

***ANNUAL REPORT OF
CITY OF MOBERLY, MISSOURI
YEAR ENDED JUNE 30, 2011***

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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 opinions.

As discussed in Note I to the financial statements, the City prepares its financial statements on the cash basis of accounting, which 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, 2011, and the respective changes in financial position and the respective budgetary comparisons for the general fund, capital improvement trust fund, park and recreation fund, and city transportation 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 December 27, 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.

As described in Note I-D to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

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.

December 27, 2012, except as to Note IV-L,
which is as of July 16, 2013


Timothy M. Jeffries, CPA, PC

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011
(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, 2011. 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 \$13,497,449 (net assets). Of this amount, \$5,865,959 (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 \$982,317.
- As of the close of the current fiscal year, the City of Moberly's governmental funds reported combined ending fund balances of \$8,389,424. Of this amount \$2,333,021 is unassigned and available for use within the City's designation and policies.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,337,299 or 35.6% of the total general fund expenditures.
- The City's bond payable decreased \$1,160,000 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
YEAR ENDED JUNE 30, 2011
(UNAUDITED)

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, 2011
(UNAUDITED)

The City maintains 20 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, City Transportation 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 14-20.

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 21-22 of this report.

Internal Service Fund - This report also includes information for the fiduciary fund which is used to account for the financing of the City's health insurance benefit plan. The activity in this fund is blended into the government-wide Statement of Net Assets and Statement of Activities. The internal service fund financial statements can be found on pages 21-22 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 23-47.

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 48 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 49-62 of this report.

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011
(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 \$13,497,449 as of June 30, 2011.

2011 Net Assets

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 8,711,336	\$ 3,706,952	\$ 12,418,288
Restricted assets	-	1,079,161	1,079,161
Total Assets	8,711,336	4,786,113	13,497,449
Net Assets:			
Restricted	6,378,315	1,253,175	7,631,490
Unrestricted	2,333,021	3,532,938	5,865,959
Total Net Assets	\$ 8,711,336	\$ 4,786,113	\$ 13,497,449

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	8,444,401	6,035,365	14,479,766
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	\$ 8,444,401	\$ 6,035,365	\$ 14,479,766

As of June 30, 2011, the City is able to report positive balances in both 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 \$982,317.

Governmental Activities: Governmental activities increased the net assets by \$266,935.

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Business-type Activities: Net Assets from business-type activities decreased by \$1,249,252 from \$6,035,365 to \$4,786,113. 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, 2011 and 2010.

2011 Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 1,361,686	\$ 4,877,369	\$ 6,239,055
Operating grants and contributions	384,589	571,842	956,431
General Revenues:			
Property taxes	1,435,557	-	1,435,557
Sales and use taxes	5,205,067	-	5,205,067
Franchise taxes	2,314,755	-	2,314,755
Motor vehicle and fuel taxes	527,635	-	527,635
911 emergency phone taxes	223,102	-	223,102
Cigarette taxes	106,812	-	106,812
Lodging	101,300	-	101,300
Other taxes	9,152	-	9,152
Unrestricted investment earnings	27,863	563,883	591,746
Transfers	(881,815)	881,815	-
Loan proceeds	16,574	51,450	68,024
Miscellaneous	160,550	-	160,550
Total Revenues	10,992,827	6,946,359	17,939,186
Expenses:			
General government	1,883,063	-	1,883,063
Public safety	3,940,980	-	3,940,980
Transportation	2,240,169	-	2,240,169
Economic and community development	452,653	-	452,653
Park and recreation	2,209,027	-	2,209,027
Combined waterworks and sewerage	-	7,527,202	7,527,202
Solid waste	-	668,409	668,409
Total Expenses	10,725,892	8,195,611	18,921,503
Increase (Decrease) in net assets	266,935	(1,249,252)	(982,317)
Net Assets - beginning of year	8,444,401	6,035,365	14,479,766
Net Assets - end of year	\$ 8,711,336	\$ 4,786,113	\$ 13,497,449

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011
(UNAUDITED)

2010 Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 1,316,092	\$ 5,031,396	\$ 6,347,488
Operating grants and contributions	997,489	719,593	1,717,082
General Revenues:			
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
Total Revenues	11,867,696	6,951,632	18,819,328
Expenses:			
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
Total Expenses	13,018,893	9,076,816	22,095,709
Increase (Decrease) in net assets	(1,151,197)	(2,125,184)	(3,276,381)
Net Assets - beginning of year	9,595,598	8,160,549	17,756,147
Net Assets - end of year	\$ 8,444,401	\$ 6,035,365	\$ 14,479,766

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, 2011
(UNAUDITED)

At the end of the current fiscal year, the City of Moberly's governmental funds reported combined ending fund balances of \$8,389,424. Of this total amount \$2,333,021 constitutes unassigned fund balance.

In the general fund, the City budgeted for no change in the fund balance. Due to actual revenues being more than budgeted and actual expenses being less than budgeted, the actual fund balance increase for fiscal year 2011 was \$555,454.

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 \$21,773,024. Of this amount, \$17,435,000 represents bonds secured solely by combined water and sewerage system revenues, \$4,270,000 represents capital lease obligations and \$68,024 represents note payable.

**2011 Outstanding Debt at Year End
Revenue Bonds, Note Payable Debt and Capital Lease Debt**

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 17,435,000	\$ 17,435,000
Capital lease	4,270,000	-	4,270,000
Note payable	16,574	51,450	68,024
Total	<u>\$ 4,286,574</u>	<u>\$ 17,486,450</u>	<u>\$ 21,773,024</u>

**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>

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011
(UNAUDITED)

During the fiscal year, the City's total debt decreased by \$1,752,982 or 7.3%. The decrease was due to retirement of \$1,813,594 of outstanding debt, the issuance of \$68,024 of additional debt, and the decrease of \$7,412 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, III-E, III-F on pages 33-38 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, 2011

ASSETS	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 9,758,149	\$ 2,660,139	\$ 12,418,288
Internal balances	(1,046,813)	1,046,813	-
Total Current Assets	8,711,336	3,706,952	12,418,288
Restricted Assets:			
Cash and cash equivalents	-	1,079,161	1,079,161
Total Restricted Assets	-	1,079,161	1,079,161
Total Assets	8,711,336	4,786,113	13,497,449
NET ASSETS			
Restricted but expendable for:			
Debt service	583,278	951,859	1,535,137
Other purposes	5,795,037	301,316	6,096,353
Unrestricted	2,333,021	3,532,938	5,865,959
Total Net Assets	\$ 8,711,336	\$ 4,786,113	\$ 13,497,449

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$ 1,883,063	\$ 758,300	\$ 25,302	\$ (1,099,461)	\$ -	\$ (1,099,461)
Total General Government	1,883,063	758,300	25,302	(1,099,461)	-	(1,099,461)
Public Safety:						
Police	2,454,683	-	8,973	(2,445,710)	-	(2,445,710)
Fire and Emergency Management	1,345,480	-	-	(1,345,480)	-	(1,345,480)
Cemetery	140,817	36,045	-	(104,772)	-	(104,772)
Total Public Safety	3,940,980	36,045	8,973	(3,895,962)	-	(3,895,962)
Transportation:						
Streets and sidewalks	1,917,395	-	297,758	(1,619,637)	-	(1,619,637)
Airport	322,774	222,978	52,556	(47,240)	-	(47,240)
Total Transportation	2,240,169	222,978	350,314	(1,666,877)	-	(1,666,877)
Economic and Community Development:						
Economic and Community Development	452,653	-	-	(452,653)	-	(452,653)
Total Economic and Community Dev	452,653	-	-	(452,653)	-	(452,653)
Park and Recreation:						
Park	2,209,027	344,363	-	(1,864,664)	-	(1,864,664)
Total Park and Recreation	2,209,027	344,363	-	(1,864,664)	-	(1,864,664)
Total Governmental Activities	10,725,892	1,361,686	384,589	(8,979,617)	-	(8,979,617)
Business-Type Activities:						
Combined Waterworks and Sewerage	7,527,202	4,168,468	570,052	-	(2,788,682)	(2,788,682)
Solid Waste	668,409	708,901	1,790	-	42,282	42,282
Public Parking System	-	-	-	-	-	-
Total Business-Type Activities	8,195,611	4,877,369	571,842	-	(2,746,400)	(2,746,400)
Total	\$ 18,921,503	\$ 6,239,055	\$ 956,431	\$ (8,979,617)	\$ (2,746,400)	\$ (11,726,017)

