

CITY OF MALDEN, MISSOURI
Malden, Missouri

For the Year Ended June 30, 2013

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION



BEGLEY, YOUNG, UNTERREINER & WHITE, LLC

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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, 2013, 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.

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, 2013, 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.

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 and Retirement Plan on pages 39-47 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 as a whole. 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 combining and individual nonmajor fund financial statements 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 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 17, 2014, 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. The 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 17, 2014



BEGLEY, YOUNG, UNTERREINER & WHITE, LLC

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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, 2013, 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 17, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 13-1 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 13-2 to be a significant deficiency.

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 17, 2014

BASIC FINANCIAL STATEMENTS

CITY OF MALDEN, MISSOURI

STATEMENT OF NET POSITION

JUNE 30, 2013

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Current Assets:</u>			
Cash	\$ 1,671,245	\$ 4,555,153	\$ 6,226,398
Restricted Cash	31,953	780,401	812,354
Receivables	179,494	865,562	1,045,056
Prepaid Expenses	28,597	376,319	404,916
Internal Balances	(288,550)	288,550	-
Inventory	-	376,016	376,016
Total Current Assets	<u>\$ 1,622,739</u>	<u>\$ 7,242,001</u>	<u>\$ 8,864,740</u>
<u>Capital Assets:</u>			
Land, Improvements, and Construction in Progress	\$ 1,018,137	\$ 2,373,991	\$ 3,392,128
Other Capital Assets, Net	882,093	11,914,941	12,797,034
Total Capital Assets, Net	<u>\$ 1,900,230</u>	<u>\$ 14,288,932</u>	<u>\$ 16,189,162</u>
TOTAL ASSETS	<u>\$ 3,522,969</u>	<u>\$ 21,530,933</u>	<u>\$ 25,053,902</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Payables	\$ 73,224	\$ 299,857	\$ 373,081
Bank Overdraft	71,996	299,076	371,072
Accrued Interest Payable	-	3,893	3,893
Accrued Salaries and Benefits	252,242	194,692	446,934
Deferred Revenue	-	65,458	65,458
Capital Lease, Net of Long-Term	-	3,524	3,524
Revenue Bonds, Net of Long-Term	21,120	14,311	35,431
Note Payable, Net of Long-Term	47,447	85,375	132,822
Total Current Liabilities	<u>\$ 466,029</u>	<u>\$ 966,186</u>	<u>\$ 1,432,215</u>
<u>Long-Term Liabilities:</u>			
Deposit Payable	\$ -	\$ 133,122	\$ 133,122
Capital Lease, Net of Current Portion	-	-	-
Revenue Bonds, Net of Current Portion	679,004	548,450	1,227,454
Note Payable, Net of Current Portion	238,986	1,380,729	1,619,715
Total Long-Term Liabilities	<u>\$ 917,990</u>	<u>\$ 2,062,301</u>	<u>\$ 2,980,291</u>
TOTAL LIABILITIES	<u>\$ 1,384,019</u>	<u>\$ 3,028,487</u>	<u>\$ 4,412,506</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	\$ 913,673	\$ 12,822,828	\$ 13,736,501
Restricted for Specific Purposes	241,687	780,401	1,022,088
Unrestricted	983,590	4,899,217	5,882,807
TOTAL NET POSITION	<u>\$ 2,138,950</u>	<u>\$ 18,502,446</u>	<u>\$ 20,641,396</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating	Capital	Primary Government	
		Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 600,371	\$ -	\$ 4,680	\$ (398,572)	\$ (398,572)
Public Safety	1,393,855	-	18,385	(1,233,925)	(1,233,925)
Culture and Recreation	241,792	-	948	(207,250)	(207,250)
Transportation	276,142	-	3,014	(273,128)	(273,128)
Total Governmental Activities	\$ 2,512,160	\$ -	\$ 27,027	\$ (2,112,875)	\$ (2,112,875)
Business-Type Activities:					
Electric	\$ 5,478,008	\$ -	\$ 458,843	\$ (177,112)	\$ (177,112)
Water and Sewer	886,374	-	-	45,404	45,404
Airport	510,677	-	165,674	42,458	42,458
Golf	71,294	-	-	(14,155)	(14,155)
Community Center	76,534	-	-	(57,113)	(57,113)
Nutrition Center	389,781	199,054	-	(71,175)	(71,175)
Total Business-Type Activities	\$ 7,412,668	\$ 199,054	\$ 624,517	\$ (231,693)	\$ (231,693)
Total Primary Government	\$ 9,924,828	\$ 199,054	\$ 651,544	\$ (2,112,875)	\$ (2,344,568)
General Revenue:					
Real Estate Taxes		\$ 146,561		\$ -	\$ 146,561
Personal Property Taxes		65,641		-	65,641
Sales Taxes		890,139		-	890,139
Franchise Taxes		536,172		-	536,172
Fire Taxes		93,099		-	93,099
Motor Fuel Taxes		153,735		-	153,735
Surtax		22,325		-	22,325
Railroad/Utility Taxes		11,117		-	11,117
PILOT		662		-	662
Interest Income		11,941		37,190	49,131
Gain/(Loss) on Disposal of Capital Asset		-		6,664	6,664
Other		107,388		155,246	262,634
Transfers - Internal Activities		(9,371)		9,371	-
Total General Revenues		\$ 2,029,409		\$ 208,471	\$ 2,237,880
Change in Net Position		\$ (83,466)		\$ (23,222)	\$ (106,688)
Net Position - July 1, 2012		2,222,416		18,525,668	20,748,084
Net Position - June 30, 2013		\$ 2,138,950		\$ 18,502,446	\$ 20,641,396

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 3

CITY OF MALDEN, MISSOURIBALANCE SHEET -
GOVERNMENTAL FUNDS

JUNE 30, 2013

<u>ASSETS</u>	<u>General Fund</u>	<u>DED Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>CURRENT ASSETS:</u>				
Cash	\$ 1,336,167	\$ 114,599	\$ 220,479	\$ 1,671,245
Restricted Cash	-	-	31,953	31,953
Receivables	136,746	-	42,748	179,494
Due From Other Funds	18,432	-	-	18,432
Prepaid Expenses	21,424	-	7,173	28,597
Total Current Assets	<u>\$ 1,512,769</u>	<u>\$ 114,599</u>	<u>\$ 302,353</u>	<u>\$ 1,929,721</u>
 TOTAL ASSETS	 <u>\$ 1,512,769</u>	 <u>\$ 114,599</u>	 <u>\$ 302,353</u>	 <u>\$ 1,929,721</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES:</u>				
Accounts Payable	\$ 28,675	\$ -	\$ 35,186	\$ 63,861
Bank Overdrafts	-	-	71,996	71,996
Court Payable	9,363	-	-	9,363
Accrued Payroll and Benefits	222,886	-	29,356	252,242
Due To Other Funds	<u>90,565</u>	<u>216,397</u>	<u>20</u>	<u>306,982</u>
 TOTAL LIABILITIES	 <u>\$ 351,489</u>	 <u>\$ 216,397</u>	 <u>\$ 136,558</u>	 <u>\$ 704,444</u>
 <u>FUND BALANCE:</u>				
Nonspendable	\$ 21,424	\$ -	\$ 4,615	\$ 26,039
Spendable:				-
Restricted	-	-	241,687	241,687
Assigned	-	-	-	-
Unassigned	<u>1,139,856</u>	<u>(101,798)</u>	<u>(80,507)</u>	<u>957,551</u>
 TOTAL FUND BALANCE	 <u>\$ 1,161,280</u>	 <u>\$ (101,798)</u>	 <u>\$ 165,795</u>	 <u>\$ 1,225,277</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,512,769</u>	 <u>\$ 114,599</u>	 <u>\$ 302,353</u>	 <u>\$ 1,929,721</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

