FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

CITY OF PERRYVILLE, MISSOURI

March 31, 2011

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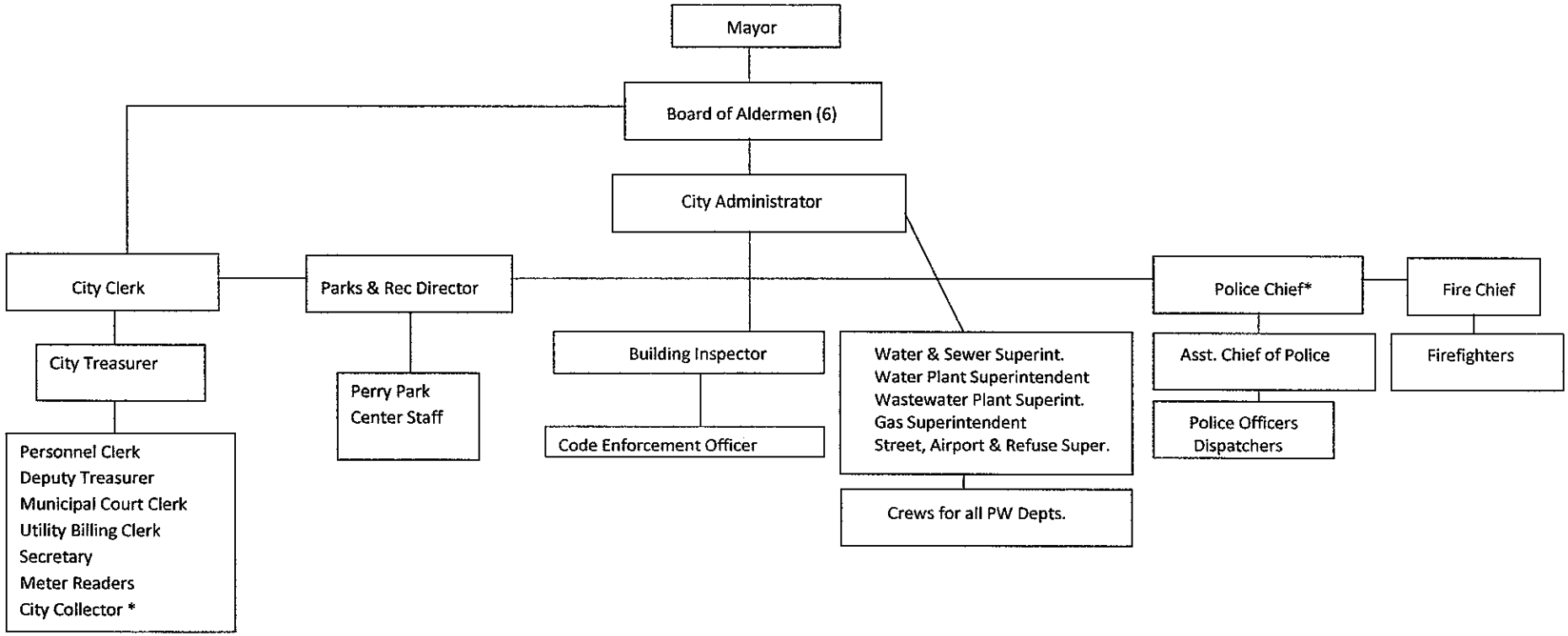
CITY OF PERRYVILLE, MISSOURI
List of Principal Officials
March 31, 2011

Mayor	**Deborah M. Gahan**
Aldermen Ward I	**Sandra Stewart** **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

* elected

Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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Cape Girardeau, MO 63701-2609
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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, 2011, 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 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, 2011, and the respective changes in financial position and cash flows, where applicable, 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 23, 2011, 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 59 through 63 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 opinions 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 related 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.

Kerlin, Eck + Braeckel LLP

Cape Girardeau, Missouri
September 23, 2011

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 $1,751,984 or 3.9%. Governmental activities net assets increased $1,605,439 and business-type activities net assets increased $146,545.
- The City's governmental funds reported combined ending fund balances of $21,186,949 an increase of $1,605,439 from the prior year. Approximately 25.2 percent of this total amount, or $5,330,327, is unreserved and available for use within the City's designation and policies.
- The City's total debt decreased by $1,323,791 (8.9%) during the current fiscal year.
- The City's property tax levy increased to 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.

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 - 43.

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 44 - 51.

The combining statements are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 52 - 63 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's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 7,270,647	$ 6,730,035	$ 9,087,722	$ 9,097,334	$ 16,358,369	$ 15,827,369
Capital assets	20,503,773	20,027,516	24,591,751	25,207,408	45,095,524	45,234,924
Total assets	27,774,420	26,757,551	33,679,473	34,304,742	61,453,893	61,062,293
Long-term liabilities	5,521,660	6,096,084	6,760,000	7,485,000	12,281,660	13,581,084
Other liabilities	1,065,811	1,079,957	1,860,273	1,907,087	2,926,084	2,987,044
Total liabilities	6,587,471	7,176,041	8,620,273	9,392,087	15,207,744	16,568,128
Net assets:						
Invested in capital assets, net of related debt	14,407,689	13,292,641	17,106,751	17,037,408	31,514,440	30,330,049
Restricted	1,448,933	1,481,014	2,655,679	2,481,021	4,104,612	3,962,035
Unrestricted	5,330,327	4,807,855	5,296,770	5,394,226	10,627,097	10,202,081
Total net assets	$ 21,186,949	$ 19,581,510	$ 25,059,200	$ 24,912,655	$ 46,246,149	$ 44,494,165

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 $46,246,149 and $44,494,165 as of March 31, 2011 and March 31, 2010, respectively.

The largest portion of the City's net assets (68.1%) 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 (8.9%) 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 $10,627,097 may be used to meet the government's ongoing obligation to citizens and creditors.

City of Perryville, Missouri's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 920,140	$ 937,480	$ 8,869,978	$ 8,954,458	$ 9,790,118	$ 9,891,938
Operating grants & contributions	244,693	151,610	141,764	99,786	386,457	251,396
Capital grants & contributions	1,159,670	394,766	-	-	1,159,670	394,766
General revenues:					-	-
Property taxes	985,504	906,661	-	-	985,504	906,661
Sales tax	3,162,987	3,132,242	-	-	3,162,987	3,132,242
County business surtax	73,159	72,641	-	-	73,159	72,641
County road, intangible and railroad/utility taxes	99,857	100,458	-	-	99,857	100,458
Motor vehicle gas, license and sales taxes	295,552	288,560	-	-	295,552	288,560
Gross receipts tax	1,121,736	1,125,792	-	-	1,121,736	1,125,792
Investment revenue	197,174	143,313	102,140	35,292	299,314	178,605
FEMA storm damage	14,248	48,818	-	-	14,248	48,818
Miscellaneous	382,482	495,567	35,409	78,255	417,891	573,822
	8,657,202	7,797,908	9,149,291	9,167,791	17,806,493	16,965,699
Expenses:						
General government	1,470,925	1,456,322	-	-	1,470,925	1,456,322
Public safety	2,116,378	2,173,107	-	-	2,116,378	2,173,107
Sanitation	594,802	592,796	-	-	594,802	592,796
Airport operations	211,976	305,534	-	-	211,976	305,534
Culture and recreation	1,606,158	1,584,775	-	-	1,606,158	1,584,775
Airport improvements	-	1,354	-	-	-	1,354
Streets and improvements	859,896	973,458	-	-	859,896	973,458
Sidewalks	209,308	57,490	-	-	209,308	57,490
Stormwater	34,607	35,358	-	-	34,607	35,358
Capital projects	538,409	218,960	-	-	538,409	218,960
Interest on long-term debt	472,304	504,614	-	-	472,304	504,614
Water and sewer	-	-	2,818,997	2,884,813	2,818,997	2,884,813
Gas	-	-	5,120,749	5,164,547	5,120,749	5,164,547
Total expenses	8,114,763	7,903,768	7,939,746	8,049,360	16,054,509	15,953,128
Increase in net assets before transfers	542,439	(105,860)	1,209,545	1,118,431	1,751,984	1,012,571
Transfers	1,063,000	1,100,000	(1,063,000)	(1,100,000)	-	-
Increase in net assets	1,605,439	994,140	146,545	18,431	1,751,984	1,012,571
Net assets, April 1	19,581,510	18,587,370	24,912,655	24,894,224	44,494,165	43,481,594
Net assets, March 31	$ 21,186,949	$ 19,581,510	$ 25,059,200	$ 24,912,655	$ 46,246,149	$ 44,494,165

Governmental Activities

Net assets of governmental activities increased $1,605,439 or 8.2%. Program revenues in the amount of $2,324,503 were used to offset program expenses of $8,114,763 resulting in a net program expense of $5,790,260. General revenues in the amount of $6,332,699 coupled with transfers in of $1,063,000 funded the difference in those program expenses and resulted in a total net increase of $1,605,439.

