

ANNUAL REPORT OF
CITY OF MOBERLY, MISSOURI
YEAR ENDED JUNE 30, 2012

CITY OF MOBERLY, MISSOURI

Table of Contents

	<u>PAGE</u>
Independent Auditor's Report	1-2
Required Supplementary Information: Management's Discussion and Analysis	3-10
Government-Wide Financial Statements	
Statement of Net Assets - Cash Basis	11
Statement of Activities - Cash Basis	12-13
Fund Financial Statements	
Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions - Governmental Funds	14
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Governmental Fund Types	15
Reconciliation of the Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Government-Wide to the Statement of Activities – Cash Basis	16
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Capital Improvement Trust Fund	18
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual – Park and Recreation Fund	19
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual – City Transportation Trust Fund	20
Statement of Net Assets - Cash Basis - Proprietary Fund Types	21
Statement of Operating Revenues Collected, Operating Expenses Paid and Changes in Net Assets - Proprietary Fund Types	22
Notes to Basic Financial Statements	23-47

CITY OF MOBERLY, MISSOURI

Table of Contents

	<u>PAGE</u>
OTHER INFORMATION	
Pension Plan Funding Progress	48
COMBINING FINANCIAL STATEMENTS	
NON-MAJOR GOVERNMENTAL FUNDS	
Combining Statement of Assets, Liabilities and Fund Balances - Arising from Cash Transactions	49-50
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances	51-52
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual	
General Fund	53-58
Capital Improvement Trust Fund	59
Parks and Recreation Fund	60-61
City Transportation Trust Fund	62
COMPLIANCE AND INTERNAL CONTROL	
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63-64
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 <i>OMB Circular A-133</i>	65-66
Schedule of Expenditures of Federal Awards	67
Notes to the Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs and Summary of Auditor's Results	69-71
Corrective Action Plan	72
Schedule Of Prior Audit Findings And Questioned Costs	73-74



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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, 2012, 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, 2012, 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 August 9, 2013, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The management's discussion and analysis on pages 3 through 10 and schedule of pension plan funding progress on page 48 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 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. The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Timothy M. Jeffries, CPA, PC

August 9, 2013

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012
(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, 2012. 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 I.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 \$12,454,245 (net assets). Of this amount, \$5,560,539 (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 \$1,043,204.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,047,099. Of this amount \$1,729,086 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 \$2,228,747 or 32.5% of the total general fund expenditures.
- The City's bond payable decreased \$1,185,000 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, 2012
(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, 2012
(UNAUDITED)

The City maintains 26 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, Parks and Recreation, and Capital Improvements Trust Funds, which are considered to be major funds. Data from the other 22 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, 2012
(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 \$12,454,245 as of June 30, 2012.

2012 Net Assets

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 6,922,591	\$ 4,068,885	\$ 10,991,476
Restricted assets	505,001	957,768	1,462,769
Total Assets	<u>7,427,592</u>	<u>5,026,653</u>	<u>12,454,245</u>
Net Assets:			
Restricted	5,698,506	1,195,200	6,893,706
Unrestricted	1,729,086	3,831,453	5,560,539
Total Net Assets	<u>\$ 7,427,592</u>	<u>\$ 5,026,653</u>	<u>\$ 12,454,245</u>

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	<u>8,711,336</u>	<u>4,786,113</u>	<u>13,497,449</u>
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	<u>\$ 8,711,336</u>	<u>\$ 4,786,113</u>	<u>\$ 13,497,449</u>

As of June 30, 2012, 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 \$1,043,204.

Governmental Activities: Governmental activities decreased the net assets by \$1,283,744.

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Business-type Activities: Net Assets from business-type activities increased by \$240,540 from \$4,786,113 to \$5,026,653. This increase was primarily due to interfund transfers and loan proceeds.

The following tables provide a summary of the City's operations for year ended June 30, 2012 and 2011.

2012 Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 1,341,547	\$ 5,597,500	\$ 6,939,047
Operating grants and contributions	440,470	-	440,470
General Revenues:			
Property taxes	1,515,491	-	1,515,491
Sales and use taxes	5,408,554	-	5,408,554
Franchise taxes	2,196,098	-	2,196,098
Motor vehicle and fuel taxes	511,789	-	511,789
911 emergency phone taxes	219,259	-	219,259
Cigarette taxes	116,189	-	116,189
Lodging	88,501	-	88,501
Other taxes	8,950	-	8,950
Unrestricted investment earnings	11,378	528,487	539,865
Transfers	(571,609)	571,609	-
Loan proceeds	34,333	184,294	218,627
Miscellaneous	400,947	-	400,947
Total Revenues	11,721,897	6,881,890	18,603,787
Expenses:			
General government	3,601,221	-	3,601,221
Public safety	3,859,267	-	3,859,267
Transportation	3,192,383	-	3,192,383
Economic and community development	427,544	-	427,544
Park and recreation	1,925,226	-	1,925,226
Combined waterworks and sewerage	-	5,458,473	5,458,473
Solid waste	-	1,182,877	1,182,877
Total Expenses	13,005,641	6,641,350	19,646,991
Increase (Decrease) in net assets	(1,283,744)	240,540	(1,043,204)
Net Assets - beginning of year	8,711,336	4,786,113	13,497,449
Net Assets - end of year	\$ 7,427,592	\$ 5,026,653	\$ 12,454,245

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012
(UNAUDITED)

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	<u>\$ 8,711,336</u>	<u>\$ 4,786,113</u>	<u>\$ 13,497,449</u>

Financial Analysis of the Government's Funds

Governmental funds - The focus of the City of Moberly's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned 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, 2012
(UNAUDITED)

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,047,099. Of this total amount \$1,729,086 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 more than budgeted, the actual fund balance decrease for fiscal year 2012 was \$108,552.

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 \$20,354,505. Of this amount, \$16,250,000 represents bonds secured solely by combined water and sewerage system revenues, \$3,860,000 represents capital lease obligations and \$244,505 represents note payable.

**2012 Outstanding Debt at Year End
Revenue Bonds, Note Payable Debt and Capital Lease Debt**

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 16,250,000	\$ 16,250,000
Capital lease	3,860,000	-	3,860,000
Note payable	34,333	210,172	244,505
Total	<u>\$ 3,894,333</u>	<u>\$ 16,460,172</u>	<u>\$ 20,354,505</u>

**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>

CITY OF MOBERLY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012
(UNAUDITED)

During the fiscal year, the City's total debt decreased by \$1,417,901 or 6.4%. The decrease was due to retirement of \$1,637,146 of outstanding debt, the issuance of \$218,627 of additional debt, and the increase of \$618 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, 2012

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 9,071,017	\$ 1,920,459	\$ 10,991,476
Internal balances	(2,148,426)	2,148,426	-
Total Current Assets	<u>6,922,591</u>	<u>4,068,885</u>	<u>10,991,476</u>
Restricted Assets:			
Cash and cash equivalents	505,001	957,768	1,462,769
Total Restricted Assets	<u>505,001</u>	<u>957,768</u>	<u>1,462,769</u>
Total Assets	<u>7,427,592</u>	<u>5,026,653</u>	<u>12,454,245</u>
<u>NET ASSETS</u>			
Restricted but expendable for:			
Debt service	505,001	956,408	1,461,409
Other purposes	5,193,505	238,792	5,432,297
Unrestricted	<u>1,729,086</u>	<u>3,831,453</u>	<u>5,560,539</u>
Total Net Assets	<u>\$ 7,427,592</u>	<u>\$ 5,026,653</u>	<u>\$ 12,454,245</u>

