FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

CITY OF PERRYVILLE, MISSOURI

March 31, 2008

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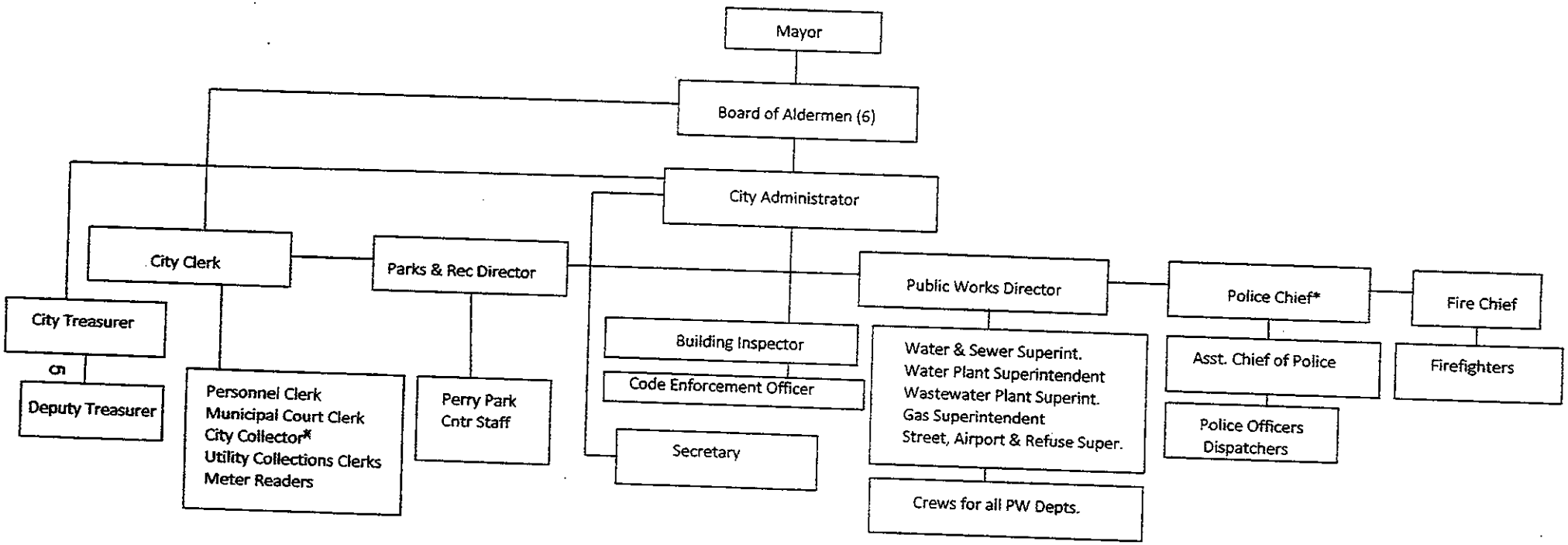
CITY OF PERRYVILLE, MISSOURI
List of Principal Officials
March 31, 2007

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

Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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, 2008, 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 16, 2008, on our consideration of the City of Perryville, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Other Locations

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

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 combining and individual nonmajor fund financial statements and the Schedule of Natural Gas Sales and Purchases and the Schedule of Bonds Outstanding 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 + Braeckel LLP

Cape Girardeau, Missouri
September 16, 2008

Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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Cape Girardeau, MO 63701-8502
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2008, which collectively comprise the City of Perryville, Missouri's basic financial statements and have issued our report thereon dated September 16, 2008. 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.

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Perryville, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the 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'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'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 material weaknesses , as defined above.

This report is intended solely for the information and use of management. However, this report is a matter of public record and its distribution is not limited.

Kerber, Eck & Braeckel LLP

Cape Girardeau, Missouri
September 16, 2008

Other Locations

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

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

FINANCIAL HIGHLIGHTS

- The City of Perryville, Missouri's total net assets increased $1,468,247 or 3.7%. Governmental activities net assets increased $708,973 while business-type activities net assets increased $759,274.
- The City's governmental funds reported combined ending fund balances of $16,399,552 an increase of $708,973 from the prior year. Approximately 25.1 percent of this total amount, or $4,122,916, is unreserved and available for use within the City's designation and policies.
- The City's total debt decreased by $1,403,466 (7.6%) during the current fiscal year.
- The City's property tax levy increased from 72 to 73 cents per $100 assessed valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

- Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

- Proprietary funds – The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and gas operations.

Notes to the Financial Statements

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

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's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 7,203,059	$ 6,484,158	$ 9,280,947	$ 8,856,338	$ 16,484,006	$ 15,340,496
Capital assets	17,491,447	17,850,751	26,382,543	26,953,857	43,873,990	44,804,608
Total assets	24,694,506	24,334,909	35,663,490	35,810,195	60,357,996	60,145,104
Long-term liabilities	6,987,431	7,552,189	8,845,000	9,698,993	15,832,431	17,251,182
Other liabilities	1,307,523	1,092,141	2,023,271	2,075,257	3,330,794	3,167,398
Total liabilities	8,294,954	8,644,330	10,868,271	11,774,250	19,163,225	20,418,580
Net assets:						
Invested in capital assets, net of related debt	11,099,258	10,919,460	16,883,550	16,600,510	27,982,808	27,519,960
Restricted	1,177,378	1,035,638	2,737,707	3,104,408	3,915,085	4,140,046
Unrestricted	4,122,916	3,735,491	5,173,962	4,331,027	9,296,878	8,066,518
Total net assets	$ 16,399,552	$ 15,690,579	$ 24,795,219	$ 24,035,945	$ 41,194,771	$ 39,726,524

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 $41,194,771 and $39,726,524 as of March 31, 2008 and March 31, 2007, respectively.

The largest portion of the City's net assets (68%) 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 (10%) represents resources that are subject to restrictions on how they may be used. The largest portion of this is the proceeds from the prior year Certificate of Participation issue in the General Fund which is being used to construct a new police station. The remaining balance of unrestricted net assets of $9,296,878 may be used to meet the government's ongoing obligation to citizens and creditors.

City of Perryville, Missouri's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 1,006,433	$ 995,654	$ 10,023,869	$ 9,895,376	$ 11,030,302	$ 10,891,030
Operating grants & contributions	207,005	253,502	116,350	128,122	323,355	381,624
Capital grants & contributions	-	-	-	-	-	-
General revenues:					-	-
Property taxes	987,539	822,659	-	-	987,539	822,659
Sales tax	3,096,933	3,068,152	-	-	3,096,933	3,068,152
County business surtax	69,016	63,153	-	-	69,016	63,153
County road, intangible and railroad/utility taxes	92,762	184,370	-	-	92,762	184,370
Motor vehicle gas, license and sales taxes	318,147	326,755	-	-	318,147	326,755
Gross receipts tax	796,108	673,453	-	-	796,108	673,453
Investment revenue	194,812	211,676	321,840	437,653	516,652	649,329
Miscellaneous	494,301	499,357	28,920	48,575	523,221	547,932
	7,263,056	7,098,731	10,490,979	10,509,726	17,754,035	17,608,457
Expenses:						
General government	1,323,409	1,417,977	-	-	1,323,409	1,417,977
Public safety	1,817,237	1,815,613	-	-	1,817,237	1,815,613
Sanitation	480,810	467,363	-	-	480,810	467,363
Airport operations	166,124	137,464	-	-	166,124	137,464
Culture and recreation	1,787,216	1,467,971	-	-	1,787,216	1,467,971
Streets and improvements	930,563	897,015	-	-	930,563	897,015
Capital projects	379,732	217,986	-	-	379,732	217,986
Interest on long-term debt	421,544	395,738	-	-	421,544	395,738
Water and sewer	-	-	2,628,462	2,606,451	2,628,462	2,606,451
Gas	-	-	6,350,691	6,044,335	6,350,691	6,044,335
Total expenses	7,306,635	6,817,127	8,979,153	8,650,786	16,285,788	15,467,913
Increase in net assets before transfers	(43,579)	281,604	1,511,826	1,858,940	1,468,247	2,140,544
Transfers	752,552	1,225,256	(752,552)	(1,225,256)	-	-
Increase in net assets	708,973	1,506,860	759,274	633,684	1,468,247	2,140,544
Net assets, April 1	15,690,579	14,183,719	24,035,945	23,402,261	39,726,524	37,585,980
Net assets, March 31	$ 16,399,552	$ 15,690,579	$ 24,795,219	$ 24,035,945	$ 41,194,771	$ 39,726,524

Governmental Activities

Net assets of governmental activities increased $708,973 or 4.5%. Program revenues in the amount of $1,213,438 were used to offset program expenses of $7,306,635 resulting in a net program expense of $6,093,197. General revenues in the amount of $6,049,618 coupled with transfers in of $752,552 funded the difference in those program expenses and resulted in a total net increase of $708,973.

