

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

CITY OF PERRYVILLE, MISSOURI

March 31, 2010

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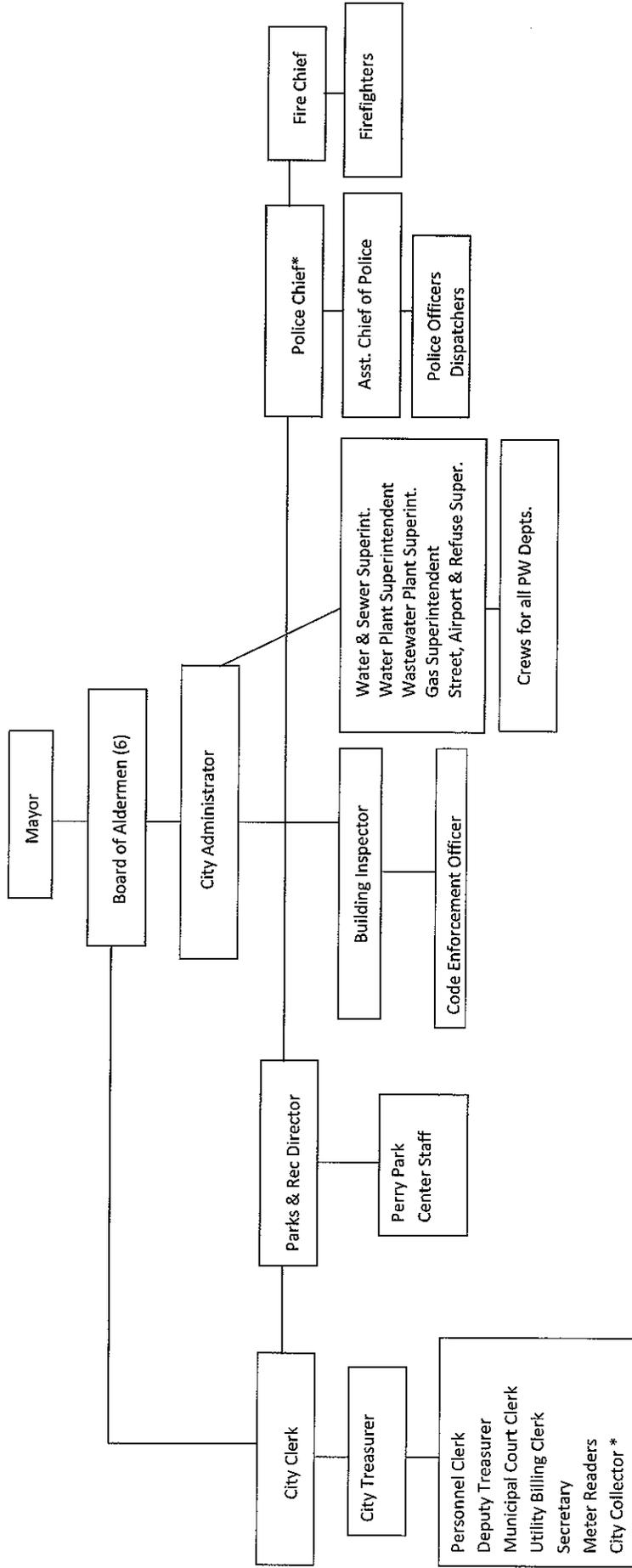
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**CITY OF PERRYVILLE, MISSOURI
List of Principal Officials
March 31, 2010**

Mayor	Deborah M. Gahan
Aldermen Ward I	Al Oliver 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



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Management Consultants

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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, 2010, 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, 2010, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 15 and 45 through 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Perryville, Missouri's basic financial statements as a whole. The combining and individual nonmajor fund financial statements and the Schedule of Natural Gas Sales and Purchases and the Schedule of Bonds Outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Natural Gas Sales and Purchases and the Schedule of Bonds Outstanding are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements as a whole.

Kerber, Eck + Braeckel LLP

Cape Girardeau, Missouri
September 23, 2010

**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, 2010, which collectively comprise the City of Perryville, Missouri's basic financial statements and have issued our report thereon dated September 23, 2010. 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.

Cape Girardeau, Missouri
September 23, 2010

Kerber, Eck + Braeckel LLP

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

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

FINANCIAL HIGHLIGHTS

- The City of Perryville, Missouri's total net assets increased \$1,012,571 or 2.3%. Governmental activities net assets increased \$994,140 while business-type activities net assets increased \$18,431.
- The City's governmental funds reported combined ending fund balances of \$19,581,510 an increase of \$994,140 from the prior year. Approximately 24.6 percent of this total amount, or \$4,807,855, is unreserved and available for use within the City's designation and policies.
- The City's total debt decreased by \$946,547 (6.0%) during the current fiscal year.
- The City's property tax levy increased to 73.65 cents per \$100 assessed valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 45 - 50.

The combining statements are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 51 - 62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

City of Perryville, Missouri's Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 6,730,035	\$ 6,621,442	\$ 9,097,334	\$ 9,108,206	\$ 15,827,369	\$ 15,729,648
Capital assets	<u>20,027,516</u>	<u>19,383,713</u>	<u>25,207,408</u>	<u>25,737,032</u>	<u>45,234,924</u>	<u>45,120,745</u>
Total assets	<u>26,757,551</u>	<u>26,005,155</u>	<u>34,304,742</u>	<u>34,845,238</u>	<u>61,062,293</u>	<u>60,850,393</u>
Long-term liabilities	6,096,084	6,465,628	7,485,000	8,170,000	13,581,084	14,635,628
Other liabilities	<u>1,079,957</u>	<u>952,157</u>	<u>1,907,087</u>	<u>1,781,014</u>	<u>2,987,044</u>	<u>2,733,171</u>
Total liabilities	<u>7,176,041</u>	<u>7,417,785</u>	<u>9,392,087</u>	<u>9,951,014</u>	<u>16,568,128</u>	<u>17,368,799</u>
Net assets:						
Invested in capital assets, net of related debt	13,292,641	12,377,291	17,037,408	16,892,032	30,330,049	29,269,323
Restricted	1,481,014	1,224,626	2,481,021	2,480,619	3,962,035	3,705,245
Unrestricted	<u>4,807,855</u>	<u>4,985,453</u>	<u>5,394,226</u>	<u>5,521,573</u>	<u>10,202,081</u>	<u>10,507,026</u>
Total net assets	<u>\$ 19,581,510</u>	<u>\$ 18,587,370</u>	<u>\$ 24,912,655</u>	<u>\$ 24,894,224</u>	<u>\$ 44,494,165</u>	<u>\$ 43,481,594</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial condition. The assets of the City of Perryville, Missouri exceeded liabilities by \$44,494,165 and \$43,481,594 as of March 31, 2010 and March 31, 2009, respectively.

The largest portion of the City's net assets (68.2%) 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 \$10,202,081 may be used to meet the government's ongoing obligation to citizens and creditors.

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

City of Perryville, Missouri's Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 937,480	\$ 1,020,918	\$ 8,954,458	\$ 11,136,806	\$ 9,891,938	\$ 12,157,724
Operating grants & contributions	151,610	133,418	99,786	105,212	251,396	238,630
Capital grants & contributions	394,766	595,147	-	-	394,766	595,147
General revenues:						
Property taxes	906,661	792,503	-	-	906,661	792,503
Sales tax	3,132,242	3,150,380	-	-	3,132,242	3,150,380
County business surtax	72,641	74,772	-	-	72,641	74,772
County road, intangible and railroad/utility taxes	100,458	101,052	-	-	100,458	101,052
Motor vehicle gas, license and sales taxes	288,560	289,746	-	-	288,560	289,746
Gross receipts tax	1,125,792	1,183,605	-	-	1,125,792	1,183,605
Investment revenue	143,313	216,851	35,292	97,197	178,605	314,048
FEMA storm damage	48,818	-	-	-	48,818	-
Miscellaneous	495,567	250,263	78,255	92,719	573,822	342,982
	<u>7,797,908</u>	<u>7,808,655</u>	<u>9,167,791</u>	<u>11,431,934</u>	<u>16,965,699</u>	<u>19,240,589</u>
Expenses:						
General government	1,456,322	1,522,430	-	-	1,456,322	1,522,430
Public safety	2,173,107	2,023,624	-	-	2,173,107	2,023,624
Sanitation	592,796	478,221	-	-	592,796	478,221
Airport operations	305,534	349,559	-	-	305,534	349,559
Culture and recreation	1,584,775	1,378,391	-	-	1,584,775	1,378,391
Airport improvements	1,354	47,689	-	-	1,354	47,689
Streets and improvements	973,458	859,017	-	-	973,458	859,017
Sidewalks	57,490	18,228	-	-	57,490	18,228
Stormwater	35,358	-	-	-	35,358	-
Capital projects	218,960	115,850	-	-	218,960	115,850
Interest on long-term debt	504,614	536,833	-	-	504,614	536,833
Water and sewer	-	-	2,884,813	2,661,571	2,884,813	2,661,571
Gas	-	-	5,164,547	6,962,353	5,164,547	6,962,353
Total expenses	<u>7,903,768</u>	<u>7,329,842</u>	<u>8,049,360</u>	<u>9,623,924</u>	<u>15,953,128</u>	<u>16,953,766</u>
Increase in net assets before transfers	(105,860)	478,813	1,118,431	1,808,010	1,012,571	2,286,823
Transfers	<u>1,100,000</u>	<u>1,709,005</u>	<u>(1,100,000)</u>	<u>(1,709,005)</u>	<u>-</u>	<u>-</u>
Increase in net assets	994,140	2,187,818	18,431	99,005	1,012,571	2,286,823
Net assets, April 1	<u>18,587,370</u>	<u>16,399,552</u>	<u>24,894,224</u>	<u>24,795,219</u>	<u>43,481,594</u>	<u>41,194,771</u>
Net assets, March 31	<u>\$ 19,581,510</u>	<u>\$ 18,587,370</u>	<u>\$ 24,912,655</u>	<u>\$ 24,894,224</u>	<u>\$ 44,494,165</u>	<u>\$ 43,481,594</u>

