

***ANNUAL REPORT OF  
CITY OF MOBERLY, MISSOURI  
YEAR ENDED JUNE 30, 2010***

**CITY OF MOBERLY, MISSOURI**

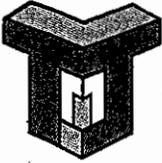
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## INDEPENDENT AUDITOR'S REPORT

City Manager and Members  
of the City Council  
City of Moberly, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Moberly, Missouri, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moberly'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.

As described in Note 1, the City's policy is to prepare its financial statements on the cash basis of accounting. Consequently, revenue and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. The cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

To the extent this communication contains statements by a tax professional who is subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, such professional hereby asserts that any U. S. federal tax advice was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purpose.

Member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moberly, Missouri, at June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the general fund, capital improvement trust fund, and park sales tax trust fund for the year then ended in conformity with the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2012, on our consideration of the City of Moberly, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis (pages 3 through 10) is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the cash basis financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund cash basis financial statements 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 to the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

  
Timothy M. Jeffries, CPA, PC

May 31, 2012

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

As management of the City of Moberly, Missouri, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. The City implemented Governmental Accounting Standards Board GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the first time for fiscal year 2004. As discussed in Note 1.B, Statement 34 allows for the optional retroactive reporting of infrastructure. The City elected not to capitalize its infrastructure.

**Financial Highlights**

- The assets of the City of Moberly exceeded its liabilities at the close of the most recent fiscal year by \$14,479,766 (net assets). Of this amount, \$4,868,770 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets decreased by \$3,276,381.
- As of the close of the current fiscal year, the City of Moberly's governmental funds reported combined ending fund balances of \$8,007,264. Of this amount \$7,337,207 is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,781,845 or 27.8% of the total general fund expenditures.
- The City's bond payable decreased \$1,125,000 due to scheduled payments.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) 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 readers with the broad overview of the City's finances, in a manner similar to private-sector business.

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator to whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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 and administration, public safety, transportation, cultural, parks and recreation and community development. The business-type activities of the City include Electric, Water, Wastewater and Sanitation operations. The government-wide financial statements can be found on pages 11-13 of this report.

**Fund financial statements** - 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 - governmental funds and proprietary 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The City maintains 22 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Park Sales Tax Trust and Capital Improvements Trust funds, which are considered to be major funds. Data from the other 19 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 14-19.

**Proprietary Funds** - The City maintains one type of proprietary fund. 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 combined water and sewerage system operations, solid waste operation and public parking system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the combined water and sewerage system and solid waste funds since they are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 20-21 of this report.

**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 22-46.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 47 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 48-61 of this report.

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(UNAUDITED)**

**Governmental-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Moberly, assets exceeded liabilities by \$14,479,766 as of June 30, 2010.

**2010 Net Assets**

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 7,774,344	\$ 3,370,882	\$ 11,145,226
Restricted assets	670,057	2,664,483	3,334,540
Total Assets	<u>8,444,401</u>	<u>6,035,365</u>	<u>14,479,766</u>
Net Assets:			
Restricted	6,694,464	2,916,532	9,610,996
Unrestricted	1,749,937	3,118,833	4,868,770
Total Net Assets	<u>\$ 8,444,401</u>	<u>\$ 6,035,365</u>	<u>\$ 14,479,766</u>

**2009 Net Assets**

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 7,690,071	\$ 3,277,760	\$ 10,967,831
Restricted assets	1,905,527	4,882,789	6,788,316
Total Assets	<u>9,595,598</u>	<u>8,160,549</u>	<u>17,756,147</u>
Net Assets:			
Restricted	8,029,047	5,037,455	13,066,502
Unrestricted	1,566,551	3,123,094	4,689,645
Total Net Assets	<u>\$ 9,595,598</u>	<u>\$ 8,160,549</u>	<u>\$ 17,756,147</u>

As of June 30, 2010, the City is able to report positive balances in all two categories of net assets for the government as a whole.

**Analysis of the City's Operations** - Overall the City had a decrease in net assets of \$3,276,381.

Governmental Activities: Governmental activities decreased the net assets by \$1,151,197 or 35.1% of the total decrease in net assets.

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010  
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Business-type Activities: Net Assets from business-type activities decreased by \$2,125,184 from \$8,160,549 to \$6,035,365. This decrease was primarily due to an excess of operating expenditures over operating revenues.

The following tables provide a summary of the City's operations for year ended June 30, 2010 and 2009.

**2010 Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 1,316,092	\$ 5,031,396	\$ 6,347,488
Operating grants and contributions	997,489	719,593	1,717,082
<b>General Revenues:</b>			
Property taxes	1,357,115	-	1,357,115
Sales and use taxes	5,046,490	-	5,046,490
Franchise taxes	2,408,504	-	2,408,504
Motor vehicle and fuel taxes	515,268	-	515,268
911 emergency phone taxes	230,122	-	230,122
Cigarette taxes	106,010	-	106,010
Lodging	127,423	-	127,423
Other taxes	12,524	-	12,524
Interest and investment earnings	20,042	429,648	449,690
Transfers	(770,995)	770,995	-
Miscellaneous	501,612	-	501,612
<b>Total Revenues</b>	<b>11,867,696</b>	<b>6,951,632</b>	<b>18,819,328</b>
<b>Expenses:</b>			
General government	1,939,664	-	1,939,664
Public safety	4,014,223	-	4,014,223
Transportation	3,055,218	-	3,055,218
Economic and community development	434,380	-	434,380
Park and recreation	3,575,408	-	3,575,408
Combined waterworks and sewerage	-	8,005,579	8,005,579
Solid waste	-	1,071,237	1,071,237
<b>Total Expenses</b>	<b>13,018,893</b>	<b>9,076,816</b>	<b>22,095,709</b>
<b>Increase (Decrease) in net assets</b>	<b>(1,151,197)</b>	<b>(2,125,184)</b>	<b>(3,276,381)</b>
<b>Net Assets - beginning of year</b>	<b>9,595,598</b>	<b>8,160,549</b>	<b>17,756,147</b>
<b>Net Assets - end of year</b>	<b>\$ 8,444,401</b>	<b>\$ 6,035,365</b>	<b>\$ 14,479,766</b>

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

**2009 Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 997,635	\$ 4,508,925	\$ 5,506,560
Operating grants and contributions	2,080,121	-	2,080,121
<b>General Revenues:</b>			
Property taxes	1,384,516	-	1,384,516
Sales and use taxes	5,234,464	-	5,234,464
Franchise taxes	2,056,390	-	2,056,390
Motor vehicle and fuel taxes	515,692	-	515,692
911 emergency phone taxes	219,436	-	219,436
Cigarette taxes	117,526	-	117,526
Lodging	69,137	-	69,137
Other taxes	10,689	-	10,689
Interest and investment earnings	67,246	738,663	805,909
Transfers	(247,319)	247,319	-
Capital lease proceeds	5,050,000	-	5,050,000
Loan proceeds	-	107,720	107,720
Bond issue proceeds	-	2,502,296	2,502,296
Miscellaneous	232,264	-	232,264
<b>Total Revenues</b>	<b>17,787,797</b>	<b>8,104,923</b>	<b>25,892,720</b>
<b>Expenses:</b>			
General government	1,593,370	-	1,593,370
Public safety	4,003,866	-	4,003,866
Transportation	5,367,367	-	5,367,367
Economic and community development	433,847	-	433,847
Park and recreation	4,733,910	-	4,733,910
Combined waterworks and sewerage	-	7,926,018	7,926,018
Solid waste	-	641,138	641,138
<b>Total Expenses</b>	<b>16,132,360</b>	<b>8,567,156</b>	<b>24,699,516</b>
Increase (Decrease) in net assets	1,655,437	(462,233)	1,193,204
Net Assets - beginning of year	7,940,161	8,622,782	16,562,943
Net Assets - end of year	<u>\$ 9,595,598</u>	<u>\$ 8,160,549</u>	<u>\$ 17,756,147</u>

**Financial Analysis of the Government's Funds**

**Governmental funds** - The focus of the City of Moberly'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. In particular, 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.

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

At the end of the current fiscal year, the City of Moberly's governmental funds reported combined ending fund balances of \$8,007,264. Of this total amount \$7,337,207 constitutes unreserved fund balance.

In the general fund, the City budgeted for a decrease in the fund balance of \$0. Due to actual revenues being less than budgeted and actual expenses being less than budgeted, the actual fund balance increase for fiscal year 2010 was \$60,312.

**Proprietary funds** - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

**General Fund Budgetary Highlights** - The City made no revisions to the original appropriations approved by the City Council.

**Debt Administration**

At the end of the current fiscal year, the City of Moberly had total revenue bonded debt, lease payable and note payable debt of \$23,518,594. Of this amount, \$18,595,000 represents bonds secured solely by combined water and sewerage system revenues, \$4,808,260 represents capital lease obligations and \$115,334 represents note payable.

**2010 Outstanding Debt at Year End  
Revenue Bonds, Note Payable Debt and Capital Lease Debt**

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 18,595,000	\$ 18,595,000
Capital lease	4,808,260	-	4,808,260
Note payable	-	115,334	115,334
Total	<u>\$ 4,808,260</u>	<u>\$ 18,710,334</u>	<u>\$ 23,518,594</u>

**2009 Outstanding Debt at Year End  
Revenue Bonds, Note Payable Debt and Capital Lease Debt**

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 19,720,000	\$ 19,720,000
Capital lease	5,349,388	-	5,349,388
Note payable	-	226,584	226,584
Total	<u>\$ 5,349,388</u>	<u>\$ 19,946,584</u>	<u>\$ 25,295,972</u>

**CITY OF MOBERLY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

During the fiscal year, the City's total debt decreased by \$1,774,467 or 6.9%. The decrease was due to retirement of \$1,777,378 of outstanding debt and the increase of \$2,911 in compensated absences during the year.

Additional information on the City of Moberly's long-term debt can be found in Note III-B, III-C, III-D, and III-E on pages 31-37 of this report.

**Request for Information**

The financial report is designed to provide our citizens, 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 Moberly, Missouri, Attn: Greg Hodge, Finance Director, at 101 West Reed Street, Moberly, Missouri 65270, call (660) 263-4420.