Business-Type Activities

Net assets of the business-type activities increased $146,545 or 0.6%. Program revenues in the amount of $9,011,742 were used to offset program expenses of $7,939,746 resulting in net program revenue of $1,071,996. General revenues in the amount of $137,549 coupled with transfers out of $1,063,000 resulted in a total net increase of $146,545.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Perryville, Missouri's governmental funds reported combined ending fund balances of $6,661,734. Approximately 80.0% of this total amount, $5,330,327, constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for debt service - $863,808, and 2) to pay for other activities $467,599.

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 - $542,245 and Gas Operation Fund - $4,754,525. Net assets of the funds changed as follows: Combined Waterworks and Sewerage System Fund - $(399,321) and Gas Operation Fund - $545,866.

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, 2011 totals $45,095,524 (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 decrease in the City's investment in capital assets for the current fiscal year was 0.3% (2.4% increase for governmental activities and 2.4% decrease in business-type activities).

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 2,425,060	$ 2,424,560	$ 171,750	$ 171,750	$ 2,596,810	$ 2,596,310
Buildings	5,358,409	5,390,538	-	-	5,358,409	5,390,538
Improvements other than buildings	2,095,701	2,058,193	21,517,444	22,269,512	23,613,145	24,327,705
Machinery and equipment	1,430,133	1,504,726	2,728,232	2,766,146	4,158,365	4,270,872
Pool and bathhouse	193,210	210,011	-	-	193,210	210,011
Construction in progress	1,005,004	-	174,325	-	1,179,329	-
Infrastructure	7,996,256	8,439,488	-	-	7,996,256	8,439,488
Total	$ 20,503,773	$ 20,027,516	$ 24,591,751	$ 25,207,408	$ 45,095,524	$ 45,234,924

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, 2011, the City of Perryville, Missouri had total long-term debt outstanding of $13,581,084. Of this amount, $2,137,705 comprises bonded debt backed by the full faith and credit of the City, $7,420,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and $3,840,000 represents Certificates of Participation. The capital leases of $183,379 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 $1,323,791 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's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 2,137,705	$ 2,342,705	$ -	$ -	$ 2,137,705	$ 2,342,705
Revenue bonds	2,660,000	2,905,000	4,760,000	5,275,000	7,420,000	8,180,000
Certificates of Participation	1,115,000	1,135,000	2,725,000	2,895,000	3,840,000	4,030,000
Capital leases	183,379	352,170	-	-	183,379	352,170
Total	$ 6,096,084	$ 6,734,875	$ 7,485,000	$ 8,170,000	$ 13,581,084	$ 14,904,875

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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash (notes A5 and B)	$ 6,445,982	$ 5,865,079	$ 12,311,061
Receivables, net of allowances for doubtful accounts:			
Real estate and personal property taxes (notes A6 and C)	48,608	-	48,608
Sales and use tax	319,258	-	319,258
Intergovernmental	23,515	-	23,515
Accounts receivable	25,206	623,598	648,804
Due from other funds	250	38,745	38,995
Restricted cash and investments (notes A5 and B)	272,596	2,395,230	2,667,826
Other assets, bond issue discount	-	130,280	130,280
Capital assets			
Non depreciable	3,430,064	346,075	3,776,139
Depreciable, net	17,073,709	24,245,676	41,319,385
Prepaid expenses	135,232	34,790	170,022
Total assets	$ 27,774,420	$ 33,679,473	$ 61,453,893
LIABILITIES			
Accounts payable	153,978	580,993	734,971
Payroll, sales tax and fringe benefits	218,359	157,408	375,767
Due to other funds	-	38,995	38,995
Payables from restricted assets			
Current portion of bonds payable (note F)	465,000	525,000	990,000
Current portion of COP payable (note F)	20,000	200,000	220,000
Accrued interest	70,442	97,428	167,870
Customer deposits	-	260,449	260,449
Deferred revenue - real estate and personal property taxes	48,608	-	48,608
Current maturities of lease purchases payable (note F)	89,424	-	89,424
Revenue bonds payable, net of deferred amount on refunding, less current maturities (note F)	2,410,000	4,235,000	6,645,000
General obligation bonds payable (note F)	1,922,705	-	1,922,705
Certificates of Participation (note F)	1,095,000	2,525,000	3,620,000
Lease obligation payable (note F)	93,955	-	93,955
Total liabilities	6,587,471	8,620,273	15,207,744
NET ASSETS			
Invested in capital assets, net of related debt	14,407,689	17,106,751	31,514,440
Restricted for:			
Debt service	981,334	2,395,230	3,376,564
Other	467,599	260,449	728,048
Unrestricted	5,330,327	5,296,770	10,627,097
Total net assets	$ 21,186,949	$ 25,059,200	$ 46,246,149

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

City of Perryville, Missouri
STATEMENT OF ACTIVITIES
Year ended March 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 1,470,925	$ 117,936	$ -	$ 175,129	$ (1,177,860)	$ -	$ (1,177,860)
Public safety	2,116,378	115,532	126,656	-	(1,874,190)	-	(1,874,190)
Sanitation	594,802	256,605	-	-	(338,197)	-	(338,197)
Airport operation	211,976	-	-	114,807	(97,169)	-	(97,169)
Culture and recreation	1,606,158	430,067	-	49,241	(1,126,850)	-	(1,126,850)
Streets and improvements	859,896	-	-	424,109	(435,787)	-	(435,787)
Sidewalks	209,308	-	-	207,040	(2,268)	-	(2,268)
Stormwater	34,607	-	-	-	(34,607)	-	(34,607)
Capital projects	538,409	-	-	189,344	(349,065)	-	(349,065)
Interest on long-term debt	472,304	-	118,037	-	(354,267)	-	(354,267)
Total governmental activities	8,114,763	920,140	244,693	1,159,670	(5,790,260)	-	(5,790,260)
Business-type activities:							
Water and sewer	2,818,997	2,242,950	141,764	-	-	(434,283)	(434,283)
Gas	5,120,749	6,627,028	-	-	-	1,506,279	1,506,279
Total business-type activities	$ 7,939,746	$ 8,869,978	$ 141,764	$ -	-	1,071,996	1,071,996
General revenues							
Property taxes					985,504	-	985,504
Sales tax					3,162,987	-	3,162,987
County business surtax					73,159	-	73,159
County road tax, intangible tax, railroad/utility tax					99,857	-	99,857
Motor vehicle gas, license and sales taxes					295,552	-	295,552
Gross receipts tax					1,121,736	-	1,121,736
Investment revenue					197,174	102,140	299,314
FEMA storm damage					14,248	-	14,248
Miscellaneous					382,482	35,409	417,891
Transfers					1,063,000	(1,063,000)	-
					7,395,699	(925,451)	6,470,248
Change in net assets					1,605,439	146,545	1,751,984
Net assets beginning of year					19,581,510	24,912,655	44,494,165
Net assets end of year					$ 21,186,949	$ 25,059,200	$ 46,246,149

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

City of Perryville, Missouri
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2011

