

CITY OF SUNSET HILLS, MISSOURI

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008***

CITY OF SUNSET HILLS, MISSOURI

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INDEPENDENT AUDITORS' REPORT



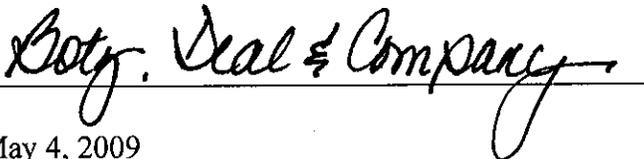
The Honorable Mayor and Members
of the Board of Aldermen
CITY OF SUNSET HILLS, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sunset Hills, Missouri, as of and for the year ended December 31, 2008, 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 opinions 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.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sunset Hills, Missouri, as of December 31, 2008, and the respective changes in the financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 26 through 28, 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.



May 4, 2009

**CITY OF SUNSET HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

The discussion and analysis of the City of Sunset Hills' financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2008. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City made principal and interest payments in the amount of \$125,740 on the outstanding bonds.
- Road maintenance totaling \$1,426,136 was completed during 2008. \$980,456 of that total was spent on concrete slab replacements.
- Capital asset additions totaled \$747,107.

REPORT LAYOUT

The report consists of the Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first group of statements is highly condensed and presents a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, parks and recreation, pool, municipal courts and general government administration. The City currently does not have any business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

The Statement of Net Assets focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. The Statement of Net Assets reflects capital assets including infrastructure and long-term liabilities and reports governmental activities on the accrual basis of accounting.

The Statement of Activities focuses gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column title "Other Non-major Funds". Budgetary comparisons for the General Fund and major special revenue funds are now presented as required supplementary information. A budgetary comparison is presented for the General Fund, County Road Fund, and the Storm Water/ Parks Fund.

Basic Financial Statements - continued

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

THE CITY AS A WHOLE

Government-wide Financial Analysis

The City's combined net assets were \$16,968,397 as of December 31, 2008. This analysis focuses on the net assets (table 1) and changes in general revenues and significant expenses (table 2) of the City's governmental activities.

The City's net assets consist of its investment in capital assets (e.g., land, buildings and improvements, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding and unrestricted balances. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1

	2008	2007	Increase (Decrease)
Current and other assets	\$ 9,046,774	\$ 7,292,763	\$ 1,754,011
Capital assets	9,843,349	9,600,396	242,953
Total assets	<u>18,890,123</u>	<u>16,893,159</u>	<u>1,996,964</u>
Current and other liabilities	1,076,776	770,340	306,436
Long-term liabilities	845,000	935,000	(90,000)
Total liabilities	<u>1,921,776</u>	<u>1,705,340</u>	<u>216,436</u>
Net assets:			
Invested in capital assets, net of related debt	8,998,349	8,665,396	332,953
Restricted	1,867,578	1,495,042	372,536
Unrestricted	6,102,420	5,027,381	1,075,039
Total net assets	<u>\$ 16,968,347</u>	<u>\$ 15,187,819</u>	<u>\$ 1,780,528</u>

During 2008, the City added nearly \$750,000 of capital assets; however, this increase was offset by approximately \$470,000 in depreciation. The \$1.7 million increase in current assets is a result of revenues exceeding expenses during 2008 as reflected in the following table.

Government-wide Financial Analysis - continued

Table 2

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for service	\$ 1,438,604	\$ 1,661,183	\$ (222,579)
Capital grants and contributions	31,469	287,525	(256,056)
General revenues:			
Taxes	8,423,464	6,455,825	1,967,639
Interest income	224,379	292,122	(67,743)
Loss on disposal of assets	(6,435)	(4,943)	(1,492)
Miscellaneous	5,567	184,764	(179,197)
Total revenues	<u>10,117,048</u>	<u>8,876,476</u>	<u>1,240,572</u>
Expenses:			
General government	542,904	812,587	(269,683)
Public works	3,394,209	2,135,594	1,258,615
Public safety	2,745,896	2,685,299	60,597
Municipal court	145,018	152,883	(7,865)
Park and recreation	1,288,640	1,051,639	237,001
Pool	178,573	212,720	(34,147)
Interest and fiscal charges	41,280	44,121	(2,841)
Total expenses	<u>8,336,520</u>	<u>7,094,843</u>	<u>1,241,677</u>
Increase in net assets	1,780,528	1,781,633	(1,105)
Net assets, beginning of year	15,187,819	13,406,186	1,781,633
Net assets, end of year	<u>\$ 16,968,347</u>	<u>\$ 15,187,819</u>	<u>\$ 1,780,528</u>