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental Activities:						
General Government	\$ 3,601,221	\$ 762,577	\$ 42,164	\$ (2,796,480)	\$ -	\$ (2,796,480)
Total General Government	3,601,221	762,577	42,164	(2,796,480)	-	(2,796,480)
Public Safety:						
Police	2,458,214	2,183	8,001	(2,448,030)	-	(2,448,030)
Fire and Emergency Management	1,281,045	-	-	(1,281,045)	-	(1,281,045)
Cemetery	120,008	10,090	-	(109,918)	-	(109,918)
Total Public Safety	3,859,267	12,273	8,001	(3,838,993)	-	(3,838,993)
Transportation:						
Streets and sidewalks	1,987,019	-	13,636	(1,973,383)	-	(1,973,383)
Airport	1,205,364	288,246	376,669	(540,449)	-	(540,449)
Total Transportation	3,192,383	288,246	390,305	(2,513,832)	-	(2,513,832)
Economic and Community Development:						
Economic and Community Development	427,544	-	-	(427,544)	-	(427,544)
Total Economic and Community Dev	427,544	-	-	(427,544)	-	(427,544)
Park and Recreation:						
Park	1,925,226	278,451	-	(1,646,775)	-	(1,646,775)
Total Park and Recreation	1,925,226	278,451	-	(1,646,775)	-	(1,646,775)
Total Governmental Activities	13,005,641	1,341,547	440,470	(11,223,624)	-	(11,223,624)
Business-Type Activities:						
Combined Waterworks and Sewerage	5,458,473	4,410,509	-	-	(1,047,964)	(1,047,964)
Solid Waste	1,182,877	1,186,991	-	-	4,114	4,114
Public Parking System	-	-	-	-	-	-
Total Business-Type Activities	6,641,350	5,597,500	-	-	(1,043,850)	(1,043,850)
Total	\$ 19,646,991	\$ 6,939,047	\$ 440,470	\$ (11,223,624)	\$ (1,043,850)	\$ (12,267,474)

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED JUNE 30, 2012

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	1,515,491	-	1,515,491
Sales and use taxes	5,408,554	-	5,408,554
Franchise taxes	2,196,098	-	2,196,098
Motor vehicle and fuel taxes	511,789	-	511,789
911 Emergency phone	219,259	-	219,259
Cigarette taxes	116,189	-	116,189
Lodging	88,501	-	88,501
Other	8,950	-	8,950
Unrestricted investment earnings	11,378	528,487	539,865
Miscellaneous	400,947	-	400,947
Total general revenues	<u>10,477,156</u>	<u>528,487</u>	<u>11,005,643</u>
Change in net assets before loan proceeds and eliminating interfund transfers	<u>(746,468)</u>	<u>(515,363)</u>	<u>(1,261,831)</u>
Eliminate interfund transfers	(571,609)	571,609	-
Loan proceeds	34,333	184,294	218,627
Change in net assets	(1,283,744)	240,540	(1,043,204)
Net assets - beginning	<u>8,711,336</u>	<u>4,786,113</u>	<u>13,497,449</u>
Net assets - ending	<u>\$ 7,427,592</u>	<u>\$ 5,026,653</u>	<u>\$ 12,454,245</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, 2012

	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	\$ 5,128,247	\$ 1,477,965	\$ 16,730	\$ 1,480,289	\$ 587,293	\$ 8,690,524
Due from other funds	-	172,459	15,161	-	1,103,169	1,290,789
Total Current Assets	<u>\$ 5,128,247</u>	<u>\$ 1,650,424</u>	<u>\$ 31,891</u>	<u>\$ 1,480,289</u>	<u>\$ 1,690,462</u>	<u>\$ 9,981,313</u>
Restricted Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 505,001	\$ 505,001
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,001</u>	<u>505,001</u>
Total Assets	<u>\$ 5,128,247</u>	<u>\$ 1,650,424</u>	<u>\$ 31,891</u>	<u>\$ 1,480,289</u>	<u>\$ 2,195,463</u>	<u>\$ 10,486,314</u>
LIABILITIES						
Due to other funds	\$ 2,899,500	\$ -	\$ -	\$ -	\$ 539,715	\$ 3,439,215
Total Liabilities	<u>2,899,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,715</u>	<u>3,439,215</u>
FUND BALANCES						
Restricted for debt service purposes	-	-	-	-	505,001	505,001
Assigned for special revenue purposes	-	1,650,424	31,891	1,480,289	1,650,408	4,813,012
Unassigned (Deficit)	2,228,747	-	-	-	(499,661)	1,729,086
Total Fund Balances	<u>\$ 2,228,747</u>	<u>\$ 1,650,424</u>	<u>\$ 31,891</u>	<u>\$ 1,480,289</u>	<u>\$ 1,655,748</u>	<u>\$ 7,047,099</u>

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	380,493
Net assets of governmental activities	<u>\$ 7,427,592</u>

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, 2012

	General Fund	Capital Improvement Trust Fund	Park and Recreation Fund	City Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
REVENUES COLLECTED						
Property taxes	\$ 1,038,413	\$ -	\$ 477,078	\$ -	\$ -	\$ 1,515,491
Other taxes	4,686,484	1,060,708	4,359	1,061,436	1,736,353	8,549,340
Licenses, permits and fees	731,212	-	-	-	-	731,212
Charges for goods and services	31,365	-	278,451	-	300,519	610,335
Intergovernmental	25,045	-	-	13,636	401,789	440,470
Interest	1,094	5,266	-	948	3,851	11,159
Miscellaneous	120,817	9,775	63,472	78,407	128,476	400,947
Total Revenues Collected	6,634,430	1,075,749	823,360	1,154,427	2,570,988	12,258,954
EXPENDITURES PAID						
General government	1,912,152	456,025	-	-	1,239,681	3,607,858
Public safety	3,769,506	-	-	-	124,696	3,894,202
Economic and community development	430,471	-	-	-	-	430,471
Transportation	750,853	-	-	957,997	1,490,062	3,198,912
Park and recreation	-	-	1,389,848	-	542,712	1,932,560
Total Expenditures Paid	6,862,982	456,025	1,389,848	957,997	3,397,151	13,064,003
Excess (Deficit) of Revenues Collected over Expenditures Paid	(228,552)	619,724	(566,488)	196,430	(826,163)	(805,049)
Other Financing Sources (Uses)						
Capital lease/loan proceeds	-	-	-	-	34,333	34,333
Interfund transfers in (out)	120,000	(571,609)	581,790	(53,796)	(647,994)	(571,609)
Total Other Financing Sources (Uses)	120,000	(571,609)	581,790	(53,796)	(613,661)	(537,276)
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	(108,552)	48,115	15,302	142,634	(1,439,824)	<u>\$ (1,342,325)</u>
Fund Balance, beginning of year	2,337,299	1,602,309	16,589	1,337,655	3,095,572	
Fund Balance, end of year	<u>\$ 2,228,747</u>	<u>\$ 1,650,424</u>	<u>\$ 31,891</u>	<u>\$ 1,480,289</u>	<u>\$ 1,655,748</u>	

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, 2012

Net change in fund balances - total governmental funds \$ (1,342,325)

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	1,169,691	
Interest income	219	
Health premiums, claims and administrative costs	<u>(1,111,329)</u>	<u>58,581</u>

Change in Net Assets of Governmental Activities \$ (1,283,744)

