CITY OF MALDEN, MISSOURI
MALDEN, MISSOURI

For the Year Ended June 30, 2015

ANNUAL FINANCIAL REPORT

Begley, Young, Unterreiner & White, LLC
Certified Public Accountants
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CITY OF MALDEN, MISSOURI
Malden, Missouri

For the Year Ended June 30, 2015

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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Jeff S. Unterreiner, CPA
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INDEPENDENT AUDITORS' REPORT

To The Mayor and Board of Council Members
City of Malden, Missouri

Report on the Financial Statements

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 Malden, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and the maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Malden, Missouri as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter — Change in Accounting Principle

As discussed in Note 14 to the financial statements, on July 1, 2014, the City adopted new accounting guidance, Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and Governmental Accounting Standards No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the retirement plan — schedule of changes in net pension liability (asset) and related ratios, and retirement plan — schedule of contributions on pages 41-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Malden, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016, on our consideration of the City of Malden, Missouri's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Malden, Missouri's internal control over financial reporting and compliance.

BEGLEY, YOUNG, UNTERREINER & WHITE, LLC

Begley, Young, Unterreiner & White, LLC

Cape Girardeau, Missouri
January 25, 2016

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

To the Mayor and Board of Council Members
City of Malden, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Malden, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Malden, Missouri's basic financial statements and have issued our report thereon dated January 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Malden, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Malden, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Malden, Missouri's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 and 2015-002 that we consider to be significant deficiencies.

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Compliance and Other Matters

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

City of Malden, Missouri's Response to Findings

City of Malden, Missouri's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. City of Malden, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BEGLEY, YOUNG, UNTERREINER & WHITE, LLC

Begley, Young, Unterreiner & White, LLC

Cape Girardeau, Missouri
January 25, 2016

BASIC FINANCIAL STATEMENTS

CITY OF MALDEN, MISSOURI

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash	$ 1,129,486	$ 4,857,467	$ 5,986,953
Restricted Cash	46,274	290,595	336,869
Receivables	191,670	1,240,662	1,432,332
Prepaid Expenses	32,363	334,104	366,467
Internal Balances	(170,896)	170,896	-
Inventory	-	335,148	335,148
Total Current Assets	$ 1,228,897	$ 7,228,872	$ 8,457,769
Non-Current Assets:			
Net Pension Asset	$ 1,289,879	$ 12,493	$ 1,302,372
Capital Assets:			
Land, Improvements, and Construction in Progres	$ 108,763	$ 158,966	$ 267,729
Other Capital Assets, Net	1,654,200	14,053,157	15,707,357
Total Capital Assets, Net	$ 1,762,963	$ 14,212,123	$ 15,975,086
TOTAL ASSETS	$ 4,281,739	$ 21,453,488	$ 25,735,227
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	$ 265,527	$ 217,630	$ 483,157
Total Deferred Outflows of Resources	$ 265,527	$ 217,630	$ 483,157
LIABILITIES			
Current Liabilities:			
Payables	$ 54,499	$ 256,966	$ 311,465
Bank Overdraft	-	20,207	20,207
Accrued Interest Payable	-	4,146	4,146
Accrued Salaries and Benefits	205,055	173,491	378,546
Unearned Revenue	-	111,945	111,945
Revenue Bonds, Net of Long-Term	22,954	15,544	38,498
Note Payable, Net of Long-Term	47,987	90,647	138,634
Total Current Liabilities	$ 330,495	$ 672,946	$ 1,003,441
Long-Term Liabilities:			
Deposit Payable	$ -	$ 138,350	$ 138,350
Revenue Bonds, Net of Current Portion	634,034	517,988	1,152,022
Note Payable, Net of Current Portion	142,054	1,201,718	1,343,772
Total Long-Term Liabilities	$ 776,088	$ 1,858,056	$ 2,634,144
TOTAL LIABILITIES	$ 1,106,583	$ 2,531,002	$ 3,637,585
DEFERRED INFLOWS OF RESOURCES			
Deferred Outflows - Pension	$ 236,085	$ 108,793	$ 344,878
Total Deferred Outflows of Resources	$ 236,085	$ 108,793	$ 344,878
NET POSITION			
Net Investment in Capital Assets	$ 915,934	$ 12,919,758	$ 13,835,692
Restricted for Specific Purposes	1,547,471	303,088	1,850,559
Unrestricted	741,193	5,808,477	6,549,670
TOTAL NET POSITION	$ 3,204,598	$ 19,031,323	$ 22,235,921

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
General Government	$ 618,998	$ 193,996	$ -	$ -	$ (425,002)	$ -	$ (425,002)
Public Safety	1,397,148	131,794	-	26,711	(1,238,643)	-	(1,238,643)
Culture and Recreation	268,190	28,516	-	-	(239,674)	-	(239,674)
Transportation	242,720	-	-	-	(242,720)	-	(242,720)
Total Governmental Activities	$ 2,527,056	$ 354,306	$ -	$ 26,711	$ (2,146,039)	$ -	$ (2,146,039)
Business-Type Activities:							
Electric	$ 4,976,814	$ 5,176,487	$ -	$ -	$ -	$ 199,673	$ 199,673
Water and Sewer	1,183,768	1,052,251	-	-	-	(131,517)	(131,517)
Airport	617,871	390,403	-	395,416	-	167,948	167,948
Community Center	70,214	17,135	-	-	-	(53,079)	(53,079)
Nutrition Center	299,432	102,956	178,899	-	-	(17,577)	(17,577)
Total Business-Type Activities	$ 7,148,099	$ 6,739,232	$ 178,899	$ 395,416	$ -	$ 165,448	$ 165,448
Total Primary Government	$ 9,675,155	$ 7,093,538	$ 178,899	$ 422,127	$ (2,146,039)	$ 165,448	$ (1,980,591)
General Revenue:							
Real Estate Taxes					$ 149,778	$ -	$ 149,778
Personal Property Taxes					63,354	-	63,354
Sales Taxes					935,923	-	935,923
Franchise Taxes					495,250	-	495,250
Fire Taxes					147,810	-	147,810
Motor Fuel Taxes					165,557	-	165,557
Surtax					21,809	-	21,809
Railroad/Utility Taxes					12,630	-	12,630
Interest Income					8,118	26,544	34,662
Disposal of Capital Asset					20,271	-	20,271
Other					134,323	138,269	272,592
Transfers - Internal Activities					(50,963)	50,963	-
Total General Revenues					$ 2,103,860	$ 215,776	$ 2,319,636
Change in Net Position					$ (42,179)	$ 381,224	$ 339,045
Net Position - July 1, 2014					1,847,352	18,453,735	20,301,087
Prior Period Adjustment					1,399,425	196,364	1,595,789
Net Position -June 30, 2015					$ 3,204,598	$ 19,031,323	$ 22,235,921

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 3

CITY OF MALDEN, MISSOURI

BALANCE SHEET -
GOVERNMENTAL FUNDS

JUNE 30, 2015

ASSETS	General Fund	DED Fund	Other Governmental Funds	Total Governmental Funds
CURRENT ASSETS:				
Cash	$ 790,354	$ 108,595	$ 230,537	$ 1,129,486
Restricted Cash	4,028	-	42,246	46,274
Receivables	169,409	-	22,261	191,670
Due From Other Funds	18,467	-	-	18,467
Prepaid Expenses	22,385	-	9,978	32,363
Total Current Assets	$ 1,004,643	$ 108,595	$ 305,022	$ 1,418,260
TOTAL ASSETS	$ 1,004,643	$ 108,595	$ 305,022	$ 1,418,260
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts Payable	$ 33,383	$ -	$ 11,041	$ 44,424
Court Payable	10,075	-	-	10,075
Accrued Payroll and Benefits	178,644	-	26,411	205,055
Due To Other Funds	-	189,363	-	189,363
TOTAL LIABILITIES	$ 222,102	$ 189,363	$ 37,452	$ 448,917
FUND BALANCE:				
Nonspendable	$ 22,385	$ -	$ 9,978	$ 32,363
Spendable:				
Restricted	-	-	257,592	257,592
Assigned	-	-	-	-
Unassigned	760,156	(80,768)	-	679,388
TOTAL FUND BALANCE	$ 782,541	$ (80,768)	$ 267,570	$ 969,343
TOTAL LIABILITIES AND FUND BALANCE	$ 1,004,643	$ 108,595	$ 305,022	$ 1,418,260