See Notes to the Financial Statements

	Activities	Activities	Total
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	1,435,557	-	1,435,557
Sales and use taxes	5,205,067	-	5,205,067
Franchise taxes	2,314,755	-	2,314,755
Motor vehicle and fuel taxes	527,635	-	527,635
911 Emergency phone	223,102	-	223,102
Cigarette taxes	106,812	-	106,812
Lodging	101,300	-	101,300
Other	9,152	-	9,152
Unrestricted investment earnings	27,863	563,883	591,746
Miscellaneous	160,550	-	160,550
Total general revenues	<u>10,111,793</u>	<u>563,883</u>	<u>10,675,676</u>
Change in net assets before loan proceeds and eliminating interfund transfers	<u>1,132,176</u>	<u>(2,182,517)</u>	<u>(1,050,341)</u>
Eliminate interfund transfers	(881,815)	881,815	-
Loan proceeds	<u>16,574</u>	<u>51,450</u>	<u>68,024</u>
Change in net assets	266,935	(1,249,252)	(982,317)
Net assets - beginning	<u>8,444,401</u>	<u>6,035,365</u>	<u>14,479,766</u>
Net assets - ending	<u>\$ 8,711,336</u>	<u>\$ 4,786,113</u>	<u>\$ 13,497,449</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, 2011

	General Fund	Capital Improvement Trust Fund	Parks and Recreation Fund	City Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,575,841	\$ 1,455,121	\$ 3,710	\$ 1,337,655	\$ 2,063,910	\$ 9,436,237
Due from other funds	-	147,188	12,879	-	1,065,333	1,225,400
Total Current Assets	\$ 4,575,841	\$ 1,602,309	\$ 16,589	\$ 1,337,655	\$ 3,129,243	\$ 10,661,637
Restricted Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Restricted Assets	-	-	-	-	-	-
Total Assets	\$ 4,575,841	\$ 1,602,309	\$ 16,589	\$ 1,337,655	\$ 3,129,243	\$ 10,661,637
LIABILITIES						
Due to other funds	\$ 2,238,542	\$ -	\$ -	\$ -	\$ 33,671	\$ 2,272,213
Total Liabilities	2,238,542	-	-	-	33,671	2,272,213
FUND BALANCES						
Assigned for debt service purposes	-	-	-	-	583,278	583,278
Assigned for special revenue purposes	-	1,602,309	16,589	1,337,655	2,516,572	5,473,125
Unassigned (Deficit)	2,337,299	-	-	-	(4,278)	2,333,021
Total Fund Balances	\$ 2,337,299	\$ 1,602,309	\$ 16,589	\$ 1,337,655	\$ 3,095,572	\$ 8,389,424

RECONCILIATION OF THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS TO THE
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

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

321,912

Net assets of governmental activities

\$ 8,711,336

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, 2011

	General Fund	Capital Improvement Trust Fund	Park and Recreation Fund	City Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
REVENUES COLLECTED						
Property taxes	\$ 986,067	\$ -	\$ 449,490	\$ -	\$ -	\$ 1,435,557
Other taxes	4,715,197	1,019,408	4,259	1,019,728	1,729,231	8,487,823
Licenses, permits and fees	736,766	-	-	-	-	736,766
Charges for goods and services	47,624	-	344,363	-	232,933	624,920
Intergovernmental	25,000	-	-	297,758	61,831	384,589
Interest	1,844	3,313	-	11,842	10,574	27,573
Miscellaneous	46,120	-	18,282	38,463	57,685	160,550
Total Revenues Collected	6,558,618	1,022,721	816,394	1,367,791	2,092,254	11,857,778
EXPENDITURES PAID						
General government	1,315,522	302,901	-	-	251,960	1,870,383
Public safety	3,774,705	-	-	-	97,481	3,872,186
Economic and community development	446,959	-	-	-	-	446,959
Transportation	764,288	-	-	797,696	665,087	2,227,071
Park and recreation	-	-	1,450,809	-	742,969	2,193,778
Total Expenditures Paid	6,301,474	302,901	1,450,809	797,696	1,757,497	10,610,377
Excess (Deficit) of Revenues Collected over Expenditures Paid	257,144	719,820	(634,415)	570,095	334,757	1,247,401
Other Financing Sources (Uses)						
Capital lease/loan proceeds	16,574	-	-	-	-	16,574
Interfund transfers in (out)	281,736	(881,815)	650,979	(63,837)	(868,878)	(881,815)
Total Other Financing Sources (Uses)	298,310	(881,815)	650,979	(63,837)	(868,878)	(865,241)
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	555,454	(161,995)	16,564	506,258	(534,121)	<u>\$ 382,160</u>
Fund Balance, beginning of year	1,781,845	1,764,304	25	831,397	3,629,693	
Fund Balance, end of year	\$ 2,337,299	\$ 1,602,309	\$ 16,589	\$ 1,337,655	\$ 3,095,572	

See Notes to the Financial Statements

**CITY OF MOBERLY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ 382,160

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	1,027,932	
Interest income	290	
Health premiums, claims and administrative costs	<u>(1,143,447)</u>	<u>(115,225)</u>

