

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

CITY OF PERRYVILLE, MISSOURI

March 31, 2009

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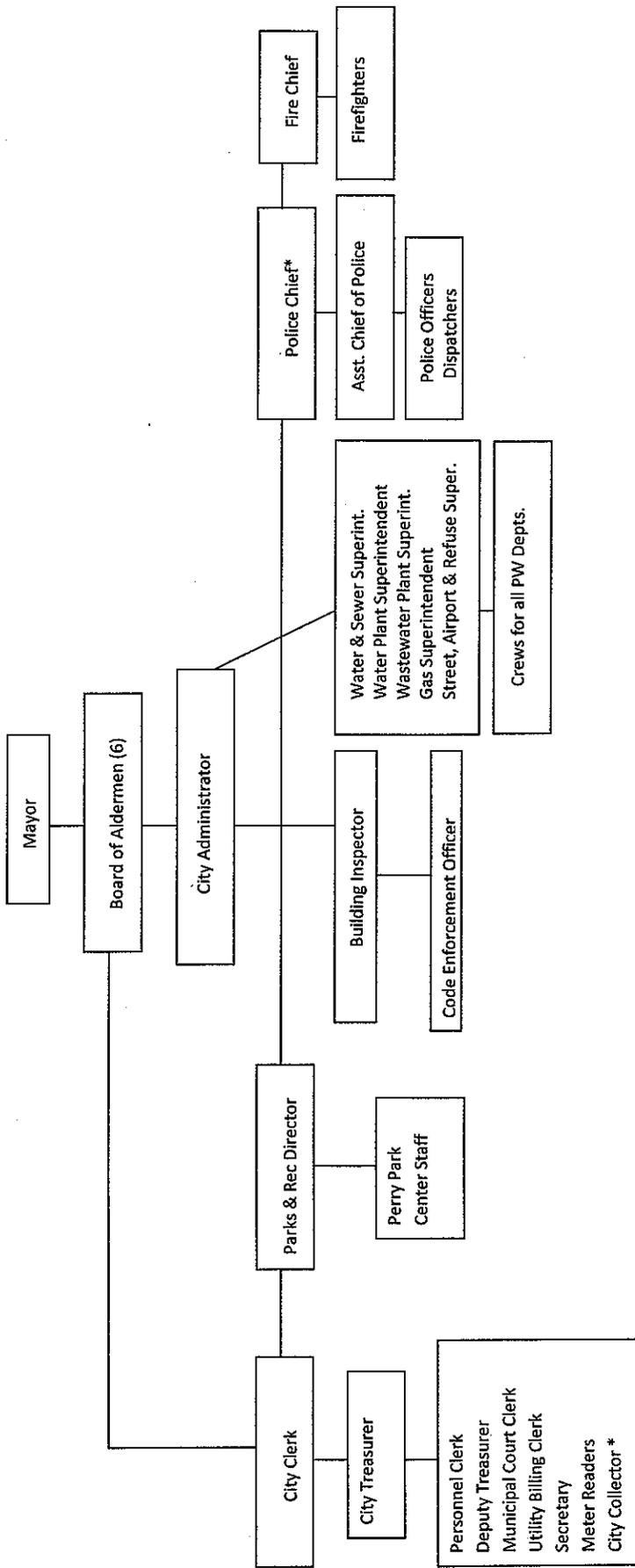
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**CITY OF PERRYVILLE, MISSOURI
List of Principal Officials
March 31, 2009**

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	William H. Lewis
City Clerk	Tracy Prost
City Treasurer	Donna Strattman
City Collector	Lori Carroll
Chief of Police	Keith Tarillion



City of Perryville, Missouri

* elected



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Independent Auditors' Report

Honorable Mayor
and Board of Alderman
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, 2009, 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, 2009, 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 24, 2009, 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 the 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.

The management's discussion and analysis and budgetary comparison information on pages 9 through 15 and 45 through 50, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Perryville, Missouri's 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Perryville, Missouri. The combining and individual nonmajor fund financial statements and the Schedule of Natural Gas Sales and Purchases and the Schedule of Bonds Outstanding and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kerber, Eck + Brauchel LLP

Cape Girardeau, Missouri
September 24, 2009

**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 \$2,286,823 or 5.6%. Governmental activities net assets increased \$2,187,818 while business-type activities net assets increased \$99,005.
- The City's governmental funds reported combined ending fund balances of \$18,587,370 an increase of \$2,187,818 from the prior year. Approximately 26.8 percent of this total amount, or \$4,985,453, is unreserved and available for use within the City's designation and policies.
- The City's total debt decreased by \$1,199,760 (7.0%) during the current fiscal year.
- The City's property tax levy remained at 72 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 - 61 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			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 6,621,442	\$ 7,203,059	\$ 9,108,206	\$ 9,280,947	\$ 15,729,648	\$ 16,484,006
Capital assets	<u>19,383,713</u>	<u>17,491,447</u>	<u>25,737,032</u>	<u>26,382,543</u>	<u>45,120,745</u>	<u>43,873,990</u>
Total assets	<u>26,005,155</u>	<u>24,694,506</u>	<u>34,845,238</u>	<u>35,663,490</u>	<u>60,850,393</u>	<u>60,357,996</u>
Long-term liabilities	6,465,628	6,987,431	8,170,000	8,845,000	14,635,628	15,832,431
Other liabilities	<u>952,157</u>	<u>1,307,523</u>	<u>1,781,014</u>	<u>2,023,271</u>	<u>2,733,171</u>	<u>3,330,794</u>
Total liabilities	<u>7,417,785</u>	<u>8,294,954</u>	<u>9,951,014</u>	<u>10,868,271</u>	<u>17,368,799</u>	<u>19,163,225</u>
Net assets:						
Invested in capital assets, net of related debt	12,377,291	11,099,258	16,892,032	16,883,550	29,269,323	27,982,808
Restricted	1,224,626	1,177,378	2,480,619	2,737,707	3,705,245	3,915,085
Unrestricted	<u>4,985,453</u>	<u>4,122,916</u>	<u>5,521,573</u>	<u>5,173,962</u>	<u>10,507,026</u>	<u>9,296,878</u>
Total net assets	<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>

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 \$43,481,594 and \$41,194,771 as of March 31, 2009 and March 31, 2008, respectively.

The largest portion of the City's net assets (67.3%) 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 (8.5%) 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 \$10,507,026 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			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,020,918	\$ 1,006,433	\$ 11,136,806	\$ 10,023,869	\$ 12,157,724	\$ 11,030,302
Operating grants & contributions	133,418	207,005	105,212	116,350	238,630	323,355
Capital grants & contributions	595,147	-	-	-	595,147	-
General revenues:						
Property taxes	792,503	987,539	-	-	792,503	987,539
Sales tax	3,150,380	3,096,933	-	-	3,150,380	3,096,933
County business surtax	74,772	69,016	-	-	74,772	69,016
County road, intangible and railroad/utility taxes	101,052	92,762	-	-	101,052	92,762
Motor vehicle gas, license and sales taxes	289,746	318,147	-	-	289,746	318,147
Gross receipts tax	1,183,605	796,108	-	-	1,183,605	796,108
Investment revenue	216,851	194,812	97,197	321,840	314,048	516,652
Miscellaneous	250,263	494,301	92,719	28,920	342,982	523,221
	<u>7,808,655</u>	<u>7,263,056</u>	<u>11,431,934</u>	<u>10,490,979</u>	<u>19,240,589</u>	<u>17,754,035</u>
Expenses:						
General government	1,522,430	1,323,409	-	-	1,522,430	1,323,409
Public safety	2,023,624	1,817,237	-	-	2,023,624	1,817,237
Sanitation	478,221	480,810	-	-	478,221	480,810
Airport operations	349,559	166,124	-	-	349,559	166,124
Culture and recreation	1,378,391	1,787,216	-	-	1,378,391	1,787,216
Airport improvements	47,689	-	-	-	47,689	-
Streets and improvements	859,017	930,563	-	-	859,017	930,563
Sidewalks	18,228	-	-	-	18,228	-
Capital projects	115,850	379,732	-	-	115,850	379,732
Interest on long-term debt	536,833	421,544	-	-	536,833	421,544
Water and sewer	-	-	2,661,571	2,628,462	2,661,571	2,628,462
Gas	-	-	6,962,353	6,350,691	6,962,353	6,350,691
Total expenses	<u>7,329,842</u>	<u>7,306,635</u>	<u>9,623,924</u>	<u>8,979,153</u>	<u>16,953,766</u>	<u>16,285,788</u>
Increase in net assets before transfers	478,813	(43,579)	1,808,010	1,511,826	2,286,823	1,468,247
Transfers	<u>1,709,005</u>	<u>752,552</u>	<u>(1,709,005)</u>	<u>(752,552)</u>	<u>-</u>	<u>-</u>
Increase in net assets	2,187,818	708,973	99,005	759,274	2,286,823	1,468,247
Net assets, April 1	<u>16,399,552</u>	<u>15,690,579</u>	<u>24,795,219</u>	<u>24,035,945</u>	<u>41,194,771</u>	<u>39,726,524</u>
Net assets, March 31	<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>

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

Governmental Activities

Net assets of governmental activities increased \$2,187,818 or 13.3%. Program revenues in the amount of \$1,749,483 were used to offset program expenses of \$7,329,842 resulting in a net program expense of \$5,580,359. General revenues in the amount of \$6,059,172 coupled with transfers in of \$1,709,005 funded the difference in those program expenses and resulted in a total net increase of 2,187,818.