**CITY OF MOBERLY, MISSOURI**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS**  
**JUNE 30, 2010**

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,081,954	\$ 2,063,272	\$ 11,145,226
Internal balances	(1,307,610)	1,307,610	-
<b>Total Current Assets</b>	<u>7,774,344</u>	<u>3,370,882</u>	<u>11,145,226</u>
<b>Restricted Assets:</b>			
Cash and cash equivalents	670,057	2,664,483	3,334,540
<b>Total Restricted Assets</b>	<u>670,057</u>	<u>2,664,483</u>	<u>3,334,540</u>
<b>Total Assets</b>	<u>8,444,401</u>	<u>6,035,365</u>	<u>14,479,766</u>
 <b>NET ASSETS</b>			
<b>Restricted for:</b>			
Debt service	505,001	956,364	1,461,365
Other purposes	6,189,463	1,960,168	8,149,631
Unrestricted	1,749,937	3,118,833	4,868,770
<b>Total Net Assets</b>	<u>\$ 8,444,401</u>	<u>\$ 6,035,365</u>	<u>\$ 14,479,766</u>

**CITY OF MOBERLY, MISSOURI**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS**  
**YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$ 1,939,664	\$ 766,223	\$ 347,801	\$ (825,640)	\$ -	\$ (825,640)
Total General Government	<u>1,939,664</u>	<u>766,223</u>	<u>347,801</u>	<u>(825,640)</u>	<u>-</u>	<u>(825,640)</u>
Public Safety:						
Police	2,549,880	-	-	(2,549,880)	-	(2,549,880)
Fire and Emergency Management	1,319,562	-	-	(1,319,562)	-	(1,319,562)
Cemetery	144,781	19,863	-	(124,918)	-	(124,918)
Total Public Safety	<u>4,014,223</u>	<u>19,863</u>	<u>-</u>	<u>(3,994,360)</u>	<u>-</u>	<u>(3,994,360)</u>
Transportation:						
Streets and sidewalks	2,145,029	4,025	18,308	(2,122,696)	-	(2,122,696)
Airport	910,189	177,731	631,380	(101,078)	-	(101,078)
Total Transportation	<u>3,055,218</u>	<u>181,756</u>	<u>649,688</u>	<u>(2,223,774)</u>	<u>-</u>	<u>(2,223,774)</u>
Economic and Community Development:						
Economic and Community Development	434,380	-	-	(434,380)	-	(434,380)
Total Economic and Community Dev	<u>434,380</u>	<u>-</u>	<u>-</u>	<u>(434,380)</u>	<u>-</u>	<u>(434,380)</u>
Park and Recreation:						
Park	3,575,408	348,250	-	(3,227,158)	-	(3,227,158)
Total Park and Recreation	<u>3,575,408</u>	<u>348,250</u>	<u>-</u>	<u>(3,227,158)</u>	<u>-</u>	<u>(3,227,158)</u>
<b>Total Governmental Activities</b>	<u>13,018,893</u>	<u>1,316,092</u>	<u>997,489</u>	<u>(10,705,312)</u>	<u>-</u>	<u>(10,705,312)</u>
<b>Business-Type Activities:</b>						
Combined Waterworks and Sewerage	8,005,579	4,332,665	709,448	-	(2,963,466)	(2,963,466)
Solid Waste	1,071,237	698,731	10,145	-	(362,361)	(362,361)
Public Parking System	-	-	-	-	-	-
Total Business-Type Activities	<u>9,076,816</u>	<u>5,031,396</u>	<u>719,593</u>	<u>-</u>	<u>(3,325,827)</u>	<u>(3,325,827)</u>
<b>Total</b>	<u>\$ 22,095,709</u>	<u>\$ 6,347,488</u>	<u>\$ 1,717,082</u>	<u>\$ (10,705,312)</u>	<u>\$ (3,325,827)</u>	<u>\$ (14,031,139)</u>

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS**  
**YEAR ENDED JUNE 30, 2010**

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	1,357,115	-	1,357,115
Sales and use taxes	5,046,490	-	5,046,490
Franchise taxes	2,408,504	-	2,408,504
Motor vehicle and fuel taxes	515,268	-	515,268
911 Emergency phone	230,122	-	230,122
Cigarette taxes	106,010	-	106,010
Lodging	127,423	-	127,423
Other	12,524	-	12,524
Unrestricted investment earnings	20,042	429,648	449,690
Transfers	(770,995)	770,995	-
Miscellaneous	501,612	-	501,612
Total general revenues	<u>9,554,115</u>	<u>1,200,643</u>	<u>10,754,758</u>
Change in net assets	(1,151,197)	(2,125,184)	(3,276,381)
Net assets - beginning	<u>9,595,598</u>	<u>8,160,549</u>	<u>17,756,147</u>
Net assets - ending	<u>\$ 8,444,401</u>	<u>\$ 6,035,365</u>	<u>\$ 14,479,766</u>

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS -**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<u>General Fund</u>	<u>Capital Improvement Trust Fund</u>	<u>Park Sales Tax Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,145,802	\$ 1,617,116	\$ 630	\$ 1,881,269	\$ 8,644,817
Due from other funds	16,011	147,188	765,531	1,191,704	2,120,434
Total Current Assets	<u>\$ 5,161,813</u>	<u>\$ 1,764,304</u>	<u>\$ 766,161</u>	<u>\$ 3,072,973</u>	<u>\$ 10,765,251</u>
Restricted Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 670,057	\$ -	\$ 670,057
Total Restricted Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,057</u>	<u>\$ -</u>	<u>\$ 670,057</u>
Total Assets	<u>\$ 5,161,813</u>	<u>\$ 1,764,304</u>	<u>\$ 1,436,218</u>	<u>\$ 3,072,973</u>	<u>\$ 11,435,308</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 3,379,968	\$ -	\$ -	\$ 48,076	\$ 3,428,044
Total Liabilities	<u>3,379,968</u>	<u>-</u>	<u>-</u>	<u>48,076</u>	<u>3,428,044</u>
<b>FUND BALANCES</b>					
Fund balance- reserved for debt service	-	-	505,001	-	505,001
Fund balance- reserved for construction	-	-	165,056	-	165,056
Fund balance - unreserved reported in:	-	-	-	-	-
General fund	1,781,845	-	-	-	1,781,845
Special revenue funds	-	1,764,304	766,161	3,024,897	5,555,362
Total Fund Balances	<u>\$ 1,781,845</u>	<u>\$ 1,764,304</u>	<u>\$ 1,436,218</u>	<u>\$ 3,024,897</u>	<u>\$ 8,007,264</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Cash held for the City's health insurance account is not reported in the funds

437,137

Net assets of governmental activities

\$ 8,444,401

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2010**

	General Fund	Capital Improvement Trust Fund	Park Sales Tax Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES COLLECTED</b>					
Property taxes	\$ 931,834	\$ -	\$ -	\$ 425,281	\$ 1,357,115
Other taxes	4,500,040	988,671	988,654	1,968,976	8,446,341
Licenses, permits and fees	743,830	-	-	-	743,830
Charges for goods and services	42,256	-	97,191	432,815	572,262
Intergovernmental	35,301	312,500	-	649,688	997,489
Interest	3,421	3,923	-	12,114	19,458
Miscellaneous	166,882	457	6,460	327,813	501,612
<b>Total Revenues Collected</b>	<u>6,423,564</u>	<u>1,305,551</u>	<u>1,092,305</u>	<u>3,816,687</u>	<u>12,638,107</u>
<b>EXPENDITURES PAID</b>					
General government	1,330,735	427,430	-	171,215	1,929,380
Public safety	3,846,912	-	-	113,665	3,960,577
Economic and community development	430,049	-	-	-	430,049
Transportation	807,276	-	-	2,237,249	3,044,525
Park and recreation	-	-	2,434,528	1,129,549	3,564,077
<b>Total Expenditures Paid</b>	<u>6,414,972</u>	<u>427,430</u>	<u>2,434,528</u>	<u>3,651,678</u>	<u>12,928,608</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>8,592</u>	<u>878,121</u>	<u>(1,342,223)</u>	<u>165,009</u>	<u>(290,501)</u>
<b>Other Financing Sources (Uses)</b>					
Interfund transfers in (out)	51,720	(797,949)	(181,818)	157,052	(770,995)
<b>Total Other Financing Sources (Uses)</b>	<u>51,720</u>	<u>(797,949)</u>	<u>(181,818)</u>	<u>157,052</u>	<u>(770,995)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	60,312	80,172	(1,524,041)	322,061	<u>\$ (1,061,496)</u>
Fund Balance, beginning of year	<u>1,721,533</u>	<u>1,684,132</u>	<u>2,960,259</u>	<u>2,702,836</u>	
Fund Balance, end of year	<u>\$ 1,781,845</u>	<u>\$ 1,764,304</u>	<u>\$ 1,436,218</u>	<u>\$ 3,024,897</u>	

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,**  
**EXPENDITURES PAID AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds \$ (1,061,496)

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

Governmental funds do not report the activity of the health insurance account		
Premium income	993,998	
Interest income	584	
Health premiums, claims and administrative costs	<u>(1,084,283)</u>	<u>(89,701)</u>

Change in Net Assets of Governmental Activities \$ (1,151,197)

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF REVENUES COLLECTED,**  
**EXPENDITURES PAID AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance with</u> Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED.</b>				
Property taxes	\$ 913,000	\$ 913,000	\$ 931,834	\$ 18,834
Other taxes	4,624,000	4,624,000	4,500,040	(123,960)
Licenses, permits and fees	885,596	885,596	743,830	(141,766)
Charges for services	25,680	25,680	42,256	16,576
Intergovernmental	25,000	25,000	35,301	10,301
Interest	25,000	25,000	3,421	(21,579)
Miscellaneous	82,300	82,300	166,882	84,582
Total Revenues Collected	<u>6,580,576</u>	<u>6,580,576</u>	<u>6,423,564</u>	<u>(157,012)</u>
<b>EXPENDITURES PAID</b>				
General government	1,514,993	1,514,993	1,330,735	184,258
Public safety	4,084,133	4,084,133	3,846,912	237,221
Economic and community development	520,280	520,280	430,049	90,231
Transportation	863,827	863,827	807,276	56,551
Total Expenditures Paid	<u>6,983,233</u>	<u>6,983,233</u>	<u>6,414,972</u>	<u>568,261</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(402,657)</u>	<u>(402,657)</u>	<u>8,592</u>	<u>411,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease/loan proceeds				-
Interfund transfers in (out)	402,657	402,657	51,720	(350,937)
Total Other Financing Sources (Uses)	<u>402,657</u>	<u>402,657</u>	<u>51,720</u>	<u>(350,937)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	-	-	60,312	<u>\$ 60,312</u>
Fund Balance, beginning of year	<u>1,721,533</u>	<u>1,721,533</u>	<u>1,721,533</u>	
Fund Balance, end of year	<u>\$ 1,721,533</u>	<u>\$ 1,721,533</u>	<u>\$ 1,781,845</u>	

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF REVENUES COLLECTED,**  
**EXPENDITURES PAID AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT TRUST FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
Other taxes	\$ 1,041,000	\$ 1,329,500	\$ 988,671	\$ (340,829)
Intergovernmental	-	-	312,500	312,500
Interest income	8,000	8,000	3,923	(4,077)
Miscellaneous	-	-	457	457
Total Revenues	<u>1,049,000</u>	<u>1,337,500</u>	<u>1,305,551</u>	<u>(31,949)</u>
<b>EXPENDITURES PAID</b>				
General Government	<u>562,793</u>	<u>851,293</u>	<u>427,430</u>	<u>423,863</u>
Total Expenditures Paid	<u>562,793</u>	<u>851,293</u>	<u>427,430</u>	<u>423,863</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>486,207</u>	<u>486,207</u>	<u>878,121</u>	<u>391,914</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in (out)	<u>(515,854)</u>	<u>(515,854)</u>	<u>(797,949)</u>	<u>(282,095)</u>
Total Other Financing Sources (Uses)	<u>(515,854)</u>	<u>(515,854)</u>	<u>(797,949)</u>	<u>(282,095)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	(29,647)	(29,647)	80,172	<u>\$ 109,819</u>
Fund Balance, beginning of year	<u>1,684,132</u>	<u>1,684,132</u>	<u>1,684,132</u>	
Fund Balance, end of year	<u>\$ 1,654,485</u>	<u>\$ 1,654,485</u>	<u>\$ 1,764,304</u>	