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

Governmental Activities

Net assets of governmental activities increased \$994,140 or 5.3%. Program revenues in the amount of \$1,483,856 were used to offset program expenses of \$7,903,768 resulting in a net program expense of \$6,419,912. General revenues in the amount of \$6,314,052 coupled with transfers in of \$1,100,000 funded the difference in those program expenses and resulted in a total net increase of \$994,140.

Business-Type Activities

Net assets of the business-type activities increased \$18,431 or .07%. Program revenues in the amount of \$9,054,244 were used to offset program expenses of \$8,049,360 resulting in net program revenue of \$1,004,884. General revenues in the amount of \$113,547 coupled with transfers out of \$1,100,000 resulted in a total net increase of \$18,431.

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 \$6,171,202. Approximately 77.9% of this total amount, \$4,807,855, 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 - \$809,382, and 2) to pay for other activities \$553,965.

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 - \$838,581 and Gas Operation Fund - \$4,555,645. Net assets of the funds changed as follows: Combined Waterworks and Sewerage System Fund - \$(171,515) and Gas Operation Fund - \$189,946.

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, 2010 totals \$45,234,924 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, pool and bathhouse, construction in progress, and infrastructure assets. The total increase in the City's investment in capital assets for the current fiscal year was 2.5% (3.3% increase for governmental activities and 2.1% decrease in business-type activities).

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

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 2,424,560	\$ 2,341,132	\$ 171,750	\$ 154,250	\$ 2,596,310	\$ 2,495,382
Buildings	5,390,538	4,956,210	-	-	5,390,538	4,956,210
Improvements other than buildings	2,058,193	1,857,659	22,269,512	23,215,620	24,327,705	25,073,279
Machinery and equipment	1,504,726	1,119,457	2,766,146	2,367,162	4,270,872	3,486,619
Pool and bathhouse	210,011	225,980	-	-	210,011	225,980
Construction in progress	-	-	-	-	-	-
Infrastructure	8,439,488	8,883,275	-	-	8,439,488	8,883,275
Total	\$ 20,027,516	\$ 19,383,713	\$ 25,207,408	\$ 25,737,032	\$ 45,234,924	\$ 45,120,745

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

- Perryville police station

Additional information on the City of Perryville, Missouri's capital assets can be found in note D on pages 32 - 34 of this report.

DEBT ADMINISTRATION

As of March 31, 2010, the City of Perryville, Missouri had total long-term debt outstanding of \$14,904,875. Of this amount, \$2,342,705 comprises bonded debt backed by the full faith and credit of the City, \$8,180,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and \$4,030,000 represents Certificates of Participation. The capital leases of \$352,170 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 \$946,547 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 34 - 38 of this report.

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

City of Perryville, Missouri's Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 2,342,705	\$ 2,537,705	-	-	\$ 2,342,705	\$ 2,537,705
Revenue bonds	2,905,000	3,140,000	5,275,000	5,770,000	8,180,000	8,910,000
Certificates of Participation	1,135,000	1,150,000	2,895,000	3,075,000	4,030,000	4,225,000
Capital leases	352,170	178,717	-	-	352,170	178,717
Total	\$ 6,734,875	\$ 7,006,422	\$ 8,170,000	\$ 8,845,000	\$ 14,904,875	\$ 15,851,422

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, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash (notes A7 and B)	\$ 6,072,301	\$ 5,907,415	\$ 11,979,716
Receivables, net of allowances for doubtful accounts:			
Real estate and personal property taxes (notes A8 and C)	60,851	-	60,851
Sales and use tax	246,200	-	246,200
Intergovernmental	22,312	-	22,312
Accounts receivable	24,868	736,321	761,189
Due from other funds	-	38,745	38,745
Restricted cash and investments (notes A7 and B)	158,505	2,231,355	2,389,860
Other assets, bond issue discount	-	147,409	147,409
Capital assets			
Non depreciable	2,424,560	171,750	2,596,310
Depreciable, net	17,602,956	25,035,658	42,638,614
Prepaid expenses	144,998	36,089	181,087
	\$ 26,757,551	\$ 34,304,742	\$ 61,062,293
LIABILITIES			
Accounts payable	115,743	687,249	802,992
Payroll, sales tax and fringe benefits	188,393	144,455	332,848
Due to other funds	-	38,745	38,745
Payables from restricted assets			
Current portion of bonds payable (note F)	450,000	515,000	965,000
Current portion of COP payable (note F)	20,000	170,000	190,000
Accrued interest	76,179	101,972	178,151
Customer deposits	-	249,666	249,666
Deferred revenue - real estate and personal property taxes	60,851	-	60,851
Current maturities of lease purchases payable (note F)	168,791	-	168,791
Revenue bonds payable, net of deferred amount on refunding, less current maturities (note F)	2,660,000	4,760,000	7,420,000
General obligation bonds payable (note F)	2,137,705	-	2,137,705
Certificates of Participation (note F)	1,115,000	2,725,000	3,840,000
Lease obligation payable (note F)	183,379	-	183,379
	7,176,041	9,392,087	16,568,128
NET ASSETS			
Invested in capital assets, net of related debt	13,292,641	17,037,408	30,330,049
Restricted for:			
Debt service	927,049	2,231,355	3,158,404
Other	553,965	249,666	803,631
Unrestricted	4,807,855	5,394,226	10,202,081
	\$ 19,581,510	\$ 24,912,655	\$ 44,494,165

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

City of Perryville, Missouri
STATEMENT OF ACTIVITIES
Year ended March 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,456,322	\$ 113,361	\$ -	\$ -	(1,342,961)	\$ -	(1,342,961)
Public safety	2,173,107	99,696	26,004	-	(2,047,407)	-	(2,047,407)
Sanitation	592,796	256,047	-	-	(336,749)	-	(336,749)
Airport operation	305,534	9,342	-	206,243	(89,949)	-	(89,949)
Culture and recreation	1,584,775	459,034	-	188,523	(937,218)	-	(937,218)
Airport improvements	1,354	-	-	-	(1,354)	-	(1,354)
Streets and improvements	973,458	-	-	-	(973,458)	-	(973,458)
Sidewalks	57,490	-	-	-	(57,490)	-	(57,490)
Stormwater	35,358	-	-	-	(35,358)	-	(35,358)
Capital projects	218,960	-	-	-	(218,960)	-	(218,960)
Interest on long-term debt	504,614	-	125,606	-	(379,008)	-	(379,008)
Total governmental activities	7,903,768	937,480	151,610	394,766	(6,419,912)	-	(6,419,912)
Business-type activities:							
Water and sewer	2,884,813	2,219,283	99,786	-	-	(565,744)	(565,744)
Gas	5,164,547	6,735,175	-	-	-	1,570,628	1,570,628
Total business-type activities	\$ 8,049,360	\$ 8,954,458	\$ 99,786	\$ -	-	1,004,884	1,004,884
General revenues							
Property taxes					906,661	-	906,661
Sales tax					3,132,242	-	3,132,242
County business surtax					72,641	-	72,641
County road tax, intangible tax, railroad/utility tax					100,458	-	100,458
Motor vehicle gas, license and sales taxes					288,560	-	288,560
Gross receipts tax					1,125,792	-	1,125,792
Investment revenue					143,313	35,292	178,605
FEMA storm damage					48,818	-	48,818
Miscellaneous					495,567	76,255	573,822
Transfers					1,100,000	(1,100,000)	-
					7,414,052	(986,453)	6,427,599
Change in net assets					994,140	18,431	1,012,571
Net assets beginning of year					18,587,370	24,894,224	43,481,594
Net assets end of year					\$ 19,581,510	\$ 24,912,655	\$ 44,494,165

