solid Waste Management	30,000.00	
	<u>30,000.00</u>	<u>40,000.00</u>
Grand Totals	\$ <u>1,991,490.60</u>	\$ <u>1,991,490.60</u>

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

8. Retirement Plan

A. Plan Description

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

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

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

B. Funding Policy

The City of Eureka's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 9.0% (general) and 10.4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For 2004, the political subdivision's annual pension cost of \$220,026 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and/or February 28, 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality tables projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2004 was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/02	\$165,699	100%	\$0
06/30/03	\$177,672	100%	\$0
06/30/04	\$220,026	100%	\$0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/29/02	\$ 3,535,485	3,286,372	(249,113)	108%	2,113,968	
02/28/03	3,904,112	4,093,927	189,815	95%	2,370,576	8
02/29/04	4,201,172	4,331,529	130,357	97%	2,401,077	5
02/29/04#	4,201,172	4,719,819	518,647	89%	2,401,077	22

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

9. Commitments and Contingencies

Commitments

The City has contracted with the St. Louis County Police Department for dispatching services for the initial period of March 1, 2004 through February 28, 2005. Unless the contract is terminated, it will be automatically renewed for two additional one-year periods. The amount of the contract can increase no more than 12% annually. The current monthly payments are \$3,338.25. Approximate future minimum contractual payments are as follows:

Year Ended June 30,

2005

\$ 26,706.00

The City contracts for the collection of residential solid waste, composites, recyclables and special waste from dwelling units in the City. The five-year contract expires December 31, 2008. The 2004 rate is \$13.55 per month per unit. The City charges its residents for these trash services.

Also, the City, as of June 30, 2004, has commitments for various capital projects totaling approximately \$1,838,000.00.

Contingencies

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

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

10. Conduit Debt Obligations

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

The aggregate principal amount payable for the bonds issued prior to June 30, 2004, could not be determined.

11. Automobile, Liability and Workers Compensation Insurance

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

12. Related Party Transactions

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

13. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EUREKA, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 CASH BASIS - WITH COMPARISON TO BUDGET
 GENERAL FUND
 YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes				
Real Estate	\$ 478,000.00	\$ 478,000.00	\$ 482,091.59	\$ 4,091.59
Personal Property Tax	115,000.00	115,000.00	121,328.92	6,328.92
Utilities Tax	19,000.00	19,000.00	17,557.09	(1,442.91)
Gross Receipts Tax	620,000.00	620,000.00	656,240.83	36,240.83
Financial Institution Tax	1,000.00	1,000.00	272.25	(727.75)
Cigarette Tax	30,000.00	30,000.00	28,144.76	(1,855.24)
Sales Tax	2,324,900.00	2,324,900.00	1,553,704.47	(771,195.53)
Total Taxes	<u>3,587,900.00</u>	<u>3,587,900.00</u>	<u>2,859,339.91</u>	<u>(728,560.09)</u>
Licenses, Permits & Fees				
Liquor Licenses	18,000.00	18,000.00	17,160.64	(839.36)
Plumbing, Mechanical and Excavation Permits	27,000.00	27,000.00	58,425.00	31,425.00
Merchants and Peddlers Licenses	174,000.00	174,000.00	153,484.85	(20,515.15)
Building and Sign Permits	27,000.00	27,000.00	49,547.00	22,547.00
Exterior Appearance Inspection	1,900.00	1,900.00	2,240.00	340.00
Park Permit Fees				
Park Pavilion Permit Fees	950.00	950.00	735.00	(215.00)
Subdivision Review Fees	1,000.00	1,000.00	1,073.24	73.24
Community Center Damage/ Clean Up Deposits	4,000.00	4,000.00	3,650.00	(350.00)
Community Center User Fees	8,000.00	8,000.00	9,355.00	1,355.00
Street Inspections	5,000.00	5,000.00	8,781.50	3,781.50
Board Adjustments	1,000.00	1,000.00	400.00	(600.00)
Reimbursements	30,000.00	30,000.00	25,046.15	(4,953.85)
Park Program Fees	40,000.00	40,000.00	46,544.00	6,544.00
Ballfield Lighting Fees	1,500.00	1,500.00	5,435.00	3,935.00
POST Training Fees	1,500.00	1,500.00	3,018.00	1,518.00
Total Licenses, Permits and Fees	<u>340,850.00</u>	<u>340,850.00</u>	<u>384,895.38</u>	<u>44,045.38</u>
State Distributions				
Sobriety Checkpoint	-	-	-	-
Speed Compliance	6,800.00	6,800.00	1,878.06	(4,921.94)
Sert Program	2,000.00	2,000.00	821.00	(1,179.00)
Miscellaneous Grants	3,000.00	3,000.00	5,624.37	2,624.37
Total State Distributions	<u>11,800.00</u>	<u>11,800.00</u>	<u>8,323.43</u>	<u>(3,476.57)</u>
Federal Distributions				
Bulletproof Vest Partnership	-	-	-	-
In-Car Computer Grant	3,000.00	3,000.00	-	(3,000.00)
Total Federal Distributions	<u>3,000.00</u>	<u>3,000.00</u>	<u>-</u>	<u>(3,000.00)</u>