Change in Net Assets of Governmental Activities \$ 266,935

CITY OF MOBERLY, MISSOURI
STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Property taxes	\$ 904,500	\$ 904,500	\$ 986,067	\$ 81,567
Other taxes	4,377,500	4,377,500	4,715,197	337,697
Licenses, permits and fees	832,864	832,864	736,766	(96,098)
Charges for services	25,150	25,150	47,624	22,474
Intergovernmental	25,000	25,000	25,000	-
Interest	4,000	4,000	1,844	(2,156)
Miscellaneous	34,700	34,700	46,120	11,420
Total Revenues Collected	<u>6,203,714</u>	<u>6,203,714</u>	<u>6,558,618</u>	<u>354,904</u>
EXPENDITURES PAID				
General government	1,359,121	1,359,121	1,315,522	43,599
Public safety	3,945,128	3,945,128	3,774,705	170,423
Economic and community development	514,183	514,183	446,959	67,224
Transportation	772,573	772,573	764,288	8,285
Total Expenditures Paid	<u>6,591,005</u>	<u>6,591,005</u>	<u>6,301,474</u>	<u>289,531</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(387,291)</u>	<u>(387,291)</u>	<u>257,144</u>	<u>644,435</u>
OTHER FINANCING SOURCES (USES)				
Capital lease/loan proceeds	-	-	16,574	16,574
Interfund transfers in (out)	387,291	387,291	281,736	(105,555)
Total Other Financing Sources (Uses)	<u>387,291</u>	<u>387,291</u>	<u>298,310</u>	<u>(88,981)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>555,454</u>	<u>\$ 555,454</u>
Fund Balance, beginning of year	<u>1,781,845</u>	<u>1,781,845</u>	<u>1,781,845</u>	
Fund Balance, end of year	<u>\$ 1,781,845</u>	<u>\$ 1,781,845</u>	<u>\$ 2,337,299</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Other taxes	\$ 1,025,000	\$ 1,025,000	\$ 1,019,408	\$ (5,592)
Interest income	5,000	5,000	3,313	(1,687)
Total Revenues	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,022,721</u>	<u>(7,279)</u>
EXPENDITURES PAID				
General Government	203,717	203,717	302,901	(99,184)
Total Expenditures Paid	<u>203,717</u>	<u>203,717</u>	<u>302,901</u>	<u>(99,184)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>826,283</u>	<u>826,283</u>	<u>719,820</u>	<u>(106,463)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)	(909,084)	(909,084)	(881,815)	27,269
Total Other Financing Sources (Uses)	<u>(909,084)</u>	<u>(909,084)</u>	<u>(881,815)</u>	<u>27,269</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	<u>(82,801)</u>	<u>(82,801)</u>	<u>(161,995)</u>	<u>\$ (79,194)</u>
Fund Balance, beginning of year	<u>1,764,304</u>	<u>1,764,304</u>	<u>1,764,304</u>	
Fund Balance, end of year	<u>\$ 1,681,503</u>	<u>\$ 1,681,503</u>	<u>\$ 1,602,309</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
PARK AND RECREATION FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Property taxes	\$ 445,000	\$ 445,000	\$ 449,490	\$ 4,490
Other taxes	7,000	7,000	4,259	(2,741)
Charges for services	282,500	282,500	344,363	61,863
Miscellaneous	7,500	7,500	18,282	10,782
Total Revenues Collected	<u>742,000</u>	<u>742,000</u>	<u>816,394</u>	<u>74,394</u>
EXPENDITURES PAID				
Parks and Recreation	1,541,216	1,541,216	1,450,809	90,407
Total Expenditures Paid	<u>1,541,216</u>	<u>1,541,216</u>	<u>1,450,809</u>	<u>90,407</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(799,216)</u>	<u>(799,216)</u>	<u>(634,415)</u>	<u>164,801</u>
OTHER FINANCING SOURCES (USES)				
Certificates of participation proceeds				
Interfund transfers in (out)	799,216	799,216	650,979	(148,237)
Total Other Financing Sources (Uses)	<u>799,216</u>	<u>799,216</u>	<u>650,979</u>	<u>(148,237)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	-	-	16,564	<u>\$ 16,564</u>
Fund Balance, beginning of year	<u>25</u>	<u>25</u>	<u>25</u>	
Fund Balance, end of year	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 16,589</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
CITY TRANSPORTATION TRUST FUND
YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Other taxes	\$ 1,025,000	\$ 1,025,000	\$ 1,019,728	\$ (5,272)
Intergovernmental	285,681	285,681	297,758	12,077
Interest income	10,000	10,000	11,842	1,842
Miscellaneous	-	-	38,463	38,463
Total Revenues	<u>1,320,681</u>	<u>1,320,681</u>	<u>1,367,791</u>	<u>47,110</u>
EXPENDITURES PAID				
Transportation	1,472,035	1,472,035	797,696	674,339
Total Expenditures Paid	<u>1,472,035</u>	<u>1,472,035</u>	<u>797,696</u>	<u>674,339</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(151,354)</u>	<u>(151,354)</u>	<u>570,095</u>	<u>721,449</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)	(143,818)	(143,818)	(63,837)	79,981
Total Other Financing Sources (Uses)	<u>(143,818)</u>	<u>(143,818)</u>	<u>(63,837)</u>	<u>79,981</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	<u>(295,172)</u>	<u>(295,172)</u>	<u>506,258</u>	<u>\$ 801,430</u>
Fund Balance, beginning of year	<u>831,397</u>	<u>831,397</u>	<u>831,397</u>	
Fund Balance, end of year	<u>\$ 536,225</u>	<u>\$ 536,225</u>	<u>\$ 1,337,655</u>	

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUND TYPES
JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	CWWSS	Solid Waste	Total	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,357,624	\$ 200,000	\$ 2,557,624	\$ 424,427
Due from other funds	828,204	218,609	1,046,813	-
Total Current Assets	<u>3,185,828</u>	<u>418,609</u>	<u>3,604,437</u>	<u>424,427</u>
RESTRICTED ASSETS				
Cash and cash equivalents	1,079,161	-	1,079,161	-
Total Restricted Assets	<u>1,079,161</u>	<u>-</u>	<u>1,079,161</u>	<u>-</u>
Total Assets	<u>4,264,989</u>	<u>418,609</u>	<u>4,683,598</u>	<u>424,427</u>
LIABILITIES				
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Restricted for debt service - expendable	951,859	-	951,859	-
Restricted for construction - expendable	127,302	-	127,302	-
Restricted for customers deposits - expendable	174,014	-	174,014	-
Unrestricted	3,011,814	418,609	3,430,423	424,427
Total Net Assets	<u>\$ 4,264,989</u>	<u>\$ 418,609</u>	<u>\$ 4,683,598</u>	<u>\$ 424,427</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>102,515</u>
Net assets of business-type activities	<u>\$ 4,786,113</u>

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
STATEMENT OF OPERATING REVENUES COLLECTED, OPERATING EXPENSES
PAID AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	CWWSS	Solid Waste	Total	Internal Service Fund
Operating Revenues Collected				
Charges for services	\$ 4,168,468	\$ 694,162	\$ 4,862,630	\$ 1,288,249
Miscellaneous	-	14,739	14,739	-
Total Operating Revenues Collected	4,168,468	708,901	4,877,369	1,288,249
Operating Expenses Paid				
Salaries and payroll taxes	1,378,087	48,101	1,426,188	-
Supplies and materials	749,409	7,321	756,730	-
Repairs and maintenance	353,148	2,998	356,146	-
Contractual services	183,163	579,252	762,415	1,433,018
Capital outlay	2,448,538	27,261	2,475,799	-
Miscellaneous	249,112	2,578	251,690	-
Total Operating Expenses Paid	5,361,457	667,511	6,028,968	1,433,018
Operating Income (Loss)	(1,192,989)	41,390	(1,151,599)	(144,769)
Nonoperating Revenues (Expenses)				
Interest received	563,809	-	563,809	364
Principal, interest and fees paid	(2,137,389)	-	(2,137,389)	-
Net Non-Operating Revenues (Expenses)	(1,573,580)	-	(1,573,580)	364
Excess (Deficit) Operating Revenues Collected over Operating Expenses Paid Before Other Financing Sources (Uses)	(2,766,569)	41,390	(2,725,179)	(144,405)
Other Financing Sources (Uses)				
Grant proceeds	570,052	1,790	571,842	-
Loan proceeds	51,450	-	51,450	-
Operating Transfer In (Out)	881,815	-	881,815	-
Total Other Financing Sources (Uses)	1,503,317	1,790	1,505,107	-
Excess (Deficit) Operating Revenues Collected over Operating Expenses Paid and Other Sources (Uses)	(1,263,252)	43,180	(1,220,072)	(144,405)
Net Assets, Beginning of Year	5,528,241	375,429	5,903,670	568,832
Net Assets, End of Year	\$ 4,264,989	\$ 418,609	\$ 4,683,598	\$ 424,427

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011

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, 2011

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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major:	
General	See above for description
Special Revenue Funds:	
Capital Improvement Trust Grant	Accounts for revenues and expenditures of the Capital Improvement Trust Grant
Parks and Recreation	Accounts for revenues and expenditures of the Parks and Recreation Fund
Proprietary Funds:	
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
City Transportation Trust	Accounts for revenues and expenditures of the City Transportation Trust Fund
Nonmajor:	
Special Revenue Funds:	
Park Sales Tax Trust	Accounts for revenues and expenditures of the Park Sales Tax Trust 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

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
Dog Park Renovation	Accounts for revenues and expenditures of the Dog Park Renovation Fund
In Car Video	Accounts for revenues and expenditures of the In Car Video 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 Fund
Cell Franchise	Accounts for revenues and expenditures of the Cell Franchise
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
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011, accumulated, but unused vacation and other time off for governmental funds and enterprise funds is \$371,966 and \$61,315, 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, 2011

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 three 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" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has determined there are no amounts that should be considered nonspendable.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources because they are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

Management has determined there are no amounts that should be considered restricted.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's Council, which is the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of year-end.

- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the City's City Council, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The City's management assigned funds during the year as detailed in Note III-J.

- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the City would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

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.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2011.

Actual expenditures exceeded budgeted expenditures in the Capital Improvement Trust Fund by \$99,184.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011 are shown below:

	Maturities	Carrying Value
Deposits:		
Demand deposits		\$ 8,912,719
Time deposits	8/5/2011	1,536,000
Time deposit	11/16/2011	704,937
Time deposits	4/30/2012	650,000
Time deposits	5/16/2012	614,632
		12,418,288
U.S. Federal Obligations		1,079,161
		1,079,161
Total deposits and investments		\$ 13,497,449

Custodial Credit Risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$10,953,044 at June 30, 2011, 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, 2011, are provided in the previous schedule.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011, 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, 2011:

	Business-Type Activities			Total Business-Type Activities
	Revenue Bonds Payable	Accrued Compensated Absences	Note Payable	
Balance, July 1, 2010	\$ 18,595,000	\$ 65,452	\$ 115,334	\$ 18,775,786
Revenue bond proceeds	-	-	-	-
Revenue bond payments	(1,160,000)	-	-	(1,160,000)
Lease proceeds	-	-	-	-
Lease payments	-	-	-	-
Note proceeds	-	-	51,450	51,450
Note principal payment	-	-	(115,334)	(115,334)
Increase in compensated absences	-	36,665	-	36,665
Decrease in compensated absences	-	(40,801)	-	(40,801)
Balance, June 30, 2011	<u>\$ 17,435,000</u>	<u>\$ 61,316</u>	<u>\$ 51,450</u>	<u>\$ 17,547,766</u>
Amount due within one year	<u>\$ 1,185,000</u>	<u>\$ 40,000</u>	<u>\$ 25,572</u>	<u>\$ 1,250,572</u>

	Governmental Activities			Total Governmental Activities	Total
	Capital Lease Payable	Accrued Compensated Absences	Note Payable		
Balance, July 1, 2010	\$ 4,808,260	\$ 375,242	\$ -	\$ 5,183,502	\$ 23,959,288
Revenue bond proceeds	-	-	-	-	-
Revenue bond payments	-	-	-	-	(1,160,000)
Lease proceeds	-	-	-	-	-
Lease payments	(538,260)	-	-	(538,260)	(538,260)
Note proceeds	-	-	16,574	16,574	68,024
Note principal payment	-	-	-	-	(115,334)
Increase in compensated absences	-	164,997	-	164,997	201,662
Decrease in compensated absences	-	(168,273)	-	(168,273)	(209,074)
Balance, June 30, 2011	<u>\$ 4,270,000</u>	<u>\$ 371,966</u>	<u>\$ 16,574</u>	<u>\$ 4,658,540</u>	<u>\$ 22,206,306</u>
Amount due within one year	<u>\$ 410,000</u>	<u>\$ 200,000</u>	<u>\$ 16,574</u>	<u>\$ 626,574</u>	<u>\$ 1,877,146</u>

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

C. Bonds Payable

The following is a summary of bonded debt transactions of the City for the year ended June 30, 2011:

	<u>Business-Type Activities</u>
	<u>Revenue</u>
Debt payable, July 1, 2010	\$ 18,595,000
Debt issued	—
Debt retired	<u>(1,160,000)</u>
Debt payable, June 30, 2011	<u>\$ 17,435,000</u>

Debt payable at June 30, 2011, 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%.	\$ 1,350,000
\$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%.	5,205,000
\$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%.	4,010,000
\$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%.	4,530,000
\$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%.	<u>2,340,000</u>
Total	<u>\$ 17,435,000</u>

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

Annual requirements to amortize long-term debt principal and interest at June 30, 2011:

Year Ending June 30,	Principal	Interest	Total
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	1,260,000	617,727	1,877,727
2017-2021	5,375,000	2,264,307	7,639,307
2022-2026	5,105,000	860,461	5,965,461
2027-2029	790,000	60,149	850,149
Total	<u>\$ 17,435,000</u>	<u>\$ 6,817,368</u>	<u>\$ 24,252,368</u>

Restricted Funds available to service debt:

Sinking	\$ 718,018
Reserve	233,841
Total	<u>\$ 951,859</u>

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.

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, 2011, the Constitutional general obligation debt limit, based on the assessed valuation at December 31, 2010, of approximately \$143,825,485 was \$28,765,097 which, after reduction for outstanding general obligation bonds of \$0, provides a general obligation debt margin of \$28,765,097.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

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, 2011, 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.

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, 2011 \$ 0

This note was paid off during the year ended June 30, 2011.

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, 2011 \$ 0

This note was paid off during the year ended June 30, 2011.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

On February 11, 2011, the City entered into a note agreement with the Bank of Cairo and Moberly to finance the purchase of equipment in the amount of \$51,450. The note is payable on demand, but if demand is not made the note is payable in two annual payments. Interest is at 1.200 percent. Equipment is pledged as collateral. The loan is subject to an annual non-appropriation termination rider.

Balance at June 30, 2011 \$ 51,450

Schedule payments are as follows:

Year Ending June 30,		
2012	\$	26,189
2013		<u>26,190</u>
		52,379
Less - amount representing interest		<u>(929)</u>
Total	\$	<u>51,450</u>

E. Notes Payable -- Governmental Activities

On February 11, 2011, the City entered into a note agreement with the Bank of Cairo and Moberly to finance the purchase of equipment in the amount of \$16,574. The note is payable on demand, but if demand is not made the note is payable in one annual payment. Interest is at 1.000 percent. Equipment is pledged as collateral. The loan is subject to an annual non-appropriation termination rider.

Balance at June 30, 2011 \$ 16,574

Scheduled payment is as follows:

Year Ending June 30,		
2012	\$	<u>16,739</u>
		16,739
Less - amount representing interest		<u>(165)</u>
Total	\$	<u>16,574</u>

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

F. 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, 2011 assuming noncancellation:

Year Ended June 30,	Certificates of Participation
2012	\$ 589,592
2013	589,343
2014	587,468
2015	584,112
2016	584,107
2017	582,273
2018	583,538
2019	1,075,594
	5,176,027
Less - Amount Representing Interest	(906,027)
Total Minimum Lease Payments	\$ 4,270,000

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, 2011

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

G. Interfund Transfers

Interfund transfers during the year ended June 30, 2011 were as follows:

Disbursing Fund	Receiving Fund	Amount
General	Perpetual Care	\$ 6,525
Street Improvement	General	100,000
911 Phone	General	150,000
Capital Improvement Trust	CWWSS	881,815
City Transportation Trust	Airport Operating	63,189
City Transportation Trust	Downtown Lodging	950
Park Sales Tax Trust	Parks and Recreation	650,979
Park Sales Tax Trust	Dog Park	10,000
Hwy. 63 Waterline Relocation	City Transportation Trust	302
Use Tax Trust	General	29,288
In Car Video	General	8,973
Perpetual Care Principal	Perpetual Care Interest	6,000
		<u>\$ 1,908,021</u>