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

JUNE 30, 2013

Total fund balance - total governmental funds (Statement 3) \$ 1,225,277

Amounts reported for governmental activities in the statement of Net Position are different because:

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 \$1,928,910 1,900,230

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. (986,557)

Net Position of governmental activities (Statement 1) \$ 2,138,950

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURISTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>DED Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>				
Taxes	\$ 1,624,986	\$ -	\$ 294,465	\$ 1,919,451
Intergovernmental	21,736	-	5,291	27,027
Charges for Services	215,818	24,000	132,440	372,258
Interest Income	9,814	684	1,443	11,941
Other	76,081	-	31,307	107,388
TOTAL REVENUES	<u>\$ 1,948,435</u>	<u>\$ 24,684</u>	<u>\$ 464,946</u>	<u>\$ 2,438,065</u>
<u>EXPENDITURES:</u>				
Current:				
General Government	\$ 483,350	\$ -	\$ 77,519	\$ 560,869
Public Safety	1,279,376	-	-	1,279,376
Culture and Recreation	44,666	298	180,860	225,824
Transportation	-	-	241,678	241,678
Capital Outlay	18,645	-	54,386	73,031
Debt Service:				
Principal	56,710	-	20,257	76,967
Interest	2,968	11,171	27,289	41,428
TOTAL EXPENDITURES	<u>\$ 1,885,715</u>	<u>\$ 11,469</u>	<u>\$ 601,989</u>	<u>\$ 2,499,173</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 62,720</u>	<u>\$ 13,215</u>	<u>\$ (137,043)</u>	<u>\$ (61,108)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ 8,000	\$ -	\$ 7,500	\$ 15,500
Transfers Out	(24,871)	-	-	(24,871)
TOTAL OTHER FINANCING SOURCES AND USES	<u>\$ (16,871)</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ (9,371)</u>
NET CHANGE IN FUND BALANCES	\$ 45,849	\$ 13,215	\$ (129,543)	\$ (70,479)
FUND BALANCE, July 1, 2012	<u>1,115,431</u>	<u>(115,013)</u>	<u>295,338</u>	<u>1,295,756</u>
FUND BALANCE, June 30, 2013	<u>\$ 1,161,280</u>	<u>\$ (101,798)</u>	<u>\$ 165,795</u>	<u>\$ 1,225,277</u>

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, 2013

Net Change in fund balances - total governmental funds (Statement 4)	\$	(70,479)
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Amounts reported for governmental activities in the statement of activities are different because:

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.		332,747
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The net effect of various transactions involving capital assets (i.e., sales, trade ins, and disposals) is to increase net position.		-
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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.		(162,990)
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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		20,257
Note Payable Payments		56,710
Note Payable Proceeds		(259,711)

Change in net position of governmental activities (Statement 2)	\$	(83,466)
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See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS

JUNE 30, 2013

<u>ASSETS</u>	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Airport Fund</u>	<u>Golf Fund</u>
<u>CURRENT ASSETS:</u>				
Cash	\$ 3,677,999	\$ 617,419	\$ 221,078	\$ 1,677
Restricted Cash	126,730	494,923	145,150	-
Receivables, Net of Allowance for Uncollectible				
Customer	629,353	173,497	30,474	38
Grants	-	-	-	-
Other	11,858	-	-	-
Prepaid Items	260,981	33,201	63,637	2,388
Due From Other Funds	216,397	-	91,944	-
Inventory	234,601	138,542	-	-
Total Current Assets	<u>\$ 5,157,919</u>	<u>\$ 1,457,582</u>	<u>\$ 552,283</u>	<u>\$ 4,103</u>
<u>CAPITAL ASSETS:</u>				
Land, Improvements, and Construction in Progress	\$ 20,139	\$ 1,653,139	\$ 595,703	\$ -
Other Capital Assets, Net	5,965,589	1,769,214	3,136,452	88,346
Total Capital Assets, Net	<u>\$ 5,985,728</u>	<u>\$ 3,422,353</u>	<u>\$ 3,732,155</u>	<u>\$ 88,346</u>
TOTAL ASSETS	<u>\$ 11,143,647</u>	<u>\$ 4,879,935</u>	<u>\$ 4,284,438</u>	<u>\$ 92,449</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable	\$ 235,084	\$ 17,687	\$ 7,031	\$ 1,321
Bank Overdraft	-	-	-	122,704
Accrued Interest Payable	-	2,049	-	-
Accrued Salaries and Benefits	130,672	55,285	8,735	-
Sales Tax Payable	13,683	861	-	17
Water/Sewer Primacy Fees Payable	-	8,809	-	-
Deferred Revenue	-	-	65,458	-
Due To Other Funds	4,683	4,066	-	-
Capital Lease, Net of Long-Term	-	-	-	3,524
Note Payable, Net of Long-Term	-	85,375	-	-
Total Current Liabilities	<u>\$ 384,122</u>	<u>\$ 174,132</u>	<u>\$ 81,224</u>	<u>\$ 127,566</u>
<u>LONG-TERM LIABILITIES:</u>				
Deposit Payable	\$ 130,162	\$ -	\$ 2,680	\$ -
Capital Lease, Net of Current Portion	-	-	-	-
Note Payable, Net of Current Portion	-	1,380,729	-	-
Total Long-Term Liabilities	<u>\$ 130,162</u>	<u>\$ 1,380,729</u>	<u>\$ 2,680</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ 514,284</u>	<u>\$ 1,554,861</u>	<u>\$ 83,904</u>	<u>\$ 127,566</u>
<u>NET POSITION</u>				
Invested in Capital Assets, Net of Related Debt	\$ 5,985,728	\$ 1,956,249	\$ 3,732,155	\$ 88,346
Restricted	126,730	494,923	145,150	-
Unrestricted	4,516,905	873,902	323,229	(123,463)
TOTAL NET POSITION	<u>\$ 10,629,363</u>	<u>\$ 3,325,074</u>	<u>\$ 4,200,534</u>	<u>\$ (35,117)</u>