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 3-A

CITY OF MALDEN, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2015

Total fund balance - total governmental funds (Statement 3)	$	969,343
Amounts reported for governmental activities in the statement of Net Position are different because:		
Net pension asset		1,289,879
Pension related deferred outflows of resources		265,527
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet, net of accumulated depreciation of $2,117,034		1,762,963
Pension related deferred inflows of resources		(236,085)
Revenue Bonds, Lease Payables, and Note Payables are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(847,029)
Net Position of governmental activities (Statement 1)	$	3,204,598

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	General Fund	DED Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	$ 1,678,415	$ -	$ 313,696	$ 1,992,111
Intergovernmental	21,711	-	5,000	26,711
Charges for Services	208,354	23,400	122,552	354,306
Interest Income	7,001	393	724	8,118
Other	123,032	-	17,091	140,123
TOTAL REVENUES	$ 2,038,513	$ 23,793	$ 459,063	$ 2,521,369
EXPENDITURES:				
Current:				
General Government	$ 486,037	$ -	$ 54,621	$ 540,658
Public Safety	1,218,604	-	-	1,218,604
Culture and Recreation	77,735	12,838	167,131	257,704
Transportation	-	-	191,963	191,963
Capital Outlay	17,647	-	91,826	109,473
Debt Service:				
Principal	48,995	-	22,017	71,012
Interest	7,756	2,275	27,892	37,923
TOTAL EXPENDITURES	$ 1,856,774	$ 15,113	$ 555,450	$ 2,427,337
REVENUES OVER (UNDER) EXPENDITURES	$ 181,739	$ 8,680	$ (96,387)	$ 94,032
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 2,000	$ -	$ 90,143	$ 92,143
Transfers Out	(143,106)	-	-	(143,106)
Sale of Capital Assets	5,580	-	12,000	17,580
TOTAL OTHER FINANCING SOURCES AND USES	$ (135,526)	$ -	$ 102,143	$ (33,383)
NET CHANGE IN FUND BALANCES	$ 46,213	$ 8,680	$ 5,756	$ 60,649
FUND BALANCE, July 1, 2014	736,328	(89,448)	261,814	908,694
FUND BALANCE, June 30, 2015	$ 782,541	$ (80,768)	$ 267,570	$ 969,343

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Net Change in fund balances - total governmental funds (Statement 4)	$	60,649
Amounts reported for governmental activities in the statement of activities are different because:		
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		61,982
Pension expense reported in the statement of activities that does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds		(142,086)
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets expended in the current period.		109,473
The net effect of various transactions involving capital assets (i.e., sales, trade ins, and disposals) is to increase net position.		(3,109)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(200,100)
The issuance of long-term debt (i.e. bonds) 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 position. Also, governmental funds report the effect of issuance cost, premium, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Revenue Bond Payments		22,017
Note Payable Payments		48,995
Note Payable Proceeds		-
Change in net position of governmental activities (Statement 2)	$	(42,179)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS

JUNE 30, 2015

ASSETS	Electric Fund	Water and Sewer Fund	Airport Fund
CURRENT ASSETS:			
Cash	$ 4,417,912	$ 120,767	$ 257,528
Restricted Cash	134,850	-	134,246
Receivables, Net of Allowance for Uncollectible			
Customer	716,341	216,444	7,096
Grants	-	-	-
Other	67,542	213,900	-
Prepaid Items	204,807	42,381	69,887
Due From Other Funds	190,737	754	-
Inventory	276,789	56,650	-
Total Current Assets	$ 6,008,978	$ 650,896	$ 468,757
Non-Current Assets:			
Net Pension Asset	6,996	4,123	1,374
CAPITAL ASSETS:			
Land, Improvements, and Construction in Progress	$ 20,139	$ -	$ 33,817
Other Capital Assets, Net	5,175,815	4,062,714	3,956,976
Total Capital Assets, Net	$ 5,195,954	$ 4,062,714	$ 3,990,793
TOTAL ASSETS	$ 11,211,928	$ 4,717,733	$ 4,460,924
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	$ 121,873	$ 71,818	$ 23,939
Total Deferred Outflows of Resources	$ 121,873	$ 71,818	$ 23,939
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	$ 125,280	$ 77,323	$ 20,173
Bank Overdraft	-	20,207	-
Accrued Interest Payable	-	2,337	-
Accrued Salaries and Benefits	111,868	52,054	9,569
Sales Tax Payable	10,978	783	-
Water/Sewer Primacy Fees Payable	-	8,031	-
Unearned Revenue	-	18,220	93,725
Due To Other Funds	5,388	3,804	1,574
Revenue Bonds, Net of Long-Term	-	-	-
Note Payable, Net of Long-Term	-	90,647	-
Total Current Liabilities	$ 253,514	$ 273,406	$ 125,041
LONG-TERM LIABILITIES:			
Deposit Payable	$ 134,850	$ -	$ 2,500
Revenue Bonds, Net of Current Portion	-	-	-
Note Payable, Net of Current Portion	-	1,201,718	-
Total Long-Term Liabilities	$ 134,850	$ 1,201,718	$ 2,500
TOTAL LIABILITIES	$ 388,364	$ 1,475,124	$ 127,541
DEFERRED INFLOWS OF RESOURCES			
Deferred Outflows - Pension	$ 60,924	$ 35,902	$ 11,967
Total Deferred Outflows of Resources	$ 60,924	$ 35,902	$ 11,967
NET POSITION			
Net Investment in Capital Assets	$ 5,195,954	$ 2,770,349	$ 3,990,793
Restricted	141,846	4,123	135,620
Unrestricted	5,546,713	504,053	218,942
TOTAL NET POSITION	$ 10,884,513	$ 3,278,525	$ 4,345,355

(Continued)
See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS

JUNE 30, 2015

ASSETS	Community Center Fund	Senior Nutrition	Total Proprietary Funds
CURRENT ASSETS:			
Cash	$ 50	$ 61,210	$ 4,857,467
Restricted Cash	-	21,499	290,595
Receivables, Net of Allowance for Uncollectible			-
Customer	-	3,415	943,296
Grants	-	15,924	15,924
Other	-	-	281,442
Prepaid Items	10,568	6,461	334,104
Due From Other Funds	-	-	191,491
Inventory	-	1,709	335,148
Total Current Assets	$ 10,618	$ 110,218	$ 7,249,467
Non-Current Assets:			
Net Pension Asset	-	-	$ 12,493
CAPITAL ASSETS:			
Land, Improvements, and Construction in Progress	$ 90,000	$ 15,010	$ 158,966
Other Capital Assets, Net	5,428	852,224	14,053,157
Total Capital Assets, Net	$ 95,428	$ 867,234	$ 14,212,123
TOTAL ASSETS	$ 106,046	$ 977,452	$ 21,474,083
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	$ -	$ -	$ 217,630
Total Deferred Outflows of Resources	-	-	217,630
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	$ 1,385	$ 13,013	$ 237,174
Bank Overdraft	-	-	20,207
Accrued Interest Payable	-	1,809	4,146
Accrued Salaries and Benefits	-	-	173,491
Sales Tax Payable	-	-	11,761
Water/Sewer Primacy Fees Payable	-	-	8,031
Unearned Revenue	-	-	111,945
Due To Other Funds	-	9,829	20,595
Revenue Bonds, Net of Long-Term	-	15,544	15,544
Note Payable, Net of Long-Term	-	-	90,647
Total Current Liabilities	$ 1,385	$ 40,195	$ 693,541
LONG-TERM LIABILITIES:			
Deposit Payable	$ 1,000	$ -	$ 138,350
Revenue Bonds, Net of Current Portion	-	517,988	517,988
Note Payable, Net of Current Portion	-	-	1,201,718
Total Long-Term Liabilities	$ 1,000	$ 517,988	$ 1,858,056
TOTAL LIABILITIES	$ 2,385	$ 558,183	$ 2,551,597
DEFERRED INFLOWS OF RESOURCES			
Deferred Outflows - Pension	$ -	$ -	$ 108,793
Total Deferred Outflows of Resources	$ -	$ -	$ 108,793
NET POSITION			
Net Investment in Capital Assets	$ 95,428	$ 867,234	$ 12,919,758
Restricted	-	21,499	303,088
Unrestricted	8,233	(469,464)	5,808,477
TOTAL NET POSITION	$ 103,661	$ 419,269	$ 19,031,323

