

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

CITY OF PERRYVILLE, MISSOURI

March 31, 2012

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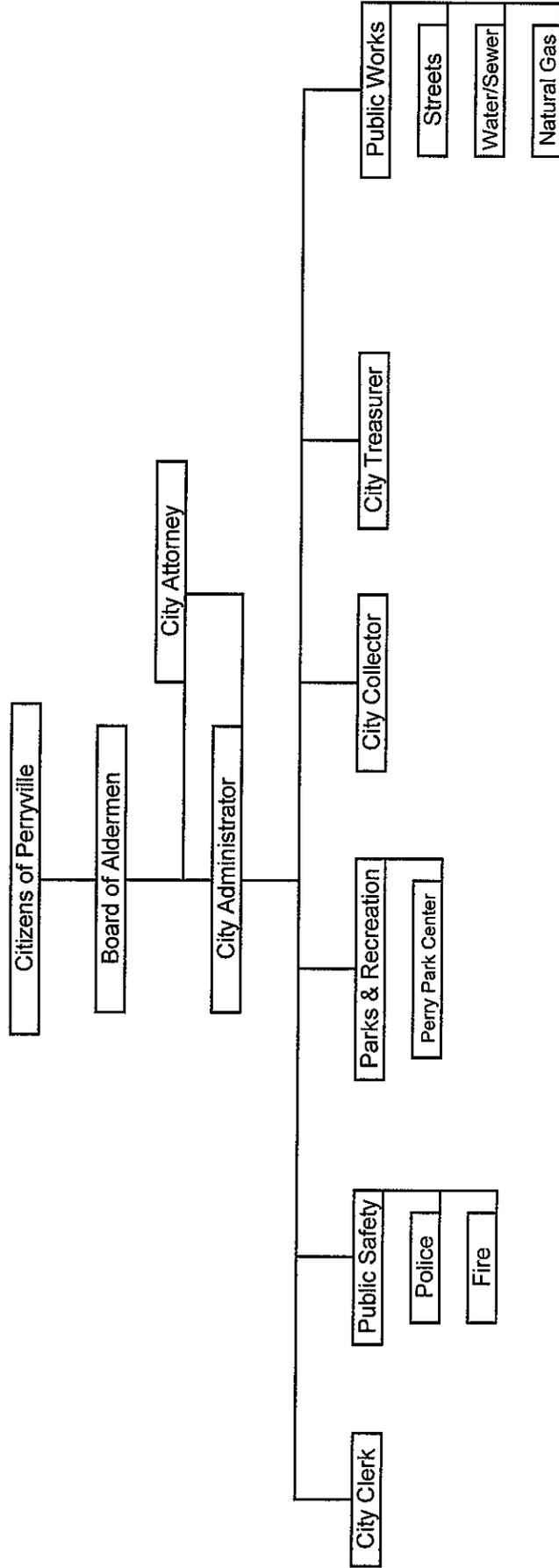
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**CITY OF PERRYVILLE, MISSOURI
List of Principal Officials
March 31, 2012**

Mayor	Deborah M. Gahan
Aldermen Ward I	Tom Guth Larry E. Riney
Aldermen Ward II	Curt Buerck Randy J. Leible
Aldermen Ward III	Gary J. Schumer Paul R. Flentge
City Administrator	Brent Buerck
City Clerk	Tracy Prost
City Treasurer	Donna Strattman
City Collector	Lori Carroll
Chief of Police	Keith Tarillion

CITY OF PERRYVILLE, MISSOURI
Organizational Chart





Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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Cape Girardeau, MO 63701-2609
ph 573.334.0568
fax 573.334.3962
www.kebcpa.com

Independent Auditors' Report

Honorable Mayor
and Board of Aldermen
City of Perryville, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perryville, Missouri as of and for the year ended March 31, 2012, 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 of Perryville, Missouri'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perryville, Missouri, as of March 31, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2012, on our consideration of the City of Perryville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Jacksonville, IL • St. Louis, MO • Milwaukee, WI

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 15 and 45 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Perryville, Missouri's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Kerber, Eck & Braedel LLP

Cape Girardeau, Missouri
September 5, 2012

**City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Perryville, Missouri (the City) has prepared financial statements in accordance with the guidelines prescribed in GASB Statement 34. This discussion and analysis is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and conditions. Please read this in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City of Perryville, Missouri's total net assets increased \$3,937,325 or 8.5%. Governmental activities net assets increased \$3,053,152 and business-type activities net assets increased \$884,173.
- The City's governmental activities net assets reported ending balance of \$24,240,101 an increase of \$3,053,152 from the prior year. Approximately 24.4 percent of this total amount, or \$5,920,871, is unrestricted and available for use within the City's designation and policies.
- The City's total debt decreased by \$1,299,424 (9.6%) during the current fiscal year.
- The City's property tax levy remained at 76.65 cents per \$100 assessed valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Perryville, Missouri's basic financial statements. The City's basic financial statements consist of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances using a governmental or business-type classification. The government-wide financial statements include a statement of net assets and a statement of activities.

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

The statement of activities presents information on all revenues and expenses of the City and the change in net assets. This statement provides the expenses of a given function or activity offset by related program revenues resulting in the net expense or revenue for the function or activity.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, sanitation, airport operations, culture and recreation, streets and improvements, and capital projects. The business-type activities of the City include water and sewer and gas operations. The government-wide financial statements can be found on pages 16 - 25 of this report.

**City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

Fund Financial Statements

The fund financial statements provide more detailed information about the City's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into two categories of funds:

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.
- **Proprietary funds** – The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and gas operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 44.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 45 - 52.

The combining statements are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 53 - 66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial report represents the new approach mandated by the Governmental Accounting Standards Board (GASB). GASB sets the uniform standards for presenting government financial reports.

**City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

City of Perryville, Missouri's Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 7,872,689	\$ 7,270,647	\$ 9,164,887	\$ 9,087,722	\$ 17,037,576	\$ 16,358,369
Capital assets	<u>22,349,557</u>	<u>20,503,773</u>	<u>24,459,678</u>	<u>24,591,751</u>	<u>46,809,235</u>	<u>45,095,524</u>
Total assets	<u>30,222,246</u>	<u>27,774,420</u>	<u>33,624,565</u>	<u>33,679,473</u>	<u>63,846,811</u>	<u>61,453,893</u>
Long-term liabilities	4,960,685	5,521,660	6,015,000	6,760,000	10,975,685	12,281,660
Other liabilities	<u>1,021,460</u>	<u>1,065,811</u>	<u>1,666,192</u>	<u>1,860,273</u>	<u>2,687,652</u>	<u>2,926,084</u>
Total liabilities	<u>5,982,145</u>	<u>6,587,471</u>	<u>7,681,192</u>	<u>8,620,273</u>	<u>13,663,337</u>	<u>15,207,744</u>
Net assets:						
Invested in capital assets, net of related debt	16,827,897	14,407,689	17,699,678	17,106,751	34,527,575	31,514,440
Restricted	1,491,333	1,448,933	2,734,403	2,655,679	4,225,736	4,104,612
Unrestricted	<u>5,920,871</u>	<u>5,330,327</u>	<u>5,509,292</u>	<u>5,296,770</u>	<u>11,430,163</u>	<u>10,627,097</u>
Total net assets	<u>\$ 24,240,101</u>	<u>\$ 21,186,949</u>	<u>\$ 25,943,373</u>	<u>\$ 25,059,200</u>	<u>\$ 50,183,474</u>	<u>\$ 46,246,149</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial condition. The assets of the City of Perryville, Missouri exceeded liabilities by \$50,183,474 and \$46,246,149 as of March 31, 2012 and 2011, respectively.

The largest portion of the City's net assets (68.8%) reflects the City's investment in capital assets (e.g., land, buildings, machinery, equipment, gas, and water and sewer lines), less any related debt still outstanding that was issued to acquire or build those items. The City of Perryville, Missouri uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Perryville, Missouri's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Perryville, Missouri's net assets (8.4%) represents resources that are subject to restrictions on how they may be used. The largest portion of this is the cash restricted for the payment of debt service. The remaining balance of unrestricted net assets of \$11,430,163 may be used to meet the government's ongoing obligation to citizens and creditors.

City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

City of Perryville, Missouri's Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,289,481	\$ 920,140	\$ 8,531,584	\$ 8,869,978	\$ 9,821,065	\$ 9,790,118
Operating grants & contributions	213,419	244,693	77,937	141,764	291,356	386,457
Capital grants & contributions	1,727,148	1,159,670	-	-	1,727,148	1,159,670
General revenues:						
Property taxes	994,534	985,504	-	-	994,534	985,504
Sales tax	3,239,580	3,162,987	-	-	3,239,580	3,162,987
County business surtax	78,814	73,159	-	-	78,814	73,159
County road, intangible and railroad/utility taxes	104,489	99,857	-	-	104,489	99,857
Motor vehicle gas, license and sales taxes	292,581	295,552	-	-	292,581	295,552
Gross receipts tax	1,099,565	1,121,736	-	-	1,099,565	1,121,736
Investment revenue	81,505	197,174	95,759	102,140	177,264	299,314
FEMA storm damage	32,215	14,248	-	-	32,215	14,248
Miscellaneous	287,600	382,482	68,567	35,409	356,167	417,891
	<u>9,440,931</u>	<u>8,657,202</u>	<u>8,773,847</u>	<u>9,149,291</u>	<u>18,214,778</u>	<u>17,806,493</u>
Expenses:						
General government	767,742	1,470,925	-	-	767,742	1,470,925
Public safety	2,157,641	2,116,378	-	-	2,157,641	2,116,378
Sanitation	597,533	594,802	-	-	597,533	594,802
Airport operations	249,535	211,976	-	-	249,535	211,976
Culture and recreation	1,613,192	1,606,158	-	-	1,613,192	1,606,158
Streets and improvements	1,109,305	859,896	-	-	1,109,305	859,896
Sidewalks	-	209,308	-	-	-	209,308
Storm water	16,509	34,607	-	-	16,509	34,607
Capital projects	16,952	538,409	-	-	16,952	538,409
Interest on long-term debt	334,370	472,304	-	-	334,370	472,304
Water and sewer	-	-	2,610,701	2,818,997	2,610,701	2,818,997
Gas	-	-	4,803,973	5,120,749	4,803,973	5,120,749
Total expenses	<u>6,862,779</u>	<u>8,114,763</u>	<u>7,414,674</u>	<u>7,939,746</u>	<u>14,277,453</u>	<u>16,054,509</u>
Increase in net assets before transfers	2,578,152	542,439	1,359,173	1,209,545	3,937,325	1,751,984
Transfers	475,000	1,063,000	(475,000)	(1,063,000)	-	-
Increase in net assets	3,053,152	1,605,439	884,173	146,545	3,937,325	1,751,984
Net assets, April 1	21,186,949	19,581,510	25,059,200	24,912,655	46,246,149	44,494,165
Net assets, March 31	<u>\$ 24,240,101</u>	<u>\$ 21,186,949</u>	<u>\$ 25,943,373</u>	<u>\$ 25,059,200</u>	<u>\$ 50,183,474</u>	<u>\$ 46,246,149</u>

**City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

Governmental Activities

Net assets of governmental activities increased \$3,053,152 or 14.4%. Program revenues in the amount of \$3,230,048 were used to offset program expenses of \$6,862,779 resulting in a net program expense of \$3,632,731. General revenues in the amount of \$6,210,883 coupled with transfers in of \$475,000 funded the difference in those program expenses and resulted in a total net increase of \$3,053,152.