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS

JUNE 30, 2013

			Total
<u>ASSETS</u>	<u>Community Center Fund</u>	<u>Senior Nutrition Center Fund</u>	<u>Proprietary Funds</u>
<u>CURRENT ASSETS:</u>			
Cash	\$ 50	\$ 36,930	\$ 4,555,153
Restricted Cash	-	13,598	780,401
Receivables, Net of Allowance for Uncollectible			-
Customer	-	3,416	836,778
Grants	-	16,926	16,926
Other	-	-	11,858
Prepaid Items	9,903	6,209	376,319
Due From Other Funds	-	-	308,341
Inventory	-	2,873	376,016
Total Current Assets	<u>\$ 9,953</u>	<u>\$ 79,952</u>	<u>\$ 7,261,792</u>
<u>CAPITAL ASSETS:</u>			
Land, Improvements, and Construction in Progress	\$ 90,000	\$ 15,010	\$ 2,373,991
Other Capital Assets, Net	17,010	938,330	11,914,941
Total Capital Assets, Net	<u>\$ 107,010</u>	<u>\$ 953,340</u>	<u>\$ 14,288,932</u>
TOTAL ASSETS	<u>\$ 116,963</u>	<u>\$ 1,033,292</u>	<u>\$ 21,550,724</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 2,732	\$ 12,632	\$ 276,487
Bank Overdraft	176,372	-	299,076
Accrued Interest Payable	-	1,844	3,893
Accrued Salaries and Benefits	-	-	194,692
Sales Tax Payable	-	-	14,561
Water/Sewer Primacy Fees Payable	-	-	8,809
Deferred Revenue	-	-	65,458
Due To Other Funds	-	11,042	19,791
Capital Lease, Net of Long-Term	-	-	3,524
Note Payable, Net of Long-Term	-	14,311	99,686
Total Current Liabilities	<u>\$ 179,104</u>	<u>\$ 39,829</u>	<u>\$ 985,977</u>
<u>LONG-TERM LIABILITIES:</u>			
Deposit Payable	\$ 280	\$ -	\$ 133,122
Capital Lease, Net of Current Portion	-	-	-
Note Payable, Net of Current Portion	-	548,450	1,929,179
Total Long-Term Liabilities	<u>\$ 280</u>	<u>\$ 548,450</u>	<u>\$ 2,062,301</u>
TOTAL LIABILITIES	<u>\$ 179,384</u>	<u>\$ 588,279</u>	<u>\$ 3,048,278</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	\$ 107,010	\$ 390,579	\$ 12,260,067
Restricted	-	13,598	780,401
Unrestricted	(169,431)	40,836	5,461,978
TOTAL NET POSITION	<u>\$ (62,421)</u>	<u>\$ 445,013</u>	<u>\$ 18,502,446</u>

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, 2013

	Electric Fund	Water and Sewer Fund	Airport Fund	Golf Fund
<u>OPERATING REVENUES:</u>				
Customer Charges/Sales	\$ 4,769,560	\$ 912,161	\$ 386,549	\$ 57,139
Connection Charges	11,401	4,511	-	-
Penalties and Late Fees	61,092	15,106	912	-
Other	130,444	13,948	4,871	-
TOTAL OPERATING REVENUES	<u>\$ 4,972,497</u>	<u>\$ 945,726</u>	<u>\$ 392,332</u>	<u>\$ 57,139</u>
<u>OPERATING EXPENSES:</u>				
Salaries, Reimbursed Expenses, and Payroll Taxes	\$ 595,694	\$ 327,498	\$ 123,949	\$ 27,984
Retirement	31,436	17,768	6,667	294
Electric Distribution	3,623,091	28,726	-	-
Meal Preparation	-	-	-	-
Repairs and Maintenance	60,714	88,791	12,991	6,556
Supplies and Services	65,063	32,074	54,404	488
Utilities	48,505	40,131	6,785	658
Telephone and Internet	-	-	4,161	516
Insurance	136,501	55,796	75,185	6,401
Training	5,188	2,739	2,462	-
Travel and Meals	10,948	162	-	89
Printing and Publication Costs	-	227	685	-
Fuel and Oil	15,325	21,624	7,891	1,251
Chemicals	-	19,049	-	-
Refuse Collection Expense	221,479	-	-	-
Rentals	-	-	5,944	3,719
Depreciation	573,093	231,710	195,369	19,931
Uncollectible Accounts	37,518	12,321	-	-
Miscellaneous	49,310	7,758	13,470	3,406
TOTAL OPERATING EXPENSES	<u>\$ 5,473,865</u>	<u>\$ 886,374</u>	<u>\$ 509,963</u>	<u>\$ 71,293</u>
NET OPERATING INCOME (LOSS)	<u>\$ (501,368)</u>	<u>\$ 59,352</u>	<u>\$ (117,631)</u>	<u>\$ (14,154)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Interest Income	\$ 31,763	\$ 3,424	\$ 1,914	\$ -
Interest Expense	(4,143)	-	(714)	-
Contributed Capital	-	-	-	-
Intergovernmental	458,843	-	165,674	-
Disposal of Capital Assets	-	-	6,664	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 486,463</u>	<u>\$ 3,424</u>	<u>\$ 173,538</u>	<u>\$ -</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ (14,905)</u>	<u>\$ 62,776</u>	<u>\$ 55,907</u>	<u>\$ (14,154)</u>
<u>OPERATING TRANSFERS IN (OUT):</u>				
Transfers In	\$ -	\$ -	\$ -	\$ 9,371
Transfers Out	-	-	-	-
TOTAL TRANSFERS IN (OUT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,371</u>
CHANGE IN NET POSITION	<u>\$ (14,905)</u>	<u>\$ 62,776</u>	<u>\$ 55,907</u>	<u>\$ (4,783)</u>
TOTAL NET POSITION, July 1, 2012	<u>10,644,268</u>	<u>3,262,298</u>	<u>4,144,627</u>	<u>(30,334)</u>
TOTAL NET POSITION, June 30, 2013	<u>\$ 10,629,363</u>	<u>\$ 3,325,074</u>	<u>\$ 4,200,534</u>	<u>\$ (35,117)</u>