Disbursing Fund	Receiving Fund	Purpose of Transfer
General	Perpetual Care Maintenance	Budgeted transfer for operational expense/fund balance
Street Improvement	General	Budgeted transfer for operational expense/fund balance
911 Emergency Telephone	General	Budgeted transfer for operational expense/fund balance
Capital Improvement Sales Tax Trust	CWWSS	Payment of bond principal plus interest
Transportation Trust	Airport	Transfer of grant matching funds
Transportation Trust	Downtown Tree Replacement	Budgeted transfer for operational expense/fund balance
Park Sales Tax Trust	Parks and Recreation	Budgeted transfer for operational expense/fund balance
Park Sales Tax Trust	Dog Park	Budgeted transfer for operational expense/fund balance
Highway 63 Waterline Relocation	Transportation Trust	Budgeted transfer for operational expense/fund balance
Use Tax Trust	General	Budgeted transfer for operational expense/fund balance
In-Car Video Camera	General	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, 2011

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

H. Restricted Net Assets

Activity	Restricted By	Amount
Capital Improvement Trust	Law	\$ 1,602,309
City Transportation Trust	Law	1,337,655
Park Sales Tax Trust	Law	1,054,395
Parks and Recreation	Council action	16,589
Street Improvements	Council action	72,276
Perpetual Care Cemetery Principal	Law	7,071
Perpetual Care Cemetery Interest	Law	287,394
MODAG Grant/Loan	Council action	238,861
911 Emergency Telephone Service	Law	218,757
Use Tax Trust	Law	235,004
Hwy. 63 Waterline Relocation	Law	8,037
Dog Park	Council action	11,767
Non-Resident Lodging	Council action	172,506
Cell Franchise	Council action	773,647
Veterans' Flag Project	Council action	20,135
Health Account	Council action	321,912
		<u>\$ 6,378,315</u>

I. Deficit Fund Balance

At June 30, 2011, the Airport Operating Fund had a deficit fund balance of \$4,009 and the ICSC/Buxton Sponsors Fund had a deficit fund balance of \$269.

J. Fund Balance

Classifications of fund balances at June 30, 2011 are as follows:

	General Fund	Capital Improvement Trust Fund	Parks & Recreation Fund	City Transportation Fund	Other Governmental Fund	Total
Fund Balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned for special revenue purposes	-	1,602,309	16,589	1,337,655	2,516,572	5,473,125
Assigned for debt service purposes	-	-	-	-	583,278	583,278
Unassigned	2,337,299	-	-	-	(4,278)	2,333,021
	<u>\$ 2,337,299</u>	<u>\$ 1,602,309</u>	<u>\$ 16,589</u>	<u>\$ 1,337,655</u>	<u>\$ 3,095,572</u>	<u>\$ 8,389,424</u>

The City has not adopted a policy that sets forth a minimum fund balance amount.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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 30th statutorily required contribution rates are 8.7% (general), 4.1% (police) and 4.9% (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	\$ 450,983
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	450,983
Actual contributions	295,845
Increase (decrease) in NPO	155,138
NPO beginning of year	-
NPO end of year	\$ 155,138

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

The annual required contribution (ARC) was determined as part of the February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% 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 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 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 28, 2009 was 30 years for the General division, 30 years for the Police division and 2 years for the Fire division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 257,406	100.0%	\$ —
2010	307,705	100.0%	—
2011	450,983	65.6%	155,138

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 2010 were \$143,825,485.

Tax Rates per \$100 Assessed Valuation

General	\$.6832
Park	<u>.3170</u>
Total	<u>\$ 1.002</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, 2011

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, 2011.

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, 2011, 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, 2011 totaled \$275,438.05.

The City of Moberly issues special tax bills each year in relation to mowing and debris removal. There is \$8,783 due at June 30, 2011.

During the fiscal year ended June 30, 2008 the City issued special tax bills totaling \$220,897 in relation to sewer lines. There is \$160,769.27 due at June 30, 2011.

The City of Moberly issues special tax bills each year for the sidewalk replacement program. There is \$8,776.60 due at June 30, 2011.

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, 2011, there were nine 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 2011 was \$47,991.

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, 2011

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 landfill was filled to capacity and closed in 2006, and the City is awaiting approval of final closure status by the Missouri Department of Natural Resources. The estimated liability for landfill closure and postclosure care costs is \$3,467,401 as of June 30, 2011, which is based on amounts calculated by Missouri Department of Natural Resources. 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 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 revenues generated from billing fees for the City's waste management contractor, Veolia Environmental Services and/or General Fund reserves.

G. Contingencies

The City has been named as a defendant in lawsuits along with other parties in regards to the 2010A, 2010B and 2010C Annual Appropriation Bonds (Manmtek US, Inc. "Project Sugar") that are in default. The lawsuits have been filed by various bondholders and contractors. The City's management and attorneys have indicated that the City is not liable for the bonds and the lawsuits will have no material effect on the City's financial statements.

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, 2011 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.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

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:

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, 2011

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 2011 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 \$24,304,747. Principal and interest paid for the current year and total CWW&SS net revenues for the current year were \$2,137,389 and \$(629,180), respectively.

The general, street improvement and park sales tax funds have pledged future revenues, net of specified operating expenses, to repay capital leases and notes payable 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 2011 on the capital leases and notes payable required 100% of net revenues. The total principal and interest remaining to be paid on the lease and notes payable is \$5,192,766. Principal and interest paid for the current year and total net revenues for the three funds listed above for the current year were \$737,045 and \$1,315,703, respectively.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (Continued)

K. Consideration of Subsequent Events

Subsequent events have been evaluated through December 27, 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.

L. Community Development Block Grant Funds

During a review by the State of Missouri's Department of Economic Development it was determined that the City of Moberly had received a pass-through Community Development Block Grant for the Lucille Manor project on behalf of the Northeast Missouri Community Action Agency. This grant was federally funded and, therefore, should have been reported on the City's Schedule of Federal Expenditures.

This report ~~has~~ been revised to reflect these funds and the related additional audit procedures required by the receipt and expenditures of the funds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOBERLY, MISSOURI
PENSION PLAN FUNDING PROGRESS
YEAR ENDED JUNE 30, 2011

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
2/28/2009	\$ 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%
2/28/2011	10,338,416	11,730,527	1,392,111	88%	4,360,032	32%

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, 2011 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 Sales Tax	Accounts for revenues and expenditures of the Parks Sales Tax Trust 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
Dog Park	Accounts for revenues and expenditures of the Dog Park Fund
In Car Video	Accounts for revenues and expenditures of the In Car Video 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

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, 2011

	<u>Park Sales Tax</u>	<u>Street Improvements</u>	<u>Perpetual Care Cemetery Principal</u>	<u>Perpetual Care Cemetery Interest</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 583,279	\$ -	\$ -	\$ 284,773
Due from other funds	471,116	72,276	7,071	2,621
Total Current Assets	<u>1,054,395</u>	<u>72,276</u>	<u>7,071</u>	<u>287,394</u>
Restricted Assets				
Cash and cash equivalents	-	-	-	-
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,054,395</u>	<u>\$ 72,276</u>	<u>\$ 7,071</u>	<u>\$ 287,394</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Assigned for debt service purposes	583,278	-	-	-
Assigned for special revenue purposes	471,117	72,276	7,071	287,394
Unassigned (Deficit)	-	-	-	-
TOTAL FUND BALANCE	<u>\$ 1,054,395</u>	<u>\$ 72,276</u>	<u>\$ 7,071</u>	<u>\$ 287,394</u>