	Major Funds					
	General	Perry Park Center	Capital Improvement	Debt Service	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash (notes A7 and B)	$ 66,184	$ 36,901	$ 2,685,221	$ 900,435	$ 2,757,241	$ 6,445,982
Receivables, net of allowances for doubtful accounts:						
Real estate and personal property taxes (notes A8 and C)	22,978	10,495	-	15,135	-	48,608
Sales and use tax	156,401	26,005	58,651	-	78,201	319,258
Intergovernmental	-	-	-	-	23,515	23,515
Accounts receivable	25,206	-	-	-	-	25,206
Due from other funds	250	-	-	-	-	250
Restricted cash and investments (notes A7 and B)	146,070	9,000	-	-	-	155,070
Prepaid expenses	92,451	25,800	-	-	16,981	135,232
	$ 509,540	$ 108,201	$ 2,743,872	$ 915,570	$ 2,875,938	$ 7,153,121
LIABILITIES						
Accounts payable	$ 48,285	$ 17,623	$ -	$ -	$ 88,070	$ 153,978
Payroll, sales tax and fringe benefits	153,876	40,918	-	-	23,565	218,359
Payables from restricted assets						
Accrued interest	-	-	33,815	36,627	-	70,442
Deferred revenue - real estate and personal property taxes	22,978	10,495	-	15,135	-	48,608
	225,139	69,036	33,815	51,762	111,635	491,387
FUND BALANCES						
Reserved						
Reserved for debt service	-	-	-	863,808	-	863,808
Other activities	146,070	-	-	-	321,529	467,599
Unreserved	138,331	39,165	2,710,057	-	-	2,887,553
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	2,346,764	2,346,764
Capital project funds	-	-	-	-	96,010	96,010
	284,401	39,165	2,710,057	863,808	2,764,303	6,661,734
	$ 509,540	$ 108,201	$ 2,743,872	$ 915,570	$ 2,875,938	$ 7,153,121

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

City of Perryville, Missouri
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2011

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

Total fund balance - total governmental funds		$ 6,661,734
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 37,548,678	
Less accumulated depreciation	17,044,905	20,503,773
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	183,379	
Revenue bonds payable	2,660,000	
Certificates of participation (net of cash in reserve fund)	997,474	
General obligation bonds payable	2,137,705	5,978,558
Net assets of governmental activities		$ 21,186,949

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, 2011

	Major Funds					
	General	Perry Park Center	Capital Improvement	Debt Service	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	$ 3,124,658	$ 485,561	$ 579,394	$ 311,614	$ 772,527	$ 5,273,754
License and permits	51,089	-	-	-	-	51,089
Charges for services	323,452	430,067	-	939	-	754,458
Intergovernmental	445,555	16,121	61,822	79,122	1,280,093	1,882,713
Fines	115,532	-	-	-	-	115,532
Interest	5,838	393	91,687	68,919	30,337	197,174
Miscellaneous	116,885	27,850	-	-	111,280	256,015
Rental	2,760	58,498	-	-	65,209	126,467
	4,185,769	1,018,490	732,903	460,594	2,259,446	8,657,202
Expenditures						
General government	1,606,096	-	-	-	-	1,606,096
Public safety	2,156,131	-	-	-	-	2,156,131
Sanitation	618,809	-	-	-	-	618,809
Culture and recreation	-	1,571,252	-	-	199,752	1,771,004
Airport maintenance	-	-	-	-	72,443	72,443
Airport improvements	-	-	-	-	26,971	26,971
Streets and street improvements	-	-	-	-	1,050,625	1,050,625
Sidewalks	-	-	-	-	209,308	209,308
Stormwater	-	-	-	-	34,607	34,607
Debt service:						
Principal	20,000	-	245,000	205,000	-	470,000
Interest	50,657	-	208,842	190,964	-	450,463
Bond handling costs	1,500	-	10,137	10,204	-	21,841
Capital projects	-	-	-	-	741,372	741,372
	4,453,193	1,571,252	463,979	406,168	2,335,078	9,229,670
Excess (deficiency) of revenues over expenditures	(267,424)	(552,762)	268,924	54,426	(75,632)	(572,468)
Other financing sources (uses)						
Operating transfers in	1,050,000	631,327	-	-	706,470	2,387,797
Operating transfers out	(783,070)	(50,000)	(325,000)	-	(166,727)	(1,324,797)
	266,930	581,327	(325,000)	-	539,743	1,063,000
Net change in fund balance	(494)	28,565	(56,076)	54,426	464,111	490,532
Fund balance beginning of year	284,895	10,600	2,766,133	809,382	2,300,192	6,171,202
Fund balance end of year	$ 284,401	$ 39,165	$ 2,710,057	$ 863,808	$ 2,764,303	$ 6,661,734

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, 2011

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

Net changes in fund balances - total governmental funds	$	490,532
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		1,624,369
Capital assets disposed of are recognized in the statement of activities		(3,029)
Depreciation expense is recognized as an expense in the statement of net assets		(1,145,083)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds		470,000
Repayment of the principal portion of lease purchase obligations		168,791
Other		(141)
	$	1,605,439

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, 2011

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
ASSETS			
Current assets			
Cash and investments	$ 665,728	$ 5,199,351	$ 5,865,079
Accounts receivable, net of allowance for doubtful accounts	205,377	418,221	623,598
Due from other funds	-	38,745	38,745
Prepaid expenses	22,882	11,908	34,790
	893,987	5,668,225	6,562,212
Restricted cash and investments	1,178,158	1,217,072	2,395,230
Property, plant and equipment			
Plant and system improvements	28,620,009	9,821,432	38,441,441
Machinery and equipment	1,098,802	595,645	1,694,447
	29,718,811	10,417,077	40,135,888
Less accumulated depreciation	12,786,259	3,103,953	15,890,212
	16,932,552	7,313,124	24,245,676
Land	138,750	33,000	171,750
Construction in progress	174,325	-	174,325
	17,245,627	7,346,124	24,591,751
Bond issue discount	64,337	65,943	130,280
Total assets	19,382,109	14,297,364	33,679,473
LIABILITIES			
Current liabilities			
Accounts payable	$ 37,733	$ 543,260	$ 580,993
Accrued liabilities	89,738	67,670	157,408
Due to other funds	38,995	-	38,995
Payables from restricted assets			
Current portion of revenue bonds payable	300,000	225,000	525,000
Current portion of certificates of participation	97,500	102,500	200,000
Accrued interest	45,175	52,253	97,428
Customer deposits	102,219	158,230	260,449
	711,360	1,148,913	1,860,273
Revenue bonds payable	1,605,000	2,630,000	4,235,000
Certificates of participation payable	1,213,750	1,311,250	2,525,000
	2,818,750	3,941,250	6,760,000
Total liabilities	3,530,110	5,090,163	8,620,273
Net assets			
Invested in capital assets, net of related debt	14,029,377	3,077,374	17,106,751
Restricted for:			
Debt service	1,178,158	1,217,072	2,395,230
Other	102,219	158,230	260,449
Unrestricted	542,245	4,754,525	5,296,770
Total net assets	$ 15,851,999	$ 9,207,201	$ 25,059,200

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, 2011

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Operating revenues			
Charges for services	$ 2,242,950	$ 6,627,028	$ 8,869,978
Operating expenses			
General operating expense	1,748,234	4,686,742	6,434,976
Depreciation and amortization	885,854	218,765	1,104,619
	2,634,088	4,905,507	7,539,595
Operating earnings (loss)	(391,138)	1,721,521	1,330,383
Nonoperating income (expense)			
Interest income	30,274	71,866	102,140
Intergovernmental income	141,764	-	141,764
Miscellaneous income	17,688	17,721	35,409
Interest expense	(184,909)	(215,242)	(400,151)
	4,817	(125,655)	(120,838)
Earnings (loss) before operating transfers	(386,321)	1,595,866	1,209,545
Other financing sources (uses)			
Operating transfers in	325,000	-	325,000
Operating transfers out	(338,000)	(1,050,000)	(1,388,000)
	(13,000)	(1,050,000)	(1,063,000)
CHANGE IN NET ASSETS	(399,321)	545,866	146,545
Net assets at beginning of year	16,251,320	8,661,335	24,912,655
Net assets at end of year	$ 15,851,999	$ 9,207,201	$ 25,059,200