Total revenues for 2008 exceeded total expenditures. There was an increase of \$1,240,572 in revenues for 2008 over fiscal year 2007. The increase in revenues can be attributed to an increase of \$771,000 in sales taxes, \$1,275,000 in utility taxes and \$17,000 in property taxes. The storm water/parks sales tax was first collected in October 2007 with the city receiving two months of revenue. In 2008 the sales tax was collected in all twelve months. Charges for service saw a significant increase in Police, Public Works and Parks departments.

Expenditures were up \$1,241,677 or 18% from last year. A large portion of the increase is due to an increase in the street repair costs charged to public works and improvement/maintenance projects in the parks and recreation department.

Governmental Funds

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting.

Table 3

	Fiscal Year Ending 2008	Fiscal Year Ending 2007	Increase (Decrease)	Percentage Change	
Taxes	\$ 8,453,416	\$ 6,384,564	\$ 2,068,852	32.4	%
Licenses and permits	750,728	787,879	(37,151)	(4.7)	
Fines and court costs	369,792	457,981	(88,189)	(19.3)	
Investment income	224,379	292,122	(67,743)	(23.2)	
Charges for service	318,084	415,323	(97,239)	(23.4)	
Miscellaneous	63,233	500,672	(437,439)	(87.4)	
Total general revenues	<u>\$ 10,179,632</u>	<u>\$ 8,838,541</u>	<u>\$ 1,341,091</u>		

Approximately 78% of the revenue in the governmental funds comes from taxes, which include property tax, sales tax, utility gross receipt tax, and cigarette tax. Tax revenues increased more than \$2 million from last year, which in part is the result of an increase in general sales taxes but the majority of the increase is the settlement of utility taxes with the cellular phone companies. The decrease in miscellaneous revenue is due to grants received and revenue from the 50th anniversary celebration in 2007 not held in 2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2008, the City had \$12,909,902 invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, and roads. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of \$566,140 or 4.6% over the prior fiscal year.

Table 4

	2008	2007
Land	\$ 1,494,521	\$ 1,494,521
Land improvements	1,781,692	1,628,795
Buildings and improvements	4,716,505	4,623,144
Vehicles and equipment	1,849,340	1,529,458
Infrastructure	3,067,844	3,067,844
Total	<u>\$ 12,909,902</u>	<u>\$ 12,343,762</u>

The most significant addition to capital assets this fiscal year related to the purchase of vehicles and equipment for Police, Public Works and Parks Departments. More detailed information on the City's capital assets is presented in the notes to the financial statements.

DEBT

At year-end, the City had \$845,000 in outstanding debt compared to \$935,000 at the end of the prior fiscal year, a decrease of 9.6%.

Table 5

	<u>2008</u>	<u>2007</u>
Sales Tax Refunding Revenue Bonds	\$ <u>845,000</u>	\$ <u>935,000</u>

During the fiscal year, the City made principal payments totaling \$90,000. More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2008, the governmental funds of the City reported a combined fund balance of \$7,856,080. This ending balance includes an increase in fund balance of \$1,097,005 in the City's General Fund. It is the City's policy to have General Fund balance of at least 50% of revenues. At December 31, 2008 the Unreserved General Fund Balance was 80% of revenues compared to 68% the previous year.

General Fund Budgetary Highlights

The City prepares its budget on a cash basis.

For 2008, actual expenditures in the General Fund on a budgetary basis were \$6,367,763 compared to the budget amount of \$6,768,715.

For 2008, actual revenues in the General Fund on a budgetary basis were \$8,067,161 as compared to the budget amount of \$7,734,040. Actual revenues exceeded budget revenues due to the resolution of a statewide lawsuit which determined that cellular communications companies residing within city limits are required to submit utility taxes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2009 General Fund budget includes a 1.3% decrease in revenues and a 3.1% increase in expenditures in comparison to the 2008 final budget. The decrease in revenue can be attributed to a decrease in telephone utility receipts due to the cellular telephone settlement received in 2008. The increase in expenditures can be attributed to parks and recreation vehicles and equipment, trail engineering and operation of athletic fields.