Business-Type Activities

Net assets of the business-type activities increased $759,274 or 3.2%. Program revenues in the amount of $10,140,219 were used to offset program expenses of $8,979,153 resulting in a net program revenue of $1,161,066. General revenues in the amount of $350,760 coupled with transfers out of $752,552 resulted in a total net increase of $759,274.

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 $5,300,294. Approximately 77.8% of this total amount, $4,122,916, constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for debt service - $809,500, and 2) to pay for other activities $367,878.

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 - $1,157,211 and Gas Operation Fund - $4,016,751. Net assets of the funds changed as follows: Combined Waterworks and Sewerage System Fund - $(128,168) and Gas Operation Fund - $887,442.

General Fund Budgetary Highlights

The City made no revisions to the original budget approved by the Board of Alderman.

CAPITAL ASSETS

The City of Perryville, Missouri's investment in capital assets for its governmental and business-type activities as of March 31, 2008 totals $43,873,990 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, pool and bathhouse, construction in progress, and infrastructure assets. The total decrease in the City's investment in capital assets for the current fiscal year was 2.1% (2% decrease for governmental activities and 2.1% decrease in business-type activities).

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 2,327,132	$ 2,330,432	$ 150,750	$ 127,600	$ 2,477,882	$ 2,458,032
Buildings	4,038,195	4,081,952	-	-	4,038,195	4,081,952
Improvements other than buildings	910,166	992,612	24,024,364	24,682,849	24,934,530	25,675,461
Machinery and equipment	951,571	1,114,597	2,061,475	2,143,408	3,013,046	3,258,005
Pool and bathhouse	267,067	308,154	-	-	267,067	308,154
Construction in progress	-	-	145,954	-	145,954	-
Infrastructure	8,997,316	9,023,004	-	-	8,997,316	9,023,004
Total	$ 17,491,447	$ 17,850,751	$ 26,382,543	$ 26,953,857	$ 43,873,990	$ 44,804,608

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

- Natural gas line replacement project
- Highway 61 utility project

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, 2008, the City of Perryville, Missouri had total long-term debt outstanding of $17,051,182. Of this amount, $2,722,705 comprises bonded debt backed by the full faith and credit of the City, $9,625,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and $4,395,000 represents Certificates of Participation. The capital leases of $308,477 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 $1,403,466 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.

During the year ended March 31, 2007, the City issued $1,170,000 Certificates of Participation Series 2007 for a new police station. As of March 31, 2008, the City had not expended any of these proceeds. Also, during the year, the City issued $1,150,000 Certificates of Participation Series 2006 for gas line improvements.

City of Perryville, Missouri's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	$ 2,722,705	$ 2,897,705	$ -	$ -	$ 2,722,705	$ 2,897,705
Revenue bonds	3,365,000	3,585,000	6,260,000	6,905,000	9,625,000	10,490,000
Certificates of Participation	1,160,000	1,170,000	3,235,000	3,385,000	4,395,000	4,555,000
Capital leases	304,484	448,596	3,993	63,347	308,477	511,943
Total	$ 7,552,189	$ 8,101,301	$ 9,498,993	$ 10,353,347	$ 17,051,182	$ 18,454,648

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, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash (notes A7 and B)	$ 5,295,955	$ 5,719,518	$ 11,015,473
Receivables, net of allowances for doubtful accounts:			
Real estate and personal property taxes (notes A8 and C)	65,592	-	65,592
Sales and use tax	313,751	-	313,751
Intergovernmental	24,003	-	24,003
Accounts receivable	23,521	827,498	851,019
Due from other funds	46,660	38,745	85,405
Restricted cash and investments (notes A7 and B)	1,298,607	2,478,700	3,777,307
Other assets, bond issue discount	-	181,666	181,666
Capital assets			
Non depreciable	2,327,132	296,704	2,623,836
Depreciable, net	15,164,315	26,085,839	41,250,154
Prepaid expenses	134,970	34,820	169,790
Total Assets	$ 24,694,506	$ 35,663,490	$ 60,357,996
LIABILITIES			
Accounts payable	372,509	875,790	1,248,299
Payroll, sales tax and fringe benefits	171,217	112,578	283,795
Due to other funds	46,660	38,745	85,405
Payables from restricted assets			
Current portion of bonds payable (note F)	410,000	490,000	900,000
Current portion of COP payable (note F)	10,000	160,000	170,000
Accrued interest	86,787	119,827	206,614
Customer deposits	-	222,338	222,338
Deferred revenue - real estate and personal property taxes	65,592	-	65,592
Current maturities of lease purchases payable (note F)	144,758	3,993	148,751
Revenue bonds payable, net of deferred amount on refunding, less current maturities (note F)	3,140,000	5,770,000	8,910,000
General obligation bonds payable (note F)	2,537,705	-	2,537,705
Certificates of Participation (note F)	1,150,000	3,075,000	4,225,000
Lease obligation payable (note F)	159,726	-	159,726
Total Liabilities	8,294,954	10,868,271	19,163,225
NET ASSETS			
Invested in capital assets, net of related debt	11,099,258	16,883,550	27,982,808
Restricted for:			
Debt service	809,500	2,478,700	3,288,200
Other	367,878	259,007	626,885
Unrestricted	4,122,916	5,173,962	9,296,878
Total Net Assets	$ 16,399,552	$ 24,795,219	$ 41,194,771

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

City of Perryville, Missouri
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 1,323,409	$ 117,567	$ 1,311	$ -	$ (1,204,531)	$ -	$ (1,204,531)
Public safety	1,817,237	117,613	63,892	-	(1,635,732)	-	(1,635,732)
Sanitation	480,810	256,922	-	-	(223,888)	-	(223,888)
Airport operation	166,124	2,732	-	-	(163,392)	-	(163,392)
Culture and recreation	1,787,216	511,599	-	-	(1,275,617)	-	(1,275,617)
Streets and improvements	930,563	-	-	-	(930,563)	-	(930,563)
Capital projects	379,732	-	-	-	(379,732)	-	(379,732)
Interest on long-term debt	421,544	-	141,802	-	(279,742)	-	(279,742)
Total governmental activities	7,306,635	1,006,433	207,005	-	(6,093,197)	-	(6,093,197)
Business-type activities:							
Water and sewer	2,628,462	2,298,198	116,350	-	-	(213,914)	(213,914)
Gas	6,350,691	7,725,671	-	-	-	1,374,980	1,374,980
Total business-type activitie	$ 8,979,153	$ 10,023,869	$ 116,350	$ -	-	1,161,066	1,161,066
General revenues							
Property taxes					987,539	-	987,539
Sales tax					3,096,933	-	3,096,933
County business surtax					69,016	-	69,016
County road tax, intangible tax, railroad/utility tax					92,762	-	92,762
Motor vehicle gas, license and sales taxes					318,147	-	318,147
Gross receipts tax					796,108	-	796,108
Investment revenue					194,812	321,840	516,652
Miscellaneous					494,301	28,920	523,221
Transfers					752,552	(752,552)	-
					6,802,170	(401,792)	6,400,378
Change in net assets					708,973	759,274	1,468,247
Net assets beginning of year					15,690,579	24,035,945	39,726,524
Net assets end of year					$ 16,399,552	$ 24,795,219	$ 41,194,771