Business-Type Activities

Net assets of the business-type activities increased \$99,005 or .40%. Program revenues in the amount of \$11,242,018 were used to offset program expenses of \$9,623,924 resulting in a net program revenue of \$1,618,094. General revenues in the amount of \$189,916 coupled with transfers out of \$1,709,005 resulted in a total net increase of \$99,005.

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 \$6,092,000. Approximately 81.8% of this total amount, \$4,985,453, 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 - \$800,609, and 2) to pay for other activities \$305,938.

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 - \$1,073,782 and Gas Operation Fund - \$4,447,791. Net assets of the funds changed as follows: Combined Waterworks and Sewerage System Fund - \$(243,656) and Gas Operation Fund - \$342,661.

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, 2009 totals \$45,120,745 (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 2.8% (10.8% increase for governmental activities and 2.4% 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			
	2009	2008	2009	2008	2009	2008
Land	\$ 2,341,132	\$ 2,327,132	\$ 154,250	\$ 150,750	\$ 2,495,382	\$ 2,477,882
Buildings	4,956,210	4,038,195	-	-	4,956,210	4,038,195
Improvements other than buildings	1,857,659	910,166	23,215,620	24,024,364	25,073,279	24,934,530
Machinery and equipment	1,119,457	951,571	2,367,162	2,061,475	3,486,619	3,013,046
Pool and bathhouse	225,980	267,067	-	-	225,980	267,067
Construction in progress	-	-	-	145,954	-	145,954
Infrastructure	8,883,275	8,997,316	-	-	8,883,275	8,997,316
Total	\$ 19,383,713	\$ 17,491,447	\$ 25,737,032	\$ 26,382,543	\$ 45,120,745	\$ 43,873,990

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, 2009, the City of Perryville, Missouri had total long-term debt outstanding of \$15,851,422. Of this amount, \$2,537,705 comprises bonded debt backed by the full faith and credit of the City, \$8,910,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and \$4,225,000 represents Certificates of Participation. The capital leases of \$178,717 relate to lease purchase agreements for a sewer vacuum, pumper truck, city hall and various automobiles.

The City of Perryville, Missouri's total debt decreased by \$1,199,760 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			
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 2,537,705	\$ 2,722,705	\$ -	\$ -	\$ 2,537,705	\$ 2,722,705
Revenue bonds	3,140,000	3,365,000	5,770,000	6,260,000	8,910,000	9,625,000
Certificates of Participation	1,150,000	1,160,000	3,075,000	3,235,000	4,225,000	4,395,000
Capital leases	178,717	304,484	-	3,993	178,717	308,477
Total	\$ 7,006,422	\$ 7,552,189	\$ 8,845,000	\$ 9,498,993	\$ 15,851,422	\$ 17,051,182

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, 2009

ASSETS	Governmental Activities	Business-type Activities	Total
Cash (notes A7 and B)	\$ 5,962,851	\$ 5,957,675	\$ 11,920,526
Receivables, net of allowances for doubtful accounts:			
Real estate and personal property taxes (notes A8 and C)	47,574	-	47,574
Sales and use tax	254,732	-	254,732
Intergovernmental	23,168	-	23,168
Accounts receivable	24,432	674,006	698,438
Due from other funds	-	38,745	38,745
Restricted cash and investments (notes A7 and B)	166,338	2,238,343	2,404,681
Other assets, bond issue discount	-	164,537	164,537
Capital assets			
Non depreciable	2,341,132	154,250	2,495,382
Depreciable, net	17,042,581	25,582,782	42,625,363
Prepaid expenses	142,347	34,900	177,247
Total assets	\$ 26,005,155	\$ 34,845,238	\$ 60,850,393
LIABILITIES			
Accounts payable	103,599	592,067	695,666
Payroll, sales tax and fringe benefits	178,528	123,128	301,656
Due to other funds	-	38,745	38,745
Payables from restricted assets			
Current portion of bonds payable (note F)	430,000	495,000	925,000
Current portion of COP payable (note F)	15,000	180,000	195,000
Accrued interest	81,662	109,798	191,460
Customer deposits	-	242,276	242,276
Deferred revenue - real estate and personal property taxes	47,574	-	47,574
Current maturities of lease purchases payable (note F)	95,794	-	95,794
Revenue bonds payable, net of deferred amount on refunding, less current maturities (note F)	2,905,000	5,275,000	8,180,000
General obligation bonds payable (note F)	2,342,705	-	2,342,705
Certificates of Participation (note F)	1,135,000	2,895,000	4,030,000
Lease obligation payable (note F)	82,923	-	82,923
Total liabilities	7,417,785	9,951,014	17,368,799
NET ASSETS			
Invested in capital assets, net of related debt	12,377,291	16,892,032	29,269,323
Restricted for:			
Debt service	918,688	2,238,343	3,157,031
Other	305,938	242,276	548,214
Unrestricted	4,985,453	5,521,573	10,507,026
Total net assets	\$ 18,587,370	\$ 24,894,224	\$ 43,481,594

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

City of Perryville, Missouri
STATEMENT OF ACTIVITIES
Year ended March 31, 2009

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	\$ 1,522,430	\$ 108,455	\$ -	\$ -	-(1,413,975)	\$ -	-(1,413,975)
Public safety	2,023,624	127,963	246	-	(1,895,415)	-	(1,895,415)
Sanitation	478,221	253,473	-	-	(224,748)	-	(224,748)
Airport operation	349,559	55,815	-	322,434	28,690	-	28,690
Culture and recreation	1,378,391	475,212	-	-	(903,179)	-	(903,179)
Airport improvements	47,689	-	-	-	(47,689)	-	(47,689)
Streets and improvements	859,017	-	-	-	(859,017)	-	(859,017)
Sidewalks	18,228	-	-	-	(18,228)	-	(18,228)
Capital projects	115,860	-	-	272,713	156,863	-	156,863
Interest on long-term debt	536,833	-	133,172	-	(403,661)	-	(403,661)
Total governmental activities	7,329,842	1,020,918	133,418	595,147	(5,580,359)	-	(5,580,359)
Business-type activities:							
Water and sewer	2,661,571	2,253,870	105,212	-	-	(302,489)	(302,489)
Gas	6,962,353	8,882,936	-	-	-	1,920,583	1,920,583
Total business-type activities	9,623,924	11,136,806	105,212	-	-	1,618,094	1,618,094
General revenues							
Property taxes					792,503	-	792,503
Sales tax					3,150,380	-	3,150,380
County business surtax					74,772	-	74,772
County road tax, intangible tax, railroad/utility tax					101,052	-	101,052
Motor vehicle gas, license and sales taxes					289,746	-	289,746
Gross receipts tax					1,183,605	-	1,183,605
Investment revenue					216,851	97,197	314,048
Miscellaneous					250,263	92,719	342,982
Transfers					1,709,005	(1,709,005)	-
					7,768,177	(1,519,089)	6,249,088
Change in net assets					2,187,818	99,005	2,286,823
Net assets beginning of year					16,399,552	24,795,219	41,194,771
Net assets end of year					\$ 18,587,370	\$ 24,894,224	\$ 43,481,594

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

City of Perryville, Missouri
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2009