(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, 2013

	Community Center Fund	Senior Nutrition Center Fund	Total Proprietary Funds
<u>OPERATING REVENUES:</u>			
Customer Charges/Sales	\$ 19,421	\$ 119,552	\$ 6,264,382
Connection Charges	-	-	15,912
Penalties and Late Fees	-	-	77,110
Other	-	5,986	155,249
TOTAL OPERATING REVENUES	<u>\$ 19,421</u>	<u>\$ 125,538</u>	<u>\$ 6,512,653</u>
<u>OPERATING EXPENSES:</u>			
Salaries, Reimbursed Expenses, and Payroll Taxes	\$ -	\$ 147,924	\$ 1,223,049
Retirement	-	5,356	61,521
Electric Distribution	-	-	3,651,817
Meal Preparation	-	139,981	139,981
Repairs and Maintenance	6,174	2,091	177,317
Supplies and Services	43,718	1,154	196,901
Utilities	361	811	97,251
Telephone and Internet	691	1,498	6,866
Insurance	10,431	15,117	299,431
Training	-	-	10,389
Travel and Meals	-	-	11,199
Printing and Publication Costs	-	-	912
Fuel and Oil	-	-	46,091
Chemicals	-	-	19,049
Refuse Collection Expense	-	-	221,479
Rentals	-	-	9,663
Depreciation	11,096	50,237	1,081,436
Uncollectible Accounts	-	-	49,839
Miscellaneous	4,064	2,136	80,144
TOTAL OPERATING EXPENSES	<u>\$ 76,535</u>	<u>\$ 366,305</u>	<u>\$ 7,384,335</u>
NET OPERATING INCOME (LOSS)	<u>\$ (57,114)</u>	<u>\$ (240,767)</u>	<u>\$ (871,682)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest Income	\$ -	\$ 89	\$ 37,190
Interest Expense	-	(23,479)	(28,336)
Contributed Capital	-	-	-
Intergovernmental	-	199,054	823,571
Disposal of Capital Assets	-	-	6,664
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ -</u>	<u>\$ 175,664</u>	<u>\$ 839,089</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ (57,114)</u>	<u>\$ (65,103)</u>	<u>\$ (32,593)</u>
<u>OPERATING TRANSFERS IN (OUT):</u>			
Transfers In	\$ -	\$ -	\$ 9,371
Transfers Out	-	-	-
TOTAL TRANSFERS IN (OUT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,371</u>
CHANGE IN NET POSITION	<u>\$ (57,114)</u>	<u>\$ (65,103)</u>	<u>\$ (23,222)</u>
TOTAL NET POSITION, July 1, 2012	<u>(5,307)</u>	<u>510,116</u>	<u>18,525,668</u>
TOTAL NET POSITION, June 30, 2013	<u>\$ (62,421)</u>	<u>\$ 445,013</u>	<u>\$ 18,502,446</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	Electric Fund	Water and Sewer Fund	Airport Fund	Golf Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from Customers	\$ 5,126,587	\$ 981,328	\$ 685,473	\$ 42,984
Payments to Suppliers	(4,352,156)	(468,923)	(436,270)	(23,615)
Payments to Employees	(615,260)	(343,381)	(130,689)	(32,180)
Refunds of Customer Deposits	3,307	-	20	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 162,478	\$ 169,024	\$ 118,534	\$ (12,811)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Operating Transfers from (to) Other Funds	\$ -	\$ -	\$ -	\$ 9,371
Operating Grants and Contributed Capital	-	-	-	-
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	\$ -	\$ -	\$ -	\$ 9,371
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Payments on Debt	\$ (142,028)	\$ (63,271)	\$ (12,043)	\$ (7,348)
Proceeds from Debt	-	1,529,375	-	-
Interest Paid on Debt	(4,510)	2,049	(911)	-
Advances (Payments) to Other Funds	(45,203)	62,715	(91,944)	-
Capital Grants	1,109,294	-	165,674	-
Proceeds from Sale of Capital Assets	-	-	6,664	-
Acquisition of Capital Assets	(287,184)	(1,799,860)	(172,280)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 630,369	\$ (268,992)	\$ (104,840)	\$ (7,348)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest on Cash	\$ 31,763	\$ 3,424	\$ 1,914	\$ -
NET CHANGE IN CASH	\$ 824,610	\$ (96,544)	\$ 15,608	\$ (10,788)
CASH AND RESTRICTED CASH, July 1, 2012	2,980,119	1,208,886	350,620	(110,239)
CASH AND RESTRICTED CASH, June 30, 2013	\$ 3,804,729	\$ 1,112,342	\$ 366,228	\$ (121,027)
DISPLAYED ON STATEMENT 5 AS:				
Cash	\$ 3,677,999	\$ 617,419	\$ 221,078	\$ 1,677
Restricted Cash	126,730	494,923	145,150	-
Bank Overdraft	-	-	-	(122,704)
TOTAL CASH AND RESTRICTED CASH	\$ 3,804,729	\$ 1,112,342	\$ 366,228	\$ (121,027)
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ (501,368)	\$ 59,352	\$ (117,631)	\$ (14,154)
Adjustments to Reconcile Operating Income to Net Cash Provided				
(Used) by Operating Activities:				
Depreciation and Amortization	573,093	231,710	195,369	19,931
Changes in Assets and Liabilities:				
Receivables	153,704	34,741	294,257	(38)
Prepaid Expenses	(75,791)	(20,624)	4,561	668
Inventory	(5,839)	(82,390)	-	-
Customer Deposits	3,307	-	20	-
Accounts Payable	3,116	(57,538)	(256,853)	(1,199)
Salaries and Payroll Tax Payable	11,870	1,885	(73)	(3,902)
Deferred Revenue	-	-	(1,116)	(14,062)
Water Primacy Fee Payable	-	1,027	-	-
Sales Tax Payable	386	861	-	(55)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 162,478	\$ 169,024	\$ 118,534	\$ (12,811)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	Community Center Fund	Senior Nutrition Center Fund	Total Proprietary Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers	\$ 19,421	\$ 125,541	\$ 6,981,334
Payments to Suppliers	(64,652)	(164,948)	(5,510,564)
Payments to Employees	-	(147,924)	(1,269,434)
Receipt of Customer Deposits	280	-	3,607
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (44,951)</u>	<u>\$ (187,331)</u>	<u>\$ 204,943</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Operating Transfers from (to) Other Funds	\$ -	\$ -	\$ 9,371
Operating Grants	-	-	-
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,371</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Payments on Debt	\$ -	\$ (13,736)	\$ (238,426)
Proceeds from Debt	-	-	1,529,375
Interest Paid on Debt	-	(23,525)	(26,897)
Advances (Payments) to Other Funds	-	(90)	(74,522)
Capital Grants	-	200,154	1,475,122
Proceeds from Sale of Capital Assets	-	-	6,664
Acquisition of Capital Assets	-	-	(2,259,324)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ 162,803</u>	<u>\$ 411,992</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on Cash	\$ -	\$ 89	\$ 37,190
NET CHANGE IN CASH	\$ (44,951)	\$ (24,439)	\$ 663,496
CASH AND RESTRICTED CASH, July 1, 2012	<u>(131,371)</u>	<u>74,967</u>	<u>4,372,982</u>
CASH AND RESTRICTED CASH, June 30, 2013	<u>\$ (176,322)</u>	<u>\$ 50,528</u>	<u>\$ 5,036,478</u>
DISPLAYED ON STATEMENT 5 AS:			
Cash	\$ 50	\$ 36,930	\$ 4,555,153
Restricted Cash	-	13,598	780,401
Bank Overdraft	(176,372)	-	(299,076)
TOTAL CASH AND RESTRICTED CASH	<u>\$ (176,322)</u>	<u>\$ 50,528</u>	<u>\$ 5,036,478</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (57,114)	\$ (240,767)	\$ (871,682)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	11,096	50,237	1,081,436
Changes in Assets and Liabilities:			
Receivables	-	3	482,667
Prepaid Expenses	528	135	(90,523)
Inventory	-	2,577	(85,652)
Customer Deposits	280	-	3,607
Accounts Payable	259	484	(311,731)
Salaries and Payroll Tax Payable	-	-	9,780
Deferred Revenue	-	-	(15,178)
Water Primacy Fee Payable	-	-	1,027
Sales Tax Payable	-	-	1,192
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (44,951)</u>	<u>\$ (187,331)</u>	<u>\$ 204,943</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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, golf, 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
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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. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. 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 United 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:

<u>Fund</u>	<u>Description</u>
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:

<u>Fund</u>	<u>Description</u>
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:

<u>Fund</u>	<u>Description</u>
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:

<u>Fund</u>	<u>Description</u>
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.
Golf Fund	Accounts for revenues and expenses for services provided by the golf course for which participants are charged fees.
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 measurable 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, 2013, the following funds had recorded overdrafts.