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Electric Fund	Water and Sewer Fund	Airport Fund
OPERATING REVENUES:			
Customer Charges/Sales	$ 5,095,809	$ 1,036,910	$ 384,794
Connection Charges	16,736	1,550	-
Penalties and Late Fees	63,942	13,791	5,609
Other	28,554	87,352	17,207
TOTAL OPERATING REVENUES	$ 5,205,041	$ 1,139,603	$ 407,610
OPERATING EXPENSES:			
Salaries, Reimbursed Expenses, and Payroll Taxes	$ 656,770	$ 354,160	$ 130,086
Retirement	87,959	52,423	17,404
Distribution	3,105,909	30,240	-
Meal Preparation	-	-	-
Repairs and Maintenance	31,367	86,397	23,100
Supplies and Services	55,076	33,933	83,320
Utilities	55,191	60,222	7,596
Telephone and Internet	-	-	4,612
Insurance	78,647	86,389	87,716
Training	4,064	3,058	2,172
Travel and Meals	9,375	-	-
Printing and Publication Costs	4,933	-	74
Fuel and Oil	13,398	16,231	8,822
Chemicals	-	11,503	-
Refuse Collection Expense	228,492	-	-
Rentals	-	-	45
Depreciation	583,912	384,142	240,686
Uncollectible Accounts	50,331	24,848	840
Miscellaneous	11,390	2,109	11,398
TOTAL OPERATING EXPENSES	$ 4,976,814	$ 1,145,655	$ 617,871
NET OPERATING INCOME (LOSS)	$ 228,227	$ (6,052)	$ (210,261)
NONOPERATING REVENUES (EXPENSES):			
Interest Income	$ 25,035	$ 76	$ 1,359
Interest Expense	-	(38,113)	-
Contributed Capital	-	-	-
Intergovernmental	-	-	395,416
Disposal of Capital Assets	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 25,035	$ (38,037)	$ 396,775
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ 253,262	$ (44,089)	$ 186,514
OPERATING TRANSFERS IN (OUT):			
Transfers In	$ -	$ -	$ -
Transfers Out	-	-	-
TOTAL TRANSFERS IN (OUT)	$ -	$ -	$ -
CHANGE IN NET POSITION	$ 253,262	$ (44,089)	$ 186,514
TOTAL NET POSITION, July 1, 2014	10,521,287	3,257,814	4,137,241
PRIOR PERIOD ADJUSTMENTS	109,964	64,800	21,600
TOTAL NET POSITION, June 30, 2015	$ 10,884,513	$ 3,278,525	$ 4,345,355

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Community Center Fund	Senior Nutrition Center Fund	Total Proprietary Funds
OPERATING REVENUES:			
Customer Charges/Sales	$ 17,135	$ 102,956	$ 6,637,604
Connection Charges	-	-	18,286
Penalties and Late Fees	-	-	83,342
Other	1,053	4,103	138,269
TOTAL OPERATING REVENUES	$ 18,188	$ 107,059	$ 6,877,501
OPERATING EXPENSES:			
Salaries, Reimbursed Expenses, and Payroll Taxes	$ -	$ 76,774	$ 1,217,790
Retirement	-	-	157,786
Electric Distribution	-	-	3,136,149
Meal Preparation	-	136,713	136,713
Repairs and Maintenance	11,977	3,788	156,629
Supplies and Services	45,269	427	218,025
Utilities	-	-	123,009
Telephone and Internet	662	1,195	6,469
Insurance	10,260	19,116	282,128
Training	112	-	9,406
Travel and Meals	-	-	9,375
Printing and Publication Costs	-	-	5,007
Fuel and Oil	-	-	38,451
Chemicals	-	-	11,503
Refuse Collection Expense	-	-	228,492
Rentals	-	-	45
Depreciation	1,734	38,135	1,248,609
Uncollectible Accounts	-	-	76,019
Miscellaneous	200	877	25,974
TOTAL OPERATING EXPENSES	$ 70,214	$ 277,025	$ 7,087,579
NET OPERATING INCOME (LOSS)	$ (52,026)	$ (169,966)	$ (210,078)
NONOPERATING REVENUES (EXPENSES):			
Interest Income	$ -	$ 74	$ 26,544
Interest Expense	-	(22,407)	(60,520)
Contributed Capital	-	-	-
Intergovernmental	-	178,899	574,315
Disposal of Capital Assets	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	$ -	$ 156,566	$ 540,339
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ (52,026)	$ (13,400)	$ 330,261
OPERATING TRANSFERS IN (OUT):			
Transfers In	$ 50,963	$ -	$ 50,963
Transfers Out	-	-	-
TOTAL TRANSFERS IN (OUT)	$ 50,963	$ -	$ 50,963
CHANGE IN NET POSITION	$ (1,063)	$ (13,400)	$ 381,224
TOTAL NET POSITION, July 1, 2014	104,724	432,669	18,453,735
PRIOR PERIOD ADJUSTMENTS	-	-	196,364
TOTAL NET POSITION, June 30, 2015	$ 103,661	$ 419,269	$ 19,031,323

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Electric Fund	Water and Sewer Fund	Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	$ 5,236,577	$ 1,042,859	$ 409,016
Payments to Suppliers	(3,855,474)	(289,328)	(219,586)
Payments to Employees	(683,088)	(372,400)	(139,290)
Refunds of Customer Deposits	2,950	-	(100)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 700,965	$ 381,131	$ 50,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers from (to) Other Funds	$ -	$ -	$ -
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	$ -	$ -	$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments on Debt	$ -	$ (88,803)	$ -
Interest Paid on Debt	-	(38,113)	-
Advances (Payments) to Other Funds	95,613	(81,736)	-
Capital Grants	-	-	395,416
Proceeds from Sale of Capital Assets	-	-	-
Acquisition of Capital Assets	(269,717)	(108,523)	(436,563)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ (174,104)	$ (317,175)	$ (41,147)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Cash	$ 25,035	$ 76	$ 1,359
NET CHANGE IN CASH	$ 551,896	$ 64,032	$ 10,252
CASH AND RESTRICTED CASH, July 1, 2013	4,000,866	36,528	381,522
CASH AND RESTRICTED CASH, June 30, 2014	$ 4,552,762	$ 100,560	$ 391,774
DISPLAYED ON STATEMENT 5 AS:			
Cash	$ 4,417,912	$ 120,767	$ 257,528
Restricted Cash	134,850	-	134,246
Bank Overdraft	-	(20,207)	-
TOTAL CASH AND RESTRICTED CASH	$ 4,552,762	$ 100,560	$ 391,774
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ 228,227	$ (6,052)	$ (210,261)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	583,912	384,142	240,686
Pension Expense	42,019	24,761	8,253
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Receivables	33,513	(96,841)	(4,899)
Prepaid Expenses	(237)	(4,275)	(3,764)
Inventory	(36,892)	9,158	-
Customer Deposits	2,950	-	(100)
Accounts Payable	(170,172)	60,885	13,873
Salaries and Payroll Tax Payable	19,622	9,422	(53)
Unearned Revenue	-	-	6,305
Water Primacy Fee Payable	-	(166)	-
Sales Tax Payable	(1,977)	97	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 700,965	$ 381,131	$ 50,040

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Community Center Fund	Senior Nutrition Center Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	$ 18,388	$ 109,476	$ 6,816,316
Payments to Suppliers	(70,101)	(160,108)	(4,594,597)
Payments to Employees	-	(76,774)	(1,271,552)
Receipt of Customer Deposits	750	-	3,600
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (50,963)	$ (127,406)	$ 953,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers from (to) Other Funds	$ 50,963	$ -	$ 50,963
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	$ 50,963	$ -	$ 50,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments on Debt	$ -	$ (14,916)	$ (103,719)
Interest Paid on Debt	-	(22,407)	(60,520)
Advances (Payments) to Other Funds	-	787	14,664
Capital Grants	-	178,899	574,315
Proceeds from Sale of Capital Assets	-	-	-
Acquisition of Capital Assets	-	-	(814,803)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ -	$ 142,363	$ (390,063)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Cash	$ -	$ 74	$ 26,544
NET CHANGE IN CASH	$ -	$ 15,031	$ 641,211
CASH AND RESTRICTED CASH, July 1, 2014	50	67,678	4,486,644
CASH AND RESTRICTED CASH, June 30, 2015	$ 50	$ 82,709	$ 5,127,855
DISPLAYED ON STATEMENT 5 AS:			
Cash	$ 50	$ 61,210	$ 4,857,467
Restricted Cash	-	21,499	290,595
Bank Overdraft	-	-	(20,207)
TOTAL CASH AND RESTRICTED CASH	$ 50	$ 82,709	$ 5,148,062
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (52,026)	$ (169,966)	$ (210,078)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	1,734	38,135	1,248,609
Pension Expense	-	-	75,033
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Receivables	200	2,417	(65,610)
Prepaid Expenses	(308)	(309)	(8,893)
Inventory	-	2,782	(24,952)
Customer Deposits	750	-	3,600
Accounts Payable	(1,313)	(465)	(97,192)
Salaries and Payroll Tax Payable	-	-	28,991
Unearned Revenue	-	-	6,305
Water Primacy Fee Payable	-	-	(166)
Sales Tax Payable	-	-	(1,880)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (50,963)	$ (127,406)	$ 953,767

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Malden, Missouri (the "City") was incorporated on April 22, 1878 under the provisions of the State of Missouri. The City operates under a Mayor – Board of Councilmen form of government and provides the following services as authorized by its charter: public safety (police and fire), transportation, general administrative services, electric, water and sewer, airport, community center, and nutrition center. The City complies with generally accepted accounting principles (GAAP).

Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Financial Reporting Entity:

The City's financial reporting entity is composed of the following:

Primary Government:	City of Malden

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity.*

The City's reporting entity includes the City's governing board and the operations of all related organizations for which the City exercises financial oversight. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial 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. In addition, 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.

As required by accounting principles generally accepted by the Unites States of America, 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 component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units – The Malden Capital Improvement Corporation and the Malden Nutrition Center, Inc., have been included in these financial statements as blended component units. These component units were incorporated exclusively for the benefit of the City. Although the City is not legally responsible for the debt of the Corporations, the Corporations' main sources of revenue are from lease payments received from the City. The Malden Capital Improvement Corporation has been included as a capital project fund. The Malden Nutrition Center Inc. has been included in the Malden Senior Citizens Nutrition Center. The financial statements for the component units are the responsibility of the City's management and can be obtained from them.

B. Basis of Presentation:

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

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

Capital Project Funds – Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities. The reporting entity includes the following Capital Project Fund, which is reported as a nonmajor fund:

Fund	Description
CIC Fund	Accounts for financial resources to be used for the acquisition or construction of major capital facilities by the Capital Improvement Corporation.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following Special Revenue Fund, which is reported as a major fund:

Fund	Description
DED Fund	Accounts for revenues and expenditures paid for services provided by the Department of Economic Development.

The reporting entity also includes the following Special Revenue Fund which is reported as a nonmajor fund:

Fund	Description
Street Fund	Accounts for revenues received and expenditures paid for the maintenance and upkeep of local streets.
Park Fund	Accounts for revenues received and expenditures paid for recreational services provided by the Park and Recreation Board
Cemetery Fund	Accounts for revenues received and expenditures paid for services provided by the Cemetery Department.

Proprietary Fund Types

Enterprise Funds – Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following Enterprise Funds that are reported as major funds:

Fund	Description
Electric Fund	Accounts for the acquisition, operation, and maintenance of the City's electric utility facilities and services.
Water and Sewer Fund	Accounts for the acquisition, operation, and maintenance of the City's water and sanitary sewer utility facilities and services.
Airport Fund	Accounts for revenues and expenses derived primarily from a variety of rental activities associated with the airport and the industrial park.
Community Center Fund	Accounts for revenues and expenses for services provided for the citizens of the City associated with the Community Center
Nutrition Center Fund	Accounts for revenues and expenses for meals provided by the nutrition center and thrift items sold to citizens.

C. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on

their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

All governmental and fiduciary fund type financial statements are presented on a modified accrual basis of accounting which recognizes expenditures when liabilities for goods and services are incurred, and revenues when they become available and measurable. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measureable and available only when cash is received by the government.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities, and Equity:

Cash and Cash Equivalents

For the purpose of financial reporting, including the Proprietary Fund Statement of Cash Flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash or cash equivalents.

Cash resources of certain individual funds are combined to form a pool of cash. Interest income earned as a result of pooling is distributed to the appropriate funds based on the ending monthly balance of cash and each fund.

When a fund overdraws its share of pooled cash, the overdraft is reported as liability in the fund. At June 30, 2015, the Water & Sewer fund reported a $(20,207) overdraft as a liability.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Prior to July 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2004 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $5,000 is used to report capital assets. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized. The range of estimated useful lives by type of asset is as follows:

Buildings and Leasehold Improvement	10-50 years
Furniture, Equipment, and Vehicles	3-20 years
Infrastructure	15-50 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for in the same way as the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund and general fund that are legally restricted as to their use.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and capital lease payable.

Long-term debts for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Receivables

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Inventories

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost on a first-in first-out (FIFO) method and charged to operation and maintenance expense when used.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has presented both outflows and inflows due to the implementation of GASB Statement 68 regarding pensions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity Classification

Government-Wide Statements – Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

2. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements – Fund balance consists of Nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance are amounts restricted to specific purposes. Committed fund balance are amounts that can only be used for specific purposes as pursuant to official action by City Council prior to the end of the reporting period. Assigned fund balance are amounts the City intends to use for a specific purpose but is neither restricted nor committed. The City Administrator has authority to assign fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses:

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Licenses and permits and municipal court fines and bonds forfeited
Public Safety	Fines and violations, fire calls, and police and fire reports.
Culture and Recreation	Grave opening/closing fees and recreation league fees.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities:

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

G. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

H. Fund Equity:

Unreserved retained earnings for proprietary funds represent the net position available for future operations or distributions.

I. Compensated Absence:

All vested or accumulated compensated absences is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of anticipated or actual employee resignations and retirements.

2. CASH

Deposits in financial institutions, reported as components of cash and cash equivalents, had a book balance of $6,302,574 and a bank balance of $6,448,868 at June 30, 2015, that was fully insured by depository insurance or secured with collateral held by the City in the City's name. The City also held $1,041 in petty cash at June 30, 2015.

Reconciliation to Statement of Net Position	
Cash	$ 5,986,953
Restricted Cash	336,869
Bank Overdraft	(20,207)
Cash, Statement of Net Position	$ 6,303,615
Less: Petty Cash	(1,041)
Bank Cash, Book Balance	$ 6,302,574

3. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are due and payable on or before December 31. All unpaid property taxes at January 1 become delinquent. Property tax revenue is recognized when levied. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

The total assessed valuation of tangible taxable property for the calendar year 2014 was as follows:

Real Estate	$20,237,238
Personal Property	9,008,946
Total Assessed Valuation	$29,246,184

The tax levy for calendar year 2014, set by the Board of Aldermen, per $100 assessed valuation was:

General Fund	$0.7567

4. RISKS OF LOSS

The City is exposed to risks of loss through claims on property owned, damage to property owned, official and employee liability, workmen's compensation claims, and risk of loss of employee or individual injury. The City handles these risks of loss through the purchase of commercial insurance policies. No significant reduction in insurance coverage occurred during the year. Also, there have been no settlement amounts that have exceeded insurance coverage.

The City is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in

premiums are recorded when paid or received. During the year ended June 30, 2015, there were no significant adjustments in premiums based on actual experience.

5. CAPITAL ASSETS

Activity for governmental capital assets which are capitalized by the City for the year ended June 30, 2015, is summarized below:

	Primary Government			
Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being Depreciated:				
Land, Improvements, and Construction in Progress	$ 108,763	$ -	$ -	$ 108,763
Other Assets	3,864,970	109,473	(8,111)	3,966,332
Total Assets at Historical Cost	3,973,733	109,473	(8,111)	4,075,095
Less Accumulated Depreciation	(2,117,034)	(200,100)	5,002	(2,312,132)
Capital Assets, Net	$ 1,856,699	$ (90,627)	$ (3,109)	$ 1,762,963

Following is a summary of property and equipment for each of the enterprise funds for the year ended June 30, 2015:

	Primary Government			
Business-Type Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets being Depreciated:				
Land, Improvements, and Construction in Progress	$ 395,158	$ 451,384	$ (687,576)	$ 158,966
Other Assets	38,133,528	1,050,996	-	39,184,524
Total Assets at Historical Cost	38,528,686	1,502,380	(687,576)	39,343,490
Less Accumulated Depreciation	(23,882,758)	(1,248,609)	-	(25,131,367)
Capital Assets, Net	$ 14,645,928	$ 253,771	$ (687,576)	$ 14,212,123

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities	
General Government	$ 10,045
Public Safety	131,087
Culture and Recreation	8,211
Transportation	50,757
Total	$ 200,100
Business-Type Activities	
Electric	$ 583,912
Water and Sewer	384,142
Airport	240,686
Community Center	1,734
Nutrition Center	38,135
Total	$1,248,609

6. INTERFUND TRANSFERS

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis.