Business-Type Activities

Net assets of the business-type activities increased \$884,173 or 3.5%. Program revenues in the amount of \$8,609,521 were used to offset program expenses of \$7,414,674 resulting in net program revenue of \$1,194,847. General revenues in the amount of \$164,326 coupled with transfers out of \$475,000 resulted in a total net increase of \$884,173.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City of Perryville, Missouri's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, committed, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Perryville, Missouri's governmental funds reported combined ending fund balances of \$7,294,799. Approximately 81.2% of this total amount, \$5,920,871, constitutes committed, assigned and unassigned fund balances. The remainder of the fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been delegated 1) to pay for debt service - \$910,952, and 2) to pay for other activities \$462,976.

Proprietary Funds

The City of Perryville, Missouri's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net assets of the respective proprietary funds are Combined Waterworks and Sewerage System Fund - \$128,955 and Gas Operation Fund - \$5,380,337. Net assets of the funds changed as follows: Combined Waterworks and Sewerage System Fund - \$123,827 and Gas Operation Fund - \$760,346.

General Fund Budgetary Highlights

The City made revisions to its original budget for various interfund transfers approved by the Board.

CAPITAL ASSETS

The City of Perryville, Missouri's investment in capital assets for its governmental and business-type activities as of March 31, 2012 totals \$46,809,235 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, pool and bathhouse, construction in progress, and infrastructure assets. The total increase in the City's investment in capital assets for the current fiscal year was 3.8% (9.0% increase for governmental activities and 0.5% decrease in business-type activities).

**City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**City of Perryville, Missouri's Capital Assets
Net of Accumulated Depreciation**

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 2,425,060	\$ 2,425,060	\$ 171,750	\$ 171,750	\$ 2,596,810	\$ 2,596,810
Buildings	7,295,122	5,358,409	-	-	7,295,122	5,358,409
Improvements other than buildings	2,586,930	2,095,701	21,541,220	21,517,444	24,128,150	23,613,145
Machinery and equipment	1,254,263	1,430,133	2,746,708	2,728,232	4,000,971	4,158,365
Pool and bathhouse	177,421	193,210	-	-	177,421	193,210
Construction in progress	102,449	1,005,004	-	174,325	102,449	1,179,329
Infrastructure	8,508,312	7,996,256	-	-	8,508,312	7,996,256
Total	\$ 22,349,557	\$ 20,503,773	\$ 24,459,678	\$ 24,591,751	\$ 46,809,235	\$ 45,095,524

Major capital asset events during the current fiscal year included the following:

- Sabreliner Expansion
- Industrial Park 5th Addition

Additional information on the City of Perryville, Missouri's capital assets can be found in note D on pages 31 - 33 of this report.

DEBT ADMINISTRATION

As of March 31, 2012, the City of Perryville, Missouri had total long-term debt outstanding of \$12,281,660. Of this amount, \$1,922,705 comprises bonded debt backed by the full faith and credit of the City, \$6,645,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and \$3,620,000 represents Certificates of Participation. The capital leases of \$93,955 relate to lease purchase agreements for a sewer vacuum, pumper truck, city hall and various automobiles.

The City of Perryville, Missouri's total debt decreased by \$1,299,424 during the past fiscal year.

Additional information regarding the City of Perryville, Missouri's long-term debt can be found in note F on pages 33 - 37 of this report.

**City of Perryville, Missouri
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

City of Perryville, Missouri's Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 1,922,705	\$ 2,137,705	\$ -	\$ -	\$ 1,922,705	\$ 2,137,705
Revenue bonds	2,410,000	2,660,000	4,235,000	4,760,000	6,645,000	7,420,000
Certificates of Participation	1,095,000	1,115,000	2,525,000	2,725,000	3,620,000	3,840,000
Capital leases	93,955	183,379	-	-	93,955	183,379
Total	\$ 5,521,660	\$ 6,096,084	\$ 6,760,000	\$ 7,485,000	\$ 12,281,660	\$ 13,581,084

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Perryville, 215 N West Street, Perryville, Missouri, 63775.

City of Perryville, Missouri
STATEMENT OF NET ASSETS
March 31, 2012

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash (notes A5 and B)	\$ 7,092,243	\$ 5,964,512	\$ 13,056,755
Receivables, net of allowances for doubtful accounts:			
Real estate and personal property taxes (notes A6 and C)	45,053	-	45,053
Sales and use tax	282,755	-	282,755
Intergovernmental	24,507	-	24,507
Accounts receivable	53,449	538,262	591,711
Due from other funds	250	38,745	38,995
Restricted cash and investments (notes A5 and B)	202,728	2,469,337	2,672,065
Other assets, bond issue discount	-	113,151	113,151
Capital assets			
Non depreciable	2,527,509	171,750	2,699,259
Depreciable, net	19,822,048	24,287,928	44,109,976
Prepaid expenses	<u>171,704</u>	<u>40,880</u>	<u>212,584</u>
Total assets	\$ 30,222,246	\$ 33,624,565	\$ 63,846,811
LIABILITIES			
Accounts payable	105,539	383,234	488,773
Payroll, sales tax and fringe benefits	245,405	145,345	390,750
Due to other funds	-	38,995	38,995
Payables from restricted assets			
Current portion of bonds payable (note F)	490,000	540,000	1,030,000
Current portion of COP payable (note F)	25,000	205,000	230,000
Accrued interest	64,488	88,552	153,040
Customer deposits	-	265,066	265,066
Deferred revenue - real estate and personal property taxes	45,053	-	45,053
Current maturities of lease purchases payable (note F)	45,975	-	45,975
Revenue bonds payable, net of deferred amount on refunding, less current maturities (note F)	2,150,000	3,695,000	5,845,000
General obligation bonds payable (note F)	1,692,705	-	1,692,705
Certificates of Participation (note F)	1,070,000	2,320,000	3,390,000
Lease obligation payable (note F)	<u>47,980</u>	<u>-</u>	<u>47,980</u>
Total liabilities	5,982,145	7,681,192	13,663,337
NET ASSETS			
Invested in capital assets, net of related debt	16,827,897	17,699,678	34,527,575
Restricted for:			
Debt service	1,028,357	2,469,337	3,497,694
Other	462,976	265,066	728,042
Unrestricted	<u>5,920,871</u>	<u>5,509,292</u>	<u>11,430,163</u>
Total net assets	\$ <u>24,240,101</u>	\$ <u>25,943,373</u>	\$ <u>50,183,474</u>

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

City of Perryville, Missouri
STATEMENT OF ACTIVITIES
Year ended March 31, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 767,742	\$ 120,148	\$ -	\$ 29,312	\$ (618,282)	\$ -	\$ (618,282)
Public safety	2,157,641	93,032	100,085	-	(1,964,524)	-	(1,964,524)
Sanitation	597,533	663,238	-	-	65,705	-	65,705
Airport operation	249,535	-	-	65,493	(184,042)	-	(184,042)
Culture and recreation	1,613,192	413,063	-	19,689	(1,180,440)	-	(1,180,440)
Streets and improvements	1,109,305	-	-	500,000	(609,305)	-	(609,305)
Storm water	16,509	-	-	-	(16,509)	-	(16,509)
Capital projects	16,952	-	-	1,112,654	1,095,702	-	1,095,702
Interest on long-term debt	334,370	-	113,334	-	(221,036)	-	(221,036)
Total governmental activities	6,862,779	1,289,481	213,419	1,727,148	(3,632,731)	-	(3,632,731)
Business-type activities:							
Water and sewer	2,610,701	2,284,144	77,937	-	-	(248,620)	(248,620)
Gas	4,803,973	6,247,440	-	-	-	1,443,467	1,443,467
Total business-type activities	\$ 7,414,674	\$ 8,531,584	\$ 77,937	\$ -	-	1,194,847	1,194,847
General revenues							
Property taxes					994,534	-	994,534
Sales tax					3,239,580	-	3,239,580
County business surtax					78,814	-	78,814
County road tax, intangible tax, railroad/utility tax					104,489	-	104,489
Motor vehicle gas, license and sales taxes					292,581	-	292,581
Gross receipts tax					1,099,565	-	1,099,565
Investment revenue					81,505	95,759	177,264
FEMA storm damage					32,215	-	32,215
Miscellaneous					287,600	68,567	356,167
Transfers					475,000	(475,000)	-
					<u>6,685,883</u>	<u>(310,674)</u>	<u>6,375,209</u>
Change in net assets					3,053,152	884,173	3,937,325
Net assets beginning of year					21,186,949	25,059,200	46,246,149
Net assets end of year					\$ 24,240,101	\$ 25,943,373	\$ 50,183,474

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

City of Perryville, Missouri
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2012

	Major Funds					Total Governmental Funds
	General	Perry Park Center	Capital Improvement	Debt Service	Non-Major Funds	
ASSETS						
Cash (notes A5 and B)	\$ 477,830	\$ 9,322	\$ 2,650,278	\$ 944,379	\$ 3,010,434	\$ 7,092,243
Receivables, net of allowances for doubtful accounts:						
Real estate and personal property taxes (notes A6 and C)	21,222	9,953	-	13,878	-	45,053
Sales and use tax	138,238	23,559	51,839	-	69,119	282,755
Intergovernmental	-	-	-	-	24,507	24,507
Accounts receivable	53,449	-	-	-	-	53,449
Due from other funds	250	-	-	-	-	250
Restricted cash and investments (notes A5 and B)	85,323	-	-	-	-	85,323
Prepaid expenses	122,434	27,178	-	-	22,092	171,704
	<u>\$ 898,746</u>	<u>\$ 70,012</u>	<u>\$ 2,702,117</u>	<u>\$ 958,257</u>	<u>\$ 3,126,152</u>	<u>\$ 7,755,284</u>
LIABILITIES						
Accounts payable	\$ 59,237	\$ 22,572	\$ -	\$ -	\$ 23,730	\$ 105,539
Payroll, sales tax and fringe benefits	174,173	47,153	-	-	24,079	245,405
Payables from restricted assets	-	-	31,061	33,427	-	64,488
Accrued interest	-	-	-	-	-	-
Deferred revenue - real estate and personal property taxes	21,222	9,953	-	13,878	-	45,053
	<u>254,632</u>	<u>79,678</u>	<u>31,061</u>	<u>47,305</u>	<u>47,809</u>	<u>460,485</u>
FUND BALANCES						
Nonspendable	132,444	27,178	-	-	22,092	181,714
Restricted	68,650	-	-	910,952	212,612	1,192,214
Committed	6,663	-	2,671,056	-	2,837,857	5,515,576
Assigned	-	-	-	-	5,782	5,782
Unassigned	436,357	(36,844)	-	-	-	399,513
	<u>644,114</u>	<u>(9,666)</u>	<u>2,671,056</u>	<u>910,952</u>	<u>3,078,343</u>	<u>7,294,799</u>
	<u>\$ 898,746</u>	<u>\$ 70,012</u>	<u>\$ 2,702,117</u>	<u>\$ 958,257</u>	<u>\$ 3,126,152</u>	<u>\$ 7,755,284</u>

City of Perryville, Missouri
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2012

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

Total fund balance - total governmental funds	\$	7,294,799
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	40,512,821
Less accumulated depreciation		18,163,264
		22,349,557
Long-term liabilities, including capital lease obligations, revenue bonds payable and general obligation bonds payable and certificates of participation are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.		
Capital lease obligations payable	\$	93,955
Revenue bonds payable		2,410,000
Certificates of participation (net of cash in reserve fund)		977,595
General obligation bonds payable		1,922,705
		5,404,255
Net assets of governmental activities	\$	24,240,101

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

City of Perryville, Missouri
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended March 31, 2012