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - WITH COMPARISON TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (Continued):				
Interest				
Investments	\$ 20,000.00	\$ 20,000.00	\$ 16,859.76	\$ (3,140.24)
Taxes			1,452.56	1,452.56
Municipal Court Bond			119.70	119.70
Other			16.65	16.65
Total Interest	<u>20,000.00</u>	<u>20,000.00</u>	<u>18,448.67</u>	<u>(1,551.33)</u>
Fines & Forfeitures				
Fines, T.V.B., Police				
Training and Police Reports	271,300.00	271,300.00	326,706.33	55,406.33
Police Bond Forfeitures	10,000.00	10,000.00	23,250.00	13,250.00
Crime Victim Compensation Fund	1,200.00	1,200.00	1,118.63	(81.37)
Total Fines and Forfeitures	<u>282,500.00</u>	<u>282,500.00</u>	<u>351,074.96</u>	<u>68,574.96</u>
Miscellaneous				
Phone Booth/Soda Machine Revenue	1,000.00	1,000.00	997.61	(2.39)
Filing/Advertising Fees	1,500.00	1,500.00	1,700.00	200.00
Copy Work Receipts	3,500.00	3,500.00	15,535.06	12,035.06
Marymount Rental Income	7,755.30	7,755.30	7,756.28	0.98
Reimbursements, Donations and Special Assessments	37,000.00	37,000.00	43,702.36	6,702.36
Sale of Surplus Property	12,000.00	12,000.00	13,170.11	1,170.11
Total Miscellaneous	<u>62,755.30</u>	<u>62,755.30</u>	<u>82,861.42</u>	<u>20,106.12</u>
Total Revenues	<u>4,308,805.30</u>	<u>4,308,805.30</u>	<u>3,704,943.77</u>	<u>(603,861.53)</u>
EXPENDITURES:				
Police Department				
Salaries	1,260,000.00	1,260,000.00	1,204,086.50	55,913.50
FICA Taxes	96,400.00	96,400.00	94,011.33	2,388.67
Workmen's Compensation	30,000.00	30,000.00	28,020.00	1,980.00
Unemployment Tax	3,000.00	3,000.00	1,153.57	1,846.43
Employee Insurance	232,000.00	232,000.00	216,385.47	15,614.53
Retirement Contribution (LAGERS)	119,000.00	119,000.00	110,977.48	8,022.52
Uniform Expense	16,000.00	16,000.00	12,210.15	3,789.85
Legal and Professional Fees	75,000.00	75,000.00	65,022.00	9,978.00
Department and Vehicle Insurance	40,000.00	40,000.00	39,223.70	776.30
Office Equipment and Supplies	15,400.00	15,400.00	13,134.83	2,265.17
Department Supplies	25,000.00	25,000.00	19,627.27	5,372.73
Gasoline Account	43,000.00	43,000.00	40,154.90	2,845.10
Vehicle Repairs and Tires	55,000.00	55,000.00	43,515.07	11,484.93
Jail Costs (Including Watchmen)	6,500.00	6,500.00	52,740.35	(46,240.35)
K-9 Program	1,000.00	1,000.00	395.94	604.06
Dispatching and Radio/ Radar Repair	39,000.00	39,000.00	42,652.48	(3,652.48)
Membership Fees	4,500.00	4,500.00	5,046.00	(546.00)
Equipment	36,300.00	36,300.00	29,687.86	6,612.14
Miscellaneous	5,500.00	5,500.00	4,187.74	1,312.26
Conference Fees	15,000.00	15,000.00	15,032.60	(32.60)
Service Agreements/Warranties	3,600.00	3,600.00	3,482.72	117.28
Payments to be Reimbursed	26,500.00	26,500.00	16,339.35	10,160.65
POSTC Fees to State	4,000.00	4,000.00	2,988.00	1,012.00
REJIS Inquiry & Info System	33,000.00	33,000.00	29,262.73	3,737.27
SERT Program	4,000.00	4,000.00	812.26	3,187.74
Total Police Department	<u>2,188,700.00</u>	<u>2,188,700.00</u>	<u>2,090,150.30</u>	<u>98,549.70</u>