The following is a summary of the amounts transferred from and to other funds:

	Transferred Out	Transferred In
General Fund	$ 143,106	$ 2,000
Community Center	-	50,963
Street Fund	-	90,143
	$ 143,106	$ 143,106

7. INTERFUND BALANCES

The following is a summary of the amounts due from and to other funds:

	Due From	Due To
General Fund	$ 18,468	$ -
DED Fund	-	189,363
Airport Fund	-	1,574
Electric Fund	190,737	5,388
Water & Sewer Fund	754	3,804
Malden Nutrition Center	-	9,830
	$ 209,959	$ 209,959

Amounts due to and from funds are for general operating expenditures.

8. RESTRICTED ASSETS

The Malden Capital Improvement Corporation was indebted for a loan insured through the United States Department of Agriculture. Funds are placed in a Debt Reserve Maintenance Account and shall be used for the purpose of paying the principal and interest on the indebtedness if the monies in the General Account are insufficient to pay the same as such principal and interest become due. At June 30, 2015, restricted assets in the Debt Reserve Account include $42,246.

At June 30, 2015, restricted assets include $134,246 of money held by the City of Malden Airport. The restrictions are due to the provision of grant agreements agreed to when receiving Federal grant money to help pay for the various projects of the City's Airport.

At June 30, 2015, restricted assets include $134,850 of restricted funds held by the Board of Public Works for purposes of residents meter deposits payable balance.

At June 30, 2015, restricted assets include $4,028 of restricted funds held by the General Fund for purposes of court bonds.

At June 30, 2015, restricted assets include $21,499 of money held by the City of Malden Nutrition Center Debt Reserve Maintenance account that is deposited into each month by USDA and is supposed to accumulate approximately two years' worth of payments on USDA loans.

At June 30, 2015, restricted assets include $1,302,372 of the net pension asset resulting from the City's implementation of GASB 68.

9. LONG-TERM DEBT

A. Long-Term Debt:

1. Note Payable – Police Vehicle

On July 12, 2012, the City entered into a loan for the acquisition of a 2012 Chevrolet Tahoe. Five principal and interest payments of $6,500 are due on July 1 at 3.75 percent interest. Following are the annual requirements to amortize the note at June 30, 2015:

Ending June 30,	Interest	Principal	Total
2016	691	5,809	6,500
2017	469	6,031	6,500
2018	239	6,267	6,506
	$ 1,399	$ 18,107	$ 19,506

2. Note Payable – Police Vehicles

On November 10, 2010, the City entered into a loan for the acquisition of two 2011 Chevrolet Impala cars and a 2011 Chevrolet Tahoe. That loan was refinanced on July 28, 2011 to include an additional Chevrolet Tahoe. Five principal and interest payments of $16,930 are due on July 1 at 3.75 percent interest. Following are the annual requirements to amortize the note at June 30, 2015:

Ending June 30,	Interest	Principal	Total
2016	1,199	15,731	16,930
2017	605	16,312	16,917
	$ 1,804	$ 32,043	$ 33,847

3. Note Payable – Fire Truck

On April 23, 2013, the City entered into a loan agreement for the acquisition of a fire truck. Seven principal and interest payments of $30,644 are due on April 23 at 3.00

percent interest. Following are the annual requirements to amortize the note at June 30, 2015:

Ending June 30,	Interest	Principal	Total
2016	4,197	26,447	30,644
2017	3,404	27,241	30,645
2018	2,587	28,058	30,645
2019	1,745	28,900	30,645
2020	862	29,245	30,107
	$ 12,795	$ 139,891	$ 152,686

4. Revenue Bonds – USDA #1 Police Station

On February 8, 2006, the City entered into an agreement for the construction of the police station. Monthly principal and interest payments of $2,667 are due on the first day of the month at 4.125 percent interest. Malden Capital Corporations, Inc. entered into the agreement with the United States Department of Agriculture. Following are the annual requirements to amortize the revenue bonds at June 30, 2015:

June 30,	Interest	Principal	Total
2016	17,292	14,712	32,004
2017	16,674	15,330	32,004
2018	16,029	15,975	32,004
2019	15,358	16,647	32,005
2020	14,658	94,337	108,995
2021-2025	61,717	115,905	177,622
2026-2030	39,243	142,403	181,646
2031-2035	11,889	10,584	22,473
	$ 192,860	$ 425,893	$ 618,753

5. Revenue Bonds – USDA #2 Police Station

On February 8, 2006, the City entered into an agreement for the construction of the police station. Monthly principal and interest payments of $1,492 are due on the first day of the month at 4.25 percent interest. Following are the annual requirements to amortize the revenue bonds at June 30, 2015:

Ending June 30,	Interest	Principal	Total
2016	9,662	8,242	17,904
2017	9,305	8,599	17,904
2018	8,932	8,972	17,904
2019	8,544	9,360	17,904
2020	6,332	9,766	16,098
2021-2025	33,535	55,558	89,093
2026-2030	20,307	68,687	88,994
2031-2035	8,017	61,911	69,928
	$ 104,634	$ 231,095	$ 335,729

Article VI, Section 26(b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a city to 5 percent of the assessed valuation of the City. At June 30, 2015 the City's remaining legal debt margin was $1,479,207.

B. Enterprise Fund Long-Term Debt:

At June 30, 2015, the City had two long-term debt issues outstanding.

1. Revenue Bonds – USDA #3 Nutrition Center

On October 8, 2008, the Malden Nutrition Center, Inc. entered into an agreement for the construction of the Nutrition Center. Monthly principal and interest payments of $3,105 are due on the first day of the month at 4.125 percent interest. Following are the annual requirements to amortize the revenue bonds at June 30, 2015:

Ending June 30,	Interest	Principal	Total
2016	21,716	15,544	37,260
2017	21,063	16,197	37,260
2018	20,382	16,878	37,260
2019	19,673	17,587	37,260
2020	18,933	18,327	37,260
2021-2025	82,441	103,859	186,300
2026-2030	58,697	127,603	186,300
2031-2035	29,434	160,521	189,955
2036	1,981	57,016	58,997
	$ 274,320	$ 533,532	$ 807,852

2. Note Payable – Wastewater Plant upgrade

On September 20, 2012, the City entered into an agreement for the acquisition of a new wastewater treatment system. Principal and interest payment of $10,683 is due on first of each month at 3.00 percent interest. Following are the annual requirements to amortize the lease purchase at June 30, 2015:

Ending June 30,	Interest	Principal	Total
2016	37,543	90,647	128,190
2017	34,786	93,404	128,190
2018	31,945	96,245	128,190
2019	29,018	99,173	128,191
2020	26,001	102,189	128,190
2021-2025	81,449	559,502	640,951
2026-2030	8,020	251,205	259,225
	$ 248,762	$ 1,292,365	$ 1,541,127

The annual retirements to amortize all long-term debt as of June 30, 2015 including interest payments of $836,574 are as follows:

Ending June 30,	Governmental Activities		Business - Type Activities		Total Debt Service Requirements to Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	70,941	33,041	106,191	59,259	177,132	92,300
2017	73,513	30,457	109,601	55,849	183,114	86,306
2018	59,272	27,787	113,123	52,327	172,395	80,114
2019	54,907	25,647	116,760	48,691	171,667	74,338
2020	133,348	21,852	120,516	44,934	253,864	66,786
2021-2025	171,463	95,252	663,361	163,890	834,824	259,142
2026-2030	211,090	59,550	378,808	66,717	589,898	126,267
2031-2035	72,495	19,906	160,521	29,434	233,016	49,340
2036	-	-	57,016	1,981	57,016	1,981
	$ 847,029	$ 313,492	$ 1,825,897	$ 523,082	$ 2,672,926	$ 836,574

Interest expense on long term debt for fiscal year ending June 30, 2015 was $37,923 for governmental funds and $60,520 for business-type activities.

10. RETIREMENT PLAN – LAGERS

A. Plan Description:

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

B. Benefits Provided:

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	February 28, 2015 Valuation
Benefit Multiplier:	2%
Final Average Salary:	5 Years
Member Contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4 percent per year.

C. Employees covered by benefit terms:

At June 30, 2015, the following employees were covered by the benefit terms:

	Total
Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	23
Active employees	52
	128

D. Contributions:

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 10.4% (General), 0.3% (Police) and 0.3% (Fire) of annual covered payroll.