	Major Funds					Total Governmental Funds
	General	Perry Park Center	Capital Improvement	Debt Service	Non-Major Funds	
ASSETS						
Cash (notes A7 and B)	\$ 213,571	\$ 16,010	\$ 2,842,915	\$ 843,356	\$ 2,046,999	\$ 5,962,851
Receivables, net of allowances for doubtful accounts:						
Real estate and personal property taxes (notes A8 and C)	20,867	8,951	-	17,756	-	47,574
Sales and use tax	125,101	20,168	46,913	-	62,550	254,732
Intergovernmental	-	-	-	-	23,168	23,168
Accounts receivable	24,432	-	-	-	-	24,432
Due from other funds	-	-	-	-	-	-
Restricted cash and investments (notes A7 and B)	48,259	-	-	-	-	48,259
Prepaid expenses	96,729	29,546	-	-	16,072	142,347
	<u>\$ 528,959</u>	<u>\$ 74,675</u>	<u>\$ 2,889,828</u>	<u>\$ 861,112</u>	<u>\$ 2,148,789</u>	<u>\$ 6,503,363</u>
LIABILITIES						
Accounts payable	\$ 42,382	\$ 39,046	\$ -	\$ -	\$ 22,171	\$ 103,599
Payroll, sales tax and fringe benefits	131,452	29,498	-	-	17,578	178,528
Due to other funds	-	-	-	-	-	-
Payables from restricted assets	-	-	-	-	-	-
Accrued interest	-	-	38,915	42,747	-	81,662
Deferred revenue - real estate and personal property taxes	20,867	8,951	-	17,756	-	47,574
	<u>194,701</u>	<u>77,495</u>	<u>38,915</u>	<u>60,503</u>	<u>39,749</u>	<u>411,363</u>
FUND BALANCES						
Reserved						
Reserved for debt service	-	-	-	800,609	-	800,609
Other activities	48,259	-	-	-	257,679	305,938
Unreserved	285,999	(2,820)	2,850,913	-	-	3,134,092
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,621,065	1,621,065
Capital project funds	-	-	-	-	230,296	230,296
	<u>334,258</u>	<u>(2,820)</u>	<u>2,850,913</u>	<u>800,609</u>	<u>2,109,040</u>	<u>6,092,000</u>
	<u>\$ 528,959</u>	<u>\$ 74,675</u>	<u>\$ 2,889,828</u>	<u>\$ 861,112</u>	<u>\$ 2,148,789</u>	<u>\$ 6,503,363</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, 2009

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

Total fund balance - total governmental funds	\$	6,092,000
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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	\$ 34,447,329	
Less accumulated depreciation	<u>15,063,616</u>	19,383,713

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	178,717	
Revenue bonds payable	3,140,000	
Certificates of participation (net of cash in reserve fund)	1,031,921	
General obligation bonds payable	<u>2,537,705</u>	6,888,343

Net assets of governmental activities	\$	<u><u>18,587,370</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, 2009

	Major Funds					Total Governmental Funds
	General	Perry Park Center	Capital Improvement	Debt Service	Nonmajor Funds	
Revenues						
Taxes and special assessments	\$ 3,073,737	\$ 462,850	\$ 577,506	\$ 250,196	\$ 770,007	\$ 5,134,296
License and permits	49,859	-	-	-	-	49,859
Charges for services	367,884	475,212	-	1,014	-	844,110
Intergovernmental	452,295	16,616	70,597	83,345	562,459	1,185,312
Fines	127,963	-	-	-	-	127,963
Interest	10,569	568	104,879	75,375	25,460	216,851
Miscellaneous	56,762	34,387	-	-	939,908	1,031,057
Rental	55,506	56,903	-	-	-	112,409
	<u>4,194,575</u>	<u>1,046,536</u>	<u>752,982</u>	<u>409,930</u>	<u>2,297,834</u>	<u>8,701,857</u>
Expenditures						
General government	1,330,517	-	-	-	-	1,330,517
Public safety	1,901,494	-	-	-	-	1,901,494
Sanitation	523,765	-	-	-	-	523,765
Airport operation	567,176	-	-	-	-	567,176
Culture and recreation	-	1,639,745	-	-	133,298	1,773,043
Airport improvements	-	-	-	-	47,689	47,689
Streets and street improvements	-	-	-	-	804,961	804,961
Sidewalks	-	-	-	-	18,228	18,228
Debt service:						
Principal	10,000	-	225,000	185,000	-	420,000
Interest	48,245	-	237,754	222,066	-	508,065
Bond handling costs	1,500	-	15,513	11,755	-	28,768
Capital projects	-	-	-	-	1,695,450	1,695,450
	<u>4,382,697</u>	<u>1,639,745</u>	<u>478,267</u>	<u>418,821</u>	<u>2,599,626</u>	<u>9,619,156</u>
Excess (deficiency) of revenues over expenditures	(188,122)	(593,209)	274,715	(8,891)	(401,792)	(917,299)
Other financing sources (uses)						
Operating transfers in	1,709,005	640,000	-	-	967,844	3,316,849
Operating transfers out	(1,607,844)	-	-	-	-	(1,607,844)
	<u>101,161</u>	<u>640,000</u>	<u>-</u>	<u>-</u>	<u>967,844</u>	<u>1,709,005</u>
Net change in fund balance	(86,961)	46,791	274,715	(8,891)	566,052	791,706
Fund balance beginning of year	421,219	(49,611)	2,576,198	809,500	1,542,988	5,300,294
Fund balance end of year	\$ <u>334,258</u>	\$ <u>(2,820)</u>	\$ <u>2,850,913</u>	\$ <u>800,609</u>	\$ <u>2,109,040</u>	\$ <u>6,092,000</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, 2009

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

Net changes in fund balances - total governmental funds	\$	791,706
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation		2,931,438
Capital assets disposed of are recognized in the statement of activities		(253,309)
Depreciation expense is recognized as an expense in the statement of net assets		(939,205)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds		420,000
Repayment of the principal portion of lease purchase obligations		130,390
Proceeds from certificates of participation are reported as other financing sources. These are reported as debt on the statement of net assets and not recognized as revenues on the statement of activities		(893,153)
Other		(49)
	\$	<u><u>2,187,818</u></u>

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

City of Perryville, Missouri
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
March 31, 2009

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
ASSETS			
Current assets			
Cash and investments	\$ 1,170,094	\$ 4,787,581	\$ 5,957,675
Accounts receivable, net of allowance for doubtful accounts	203,481	470,525	674,006
Due from other funds	-	38,745	38,745
Prepaid expenses	22,317	12,583	34,900
	1,395,892	5,309,434	6,705,326
Restricted cash and investments	1,110,324	1,128,019	2,238,343
Property, plant and equipment			
Plant and system improvements	28,105,645	9,727,405	37,833,050
Machinery and equipment	910,816	596,232	1,507,048
	29,016,461	10,323,637	39,340,098
Less accumulated depreciation	11,041,619	2,715,697	13,757,316
	17,974,842	7,607,940	25,582,782
Land	128,250	26,000	154,250
	18,103,092	7,633,940	25,737,032
Bond issue discount	82,669	81,868	164,537
Total assets	20,691,977	14,153,261	34,845,238
LIABILITIES			
Current liabilities			
Accounts payable	\$ 48,189	\$ 543,878	\$ 592,067
Accrued liabilities	74,426	48,702	123,128
Due to other funds	38,745	-	38,745
Payables from restricted assets			
Current portion of revenue bonds payable	285,000	210,000	495,000
Current portion of certificates of participation	86,250	93,750	180,000
Accrued interest	52,145	57,653	109,798
Customer deposits	95,637	146,639	242,276
	680,392	1,100,622	1,781,014
Revenue bonds payable	2,195,000	3,080,000	5,275,000
Certificates of participation payable	1,393,750	1,501,250	2,895,000
	3,588,750	4,581,250	8,170,000
Total liabilities	4,269,142	5,681,872	9,951,014
Net assets			
Invested in capital assets, net of related debt	14,143,092	2,748,940	16,892,032
Restricted for:			
Debt service	1,110,324	1,128,019	2,238,343
Other	95,637	146,639	242,276
Unrestricted	1,073,782	4,447,791	5,521,573
Total net assets	\$ 16,422,835	\$ 8,471,389	\$ 24,894,224