CITY OF MOBERLY, MISSOURI
STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES COLLECTED				
Property taxes	\$ 977,500	\$ 977,500	\$ 1,038,413	\$ 60,913
Other taxes	4,595,574	4,595,574	4,686,484	90,910
Licenses, permits and fees	759,147	759,147	731,212	(27,935)
Charges for services	36,650	36,650	31,365	(5,285)
Intergovernmental	25,000	25,000	25,045	45
Interest	2,500	2,500	1,094	(1,406)
Miscellaneous	34,500	34,500	120,817	86,317
Total Revenues Collected	<u>6,430,871</u>	<u>6,430,871</u>	<u>6,634,430</u>	<u>203,559</u>
EXPENDITURES PAID				
General government	1,476,735	1,476,735	1,912,152	(435,417)
Public safety	3,978,202	3,978,202	3,769,506	208,696
Economic and community development	554,486	554,486	430,471	124,015
Transportation	786,864	786,864	750,853	36,011
Total Expenditures Paid	<u>6,796,287</u>	<u>6,796,287</u>	<u>6,862,982</u>	<u>(66,695)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(365,416)</u>	<u>(365,416)</u>	<u>(228,552)</u>	<u>136,864</u>
OTHER FINANCING SOURCES (USES)				
Capital lease/loan proceeds				-
Interfund transfers in (out)	365,416	365,416	120,000	(245,416)
Total Other Financing Sources (Uses)	<u>365,416</u>	<u>365,416</u>	<u>120,000</u>	<u>(245,416)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	-	-	(108,552)	<u>\$ (108,552)</u>
Fund Balance, beginning of year	<u>2,337,299</u>	<u>2,337,299</u>	<u>2,337,299</u>	
Fund Balance, end of year	<u>\$ 2,337,299</u>	<u>\$ 2,337,299</u>	<u>\$ 2,228,747</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES COLLECTED				
Other taxes	\$ 1,023,050	\$ 1,023,050	\$ 1,060,708	\$ 37,658
Interest income	3,500	3,500	5,266	1,766
Miscellaneous	3,500	3,500	9,775	6,275
Total Revenues	<u>1,030,050</u>	<u>1,030,050</u>	<u>1,075,749</u>	<u>45,699</u>
EXPENDITURES PAID				
General Government	1,780,164	1,780,164	456,025	1,324,139
Total Expenditures Paid	<u>1,780,164</u>	<u>1,780,164</u>	<u>456,025</u>	<u>1,324,139</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(750,114)</u>	<u>(750,114)</u>	<u>619,724</u>	<u>1,369,838</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)	-	-	(571,609)	(571,609)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(571,609)</u>	<u>(571,609)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	<u>(750,114)</u>	<u>(750,114)</u>	48,115	<u>\$ 798,229</u>
Fund Balance, beginning of year	<u>1,602,309</u>	<u>1,602,309</u>	<u>1,602,309</u>	
Fund Balance, end of year	<u>\$ 852,195</u>	<u>\$ 852,195</u>	<u>\$ 1,650,424</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Property taxes	\$ 444,000	\$ 444,000	\$ 477,078	\$ 33,078
Other taxes	4,500	4,500	4,359	(141)
Charges for services	251,000	251,000	278,451	27,451
Miscellaneous	53,000	53,000	63,472	10,472
Total Revenues Collected	<u>752,500</u>	<u>752,500</u>	<u>823,360</u>	<u>70,860</u>
EXPENDITURES PAID				
Parks and Recreation	1,350,472	1,350,472	1,389,848	(39,376)
Total Expenditures Paid	<u>1,350,472</u>	<u>1,350,472</u>	<u>1,389,848</u>	<u>(39,376)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(597,972)</u>	<u>(597,972)</u>	<u>(566,488)</u>	<u>31,484</u>
OTHER FINANCING SOURCES (USES)				
Certificates of participation proceeds				
Interfund transfers in (out)	597,972	597,972	581,790	(16,182)
Total Other Financing Sources (Uses)	<u>597,972</u>	<u>597,972</u>	<u>581,790</u>	<u>(16,182)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	-	-	15,302	<u>\$ 15,302</u>
Fund Balance, beginning of year	<u>16,589</u>	<u>16,589</u>	<u>16,589</u>	
Fund Balance, end of year	<u>\$ 16,589</u>	<u>\$ 16,589</u>	<u>\$ 31,891</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Other taxes	\$ 1,023,050	\$ 1,023,050	\$ 1,061,436	\$ 38,386
Intergovernmental	-	-	13,636	13,636
Interest income	10,000	10,000	948	(9,052)
Miscellaneous	35,000	35,000	78,407	43,407
Total Revenues	<u>1,068,050</u>	<u>1,068,050</u>	<u>1,154,427</u>	<u>86,377</u>
EXPENDITURES PAID				
Transportation	852,599	852,599	957,997	(105,398)
Total Expenditures Paid	<u>852,599</u>	<u>852,599</u>	<u>957,997</u>	<u>(105,398)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>215,451</u>	<u>215,451</u>	<u>196,430</u>	<u>(19,021)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)	(201,864)	(201,864)	(53,796)	148,068
Total Other Financing Sources (Uses)	<u>(201,864)</u>	<u>(201,864)</u>	<u>(53,796)</u>	<u>148,068</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	<u>13,587</u>	<u>13,587</u>	<u>142,634</u>	<u>\$ 129,047</u>
Fund Balance, beginning of year	<u>1,337,655</u>	<u>1,337,655</u>	<u>1,337,655</u>	
Fund Balance, end of year	<u>\$ 1,351,242</u>	<u>\$ 1,351,242</u>	<u>\$ 1,480,289</u>	

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUND TYPES
JUNE 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>CWWSS</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Internal Service Fund</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,803,380	\$ -	\$ 1,803,380	\$ 497,572
Due from other funds	1,725,668	422,758	2,148,426	-
Total Current Assets	<u>3,529,048</u>	<u>422,758</u>	<u>3,951,806</u>	<u>497,572</u>
RESTRICTED ASSETS				
Cash and cash equivalents	957,768	-	957,768	-
Total Restricted Assets	<u>957,768</u>	<u>-</u>	<u>957,768</u>	<u>-</u>
Total Assets	<u>4,486,816</u>	<u>422,758</u>	<u>4,909,574</u>	<u>497,572</u>
LIABILITIES				
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Restricted for debt service - expendable	956,408	-	956,408	-
Restricted for construction - expendable	1,360	-	1,360	-
Restricted for customers deposits - expendable	120,353	-	120,353	-
Unrestricted	3,408,695	422,758	3,831,453	497,572
Total Net Assets	<u>\$ 4,486,816</u>	<u>\$ 422,758</u>	<u>\$ 4,909,574</u>	<u>\$ 497,572</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	117,079
Net assets of business-type activities	<u>\$ 5,026,653</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, 2012

	Business-Type Activities - Enterprise Funds			Governmental
	CWWSS	Solid Waste	Total	Internal Service Fund
Operating Revenues Collected				
Charges for services	\$ 4,353,540	\$ 752,028	\$ 5,105,568	\$ 1,460,493
Miscellaneous	56,969	434,963	491,932	-
Total Operating Revenues Collected	<u>4,410,509</u>	<u>1,186,991</u>	<u>5,597,500</u>	<u>1,460,493</u>
Operating Expenses Paid				
Salaries and payroll taxes	1,388,225	35,604	1,423,829	-
Supplies and materials	707,692	3,493	711,185	-
Repairs and maintenance	303,572	22,017	325,589	-
Contractual services	381,510	586,705	968,215	1,387,622
Capital outlay	322,589	73,900	396,489	-
Miscellaneous	263,832	461,527	725,359	-
Total Operating Expenses Paid	<u>3,367,420</u>	<u>1,183,246</u>	<u>4,550,666</u>	<u>1,387,622</u>
Operating Income (Loss)	<u>1,043,089</u>	<u>3,745</u>	<u>1,046,834</u>	<u>72,871</u>
Nonoperating Revenues (Expenses)				
Interest received	528,028	404	528,432	274
Principal, interest and fees paid	(2,105,193)	-	(2,105,193)	-
Net Non-Operating Revenues (Expenses)	<u>(1,577,165)</u>	<u>404</u>	<u>(1,576,761)</u>	<u>274</u>
Excess (Deficit) Operating Revenues Collected over Operating Expenses Paid Before Other Financing Sources (Uses)	<u>(534,076)</u>	<u>4,149</u>	<u>(529,927)</u>	<u>73,145</u>
Other Financing Sources (Uses)				
Loan proceeds	184,294	-	184,294	-
Operating Transfer In (Out)	571,609	-	571,609	-
Total Other Financing Sources (Uses)	<u>755,903</u>	<u>-</u>	<u>755,903</u>	<u>-</u>
Excess (Deficit) Operating Revenues Collected over Operating Expenses Paid and Other Sources (Uses)	<u>221,827</u>	<u>4,149</u>	<u>225,976</u>	<u>73,145</u>
Net Assets, Beginning of Year	<u>4,264,989</u>	<u>418,609</u>	<u>4,683,598</u>	<u>424,427</u>
Net Assets, End of Year	<u>\$ 4,486,816</u>	<u>\$ 422,758</u>	<u>\$ 4,909,574</u>	<u>\$ 497,572</u>