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

City of Perryville, Missouri
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2008

	Major Funds					
	General	Perry Park Center	Capital Improvement	Debt Service	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash (notes A7 and B)	$ 147,133	$ 13,556	$ 2,579,922	$ 850,727	$ 1,704,617	$ 5,295,955
Receivables, net of allowances for doubtful accounts:						
Real estate and personal property taxes (notes A8 and C)	37,060	10,776	-	17,756	-	65,592
Sales and use tax	196,970	19,164	41,836	-	55,781	313,751
Intergovernmental	-	-	-	-	24,003	24,003
Accounts receivable	23,521	-	-	-	-	23,521
Due from other funds	-	-	-	-	46,660	46,660
Restricted cash and investments (notes A7 and B)	138,607	-	-	-	-	138,607
Prepaid expenses	93,789	27,010	-	-	14,171	134,970
	$ 637,080	$ 70,506	$ 2,621,758	$ 868,483	$ 1,845,232	$ 6,043,059
LIABILITIES						
Accounts payable	$ 52,330	$ 35,747	$ -	$ -	$ 284,432	$ 372,509
Payroll, sales tax and fringe benefits	126,471	26,934	-	-	17,812	171,217
Due to other funds	-	46,660	-	-	-	46,660
Payables from restricted assets						
Accrued interest	-	-	45,560	41,227	-	86,787
Deferred revenue - real estate and personal property taxes	37,060	10,776	-	17,756	-	65,592
	215,861	120,117	45,560	58,983	302,244	742,765
FUND BALANCES						
Reserved						
Reserved for debt service	-	-	-	809,500	-	809,500
Other activities	138,607	-	-	-	229,271	367,878
Unreserved	282,612	(49,611)	2,576,198	-	-	2,809,199
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,388,837	1,388,837
Capital project funds	-	-	-	-	(75,120)	(75,120)
	421,219	(49,611)	2,576,198	809,500	1,542,988	5,300,294
	$ 637,080	$ 70,506	$ 2,621,758	$ 868,483	$ 1,845,232	$ 6,043,059

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, 2008

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

Total fund balance - total governmental funds		$ 5,300,294
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 31,931,827	
Less accumulated depreciation	14,440,380	17,491,447
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	304,484	
Revenue bonds payable	3,365,000	
General obligation bonds payable	2,722,705	6,392,189
Net assets of governmental activities		$ 16,399,552

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, 2008

	Major Funds					
	General	Perry Park Center	Capital Improvement	Debt Service	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	$ 2,847,243	$ 461,214	$ 566,085	$ 258,623	$ 754,770	$ 4,887,935
License and permits	49,180	-	-	-	-	49,180
Charges for services	328,040	511,599	-	-	-	839,639
Intergovernmental	195,354	15,127	75,792	85,863	314,162	686,298
Fines	110,889	-	-	-	-	110,889
Interest	23,777	1,488	86,552	27,871	55,651	195,339
Miscellaneous	95,255	30,011	-	-	277,280	402,546
Rental	37,919	53,311	-	-	-	91,230
	3,687,657	1,072,750	728,429	372,357	1,401,863	7,263,056
Expenditures						
General government	1,236,702	-	-	-	-	1,236,702
Public safety	1,889,776	-	-	-	-	1,889,776
Sanitation	478,579	-	-	-	-	478,579
Airport operation	50,841	-	-	-	-	50,841
Culture and recreation	-	1,513,566	-	-	262,600	1,776,166
Streets and street improvements	-	-	-	-	861,491	861,491
Debt service:						
Principal	10,000	-	220,000	175,000	-	405,000
Interest	44,790	-	185,493	164,909	-	395,192
Bond handling costs	1,500	-	12,376	12,476	-	26,352
Capital projects	-	-	-	-	366,345	366,345
	3,712,188	1,513,566	417,869	352,385	1,490,436	7,486,444
Excess (deficiency) of revenues over expenditures	(24,531)	(440,816)	310,560	19,972	(88,573)	(223,388)
Other financing sources (uses)						
Operating transfers in	828,111	450,000	-	-	408,211	1,686,322
Operating transfers out	(615,000)	-	-	-	(318,770)	(933,770)
	213,111	450,000	-	-	89,441	752,552
Net change in fund balance	188,580	9,184	310,560	19,972	868	529,164
Fund balance beginning of year	232,639	(58,795)	2,265,638	789,528	1,542,120	4,771,130
Fund balance end of year	$ 421,219	$ (49,611)	$ 2,576,198	$ 809,500	$ 1,542,988	$ 5,300,294

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, 2008

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

Net changes in fund balances - total governmental funds	$	529,164
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		634,256
Depreciation expense is recognized as an expense in the statement of net assets		(1,003,801)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds		405,000
Repayment of the principal portion of lease purchase obligations		139,481
Lease purchase obligations entered into for the purchase of assets		-
Other		4,873
	$	708,973

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, 2008

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
ASSETS			
Current assets			
Cash and investments	$ 1,269,241	$ 4,450,277	$ 5,719,518
Accounts receivable, net of allowance for doubtful accounts	201,585	625,913	827,498
Due from other funds	-	38,745	38,745
Prepaid expenses	22,552	12,268	34,820
	1,493,378	5,127,203	6,620,581
Restricted cash and investments	1,053,003	1,425,697	2,478,700
Property, plant and equipment			
Plant and system improvements	27,783,472	9,609,576	37,393,048
Machinery and equipment	813,206	591,459	1,404,665
Construction in progress	145,954	-	145,954
	28,742,632	10,201,035	38,943,667
Less accumulated depreciation	10,211,391	2,500,483	12,711,874
	18,531,241	7,700,552	26,231,793
Land	124,750	26,000	150,750
	18,655,991	7,726,552	26,382,543
Bond issue discount	91,835	89,831	181,666
Total Assets	21,294,207	14,369,283	35,663,490
LIABILITIES			
Current liabilities			
Accounts payable	$ 42,167	$ 833,623	$ 875,790
Accrued liabilities	70,619	41,959	112,578
Due to other funds	38,745	-	38,745
Current portion of lease purchase payable	3,993	-	3,993
Payables from restricted assets			
Current portion of revenue bonds payable	280,000	210,000	490,000
Current portion of certificates of participation	82,500	77,500	160,000
Accrued interest	59,582	60,245	119,827
Customer deposits	90,110	132,228	222,338
	667,716	1,355,555	2,023,271
Revenue bonds payable	2,480,000	3,290,000	5,770,000
Lease purchase payable	-	-	-
Certificates of Participation payable	1,480,000	1,595,000	3,075,000
	3,960,000	4,885,000	8,845,000
Total Liabilities	4,627,716	6,240,555	10,868,271
Net assets			
Invested in capital assets, net of related debt	14,329,498	- 2,554,052	16,883,550
Restricted for:			
Debt service	1,053,003	1,425,697	2,478,700
Other	126,779	132,228	259,007
Unrestricted	1,157,211	4,016,751	5,173,962
Total Net Assets	$ 16,666,491	$ 8,128,728	$ 24,795,219