MODAG Grant/Loan	911 Emergency Telephone Service	Use Tax Trust Fund	Airport Operating Fund	Hwy. 63 Waterline Relocation	Dog Park	In Car Video
\$ 150,000	\$ -	\$ 264,292	\$ -	\$ -	\$ -	\$ -
88,861	218,757	-	105	8,037	11,767	-
<u>238,861</u>	<u>218,757</u>	<u>264,292</u>	<u>105</u>	<u>8,037</u>	<u>11,767</u>	<u>-</u>
-	-	-	-	-	-	-
<u>\$ 238,861</u>	<u>\$ 218,757</u>	<u>\$ 264,292</u>	<u>\$ 105</u>	<u>\$ 8,037</u>	<u>\$ 11,767</u>	<u>\$ -</u>
\$ -	\$ -	\$ 29,288	\$ 4,114	\$ -	\$ -	\$ -
-	-	29,288	4,114	-	-	-
238,861	218,757	235,004	-	8,037	11,767	-
-	-	-	(4,009)	-	-	-
<u>\$ 238,861</u>	<u>\$ 218,757</u>	<u>\$ 235,004</u>	<u>\$ (4,009)</u>	<u>\$ 8,037</u>	<u>\$ 11,767</u>	<u>\$ -</u>

Non-Resident Lodging Fund	Downtown Lodging Fund	Cell Franchise	Veterans' Flag Project	ICSC/Buxton Sponsors	Totals (Memorandum Only)
\$ 61,000	\$ -	\$ 704,937	\$ 15,629	\$ -	\$ 2,063,910
111,506	-	68,710	4,506	-	1,065,333
<u>172,506</u>	<u>-</u>	<u>773,647</u>	<u>20,135</u>	<u>-</u>	<u>3,129,243</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 172,506</u>	<u>\$ -</u>	<u>\$ 773,647</u>	<u>\$ 20,135</u>	<u>\$ -</u>	<u>\$ 3,129,243</u>
\$ -	\$ -	\$ -	\$ -	\$ 269	\$ 33,671
-	-	-	-	269	33,671
-	-	-	-	-	583,278
172,506	-	773,647	20,135	-	2,516,572
-	-	-	-	(269)	(4,278)
<u>\$ 172,506</u>	<u>\$ -</u>	<u>\$ 773,647</u>	<u>\$ 20,135</u>	<u>\$ (269)</u>	<u>\$ 3,095,572</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, 2011

	Park Sales Tax	Street Improvements	Perpetual Care Cemetery Principal	Perpetual Care Cemetery Interest
REVENUES COLLECTED				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	1,019,382	385,447	-	-
Charges for goods and services	-	-	9,955	-
Federal and state grants	-	-	-	-
Interest income	-	-	-	3,813
Miscellaneous	2,743	-	-	-
Total Revenues Collected	1,022,125	385,447	9,955	3,813
EXPENDITURES PAID				
General government	-	-	-	-
Public safety	-	-	-	12,397
Transportation	-	343,089	-	-
Park and recreation	742,969	-	-	-
Debt service	-	-	-	-
Total Expenditures Paid	742,969	343,089	-	12,397
Excess (Deficit) of Revenues Collected over Expenditures Paid	279,156	42,358	9,955	(8,584)
Other Financing Sources (Uses)				
Certificates of participation proceeds				
Interfund transfers in (out)	(660,979)	(100,000)	(6,000)	12,525
Total Other Financing Sources (Uses)	(660,979)	(100,000)	(6,000)	12,525
Excess (Deficit) of Revenue Collected over Expenditures Paid and Other Financing Sources (Uses)	(381,823)	(57,642)	3,955	3,941
Fund Balance, beginning of year (Deficit)	1,436,218	129,918	3,116	283,453
Fund Balance, end of year (Deficit)	\$ 1,054,395	\$ 72,276	\$ 7,071	\$ 287,394

MODAG Grant/Loan	911 Emergency Telephone Service	Use Tax Trust Fund	Airport Operating Fund	Hwy. 63 Waterline Relocation	Dog Park	In Car Video
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	223,102	-	-	-	-	-
-	-	-	222,978	-	-	-
-	-	-	52,556	302	-	8,973
-	-	-	-	-	-	-
15,000	-	-	11,174	-	10,000	-
<u>15,000</u>	<u>223,102</u>	<u>-</u>	<u>286,708</u>	<u>302</u>	<u>10,000</u>	<u>8,973</u>
45,703	-	-	-	-	-	-
-	76,851	-	-	-	8,233	-
-	-	-	321,998	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>45,703</u>	<u>76,851</u>	<u>-</u>	<u>321,998</u>	<u>-</u>	<u>8,233</u>	<u>-</u>
(30,703)	146,251	-	(35,290)	302	1,767	8,973
-	(150,000)	(29,288)	63,189	(302)	10,000	(8,973)
-	(150,000)	(29,288)	63,189	(302)	10,000	(8,973)
(30,703)	(3,749)	(29,288)	27,899	-	11,767	-
269,564	222,506	264,292	(31,908)	8,037	-	-
<u>\$ 238,861</u>	<u>\$ 218,757</u>	<u>\$ 235,004</u>	<u>\$ (4,009)</u>	<u>\$ 8,037</u>	<u>\$ 11,767</u>	<u>\$ -</u>

Non-Resident Lodging Fund	Downtown Lodging Fund	Cell Franchise	Veterans' Flag Project	ICSC/Buxton Sponsors	Totals (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
101,300	-	-	-	-	1,729,231
-	-	-	-	-	232,933
-	-	-	-	-	61,831
-	-	6,632	129	-	10,574
2,105	-	3,218	10,945	2,500	57,685
<u>103,405</u>	<u>-</u>	<u>9,850</u>	<u>11,074</u>	<u>2,500</u>	<u>2,092,254</u>
94,664	5,450	97,488	5,023	3,632	251,960
-	-	-	-	-	97,481
-	-	-	-	-	665,087
-	-	-	-	-	742,969
-	-	-	-	-	-
<u>94,664</u>	<u>5,450</u>	<u>97,488</u>	<u>5,023</u>	<u>3,632</u>	<u>1,757,497</u>
8,741	(5,450)	(87,638)	6,051	(1,132)	334,757
-	950	-	-	-	(868,878)
-	950	-	-	-	(868,878)
8,741	(4,500)	(87,638)	6,051	(1,132)	(534,121)
163,765	4,500	861,285	14,084	863	3,629,693
<u>\$ 172,506</u>	<u>\$ -</u>	<u>\$ 773,647</u>	<u>\$ 20,135</u>	<u>\$ (269)</u>	<u>\$ 3,095,572</u>