See Notes to the Financial Statements

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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, 2012

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, 2012

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, 2012

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
City Transportation Trust	Accounts for revenues and expenditures of the City Transportation Trust 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
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, 2012

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
Downtown Tree Replacement	Accounts for revenues and expenditures of the downtown tree replacement
Inmate Security	Accounts for revenues and expenditures of the inmate security
2012 LLEBG Grant	Accounts for revenues and expenditures of the 2012 LLEBG Grant
Historic Preservation Grant	Accounts for revenues and expenditures of the Historic Preservation Grant

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Railcar Preservation	Accounts for revenues and expenditures of the railcar preservation
Lucille Manor CDBG Grant	Accounts for revenues and expenditures of the Lucille Manor CDBG Grant

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, 2012, accumulated, but unused vacation and other time off for governmental funds and enterprise funds is \$347,623 and \$56,277, 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, 2012

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 the amount detailed in Note III-J should be considered restricted.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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, 2012

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, 2012.

Actual expenditures exceeded budgeted expenditures in the General, City Transportation Trust, and Park and Recreation Funds by \$66,695, \$105,398 and \$39,376, respectively.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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, 2012 are shown below:

	Maturities	Carrying Value
Deposits:		
Demand deposits		\$ 8,491,476
Time deposits	11/13/2012	140,000
Time deposits	11/14/2012	2,360,000
		10,991,476
U.S. Federal Obligations		1,462,769
		1,462,769
Total deposits and investments		\$ 12,454,245

Custodial Credit Risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$11,039,484 at June 30, 2012, 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, 2012, are provided in the previous schedule.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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, 2012, 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, 2012:

	Business-Type Activities			Total Business-Type Activities
	Revenue Bonds Payable	Accrued Compensated Absences	Note Payable	
Balance, June 30, 2011	\$ 17,435,000	\$ 61,316	\$ 51,450	\$ 17,547,766
Revenue bond proceeds	-	-	-	-
Revenue bond payments	(1,185,000)	-	-	(1,185,000)
Lease proceeds	-	-	-	-
Lease payments	-	-	-	-
Note proceeds	-	-	184,294	184,294
Note principal payment	-	-	(25,572)	(25,572)
Increase in compensated absences	-	36,182	-	36,182
Decrease in compensated absences	-	(41,221)	-	(41,221)
Balance, June 30, 2012	<u>\$ 16,250,000</u>	<u>\$ 56,277</u>	<u>\$ 210,172</u>	<u>\$ 16,516,449</u>
Amount due within one year	<u>\$ 1,210,000</u>	<u>\$ 40,000</u>	<u>\$ 133,976</u>	<u>\$ 1,383,976</u>

	Governmental Activities			Total Governmental Activities	Total
	Capital Lease Payable	Accrued Compensated Absences	Note Payable		
Balance, June 30, 2011	\$ 4,270,000	\$ 371,966	\$ 16,574	\$ 4,658,540	\$ 22,206,306
Revenue bond proceeds	-	-	-	-	-
Revenue bond payments	-	-	-	-	(1,185,000)
Lease proceeds	-	-	-	-	-
Lease payments	(410,000)	-	-	(410,000)	(410,000)
Note proceeds	-	-	34,333	34,333	218,627
Note principal payment	-	-	(16,574)	(16,574)	(42,146)
Increase in compensated absences	-	167,109	-	167,109	203,291
Decrease in compensated absences	-	(161,452)	-	(161,452)	(202,673)
Balance, June 30, 2012	<u>\$ 3,860,000</u>	<u>\$ 377,623</u>	<u>\$ 34,333</u>	<u>\$ 4,271,956</u>	<u>\$ 20,788,405</u>
Amount due within one year	<u>\$ 425,000</u>	<u>\$ 200,000</u>	<u>\$ 34,333</u>	<u>\$ 659,333</u>	<u>\$ 2,043,309</u>

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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, 2012:

	<u>Business-Type Activities</u>
	<u>Revenue</u>
Debt payable, July 1, 2011	\$ 17,435,000
Debt issued	—
Debt retired	(1,185,000)
Debt payable, June 30, 2012	\$ 16,250,000

Debt payable at June 30, 2012, 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%. \$ 1,095,000

\$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%. 4,860,000

\$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%. 3,780,000

\$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%. 4,290,000

\$2,560,000 2008A Combined waterworks and sewerage system revenue bonds due in annual installments through January 1, 2029; interest at 2.010% to 4.410%. 2,225,000

Total \$ 16,250,000

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

Annual requirements to amortize long-term debt principal and interest at June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
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	1,025,000	561,447	1,586,447
2018-2022	5,505,000	1,987,732	7,492,732
2023-2027	4,435,000	609,289	5,044,289
2028-2029	305,000	26,449	331,449
Total	<u>\$ 16,250,000</u>	<u>\$ 5,985,472</u>	<u>\$ 22,235,472</u>

Restricted Funds available to service debt:

Sinking	\$ 722,566
Reserve	233,842
Total	<u>\$ 956,408</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, 2012, the Constitutional general obligation debt limit, based on the assessed valuation at December 31, 2011, of approximately \$143,378,346 was \$28,675,669 which, after reduction for outstanding general obligation bonds of \$0, provides a general obligation debt margin of \$28,675,669.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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, 2012, 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 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, 2012	\$ <u>25,878</u>
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Schedule payments are as follows:

Year Ending June 30,	
<u>2013</u>	\$ 26,190
	<u>26,190</u>
Less - amount representing interest	(312)
Total	<u>\$ 25,878</u>

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

On June 25, 2012, the City entered into a note agreement with the Bank of Cairo and Moberly to finance the purchase of equipment in the amount of \$184,294. The note is payable on demand, but if demand is not made the note is payable in three annual payments. Interest is at 1.950 percent. Equipment is pledged as collateral. The loan is subject to an annual non-appropriation termination rider.

Balance at June 30, 2012 \$ 184,294

Scheduled payment is as follows:

Year Ending June 30,		
2013	\$	111,692
2014		39,584
2015		<u>38,841</u>
		190,117
Less - amount representing interest		<u>(5,823)</u>
Total	\$	<u><u>184,294</u></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. This loan was paid off during the year.

Balance at June 30, 2012 \$ 0

On June 25, 2012, the City entered into a note agreement with the Bank of Cairo and Moberly to finance the purchase of equipment in the amount of \$34,333. The note is payable on demand, but if demand is not made the note is payable in one annual payment. Interest is at 1.950 percent. Equipment is pledged as collateral. The loan is subject to an annual non-appropriation termination rider.