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, 2008

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Operating revenues			
Charges for services	$ 2,298,198	$ 7,725,671	$ 10,023,869
Operating expenses			
General operating expense	1,529,671	5,853,109	7,382,780
Depreciation and amortization	860,733	240,854	1,101,587
	2,390,404	6,093,963	8,484,367
Operating earnings (loss)	(92,206)	1,631,708	1,539,502
Nonoperating income (expense)			
Interest income	95,526	226,314	321,840
Intergovernmental income	116,350	-	116,350
Miscellaneous income	12,772	16,148	28,920
Interest expense	(238,058)	(256,728)	(494,786)
	(13,410)	(14,266)	(27,676)
Earnings (loss) before operating transfers	(105,616)	1,617,442	1,511,826
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	(22,552)	(730,000)	(752,552)
	(22,552)	(730,000)	(752,552)
CHANGE IN NET ASSETS	(128,168)	887,442	759,274
Net assets at beginning of year	16,794,659	7,241,286	24,035,945
Net assets at end of year	$ 16,666,491	$ 8,128,728	$ 24,795,219

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, 2008

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	$ 2,302,159	$ 7,747,180	$ 10,049,339
Cash received from other sources	12,824	17,433	30,257
Cash payments to suppliers	(719,046)	(5,345,691)	(6,064,737)
Cash payments to employees	(784,158)	(568,552)	(1,352,710)
Cash payments for other expenses	(3,256)	(9,342)	(12,598)
	808,523	1,841,028	2,649,551
Cash flows from noncapital financing activities			
Transfers in	-	-	-
Transfers out	(22,552)	(730,000)	(752,552)
Operating grants	116,350	-	116,350
	93,798	(730,000)	(636,202)
Cash flows from capital and related financing activities			
Debt service - interest payments	(238,058)	(256,728)	(494,786)
Debt service - principal payments	(340,000)	(455,000)	(795,000)
Payments on lease purchase obligations	(59,354)	-	(59,354)
Acquisition and construction of capital assets	(219,788)	(290,673)	(510,461)
	(857,200)	(1,002,401)	(1,859,601)
Cash flows from investing activities			
Interest received	95,526	226,314	321,840
Net increase in cash and cash equivalents	140,647	334,941	475,588
Cash and cash equivalents at beginning of year	2,181,597	5,541,033	7,722,630
Cash and cash equivalents at end of year	$ 2,322,244	$ 5,875,974	$ 8,198,218

The accompanying notes are an integral part of this statement.

City of Perryville, Missouri
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended March 31, 2008

	Major Enterprise Funds		
	Combined Waterworks and Sewerage System Fund	Gas Operation Fund	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities			
Operating income (loss)	$ (79,434)	$ 1,647,856	$ 1,568,422
Depreciation	860,733	240,854	1,101,587
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	3,967	24,434	28,401
(Increase) Decrease in prepaid expenses	4,392	(1,626)	2,766
Increase (Decrease) in accounts payable	25,794	(34,737)	(8,943)
Increase (Decrease) in accrued liabilities	(3,610)	(35,504)	(39,114)
Increase (Decrease) in customer deposits	750	5,073	5,823
Increase (Decrease) in restricted payables	(4,069)	(5,322)	(9,391)
	$ 808,523	$ 1,841,028	$ 2,649,551

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The 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.

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.

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.

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 $134,740 of accrued vacation leave at March 31, 2008, has been recorded. Proprietary funds accrue vacation leave in the period they are earned. For 2008, $60,650 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

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.

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 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, 2008, the carrying amount of the City's deposits was $14,792,426. 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, 2008 are not exposed to custodial credit risk.

NOTE C – PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes were levied September 19, 2007, 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	$.21/100.00 assessed valuation

Real estate and personal property taxes outstanding at March 31, 2008, totaled $65,592. The City recognizes this amount as deferred revenue.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

Governmental activities:	Balance March 31, 2007	Additions	Deletions	Balance March 31, 2008
Capital assets not being depreciated				
Land	$ 2,330,432	$ -	$ 3,300	$ 2,327,132
Construction in progress	-	-	-	-
	2,330,432	-	3,300	2,327,132
Capital assets being depreciated				
Buildings	5,540,770	90,946	-	5,631,716
Improvements other than buildings	18,476,346	431,916	-	18,908,262
Machinery and equipment	4,220,877	111,394	81,424	4,250,847
Pool and bathhouse	813,871	-	-	813,871
	29,051,864	634,256	81,424	29,604,696
Less accumulated depreciation for				
Buildings	1,458,818	134,702	-	1,593,520
Improvements other than buildings	8,460,730	552,203	12,153	9,000,780
Machinery and equipment	3,106,280	275,809	82,812	3,299,277
Pool and bathhouse	505,717	41,087	-	546,804
	13,531,545	1,003,801	94,965	14,440,381
Capital assets being depreciated, net	15,520,319	(369,545)	(13,541)	15,164,315
Governmental activities capital assets, net	$ 17,850,751	$ (369,545)	$ (10,241)	$ 17,491,447

NOTE D – CAPITAL ASSETS – Continued

Business-type activities:	Balance March 31, 2007	Additions	Deletions	Balance March 31, 2008
Capital assets not being depreciated				
Land	$ 127,600	$ 23,150	$ -	$ 150,750
Construction in progress	-	145,954	-	145,954
	127,600	169,104	-	296,704
Capital assets being depreciated				
Buildings and improvements other than buildings	35,276,956	288,538	-	35,565,494
Machinery and equipment	3,232,639	52,820	53,240	3,232,219
	38,509,595	341,358	53,240	38,797,713
Less accumulated depreciation for				
Buildings and improvements other than buildings	10,594,107	947,023	-	11,541,130
Machinery and equipment	1,089,231	134,753	53,240	1,170,744
	11,683,338	1,081,776	53,240	12,711,874
Capital assets being depreciated, net	26,826,257	(740,418)	-	26,085,839
Business-type activities capital assets, net	$ 26,953,857	$ (571,314)	$ -	$ 26,382,543

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

Governmental activities:	
General government	$ 92,651
Public safety	150,169
Sanitation	2,610
Airport	120,155
Culture and recreation	115,136
Streets and improvements	491,963
Capital projects	31,117
	$ 1,003,801
Business-type activities:	
Major funds:	
Combined Waterworks and Sewerage System Fund	$ 851,567
Gas Operation Fund	230,209
	$ 1,081,776

NOTE D – CAPITAL ASSETS – Continued

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

NOTE E – EXCESS OF EXPENDITURES OVER REVENUES IN INDIVIDUAL FUNDS

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

	Expenditures	Revenues	Difference
Major Governmental Funds			
Perry Park Center Fund	1,513,566	1,072,750	440,816
General Fund	3,712,188	3,687,657	24,531
Nonmajor Governmental Funds			
Special Revenue Fund -			
Street Improvement Fund	405,286	317,818	87,468
Veterans Memorial Park Fund	262,600	100,733	161,867
Capital Project Fund -			
General Public Facilities	366,345	177,458	188,887
CWSS Fund -			
Water	2,628,462	2,522,846	105,616

NOTE F – LONG –TERM OBLIGATIONS

Following is a summary of bonds and notes payable transactions of the City for the year ended March 31, 2008:

	General Obligation	Revenue	Capital Leases	Certificates of Participation	Total
Balance at April 1, 2007	$ 2,897,705	$ 10,490,000	$ 511,943	$ 4,555,000	$ 18,454,648
Long - term obligations addec	-	-	-	-	-
Long - term obligations retire	175,000	865,000	203,466	160,000	1,403,466
Balance at March 31, 2008	$ 2,722,705	$ 9,625,000	$ 308,477	$ 4,395,000	$ 17,051,182

NOTE F – LONG –TERM OBLIGATIONS – Continued

Long – term obligations at March 31, 2008, are comprised of the following individual issues:

	Total	Current Maturities
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 3.00 to 5.30 percent; first principal due July 1, 2008	3,500,000	210,000
$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds due in annual installments of $310,000 to $335,000 through July 1, 2016; interest at 5.25 to 5.75 percent	2,760,000	280,000
$4,750,000 Capital Improvement Sales Tax Revenue Bonds due in annual installments of $220,000 to $350,000 through July 1, 2019; interest at 5.00 to 5.65 percent	3,365,000	225,000
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	2,195,000	110,000
$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	1,040,000	50,000
$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	1,160,000	10,000

NOTE F – LONG –TERM OBLIGATIONS – Continued

General Obligation Bonds:		
$4,100,000 General Obligation Improvement and Refunding Bonds due in annual installments of $170,000 to $340,000 through July 1, 2019; interest at 4.95 to 5.65 percent, net of partial defeasance of $312,295	2,722,705	185,000
	$ 16,742,705	$ 1,070,000
Less current maturities	1,070,000	
	$ 15,672,705	

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	$ 3,365,000	$ 225,000
$4,110,000 General Obligation Improvement and Refunding Bond	2,722,705	185,000
$1,170,000 Certificates of Participation - Police Station	1,160,000	10,000
Capital lease obligations	304,484	144,758
	$ 7,552,189	$ 564,758
Business-type activities		
$3,700,000 Natural Gas Revenue Bonds	3,500,000	210,000
$5,000,000 Combined Waterworks and Sewerage System Refunding and Improvement Bonds	2,760,000	280,000
$2,620,000 Combined Waterworks, Sewerage System, and Gas Improvements, Certificates of Participation	2,195,000	110,000
$1,150,000 Certificates of Participation - Gas Improvements	1,040,000	50,000
Capital lease obligations	3,993	3,993
	$ 9,498,993	$ 653,993

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

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

NOTE F – LONG-TERM OBLIGATIONS - Continued

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

The $5,000,000 Combined Waterworks and Sewerage System Revenue Bonds issued in 1995 were issued to fund the City's Wastewater Treatment Plant improvements. The City is participating with the State of Missouri in the State Revolving Fund Program. Under this program, the proceeds from the City's bond issue are placed in a trustee financial institution. The City submits contractor estimates to the State as work progresses; the State must then approve the estimate and approve the release of funds from the City's bond proceeds at the trustee financial institution. The State as part of this program, then deposits an amount equivalent to seventy percent of the City's request in a debt service reserve account with the financial institution. This enables the City to construct the plant additions and improvements without having to pass the entire cost of the project to sewer customers. At March 31, 2007, the State had contributed $2,149,000 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, 2007, the State had contributed $2,269,084 to the debt service reserve account for the Capital Improvement Sales Tax Revenue Bonds and the General Obligation Improvement Bonds.

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

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

NOTE F – LONG-TERM OBLIGATIONS – Continued

Capital Lease Obligations Payable

During the year ended March 31, 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.

During the year ended March 31, 2005, the City entered into a lease purchase agreement for a sewer vacuum. The lease has been treated as a capital lease and is recorded in the proprietary 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, 2008.

Year Ending March 31,		
2009	$	163,920
2010		88,808
2011		86,648
Total minimum lease payments		339,376
Less amount representing interest		30,899
Present value of net minimum lease payments	$	308,477
Current portion	$	148,751
Long - term portion		159,726
	$	308,477

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 and Progress

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 11.3% (general), 12.6% (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 $339,554 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2007 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, 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 (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 payrolls on an open basis. The amortization period at February 28, 2007 was 15 years.

Three - Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	233,367	100%	-
6/30/2006	335,601	100%	-
6/30/2007	339,554	100%	-

NOTE G – PENSION PLAN – Continued

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liabiltiy (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/28/2005	5,554,302	6,636,942	1,082,640	84%	2,754,567	39%
2/28/2006	6,327,697	7,010,301	682,604	90%	2,681,518	25%
2/28/2007	6,469,432	6,950,612	481,180	93%	2,629,202	18%

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.

During the year ended March 31, 2006, the City of Perryville had a change in benefits for participants of LAGERS. The schedule of funding progress shown above presents the year February 28, 2005 prior to the change and after the change. As a result of the funding change, participants now receive benefits of 2% per year of service up from 1.5% per year of service. The unfunded accrued liability shown above will be fully funded over a thirty year period.

NOTE H – INTEREST EXPENSE

Interest cost totaling $889,978, was incurred during the year ended March 31, 2008. No interest was capitalized as part of the cost of assets constructed during the period.

NOTE I – RESERVATIONS OF FUND BALANCE AND RETAINED EARNINGS

The City has reserved fund balances and retained earnings at March 31, 2008, as follows.

General Fund		
Reserved for judicial education fund	$	316
Reserved for domestic shelter		163
Reserved for CATV franchise fees		10,013
Reserved for crime victims compensation fund		406
Reserved for municipal court		1,402
Reserved for police training		740
Reserved for taxes paid under protest		113,366
Reserved for 2007 certificate of participation		10,019
Reserved for fire training		1,740
Reserved for inmate security		442
	$	138,607
Special Revenue Fund		
Reserved for escrow roof fund	$	227,611
Reserved for Veterans Memorial Field Fund		1,660
		229,271
Debt Service Fund		
Reserved for debt service	$	809,500
Combined Waterworks and Sewerage System Fund		
Reserved for debt service	$	1,053,003
Reserved for CWSS expansion		36,669
Reserved for deposits		90,110
Gas Operation Fund		
Reserved for debt service		1,425,697
Reserved for deposits		132,228
Total reserved for Enterprise Funds	$	2,737,707

NOTE J – EXCESS OF EXPENDITURES OVER BUDGET

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

Major Funds	
General Fund	$ 6,426
Nonmajor Special Revenue Funds	
Veterans Memorial Field Fund	262,600

NOTE K – OPERATING TRANSFERS

Operating transfers for the year ended March 31, 2007 were as follows.

	Transfer From						
Transfer To	General Fund	Gas Operation Fund	Street Improv. Fund	Street Ext. Escrow Fund	Transportation Trust Fund	Sanitary Ext. Escrow Fund	Total
Major Governmental Funds							
General Fund	$ -	$ 730,000	$ 75,000	$ 559	$ -	$ 22,552	$ 828,111
Perry Park Center Fund	450,000	-	-	-	-	-	450,000
		-	-	-	168,211		168,211
Nonmajor Gov. Funds							
Gen. Public Facilities Fund	90,000	-	-	-	-	-	90,000
Street Imp. Fund	75,000	-	-	-	75,000		150,000
Park Imp. Escrow Fund	-	-	-	168,211	-	-	168,211
Total	$ 615,000	$ 730,000	$ 75,000	$ 168,770	$ 243,211	$ 22,552	$ 1,854,533

NOTE L – INTERFUND RECEIVABLES AND PAYABLES

As of March 31, 2008, the City had $46,660 due from Perry Park Center Fund to the Perry Park Center Escrow Fund and $38,745 due from the Combined Waterworks and Sewer System (CWSS) to the Gas Fund.

NOTE M – SEGMENT INFORMATION

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

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

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

Gas Operation Fund – Provides natural gas for City residents.

Segment information is shown below.