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - WITH COMPARISON TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2004

EXPENDITURES: (Continued)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Administration				
Salaries	\$ 596,000.00	\$ 596,000.00	\$ 581,775.45	\$ 14,224.55
FICA Taxes	48,000.00	48,000.00	45,584.69	2,415.31
Workmen's Compensation	4,900.00	4,900.00	4,278.00	622.00
Unemployment Taxes	1,600.00	1,600.00	671.66	928.34
Employee Insurance	108,000.00	108,000.00	94,811.45	13,188.55
Retirement Contributions (LAGERS)	53,000.00	53,000.00	47,455.14	5,544.86
Uniforms	1,050.00	1,050.00	652.23	397.77
Expense Allowance (Elected Officials)	31,000.00	31,000.00	27,350.00	3,650.00
Conference, Luncheon, Membership Fee	13,000.00	13,000.00	12,285.74	714.26
Engineering	50,000.00	50,000.00	35,455.75	14,544.25
Legal and Professional Fees	76,000.00	76,000.00	50,097.38	25,902.62
Codification Expenses	5,000.00	5,000.00	2,288.00	2,712.00
Department and Vehicle Insurance	14,500.00	14,500.00	13,125.00	1,375.00
Advertising	7,500.00	7,500.00	9,064.46	(1,564.46)
Election Expense	4,000.00	4,000.00	1,779.76	2,220.24
Office Supplies, Postage and Equipment	33,800.00	33,800.00	31,447.45	2,352.55
Gasoline, Car Expenses and Tires	9,500.00	9,500.00	7,177.07	2,322.93
Mobile Phone/Pager Fees	1,400.00	1,400.00	892.81	507.19
Computer Expense	18,000.00	18,000.00	19,755.42	(1,755.42)
Department Supplies	10,500.00	10,500.00	8,816.26	1,683.74
Miscellaneous/Contingencies	76,700.00	76,700.00	76,968.84	(268.84)
Refunds	2,500.00	2,500.00	15.00	2,485.00
Service Agreements/Warranties	16,000.00	16,000.00	16,417.26	(417.26)
Payments to be Reimbursed	11,000.00	11,000.00	3,147.43	7,852.57
Total Administration	<u>1,192,950.00</u>	<u>1,192,950.00</u>	<u>1,091,312.25</u>	<u>101,637.75</u>
Building Maintenance				
Coffee Service	1,700.00	1,700.00	1,707.83	(7.83)
Insurance	6,500.00	6,500.00	6,380.00	120.00
Utilities	44,000.00	44,000.00	35,061.83	8,938.17
General Maintenance	13,000.00	13,000.00	7,824.01	5,175.99
Special Contracts	16,500.00	16,500.00	15,420.00	1,080.00
Equipment/Fixtures	1,700.00	1,700.00	602.68	1,097.32
Misc./Payments to be Reimbursed	500.00	500.00	2,359.32	(1,859.32)
Total Building Maintenance	<u>83,900.00</u>	<u>83,900.00</u>	<u>69,355.67</u>	<u>14,544.33</u>
Park Department				
Salaries	106,000.00	106,000.00	107,954.11	(1,954.11)
FICA Taxes	8,800.00	8,800.00	8,690.57	109.43
Workmen's Compensation	3,500.00	3,500.00	2,988.00	512.00
Unemployment Tax	700.00	700.00	345.06	354.94
Employee Insurance	17,500.00	17,500.00	14,357.94	3,142.06
Retirement Contribution (LAGERS)	6,900.00	6,900.00	6,465.07	434.93
Expense Allowance-Board	8,400.00	8,400.00	6,250.00	2,150.00
Memberships/Conferences	1,500.00	1,500.00	1,545.00	(45.00)
Insurance	9,600.00	9,600.00	9,520.00	80.00
Supplies and Signs	15,200.00	15,200.00	10,537.82	4,662.18
General Maintenance	28,000.00	28,000.00	35,513.84	(7,513.84)
Utilities	31,000.00	31,000.00	19,172.16	11,827.84
Computer Software/Support	1,000.00	1,000.00	990.00	10.00
Professional Services	30,000.00	30,000.00	30,726.20	(726.20)
Engineering	500.00	500.00	-	500.00