Special Revenue Funds:	
Community Center	<u>\$ (71,996)</u>
	<u>\$ (71,996)</u>
Enterprise Funds:	
Golf	\$(122,704)
Community Center	<u>(176,372)</u>
	<u>\$(299,076)</u>

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.

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 \$6,666,231 and a bank balance of \$6,719,505 at June 30, 2013, that was fully insured by depository insurance or secured with collateral held by the City in the City's name. The City also held \$1,449 in petty cash at June 30, 2013.

Reconciliation to Statement of Net Position	
Cash	\$6,226,398
Restricted Cash	812,354
Bank Overdraft	<u>(371,072)</u>
Cash, Statement of Net Position	\$6,667,680
Less: Petty Cash	<u>(1,449)</u>
Cash, Book Balance	<u>\$6,666,231</u>

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 2012 was as follows:

Real Estate	\$19,948,062
Personal Property	<u>8,938,216</u>
Total Assessed Valuation	<u>\$28,886,278</u>

The tax levy for calendar year 2012, set by the Board of Aldermen, per \$100 assessed valuation was:

General Fund	<u>\$0.7539</u>
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4. CAPITAL ASSETS

Activity for governmental capital assets which are capitalized by the City for the year ended June 30, 2013, is summarized below:

Governmental Activities:	Primary Government			Ending Balance
	Beginning Balance	Additions	Deletions	
Capital Assets not being Depreciated:				
Land, Improvements, and Construction in Progress	\$ 37,989	\$ -	\$ -	\$ 37,989
Other Assets	3,458,404	332,747	-	<u>3,791,151</u>
Total Assets at Historical Cost	3,496,393	332,747	-	3,829,140
Less Accumulated Depreciation	<u>(1,765,920)</u>	<u>(162,990)</u>	-	<u>(1,928,910)</u>
Capital Assets, Net	<u>\$ 1,730,473</u>	<u>\$ 169,757</u>	<u>\$ -</u>	<u>\$ 1,900,230</u>

Following is a summary of property and equipment for each of the enterprise funds for the year ended June 30, 2013:

Business-Type Activities:	Primary Government			Ending Balance
	Beginning Balance	Additions	Deletions	
Capital Assets being Depreciated:				
Land, Improvements, and Construction in Progress	\$ 2,222,788	\$ 1,955,846	\$ (1,804,643)	\$ 2,373,991
Other Assets	<u>32,837,447</u>	<u>2,201,346</u>	<u>(98,260)</u>	<u>34,940,533</u>
Total Assets at Historical Cost	35,060,235	4,157,192	(1,902,903)	37,314,524
Less Accumulated Depreciation	<u>(21,949,056)</u>	<u>(1,081,436)</u>	<u>4,900</u>	<u>(23,025,592)</u>
Capital Assets, Net	<u>\$ 13,111,179</u>	<u>\$ 3,075,756</u>	<u>\$ (1,898,003)</u>	<u>\$ 14,288,932</u>

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

Governmental Activities

General Government	\$ 12,218
Public Safety	111,511
Culture and Recreation	4,797
Transportation	<u>34,464</u>
Total	<u>\$ 162,990</u>

Business-Type Activities

Electric	\$ 573,093
Water and Sewer	231,710
Airport	195,369
Golf	19,931
Community Center	11,096
Nutrition Center	<u>50,237</u>
Total	<u>\$1,081,436</u>

Interest incurred during the construction of capital assets used in business-type activities for the year ending June 30, 2013 totaled \$32,872 and has been capitalized.

5. 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, 2013:

Ending June 30,	Interest	Principal	Total
2014	1,079	5,421	6,500
2015	905	5,595	6,500
2016	691	5,809	6,500
2017	469	6,030	6,499
2018	239	6,273	6,512
	<u>\$ 3,383</u>	<u>\$ 29,128</u>	<u>\$ 32,511</u>

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, 2013:

Ending June 30,	Interest	Principal	Total
2014	2,315	14,614	16,929
2015	1,767	15,163	16,930
2016	1,199	15,731	16,930
2017	605	16,231	16,836
	<u>\$ 5,886</u>	<u>\$ 61,739</u>	<u>\$ 67,625</u>

3. Note Payable – Animal Control Vehicle

On March 15, 2011, the City entered into a loan agreement for the acquisition of a 2005 Chevrolet Truck. Four principal and interest payments of \$2,672 are due on July 1 at 3.75 percent interest. Following are the annual requirements to amortize the note at June 30, 2013:

Ending June 30,	Interest	Principal	Total
2014	189	2,483	2,672
2015	99	2,573	2,672
	<u>\$ 288</u>	<u>\$ 5,056</u>	<u>\$ 5,344</u>

4. 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, 2013:

Ending June 30,	Interest	Principal	Total
2014	5,715	24,929	30,644
2015	4,967	25,677	30,644
2016	4,197	26,447	30,644
2017	3,404	27,240	30,644
2018	2,587	28,058	30,645
2019-2020	2,607	58,159	60,766
	<u>\$ 23,477</u>	<u>\$ 190,510</u>	<u>\$ 213,987</u>

5. 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. Maiden 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, 2013:

Ending June 30,	Interest	Principal	Total
2014	18,455	13,549	32,004
2015	17,885	14,119	32,004
2016	17,292	14,712	32,004
2017	16,673	15,331	32,004
2018	16,029	15,975	32,004
2019-2023	69,489	90,531	160,020
2024-2028	48,791	111,229	160,020
2029-2033	23,361	136,659	160,020
2034-2037	1,217	41,455	42,672
	<u>\$ 229,192</u>	<u>\$ 453,560</u>	<u>\$ 682,752</u>

6. 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, 2013:

Ending June 30,	Interest	Principal	Total
2014	\$ 10,333	\$ 7,571	\$ 17,904
2015	10,004	7,900	17,904
2016	9,662	8,242	17,904
2017	9,305	8,599	17,904
2018	8,932	8,972	17,904
2019-2023	38,481	51,039	89,520
2024-2028	26,421	63,099	89,520
2029-2033	11,510	78,010	89,520
2034-2037	323	13,132	13,455
	<u>\$ 124,971</u>	<u>\$ 246,564</u>	<u>\$ 371,535</u>

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, 2013 the City's remaining legal debt margin was \$1,157,881.

