

# **City of Maryville, Missouri**

Financial Report

September 30, 2005

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Maryville, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maryville, Missouri, as of and for the year ended September 30, 2005, 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 Maryville, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Maryville Public Library, which represents 100% of the total assets and total revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Maryville Public Library, is based solely on the report of the other auditors.

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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Maryville, Missouri, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2005 on our consideration of the City of Maryville, 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 assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Information on pages 3 through 13 and 46 through 49 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Maryville, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Kansas City, Missouri  
December 16, 2005

# **M**ANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Maryville's (the City) financial statements presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal year ended September 30, 2005.

We offer those interested in the City of Maryville's financial statements this narrative overview and analysis of the financial activities of the City of Maryville for the fiscal year ended September 30, 2005.

## **FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at the close of the September 30, 2005 fiscal year by \$22,276,086 (net assets). Of this amount, \$2,908,625 may be used to meet the government's ongoing obligations to citizens and creditors. The assets of the City exceeded its liabilities at the close of the September 30, 2004 fiscal year by \$22,296,237 (net assets). Of this amount, \$2,841,035 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$20,151 and \$342,266 for fiscal years September 30, 2005 and 2004, respectively.

As of the close of this current fiscal year, the City of Maryville's governmental funds reported combined ending fund balances of \$1,321,930, an increase of \$70,841 in comparison with the prior year. Approximately 71 percent of this total amount, \$936,480, is available for spending at the government's discretion (unreserved fund balance). As of the close of the September 30, 2004 fiscal year, the City of Maryville's governmental funds reported combined ending fund balances of \$1,251,089, a decrease of \$141,863 in comparison with the prior year. Approximately 73 percent of the total amount, \$910,885, is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$805,614, or 20.6 percent of total General Fund expenditures. For September 30, 2004, unreserved fund balance of the General Fund was \$802,246, or 21.2 percent of total General Fund expenditures.

The City of Maryville's total debt, excluding compensated absences, decreased by \$841,278 (7.7 percent) during the current fiscal year.

# City of Maryville, Missouri

## Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Maryville's basic financial statements. The City of Maryville's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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 of whether or not 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 most recent fiscal year. All changes in net assets are reported as soon as 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 future fiscal periods, such as revenues pertaining to uncollected taxes and expense pertaining to earned but unused vacation.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and park and recreation. The business-type activities of the City include water/ sewer utility, solid waste, and Mozingo golf.

The government-wide financial statements include the City of Maryville itself (known as the primary

government). The financial statements also include the Maryville Public Library, the component unit of the City of Maryville. The component unit, although a legally separate entity, is included in the City's reporting entity as a discretely presented component unit because of its governance and financial relationship with the City.

Separate financial statements for the Maryville Public Library may be obtained by writing to the Maryville Public Library, 509 North Main, Maryville, Missouri 64468.

#### 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, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: **Governmental Funds**, **Proprietary Funds**, and **Fiduciary 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 near-term inflows and outflows 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 determining what financial resources are available in the near future to finance the City's programs.

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

## City of Maryville, Missouri

### Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

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this comparison between governmental funds and governmental activities.

The City maintains four (4) individual 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 Fund, the Park and Recreation Fund, and the Capital Project Fund, which are considered to be major funds. Data from the remaining governmental fund, the Debt Retirement Fund, is in a single presentation as it is the only nonmajor fund.

#### **Proprietary Funds**

Proprietary funds are generally used to account for services for which the City charges customers—either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of Proprietary funds:

**Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise funds to account for the operations of the Water and Sewer, Solid Waste, and Mazingo Recreation activities. All Enterprise funds are considered to be major funds of the City.

**Internal Service Funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses Internal Service funds to account for its fleet of vehicles and equipment and health insurance benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The Internal Service funds are combined into a single, aggregated presentation in the propriety fund financial statements. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City has two private-purpose trust funds and one agency fund, which are reported under the Fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary funds is much like that used for Proprietary funds.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the General Fund and major special revenue fund.

#### **Combining Statements**

The combining statements referred to earlier in connection with Internal Service funds and Fiduciary funds are presented immediately following the required supplementary information on pensions and budgetary comparison information.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Analysis of Net Assets**

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$22,276,086 at the close of the fiscal year ended September 30, 2005.

The largest portion of the City's net assets reflects its investment of \$17,929,071 (80.4 percent) in capital assets (e.g. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to

## City of Maryville, Missouri

### Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated from these liabilities.

#### Net Assets

|  | Governmental<br>Activities<br>2005 | Business-Type<br>Activities<br>2005 | Total 2005           | Governmental<br>Activities<br>2004 | Business-Type<br>Activities<br>2004 | Total 2004           |
|--|------------------------------------|-------------------------------------|----------------------|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                                      |                                    |                                     |                      |                                    |                                     |                      |
| Current and other assets                           | \$ 2,444,393                       | \$ 5,249,320                        | \$ 7,693,713         | \$ 2,799,177                       | \$ 5,184,906                        | \$ 7,984,083         |
| Capital assets                                     | 6,968,243                          | 21,021,515                          | 27,989,758           | 6,754,076                          | 21,783,399                          | 28,537,475           |
| Total assets                                       | <u>9,412,636</u>                   | <u>26,270,835</u>                   | <u>35,683,471</u>    | <u>9,553,253</u>                   | <u>26,968,305</u>                   | <u>36,521,558</u>    |
| <b>Liabilities</b>                                 |                                    |                                     |                      |                                    |                                     |                      |
| Noncurrent liabilities                             | 3,119,161                          | 7,524,831                           | 10,643,992           | 3,396,262                          | 7,696,183                           | 11,092,445           |
| Other liabilities                                  | 1,488,108                          | 1,275,285                           | 2,763,393            | 1,904,067                          | 1,228,809                           | 3,132,876            |
| Total liabilities                                  | <u>4,607,269</u>                   | <u>8,800,116</u>                    | <u>13,407,385</u>    | <u>5,300,329</u>                   | <u>8,924,992</u>                    | <u>14,225,321</u>    |
| <b>Net Assets</b>                                  |                                    |                                     |                      |                                    |                                     |                      |
| Invested in capital assets,<br>net of related debt | 3,519,045                          | 14,410,026                          | 17,929,071           | 3,048,651                          | 15,072,348                          | 18,120,999           |
| Restricted   | 385,450                            | 1,052,940                           | 1,438,390            | 340,204                            | 993,999                             | 1,334,203            |
| Unrestricted                                       | 900,872                            | 2,007,753                           | 2,908,625            | 864,069                            | 1,976,966                           | 2,841,035            |
| Total net assets                                   | <u>\$ 4,805,367</u>                | <u>\$ 17,470,719</u>                | <u>\$ 22,276,086</u> | <u>\$ 4,252,924</u>                | <u>\$ 18,043,313</u>                | <u>\$ 22,296,237</u> |

An additional portion of the City of Maryville's net assets (6.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,908,625) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Maryville is able to report positive balances in all three categories of net assets for the government as a whole.

City of Maryville, Missouri

Management's Discussion and Analysis  
For Fiscal Year Ended September 30, 2005

Analysis of Changes in Net Assets

The changes in net assets are highlighted in the following table, which shows the City's revenues and expenses for the fiscal year. These two main components are subtracted to yield the change in net assets.

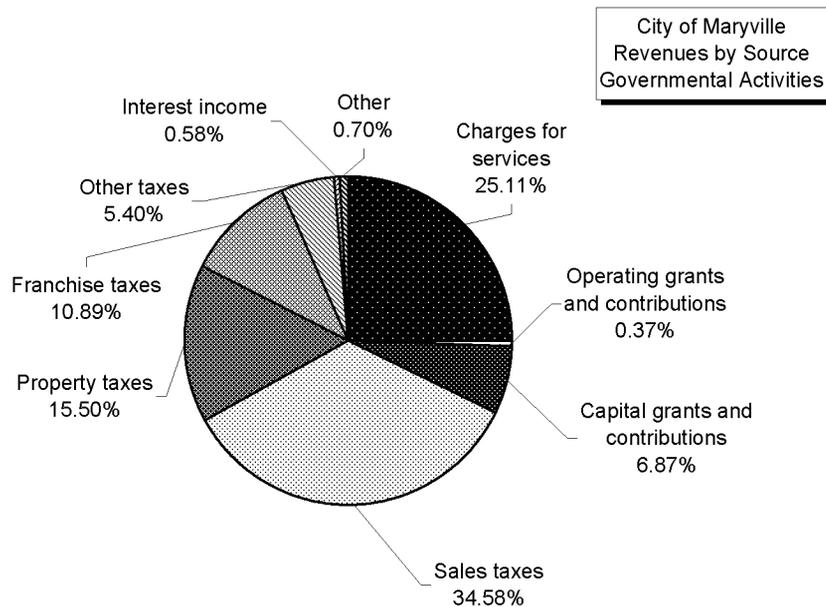
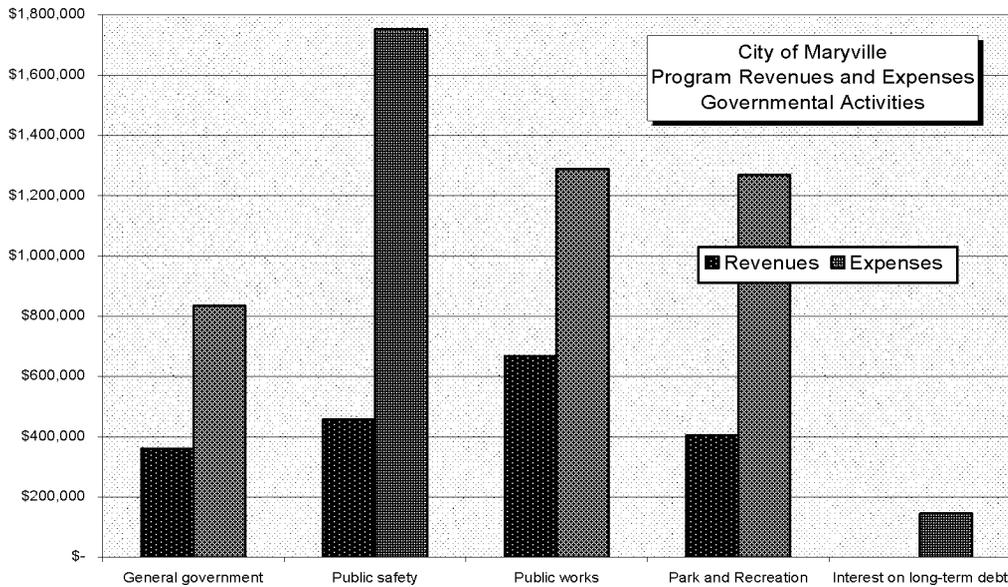
Changes in Net Assets

|                                    | Governmental<br>Activities<br>2005 | Business-Type<br>Activities<br>2005 | Total 2005           | Governmental<br>Activities<br>2004 | Business-Type<br>Activities<br>2004 | Total 2004           |
|------------------------------------|------------------------------------|-------------------------------------|----------------------|------------------------------------|-------------------------------------|----------------------|
| <b>Revenues:</b>                   |                                    |                                     |                      |                                    |                                     |                      |
| Program revenues:                  |                                    |                                     |                      |                                    |                                     |                      |
| Charges for services               | \$ 1,467,621                       | \$ 3,918,967                        | \$ 5,386,588         | \$ 1,213,760                       | \$ 3,763,737                        | \$ 4,977,497         |
| Operating grants and contributions | 21,744                             | -                                   | 21,744               | 23,991                             | -                                   | 23,991               |
| Capital grants and contributions   | 401,399                            | 17,400                              | 418,799              | 141,607                            | 84,686                              | 226,293              |
| General revenues:                  |                                    |                                     |                      |                                    |                                     |                      |
| Property taxes                     | 906,297                            | -                                   | 906,297              | 899,004                            | -                                   | 899,004              |
| Sales taxes                        | 2,020,830                          | 813,804                             | 2,834,634            | 1,951,600                          | 785,954                             | 2,737,554            |
| Franchise taxes                    | 636,872                            | -                                   | 636,872              | 584,126                            | -                                   | 584,126              |
| Other taxes                        | 315,753                            | -                                   | 315,753              | 641,612                            | -                                   | 641,612              |
| Interest income                    | 33,964                             | 121,955                             | 155,919              | 19,452                             | 56,947                              | 76,399               |
| Other                              | 41,122                             | -                                   | 41,122               | 72,135                             | -                                   | 72,135               |
| Total revenues                     | <u>5,845,602</u>                   | <u>4,872,126</u>                    | <u>10,717,728</u>    | <u>5,547,287</u>                   | <u>4,691,324</u>                    | <u>10,238,611</u>    |
| <b>Expenses:</b>                   |                                    |                                     |                      |                                    |                                     |                      |
| General government                 | 834,858                            | -                                   | 834,858              | 916,652                            | -                                   | 916,652              |
| Public safety                      | 1,754,039                          | -                                   | 1,754,039            | 1,572,179                          | -                                   | 1,572,179            |
| Public works                       | 1,289,136                          | -                                   | 1,289,136            | 1,299,883                          | -                                   | 1,299,883            |
| Parks and recreation               | 1,268,945                          | -                                   | 1,268,945            | 1,213,513                          | -                                   | 1,213,513            |
| Economic development               | -                                  | -                                   | -                    | 71,000                             | -                                   | 71,000               |
| Interest on long-term debt         | 146,181                            | -                                   | 146,181              | 186,621                            | -                                   | 186,621              |
| Solid waste                        | -                                  | 638,542                             | 638,542              | -                                  | 701,603                             | 701,603              |
| Water and sewer                    | -                                  | 3,317,895                           | 3,317,895            | -                                  | 3,216,355                           | 3,216,355            |
| Mozingo recreation                 | -                                  | 1,488,283                           | 1,488,283            | -                                  | 1,403,071                           | 1,403,071            |
| Total expenses                     | <u>5,293,159</u>                   | <u>5,444,720</u>                    | <u>10,737,879</u>    | <u>5,259,848</u>                   | <u>5,321,029</u>                    | <u>10,580,877</u>    |
| Increase (decrease) in net assets  | <b>552,443</b>                     | <b>(572,594)</b>                    | <b>(20,151)</b>      | 287,439                            | (629,705)                           | (342,266)            |
| Net assets, beginning              | <u>4,252,924</u>                   | <u>18,043,313</u>                   | <u>22,296,237</u>    | <u>3,965,485</u>                   | <u>18,673,018</u>                   | <u>22,638,503</u>    |
| Net assets, ending                 | <u>\$ 4,805,367</u>                | <u>\$ 17,470,719</u>                | <u>\$ 22,276,086</u> | <u>\$ 4,252,924</u>                | <u>\$ 18,043,313</u>                | <u>\$ 22,296,237</u> |

# City of Maryville, Missouri

## Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

**Governmental activities.** Total governmental activities' revenue for the fiscal year was \$5,845,602. The largest single revenue source for the City was sales tax of \$2,020,830. Sales tax increased by \$69,230 (3.5 percent) from 2004. Certain revenues are generated that are specific to governmental program activities. These totaled \$1,890,764 in 2005 and \$1,379,358 in 2004.