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF REVENUES COLLECTED,**  
**EXPENDITURES PAID AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**PARK SALES TAX TRUST FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
Other taxes	\$ 1,041,000	\$ 1,041,000	\$ 988,654	\$ (52,346)
Charges for services	132,500	132,500	97,191	(35,309)
Miscellaneous	3,000	3,000	6,460	3,460
Total Revenues Collected	<u>1,176,500</u>	<u>1,176,500</u>	<u>1,092,305</u>	<u>(84,195)</u>
<b>EXPENDITURES PAID</b>				
Parks and Recreation	<u>1,112,658</u>	<u>1,112,658</u>	<u>2,434,528</u>	<u>(1,321,870)</u>
Total Expenditures Paid	<u>1,112,658</u>	<u>1,112,658</u>	<u>2,434,528</u>	<u>(1,321,870)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>63,842</u>	<u>63,842</u>	<u>(1,342,223)</u>	<u>(1,406,065)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Certificates of participation proceeds				-
Interfund transfers in (out)	<u>(619,912)</u>	<u>(619,912)</u>	<u>(181,818)</u>	<u>438,094</u>
Total Other Financing Sources (Uses)	<u>(619,912)</u>	<u>(619,912)</u>	<u>(181,818)</u>	<u>438,094</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	(556,070)	(556,070)	(1,524,041)	<u>\$ (967,971)</u>
Fund Balance, beginning of year	<u>2,960,259</u>	<u>2,960,259</u>	<u>2,960,259</u>	
Fund Balance, end of year	<u>\$ 2,404,189</u>	<u>\$ 2,404,189</u>	<u>\$ 1,436,218</u>	

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**PROPRIETARY FUND TYPES**  
**JUNE 30, 2010**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>	
	<u>CWWSS</u>	<u>Solid Waste</u>	<u>Non-Major Enterprise Fund</u>	<u>Internal Service Fund</u>	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 1,931,577	\$ -	\$ -	\$ 1,931,577	\$ 568,832
Due from other funds	<u>932,181</u>	<u>375,429</u>	<u>-</u>	<u>1,307,610</u>	<u>-</u>
Total Current Assets	<u>2,863,758</u>	<u>375,429</u>	<u>-</u>	<u>3,239,187</u>	<u>568,832</u>
<b>RESTRICTED ASSETS</b>					
Cash and cash equivalents	<u>2,664,483</u>	<u>-</u>	<u>-</u>	<u>2,664,483</u>	<u>-</u>
Total Restricted Assets	<u>2,664,483</u>	<u>-</u>	<u>-</u>	<u>2,664,483</u>	<u>-</u>
<b>Total Assets</b>	<u>5,528,241</u>	<u>375,429</u>	<u>-</u>	<u>5,903,670</u>	<u>568,832</u>
<b>LIABILITIES</b>					
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>					
Restricted for debt service - expendable	956,364	-	-	956,364	-
Restricted for construction - expendable	1,708,119	-	-	1,708,119	-
Restricted for customers deposits - expendable	120,353	-	-	120,353	-
Unrestricted	<u>2,743,405</u>	<u>375,429</u>	<u>-</u>	<u>3,118,834</u>	<u>568,832</u>
Total Net Assets	<u>\$ 5,528,241</u>	<u>\$ 375,429</u>	<u>\$ -</u>	<u>\$ 5,903,670</u>	<u>\$ 568,832</u>

**RECONCILIATION OF THE STATEMENT OF NET ASSETS - CASH BASIS  
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Cash held for the City's health insurance account is not reported in the funds	<u>131,695</u>
Net assets of business-type activities	<u>\$ 6,035,365</u>

**CITY OF MOBERLY, MISSOURI**  
**STATEMENT OF OPERATING REVENUES COLLECTED, OPERATING EXPENSES**  
**PAID AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPES**  
**YEAR ENDED JUNE 30, 2010**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>CWSS</u>	<u>Solid Waste</u>	<u>Non-Major Enterprise Funds</u>	<u>Internal Service Fund</u>
Operating Revenues Collected				
Charges for services	\$ 4,078,130	\$ 687,722	\$ -	\$ 4,765,852
Miscellaneous	-	11,009	-	11,009
Total Operating Revenues Collected	<u>4,078,130</u>	<u>698,731</u>	<u>-</u>	<u>4,776,861</u>
Operating Expenses Paid				
Salaries and payroll taxes	1,468,569	43,415	-	1,511,984
Supplies and materials	677,429	9,246	-	686,675
Repairs and maintenance	426,470	3,075	-	429,545
Contractual services	2,410,511	555,167	-	2,965,678
Capital outlay	121,276	23,169	-	144,445
Miscellaneous	446,032	437,165	-	883,197
Total Operating Expenses Paid	<u>5,550,287</u>	<u>1,071,237</u>	<u>-</u>	<u>6,621,524</u>
Operating Income (Loss)	<u>(1,472,157)</u>	<u>(372,506)</u>	<u>-</u>	<u>(1,844,663)</u>
Nonoperating Revenues (Expenses)				
Interest received	429,499	-	-	429,499
Principal, interest and fees paid	<u>(2,177,637)</u>	<u>-</u>	<u>-</u>	<u>(2,177,637)</u>
Net Non-Operating Revenues (Expenses)	<u>(1,748,138)</u>	<u>-</u>	<u>-</u>	<u>733</u>
Excess (Deficit) Operating Revenues Collected over Operating Expenses Paid Before Other Financing Sources (Uses)	<u>(3,220,295)</u>	<u>(372,506)</u>	<u>-</u>	<u>(3,592,801)</u>
Other Financing Sources (Uses)				
Grant proceeds	709,448	10,145	-	719,593
Operating Transfer In (Out)	<u>797,949</u>	<u>-</u>	<u>(26,954)</u>	<u>770,995</u>
Total Other Financing Sources (Uses)	<u>1,507,397</u>	<u>10,145</u>	<u>(26,954)</u>	<u>1,490,588</u>
Excess (Deficit) Operating Revenues Collected over Operating Expenses Paid and Other Sources (Uses)	<u>(1,712,898)</u>	<u>(362,361)</u>	<u>(26,954)</u>	<u>(2,102,213)</u>
Net Assets, Beginning of Year	<u>7,241,139</u>	<u>737,790</u>	<u>26,954</u>	<u>8,005,883</u>
Net Assets, End of Year	<u>\$ 5,528,241</u>	<u>\$ 375,429</u>	<u>\$ -</u>	<u>\$ 5,903,670</u>

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Moberly, Missouri, is an incorporated city located in Randolph County, Missouri. The City operates under a Mayor-Council form of government, and is exempt from federal and state income taxes as a political subdivision of the State of Missouri.

The City of Moberly, Missouri, is the basic level of government which has financial accountability and control over all activities related to the City. The City receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The City complies with cash basis accounting principles. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**B. Financial Reporting Entity**

The City's basic financial statements include the accounts of all City operations.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

There are no component units as defined in Governmental Accounting Standards Board Statement No. 14 which are included in the City's reporting entity.

During 2004, the City adopted GASB Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments*, as amended. The City does not plan to retroactively report infrastructure.

**C. Basis of Presentation**

*Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City first utilizes restricted resources to finance qualifying activities. The principal operating revenues and operating expenses of the City's enterprise funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's net assets are reported in two parts - restricted net assets and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, permits and charges, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, cultural and recreation, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc). The City does not allocate indirect costs.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories of governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

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

**Proprietary Fund**

*Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Internal Service Fund**

The internal service fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. This fund accounts for the financing of the City's employee health plan.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<u><b>Fund</b></u>	<u><b>Brief Description</b></u>
<b>Major:</b>	
General	See above for description
<b>Special Revenue Funds:</b>	
Capital Improvement Trust Grant	Accounts for revenues and expenditures of the Capital Improvement Trust Grant
Park Sales Tax Trust	Accounts for revenues and expenditures of the Park Sales Tax Trust Fund
<b>Proprietary Funds:</b>	
Combined Waterworks and Sewerage System	Accounts for activities involved in providing water and wastewater services to the public.
Solid Waste	Accounts for revenues and expenditures of the Solid Waste Fund
<b>Nonmajor:</b>	
<b>Special Revenue Funds:</b>	
Parks and Recreation	Accounts for revenues and expenditures of the Parks and Recreation Fund
Street Improvements	Accounts for revenues and expenditures of the Street Improvements Fund
Perpetual Care Cemetery Principal	Accounts for revenues and expenditures of the Perpetual Care Cemetery Principal Fund
Perpetual Care Cemetery Interest	Accounts for revenues and expenditures of the Perpetual Care Cemetery Interest Fund
MODAG Grant/Loan	Accounts for revenues and expenditures of the MODAG Grant/Loan Fund
911 Emergency Telephone	Accounts for revenues and expenditures of the 911 Emergency Telephone Fund

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use Tax Trust	Accounts for revenues and expenditures of the Use Tax Trust Fund
Airport Operating	Accounts for revenues and expenditures of the Airport Operating Fund
DNR Grant	Accounts for revenues and expenditures of the DNR Grant Fund
Hwy. 63 Waterline Relocation	Accounts for revenues and expenditures of the Hwy. 63 Waterline Relocation Fund
Rollins Street Renovation	Accounts for revenues and expenditures of the Rollins Street Renovation Fund
City Transportation Trust	Accounts for revenues and expenditures of the City Transportation Trust Fund
Police Grant Match	Accounts for revenues and expenditures of the Police Grant Match Fund
Fire Escrow	Accounts for revenues and expenditures of the Fire Escrow Fund
Bullet Proof Vest Grant	Accounts for revenues and expenditures of the Bullet Proof Vest Grant
Cell Franchise	Accounts for revenues and expenditures of the Cell Franchise
Historic Preservation	Accounts for revenues and expenditures of the Historic Preservation
Veterans' Flag Project	Accounts for revenues and expenditures of the Veterans' Flag Project
ICSC/Buxton Sponsors	Accounts for revenues and expenditures of the ICSC/Buxton Sponsors
Proprietary Fund: Public Parking System	Accounts for revenues and expenditures of the Public Parking System Fund

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting, Measurement Focus and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid.

All proprietary funds utilize the cash basis of accounting. Revenues are recognized when received and expenses are recognized when paid. Investments are recorded as assets.

Governmental fund financial statements are reported using the cash basis of accounting. Revenues are recognized when received and expenditures are recognized when paid. Investments are recorded as assets.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. If the City utilized the basis of accounting recognized as generally accepted, the financial statements would be presented on the accrual basis of accounting.

**Compensated Absences**

Sick pay accumulates at the rate of one day per month. Employees can accumulate up to 90 days. Accumulated, but unused sick pay expires upon termination of employment.

Vacation pay accumulates at varying rates based on length of employment. Employees have one year to use vacation time earned from the previous year of employment. With the approval of supervisors, an employee can accumulate up to eight weeks of vacation in special circumstances. The city manager and department heads are exempt from the eight week maximum accumulation limitation. As of June 30, 2010, accumulated, but unused vacation and other time off for governmental funds and enterprise funds is \$378,721 and \$59,062, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with the cash basis of accounting 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 reporting period. Actual results could differ from those estimates.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets are charged to expenditures as they are paid. Capital outlays report the cost of property, plant and equipment.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted".