CITY OF EUREKA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - WITH COMPARISON TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES: (Continued)				
Park Department (Continued)				
Park Equipment	-	-	-	-
Equipment	1,500.00	1,500.00	4,542.00	(3,042.00)
Miscellaneous	6,700.00	6,700.00	2,308.06	4,391.94
Park Board Activities	21,800.00	21,800.00	24,182.46	(2,382.46)
Refunds	7,000.00	7,000.00	6,263.00	737.00
Payments to be Reimbursed	500.00	500.00	6,206.01	(5,706.01)
Total Park Department	<u>306,100.00</u>	<u>306,100.00</u>	<u>298,557.30</u>	<u>7,542.70</u>
Public Works Department				
Salaries	630,000.00	630,000.00	536,479.74	93,520.26
FICA Taxes	48,200.00	48,200.00	40,783.95	7,416.05
Workmen's Compensation	18,000.00	18,000.00	16,280.00	1,720.00
Unemployment Tax	1,500.00	1,500.00	622.67	877.33
Employee Insurance	120,000.00	120,000.00	94,848.96	25,151.04
Retirement Contribution (LAGERS)	57,000.00	57,000.00	41,559.20	15,440.80
Gasoline & Vehicle Repairs	46,200.00	46,200.00	40,257.23	5,942.77
Uniforms	7,500.00	7,500.00	5,632.87	1,867.13
Utilities	11,500.00	11,500.00	8,989.38	2,510.62
Contracted Labor	40,000.00	40,000.00	53,554.62	(13,554.62)
Supplies	1,700.00	1,700.00	1,075.51	624.49
Pager/Mobile phone fees	1,000.00	1,000.00	744.87	255.13
Misc./Contingencies	3,500.00	3,500.00	282.99	3,217.01
Total Public Works Department	<u>986,100.00</u>	<u>986,100.00</u>	<u>841,111.99</u>	<u>144,988.01</u>
Total Expenditures	<u>4,757,750.00</u>	<u>4,757,750.00</u>	<u>4,390,487.51</u>	<u>367,262.49</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(448,944.70)</u>	<u>(448,944.70)</u>	<u>(685,543.74)</u>	<u>(236,599.04)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	656,325.39	745,186.79	580,758.90	(164,427.89)
Operating Transfers Out	(40,000.00)	(65,000.00)	(52,089.59)	12,910.41
Total Operating Transfers	<u>616,325.39</u>	<u>680,186.79</u>	<u>528,669.31</u>	<u>(151,517.48)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	167,380.69	231,242.09	(156,874.43)	(388,116.52)
FUND BALANCE, JULY 1, 2003	<u>749,290.39</u>	<u>749,290.39</u>	<u>749,290.39</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 916,671.08</u>	<u>\$ 980,532.48</u>	<u>\$ 592,415.96</u>	<u>\$ (388,116.52)</u>