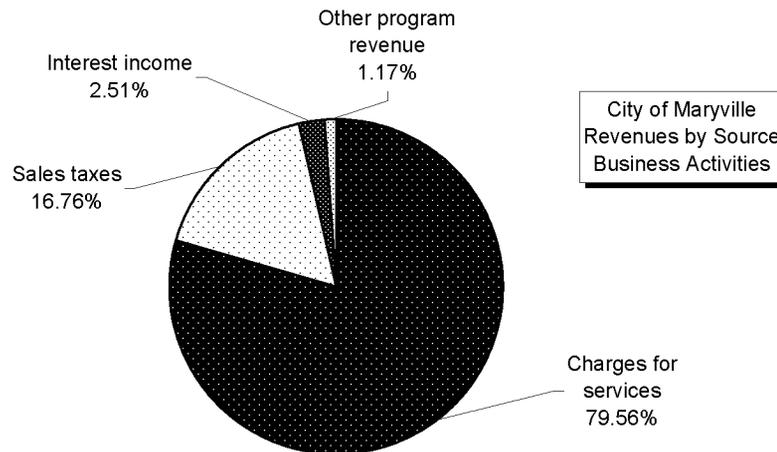
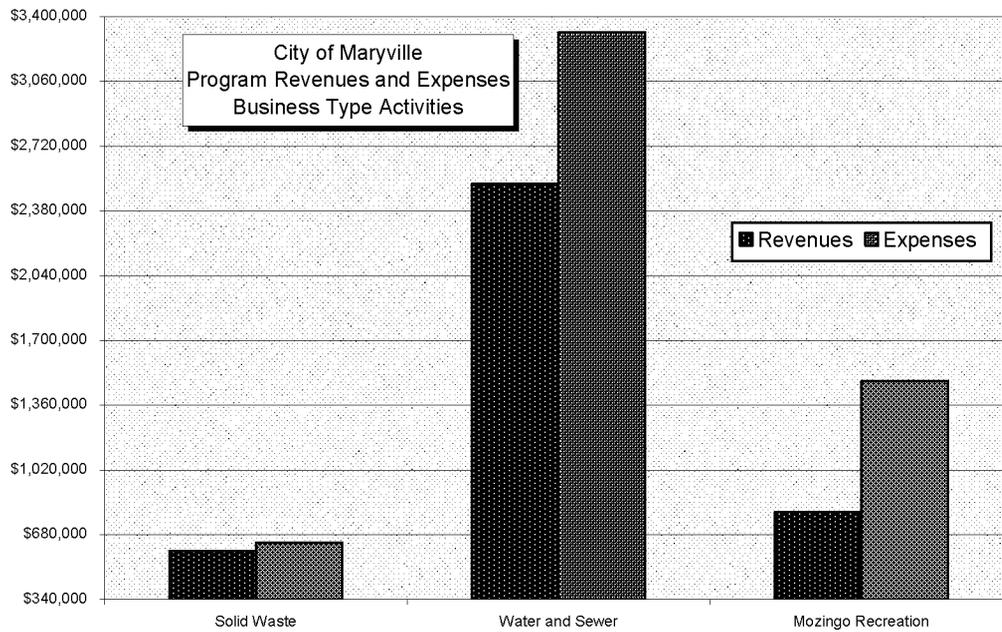


**City of Maryville, Missouri**

**Management's Discussion and Analysis  
For Fiscal Year Ended September 30, 2005**

As shown in the preceding two graphs, public safety is the largest function in expense (33.1 percent), followed by public works (24.4 percent) and park and recreation (24.0 percent). General revenues such as sales and property taxes are not shown by program, but are effectively used to support program activities citywide.

**Business-type activities.** Business-type activities decreased the City's net assets by \$572,594. This is due to the large amount of depreciation expense (\$1,685,237) charged to the business-type activities, without adequate charges for services to cover capital asset replacement.



## City of Maryville, Missouri

### Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

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As shown in the preceding two graphs for business-type activities' revenues, the largest of Maryville's business-type activities, Water and Sewer, had expenses of \$3,317,895, followed by Mozingo Recreation with operating expenses of \$1,488,283, and finally Solid Waste with \$638,542 in operating expenses. For the fiscal year, expenses exceeded revenues in all three activities, with Solid Waste coming closest to breaking even. Fees provided the largest share of revenues (80.4 percent) followed by sales taxes (16.7 percent) collected for capital improvements at Lake Mozingo.

#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

##### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Fund, Debt Service Fund and Capital Project Fund.

As of the end of the current fiscal year, the City of Maryville's governmental funds reported combined ending fund balances of \$1,321,930, an increase of \$70,841 in comparison with the prior year. Approximately 71 percent of this total amount, (\$936,480), constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service (\$367,421) and 2) for other restricted purposes (\$18,029).

As of the end of the September 30, 2004 fiscal year, the City of Maryville's governmental funds reported combined ending fund balances of \$1,251,089, a decrease of \$141,863 in comparison with the prior year. Approximately 73 percent of

this total amount, (\$910,885), constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service (\$323,400) and 2) for other restricted purposes (\$16,804).

The General Fund is the chief operating fund of the City of Maryville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$805,614, while total fund balance was \$811,957. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20.6 percent of total General Fund expenditures, while total fund balance represents 20.8 percent of that same amount.

The fund balance of the City of Maryville's General Fund increased by \$4,400 during the current fiscal year. Even though actual revenues were less than budgeted, enough savings were realized in expenditures to offset the reduced revenues. This was achieved mainly through unfilled staff positions and delays in the airport construction project.

The Park and Recreation Fund has a total fund balance of \$142,552. The net increase in fund balance during the current year was \$22,420. The majority of this is due to very conservative sales tax projections; actual sales tax exceeded the budget by 9.2 percent. Program revenues and other revenues were also slightly higher than budgeted.

The Capital Project Fund has a total fund balance and increase in fund balance of \$0. The expenditures were all for the permanent street construction project. The General Fund transferred in \$622,845 for this project.

## City of Maryville, Missouri

### Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

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#### **Proprietary Funds**

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

Unrestricted net assets of the Solid Waste Fund at the end of the year were \$(1,627,990); those for the Water and Sewer Fund were \$3,197,397; and those for the Mozingo Recreation Fund were \$438,346. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

#### **Fiduciary Funds**

The City maintains Fiduciary Funds for the assets of the Oak Hill Cemetery Perpetual Fund, the Miriam Cemetery Fund, and Municipal Court Agency Fund. The monies held in the Cemetery Perpetual Care funds are to be used for the non-routine maintenance and care of their respective cemeteries. The ongoing general repairs and maintenance are accounted for in the General Fund. Net assets at the end of the year were \$238,127 in the Oak Hill Cemetery Perpetual Fund and \$263,881 in the Miriam Cemetery Perpetual Fund.

City of Maryville, Missouri

Management's Discussion and Analysis  
For Fiscal Year Ended September 30, 2005

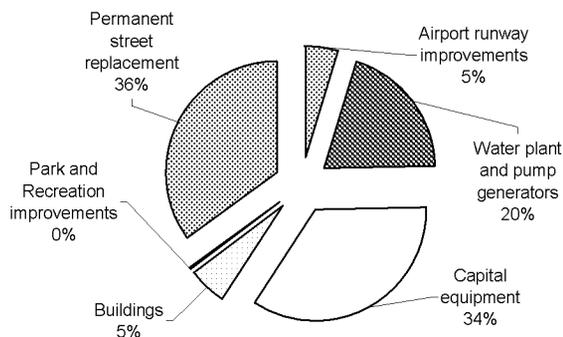
Capital Asset and Debt Administration

**Capital Assets.** The City of Maryville's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$27,989,758 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment. Major capital asset expenditures during 2005 and 2004 include:

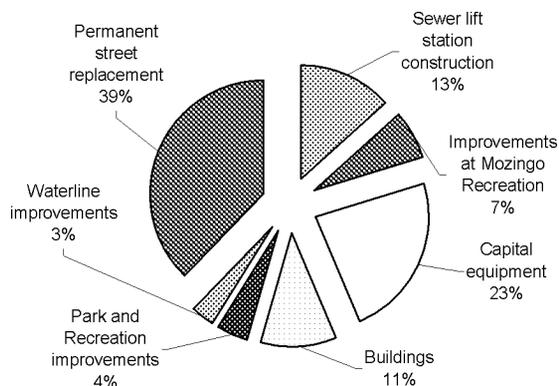
|  | 2005                | 2004                |
|--|---------------------|---------------------|
| Permanent street replacement               | \$ 623,696          | \$ 644,013          |
| Improvements at Mazingo Recreation         | -                   | 119,989             |
| Capital equipment                          | 613,118             | 398,191             |
| Generators at water plant and pump station | 361,401             | -                   |
| Buildings                                  | 97,857              | 184,156             |
| Airport runway improvements                | 82,501              | -                   |
| Park and Recreation improvements           | 8,900               | 76,903              |
| Waterline improvements                     | -                   | 58,717              |
| Sewer lift station construction            | -                   | 227,102             |
|  | <u>\$ 1,787,473</u> | <u>\$ 1,709,071</u> |

The following graph shows the capital expenditures by percentage:

2005 Capital Expenditures



2004 Capital Expenditures



## City of Maryville, Missouri

### Management's Discussion and Analysis For Fiscal Year Ended September 30, 2005

#### Capital Assets, Net of Depreciation

|                                   | Governmental<br>Activities |              | Business-Type<br>Activities |               | Total         |               |
|-----------------------------------|----------------------------|--------------|-----------------------------|---------------|---------------|---------------|
|                                   | 2005                       | 2004         | 2005                        | 2004          | 2005          | 2004          |
| Land                              | \$ 456,757                 | \$ 456,757   | \$ 1,793,611                | \$ 1,793,611  | \$ 2,250,368  | \$ 2,250,368  |
| Buildings                         | 3,402,423                  | 3,402,423    | 8,114,417                   | 8,065,596     | 11,516,840    | 11,468,019    |
| Improvements other than buildings | 6,251,304                  | 4,974,695    | 30,652,343                  | 30,427,409    | 36,903,647    | 35,402,104    |
| Construction in progress          | 82,501                     | 644,013      | 66,436                      | 224,934       | 148,937       | 868,947       |
| Machinery and equipment           | 2,103,197                  | 1,996,737    | 2,842,635                   | 2,139,588     | 4,945,832     | 4,136,325     |
| Accumulated depreciation          | (5,327,939)                | (4,720,549)  | (22,447,927)                | (20,867,739)  | (27,775,866)  | (25,588,288)  |
| Total                             | \$ 6,968,243               | \$ 6,754,076 | \$ 21,021,515               | \$ 21,783,399 | \$ 27,989,758 | \$ 28,537,475 |

Additional information on the City of Maryville's capital assets can be found in Note 4 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Maryville had total bonded debt outstanding of \$3,165,000, which is debt backed by the full faith and credit of the government.

#### Outstanding Debt

|                               | Governmental<br>Activities |              | Business-Type<br>Activities |              | Total         |               |
|-------------------------------|----------------------------|--------------|-----------------------------|--------------|---------------|---------------|
|                               | 2005                       | 2004         | 2005                        | 2004         | 2005          | 2004          |
| General obligation bonds      | \$ 3,165,000               | \$ 3,340,000 | \$ -                        | \$ -         | \$ 3,165,000  | \$ 3,340,000  |
| Revenue bonds                 | -                          | -            | 5,535,000                   | 5,960,000    | 5,535,000     | 5,960,000     |
| Certificates of participation | -                          | -            | 177,140                     | 262,938      | 177,140       | 262,938       |
| Notes payable                 | 21,423                     | 57,101       | 131,911                     | 143,613      | 153,334       | 200,714       |
| Capital leases                | 262,775                    | 308,324      | 767,438                     | 344,500      | 1,030,213     | 652,824       |
| Total                         | \$ 3,449,198               | \$ 3,705,425 | \$ 6,611,489                | \$ 6,711,051 | \$ 10,060,687 | \$ 10,416,476 |

The City of Maryville's total debt decreased by \$841,278 (7.7 percent) during the current fiscal year. Additional information on the City of Maryville's long-term debt can be found in Note 5 of this report.

#### Economic Factors and Next Year's Budgets and Rates

Economic development continues to be the main focus of the City Council and is at the forefront of the 2006 fiscal year budget. Three major projects are the asphalt overlay of south Main Street, using funds from the Missouri Department of Transportation for 80% of the project cost; downtown revitalization using funds from the U.S. Department of Housing and Urban Development and community donations; and improvements to the airport and its runway. Funding for the airport improvements is being provided by a federal grant from the Department of Transportation, with a 5 percent match from the City. In the Water/Sewer Fund, \$400,000 has been budgeted to replace the 30 year old east lift station, which pumps all of the raw sewage from the entire town across the 102 River to the lagoons. At Lake Mozingo, the Youth Camp Multi-Purpose Building will be completed, and with the success of the three rustic cabins constructed in 2005, a two bedroom ADA compatible cabin will be built in 2006.

#### Requests for Information

This financial report is designed to provide a general overview of the City of Maryville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Denise Town, Finance Director, City of Maryville, P.O. Box 438, Maryville, Missouri 64468.