**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL SCHEDULES**

**General Fund
Capital Improvement Trust Fund
Park and Recreation Fund
City Transportation 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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Property Taxes				
Real estate and personal	\$ 898,000	\$ 898,000	\$ 981,911	\$ 83,911
Intangible	6,500	6,500	4,156	(2,344)
Total Property Taxes	<u>904,500</u>	<u>904,500</u>	<u>986,067</u>	<u>81,567</u>
Other Taxes				
Sales	2,055,000	2,055,000	2,146,549	91,549
Franchise	2,075,000	2,075,000	2,314,755	239,755
Motor vehicle sales	127,500	127,500	142,188	14,688
Cigarette	115,000	115,000	106,812	(8,188)
Other	5,000	5,000	4,893	(107)
Total Other Taxes	<u>4,377,500</u>	<u>4,377,500</u>	<u>4,715,197</u>	<u>337,697</u>
Charges for Services				
Grave openings	21,500	21,500	26,090	4,590
Weed mowing	3,500	3,500	21,444	17,944
Miscellaneous	150	150	90	(60)
Total Charges for Services	<u>25,150</u>	<u>25,150</u>	<u>47,624</u>	<u>22,474</u>
Licenses, Permits and Fees				
Merchants license and permits	226,510	226,510	241,737	15,227
Liquor license	18,000	18,000	19,043	1,043
Permits	46,800	46,800	46,182	(618)
Fees	541,554	541,554	429,804	(111,750)
Total Licenses, Permits and Fees	<u>832,864</u>	<u>832,864</u>	<u>736,766</u>	<u>(96,098)</u>
Intergovernmental				
Federal and state grants	25,000	25,000	25,000	-
Total Intergovernmental	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED (cont'd)				
Interest				
Interest	4,000	4,000	1,844	(2,156)
Total Interest	<u>4,000</u>	<u>4,000</u>	<u>1,844</u>	<u>(2,156)</u>
Miscellaneous				
Reimbursement	6,500	6,500	12,259	5,759
Miscellaneous	28,200	28,200	33,861	5,661
Total Miscellaneous	<u>34,700</u>	<u>34,700</u>	<u>46,120</u>	<u>11,420</u>
Total Revenues Collected	<u>6,203,714</u>	<u>6,203,714</u>	<u>6,558,618</u>	<u>354,904</u>
EXPENDITURES PAID				
General Government				
Finance				
Salaries and payroll taxes	117,590	117,590	105,842	11,748
Supplies and materials	8,750	8,750	6,017	2,733
Contractual services	2,700	2,700	2,090	610
Miscellaneous	950	950	917	33
Total Finance	<u>129,990</u>	<u>129,990</u>	<u>114,866</u>	<u>15,124</u>
Personnel and Municipal Court				
Salaries and payroll taxes	154,854	154,854	137,159	17,695
Supplies and materials	44,750	44,750	25,775	18,975
Contractual services	26,800	26,800	18,973	7,827
Miscellaneous	1,600	1,600	2,671	(1,071)
Total Personnel and Municipal Court	<u>228,004</u>	<u>228,004</u>	<u>184,578</u>	<u>43,426</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES PAID (cont'd)				
City Clerk				
Salaries and payroll taxes	110,897	110,897	111,052	(155)
Supplies and materials	6,360	6,360	6,096	264
Contractual services	4,650	4,650	1,967	2,683
Miscellaneous	9,500	9,500	8,134	1,366
Total City Clerk	<u>131,407</u>	<u>131,407</u>	<u>127,249</u>	<u>4,158</u>
City Manager				
Salaries and payroll taxes	177,813	177,813	185,258	(7,445)
Supplies and materials	4,650	4,650	4,897	(247)
Contractual services	3,950	3,950	8,211	(4,261)
Miscellaneous	7,000	7,000	5,093	1,907
Total City Manager	<u>193,413</u>	<u>193,413</u>	<u>203,459</u>	<u>(10,046)</u>
City Hall				
Supplies and materials	25,000	25,000	16,729	8,271
Contractual services	28,600	28,600	25,524	3,076
Capital outlay	42,180	42,180	49,263	(7,083)
Total City Hall	<u>95,780</u>	<u>95,780</u>	<u>91,516</u>	<u>4,264</u>
General Services				
Salaries and payroll taxes	33,627	33,627	42,640	(9,013)
Supplies and materials	185,000	185,000	196,725	(11,725)
Contractual services	244,500	244,500	252,292	(7,792)
Capital outlay	1,600	1,600	4,088	(2,488)
Miscellaneous	65,800	65,800	52,542	13,258
Total General Services	<u>530,527</u>	<u>530,527</u>	<u>548,287</u>	<u>(17,760)</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, 2011**

	<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	45,567	4,433
Total Legal Staff	<u>50,000</u>	<u>50,000</u>	<u>45,567</u>	<u>4,433</u>
 Total General Government	 <u>1,359,121</u>	 <u>1,359,121</u>	 <u>1,315,522</u>	 <u>43,599</u>
 Public Safety				
Police				
Salaries and payroll taxes	2,157,627	2,157,627	2,101,142	56,485
Supplies and materials	148,400	148,400	96,520	51,880
Contractual services	135,122	135,122	88,962	46,160
Capital outlay	56,000	56,000	33,395	22,605
Miscellaneous	10,000	10,000	6,224	3,776
Total Police	<u>2,507,149</u>	<u>2,507,149</u>	<u>2,326,243</u>	<u>180,906</u>
 Fire and Emergency Management				
Salaries and payroll taxes	1,097,027	1,097,027	1,138,952	(41,925)
Supplies and materials	51,600	51,600	38,915	12,685
Contractual services	63,400	63,400	46,122	17,278
Capital outlay	85,578	85,578	91,091	(5,513)
Miscellaneous	7,700	7,700	6,900	800
Total Fire and Emergency Management	<u>1,305,305</u>	<u>1,305,305</u>	<u>1,321,980</u>	<u>(16,675)</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, 2011**

	<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	82,274	82,274	93,946	(11,672)
Supplies and materials	1,400	1,400	922	478
Contractual services	31,500	31,500	20,344	11,156
Capital outlay	17,500	17,500	10,804	6,696
Miscellaneous	-	-	466	(466)
Total Cemetery	<u>132,674</u>	<u>132,674</u>	<u>126,482</u>	<u>6,192</u>
Total Public Safety	<u>3,945,128</u>	<u>3,945,128</u>	<u>3,774,705</u>	<u>170,423</u>
Economic and Community Development				
Salaries and payroll taxes	272,583	272,583	275,959	(3,376)
Supplies and materials	16,450	16,450	10,024	6,426
Contractual services	212,650	212,650	157,289	55,361
Capital outlay	7,000	7,000	837	6,163
Miscellaneous	5,500	5,500	2,850	2,650
Total Economic and Community Development	<u>514,183</u>	<u>514,183</u>	<u>446,959</u>	<u>67,224</u>
Transportation				
Salaries and payroll taxes	618,223	618,223	597,174	21,049
Supplies and materials	88,800	88,800	107,050	(18,250)
Contractual services	57,450	57,450	54,621	2,829
Miscellaneous	8,100	8,100	5,443	2,657
Total Transportation	<u>772,573</u>	<u>772,573</u>	<u>764,288</u>	<u>8,285</u>
TOTAL EXPENDITURES PAID	<u>6,591,005</u>	<u>6,591,005</u>	<u>6,301,474</u>	<u>289,531</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, 2011**

	<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>(387,291)</u>	<u>(387,291)</u>	<u>257,144</u>	<u>644,435</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	16,574	16,574
Interfund transfers in (out)				
Historic Preservation Fund	393,816	393,816	-	(393,816)
In Car Video Fund	(6,525)	(6,525)	8,973	15,498
Street Improvement Fund	-	-	100,000	100,000
Perpetual Care Cemetery - Interest	-	-	(6,525)	(6,525)
911 Fund	-	-	150,000	150,000
Use Tax Trust Fund	-	-	29,288	29,288
Total Other Financing Sources (Uses)	<u>387,291</u>	<u>387,291</u>	<u>298,310</u>	<u>(88,981)</u>
Excess (Deficit) Revenues Collected Over Expenditures Paid and Other Financing Sources (Uses)	-	-	555,454	<u>\$ 555,454</u>
Fund Balance, beginning of year	<u>1,781,845</u>	<u>1,781,845</u>	<u>1,781,845</u>	
Fund Balance, end of year	<u>\$ 1,781,845</u>	<u>\$ 1,781,845</u>	<u>\$ 2,337,299</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Other taxes	\$ 1,025,000	\$ 1,025,000	\$ 1,019,408	\$ (5,592)
Interest income	5,000	5,000	3,313	(1,687)
Total Revenues Collected	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,022,721</u>	<u>(7,279)</u>
EXPENDITURES PAID				
General Government				
Repairs and maintenance	75,000	75,000	42,365	32,635
Miscellaneous	128,717	128,717	260,536	(131,819)
Total Expenditures Paid	<u>203,717</u>	<u>203,717</u>	<u>302,901</u>	<u>(99,184)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>826,283</u>	<u>826,283</u>	<u>719,820</u>	<u>(106,463)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)				
CWWSS Fund	(909,084)	(909,084)	(881,815)	27,269
Total Other Financing Sources (Uses)	<u>(909,084)</u>	<u>(909,084)</u>	<u>(881,815)</u>	<u>27,269</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	<u>(82,801)</u>	<u>(82,801)</u>	<u>(161,995)</u>	<u>\$ (79,194)</u>
Fund Balance, beginning of year	<u>1,764,304</u>	<u>1,764,304</u>	<u>1,764,304</u>	
Fund Balance, end of year	<u>\$ 1,681,503</u>	<u>\$ 1,681,503</u>	<u>\$ 1,602,309</u>	