Balance at June 30, 2012 \$ 34,333

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

Scheduled payment is as follows:

Year Ending June 30,	
<u>2013</u>	<u>\$ 35,002</u>
	35,002
Less - amount representing interest	(669)
Total	<u>\$ 34,333</u>

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, 2012 assuming noncancellation:

Year Ended June 30,	Certificates of Participation
<u>2013</u>	<u>\$ 589,343</u>
2014	587,468
2015	584,112
2016	584,107
2017	582,273
2018	583,538
2019	<u>1,075,594</u>
	4,586,435
Less - Amount Representing Interest	(726,435)
Total Minimum Lease Payments	<u>\$ 3,860,000</u>

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, 2012

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

G. Interfund Transfers

Interfund transfers during the year ended June 30, 2012 were as follows:

Disbursing Fund	Receiving Fund	Amount
General (Major)	Perpetual Care (Non-Major)	\$ 5,000
General (Major)	Street Improvement (Non-Major)	10,000
911 Phone (Non-Major)	General (Major)	135,000
Capital Improvement Trust (Major)	CW WSS (Major)	571,609
City Transportation Trust (Major)	Airport Operating (Non-Major)	45,396
City Transportation Trust (Major)	Downtown Lodging (Non-Major)	8,400
Park Sales Tax Trust (Non-Major)	Parks and Recreation (Major)	581,790
Park Sales Tax Trust (Non-Major)	Dog Park (Non-Major)	14,206
Non-Resident Lodging (Non-Major)	Historic Preservation Grant (Non-Major)	4,000
		<u>\$ 1,375,401</u>

Disbursing Fund	Receiving Fund	Purpose of Transfer
General	Perpetual Care	Budgeted transfer for operational expense/fund balance
General	Street Improvement	Budgeted transfer for operational expense/fund balance
911 Phone	General	Budgeted transfer for operational expense/fund balance
Capital Improvement Trust	CW WSS	Budgeted transfer for operational expense/fund balance
City Transportation Trust	Airport Operating	Transfer of grant matching funds
City 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
Non-Resident Lodging	Historic Preservation Grant	Budgeted transfer for operational expense/fund balance

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

H. Restricted Net Assets

<u>Activity</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Improvement Trust	Law	\$ 1,650,424
City Transportation Trust	Law	1,480,289
Park Sales Tax Trust	Law	976,393
Parks and Recreation	Council action	31,891
Street Improvements	Council action	200,201
Perpetual Care Cemetery Principal	Law	17,161
Perpetual Care Cemetery Interest	Law	284,234
MODAG Grant/Loan	Council action	7,267
911 Emergency Telephone Service	Law	219,416
Use Tax Trust	Law	235,004
Hwy. 63 Waterline Relocation	Law	8,037
Non-Resident Lodging	Council action	152,259
Cell Franchise	Council action	107
Veterans' Flag Project	Council action	25,208
Downtown Tree Replacement	Council action	1,900
Inmate Security	Council action	2,183
2012 LLEBG Grant	Council action	8,001
Railcar Preservation	Council action	919
Lucille Manor CDBG Grant	Council action	17,119
Health Account	Council action	380,493
		<u>\$ 5,698,506</u>

I. Deficit Fund Balance

At June 30, 2012, the Airport Operating Fund had a deficit fund balance of \$493,661 and the Historic Preservation Grant Fund had a deficit fund balance of \$6,000.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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

J. Fund Balance

Classifications of fund balances at June 30, 2012 are as follows:

	General Fund	Capital Improvement Trust Fund	Parks & Recreation Fund	City Transportation Fund	Other Governmental Fund	Total
Fund Balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for debt service	-	-	-	-	505,001	505,001
Committed	-	-	-	-	-	-
Assigned for DARE program	-	-	-	-	-	-
Assigned for special revenue purposes	-	1,650,424	31,891	1,480,289	1,650,408	4,813,012
Assigned for debt service purposes	-	-	-	-	-	-
Unassigned	2,228,747	-	-	-	(499,661)	1,729,086
	<u>\$ 2,228,747</u>	<u>\$ 1,650,424</u>	<u>\$ 31,891</u>	<u>\$ 1,480,289</u>	<u>\$ 1,655,748</u>	<u>\$ 7,047,099</u>

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

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.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

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 9.7% (general), 5.1% (police) and 5.9% (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	\$	516,688
Interest on net pension obligation		11,248
Adjustment to annual required contribution		(8,559)
Annual pension cost		519,377
Actual contributions		341,531
Increase (decrease) in NPO		177,846
NPO beginning of year		155,138
NPO end of year	\$	332,984

The annual required contribution (ARC) was determined as part of the February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 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, 2010 was 30 years for the General division, 30 years, 30 years for the Police division and 30 years for the Fire division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 307,705	100.0%	\$ —
2011	450,983	65.6%	155,138
2012	519,377	65.8%	332,984

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

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 2011 were \$143,378,346.

<u>Tax Rates per \$100 Assessed Valuation</u>	
General	\$.7061
Park	<u>.3276</u>
Total	<u>\$ 1.0337</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.

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, 2012.

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, 2012, 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, 2012 totaled \$270,582.15.

The City of Moberly issues special tax bills each year in relation to mowing and debris removal. There is \$8,683 due at June 30, 2012.

During the fiscal year ended June 30, 2008 the City issued special tax bills totaling \$220,897 in relation to sewer lines. There is \$154,896.11 due at June 30, 2012.

The City of Moberly issues special tax bills each year for the sidewalk replacement program. There is \$8,332.45 due at June 30, 2012.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

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, 2012, there were eight employees that qualified for benefits and the City contributed \$546.49 to individual employee accounts on a monthly basis. The total contribution for fiscal year 2012 was \$52,463.

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.

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, 2012, 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, Advanced Disposal and/or General Fund reserves.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

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.

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.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

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.

— 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.

CITY OF MOBERLY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

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 2012 on the bonds and notes required 134% of net revenues. The total principal and interest revenues to be paid on the bonds and notes is \$22,451,779. Principal and interest paid for the current year and total CWW&SS net revenues for the current year were \$2,105,193 and \$1,571,117, 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 and notes payable are payable solely from net revenues of the funds listed above and are payable through 2019. Annual principal and interest payments in fiscal year 2012 on the capital leases and notes payable required 63% of net revenues. The total principal and interest remaining to be paid on the lease and notes payable is \$4,621,437. Principal and interest paid for the current year and total net revenues for the three funds listed above for the current year were \$640,665 and \$1,013,699, respectively.

K. Consideration of Subsequent Events

Subsequent events have been evaluated through August 9, 2013, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

OTHER INFORMATION

CITY OF MOBERLY, MISSOURI
PENSION PLAN FUNDING PROGRESS
YEAR ENDED JUNE 30, 2012

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
2/28/2010	\$ 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%
2/29/2012	11,186,212	12,100,517	914,305	92%	4,313,151	21%

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
Downtown Tree Replacement	Accounts for revenues and expenditures of the downtown tree replacement
Inmate Security	Accounts for revenues and expenditures of the inmate security
2012 LLEBG Grant	Accounts for revenues and expenditures of the 2012 LLEBG Grant
Historic Preservation Grant	Accounts for revenues and expenditures of the Historic Preservation Grant
Railcar Preservation	Accounts for revenues and expenditures of the railcar preservation
Lucille Manor CDBG Grant	Accounts for revenues and expenditures of the Lucille Manor CDBG Grant

CITY OF MOBERLY, MISSOURI
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM CASH TRANSACTIONS
JUNE 30, 2012

	Park Sales Tax	Street Improvements	Perpetual Care Cemetery Principal	Perpetual Care Cemetery Interest	MODAG Grant/Loan
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 295,000	\$ -
Due from other funds	471,392	200,201	17,161	-	7,267
Total Current Assets	471,392	200,201	17,161	295,000	7,267
Restricted Assets					
Cash and cash equivalents	505,001	-	-	-	-
Total Restricted Assets	505,001	-	-	-	-
TOTAL ASSETS	\$ 976,393	\$ 200,201	\$ 17,161	\$ 295,000	\$ 7,267
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 10,766	\$ -
TOTAL LIABILITIES	-	-	-	10,766	-
FUND BALANCE					
Assigned for debt service purposes	505,001	-	-	-	-
Assigned for special revenue purposes	471,392	200,201	17,161	284,234	7,267
Unassigned (Deficit)	-	-	-	-	-
TOTAL FUND BALANCE	\$ 976,393	\$ 200,201	\$ 17,161	\$ 284,234	\$ 7,267