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**E. Post Employment 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 is paid in full by the insured on or before the month for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the City under this program.

**F. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Function

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deposits and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note III-A, all deposits were fully insured or collateralized.

**B. Budgets**

The City adopts a budget as required by Missouri Statute. Expenditures in excess of budget must be approved by Council during the year ended June 30, 2010.

Actual expenditures exceeded budgeted expenditures in the Park Sales Tax Trust Fund by \$1,321,870.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Deposits and Investments**

The City complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Investments - The City may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

The deposits and investments held at June 30, 2010 are shown below:

	Maturities	Carrying Value
Deposits:		
Demand deposits		\$ 9,402,726
Time deposit	11/4/2010	250,000
Time deposits	4/30/2011	650,000
Time deposits	5/6/2011	257,500
Time deposits	5/16/2011	585,000
		11,145,226
U.S. Federal Obligations		3,334,540
		3,334,540
Total deposits and investments		\$ 14,479,766

***Custodial Credit Risk.*** Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$10,375,711 at June 30, 2010, which were fully insured or secured with collateral held by the City's agent in its name.

***Investment interest rate risk.*** The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2010, are provided in the previous schedule.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**Investment credit risk.** The Board has given the Clerk the authority to invest idle funds of the City in low-risk investments such as United States government securities or collateralized certificates of deposit.

**Concentration of investment credit risk.** The City places no limit on the amount it may invest in any one issuer. At June 30, 2010, the City had no concentration of credit risk.

**B. Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	Business-Type Activities			Total Business-Type Activities
	Revenue Bonds Payable	Accrued Compensated Absences	Note Payable	
Balance, July 1, 2009	\$ 19,720,000	\$ 59,062	\$ 226,584	\$ 20,005,646
Revenue bond proceeds	-	-	-	-
Revenue bond payments	(1,125,000)	-	-	(1,125,000)
Lease proceeds	-	-	-	-
Lease payments	-	-	-	-
Note proceeds	-	-	-	-
Note principal payment	-	-	(111,250)	(111,250)
Increase in compensated absences	-	43,857	-	43,857
Decrease in compensated absences	-	(37,467)	-	(37,467)
Balance, June 30, 2010	<u>\$ 18,595,000</u>	<u>\$ 65,452</u>	<u>\$ 115,334</u>	<u>\$ 18,775,786</u>
Amount due within one year	<u>\$ 1,165,000</u>	<u>\$ 30,000</u>	<u>\$ 115,334</u>	<u>\$ 1,310,334</u>

	Governmental Activities			Total Governmental Activities	Total
	Capital Lease Payable	Accrued Compensated Absences	Note Payable		
Balance, July 1, 2009	\$ 5,349,388	\$ 378,721	\$ -	\$ 5,728,109	\$ 25,733,755
Revenue bond proceeds	-	-	-	-	-
Revenue bond payments	-	-	-	-	(1,125,000)
Lease proceeds	-	-	-	-	-
Lease payments	(541,128)	-	-	(541,128)	(541,128)
Note proceeds	-	-	-	-	-
Note principal payment	-	-	-	-	(111,250)
Increase in compensated absences	-	186,961	-	186,961	230,818
Decrease in compensated absences	-	(190,440)	-	(190,440)	(227,907)
Balance, June 30, 2010	<u>\$ 4,808,260</u>	<u>\$ 375,242</u>	<u>\$ -</u>	<u>\$ 5,183,502</u>	<u>\$ 23,959,288</u>
Amount due within one year	<u>\$ 538,260</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 738,260</u>	<u>\$ 2,048,594</u>

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**C. Bonds Payable**

Revenue Bonds

The following is a summary of bonded debt transactions of the City for the year ended June 30, 2010:

	<u>Business-Type Activities</u>
	<u>Revenue</u>
Debt payable, July 1, 2009	\$ 19,720,000
Debt issued	—
Debt retired	(1,125,000)
Debt payable, June 30, 2010	\$ 18,595,000

Debt payable at June 30, 2010, was comprised of the following individual issues:

Revenue bonds:

\$2,895,000 2004A combined waterworks and sewerage system refunding revenue bonds, due in annual installments through August 15, 2015; interest at 3.250% to 4.250%.	\$ 1,595,000
\$7,150,000 2004B combined waterworks and sewerage system refunding revenue bonds (state revolving fund program), due in annual installments through January 1, 2024; interest at 2.000% to 5.000%.	5,540,000
\$5,100,000 2004C Combined waterworks and sewerage system revenue bonds due in annual installments through January 1, 2026; interest at 3.000% to 5.050%.	4,230,000
\$5,460,000 2006A Combined waterworks and sewerage system revenue bonds due in annual installments through July 1, 2026; interest at 4.000% to 5.250%.	4,780,000
\$2,560,000 2008A Combined waterworks and sewerage system revenue bonds due in annual installments through January 1, 2029; interest at 2.010% to 4.410%.	2,450,000
Total	\$ 18,595,000

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Annual requirements to amortize long-term debt principal and interest at June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,160,000	\$ 885,284	\$ 2,045,284
2012	1,185,000	831,896	2,016,896
2013	1,210,000	780,767	1,990,767
2014	1,240,000	728,044	1,968,044
2015	1,270,000	674,017	1,944,017
2016-2020	5,510,000	2,540,244	8,050,244
2021-2025	5,440,000	1,130,557	6,570,557
2026-2029	1,580,000	131,843	1,711,843
Total	<u>\$ 18,595,000</u>	<u>\$ 7,702,652</u>	<u>\$ 26,297,652</u>

Restricted Funds available to service debt:

Year Ending June 30,	
Sinking	\$ 722,523
Reserve	233,841
Total	<u>\$ 956,364</u>

Advance Refunding

On February 15, 1995, the City issued \$3.275 million in Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds with an interest rate ranging from 3.00% to 5.20% to advance refund \$2.585 million of outstanding Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds with an interest rate ranging from 7.05% to 7.50%. The net proceeds of \$2,945,700 (after payment of \$154,488 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded revenue bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the enterprise long-term debt accounts.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

On May 15, 2004, the City issued \$2.895 million in Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds with an interest rate ranging from 3.250% to 4.250% to advance refund \$2.785 million of outstanding Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds with an interest rate ranging from 3.00% to 5.20%. The net proceeds of \$2,840,649 (after payment of \$54,351 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide funds for refunding the 1994 bond issue on August 15, 2004.

On May 28, 2004, the City issued \$7.150 million in Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program) with an interest rate ranging from 2.00% to 5.00% to advance refund \$7.595 million of outstanding Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds with an interest rate ranging from 1.10% to 5.00%. The net proceeds of \$7,746,086 (after payment of \$126,319 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide funds for refunding the 2003 bond issue on July 1, 2004.

The City in effect decreased its aggregate debt service payments by \$1,470,227 over the next 23 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$814,330.

On December 9, 2004, the City issued \$5.1 million in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) with an interest rate ranging from 3.000% to 5.250% for the purpose of extending and improving the City's Combined Waterworks and Sewerage System. The net proceeds of \$5,207,300 (after payment of \$116,414 in underwriting fees, insurance, and other issuance costs plus accrued interest of \$223,714) will be used to extend and improve the system.

On April 21, 2006, the City issued \$5.46 million in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) with an interest rate ranging from 4.000% to 5.250% for the purpose of extending and improving the City's Combined Waterworks and Sewerage System. The net proceeds of \$5,555,849 (after payment of \$103,108 in underwriting fees, insurance, and other issuance costs plus accrued interest of \$198,957) will be used to extend and improve the system.

On October 1, 2008, the City issued \$2.56 million in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) with an interest rate ranging from 2.010% to 4.410% for the purpose of extending and improving the City's Combined Waterworks and Sewerage System. The net proceeds of \$2,502,296 (after payment of \$57,704 in underwriting fees, insurance, and other issuance costs) will be used to extend and improve the system.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Common provisions in the revenue bond ordinances specify that the City:

- A. establish various restricted cash accounts as summarized in Note 2;
- B. periodically distribute the net revenues of the Enterprise Funds to the restricted accounts using the priorities and amounts indicated in the individual ordinances;
- C. set users' rates at levels which will generate revenues sufficient to pay ordinary operating and maintenance expenses and the revenue bond service;
- D. meet certain minimum revenue requirements before issuing additional revenue bonds serviceable from the respective fund;
- E. maintain reasonable insurance coverage for the respective funds' facilities, and
- F. may retire bonds early, including the payment of premiums, subject to conditions specified in the ordinances.

At June 30, 2010, retained earnings of the Enterprise Funds were reserved for debt service, operations and maintenance, and depreciation and replacement to the extent that assets restricted for these purposes exceeded related liabilities payable from restricted cash.

General Obligation Bonds

General obligation bonds represent indebtedness secured by the full faith and credit of the City. Revenue bonds are the obligation of specific Enterprise Funds and are generally payable solely from the revenues of the respective funds.

The Missouri State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed ten percent of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional ten percent of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the assessed valuation of taxable property.

At June 30, 2010, the Constitutional general obligation debt limit, based on the assessed valuation at December 31, 2009, of approximately \$140,523,910 was \$28,104,782 which, after reduction for outstanding general obligation bonds of \$0, provides a general obligation debt margin of \$28,104,782.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**D. Notes Payable – Business-Type Activities**

On September 13, 2007, the City entered into a note agreement with the Bank of Cairo and Moberly to finance the purchase of equipment in the amount of \$174,790. The note is payable on demand, but if demand is not made the note is payable in three annual payments. Interest is at 4.100 percent. Equipment is pledged as collateral. The loan is subject to an annual non-appropriation termination rider.

Balance at June 30, 2010 \$ 60,626

Scheduled payments are as follows:

Year Ending June 30,		
<u>2011</u>		<u>\$ 63,111</u>
		63,111
Less - amount representing interest		<u>(2,485)</u>
Total		<u>\$ 60,626</u>

On April 21, 2009, the City entered into a note agreement with the Bank of Cairo and Moberly to finance the purchase of equipment in the amount of \$107,720. The note is payable on demand, but if demand is not made the note is payable in three annual payments. Interest is at 4.100 percent. Equipment is pledged as collateral. The loan is subject to an annual non-appropriation termination rider.

Balance at June 30, 2010 \$ 54,708

Scheduled payments are as follows:

Year Ending June 30,		
<u>2011</u>		<u>\$ 56,459</u>
		56,459
Less - amount representing interest		<u>(1,751)</u>
Total		<u>\$ 54,708</u>

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**E. Leases – Governmental Activities**

The City is the lessee under several capital leases. The following is a summary of the future minimum lease payments under the leases as of June 30, 2010 assuming noncancellation:

Year Ended June 30,	Equipment	Equipment	Certificates of Participation	Total
2011	\$ 57,578	\$ 91,280	\$ 588,186	\$ 737,044
2012	-	-	589,592	589,592
2013	-	-	589,343	589,343
2014	-	-	587,468	587,468
2015	-	-	584,112	584,112
2016	-	-	584,107	584,107
2017	-	-	582,273	582,273
2018	-	-	583,538	583,538
2019	-	-	1,075,594	1,075,594
	<u>57,578</u>	<u>91,280</u>	<u>5,764,213</u>	<u>5,913,071</u>
Less - Amount Representing Interest	<u>(2,426)</u>	<u>(3,172)</u>	<u>(1,099,213)</u>	<u>(1,104,811)</u>
Total Minimum Lease Payments	<u>\$ 55,152</u>	<u>\$ 88,108</u>	<u>\$ 4,665,000</u>	<u>\$ 4,808,260</u>

On April 4, 2007, the City entered into a leasing agreement with Clayton Holdings, LLC to finance the purchase of equipment. The lease is cancelable by the City at any time during the lease by exercising a non-appropriation clause. However, the City is not expected to abandon the lease and, accordingly, the lease obligation is regarded as debt.