The 2009 budget includes roadway and storm water projects, police, public works and park vehicle and equipment purchases.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact:

Laura Rider
Finance Officer
City of Sunset Hills, Missouri Finance Department
3939 South Lindbergh Boulevard
Sunset Hills Missouri 63127

CITY OF SUNSET HILLS, MISSOURI

STATEMENT OF NET ASSETS

DECEMBER 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 7,743,484
Taxes receivable:	
Property	478,498
Other	718,614
Grants receivable	31,469
Interest receivable	30,369
Bond issuance costs	44,340
Capital assets - net	
Nondepreciable	1,494,521
Depreciable	8,348,828
TOTAL ASSETS	<u>18,890,123</u>
 LIABILITIES	
Accounts payable	15,350
Accrued wages and vacation	96,039
Deposits payable	5,912
Accrued interest payable	12,862
Other liabilities	752,550
Deferred revenue - business licenses	194,063
Noncurrent liabilities:	
Due in one year	95,000
Due in more than one year	750,000
TOTAL LIABILITIES	<u>1,921,776</u>
 NET ASSETS	
Invested in capital assets, net of related debt	8,998,349
Restricted:	
Storm water and parks	492,178
Capital projects	1,375,400
Unrestricted	6,102,420
TOTAL NET ASSETS	<u>\$ 16,968,347</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Assets</u>
		<u>Charges for Service</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General government	\$ 542,904	\$ 727,611	\$ -	\$ 184,707
Public works	3,394,209	80,478	31,469	(3,282,262)
Public safety	2,745,896	378,455	-	(2,367,441)
Municipal court	145,018	-	-	(145,018)
Parks and recreation	1,288,640	130,452	-	(1,158,188)
Pool	178,573	121,608	-	(56,965)
Interest and fiscal charges	41,280	-	-	(41,280)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 8,336,520</u>	<u>\$ 1,438,604</u>	<u>\$ 31,469</u>	<u>(6,866,447)</u>
Taxes:				
Sales				4,597,654
Utility				2,806,086
Property				595,117
Franchise				82,615
Other				341,992
Interest income				224,379
Loss on the disposal of capital assets				(6,435)
Other miscellaneous revenue				5,567
TOTAL GENERAL REVENUES				<u>8,646,975</u>
CHANGE IN NET ASSETS				1,780,528
NET ASSETS - BEGINNING OF YEAR				<u>15,187,819</u>
NET ASSETS - END OF YEAR				<u>\$ 16,968,347</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General Fund	Capital Projects Fund	County Road Fund	Storm Water/ Parks	Nonmajor Debt Service Funds	Total
ASSETS AND OTHER DEBITS						
Cash and investments	\$ 6,053,346	\$ 910,652	\$ 318,777	\$ 460,709	\$ -	\$ 7,743,484
Taxes receivable:						
Property	112,806	-	211,789	-	-	324,595
Other	718,614	153,903	-	-	-	872,517
Grants receivable	-	-	-	31,469	-	31,469
Interest receivable	30,369	-	-	-	-	30,369
TOTAL ASSETS	\$ 6,915,135	\$ 1,064,555	\$ 530,566	\$ 492,178	\$ -	\$ 9,002,434
LIABILITIES						
Account payable	\$ 15,350	\$ -	\$ -	\$ -	\$ -	\$ 15,350
Accrued wages and vacation	96,039	-	-	-	-	96,039
Deposits payable	3,562	2,350	-	-	-	5,912
Other liabilities	535,179	217,371	-	-	-	752,550
Deferred revenue	222,718	-	53,785	-	-	276,503
TOTAL LIABILITIES	872,848	219,721	53,785	-	-	1,146,354
FUND BALANCES:						
Fund balances:						
Reserved	81,303	-	-	-	-	81,303
Unreserved:						
General fund	5,960,984	-	-	-	-	5,960,984
Capital projects fund	-	844,834	-	-	-	844,834
Park and storm water	-	-	-	492,178	-	492,178
County road fund	-	-	476,781	-	-	476,781
TOTAL FUND BALANCES	6,042,287	844,834	476,781	492,178	-	7,856,080
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,915,135	\$ 1,064,555	\$ 530,566	\$ 492,178	\$ -	\$ 9,002,434