B. Enterprise Fund Long-Term Debt:

At June 30, 2013, 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, 2013:

Ending June 30,	Interest	Principal	Total
2014	22,945	14,315	37,260
2015	22,344	14,916	37,260
2016	21,716	15,544	37,260
2017	21,063	16,197	37,260
2018	20,382	16,878	37,260
2019-2023	90,652	95,648	186,300
2024-2028	68,784	117,516	186,300
2029-2033	41,917	144,383	186,300
2034-2035	10,159	127,364	137,523
	<u>\$ 319,962</u>	<u>\$ 562,761</u>	<u>\$ 882,723</u>

2. Note Payable – Wastewater Plant upgrade

On September 20, 2012, the City entered into a 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, 2013:

Ending June 30,	Interest	Principal	Total
2014	\$ 42,816	\$ 85,375	\$ 128,191
2015	40,219	87,971	128,190
2016	37,543	90,647	128,190
2017	34,786	93,404	128,190
2018	31,945	96,245	128,190
2019-2023	114,165	526,786	640,951
2024-2028	30,322	485,676	515,998
	<u>\$ 331,796</u>	<u>\$ 1,466,104</u>	<u>\$ 1,797,900</u>

The annual retirements to amortize all long-term debt as of June 30, 2013 including interest payments of \$1,038,955 are as follows:

Ending June 30,	Governmental Activities		Business - Type Activities		Total Debt Service Requirements to Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	68,567	38,086	99,690	65,761	168,257	103,847
2015	71,027	35,627	102,887	62,563	173,914	98,190
2016	70,941	33,041	106,191	59,259	177,132	92,300
2017	73,431	30,456	109,601	55,849	183,032	86,305
2018	59,278	27,787	113,123	52,327	172,401	80,114
2019-2023	199,729	110,577	622,434	204,817	822,163	315,394
2024-2028	174,328	75,212	603,192	99,106	777,520	174,318
2029-2033	214,669	34,871	144,383	41,917	359,052	76,788
2034-2038	54,587	1,540	127,364	10,159	181,951	11,699
	<u>\$ 986,557</u>	<u>\$ 387,197</u>	<u>\$ 2,028,865</u>	<u>\$ 651,758</u>	<u>\$ 3,015,422</u>	<u>\$ 1,038,955</u>

Interest expense on long term debt for fiscal year ending June 30, 2013 was \$32,619 for governmental funds and \$28,336 for business-type activities.

6. RETIREMENT PLAN – LAGERS

A. Plan Description:

The City of Malden participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 – 70.755. As such, it is the system's responsibility to

administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

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

B. Funding Status:

The City of Malden’s full-time employees contribute 4 percent of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 6.4% (general), 2.3% (police), and 0.3% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost:

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

Annual required contribution	\$177,361
Interest on net pension obligation	13,076
Adjustment to annual required contribution	<u>(9,951)</u>
Annual pension cost	180,486
Actual Contributions	<u>103,047</u>
Increase (decrease) in NPO	77,439
NPO beginning of year	<u>180,364</u>
NPO end of year	<u>\$ 257,803</u>

The annual required contribution (ARC) was determined as part of the February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2013 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back -0- years for men and -0- years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back -0- years for men and -0- years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 30 years for the General division, 6 years for the Police division and 30 years for the Fire division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2011	\$ 165,466	43.1%	\$ 94,150
06/30/2012	\$ 168,132	48.7%	\$ 180,364
06/30/2013	\$ 180,486	57.1%	\$ 257,803

8. 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, 2013, there were no significant adjustments in premiums based on actual experience.

9. 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 From	Transferred To
General Fund	\$ 24,871	\$ 8,000
Street Fund	-	7,500
Golf Fund	-	9,371
	<u>\$ 24,871</u>	<u>\$ 24,871</u>

10. INTERFUND BALANCES

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

	Due From	Due To
General Fund	\$ 18,432	\$ 90,565
DED Fund	-	216,397
Cemetery Fund	-	20
Electric Fund	216,397	4,683
Water & Sewer Fund	-	4,066
Airport	91,944	-
Malden Nutrition Center	-	11,042
	<u>\$ 326,773</u>	<u>\$ 326,773</u>

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

11. OPERATING LEASES

The City entered into an operating lease with National City Commercial Capital Company, LLC beginning August 2009 for the lease of golf carts for the Golf Fund. The lease amount was \$31,975, lease term for fifty (50) months, rental payments are \$639.50 due monthly, maturing November 2013. The City will return the golf carts when the lease expires and will execute a new lease at that time.

Business – Type Activities:

The future minimum rental payments for each of the five subsequent fiscal years are as follows:

Year Ending June 30:	
2014	<u>\$3,524</u>
Total Minimum Lease Payments	\$3,524
Less: Amount Representing Interest	-
Present Value of Net Lease Payments	<u>\$3,524</u>

Total rental expenses for fiscal year ending June 30, 2013 was \$7,348.

12. 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, 2013.

13. 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, 2013, restricted assets in the Debt Reserve Account include \$31,953.

At June 30, 2013, restricted assets include \$145,191 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, 2013, restricted assets include \$126,730 of restricted funds held by the Board of Public Works for purposes of residents meter deposits payable balance.

At June 30, 2013, restricted assets include \$457,646 of restricted funds held by the Board of Public Works for purposes of funding the wastewater plant upgrade project.

At June 30, 2013, restricted assets include \$13,598 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.

14. FUND BALANCE

The fund balance at June 30, 2013 for the Golf, Community Center, DED, and Street Fund had a deficit balance of (\$35,117), (\$62,421), (\$101,798), and (\$80,507) respectively.

15. FUND BALANCE REPORTING:

The City has adopted GASB 54 as part of its 2012-2013 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 \$28,597 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 \$1,026,929.

Description	General Fund	DED Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid Expenses	\$ 21,424	\$ -	\$ 4,615	\$ 26,039
Restricted:				
Debt Service	-	-	31,953	31,953
Capital Projects			8,505	
Culture and Recreation			201,229	201,229
Assigned:	-	-	-	-
Unassigned:	1,139,836	(101,798)	(80,507)	957,531
Total Fund Balance	\$ 1,161,260	\$ (101,798)	\$ 165,795	\$ 1,216,752

16. SUBSEQUENT EVENT:

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through DATE XX, 2014 the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
<u>REVENUES:</u>				
Taxes:				
Real Estate Taxes	\$ 141,500	\$ 144,003	\$ 146,562	\$ 5,062
Personal Property Taxes	57,500	64,197	65,641	8,141
Sales Tax-Local	580,000	590,361	599,568	9,207
Sales Tax-Capital Impr.	150,000	148,038	149,840	1,802
Fire Tax	78,000	80,118	93,099	12,981
Railroad/Utility Tax	10,000	11,117	11,117	-
Surtax	23,000	22,697	22,325	(372)
Franchise Taxes	548,000	538,385	536,834	(1,551)
Municipal Court Costs and Fines	20,040	18,111	17,844	(267)
Permits and Fees	25,295	17,233	27,197	9,964
Refuse Collections	21,000	20,543	20,543	-
Police and Fire Department Receipts	84,200	104,447	99,439	(5,008)
Rental Revenue	15,830	15,831	15,831	-
City Licenses	43,000	36,501	45,343	8,842
Animal Control	6,000	5,461	5,452	(9)
Interest	9,039	9,437	9,814	377
Intergovernmental	17,560	21,736	21,736	-
Donations	3,300	825	872	47
Miscellaneous	10,711	56,310	59,378	3,068
TOTAL REVENUES	\$ 1,843,975	\$ 1,905,351	\$ 1,948,435	\$ 43,084