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, 2009

	<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	\$ 2,253,870	\$ 8,882,936	\$ 11,136,806
Operating expenses			
General operating expense	1,601,070	6,491,959	8,093,029
Depreciation and amortization	839,395	229,677	1,069,072
	<u>2,440,465</u>	<u>6,721,636</u>	<u>9,162,101</u>
Operating earnings (loss)	(186,595)	2,161,300	1,974,705
Nonoperating income (expense)			
Interest income	12,099	85,098	97,197
Intergovernmental income	105,212	-	105,212
Miscellaneous income	46,734	45,985	92,719
Interest expense	(221,106)	(240,717)	(461,823)
	<u>(57,061)</u>	<u>(109,634)</u>	<u>(166,695)</u>
Earnings (loss) before operating transfers	(243,656)	2,051,666	1,808,010
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	(1,709,005)	(1,709,005)
	<u>-</u>	<u>(1,709,005)</u>	<u>(1,709,005)</u>
CHANGE IN NET ASSETS	(243,656)	342,661	99,005
Net assets at beginning of year	<u>16,666,491</u>	<u>8,128,728</u>	<u>24,795,219</u>
Net assets at end of year	<u>\$ 16,422,835</u>	<u>\$ 8,471,389</u>	<u>\$ 24,894,224</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, 2009

	<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	\$ 2,251,989	\$ 9,037,454	\$ 11,289,443
Cash received from other sources	10,530	47,336	57,866
Cash payments to suppliers	(712,446)	(6,298,079)	(7,010,525)
Cash payments to employees	(836,310)	(444,986)	(1,281,296)
Cash payments for other expenses	(7,971)	(20,873)	(28,844)
	<u>705,792</u>	<u>2,320,852</u>	<u>3,026,644</u>
Cash flows from noncapital financing activities			
Transfers in	-	-	-
Transfers out	-	(1,709,005)	(1,709,005)
Operating grants	105,212	-	105,212
	<u>105,212</u>	<u>(1,709,005)</u>	<u>(1,603,793)</u>
Cash flows from capital and related financing activities			
Debt service - interest payments	(221,106)	(240,717)	(461,823)
Debt service - principal payments	(362,500)	(287,500)	(650,000)
Payments on lease purchase obligations	(3,993)	-	(3,993)
Acquisition and construction of capital assets	(277,330)	(129,102)	(406,432)
	<u>(864,929)</u>	<u>(657,319)</u>	<u>(1,522,248)</u>
Cash flows from investing activities			
Interest received	12,099	85,098	97,197
	<u>12,099</u>	<u>85,098</u>	<u>97,197</u>
Net increase in cash and cash equivalents	(41,826)	39,626	(2,200)
Cash and cash equivalents at beginning of year	2,322,244	5,875,974	8,198,218
Cash and cash equivalents at end of year	\$ <u>2,280,418</u>	\$ <u>5,915,600</u>	\$ <u>8,196,018</u>

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2009

	<u>Major Enterprise Funds</u>		
	<u>Combined Waterworks and Sewerage System Fund</u>	<u>Gas Operation Fund</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities			
Operating income (loss)	\$ (139,861)	\$ 2,207,285	\$ 2,067,424
Depreciation	839,395	229,677	1,069,072
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	(1,896)	155,388	153,492
(Increase) Decrease in prepaid expenses	235	(315)	(80)
Increase (Decrease) in accounts payable	6,022	(289,745)	(283,723)
Increase (Decrease) in accrued liabilities	3,807	6,743	10,550
Increase (Decrease) in customer deposits	5,527	14,411	19,938
Increase (Decrease) in restricted payables	(7,437)	(2,592)	(10,029)
	<u>\$ 705,792</u>	<u>\$ 2,320,852</u>	<u>\$ 3,026,644</u>

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS
March 31, 2009

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 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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic—but not the only—criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has determined that no outside agency meets the above criteria and, therefore, no other agency has been included as a component unit 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.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

2. Government-Wide and Fund Financial Accounting - Continued

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.

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, 2009

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. Budgets and Budgetary Accounting

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.**
- 6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).**

Budgets are presented for each fund for which a budget is prepared. The City prepares budgets for all funds.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Project Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

6. Advance to Other Funds

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

7. 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.

8. 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.

9. 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 \$135,247 of accrued vacation leave at March 31, 2009, has been recorded. Proprietary funds accrue vacation leave in the period they are earned. For 2009, \$65,331 has been accrued for vacation leave in the enterprise funds.

10. Amortization of Bond Expense

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

11. 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.

12. 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

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

12. Capital Assets – Continued

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

13. 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.”

14. 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.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

15. 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, 2009, the carrying amount of the City's deposits was \$15,357,128. 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, 2009 are not exposed to custodial credit risk.

NOTE C – PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes were levied August 27, 2008, for collection during this year. The tax rates assessed at the time were as follows:

City Revenue	\$.36/100.00 assessed valuation
Park Maintenance	\$.16/100.00 assessed valuation
Debt Service	\$.20/100.00 assessed valuation

Real estate and personal property taxes outstanding at March 31, 2009, totaled \$47,574. The City recognizes this amount as deferred revenue.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2009 was as follows:

Governmental activities:	Balance March 31, 2008	Additions	Deletions	Balance March 31, 2009
Capital assets not being depreciated				
Land	\$ 2,327,132	\$ 14,000	\$ -	\$ 2,341,132
Construction in progress	-	-	-	-
	<u>2,327,132</u>	<u>14,000</u>	<u>-</u>	<u>2,341,132</u>
Capital assets being depreciated				
Buildings	5,631,716	1,254,377	510,145	6,375,948
Improvements other than buildings	18,908,262	1,365,934	-	20,274,196
Machinery and equipment	4,250,847	450,470	59,135	4,642,182
Pool and bathhouse	813,871	-	-	813,871
	<u>29,604,696</u>	<u>3,070,781</u>	<u>569,280</u>	<u>32,106,197</u>
Less accumulated depreciation for				
Buildings	1,593,520	130,412	304,194	1,419,738
Improvements other than buildings	9,000,780	532,482	-	9,533,262
Machinery and equipment	3,299,277	235,224	11,776	3,522,725
Pool and bathhouse	546,804	41,087	-	587,891
	<u>14,440,381</u>	<u>939,205</u>	<u>315,970</u>	<u>15,063,616</u>
Capital assets being depreciated, net	<u>15,164,315</u>	<u>2,131,576</u>	<u>253,310</u>	<u>17,042,581</u>
Governmental activities capital assets, net	<u>\$ 17,491,447</u>	<u>\$ 2,145,576</u>	<u>\$ 253,310</u>	<u>\$ 19,383,713</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE D – CAPITAL ASSETS – Continued

	<u>Balance March 31, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2009</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 150,750	\$ 3,500	\$ -	\$ 154,250
Construction in progress	<u>145,954</u>	<u>-</u>	<u>(145,954)</u>	<u>-</u>
	296,704	3,500	(145,954)	154,250
Capital assets being depreciated				
Buildings and improvements other than buildings	35,565,494	119,102	-	35,684,596
Machinery and equipment	<u>3,232,219</u>	<u>429,783</u>	<u>6,500</u>	<u>3,655,502</u>
	38,797,713	548,885	6,500	39,340,098
Less accumulated depreciation for				
Buildings and improvements other than buildings	11,541,130	927,846	-	12,468,976
Machinery and equipment	<u>1,170,744</u>	<u>124,096</u>	<u>6,500</u>	<u>1,288,340</u>
	<u>12,711,874</u>	<u>1,051,942</u>	<u>6,500</u>	<u>13,757,316</u>
Capital assets being depreciated, net	<u>26,085,839</u>	<u>(503,057)</u>	<u>-</u>	<u>25,582,782</u>
Business-type activities capital assets, net	<u>\$ 26,382,543</u>	<u>\$ (499,557)</u>	<u>\$ (145,954)</u>	<u>\$ 25,737,032</u>

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

Governmental activities:	
General government	\$ 64,429
Public safety	124,257
Sanitation	1,597
Airport	119,655
Culture and recreation	114,019
Streets and improvements	448,001
Capital projects	67,247
	<u>\$ 939,205</u>
Business-type activities:	
Major funds:	
Combined Waterworks and Sewerage System Fund	\$ 830,228
Gas Operation Fund	<u>221,714</u>
	<u>\$ 1,051,942</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

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	1,639,745	1,046,536	593,209
General Fund	4,382,697	4,194,575	188,122
Debt Service Fund	418,821	409,930	8,891
Nonmajor Governmental Funds			
Special Revenue Fund -			
Street Improvement Fund	345,353	293,337	52,016
Veterans Memorial Field Fund	133,298	25,325	107,973
Capital Project Fund -			
General Public Facilities	1,695,450	1,166,861	528,589
Major Enterprise Fund			
CWSS Fund	2,661,571	2,417,915	243,656