**CITY OF MOBERLY, MISSOURI
PARKS AND RECREATION FUND
STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Property taxes	\$ 445,000	\$ 445,000	\$ 449,490	\$ 4,490
Other taxes	7,000	7,000	4,259	(2,741)
Charges for goods and services	282,500	282,500	344,363	61,863
Miscellaneous	7,500	7,500	18,282	10,782
Total Revenues Collected	742,000	742,000	816,394	74,394
EXPENDITURES PAID				
Parks and Recreation				
Concessions				
Salaries and payroll taxes	41,305	41,305	36,853	4,452
Supplies and materials	49,250	49,250	50,782	(1,532)
Contractual services	2,500	2,500	5,092	(2,592)
Miscellaneous	1,000	1,000	952	48
Total Concessions	94,055	94,055	93,679	376
Parks				
Salaries and payroll taxes	692,909	692,909	644,964	47,945
Supplies and materials	180,125	180,125	179,806	319
Contractual services	231,215	231,215	220,170	11,045
Capital outlay	162,500	162,500	143,819	18,681
Miscellaneous	19,300	19,300	24,791	(5,491)
Total Parks	1,286,049	1,286,049	1,213,550	72,499
Swimming Pool				
Salaries and payroll taxes	94,091	94,091	77,814	16,277
Supplies and materials	34,800	34,800	34,421	379
Contractual services	10,500	10,500	10,297	203
Miscellaneous	1,750	1,750	4,406	(2,656)
Total Swimming Pool	141,141	141,141	126,938	14,203

**CITY OF MOBERLY, MISSOURI
PARKS AND RECREATION FUND (CONTINUED)
STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES PAID (cont'd)				
Recreation				
Salaries and payroll taxes	4,721	4,721	2,277	2,444
Supplies and materials	11,000	11,000	9,903	1,097
Contractual services	3,000	3,000	3,873	(873)
Miscellaneous	1,250	1,250	589	661
Total Recreation	<u>19,971</u>	<u>19,971</u>	<u>16,642</u>	<u>3,329</u>
Total Expenditures Paid	<u>1,541,216</u>	<u>1,541,216</u>	<u>1,450,809</u>	<u>90,407</u>
Excess (Deficit) of Revenues				
Collected over Expenditures Paid	<u>(799,216)</u>	<u>(799,216)</u>	<u>(634,415)</u>	<u>164,801</u>
Other Financing Sources (Uses)				
Interfund Transfers in (out)				
Park Sales Tax Trust Fund	<u>799,216</u>	<u>799,216</u>	<u>650,979</u>	<u>(148,237)</u>
Total Other Financing sources (Uses)	<u>799,216</u>	<u>799,216</u>	<u>650,979</u>	<u>(148,237)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)				
	-	-	16,564	<u>\$ 16,564</u>
Fund Balance, beginning of year	<u>25</u>	<u>25</u>	<u>25</u>	
Fund Balance, end of year	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 16,589</u>	

**CITY OF MOBERLY, MISSOURI
CITY TRANSPORTATION TRUST FUND
STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Other taxes	\$ 1,025,000	\$ 1,025,000	\$ 1,019,728	\$ (5,272)
Federal and state grants	285,681	285,681	297,758	12,077
Interest income	10,000	10,000	11,842	1,842
Miscellaneous	-	-	38,463	38,463
Total Revenues Collected	<u>1,320,681</u>	<u>1,320,681</u>	<u>1,367,791</u>	<u>47,110</u>
EXPENDITURES PAID				
Transportation				
Contractual services	822,035	822,035	584,462	237,573
Capital outlay	650,000	650,000	209,712	440,288
Miscellaneous	-	-	3,522	(3,522)
Total Expenditures Paid	<u>1,472,035</u>	<u>1,472,035</u>	<u>797,696</u>	<u>674,339</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(151,354)</u>	<u>(151,354)</u>	<u>570,095</u>	<u>721,449</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)				
Airport Operating Fund	(143,818)	(143,818)	(63,189)	(80,629)
Downtown Lodging Fund	-	-	(950)	950
Hwy 63 Waterline Relocation	-	-	302	(302)
Total Other Financing Sources (Uses)	<u>(143,818)</u>	<u>(143,818)</u>	<u>(63,837)</u>	<u>(79,981)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	<u>(295,172)</u>	<u>(295,172)</u>	<u>506,258</u>	<u>\$ 641,468</u>
Fund Balance, beginning of year	<u>831,397</u>	<u>831,397</u>	<u>831,397</u>	
Fund Balance, end of year	<u>\$ 536,225</u>	<u>\$ 536,225</u>	<u>\$ 1,337,655</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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 16, 2013. 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

Management of the City is responsible for establishing and maintaining effective 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.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2011-1.

We noted certain matters that we reported to management of the City of Moberly, Missouri in a separate letter dated December 27, 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.

December 27, 2012, except as to Note IV-L,
which is as of July 16, 2013


Timothy M. Jeffries, CPA, PC



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

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

Compliance

We have audited the City of Moberly, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City'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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2011-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 and other matters. 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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.

December 27, 2012, except as to Note IV-L,
which is as of July 16, 2013


Timothy M. Jeffries, CPA, PC

CITY OF MOBERLY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>Grantor Agency</u>	<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Justice				
Passed through the Missouri Department of Public Safety	Local Law Enforcement Block Grant	16.710		\$ 8,973
U.S. Department of Transportation				
Passed through the Missouri Department of Transportation	Airport Improvement Program	20.106	AIRE 010-034A-1	26,936
				<u>26,936</u>
	Surface Transportation Program	20.205	STP 4500(203)	123,156
	Surface Transportation Program	20.205	STP 4500(204)	167,000
				<u>290,156</u>
Environmental Protection Agency				
Passed through the Missouri Department of Natural Resources	Capitalization Grants for State Revolving Funds	66.458	C295178-04	831,351
	ARRA-Capitalization Grants for State Revolving Funds	66.458	C295648-01	570,052
				<u>1,401,403</u>
	Capitalization Grants for State Revolving Funds	66.468	DW291158-01 Series 2004C	<u>99,674</u>
U.S. Department of Housing & Urban Development				
Passed through the Missouri Department of Economic Development	Community Development Block Grant Program	14.228	2008-D1-33	<u>697,755</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 2,524,897</u></u>

**CITY OF MOBERLY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

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

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipient</u>
14.228	Community Development Block Grant Program	\$ 684,755

**CITY OF MOBERLY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 AND SUMMARY OF AUDITOR'S RESULTS
 JUNE 30, 2011**

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
14.228	Community Development Block Grant Program

CITY OF MOBERLY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
JUNE 30, 2011

Section III: Federal Award Findings and Questioned Costs

2011-A - Capitalization Grants and
Community Development Block Grant Program

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.

**CITY OF MOBERLY, MISSOURI
CORRECTIVE ACTION PLAN
JUNE 30, 2011**

Criteria: 2011-A - Capitalization Grants and Community Development Block Grant Program

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, 2013

CITY OF MOBERLY, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

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.

Resolution: In 2011, the Park Sales Tax Fund did not have expenditures that exceeded the budget. However, the City did have expenditures in the Capital Improvement Trust Fund that exceeded budget. Therefore, we consider this matter to be unresolved.

CITY OF MOBERLY, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2011

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.

Resolution: Unresolved. See similar items at 2011-A.