911 Emergency Telephone Service	Use Tax Trust Fund	Airport Operating Fund	Hwy. 63 Waterline Relocation	Dog Park	In Car Video	Non-Resident Lodging Fund	Downtown Lodging Fund	Cell Franchise	Veterans' Flag Project	ICSC/Buxton Sponsors	Downtown Tree Replacement	Inmate Security	2012 LLEBG Grant	Historic Preservation Grant	Railcar Preservation	Lucille Manor CDBG Grant	Totals (Memorand Only)
\$ -	\$ 264,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 8,001	\$ -	\$ -	\$ -	\$ 587,29
219,416	-	-	8,037	-	-	152,259	-	107	5,208	-	1,900	2,183	-	-	919	17,119	1,103,16
219,416	264,292	-	8,037	-	-	152,259	-	107	25,208	-	1,900	2,183	8,001	-	919	17,119	1,690,46
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	505,00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	505,00
\$ 219,416	\$ 264,292	\$ -	\$ 8,037	\$ -	\$ -	\$ 152,259	\$ -	\$ 107	\$ 25,208	\$ -	\$ 1,900	\$ 2,183	\$ 8,001	\$ -	\$ 919	\$ 17,119	\$ 2,195,46
\$ -	\$ 29,288	\$ 493,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ 539,71
-	29,288	493,661	-	-	-	-	-	-	-	-	-	-	-	6,000	-	-	539,71
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	505,00
219,416	235,004	-	8,037	-	-	152,259	-	107	25,208	-	1,900	2,183	8,001	-	.919	17,119	1,650,40
-	-	(493,661)	-	-	-	-	-	-	-	-	-	-	-	(6,000)	-	-	\$ (499,66
\$ 219,416	\$ 235,004	\$ (493,661)	\$ 8,037	\$ -	\$ -	\$ 152,259	\$ -	\$ 107	\$ 25,208	\$ -	\$ 1,900	\$ 2,183	\$ 8,001	\$ (6,000)	\$ 919	\$ 17,119	\$ 1,655,74

CITY OF MOBERLY, MISSOURI
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012

	Park Sales Tax	Street Improvements	Perpetual Care Cemetery Principal	Perpetual Care Cemetery Interest	MODAG Grant/Loan
REVENUES COLLECTED					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	1,060,706	367,887	-	-	-
Charges for goods and services	-	-	10,090	-	-
Federal and state grants	-	-	-	-	-
Interest income	-	-	-	2,133	303
Miscellaneous	-	-	-	-	107,267
Total Revenues Collected	1,060,706	367,887	10,090	2,133	107,570
EXPENDITURES PAID					
General government	-	-	-	-	339,164
Public safety	-	-	-	10,293	-
Transportation	-	284,295	-	-	-
Park and recreation	542,712	-	-	-	-
Debt service	-	-	-	-	-
Total Expenditures Paid	542,712	284,295	-	10,293	339,164
Excess (Deficit) of Revenues Collected over Expenditures Paid	517,994	83,592	10,090	(8,160)	(231,594)
Other Financing Sources (Uses)					
Loan proceeds	-	34,333	-	-	-
Interfund transfers in (out)	(595,996)	10,000	-	5,000	-
Total Other Financing Sources (Uses)	(595,996)	44,333	-	5,000	-
Excess (Deficit) of Revenue Collected over Expenditures Paid and Other Financing Sources (Uses)	(78,002)	127,925	10,090	(3,160)	(231,594)
Fund Balance, beginning of year (Deficit)	1,054,395	72,276	7,071	287,394	238,861
Fund Balance, end of year (Deficit)	\$ 976,393	\$ 200,201	\$ 17,161	\$ 284,234	\$ 7,267

911 Emergency Telephone Service	Use Tax Trust Fund	Airport Operating Fund	Hwy. 63 Waterline Relocation	Dog Park	In Car Video	Non-Resident Lodging Fund	Downtown Lodging Fund	Cell Franchise	Veterans' Flag Project	ICSC/Buxton Sponsors	Downtown Tree Replacement	Inmate Security	2012 LLEBG Grant	Historic Preservation Grant	Railcar Preservation	Lucille Manor CDBG Grant	Totals (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
219,259	-	-	-	-	-	88,501	-	-	-	-	-	-	-	-	-	-	1,736,353
-	-	288,246	-	-	-	-	-	-	-	-	-	2,183	-	-	-	-	300,519
-	-	376,669	-	-	-	-	-	-	-	-	-	-	8,001	-	-	17,119	401,789
-	-	-	-	-	-	-	-	1,298	117	-	-	-	-	-	-	-	3,851
-	-	5,804	-	4,830	-	123	-	1,500	7,725	269	-	-	-	-	958	-	128,476
219,259	-	670,719	-	4,830	-	88,624	-	2,798	7,842	269	-	2,183	8,001	-	958	17,119	2,570,988
-	-	-	-	-	-	104,871	-	776,338	2,769	-	6,500	-	-	10,000	39	-	1,239,681
83,600	-	-	-	30,803	-	-	-	-	-	-	-	-	-	-	-	-	124,696
-	-	1,205,767	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,490,062
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	542,712
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
83,600	-	1,205,767	-	30,803	-	104,871	-	776,338	2,769	-	6,500	-	-	10,000	39	-	3,397,151
135,659	-	(535,048)	-	(25,973)	-	(16,247)	-	(773,540)	5,073	269	(6,500)	2,183	8,001	(10,000)	919	17,119	(826,163)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,333
(135,000)	-	45,396	-	14,206	-	(4,000)	-	-	-	-	8,400	-	-	4,000	-	-	(647,994)
(135,000)	-	45,396	-	14,206	-	(4,000)	-	-	-	-	8,400	-	-	4,000	-	-	(613,661)
659	-	(489,652)	-	(11,767)	-	(20,247)	-	(773,540)	5,073	269	1,900	2,183	8,001	(6,000)	919	17,119	(1,439,824)
218,757	235,004	(4,009)	8,037	11,767	-	172,506	-	773,647	20,135	(269)	-	-	-	-	-	-	3,095,572
\$ 219,416	\$ 235,004	\$ (493,661)	\$ 8,037	\$ -	\$ -	\$ 152,259	\$ -	\$ 107	\$ 25,208	\$ -	\$ 1,900	\$ 2,183	\$ 8,001	\$ (6,000)	\$ 919	\$ 17,119	\$ 1,655,748

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, 2012

	<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				
Real estate and personal	\$ 973,000	\$ 973,000	\$ 1,033,741	\$ 60,741
Intangible	4,500	4,500	4,672	172
Total Property Taxes	<u>977,500</u>	<u>977,500</u>	<u>1,038,413</u>	<u>60,913</u>
Other Taxes				
Sales	2,150,074	2,150,074	2,225,704	75,630
Franchise	2,187,500	2,187,500	2,196,098	8,598
Motor vehicle sales	140,000	140,000	143,902	3,902
Cigarette	113,000	113,000	116,189	3,189
Other	5,000	5,000	4,591	(409)
Total Other Taxes	<u>4,595,574</u>	<u>4,595,574</u>	<u>4,686,484</u>	<u>90,910</u>
Charges for Services				
Grave openings	21,500	21,500	28,340	6,840
Weed mowing	15,000	15,000	(4,662)	(19,662)
Miscellaneous	150	150	7,687	7,537
Total Charges for Services	<u>36,650</u>	<u>36,650</u>	<u>31,365</u>	<u>(5,285)</u>
Licenses, Permits and Fees				
Merchants license and permits	215,510	215,510	229,753	14,243
Liquor license	18,500	18,500	21,279	2,779
Permits	43,100	43,100	44,585	1,485
Fees	482,037	482,037	435,595	(46,442)
Total Licenses, Permits and Fees	<u>759,147</u>	<u>759,147</u>	<u>731,212</u>	<u>(27,935)</u>
Intergovernmental				
Federal and state grants	25,000	25,000	25,045	45
Total Intergovernmental	<u>25,000</u>	<u>25,000</u>	<u>25,045</u>	<u>45</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, 2012**