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, 2011

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	$ 2,241,936	$ 6,739,529	$ 8,981,465
Cash received from other sources	18,843	18,102	36,945
Cash payments to suppliers	(896,966)	(4,175,048)	(5,072,014)
Cash payments to employees	(910,549)	(524,449)	(1,434,998)
Cash payments for other expenses	(12,861)	(918)	(13,779)
	440,403	2,057,216	2,497,619
Cash flows from noncapital financing activities			
Transfers in	325,000	-	325,000
Transfers out	(338,000)	(1,050,000)	(1,388,000)
Operating grants	141,764	-	141,764
	128,764	(1,050,000)	(921,236)
Cash flows from capital and related financing activities			
Debt service - interest payments	(184,909)	(215,242)	(400,151)
Debt service - principal payments	(372,500)	(312,500)	(685,000)
Acquisition and construction of capital assets	(346,081)	(125,752)	(471,833)
	(903,490)	(653,494)	(1,556,984)
Cash flows from investing activities			
Interest received	30,274	71,866	102,140
Net increase in cash and cash equivalents	(304,049)	425,588	121,539
Cash and cash equivalents at beginning of year	2,147,935	5,990,835	8,138,770
Cash and cash equivalents at end of year	$ 1,843,886	$ 6,416,423	$ 8,260,309

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2011

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities			
Operating income (loss)	$ (373,450)	$ 1,739,242	$ 1,365,792
Depreciation	885,854	218,765	1,104,619
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	(1,045)	113,768	112,723
(Increase) Decrease in prepaid expenses	2,027	(728)	1,299
Increase (Decrease) in accounts payable	(84,692)	(21,564)	(106,256)
Increase (Decrease) in accrued liabilities	9,015	4,188	13,203
Increase (Decrease) in customer deposits	4,868	5,915	10,783
Increase (Decrease) in restricted payables	(2,174)	(2,370)	(4,544)
	$ 440,403	$ 2,057,216	$ 2,497,619

The accompanying notes are an integral part of this statement.

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.

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.

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 collectibility 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 and fiduciary funds, a liability of $165,099 of accrued vacation leave at March 31, 2011, has been recorded. Proprietary funds accrue vacation leave in the period they are earned. For 2011, $73,547 has been accrued for vacation leave in the enterprise funds.

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."

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 23, 2011, the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS

At March 31, 2011, the carrying amount of the City's deposits was $16,093,887. 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, 2011 are not exposed to custodial credit risk.

NOTE C – PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes were levied August 17, 2010, 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, 2011, totaled $63,429. The City recognizes this amount as deferred revenue.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2011 was as follows:

Governmental activities:	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
Capital assets not being depreciated				
Land	$ 2,424,560	$ 500	$ -	$ 2,425,060
Construction in progress	-	1,005,004	-	1,005,004
	2,424,560	1,005,504	-	3,430,064
Capital assets being depreciated				
Buildings	6,962,838	142,910	-	7,105,748
Improvements other than buildings	20,574,666	284,157	-	20,858,823
Machinery and equipment	5,164,518	191,798	31,399	5,324,917
Pool and bathhouse	829,126	-	-	829,126
	33,531,148	618,865	31,399	34,118,614
Less accumulated depreciation for				
Buildings	1,572,300	175,041	-	1,747,341
Improvements other than buildings	10,076,985	548,479	-	10,625,464
Machinery and equipment	3,659,792	404,762	28,370	4,036,184
Pool and bathhouse	619,115	16,801	-	635,916
	15,928,192	1,145,083	28,370	17,044,905
Capital assets being depreciated, net	17,602,956	(526,218)	3,029	17,073,709
Governmental activities capital assets, net	$ 20,027,516	$ 479,286	$ 3,029	$ 20,503,773

NOTE D – CAPITAL ASSETS – Continued

Business-type activities:	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
Capital assets not being depreciated				
Land	$ 171,750	$ -	$ -	$ 171,750
Construction in progress	-	174,325	-	174,325
	171,750	174,325	-	346,075
Capital assets being depreciated				
Buildings and improvements other than buildings	35,697,116	200,100	-	35,897,216
Machinery and equipment	4,172,561	97,408	31,297	4,238,672
	39,869,677	297,508	31,297	40,135,888
Less accumulated depreciation for				
Buildings and improvements other than buildings	13,427,604	952,172	-	14,379,776
Machinery and equipment	1,406,415	135,318	31,297	1,510,436
	14,834,019	1,087,490	31,297	15,890,212
Capital assets being depreciated, net	25,035,658	(789,982)	-	24,245,676
Business-type activities capital assets, net	$ 25,207,408	$ (615,657)	$ -	$ 24,591,751

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

Governmental activities:	
General government	$ 67,216
Public safety	129,738
Sanitation	57,369
Airport	119,547
Culture and recreation	127,104
Streets and improvements	560,175
Capital projects	83,934
	$ 1,145,083
Business-type activities:	
Major funds:	
Combined Waterworks and Sewerage System Fund	$ 876,688
Gas Operation Fund	210,802
	$ 1,087,490

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:

	Expenditures	Revenues	Difference
Major Governmental Funds			
General Fund	4,453,193	4,185,769	267,424
Perry Park Center	1,571,252	1,018,490	552,762
Nonmajor Governmental Funds			
Special Revenue Fund -			
Veterans Memorial Field Fund	199,752	71,453	128,299
Capital Project Fund -			
General Public Facilities Fund	176,357	1,903	174,454
Sabreliner Expansion Fund	565,015	258,628	306,387

NOTE F – LONG –TERM OBLIGATIONS

Following is a summary of bonds and notes payable transactions of the City for the year ended March 31, 2011:

	General Obligation	Revenue	Capital Leases	Certificates of Participation	Total
Balance at April 1, 2010	$ 2,342,705	$ 8,180,000	$ 352,170	$ 4,030,000	$ 14,904,875
Long - term obligations added	-	-	-	-	-
Long - term obligations retired	205,000	760,000	168,791	190,000	1,323,791
Balance at March 31, 2011	$ 2,137,705	$ 7,420,000	$ 183,379	$ 3,840,000	$ 13,581,084

NOTE F – LONG –TERM OBLIGATIONS – Continued

Long – term obligations at March 31, 2011, are comprised of the following individual issues:

	Total	Current Maturities
Revenue Bonds:		
$3,700,000 Natural Gas Revenue Bonds due in annual installments of $225,000 to $705,000 through July 1, 2019; interest at 4.20 to 5.30 percent; first principal due July 1, 2008	$ 2,855,000	$ 225,000
$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds due in annual installments of $285,000 to $335,000 through July 1, 2016; interest at 5.55 to 5.625 percent	1,905,000	300,000
$4,750,000 Capital Improvement Sales Tax Revenue Bonds due in annual installments of $245,000 to $350,000 through July 1, 2019; interest at 5.10 to 5.65 percent	2,660,000	250,000
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 $70,000 to $480,000 through July 1, 2020; interest at 3.10 to 4.625 percent	1,860,000	130,000
$1,150,000 Certificates of Participation, consist of term coupons due in semi-annual installments of $60,000 to $215,000 through July 1, 2019; interest at 4.20 to 4.85 percent	865,000	70,000
$1,170,000 Certificate of Participation, consist of term coupons due in semi-annual installments of $20,000 to $235,000 through February 1, 2027; interest at 4.20 to 4.65 percent	1,115,000	20,000

NOTE F – LONG –TERM OBLIGATIONS – Continued

General Obligation Bonds:		
$4,110,000 General Obligation Improvement and Refunding Bonds due in annual installments of $195,000 to $340,000 through July 1, 2019; interest at 5.10 to 5.65 percent, net of partial defeasance of $312,295	2,137,705	215,000
	$ 13,397,705	$ 1,210,000
Less current maturities	1,210,000	
	$ 12,187,705	