NOTE F – LONG –TERM OBLIGATIONS

Following is a summary of bonds and notes payable transactions of the City for the year ended March 31, 2009:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Capital Leases</u>	<u>Certificates of Participation</u>	<u>Total</u>
Balance at April 1, 2008	\$ 2,722,705	\$ 9,625,000	\$ 308,477	\$ 4,395,000	\$ 17,051,182
Long - term obligations added	-	-	14,368	-	14,368
Long - term obligations retired	185,000	715,000	144,128	170,000	1,214,128
Balance at March 31, 2009	<u>\$ 2,537,705</u>	<u>\$ 8,910,000</u>	<u>\$ 178,717</u>	<u>\$ 4,225,000</u>	<u>\$ 15,851,422</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2009

NOTE F – LONG –TERM OBLIGATIONS – Continued

Long – term obligations at March 31, 2009, are comprised of the following individual issues:

	<u>Total</u>	<u>Current Maturities</u>
Revenue Bonds:		
\$3,700,000 Natural Gas Revenue Bonds due in annual installments of \$200,000 to \$1,020,000 through July 1, 2019; interest at 3.50 to 5.30 percent; first principal due July 1, 2008	3,290,000	210,000
\$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 5.45 to 5.63 percent	2,480,000	285,000
\$4,750,000 Capital Improvement Sales Tax Revenue Bonds due in annual installments of \$230,000 to \$350,000 through July 1, 2019; interest at 5.10 to 5.65 percent	3,140,000	235,000
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	2,085,000	115,000
\$1,150,000 Certificates of Participation, consist of term coupons due in semi annual installments of \$110,000 to \$215,000 through July 1, 2019; interest at 4.00 to 4.85 percent	990,000	65,000
\$1,170,000 Certificate of Participation, consist of term coupons due in semi annual installments of \$10,000 to \$235,000 through February 1, 2027; interest at 4.20 to 4.65 percent	1,150,000	15,000

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

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

	2,537,705	195,000
	\$ 15,672,705	\$ 1,120,000
Less current maturities	1,120,000	
	\$ 14,552,705	

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	\$ 3,140,000	\$ 235,000
\$4,110,000 General Obligation Improvement and Refunding Bonds	2,537,705	195,000
\$1,170,000 Certificates of Participation - Police Station	1,150,000	15,000
Capital lease obligations	178,717	95,794
	\$ 7,006,422	\$ 540,794
Business-type activities:		
\$3,700,000 Natural Gas Revenue Bonds	3,290,000	210,000
\$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds	2,480,000	285,000
\$2,620,000 Combined Waterworks, Sewerage System, and Gas Improvements, Certificates of Participation	2,085,000	115,000
\$1,150,000 Certificates of Participation - Gas Improvements	990,000	65,000
	\$ 8,845,000	\$ 675,000

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, 2009

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, 2009, the State had contributed \$1,736,000 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, 2009, the State had contributed \$2,000,777 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, 2009

NOTE F – LONG-TERM OBLIGATIONS – Continued

Capital Lease Obligations Payable

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, 2009.

<u>Year Ending</u> <u>March 31,</u>	
2010	\$ 103,349
2011	<u>86,648</u>
Total minimum lease payments	189,997
Less amount representing interest	<u>11,280</u>
Present value of net minimum lease payments	\$ <u><u>178,717</u></u>
Current portion	\$ 95,794
Long - term portion	<u>82,923</u>
	\$ <u><u>178,717</u></u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2009

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 10.1% (general), 12.1% (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 2008, the political subdivision's annual pension cost of \$344,710 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008 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% 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 projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short – term volatility in the market value of investments over a five – year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2008 was 15 years.

Three - Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/2006	335,601	100%	-
06/30/2007	339,554	100%	-
06/30/2008	344,710	100%	-

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
March 31, 2009

NOTE G – PENSION PLAN – Continued

<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>
02/28/2006	6,327,697	7,010,301	682,604	90%	2,681,518	25%
02/28/2007	6,469,432	6,950,612	481,180	93%	2,629,202	18%
02/29/2008	6,977,056	7,225,063	248,007	97%	2,965,949	8%

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 valuation.

NOTE H – INTEREST EXPENSE

Interest cost totaling \$969,888, was incurred during the year ended March 31, 2009. 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, 2009

NOTE I – RESERVATIONS OF FUND BALANCE AND RETAINED EARNINGS

The City has reserved fund balances and retained earnings at March 31, 2009, as follows.

General Fund

Reserved for judicial education fund	\$	213
Reserved for domestic shelter		210
Reserved for CATV franchise fees		10,003
Reserved for crime victims compensation fund		485
Reserved for municipal court		2,137
Reserved for police training		197
Reserved for taxes paid under protest		9,055
Reserved for 2007 certificate of participation		23,950
Reserved for fire training		126
Reserved for inmate security		1,883
	\$	<u>48,259</u>

Special Revenue Fund

Reserved for escrow roof fund	\$	230,153
Reserved for Veterans Memorial Field Fund		27,526
	\$	<u>257,679</u>

Debt Service Fund

Reserved for debt service	\$	<u>800,609</u>
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Combined Waterworks and Sewerage System Fund

Reserved for debt service	\$	1,110,324
Reserved for deposits		95,637

Gas Operation Fund

Reserved for debt service		1,128,019
Reserved for deposits		<u>146,639</u>

Total reserved for Enterprise Funds	\$	<u><u>2,480,619</u></u>
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City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2009

NOTE J – EXCESS OF EXPENDITURES OVER BUDGET

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

Major Funds	
Capital Improvement Sales Tax Fund	\$ 60,017
Debt Service Fund	57,271
Nonmajor Special Revenue Funds	
Street Improvement Fund	33,353
Veterans Memorial Field Fund	66,696

NOTE K – OPERATING TRANSFERS

Operating transfers for the year ended March 31, 2009 were as follows.

Transfer To	General Fund	Gas Operation Fund	Transfer From Transportation Trust Fund	Total
Major Governmental Funds				
General Fund	\$ -	\$ 1,709,005	\$ -	\$ 1,709,005
Perry Park Center Fund	640,000	-	-	640,000
				-
Nonmajor Gov. Funds				
Gen. Public Facilities Fund	834,005	-	-	834,005
Veterans Memorial Field Fund	133,839	-	-	133,839
Major Enterprise Funds				
Gas Fund	-	-	4,072	4,072
Total	\$ 1,607,844	\$ 1,709,005	\$ 4,072	\$ 3,320,921

NOTE L – INTERFUND RECEIVABLES AND PAYABLES

As of March 31, 2009, the City had \$38,745 due from the Combined Waterworks and Sewer System Fund (CWSS) to the Gas Fund.

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.

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2009

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	<u>Combined Waterworks & Sewer System Fund</u>	<u>Gas Operation Fund</u>	<u>Total</u>
ASSETS			
Current assets	\$ 1,395,892	\$ 5,309,434	\$ 6,705,326
Restricted assets	1,110,324	1,128,019	2,238,343
Capital assets	18,103,092	7,633,940	25,737,032
Other assets	82,669	81,868	164,537
Total assets	<u>20,691,977</u>	<u>14,153,261</u>	<u>34,845,238</u>
LIABILITIES			
Current liabilities	161,360	592,580	753,940
Liabilities payable from restricted assets	519,032	508,042	1,027,074
Bonds, notes payable, and other long-term liabilities	3,588,750	4,581,250	8,170,000
Total liabilities	<u>4,269,142</u>	<u>5,681,872</u>	<u>9,951,014</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,143,092	2,748,940	16,892,032
Restricted for			
Debt service	1,110,324	1,128,019	2,238,343
Other	95,637	146,639	242,276
Unrestricted	1,073,782	4,447,791	5,521,573
Total net assets	<u>\$ 16,422,835</u>	<u>\$ 8,471,389</u>	<u>\$ 24,894,224</u>

City of Perryville, Missouri
NOTES TO FINANCIAL STATEMENTS – CONTINUED
 March 31, 2009