E. Net Pension Liability:

The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

F. Actuarial assumptions:

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expense

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

G. Discount rate:

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at 6/30/15	$ 9,986,896	$ 11,582,685	$ (21,569,581)
Changes for the year:			
Service Cost	$ 242,457	$ -	$ 242,457
Interest	716,312	-	716,312
Difference between expected and actual experiences	(456,035)	-	(456,035)
Contributions - employer	-	144,561	(144,561)
Contributions - employee	-	83,434	(83,434)
Net investment income	-	219,077	(219,077)
Benefit payments, including refunds	(459,704)	(459,704)	-
Administrative expense	-	(10,624)	10,624
Other changes	-	(227,131)	227,131
Net Changes	$ 43,030	$ (250,387)	$ 293,417
Balance at 6/30/15	10,029,926	11,332,298	(1,302,372)

H. Sensitivity of the net pension liability to changes in the discount rate.

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

Sensitivity of Net Pension Liability (Asset) to the Single Discount Rate

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	$ 11,321,290	$ 10,029,926	$ 8,944,049
Plan Fiduciary Net Position	11,332,298	11,332,298	11,332,298
Net Pension Liability (Asset)	$ (11,008)	$ (1,302,372)	$ (2,388,249)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the employer recognized pension expense of $299,699. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (344,878)
Net difference between projected and actual earnings on pension plan investments	483,157	-
Total	483,157	(344,878)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2016	$ 9,633
2017	9,633
2018	22,538
2019	97,351
2020	(876)
Thereafter	-
Total	$ 138,279

Payable to the Pension Plan

At December 28, 2015, the City reported a payable of $(1,158) for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

11. CONTINGENCIES

Grants

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at June 30, 2015.

12. FUND BALANCE

The fund balance at June 30, 2015 for the DED and Street Fund had a deficit balance of ($80,768) and ($27,899) respectively.

13. FUND BALANCE REPORTING:

The City has adopted GASB 54 as part of its 2014-2015 fiscal year reporting. Implementation of GASB 54 is required for fiscal years beginning after June 15, 2010. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City does not have inventories or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The City has classified its fund balances with the following hierarchy:

Nonspendable: The City has prepaid expenses totaling $32,363 that is classified as nonspendable.

Spendable: The City has classified the spendable fund balances as *Restricted, Assigned,* and *Unassigned* and considered each to have been spent when expenditures are incurred. The City currently has no funds classified as *Committed.*

Unassigned: The unassigned fund balance for the General Fund is $760,156.

Description	General Fund	DED Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid Expenses	$ 22,385	$ -	$ 9,978	$ 32,363
Restricted:				-
Debt Service	-	-	42,246	42,246
Capital Projects	-	-	8,654	8,654
Culture and Recreation			234,591	234,591
Assigned:	-	-	-	-
Unassigned:	760,156	(80,768)	(27,899)	651,489
Total Fund Balance	$ 782,541	$ (80,768)	$ 267,570	$ 960,689

14. PRIOR PERIOD ADJUSTMENT/CHANGE IN ACCOUNTING PRINCPLE:

The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities increased by $1,399,425 and $196,364, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
REVENUES:				
Taxes:				
Real Estate Taxes	$ 143,700	$ 148,641	$ 149,778	$ 6,078
Personal Property Taxes	65,120	63,657	63,354	(1,766)
Sales Tax-Local	580,000	633,342	630,329	(3,013)
Sales Tax-Capital Impr.	150,000	158,259	157,455	(804)
Fire Tax	130,000	148,340	147,810	(530)
Railroad/Utility Tax	11,250	12,630	12,630	-
Surtax	22,000	21,753	21,809	56
Franchise Taxes	535,800	491,183	495,250	4,067
Municipal Court Costs and Fines	16,360	11,720	12,200	480
Permits and Fees	16,750	16,052	27,363	11,311
Refuse Collections	21,000	19,621	19,624	3
Police and Fire Department Receipts	98,050	87,899	90,305	2,406
Rental Revenue	15,830	15,831	15,831	-
City Licenses	53,500	55,073	55,155	82
Animal Control	6,200	3,790	3,707	(83)
Interest	6,550	6,919	7,001	82
Intergovernmental	26,500	21,711	21,711	-
Donations	200	215	104	(111)
Miscellaneous	99,726	128,710	107,097	(21,613)
TOTAL REVENUES	$ 1,998,536	$ 2,045,346	$ 2,038,513	$ (6,833)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
EXPENDITURES:				
GENERAL GOVERNMENT:				
Administrative:				
Salaries	$ 253,361	$ 242,394	$ 249,417	$ (7,023)
Retirement	17,675	15,508	20,376	(4,868)
Supplies and Equipment	20,373	25,236	28,905	(3,669)
Repair and Maintenance	11,460	13,270	13,214	56
Payroll Taxes	19,382	18,641	15,797	2,844
Training	4,716	5,283	1,613	3,670
Utilities	1,132	897	1,160	(263)
Telephone	3,843	2,855	3,741	(886)
Insurance	20,811	22,743	21,661	1,082
Professional Fees	40,000	43,149	41,373	1,776
Travel and Meals	6,414	7,280	7,597	(317)
Election Expense	5,188	3,940	3,940	-
Miscellaneous	5,564	10,316	7,403	2,913
Publication and Printing	4,437	4,072	6,817	(2,745)
Fuel and Vehicle Expense	4,976	9,235	1,778	7,457
Uniforms	287	510	550	(40)
Capital Expenditures	961	11,967	16,513	(4,546)
Building and Improvements	-	-	3,856	(3,856)
Total Administrative	$ 420,580	$ 437,296	$ 445,711	$ (8,415)
Court:				
Salaries	$ 40,369	$ 40,733	$ 40,668	$ 65
Retirement	2,383	2,422	2,396	26
Payroll Taxes	3,088	3,070	3,048	22
Training	470	527	291	236
Telephone	2,255	1,845	1,792	53
Professional Fees	352	-	-	-
Travel and Meals	1,081	1,027	787	240
Insurance	6,482	6,993	6,358	635
Supplies and Equipment	1,889	1,577	1,605	(28)
Printing and Publications	235	85	75	10
Repair and Maintenance	940	617	664	(47)
Miscellaneous	1,034	30	289	(259)
Total Court	$ 60,578	$ 58,926	$ 57,973	$ 953
TOTAL GENERAL GOVERNMENT	$ 481,158	$ 496,222	$ 503,684	$ (7,462)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
PUBLIC SAFETY:				
Police:				
Salaries	$ 525,263	$ 524,427	$ 515,278	$ 9,149
Retirement	19,757	17,839	18,232	(393)
Supplies and Equipment	2,683	6,740	8,699	(1,959)
Payroll Taxes	38,882	38,508	38,651	(143)
Training	-	1,087	1,834	(747)
Fuel and Vehicle Expense	42,409	38,483	37,056	1,427
Utilities	482	588	(381)	969
Telephone	4,500	5,094	6,214	(1,120)
Insurance	109,135	110,018	102,765	7,253
Repair and Maintenance	3,588	4,292	1,807	2,485
Professional Fees	200	300	1,000	(700)
Travel and Meals	500	284	713	(429)
Publication and Printing	450	160	315	(155)
MULES	3,400	2,820	2,115	705
Boarding Prisoners and Prisoner Meals	1,500	972	828	144
Uniforms	3,986	2,132	2,576	(444)
Capital Expenditures	26,102	43,809	45,481	(1,672)
Capital Lease	62,000	62,173	62,173	-
Building and Improvements	-	-	976	(976)
Miscellaneous	13,156	5,763	1,321	4,442
Total Police	$ 857,993	$ 865,489	$ 847,653	$ 17,836