CITY OF EUREKA, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - CASH BASIS - WITH COMPARISON TO BUDGET
 MAJOR FUNDS
 YEAR ENDED JUNE 30, 2004

	Special Revenue							
	Sewer Construction				Water Construction			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	63,000.00	63,000.00	90,631.04	27,631.04	117,000.00	117,000.00	186,437.00	69,437.00
Interest	45,000.00	45,000.00	43,915.59	(1,084.41)	49,000.00	49,000.00	69,592.91	20,592.91
Total Revenues	<u>108,000.00</u>	<u>108,000.00</u>	<u>134,546.63</u>	<u>26,546.63</u>	<u>166,000.00</u>	<u>166,000.00</u>	<u>256,029.91</u>	<u>90,029.91</u>
EXPENDITURES:								
Current:								
Operating	-	-	-	-	-	-	-	-
Capital Outlay	3,899,000.00	3,899,000.00	2,745,227.64	(1,153,772.36)	1,768,000.00	1,768,000.00	802,938.51	965,061.49
Total Expenditures	<u>3,899,000.00</u>	<u>3,899,000.00</u>	<u>2,745,227.64</u>	<u>(1,153,772.36)</u>	<u>1,768,000.00</u>	<u>1,768,000.00</u>	<u>802,938.51</u>	<u>965,061.49</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,791,000.00)</u>	<u>(3,791,000.00)</u>	<u>(2,610,681.01)</u>	<u>(1,127,225.73)</u>	<u>(1,602,000.00)</u>	<u>(1,602,000.00)</u>	<u>(546,908.60)</u>	<u>1,055,091.40</u>
OTHER FINANCING SOURCES (USES):								
Operating Transfer-In	2,075,000.00	2,075,000.00	825,000.00	(1,250,000.00)	-	224,200.00	224,200.00	-
Operating Transfer-Out	-	-	-	-	(100,000.00)	(100,000.00)	(100,000.00)	-
Total Operating Transfers	<u>2,075,000.00</u>	<u>2,075,000.00</u>	<u>825,000.00</u>	<u>(1,250,000.00)</u>	<u>(100,000.00)</u>	<u>124,200.00</u>	<u>124,200.00</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,716,000.00)</u>	<u>(1,716,000.00)</u>	<u>(1,785,681.01)</u>	<u>(69,681.01)</u>	<u>(1,702,000.00)</u>	<u>(1,477,800.00)</u>	<u>(422,708.60)</u>	<u>1,055,091.40</u>
FUND BALANCE, JULY 1, 2003	<u>1,803,024.58</u>	<u>1,803,024.58</u>	<u>1,803,024.58</u>	<u>-</u>	<u>1,749,740.59</u>	<u>1,749,740.59</u>	<u>1,749,740.59</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 87,024.58</u>	<u>\$ 87,024.58</u>	<u>\$ 17,343.57</u>	<u>\$ (69,681.01)</u>	<u>\$ 47,740.59</u>	<u>\$ 271,940.59</u>	<u>\$ 1,327,031.99</u>	<u>\$ 1,055,091.40</u>

