

City of Malden, Missouri
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June 30, 2009

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INDEPENDENT AUDITORS' REPORT

The City Council
City of Malden, Missouri
Malden, Missouri 63863

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, (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Malden, Missouri's, management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2009, and respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, Malden Capital Improvement Corporation and Malden Nutrition Center Inc. have been included as component units of the reporting entity for the year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009, on our consideration of the City of Malden, Missouri's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management discussion and analysis on pages 3 through 8 and the budgetary comparison information on page 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, listed as Schedule 5, and is also not a required part of the basic financial statements of the City of Malden, Missouri. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

December 29, 2009

City of Malden, Missouri Management's Discussion and Analysis

As management of the City of Malden, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Malden, Missouri, (the City) for the year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the City's financial statements and footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$15,628,431 (net assets). Of this amount, \$6,668,338 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

Overview of the Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances in a manner similar to a private business.

The *statement of net assets* presents all of the City's assets and liabilities with the difference between the two reported as *net assets*. Net assets are an important measure of the City's overall financial health. The increases and decreases in net assets can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements divide the City into the following:

- Governmental activities – All of the City's basic services are considered to be governmental activities, including general government, police and fire protection, streets, and cemetery. These activities are supported primarily with general City revenue such as sales taxes, gross receipts taxes, property taxes, fines and specific program revenue (i.e. permit fees and grants).
- Business-type activities – All of the City's enterprise activities are included here. These operations derive revenue from user charges for services that are intended to recover the full costs of operations.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

Proprietary funds. The City uses one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

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

Other information. In addition to the financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary information.

Government-wide Financial Analysis

Net assets may serve as a useful indicator of the City's financial position. As of June 30, 2009, assets exceeded liabilities by \$15,628,431. This is an increase of \$60,961 from the prior year. The largest portion of the City's net assets, \$8,937,079 (57%), reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

NET ASSETS

The following table reflects the condensed schedule of net assets as of June 30, 2009 and 2008:

City of Malden, Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 1,845,097	1,755,809	6,740,371	7,130,382	8,585,468	8,886,191
Capital assets	1,592,024	1,567,814	8,770,233	7,599,805	10,362,257	9,167,619
Total assets	<u>3,437,121</u>	<u>3,323,623</u>	<u>15,510,604</u>	<u>14,730,187</u>	<u>18,947,725</u>	<u>18,053,810</u>
Long-term debt outstanding	772,209	803,022	589,441	168,128	1,361,650	971,150
Other liabilities	586,209	493,448	1,371,435	1,021,022	1,957,644	1,514,470
Total liabilities	<u>1,358,418</u>	<u>1,296,470</u>	<u>1,960,876</u>	<u>1,189,150</u>	<u>3,319,294</u>	<u>2,485,620</u>
Net assets:						
Invested in capital assets, net of related debt	788,987	735,419	8,148,092	7,543,584	8,937,079	8,279,003
Restricted	20,374	8,034	9,779	16,933	30,153	24,967
Unrestricted	<u>1,269,342</u>	<u>1,282,980</u>	<u>5,391,857</u>	<u>5,980,520</u>	<u>6,661,199</u>	<u>7,263,500</u>
Total net assets	<u>\$ 2,078,703</u>	<u>2,026,433</u>	<u>13,549,728</u>	<u>13,541,037</u>	<u>15,628,431</u>	<u>15,567,470</u>

The City's total assets increased by \$893,915 during the current fiscal year, while the total liabilities increased by \$833,674. Governmental activities total assets increased by \$113,498, which was primarily due to an increase in current and other assets. Business-type activities total assets increased by \$780,417, which consisted of an decrease in current and other assets of \$390,011 and an increase in capital assets of \$1,170,428.

The largest portion of the City's net assets, \$8,937,079, an increase of \$605 thousand from the prior year, reflects its investment in capital assets, less any related debt used to acquire those assets. An additional portion of the City's net assets, \$30,153 an increase of \$12 thousand from the prior year, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$6,661,199, represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Assets

The following table reflects the revenues and expenses from the City's activities (in thousands) as of June 30, 2009 and 2008:

City of Malden, Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 421,154	454,653	5,942,528	6,624,147	6,363,682	7,078,800
Operating grants and contributions	1,264	86,162			1,264	86,162
Capital grants and contributions	130,449	33,468	489,962	468,617	620,411	502,085
General revenues:						
Property taxes	369,053	339,467			369,053	339,467
Sales and use taxes	1,234,239	945,407			1,234,239	945,407
Other revenues	109,505	524,625	170,124	335,302	279,629	859,927
Total revenues	<u>2,265,664</u>	<u>2,383,782</u>	<u>6,602,614</u>	<u>7,428,066</u>	<u>8,868,278</u>	<u>9,811,848</u>
Expenses:						
General government	768,631	678,179			768,631	678,179
Police and fire protection	1,158,641	1,057,937			1,158,641	1,057,937
Streets, cemetery and motor pool	305,771	236,993			305,771	236,993
Parks	129,111	33,523			129,111	33,523
Economic Development	19,090	150,918			19,090	150,918
Capital Improvements	73,090	45,988			73,090	45,988
Board of Public Works			5,304,613	5,667,617	5,304,613	5,667,617
Industrial park/airport			466,261	580,855	466,261	580,855
Golf/recreation			212,827	198,652	212,827	198,652
Community center			62,264	98,362	62,264	98,362
MNCI			269,168	219,675	269,168	219,675
Total expenses	<u>2,454,334</u>	<u>2,203,538</u>	<u>6,315,133</u>	<u>6,758,678</u>	<u>8,769,467</u>	<u>8,962,216</u>
Increase in net assets before transfers	(188,670)	180,244	287,481	669,388	98,811	849,632
Contributions			(37,850)		(37,850)	
Transfers	240,940	224,338	(240,940)	(224,388)		
Increase in net assets	52,270	404,632	8,691	445,000	60,961	849,632
Net assets, beginning	2,026,433	1,433,681	13,541,037	12,677,869	15,567,470	14,11,550
Prior period adjustment		188,120		418,168		606,288
Net assets, ending	\$ <u>2,078,703</u>	<u>2,026,433</u>	<u>13,549,728</u>	<u>13,541,037</u>	<u>15,628,431</u>	<u>15,567,470</u>

Governmental Activities

Governmental activities increased the City's net assets by \$52,270. Business-type activities increased the City's net assets by \$8,691. For the year ended June 30, 2009, revenues totaled \$8,868,278 (governmental and business-type). Revenues from governmental activities total \$2,265,664, or 26%, revenues from business-type activities total \$6,602,614, or 74% of the total City revenues. Sales and use tax revenues, the largest governmental category, were \$1,234,239, or 54%, of total governmental activities revenues.

Certain revenues are generated that are specific to governmental program activity. These totaled \$552,867. The following table shows expenses and program revenues of the governmental activities (in thousands) as of June 30, 2009 and 2008:

Net Cost of City of Malden, Governmental Activities

	Total cost of service		Net cost of service	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General government	\$ 768,631	678,179	597,138	497,886
Police and fire protection	1,158,641	1,057,937	986,724	862,953
Streets, cemetery	305,771	236,993	186,300	187,653
Parks	129,111	33,523	118,109	(477)
Economic development	19,090	150,918	(4,910)	134,104
Capital improvement	73,090	45,988	18,106	(52,864)
	\$ 2,454,334	2,203,538	1,901,467	1,629,255

Expenses from governmental activities total \$2,454,334. However, net costs of these services were \$1,901,467. The difference represents direct revenues received from charges for services of \$421,154, operating grants and contributions of \$1,264, and capital grants and contributions of \$130,449. Taxes and other revenues of \$1,712,797 were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City's net assets by \$8,691, due to normal operations.

Financial Analysis of the City's Funds

As of June 30, 2009, the City's governmental funds report a combined fund balance of \$2,078,703, and a net change in combined fund balance of \$52,270.

General Fund Budgetary Highlights

Actual revenues were \$94,438 less than originally budgeted. Actual expenses were \$229,265 less than originally budgeted.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$10,362,257 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Major capital events during the year ended June 30, 2009 included the following:

- Additions to the utility plant for \$513,031.
- Additions of the Nutrition Center building for \$984,554.

City of Malden, Capital Assets
(amounts expressed in thousands, net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 36,989	36,989	125,149	169,482	162,138	206,471
Buildings and improvements	1,217,709	1,115,757	7,986,844	7,116,643	9,204,553	8,232,401
Furniture, fixtures and equipment	236,637	261,125	134,118	138,855	307,755	398,980
Vehicles	100,689	261,125	403,700	138,855	504,389	398,980
Construction in progress		153,943	120,422	175,825	120,422	329,767
Total	\$ <u>1,592,024</u>	<u>1,567,814</u>	<u>8,770,233</u>	<u>7,599,805</u>	<u>10,362,257</u>	<u>9,167,619</u>

For additional information on capital assets, see note 3 in the notes to financial statements.

Debt Administration

As of June 30, 2009, the City had a total of \$1,425,178 of outstanding debt.

City of Malden, Outstanding Debt
(amounts expressed in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Capital lease obligations	\$ 26,702		40,656	56,221	67,358	56,221
Notes payable	776,335	832,396	581,485		1,357,820	832,396
Total	\$ <u>803,037</u>	<u>832,396</u>	<u>622,141</u>	<u>56,221</u>	<u>1,425,178</u>	<u>888,617</u>

For additional information on debt administration, see note 5 in the notes to financial statements.

Requests for Information

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to the City Clerk, City of Malden, 201 South Madison Street, Malden, MO 63863.