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
Fire:				
Salaries	$ 144,343	$ 146,832	$ 145,191	$ 1,641
Retirement	371	799	788	11
Supplies and Equipment	8,366	9,472	9,483	(11)
Payroll Taxes	11,042	11,330	11,239	91
Training	45,000	30,508	37,993	(7,485)
Fuel and Vehicle Expense	12,359	12,000	12,073	(73)
Utilities	122	-	1,328	(1,328)
Telephone	2,662	2,727	2,615	112
Insurance	34,035	33,945	31,710	2,235
Repair and Maintenance	-	2,462	1,895	567
Travel and Meals	-	217	199	18
Publication and Printing	143	28	25	3
Building and Improvements	4,754	1,477	3,357	(1,880)
Uniforms and Turnout Gear	11,884	1,585	978	607
Rental	-	-	200	(200)
Capital Expenditures	32,445	33,430	32,738	692
Miscellaneous	949	3,625	1,155	2,470
Total Fire Department	$ 308,475	$ 290,437	$ 292,967	$ (2,530)
Emergency Management:				
Salaries	$ 7,200	$ 7,200	$ 7,200	$ -
Payroll Taxes	551	551	551	-
Training	1,483	1,345	1,392	(47)
Insurance	421	421	421	-
Repair and Maintenance	1,978	3,324	4,083	(759)
Fuel and Vehicle Expense	2,670	1,141	995	146
Utilities	(84)	(452)	(77)	(375)
Telephone	4,251	3,541	3,703	(162)
Supplies and Equipment	3,816	4,314	4,476	(162)
Travel and Meals	2,076	987	855	132
Publication and Printing	60	1,192	1,389	(197)
Uniforms	297	-	-	-
Capital Expenditures	2,767	1,741	1,741	-
Miscellaneous	-	-	-	-
Total Emergency Management	$ 27,486	$ 25,305	$ 26,729	$ (1,424)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
Code Enforcement:				
Salaries	$ 48,832	$ 49,361	$ 57,299	$ (7,938)
Retirement	4,102	4,146	4,122	24
Supplies	2,794	919	940	(21)
Payroll Taxes	3,736	3,609	3,587	22
Training	-	2	2	-
Fuel and Vehicle Expense	1,927	2,519	2,207	312
Telephone	1,445	412	408	4
Insurance	6,648	7,277	191	7,086
Repair and Maintenance	28,895	37,065	25,004	12,061
Travel and Meals	482	68	86	(18)
Publication and Printing	578	225	242	(17)
Building and Improvements	478	971	971	-
Uniforms	289	163	163	-
Solid Waste Cleanup	19,261	8,194	12,784	(4,590)
Total Code Enforcement	$ 119,467	$ 114,931	$ 108,006	$ 6,925
TOTAL PUBLIC SAFETY	$ 1,313,421	$ 1,296,162	$ 1,275,355	$ 20,807

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
CULTURE AND RECREATION:				
Nutrition Center:				
Salaries	$ -	$ -	$ -	$ -
Retirement	3,853	3,847	3,848	(1)
Payroll Taxes	5,220	5,457	5,452	5
Training	-	9	9	-
Fuel and Vehicle Expense	2,400	1,475	1,604	(129)
Utilities	1,000	1,673	2,766	(1,093)
Insurance	13,383	15,418	14,790	628
Capital Lease	41,000	47,365	43,944	3,421
Building and Improvements	-	1,951	1,790	161
Miscellaneous	-	25	25	-
Total Nutrition Center	$ 66,856	$ 77,220	$ 74,228	$ 2,992
Community Service and Arts:				
Supplies	$ 5,280	$ 1,725	$ 3,507	$ (1,782)
Total Community Service and Arts	$ 5,280	$ 1,725	$ 3,507	$ (1,782)
TOTAL CULTURE AND RECREATION	$ 72,136	$ 78,945	$ 77,735	$ 1,210

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Amended	Actual	(Unfavorable)
TOTAL EXPENDITURES	$ 1,866,715	$ 1,871,329	$ 1,856,774	$ 14,555
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 131,821	$ 174,017	$ 181,739	$ 7,722
OTHER FINANCING SOURCES (USES):				
Transfers In	$ -	$ 2,000	$ 2,000	$ -
Transfers Out		(2,000)	(143,106)	(141,106)
Sale of Capital Assets	-	-	5,580	5,580
Total Other Financing Sources (Uses)	$ -	$ -	$ (135,526)	$ (135,526)
TOTAL REVENUES OVER (UNDER) EXPENDITURES	$ 131,821	$ 174,017	$ 46,213	$ (127,804)
FUND BALANCE, July 1, 2014			736,328	
FUND BALANCE, June 30, 2015			$ 782,541	

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES

JUNE 30, 2015

1. BUDGETARY INFORMATION

The budgetary comparison schedules presented as required supplementary information to present comparisons of legally adopted budgets with the actual data. Budgetary data is developed using the modified accrual basis of accounting, which is an accounting basis other than accounting principles generally accepted in the United States of America.

On June 18, 2014 a public hearing was held in connection with adoption of the proposed budget for 2015. Excess disbursements and transfers were formally approved by budget amendment by the Board of Aldermen on June 15, 2015.

CITY OF MALDEN, MISSOURI

RETIREMENT PLAN — SCHEDULE OF CHANGES
IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

LAST 10 FISCAL YEARS

June 30, 2015

Fiscal year ending June 30,		2015
Total Pension Liability		
Service Cost	$	242,457
Interest on the Total Pension Liability		716,312
Benefit Changes		-
Difference between expected and actual experience		(456,035)
Assumption Changes		-
Benefit Payments		459,704
Refunds		-
Net Change in Total Pension Liability	$	43,030
Total Pension Liability beginning		9,986,896
Total Pension Liability ending	$	10,029,926
Plan Fiduciary Net Position		
Contributions-employer	$	144,561
Contributions-employee		83,434
Pension Plan Net Investment income		219,077
Benefit Payments		459,704
Refunds		-
Pension Plan Administrative expense		10,624
Other		(227,131)
Net Change in Plan Fiduciary Net Position	$	(250,387)
Plan Fiduciary Net Position beginning		11,582,685
Plan Fiduciary Net Position ending	$	11,332,298
Employer Net Pension Liability (Asset)		(1,302,372)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		112.98%
Covered Employee Payroll	$	1,992,329
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll		-65.37%

Notes to Required Supplementary Information:
The Schedule is intended to show information for ten years. Historical information prior to the implentation of GASB Statement No. 68 is not required if the information is not available. Additional years will be displayed as they become available.

See Accompanying Notes to the Basic Financial Statements.

SCHEDULE 3

CITY OF MALDEN, MISSOURI

RETIREMENT PLAN —
SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS

June 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 217,156	$ 206,254	$ 189,249	$ 168,033	$ 168,689	$ 54,333	$ 45,433	$ 48,672	$ 42,219	$ 12,552
Contributions in relation to the actuarially determined contribution	144,560	120,379	102,928	81,918	71,960	54,333	45,433	39,176	23,746	12,552
Contribution deficiency (excess)	$ 72,596	$ 85,875	$ 86,321	$ 86,115	$ 96,729	$ -	$ -	$ 9,496	$ 18,473	$ -
Covered-employee payroll	$ 2,085,840	$ 1,995,765	$ 2,053,878	$ 1,913,206	$ 2,008,303	$ 1,997,034	$ 2,015,505	$ 1,781,294	$ 1,632,888	$ 1,793,050
Contributions as a percentage of covered-employee payroll	6.93%	6.03%	5.01%	4.28%	3.58%	2.72%	2.25%	2.20%	1.45%	0.70%

See Accompanying Notes to the Basic Financial Statements.

SUPPLEMENTARY INFORMATION

EXHIBIT 1

CITY OF MALDEN, MISSOURI

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Park Fund	Street Fund	Cemetery Fund	CIC Fund	
ASSETS					
CURRENT ASSETS:					
Cash	$ 83,015	$ -	$ 145,453	$ 2,069	$ 230,537
Restricted Cash	-	-	-	42,246	42,246
Receivables:					
Accounts Receivable	15,676	-	-	6,585	22,261
Prepaid Expenses	4,543	2,914	407	2,114	9,978
TOTAL CURRENT ASSETS	$ 103,234	$ 2,914	$ 145,860	$ 53,014	$ 305,022
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts Payable	$ 3,661	$ 6,279	$ 1,101	$ -	$ 11,041
Accrued Salaries and Benefits	721	24,534	1,156	-	26,411
Due To Other Funds	-	-	-	-	-
TOTAL LIABILITIES	$ 4,382	$ 30,813	$ 2,257	$ -	$ 37,452
FUND BALANCE	$ 98,852	$ (27,899)	$ 143,603	$ 53,014	$ 267,570
TOTAL LIABILITIES AND FUND BALANCE	$ 103,234	$ 2,914	$ 145,860	$ 53,014	$ 305,022

See Independent Auditors' Report.