	Special Revenue							
	Special Allocation - Project #3				Storm Water Control/Parks			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
Taxes	\$ 465,000.00	\$ 465,000.00	\$ 1,322,167.90	\$ 857,167.90	\$ 1,057,000.00	\$ 1,057,000.00	\$ 911,190.20	\$ (145,809.80)
Charges for Services								
Interest	8,000.00	8,000.00	48,070.21	40,070.21	40,000.00	40,000.00	77,200.60	37,200.60
Total Revenues	<u>473,000.00</u>	<u>473,000.00</u>	<u>1,370,238.11</u>	<u>897,238.11</u>	<u>1,097,000.00</u>	<u>1,097,000.00</u>	<u>988,390.80</u>	<u>(108,609.20)</u>
EXPENDITURES:								
Current:								
Operating	1,510,547.00	1,510,547.00	-	1,510,547.00	-	-	-	-
Capital Outlay					1,400,000.00	1,400,000.00	350,199.88	1,049,800.12
Total Expenditures	<u>1,510,547.00</u>	<u>1,510,547.00</u>	<u>-</u>	<u>1,510,547.00</u>	<u>1,400,000.00</u>	<u>1,400,000.00</u>	<u>350,199.88</u>	<u>1,049,800.12</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,037,547.00)</u>	<u>(1,037,547.00)</u>	<u>1,370,238.11</u>	<u>2,407,785.11</u>	<u>(303,000.00)</u>	<u>(303,000.00)</u>	<u>638,190.92</u>	<u>941,190.92</u>
OTHER FINANCING SOURCES (USES):								
Operating Transfer-In	24,693.37	24,693.37	-	(24,693.37)	106,627.94	106,627.94	-	(106,627.94)
Operating Transfer-Out	(422,750.76)	(422,750.76)		422,750.76	(1,300,000.00)	(1,300,000.00)	(50,000.00)	1,250,000.00
Total Operating Transfers	<u>(398,057.39)</u>	<u>(398,057.39)</u>	<u>-</u>	<u>398,057.39</u>	<u>(1,193,372.06)</u>	<u>(1,193,372.06)</u>	<u>(50,000.00)</u>	<u>1,143,372.06</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,435,604.39)</u>	<u>(1,435,604.39)</u>	<u>1,370,238.11</u>	<u>2,805,842.50</u>	<u>(1,496,372.06)</u>	<u>(1,496,372.06)</u>	<u>588,190.92</u>	<u>2,084,562.98</u>
FUND BALANCE, JULY 1, 2003	<u>1,435,604.39</u>	<u>1,435,604.39</u>	<u>1,435,604.39</u>	<u>-</u>	<u>1,606,873.79</u>	<u>1,606,873.79</u>	<u>1,606,873.79</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,805,842.50</u>	<u>\$ 2,805,842.50</u>	<u>\$ 110,501.73</u>	<u>\$ 110,501.73</u>	<u>\$ 2,195,064.71</u>	<u>\$ 2,084,562.98</u>

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

CITY OF EUREKA, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2004

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

1. The City Administrator submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 17, 2003.
4. Budgets for City funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

OTHER SUPPLEMENTARY INFORMATION

CITY OF EUREKA, MISSOURI
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004

	Special Revenue			
	Street/ Road Fund	Cable TV Receipts	City Park #3	D.A.R.E. Donation
<u>ASSETS</u>				
Cash and Investments	\$ 276,737.40	\$ 107,682.82	\$ 22,149.09	\$ 3,663.19
Total Assets	\$ 276,737.40	\$ 107,682.82	\$ 22,149.09	\$ 3,663.19
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Fund Balances: Unreserved	276,737.40	107,682.82	22,149.09	3,663.19
Total Liabilities and Fund Balances	\$ 276,737.40	\$ 107,682.82	\$ 22,149.09	\$ 3,663.19