	<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	2,500	2,500	1,094	(1,406)
Total Interest	<u>2,500</u>	<u>2,500</u>	<u>1,094</u>	<u>(1,406)</u>
Miscellaneous				
Reimbursement	7,000	7,000	36,177	29,177
Miscellaneous	27,500	27,500	84,640	57,140
Total Miscellaneous	<u>34,500</u>	<u>34,500</u>	<u>120,817</u>	<u>86,317</u>
Total Revenues Collected	<u>6,430,871</u>	<u>6,430,871</u>	<u>6,634,430</u>	<u>203,559</u>
EXPENDITURES PAID				
General Government				
Finance				
Salaries and payroll taxes	124,597	124,597	125,530	(933)
Supplies and materials	8,750	8,750	3,242	5,508
Contractual services	1,550	1,550	2,049	(499)
Miscellaneous	1,000	1,000	1,640	(640)
Total Finance	<u>135,897</u>	<u>135,897</u>	<u>132,461</u>	<u>3,436</u>
Personnel and Municipal Court				
Salaries and payroll taxes	157,856	157,856	225,689	(67,833)
Supplies and materials	41,250	41,250	34,512	6,738
Contractual services	26,370	26,370	14,275	12,095
Miscellaneous	1,150	1,150	2,167	(1,017)
Total Personnel and Municipal Court	<u>226,626</u>	<u>226,626</u>	<u>276,643</u>	<u>(50,017)</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, 2012**

	<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	119,080	119,080	117,762	1,318
Supplies and materials	6,610	6,610	4,458	2,152
Contractual services	4,750	4,750	1,617	3,133
Capital outlay	12,000	12,000	9,123	2,877
Miscellaneous	9,600	9,600	8,213	1,387
Total City Clerk	<u>152,040</u>	<u>152,040</u>	<u>141,173</u>	<u>10,867</u>
City Manager				
Salaries and payroll taxes	221,931	221,931	202,973	18,958
Supplies and materials	4,700	4,700	5,803	(1,103)
Contractual services	4,120	4,120	4,130	(10)
Miscellaneous	5,650	5,650	13,218	(7,568)
Total City Manager	<u>236,401</u>	<u>236,401</u>	<u>226,124</u>	<u>10,277</u>
City Hall				
Supplies and materials	18,000	18,000	16,374	1,626
Contractual services	29,600	29,600	26,691	2,909
Capital outlay	42,177	42,177	49,381	(7,204)
Total City Hall	<u>89,777</u>	<u>89,777</u>	<u>92,446</u>	<u>(2,669)</u>
General Services				
Salaries and payroll taxes	32,594	32,594	33,224	(630)
Supplies and materials	195,000	195,000	162,567	32,433
Contractual services	286,000	286,000	296,657	(10,657)
Capital outlay	1,600	1,600	186,000	(184,400)
Miscellaneous	70,800	70,800	55,748	15,052
Total General Services	<u>585,994</u>	<u>585,994</u>	<u>734,196</u>	<u>(148,202)</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, 2012**

	<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	309,109	(259,109)
Total Legal Staff	<u>50,000</u>	<u>50,000</u>	<u>309,109</u>	<u>(259,109)</u>
 Total General Government	 <u>1,476,735</u>	 <u>1,476,735</u>	 <u>1,912,152</u>	 <u>(435,417)</u>
 Public Safety				
Police				
Salaries and payroll taxes	2,178,485	2,178,485	2,115,281	63,204
Supplies and materials	158,500	158,500	108,270	50,230
Contractual services	132,369	132,369	79,222	53,147
Capital outlay	88,200	88,200	57,809	30,391
Miscellaneous	12,200	12,200	5,053	7,147
Total Police	<u>2,569,754</u>	<u>2,569,754</u>	<u>2,365,635</u>	<u>204,119</u>
 Fire and Emergency Management				
Salaries and payroll taxes	1,135,456	1,135,456	1,188,296	(52,840)
Supplies and materials	53,900	53,900	39,878	14,022
Contractual services	53,900	53,900	39,606	14,294
Capital outlay	31,500	31,500	20,777	10,723
Miscellaneous	9,100	9,100	4,744	4,356
Total Fire and Emergency Management	<u>1,283,856</u>	<u>1,283,856</u>	<u>1,293,301</u>	<u>(9,445)</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES PAID (cont'd)				
Cemetery				
Salaries and payroll taxes	83,292	83,292	82,759	533
Supplies and materials	1,450	1,450	1,421	29
Contractual services	31,500	31,500	18,092	13,408
Capital outlay	8,000	8,000	8,208	(208)
Miscellaneous	350	350	90	260
Total Cemetery	124,592	124,592	110,570	14,022
Total Public Safety	3,978,202	3,978,202	3,769,506	208,696
Economic and Community Development				
Salaries and payroll taxes	285,386	285,386	283,867	1,519
Supplies and materials	14,950	14,950	11,104	3,846
Contractual services	213,400	213,400	132,411	80,989
Capital outlay	35,000	35,000	-	35,000
Miscellaneous	5,750	5,750	3,089	2,661
Total Economic and Community Development	554,486	554,486	430,471	124,015
Transportation				
Salaries and payroll taxes	618,614	618,614	593,475	25,139
Supplies and materials	91,800	91,800	100,815	(9,015)
Contractual services	66,450	66,450	52,253	14,197
Miscellaneous	10,000	10,000	4,310	5,690
Total Transportation	786,864	786,864	750,853	36,011
TOTAL EXPENDITURES PAID	6,796,287	6,796,287	6,862,982	(66,695)