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

City of Perryville, Missouri
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2010

	Major Funds					Total Governmental Funds
	General	Perry Park Center	Capital Improvement	Debt Service	Non-Major Funds	
ASSETS						
Cash (notes A7 and B)	\$ 195,592	\$ 18,435	\$ 2,757,562	\$ 849,133	\$ 2,251,579	\$ 6,072,301
Receivables, net of allowances for doubtful accounts:						
Real estate and personal property taxes (notes A8 and C)	29,322	12,886	-	18,643	-	60,851
Sales and use tax intergovernmental	119,997	21,206	44,999	-	59,998	246,200
Accounts receivable	-	-	-	-	22,312	22,312
Due from other funds	24,868	-	-	-	-	24,868
Restricted cash and investments (notes A7 and B)	40,838	-	-	-	-	40,838
Prepaid expenses	100,190	28,594	-	-	16,214	144,998
	<u>\$ 510,807</u>	<u>\$ 81,121</u>	<u>\$ 2,802,561</u>	<u>\$ 867,776</u>	<u>\$ 2,350,103</u>	<u>\$ 6,612,368</u>
LIABILITIES						
Accounts payable	\$ 63,494	\$ 24,789	\$ -	\$ -	\$ 27,460	\$ 115,743
Payroll, sales tax and fringe benefits	133,096	32,846	-	-	22,451	188,393
Due to other funds	-	-	-	-	-	-
Payables from restricted assets	-	-	-	-	-	-
Accrued interest	-	-	36,428	39,751	-	76,179
Deferred revenue - real estate and personal property taxes	29,322	12,886	-	18,643	-	60,851
	<u>225,912</u>	<u>70,521</u>	<u>36,428</u>	<u>58,394</u>	<u>49,911</u>	<u>441,166</u>
FUND BALANCES						
Reserved						
Reserved for debt service	-	-	-	809,382	-	809,382
Other activities	40,838	-	-	-	513,127	553,965
Unreserved	244,057	10,600	2,766,133	-	-	3,020,790
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,798,614	1,798,614
Capital project funds	-	-	-	-	(11,549)	(11,549)
	<u>284,895</u>	<u>10,600</u>	<u>2,766,133</u>	<u>809,382</u>	<u>2,300,192</u>	<u>6,171,202</u>
	<u>\$ 510,807</u>	<u>\$ 81,121</u>	<u>\$ 2,802,561</u>	<u>\$ 867,776</u>	<u>\$ 2,350,103</u>	<u>\$ 6,612,368</u>

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, 2010

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

Total fund balance - total governmental funds	\$	6,171,202
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 35,955,707	
Less accumulated depreciation	<u>15,928,191</u>	20,027,516

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	352,170	
Revenue bonds payable	2,905,000	
Certificates of participation (net of cash in reserve fund)	1,017,333	
General obligation bonds payable	<u>2,342,705</u>	6,617,208

Net assets of governmental activities	\$	<u><u>19,581,510</u></u>
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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, 2010

	Major Funds					Total Governmental Funds
	General	Perry Park Center	Capital Improvement	Debt Service	Nonmajor Funds	
Revenues						
Taxes and special assessments	\$ 3,103,064	\$ 454,908	\$ 574,721	\$ 271,397	\$ 766,295	\$ 5,170,385
License and permits	50,006	-	-	-	-	50,006
Charges for services	328,744	459,034	-	487	-	788,265
Intergovernmental	413,809	15,672	66,139	81,166	473,890	1,050,676
Fines	99,696	-	-	-	-	99,696
Interest	1,292	58	70,920	66,399	4,644	143,313
Miscellaneous	251,929	38,360	-	-	89,517	379,706
Rental	67,932	47,929	-	-	-	115,861
	<u>4,316,372</u>	<u>1,015,961</u>	<u>711,780</u>	<u>419,449</u>	<u>1,334,346</u>	<u>7,797,908</u>
Expenditures						
General government	1,532,273	-	-	-	-	1,532,273
Public safety	2,171,583	-	-	-	-	2,171,583
Sanitation	595,711	-	-	-	-	595,711
Airport operation	416,790	-	-	-	-	416,790
Culture and recreation	-	1,717,541	-	-	12,849	1,730,390
Airport improvements	-	-	-	-	1,354	1,354
Streets and street improvements	-	-	-	-	806,266	806,266
Sidewalks	-	-	-	-	57,490	57,490
Stormwater	-	-	-	-	35,358	35,358
Debt service:						
Principal	15,000	-	235,000	195,000	-	445,000
Interest	50,878	-	225,654	204,670	-	481,202
Bond handling costs	1,500	-	10,906	11,006	-	23,412
Capital projects	-	-	-	-	521,877	521,877
	<u>4,783,735</u>	<u>1,717,541</u>	<u>471,560</u>	<u>410,676</u>	<u>1,435,194</u>	<u>8,818,706</u>
Excess (deficiency) of revenues over expenditures	(467,363)	(701,580)	240,220	8,773	(100,848)	(1,020,798)
Other financing sources (uses)						
Operating transfers in	1,425,000	765,000	-	-	292,000	2,482,000
Operating transfers out	(1,007,000)	(50,000)	(325,000)	-	-	(1,382,000)
	<u>418,000</u>	<u>715,000</u>	<u>(325,000)</u>	<u>-</u>	<u>292,000</u>	<u>1,100,000</u>
Net change in fund balance	(49,363)	13,420	(84,780)	8,773	191,152	79,202
Fund balance beginning of year	334,258	(2,820)	2,850,913	800,609	2,109,040	6,092,000
Fund balance end of year	\$ <u>284,895</u>	\$ <u>10,600</u>	\$ <u>2,766,133</u>	\$ <u>809,382</u>	\$ <u>2,300,192</u>	\$ <u>6,171,202</u>

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, 2010

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

Net changes in fund balances - total governmental funds	\$ 79,202
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	1,832,311
Capital assets disposed of are recognized in the statement of activities	(63,335)
Depreciation expense is recognized as an expense in the statement of net assets	(1,125,173)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds	445,000
Repayment of the principal portion of lease purchase obligations	193,018
Proceeds from lease purchase obligations	(366,471)
Other	(412)
	\$ <u>994,140</u>

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

City of Perryville, Missouri
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
March 31, 2010

ASSETS	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Current assets			
Cash and investments	\$ 1,020,031	\$ 4,887,384	\$ 5,907,415
Accounts receivable, net of allowance for doubtful accounts	204,332	531,989	736,321
Due from other funds	-	38,745	38,745
Prepaid expenses	24,909	11,180	36,089
	1,249,272	5,469,298	6,718,570
Restricted cash and investments	1,127,904	1,103,451	2,231,355
Property, plant and equipment			
Plant and system improvements	28,505,110	9,736,230	38,241,340
Machinery and equipment	1,041,945	586,392	1,628,337
	29,547,055	10,322,622	39,869,677
Less accumulated depreciation	11,909,571	2,924,448	14,834,019
	17,637,484	7,398,174	25,035,658
Land	138,750	33,000	171,750
	17,776,234	7,431,174	25,207,408
Bond issue discount	73,503	73,906	147,409
Total assets	20,226,913	14,077,829	34,304,742
LIABILITIES			
Current liabilities			
Accounts payable	\$ 122,425	\$ 564,824	\$ 687,249
Accrued liabilities	80,973	63,482	144,455
Due to other funds	38,745	-	38,745
Payables from restricted assets			
Current portion of revenue bonds payable	290,000	225,000	515,000
Current portion of certificates of participation	82,500	87,500	170,000
Accrued interest	47,349	54,623	101,972
Customer deposits	97,351	152,315	249,666
	759,343	1,147,744	1,907,087
Revenue bonds payable	1,905,000	2,855,000	4,760,000
Certificates of participation payable	1,311,250	1,413,750	2,725,000
	3,216,250	4,268,750	7,485,000
Total liabilities	3,975,593	5,416,494	9,392,087
Net assets			
Invested in capital assets, net of related debt	14,187,484	2,849,924	17,037,408
Restricted for:			
Debt service	1,127,904	1,103,451	2,231,355
Other	97,351	152,315	249,666
Unrestricted	838,581	4,555,645	5,394,226
Total net assets	\$ 16,251,320	\$ 8,661,335	\$ 24,912,655