# City of Maryville, Missouri

## Statement of Net Assets

September 30, 2005

|   | Primary Government      |                          |                      | Component Unit    |
|---|-------------------------|--------------------------|----------------------|-------------------|
|   | Governmental Activities | Business-Type Activities | Total                |                   |
| <b>ASSETS</b>                                   |                         |                          |                      |                   |
| Current Assets:                                 |                         |                          |                      |                   |
| Cash, cash equivalents and investments          | \$ 654,505              | \$ 3,385,329             | \$ 4,039,834         | \$ 110,121        |
| Receivables, net:                               |                         |                          |                      |                   |
| Taxes   | 1,270,001               | 111,142                  | 1,381,143            | ---               |
| Grants  | 69,266                  | ---                      | 69,266               | ---               |
| Utilities                                       | ---                     | 453,332                  | 453,332              | ---               |
| Note  | 3,650                   | ---                      | 3,650                | ---               |
| Accounts  | 89,592                  | 368                      | 89,960               | 3,315             |
| Prepaid insurance                               | ---                     | ---                      | ---                  | 4,093             |
| Inventory                                       | 2,495                   | 80,355                   | 82,850               | ---               |
| Total Current Assets                            | <u>2,089,509</u>        | <u>4,030,526</u>         | <u>6,120,035</u>     | <u>117,529</u>    |
| Noncurrent Assets:                              |                         |                          |                      |                   |
| Restricted assets:                              |                         |                          |                      |                   |
| Cash, cash equivalents and investments          | 354,884                 | 1,052,940                | 1,407,824            | 11,858            |
| Intangible asset                                | ---                     | 165,854                  | 165,854              | ---               |
| Capital assets:                                 |                         |                          |                      |                   |
| Nondepreciable                                  | 539,258                 | 1,860,047                | 2,399,305            | ---               |
| Depreciable, net                                | <u>6,428,985</u>        | <u>19,161,468</u>        | <u>25,590,453</u>    | <u>840,770</u>    |
| Total Noncurrent Assets                         | <u>7,323,127</u>        | <u>22,240,309</u>        | <u>29,563,436</u>    | <u>852,628</u>    |
| Total Assets                                    | <u>\$ 9,412,636</u>     | <u>\$ 26,270,835</u>     | <u>\$ 35,683,471</u> | <u>\$ 970,157</u> |
| <b>LIABILITIES</b>                              |                         |                          |                      |                   |
| Current Liabilities:                            |                         |                          |                      |                   |
| Accounts payable and accrued expenses           | \$ 186,011              | \$ 293,406               | \$ 479,417           | \$ 11,866         |
| Refundable deposits                             | ---                     | 51,460                   | 51,460               | ---               |
| Accrued interest payable                        | 11,826                  | 71,690                   | 83,516               | ---               |
| Compensated absences payable                    | 134,124                 | 66,351                   | 200,475              | ---               |
| Unearned revenue                                | 826,110                 | ---                      | 826,110              | ---               |
| Long-term liabilities due within one year       | <u>330,037</u>          | <u>792,378</u>           | <u>1,122,415</u>     | <u>---</u>        |
| Total Current Liabilities                       | <u>1,488,108</u>        | <u>1,275,285</u>         | <u>2,763,393</u>     | <u>11,866</u>     |
| Noncurrent Liabilities:                         |                         |                          |                      |                   |
| Landfill closure/post-closure liability         | ---                     | 1,705,720                | 1,705,720            | ---               |
| Long-term liabilities due in more than one year | <u>3,119,161</u>        | <u>5,819,111</u>         | <u>8,938,272</u>     | <u>---</u>        |
| Total Noncurrent Liabilities                    | <u>3,119,161</u>        | <u>7,524,831</u>         | <u>10,643,992</u>    | <u>---</u>        |
| Total Liabilities                               | <u>4,607,269</u>        | <u>8,800,116</u>         | <u>13,407,385</u>    | <u>11,866</u>     |
| <b>NET ASSETS</b>                               |                         |                          |                      |                   |
| Invested in capital assets, net of related debt | \$ 3,519,045            | \$ 14,410,026            | \$ 17,929,071        | 840,770           |
| Restricted:                                     |                         |                          |                      |                   |
| Debt service                                    | 367,421                 | 1,052,940                | 1,420,361            | ---               |
| Other purposes                                  | 18,029                  | ---                      | 18,029               | 11,858            |
| Unrestricted                                    | <u>900,872</u>          | <u>2,007,753</u>         | <u>2,908,625</u>     | <u>105,663</u>    |
| Total Net Assets                                | <u>4,805,367</u>        | <u>17,470,719</u>        | <u>22,276,086</u>    | <u>958,291</u>    |
| Total Liabilities and Net Assets                | <u>\$ 9,412,636</u>     | <u>\$ 26,270,835</u>     | <u>\$ 35,683,471</u> | <u>\$ 970,157</u> |

See Notes to Basic Financial Statements

# City of Maryville, Missouri

## Statement of Activities

For the Year Ended September 30, 2005

| Function/Programs                     | Program Revenues     |                      |                                    |                                  | Primary Government      |                          |                       | Component Unit |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|-----------------------|----------------|
|                                       | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total                 |                |
| <b>Primary government:</b>            |                      |                      |                                    |                                  |                         |                          |                       |                |
| Governmental Activities:              |                      |                      |                                    |                                  |                         |                          |                       |                |
| General government                    | \$ 834,858           | \$ 360,634           | \$ ---                             | \$ ---                           | \$ (474,224)            | \$ ---                   | \$ (474,224)          |                |
| Public safety                         | 1,754,039            | 323,747              | 13,712                             | 120,915                          | (1,295,665)             | ---                      | (1,295,665)           |                |
| Public works                          | 1,289,136            | 378,846              | 8,032                              | 280,484                          | (621,774)               | ---                      | (621,774)             |                |
| Park and recreation                   | 1,268,945            | 404,394              | ---                                | ---                              | (864,551)               | ---                      | (864,551)             |                |
| Interest on long-term debt            | 146,181              | ---                  | ---                                | ---                              | (146,181)               | ---                      | (146,181)             |                |
| <b>Total Governmental Activities</b>  | <b>5,293,159</b>     | <b>1,467,621</b>     | <b>21,744</b>                      | <b>401,399</b>                   | <b>(3,402,395)</b>      | <b>---</b>               | <b>(3,402,395)</b>    |                |
| Business-Type Activities:             |                      |                      |                                    |                                  |                         |                          |                       |                |
| Solid Waste                           | 638,542              | 596,615              | ---                                | ---                              | ---                     | (41,927)                 | (41,927)              |                |
| Water/sewer utility                   | 3,317,895            | 2,521,234            | ---                                | ---                              | ---                     | (796,661)                | (796,661)             |                |
| Mozingo Golf                          | 1,488,283            | 801,118              | ---                                | 17,400                           | ---                     | (669,765)                | (669,765)             |                |
| <b>Total Business-Type Activities</b> | <b>5,444,720</b>     | <b>3,918,967</b>     | <b>---</b>                         | <b>17,400</b>                    | <b>---</b>              | <b>(1,508,353)</b>       | <b>(1,508,353)</b>    |                |
| <b>Total Primary Government</b>       | <b>\$ 10,737,879</b> | <b>\$ 5,386,588</b>  | <b>\$ 21,744</b>                   | <b>\$ 418,799</b>                | <b>\$ (3,402,395)</b>   | <b>\$ (1,508,353)</b>    | <b>\$ (4,910,748)</b> |                |
| <b>Component Units:</b>               |                      |                      |                                    |                                  |                         |                          |                       |                |
| Maryville Public Library              | \$ 208,842           | \$ 11,371            | \$ ---                             | \$ 21,474                        | \$ (175,997)            | \$ ---                   | \$ (175,997)          | \$ (175,997)   |
| General Revenues:                     |                      |                      |                                    |                                  |                         |                          |                       |                |
| Taxes:                                |                      |                      |                                    |                                  |                         |                          |                       |                |
| Property Taxes                        |                      |                      |                                    |                                  | 906,297                 | ---                      | 906,297               | 167,426        |
| Sales Taxes                           |                      |                      |                                    |                                  | 2,020,830               | 813,804                  | 2,834,634             | ---            |
| Franchise Taxes                       |                      |                      |                                    |                                  | 636,872                 | ---                      | 636,872               | ---            |
| Other Taxes                           |                      |                      |                                    |                                  | 315,753                 | ---                      | 315,753               | ---            |
| Interest                              |                      |                      |                                    |                                  | 33,964                  | 121,955                  | 155,919               | 1,410          |
| Other                                 |                      |                      |                                    |                                  | 41,122                  | ---                      | 41,122                | 6,685          |
| Total General Revenues,               |                      |                      |                                    |                                  | 3,954,838               | 935,759                  | 4,890,597             | 175,521        |
| Change in Net Assets                  |                      |                      |                                    |                                  | 552,443                 | (572,594)                | (20,151)              | (476)          |
| Net Assets - Beginning                |                      |                      |                                    |                                  | 4,252,924               | 18,043,313               | 22,296,237            | 958,767        |
| Net Assets - Ending                   |                      |                      |                                    |                                  | \$ 4,805,367            | \$ 17,470,719            | \$ 22,276,086         | \$ 958,291     |

See Notes to Basic Financial Statements

# City of Maryville, Missouri

## Balance Sheet

### Governmental Funds

September 30, 2005

|  | General<br>Fund     | Park and<br>Recreation<br>Fund | Capital<br>Project<br>Fund | Non-Major<br>Governmental<br>Debt Service<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|----------------------------|---|--------------------------------|
| <b>ASSETS</b>                          |                     |                                |                            |   |                                |
| Cash, cash equivalents and investments | \$ 425,056          | \$ 119,357                     | \$ ---                     | \$ ---  | \$ 544,413                     |
| Receivables, net:                      |                     |                                |                            |   |                                |
| Taxes                                  | 730,908             | 373,927                        | ---                        | 165,166   | 1,270,001                      |
| Grants                                 | 69,266              | ---                            | ---                        | ---   | 69,266                         |
| Note                                   | ---                 | 3,650                          | ---                        | ---   | 3,650                          |
| Accounts                               | 88,942              | ---                            | ---                        | ---   | 88,942                         |
| Restricted assets:                     |                     |                                |                            |   |                                |
| Cash, cash equivalents and investments | 6,343               | 11,686                         | ---                        | 336,855   | 354,884                        |
| Total Assets                           | <u>\$ 1,320,515</u> | <u>\$ 508,620</u>              | <u>\$ ---</u>              | <u>\$ 502,021</u>                                 | <u>\$ 2,331,156</u>            |
| <b>LIABILITIES AND FUND BALANCES</b>   |                     |                                |                            |   |                                |
| Liabilities:                           |                     |                                |                            |   |                                |
| Accounts payable and accrued expenses  | 159,698             | 23,418                         | ---                        | ---   | 183,116                        |
| Refundable deposits                    | ---                 | ---                            | ---                        | ---   | ---                            |
| Deferred revenue                       | 348,860             | 342,650                        | ---                        | 134,600   | 826,110                        |
| Total Liabilities                      | <u>508,558</u>      | <u>366,068</u>                 | <u>---</u>                 | <u>134,600</u>                                    | <u>1,009,226</u>               |
| Fund Balances:                         |                     |                                |                            |   |                                |
| Reserved for:                          |                     |                                |                            |   |                                |
| Debt service                           | \$ ---              | \$ ---                         | \$ ---                     | \$ 367,421  | \$ 367,421                     |
| Other purposes                         | 6,343               | 11,686                         | ---                        | ---   | 18,029                         |
| Unreserved                             | 805,614             | 130,866                        | ---                        | ---   | 936,480                        |
| Total Fund Balances                    | <u>811,957</u>      | <u>142,552</u>                 | <u>---</u>                 | <u>367,421</u>                                    | <u>1,321,930</u>               |
| Total Liabilities and Fund Balances    | <u>\$ 1,320,515</u> | <u>\$ 508,620</u>              | <u>\$ ---</u>              | <u>\$ 502,021</u>                                 | <u>\$ 2,331,156</u>            |

See Notes to Basic Financial Statements

# City of Maryville, Missouri

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

September 30, 2005

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|  |                            |
|--|----------------------------|
| Fund Balances - Total Governmental Funds   | \$ 1,321,930               |
| Amounts reported for governmental activities in the statement of net assets are different because:   |                            |
| Capital assets net of depreciation are not financial resources and are not reported in governmental funds.   | 6,951,724                  |
| Long-term debt and compensated absences are not due and payable with current financial resources and are not reported in governmental funds.   |                            |
| General obligation bonds   | (3,165,000)                |
| Capital lease obligations  | (262,775)                  |
| Note payable   | (21,423)                   |
| Compensated absences   | (131,892)                  |
| Accrued interest payable for the current portion of interest due on general obligation bonds has not been reported in the governmental funds.  | (11,826)                   |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicles, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | <u>124,629</u>             |
| Net assets of governmental activities  | <u><u>\$ 4,805,367</u></u> |

See Notes to Basic Financial Statements

# City of Maryville, Missouri

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Year Ended September 30, 2005

|  | General<br>Fund   | Park and<br>Recreation<br>Fund | Capital<br>Project<br>Fund | Other<br>Governmental<br>Debt Service<br>Fund | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------------------|----------------------------|---|--------------------------------|
| <b>REVENUES</b>                              |                   |                                |                            |   |                                |
| Taxes  | \$ 3,258,232      | \$ 567,629                     | \$ ---                     | \$ 360,776                                    | \$ 4,186,637                   |
| Licenses and permits                         | 60,334            | ---                            | ---                        | ---   | 60,334                         |
| Intergovernmental revenues                   | 748,958           | ---                            | ---                        | ---   | 748,958                        |
| Charges for services                         | 19,792            | 404,394                        | ---                        | ---   | 424,186                        |
| Fines and forfeitures                        | 322,290           | ---                            | ---                        | ---   | 322,290                        |
| Interest                                     | 15,467            | 7,036                          | 851                        | 10,610  | 33,964                         |
| Other  | 49,013            | 20,220                         | ---                        | ---   | 69,233                         |
| Total Revenues                               | <u>4,474,086</u>  | <u>999,279</u>                 | <u>851</u>                 | <u>371,386</u>                                | <u>5,845,602</u>               |
| <b>EXPENDITURES</b>                          |                   |                                |                            |   |                                |
| Current:                                     |                   |                                |                            |   |                                |
| General government                           | 831,887           | ---                            | ---                        | ---   | 831,887                        |
| Public safety                                | 1,847,270         | ---                            | ---                        | ---   | 1,847,270                      |
| Public works                                 | 1,133,297         | ---                            | ---                        | ---   | 1,133,297                      |
| Park and recreation                          | ---               | 918,751                        | ---                        | ---   | 918,751                        |
| Economic development                         | ---               | ---                            | ---                        | ---   | ---                            |
| Capital outlay                               | ---               | ---                            | 623,696                    | ---   | 623,696                        |
| Debt service:                                |                   |                                |                            |   |                                |
| Principal retirement                         | 85,203            | 55,226                         | ---                        | 175,000                                       | 315,429                        |
| Interest and fiscal charges                  | 8,386             | 2,882                          | ---                        | 152,365                                       | 163,633                        |
| Total expenditures                           | <u>3,906,043</u>  | <u>976,859</u>                 | <u>623,696</u>             | <u>327,365</u>                                | <u>5,833,963</u>               |
| Excess of revenues over (under) expenditures | 568,043           | 22,420                         | (622,845)                  | 44,021  | 11,639                         |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                   |                                |                            |   |                                |
| Transfers in                                 | ---               | ---                            | 622,845                    | ---   | 622,845                        |
| Transfers out                                | (622,845)         | ---                            | ---                        | ---   | (622,845)                      |
| Issuance of long-term debt                   | 59,202            | ---                            | ---                        | ---   | 59,202                         |
| Total other financing sources (uses)         | <u>(563,643)</u>  | <u>---</u>                     | <u>622,845</u>             | <u>---</u>                                    | <u>59,202</u>                  |
| Net change in fund balances                  | 4,400             | 22,420                         | ---                        | 44,021  | 70,841                         |
| Fund balances - Beginning                    | <u>807,557</u>    | <u>120,132</u>                 | <u>---</u>                 | <u>323,400</u>                                | <u>1,251,089</u>               |
| Fund balances - Ending                       | <u>\$ 811,957</u> | <u>\$ 142,552</u>              | <u>\$ ---</u>              | <u>\$ 367,421</u>                             | <u>\$ 1,321,930</u>            |