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

	Total	Current Maturities
Governmental activities:		
$4,750,000 Capital Improvement Sales Tax Revenue Bonds	$ 2,660,000	$ 250,000
$4,110,000 General Obligation Improvement and Refunding Bonds	2,137,705	215,000
$1,170,000 Certificates of Participation - Police Station	1,115,000	20,000
Capital lease obligations	183,379	89,424
	$ 6,096,084	$ 574,424
Business-type activities:		
$3,700,000 Natural Gas Revenue Bonds	2,855,000	225,000
$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds	1,905,000	300,000
$2,620,000 Combined Waterworks, Sewerage System, and Gas Improvements, Certificates of Participation	1,860,000	130,000
$1,150,000 Certificates of Participation - Gas Improvements	865,000	70,000
	$ 7,485,000	$ 725,000

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

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, 2011, the State had contributed $1,333,500 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, 2011, the State had contributed $1,707,473 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, 1999, the City issued $1,830,000 in Natural Gas System Refunding Revenue Bonds Series 1998, to defease the 1991 Natural Gas Revenue Bond. The bond proceeds along with cash contributions by the City of $154,875 carried over from the 1991 Natural Gas Revenue Bond and $127,989 for the 1998 Natural Gas Revenue Bond were placed in a special escrow account and have been invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payment dates of the refunded bonds and are sufficient to pay all the principal and interest on the bonds when due as required by applicable laws. The advance refunding met the requirements of an in – substance defeasance and the revenue bonds were removed from the City's Gas Fund. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $59,219. The deferred amount on the refunding was fully amortized at March 31, 2005. The City completed the advance refunding to reduce its total debt service payments over the next ten years by $319,716 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately $123,620.

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.

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, 2008, the City entered into lease purchase obligation agreements to purchase three mowers for the Perry Park Center. The leases have been treated as capital leases and are recorded in the special revenue funds.

During the year ended March 31, 2007, the City entered into lease purchase obligation agreements to purchase police cars and maintenance vehicles for the Combined Waterworks and Sewer System. The leases have been treated as capital leases and are recorded in the governmental and enterprise 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, 2010.

Year Ending March 31,		
2012	$	97,224
2013		50,071
2014		50,071
Total minimum lease payments		197,366
Less amount representing interest		13,987
Present value of net minimum lease payments	$	183,379
Current portion	$	89,424
Long - term portion		93,955
	$	183,379

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.

2. Funding Status

The City of Perryville's full – time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 10.9% (general) and 12.2% (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 City are established by state statute.

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

For 2010, the political subdivision's annual pension cost and net pension obligation were as follows:

Annual required contribution	$ 383,797
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	383,797
Actual contributions	353,861
Increase (decrease) in NPO	29,936
NPO beginning of year	-
NPO end of year	$ 29,936

The annual required contribution (ARC) was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2010 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% 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 the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post – retirement mortality based on the 1971 Group Annuity Mortality table for males projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short – term volatility in the market value of investments over a five – year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

NOTE G – PENSION PLAN – Continued

The amortization period as of February 29, 2008 was 15 years for the General division and 15 years for the Police division. The amortization period as of February 28, 2009 was 30 years for the General Division and 30 years for the Police division.

Three - Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	344,710	100%	-
6/30/2009	335,830	100%	-
6/30/2010	383,797	92.2%	29,936

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
2/29/2008	6,977,056	7,225,063	248,007	97%	2,965,949	8%
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%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations.

NOTE H – INTEREST EXPENSE

Interest cost totaling $850,614, was incurred during the year ended March 31, 2011. No interest was capitalized as part of the cost of assets constructed during the period.

NOTE I – RESERVATIONS OF FUND BALANCE AND RETAINED EARNINGS

The City has reserved fund balances and retained earnings at March 31, 2011, as follows.

General Fund		
Reserved for judicial education fund	$	397
Reserved for domestic shelter		192
Reserved for CATV franchise fees		10,010
Reserved for crime victims compensation fund		513
Reserved for municipal court		1,229
Reserved for police training		99
Reserved for montenot improvement		68,163
Reserved for 2007 certificate of participation		61,259
Reserved for inmate security		4,208
	$	146,070
Special Revenue Fund		
Reserved for escrow roof fund	$	217,433
Reserved for Veterans Memorial Field Fund		104,096
	$	321,529
Debt Service Fund		
Reserved for debt service	$	863,808
Combined Waterworks and Sewerage System Fund		
Reserved for debt service	$	1,178,158
Reserved for deposits		102,219
Gas Operation Fund		
Reserved for debt service		1,217,072
Reserved for deposits		158,230
Total reserved for Enterprise Funds	$	2,655,679

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, 2011 were as follows.

	Transfer From							
Transfer To	General Fund	Perry Park Center Fund	Capital Improvement Sales Tax Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total
Major Governmental Funds								
General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,050,000	$ 1,050,000
Perry Park Center Fund	515,000	-	-	-	116,327	-	-	631,327
Nonmajor Gov. Funds								
Transportation Trust Fund	68,070	-	-	-	-	-	-	68,070
Perry Park Center Escrow Fund	-	50,000	-	-	-	-	-	50,000
General Public Facilities Fund	200,000	-	-	-	-	-	-	200,000
Sabreliner Expansion Fund	-	-	-	50,400	-	338,000	-	388,400
Major Enterprise Funds								
Combined Waterworks and Sewerage Fund	-	-	325,000	-	-	-	-	325,000
Total	$ 783,070	$ 50,000	$ 325,000	$ 50,400	$ 116,327	$ 338,000	$ 1,050,000	$ 2,712,797

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

As of March 31, 2011, 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	$ 893,987	$ 5,668,225	$ 6,562,212
Restricted assets	1,178,158	1,217,072	2,395,230
Capital assets	17,245,627	7,346,124	24,591,751
Other assets	64,337	65,943	130,280
Total assets	19,382,109	14,297,364	33,679,473
LIABILITIES			
Current liabilities	166,466	610,930	777,396
Liabilities payable from restricted assets	544,894	537,983	1,082,877
Bonds, notes payable, and other long-term liabilities	2,818,750	3,941,250	6,760,000
Total liabilities	3,530,110	5,090,163	8,620,273
NET ASSETS			
Invested in capital assets, net of related debt	14,029,377	3,077,374	17,106,751
Restricted for			
Debt service	1,178,158	1,217,072	2,395,230
Other	102,219	158,230	260,449
Unrestricted	542,245	4,754,525	5,296,770
Total net assets	$ 15,851,999	$ 9,207,201	$ 25,059,200

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	$ 2,242,950	$ 6,627,028	$ 8,869,978
Depreciation and amortization	(885,854)	(218,765)	(1,104,619)
Other operating expenses	(1,748,234)	(4,686,742)	(6,434,976)
Operating income (loss)	(391,138)	1,721,521	1,330,383
Nonoperating income (expenses)			
Interest income	30,274	71,866	102,140
Intergovernmental income	141,764	-	141,764
Miscellaneous income	17,688	17,721	35,409
Interest expense	(184,909)	(215,242)	(400,151)
	4,817	(125,655)	(120,838)
Transfers in	325,000	-	325,000
Transfers out	(338,000)	(1,050,000)	(1,388,000)
Change in net assets	(399,321)	545,866	146,545
Net assets at beginning of year	16,251,320	8,661,335	24,912,655
Net assets at end of year	$ 15,851,999	$ 9,207,201	$ 25,059,200

CONDENSED STATEMENT OF CASH FLOWS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Net cash provided (used) by:			
Operating activities	$ 440,403	$ 2,057,216	$ 2,497,619
Noncapital financing activities	128,764	(1,050,000)	(921,236)
Capital and related financing activities	(903,490)	(653,494)	(1,556,984)
Investing activities	30,274	71,866	102,140
	(304,049)	425,588	121,539
Cash and cash equivalents at beginning of year	2,147,935	5,990,835	8,138,770
Cash and cash equivalents at end of year	$ 1,843,886	$ 6,416,423	$ 8,260,309