CONDENSED STATEMENT OF NET ASSETS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
ASSETS			
Current Assets	$ 1,493,378	$ 5,127,203	$ 6,620,581
Restricted Assets	1,053,003	1,425,697	2,478,700
Capital Assets	18,655,991	7,726,552	26,382,543
Other Assets	91,835	89,831	181,666
Total Assets	21,294,207	14,369,283	35,663,490
LIABILITIES			
Current liabilities	155,524	875,582	1,031,106
Liabilities payable from restricted assets	512,192	479,973	992,165
Bonds, notes payable, and other long-term liabilities	3,960,000	4,885,000	8,845,000
Total Liabilities	4,627,716	6,240,555	10,868,271
NET ASSETS			
Invested in capital assets, net of related debt	14,329,498	2,554,052	16,883,550
Restricted for			
Debt Service	1,309,704	1,706,294	3,015,998
Other	126,779	132,228	259,007
Unrestricted	900,510	3,736,154	4,636,664
Total Net Assets	$ 16,666,491	$ 8,128,728	$ 24,795,219

NOTE M – SEGMENT INFORMATION – Continued

ONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Operating revenues	$ 2,298,198	$ 7,725,671	$ 10,023,869
Depreciation	(860,733)	(240,854)	(1,101,587)
Other operating expenses	(1,529,671)	(5,853,109)	(7,382,780)
Operating income (loss)	(92,206)	1,631,708	1,539,502
Nonoperating revenues (expenses)			
Interest income	95,526	226,314	321,840
Intergovernmental income	116,350	-	116,350
Miscellaneous income	12,772	16,148	28,920
Interest expense	(238,058)	(256,728)	(494,786)
	(13,410)	(14,266)	(27,676)
Transfers in	-	-	-
Transfers out	(22,552)	(730,000)	(752,552)
Change in net assets	(128,168)	887,442	759,274
Net assets at beginning of year	16,794,659	7,241,286	24,035,945
Net assets at end of year	$ 16,666,491	$ 8,128,728	$ 24,795,219

CONDENSED STATEMENT OF CASH FLOWS	Combined Waterworks & Sewer System Fund	Gas Operation Fund	Total
Net cash provided (used) by:			
Operating activities	$ 808,523	$ 1,841,028	$ 2,649,551
Noncapital financing activities	93,798	(730,000)	(636,202)
Capital and related financing activities	(857,200)	(1,002,401)	(1,859,601)
Investing activities	95,526	226,314	321,840
	140,647	334,941	475,588
Cash and cash equivalents at beginnning of year	2,181,597	5,541,033	7,722,630
Cash and cash equivalents at end of year	$ 2,322,244	$ 5,875,974	$ 8,198,218

City of Perryville, Missouri
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2008

General Revenue Fund	Budget Original	Budget Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes and special assessments				
Real estate and personal property taxes	$ 395,000	$ 395,000	$ 435,488	$ 40,488
Railroad and utility tax	2,500	2,500	2,404	(96)
Gross receipts tax	615,000	615,000	796,108	181,108
Intangible tax	2,450	2,450	2,479	29
Sales tax	1,425,000	1,425,000	1,509,542	84,542
Tax under protest	500	500	101,222	100,722
	2,440,450	2,440,450	2,847,243	406,793
License and permits				
City vehicle stickers	17,500	17,500	18,590	1,090
Occupational licenses	9,700	9,700	13,000	3,300
Liquor licenses	9,500	9,500	9,010	(490)
Mobile home licenses	1,100	1,100	1,040	(60)
Building and other permits	5,500	5,500	7,540	2,040
	43,300	43,300	49,180	5,880
Charges for services				
Fees and services	14,000	14,000	15,352	1,352
Residential trash pickup	234,000	234,000	232,514	(1,486)
Commercial trash pickup	24,500	24,500	24,407	(93)
Fuel Sales	-	-	2,712	2,712
Penalties	750	750	1,347	597
Unaccounted Receipts	-	-	25	25
Cable TV franchise fees	5,300	5,300	51,683	46,383
	278,550	278,550	328,040	49,490
Intergovernmental				
Road district contributions	85,000	85,000	85,407	407
State grants	500	500	63,892	63,392
Fire Training Academy	-	-	6,724	6,724
County business surtax	30,000	30,000	35,346	5,346
Federal gasoline tax	6,000	6,000	3,985	(2,015)
	121,500	121,500	195,354	73,854
Fines				
Delinquent tax penalties	-	-	-	-
Court fines, costs and police training fund	105,700	105,700	104,190	(1,510)
Inmate security fund	-	-	442	442
Crime victim compensation	5,500	5,500	4,791	(709)
Restitution fund	250	250	1,256	1,006
Parking tickets	250	250	210	(40)
	111,700	111,700	110,889	(811)
Interest	15,700	15,700	23,777	8,077
Miscellaneous				
Miscellaneous	64,600	64,600	85,255	20,655
Donations	11,500	11,500	10,000	(1,500)
	76,100	76,100	95,255	19,155
Rental				
Airport	32,900	32,900	35,159	2,259
Other	2,760	2,760	2,760	-
	35,660	35,660	37,919	2,259
Total Revenues	3,122,960	3,122,960	3,687,657	564,697

City of Perryville, Missouri
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2008

General Revenue Fund - Continued	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General Government				
Mayor and board	179,963	179,963	150,891	29,072
City administrators office	110,998	110,998	110,444	554
Clerk/Finance	331,741	331,741	328,094	3,647
Municipal court	81,292	81,292	71,260	10,032
Community development	165,906	165,906	163,363	2,543
General services	300,579	300,579	259,711	40,868
Port authority/Economic development	69,500	69,500	70,454	(954)
Cable access/Levee district	30,000	30,000	34,345	(4,345)
Medical claims	50,000	50,000	48,140	1,860
	1,319,979	1,319,979	1,236,702	83,277
Public Safety				
Police department	1,652,196	1,652,196	1,676,610	(24,414)
Fire department	214,297	214,297	213,166	1,131
	1,866,493	1,866,493	1,889,776	(23,283)
Sanitation				
Refuse collection and disposal	529,947	529,947	478,579	51,368
Debt Service				
Principal and interest payments	-	-	56,290	(56,290)
Airport operations	39,343	39,343	50,841	(11,498)
Total expenditures	3,755,762	3,755,762	3,712,188	43,574
Excess (deficiency) of revenues over expenditures	(632,802)	(632,802)	(24,531)	608,271
Other financing sources (uses)				
Operating transfers in	1,723,380	1,723,380	828,111	(895,269)
Operating transfers out	(1,145,771)	(1,145,771)	(615,000)	530,771
	577,609	577,609	213,111	(364,498)
Net change in fund balance	(55,193)	(55,193)	188,580	243,773
Fund balance at beginning of year	232,639	232,639	232,639	-
Fund balance at end of year	$ 177,446	$ 177,446	$ 421,219	$ 243,773

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, 2008

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes and special assessments				
Real estate and personal property tax	$ 141,000	$ 141,000	$ 193,608	$ 52,608
Railroad and utility tax	500	500	1,069	569
Sales tax	250,000	250,000	266,537	16,537
	391,500	391,500	461,214	69,714
Charges for services				
Concessions and vending machines	57,200	57,200	63,088	5,888
Tournament and sports fees	52,100	52,100	63,145	11,045
Admission fees and passes	305,100	305,100	369,450	64,350
Arcade, fun club and senior olympics	30,000	30,000	15,916	(14,084)
	444,400	444,400	511,599	67,199
Intergovernmental				
County business surtax	9,800	9,800	15,127	5,327
Interest	250	250	1,488	1,238
Miscellaneous	41,500	41,500	30,011	(11,489)
Rental				
Library lease	17,100	17,100	17,100	-
Theater rent	10,000	10,000	8,610	(1,390)
Pool and gymnasium	14,000	14,000	17,124	3,124
Pavilions, ball fields, community center, meeting room	9,000	9,000	10,477	1,477
	50,100	50,100	53,311	3,211
Total revenues	937,550	937,550	1,072,750	135,200
Expenditures				
Leagues	127,063	127,063	101,653	25,410
Administration	444,085	442,735	441,251	1,484
Community center maintenance	34,250	34,250	43,309	(9,059)
Fitness center	19,562	19,562	14,563	4,999
Activities and marketing	74,032	74,032	72,962	1,070
Maintenance and housekeeping	297,413	297,413	300,698	(3,285)
Park maintenance	156,099	156,099	130,437	25,662
Performing arts center	93,965	93,965	72,863	21,102
Pool	184,576	184,576	180,836	3,740
Park center operations	155,331	156,681	154,994	1,687
Total expenditures	1,586,376	1,586,376	1,513,566	72,810
Excess (deficiency) of revenues over expenditures	(648,826)	(648,826)	(440,816)	208,010
Other financing sources (uses)				
Operating transfers in	698,826	698,826	450,000	(248,826)
Operating transfers out	(50,000)	(50,000)	-	50,000
	648,826	648,826	450,000	(198,826)
Net change in fund balance	-	-	9,184	9,184
Fund balance at beginning of year	(58,795)	(58,795)	(58,795)	-
Fund balance at end of year	$ (58,795)	$ (58,795)	$ (49,611)	$ 9,184