	Major Funds					Total Governmental Funds
	General	Perry Park Center	Capital Improvement	Debt Service	Nonmajor Funds	
Revenues						
Taxes and special assessments	\$ 3,153,368	\$ 489,578	\$ 593,953	\$ 336,858	\$ 791,940	\$ 5,365,697
License and permits	55,546	-	-	-	-	55,546
Charges for services	727,123	413,063	-	716	-	1,140,902
Intergovernmental	749,628	17,372	56,836	56,498	1,536,313	2,416,647
Fines	93,032	-	-	-	-	93,032
Interest	7,289	503	30,997	7,506	35,210	81,505
Miscellaneous	58,337	43,227	-	-	51,802	153,366
Rental	2,530	58,670	-	-	73,035	134,235
	<u>4,846,853</u>	<u>1,022,413</u>	<u>681,786</u>	<u>401,578</u>	<u>2,488,300</u>	<u>9,440,930</u>
Expenditures						
General government	1,837,513	-	-	-	-	1,837,513
Public safety	2,170,722	-	-	-	-	2,170,722
Sanitation	589,826	-	-	-	-	589,826
Culture and recreation	-	1,741,344	-	-	74,704	1,816,048
Airport maintenance	-	-	-	-	52,632	52,632
Airport improvements	-	-	-	-	87,773	87,773
Streets and street improvements	-	-	-	-	644,809	644,809
Storm water	-	-	-	-	16,509	16,509
Debt service:						
Principal	20,000	-	250,000	215,000	-	485,000
Interest	50,041	-	136,109	127,921	-	314,071
Bond handling costs	1,600	-	9,678	9,021	-	20,299
Capital projects	3,713	-	-	2,492	1,241,458	1,247,663
	<u>4,673,415</u>	<u>1,741,344</u>	<u>395,787</u>	<u>354,434</u>	<u>2,117,885</u>	<u>9,282,865</u>
Excess (deficiency) of revenues over expenditures	173,438	(718,931)	285,999	47,144	370,415	158,065
Other financing sources (uses)						
Operating transfers in	800,000	720,100	-	-	341,105	1,861,205
Operating transfers out	(613,725)	(50,000)	(325,000)	-	(397,450)	(1,386,205)
	<u>186,275</u>	<u>670,100</u>	<u>(325,000)</u>	<u>-</u>	<u>(56,375)</u>	<u>475,000</u>
Net change in fund balance	359,713	(48,831)	(39,001)	47,144	314,040	633,065
Fund balance beginning of year	284,401	39,165	2,710,057	863,808	2,764,303	6,661,734
Fund balance end of year	\$ 644,114	\$ (9,666)	\$ 2,671,056	\$ 910,952	\$ 3,078,343	\$ 7,294,799

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

City of Perryville, Missouri
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year ended March 31, 2012

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

Net changes in fund balances - total governmental funds	\$ 633,065
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation	2,990,416
Capital assets disposed of are recognized in the statement of activities	(6,681)
Depreciation expense is recognized as an expense in the statement of net assets	(1,137,951)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds	485,000
Repayment of the principal portion of lease purchase obligations	89,424
Other	(121)
	\$ <u><u>3,053,152</u></u>

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

City of Perryville, Missouri
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 March 31, 2012

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
ASSETS			
Current assets			
Cash and investments	\$ 251,121	\$ 5,713,391	\$ 5,964,512
Accounts receivable, net of allowance for doubtful accounts	180,968	357,294	538,262
Due from other funds	-	38,745	38,745
Prepaid expenses	26,787	14,093	40,880
	458,876	6,123,523	6,582,399
Restricted cash and investments	1,307,146	1,162,191	2,469,337
Property, plant and equipment			
Plant and system improvements	29,618,593	9,804,303	39,422,896
Machinery and equipment	1,140,973	609,974	1,750,947
	30,759,566	10,414,277	41,173,843
Less accumulated depreciation	13,646,024	3,239,891	16,885,915
	17,113,542	7,174,386	24,287,928
Land	138,750	33,000	171,750
	17,252,292	7,207,386	24,459,678
Bond issue discount	55,171	57,980	113,151
	55,171	57,980	113,151
Total assets	19,073,485	14,551,080	33,624,565
LIABILITIES			
Current liabilities			
Accounts payable	\$ 14,775	\$ 368,459	\$ 383,234
Accrued liabilities	79,034	66,311	145,345
Due to other funds	38,995	-	38,995
Payables from restricted assets			
Current portion of revenue bonds payable	305,000	235,000	540,000
Current portion of certificates of participation	97,500	107,500	205,000
Accrued interest	39,922	48,630	88,552
Customer deposits	106,183	158,883	265,066
	681,409	984,783	1,666,192
Revenue bonds payable	1,300,000	2,395,000	3,695,000
Certificates of participation payable	1,116,250	1,203,750	2,320,000
	2,416,250	3,598,750	6,015,000
Total liabilities	3,097,659	4,583,533	7,681,192
Net assets			
Invested in capital assets, net of related debt	14,433,542	3,266,136	17,699,678
Restricted for:			
Debt service	1,307,146	1,162,191	2,469,337
Other	106,183	158,883	265,066
Unrestricted	128,955	5,380,337	5,509,292
	128,955	5,380,337	5,509,292
Total net assets	\$ 15,975,826	\$ 9,967,547	\$ 25,943,373

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

City of Perryville, Missouri
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended March 31, 2012

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 2,284,144	\$ 6,247,440	\$ 8,531,584
Operating expenses			
General operating expense	1,585,758	4,385,644	5,971,402
Depreciation and amortization	868,932	220,152	1,089,084
	<u>2,454,690</u>	<u>4,605,796</u>	<u>7,060,486</u>
Operating earnings (loss)	(170,546)	1,641,644	1,471,098
Nonoperating income (expense)			
Interest income	16,896	78,863	95,759
Intergovernmental income	77,937	-	77,937
Miscellaneous income	30,551	38,016	68,567
Interest expense	(156,011)	(198,177)	(354,188)
	<u>(30,627)</u>	<u>(81,298)</u>	<u>(111,925)</u>
Earnings (loss) before operating transfers	(201,173)	1,560,346	1,359,173
Other financing sources (uses)			
Operating transfers in	325,000	-	325,000
Operating transfers out	-	(800,000)	(800,000)
	<u>325,000</u>	<u>(800,000)</u>	<u>(475,000)</u>
CHANGE IN NET ASSETS	123,827	760,346	884,173
Net assets at beginning of year	<u>15,851,999</u>	<u>9,207,201</u>	<u>25,059,200</u>
Net assets at end of year	<u>\$ 15,975,826</u>	<u>\$ 9,967,547</u>	<u>\$ 25,943,373</u>

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

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2012

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities			
Cash received from customers	\$ 2,309,049	\$ 6,307,157	\$ 8,616,206
Cash received from other sources	28,153	9,283	37,436
Cash payments to suppliers	(644,452)	(3,977,045)	(4,621,497)
Cash payments to employees	(961,788)	(557,721)	(1,519,509)
Cash payments for other expenses	(16,472)	(2,250)	(18,722)
	<u>714,490</u>	<u>1,779,424</u>	<u>2,493,914</u>
Cash flows from noncapital financing activities			
Transfers in	325,000	-	325,000
Transfers out	-	(800,000)	(800,000)
Operating grants	77,937	-	77,937
	<u>402,937</u>	<u>(800,000)</u>	<u>(397,063)</u>
Cash flows from capital and related financing activities			
Debt service - interest payments	(156,011)	(198,177)	(354,188)
Debt service - principal payments	(397,500)	(327,500)	(725,000)
Acquisition and construction of capital assets	(866,431)	(73,451)	(939,882)
	<u>(1,419,942)</u>	<u>(599,128)</u>	<u>(2,019,070)</u>
Cash flows from investing activities			
Interest received	16,896	78,863	95,759
	<u>16,896</u>	<u>78,863</u>	<u>95,759</u>
Net increase in cash and cash equivalents	(285,619)	459,159	173,540
Cash and cash equivalents at beginning of year	1,843,886	6,416,423	8,260,309
Cash and cash equivalents at end of year	\$ <u>1,558,267</u>	\$ <u>6,875,582</u>	\$ <u>8,433,849</u>

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2012

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities			
Operating income (loss)	\$ (139,995)	\$ 1,679,660	\$ 1,539,665
Depreciation	868,932	220,152	1,089,084
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	24,409	60,927	85,336
(Increase) Decrease in prepaid expenses	(3,905)	(2,185)	(6,090)
Increase (Decrease) in accounts payable	(22,958)	(174,801)	(197,759)
Increase (Decrease) in accrued liabilities	(10,704)	(1,359)	(12,063)
Increase (Decrease) in customer deposits	3,964	653	4,617
Increase (Decrease) in restricted payables	(5,253)	(3,623)	(8,876)
	<u>\$ 714,490</u>	<u>\$ 1,779,424</u>	<u>\$ 2,493,914</u>

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Perryville, Missouri, was incorporated in 1856 under provisions of the State of Missouri.

The City operates by ordinance as a fourth class city under a Mayor – Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture – recreation, public improvements, planning and zoning and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

1. Reporting Entity

The financial statements present the City of Perryville, Missouri (the primary government). The City has determined, as defined by GASB Statement 14, that it has no component units which are required to be presented in this report.

2. Government-Wide and Fund Financial Accounting

Government-wide statements - The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of each fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

3. 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one – year availability period is used for revenue recognition for governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long – term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Perry Park Center Fund – The Perry Park Center Fund, a special revenue fund, is used to account for all of the revenues and expenditures related to the operation of the Perry Park Center.

Capital Improvement Sales Tax Fund – The Capital Improvement Sales Tax Fund, a special revenue fund, accounts for the City enacted sales tax and expenditures for principal and interest of the Capital Improvement Sales Tax Bonds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long – term debt principal, interest and related costs.

The City reports the following major proprietary funds:

Combined Waterworks and Sewer System (CWSS) – The CWSS fund accounts for the billing and collection of charges for water and sewer service for City residents. Revenues are used to pay for both the operating expenses and capital expenditures to maintain these services.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Gas Fund – The Gas Fund accounts for the billing and collection of charges for gas service for City residents. Revenues are used to pay for both the operating expenses and capital expenditures to maintain these services.

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

Additionally, the City reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

As permitted by accounting principles generally accepted in the United States of America, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its general government and proprietary operations.

4. Advance to Other Funds

Current portions of long – term interfund loans receivable (reported in “Due from” asset accounts) are considered “available spendable resources”.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

6. Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1, and are due and payable at that time. All unpaid taxes levied September 1, become delinquent January 1, of the following year. An allowance is established for delinquent taxes to the extent that their collectability is improbable.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end.

7. Accumulated Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the City's service. In the governmental funds, a liability of \$178,543 of accrued vacation leave at March 31, 2012, has been recorded. Proprietary funds accrue vacation leave in the period they are earned. For 2012, \$60,041 has been accrued for vacation leave in the enterprise funds.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

8. Amortization of Bond Expense

The cost of issuance of bonds is being amortized, on the straight – line method, over the life of the bonds.

9. Inventories

The City uses the consumption method to account for inventories for all funds. Under this method, the costs of inventories are expensed as supplies are used.

10. Capital Assets

Capital assets which include property, plant equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated.

In accordance with GASB Statement 34, general government infrastructure assets (streets, sidewalks, bridges) have been reported in the accompanying financial statements.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

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

Gas, water, sewer lines	40 – 50 years
Site improvements	10 – 20 years
Buildings	25 – 50 years
Furniture and equipment	3 – 10 years
Vehicles	5 – 10 years

11. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

13. Post – Employment Health Care Benefits

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus an administration fee is paid to the City's health care provider by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 19 months after the termination date. There is no associated cost to the City under this program, and there are currently no participants in the program.