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	\$ 2,253,870	\$ 8,882,936	\$ 11,136,806
Depreciation and amortization	(839,395)	(229,677)	(1,069,072)
Other operating expenses	(1,601,070)	(6,491,959)	(8,093,029)
Operating income (loss)	<u>(186,595)</u>	<u>2,161,300</u>	<u>1,974,705</u>
Nonoperating income (expenses)			
Interest income	12,099	85,098	97,197
Intergovernmental income	105,212	-	105,212
Miscellaneous income	46,734	41,913	88,647
Interest expense	<u>(221,106)</u>	<u>(240,717)</u>	<u>(461,823)</u>
	(57,061)	(113,706)	(170,767)
Transfers in	-	4,072	4,072
Transfers out	<u>-</u>	<u>(1,709,005)</u>	<u>(1,709,005)</u>
Change in net assets	(243,656)	342,661	99,005
Net assets at beginning of year	16,666,491	8,128,728	24,795,219
Net assets at end of year	<u>\$ 16,422,835</u>	<u>\$ 8,471,389</u>	<u>\$ 24,894,224</u>
CONDENSED STATEMENT OF CASH FLOWS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Net cash provided (used) by:			
Operating activities	\$ 705,792	\$ 2,316,780	\$ 3,022,572
Noncapital financing activities	105,212	(1,704,933)	(1,599,721)
Capital and related financing activities	(864,929)	(657,319)	(1,522,248)
Investing activities	12,099	85,098	97,197
	<u>(41,826)</u>	<u>39,626</u>	<u>(2,200)</u>
Cash and cash equivalents at beginning of year	<u>2,322,244</u>	<u>5,875,974</u>	<u>8,198,218</u>
Cash and cash equivalents at end of year	<u>\$ 2,280,418</u>	<u>\$ 5,915,600</u>	<u>\$ 8,196,018</u>

City of Perryville, Missouri
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2009

<u>General Revenue Fund</u>	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property taxes	\$ 391,800	\$ 391,800	\$ 448,071	\$ 56,271
Railroad and utility tax	2,000	2,000	1,949	(51)
Gross receipts tax	740,000	740,000	1,183,605	443,605
Intangible tax	2,600	2,600	4,925	2,325
Sales tax	1,500,000	1,500,000	1,540,014	40,014
Tax under protest	500	500	(104,827)	(105,327)
	<u>2,636,900</u>	<u>2,636,900</u>	<u>3,073,737</u>	<u>436,837</u>
License and permits				
City vehicle stickers	19,000	19,000	20,310	1,310
Occupational licenses	9,700	9,700	14,840	5,140
Liquor licenses	9,500	9,500	9,545	45
Mobile home licenses	1,100	1,100	1,075	(25)
Building and other permits	6,500	6,500	4,089	(2,411)
	<u>45,800</u>	<u>45,800</u>	<u>49,859</u>	<u>4,059</u>
Charges for services				
Fees and services	15,000	15,000	17,311	2,311
Residential trash pickup	250,000	250,000	229,644	(20,356)
Commercial trash pickup	25,000	25,000	23,829	(1,171)
Fuel sales	-	-	55,815	55,815
Penalties	750	750	1,256	506
Unaccounted receipts	-	-	70	70
Cable TV franchise fees	53,000	53,000	39,959	(13,041)
	<u>343,750</u>	<u>343,750</u>	<u>367,884</u>	<u>24,134</u>
Intergovernmental				
Road district contributions	85,000	85,000	92,229	7,229
State grants	500	500	246	(254)
Airport improvement grant	570,000	570,000	322,434	(247,566)
Fire training academy	7,500	7,500	-	(7,500)
County business surtax	30,000	30,000	37,386	7,386
Federal gasoline tax	4,000	4,000	-	(4,000)
	<u>697,000</u>	<u>697,000</u>	<u>452,295</u>	<u>(244,705)</u>
Fines				
Delinquent tax penalties	-	-	-	-
Court fines, costs and police training fund	122,500	122,500	119,794	(2,706)
Inmate security fund	2,500	2,500	1,440	(1,060)
Crime victim compensation	8,900	8,900	5,412	(3,488)
Restitution fund	250	250	1,027	777
Parking tickets	250	250	290	40
	<u>134,400</u>	<u>134,400</u>	<u>127,963</u>	<u>(6,437)</u>
Interest				
	18,900	18,900	10,569	(8,331)
Miscellaneous				
Miscellaneous	40,600	40,600	50,312	9,712
Donations	11,500	11,500	6,450	(5,050)
	<u>52,100</u>	<u>52,100</u>	<u>56,762</u>	<u>4,662</u>
Rental				
Airport	32,900	32,900	52,746	19,846
Other	2,760	2,760	2,760	-
	<u>35,660</u>	<u>35,660</u>	<u>55,506</u>	<u>19,846</u>
Total revenues	<u>3,964,510</u>	<u>3,964,510</u>	<u>4,194,575</u>	<u>230,065</u>

City of Perryville, Missouri
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>General Revenue Fund - Continued</u>				
Expenditures				
General Government				
Mayor and board	155,064	155,064	158,785	(3,721)
City administrators office	110,906	110,906	111,876	(970)
Clerk/Finance	367,153	367,153	339,821	27,332
Municipal court	89,441	89,441	76,154	13,287
Community development	191,938	191,938	177,455	14,483
General services	345,071	345,071	322,461	22,610
Port authority/Economic development	71,459	71,459	72,494	(1,035)
Cable access/Levee district	30,500	30,500	22,144	8,356
Medical claims	50,000	50,000	49,327	673
	<u>1,411,532</u>	<u>1,411,532</u>	<u>1,330,517</u>	<u>81,015</u>
Public Safety				
Police department	1,735,135	1,735,135	1,706,630	28,505
Fire department	219,098	219,098	194,864	24,234
	<u>1,954,233</u>	<u>1,954,233</u>	<u>1,901,494</u>	<u>52,739</u>
Sanitation				
Refuse collection and disposal	539,270	539,270	523,765	15,505
Debt Service				
Principal and interest payments	63,459	63,459	59,745	3,714
Airport operations	<u>637,548</u>	<u>637,548</u>	<u>567,176</u>	<u>70,372</u>
Total expenditures	<u>4,606,042</u>	<u>4,606,042</u>	<u>4,382,697</u>	<u>223,345</u>
Excess (deficiency) of revenues over expenditures	<u>(641,532)</u>	<u>(641,532)</u>	<u>(188,122)</u>	<u>453,410</u>
Other financing sources (uses)				
Operating transfers in	2,358,675	2,414,675	1,709,005	(705,670)
Operating transfers out	(1,717,143)	(1,867,702)	(1,607,844)	259,858
	<u>641,532</u>	<u>546,973</u>	<u>101,161</u>	<u>(445,812)</u>
Net change in fund balance	-	(94,559)	(86,961)	7,598
Fund balance at beginning of year	<u>421,219</u>	<u>421,219</u>	<u>421,219</u>	<u>-</u>
Fund balance at end of year	<u>\$ 421,219</u>	<u>\$ 326,660</u>	<u>\$ 334,258</u>	<u>\$ 7,598</u>

City of Perryville, Missouri
PERRY PARK CENTER FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	\$ 171,000	\$ 171,000	\$ 199,131	\$ 28,131
Railroad and utility tax	500	500	866	366
Sales tax	265,000	265,000	262,853	(2,147)
	<u>436,500</u>	<u>436,500</u>	<u>462,850</u>	<u>26,350</u>
Charges for services				
Concessions and vending machines	102,500	102,500	63,532	(38,968)
Tournament and sports fees	70,000	70,000	52,427	(17,573)
Admission fees and passes	350,300	350,300	340,669	(9,631)
Arcade, fun club and senior olympics	25,500	25,500	18,584	(6,916)
	<u>548,300</u>	<u>548,300</u>	<u>475,212</u>	<u>(73,088)</u>
Intergovernmental				
County business surtax	9,800	9,800	16,616	6,816
Interest				
	300	300	568	268
Miscellaneous				
	41,300	41,300	34,387	(6,913)
Rental				
Library lease	17,100	17,100	18,525	1,425
Theater rent	10,000	10,000	12,946	2,946
Pool and gymnasium	15,000	15,000	18,052	3,052
Pavilions, ball fields, community center, meeting room	9,000	9,000	7,380	(1,620)
	<u>51,100</u>	<u>51,100</u>	<u>56,903</u>	<u>5,803</u>
Total revenues	<u>1,087,300</u>	<u>1,087,300</u>	<u>1,046,536</u>	<u>(40,764)</u>
Expenditures				
Leagues	130,674	130,674	103,264	27,410
Administration	454,375	454,375	444,762	9,613
Community center maintenance	22,350	22,350	11,593	10,757
Fitness center	75,195	75,195	59,309	15,886
Activities and marketing	73,774	73,774	69,693	4,081
Maintenance and housekeeping	440,311	361,455	267,424	94,031
Park maintenance	151,930	230,786	188,733	42,053
Performing arts center	97,124	97,124	85,509	11,615
Pool	239,034	239,034	230,362	8,672
Park center operations	199,731	199,731	179,096	20,635
Total expenditures	<u>1,884,498</u>	<u>1,884,498</u>	<u>1,639,745</u>	<u>244,753</u>
Excess (deficiency) of revenues over expenditures	(797,198)	(797,198)	(593,209)	203,989
Other financing sources (uses)				
Operating transfers in	843,858	843,858	640,000	(203,858)
Operating transfers out	(46,660)	(46,660)	-	46,660
	<u>797,198</u>	<u>797,198</u>	<u>640,000</u>	<u>(157,198)</u>
Net change in fund balance	-	-	46,791	46,791
Fund balance at beginning of year	(49,611)	(49,611)	(49,611)	-
Fund balance at end of year	\$ (49,611)	\$ (49,611)	\$ (2,820)	\$ 46,791