On December 12, 2007, the City entered into a leasing agreement with Clayton Holdings, LLC to finance the purchase of equipment. The lease is cancelable by the City at any time during the lease by exercising a non-appropriation clause. However, the City is not expected to abandon the lease and, accordingly, the lease obligation is regarded as debt.

On November 25, 2008, the City entered into a leasing agreement to fund the Project. The Project consists of the acquisition, construction, renovation, furnishing and equipping of an outdoor water park for the City which is to be located on the Site as well as heating and cooling renovations to the City's city hall, renovations to the Moberly Municipal Auditorium, and the demolition and replacement of an outdated meeting and event building known as the John Douglas Building with a new structure for the same purpose. The City is obligated to make rental payments sufficient to pay the \$5,050,000 Series 2009 principal and interest. The lease is cancelable by the City at any time during the lease by exercising a non-appropriation clause. However, the City is not expected to abandon the lease and, accordingly, the lease obligation is regarded as debt.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**F. Interfund Transfers**

Interfund transfers during the year ended June 30, 2010 were as follows:

Disbursing Fund	Receiving Fund	Amount
General	Perpetual Care	\$ 8,125
General	Historic Preservation	316
General	Non-Resident Lodging	189,839
Street Improvement	General	100,000
911 Phone	General	150,000
Capital Improvement Trust	CWSS	797,949
City Transportation Trust	Airport Operating	24,438
City Transportation Trust	Hwy. 63 Waterline Relocation	8,037
Park Sales Tax Trust	Parks and Recreation	181,818
Public Parking	City Transportation Trust	26,954
Perpetual Care Principal	Perpetual Care Interest	265,000
		<u>\$ 1,752,476</u>

Disbursing Fund	Receiving Fund	Purpose of Transfer
General	Perpetual Care	Budgeted transfer for operational expense/fund balance
General	Historic Preservation	Budgeted transfer for operational expense/fund balance
General	Non-Resident Lodging	Budgeted transfer for operational expense/fund balance
Street Improvement	General	Budgeted transfer for operational expense/fund balance
911 Phone	General	Budgeted transfer for operational expense/fund balance
Capital Improvement Trust	CWSS	Payment of bond principal plus interest
City Transportation Trust	Airport Operating	Transfer of grant matching funds
City Transportation Trust	Hwy. 63 Waterline Relocation	Budgeted transfer for operational expense/fund balance
Park Sales Tax Trust	Parks and Recreation	Budgeted transfer for operational expense/fund balance
Public Parking	City Transportation Trust	Budgeted transfer for operational expense/fund balance
Perpetual Care Principal	Perpetual Care Interest	Invest lot sales fees to generate operational funds

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**G. Restricted Net Assets**

<u>Activity</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Improvement Trust	Law	\$ 1,764,304
City Transportation Trust	Law	831,397
Park Sales Tax Trust	Law	1,436,218
Parks and Recreation	Council action	25
Street Improvements	Council action	129,918
Perpetual Care Cemetery Principal	Law	3,116
Perpetual Care Cemetery Interest	Law	283,453
MODAG Grant/Loan	Council action	269,564
911 Emergency Telephone Service	Law	222,506
Use Tax Trust	Law	264,292
Hwy. 63 Waterline Relocation	Law	8,037
Non-Resident Lodging	Council action	163,765
Downtown Lodging	Council action	4,500
Cell Franchise	Council action	861,285
Veterans' Flag Project	Council action	14,084
ICSC/Buxton Sponsors	Council action	863
Health Account	Council action	437,137
		<u>\$ 6,694,464</u>

**H. Deficit Fund Balance**

At June 30, 2010, the Airport Operating Fund had a deficit fund balance of \$31,908.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION**

**A. Employee Pension Plan**

1. Plan Description

The City of Moberly 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 statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Status

Full-time employees of the City of Moberly do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 7.7% (general), 3.1% (police) and 3.9% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

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

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 307,705
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	307,705
Actual contributions	307,705
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	\$ -

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION (Continued)**

The annual required contribution (ARC) was determined as part of the February 29, 2008 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Health Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table for males projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2008 was 15 years for the General division, 15 years for the Police division and 15 years for the Fire division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 282,834	100.0%	\$ —
2009	257,406	100.0%	—
2010	307,705	100.0%	—

**B. Assessed Valuation and Tax Levy**

The assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property for 2009 were \$140,523,910.

Tax Rates per \$100 Assessed Valuation

General	\$ .6793
Park	<u>.3152</u>
Total	<u>\$ .9945</u>

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by June 30.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION (Continued)**

**C. Special Tax Bills**

During the fiscal year ended June 30, 1986, the City issued Special Tax Bills totaling \$308,085 in relation to sewer lines constructed in five sewer districts. There is \$1,594 due from an individual at June 30, 2010.

Ordinance No. 6888 passed May 3, 1993, assessed the costs for the Moberly Downtown Neighborhood Improvement Project. The costs totaled \$159,305.85 and are a special assessment against the property. Property owners may elect to pay the assessment in full or over a period of time at 6.5% interest. As of June 30, 2010, assessments in the amount of \$155,975.85 had been paid, leaving unpaid special assessments of \$3,330.00.

The City of Moberly has a city-wide cleanup program where private contractors demolish dilapidated structures within the city limits with the costs being charged as a special assessment against the property. The balance of the special assessments at June 30, 2010 totaled \$258,869.62.

During the fiscal year ended June 30, 2008 the City issued special tax bills totaling \$21,815 in relation to mowing and debris removal. There is \$6,885 due at June 30, 2010.

During the fiscal year ended June 30, 2008 the City issued special tax bills totaling \$220,897 in relation to sewer lines. There is \$175,606.48 due at June 30, 2010.

During the fiscal year ended June 30, 2010 the City issued special tax bills for sidewalk replacement program totaling \$9,044. There is \$9,044 due at June 30, 2010.

**D. Post-Employment Health Care Benefits**

The City provides health and dental insurance to employees who retire after thirty years of service with the City. The coverage is provided until the employee qualifies for Medicare. At June 30, 2010, there were ten employees that qualified for benefits and the City contributed \$444.36 to individual employee accounts on a monthly basis. The total contribution for fiscal year 2010 was \$53,323.

**E. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION (Continued)**

**F. Landfill Closure and Postclosure Costs**

State and federal laws and regulations require that the City of Moberly place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Since the City reports on the cash basis of accounting no liability is reported in the financial statements for future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill closure and postclosure costs should be based on the amount of landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$3,214,068 as of June 30, 2010, which is based on 17.1% usage of the landfill. The actual cost of closure and postclosure care is subject to changes resulting from inflation/deflation, changes in technology, or changes in landfill laws and regulations. The landfill was closed in 2006.

The City does not have assets currently restricted for payment of closure and postclosure care costs. The City intends to finance landfill closure and postclosure care costs from charges to future landfill users and/or General Fund reserves.

**G. Contingencies**

The City routinely becomes involved in lawsuits arising in the ordinary course of business. Based on discussions with the City Attorney, management believes there are no outstanding matters which will have a material effect on the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**H. Note Receivable**

The Moberly Area Economic Development Corporation is indebted to the City in the amount of \$368,647.24. The note is non-interest bearing and is to be paid in full by June 30, 2013.

Ordinance passed June 30, 2010 renewing the note for five years in the amount of \$368,647.24. Later that same day a payment of \$105,329.49 was received from MAEDC, effectively reducing the outstanding amount to \$263,317.75.

**I. 2010A, 2010B and 2010C Annual Appropriation Bonds**

On July 27, 2010, the Industrial Development Authority of the City of Moberly, Missouri, a public and industrial development corporation duly organized and existing under the laws of the State of Missouri and the City of Moberly, Missouri, a city of the third class and political subdivision located in Randolph County issued bonds as described below:

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION (Continued)**

The Authority is authorized under Chapter 349 of the Revised Statutes of Missouri, as amended among other things to finance all or any part of the costs of a "project" (as that term is defined in section 349.010 of the Act); to issue the bonds of the Authority to finance such project; and to pledge the income and revenues to be received with respect to such project sufficient for the payment of such bonds and the interest thereon.

The City has requested that the Authority issue its annual appropriation capital projects bonds for the purpose of financing a project including the acquisition of and making of improvements to real property and the construction and equipping of a sucralose manufacturing and processing facility within the City.

The Authority issued its \$8,440,000 principal amount of Annual Appropriation Capital Project Bonds Series 2010-A (Taxable) (the "Series A Bonds"), its \$3,025,000 principal amount of Annual Appropriation Capital Project Bonds Series 2010-B (Tax-Exempt) (the "Series B Bonds"), and its \$27,535,000 principal amount of Annual Appropriation Recovery Zone Facility Bonds Series 2010-C (Tax-Exempt) (the "Series C Bonds" and, together with the Series A Bonds and the Series B Bonds, the "Bonds") for the purpose of providing funds (in the case of the Series A Bonds) (i) to finance certain portions of the Project relating to buildings and equipment; (ii) to fund a debt service reserve for the Series A Bonds; and (iii) to pay costs of issuance of the Series A Bonds; (in the case of the Series B Bonds) (i) to finance portions of the Project relating to certain public improvements and facilities; (ii) to fund a debt service reserve for the Series B Bonds; and (iii) to pay costs of issuance of the Series B Bonds; and (in the case of the Series C Bonds) (i) to finance certain portions of the Project relating to buildings and equipment; (ii) to fund a debt service reserve for the Series C Bonds; and (iii) to pay costs of issuance of the Series C Bonds.

The City Council of the City by ordinance adopted on July 15, 2010, has authorized the execution and delivery by the City of a financing agreement by and between the City and Mamtek U.S., Inc. (the "Company") whereby the City will make available, subject to annual appropriation, the general revenues of the City (including, without limitation, moneys received annually by the City under a certain Management, Operating and Purchasing Agreement by and between the City and the Company in respect of the Project) for payment when and as due of the principal of and interest on the Bonds. The financing agreement is subject annually to the appropriation of basic payments and additional payments by the City. If the City fails to appropriate funds for basic payments and additional payments in any fiscal year, then the financing agreement shall terminate at the end of the current fiscal year for which funds have been appropriated. The Authority has no taxing authority.

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION (Continued)**

On September 1, 2011, The Industrial Development Authority of the City of Moberly (IDA) received official notice from UMB Bank, as Trustee (Trustee) for the Project Sugar Annual Appropriation Bonds, that the Bond payment from Mamtek U.S., Inc. (Mamtek) due on that date had not been made. In accordance with the terms of the Bond documents, the Trustee drew upon available funds in the Debt Service Reserve fund for the Bonds to make the payment to the Bondholders on the date required. According to the notification, additional funds are still available in the Debt Service Reserve which will be adequate to make the next scheduled Bond payment, if necessary.