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, 2010

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 2,219,283	\$ 6,735,175	\$ 8,954,458
Operating expenses			
General operating expense	1,784,114	4,710,189	6,494,303
Depreciation and amortization	898,732	227,152	1,125,884
	<u>2,682,846</u>	<u>4,937,341</u>	<u>7,620,187</u>
Operating earnings (loss)	(463,563)	1,797,834	1,334,271
Nonoperating income (expense)			
Interest income	20,207	15,085	35,292
Intergovernmental income	99,786	-	99,786
Miscellaneous income	49,022	29,233	78,255
Interest expense	(201,967)	(227,206)	(429,173)
	<u>(32,952)</u>	<u>(182,888)</u>	<u>(215,840)</u>
Earnings (loss) before operating transfers	(496,515)	1,614,946	1,118,431
Other financing sources (uses)			
Operating transfers in	325,000	-	325,000
Operating transfers out	-	(1,425,000)	(1,425,000)
	<u>325,000</u>	<u>(1,425,000)</u>	<u>(1,100,000)</u>
CHANGE IN NET ASSETS	(171,515)	189,946	18,431
Net assets at beginning of year	<u>16,422,835</u>	<u>8,471,389</u>	<u>24,894,224</u>
Net assets at end of year	<u>\$ 16,251,320</u>	<u>\$ 8,661,335</u>	<u>\$ 24,912,655</u>

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

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2010

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities			
Cash received from customers	\$ 2,218,432	\$ 6,669,058	\$ 8,887,490
Cash received from other sources	50,096	33,832	83,928
Cash payments to suppliers	(799,236)	(4,147,336)	(4,946,572)
Cash payments to employees	(909,967)	(496,564)	(1,406,531)
Cash payments for other expenses	(876)	(26,460)	(27,336)
	<u>558,449</u>	<u>2,032,530</u>	<u>2,590,979</u>
Cash flows from noncapital financing activities			
Transfers in	325,000	-	325,000
Transfers out	-	(1,425,000)	(1,425,000)
Operating grants	99,786	-	99,786
	<u>424,786</u>	<u>(1,425,000)</u>	<u>(1,000,214)</u>
Cash flows from capital and related financing activities			
Debt service - interest payments	(201,967)	(227,206)	(429,173)
Debt service - principal payments	(371,250)	(303,750)	(675,000)
Acquisition and construction of capital assets	(562,708)	(16,424)	(579,132)
	<u>(1,135,925)</u>	<u>(547,380)</u>	<u>(1,683,305)</u>
Cash flows from investing activities			
Interest received	20,207	15,085	35,292
	<u>20,207</u>	<u>15,085</u>	<u>35,292</u>
Net increase in cash and cash equivalents	(132,483)	75,235	(57,248)
Cash and cash equivalents at beginning of year	2,280,418	5,915,600	8,196,018
Cash and cash equivalents at end of year	\$ 2,147,935	\$ 5,990,835	\$ 8,138,770

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2010

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities			
Operating income (loss)	\$ (414,541)	\$ 1,827,067	\$ 1,412,526
Depreciation	898,732	227,152	1,125,884
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	(851)	(61,464)	(62,315)
(Increase) Decrease in prepaid expenses	(2,592)	1,403	(1,189)
Increase (Decrease) in accounts payable	74,236	20,946	95,182
Increase (Decrease) in accrued liabilities	6,547	14,780	21,327
Increase (Decrease) in customer deposits	1,714	5,676	7,390
Increase (Decrease) in restricted payables	(4,796)	(3,030)	(7,826)
	<u>\$ 558,449</u>	<u>\$ 2,032,530</u>	<u>\$ 2,590,979</u>

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

1. Reporting Entity

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

2. Government-Wide and Fund Financial Accounting

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

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

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

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

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

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

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

The City reports the following major proprietary funds:

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

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

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 \$147,073 of accrued vacation leave at March 31, 2010, has been recorded. Proprietary funds accrue vacation leave in the period they are earned. For 2010, \$69,068 has been accrued for vacation leave in the enterprise funds.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

8. Amortization of Bond Expense

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

9. Inventories

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

10. Capital Assets

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

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

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

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

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

11. Net Assets

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

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

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

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

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

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.

NOTE B – DEPOSITS AND INVESTMENTS

At March 31, 2010, the carrying amount of the City's deposits was \$15,386,909. 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, 2010 are not exposed to custodial credit risk.

NOTE C – PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes were levied August 18, 2009, for collection during this year. The tax rates assessed at the time were as follows:

City Revenue	\$.3576/100.00 assessed valuation
Park Maintenance	\$.1589/100.00 assessed valuation
Debt Service	\$.2200/100.00 assessed valuation

Real estate and personal property taxes outstanding at March 31, 2010, totaled \$60,851. The City recognizes this amount as deferred revenue.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2010 was as follows:

Governmental activities:	<u>Balance March 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2010</u>
Capital assets not being depreciated				
Land	\$ 2,341,132	\$ 83,428	\$ -	\$ 2,424,560
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,341,132	83,428	-	2,424,560
Capital assets being depreciated				
Buildings	6,375,948	599,277	12,387	6,962,838
Improvements other than buildings	20,274,196	300,470	-	20,574,666
Machinery and equipment	4,642,182	833,881	311,545	5,164,518
Pool and bathhouse	<u>813,871</u>	<u>15,255</u>	<u>-</u>	<u>829,126</u>
	32,106,197	1,748,883	323,932	33,531,148
Less accumulated depreciation for				
Buildings	1,419,738	162,433	9,871	1,572,300
Improvements other than buildings	9,533,262	543,723	-	10,076,985
Machinery and equipment	3,522,725	387,793	250,726	3,659,792
Pool and bathhouse	<u>587,891</u>	<u>31,224</u>	<u>-</u>	<u>619,115</u>
	<u>15,063,616</u>	<u>1,125,173</u>	<u>260,597</u>	<u>15,928,192</u>
Capital assets being depreciated, net	<u>17,042,581</u>	<u>623,710</u>	<u>63,335</u>	<u>17,602,956</u>
Governmental activities capital assets, net	<u>\$ 19,383,713</u>	<u>\$ 707,138</u>	<u>\$ 63,335</u>	<u>\$ 20,027,516</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

NOTE D – CAPITAL ASSETS – Continued

	<u>Balance March 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2010</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 154,250	\$ 17,500	\$ -	\$ 171,750
Construction in progress	-	-	-	-
	<u>154,250</u>	<u>17,500</u>	<u>-</u>	<u>171,750</u>
Capital assets being depreciated				
Buildings and improvements other than buildings	35,684,596	33,400	20,880	35,697,116
Machinery and equipment	<u>3,655,502</u>	<u>528,232</u>	<u>11,173</u>	<u>4,172,561</u>
	39,340,098	561,632	32,053	39,869,677
Less accumulated depreciation for				
Buildings and improvements other than buildings	12,468,976	979,508	20,880	13,427,604
Machinery and equipment	<u>1,288,340</u>	<u>129,248</u>	<u>11,173</u>	<u>1,406,415</u>
	<u>13,757,316</u>	<u>1,108,756</u>	<u>32,053</u>	<u>14,834,019</u>
Capital assets being depreciated, net	<u>25,582,782</u>	<u>(547,124)</u>	<u>-</u>	<u>25,035,658</u>
Business-type activities capital assets, net	<u>\$ 25,737,032</u>	<u>\$ (529,624)</u>	<u>\$ -</u>	<u>\$ 25,207,408</u>

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

Governmental activities:	
General government	\$ 68,298
Public safety	147,623
Sanitation	50,070
Airport	120,731
Culture and recreation	122,756
Streets and improvements	534,570
Capital projects	81,125
	<u>\$ 1,125,173</u>
Business-type activities:	
Major funds:	
Combined Waterworks and Sewerage System Fund	\$ 889,566
Gas Operation Fund	219,190
	<u>\$ 1,108,756</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