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
**RECONCILIATION OF THE STATEMENT OF NET ASSETS
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
 AS OF DECEMBER 31, 2008**

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

Total fund balance per balance sheet	\$ 7,856,080
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	9,843,349
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds	82,440
Bond issuance costs are amortized over the life of the bonds on the statement of net assets and are expensed as incurred in the funds	44,340
Interest payable recorded in the statement of net assets that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(12,862)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds	<u>(845,000)</u>
Net assets of governmental activities	<u><u>\$ 16,968,347</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Capital Projects Fund	County Road Fund	Storm Water/ Parks	Nonmajor Debt Service Funds	Total
REVENUES						
Taxes	\$ 5,788,813	\$ 1,019,139	\$ 406,914	1,238,550	\$ -	\$ 8,453,416
Licenses	750,728	-	-	-	-	750,728
Fines and court costs	369,792	-	-	-	-	369,792
Investment income	206,368	17,203	-	808	-	224,379
Charges for service	318,084	-	-	-	-	318,084
Miscellaneous	31,764	-	-	31,469	-	63,233
TOTAL REVENUES	<u>7,465,549</u>	<u>1,036,342</u>	<u>406,914</u>	<u>1,270,827</u>	<u>-</u>	<u>10,179,632</u>
EXPENDITURES						
Current:						
General government	447,935	67,060	-	-	-	514,995
Public works	995,427	93,042	-	303,882	-	1,392,351
Public safety	2,067,179	111,235	-	-	-	2,178,414
Municipal court	127,109	-	-	-	-	127,109
Parks and recreation	763,777	84,371	-	439,947	-	1,288,095
Pool	152,973	-	-	-	-	152,973
Non-departmental	776,065	-	-	-	-	776,065
Capital outlay	1,038,079	482,822	536,000	83,924	-	2,140,825
Debt service:						
Principal, interest and fiscal charges	-	287	-	-	125,740	126,027
TOTAL EXPENDITURES	<u>6,368,544</u>	<u>838,817</u>	<u>536,000</u>	<u>827,753</u>	<u>125,740</u>	<u>8,696,854</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,097,005	197,525	(129,086)	443,074	(125,740)	1,482,778
OTHER FINANCING SOURCES (USES)						
Operating transfer in (out)	-	(125,740)	-	-	125,740	-
NET CHANGE IN FUND BALANCE	1,097,005	71,785	(129,086)	443,074	-	1,482,778
FUND BALANCES - BEGINNING OF YEAR	<u>4,945,282</u>	<u>773,049</u>	<u>605,867</u>	<u>49,104</u>	<u>-</u>	<u>6,373,302</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,042,287</u>	<u>\$ 844,834</u>	<u>\$ 476,781</u>	<u>\$ 492,178</u>	<u>\$ -</u>	<u>\$ 7,856,080</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Change in fund balance-total governmental funds	\$ 1,482,778
Revenues that do not provide current financial resources are not included in the fund financial statements	(29,952)
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets	747,107
The proceeds from the disposal of capital assets is revenue in the governmental funds	(32,632)
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities	(471,520)
Interest is reported as an expenditure when due in the governmental funds but is accrued in the statement of activities	1,081
Bond issue costs amortized over the life of the bonds on the statement of activities	(6,334)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	<u>90,000</u>
Change in net assets of governmental activities	<u><u>\$ 1,780,528</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2008

ASSETS

CURRENT ASSETS

Cash and investments

\$ 110,079

NET ASSETS

CURRENT LIABILITIES

Funds held in escrow

\$ 110,079

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sunset Hills, Missouri, (the City) was incorporated in June 1957. The City operates under a Mayor-Board of Alderman form of government. The City's major operations include police protection, street maintenance and improvements, parks and recreation and general administrative services. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below:

A. REPORTING ENTITY

The City applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all the City's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

B. **BASIC FINANCIAL STATEMENTS - continued**

Statement of Net Assets - The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The City reports capital assets in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The net assets of the City are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. The City has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward.