14. Subsequent Events

The City has evaluated subsequent events through September 5, 2012, the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS

At March 31, 2012, the carrying amount of the City's deposits was \$16,823,820. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be 100% secured by collateral valued at market, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. The City's deposits at March 31, 2012 are not exposed to custodial credit risk.

NOTE C – PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes were levied August 16, 2011, for collection during this year. The tax rates assessed at the time were as follows:

City Revenue	\$.3576/100.00 assessed valuation
Park Maintenance	\$.1689/100.00 assessed valuation
Debt Service	\$.2400/100.00 assessed valuation

Real estate and personal property taxes outstanding at March 31, 2012, totaled \$45,053. The City recognizes this amount as deferred revenue.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2012 was as follows:

Governmental activities:	<u>Balance March 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2012</u>
Capital assets not being depreciated				
Land	\$ 2,425,060	\$ -	\$ -	\$ 2,425,060
Construction in progress	<u>1,005,004</u>	<u>-</u>	<u>902,555</u>	<u>102,449</u>
	3,430,064	-	902,555	2,527,509
Capital assets being depreciated				
Buildings	7,105,748	2,119,367	-	9,225,115
Improvements other than buildings	20,858,823	1,613,022	-	22,471,845
Machinery and equipment	5,324,917	160,582	26,273	5,459,226
Pool and bathhouse	<u>829,126</u>	<u>-</u>	<u>-</u>	<u>829,126</u>
	34,118,614	3,892,971	26,273	37,985,312
Less accumulated depreciation for				
Buildings	1,747,341	182,653	-	1,929,994
Improvements other than buildings	10,625,464	564,854	-	11,190,318
Machinery and equipment	4,036,184	374,655	19,592	4,391,247
Pool and bathhouse	<u>635,916</u>	<u>15,789</u>	<u>-</u>	<u>651,705</u>
	<u>17,044,905</u>	<u>1,137,951</u>	<u>19,592</u>	<u>18,163,264</u>
Capital assets being depreciated, net	<u>17,073,709</u>	<u>2,755,020</u>	<u>6,681</u>	<u>19,822,048</u>
Governmental activities capital assets, net	\$ <u>20,503,773</u>	\$ <u>2,755,020</u>	\$ <u>909,236</u>	\$ <u>22,349,557</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2012

NOTE D – CAPITAL ASSETS – Continued

	<u>Balance March 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2012</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 171,750	\$ -	\$ -	\$ 171,750
Construction in progress	<u>174,325</u>	<u>-</u>	<u>174,325</u>	<u>-</u>
	346,075	-	174,325	171,750
Capital assets being depreciated				
Buildings and improvements other than buildings	35,897,216	1,052,305	70,850	36,878,671
Machinery and equipment	<u>4,238,672</u>	<u>132,480</u>	<u>75,980</u>	<u>4,295,172</u>
	40,135,888	1,184,785	146,830	41,173,843
Less accumulated depreciation for				
Buildings and improvements other than buildings	14,379,776	959,365	1,689	15,337,452
Machinery and equipment	<u>1,510,436</u>	<u>114,007</u>	<u>75,980</u>	<u>1,548,463</u>
	<u>15,890,212</u>	<u>1,073,372</u>	<u>77,669</u>	<u>16,885,915</u>
Capital assets being depreciated, net	<u>24,245,676</u>	<u>111,413</u>	<u>69,161</u>	<u>24,287,928</u>
Business-type activities capital assets, net	<u>\$ 24,591,751</u>	<u>\$ 111,413</u>	<u>\$ 243,486</u>	<u>\$ 24,459,678</u>

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

Governmental activities:		
General government		\$ 100,481
Public safety		111,064
Sanitation		53,256
Airport		109,130
Culture and recreation		117,095
Streets and improvements		535,634
Capital projects		111,291
		<u>\$ 1,137,951</u>
Business-type activities:		
Major funds:		
Combined Waterworks and Sewerage System Fund		\$ 859,766
Gas Operation Fund		213,606
		<u>\$ 1,073,372</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE D – CAPITAL ASSETS – Continued

The City complied with the recording requirements for infrastructure assets as required by GASB 34. The foregoing note includes amounts for infrastructure asset cost and accumulated depreciation.

NOTE E – EXCESS OF EXPENDITURES OVER REVENUES IN INDIVIDUAL FUNDS

Following is a summary of individual funds where the expenditures exceed revenues:

	<u>Expenditures</u>	<u>Revenues</u>	<u>Difference</u>
Major Governmental Funds			
Perry Park Center	1,741,344	1,022,413	718,931
Nonmajor Governmental Funds			
Special Revenue Fund -			
Veterans Memorial Field Fund	74,704	43,132	31,572
Capital Project Fund -			
General Public Facilities Fund	8,355	140	8,215
Sabreliner Expansion Fund	1,213,834	1,127,365	86,469
2012 Downtown TIF Fund	9,822	-	9,822
Grand Ave Extension TIF Fund	9,447	-	9,447

NOTE F – LONG –TERM OBLIGATIONS

Following is a summary of bonds and notes payable transactions of the City for the year ended March 31, 2012:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Capital Leases</u>	<u>Certificates of Participation</u>	<u>Total</u>
Balance at April 1, 2011	\$ 2,137,705	\$ 7,420,000	\$ 183,379	\$ 3,840,000	\$ 13,581,084
Long - term obligations added	-	-	-	-	-
Long - term obligations retired	215,000	775,000	89,424	220,000	1,299,424
Balance at March 31, 2012	\$ 1,922,705	\$ 6,645,000	\$ 93,955	\$ 3,620,000	\$ 12,281,660

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2012

NOTE F – LONG –TERM OBLIGATIONS – Continued

Long – term obligations at March 31, 2012, are comprised of the following individual issues:

	<u>Total</u>	<u>Current Maturities</u>
Revenue Bonds:		
\$3,700,000 Natural Gas Revenue Bonds due in annual installments of \$235,000 to \$705,000 through July 1, 2019; interest at 4.70 to 5.30 percent	\$ 2,630,000	\$ 235,000
\$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds due in annual installments of \$305,000 to \$335,000 through July 1, 2016; interest at 5.625 percent	1,605,000	305,000
\$4,750,000 Capital Improvement Sales Tax Revenue Bonds due in annual installments of \$260,000 to \$350,000 through July 1, 2019; interest at 5.20 to 5.65 percent	2,410,000	260,000
Certificates of Participation		
\$2,620,000 Certificates of Participation, consist of term coupons of \$1,640,000 and serial coupons \$980,000, due in semi-annual installments of \$130,000 to \$480,000 through July 1, 2020; interest at 4.25 to 4.625 percent	1,730,000	130,000
\$1,150,000 Certificates of Participation, consist of term coupons due in semi-annual installments of \$75,000 to \$215,000 through July 1, 2019; interest at 4.35 to 4.85 percent	795,000	75,000
\$1,170,000 Certificate of Participation, consist of term coupons due in semi-annual installments of \$25,000 to \$235,000 through February 1, 2027; interest at 4.20 to 4.65 percent	1,095,000	25,000

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE F – LONG –TERM OBLIGATIONS – Continued

	<u>Total</u>	<u>Current Maturities</u>
General Obligation Bonds:		
\$4,110,000 General Obligation Improvement and Refunding Bonds due in annual installments of \$230,000 to \$340,000 through July 1, 2019; interest at 5.20 to 5.65 percent, net of partial defeasance of \$312,295	1,922,705	230,000
	<u>\$ 12,187,705</u>	<u>\$ 1,260,000</u>
Less current maturities	<u>1,260,000</u>	
	<u>\$ 10,927,705</u>	

Long-term debt is recorded in the financial statements by activity as follows:

	<u>Total</u>	<u>Current Maturities</u>
Governmental activities:		
\$4,750,000 Capital Improvement Sales Tax Revenue Bonds	\$ 2,410,000	\$ 260,000
\$4,110,000 General Obligation Improvement and Refunding Bonds	1,922,705	230,000
\$1,170,000 Certificates of Participation - Police Station	1,095,000	25,000
Capital lease obligations	<u>93,955</u>	<u>45,975</u>
	<u>\$ 5,521,660</u>	<u>\$ 560,975</u>
Business-type activities:		
\$3,700,000 Natural Gas Revenue Bonds	2,630,000	235,000
\$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds	1,605,000	305,000
\$2,620,000 Combined Waterworks, Sewerage System, and Gas Improvements, Certificates of Participation	1,730,000	130,000
\$1,150,000 Certificates of Participation - Gas Improvements	<u>795,000</u>	<u>75,000</u>
	<u>\$ 6,760,000</u>	<u>\$ 745,000</u>

During the year ended March 31, 2007, the City issued \$1,170,000 in Certificates of Participation Series 2007, to fund the construction of a new police station. Also, during 2007, the City issued \$1,150,000 in Certificates of Participation Series 2006 for expansion of the gas system.

During the year ended March 31, 2006, the City issued \$2,620,000 in Certificates of Participation Series 2005, to fund the improvement and extension of the City's water system and gas system. The proceeds from the Certificates of Participation are to be used to extend the water and sewer system and natural gas

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE F – LONG-TERM OBLIGATIONS – Continued

line replacement. During 2007, the City irrevocably placed in escrow \$315,000 to defease a portion of the 2005 Certificates of Participation.

The \$5,000,000 Combined Waterworks and Sewerage System Revenue Bonds issued in 1995 were issued to fund the City's Wastewater Treatment Plant improvements. The City is participating with the State of Missouri in the State Revolving Fund Program. Under this program, the proceeds from the City's bond issue are placed in a trustee financial institution. The City submits contractor estimates to the State as work progresses; the State must then approve the estimate and approve the release of funds from the City's bond proceeds at the trustee financial institution. The State as part of this program, then deposits an amount equivalent to seventy percent of the City's request in a debt service reserve account with the financial institution. This enables the City to construct the plant additions and improvements without having to pass the entire cost of the project to sewer customers. At March 31, 2012, the State had contributed \$1,123,500 to the debt service reserve account.

During the year ended March 31, 2001, the City issued \$4,750,000 in Capital Improvement Sales Tax Revenue Bonds Series 2000, to fund the improvement and extension of the City's water system, including but not limited to the construction of a new water treatment facility and the acquisition of land. The City is participating with the State of Missouri in the State Revolving Fund Program. The bonds will be repaid through a 3/8 of 1% sales tax levied by the City.

During the year ended March 31, 2001, the City issued \$4,110,000 in General Obligation Improvement and Refunding Bonds to fund the improvement and extension of the City's water system, including but not limited to the construction of a new water treatment facility and the acquisition of land. The City is participating with the State of Missouri in the State Revolving Fund Program. The bonds will be repaid through an annual levy on real and tangible property in the City.

At March 31, 2012, the State had contributed \$1,552,489 to the debt service reserve account for the Capital Improvement Sales Tax Revenue Bonds and the General Obligation Improvement Bonds.

During the year ended March 31, 2005, the City partially defeased the 2000 General Obligation Bonds issued through the State Revolving Fund. The City placed \$312,295 in an irrevocable escrow account to be invested in securities of the U.S Government and its agencies. The maturity of this investment coincides with a future maturity date of the bonds. The City completed the advance refunding to reduce its total debt service payments in future years.

Subsequent Event

On June 1, 2012, the City completed the issuance of Refunding Certificates of Participation 2012 which refinanced the City's outstanding Series 2005 and Series 2006 Certificates of Participation. As a result of the refinancing, the City anticipates a total debt service savings of \$116,394 over the life of the Certificates.