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year ended March 31, 2011

General Revenue Fund	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Taxes and special assessments				
Real estate and personal property taxes	$ 430,808	$ 430,808	$ 464,400	$ 33,592
Railroad and utility tax	2,000	2,000	1,657	(343)
Gross receipts tax	900,000	900,000	1,121,736	221,736
Intangible tax	2,600	2,600	914	(1,686)
Sales tax	1,500,000	1,500,000	1,508,650	8,650
Tax under protest	500	500	(9,103)	(9,603)
	2,835,908	2,835,908	3,088,254	252,346
License and permits				
City vehicle licenses	19,000	19,000	20,572	1,572
Occupational licenses	13,000	13,000	15,580	2,580
Liquor licenses	9,500	9,500	9,883	383
Mobile home licenses	1,000	1,000	1,035	35
Building and other permits	3,500	3,500	4,019	519
	46,000	46,000	51,089	5,089
Charges for services				
Fees and services	15,000	15,000	18,930	3,930
Residential trash pickup	235,000	235,000	232,053	(2,947)
Commercial trash pickup	24,000	24,000	24,214	214
Penalties	800	800	1,322	522
Cable TV franchise fees	51,000	51,000	46,595	(4,405)
	325,800	325,800	323,114	(2,686)
Intergovernmental				
Road district contributions	85,000	85,000	95,391	10,391
Police grants	2,025	2,025	1,834	(191)
Fire training academy	7,200	7,200	-	(7,200)
FEMA storm damage	-	-	14,248	14,248
Law enforcement grant	127,805	127,805	112,578	(15,227)
CDBG/Industrial park	159,455	159,455	146,503	(12,952)
ARRA light upgrade	-	-	28,626	28,626
MoDot highway safety grant	-	-	5,669	5,669
Law enforcement block grant	-	-	6,575	6,575
County business surtax	30,000	30,000	34,131	4,131
	411,485	411,485	445,555	34,070
Fines				
Court fines, costs and police training fund	104,900	104,900	107,605	254
Inmate security fund	1,000	1,000	1,254	254
Crime victim compensation	5,000	5,000	4,588	(412)
Restitution fund	1,500	1,500	2,065	565
Parking tickets	250	250	20	(230)
	112,650	112,650	115,532	431
Interest	1,100	1,100	5,838	4,738
Miscellaneous				
Miscellaneous	39,000	39,000	116,885	77,885
Donations	7,500	7,500	-	(7,500)
	46,500	46,500	116,885	70,385
Rental	2,760	2,760	2,760	-
Total revenues	3,782,203	3,782,203	4,149,027	364,373

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year ended March 31, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
General Revenue Fund - Continued				
Expenditures				
General Government				
Mayor and board	175,342	175,342	147,507	27,835
City administrators office	113,609	113,609	117,113	(3,504)
Clerk/Finance	378,626	378,626	366,222	12,404
Municipal court	91,204	91,204	83,479	7,725
Community development	163,995	163,995	149,593	14,402
General services	323,261	323,261	241,122	82,139
Port authority/Economic development	73,528	73,528	73,672	(144)
Cable access/Levee district	30,600	30,600	28,069	2,531
Industrial park administration	159,455	159,455	306,621	(147,166)
ARRA light upgrade	-	-	30,717	(30,717)
CDBG/TG electric	-	-	13,177	(13,177)
Medical claims	50,000	50,000	39,167	10,833
	1,559,620	1,559,620	1,596,459	(36,839)
Public Safety				
Police department	1,844,262	1,844,262	1,825,509	18,753
Law enforcement grant	127,805	127,805	125,541	2,264
Fire department	242,253	242,253	210,467	31,786
	2,214,320	2,214,320	2,161,517	52,803
Sanitation				
Refuse collection and disposal	660,501	660,501	614,572	45,929
Debt Service				
Principal and interest payments	73,159	73,159	72,157	1,002
Total expenditures	4,507,600	4,507,600	4,444,705	62,895
Excess (deficiency) of revenues over expenditures	(725,397)	(725,397)	(295,678)	427,268
Other financing sources (uses)				
Operating transfers in	1,922,209	1,922,209	1,050,000	(872,209)
Operating transfers out	(1,196,812)	(1,196,812)	(783,070)	413,742
	725,397	725,397	266,930	(458,467)
Net change in fund balance	-	-	(28,748)	(31,199)
Fund balance at beginning of year	284,895	284,895	284,895	-
Fund balance at end of year	$ 284,895	$ 284,895	$ 256,147	$ (31,199)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - PERRY PARK CENTER FUND
Year ended March 31, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	$ 191,430	$ 191,430	$ 218,766	$ 27,336
Railroad and utility tax	1,000	1,000	783	(217)
Sales tax	265,000	265,000	261,213	(3,787)
	457,430	457,430	480,762	23,332
Charges for services				
Concessions and vending machines	63,700	63,700	63,802	102
Tournament and sports fees	55,500	55,500	46,370	(9,130)
Admission fees and passes	337,500	337,500	311,863	(25,637)
Arcade, fun club and senior olympics	6,800	6,800	8,032	1,232
	463,500	463,500	430,067	(33,433)
Intergovernmental				
County business surtax	14,000	14,000	16,121	2,121
Interest	150	150	393	243
Miscellaneous	36,500	36,500	27,850	(8,650)
Rental				
Library lease	17,100	17,100	20,400	3,300
Theater rent	12,000	12,000	9,329	(2,671)
Pool and gymnasium	7,000	7,000	12,561	5,561
Pavilions, ball fields, community center, meeting room	7,500	7,500	16,208	8,708
	43,600	43,600	58,498	14,898
Total revenues	1,015,180	1,015,180	1,013,691	(1,489)
Expenditures				
Leagues	121,695	121,695	83,983	37,712
Administration	502,985	502,985	505,557	(2,572)
Community center maintenance	9,650	9,650	913	8,737
Fitness center	24,630	24,630	11,211	13,419
Activities and marketing	55,433	55,433	58,809	(3,376)
Maintenance and housekeeping	318,308	318,308	398,857	(80,549)
Park maintenance	146,505	146,505	129,431	17,074
Performing arts center	74,248	74,248	58,646	15,602
Pool	194,286	194,286	185,592	8,694
Park center operations	143,092	143,092	135,714	7,378
Total expenditures	1,590,832	1,590,832	1,568,713	22,119
Excess (deficiency) of revenues over expenditures	(575,652)	(575,652)	(555,022)	20,630
Other financing sources (uses)				
Operating transfers in	625,652	741,979	631,327	(110,652)
Operating transfers out	(50,000)	(50,000)	(50,000)	-
	575,652	691,979	581,327	(110,652)
Net change in fund balance	-	116,327	26,305	(90,022)
Fund balance at beginning of year	10,600	10,600	10,600	-
Fund balance at end of year	$ 10,600	$ 126,927	$ 36,905	$ (90,022)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT SALES TAX FUND
Year ended March 31, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Sales tax	$ 560,000	$ 560,000	$ 565,743	$ 5,743
Intergovernmental				
State revolving fund	-	-	-	-
Interest	7,000	7,000	31,941	24,941
	567,000	567,000	597,684	30,684
Expenditures				
Debt service				
Principal	245,000	245,000	248,750	(3,750)
Interest	120,000	120,000	87,812	32,188
Bond handling charges	13,100	13,100	10,137	2,963
	378,100	378,100	346,699	31,401
Excess (deficiency) of revenues over expenditures	188,900	188,900	250,985	62,085
Other financing sources (uses)				
Operating transfers in	136,100	136,100	-	(136,100)
Operating transfers out	(325,000)	(325,000)	(325,000)	-
	(188,900)	(188,900)	(325,000)	(136,100)
Net change in fund balance	-	-	(74,015)	(74,015)
Fund balance at beginning of year	2,766,133	2,766,133	2,766,133	-
Fund balance at end of year	$ 2,766,133	$ 2,766,133	$ 2,692,118	$ (74,015)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
Year ended March 31, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	$ 265,040	$ 265,040	$ 310,503	$ 45,463
Railroad and utility tax	1,200	1,200	1,112	(88)
	266,240	266,240	311,615	45,375
Intergovernmental				
County business surtax	20,000	20,000	22,907	2,907
State revolving fund	-	-	-	-
	20,000	20,000	22,907	2,907
Charges for services				
Penalties	500	500	939	439
Interest	1,500	1,500	7,016	5,516
Total revenues	288,240	288,240	342,477	54,237
Expenditures				
Debt service				
Principal	205,000	205,000	212,500	(7,500)
Interest	120,000	120,000	81,658	38,342
Bond handling charges	13,100	13,100	10,204	2,896
	338,100	338,100	304,362	33,738
Excess (deficiency) of revenues over expenditures	(49,860)	(49,860)	38,115	87,975
Other financing sources (uses)				
Operating transfers in	49,860	49,860	-	(49,860)
Operating transfers out	-	-	-	-
	49,860	49,860	-	(49,860)
Net change in fund balance	-	-	38,115	38,115
Fund balance at beginning of year	809,382	809,382	809,382	-
Fund balance at end of year	$ 809,382	$ 809,382	$ 847,497	$ 38,115

City of Perryville, Missouri
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 Liabiltiy (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/29/2008	6,977,056	7,225,063	248,007	97%	2,965,949	8%
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%

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

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 Alderman 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 Alderman.