The City and the Trustee have since been advised that Mamtek will not be able to resolve these deficiencies within a time frame and in a manner which is satisfactory to the City and the Trustee. In response, the City and IDA have taken appropriate steps to identify, bring together, and secure all of the Project assets including, land, buildings, fixtures, equipment, software, and intellectual property. That property is now secured. In addition to securing the Project assets, the City, in consultations with the Trustee, has pursued alternatives to address the payment deficiencies and to complete the Project.

On September 24, 2011, the City obtained the written commitment of American Sucralose Manufacturing, Inc., (Company) a new entity recently formed by key former principals of Mamtek, to deposit funds to restore the Debt Service Reserve, cure the deficiencies, and undertake completion of the Project under City supervision, all in accordance with the financing documents for the Bonds. In the interim, the City, the IDA and the Trustee will continue to cooperate to ensure that all necessary and appropriate remedies are pursued to best protect the interest of the public and of the Bondholders.

**J. Pledged Revenues**

The combined waterworks and sewerage system (CWW&SS) fund has pledged future revenues, net of specified operating expenses, to repay revenue bonds and notes payable that were issued for system improvements and equipment purchases. The bonds and notes are payable solely from CWW&SS net revenues and are payable through 2029. Annual principal and interest payments in fiscal year 2010 on the bonds and notes required 100% of net revenues. The total principal and interest revenues to be paid on the bonds and notes is \$26,407,222, principal and interest paid for the current year and total CWW&SS net revenues for the current year were \$2,177,637 and \$464,739, respectively.

The general, street improvement and park sales tax funds have pledged future revenues, net of specified operating expenses, to repay capital leases that were issued for the purchase of equipment and improvements. The capital leases are payable solely from net revenues of the funds listed above and are payable through 2019. Annual principal and interest payments in fiscal year 2010 on the capital leases required 100% of net revenues. The total principal and interest remaining to be paid on the lease is \$5,913,071. Principal and interest paid for the current year and total net revenues for the three funds listed above for the current year were \$756,853 and (\$706,956), respectively.

*CITY OF MOBERLY, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010*

**IV. OTHER INFORMATION (Continued)**

**J. Consideration of Subsequent Events**

Subsequent events have been evaluated through May 31, 2012, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MOBERLY, MISSOURI**  
**PENSION PLAN FUNDING PROGRESS**  
**YEAR ENDED JUNE 30, 2010**

The following information is required and presented in accordance with Governmental Accounting Board Statement 27, "Accounting for Pensions by State and Local Governmental Employers" (see Note IV-A).

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Funding Progress**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2008	\$ 12,733,619	\$ 10,925,763	\$ (1,807,856)	117%	\$ 4,146,929	-
2/28/2009	9,904,218	10,874,445	970,227	91%	4,367,982	22%
2/28/2010	10,192,536	11,392,115	1,199,579	89%	4,574,056	26%

NOTE: 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.

***COMBINING FINANCIAL STATEMENTS***

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds**

Parks and Recreation	Accounts for revenues and expenditures of the Parks and Recreation Fund
Street Improvements	Accounts for revenues and expenditures of the Street Improvements Fund
Perpetual Care Cemetery Principal	Accounts for revenues and expenditures of the Perpetual Care Cemetery Principal Fund
Perpetual Care Cemetery Interest	Accounts for revenues and expenditures of the Perpetual Care Cemetery Interest Fund
MODAG Grant/Loan	Accounts for revenues and expenditures of the MODAG Grant/Loan Fund
911 Emergency Telephone	Accounts for revenues and expenditures of the 911 Emergency Telephone Fund
Use Tax Trust	Accounts for revenues and expenditures of the Use Tax Trust Fund
Airport Operating	Accounts for revenues and expenditures of the Airport Operating Fund
Hwy. 63 Waterline Relocation	Accounts for revenues and expenditures of the Hwy. 63 Waterline Relocation Fund
Rollins Street Renovation	Accounts for revenues and expenditures of the Rollins Street Renovation Fund
City Transportation Trust	Accounts for revenues and expenditures of the City Transportation Fund
Non-Resident Lodging	Accounts for revenues and expenditures of the Non-Resident Lodging Fund
Downtown Lodging	Accounts for revenues and expenditures of the Downtown Lodging Grant

Cell Franchise

Accounts for revenues and expenditures of the  
Cell Franchise Fund

Historic Preservation

Accounts for revenues and expenditures of the  
Historic Preservation

Veterans' Flag Project

Accounts for revenues and expenditures of the  
Veterans' Flag Project

ICSC/Buxton Sponsors

Accounts for revenues and expenditures of the  
ICSC/Buxton Sponsors

**CITY OF MOBERLY, MISSOURI**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -**  
**ARISING FROM CASH TRANSACTIONS**  
**JUNE 30, 2010**

	<u>Parks and Recreation</u>	<u>Street Improvements</u>	<u>Perpetual Care Cemetery Principal</u>	<u>Perpetual Care Cemetery Interest</u>	<u>MODAG Grant/Loan</u>
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 3,080	\$ -	\$ -	\$ 275,000	\$ -
Due from other funds	<u>13,113</u>	<u>129,918</u>	<u>3,116</u>	<u>8,453</u>	<u>269,564</u>
Total Current Assets	<u>16,193</u>	<u>129,918</u>	<u>3,116</u>	<u>283,453</u>	<u>269,564</u>
Restricted Assets					
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 16,193</b></u>	<u><b>\$ 129,918</b></u>	<u><b>\$ 3,116</b></u>	<u><b>\$ 283,453</b></u>	<u><b>\$ 269,564</b></u>
<b>LIABILITIES</b>					
Due to other funds	<u>\$ 16,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u><b>16,168</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>FUND BALANCE</b>					
Undesignated (Deficit)	<u>25</u>	<u>129,918</u>	<u>3,116</u>	<u>283,453</u>	<u>269,564</u>
<b>TOTAL FUND BALANCE</b>	<u><b>\$ 25</b></u>	<u><b>\$ 129,918</b></u>	<u><b>\$ 3,116</b></u>	<u><b>\$ 283,453</b></u>	<u><b>\$ 269,564</b></u>

911 Emergency Telephone Service	Use Tax Trust Fund	Airport Operating Fund	Hwy. 63 Waterline Relocation	Rollins Street Renovation	City Transportation Trust Fund	Non-Resident Lodging Fund
\$ -	\$ 264,292	\$ -	\$ -	\$ -	\$ 831,397	\$ -
<u>222,506</u>	<u>-</u>	<u>-</u>	<u>8,037</u>	<u>-</u>	<u>-</u>	<u>163,765</u>
<u>222,506</u>	<u>264,292</u>	<u>-</u>	<u>8,037</u>	<u>-</u>	<u>831,397</u>	<u>163,765</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 222,506</u>	<u>\$ 264,292</u>	<u>\$ -</u>	<u>\$ 8,037</u>	<u>\$ -</u>	<u>\$ 831,397</u>	<u>\$ 163,765</u>
\$ -	\$ -	\$ 31,908	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>31,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>222,506</u>	<u>264,292</u>	<u>(31,908)</u>	<u>8,037</u>	<u>-</u>	<u>831,397</u>	<u>163,765</u>
<u>\$ 222,506</u>	<u>\$ 264,292</u>	<u>\$ (31,908)</u>	<u>\$ 8,037</u>	<u>\$ -</u>	<u>\$ 831,397</u>	<u>\$ 163,765</u>

Downtown Lodging Fund	Cell Franchise	Historic Preservation	Veterans' Flag Project	ICSC/Buxton Sponsors	Totals (Memorandum Only)
\$ -	\$ 500,000	\$ -	\$ 7,500	\$ -	\$ 1,881,269
<u>4,500</u>	<u>361,285</u>	<u>-</u>	<u>6,584</u>	<u>863</u>	<u>1,191,704</u>
<u>4,500</u>	<u>861,285</u>	<u>-</u>	<u>14,084</u>	<u>863</u>	<u>3,072,973</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,500</u>	<u>\$ 861,285</u>	<u>\$ -</u>	<u>\$ 14,084</u>	<u>\$ 863</u>	<u>\$ 3,072,973</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,076</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,076</u>
<u>4,500</u>	<u>861,285</u>	<u>-</u>	<u>14,084</u>	<u>863</u>	<u>3,024,897</u>
<u>\$ 4,500</u>	<u>\$ 861,285</u>	<u>\$ -</u>	<u>\$ 14,084</u>	<u>\$ 863</u>	<u>\$ 3,024,897</u>

**CITY OF MOBERLY, MISSOURI**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES**  
**PAID AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2010**

	<u>Parks and Recreation</u>	<u>Street Improvements</u>	<u>Perpetual Care Cemetery Principal</u>	<u>Perpetual Care Cemetery Interest</u>	<u>MODAG Grant/Loan</u>
<b>REVENUES COLLECTED</b>					
Property taxes	\$ 425,281	\$ -	\$ -	\$ -	\$ -
Other taxes	7,732	382,618	-	-	-
Charges for goods and services	251,059	-	-	-	-
Federal and state grants	-	-	-	-	-
Interest income	-	-	-	3,254	-
Miscellaneous	13,700	-	9,782	-	229,938
Total Revenues Collected	<u>697,772</u>	<u>382,618</u>	<u>9,782</u>	<u>3,254</u>	<u>229,938</u>
<b>EXPENDITURES PAID</b>					
General government	-	-	-	-	90,000
Public safety	-	-	-	11,379	-
Transportation	-	282,698	-	-	-
Park and recreation	1,129,549	-	-	-	-
Debt service	-	-	-	-	-
Total Expenditures Paid	<u>1,129,549</u>	<u>282,698</u>	<u>-</u>	<u>11,379</u>	<u>90,000</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(431,777)</u>	<u>99,920</u>	<u>9,782</u>	<u>(8,125)</u>	<u>139,938</u>
Other Financing Sources (Uses)					
Certificates of participation proceeds					
Interfund transfers in (out)	181,818	(100,000)	(265,000)	273,125	-
Total Other Financing Sources (Uses)	<u>181,818</u>	<u>(100,000)</u>	<u>(265,000)</u>	<u>273,125</u>	<u>-</u>
Excess (Deficit) of Revenue Collected over Expenditures Paid and Other Financing Sources (Uses)	(249,959)	(80)	(255,218)	265,000	139,938
Fund Balance, beginning of year (Deficit)	<u>249,984</u>	<u>129,998</u>	<u>258,334</u>	<u>18,453</u>	<u>129,626</u>
Fund Balance, end of year (Deficit)	<u>\$ 25</u>	<u>\$ 129,918</u>	<u>\$ 3,116</u>	<u>\$ 283,453</u>	<u>\$ 269,564</u>