**City of Maryville, Missouri**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**

For the Year Ended September 30, 2005

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|  |                   |
|--|-------------------|
| Net change in fund balances - Total governmental funds   | \$ 70,841         |
| Amounts reported for governmental activities in the statement of activities are different because:   |                   |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.  |                   |
| Capital outlay   | 881,521           |
| Depreciation expense   | (664,414)         |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.   | 315,429           |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount of capital lease proceeds recorded in governmental funds. | (59,202)          |
| Accrued interest payable for general obligation bonds. This is the net change in accrued interest for the current period.  | 17,452            |
| To record as an expense the net change in compensated absences in the Statement of Activities  | (2,093)           |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with with governmental activities.   | (7,091)           |
| Change in net assets of governmental activities  | <u>\$ 552,443</u> |

See Notes to Basic Financial Statements

# City of Maryville, Missouri

## Statement of Net Assets

### Proprietary Funds

September 30, 2005

|   | Solid Waste<br>Fund | Water and<br>Sewer Fund | Mozingo<br>Recreation<br>Fund | Totals               | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|---------------------|-------------------------|-------------------------------|----------------------|---|
| <b>ASSETS</b>                                   |                     |                         |                               |                      |   |
| Current:  |                     |                         |                               |                      |   |
| Cash, cash equivalents and investments          | \$ 101,310          | \$ 2,894,843            | \$ 389,176                    | \$ 3,385,329         | \$ 110,092  |
| Receivables, net:                               |                     |                         |                               |                      |   |
| Taxes   | ---                 | 693                     | 110,449                       | 111,142              | ---   |
| Utilities                                       | 27,039              | 426,293                 | ---                           | 453,332              | ---   |
| Accounts  | ---                 | ---                     | 368                           | 368                  | 650   |
| Inventory                                       | ---                 | 80,355                  | ---                           | 80,355               | 2,495   |
| Total Current Assets                            | <u>128,349</u>      | <u>3,402,184</u>        | <u>499,993</u>                | <u>4,030,526</u>     | <u>113,237</u>  |
| Noncurrent:                                     |                     |                         |                               |                      |   |
| Restricted assets:                              |                     |                         |                               |                      |   |
| Cash, cash equivalents and investments          | ---                 | 1,052,940               | ---                           | 1,052,940            | ---   |
| Intangible asset                                | ---                 | 165,854                 | ---                           | 165,854              | ---   |
| Capital assets:                                 |                     |                         |                               |                      |   |
| Nondepreciable                                  | 87,974              | 1,705,637               | 66,436                        | 1,860,047            | ---   |
| Depreciable, net                                | 333,635             | 16,197,604              | 2,630,229                     | 19,161,468           | 16,519  |
| Total Noncurrent Assets                         | <u>421,609</u>      | <u>19,122,035</u>       | <u>2,696,665</u>              | <u>22,240,309</u>    | <u>16,519</u>   |
| Total Assets                                    | <u>\$ 549,958</u>   | <u>\$ 22,524,219</u>    | <u>\$ 3,196,658</u>           | <u>\$ 26,270,835</u> | <u>\$ 129,756</u>   |
| <b>LIABILITIES AND FUND BALANCES</b>            |                     |                         |                               |                      |   |
| Liabilities:                                    |                     |                         |                               |                      |   |
| Current:  |                     |                         |                               |                      |   |
| Accounts payable and accrued expenses           | 46,597              | 217,603                 | 29,206                        | 293,406              | 2,895   |
| Refundable deposits                             | ---                 | 45,340                  | 6,120                         | 51,460               | ---   |
| Accrued interest payable                        | ---                 | 71,690                  | ---                           | 71,690               | ---   |
| Compensated absences payable                    | 4,022               | 36,008                  | 26,321                        | 66,351               | 2,232   |
| Current portion of long term debt               | ---                 | 662,258                 | 130,120                       | 792,378              | ---   |
| Total Current Liabilities                       | <u>50,619</u>       | <u>1,032,899</u>        | <u>191,767</u>                | <u>1,275,285</u>     | <u>5,127</u>  |
| Noncurrent:                                     |                     |                         |                               |                      |   |
| Revenue bonds                                   | ---                 | 5,090,000               | ---                           | 5,090,000            | ---   |
| Note payable                                    | ---                 | 119,488                 | ---                           | 119,488              | ---   |
| Lease obligations payable                       | ---                 | 458,507                 | 64,244                        | 522,751              | ---   |
| Certificates of lease participation payable     | ---                 | ---                     | 86,872                        | 86,872               | ---   |
| Landfill closure/post-closure liability         | 1,705,720           | ---                     | ---                           | 1,705,720            | ---   |
| Total Noncurrent Liabilities                    | <u>1,705,720</u>    | <u>5,667,995</u>        | <u>151,116</u>                | <u>7,524,831</u>     | <u>---</u>  |
| Total Liabilities                               | <u>1,756,339</u>    | <u>6,700,894</u>        | <u>342,883</u>                | <u>8,800,116</u>     | <u>5,127</u>  |
| Net assets:                                     |                     |                         |                               |                      |   |
| Invested in capital assets, net of related debt | 421,609             | 11,572,988              | 2,415,429                     | 14,410,026           | 16,519  |
| Restricted for debt service                     | ---                 | 1,052,940               | ---                           | 1,052,940            | ---   |
| Unrestricted                                    | (1,627,990)         | 3,197,397               | 438,346                       | 2,007,753            | 108,110   |
| Total net assets                                | <u>(1,206,381)</u>  | <u>15,823,325</u>       | <u>2,853,775</u>              | <u>17,470,719</u>    | <u>124,629</u>  |
| Total Liabilities and Net Assets                | <u>\$ 549,958</u>   | <u>\$ 22,524,219</u>    | <u>\$ 3,196,658</u>           | <u>\$ 26,270,835</u> | <u>\$ 129,756</u>   |

# City of Maryville, Missouri

## Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)

### Proprietary Funds

For the Year Ended September 30, 2005

|  | Solid Waste<br>Fund   | Water and<br>Sewer Fund | Mozingo<br>Recreation<br>Fund | Totals               | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|-----------------------|-------------------------|-------------------------------|----------------------|---|
| <b>Operating Revenues:</b>               |                       |                         |                               |                      |   |
| Charges for services                     | \$ 596,615            | \$ 2,504,584            | \$ 740,577                    | \$ 3,841,776         | \$ 796,664  |
| Miscellaneous                            | ---                   | 16,650                  | 60,541                        | 77,191               | ---   |
| Total Operating Revenues                 | <u>596,615</u>        | <u>2,521,234</u>        | <u>801,118</u>                | <u>3,918,967</u>     | <u>796,664</u>  |
| <b>Operating Expenses:</b>               |                       |                         |                               |                      |   |
| Personnel                                | 111,580               | 687,106                 | 751,412                       | 1,550,098            | 58,321  |
| Contractual services                     | 444,621               | 665,289                 | 227,101                       | 1,337,011            | 706,652   |
| Commodities                              | 26,251                | 289,245                 | 212,434                       | 527,930              | 35,842  |
| Depreciation                             | 56,090                | 1,354,705               | 274,442                       | 1,685,237            | 2,940   |
| Miscellaneous                            | ---                   | 4,691                   | 4,944                         | 9,635                | ---   |
| Total operating expenses                 | <u>638,542</u>        | <u>3,001,036</u>        | <u>1,470,333</u>              | <u>5,109,911</u>     | <u>803,755</u>  |
| Operating (loss)                         | (41,927)              | (479,802)               | (669,215)                     | (1,190,944)          | (7,091)   |
| <b>Nonoperating Revenues (Expenses):</b> |                       |                         |                               |                      |   |
| Taxes                                    | ---                   | ---                     | 813,804                       | 813,804              | ---   |
| Interest income                          | 2,649                 | 108,820                 | 10,486                        | 121,955              | ---   |
| Interest expenses and fees               | ---                   | (316,859)               | (17,950)                      | (334,809)            | ---   |
| Gain (loss) on sale of capital asset     | ---                   | ---                     | ---                           | ---                  | ---   |
| Total Nonoperating Revenues (Expenses)   | <u>2,649</u>          | <u>(208,039)</u>        | <u>806,340</u>                | <u>600,950</u>       | <u>---</u>  |
| Income (loss) Before Contributions       | (39,278)              | (687,841)               | 137,125                       | (589,994)            | (7,091)   |
| Capital contributions                    | ---                   | ---                     | 17,400                        | 17,400               | ---   |
| Change in net assets                     | (39,278)              | (687,841)               | 154,525                       | (572,594)            | (7,091)   |
| Total Net Assets (Deficit) - Beginning   | <u>(1,167,103)</u>    | <u>16,511,166</u>       | <u>2,699,250</u>              | <u>18,043,313</u>    | <u>131,720</u>  |
| Total Net Assets (Deficit) - Ending      | <u>\$ (1,206,381)</u> | <u>\$ 15,823,325</u>    | <u>\$ 2,853,775</u>           | <u>\$ 17,470,719</u> | <u>\$ 124,629</u>   |

# City of Maryville, Missouri

## Statement of Cash Flows

### Proprietary Funds

For the Year Ended September 30, 2005

|  | Solid Waste<br>Fund      | Water and<br>Sewer Fund    | Mozingo<br>Recreation<br>Fund | Totals                     | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|--------------------------|----------------------------|-------------------------------|----------------------------|---|
| <b>Cash Flows from Operating Activities:</b>                               |                          |                            |                               |                            |   |
| Cash Received from Customers   | \$ 612,657               | \$ 2,497,579               | \$ 746,329                    | \$ 3,856,565               | \$ 796,970  |
| Cash Paid to Suppliers   | (465,250)                | (979,300)                  | (465,156)                     | (1,909,706)                | (746,421)   |
| Cash Paid to Employees   | (112,247)                | (680,847)                  | (750,705)                     | (1,543,799)                | (58,088)  |
| Other Operating  | ---                      | 16,650                     | 60,541                        | 77,191                     | ---   |
| Net Cash Provided by (used in)<br>Operating Activities                     | <u>35,160</u>            | <u>854,082</u>             | <u>(408,991)</u>              | <u>480,251</u>             | <u>(7,539)</u>  |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                   |                          |                            |                               |                            |   |
| Sales Tax  | ---                      | 735                        | 798,142                       | 798,877                    | ---   |
| <b>Cash Flows from Capital and Related<br/>Financing Activities:</b>       |                          |                            |                               |                            |   |
| Purchase of Capital Assets   | (14,000)                 | (22,260)                   | (182,470)                     | (218,730)                  | ---   |
| Principal Payments on Capital Debt   | ---                      | (608,731)                  | (178,554)                     | (787,285)                  | ---   |
| Interest Paid on Capital Debt  | ---                      | (320,418)                  | (17,950)                      | (338,368)                  | ---   |
| Net Cash Provided by (used in) Capital and<br>Related Financing Activities | <u>(14,000)</u>          | <u>(951,409)</u>           | <u>(378,974)</u>              | <u>(1,344,383)</u>         | <u>---</u>  |
| <b>Cash Flows from Investing Activities:</b>                               |                          |                            |                               |                            |   |
| Purchase of Investments  | ---                      | (400,000)                  | ---                           | (400,000)                  | ---   |
| Income Received on Investments   | 2,649                    | 108,820                    | 10,486                        | 121,955                    | ---   |
| Net Cash Provided by (used in)<br>Investing Activities                     | <u>2,649</u>             | <u>(291,180)</u>           | <u>10,486</u>                 | <u>(278,045)</u>           | <u>---</u>  |
| <b>Net Increase (Decrease) in Cash and Cash<br/>Equivalents</b>            | <b>23,809</b>            | <b>(387,772)</b>           | <b>20,663</b>                 | <b>(343,300)</b>           | <b>(7,539)</b>  |
| Cash and Cash Equivalents, beginning of year                               | <u>77,501</u>            | <u>3,235,555</u>           | <u>368,513</u>                | <u>3,681,569</u>           | <u>117,631</u>  |
| Cash and Cash Equivalents, end of year                                     | <u><u>\$ 101,310</u></u> | <u><u>\$ 2,847,783</u></u> | <u><u>\$ 389,176</u></u>      | <u><u>\$ 3,338,269</u></u> | <u><u>\$ 110,092</u></u>                                  |

(continued)