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
<u>EXPENDITURES:</u>				
<u>GENERAL GOVERNMENT:</u>				
Administrative:				
Salaries	\$ 198,188	\$ 227,885	\$ 240,183	\$ (12,298)
Retirement	12,476	11,659	11,631	28
Supplies and Equipment	17,600	24,619	22,003	2,616
Repair and Maintenance	8,649	8,839	13,439	(4,600)
Payroll Taxes	18,025	17,370	17,453	(83)
Training	4,000	3,648	3,593	55
Utilities	1,800	1,500	1,427	73
Telephone	4,140	3,561	3,386	175
Insurance	32,825	20,168	27,333	(7,165)
Professional Fees	44,700	33,281	33,329	(48)
Travel and Meals	9,900	7,414	7,149	265
Election Expense	3,600	5,194	5,194	-
Miscellaneous	11,200	8,473	15,827	(7,354)
Publication and Printing	4,000	3,603	2,277	1,326
Fuel and Vehicle Expense	2,500	6,081	7,019	(938)
Uniforms	-	253	333	(80)
Capital Expenditures	5,500	10,866	5,902	4,964
Building and Improvements	-	4,341	4,064	277
Total Administrative	\$ 379,103	\$ 398,755	\$ 421,542	\$ (22,787)
Court:				
Salaries	\$ 40,050	\$ 40,118	\$ 44,238	\$ (4,120)
Retirement	1,795	1,801	1,797	4
Payroll Taxes	3,064	3,033	3,030	3
Training	500	525	311	214
Telephone	2,300	3,252	1,285	1,967
Professional Fees	875	100	100	-
Travel and Meals	1,150	1,389	1,094	295
Insurance	6,273	6,383	7,383	(1,000)
Supplies and Equipment	2,550	1,654	2,001	(347)
Printing and Publications	250	75	75	-
Miscellaneous	-	184	494	(310)
Total Court	\$ 58,807	\$ 58,514	\$ 61,808	\$ (3,294)
TOTAL GENERAL GOVERNMENT	\$ 437,910	\$ 457,269	\$ 483,350	\$ (26,081)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
PUBLIC SAFETY:				
Police:				
Salaries	\$ 440,061	\$ 470,891	\$ 491,917	\$ (21,026)
Retirement	10,027	9,999	9,938	61
Supplies and Equipment	7,700	11,345	12,089	(744)
Payroll Taxes	33,665	35,891	35,926	(35)
Training	1,000	3,487	3,287	200
Fuel and Vehicle Expense	40,000	32,522	33,366	(844)
Utilities	1,000	-	470	(470)
Telephone	5,300	4,340	4,147	193
Insurance	98,603	93,667	92,725	942
Repair and Maintenance	6,000	7,220	8,716	(1,496)
Professional Fees	1,000	1,100	1,000	100
Travel and Meals	2,000	2,137	1,864	273
Publication and Printing	-	250	293	(43)
MULES	2,500	2,920	2,670	250
Boarding Prisoners and Prisoner Meals	3,001	2,168	1,855	313
Uniforms	4,500	6,293	5,611	682
Capital Expenditures	21,360	16,930	18,710	(1,780)
Capital Lease	60,000	66,780	60,000	6,780
Building and Improvements	-	531	571	(40)
Miscellaneous	3,400	4,980	4,917	63
Total Police	<u>\$ 741,117</u>	<u>\$ 773,451</u>	<u>\$ 790,072</u>	<u>\$ (16,621)</u>

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
Fire:				
Salaries	\$ 149,889	\$ 168,140	\$ 194,098	\$ (25,958)
Retirement	440	787	801	(14)
Supplies and Equipment	1,400	1,656	2,327	(671)
Payroll Taxes	11,467	12,765	12,902	(137)
Training	9,000	2,539	2,539	-
Fuel and Vehicle Expense	5,300	4,899	5,241	(342)
Utilities	2,500	590	724	(134)
Telephone	2,500	2,794	2,774	20
Insurance	32,162	34,471	36,901	(2,430)
Repair and Maintenance	10,900	14,042	18,157	(4,115)
Professional Fees	1,500	-	-	-
Travel and Meals	2,500	892	792	100
Publication and Printing	500	53	53	-
Building and Improvements	7,100	8,784	14,592	(5,808)
Uniforms and Turnout Gear	11,500	10,808	11,044	(236)
Rental	-	200	-	200
Capital Expenditures	65,000	68,413	65,419	2,994
Miscellaneous	4,200	2,649	4,312	(1,663)
Total Fire Department	\$ 317,858	\$ 334,482	\$ 372,676	\$ (38,194)
Emergency Management:				
Salaries	\$ 7,200	\$ 7,200	\$ 7,200	\$ -
Payroll Taxes	551	551	551	-
Training	1,500	842	842	-
Insurance	27	27	2,027	(2,000)
Repair and Maintenance	2,300	2,360	2,160	200
Fuel and Vehicle Expense	2,500	1,216	983	233
Utilities	-	-	34	(34)
Telephone	3,984	3,526	3,472	54
Supplies and Equipment	1,100	3,249	2,920	329
Travel and Meals	2,100	921	843	78
Publication and Printing	-	35	45	(10)
Building and Improvements	-	119	119	-
Uniforms	300	316	316	-
Capital Expenditures	1,000	-	-	-
Miscellaneous	2,100	5,126	6,536	(1,410)
Total Emergency Management	\$ 24,662	\$ 25,488	\$ 28,048	\$ (2,560)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
Code Enforcement:				
Salaries	\$ 51,123	\$ 48,934	\$ 54,212	\$ (5,278)
Retirement	2,576	3,010	3,005	5
Supplies	2,450	3,673	3,528	145
Payroll Taxes	3,911	3,580	3,562	18
Training	500	-	-	-
Fuel and Vehicle Expense	1,720	1,872	1,761	111
Telephone	850	2,155	1,975	180
Insurance	6,343	6,230	7,295	(1,065)
Repair and Maintenance	8,075	14,212	12,544	1,668
Professional Fees	500	1,350	1,350	-
Travel and Meals	500	22	38	(16)
Publication and Printing	-	194	204	(10)
Building and Improvements	-	-	629	(629)
Uniforms	300	-	237	(237)
Solid Waste Cleanup	20,000	21,256	21,248	8
Capital Expenditures	-	4,928	4,928	-
Miscellaneous	-	1,244	1,325	(81)
Total Code Enforcement	\$ 98,848	\$ 112,660	\$ 117,841	\$ (5,181)
Humane:				
Salaries	\$ 23,130	\$ 24,210	\$ 29,570	\$ (5,360)
Retirement	1,480	1,550	1,547	3
Payroll Taxes	1,769	1,738	1,732	6
Fuel and Vehicle Expense	4,200	3,760	3,158	602
Repair and Maintenance	1,000	818	504	314
Utilities	1,000	-	350	(350)
Insurance	6,372	6,318	6,399	(81)
Supplies	-	775	738	37
Building and Improvements	300	-	193	(193)
Uniforms	250	634	634	-
Capital Expenditures	2,700	2,672	2,672	-
Miscellaneous	-	1,665	1,565	100
Total Humane	\$ 42,201	\$ 44,140	\$ 49,062	\$ (4,922)
TOTAL PUBLIC SAFETY	\$ 1,224,686	\$ 1,290,221	\$ 1,357,699	\$ (67,478)