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, 2008

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes and special assessments				
Sales tax	$ 535,000	$ 535,000	$ 566,085	$ 31,085
Intergovernmental				
State revolving fund	-	-	75,792	75,792
Interest	50,000	50,000	86,562	36,552
	585,000	585,000	728,429	143,429
Expenditures				
Debt service				
Principal	220,000	220,000	220,000	-
Interest	188,000	188,000	185,493	2,507
Bond handling charges	16,250	16,250	12,376	3,874
	424,250	424,250	417,869	6,381
Excess (deficiency) of revenues over expenditures	160,750	160,750	310,560	149,810
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	-	-	-	-
Net change in fund balance	160,750	160,750	310,560	149,810
Fund balance at beginning of year	2,265,638	2,265,638	2,265,638	-
Fund balance at end of year	$ 2,426,388	$ 2,426,388	$ 2,576,198	$ 149,810

City of Perryville, Missouri
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2008

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes and special assessments				
Real estate and personal property tax	$ 273,664	$ 273,664	$ 256,172	$ (17,492)
Railroad and utility tax	1,200	1,200	1,403	203
	274,864	274,864	257,575	(17,289)
Intergovernmental				
County business surtax	22,000	22,000	19,854	(2,146)
State revolving fund	-	-	66,009	66,009
	22,000	22,000	85,863	63,863
Charges for Services				
Penalties	250	250	1,048	798
Interest	20,000	20,000	27,871	7,871
Total revenues	317,114	317,114	372,357	55,243
Expenditures				
Debt service				
Principal	175,000	175,000	175,000	-
Interest	170,000	170,000	164,909	5,091
Bond handling charges	16,250	16,250	12,476	3,774
	361,250	361,250	352,385	8,865
Excess (deficiency) of revenues over expenditures	(44,136)	(44,136)	19,972	64,108
Other financing sources (uses)				
Operating transfers in	44,136	44,136	-	(44,136)
Operating transfers out	-	-	-	-
	44,136	44,136	-	(44,136)
Net change in fund balance	-	-	19,972	19,972
Fund balance at beginning of year	789,528	789,528	789,528	-
Fund balance at end of year	$ 789,528	$ 789,528	$ 809,500	$ 19,972

City of Perryville, Missouri

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/28/2005	5,554,302	6,636,942	1,082,640	84%	2,754,567	39%
2/28/2006	6,327,697	7,010,301	682,604	90%	2,681,518	25%
2/28/2007	6,469,432	6,950,612	481,180	93%	2,629,202	18%

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, 2008

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ 1,679,522	$ 25,095	$ 1,704,617
Receivables, net of allowances for doubtful accounts:			
Sales and use tax	55,781	-	55,781
Intergovernmental	24,003	-	24,003
Due from other funds	46,660	-	46,660
Prepaid expenses	14,171	-	14,171
	$ 1,820,137	$ 25,095	$ 1,845,232
LIABILITIES AND FUND BALANCE			
Accounts payable	$ 184,217	$ 100,215	$ 284,432
Payroll, sales tax and fringe benefits	17,812		17,812
	202,029	100,215	302,244
Fund balance:			
Reserved	229,271	-	229,271
Unreserved	1,388,837	(75,120)	1,313,717
	1,618,108	(75,120)	1,542,988
	$ 1,820,137	$ 25,095	$ 1,845,232

City of Perryville, Missouri
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended March 31, 2008

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes and special assessments	$ 754,770	$ -	$ 754,770
Intergovernmental	314,162	-	314,162
Interest	51,851	3,800	55,651
Miscellaneous	100,428	176,852	277,280
	1,221,211	180,652	1,401,863
Expenditures			
Streets and street improvements	861,491	-	861,491
Culture and recreation	262,600	-	262,600
Capital improvements	-	366,345	366,345
	1,124,091	366,345	1,490,436
Excess (deficiency) of revenues over expenditures	97,120	(185,693)	(88,573)
Other financing sources (uses)			
Operating transfers in	318,211	90,000	408,211
Operating transfers out	(150,000)	(168,770)	(318,770)
	168,211	(78,770)	89,441
Excess (deficiency) of revenues and other sources over expenditures and other uses	265,331	(264,463)	868
Fund balance beginning of year	1,352,777	189,343	1,542,120
Fund balance end of year	$ 1,618,108	$ (75,120)	$ 1,542,988

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
March 31, 2008

	Street Improvement Fund	Transportation Trust Fund	Perry Park Center Escrow Fund	Veterans Memorial Field Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash	$ 195,118	$ 1,124,979	$ 180,951	$ 178,474	$ 1,679,522
Receivables, net of allowance for doubtful accounts:					
Sales and use	-	55,781	-	-	55,781
Intergovernmental	24,003	-	-	-	24,003
Due from other funds	-	-	46,660	-	46,660
Prepaid insurance	-	14,171	-	-	14,171
	$ 219,121	$ 1,194,931	$ 227,611	$ 178,474	$ 1,820,137
LIABILITIES AND FUND BALANCE					
Accounts payable	$ -	$ 7,403	$ -	$ 176,814	$ 184,217
Payroll taxes and fringe benefits	-	17,812	-	-	17,812
Fund Balance					
Reserved	-	-	227,611	1,660	229,271
Unreserved	219,121	1,169,716	-	-	1,388,837
	$ 219,121	$ 1,194,931	$ 227,611	$ 178,474	$ 1,820,137

City of Perryville, Missouri
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
March 31, 2008

	General Public Facilities	Street Extension Escrow	Total Nonmajor Capital Project Funds
ASSETS			
Cash	$ 25,095	$ -	$ 25,095
	$ 25,095	$ -	$ 25,095
LIABILITIES AND FUND BALANCE			
Accounts payable	$ 100,215	$ -	$ 100,215
Fund balance	(75,120)	-	(75,120)
	$ 25,095	$ -	$ 25,095

City of Perryville, Missouri
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2008

	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	$ -	$ 754,770	$ -	$ -	$ 754,770
Intergovernmental	314,162	-	-	-	314,162
Interest	3,656	39,917	4,970	3,308	51,851
Miscellaneous	-	3,003	-	97,425	100,428
	317,818	797,690	4,970	100,733	1,221,211
Expenditures					
Streets and street improvements	405,286	456,205	-	-	861,491
Culture and recreation	-	-	-	262,600	262,600
	405,286	456,205	-	262,600	1,124,091
Excess (deficiency) of revenues over expenditures	(87,468)	341,485	4,970	(161,867)	97,120
Other financing sources (uses)					
Operating transfers in	150,000	-	-	168,211	318,211
Operating transfers out	(75,000)	(75,000)	-	-	(150,000)
	75,000	(75,000)	-	168,211	168,211
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,468)	266,485	4,970	6,344	265,331
Fund balance at beginning of year	231,589	903,231	222,641	(4,684)	1,352,777
Fund balance at end of year	$ 219,121	$ 1,169,716	$ 227,611	$ 1,660	$ 1,618,108