On June 1, 2012, the City completed the issuance of Natural Gas System Refunding Revenue Bonds Series 2012 which refinanced the City's Natural Gas Revenue Bonds outstanding. As a result of the refinancing, the City anticipates a total debt service savings of \$188,432 over the life of the Revenue Bonds.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2012

NOTE F – LONG-TERM OBLIGATIONS – Continued

Capital Lease Obligations Payable

During the year ended March 31, 2010, the City entered into a lease purchase agreement to purchase police vehicles. The lease has been treated as a capital lease and is recorded in the governmental funds. Also, during the year ended March 31, 2010, the City entered into a lease purchase agreement to purchase sanitation trucks. The lease has been treated as a capital lease and is recorded in the governmental funds.

During the year ended March 31, 2006, the City entered into a lease purchase agreement for a fire pumper truck. The lease has been treated as a capital lease and is recorded in the governmental funds. Also, during the year ended March 31, 2006, the City entered into a lease purchase agreement for a City Hall building. The lease has been treated as a capital lease and is recorded in the governmental funds.

The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the minimum lease payments as of March 31, 2012.

<u>Year Ending March 31</u>		
2013	\$	50,071
2014		<u>50,071</u>
Total minimum lease payments		100,142
Less amount representing interest		<u>6,187</u>
Present value of net minimum lease payments	\$	<u><u>93,955</u></u>
Current portion	\$	45,975
Long - term portion		<u>47,980</u>
	\$	<u><u>93,955</u></u>

Five year current maturities of long-term obligations are as follows.

<u>Year Ending March 31,</u>		
2013	\$	1,305,975
2014		1,352,980
2015		1,370,000
2016		1,390,000
2017		1,445,000
2018 and later		<u>5,417,705</u>
	\$	<u><u>12,281,660</u></u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2012

NOTE G – PENSION PLAN

1. Plan Description

The City of Perryville 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 state 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 401(a) 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.

2. Funding Status

The City of Perryville’s full – time employees do not contribute to the pension plan. The June 30th statutorily required contribution rates were 11.9% (General) and 13.2% (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.

3. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

For 2011, the political subdivision’s annual pension cost and net pension obligation were as follows:

Annual required contribution	\$ 523,059
Interest on net pension obligation	2,245
Adjustment to annual required contribution	<u>(1,605)</u>
Annual pension cost	523,699
Actual contributions	<u>406,940</u>
Increase (decrease) in NPO	116,759
NPO beginning of year	<u>29,936</u>
NPO end of year	<u><u>\$ 146,695</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre – retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post – retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 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.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE G – PENSION PLAN – Continued

The amortization period as of February 28, 2009 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 30 years for the General Division and 30 years for the Police division.

Three - Year Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	335,830	100.0%	-
2010	383,797	92.2%	29,936
2011	523,699	77.7%	146,695

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/28/2009	6,142,680	8,107,963	1,965,283	76%	3,137,179	63%
2/28/2010	7,017,991	9,650,722	2,632,731	73%	3,420,220	77%
2/28/2011	7,505,518	10,066,041	2,560,523	75%	3,445,072	74%

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, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

NOTE H – INTEREST EXPENSE

Interest cost totaling \$668,260, was incurred during the year ended March 31, 2012. No interest was capitalized as part of the cost of assets constructed during the period.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2012

NOTE I – CLASSIFICATION OF FUND BALANCE AND RETAINED EARNINGS

In accordance with Governmental Accounting Standards Board Statement No. 54, the City has classified fund balances in to the following categories:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted Fund Balance – Includes amounts that are restricted to a specific purpose because of restrictions by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – Includes amounts the can only be used for a specific purposes pursuant to constraints imposed by formal actions of the government’s highest level of decision-making authority (Board of Aldermen). Amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action it employed to previous commit the amounts.

Assigned Fund Balance – Includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, includes amounts can be assigned the intent to be used for a specific purpose by the Board of Aldermen or a city official authorized by the Board of Aldermen. Amounts reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance – Includes the residual classification for the general fund, fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Negative fund balances in other governmental funds are reported as unassigned.

Order of Usage – Unless specifically identified, expenditures will reduce related restricted balances first, and then related committed balance, related assigned balances and unassigned balances. Expenditures for a specifically identified purpose will reduce the specific classification of fund balance that is identified.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

NOTE I – CLASSIFICATION OF FUND BALANCE AND RETAINED EARNINGS – Continued

The City's governmental fund balances and reserved retained earnings at March 31, 2012, as follows.

Fund Balances	General Fund	Perry Park Center Fund	Capital Improvement Fund	Debt Service Fund	Non-Major Funds	Combined Waterworks and Sewerage System Fund	Gas Operation Fund
Nonspendable							
Prepaid expenses	\$ 122,434	\$ 27,178	\$ -	\$ -	\$ 22,092	\$ -	\$ -
CATV franchise fees	10,010	-	-	-	-	-	-
Restricted							
2007 certificate of participation	67,305	-	-	910,952	-	-	-
Municipal court	923	-	-	-	-	-	-
Crime victims compensation fund	417	-	-	-	-	-	-
Taxes paid under protest	5	-	-	-	-	-	-
Perry park escrow fund	-	-	-	-	140,088	-	-
Veterans memorial field fund	-	-	-	-	72,524	-	-
Committed							
Debt service	-	-	2,671,056	-	-	-	-
Judicial education fund	802	-	-	-	-	-	-
Domestic shelter	181	-	-	-	-	-	-
Police training	393	-	-	-	-	-	-
Inmate security	5,287	-	-	-	-	-	-
Street improvement	-	-	-	-	1,265,801	-	-
Transportation trust	-	-	-	-	1,572,056	-	-
Assigned							
General public facilities funds	-	-	-	-	5,782	-	-
Unassigned	436,357	(36,844)	-	-	-	-	-
Retained earnings							
Reserved for debt service	-	-	-	-	-	1,307,146	1,162,191
Reserved for deposits	-	-	-	-	-	106,183	158,883
	<u>\$ 644,114</u>	<u>\$ (9,666)</u>	<u>\$ 2,671,056</u>	<u>\$ 910,952</u>	<u>\$ 3,078,343</u>	<u>\$ 1,413,329</u>	<u>\$ 1,321,074</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2012

NOTE J – OPERATING TRANSFERS

The City makes transfers between various funds for routine and normal operating expenses. Operating transfers for the year ended March 31, 2012 were as follows.

Transfer To	Transfer From								Total
	General Fund	Transportation Trust Fund	Capital Improvement Sales Tax Fund	Perry Park Center Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Gas Operation Fund		
Major Governmental Funds									
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ -	\$ 800,000
Perry Park Center Fund	590,000	-	-	-	130,100	-	-	-	720,100
Nonmajor Gov. Funds									
Street Improvement Fund	-	250,000	-	-	-	-	-	-	250,000
Perry Park Center Escrow Fund	-	-	-	50,000	-	17,380	-	-	67,380
General Public Facilities Fund	-	-	-	-	-	-	-	-	-
Sabreliner Expansion Fund	4,456	-	-	-	-	-	-	-	4,456
2012 Downtown TIF Fund	9,822	-	-	-	-	-	-	-	9,822
Grand Ave Extension TIF Fund	9,447	-	-	-	-	-	-	-	9,447
Major Enterprise Funds									
Combined Waterworks and Sewerage Fund	-	-	325,000	-	-	-	-	-	325,000
Total	\$ 613,725	\$ 250,000	\$ 325,000	\$ 50,000	\$ 130,100	\$ 17,380	\$ 800,000	\$ -	\$ 2,186,205

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

As of March 31, 2012, the City had \$38,745 due from the Combined Waterworks and Sewer System Fund to the Gas Fund and \$250 due from the Combined Waterworks and Sewer System Fund to the General Fund.

NOTE L– SEGMENT INFORMATION

Significant financial data for activities of enterprise funds are shown below.

The types of services provided by each fund are stated below.

Combined Waterworks and Sewerage System Fund – Provides water and sewer services for City residents.

Gas Operation Fund – Provides natural gas for City residents.

Segment information is shown below.

CONDENSED STATEMENT OF NET ASSETS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
ASSETS			
Current assets	\$ 458,876	\$ 6,123,523	\$ 6,582,399
Restricted assets	1,307,146	1,162,191	2,469,337
Capital assets	17,252,292	7,207,386	24,459,678
Other assets	55,171	57,980	113,151
Total assets	<u>19,073,485</u>	<u>14,551,080</u>	<u>33,624,565</u>
LIABILITIES			
Current liabilities	132,804	434,770	567,574
Liabilities payable from restricted assets	548,605	550,013	1,098,618
Bonds, notes payable, and other long-term liabilities	2,416,250	3,598,750	6,015,000
Total liabilities	<u>3,097,659</u>	<u>4,583,533</u>	<u>7,681,192</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,433,542	3,266,136	17,699,678
Restricted for			
Debt service	1,307,146	1,162,191	2,469,337
Other	106,183	158,883	265,066
Unrestricted	128,955	5,380,337	5,509,292
Total net assets	<u>\$ 15,975,826</u>	<u>\$ 9,967,547</u>	<u>\$ 25,943,373</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2012

NOTE L – SEGMENT INFORMATION – Continued

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Operating revenues	\$ 2,284,144	\$ 6,247,440	\$ 8,531,584
Depreciation and amortization	(868,932)	(220,152)	(1,089,084)
Other operating expenses	<u>(1,585,758)</u>	<u>(4,385,644)</u>	<u>(5,971,402)</u>
Operating income (loss)	(170,546)	1,641,644	1,471,098
Nonoperating income (expenses)			
Interest income	16,896	78,863	95,759
Intergovernmental income	77,937	-	77,937
Miscellaneous income	30,551	38,016	68,567
Interest expense	<u>(156,011)</u>	<u>(198,177)</u>	<u>(354,188)</u>
	(30,627)	(81,298)	(111,925)
Transfers in	325,000	-	325,000
Transfers out	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>
Change in net assets	123,827	760,346	884,173
Net assets at beginning of year	15,851,999	9,207,201	25,059,200
Net assets at end of year	<u>\$ 15,975,826</u>	<u>\$ 9,967,547</u>	<u>\$ 25,943,373</u>
CONDENSED STATEMENT OF CASH FLOWS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Net cash provided (used) by:			
Operating activities	\$ 714,490	\$ 1,779,424	\$ 2,493,914
Noncapital financing activities	402,937	(800,000)	(397,063)
Capital and related financing activities	(1,419,942)	(599,128)	(2,019,070)
Investing activities	<u>16,896</u>	<u>78,863</u>	<u>95,759</u>
	(285,619)	459,159	173,540
Cash and cash equivalents at beginning of year	<u>1,843,886</u>	<u>6,416,423</u>	<u>8,260,309</u>
Cash and cash equivalents at end of year	<u>\$ 1,558,267</u>	<u>\$ 6,875,582</u>	<u>\$ 8,433,849</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year ended March 31, 2012