# City of Maryville, Missouri

## Statement of Cash Flows (Continued)

### Proprietary Funds

For the Year Ended September 30, 2005

|   | Solid Waste<br>Fund | Water and<br>Sewer Fund | Mozingo<br>Recreation<br>Fund | Totals              | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|---------------------|-------------------------|-------------------------------|---------------------|---|
| Reconciliation of Operating Income (Loss) to Net Cash   |                     |                         |                               |                     |   |
| Provided by (used in) Operating Activities:             |                     |                         |                               |                     |   |
| Operating income (loss)                                 | \$ (41,927)         | \$ (479,802)            | \$ (669,215)                  | \$ (1,190,944)      | \$ (7,091)  |
| Adjustments to reconcile operating income (loss)        |                     |                         |                               |                     |   |
| to net cash provided by (used in) operating activities: |                     |                         |                               |                     |   |
| Depreciation  | 56,090              | 1,354,705               | 274,442                       | 1,685,237           | 2,940   |
| Change in assets and liabilities:                       |                     |                         |                               |                     |   |
| Receivables   | 16,042              | (8,345)                 | (368)                         | 7,329               | (325)   |
| Inventory   | ---                 | (116)                   | ---                           | (116)               | 129   |
| Accounts payable and accrued expenses                   | 5,622               | (19,959)                | (20,677)                      | (35,014)            | (3,180)   |
| Compensated absences                                    | (667)               | 6,259                   | 707                           | 6,299               | (12)  |
| Deposits  | ---                 | 1,340                   | 6,120                         | 7,460               | ---   |
| Net Cash Provided by (used in) Operating Activities     | <u>\$ 35,160</u>    | <u>\$ 854,082</u>       | <u>\$ (408,991)</u>           | <u>\$ 480,251</u>   | <u>\$ (7,539)</u>   |
| Reconciliation of cash and cash equivalents to          |                     |                         |                               |                     |   |
| specific assets on the statement of net assets:         |                     |                         |                               |                     |   |
| Cash and cash equivalents                               | \$ 101,310          | \$ 2,847,783            | \$ 389,176                    | \$ 3,338,269        | \$ 110,092  |
| Investments in certificates of deposit                  | ---                 | 1,100,000               | ---                           | 1,100,000           | ---   |
|   | <u>\$ 101,310</u>   | <u>\$ 3,947,783</u>     | <u>\$ 389,176</u>             | <u>\$ 4,438,269</u> | <u>\$ 110,092</u>   |
| Schedule of Noncash Capital and Related                 |                     |                         |                               |                     |   |
| Financing Activities:                                   |                     |                         |                               |                     |   |
| Acquisition of capital assets through contributions     | <u>\$ ---</u>       | <u>\$ ---</u>           | <u>\$ 17,400</u>              | <u>\$ 17,400</u>    | <u>\$ ---</u>   |
| Acquisition of capital assets through capital lease     | <u>\$ ---</u>       | <u>\$ 591,751</u>       | <u>\$ 95,972</u>              | <u>\$ 687,723</u>   | <u>\$ ---</u>   |

**City of Maryville, Missouri**  
**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

September 30, 2005

|  | <b>Private Purpose<br/>Trust Funds</b> | <b>Agency<br/>Fund</b> | <b>Total</b>      |
|--|--|------------------------|-------------------|
| <b>ASSETS</b>                          |  |                        |                   |
| Cash, cash equivalents and investments | \$ 507,503                             | \$ 22,183              | \$ 529,686        |
| Accounts receivable, net               | ---                                    | 718                    | 718               |
| Total Assets                           | <u>\$ 507,503</u>                      | <u>\$ 22,901</u>       | <u>\$ 530,404</u> |
| <b>LIABILITIES</b>                     |  |                        |                   |
| Accounts payable                       | 5,495                                  | ---                    | 5,495             |
| Court bond payable                     | ---                                    | 22,901                 | 22,901            |
| Total Liabilities                      | <u>5,495</u>                           | <u>22,901</u>          | <u>28,396</u>     |
| <b>NET ASSETS</b>                      |  |                        |                   |
| Held in trust for other purposes       | <u>\$ 502,008</u>                      | <u>\$ ---</u>          | <u>\$ 502,008</u> |

# City of Maryville, Missouri

## Statement of Changes in Fiduciary Net Assets

### Fiduciary Funds

For the Year Ended September 30, 2005

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|                        | <u>Private Purpose<br/>Trust Funds</u> |
|------------------------|--|
| <b>ADDITIONS</b>       |  |
| Interest income        | \$ 12,097                              |
| Contributions          | 0                                      |
| Total Additions        | <u>12,097</u>                          |
| <br>                   |  |
| <b>DEDUCTIONS</b>      |  |
| Contractual services   | <u>5,495</u>                           |
| <br>                   |  |
| Change in Net Assets   | 6,602                                  |
| <br>                   |  |
| Net assets - beginning | <u>495,406</u>                         |
| <br>                   |  |
| Net assets - ending    | <u><u>\$ 502,008</u></u>               |

See Notes to Basic Financial Statements

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 1. Summary of Significant Accounting Policies:

The City of Maryville, Missouri (the City) was incorporated in 1854 and covers an area of approximately 4.4 square miles in Nodaway County, Missouri approximately 95 miles north of Kansas City, Missouri. The City is a city of the third class and operates under the Council-Manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to its more than 10,500 residents, including law enforcement, fire protection, water and sewer services, community enrichment and development, and various social services. The Maryville R-II School District, a separate governmental entity, provides educational services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

#### **Financial Reporting Entity**

The financial reporting entity presented in these financial statements consists of the City of Maryville (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. Component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In addition, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, in May of 2002, which sets forth additional criteria to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the City, its component units, or its constituents and 2) the City being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the City and 3) the economic resources received or held by an individual organization that the City is entitled to, or has the ability to otherwise access, are significant to the City.

As required by GAAP, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that the Maryville Public Library is a component unit. The Maryville Public Library was incorporated under the laws of the State of Missouri. The Library was established to maintain and provide services to the citizens of the City of Maryville, Missouri and Nodaway County, Missouri. The Maryville Public Library is governed by its Board of Trustees comprised of nine members, appointed by the City Council. No member of the City government shall be a member of the board. The Trustees shall hold office, one third for one year, one third for two years, and one third for three years. The Maryville Public Library Board of Trustees appoints a qualified librarian who serves as the chief executive and administrative officer for day-to-day operations.

The Maryville Public Library is presented as a discretely presented component unit in these basic financial statements and has a September 30 year-end. Separately issued financial statements can be obtained by writing the Maryville Public Library, 509 North Main, Maryville, MO 64468.

**1. Summary of Significant Accounting Policies, continued**

**Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**Fund Accounting:**

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

*Governmental Fund Types:*

Governmental Funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income. The following are the City's major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

The **Park and Recreation Fund** is a Special Revenue Fund used to account for the maintenance and improvement of all City park facilities and the development and supervision of various recreation programs.

The **Capital Project Fund** is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds. The Capital Project Fund of the City is used to account for transactions related to street construction projects.

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 1. Summary of Significant Accounting Policies, continued

The other governmental fund of the City is considered nonmajor and is as follows:

The **Debt Service Fund** is used to account for the servicing of the general long-term debt of the City.

#### *Proprietary Fund Types*

Proprietary Funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

**Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Proprietary Funds apply Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those pronouncements that conflict with or contradict GASB pronouncements. The Enterprise Funds of the City are all major funds and consist of the Solid Waste Fund, Water and Sewer Fund and the Mozingo Recreation Fund.

Additionally, the City reports the following fund types:

**Internal Service Funds** account for fleet management and health insurance services provided to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The Internal Service Funds of the City are the Central Garage Fund and the Group Insurance Fund.

#### *Fiduciary Fund Types*

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

**Private Purpose Trust Funds** account for assets held by the City in its capacity as a trustee. Private Purpose Trust Funds are utilized for assets whereby the principal may not be spent and are accounted for using the same measurement focus as Proprietary Funds. The Private Purpose Trust Funds of the City are the Oak Hill Cemetery Perpetual Care Trust Fund and the Miriam Cemetery Perpetual Care Trust Fund.

**Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the City holds for others in an agency capacity. The Agency Fund of the City is the Municipal Court Agency Fund.

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**1. Summary of Significant Accounting Policies, continued**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales and franchise taxes, reduced by an appropriate allowance for uncollectible taxes, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2005 levy plus any uncollected amount from the 2004 levy. Property taxes that are not available for current year operations are shown as deferred revenue. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each September 1 on the assessed value as of the prior January 1. On January 1, a lien attached to all property for which taxes are unpaid.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, solid waste fees, and golf and recreation fees at Mozingo Lake. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and Investments**

The City pools cash resources of its various funds in order to facilitate the management of cash. Income from the pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report. Some investments are separately held by certain funds, while other investments are allocated between two or more funds. Investments are reported at fair value. Investments authorized by the City's investment policy include collateralized certificates of deposit and money market accounts, and direct obligation of the U.S. Government with maturities of two years or less.

**Cash and Cash Equivalents**

For purposes of the financial statements, including the cash flow statement, the City of Maryville considers all accounts subject to withdrawal by check or on demand to be cash and cash equivalents. Certificates of deposit are considered to be investments.

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 1. Summary of Significant Accounting Policies, continued

#### **Restricted Assets**

Certain proceeds of the City's Water/Sewer fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheets because they are maintained separately and their use is limited by applicable bond covenants. The revenue bond renewal and replacement account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. Cash in the water/sewer fund is also restricted for repayment of refundable water deposits. In the governmental activities, the cash in the debt service fund is restricted for payments of bond principal and interest and related charges. Restricted assets in the General Fund and Park and Recreation Fund are specific donations for the City's Tree Committee, and for parks and recreation program scholarships.

#### **Receivables**

Receivables result primary from miscellaneous services provided to citizens in the governmental funds. Water, sewer and solid waste services are accounted for in the Water/Sewer and Solid Waste Funds. All are net of an allowance for uncollectibles.

#### **Inventory**

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

#### **Capital Assets**

The City's capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The City has not capitalized general governmental infrastructure assets purchased or constructed prior to October 1, 2003 as allowed by Governmental Accounting Standards Board Statement No. 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended September 30, 2005.

Depreciation has been provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives for each capital asset type are as follows:

|   |                |
|---|----------------|
| Improvements other than buildings       | 10 to 30 years |
| Buildings                               | 10 to 25 years |
| Machinery and equipment                 | 3 to 10 years  |
| Sewer mains, lines and treatment plant  | 10 to 40 years |
| Water wells, reservoirs, main and lines | 10 to 40 years |
| Golf course improvements                | 10 to 20 years |

**1. Summary of Significant Accounting Policies, continued**

**Deferred and Unearned Revenues**

The City's deferred and unearned revenue in the governmental funds represent amounts due, which are measurable, but not available. Unearned revenue in the statement of net assets and proprietary funds represents property tax levied for future fiscal years and receipts that the City has not met all eligibility requirements imposed by the provider.

**Interfund Transactions**

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

**Compensated Absences**

The City's vacation policy grants an employee twelve days of vacation after one year of service and the vacation increases for every five years of service to the City. Accumulated vacation days are limited to 150% of the employee's yearly accrual. All vacation hours over the maximum shall be lost and shall have no value. Unused vacation hours are paid if an employee resigns in good standing after at least twelve months of service.

After employment for six months, employees are allowed to accumulate four hours of sick leave per pay period up to a maximum of 720 hours. Employees may not use more than three days sick pay at a time without notice from a doctor. All sick pay is forfeited upon termination of employment and therefore, is not included in compensated absences payable.

For proprietary fund types and the Government-wide statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Fund Equity**

Reservations of fund balances represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represents tentative management plans that are subject to change.

## City of Maryville, Missouri

### Notes to Basic Financial Statements

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#### 1. Summary of Significant Accounting Policies, continued

##### Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 2. Deposits and Investments

##### Authorized Investments

Missouri State Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of state and local government entities, certificates of deposit and repurchase agreements. As of September 30, 2005, the City's funds were in depository accounts and certificates of deposit.

##### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to 24 months.

##### Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2005, the City did not have investments required to be rated.

##### Concentration of Credit Risk

The City's investment policy is to apply the prudent-person rule: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

City of Maryville, Missouri

Notes to Basic Financial Statements

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**2. Deposits and Investments, continued**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure to the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires all investments and deposits which exceed the financial institution's insurance limits shall be secured by eligible collateral. The fair value of the collateral must be equal to or greater than 110% of the value of the total deposits less the amount of insurance coverage. Collateral must be held by an independent third party. As of September 30, 2005, none of the City's \$5,807,888 bank balances with financial institutions was uninsured and uncollateralized. However, \$60,376 of the Miriam Cemetery Perpetual Care Private Purpose Trust Fund was uninsured and uncollateralized. As of September 30, 2005, the City was not exposed to custodial credit risk for investments.

The City's investments during the year did not vary substantially from those at year-end in amounts or level of risk.

As of September 30, 2005, the component unit only had depository accounts and certificates of deposit of \$121,979 all of which were covered by federal depository insurance or by collateral held by the Library's agent in the Library's name.