Special Revenue

Construction/ Excavation Deposits	Police Department Special Fund	Crime Victims Compensation	Plan Review Escrow Fund
\$ <u>5,000.00</u>	\$ <u>2,829.51</u>	\$ <u>2,337.82</u>	\$ <u>16,842.41</u>
\$ <u><u>5,000.00</u></u>	\$ <u><u>2,829.51</u></u>	\$ <u><u>2,337.82</u></u>	\$ <u><u>16,842.41</u></u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>5,000.00</u>	<u>2,829.51</u>	<u>2,337.82</u>	<u>16,842.41</u>
\$ <u><u>5,000.00</u></u>	\$ <u><u>2,829.51</u></u>	\$ <u><u>2,337.82</u></u>	\$ <u><u>16,842.41</u></u>

CITY OF EUREKA, MISSOURI
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
 ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004

	Special Revenue			
	TIF Fund Project #3	CIP Sales Tax	TIF Fund Admin #3	School Resource Officer Grant
<u>ASSETS</u>				
Cash and Investments	\$ 84,912.94	\$ 235,989.06	\$ 25,644.69	\$ -
	<u>\$ 84,912.94</u>	<u>\$ 235,989.06</u>	<u>\$ 25,644.69</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Fund Balances: Unreserved	<u>84,912.94</u>	<u>235,989.06</u>	<u>25,644.69</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 84,912.94</u>	<u>\$ 235,989.06</u>	<u>\$ 25,644.69</u>	<u>\$ -</u>

Special Revenue

<u>TIF Fund Project #5</u>	<u>Industrial Park</u>	<u>School Resource Officer Grant II</u>
\$ <u>3,453.20</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u><u>3,453.20</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>3,453.20</u>	<u>-</u>	<u>-</u>
\$ <u><u>3,453.20</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

CITY OF EUREKA, MISSOURI
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>Capital Projects</u>		<u>Total Non-major Governmental Funds</u>
	<u>Property Acquisition</u>	<u>Property Acquisition Debt Service</u>	
<u>ASSETS</u>			
Cash and Investments	\$ 268.39	\$ 365,541.98	\$ 1,153,052.50
	<u>\$ 268.39</u>	<u>\$ 365,541.98</u>	<u>\$ 1,153,052.50</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
None	\$ -	\$ -	\$ -
Fund Balances: Unreserved	<u>268.39</u>	<u>365,541.98</u>	<u>1,153,052.50</u>
Total Liabilities and Fund Equity	<u>\$ 268.39</u>	<u>\$ 365,541.98</u>	<u>\$ 1,153,052.50</u>

CITY OF EUREKA, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2004

	Special Revenue			
	Street/ Road Fund	Cable TV Receipts	City Park #3	D.A.R.E. Donation
REVENUES:				
Taxes	\$ 474,586.08	\$ -	\$ -	\$ -
Licenses, Permits and Fees		65,890.86		
Federal Entitlements				
State Distributions	96,734.52			
Interest				
Miscellaneous	16,321.51			
Collections				
Contributions				4,238.67
Total Revenues	<u>587,642.11</u>	<u>65,890.86</u>	<u>-</u>	<u>4,238.67</u>
EXPENDITURES:				
Operating	220,901.61	47,684.90	-	3,624.15
Capital Outlay	108,415.66			
Bond Principal				
Certificate Interest				
Miscellaneous				
Total Expenditures	<u>329,317.27</u>	<u>47,684.90</u>	<u>-</u>	<u>3,624.15</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>258,324.84</u>	<u>18,205.96</u>	<u>-</u>	<u>614.52</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers-In	-	-	-	-
Operating Transfers-Out	(229,000.00)			
Refunding Bonds and Reserve, Net Payment to Refunding Bonds Escrow Agent and Costs				
Total Operating Transfers	<u>(229,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	29,324.84	18,205.96	-	614.52
FUND BALANCE, JULY 1, 2003	<u>247,412.56</u>	<u>89,476.86</u>	<u>22,149.09</u>	<u>3,048.67</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 276,737.40</u>	<u>\$ 107,682.82</u>	<u>\$ 22,149.09</u>	<u>\$ 3,663.19</u>