<u>General Revenue Fund</u>	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and special assessments				
Real estate and personal property taxes	\$ 432,227	\$ 432,227	\$ 464,100	\$ 31,873
Railroad and utility tax	1,800	1,800	1,345	(455)
Gross receipts tax	1,100,000	1,100,000	1,099,565	(435)
Intangible tax	1,000	1,000	4,472	3,472
Sales tax	1,500,000	1,500,000	1,602,045	102,045
Tax under protest	500	500	5	(495)
	<u>3,035,527</u>	<u>3,035,527</u>	<u>3,171,532</u>	<u>136,005</u>
License and permits				
City vehicle licenses	20,000	20,000	21,137	1,137
Occupational licenses	15,000	15,000	17,670	2,670
Liquor licenses	9,500	9,500	10,250	750
Mobile home licenses	1,000	1,000	900	(100)
Building and other permits	3,500	3,500	5,589	2,089
	<u>49,000</u>	<u>49,000</u>	<u>55,546</u>	<u>6,546</u>
Charges for services				
Fees and services	15,500	15,500	15,633	133
Residential trash pickup	235,000	235,000	585,669	350,669
Commercial trash pickup	24,000	24,000	49,325	25,325
Penalties	800	800	918	118
Cable TV franchise fees	45,000	45,000	47,335	2,335
	<u>320,300</u>	<u>320,300</u>	<u>698,880</u>	<u>378,580</u>
Intergovernmental				
Road district contributions	90,000	90,000	97,132	7,132
Police grants	2,025	2,025	-	(2,025)
Fire training academy	2,500	2,500	-	(2,500)
FEMA storm damage	-	-	6,874	6,874
Wabash grant	-	-	2,425	2,425
Law enforcement grant	121,275	121,275	99,448	(21,827)
CDBG/TG electric	500,000	500,000	500,000	-
ARRA light upgrade	-	-	4,705	4,705
MoDot highway safety grant	400	400	637	237
Dept of conservation fire grant	-	-	1,627	1,627
County business surtax	35,000	35,000	36,780	1,780
	<u>751,200</u>	<u>751,200</u>	<u>749,628</u>	<u>(1,572)</u>
Fines				
Court fines, costs and police training fund	104,900	104,900	86,160	(18,740)
Inmate security fund	1,000	1,000	1,079	79
Crime victim compensation	5,000	5,000	3,972	(1,028)
Restitution fund	1,500	1,500	1,681	181
Parking tickets	250	250	140	(110)
	<u>112,650</u>	<u>112,650</u>	<u>93,032</u>	<u>(19,618)</u>
Interest	3,600	3,600	7,289	3,689
Miscellaneous				
Miscellaneous	44,000	44,000	56,335	12,335
Donations	4,500	4,500	2,000	(2,500)
	<u>48,500</u>	<u>48,500</u>	<u>58,335</u>	<u>9,835</u>
Rental	2,760	2,760	2,530	(230)
Total revenues	4,323,537	4,323,537	4,836,772	513,235

City of Perryville, Missouri
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year ended March 31, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<u>General Revenue Fund - Continued</u>				
Expenditures				
General Government				
Mayor and board	156,577	156,577	157,759	(1,182)
City administrators office	134,427	134,427	133,054	1,373
Clerk/Finance	397,337	397,337	390,376	6,961
Municipal court	91,617	91,617	82,096	9,521
Community development	165,349	165,349	231,319	(65,970)
General services	250,132	250,132	234,728	15,404
Port authority/Economic development	73,960	73,960	74,032	(72)
Cable access/Levee district	29,600	29,600	28,616	984
Industrial park administration	-	-	6,502	(6,502)
ARRA light upgrade	-	-	4,194	(4,194)
CDBG/TG electric	500,000	500,000	487,147	12,853
	<u>1,798,999</u>	<u>1,798,999</u>	<u>1,829,823</u>	<u>(30,824)</u>
Public Safety				
Police department	1,981,122	1,981,122	1,915,287	65,835
Law enforcement grant	121,275	121,275	91,563	29,712
Fire department	199,965	199,965	163,610	36,355
	<u>2,302,362</u>	<u>2,302,362</u>	<u>2,170,460</u>	<u>131,902</u>
Sanitation				
Refuse collection and disposal	623,480	623,480	594,330	29,150
Debt Service				
Principal and interest payments	72,318	72,318	71,641	677
Capital projects				
	<u>-</u>	<u>-</u>	<u>3,713</u>	<u>(3,713)</u>
Total expenditures	<u>4,797,159</u>	<u>4,797,159</u>	<u>4,669,967</u>	<u>127,192</u>
Excess (deficiency) of revenues over expenditures	<u>(473,622)</u>	<u>(473,622)</u>	<u>166,805</u>	<u>640,427</u>
Other financing sources (uses)				
Operating transfers in	1,172,101	1,172,101	800,000	(372,101)
Operating transfers out	(698,479)	(709,401)	(613,725)	95,676
	<u>473,622</u>	<u>462,700</u>	<u>186,275</u>	<u>(276,425)</u>
Net change in fund balance	<u>-</u>	<u>(10,922)</u>	<u>353,080</u>	<u>364,002</u>
Fund balance at beginning of year	<u>256,147</u>	<u>256,147</u>	<u>256,147</u>	<u>-</u>
Fund balance at end of year	<u>\$ 256,147</u>	<u>\$ 245,225</u>	<u>\$ 609,227</u>	<u>\$ 364,002</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - PERRY PARK CENTER FUND
Year ended March 31, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	\$ 204,000	\$ 204,000	\$ 219,136	\$ 15,136
Railroad and utility tax	775	775	636	(139)
Sales tax	260,000	260,000	272,252	12,252
	<u>464,775</u>	<u>464,775</u>	<u>492,024</u>	<u>27,249</u>
Charges for services				
Concessions and vending machines	66,500	66,500	54,369	(12,131)
Tournament and sports fees	60,500	60,500	59,190	(1,310)
Admission fees and passes	333,500	333,500	295,725	(37,775)
Arcade, fun club and senior olympics	4,500	4,500	3,779	(721)
	<u>465,000</u>	<u>465,000</u>	<u>413,063</u>	<u>(51,937)</u>
Intergovernmental				
County business surtax	15,000	15,000	17,372	2,372
Interest				
	150	150	503	353
Miscellaneous				
	26,450	26,450	43,168	16,718
Rental				
Library lease	27,000	27,000	24,750	(2,250)
Theater rent	12,000	12,000	13,298	1,298
Pool and gymnasium	8,000	8,000	11,152	3,152
Pavilions, ball fields, community center, meeting room	8,200	8,200	9,470	1,270
	<u>55,200</u>	<u>55,200</u>	<u>58,670</u>	<u>3,470</u>
Total revenues	<u>1,026,575</u>	<u>1,026,575</u>	<u>1,024,800</u>	<u>(1,775)</u>
Expenditures				
Leagues	116,115	116,115	88,648	27,467
Administration	506,157	506,157	492,477	13,680
Community center maintenance	8,750	8,750	7,791	959
Fitness center	22,765	22,765	14,981	7,784
Activities and marketing	62,085	62,085	60,642	1,443
Maintenance and housekeeping	366,436	366,436	406,884	(40,448)
Park maintenance	269,555	269,555	295,369	(25,814)
Performing arts center	59,615	59,615	54,733	4,882
Pool	195,247	195,247	181,939	13,308
Park center operations	142,329	142,329	127,347	14,982
Total expenditures	<u>1,749,054</u>	<u>1,749,054</u>	<u>1,730,811</u>	<u>18,243</u>
Excess (deficiency) of revenues over expenditures	<u>(722,479)</u>	<u>(722,479)</u>	<u>(706,011)</u>	<u>16,468</u>
Other financing sources (uses)				
Operating transfers in	799,479	809,579	720,100	(89,479)
Operating transfers out	(50,000)	(50,000)	(50,000)	-
	<u>749,479</u>	<u>759,579</u>	<u>670,100</u>	<u>(89,479)</u>
Net change in fund balance	<u>27,000</u>	<u>37,100</u>	<u>(35,911)</u>	<u>(73,011)</u>
Fund balance at beginning of year	<u>36,905</u>	<u>36,905</u>	<u>36,905</u>	<u>-</u>
Fund balance at end of year	<u>\$ 63,905</u>	<u>\$ 74,005</u>	<u>\$ 994</u>	<u>\$ (73,011)</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT SALES TAX FUND
Year ended March 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and special assessments				
Sales tax	\$ 570,000	\$ 570,000	\$ 600,764	\$ 30,764
Interest	30,000	30,000	30,997	997
	<u>600,000</u>	<u>600,000</u>	<u>631,761</u>	<u>31,761</u>
Expenditures				
Debt service				
Principal	250,000	250,000	257,500	(7,500)
Interest	110,000	110,000	80,065	29,935
Bond handling charges	11,000	11,000	9,677	1,323
	<u>371,000</u>	<u>371,000</u>	<u>347,242</u>	<u>23,758</u>
Excess (deficiency) of revenues over expenditures	229,000	229,000	284,519	55,519
Other financing sources (uses)				
Operating transfers in	96,000	96,000	-	(96,000)
Operating transfers out	(325,000)	(325,000)	(325,000)	-
	<u>(229,000)</u>	<u>(229,000)</u>	<u>(325,000)</u>	<u>(96,000)</u>
Net change in fund balance	-	-	(40,481)	(40,481)
Fund balance at beginning of year	<u>2,692,118</u>	<u>2,692,118</u>	<u>2,692,118</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,692,118</u>	<u>\$ 2,692,118</u>	<u>\$ 2,651,637</u>	<u>\$ (40,481)</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
Year ended March 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	\$ 285,000	\$ 285,000	\$ 311,271	\$ 26,271
Railroad and utility tax	1,000	1,000	903	(97)
	<u>286,000</u>	<u>286,000</u>	<u>312,174</u>	<u>26,174</u>
Intergovernmental				
County business surtax	20,000	20,000	24,684	4,684
	<u>20,000</u>	<u>20,000</u>	<u>24,684</u>	<u>4,684</u>
Charges for services				
Penalties	500	500	716	216
Interest				
	4,800	4,800	7,506	2,706
Total revenues	<u>311,300</u>	<u>311,300</u>	<u>345,080</u>	<u>33,780</u>
Expenditures				
Debt service				
Principal	215,000	215,000	226,250	(11,250)
Interest	110,000	110,000	70,496	39,504
Bond handling charges	11,000	11,000	9,021	1,979
Other	-	-	2,492	(2,492)
	<u>336,000</u>	<u>336,000</u>	<u>308,259</u>	<u>27,741</u>
Excess (deficiency) of revenues over expenditures	<u>(24,700)</u>	<u>(24,700)</u>	<u>36,821</u>	<u>61,521</u>
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(24,700)</u>	<u>(24,700)</u>	<u>36,821</u>	<u>61,521</u>
Fund balance at beginning of year	<u>847,497</u>	<u>847,497</u>	<u>847,497</u>	<u>-</u>
Fund balance at end of year	<u>\$ 822,797</u>	<u>\$ 822,797</u>	<u>\$ 884,318</u>	<u>\$ 61,521</u>

City of Perryville, Missouri
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liabilty (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/28/2009	6,142,680	8,107,963	1,965,283	76%	3,137,179	63%
2/28/2010	7,017,991	9,650,722	2,632,731	73%	3,420,220	77%
2/28/2011	7,505,518	10,066,041	2,560,523	75%	3,445,072	74%

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, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

City of Perryville, Missouri
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
March 31, 2012

NOTE A – BUDGETARY PROCESS

The reported budgetary data represent the final approved budget after amendments as adopted by the Board of Aldermen. Amendments to the original budget were not material.

The City adopts annual operating budgets for all funds. The City's policy is to prepare the governmental fund types' annual budgets on a cash basis. The City also prepares annual operating budgets for the enterprise funds; however, there is no requirement to report on these budgets. Therefore, the financial statements include a comparison of budget to actual only for the budgeted governmental funds.

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

1. Prior to February 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of an ordinance.
4. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
5. Formal budgetary integration is employed as a management control device during the year for all funds.