911 Emergency Telephone Service	Use Tax Trust Fund	Airport Operating Fund	Hwy. 63 Waterline Relocation	Rollins Street Renovation	City Transportation Trust Fund	Non-Resident Lodging Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
230,122	-	-	-	-	989,058	20,527
-	-	177,731	-	4,025	-	-
-	-	631,380	-	-	18,308	-
-	-	-	-	-	5,828	-
-	-	10,872	-	-	37,186	-
<u>230,122</u>	<u>-</u>	<u>819,983</u>	<u>-</u>	<u>4,025</u>	<u>1,050,380</u>	<u>20,527</u>
-	-	-	-	-	-	46,601
102,286	-	-	-	-	-	-
-	-	909,616	-	4,949	1,039,986	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>102,286</u>	<u>-</u>	<u>909,616</u>	<u>-</u>	<u>4,949</u>	<u>1,039,986</u>	<u>46,601</u>
<u>127,836</u>	<u>-</u>	<u>(89,633)</u>	<u>-</u>	<u>(924)</u>	<u>10,394</u>	<u>(26,074)</u>
<u>(150,000)</u>	<u>-</u>	<u>24,438</u>	<u>8,037</u>	<u>-</u>	<u>(5,521)</u>	<u>189,839</u>
<u>(150,000)</u>	<u>-</u>	<u>24,438</u>	<u>8,037</u>	<u>-</u>	<u>(5,521)</u>	<u>189,839</u>
(22,164)	-	(65,195)	8,037	(924)	4,873	163,765
<u>244,670</u>	<u>264,292</u>	<u>33,287</u>	<u>-</u>	<u>924</u>	<u>826,524</u>	<u>-</u>
<u>\$ 222,506</u>	<u>\$ 264,292</u>	<u>\$ (31,908)</u>	<u>\$ 8,037</u>	<u>\$ -</u>	<u>\$ 831,397</u>	<u>\$ 163,765</u>

Downtown Lodging Fund	Cell Franchise	Historic Preservation	Veterans' Flag Project	ICSC/Buxton Sponsors	Totals (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,281
-	338,919	-	-	-	1,968,976
-	-	-	-	-	432,815
-	-	-	-	-	649,688
-	3,032	-	-	-	12,114
4,500	-	-	16,835	5,000	327,813
<u>4,500</u>	<u>341,951</u>	<u>-</u>	<u>16,835</u>	<u>5,000</u>	<u>3,816,687</u>
-	20,976	-	9,501	4,137	171,215
-	-	-	-	-	113,665
-	-	-	-	-	2,237,249
-	-	-	-	-	1,129,549
-	-	-	-	-	-
-	<u>20,976</u>	<u>-</u>	<u>9,501</u>	<u>4,137</u>	<u>3,651,678</u>
<u>4,500</u>	<u>320,975</u>	<u>-</u>	<u>7,334</u>	<u>863</u>	<u>165,009</u>
-	-	316	-	-	157,052
-	-	316	-	-	157,052
4,500	320,975	316	7,334	863	322,061
-	<u>540,310</u>	<u>(316)</u>	<u>6,750</u>	<u>-</u>	<u>2,702,836</u>
<u>\$ 4,500</u>	<u>\$ 861,285</u>	<u>\$ -</u>	<u>\$ 14,084</u>	<u>\$ 863</u>	<u>\$ 3,024,897</u>

SUPPLEMENTARY INDIVIDUAL FUND  
FINANCIAL SCHEDULES

General Fund  
Capital Improvement Trust Fund  
Park Sales Tax Trust Fund

This supplementary schedule is included to provide management additional information for financial analysis.

**CITY OF MOBERLY, MISSOURI**  
**GENERAL FUND**  
**STATEMENT OF REVENUES COLLECTED,**  
**EXPENDITURES PAID AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
<b>Property Taxes</b>				
Real estate and personal	\$ 906,500	\$ 906,500	\$ 920,196	\$ 13,696
Intangible	6,500	6,500	11,638	5,138
Total Property Taxes	<u>913,000</u>	<u>913,000</u>	<u>931,834</u>	<u>18,834</u>
<b>Other Taxes</b>				
Sales	2,175,000	2,175,000	2,080,107	(94,893)
Franchise	2,115,000	2,115,000	2,069,585	(45,415)
Motor vehicle sales	134,000	134,000	132,650	(1,350)
Non-resident lodging	85,000	85,000	106,010	21,010
Cigarette	110,000	110,000	106,896	(3,104)
Other	5,000	5,000	4,792	(208)
Total Other Taxes	<u>4,624,000</u>	<u>4,624,000</u>	<u>4,500,040</u>	<u>(123,960)</u>
<b>Charges for Services</b>				
Grave openings	22,000	22,000	22,333	333
Weed mowing	3,500	3,500	19,863	16,363
Miscellaneous	180	180	60	(120)
Total Charges for Services	<u>25,680</u>	<u>25,680</u>	<u>42,256</u>	<u>16,576</u>
<b>Licenses, Permits and Fees</b>				
Merchants license and permits	246,510	246,510	227,998	(18,512)
Liquor license	17,000	17,000	20,749	3,749
Permits	42,150	42,150	47,790	5,640
Fees	579,936	579,936	447,293	(132,643)
Total Licenses, Permits and Fees	<u>885,596</u>	<u>885,596</u>	<u>743,830</u>	<u>(141,766)</u>
<b>Intergovernmental</b>				
Federal and state grants	25,000	25,000	35,301	10,301
Total Intergovernmental	<u>25,000</u>	<u>25,000</u>	<u>35,301</u>	<u>10,301</u>

**CITY OF MOBERLY, MISSOURI  
GENERAL FUND (CONT'D)  
STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Interest				
Interest	25,000	25,000	3,421	(21,579)
Total Interest	<u>25,000</u>	<u>25,000</u>	<u>3,421</u>	<u>(21,579)</u>
Miscellaneous				
Reimbursement	40,000	40,000	37,559	(2,441)
Miscellaneous	42,300	42,300	129,323	87,023
Total Miscellaneous	<u>82,300</u>	<u>82,300</u>	<u>166,882</u>	<u>84,582</u>
Total Revenues Collected	<u>6,580,576</u>	<u>6,580,576</u>	<u>6,423,564</u>	<u>(157,012)</u>
<b>EXPENDITURES PAID</b>				
<b>General Government</b>				
<b>Finance</b>				
Salaries and payroll taxes	119,830	119,830	119,754	76
Supplies and materials	8,450	8,450	4,949	3,501
Contractual services	3,050	3,050	1,837	1,213
Miscellaneous	1,000	1,000	867	133
Total Finance	<u>132,330</u>	<u>132,330</u>	<u>127,407</u>	<u>4,923</u>
<b>Personnel and Municipal Court</b>				
Salaries and payroll taxes	202,953	202,953	139,051	63,902
Supplies and materials	52,000	52,000	33,329	18,671
Contractual services	24,150	24,150	18,497	5,653
Capital outlay	30,038	30,038	27,904	2,134
Miscellaneous	1,650	1,650	4,765	(3,115)
Total Personnel and Municipal Court	<u>310,791</u>	<u>310,791</u>	<u>223,546</u>	<u>87,245</u>

**CITY OF MOBERLY, MISSOURI**  
**GENERAL FUND (CONT'D)**  
**STATEMENT OF REVENUES COLLECTED,**  
**EXPENDITURES PAID AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES PAID (cont'd)</b>				
<b>City Clerk</b>				
Salaries and payroll taxes	117,708	117,708	110,328	7,380
Supplies and materials	7,610	7,610	7,906	(296)
Contractual services	5,650	5,650	2,256	3,394
Miscellaneous	9,600	9,600	4,759	4,841
Total City Clerk	<u>140,568</u>	<u>140,568</u>	<u>125,249</u>	<u>15,319</u>
<b>City Manager</b>				
Salaries and payroll taxes	177,585	177,585	185,191	(7,606)
Supplies and materials	3,800	3,800	4,236	(436)
Contractual services	4,450	4,450	7,583	(3,133)
Miscellaneous	6,100	6,100	6,529	(429)
Total City Manager	<u>191,935</u>	<u>191,935</u>	<u>203,539</u>	<u>(11,604)</u>
<b>City Hall</b>				
Supplies and materials	25,000	25,000	13,688	11,312
Contractual services	48,600	48,600	29,885	18,715
Capital outlay	38,890	38,890	56,454	(17,564)
Total City Hall	<u>112,490</u>	<u>112,490</u>	<u>100,027</u>	<u>12,463</u>
<b>General Services</b>				
Salaries and payroll taxes	54,579	54,579	46,855	7,724
Supplies and materials	185,000	185,000	175,347	9,653
Contractual services	253,500	253,500	225,957	27,543
Capital outlay	8,000	8,000	8,392	(392)
Miscellaneous	75,800	75,800	52,768	23,032
Total General Services	<u>576,879</u>	<u>576,879</u>	<u>509,319</u>	<u>67,560</u>

**CITY OF MOBERLY, MISSOURI  
GENERAL FUND (CONT'D)  
STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES PAID (cont'd)				
Legal Staff				
Contractual services	50,000	50,000	41,648	8,352
Total Legal Staff	<u>50,000</u>	<u>50,000</u>	<u>41,648</u>	<u>8,352</u>
 Total General Government	 <u>1,514,993</u>	 <u>1,514,993</u>	 <u>1,330,735</u>	 <u>184,258</u>
 Public Safety				
Police				
Salaries and payroll taxes	2,250,046	2,250,046	2,206,386	43,660
Supplies and materials	158,400	158,400	93,720	64,680
Contractual services	116,235	116,235	69,137	47,098
Capital outlay	54,000	54,000	38,245	15,755
Miscellaneous	<u>12,350</u>	<u>12,350</u>	<u>5,870</u>	<u>6,480</u>
Total Police	<u>2,591,031</u>	<u>2,591,031</u>	<u>2,413,358</u>	<u>177,673</u>
 Fire and Emergency Management				
Salaries and payroll taxes	1,166,705	1,166,705	1,162,167	4,538
Supplies and materials	53,500	53,500	37,673	15,827
Contractual services	47,400	47,400	30,805	16,595
Capital outlay	77,578	77,578	66,993	10,585
Miscellaneous	<u>9,950</u>	<u>9,950</u>	<u>3,892</u>	<u>6,058</u>
Total Fire and Emergency Managemem	<u>1,355,133</u>	<u>1,355,133</u>	<u>1,301,530</u>	<u>53,603</u>

**CITY OF MOBERLY, MISSOURI  
GENERAL FUND (CONT'D)  
STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES PAID (cont'd)				
Cemetery				
Salaries and payroll taxes	82,019	82,019	88,832	(6,813)
Supplies and materials	1,400	1,400	610	790
Contractual services	30,500	30,500	17,176	13,324
Capital outlay	24,000	24,000	25,072	(1,072)
Miscellaneous	50	50	334	(284)
Total Cemetery	<u>137,969</u>	<u>137,969</u>	<u>132,024</u>	<u>5,945</u>
Total Public Safety	<u>4,084,133</u>	<u>4,084,133</u>	<u>3,846,912</u>	<u>237,221</u>
Economic and Community Development				
Salaries and payroll taxes	274,330	274,330	279,114	(4,784)
Supplies and materials	18,950	18,950	13,516	5,434
Contractual services	213,750	213,750	135,092	78,658
Capital outlay	7,000	7,000	-	7,000
Miscellaneous	6,250	6,250	2,327	3,923
Total Economic and Community Development	<u>520,280</u>	<u>520,280</u>	<u>430,049</u>	<u>90,231</u>
Transportation				
Salaries and payroll taxes	706,802	706,802	652,223	54,579
Supplies and materials	82,725	82,725	88,629	(5,904)
Contractual services	54,500	54,500	59,866	(5,366)
Miscellaneous	19,800	19,800	6,558	13,242
Total Transportation	<u>863,827</u>	<u>863,827</u>	<u>807,276</u>	<u>56,551</u>
TOTAL EXPENDITURES PAID	<u>6,983,233</u>	<u>6,983,233</u>	<u>6,414,972</u>	<u>568,261</u>