Special Revenue

Construction/ Excavation Deposits	Police Department Special Fund	Crime Victims Compensation	Plan Review Escrow Fund	TIF Fund Project #3	CIP Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,909.65
	174.74 3,800.79		6,724.77	1,848.92	25,625.57
		22,637.50			
-	3,975.53	22,637.50	6,724.77	1,848.92	793,535.22
-	5,601.71	22,370.63	2,570.67	-	-
					312,351.50
-	5,601.71	22,370.63	2,570.67	-	312,351.50
-	(1,626.18)	266.87	4,154.10	1,848.92	481,183.72
-	-	-	-	-	-
					(859,442.11)
-	-	-	-	-	(859,442.11)
-	(1,626.18)	266.87	4,154.10	1,848.92	(378,258.39)
5,000.00	4,455.69	2,070.95	12,688.31	83,064.02	614,247.45
\$ 5,000.00	\$ 2,829.51	\$ 2,337.82	\$ 16,842.41	\$ 84,912.94	\$ 235,989.06

CITY OF EUREKA, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	Special Revenue				
	TIF Fund Admin #3	School Resource Officer Grant	TIF Fund Project #5	Industrial Park	School Resource Officer Grant II
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Fees					
Federal Entitlements		30,650.03			
State Distributions					
Interest	560.32				
Miscellaneous		22,131.25	73,350.77		35,960.25
Collections					
Contributions					
Total Revenues	<u>560.32</u>	<u>52,781.28</u>	<u>73,350.77</u>	<u>-</u>	<u>35,960.25</u>
EXPENDITURES:					
Operating	409.00	52,785.77	42,193.63	-	58,853.14
Capital Outlay					
Bond Principal					
Certificate Interest					
Miscellaneous					
Total Expenditures	<u>409.00</u>	<u>52,785.77</u>	<u>42,193.63</u>	<u>-</u>	<u>58,853.14</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>151.32</u>	<u>(4.49)</u>	<u>31,157.14</u>	<u>-</u>	<u>(22,892.89)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers-In	-	-	-	-	22,089.59
Operating Transfers-Out		(1,657.46)	(70,000.00)	(101.44)	
Refunding Bonds and Reserve, Net					
Payment to Refunding Bonds Escrow					
Agent and Costs					
Total Operating Transfers	<u>-</u>	<u>(1,657.46)</u>	<u>(70,000.00)</u>	<u>(101.44)</u>	<u>22,089.59</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>151.32</u>	<u>(1,661.95)</u>	<u>(38,842.86)</u>	<u>(101.44)</u>	<u>(803.30)</u>
FUND BALANCE, JULY 1, 2003	<u>25,493.37</u>	<u>1,661.95</u>	<u>42,296.06</u>	<u>101.44</u>	<u>803.30</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 25,644.69</u>	<u>\$ -</u>	<u>\$ 3,453.20</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects		
Property Acquisition Fund	Property Acquisition Debt Service Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 1,242,495.73
		65,890.86
		30,650.03
		96,734.52
	526.98	28,736.53
		158,289.34
		22,637.50
		4,238.67
		<u>1,649,673.18</u>
	526.98	
		456,995.21
		420,767.16
	150,000.00	150,000.00
	155,942.11	155,942.11
<u>3,231.61</u>		<u>3,231.61</u>
<u>3,231.61</u>	<u>305,942.11</u>	<u>1,186,936.09</u>
<u>(3,231.61)</u>	<u>(305,415.13)</u>	<u>462,737.09</u>
3,500.00	305,942.11	331,531.70
		(1,160,201.01)
	4,704,328.42	4,704,328.42
	(4,339,313.42)	(4,339,313.42)
<u>3,500.00</u>	<u>670,957.11</u>	<u>(463,654.31)</u>
268.39	365,541.98	(917.22)
		1,153,969.72
<u>268.39</u>	<u>365,541.98</u>	<u>1,153,052.50</u>