**3. Accounts Receivable**

Taxes receivables as of year end for the government's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

**Governmental Funds:**

|                                       | <u>General<br/>Fund</u> | <u>Park and<br/>Recreation<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total</u>        |
|---------------------------------------|-------------------------|---|----------------------------------|---------------------|
| Taxes:                                |                         |   |                                  |                     |
| Property taxes                        | \$ 362,790              | \$ 349,817                              | \$ 139,447                       | \$ 852,054          |
| Sales tax                             | 220,898                 | 27,066                                  | 27,066                           | 275,030             |
| Franchise taxes                       | <u>150,175</u>          | <u>-</u>                                | <u>-</u>                         | <u>150,175</u>      |
| Gross taxes                           | 733,863                 | 376,883                                 | 166,513                          | 1,277,259           |
| Less: Allowance for<br>Uncollectibles | <u>(2,955)</u>          | <u>(2,956)</u>                          | <u>(1,347)</u>                   | <u>(7,258)</u>      |
| Total Taxes Receivables               | <u>\$ 730,908</u>       | <u>\$ 373,927</u>                       | <u>\$ 165,166</u>                | <u>\$ 1,270,001</u> |

**Enterprise Funds:**

|                        | <u>Water and<br/>Sewer Fund</u> | <u>Mozingo<br/>Recreation<br/>Fund</u> | <u>Total</u>      |
|------------------------|---------------------------------|--|-------------------|
| Taxes:                 |                                 |  |                   |
| Sales tax              | \$ -                            | \$ 110,449                             | \$ 110,449        |
| Special assessment tax | <u>693</u>                      | <u>-</u>                               | <u>693</u>        |
| Total Taxes Receivable | <u>\$ 693</u>                   | <u>\$ 110,449</u>                      | <u>\$ 111,142</u> |

# City of Maryville, Missouri

## Notes to Basic Financial Statements

### 4. Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2005:

| <b>Governmental Activities</b>              | Beginning<br>Balance | Additions  | Deletions  | Ending<br>Balance |
|---|----------------------|------------|------------|-------------------|
| Capital assets, not being depreciated:      |                      |            |            |                   |
| Land  | \$ 456,757           | \$ -       | \$ -       | \$ 456,757        |
| Construction in progress                    | 644,013              | 82,501     | 644,013    | 82,501            |
| Total capital assets not being depreciated  | 1,100,770            | 82,501     | 644,013    | 539,258           |
| Capital assets, being depreciated:          |                      |            |            |                   |
| Buildings                                   | 3,402,423            | -          | -          | 3,402,423         |
| Improvements other than buildings           | 4,974,695            | 1,276,609  | -          | 6,251,304         |
| Machinery and equipment                     | 1,996,737            | 166,424    | 59,964     | 2,103,197         |
| Total capital assets being depreciated      | 10,373,855           | 1,443,033  | 59,964     | 11,756,924        |
| Less accumulated depreciation for:          |                      |            |            |                   |
| Buildings                                   | 792,555              | 146,113    | -          | 938,668           |
| Improvements other than buildings           | 2,563,362            | 334,668    | -          | 2,898,030         |
| Machinery and equipment                     | 1,364,632            | 186,573    | 59,964     | 1,491,241         |
| Total accumulated depreciated               | 4,720,549            | 667,354    | 59,964     | 5,327,939         |
| Total capital assets being depreciated, net | 5,653,306            | 775,679    | -          | 6,428,985         |
| Governmental activities capital assets, net | \$ 6,754,076         | \$ 858,180 | \$ 644,013 | \$ 6,968,243      |

| <b>Business Type Activities</b>              | Beginning<br>Balance | Additions    | Deletions  | Ending<br>Balance |
|--|----------------------|--------------|------------|-------------------|
| Capital assets, not being depreciated:       |                      |              |            |                   |
| Land   | \$ 1,793,611         | \$ -         | \$ -       | \$ 1,793,611      |
| Construction in progress                     | 224,934              | 66,436       | 224,934    | 66,436            |
| Total capital assets not being depreciated   | 2,018,545            | 66,436       | 224,934    | 1,860,047         |
| Capital assets, being depreciated:           |                      |              |            |                   |
| Buildings                                    | 8,065,596            | 48,821       | -          | 8,114,417         |
| Improvements other than buildings            | 30,427,409           | 224,934      | -          | 30,652,343        |
| Machinery and equipment                      | 2,139,588            | 808,096      | 105,049    | 2,842,635         |
| Total capital assets being depreciated       | 40,632,593           | 1,081,851    | 105,049    | 41,609,395        |
| Less accumulated depreciation for:           |                      |              |            |                   |
| Buildings                                    | 1,661,544            | 388,547      | -          | 2,050,091         |
| Improvements other than buildings            | 17,618,820           | 1,080,529    | -          | 18,699,349        |
| Machinery and equipment                      | 1,587,375            | 216,161      | 105,049    | 1,698,487         |
| Total accumulated depreciated                | 20,867,739           | 1,685,237    | 105,049    | 22,447,927        |
| Total capital assets being depreciated, net  | 19,764,854           | (603,386)    | -          | 19,161,468        |
| Business type activities capital assets, net | \$ 21,783,399        | \$ (536,950) | \$ 224,934 | \$ 21,021,515     |

City of Maryville, Missouri

Notes to Basic Financial Statements

4. Capital Assets, continued

Depreciation expense was charged to governmental activities functions/programs as follows:

**Governmental Activities:**

|  |                   |
|--|-------------------|
| General government                                     | \$ 6,967          |
| Public safety  | 51,895            |
| Public works   | 241,252           |
| Parks and recreation                                   | 364,300           |
| Internal service                                       | <u>2,940</u>      |
| Total depreciation expense,<br>governmental activities | <u>\$ 667,354</u> |

**Component Unit**

A summary of changes in capital assets of the component unit as of September 30, 2005, is as follows:

|                               | Balance<br>September 30,<br>2004 | Additions         | Deductions  | Balance<br>September 30,<br>2005 |
|-------------------------------|----------------------------------|-------------------|-------------|----------------------------------|
| Equipment and furnishings     | \$ 73,266                        | \$ 10,021         | \$ -        | \$ 83,287                        |
| Building                      | 900,421                          | 11,890            | -           | 912,311                          |
| Total                         | <u>973,687</u>                   | <u>21,911</u>     | <u>-</u>    | <u>995,598</u>                   |
| Less accumulated depreciation | 125,582                          | 29,246            | -           | 154,828                          |
| Total                         | <u>\$ 848,105</u>                | <u>\$ (7,335)</u> | <u>\$ -</u> | <u>\$ 840,770</u>                |

Depreciation expense of the library, which is reported in the government-wide financial statements, totaled \$29,246.

5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2005:

|                                  | Balance<br>September 30,<br>2004 | Additions         | Retirements       | Balance<br>September 30,<br>2005 | Due Within One<br>Year |
|----------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|------------------------|
| <b>Governmental Activities:</b>  |                                  |                   |                   |                                  |                        |
| Capital leases                   | \$ 308,324                       | \$ 59,202         | \$ 104,751        | \$ 262,775                       | \$ 118,614             |
| Note payable                     | 57,101                           | -                 | 35,678            | 21,423                           | 21,423                 |
| General obligation bonds         | 3,340,000                        | -                 | 175,000           | 3,165,000                        | 190,000                |
| Compensated absences             | 132,043                          | 107,945           | 105,864           | 134,124                          | 134,124                |
|                                  | <u>\$ 3,837,468</u>              | <u>\$ 167,147</u> | <u>\$ 421,293</u> | <u>\$ 3,583,322</u>              | <u>\$ 464,161</u>      |
| <b>Business-Type Activities:</b> |                                  |                   |                   |                                  |                        |
| Revenue bonds                    | \$ 5,960,000                     | \$ -              | \$ 425,000        | \$ 5,535,000                     | \$ 445,000             |
| Certificates of participation    | 262,938                          | -                 | 85,798            | 177,140                          | 90,268                 |
| Capital leases                   | 344,500                          | 687,723           | 264,785           | 767,438                          | 244,687                |
| Note payable                     | 143,613                          | -                 | 11,702            | 131,911                          | 12,423                 |
| Compensated absences             | 60,052                           | 48,578            | 42,279            | 66,351                           | 66,351                 |
|                                  | <u>\$ 6,771,103</u>              | <u>\$ 736,301</u> | <u>\$ 829,564</u> | <u>\$ 6,677,840</u>              | <u>\$ 858,729</u>      |

Internal Service Funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities. For the year ended September 30, 2005, \$2,232 of accrued compensated absences is included in the above amount. For the governmental activities, the General Fund and the Park and Recreation Fund generally liquidate accrued compensated absences.

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 5. Long-Term Debt, continued

Long-term debt (including the current portions) of the City is as follows:

Governmental Activities:

|   | <u>Amount<br/>Outstanding</u> |
|---|-------------------------------|
| General Obligation Bonds:   |                               |
| \$2,400,000 in General Obligation Bonds issued September 1, 2001, net proceeds of \$2,385,606 after bond discount, due in varying annual installments through September 1, 2021, with interest at 2.8% to 5.0% due on March 1 and September 1 of each year. Bonds maturing after September 1, 2009 are callable on September 1, 2010 under various terms of the bond ordinance. | \$ 2,170,000                  |
| \$1,425,000 in General Obligation Park Improvement Refunding Bonds issued March 1, 1999 due in varying annual installments beginning on March 1, 2002 through 2012, with interest at 3.60% to 4.25% due on March 1 and September 1 of each year. Bonds maturing on March 1, 2006, and thereafter are callable on March 1, 2005 under various terms of the bond ordinance.       | 995,000                       |
| Capital Leases:   |                               |
| In 2003, the City entered into a lease purchase agreement to finance the purchase of a new street sweeper for the street department. The total cost of the sweeper was \$124,820 and the agreement calls for monthly payments of \$2,276 at 3.54% interest.   | 77,567                        |
| In 2002, the City entered into a lease purchase agreement to finance the purchase of a new dictaphone for Public Safety. The total cost of the equipment was \$27,412 and the agreement calls for semi-annual payments of \$3,323.  | 6,218                         |
| In 2004, the City entered into a lease purchase agreement to finance the purchase of a 2003 John Deere 444H loader for the street maintenance department. The amount financed was \$50,900 and the agreement calls for monthly payments of \$1,481 at 2.97% interest.   | 26,028                        |
| In 2004, the City entered into a lease purchase agreement to finance the purchase of a 1998 Caterpillar 120H motor grader for the street maintenance department. The amount financed was \$78,500 and the agreement calls for monthly payments of \$2,302 at 3.6% interest.   | 57,501                        |
| In 2004, the City entered into a lease purchase agreement to finance the purchase of a 2003 Ford Windstar Minivan for use as an airport courtesy van. The amount financed was \$14,209 and the agreement calls for monthly payments of \$413 at 3.0% interest.  | 6,869                         |
| In 2004, the City entered into a lease purchase agreement to finance the purchase of a new lighting system for South Beal Park for the Park and Recreation department. The amount financed was \$60,000 and the agreement calls for monthly payments of \$1,745 at 2.97% interest.  | 35,659                        |

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 5. Long-Term Debt, continued

|  | <u>Amount<br/>Outstanding</u> |
|--|-------------------------------|
| Capital Leases:  |                               |
| <p>In 2005, the City entered into a lease purchase agreement to finance the purchase of three new patrol cars for Public Safety police protection. The amount financed was \$59,202 and the agreement calls for monthly payments of \$1,731 at 3.37% interest.</p>                                 | 52,933                        |
| Note payable:  |                               |
| <p>In April 2003, the City entered into a promissory note for \$105,376 to finance the purchase of various equipment at the Park and Recreation Community Center Building. The note calls for monthly payments of \$3,097 at 3.59% interest.</p>   | 21,423                        |
| Compensated absences   | <u>134,124</u>                |
| Total governmental activities  | <u>\$ 3,583,322</u>           |
| Business-Type Activities:  |                               |
| Revenue Bonds:   |                               |
| <p>\$2,290,000 in Combined Waterworks and Sewerage Refunding Revenue Bonds issued January 1, 2002, due in varying annual installments through January 1, 2009, with interest at 3.5% to 4.5% due January 1 and July 1 of each year. The bonds are not subject to redemption prior to maturity.</p> | \$ 1,275,000                  |
| <p>\$4,500,000 in Combined Waterworks and Sewerage Refunding Revenue Bonds issued July 1, 1999, due in varying annual installments through January 1, 2015, with interest at 5.10% to 5.45% due January 1 and July 1 of each year.</p>   | 4,260,000                     |
| Certificates of Participation:   |                               |
| <p>\$2,210,000 in Municipal Golf Course Certificates of Lease Participation issued April 19, 1994, due in monthly payments of \$8,099 including interest at 5.09% through August 2007.</p>   | 177,140                       |
| Capital Leases:  |                               |
| <p>In January 2003, the City entered into an agreement to finance the purchase of a new backhoe and loader for the water and sewer maintenance department. The total cost for both items was \$151,285 and the agreement calls for monthly payments of \$4,463 at 3.95% interest.</p>              | 17,706                        |
| <p>In April 2002, the City entered into an agreement to purchase four new mowers, financing a total of \$85,019. The lease calls for monthly payments of \$1,617 at 5.641% interest until March 2007.</p>  | 27,869                        |

City of Maryville, Missouri

Notes to Basic Financial Statements

5. Long-Term Debt, continued

|   | Amount<br>Outstanding |
|---|-----------------------|
| Capital Leases:   |                       |
| In February 2004, the City entered into an agreement to finance the construction of the northwest lift station for \$222,222. The lease calls for monthly payments of \$6,463 at 3.0% interest until January 2007.  | 100,837               |
| In March 2005, the City entered into an agreement to finance 50 new golf carts, a beverage cart, and range picker for a total of \$95,972. The lease calls for monthly payments from May through October each year until March 2009 at 5.4894% interest.  | 76,227                |
| In February 2005, the City entered into an agreement to finance the purchase of a sewer jet truck and vacuum trailer for the sewer maintenance department. The total cost for both items was \$229,850 and the agreement calls for monthly payments of \$4,197 at 3.65% interest until February 2010.   | 205,015               |
| In May 2005, the City entered into an agreement to finance the purchase of a backup generator for the Water Treatment Plant and a generator for the pump station at Mozingo Lake. The total cost for both pumps was \$361,901 and the lease calls for monthly payments of \$6,616 at 3.7% interest until May 2010.  | 339,784               |
| Note Payable:   |                       |
| In February 1999, the City entered into an agreement and contract for \$189,129 with Public Water Supply District #1 of Nodaway County, Missouri for the right to serve water to certain territories within the boundaries of the District. A monthly offset of \$1,667 at 6.0% interest is applied against the water statement from the City to the District through March 2014. | 131,911               |
| Compensated Absences  | 66,351                |
| Total business-type activities  | \$ 6,677,840          |

Annual debt service requirements for long-term liabilities at September 30, 2005 are as follows:

Governmental Activities:

| Year Ending<br>September 30, | General Obligation Bonds |              |
|------------------------------|--------------------------|--------------|
|                              | Principal                | Interest     |
| 2006                         | \$ 190,000               | \$ 139,627   |
| 2007                         | 205,000                  | 132,363      |
| 2008                         | 205,000                  | 124,485      |
| 2009                         | 240,000                  | 115,820      |
| 2010                         | 245,000                  | 106,032      |
| 2011 - 2015                  | 945,000                  | 389,329      |
| 2016 - 2020                  | 910,000                  | 199,190      |
| 2021                         | 225,000                  | 11,250       |
|                              | \$ 3,165,000             | \$ 1,218,096 |

City of Maryville, Missouri

Notes to Basic Financial Statements

5. Long-Term Debt, continued

| Year Ending<br>September 30, | Capital Leases    |                  | Note Payable     |               |
|------------------------------|-------------------|------------------|------------------|---------------|
|                              | Principal         | Interest         | Principal        | Interest      |
| 2006                         | \$ 118,614        | \$ 7,416         | \$ 21,423        | \$ 260        |
| 2007                         | 99,098            | 3,271            | -                | -             |
| 2008                         | 45,063            | 718              | -                | -             |
|                              | <u>\$ 262,775</u> | <u>\$ 11,405</u> | <u>\$ 21,423</u> | <u>\$ 260</u> |