5. Formal budgetary integration is employed as a management control device during the year for all funds.

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.

	General Fund	Perry Park Center Fund	Capital Improvement Sales Tax Fund	Debt Service Fund
Excess of revenue and other financing sources over expenditures and other financing uses - budgetary basis	$ (28,748)	$ 26,305	$ (74,015)	$ 38,115
Adjustments				
To record accrual and deferral of revenues	36,694	4,799	135,219	118,117
To record accrual of expenditures	(8,440)	(2,539)	(117,280)	(101,806)
Net change in fund balance - GAAP basis	$ (494)	$ 28,565	$ (56,076)	$ 54,426

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, new city hall, 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.

City of Perryville, Missouri
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2011

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ 2,588,088	$ 169,153	$ 2,757,241
Receivables, net of allowances for doubtful accounts:			
Sales and use tax	78,201	-	78,201
Intergovernmental	23,515	-	23,515
Prepaid expenses	16,981	-	16,981
	$ 2,706,785	$ 169,153	$ 2,875,938
LIABILITIES AND FUND BALANCE			
Accounts payable	$ 14,927	$ 73,143	$ 88,070
Payroll, sales tax and fringe benefits	23,565	-	23,565
	38,492	73,143	111,635
Fund balance:			
Reserved	321,529	-	321,529
Unreserved	2,346,764	96,010	2,442,774
	2,668,293	96,010	2,764,303
	$ 2,706,785	$ 169,153	$ 2,875,938

City of Perryville, Missouri
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended March 31, 2011

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes and special assessments	$ 772,527	$ -	$ 772,527
Intergovernmental	1,090,749	189,344	1,280,093
Interest	28,748	1,589	30,337
Miscellaneous	41,682	69,598	111,280
Rental	65,209	-	65,209
	1,998,915	260,531	2,259,446
Expenditures			
Airport maintenance	72,443	-	72,443
Airport improvements	26,971	-	26,971
Streets and street improvements	1,050,625	-	1,050,625
Sidewalks	209,308	-	209,308
Stormwater	34,607	-	34,607
Culture and recreation	199,752	-	199,752
Capital improvements	-	741,372	741,372
	1,593,706	741,372	2,335,078
Excess (deficiency) of revenues over expenditures	405,209	(480,841)	(75,632)
Other financing sources (uses)			
Operating transfers in	118,070	588,400	706,470
Operating transfers out	(166,727)	-	(166,727)
	(48,657)	588,400	539,743
Excess (deficiency) of revenues and other sources over expenditures and other uses	356,552	107,559	464,111
Fund balance beginning of year	2,311,741	(11,549)	2,300,192
Fund balance end of year	$ 2,668,293	$ 96,010	$ 2,764,303

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
March 31, 2011

	Street Improvement Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash	$ 688,955	$ 1,577,366	$ 217,433	$ 104,334	$ 2,588,088
Receivables, net of allowance for doubtful accounts:					
Sales and use	-	78,201	-	-	78,201
Intergovernmental	23,515	-	-	-	23,515
Prepaid insurance	-	16,981	-	-	16,981
	$ 712,470	$ 1,672,548	$ 217,433	$ 104,334	$ 2,706,785
LIABILITIES AND FUND BALANCE					
Accounts payable	$ -	$ 14,708	$ -	$ 219	$ 14,927
Payroll taxes and fringe benefits	-	23,546	-	19	23,565
Fund Balance					
Reserved	-	-	217,433	104,096	321,529
Unreserved	712,470	1,634,294	-	-	2,346,764
	$ 712,470	$ 1,672,548	$ 217,433	$ 104,334	$ 2,706,785

City of Perryville, Missouri
BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
March 31, 2011

	General Public Facilities Fund	Sabreliner Expansion Fund	Total Nonmajor Capital Project Funds
ASSETS			
Cash	$ 13,997	$ 155,156	$ 169,153
	$ 13,997	$ 155,156	$ 169,153
LIABILITIES AND FUND BALANCE			
Accounts payable	$ -	$ 73,143	$ 73,143
Fund balance	13,997	82,013	96,010
	$ 13,997	$ 155,156	$ 169,153

City of Perryville, Missouri
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2011

	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	$ -	$ 772,527	$ -	$ -	$ 772,527
Intergovernmental	719,661	321,847	-	49,241	1,090,749
Interest	6,275	17,818	3,028	1,627	28,748
Rental	-	65,209	-	-	65,209
Miscellaneous	-	21,097	-	20,585	41,682
	725,936	1,198,498	3,028	71,453	1,998,915
Expenditures					
Airport maintenance	-	72,443	-	-	72,443
Airport improvements	-	26,971	-	-	26,971
Streets and street improvements	463,045	587,580	-	-	1,050,625
Stormwater	-	34,607	-	-	34,607
Sidewalks	-	209,308	-	-	209,308
Culture and recreation	-	-	-	199,752	199,752
	463,045	930,909	-	199,752	1,593,706
Excess (deficiency) of revenues over expenditures	262,891	267,589	3,028	(128,299)	405,209
Other financing sources (uses)					
Operating transfers in	-	68,070	50,000	-	118,070
Operating transfers out	-	(50,400)	(116,327)	-	(166,727)
	-	17,670	(66,327)	-	(48,657)
Excess (deficiency) of revenues and other sources over expenditures and other uses	262,891	285,259	(63,299)	(128,299)	356,552
Fund balance at beginning of year	449,579	1,349,035	280,732	232,395	2,311,741
Fund balance at end of year	$ 712,470	$ 1,634,294	$ 217,433	$ 104,096	$ 2,668,293

City of Perryville, Missouri
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2011

	General Public Facilities Fund	Sabreliner Expansion Fund	Total Nonmajor Capital Project Funds
Revenues			
Intergovernmental	$ -	$ 189,344	$ 189,344
Interest	128	1,461	1,589
Miscellaneous	1,775	67,823	69,598
	1,903	258,628	260,531
Expenditures			
Capital projects	176,357	565,015	741,372
	176,357	565,015	741,372
Excess (deficiency) of revenues over expenditures	(174,454)	(306,387)	(480,841)
Other financing sources (uses)			
Operating transfers in	200,000	388,400	588,400
Operating transfers out	-	-	-
	200,000	388,400	588,400
Excess (deficiency) of revenues and other sources over expenditures and other uses	25,546	82,013	107,559
Fund balance at beginning of year	(11,549)	-	(11,549)
Fund balance at end of year	$ 13,997	$ 82,013	$ 96,010

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2011

Street Improvement Fund	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
CDBG grant/Ind park improvement	$ 100,000	$ 424,109	$ 324,109
State gasoline tax	215,000	217,064	2,064
State vehicle sales tax	45,000	44,059	(941)
State vehicle license fees	35,000	33,227	(1,773)
Interest	750	6,275	5,525
	395,750	724,734	328,984
Expenditures			
Streets and street improvements	661,200	465,452	195,748
	661,200	465,452	195,748
Excess (deficiency) of revenues over expenditures	(265,450)	259,282	524,732
Other financing sources (uses)			
Operating transfers in	265,450	-	(265,450)
	265,450	-	(265,450)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	-	259,282	259,282
Accrual or deferral of revenues	-	1,203	1,203
Accrual of expenditures	-	2,406	2,406
	-	3,609	3,609
Excess (deficiency) of revenues and other sources over expenditures and other uses - Street Improvement Fund	-	262,891	262,891