NOTE D – CAPITAL ASSETS – Continued

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

NOTE E – EXCESS OF EXPENDITURES OVER REVENUES IN INDIVIDUAL FUNDS

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

	<u>Expenditures</u>	<u>Revenues</u>	<u>Difference</u>
Major Governmental Funds			
Perry Park Center Fund	1,717,541	1,015,961	701,580
General Fund	4,783,735	4,316,372	467,363
Nonmajor Governmental Funds			
Special Revenue Fund -			
Transportation Trust Fund	896,902	791,977	104,925
Capital Project Fund -			
General Public Facilities	521,877	38,032	483,845
Major Enterprise Fund			
Combined Waterworks and			
Sewerage System Fund	2,884,813	2,388,298	496,515

NOTE F – LONG –TERM OBLIGATIONS

Following is a summary of bonds and notes payable transactions of the City for the year ended March 31, 2010:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Capital Leases</u>	<u>Certificates of Participation</u>	<u>Total</u>
Balance at April 1, 2009	\$ 2,537,705	\$ 8,910,000	\$ 178,717	\$ 4,225,000	\$ 15,851,422
Long - term obligations added	-	-	366,471	-	366,471
Long - term obligations retired	195,000	730,000	193,018	195,000	1,313,018
Balance at March 31, 2010	\$ 2,342,705	\$ 8,180,000	\$ 352,170	\$ 4,030,000	\$ 14,904,875

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

NOTE F – LONG –TERM OBLIGATIONS – Continued

Long – term obligations at March 31, 2010, 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	3,080,000	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	2,195,000	290,000
\$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	2,905,000	245,000
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	1,970,000	110,000
\$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	925,000	60,000
\$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	1,135,000	20,000

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

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

	2,342,705	205,000
	\$ 14,552,705	\$ 1,155,000
Less current maturities	1,155,000	
	\$ 13,397,705	

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	\$ 2,905,000	\$ 245,000
\$4,110,000 General Obligation Improvement and Refunding Bonds	2,342,705	205,000
\$1,170,000 Certificates of Participation - Police Station	1,135,000	20,000
Capital lease obligations	352,170	168,791
	\$ 6,734,875	\$ 638,791
Business-type activities:		
\$3,700,000 Natural Gas Revenue Bonds	3,080,000	225,000
\$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds	2,195,000	290,000
\$2,620,000 Combined Waterworks, Sewerage System, and Gas Improvements, Certificates of Participation	1,970,000	110,000
\$1,150,000 Certificates of Participation - Gas Improvements	925,000	60,000
	\$ 8,170,000	\$ 685,000

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

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

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, 2010, the State had contributed \$1,536,500 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, 2010, the State had contributed \$1,857,458 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.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

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,		
2011	\$	183,872
2012		97,224
2013		50,071
2014		50,071
		<hr/>
Total minimum lease payments		381,238
Less amount representing interest		29,068
Present value of net minimum lease payments	\$	<hr/> <u>352,170</u>
Current portion	\$	168,791
Long - term portion		183,379
	\$	<hr/> <u>352,170</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

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 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information.

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 9.9% (general), 11.2% (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

For 2009, the political subdivision’s annual pension cost of \$335,830 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 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. The amortization period at February 28, 2009 was 15 years.

Three - Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	339,554	100%	-
6/30/2008	344,710	100%	-
6/30/2009	335,830	100%	-

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

NOTE G – PENSION PLAN – Continued

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b - a) Unfunded Accrued Liability (UAL)</u>	<u>(a / b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b - a) / c] UAL as a Percentage of Covered Payroll</u>
2/28/2007	6,469,432	6,950,612	481,180	93%	2,629,202	18%
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%

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 \$910,375, was incurred during the year ended March 31, 2010. No interest was capitalized as part of the cost of assets constructed during the period.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2010

NOTE I – RESERVATIONS OF FUND BALANCE AND RETAINED EARNINGS

The City has reserved fund balances and retained earnings at March 31, 2010, as follows.

General Fund

Reserved for judicial education fund	\$ 80
Reserved for domestic shelter	234
Reserved for CATV franchise fees	10,002
Reserved for crime victims compensation fund	585
Reserved for municipal court	1,526
Reserved for police training	1,990
Reserved for taxes paid under protest	9,495
Reserved for 2007 certificate of participation	13,972
Reserved for inmate security	2,954
	\$ 40,838

Special Revenue Fund

Reserved for escrow roof fund	\$ 280,732
Reserved for Veterans Memorial Field Fund	232,395
	\$ 513,127

Debt Service Fund

Reserved for debt service	\$ 809,382

Combined Waterworks and Sewerage System Fund

Reserved for debt service	\$ 1,127,904
Reserved for deposits	97,351

Gas Operation Fund

Reserved for debt service	1,103,451
Reserved for deposits	152,315

Total reserved for Enterprise Funds	\$ 2,481,021
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City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

NOTE J – EXCESS OF EXPENDITURES OVER BUDGET

In the following individual funds expenditures for the year exceeded budgeted amounts:

Major Funds	
General Fund	\$ 208,028
Nonmajor Special Revenue Funds	
Street Improvement Fund	1,160
Transportation Trust Fund	321,934
General Public Facilities Fund	422,292

NOTE K – OPERATING TRANSFERS

The City makes transfers between various funds for routine and normal operating expenses. Operating transfers for the year ended March 31, 2010 were as follows.

Transfer To	General Fund	Perry Park Center Fund	Transfer From Capital Improvement Sales Tax Fund	Gas Operation Fund	Total
Major Governmental Funds					
General Fund	\$ -	\$ -	\$ -	\$ 1,425,000	\$ 1,425,000
Perry Park Center Fund	765,000	-	-	-	765,000
Nonmajor Gov. Funds					
Gen. Public Facilities Fund	242,000	-	-	-	242,000
Perry Park Center Escrow Fund	-	50,000	-	-	50,000
Major Enterprise Funds					
Combined Waterworks and Sewerage System Fund	-	-	325,000	-	325,000
Total	\$ 1,007,000	\$ 50,000	\$ 325,000	\$ 1,425,000	\$ 2,807,000

NOTE L – INTERFUND RECEIVABLES AND PAYABLES

As of March 31, 2010, the City had \$38,745 due from the Combined Waterworks and Sewer System Fund (CWSS) to the Gas Fund.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

NOTE M - LITIGATION

The City is party to a lawsuit filed by its former City Administrator regarding his termination in April 2009. Legal counsel had indicated that the City believes that it acted on firm legal ground and that all claims in this lawsuit are defensible, however, it is not possible at this time to evaluate the likelihood of an unfavorable outcome in regard to this case.

NOTE N – 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	\$ 1,249,272	\$ 5,469,298	\$ 6,718,570
Restricted assets	1,127,904	1,103,451	2,231,355
Capital assets	17,776,234	7,431,174	25,207,408
Other assets	73,503	73,906	147,409
Total assets	<u>20,226,913</u>	<u>14,077,829</u>	<u>34,304,742</u>
LIABILITIES			
Current liabilities	242,143	628,306	870,449
Liabilities payable from restricted assets	517,200	519,438	1,036,638
Bonds, notes payable, and other long-term liabilities	3,216,250	4,268,750	7,485,000
Total liabilities	<u>3,975,593</u>	<u>5,416,494</u>	<u>9,392,087</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,187,484	2,849,924	17,037,408
Restricted for			
Debt service	1,127,904	1,103,451	2,231,355
Other	97,351	152,315	249,666
Unrestricted	838,581	4,555,645	5,394,226
Total net assets	<u>\$ 16,251,320</u>	<u>\$ 8,661,335</u>	<u>\$ 24,912,655</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2010

NOTE N – SEGMENT INFORMATION – Continued

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Operating revenues	\$ 2,219,283	\$ 6,735,175	\$ 8,954,458
Depreciation and amortization	(898,732)	(227,152)	(1,125,884)
Other operating expenses	(1,784,114)	(4,710,189)	(6,494,303)
Operating income (loss)	<u>(463,563)</u>	<u>1,797,834</u>	<u>1,334,271</u>
Nonoperating income (expenses)			
Interest income	20,207	15,085	35,292
Intergovernmental income	99,786	-	99,786
Miscellaneous income	49,022	29,233	78,255
Interest expense	<u>(201,967)</u>	<u>(227,206)</u>	<u>(429,173)</u>
	(32,952)	(182,888)	(215,840)
Transfers in	325,000	-	325,000
Transfers out	<u>-</u>	<u>(1,425,000)</u>	<u>(1,425,000)</u>
Change in net assets	(171,515)	189,946	18,431
Net assets at beginning of year	16,422,835	8,471,389	24,894,224
Net assets at end of year	<u>\$ 16,251,320</u>	<u>\$ 8,661,335</u>	<u>\$ 24,912,655</u>