City of Perryville, Missouri
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Continued
 March 31, 2012

NOTE B – BUDGETING AND BUDGETARY CONTROL

The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles. The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures from the budgetary-basis statement.

	<u>General Fund</u>	<u>Perry Park Center Fund</u>	<u>Capital Improvement Sales Tax Fund</u>	<u>Debt Service Fund</u>
Excess of revenue and other financing sources over expenditures and other financing uses - budgetary basis	\$ 353,080	\$ (35,911)	\$ (40,481)	\$ 36,821
Adjustments				
To record accrual and deferral of revenues	10,081	(2,387)	50,025	56,498
To record accrual of expenditures	<u>(3,448)</u>	<u>(10,533)</u>	<u>(48,545)</u>	<u>(46,175)</u>
 Net change in fund balance - GAAP basis	 <u>359,713</u>	 <u>(48,831)</u>	 <u>(39,001)</u>	 <u>47,144</u>

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to be used for specified purposes.

Street Improvement Fund – This fund is used to account for state gasoline, vehicle sales tax and vehicle license fees received for major street improvements.

Transportation Trust Fund – This fund is used to account for the transportation sales tax received by the city. Funds are expended for street maintenance, airport maintenance and stormwater and sidewalks.

Perry Park Center Escrow Fund – This fund is used to account for revenues received on the escrow account held for Perry Park Center Improvements.

Veterans Memorial Field Fund – This fund is used to account for grants and donations received for work on the Veterans Memorial ball field.

CAPITAL PROJECT FUNDS – Capital project funds are used to account for the financial resources segregated for the acquisition of major capital facilities other than those financed by enterprise funds.

General Public Facilities Fund – This fund is used to account for improvements to general public facilities. During the current year, expenditures included storm drainage, industrial park and other general public facilities.

Sabreliner Expansion Fund – This fund is used to account for additions and improvements to the Perryville Municipal Airport public improvement project.

2012 Downtown TIF Fund – This fund is used to account for financial resources allocated to the “Redevelopment Plan for the Downtown Tax Increment Financing District, Perryville, Missouri, 2012”. During the current year, expenditures included the administration cost for the creation of this TIF.

Grand Avenue Extension TIF Fund – This fund is used to account for financial resources allocated to the “Redevelopment Plan for the I-55/Perryville Boulevard Tax Increment Financing District, Perryville, Missouri, 2012”. During the current year, expenditures included the administration cost for the creation of this TIF.

City of Perryville, Missouri
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 March 31, 2012

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 3,004,652	\$ 5,782	\$ 3,010,434
Receivables, net of allowances for doubtful accounts:			
Sales and use tax	69,119	-	69,119
Intergovernmental	24,507	-	24,507
Prepaid expenses	22,092	-	22,092
	\$ 3,120,370	\$ 5,782	\$ 3,126,152
LIABILITIES AND FUND BALANCE			
Accounts payable	\$ 23,730	\$ -	\$ 23,730
Payroll, sales tax and fringe benefits	24,079	-	24,079
	47,809	-	47,809
Fund balance:			
Nonspendable	22,092	-	22,092
Restricted	212,612	-	212,612
Committed	2,837,857	-	2,837,857
Assigned	-	5,782	5,782
	3,072,561	5,782	3,078,343
	\$ 3,120,370	\$ 5,782	\$ 3,126,152

City of Perryville, Missouri
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended March 31, 2012

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes and special assessments	\$ 791,940	\$ -	\$ 791,940
Intergovernmental	423,659	1,112,654	1,536,313
Interest	34,633	577	35,210
Miscellaneous	37,528	14,274	51,802
Rental	73,035	-	73,035
	<u>1,360,795</u>	<u>1,127,505</u>	<u>2,488,300</u>
Expenditures			
Airport maintenance	52,632	-	52,632
Airport improvements	87,773	-	87,773
Streets and street improvements	644,809	-	644,809
Storm water	16,509	-	16,509
Culture and recreation	74,704	-	74,704
Capital improvements	-	1,241,458	1,241,458
	<u>876,427</u>	<u>1,241,458</u>	<u>2,117,885</u>
Excess (deficiency) of revenues over expenditures	484,368	(113,953)	370,415
Other financing sources (uses)			
Operating transfers in	317,380	23,725	341,105
Operating transfers out	(397,480)	-	(397,480)
	<u>(80,100)</u>	<u>23,725</u>	<u>(56,375)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	404,268	(90,228)	314,040
Fund balance beginning of year	<u>2,668,293</u>	<u>96,010</u>	<u>2,764,303</u>
Fund balance end of year	<u><u>\$ 3,072,561</u></u>	<u><u>\$ 5,782</u></u>	<u><u>\$ 3,078,343</u></u>

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 March 31, 2012

	Street Improvement Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash	\$ 1,241,294	\$ 1,550,470	\$ 140,088	\$ 72,800	\$ 3,004,652
Receivables, net of allowance for doubtful accounts:					
Sales and use	-	69,119	-	-	69,119
Intergovernmental	24,507	-	-	-	24,507
Prepaid insurance	-	22,092	-	-	22,092
	<u>\$ 1,265,801</u>	<u>\$ 1,641,681</u>	<u>\$ 140,088</u>	<u>\$ 72,800</u>	<u>\$ 3,120,370</u>
LIABILITIES AND FUND BALANCE					
Accounts payable	\$ -	\$ 23,454	\$ -	\$ 276	\$ 23,730
Payroll taxes and fringe benefits	-	24,079	-	-	24,079
	<u>-</u>	<u>47,533</u>	<u>-</u>	<u>276</u>	<u>47,809</u>
Fund Balance					
Nonspendable		22,092			22,092
Restricted	-	-	140,088	72,524	212,612
Committed	1,265,801	1,572,056	-	-	2,837,857
	<u>1,265,801</u>	<u>1,594,148</u>	<u>140,088</u>	<u>72,524</u>	<u>3,072,561</u>
	<u>\$ 1,265,801</u>	<u>\$ 1,641,681</u>	<u>\$ 140,088</u>	<u>\$ 72,800</u>	<u>\$ 3,120,370</u>

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
 March 31, 2012

	General Public Facilities Fund	Sabreliner Expansion Fund	2012 Downtown TIF Fund	Grand Ave Extension TIF Fund	Total Nonmajor Capital Project Funds
ASSETS					
Cash	\$ 5,782	\$ -	\$ -	\$ -	\$ 5,782
	<u>\$ 5,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,782</u>
LIABILITIES AND FUND BALANCE					
Fund balance - Assigned	\$ 5,782	\$ -	\$ -	\$ -	\$ 5,782
	<u>\$ 5,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,782</u>

City of Perryville, Missouri
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2012

	Street Improvement Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Total Nonmajor Special Revenue Funds
Revenues					
Taxes and special assessments	\$ -	\$ 791,940	\$ -	\$ -	\$ 791,940
Intergovernmental	317,188	90,834	-	15,637	423,659
Interest	10,750	20,019	2,755	1,109	34,633
Rental	-	73,035	-	-	73,035
Miscellaneous	-	11,142	-	26,386	37,528
	<u>327,938</u>	<u>986,970</u>	<u>2,755</u>	<u>43,132</u>	<u>1,360,795</u>
Expenditures					
Airport maintenance	-	52,632	-	-	52,632
Airport Improvements	-	87,773	-	-	87,773
Streets and street improvements	24,607	620,202	-	-	644,809
Stormwater	-	16,509	-	-	16,509
Culture and recreation	-	-	-	74,704	74,704
	<u>24,607</u>	<u>777,116</u>	<u>-</u>	<u>74,704</u>	<u>876,427</u>
Excess (deficiency) of revenues over expenditures	303,331	209,854	2,755	(31,572)	484,368
Other financing sources (uses)					
Operating transfers in	250,000	-	50,000	17,380	317,380
Operating transfers out	-	(250,000)	(130,100)	(17,380)	(397,480)
	<u>250,000</u>	<u>(250,000)</u>	<u>(80,100)</u>	<u>-</u>	<u>(80,100)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	553,331	(40,146)	(77,345)	(31,572)	404,268
Fund balance at beginning of year	712,470	1,634,294	217,433	104,096	2,668,293
Fund balance at end of year	\$ <u>1,265,801</u>	\$ <u>1,594,148</u>	\$ <u>140,088</u>	\$ <u>72,524</u>	\$ <u>3,072,561</u>

City of Perryville, Missouri
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2012

	General Public Facilities Fund	Sabreliner Expansion Fund	2012 Downtown TIF Fund	Grand Ave Extension TIF Fund	Total Nonmajor Capital Project Funds
Revenues					
Intergovernmental	\$ -	\$ 1,112,654	\$ -	\$ -	\$ 1,112,654
Interest	140	437	-	-	577
Miscellaneous	-	14,274	-	-	14,274
	<u>140</u>	<u>1,127,365</u>	<u>-</u>	<u>-</u>	<u>1,127,505</u>
Expenditures					
Capital projects	<u>8,355</u>	<u>1,213,834</u>	<u>9,822</u>	<u>9,447</u>	<u>1,241,458</u>
	8,355	1,213,834	9,822	9,447	1,241,458
Excess (deficiency) of revenues over expenditures	(8,215)	(86,469)	(9,822)	(9,447)	(113,953)
Other financing sources (uses)					
Operating transfers in	-	4,456	9,822	9,447	23,725
Operating transfers out	-	-	-	-	-
	<u>-</u>	<u>4,456</u>	<u>9,822</u>	<u>9,447</u>	<u>23,725</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,215)	(82,013)	-	-	(90,228)
Fund balance at beginning of year	<u>13,997</u>	<u>82,013</u>	<u>-</u>	<u>-</u>	<u>96,010</u>
Fund balance at end of year	<u>\$ 5,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,782</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Street Improvement Fund</u>			
Revenues			
CDBG grant/Ind park improvement	\$ -	\$ 24,607	\$ 24,607
State gasoline tax	215,000	210,122	(4,878)
State vehicle sales tax	45,000	47,478	2,478
State vehicle license fees	35,000	33,989	(1,011)
Interest	4,000	10,750	6,750
	<u>299,000</u>	<u>326,946</u>	<u>27,946</u>
Expenditures			
Streets and street improvements	-	24,607	(24,607)
	<u>-</u>	<u>24,607</u>	<u>(24,607)</u>
Excess (deficiency) of revenues over expenditures	299,000	302,339	3,339
Other financing sources (uses)			
Operating transfers in	250,000	250,000	-
	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	549,000	552,339	3,339
Accrual or deferral of revenues	-	992	992
Accrual of expenditures	-	-	-
	<u>-</u>	<u>992</u>	<u>992</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Street Improvement Fund	549,000	553,331	4,331

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Transportation Trust Fund</u>			
Revenues			
Sales and use tax	750,000	801,022	51,022
Airport improvement grant	435,000	65,493	(369,507)
FEMA storm damage	-	25,341	25,341
Interest	12,000	20,019	8,019
Rental	67,387	73,035	5,648
Miscellaneous	3,500	11,076	7,576
	<u>1,267,887</u>	<u>995,986</u>	<u>(271,901)</u>
Expenditures			
Airport maintenance	101,538	52,474	49,064
Airport improvements	456,750	73,151	383,599
Street maintenance	599,223	631,115	(31,892)
Stormwater	30,000	16,760	13,240
Sidewalks	7,500	-	7,500
	<u>1,195,011</u>	<u>773,500</u>	<u>421,511</u>
Excess of revenues over expenditures	72,876	222,486	149,610
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	(250,000)	(250,000)	-
	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	(177,124)	(27,514)	149,610
Accrual or deferral of revenues	-	(9,016)	(9,016)
Accrual of expenditures	-	(3,616)	(3,616)
	<u>-</u>	<u>(12,632)</u>	<u>(12,632)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Transportation Trust Fund	(177,124)	(40,146)	136,978