City of Perryville, Missouri
CAPITAL IMPROVEMENT SALES TAX FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Sales tax	\$ 565,000	\$ 565,000	\$ 577,506	\$ 12,506
Intergovernmental				
State revolving fund	-	-	70,597	70,597
Interest	100,000	100,000	104,879	4,879
	<u>665,000</u>	<u>665,000</u>	<u>752,982</u>	<u>87,982</u>
Expenditures				
Debt service				
Principal	225,000	225,000	225,000	-
Interest	177,000	177,000	237,754	(60,754)
Bond handling charges	16,250	16,250	15,513	737
	<u>418,250</u>	<u>418,250</u>	<u>478,267</u>	<u>(60,017)</u>
Excess (deficiency) of revenues over expenditures	246,750	246,750	274,715	27,965
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	246,750	246,750	274,715	27,965
Fund balance at beginning of year	2,576,198	2,576,198	2,576,198	-
Fund balance at end of year	<u>\$ 2,822,948</u>	<u>\$ 2,822,948</u>	<u>\$ 2,850,913</u>	<u>\$ 27,965</u>

City of Perryville, Missouri
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes and special assessments				
Real estate and personal property tax	\$ 228,500	\$ 228,500	\$ 249,113	\$ 20,613
Railroad and utility tax	1,200	1,200	1,083	(117)
	<u>229,700</u>	<u>229,700</u>	<u>250,196</u>	<u>20,496</u>
Intergovernmental				
County business surtax	22,000	22,000	20,770	(1,230)
State revolving fund	-	-	62,575	62,575
	<u>22,000</u>	<u>22,000</u>	<u>83,345</u>	<u>61,345</u>
Charges for Services				
Penalties	300	300	1,014	714
Interest				
	20,000	20,000	75,375	55,375
Total revenues	<u>272,000</u>	<u>272,000</u>	<u>409,930</u>	<u>137,930</u>
Expenditures				
Debt service				
Principal	185,000	185,000	185,000	-
Interest	160,300	160,300	222,066	(61,766)
Bond handling charges	16,250	16,250	11,755	4,495
	<u>361,550</u>	<u>361,550</u>	<u>418,821</u>	<u>(57,271)</u>
Excess (deficiency) of revenues over expenditures	(89,550)	(89,550)	(8,891)	80,659
Other financing sources (uses)				
Operating transfers in	89,550	89,550	-	(89,550)
Operating transfers out	-	-	-	-
	<u>89,550</u>	<u>89,550</u>	<u>-</u>	<u>(89,550)</u>
Net change in fund balance	-	-	(8,891)	(8,891)
Fund balance at beginning of year	<u>809,500</u>	<u>809,500</u>	<u>809,500</u>	<u>-</u>
Fund balance at end of year	<u>\$ 809,500</u>	<u>\$ 809,500</u>	<u>\$ 800,609</u>	<u>\$ (8,891)</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
02/28/2006	6,327,697	7,010,301	682,604	90%	2,681,518	25%
02/28/2007	6,469,432	6,950,612	481,180	93%	2,629,202	18%
02/29/2008	6,977,056	7,225,063	248,007	97%	2,965,949	8%

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
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2009

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash	\$ 1,799,766	\$ 247,233	\$ 2,046,999
Receivables, net of allowances for doubtful accounts:			
Sales and use tax	62,550	-	62,550
Intergovernmental	23,168	-	23,168
Due from other funds	-	-	-
Prepaid expenses	16,072	-	16,072
	<u>\$ 1,901,556</u>	<u>\$ 247,233</u>	<u>\$ 2,148,789</u>
LIABILITIES AND FUND BALANCE			
Accounts payable	\$ 5,234	\$ 16,937	\$ 22,171
Payroll, sales tax and fringe benefits	17,578	-	17,578
	<u>22,812</u>	<u>16,937</u>	<u>39,749</u>
Fund balance:			
Reserved	257,679	-	257,679
Unreserved	1,621,065	230,296	1,851,361
	<u>1,878,744</u>	<u>230,296</u>	<u>2,109,040</u>
	<u>\$ 1,901,556</u>	<u>\$ 247,233</u>	<u>\$ 2,148,789</u>

City of Perryville, Missouri
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended March 31, 2009

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes and special assessments	\$ 770,007	\$ -	\$ 770,007
Intergovernmental	289,746	272,713	562,459
Interest	24,515	945	25,460
Miscellaneous	46,705	893,203	939,908
	<u>1,130,973</u>	<u>1,166,861</u>	<u>2,297,834</u>
Expenditures			
Airport improvements	47,689	-	47,689
Streets and street improvements	804,961	-	804,961
Sidewalks	18,228	-	18,228
Culture and recreation	133,298	-	133,298
Capital improvements	-	1,695,450	1,695,450
	<u>1,004,176</u>	<u>1,695,450</u>	<u>2,699,626</u>
Excess (deficiency) of revenues over expenditures	126,797	(528,589)	(401,792)
Other financing sources (uses)			
Operating transfers in	133,839	834,005	967,844
Operating transfers out	-	-	-
	<u>133,839</u>	<u>834,005</u>	<u>967,844</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	260,636	305,416	566,052
Fund balance beginning of year	<u>1,618,108</u>	<u>(75,120)</u>	<u>1,542,988</u>
Fund balance end of year	<u>\$ 1,878,744</u>	<u>\$ 230,296</u>	<u>\$ 2,109,040</u>

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 March 31, 2009

	Street Improvement Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash	\$ 143,937	\$ 1,398,150	\$ 230,153	\$ 27,526	\$ 1,799,766
Receivables, net of allowance for doubtful accounts:					
Sales and use	-	62,550	-	-	62,550
Intergovernmental	23,168	-	-	-	23,168
Due from other funds	-	-	-	-	-
Prepaid insurance	-	16,072	-	-	16,072
	\$ 167,105	\$ 1,476,772	\$ 230,153	\$ 27,526	\$ 1,901,556
LIABILITIES AND FUND BALANCE					
Accounts payable	\$ -	\$ 5,234	\$ -	\$ -	\$ 5,234
Payroll taxes and fringe benefits	-	17,578	-	-	17,578
Fund Balance					
Reserved	-	-	230,153	27,526	257,679
Unreserved	167,105	1,453,960	-	-	1,621,065
	\$ 167,105	\$ 1,476,772	\$ 230,153	\$ 27,526	\$ 1,901,556

City of Perryville, Missouri
BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUND
March 31, 2009

	<u>General Public Facilities Fund</u>
ASSETS	
Cash	\$ 247,233
	<hr/>
	\$ <u>247,233</u>
LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 16,937
Fund balance	<u>230,296</u>
	\$ <u>247,233</u>

City of Perryville, Missouri
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2009**

	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	\$ -	\$ 770,007	\$ -	\$ -	\$ 770,007
Intergovernmental	289,746	-	-	-	289,746
Interest	3,142	18,396	2,542	435	24,515
Miscellaneous	449	21,366	-	24,890	46,705
	<u>293,337</u>	<u>809,769</u>	<u>2,542</u>	<u>25,325</u>	<u>1,130,973</u>
Expenditures					
Airport improvements	-	47,689	-	-	47,689
Streets and street improvements	345,353	459,608	-	-	804,961
Sidewalks	-	18,228	-	-	18,228
Culture and recreation	-	-	-	133,298	133,298
	<u>345,353</u>	<u>525,525</u>	<u>-</u>	<u>133,298</u>	<u>1,004,176</u>
Excess (deficiency) of revenues over expenditures	(52,016)	284,244	2,542	(107,973)	126,797
Other financing sources (uses)					
Operating transfers in	-	-	-	133,839	133,839
Operating transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,839</u>	<u>133,839</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(52,016)	284,244	2,542	25,866	260,636
Fund balance at beginning of year	219,121	1,169,716	227,611	1,660	1,618,108
Fund balance at end of year	\$ <u>167,105</u>	\$ <u>1,453,960</u>	\$ <u>230,153</u>	\$ <u>27,526</u>	\$ <u>1,878,744</u>