The government-wide financial statements report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, the Capital Projects Fund, Storm Water/ Parks Fund, and the County Road Fund. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City records revenue for fines and court cost when paid, as they are not measurable or estimatable before then.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

Governmental funds financial statements are reported using the current 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The City in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental funds financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The City reports the following major governmental funds:

The General Fund - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

Capital Projects Fund - The City uses this fund to account for sales tax revenue designated for capital projects.

County Road Fund - The City uses this fund to account for property taxes collected for road projects.

Storm Water/Parks Fund - The City uses this fund to account for taxes collected for storm water and parks projects.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$50,000 or more are also capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

D. **CAPITAL ASSETS - continued**

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	15 - 50 years
Land improvements	15 - 50 years
Vehicles and equipment	2 - 30 years
Infrastructure	10 - 50 years

The government-wide financial statements do not reflect those infrastructure assets completed prior to January 1, 2004.

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

G. **COMPENSATED ABSENCES**

The City has adopted a formal personnel policy with policies in effect that relate to vacation and sick pay. City employees are allowed to carry forward vacation days past their anniversary date. In the event of termination, an employee is paid for accumulated vacation days. Therefore, vacation liability of \$90,917 has been accrued in the general fund. At December 31, 2008, employees had accumulated sick leave of \$375,871. Employees are not paid for accumulated sick leave upon termination; accordingly, the related potential liability has not been recorded.

H. **LONG-TERM LIABILITIES**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and issuance costs are included in interest expense.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

I. **NET ASSETS AND FUND EQUITY**

In government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net assets are considered unrestricted.

When both restricted sources are available for use, it is the government policy to restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$1,867,578 of restricted net assets, all of which is restricted by enabling legislation.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. **INVESTMENTS**

The City is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, and money market funds fully insured and/or collateralized. The City's investments are carried at fair value.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The City adopts an annual operating budget on a cash basis for all governmental funds except the Debt Service Fund.

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

- Each department head submits a budget to the finance committee for the September board meeting.
- The finance committee presents two readings to the Board of Aldermen.
- The budget is adopted by the Board of Aldermen in December.
- The finance committee approves budget transfers as required during the year.
- A motion from the Board of Aldermen is required to amend the budget.

All appropriations lapse at fiscal year end.

3. CASH AND TEMPORARY INVESTMENTS

The City's bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2008, the carrying amount of the City's bank deposits totaled \$416,545 with bank balances of \$786,615. The bank balance was covered by federal depository insurance or collateralized by securities held by the pledging financial institution in the City's name.

4. PROPERTY TAX

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2008, upon which the 2008 levy was based on an assessed value for real, personal and public utility property of \$390,812,283. The City's tax rate was levied at the following rates per \$100 of assessed valuation for the General Fund:

	<u>RATE</u>
Residential	\$.054
Agricultural	\$.060
Commercial	\$.057
Personal Property	\$.060

5. INVESTMENTS

The City has established and approved an Investment Policy Statement to apply to all financial assets of the City. The policy does not address credit risk or custodial credit risk. In addition, the policy allows for the investment debt proceeds held by bond trustees, to be invested in accordance with the bond documents.

Concentration of Credit Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment allocation as follows:

<u>Investment Classification</u>	<u>Maturity Range</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Short-term	0-2 years	50%	100%
Intermediate	3-5 years	0%	50%
Long-term	5-10 years	0%	25%

Interest Rate Risk: Information about the sensitivity of the fair values of the City's investment (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

5. **INVESTMENTS** - continued

Investment Type	Fair Value	0-2 Years	3 - 5 Years	6 - 10 Years	Rating
Repurchase Agreements	\$ 4,284,129	\$ -	\$ -	\$ -	N/A
U.S. Treasury Notes	597,129	597,129	-	-	N/A
U.S. Government Agency Securities	2,445,681	1,340,342	1,395,508	804,706	N/A
	<u>\$ 7,326,939</u>	<u>\$ 1,937,471</u>	<u>\$ 1,395,508</u>	<u>\$ 804,706</u>	