CONDENSED STATEMENT OF CASH FLOWS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Net cash provided (used) by:			
Operating activities	\$ 558,449	\$ 2,032,530	\$ 2,590,979
Noncapital financing activities	424,786	(1,425,000)	(1,000,214)
Capital and related financing activities	(1,135,925)	(547,380)	(1,683,305)
Investing activities	<u>20,207</u>	<u>15,085</u>	<u>35,292</u>
	(132,483)	75,235	(57,248)
Cash and cash equivalents at beginning of year	<u>2,280,418</u>	<u>5,915,600</u>	<u>8,196,018</u>
Cash and cash equivalents at end of year	<u>\$ 2,147,935</u>	<u>\$ 5,990,835</u>	<u>\$ 8,138,770</u>

City of Perryville, Missouri
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year ended March 31, 2010

General Revenue Fund	Budget		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property taxes	\$ 443,927	\$ 443,927	\$ 439,902	\$ (4,025)
Railroad and utility tax	2,200	2,200	1,752	(448)
Gross receipts tax	740,000	740,000	1,125,792	385,792
Intangible tax	2,600	2,600	2,568	(32)
Sales tax	1,500,000	1,500,000	1,537,695	37,695
Tax under protest	500	500	459	(41)
	<u>2,689,227</u>	<u>2,689,227</u>	<u>3,108,168</u>	<u>418,941</u>
License and permits				
City vehicle stickers	18,000	18,000	20,220	2,220
Occupational licenses	10,000	10,000	15,580	5,580
Liquor licenses	9,000	9,000	9,967	967
Mobile home licenses	1,000	1,000	1,125	125
Building and other permits	5,000	5,000	3,114	(1,886)
	<u>43,000</u>	<u>43,000</u>	<u>50,006</u>	<u>7,006</u>
Charges for services				
Fees and services	15,000	15,000	16,019	1,019
Residential trash pickup	250,000	250,000	231,279	(18,721)
Commercial trash pickup	25,000	25,000	24,332	(668)
Fuel sales	86,000	86,000	9,357	(76,643)
Penalties	800	800	697	(103)
Cable TV franchise fees	51,000	51,000	46,623	(4,377)
	<u>427,800</u>	<u>427,800</u>	<u>328,307</u>	<u>(99,493)</u>
Intergovernmental				
Road district contributions	85,000	85,000	94,281	9,281
State grants	500	500	11,003	10,503
Airport improvement grant	150,000	150,000	206,243	56,243
Fire training academy	7,500	7,500	-	(7,500)
FEMA storm damage	-	-	48,818	48,818
Law enforcement grant	-	-	15,000	15,000
County business surtax	27,000	27,000	35,270	8,270
Federal gasoline tax	3,500	3,500	3,193	(307)
	<u>273,500</u>	<u>273,500</u>	<u>413,808</u>	<u>140,308</u>
Fines				
Court fines, costs and police training fund	120,000	120,000	91,588	(428)
Inmate security fund	1,500	1,500	1,072	(428)
Crime victim compensation	5,500	5,500	3,907	(1,593)
Restitution fund	2,000	2,000	2,889	889
Parking tickets	250	250	240	(10)
	<u>129,250</u>	<u>129,250</u>	<u>99,696</u>	<u>(1,570)</u>
Interest				
	9,400	9,400	1,292	(8,108)
Miscellaneous				
Miscellaneous	356,150	356,150	250,329	(105,821)
Donations	7,500	7,500	1,500	(6,000)
	<u>363,650</u>	<u>363,650</u>	<u>251,829</u>	<u>(111,821)</u>
Rental				
Airport	62,900	62,900	65,172	2,272
Other	2,760	2,760	2,760	-
	<u>65,660</u>	<u>65,660</u>	<u>67,932</u>	<u>2,272</u>
Total revenues	<u>4,001,487</u>	<u>4,001,487</u>	<u>4,321,038</u>	<u>347,535</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year ended March 31, 2010

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>General Revenue Fund - Continued</u>				
Expenditures				
General Government				
Mayor and board	145,261	145,261	220,162	(74,901)
City administrators office	112,235	112,235	86,357	25,878
Clerk/Finance	387,051	387,051	368,254	18,797
Municipal court	93,811	93,811	80,662	13,149
Community development	169,400	169,400	195,425	(26,025)
General services	398,449	398,449	411,627	(13,178)
Port authority/Economic development	73,528	73,528	73,528	-
Cable access/Levee district	30,250	30,250	28,682	1,568
Medical claims	50,000	50,000	52,168	(2,168)
	<u>1,459,985</u>	<u>1,459,985</u>	<u>1,516,865</u>	<u>(56,880)</u>
Public Safety				
Police department	1,861,116	1,861,116	1,922,982	(61,866)
Law enforcement grant	-	-	12,437	(12,437)
Fire department	236,173	236,173	214,103	22,070
	<u>2,097,289</u>	<u>2,097,289</u>	<u>2,149,522</u>	<u>(52,233)</u>
Sanitation				
Refuse collection and disposal	617,747	617,747	601,438	16,309
Debt Service				
Principal and interest payments	68,789	68,789	67,378	1,411
Airport operations	301,194	301,194	417,829	(116,635)
Total expenditures	<u>4,545,004</u>	<u>4,545,004</u>	<u>4,753,032</u>	<u>(208,028)</u>
Excess (deficiency) of revenues over expenditures	(543,517)	(543,517)	(431,994)	139,507
Other financing sources (uses)				
Operating transfers in	1,502,360	1,502,360	1,425,000	(77,360)
Operating transfers out	(958,837)	(1,118,837)	(1,007,000)	111,837
	<u>543,523</u>	<u>383,523</u>	<u>418,000</u>	<u>34,477</u>
Net change in fund balance	6	(159,994)	(13,994)	173,984
Fund balance at beginning of year	<u>334,258</u>	<u>334,258</u>	<u>334,258</u>	<u>-</u>
Fund balance at end of year	<u>\$ 334,264</u>	<u>\$ 174,264</u>	<u>\$ 320,264</u>	<u>\$ 173,984</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - PERRY PARK CENTER FUND
Year ended March 31, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	\$ 186,917	\$ 186,917	\$ 195,494	\$ 8,577
Railroad and utility tax	1,000	1,000	779	(221)
Sales tax	265,000	265,000	257,597	(7,403)
	<u>452,917</u>	<u>452,917</u>	<u>453,870</u>	<u>953</u>
Charges for services				
Concessions and vending machines	91,000	91,000	65,194	(25,806)
Tournament and sports fees	44,500	44,500	54,020	9,520
Admission fees and passes	351,500	351,500	327,122	(24,378)
Arcade, fun club and senior olympics	27,500	27,500	12,697	(14,803)
	<u>514,500</u>	<u>514,500</u>	<u>459,033</u>	<u>(55,467)</u>
Intergovernmental				
County business surtax	9,800	9,800	15,672	5,872
Interest				
	250	250	58	(192)
Miscellaneous				
	36,700	36,700	38,360	1,660
Rental				
Library lease	17,100	17,100	17,100	-
Theater rent	10,000	10,000	12,166	2,166
Pool and gymnasium	12,000	12,000	8,765	(3,235)
Pavilions, ball fields, community center, meeting room	9,000	9,000	9,898	898
	<u>48,100</u>	<u>48,100</u>	<u>47,929</u>	<u>(171)</u>
Total revenues	<u>1,062,267</u>	<u>1,062,267</u>	<u>1,014,922</u>	<u>(47,345)</u>
Expenditures				
Leagues	138,808	138,808	120,636	18,172
Administration	468,776	468,776	457,196	11,580
Community center maintenance	16,600	16,600	12,425	4,175
Fitness center	27,936	27,936	15,920	12,016
Activities and marketing	55,935	55,935	55,268	667
Maintenance and housekeeping	507,834	507,834	413,466	94,368
Park maintenance	161,253	161,253	137,251	24,002
Performing arts center	91,331	91,331	82,595	8,736
Pool	214,571	214,571	269,666	(55,095)
Park center operations	185,560	185,560	161,819	23,741
Total expenditures	<u>1,868,604</u>	<u>1,868,604</u>	<u>1,726,242</u>	<u>142,362</u>
Excess (deficiency) of revenues over expenditures	<u>(806,337)</u>	<u>(806,337)</u>	<u>(711,320)</u>	<u>95,017</u>
Other financing sources (uses)				
Operating transfers in	856,337	856,337	765,000	(91,337)
Operating transfers out	(50,000)	(50,000)	(50,000)	-
	<u>806,337</u>	<u>806,337</u>	<u>715,000</u>	<u>(91,337)</u>
Net change in fund balance	-	-	3,680	3,680
Fund balance at beginning of year	<u>(2,820)</u>	<u>(2,820)</u>	<u>(2,820)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (2,820)</u>	<u>\$ (2,820)</u>	<u>\$ 860</u>	<u>\$ 3,680</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT SALES TAX FUND
Year ended March 31, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Sales tax	\$ 565,000	\$ 565,000	\$ 576,635	\$ 11,635
Intergovernmental				
State revolving fund	-	-	0	-
Interest	50,000	50,000	6,657	(43,343)
	<u>615,000</u>	<u>615,000</u>	<u>583,292</u>	<u>(31,708)</u>
Expenditures				
Debt service				
Principal	235,000	235,000	242,500	(7,500)
Interest	165,000	165,000	95,862	69,138
Bond handling charges	13,200	13,200	10,906	2,294
	<u>413,200</u>	<u>413,200</u>	<u>349,268</u>	<u>63,932</u>
Excess (deficiency) of revenues over expenditures	201,800	201,800	234,024	32,224
Other financing sources (uses)				
Operating transfers in	123,200	123,200	-	(123,200)
Operating transfers out	(325,000)	(325,000)	(325,000)	-
	<u>(201,800)</u>	<u>(201,800)</u>	<u>(325,000)</u>	<u>(123,200)</u>
Net change in fund balance	-	-	(90,976)	(90,976)
Fund balance at beginning of year	2,850,913	2,850,913	2,850,913	-
Fund balance at end of year	\$ 2,850,913	\$ 2,850,913	\$ 2,759,937	\$ (90,976)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
Year ended March 31, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	\$ 233,646	\$ 233,646	\$ 270,320	\$ 36,674
Railroad and utility tax	1,200	1,200	1,078	(122)
	<u>234,846</u>	<u>234,846</u>	<u>271,398</u>	<u>36,552</u>
Intergovernmental				
County business surtax	22,000	22,000	21,699	(301)
State revolving fund	-	-	-	-
	<u>22,000</u>	<u>22,000</u>	<u>21,699</u>	<u>(301)</u>
Charges for services				
Penalties	500	500	487	(13)
Interest				
Total revenues	<u>267,346</u>	<u>267,346</u>	<u>294,988</u>	<u>27,642</u>
Expenditures				
Debt service				
Principal	195,000	195,000	202,500	(7,500)
Interest	150,700	150,700	88,733	61,967
Bond handling charges	16,100	16,100	11,006	5,094
	<u>361,800</u>	<u>361,800</u>	<u>302,239</u>	<u>59,561</u>
Excess (deficiency) of revenues over expenditures	(94,454)	(94,454)	(7,251)	87,203
Other financing sources (uses)				
Operating transfers in	94,454	94,454	-	(94,454)
Operating transfers out	-	-	-	-
	<u>94,454</u>	<u>94,454</u>	<u>-</u>	<u>(94,454)</u>
Net change in fund balance	-	-	(7,251)	(7,251)
Fund balance at beginning of year	<u>800,609</u>	<u>800,609</u>	<u>800,609</u>	<u>-</u>
Fund balance at end of year	<u>\$ 800,609</u>	<u>\$ 800,609</u>	<u>\$ 793,358</u>	<u>\$ (7,251)</u>