**CITY OF MOBERLY, MISSOURI  
GENERAL FUND (CONT'D)  
STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficit) Revenues Collected Over Expenditures Paid and Other Financing Sources (Uses)	<u>(402,657)</u>	<u>(402,657)</u>	<u>8,592</u>	<u>411,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in (out)				
Historic Preservation Fund	-	-	(316)	(316)
Non-Resident Lodging Fund	-	-	(189,839)	(189,839)
Street Improvement Fund	100,000	100,000	100,000	-
Perpetual Care Cemetery - Interest	(9,725)	(9,725)	(8,125)	1,600
911 Fund	150,000	150,000	150,000	-
Use Tax Trust Fund	<u>62,382</u>	<u>62,382</u>	-	<u>(62,382)</u>
Total Other Financing Sources (Uses)	<u>302,657</u>	<u>302,657</u>	<u>51,720</u>	<u>(250,937)</u>
Excess (Deficit) Revenues Collected Over Expenditures Paid and Other Financing Sources (Uses)	(100,000)	(100,000)	60,312	<u>\$ 160,312</u>
Fund Balance, beginning of year	<u>1,721,533</u>	<u>1,721,533</u>	<u>1,721,533</u>	
Fund Balance, end of year	<u>\$ 1,621,533</u>	<u>\$ 1,621,533</u>	<u>\$ 1,781,845</u>	

**CITY OF MOBERLY, MISSOURI  
CAPITAL IMPROVEMENT TRUST FUND  
STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
Other taxes	\$ 1,041,000	\$ 1,329,500	\$ 988,671	\$ (340,829)
Intergovernmental	-	-	312,500	312,500
Interest income	8,000	8,000	3,923	(4,077)
Miscellaneous	-	-	457	457
Total Revenues Collected	<u>1,049,000</u>	<u>1,337,500</u>	<u>1,305,551</u>	<u>(31,949)</u>
<b>EXPENDITURES PAID</b>				
General Government				
Repairs and maintenance	-	288,500	410,765	(122,265)
Contractual services	-	-	16,665	(16,665)
Miscellaneous	562,793	562,793	-	562,793
Total Expenditures Paid	<u>562,793</u>	<u>851,293</u>	<u>427,430</u>	<u>423,863</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>486,207</u>	<u>486,207</u>	<u>878,121</u>	<u>391,914</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in (out)				
CWWSS Fund	(515,854)	(515,854)	(797,949)	(282,095)
Total Other Financing Sources (Uses)	<u>(515,854)</u>	<u>(515,854)</u>	<u>(797,949)</u>	<u>(282,095)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	(29,647)	(29,647)	80,172	<u>\$ 109,819</u>
Fund Balance, beginning of year	<u>1,684,132</u>	<u>1,684,132</u>	<u>1,684,132</u>	
Fund Balance, end of year	<u>\$ 1,654,485</u>	<u>\$ 1,654,485</u>	<u>\$ 1,764,304</u>	

**CITY OF MOBERLY, MISSOURI  
PARK SALES TAX TRUST FUND  
STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
Other taxes	\$ 1,041,000	\$ 1,041,000	\$ 988,654	\$ (52,346)
Charges for services	132,500	132,500	97,191	(35,309)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>6,460</u>	<u>3,460</u>
Total Revenues Collected	<u>1,176,500</u>	<u>1,176,500</u>	<u>1,092,305</u>	<u>(84,195)</u>
<b>EXPENDITURES PAID</b>				
<b>Parks and Recreation</b>				
Salaries and payroll taxes	121,184	121,184	95,076	26,108
Supplies and materials	112,600	112,600	95,656	16,944
Repairs and maintenance	32,800	32,800	29,725	3,075
Contractual services	42,500	42,500	32,137	10,363
Capital outlay	39,000	39,000	1,629,502	(1,590,502)
Lease payments	748,524	748,524	544,323	204,201
Miscellaneous	<u>16,050</u>	<u>16,050</u>	<u>8,109</u>	<u>7,941</u>
Total Expenditures Paid	<u>1,112,658</u>	<u>1,112,658</u>	<u>2,434,528</u>	<u>(1,321,870)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>63,842</u>	<u>63,842</u>	<u>(1,342,223)</u>	<u>(1,406,065)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Interfund transfers in (out)</b>				
Parks and Recreation Fund	<u>(619,912)</u>	<u>(619,912)</u>	<u>(181,818)</u>	<u>438,094</u>
Total Other Financing Sources (Uses)	<u>(619,912)</u>	<u>(619,912)</u>	<u>(181,818)</u>	<u>438,094</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	(556,070)	(556,070)	(1,524,041)	<u>\$ (967,971)</u>
Fund Balance, beginning of year	<u>2,960,259</u>	<u>2,960,259</u>	<u>2,960,259</u>	
Fund Balance, end of year	<u>\$ 2,404,189</u>	<u>\$ 2,404,189</u>	<u>\$ 1,436,218</u>	

**COMPLIANCE AND INTERNAL CONTROL**



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

City Manager and Members  
of the City Council  
City of Moberly, 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 Moberly, Missouri (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

To the extent this communication contains statements by a tax professional who is subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, such professional hereby asserts that any U. S. federal tax advice was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purpose.

Member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency (2010-1) in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Moberly, Missouri in a separate letter dated January 20, 2012.

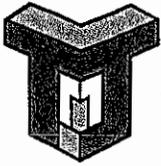
The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management and the City Council and is not intended to be and should not be used by anyone other than these specified parties.



Timothy M. Jeffries, CPA, PC

May 31, 2012



**Timothy M. Jeffries**  
CPA, PC  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

City Manager and Members  
of the City Council  
City of Moberly, Missouri

Compliance

We have audited the compliance of the City of Moberly, Missouri with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

To the extent this communication contains statements by a tax professional who is subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, such professional hereby asserts that any U. S. federal tax advice was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purpose.

Member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

In our opinion, the City of Moberly, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-A.

#### Internal Control Over Compliance

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

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

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

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



Timothy M. Jeffries, CPA, PC

May 31, 2012

**CITY OF MOBERLY, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

Grantor Agency	Program Title	CFDA Number	Grant Number	Expenditures
<b>U.S. Department of Justice</b>				
Direct Funding	ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	2009SB-B9-2505	\$ 10,302
<b>U.S. Department of Transportation</b>				
Passed through the Missouri Department of Transportation	Airport Improvement Program	20.106	AIRE 010-034A-1	28,743
	Airport Improvement Program	20.106	AIRE 025-34A	632,330
				<u>661,073</u>
	Surface Transportation Program	20.205	STP 4500(203)	5,091
	Surface Transportation Program	20.205	STP 4500(204)	6,316
				<u>11,407</u>
<b>Environmental Protection Agency</b>				
Passed through the Missouri Department of Natural Resources				
	Capitalization Grants for State Revolving Funds	66.458	C295178-03 Series 2006A	169,356
	Capitalization Grants for State Revolving Funds	66.458	C295178-04	555,933
	ARRA-Capitalization Grants for State Revolving Funds	66.458	C295648-01	709,448
				<u>1,434,737</u>
	Capitalization Grants for State Revolving Funds	66.468	DW291158-01 Series 2004C	5,684
<b>U.S. Department of Housing &amp; Urban Development</b>				
Passed through the Missouri Department of Economic Development				
	Community Development Block Grant	14.228	2001-ND-08	4,949
<b>U.S. General Services Administration</b>				
Passed through State Agency for Surplus Property				
	Surplus Property	39.003		<u>69</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 2,128,221</u></u>

**CITY OF MOBERLY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

1. Summary of Significant Accounting Policies

A. Purpose of Schedule of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by City of Moberly, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food, commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under-grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The City provided no federal awards to subrecipients during the year ended June 30, 2010.

**CITY OF MOBERLY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AND SUMMARY OF AUDITOR'S RESULTS  
JUNE 30, 2010**

Section I: Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified that are  
 not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statement noted?  Yes  No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified that  
 are not considered to be material weaknesses?  Yes  None reported

Type of auditor's reports issued on compliance for major programs: unqualified

Any audit findings disclosed that are required  
 to be reported in accordance with section 510(a)  
 of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for State Revolving Funds
66.458	ARRA - Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for State Revolving Funds
20.106	Airport Improvement Program

**CITY OF MOBERLY, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**AND SUMMARY OF AUDITOR'S RESULTS (CONTINUED)**  
**JUNE 30, 2010**

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?         yes     no

Section II: Financial Statement Findings

2010-1 Budgeting

Criteria:                    State statute, Chapter 67, requires that each political subdivision is prohibited from expending public monies unless those expenditures have been authorized as provided in Chapter 67.

Condition:                  The City's actual expenditures in the Park Sales Tax Fund exceeded final budgeted expenditures by \$1,321,870.

Context:                    The final budgeted expenditures were compared to actual expenditures. Actual expenditures exceeded budgeted expenditures in the Park Sales Tax Fund by \$1,321,870.

Effect:                      The City violated state statute RSMo 67.

Cause:                      The City budgeted too few expenditures in the Park Sales Tax Fund.

Recommendation:        The City should ensure actual expenditures do not exceed budgeted expenditures in any funds.

Views of Officials & Planned Corrective Actions:        The City Manager and Finance Director will review all expenditures more thoroughly in future fiscal periods to ensure that all are in compliance with Chapter 67.

**CITY OF MOBERLY, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**AND SUMMARY OF AUDITOR'S RESULTS (CONTINUED)**  
**JUNE 30, 2010**

Section III: Federal Award Findings and Questioned Costs

2010-A - Capitalization Grants

Condition: Audit report not completed within nine months.

Criteria: OMB Circular A-133 requires audits to be submitted within nine months of fiscal year end.

Effect: Possible cut of federal funds.

Questioned Cost: Unknown

Cause: Oversight of requirements.

Recommendation: We recommend City follow guidelines and have audit performed within nine months.

Views of Officials & Planned Corrective Actions: Employee misappropriation of funds was discovered in August, 2010. Corrective procedures were implemented immediately and the employee was terminated. A new employee was hired in November, 2010. This employee was tasked with analysis of financial records and bank statements from July, 2009 through December, 2010 to ensure that all fraudulent activities were found. Accordingly, audits for 2009-2010 and 2010-2011 were delayed due to this additional in-depth analysis. All financial analysis was completed in April, 2012 and it is anticipated that audits for 2011-2012 and forward will be completed in a timely manner.

**CITY OF MOBERLY, MISSOURI  
CORRECTIVE ACTION PLAN  
JUNE 30, 2010**

Criteria: 2010-A - Capitalization Grants

Person Responsible: Greg Hodge, City of Moberly Finance Director

Corrective Action Planned: Additional personnel hired to assist Finance Director to complete City's financial statements on a timely basis.

Completion Date: January 31, 2012