**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, 2012**

	<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>(365,416)</u>	<u>(365,416)</u>	<u>(228,552)</u>	<u>136,864</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)				
Historic Preservation Fund	377,941	377,941	-	(377,941)
In Car Video Fund	(12,525)	(12,525)	-	12,525
Street Improvement Fund	-	-	(10,000)	(10,000)
Perpetual Care Cemetery - Interest	-	-	(5,000)	(5,000)
911 Fund	-	-	135,000	135,000
Total Other Financing Sources (Uses)	<u>365,416</u>	<u>365,416</u>	<u>120,000</u>	<u>(245,416)</u>
Excess (Deficit) Revenues Collected Over Expenditures Paid and Other Financing Sources (Uses)	-	-	(108,552)	<u>\$ (108,552)</u>
Fund Balance, beginning of year	<u>2,337,299</u>	<u>2,337,299</u>	<u>2,337,299</u>	
Fund Balance, end of year	<u>\$ 2,337,299</u>	<u>\$ 2,337,299</u>	<u>\$ 2,228,747</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Sales taxes	\$ 1,023,050	\$ 1,023,050	\$ 1,060,708	\$ 37,658
Interest income	3,500	3,500	5,266	1,766
Miscellaneous	3,500	3,500	9,775	6,275
Total Revenues Collected	<u>1,030,050</u>	<u>1,030,050</u>	<u>1,075,749</u>	<u>45,699</u>
EXPENDITURES PAID				
General Government				
Repairs and maintenance	1,780,164	1,780,164	18,709	1,761,455
Contractual services	-	-	49,676	(49,676)
Capital outlay	-	-	247,901	(247,901)
Miscellaneous	-	-	139,739	(139,739)
Total Expenditures Paid	<u>1,780,164</u>	<u>1,780,164</u>	<u>456,025</u>	<u>1,324,139</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(750,114)</u>	<u>(750,114)</u>	<u>619,724</u>	<u>1,369,838</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)				
CWSS Fund	-	-	(571,609)	(571,609)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(571,609)</u>	<u>(571,609)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	<u>(750,114)</u>	<u>(750,114)</u>	<u>48,115</u>	<u>\$ 798,229</u>
Fund Balance, beginning of year	<u>1,602,309</u>	<u>1,602,309</u>	<u>1,602,309</u>	
Fund Balance, end of year	<u>\$ 852,195</u>	<u>\$ 852,195</u>	<u>\$ 1,650,424</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Property taxes	\$ 444,000	\$ 444,000	\$ 477,078	\$ 33,078
Other taxes	4,500	4,500	4,359	(141)
Charges for goods and services	251,000	251,000	278,451	27,451
Miscellaneous	53,000	53,000	63,472	10,472
Total Revenues Collected	<u>752,500</u>	<u>752,500</u>	<u>823,360</u>	<u>70,860</u>
EXPENDITURES PAID				
Parks and Recreation				
Concessions				
Salaries and payroll taxes	28,452	28,452	24,352	4,100
Supplies and materials	52,250	52,250	39,679	12,571
Contractual services	2,400	2,400	1,115	1,285
Miscellaneous	1,500	1,500	381	1,119
Total Concessions	<u>84,602</u>	<u>84,602</u>	<u>65,527</u>	<u>19,075</u>
Parks				
Salaries and payroll taxes	615,184	615,184	604,414	10,770
Supplies and materials	204,050	204,050	160,702	43,348
Contractual services	221,404	221,404	198,312	23,092
Capital outlay	37,500	37,500	188,978	(151,478)
Miscellaneous	35,150	35,150	38,121	(2,971)
Total Parks	<u>1,113,288</u>	<u>1,113,288</u>	<u>1,190,527</u>	<u>(77,239)</u>
Swimming Pool				
Salaries and payroll taxes	81,516	81,516	74,258	7,258
Supplies and materials	34,800	34,800	25,147	9,653
Contractual services	10,200	10,200	10,713	(513)
Miscellaneous	1,750	1,750	2,714	(964)
Total Swimming Pool	<u>128,266</u>	<u>128,266</u>	<u>112,832</u>	<u>15,434</u>

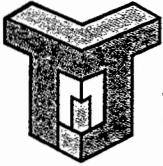
**CITY OF MOBERLY, MISSOURI
PARKS AND RECREATION FUND (CONTINUED)
STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012**

	<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	3,516	3,516	3,192	324
Supplies and materials	12,000	12,000	9,692	2,308
Contractual services	8,000	8,000	7,867	133
Miscellaneous	800	800	211	589
Total Recreation	<u>24,316</u>	<u>24,316</u>	<u>20,962</u>	<u>3,354</u>
Total Expenditures Paid	<u>1,350,472</u>	<u>1,350,472</u>	<u>1,389,848</u>	<u>(39,376)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(597,972)</u>	<u>(597,972)</u>	<u>(566,488)</u>	<u>31,484</u>
Other Financing Sources (Uses) Interfund Transfers in (out) Park Sales Tax Trust Fund	<u>597,972</u>	<u>597,972</u>	<u>581,790</u>	<u>(16,182)</u>
Total Other Financing sources (Uses)	<u>597,972</u>	<u>597,972</u>	<u>581,790</u>	<u>(16,182)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	-	-	15,302	<u>\$ 15,302</u>
Fund Balance, beginning of year	<u>16,589</u>	<u>16,589</u>	<u>16,589</u>	
Fund Balance, end of year	<u>\$ 16,589</u>	<u>\$ 16,589</u>	<u>\$ 31,891</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Sales taxes	\$ 1,023,050	\$ 1,023,050	\$ 1,061,436	\$ 38,386
Federal and state grants	-	-	13,636	13,636
Interest income	10,000	10,000	948	(9,052)
Miscellaneous	35,000	35,000	78,407	43,407
Total Revenues Collected	<u>1,068,050</u>	<u>1,068,050</u>	<u>1,154,427</u>	<u>86,377</u>
EXPENDITURES PAID				
Transportation				
Contractual services	252,599	252,599	51,304	201,295
Capital outlay	600,000	600,000	871,780	(271,780)
Miscellaneous	-	-	34,913	(34,913)
Total Expenditures Paid	<u>852,599</u>	<u>852,599</u>	<u>957,997</u>	<u>(105,398)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>215,451</u>	<u>215,451</u>	<u>196,430</u>	<u>(19,021)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in (out)				
Airport Operating Fund	(201,864)	(201,864)	(45,396)	(156,468)
Downtown Lodging Fund	-	-	(8,400)	8,400
Total Other Financing Sources (Uses)	<u>(201,864)</u>	<u>(201,864)</u>	<u>(53,796)</u>	<u>(148,068)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Sources (Uses)	13,587	13,587	142,634	<u>\$ (167,089)</u>
Fund Balance, beginning of year	<u>1,337,655</u>	<u>1,337,655</u>	<u>1,337,655</u>	
Fund Balance, end of year	<u>\$ 1,351,242</u>	<u>\$ 1,351,242</u>	<u>\$ 1,480,289</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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 9, 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 item 2012-1.

We noted certain matters that we reported to management of the City of Moberly, Missouri in a separate letter dated August 9, 2013.

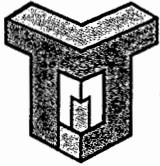
The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Timothy M. Jeffries, CPA, PC

August 9, 2013



Timothy M. Jeffries

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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, 2012. 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, 2012. 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 2012-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.



Timothy M. Jeffries, CPA, PC

August 9, 2013

CITY OF MOBERLY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Grantor Agency	Program Title	CFDA Number	Grant Number	Expenditures
U.S. Department of Justice				
Passed through the Missouri Department of Public Safety	Local Law Enforcement Block Grant	16.710		\$ 8,001
U.S. Department of Transportation				
Passed through the Missouri Department of Transportation	Airport Improvement Program	20.106	AIRE 010-034A-1	862,528
	Surface Transportation Program	20.205	STP 9900(248)	11,111
	Surface Transportation Program	20.205	STP 4500(203)	1,356
	Surface Transportation Program	20.205	STP 4500(204)	1,655
			Subtotal Surface Transportation	<u>14,122</u>
	DWI Enforcement/ Sobriety Checkpoints	20.601	11-K8-03-94	2,410
	Hazardous Moving Violation	20.600	11-PT-02-107	2,546
			Total U.S. Department of Transportation	<u>881,606</u>
Environmental Protection Agency				
Passed through the Missouri Department of Natural Resources	Capitalization Grants for State Revolving Funds	66.458	C295178-04	67,777
	Capitalization Grants for State Revolving Funds	66.468	DW291158-01 Series 2004C	5,686
			Total Environmental Protection Agency	<u>73,463</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 963,070</u></u>

**CITY OF MOBERLY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies

A. Purpose of Schedule of Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

2. Subrecipients

The City provided no federal awards to subrecipients during the year ended June 30, 2012.

**CITY OF MOBERLY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF AUDITOR'S RESULTS
JUNE 30, 2012**

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 X No

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

Noncompliance material to financial statement noted? X Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

**CITY OF MOBERLY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
JUNE 30, 2012**

Section III: Federal Award Findings and Questioned Costs

2012-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.

**CITY OF MOBERLY, MISSOURI
CORRECTIVE ACTION PLAN
JUNE 30, 2012**

Criteria: 2012-A - Capitalization Grants

Person Responsible: Greg Hodge, City of Moberly Finance Director

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

Completion Date: January 31, 2013

CITY OF MOBERLY, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

2011-1 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, 2012

2011-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 2012-A.