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 Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/28/2007	6,469,432	6,950,612	481,180	93%	2,629,202	18%
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%

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

City of Perryville, Missouri
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
March 31, 2010

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 – EXCESS OF EXPENDITURES OVER BUDGET

For the year ended March 31, 2010, the fund expenditures for the following funds exceeded their budgeted amounts.

Major Funds	
General Fund	\$ 208,028
Nonmajor Funds	
Street Improvement Fund	1,160
Transportation Trust Fund	321,934
General Public Facilities Fund	422,292

City of Perryville, Missouri
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Continued
 March 31, 2010

NOTE C – BUDGETING AND BUDGETARY CONTROL

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

	<u>General Fund</u>	<u>Perry Park Center Fund</u>	<u>Capital Improvement Sales Tax Fund</u>	<u>Debt Service Fund</u>
Excess of revenue and other financing sources over expenditures and other financing uses - budgetary basis	\$ (13,994)	\$ 3,680	\$ (90,976)	\$ (7,251)
Adjustments				
To record accrual and deferral of revenues	(5,279)	1,038	128,487	124,461
To record accrual of expenditures	<u>(30,090)</u>	<u>8,702</u>	<u>(122,291)</u>	<u>(108,437)</u>
 Net change in fund balance - GAAP basis	 <u>\$ (49,363)</u>	 <u>\$ 13,420</u>	 <u>\$ (84,780)</u>	 <u>\$ 8,773</u>

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

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

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

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

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

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

CAPITAL PROJECTS FUND – 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 the soccer complex, new city hall, new police station and other general public facilities.

City of Perryville, Missouri
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2010

	Special Revenue Funds	Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 2,249,107	\$ 2,472	\$ 2,251,579
Receivables, net of allowances for doubtful accounts:			
Sales and use tax	59,998	-	59,998
Intergovernmental	22,312	-	22,312
Due from other funds	-	-	-
Prepaid expenses	16,214	-	16,214
	\$ 2,347,631	\$ 2,472	\$ 2,350,103
LIABILITIES AND FUND BALANCE			
Accounts payable	\$ 13,439	\$ 14,021	\$ 27,460
Payroll, sales tax and fringe benefits	22,451	-	22,451
	35,890	14,021	49,911
Fund balance:			
Reserved	513,127	-	513,127
Unreserved	1,798,614	(11,549)	1,787,065
	2,311,741	(11,549)	2,300,192
	\$ 2,347,631	\$ 2,472	\$ 2,350,103

City of Perryville, Missouri
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended March 31, 2010

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes and special assessments	\$ 766,295	\$ -	\$ 766,295
Intergovernmental	473,890	-	473,890
Interest	4,587	57	4,644
Miscellaneous	51,542	37,975	89,517
	<u>1,296,314</u>	<u>38,032</u>	<u>1,334,346</u>
Expenditures			
Airport improvements	1,354	-	1,354
Streets and street improvements	806,266	-	806,266
Sidewalks	57,490	-	57,490
Stormwater	35,358	-	35,358
Culture and recreation	12,849	-	12,849
Capital improvements	-	521,877	521,877
	<u>913,317</u>	<u>521,877</u>	<u>1,435,194</u>
Excess (deficiency) of revenues over expenditures	382,997	(483,845)	(100,848)
Other financing sources (uses)			
Operating transfers in	50,000	242,000	292,000
Operating transfers out	-	-	-
	<u>50,000</u>	<u>242,000</u>	<u>292,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	432,997	(241,845)	191,152
Fund balance beginning of year	1,878,744	230,296	2,109,040
Fund balance end of year	\$ <u>2,311,741</u>	\$ <u>(11,549)</u>	\$ <u>2,300,192</u>

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 March 31, 2010

	Street Improvement Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash	\$ 429,673	\$ 1,305,855	\$ 280,732	\$ 232,847	\$ 2,249,107
Receivables, net of allowance for doubtful accounts:					
Sales and use	-	59,998	-	-	59,998
Intergovernmental	22,312	-	-	-	22,312
Due from other funds	-	-	-	-	-
Prepaid insurance	-	16,214	-	-	16,214
	<u>\$ 451,985</u>	<u>\$ 1,382,067</u>	<u>\$ 280,732</u>	<u>\$ 232,847</u>	<u>\$ 2,347,631</u>
LIABILITIES AND FUND BALANCE					
Accounts payable	\$ 2,406	\$ 10,923	\$ -	\$ 110	\$ 13,439
Payroll taxes and fringe benefits	-	22,109	-	342	22,451
Fund Balance					
Reserved	-	-	280,732	232,395	513,127
Unreserved	449,579	1,349,035	-	-	1,798,614
	<u>\$ 451,985</u>	<u>\$ 1,382,067</u>	<u>\$ 280,732</u>	<u>\$ 232,847</u>	<u>\$ 2,347,631</u>

City of Perryville, Missouri
BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUND
March 31, 2010

		General Public Facilities Fund
ASSETS		<u> </u>
Cash	\$	2,472
		<u> </u>
	\$	<u>2,472</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	\$	14,021
Fund balance		<u> (11,549)</u>
	\$	<u>2,472</u>

City of Perryville, Missouri
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS**
Year ended March 31, 2010