City of Perryville, Missouri
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUND
Year ended March 31, 2009

	<u>General Public Facilities Fund</u>
Revenues	
Interest	\$ 945
Intergovernmental	272,713
Miscellaneous	893,203
	<u>1,166,861</u>
 Expenditures	
Capital projects	<u>1,695,450</u>
Excess (deficiency) of revenues over expenditures	(528,589)
 Other financing sources (uses)	
Operating transfers in	834,005
Operating transfers out	-
	<u>834,005</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	305,416
 Fund balance at beginning of year	<u>(75,120)</u>
 Fund balance at end of year	<u><u>\$ 230,296</u></u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Street Improvement Fund</u>			
Revenues			
State gasoline tax	\$ 220,000	\$ 214,061	\$ (5,939)
State vehicle sales tax	55,000	41,814	(13,186)
State vehicle license fees	40,000	33,871	(6,129)
Interest	2,000	3,142	1,142
Miscellaneous	-	449	449
	317,000	293,337	(23,663)
Expenditures			
Streets and street improvements	312,000	345,353	(33,353)
	312,000	345,353	(33,353)
 Excess (deficiency) of revenues over expenditures	 5,000	 (52,016)	 (57,016)
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	-	-	-
 Excess (deficiency) of revenues and other sources over expenditures and other uses - Street Improvement Fund	 5,000	 (52,016)	 (57,016)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Transportation Trust Fund</u>			
Revenues			
Sales and use tax	725,000	770,007	45,007
Interest	35,000	18,396	(16,604)
Miscellaneous	7,000	21,366	14,366
	<u>767,000</u>	<u>809,769</u>	<u>42,769</u>
Expenditures			
Airport improvements	-	47,689	(47,689)
Street maintenance	652,993	459,608	193,385
Sidewalks	-	18,228	(18,228)
	<u>652,993</u>	<u>525,525</u>	<u>127,468</u>
Excess of revenues over expenditures	114,007	284,244	170,237
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 - Transportation Trust Fund	114,007	284,244	170,237

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Perry Park Center Escrow Fund</u>			
Revenues			
Interest	6,000	2,542	(3,458)
	<u>6,000</u>	<u>2,542</u>	<u>(3,458)</u>
Expenditures			
	-	-	-
Other financing sources (uses)			
Operating transfers in	46,660	-	(46,660)
Operating transfers out	-	-	-
	<u>46,660</u>	<u>-</u>	<u>(46,660)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Perry Park Center Escrow Fund	52,660	2,542	(50,118)
<u>Veterans Memorial Field Fund</u>			
Revenues			
Interest	200	435	235
Miscellaneous	8,600	24,890	16,290
	<u>8,800</u>	<u>25,325</u>	<u>16,525</u>
Expenditures			
	<u>66,602</u>	<u>133,298</u>	<u>(66,696)</u>
Other financing sources (uses)			
Operating transfers in	153,079	133,839	(19,240)
Operating transfers out	-	-	-
	<u>153,079</u>	<u>133,839</u>	<u>(19,240)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Veterans Memorial Field Fund	95,277	25,866	(69,411)
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR SPECIAL REVENUE FUNDS	\$ <u>266,944</u>	\$ <u>260,636</u>	\$ <u>(6,308)</u>

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUND
Year ended March 31, 2009

<u>General Public Facilities Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$ -	\$ 945	\$ 945
Intergovernmental	296,036	272,713	(23,323)
Miscellaneous	900,000	893,203	(6,797)
	<u>1,196,036</u>	<u>1,166,861</u>	<u>(29,175)</u>
Expenditures			
Storm drainage construction	9,000	12,933	(3,933)
Street lighting	-	575	(575)
New city hall	56,480	11,180	45,300
Hike and bike trail	428,561	403,112	25,449
New police station	1,480,000	1,233,756	246,244
Dry run branch improvements	56,000	33,894	22,106
	<u>2,030,041</u>	<u>1,695,450</u>	<u>334,591</u>
Excess (deficiency) of revenues over expenditures	(834,005)	(528,589)	305,416
Other financing sources (uses)			
Operating transfers in	890,005	834,005	(56,000)
Operating transfers out	-	-	-
	<u>890,005</u>	<u>834,005</u>	<u>(56,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - General Public Facilities Fund	<u>\$ 56,000</u>	<u>\$ 305,416</u>	<u>\$ 249,416</u>

City of Perryville, Missouri
SCHEDULE OF NATURAL GAS SALES AND PURCHASES
March 31, 2009

1. The natural gas distribution system was serving 3,204 metered customers at March 31, 2009.
2. Gas sales and purchases for the fiscal year ended March 31, 2009 were as follows:

GAS SALES

<u>Date billed</u>	<u>Quantity in mcf</u>	<u>Amount billed</u>
04/08	58,868	\$ 947,314
05/08	43,136	706,021
06/08	33,257	546,068
07/08	26,735	465,846
08/08	28,477	468,582
09/08	31,654	478,302
10/08	31,023	426,550
11/08	48,946	539,886
12/08	72,139	841,359
01/09	95,883	1,169,316
02/09	102,232	1,337,791
03/09	72,834	954,009
	<u>645,184</u>	<u>\$ 8,881,045</u>

GAS PURCHASES

<u>Date billed</u>	<u>Quantity in mcf</u>	<u>Date paid</u>	<u>Cost</u>
04/08	50,080	05/08	\$ 490,651
05/08	34,827	06/08	396,935
06/08	28,538	07/08	360,085
07/08	29,467	08/08	390,017
08/08	32,102	09/08	309,130
09/08	33,383	10/08	287,644
10/08	45,282	11/08	326,390
11/08	67,540	12/08	558,684
12/08	99,621	01/09	839,875
01/09	108,970	02/09	877,200
02/09	81,384	03/09	595,982
03/09	60,048	04/09	438,454
	<u>671,242</u>		<u>\$ 5,871,047</u>

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING
March 31, 2009

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, 2009, was \$2,480,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2009	5.450%	285,000
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
		\$ 2,480,000

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, 2009, was \$3,140,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2009	5.100%	235,000
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
		\$ 3,140,000

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING - CONTINUED
March 31, 2009

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, 2009, was \$2,537,705 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2009	5.100%	195,000
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
Defeased amount		<u>(312,295)</u>
		\$ <u>2,537,705</u>

Natural Gas Revenue Bonds in the original amount of \$3,700,000 dated June 1, 2004, balance outstanding at March 31, 2009, was \$3,290,000 bearing interest and maturing as follows.

<u>Maturity date</u>	<u>Interest Rate</u>	<u>Amount</u>
July 1, 2009	3.900%	210,000
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>3,290,000</u>



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

Honorable Mayor
and Board of Alderman
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, 2009, which collectively comprise the City of Perryville, Missouri's basic financial statements and have issued our report thereon dated September 24, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Perryville, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Perryville, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the City of Perryville, Missouri's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Perryville, Missouri's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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

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.



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor
and Board of Alderman
City of Perryville, Missouri

Compliance

We have audited the compliance of the City of Perryville, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2009. City of Perryville, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Perryville, Missouri's management. Our responsibility is to express an opinion on the City of Perryville, Missouri's compliance based on our audit.

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

In our opinion, the City of Perryville, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL 65 Jacksonville, IL • St. Louis, MO • Milwaukee, WI

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

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

Kerber, Eck & Brauchel LLP

Cape Girardeau, Missouri
September 24, 2009

City of Perryville, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended March 31, 2009

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Pass-through programs from:			
Missouri Department of Transportation:			
Federal Airport Improvement Program *	20.106	08-063A-1, 2, 3	\$ 365,182
Perryville Hike Bike Trails	20.205	STP-5000(005)	296,036
Total expenditures of federal awards			\$ <u>661,218</u>

* Major program

City of Perryville, Missouri
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended March 31, 2009

NOTE A – BASIS OF PRESENTATION

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

NOTE B - MATCHING REQUIREMENTS

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

City of Perryville, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended March 31, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified that are not considered to be material weaknesses

_____ yes x none reported

Noncompliance material to financial statements noted

_____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified that are not considered to be material weaknesses

_____ yes x none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133

_____ yes x no

Identification of major programs:

CFDA Numbers

20.106

Name of Federal Program

Federal Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000.00

Auditee qualified as low-risk auditee

_____ yes x no

City of Perryville, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended March 31, 2009

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.