Business-Type Activities:

| Year Ending<br>September 30, | Note Payable      |                  | Revenue Bonds       |                     |
|------------------------------|-------------------|------------------|---------------------|---------------------|
|                              | Principal         | Interest         | Principal           | Interest            |
| 2006                         | \$ 12,423         | \$ 8,298         | \$ 445,000          | \$ 278,660          |
| 2007                         | 13,190            | 7,577            | 460,000             | 258,725             |
| 2008                         | 14,003            | 6,810            | 480,000             | 238,115             |
| 2009                         | 14,867            | 5,997            | 505,000             | 221,375             |
| 2010                         | 15,784            | 4,216            | 545,000             | 198,652             |
| 2011 - 2015                  | 61,644            | 6,689            | 3,100,000           | 516,933             |
|                              | <u>\$ 131,911</u> | <u>\$ 39,587</u> | <u>\$ 5,535,000</u> | <u>\$ 1,712,460</u> |

| Year Ending<br>September 30, | Capital Leases    |                  | Certificates of Participation |                 |
|------------------------------|-------------------|------------------|-------------------------------|-----------------|
|                              | Principal         | Interest         | Principal                     | Interest        |
| 2006                         | \$ 244,687        | \$ 29,449        | \$ 90,268                     | \$ 6,924        |
| 2007                         | 173,299           | 21,166           | 86,872                        | 2,221           |
| 2008                         | 144,085           | 15,248           | -                             | -               |
| 2009                         | 132,521           | 5,684            | -                             | -               |
| 2010                         | 72,846            | 915              | -                             | -               |
|                              | <u>\$ 767,438</u> | <u>\$ 72,462</u> | <u>\$ 177,140</u>             | <u>\$ 9,145</u> |

**Debt Covenants**

The covenants providing for the issuance of the Combined Waterworks and Sewerage Refunding Revenue Bonds issued in 2002 and 1999 are as follows:

The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the system to produce revenues sufficient to:

- i. Pay the costs of operation and maintenance
- ii. Pay the principal and interest on the bonds
- iii. Enable the City to have Net Revenues Available for Debt Service not less than 110% of the amount required to be paid in principal and interest of the fiscal year on all system revenue bonds outstanding
- iv. Provide reasonable and adequate reserves for the payment of the bonds

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 5. Long-Term Debt, continued

The 2002 Combined Waterworks and Sewerage Refunding Revenue Bonds have the following reserve requirements:

- i. A debt service reserve account will be funded for \$229,000
- ii. The City will deposit an amount into the depreciation and replacement account to cause the balance in the account to equal \$100,000
- iii. The City will deposit monthly payments not less than 1/6<sup>th</sup> of the interest that will be the succeeding interest payment and monthly payments not less than 1/12<sup>th</sup> of the next principal payment

The 1999 Combined Waterworks and Sewerage Refunding Revenue Bonds have the following reserve requirements:

- i. A debt service reserve account will be funded \$4,000 monthly beginning August 1, 1999 until the amount in the account aggregates to \$450,000
- ii. The City will deposit \$1,000 monthly into a depreciation and replacement account as long as the bonds are outstanding after all payments for operations, maintenance, debt service and the debt service reserve account have been made

In addition, the City has \$65,000 in reserves for operations and maintenance.

On September 30, 2005, the City has the following reserves:

|   |                     |
|---|---------------------|
| 2002 Combined Waterworks and Sewerage Refunding Revenues Bonds: |                     |
| Debt service reserve account                                    | \$ 229,000          |
| Depreciation and replacement account                            | 100,000             |
| Debt service account  | 283,875             |
| 1999 Combined Waterworks and Sewerage Refunding Revenue Bonds:  |                     |
| Debt service reserve account                                    | 296,000             |
| Debt service account  | 79,065              |
| Operation and maintenance account                               | 65,000              |
| Total   | <u>\$ 1,052,940</u> |

### Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issue. The City used an independent consultant to evaluate the City's outstanding tax-exempt debt for arbitrage liability and determined that there is no arbitrage liability due as September 30, 2005.

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 5. Long-Term Debt, continued

#### Component Unit

A summary of long-term debt transactions for the component unit for the year ended September 30, 2005, follows:

|                                  |                 |
|----------------------------------|-----------------|
| Capital Lease, beginning of year | \$ 36,212       |
| Retired                          | <u>(36,212)</u> |
| Capital Lease, end of year       | <u>\$ -</u>     |

On September 24, 1999, the Maryville Public Library entered into a ten-year lease-purchase agreement in the amount of \$125,000, at 5.23% interest, to pay costs of improvements in connection with the Library 2000 project. The lease obligation was secured by the Library facility.

### 6. Interfund Transfers

Interfund transfers for the year were as follows:

|                               | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|---------------------|----------------------|
| Governmental activities:      |                     |                      |
| General                       | \$ -                | \$ 622,845           |
| Capital Project               | <u>622,845</u>      | <u>-</u>             |
| Total governmental activities | <u>\$ 622,845</u>   | <u>\$ 622,845</u>    |

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund was reimbursed for administrative expenses by the Enterprise Funds in the amount of \$220,394. This reimbursement is recorded as an operating expense by the Enterprise Funds and as revenue by the General Fund.

### 7. Claims and Judgments

In June 1995, the City entered into a "consent judgement and order of injunction" pertaining to alleged violations of Missouri statutes regulating solid waste disposal and groundwater monitoring requirements at disposal sites. The consent judgement assessed and suspended a civil penalty of \$25,000 contingent upon the City installing an approved groundwater monitoring system and beginning to monitor groundwater in compliance with Missouri requirements.

### 8. Risk Management

The City is a member of the Missouri Intergovernmental Risk Management Association (the Association), a not-for-profit organization incorporated in 1981 to operate as a group self-insurer. The Association seeks to prevent or lessen casualty or property losses to its members, which consist of cities within the State of Missouri. The Association has approximately sixty members. The Association is governed by a ten-member board of directors elected by the members of the Association. The Association operates as a risk management pool. The City has no direct control over budgeting, financing, governing body or management selection.

**8. Risk Management, continued**

The Association is funded by its member cities. Member assessments are collected in advance and are calculated based on members' payroll data multiplied by a pool assessment factor. The assessment factor is based on the loss experience of the entire pool adjusted up or down for each City depending on the City's own loss experience. Cities with a consistent record of costly claims will pay more than cities with a consistent record of lesser claims activity. Coverage obtained by the City through the Association includes property, crime, general liability, auto liability, workers' compensation, public officials and police professional liability. Per-occurrence coverage limits provided by the Association (the Association's self-insured retention limits combined with excess insurance contract limits) are \$2,000,000 for liability claims, \$100,000 for crime claims, \$10,725,000 for workers' compensation claims and 100% replacement cost per location for property claims after a \$1,000 deductible. Losses from individual claims in excess of these limits remain the responsibility of the respective cities.

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, the Association and its member cities would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations.

**9. Closure and Post-Closure Care Cost**

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City closed the landfill effective April 1, 2002. The \$1,705,720 reported as landfill closure and post-closure liability at September 30, 2005, represents the City's Financial Assurance Instrument in its Contract of Obligation with Missouri Department of Natural Resources, less actual costs incurred to close the landfill, and is based on the cost to perform all closure and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to provide a financial assurance instrument in such amount and form as prescribed by the State of Missouri Department of Natural Resources (DNR). The City is in compliance with these requirements, and at September 30, 2005, the City was under a "Contract of Obligation" totaling \$2,328,537. The liability differs from the Contract of Obligation due to actual costs incurred to close the landfill during 2002. The "Contract of Obligation" authorizes DNR to collect \$2,328,537 from any funds due the City from the Missouri Department of Revenue and the State Treasurer to compensate for State corrective procedures if the City does not properly close and monitor the landfill.

**10. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all regular full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the plan and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of plan

**10. Deferred Compensation Plan, continued**

participants and/or beneficiaries in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of City management that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**11. Missouri LAGERS Defined Benefit Pension Plan**

*Plan Description*

The City of Maryville 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 401a and it is tax exempt.

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

*Funding Status*

The City of Maryville's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 8.7% (general), and 0.7% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

*Annual Pension Cost*

For 2005, the political subdivision's annual pension cost of \$175,715 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 and /or February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2005 was 15 years.

# City of Maryville, Missouri

## Notes to Basic Financial Statements

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### 11. Missouri LAGERS Defined Benefit Pension Plan, continued

#### Three-Year Trend Information

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------|---------------------------|-------------------------------|------------------------|
| 6/30/2003          | \$ 154,661                | 100%                          | \$ -                   |
| 6/30/2004          | 158,720                   | 100%                          | -                      |
| 6/30/2005          | 175,715                   | 100%                          | -                      |

### 12. Commitments and Contingent Liabilities

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2005, significant amounts of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

### 13. Fund Balance Deficit

At September 30, 2005 the Solid Waste (Enterprise) Fund had a deficit fund equity balance of \$1,206,381. This deficit is expected to be eliminated in the future through operating revenues from the disposal of solid waste at the Transfer Station.

### 14. Subsequent Events

On October 1, 2005, the City issued Tax Increment Financing Revenue Bonds of \$2,580,000.

### 15. Ground Lease

On September 11, 2002, the City and the Missouri National Guard (Guard) entered into a ground lease with Northwest Missouri State University for the land on which the armory/community center was built. In exchange for the use of the facility, the University is not charging rent to the Guard or the City. The term of the lease is 50 years with the title to the land remaining with the University.

### 16. New Pronouncements

The City implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, beginning with its year ended September 30, 2005. This Statement established and modified disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement required certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also established and modified disclosure requirements for deposit risks.

GASB Statement No. 42, issued November 2003, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, will be effective for the City beginning with its year ending

**16. New Pronouncements, continued**

September 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the City beginning with its year ending September 30, 2009. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending September 30, 2010. This Statement established standards for the measurement, recognition and display of other postemployment benefits, expenses, and related liabilities or assets, note disclosures and if applicable, required supplementary information in the financial reports.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, will be effective for the City beginning with its year ending September 30, 2006. This Statement is to help governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how these net assets should be reported in the financial statements when there are changes in the circumstances surrounding such legislation.

GASB Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the City beginning with its year ending September 30, 2006. This Statement established accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

Management has not yet determined the effect, if any, these Statements will have in the City's future financial statements.

City of Maryville, Missouri

Required Supplementary Information  
Missouri Local Government Employee Retirement System

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SCHEDULE OF FUNDING PROGRESS

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| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of Assets<br>(a) | Entry<br>Age Actuarial<br>Accrued Liability<br>(b) | Overfunded<br>Accrued<br>Liability (OAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Annual<br>Covered<br>Payroll<br>(c) | OAL as a<br>Percentage<br>of Covered<br>Payroll<br>[(b-a)/c] |
|--------------------------------|-------------------------------------|--|---|--------------------------|-------------------------------------|--|
| 2/28/03                        | \$ 4,294,553                        | \$ 3,611,709                                       | \$ (682,844)                                      | 119%                     | \$ 2,624,312                        | 0%   |
| 2/28/04                        | 4,560,534                           | 3,901,784  | (658,750)   | 117                      | 2,667,621                           | 0  |
| 2/29/05                        | 4,744,380                           | 4,156,392  | (587,988)   | 114                      | 2,766,476                           | 0  |

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, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

# City of Maryville, Missouri

## Required Supplementary Information Budgetary Comparison Schedule General Fund

For the Year Ended September 30, 2005

|   | Budget              |                     | Actual            | Final to Actual<br>Positive<br>(Negative) |
|---|---------------------|---------------------|-------------------|---|
|   | Original            | Final               |                   |   |
| <b>REVENUES</b>                                 |                     |                     |                   |   |
| Taxes   | \$ 3,297,370        | \$ 3,297,370        | \$ 3,258,232      | \$ (39,138)                               |
| Licenses and permits                            | 69,100              | 69,100              | 60,334            | (8,766)                                   |
| Intergovernmental revenues                      | 1,269,841           | 1,269,841           | 748,958           | (520,883)                                 |
| Charges for services                            | 24,750              | 24,750              | 19,792            | (4,958)                                   |
| Fines and forfeitures                           | 369,150             | 369,150             | 322,290           | (46,860)                                  |
| Interest  | 15,000              | 15,000              | 15,467            | 467                                       |
| Other   | 66,000              | 66,000              | 49,013            | (16,987)                                  |
| Total Revenues                                  | <u>5,111,211</u>    | <u>5,111,211</u>    | <u>4,474,086</u>  | <u>(637,125)</u>                          |
| <b>EXPENDITURES</b>                             |                     |                     |                   |   |
| Current:  |                     |                     |                   |   |
| General government                              | 1,614,085           | 1,614,085           | 831,887           | 782,198                                   |
| Public safety                                   | 1,798,018           | 1,798,018           | 1,847,270         | (49,252)                                  |
| Public works                                    | 1,806,457           | 1,806,457           | 1,133,297         | 673,160                                   |
| Debt service:                                   |                     |                     |                   |   |
| Principal retirement                            | 95,760              | 95,760              | 85,203            | 10,557                                    |
| Interest and fiscal charges                     | 9,194               | 9,194               | 8,386             | 808                                       |
| Total expenditures                              | <u>5,323,514</u>    | <u>5,323,514</u>    | <u>3,906,043</u>  | <u>1,417,471</u>                          |
| Excess of revenues over (under)<br>expenditures | (212,303)           | (212,303)           | 568,043           | 780,346                                   |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                     |                   |   |
| Transfers in                                    | ---                 | ---                 | ---               | ---                                       |
| Transfers out                                   | (683,197)           | (683,197)           | (622,845)         | 60,352                                    |
| Issuance of long-term debt                      | 55,500              | 55,500              | 59,202            | 3,702                                     |
| Total other financing sources (uses)            | <u>(627,697)</u>    | <u>(627,697)</u>    | <u>(563,643)</u>  | <u>64,054</u>                             |
| Net change in fund balances                     | <u>\$ (840,000)</u> | <u>\$ (840,000)</u> | 4,400             | <u>\$ 844,400</u>                         |
| Fund balances - Beginning                       |                     |                     | <u>807,557</u>    |   |
| Fund balances - Ending                          |                     |                     | <u>\$ 811,957</u> |   |