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2011

Transportation Trust Fund	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales and use tax	750,000	754,325	4,325
Airport improvement grant	150,000	114,807	(35,193)
ARRA sidewalk grant	110,000	207,040	97,040
Interest	4,000	17,818	13,818
Rental	62,900	65,209	2,309
Miscellaneous	4,000	21,097	17,097
	1,080,900	1,180,296	99,396
Expenditures			
Airport maintenance	120,264	72,590	47,674
Airport improvements	157,500	26,971	130,529
Street maintenance	595,319	581,412	13,907
Stormwater	30,000	34,355	(4,355)
Sidewalks	229,500	209,807	19,693
	1,132,583	925,135	207,448
Excess of revenues over expenditures	(51,683)	255,161	306,844
Other financing sources (uses)			
Operating transfers in	51,683	68,070	16,387
Operating transfers out	(50,400)	(50,400)	-
	1,283	17,670	16,387
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	(50,400)	272,831	323,231
Accrual or deferral of revenues	-	18,202	18,202
Accrual of expenditures	-	(5,774)	(5,774)
	-	12,428	12,428
Excess (deficiency) of revenues and other sources over expenditures and other uses - Transportation Trust Fund	(50,400)	285,259	335,659

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Perry Park Center Escrow Fund			
Revenues			
Interest	550	3,028	2,478
	550	3,028	2,478
Expenditures	-	-	-
Other financing sources (uses)			
Operating transfers in	50,000	50,000	-
Operating transfers out	(116,327)	(116,327)	-
	(66,327)	(66,327)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses - Perry Park Center Escrow Fund	(65,777)	(63,299)	2,478
Veterans Memorial Field Fund			
Revenues			
Intergovernmental	41,081	49,241	8,160
Interest	105	1,627	1,522
Miscellaneous	15,250	20,585	5,335
	56,436	71,453	15,017
Expenditures			
Culture and recreation	256,304	199,942	56,362
	256,304	199,942	56,362
Other financing sources (uses)			
Operating transfers in	210,473	-	(210,473)
Operating transfers out	-	-	-
	210,473	-	(210,473)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	10,605	(128,489)	(139,094)
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	190	190
	-	190	190
Excess (deficiency) of revenues and other sources over expenditures and other uses - Veterans Memorial Field Fund	10,605	(128,299)	(138,904)
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR SPECIAL REVENUE FUNDS	$ (105,572)	$ 356,552	$ 462,124

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2011

General Public Facilities Fund	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	$ -	$ 128	$ 128
Miscellaneous	-	1,775	1,775
	-	1,903	1,903
Expenditures			
Storm drainage construction	21,000	10,965	10,035
New city hall	50,160	50,193	(33)
Industrial park	500,000	129,220	370,780
	571,160	190,378	380,782
Excess (deficiency) of revenues over expenditures	(571,160)	(188,475)	382,685
Other financing sources (uses)			
Operating transfers in	571,160	200,000	(371,160)
	571,160	200,000	(371,160)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	-	11,525	11,525
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	14,021	14,021
	-	14,021	14,021
Excess (deficiency) of revenues and other sources over expenditures and other uses - General Public Facilities Fund	-	25,546	25,546

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2011

Sabreliner Expansion Fund	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	230,000	189,344	(40,656)
Interest	-	1,461	1,461
Miscellaneous	-	67,823	67,823
	230,000	258,628	28,628
Expenditures			
Sabreliner expansion	618,400	491,872	126,528
Excess (deficiency) of revenues over expenditures	(388,400)	(233,244)	155,156
Other financing sources (uses)			
Operating transfers in	388,400	388,400	-
	388,400	388,400	-
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	-	155,156	155,156
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	(73,143)	(73,143)
	-	(73,143)	(73,143)
Excess (deficiency) of revenues and other sources over expenditures and other uses - Sabreliner Expansion Fund	-	82,013	82,013
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR CAPITAL PROJECT FUNDS	$ -	$ 107,559	$ 107,559

City of Perryville, Missouri
SCHEDULE OF NATURAL GAS SALES AND PURCHASES
March 31, 2011

1. The natural gas distribution system was serving 3,237 metered customers at March 31, 2011.

2. Gas sales and purchases for the fiscal year ended March 31, 2011 were as follows:

GAS SALES

Date billed	Quantity in mcf	Amount billed
04/10	59,784	$ 732,410
05/10	73,569	462,075
06/10	29,983	255,401
07/10	34,965	270,137
08/10	34,303	243,936
09/10	31,938	252,456
10/10	35,082	273,253
11/10	47,026	320,823
12/10	75,876	614,179
01/11	120,398	1,064,197
02/11	120,293	1,243,585
03/11	85,111	935,044
	748,328	$ 6,667,495

GAS PURCHASES

Date billed	Quantity in mcf	Date paid	Cost
04/10	38,122	05/10	$ 163,425
05/10	31,426	06/10	148,585
06/10	29,126	07/10	132,076
07/10	29,014	08/10	150,337
08/10	32,132	09/10	156,793
09/10	33,594	10/10	136,398
10/10	44,466	11/10	184,434
11/10	66,348	12/10	361,407
12/10	119,780	01/11	704,349
01/11	134,278	02/11	790,168
02/11	99,835	03/11	596,175
03/11	75,926	04/11	436,218
	734,047		$ 3,960,365

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING
March 31, 2011

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, 2011, was $1,905,000 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2011	5.625%	300,000
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
		$ 1,905,000

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, 2011, was $2,660,000 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2011	5.125%	250,000
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
		$ 2,660,000

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, 2011, was $2,137,705 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2011	5.125%	215,000
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		(312,295)
		$ 2,137,705

Natural Gas Revenue Bonds in the original amount of $3,700,000 dated June 1, 2004, balance outstanding at March 31, 2011, was $2,855,000 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2011	4.500%	225,000
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%	705,000
		$ 2,855,000

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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, 2011, which collectively comprise the City of Perryville, Missouri's basic financial statements and have issued our report thereon dated September 23, 2011. 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

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 and others within the entity 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 23, 2011**

Other Locations

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

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INDEPENDENT AUDITOR'S 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 Alderman
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, 2011. 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, 2011.

Internal Control Over Compliance

The 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.

Other Locations

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

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 is not intended to be and should not be used by anyone other than these specified parties.

Kulm, Eck + Braeckel LLP

Cape Girardeau, Missouri
September 23, 2011

City of Perryville, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended March 31, 2011

Federal Grantor/Pass-through Grantor/Program		Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
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	137,978
Pass through program from:				
Missouri Department of Public Safety				
Local Law Enforcement Block Grant We All Go Home		16.738	2010-LBGJ-069	6,575
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	30,717
U.S. Department of Transportation				
Federal Highway Administration				
Recovery Act:				
Pass-through program from:				
Missouri Highways and Transportation Commission				
Highway Planning & Construction Sidewalk Enhancement Program		20.205	ARRA-ES10(007)	207,040
U.S. Department of Transportation				
Pass-through program from:				
Missouri Department of Transportation				
Federal Airport Improvement Program		20.106	08-063A-1,2,3	26,971
State and Community Highway Safety		20.600	11-PT-02-119	5,669
Department of Housing & Urban Development				
Pass-through program from:				
Missouri Department of Economic Development				
Community Development Block Grant	*	14.228	2008-DI-31	513,436
	*		ARRA-2008-R04	491,872
			2010-ED-01	13,177
Total expenditures of federal awards				$ 1,433,435

* Major program

City of Perryville, Missouri
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended March 31, 2011

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, 2011

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:

CFDA Numbers	Name of Federal Program
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000.00		
Auditee qualifed as low-risk auditee	_____ yes	x no	

City of Perryville, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended March 31, 2011

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.