City of Perryville, Missouri
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2008

	General Public Facilities	Street Extension Escrow	Total Nonmajor Capital Project Funds
Revenues			
Interest	$ 606	$ 3,194	$ 3,800
Intergovernmental	-	-	-
Miscellaneous	176,852	-	176,852
	177,458	3,194	180,652
Expenditures			
Capital projects	366,345	-	366,345
	366,345	-	366,345
Excess (deficiency) of revenues over expenditures	(188,887)	3,194	(185,693)
Other financing sources (uses)			
Operating transfers in	90,000	-	90,000
Operating transfers out	-	(168,770)	(168,770)
	90,000	(168,770)	(78,770)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(98,887)	(165,576)	(264,463)
Fund balance at beginning of year	23,767	165,576	189,343
Fund balance at end of year	$ (75,120)	$ -	$ (75,120)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2008

Street Improvement Fund	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State gasoline tax	$ 220,000	$ 225,211	$ 5,211
State vehicle sales tax	55,000	52,986	(2,014)
State vehicle license fees	40,000	35,965	(4,035)
Interest	1,500	3,656	2,156
Miscellaneous	100	-	(100)
	316,600	317,818	1,218
Expenditures			
Streets and street improvements	521,750	405,286	116,464
	521,750	405,286	116,464
Excess (deficiency) of revenues over expenditures	(205,150)	(87,468)	117,682
Other financing sources (uses)			
Operating transfers in	205,150	150,000	(55,150)
Operating transfers out	-	(75,000)	(75,000)
	205,150	75,000	(130,150)
Excess (deficiency) of revenues and other sources over expenditures and other uses - Street Improvement Fund	-	(12,468)	(12,468)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Transportation Trust Fund			
Revenues			
Sales and use tax	675,000	754,770	79,770
Interest	25,000	39,917	14,917
Miscellaneous	12,000	3,003	(8,997)
	712,000	797,690	85,690
Expenditures			
Street maintenance	489,533	456,205	33,328
	489,533	456,205	33,328
Excess of revenues over expenditures	222,467	341,485	119,018
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	(200,000)	(75,000)	125,000
	(200,000)	(75,000)	125,000
Excess (deficiency) of revenues over expenditures and other uses - Transportation Trust Fund	22,467	266,485	244,018

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
Year ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Perry Park Center Escrow Fund			
Revenues			
Interest	5,000	4,970	(30)
	5,000	4,970	(30)
Expenditures	-	-	-
Other financing sources (uses)			
Operating transfers in	50,000	-	(50,000)
Operating transfers out	-	-	-
	50,000	-	(50,000)
Excess (deficiency) of revenues over expenditures - Perry Park Center Escrow Fund	55,000	4,970	(50,030)
Veterans Memorial Field Fund			
Revenues			
Interest	-	3,308	3,308
Miscellaneous	-	97,425	97,425
	-	100,733	100,733
Expenditures	-	262,600	(262,600)
Other financing sources (uses)			
Operating transfers in	-	168,211	168,211
Operating transfers out	-	-	-
	-	168,211	168,211
Excess (deficiency) of revenues over expenditures - Veterans Memorial Field Fund	-	6,344	6,344
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR SPECIAL REVENUE FUNDS	$ 77,467	$ 265,331	$ 187,864

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2008

General Public Facilities Fund	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	$ -	$ 606	$ 606
Intergovernmental	646,036	-	(646,036)
Miscellaneous	1,000,000	176,852	(823,148)
	1,646,036	177,458	(1,468,578)
Expenditures			
Sidewalks and driveways	15,000	9,546	5,454
Storm drainage construction	13,000	7,816	5,184
Street lighting	350,000	-	350,000
New City Hall	90,380	125,780	(35,400)
Soccer complex	11,500	1,391	10,109
Hike and bike trail	407,908	21,729	386,179
New Police Station	1,150,000	200,083	949,917
	2,037,788	366,345	1,671,443
Excess (deficiency) of revenues over expenditures	(391,752)	(188,887)	202,865
Other financing sources (uses)			
Operating transfers in	391,752	90,000	(301,752)
Operating transfers out	-	-	-
	391,752	90,000	(301,752)
Excess (deficiency) of revenues and other sources over expenditures and other uses - General Public Facilities Fund	-	(98,887)	(98,887)

City of Perryville, Missouri
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECT FUNDS
Year ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Street Extension Escrow			
Revenues			
Interest	5,000	3,194	(1,806)
	5,000	3,194	(1,806)
Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	5,000	3,194	(1,806)
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	(168,770)	(168,770)
	-	(168,770)	(168,770)
Excess (deficiency) of revenues and other sources over expenditures and other uses - Street Extension Escrow	5,000	(165,576)	(170,576)
TOTAL EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES - NONMAJOR CAPITAL PROJECT FUNDS	$ 5,000	$ (264,463)	$ (269,463)

City of Perryville, Missouri
SCHEDULE OF NATURAL GAS SALES AND PURCHASES
March 31, 2008

1. The natural gas distribution system was serving 3,598 metered customers at March 31, 2008.

2. Gas sales and purchases for the fiscal year ended March 31, 2008 were as follows:

GAS SALES

Date billed	Quantity in mcf	Amount billed
04/26/07	49,792	$ 783,700
05/29/07	36,907	545,079
06/27/07	27,433	426,206
07/27/07	27,362	323,570
08/29/07	26,584	326,753
09/26/07	25,253	298,836
10/29/07	27,623	295,937
11/28/07	42,630	400,201
12/21/07	71,560	736,930
01/30/08	85,337	1,055,432
02/28/08	105,980	1,367,125
03/27/08	89,390	1,202,719
	615,851	$ 7,762,488

GAS PURCHASES

Date billed	Quantity in mcf	Date paid	Cost
04/07	47,723	05/07	$ 371,172
05/07	27,915	06/07	224,018
06/07	27,537	07/07	222,192
07/07	27,954	08/07	204,307
08/07	25,904	09/07	163,756
09/07	27,455	10/07	172,279
10/07	39,488	11/07	274,744
11/07	63,619	12/07	496,098
12/07	88,121	01/08	771,090
01/08	109,982	02/08	895,499
02/08	97,127	03/08	891,550
03/08	71,773	04/08	725,452
	654,598		$ 5,412,157

City of Perryville, Missouri
SCHEDULE OF BONDS OUTSTANDING
March 31, 2008

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, 2008, was $2,760,000 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2008	5.350%	280,000
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
		$ 2,760,000

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, 2008, was $3,365,000 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2008	5.000%	225,000
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
		$ 3,365,000

General Obligation Improvement and Refunding Bonds (State Revolving Fund Program) Series 2000 in the original amount of $4,110,000 dated April 1, 2000, balance outstanding at March 31, 2008, was $2,722,705 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2008	5.000%	185,000
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		(312,295)
		$ 2,722,705

Natural Gas Revenue Bonds in the original amount of $3,700,000 dated June 1, 2004, balance outstanding at March 31, 2008, was $3,500,000 bearing interest and maturing as follows.

Maturity date	Interest Rate	Amount
July 1, 2009	3.500%	210,000
July 1, 2010	3.900%	210,000
July 1, 2011	4.200%	225,000
July 1, 2012	4.500%	225,000
July 1, 2013	4.700%	235,000
July 1, 2014	4.875%	250,000
July 1, 2015	5.000%	260,000
July 1, 2016	5.000%	275,000
July 1, 2017	5.000%	290,000
July 1, 2018	5.125%	300,000
July 1, 2019	5.300%	1,020,000
		$ 3,500,000