City of Maryville, Missouri

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Park and Recreation Fund

For the Year Ended September 30, 2005

|                             | Budget             |                    | Actual            | Final to Actual<br>Positive<br>(Negative) |
|-----------------------------|--------------------|--------------------|-------------------|---|
|                             | Original           | Final              |                   |   |
| <b>REVENUES</b>             |                    |                    |                   |   |
| Taxes                       | \$ 548,200         | \$ 548,200         | \$ 567,629        | \$ 19,429                                 |
| Charges for services        | 396,700            | 396,700            | 404,394           | 7,694                                     |
| Interest                    | 2,000              | 2,000              | 7,036             | 5,036                                     |
| Other                       | 19,300             | 19,300             | 20,220            | 920                                       |
| Total Revenues              | <u>966,200</u>     | <u>966,200</u>     | <u>999,279</u>    | <u>33,079</u>                             |
| <b>EXPENDITURES</b>         |                    |                    |                   |   |
| Current:                    |                    |                    |                   |   |
| Park and recreation         | 965,565            | 965,565            | 918,751           | 46,814                                    |
| Debt service:               |                    |                    |                   |   |
| Principal retirement        | 55,229             | 55,229             | 55,226            | 3   |
| Interest and fiscal charges | 2,878              | 2,878              | 2,882             | (4)                                       |
| Total expenditures          | <u>1,023,672</u>   | <u>1,023,672</u>   | <u>976,859</u>    | <u>46,813</u>                             |
| Net change in fund balances | <u>\$ (57,472)</u> | <u>\$ (57,472)</u> | 22,420            | <u>\$ 79,892</u>                          |
| Fund balances - Beginning   |                    |                    | <u>120,132</u>    |   |
| Fund balances - Ending      |                    |                    | <u>\$ 142,552</u> |   |

See Note to Required Supplementary Information

## City of Maryville, Missouri

### Note to Required Supplementary Information

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#### **Budgetary Data**

A legally adopted annual budget is prepared for governmental fund types by the City Manager and presented to Council each year prior to the beginning of the fiscal year. This budget is officially adopted by the City Council each September through the passage of an ordinance, and all budget amendments are approved by the City Council. The City's legal level of budgetary control is at the fund level. Any expenditure that will cause a fund to exceed the total fund budget must be approved by the City Council through a budget amendment ordinance. A review of the budget is done annually as part of the budget preparation process and any revisions needed are presented to the City Council for supplemental appropriation. Unencumbered appropriations lapse at year-end.

City of Maryville, Missouri

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
Capital Project Fund**

**For the Year Ended September 30, 2005**

|   | Budget          |                 | Actual         | Final to Actual<br>Positive<br>(Negative) |
|---|-----------------|-----------------|----------------|---|
|   | Original        | Final           |                |   |
| <b>REVENUES</b>                                 |                 |                 |                |   |
| Interest  | \$ 1,000        | \$ 1,000        | \$ 851         | \$ (149)                                  |
| Total Revenues                                  | <u>1,000</u>    | <u>1,000</u>    | <u>851</u>     | <u>(149)</u>                              |
| <b>EXPENDITURES</b>                             |                 |                 |                |   |
| Capital outlay                                  | 684,393         | 684,393         | 623,696        | 60,697                                    |
| Total expenditures                              | <u>684,393</u>  | <u>684,393</u>  | <u>623,696</u> | <u>60,697</u>                             |
| Excess of revenues over (under)<br>expenditures | (683,393)       | (683,393)       | (622,845)      | 60,548                                    |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                 |                 |                |   |
| Transfers in                                    | 683,197         | 683,197         | 622,845        | (60,352)                                  |
| Total other financing sources (uses)            | <u>683,197</u>  | <u>683,197</u>  | <u>622,845</u> | <u>(60,352)</u>                           |
| Net change in fund balances                     | <u>\$ (196)</u> | <u>\$ (196)</u> | ---            | <u>\$ 196</u>                             |
| Fund balances - Beginning                       |                 |                 | ---            |   |
| Fund balances - Ending                          |                 |                 | <u>\$ ---</u>  |   |

City of Maryville, Missouri

Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
Debt Service Fund

For the Year Ended September 30, 2005

|   | Budget           |                  | Actual            | Final to Actual<br>Positive<br>(Negative) |
|---|------------------|------------------|-------------------|---|
|   | Original         | Final            |                   |   |
| <b>REVENUES</b>                                 |                  |                  |                   |   |
| Taxes   | \$ 346,900       | \$ 346,900       | \$ 360,776        | \$ 13,876                                 |
| Interest  | 3,500            | 3,500            | 10,610            | 7,110                                     |
| Total Revenues                                  | <u>350,400</u>   | <u>350,400</u>   | <u>371,386</u>    | <u>20,986</u>                             |
| <b>EXPENDITURES</b>                             |                  |                  |                   |   |
| Debt service:                                   |                  |                  |                   |   |
| Principal retirement                            | 175,000          | 175,000          | 175,000           | ---                                       |
| Interest and fiscal charges                     | 152,508          | 152,508          | 152,365           | 143                                       |
| Total expenditures                              | <u>327,508</u>   | <u>327,508</u>   | <u>327,365</u>    | <u>143</u>                                |
| Excess of revenues over (under)<br>expenditures | <u>\$ 22,892</u> | <u>\$ 22,892</u> | \$ 44,021         | <u>\$ 21,129</u>                          |
| Fund balances - Beginning                       |                  |                  | <u>323,400</u>    |   |
| Fund balances - Ending                          |                  |                  | <u>\$ 367,421</u> |   |

**City of Maryville, Missouri**  
**Combining Statement of Net Assets**

**Internal Service Funds**

September 30, 2005

|   | <b>Central<br/>Garage<br/>Fund</b> | <b>Group<br/>Insurance<br/>Fund</b> | <b>Totals</b>     |
|---|------------------------------------|-------------------------------------|-------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                   |
| Current:  |                                    |                                     |                   |
| Cash, cash equivalents and investments          | \$ 2,719                           | \$ 107,373                          | \$ 110,092        |
| Receivables, net:                               |                                    |                                     |                   |
| Accounts  | ---                                | 650                                 | 650               |
| Inventory                                       | 2,495                              | ---                                 | 2,495             |
| Total Current Assets                            | <u>5,214</u>                       | <u>108,023</u>                      | <u>113,237</u>    |
| Noncurrent:                                     |                                    |                                     |                   |
| Capital assets, net of accumulated depreciation | 16,519                             | ---                                 | 16,519            |
| Total Noncurrent Assets                         | <u>16,519</u>                      | <u>---</u>                          | <u>16,519</u>     |
| Total Assets                                    | <u>\$ 21,733</u>                   | <u>\$ 108,023</u>                   | <u>\$ 129,756</u> |
| <b>LIABILITIES AND FUND BALANCES</b>            |                                    |                                     |                   |
| Liabilities:                                    |                                    |                                     |                   |
| Current:  |                                    |                                     |                   |
| Accounts payable and accrued expenses           | 2,895                              | ---                                 | 2,895             |
| Compensated absences payable                    | 2,232                              | ---                                 | 2,232             |
| Total Current Liabilities                       | <u>5,127</u>                       | <u>---</u>                          | <u>5,127</u>      |
| Net assets:                                     |                                    |                                     |                   |
| Invested in capital assets, net of related debt | 16,519                             | ---                                 | 16,519            |
| Unrestricted                                    | 87                                 | 108,023                             | 108,110           |
| Total net assets                                | <u>16,606</u>                      | <u>108,023</u>                      | <u>124,629</u>    |
| Total Liabilities and Net Assets                | <u>\$ 21,733</u>                   | <u>\$ 108,023</u>                   | <u>\$ 129,756</u> |

**City of Maryville, Missouri**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Net Assets**

**Internal Service Funds**

For the Year Ended September 30, 2005

|                              | <b>Central<br/>Garage<br/>Fund</b> | <b>Group<br/>Insurance<br/>Fund</b> | <b>Totals</b>     |
|------------------------------|------------------------------------|-------------------------------------|-------------------|
| <b>Operating Revenues:</b>   |                                    |                                     |                   |
| Charges for services         | \$ 104,351                         | \$ 692,313                          | \$ 796,664        |
| Total Operating Revenues     | <u>104,351</u>                     | <u>692,313</u>                      | <u>796,664</u>    |
| <b>Operating Expenses:</b>   |                                    |                                     |                   |
| Personnel                    | 58,321                             | ---                                 | 58,321            |
| Contractual services         | 8,466                              | 698,186                             | 706,652           |
| Commodities                  | 35,842                             | ---                                 | 35,842            |
| Depreciation                 | 2,940                              | ---                                 | 2,940             |
| Total operating expenses     | <u>105,569</u>                     | <u>698,186</u>                      | <u>803,755</u>    |
| Operating (loss)             | (1,218)                            | (5,873)                             | (7,091)           |
| Total Net Assets - Beginning | <u>17,824</u>                      | <u>113,896</u>                      | <u>131,720</u>    |
| Total Net Assets - Ending    | <u>\$ 16,606</u>                   | <u>\$ 108,023</u>                   | <u>\$ 124,629</u> |

# City of Maryville, Missouri

## Combining Statement of Cash Flows

### Internal Service Funds

September 30, 2005

|  | Central<br>Garage<br>Fund | Group<br>Insurance<br>Fund | Totals            |
|--|---------------------------|----------------------------|-------------------|
| Cash Flows from Operating Activities:  |                           |                            |                   |
| Cash Received from Customers   | \$ 104,351                | \$ 692,619                 | \$ 796,970        |
| Cash Paid to Suppliers   | (47,604)                  | (698,817)                  | (746,421)         |
| Cash Paid to Employees   | (58,088)                  | ---                        | (58,088)          |
| Net Cash Provided by (used in) Operating Activities  | <u>(1,341)</u>            | <u>(6,198)</u>             | <u>(7,539)</u>    |
| Net Increase (Decrease) in Cash and Cash Equivalents   | (1,341)                   | (6,198)                    | (7,539)           |
| Cash and Cash Equivalents, beginning of year   | <u>4,060</u>              | <u>113,571</u>             | <u>117,631</u>    |
| Cash and Cash Equivalents, end of year   | <u>\$ 2,719</u>           | <u>\$ 107,373</u>          | <u>\$ 110,092</u> |
| Reconciliation of Operating (Loss) to Net Cash<br>Provided by (used in) Operating Activities:      |                           |                            |                   |
| Operating loss   | \$ (1,218)                | \$ (5,873)                 | \$ (7,091)        |
| Adjustments to reconcile operating loss to<br>net cash provided by (used in) operating activities: |                           |                            |                   |
| Depreciation   | 2,940                     | ---                        | 2,940             |
| Change in assets and liabilities:  |                           |                            |                   |
| Receivables  | ---                       | (325)                      | (325)             |
| Inventory  | 129                       | ---                        | 129               |
| Accounts payable and accrued expenses  | (3,180)                   | ---                        | (3,180)           |
| Compensated absences   | (12)                      | ---                        | (12)              |
| Net Cash Provided by (used in) Operating Activities  | <u>\$ (1,341)</u>         | <u>\$ (6,198)</u>          | <u>\$ (7,539)</u> |

**City of Maryville, Missouri**  
**Combining Statement of Fiduciary Net Assets**

**Private-Purpose Trust Funds**

September 30, 2005

|  | Oak Hill Cemetery<br>Perpetual Care<br>Private Purpose<br>Trust Fund | Miriam Cemetery<br>Perpetual Care<br>Private Purpose<br>Trust Fund | Total             |
|--|--|--|-------------------|
| <b>ASSETS</b>                          |  |  |                   |
| Cash, cash equivalents and investments | \$ 238,127   | \$ 269,376   | \$ 507,503        |
| Total Assets                           | <u>\$ 238,127</u>  | <u>\$ 269,376</u>  | <u>\$ 507,503</u> |
| <b>LIABILITIES</b>                     |  |  |                   |
| Accounts payable                       | ---  | 5,495  | 5,495             |
| Total Liabilities                      | <u>---</u>   | <u>5,495</u>   | <u>5,495</u>      |
| <b>NET ASSETS</b>                      |  |  |                   |
| Held in trust for other purposes       | <u>\$ 238,127</u>  | <u>\$ 263,881</u>  | <u>\$ 502,008</u> |

**City of Maryville, Missouri**  
**Combining Statement of Changes in Fiduciary Net Assets**

**Private-Purpose Trust Funds**

For the Year Ended September 30, 2005

|                        | Oak Hill Cemetery<br>Perpetual Care<br>Private Purpose<br>Trust Fund | Miriam Cemetery<br>Perpetual Care<br>Private Purpose<br>Trust Fund | Total             |
|------------------------|--|--|-------------------|
| <b>ADDITIONS</b>       |  |  |                   |
| Interest income        | \$ 6,602   | \$ 5,495   | \$ 12,097         |
| Total Additions        | <u>6,602</u>   | <u>5,495</u>   | <u>12,097</u>     |
| <b>DEDUCTIONS</b>      |  |  |                   |
| Contractual services   | ---  | 5,495  | 5,495             |
| Change in Net Assets   | 6,602  | ---  | 6,602             |
| Net assets - beginning | <u>231,525</u>   | <u>263,881</u>   | <u>495,406</u>    |
| Net assets - ending    | <u>\$ 238,127</u>  | <u>\$ 263,881</u>  | <u>\$ 502,008</u> |

**City of Maryville, Missouri**  
**Statement of Changes in Assets and Liabilities**

**Agency Fund**

September 30, 2005

|                             | <u>Balance<br/>September 30,<br/>2004</u> | <u>Additions</u>      | <u>Deletions</u>      | <u>Balance<br/>September 30,<br/>2005</u> |
|-----------------------------|---|-----------------------|-----------------------|---|
| <b>Municipal Court Fund</b> |   |                       |                       |   |
| Assets:                     |   |                       |                       |   |
| Cash and cash equivalents   | \$ 12,240                                 | \$ 134,969            | \$ 125,026            | \$ 22,183                                 |
| Accounts receivable         | 718                                       | 718                   | 718                   | 718                                       |
| <br>Total Assets            | <br><u>\$ 12,958</u>                      | <br><u>\$ 135,687</u> | <br><u>\$ 125,744</u> | <br><u>\$ 22,901</u>                      |
| Liabilities:                |   |                       |                       |   |
| Court bonds payable         | \$ 12,958                                 | \$ 30,582             | \$ 20,639             | \$ 22,901                                 |