6. **CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended December 31, 2008 is as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,494,521	\$ -	\$ -	\$ 1,494,521
Capital assets, being depreciated:				
Land improvements	1,628,795	152,897	-	1,781,692
Buildings and improvements	4,623,144	93,361	-	4,716,505
Vehicles and equipment	1,529,458	500,849	(180,967)	1,849,340
Infrastructure	3,067,844	-	-	3,067,844
Total capital assets, being depreciated	<u>10,849,241</u>	<u>747,107</u>	<u>(180,967)</u>	<u>11,415,381</u>
Less accumulated depreciation for:				
Land improvements	(774,300)	(55,109)	-	(829,409)
Buildings and improvements	(1,051,348)	(117,436)	-	(1,168,784)
Vehicles and equipment	(820,077)	(176,260)	148,332	(848,005)
Infrastructure	(97,641)	(122,714)	-	(220,355)
Total accumulated depreciation	<u>(2,743,366)</u>	<u>(471,519)</u>	<u>148,332</u>	<u>(3,066,553)</u>
Total capital assets, being depreciated, net	<u>8,105,875</u>	<u>275,588</u>	<u>(32,635)</u>	<u>8,348,828</u>
Total governmental activities	<u>\$ 9,600,396</u>	<u>\$ 275,588</u>	<u>(32,635)</u>	<u>\$ 9,843,349</u>

6. **CAPITAL ASSETS** - continued

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:	
General government	\$ 10,108
Public works	242,954
Public safety	134,851
Municipal court	560
Parks and recreation	74,437
Pool	<u>8,609</u>
Total depreciation expense- governmental activities	<u>\$ 471,519</u>

7. **LONG-TERM DEBT**

Sales Tax Refunding Revenue Bonds Series 2004 - were issued to refund outstanding Sales Tax Revenue Bonds Series 1996. Principal and interest are provided from proceeds of a sales tax levy. The bonds were issued with annual installments of \$105,574 to \$129,300 through February 15, 2016 bearing interest at 2.0% to 4.5%.

Long-term liability activity for the year ended December 31, 2008, was as follows:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE, END OF YEAR</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
Sales Tax Refunding Revenue Bonds	\$ 935,000	\$ -	\$ (90,000)	\$ 845,000	\$ 95,000

Annual debt service payments are as follows:

<u>SALES TAX REFUNDING REVENUE BONDS</u>			
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 95,000	\$ 32,638	\$ 127,638
2010	95,000	29,252	124,252
2011	100,000	25,655	125,655
2012	105,000	21,680	126,680
2013	105,000	17,415	122,415
2014	110,000	12,913	122,913
2015	115,000	7,988	122,988
2016	120,000	2,700	122,700
Total	<u>\$ 845,000</u>	<u>\$ 150,241</u>	<u>\$ 995,241</u>

7. **LONG-TERM DEBT** - continued

Legal Debt Margin - Under Article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City, by vote of 2/3 of the qualified electors voting thereon, may incur general obligation indebtedness for City purposes in an amount not to exceed 5% of the assessed valuation of taxable tangible property within the City ascertained by the last completed assessment for state or county purposes. A computation of the legal debt margin at December 31, 2008, follows:

Assessed valuation (January 1, 2007)	\$390,812,283
Debt limit - 5% of assessed value	19,540,614
Total debt applicable to debt limit	-
Legal debt margin	<u>\$ 19,540,614</u>

8. **INTERFUND TRANSACTIONS**

The following transfers were made during the fiscal year ending December 31, 2008:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
Capital Projects Fund	\$ -	\$ 125,740
Debt Service Fund	125,740	-

Transfers were made into the Debt Service Fund. The transfers provided funds to retire bonds.

9. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to tort; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City purchases commercial insurance to cover risks related to building and other City property, crimes, business, travel, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

10. **RETIREMENT PLAN**

Plan Description - The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple - employer public 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.

10. **RETIREMENT PLAN** - continued

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 Status - The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 5.3% (general) and 4.7% (police) 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.

For 2008, the City's annual pension cost of \$147,375, was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 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 6.0 % per year, depending on age and division, attributable to seniority/merit; and (d) pre-retirement mortality based on the RP-2000 combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality 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 payrolls on an open basis. The amortization period at February 28, 2008 was 15 years.