EXHIBIT 2

CITY OF MALDEN, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Park Fund	Street Fund	Cemetery Fund	CIC Fund	
REVENUES:					
Taxes	$ 148,139	$ 165,557	$ -	$ -	$ 313,696
Intergovernmental	5,000	-	-	-	5,000
Charges for Services	5,116	-	55,263	62,173	122,552
Interest Income	323	-	251	150	724
Other	13,284	667	3,140	-	17,091
TOTAL REVENUES	$ 171,862	$ 166,224	$ 58,654	$ 62,323	$ 459,063
EXPENDITURES:					
Current:					
General Government	$ -	$ -	$ 46,983	$ 7,638	$ 54,621
Transportation	-	191,963	-	-	191,963
Culture and Recreation	167,131	-	-	-	167,131
Capital Outlay	13,016	78,810	-	-	91,826
Debt Service:					
Principal	-	-	-	22,017	22,017
Interest	-	-	-	27,892	27,892
TOTAL EXPENDITURES	$ 180,147	$ 270,773	$ 46,983	$ 57,547	$ 555,450
REVENUES OVER (UNDER) EXPENDITURES	$ (8,285)	$ (104,549)	$ 11,671	$ 4,776	$ (96,387)
OTHER FINANCING SOURCES (USES):					
Transfers In	$ -	$ 90,143	$ -	$ -	$ 90,143
Transfers Out	-	-	-	-	-
Sale of Capital Assets	-	12,000	-	-	12,000
Total Operating Transfers	$ -	$ 102,143	$ -	$ -	$ 102,143
TOTAL REVENUES OVER (UNDER) EXPENDITURES	$ (8,285)	$ (2,406)	$ 11,671	$ 4,776	$ 5,756
FUND BALANCE, July 1, 2014	107,137	(25,493)	131,932	48,238	261,814
FUND BALANCE, June 30, 2015	$ 98,852	$ (27,899)	$ 143,603	$ 53,014	$ 267,570

See Independent Auditor's Report.

FEDERAL COMPLIANCE SECTION

BEGLEY, YOUNG, UNTERREINER & WHITE, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Lawrence E. Young, CPA
Jeff S. Unterreiner, CPA
Catherine A. White, CPA
Terry R. Begley, CPA
Gina D. Donze, CPA
Nick M. Steimle, CPA
Carly N. Bowles
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Paula A. Simmers

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM ANDON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and Board of Council Members
City of Malden, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Malden, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Malden, Missouri's major federal programs for the year ended June 30, 2015. City of Malden, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Malden, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Malden, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Malden, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Malden, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

2103 THEMIS STREET ◆ CAPE GIRARDEAU, MO 63701 ◆ www.begleycpa.com ◆ FAX 573.334.4338 ◆ PHONE 573.334.2845

Report on Internal Control over Compliance

Management of the City of Malden, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Malden, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Malden, Missouri's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BEGLEY, YOUNG, UNTERREINER & WHITE, LLC

Begley, Young, Unterreiner & White, LLC

Cape Girardeau, Missouri
January 25, 2016

City of Malden, Missouri
Malden, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Federal Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR:			
Passed Through Missouri Department of Conservation			
Wildlife Restoration and Basic Hunter Education	15.611	N/A	$ 5,000
TOTAL OF U.S. DEPARTMENT OF AGRICULTURE			$ 5,000
U.S. DEPARTMENT OF JUSTICE:			
Direct:			
Equitable Sharing Program	16.922		$ 4,822
Passed Through Missouri Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20141-LLEBG-057	425
TOTAL OF U.S. DEPARTMENT OF JUSTICE			$ 5,247
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed Through Missouri Department of Transportation			
Airport Improvement Program (1)	20.106	13-079A-2	$ 372,366
Airport Improvement Program (1)	20.106	14-079A-1	17,721
Highway Planning and Construction	20.205	STP-4100(004)	8,797
TOTAL OF U.S. DEPARTMENT OF TRANSPORTATION			$ 398,884
U.S. DEPARTMENT OF ENERGY:			
Passed Through Missouri Department of Natural Resources			
Passed Through Delta Area Economic Opportunity Corporation			
Weatherization Assistance for Low Income Persons	81.042	N/A	$ 5,329
TOTAL OF U.S. DEPARTMENT OF HOMELAND SECURITY			$ 5,329
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed Through Southeast Missouri Area Agency on Aging			
Special Programs for the Aging-Title III, Part C Nutrition Services	93.045	N/A	$ 41,268
Nutrition Services Incentive Program	93.053	N/A	21,514
Medical Assistance Program	93.778	N/A	77,810
TOTAL OF U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 140,592
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Emergency Food and Shelter National Board Program	97.024	28-534600.005	$ 1,000
TOTAL OF U.S. DEPARTMENT OF HOMELAND SECURITY			$ 1,000
U.S. DEPARTMENT OF PUBLIC SAFETY:			
Passed Through Emergency Management Agency			
Emergency Management Performance Grant)	97.042	2015-EP-0043-067	$ 13,044
TOTAL OF U.S. DEPARTMENT OF PUBLIC SAFETY			$ 13,044
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 569,096

(1) Program was tested as a major program.

The Accompanying Notes to the Schedule of Expenditures of Federal Awards Are an Integral Part of This Schedule.

CITY OF MALDEN, MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Purpose of Schedule and Reporting Entity:

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with OMB Circular A-133. This circular requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA) and identification of programs that have not been assigned a CFDA number as "Other Federal Assistance."

The schedule includes all expenditures of federal awards administered by the City.

B. Basis of Presentation:

The schedule is presented in accordance with OMB Circular A-133, which defines federal financial assistance "...assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals."

C. Basis of Accounting:

The schedule is presented on the cash basis of accounting, which recognizes expenditures only when cash is disbursed. This differs from the accrual basis of accounting used to prepare the City's financial statements. The use of the cash basis of accounting for this schedule facilitates monitoring of the City's expenditures by pass-through entities. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

D. Federal Assurances:

City of Malden, Missouri did not have federal insurance in effect during the year, or have federal loans or loan guarantees outstanding at year end which are required to be reported in accordance with OMB Circular A-133.

CITY OF MALDEN, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of Auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses? __X__ yes _____ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes __X__ none reported

Type of Auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes __X__ no

Identification of major program:

CFDA Number	Name of Federal Program
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee: X yes _____ no

2. FINANCIAL STATEMENT FINDINGS:

2015-001 Segregation of Duties

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Condition: Some employees have access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in the report.

Views of Responsible Officials: The limited number of available personnel prohibits segregation of incompatible duties. Procedures will be reviewed and monitoring procedures will be put into place.

2015-002 Preparation of Basic Financial Statements

Criteria: A properly designed system of internal control, which includes preparation of financial statements in conformity with *Governmental Accounting Standards*, includes having accounting professionals as part of the system to perform that function.

Condition: The City has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the City Council. However, the City personnel does not have the additional time to prepare governmental financial statements in conformity with *Governmental Accounting Standards* as part of their internal control system in addition to their regular job duties.

Effect: The City employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

Cause: The City has limited personnel in the accounting department with the staffs current work load cannot also prepare governmental financial statements in conformity with *Governmental Accounting Standards* as part of their internal control system.

Recommendation: We recognize that the City may not have the resources to hire additional personnel. However, we recommend that the City look into reallocating job duties to alleviate the accounting department.

Views of Responsible Officials: The City will look into shifting job duties to accommodate the responsibilities in the accounting department.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No findings or questioned costs were noted that are required to be reported.

CITY OF MALDEN, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2015

1. FINANCIAL STATEMENT FINDINGS

2014-001 Segregation of Duties

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Condition: Some employees have access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in the report.

Views of Responsible Officials: The limited number of available personnel prohibits segregation of incompatible duties. Procedures will be reviewed and monitoring procedures will be put into place.

Current Status: Not implemented. See current year finding 2015-001.

2014-002 Preparation of Basic Financial Statements

Criteria: A properly designed system of internal control, which includes preparation of financial statements in conformity with *Governmental Accounting Standards*, includes having accounting professionals as part of the system to perform that function.

Condition: The City has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the City Council. However, the City does not have personnel with the knowledge, experience and training to prepare governmental financial

statements in conformity with *Governmental Accounting Standards* as part of their internal control system.

Effect: The City employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

Cause: The City does not have personnel with sufficient knowledge to prepare governmental financial statements in conformity with *Governmental Accounting Standards* as part of their internal control system.

Recommendation: We recognize that the City may not have the resources to hire personnel with the knowledge to prepare governmental financial statements in conformity with *Governmental Accounting Standards*. However, we recommend that management continue to increase their knowledge of financial reporting.

Views of Responsible Officials: The City does not have the resources to hire additional accounting personnel with the knowledge, experience, and training solely to prepare governmental financial statements in conformity with *Governmental Accounting Standards*. The City does have personnel with sufficient knowledge to understand and take responsibility for the basic financial statements.

Current Status: Not implemented. See current year finding 2015-002.

2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs in the audit of the years ended June 30, 2014.