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
CULTURE AND RECREATION:				
Nutrition Center:				
Salaries	\$ 7,669	\$ 7,384	\$ 3,367	\$ 4,017
Retirement	1,432	1,385	1,356	29
Supplies	-	312	332	(20)
Payroll Taxes	3,297	3,370	1,345	2,025
Training	-	178	178	-
Fuel and Vehicle Expense	2,000	2,462	2,444	18
Utilities	1,500	1,178	1,445	(267)
Insurance	9,553	9,978	5,939	4,039
Repair and Maintenance	685	850	850	-
Capital Lease	28,125	31,971	21,552	10,419
Building and Improvements	2,000	1,876	1,567	309
Miscellaneous	-	104	-	104
Total Nutrition Center	<u>\$ 56,261</u>	<u>\$ 61,048</u>	<u>\$ 40,375</u>	<u>\$ 20,673</u>
Community Service and Arts:				
Repair and Maintenance	\$ 500	\$ -	\$ -	\$ -
Building and Improvements	-	72	64	8
Publication and Printing	35	-	-	-
Capital Expenditures	1,154	4,227	4,227	-
Miscellaneous	600	-	-	-
Total Community Service and Arts	<u>\$ 2,289</u>	<u>\$ 4,299</u>	<u>\$ 4,291</u>	<u>\$ 8</u>
TOTAL CULTURE AND RECREATION	<u>\$ 58,550</u>	<u>\$ 65,347</u>	<u>\$ 44,666</u>	<u>\$ 20,681</u>

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
TOTAL EXPENDITURES	<u>\$ 1,721,146</u>	<u>\$ 1,812,837</u>	<u>\$ 1,885,715</u>	<u>\$ (72,878)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 122,829</u>	<u>\$ 92,514</u>	<u>\$ 62,720</u>	<u>\$ (29,794)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ -	\$ 8,000	\$ 8,000	\$ -
Transfers Out	<u>(8,400)</u>	<u>(24,871)</u>	<u>(24,871)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ (8,400)</u>	<u>\$ (16,871)</u>	<u>\$ (16,871)</u>	<u>\$ -</u>
TOTAL REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 114,429</u>	<u>\$ 75,643</u>	<u>\$ 45,849</u>	<u>\$ (29,794)</u>
FUND BALANCE, July 1, 2012			<u>1,115,431</u>	
FUND BALANCE, June 30, 2013			<u>\$ 1,161,280</u>	

See Accompanying Notes to the Basic Financial Statements.

CITY OF MALDEN, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES

JUNE 30, 2013

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, 2012 a public hearing was held in connection with adoption of the proposed budget for 2013. Excess disbursements and transfers were formally approved by budget amendment by the Board of Aldermen on June 17, 2013.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2013, actual expenditures of the General fund exceeded budgetary limits by: \$72,878.

CITY OF MALDEN, MISSOURIRETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

June 30, 2013

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	\$ 4,598,881	\$ 4,997,263	\$ 398,382	92%	\$ 2,064,874	19%
2/29/2012	4,542,364	4,987,443	445,079	91%	1,905,101	23%
2/28/2013	4,590,612	5,027,772	437,160	91%	1,957,388	22%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See Accompanying Notes to the Basic Financial Statements.

SUPPLEMENTARY INFORMATION

CITY OF MALDEN, MISSOURICOMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Street Fund</u>	<u>Park Fund</u>	<u>Cemetery Fund</u>	<u>CIC Fund</u>	
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash	\$ -	\$ 163,778	\$ 54,781	\$ 1,920	\$ 220,479
Restricted Cash	-	-	-	31,953	31,953
Receivables:					
Accounts Receivable	22,664	13,499	-	6,585	42,748
Prepaid Expenses	<u>2,558</u>	<u>1,836</u>	<u>383</u>	<u>2,396</u>	<u>7,173</u>
TOTAL CURRENT ASSETS	<u>\$ 25,222</u>	<u>\$ 179,113</u>	<u>\$ 55,164</u>	<u>\$ 42,854</u>	<u>\$ 302,353</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES:</u>					
Accounts Payable	\$ 9,166	\$ 24,658	\$ 1,362	\$ -	\$ 35,186
Bank Overdraft	71,996	-	-	-	71,996
Accrued Salaries and Benefits	24,567	1,474	3,315	-	29,356
Due To Other Funds	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>
TOTAL LIABILITIES	<u>\$ 105,729</u>	<u>\$ 26,132</u>	<u>\$ 4,697</u>	<u>\$ -</u>	<u>\$ 136,558</u>
FUND BALANCE	<u>\$ (80,507)</u>	<u>\$ 152,981</u>	<u>\$ 50,467</u>	<u>\$ 42,854</u>	<u>\$ 165,795</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 25,222</u>	<u>\$ 179,113</u>	<u>\$ 55,164</u>	<u>\$ 42,854</u>	<u>\$ 302,353</u>

See Independent Auditors' Report.

CITY OF MALDEN, MISSOURI

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

YEAR ENDED JUNE 30, 2013

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Street Fund	Park Fund	Cemetery Fund	CIC Fund	
<u>REVENUES:</u>					
Taxes	\$ 153,734	\$ 140,731	\$ -	\$ -	\$ 294,465
Intergovernmental	3,014	948	1,329	-	5,291
Charges for Services	-	9,594	58,708	64,138	132,440
Interest Income	105	771	405	162	1,443
Other	22,664	8,628	15	-	31,307
TOTAL REVENUES	\$ 179,517	\$ 160,672	\$ 60,457	\$ 64,300	\$ 464,946
<u>EXPENDITURES:</u>					
Current:					
General Government	\$ -	\$ -	\$ 70,322	\$ 7,197	\$ 77,519
Transportation	241,678	-	-	-	241,678
Culture and Recreation	-	180,860	-	-	180,860
Capital Outlay	33,647	6,500	14,239	-	54,386
Debt Service:					
Principal	-	-	-	20,257	20,257
Interest	-	-	-	27,289	27,289
TOTAL EXPENDITURES	\$ 275,325	\$ 187,360	\$ 84,561	\$ 54,743	\$ 601,989
REVENUES OVER (UNDER) EXPENDITURES	\$ (95,808)	\$ (26,688)	\$ (24,104)	\$ 9,557	\$ (137,043)
<u>OPERATING TRANSFERS:</u>					
Transfers In	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
Transfers Out	-	-	-	-	-
Total Operating Transfers	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
TOTAL REVENUES OVER (UNDER) EXPENDITURES	\$ (88,308)	\$ (26,688)	\$ (24,104)	\$ 9,557	\$ (129,543)
FUND BALANCE, July 1, 2012	7,801	179,669	74,571	33,297	295,338
FUND BALANCE, June 30, 2013	\$ (80,507)	\$ 152,981	\$ 50,467	\$ 42,854	\$ 165,795

See Independent Auditor's Report.

FINDINGS AND RESPONSES SECTION

CITY OF MALDEN, MISSOURI

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2013

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of Auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

2. FINANCIAL STATEMENT FINDINGS:

13-1 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.

13-2 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.