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Perry Park Center Escrow Fund</u>			
Revenues			
Interest	500	2,755	2,255
	500	2,755	2,255
Expenditures			
	-	-	-
Other financing sources (uses)			
Operating transfers in	119,500	50,000	(69,500)
Operating transfers out	(120,000)	(130,100)	(10,100)
	(500)	(80,100)	(79,600)
Excess (deficiency) of revenues and other sources over expenditures and other uses - Perry Park Center Escrow Fund	-	(77,345)	(77,345)
<u>Veterans Memorial Field Fund</u>			
Revenues			
Intergovernmental	15,851	15,851	-
Interest	325	1,109	784
Miscellaneous	23,100	26,386	3,286
	39,276	43,346	4,070
Expenditures			
Culture and recreation	131,713	74,861	56,852
	131,713	74,861	56,852
Other financing sources (uses)			
Operating transfers in	104,687	17,380	(87,307)
Operating transfers out	-	(17,380)	(17,380)
	104,687	-	(104,687)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	12,250	(31,515)	(43,765)
Accrual or deferral of revenues	-	(214)	(214)
Accrual of expenditures	-	157	157
	-	(57)	(57)
Excess (deficiency) of revenues and other sources over expenditures and other uses - Veterans Memorial Field Fund	12,250	(31,572)	(43,822)
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR SPECIAL REVENUE FUNDS	\$ 384,126	\$ 404,268	\$ 20,142

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<u>General Public Facilities Fund</u>			
Revenues			
Interest	\$ -	\$ 140	\$ 140
	-	140	140
Expenditures			
Storm drainage construction	14,000	5,545	8,455
Dry run branch improvements	5,000	2,810	2,190
	19,000	8,355	10,645
Excess (deficiency) of revenues over expenditures	(19,000)	(8,215)	10,785
Other financing sources (uses)			
Operating transfers in	19,000	-	(19,000)
	19,000	-	(19,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	-	(8,215)	(8,215)
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	-	-
	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses - General Public Facilities Fund	-	(8,215)	(8,215)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Sabreliner Expansion Fund</u>			
Revenues			
Intergovernmental	715,942	1,112,654	396,712
Interest	-	437	437
Miscellaneous	-	14,274	14,274
	<u>715,942</u>	<u>1,127,365</u>	<u>411,423</u>
Expenditures			
Sabreliner expansion	<u>968,835</u>	<u>1,286,977</u>	<u>(318,142)</u>
Excess (deficiency) of revenues over expenditures	(252,893)	(159,612)	93,281
Other financing sources (uses)			
Operating transfers in	-	4,456	4,456
Operating transfers out	-	-	-
	<u>-</u>	<u>4,456</u>	<u>4,456</u>
Excess (deficiency) of revenues expenditures and other uses - budgetary basis	(252,893)	(155,156)	97,737
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	<u>-</u>	<u>73,143</u>	<u>73,143</u>
	<u>-</u>	<u>73,143</u>	<u>73,143</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Sabreliner Expansion Fund	<u>(252,893)</u>	<u>(82,013)</u>	<u>170,880</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<u>2012 Downtown TIF Fund</u>			
Revenues			
Interest	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
	-	-	-
Expenditures			
Administrative fee	-	8,346	(8,346)
Legal services	-	1,437	(1,437)
Public notices	-	39	(39)
	-	9,822	(9,822)
Excess (deficiency) of revenues over expenditures	-	(9,822)	(9,822)
Other financing sources (uses)			
Operating transfers in	-	9,822	9,822
Operating transfers out	-	-	-
	-	9,822	9,822
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	-	-	-
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	-	-
	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses - 2012 Downtown TIF Fund	-	-	-

City of Perryville, Missouri
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR CAPITAL PROJECT FUNDS
 Year ended March 31, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Grand Avenue Extension TIF Fund</u>			
Revenues			
Interest	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
	-	-	-
Expenditures			
Administrative fee	-	8,346	(8,346)
Legal services	-	1,062	(1,062)
Public notices	-	39	(39)
Engineering/architectural services	-	1,205	(1,205)
	-	10,652	(10,652)
Excess (deficiency) of revenues over expenditures	-	(10,652)	(10,652)
Other financing sources (uses)			
Operating transfers in	-	9,447	9,447
Operating transfers out	-	-	-
	-	9,447	9,447
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	-	(1,205)	(1,205)
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	1,205	1,205
	-	1,205	1,205
Excess (deficiency) of revenues and other sources over expenditures and other uses - Grand Avenue Extension TIF Fund	-	-	-
 TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR CAPITAL PROJECT FUNDS			
	\$ (252,893)	\$ (90,228)	\$ 162,665

City of Perryville, Missouri
SCHEDULE OF NATURAL GAS SALES AND PURCHASES
 March 31, 2012

1. The natural gas distribution system was serving 3,252 metered customers at March 31, 2012.

2. Gas sales and purchases for the fiscal year ended March 31, 2012 were as follows:

GAS SALES

<u>Date billed</u>	<u>Quantity in mcf</u>	<u>Amount billed</u>
04/11	66,411	\$ 747,239
05/11	50,512	436,017
06/11	34,826	286,428
07/11	33,066	270,239
08/11	32,786	254,248
09/11	34,439	261,930
10/11	39,622	291,310
11/11	50,237	359,775
12/11	73,911	611,430
01/12	94,320	880,417
02/12	93,134	997,178
03/12	77,936	866,234
	<u>681,200</u>	<u>\$ 6,262,445</u>

GAS PURCHASES

<u>Date billed</u>	<u>Quantity in mcf</u>	<u>Date paid</u>	<u>Cost</u>
04/11	39,451	05/11	\$ 190,979
05/11	38,109	06/11	173,691
06/11	32,674	07/11	156,761
07/11	32,190	08/11	154,497
08/11	34,265	09/11	165,216
09/11	37,283	10/11	157,850
10/11	50,897	11/11	208,218
11/11	68,713	12/11	408,591
12/11	49,483	01/12	595,914
01/12	85,334	02/12	648,154
02/12	106,351	03/12	513,223
03/12	49,483	04/12	364,427
	<u>624,233</u>		<u>\$ 3,737,521</u>

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING
March 31, 2012

Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program) Series 1995B in the original amount of \$5,000,000 dated November 14, 1995, balance outstanding at March 31, 2012, was \$1,605,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2012	5.625%	305,000
July 1, 2013	5.625%	315,000
July 1, 2014	5.625%	320,000
July 1, 2015	5.625%	330,000
July 1, 2016	5.625%	335,000
		\$ 1,605,000

Capital Improvement Sales Tax Revenue Bonds (State Revolving Fund Program) Series 2000 in the original amount of \$4,750,000 dated April 1, 2000, balance outstanding at March 31, 2012, was \$2,410,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2012	5.200%	260,000
July 1, 2013	5.300%	265,000
July 1, 2014	5.750%	280,000
July 1, 2015	5.750%	295,000
July 1, 2016	5.500%	305,000
July 1, 2017	5.550%	320,000
July 1, 2018	5.600%	335,000
July 1, 2019	5.650%	350,000
		\$ 2,410,000

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING - CONTINUED
 March 31, 2012

General Obligation Improvement and Refunding Bonds (State Revolving Fund Program) Series 2000 in the original amount of \$4,110,000 dated April 1, 2000, balance outstanding at March 31, 2012, was \$1,922,705 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2012	5.200%	230,000
July 1, 2013	5.750%	240,000
July 1, 2014	5.400%	250,000
July 1, 2015	5.750%	270,000
July 1, 2016	5.500%	285,000
July 1, 2017	5.550%	300,000
July 1, 2018	5.600%	320,000
July 1, 2019	5.650%	340,000
Defeased amount		<u>(312,295)</u>
		\$ <u>1,922,705</u>

Natural Gas Revenue Bonds in the original amount of \$3,700,000 dated June 1, 2004, balance outstanding at March 31, 2012, was \$2,630,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2012	4.700%	235,000
July 1, 2013	4.875%	250,000
July 1, 2014	5.000%	260,000
July 1, 2015	5.000%	275,000
July 1, 2016	5.000%	290,000
July 1, 2017	5.125%	300,000
July 1, 2018	5.300%	315,000
July 1, 2019	5.300%	<u>705,000</u>
		\$ <u>2,630,000</u>



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

Honorable Mayor
and Board of Aldermen
City of Perryville, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perryville, Missouri, as of and for the year ended March 31, 2012, which collectively comprise the City of Perryville, Missouri's basic financial statements and have issued our report thereon dated September 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Perryville, Missouri is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Perryville, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Perryville, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Perryville, Missouri's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Kerber, Eck & Braeckel LLP



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor
and Board of Aldermen
City of Perryville, Missouri

Compliance

We have audited the City of Perryville, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Perryville, Missouri's major federal programs for the year ended March 31, 2012. The City of Perryville, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Perryville, Missouri's management. Our responsibility is to express an opinion on the City of Perryville, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Perryville, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Perryville, Missouri's compliance with those requirements.

In our opinion, the City of Perryville, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

Internal Control Over Compliance

Management of the City of Perryville, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Perryville, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Perryville, Missouri's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Kerber, Eck & Braeckel LLP

Cape Girardeau, Missouri
September 5, 2012

City of Perryville, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended March 31, 2012

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	
U.S. Department of Justice				
Recovery Act:				
Assistance to Rural Law Enforcement to Combat Crime and Drugs Program	16.810	ARRA 2009-SD-B9-0117	\$ 89,048	
Pass through program from:				
Missouri Department of Public Safety 2012 Local Law Enforcement Block Grant Seeing and Hearing All The Way Home	16.738	2011-LLEBG-048	5,193	
Cooperative Forestry Assistance				
Pass-through program from:				
Missouri Department of Conservation Voluntary Fire Assistance	10.664	n/a	1,627	
U.S. Department of Energy				
Recovery Act:				
Pass-through program from:				
Missouri Department of Natural Resources Energy Efficiency and Construction Energize Missouri Communities	81.128	ARRA-G10-EECBG- 02-956652895	3,212	
U.S. Department of Transportation				
Pass-through program from:				
Missouri Department of Transportation				
Federal Airport Improvement Program	20.106	11-063A-1	58,528	
Federal Airport Improvement Program	20.106	08-063A-3	6,967	
State and Community Highway Safety	20.600	11-PT-02-119	785	
Department of Housing & Urban Development				
Pass-through program from:				
Missouri Department of Economic Development				
Community Development Block Grant	*	14.228	2008-DI-31	135,009
Community Development Block Grant	*	14.228	2010-ED-01	486,823
Recovery Act:				
Community Development Block Grant	*	14.228	ARRA-2008-R04	811,132
U.S. Department of Homeland Security				
Pass-through program from:				
Missouri Department of Public Safety				
FEMA Public Assistance Grant -	97.036	FEMA 1980-DR-MO	31,307	
Total expenditures of federal awards			\$ <u>1,629,631</u>	

* Major program

City of Perryville, Missouri
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended March 31, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Perryville, Missouri and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The modified accrual basis of accounting is described in note A-3 of the City's financial statements.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the City of Perryville, Missouri contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

City of Perryville, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended March 31, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Significant deficiencies identified that are not considered to be material weaknesses _____ yes x none reported

Noncompliance material to financial statements noted _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Significant deficiencies identified that are not considered to be material weaknesses _____ yes x none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 _____ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee _____ yes x no

City of Perryville, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended March 31, 2012

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.