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	\$148,394	100%	\$ -
2007	144,372	100	-
2008	147,375	100	-

Schedule of funding progress follows:

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value Of Assets</u>	<u>(b) Entry Age Actuarial Value Of Assets</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
2/29/2006	\$5,824,572	\$4,987,253	\$(837,319)	117%	\$2,495,789	- %
2/28/2007	6,219,193	5,208,655	(1,010,538)	119	2,526,810	-
2/28/2008	6,985,037	5,616,486	(1,368,551)	124	2,656,547	-

10. **RETIREMENT PLAN - continued**

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

11. **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City makes no contribution to the Plan.

ING Life Insurance and Annuity Company administers the City's Deferred Compensation Plan. The City does not have significant administrative involvement in the Plan. With the adoption of Governmental Accounting Standards Board (GASB) No. 32, "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*" the City's Deferred Compensation Plan is not included in the basic financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

12. **RESERVED FUND BALANCE**

Fund balance in the General Fund are reserved for the following purposes:

Police training	\$ 22,213
Concessions	23,990
Traffic assessment fee	<u>35,100</u>
Total	<u>\$ 81,303</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 4,788,440	\$ 6,073,440	\$ 5,885,166	\$ (188,274)
Licenses and permits	868,600	868,600	750,728	(117,872)
Fines and court costs	370,000	370,000	369,792	(208)
Investment income	135,000	135,000	220,151	85,151
Charges for service	260,000	260,000	318,084	58,084
Miscellaneous	27,000	27,000	31,764	4,764
TOTAL REVENUE	<u>6,449,040</u>	<u>7,734,040</u>	<u>7,575,685</u>	<u>(158,355)</u>
EXPENDITURES				
Current:				
General government	487,805	515,777	449,159	66,618
Public works	1,843,434	1,843,434	996,845	846,589
Public safety	2,151,456	2,151,456	2,065,635	85,821
Municipal court	132,741	132,741	125,507	7,234
Parks and recreation	814,860	814,860	759,332	55,528
Pool	158,000	158,000	152,973	5,027
Non-departmental	845,883	845,883	776,065	69,818
Capital outlay	306,564	306,564	1,042,247	(735,683)
TOTAL EXPENDITURES	<u>6,740,743</u>	<u>6,768,715</u>	<u>6,367,763</u>	<u>400,952</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(291,703)</u>	<u>965,325</u>	<u>1,207,922</u>	<u>\$ 242,597</u>
FUND BALANCES - BEGINNING OF YEAR	<u>4,175,393</u>	<u>4,175,393</u>	<u>4,175,393</u>	
FUND BALANCES - END OF YEAR	<u>\$ 4,175,393</u>	<u>\$ 4,175,393</u>	<u>\$ 5,383,315</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 5,383,315	
Adjustments to the budget basis:				
Revenue			779,349	
Expenditures			(120,377)	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 6,042,287</u>	

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 270,000	\$ 270,000	\$ 415,845	\$ 145,845
EXPENDITURES				
Capital outlay	536,000	536,000	536,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(266,000)	(266,000)	(120,155)	<u>\$ 145,845</u>
FUND BALANCE - BEGINNING OF YEAR	438,931	438,931	438,931	
FUND BALANCE - END OF YEAR	<u>\$ 172,931</u>	<u>\$ 172,931</u>	<u>\$ 318,776</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 318,776	
Adjustments to the budget basis:				
Revenue			158,005	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 476,781</u>	

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STORM WATER/ PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	1,190,000	1,190,000	1,238,550	48,550
Investment income	-	-	808	808
Miscellaneous income	-	-	31,469	31,469
TOTAL REVENUE	<u>1,190,000</u>	<u>1,190,000</u>	<u>1,270,827</u>	<u>80,827</u>
EXPENDITURES				
Parks and recreation	653,100	653,100	439,947	213,153
Public works	535,500	535,500	329,162	206,338
Capital outlay	-	-	83,924	(83,924)
TOTAL EXPENDITURES	<u>1,188,600</u>	<u>1,188,600</u>	<u>853,033</u>	<u>419,491</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,400	1,400	417,794	<u>\$ 145,845</u>
FUND BALANCE - BEGINNING OF YEAR	<u>74,384</u>	<u>74,384</u>	<u>74,384</u>	
FUND BALANCE - END OF YEAR	<u>\$ 75,784</u>	<u>\$ 75,784</u>	<u>\$ 492,178</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 492,178	
Adjustments to the budget basis:				
Expenditures			<u>(51,647)</u>	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 440,531</u>	