	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	\$ -	\$ 766,295	\$ -	\$ -	\$ 766,295
Intergovernmental	285,367	-	-	188,523	473,890
Interest	673	3,108	579	227	4,587
Miscellaneous	-	22,574	-	28,968	51,542
	<u>286,040</u>	<u>791,977</u>	<u>579</u>	<u>217,718</u>	<u>1,296,314</u>
Expenditures					
Airport improvements	-	1,354	-	-	1,354
Streets and street improvements	3,566	802,700	-	-	806,266
Stormwater	-	35,358	-	-	35,358
Sidewalks	-	57,490	-	-	57,490
Culture and recreation	-	-	-	12,849	12,849
	<u>3,566</u>	<u>896,902</u>	<u>-</u>	<u>12,849</u>	<u>913,317</u>
Excess (deficiency) of revenues over expenditures	282,474	(104,925)	579	204,869	382,997
Other financing sources (uses)					
Operating transfers in	-	-	50,000	-	50,000
Operating transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	282,474	(104,925)	50,579	204,869	432,997
Fund balance at beginning of year	167,105	1,453,960	230,153	27,526	1,878,744
Fund balance at end of year	<u>\$ 449,579</u>	<u>\$ 1,349,035</u>	<u>\$ 280,732</u>	<u>\$ 232,395</u>	<u>\$ 2,311,741</u>

City of Perryville, Missouri
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUND
Year ended March 31, 2010

	<u>General Public Facilities Fund</u>
Revenues	
Interest	\$ 57
Miscellaneous	37,975
	<u>38,032</u>
 Expenditures	
Capital projects	<u>521,877</u>
 Excess (deficiency) of revenues over expenditures	 (483,845)
 Other financing sources (uses)	
Operating transfers in	242,000
Operating transfers out	<u>-</u>
	<u>242,000</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 (241,845)
 Fund balance at beginning of year	 <u>230,296</u>
 Fund balance at end of year	 <u><u>\$ (11,549)</u></u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2010

<u>Street Improvement Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
State gasoline tax	\$ 220,000	\$ 211,746	\$ (8,254)
State vehicle sales tax	50,000	40,366	(9,634)
State vehicle license fees	35,000	34,110	(890)
Interest	2,500	673	(1,827)
Miscellaneous	-	-	-
	<u>307,500</u>	<u>286,895</u>	<u>(20,605)</u>
Expenditures			
Streets and street improvements	-	1,160	(1,160)
	<u>-</u>	<u>1,160</u>	<u>(1,160)</u>
Excess (deficiency) of revenues over expenditures	307,500	285,735	(21,765)
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	307,500	285,735	(21,765)
Accrual or deferral of revenues	-	(856)	(856)
Accrual of expenditures	-	(2,405)	(2,405)
	<u>-</u>	<u>(3,261)</u>	<u>(3,261)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Street Improvement Fund	307,500	282,474	(25,026)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Transportation Trust Fund</u>			
Revenues			
Sales and use tax	725,000	768,847	43,847
Interest	18,000	3,108	(14,892)
Miscellaneous	4,000	22,574	18,574
	<u>747,000</u>	<u>794,529</u>	<u>47,529</u>
Expenditures			
Airport improvements	-	-	-
Street maintenance	512,455	790,282	(277,827)
Stormwater	-	35,358	(35,358)
Sidewalks	50,000	58,749	(8,749)
	<u>562,455</u>	<u>884,389</u>	<u>(321,934)</u>
Excess of revenues over expenditures	184,545	(89,860)	(274,405)
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	184,545	(89,860)	(274,405)
Accrual or deferral of revenues	-	(2,552)	(2,552)
Accrual of expenditures	-	(12,513)	(12,513)
	<u>-</u>	<u>(15,065)</u>	<u>(15,065)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Transportation Trust Fund	184,545	(104,925)	(289,470)

City of Perryville, Missouri
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR SPECIAL REVENUE FUNDS
 Year ended March 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Perry Park Center Escrow Fund</u>			
Revenues			
Interest	3,500	579	(2,921)
	<u>3,500</u>	<u>579</u>	<u>(2,921)</u>
Expenditures	-	-	-
Other financing sources (uses)			
Operating transfers in	50,000	50,000	-
Operating transfers out	-	-	-
	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Perry Park Center Escrow Fund	53,500	50,579	(2,921)
<u>Veterans Memorial Field Fund</u>			
Revenues			
Intergovernmental	-	188,523	188,523
Interest	50	227	177
Miscellaneous	8,550	28,968	20,418
	<u>8,600</u>	<u>217,718</u>	<u>209,118</u>
Expenditures			
Culture and recreation	8,550	12,441	3,891
	<u>8,550</u>	<u>12,441</u>	<u>3,891</u>
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	50	205,277	205,227
Accrual or deferral of revenues	-	-	-
Accrual of expenditures	-	(408)	(408)
	<u>-</u>	<u>(408)</u>	<u>(408)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Veterans Memorial Field Fund	50	204,869	204,819
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR SPECIAL REVENUE FUNDS	\$ 545,595	\$ 432,997	\$ (112,598)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUND
Year ended March 31, 2010

<u>General Public Facilities Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$ -	\$ 57	\$ 57
Miscellaneous	-	37,975	37,975
	-	38,032	38,032
Expenditures			
Storm drainage construction	50,000	17,931	32,069
Street lighting	-	-	-
Soccer complex	-	37,500	(37,500)
New city hall	52,500	52,296	204
New police station	-	393,730	(393,730)
Industrial park	-	3,687	(3,687)
Dry run branch improvements	-	19,648	(19,648)
	102,500	524,792	(422,292)
 Excess (deficiency) of revenues over expenditures	 (102,500)	 (486,760)	 (384,260)
Other financing sources (uses)			
Operating transfers in	262,500	242,000	(20,500)
Operating transfers out	-	-	-
	262,500	242,000	(20,500)
 Excess (deficiency) of revenues and other sources over expenditures and other uses - budgetary basis	 160,000	 (244,760)	 (404,760)
 Accrual or deferral of revenues	 -	 -	 -
Accrual of expenditures	-	2,915	(2,915)
	-	2,915	(2,915)
 Excess (deficiency) of revenues and other sources over expenditures and other uses - General Public Facilities Fund	 \$ 160,000	 \$ (241,845)	 \$ (401,845)

City of Perryville, Missouri
SCHEDULE OF NATURAL GAS SALES AND PURCHASES
March 31, 2010

1. The natural gas distribution system was serving 3,226 metered customers at March 31, 2010.
2. Gas sales and purchases for the fiscal year ended March 31, 2010 were as follows:

GAS SALES

<u>Date billed</u>	<u>Quantity in mcf</u>	<u>Amount billed</u>
04/09	62,751	\$ 676,633
05/09	39,915	422,606
06/09	31,418	273,624
07/09	29,458	229,949
08/09	34,331	241,741
09/09	32,560	248,944
10/09	35,093	269,451
11/09	54,564	366,165
12/09	64,537	612,056
01/10	118,487	1,093,823
02/10	104,048	1,179,082
03/10	92,977	1,102,683
	<u>700,139</u>	<u>\$ 6,716,758</u>

GAS PURCHASES

<u>Date billed</u>	<u>Quantity in mcf</u>	<u>Date paid</u>	<u>Cost</u>
04/09	47,644	05/09	\$ 170,978
05/09	32,737	06/09	111,501
06/09	29,512	07/09	108,006
07/09	32,133	08/09	124,353
08/09	34,757	09/09	128,418
09/09	33,488	10/09	104,735
10/09	54,174	11/09	229,168
11/09	54,773	12/09	381,637
12/09	105,234	01/10	668,468
01/10	122,861	02/10	820,430
02/10	106,064	03/10	730,447
03/10	70,927	04/10	457,896
	<u>724,304</u>		<u>\$ 4,036,037</u>

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING
March 31, 2010

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, 2010, was \$2,195,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2010	5.550%	290,000
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
		\$ 2,195,000

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, 2010, was \$2,905,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2010	5.100%	245,000
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
		\$ 2,905,000

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING - CONTINUED
March 31, 2010

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, 2010, was \$2,342,705 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2010	5.100%	205,000
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
Deceased amount		<u>(312,295)</u>
		<u>\$ 2,342,705</u>

Natural Gas Revenue Bonds in the original amount of \$3,700,000 dated June 1, 2004, balance outstanding at March 31, 2010, was \$3,080,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2010	4.200%	225,000
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%	<u>705,000</u>
		<u>\$ 3,080,000</u>