City of Malden, Missouri
Statement of Net Assets
June 30, 2009

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,345,302	4,400,999	5,746,301
Taxes receivable, net	163,279		163,279
Accounts receivable, net		1,108,888	1,108,888
Grant receivable	22,059	17,080	39,139
Interest receivable		386,122	386,122
Other receivables	37,310		37,310
Inventories		321,487	321,487
Prepaid expenses	163,019	140,970	303,989
Due from other funds	93,754	355,046	448,800
Restricted assets:			
Cash and cash equivalents	13,235	9,779	23,014
Grant receivable	7,139		7,139
Noncurrent assets:			
Capital assets:			
Non depreciable	36,989	125,149	162,138
Depreciable, net	<u>1,555,035</u>	<u>8,645,084</u>	<u>10,200,119</u>
Total Assets	<u>3,437,121</u>	<u>15,510,604</u>	<u>18,947,725</u>
LIABILITIES			
Accounts payable	72,262	724,236	796,498
Accrued payroll and benefits	216,363	190,791	407,154
Sales tax payable		7,343	7,343
Accrued interest	2,697	18,925	21,622
Due to other funds	264,059	173,891	437,950
Deferred revenue		93,792	93,792
Due within one year:			
Lease purchase	12,949	21,607	34,556
Notes payable	17,879	11,093	28,972
Due in more than one year:			
Customer meter deposits		129,757	129,757
Lease purchase	13,753	19,049	32,802
Notes payable	<u>758,456</u>	<u>570,392</u>	<u>1,328,848</u>
Total Liabilities	<u>1,358,418</u>	<u>1,960,876</u>	<u>3,319,294</u>
NET ASSETS			
Invested in capital assets, net of related debt	788,987	8,148,092	8,937,079
Restricted for:			
Debt service	13,235		13,235
Capital projects		9,779	9,779
Other purposes	7,139		7,139
Unrestricted	<u>1,269,342</u>	<u>5,391,857</u>	<u>6,661,199</u>
Total Net Assets	<u>\$ 2,078,703</u>	<u>13,549,728</u>	<u>15,628,431</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Activities
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Governmental activities:</u>						
General government administration	\$ (768,631)	162,563	264	8,666	(597,138)	(597,138)
Police, fire and other enforcement	(1,158,641)	127,585	1,000	43,332	(986,724)	(986,724)
Street and cemetery	(305,771)	48,159		71,312	(186,300)	(186,300)
Parks	(129,111)	3,863		7,139	(118,109)	(118,109)
Economic development	(19,090)	24,000			4,910	4,910
Capital improvement	(73,090)	54,984			(18,106)	(18,106)
Total governmental activities	<u>(2,454,334)</u>	<u>421,154</u>	<u>1,264</u>	<u>130,449</u>	<u>(1,901,467)</u>	<u>(1,901,467)</u>
<u>Business-type activities:</u>						
Board of Public Works	(5,304,613)	5,186,611				(118,002)
Industrial park/airport	(466,261)	373,247		85,002		(8,012)
Golf/recreation	(212,827)	150,024				(62,803)
Community center	(62,264)	25,993				(36,271)
Malden Nutrition Center Inc.	(269,168)	206,653		404,960		342,445
Total business-type activities	<u>(6,315,133)</u>	<u>5,942,528</u>		<u>489,962</u>		<u>117,357</u>
Total City	<u>\$ (8,769,467)</u>	<u>6,363,682</u>	<u>1,264</u>	<u>620,411</u>	<u>(1,901,467)</u>	<u>117,357</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Activities
For the Year Ended June 30, 2009

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>General revenues:</u>			
Property taxes	\$ 369,053		369,053
Sales tax	1,234,239		1,234,239
Other licenses and permits	78,233		78,233
Investment income	27,625	161,151	188,776
Miscellaneous income	3,647	8,973	12,620
Contributions in aid of construction		(37,850)	(37,850)
Transfers	240,940	(240,940)	
Total general revenues and transfers	<u>1,953,737</u>	<u>(108,666)</u>	<u>1,845,071</u>
Change in net assets	52,270	8,691	60,961
Net assets - June 30, 2008	<u>2,026,433</u>	<u>13,541,037</u>	<u>15,567,470</u>
Net assets - June 30, 2009	<u>\$ 2,078,703</u>	<u>13,549,728</u>	<u>15,628,431</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
 Balance Sheet
 Governmental Funds
 June 30, 2009

	Major Fund <u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 969,153	376,149	1,345,302
Taxes receivable	126,732	36,547	163,279
Grant receivable		22,059	22,059
Other receivables	37,310		37,310
Accounts receivable - other funds	83,779	9,975	93,754
Prepaid insurance	132,099	30,920	163,019
Restricted assets:			
Cash and cash equivalents	13,235		13,235
Grant receivable		7,139	7,139
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,362,308</u>	<u>482,789</u>	<u>1,845,097</u>
LIABILITIES			
Accounts payable	\$ 20,101	2,662	22,763
Accrued payroll and benefits	195,511	20,852	216,363
Accrued interest	2,697		2,697
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>218,309</u>	<u>23,514</u>	<u>241,823</u>
FUND BALANCES			
Reserved for debt service	13,235		13,235
Reserved for specific purposes		7,139	7,139
Unreserved, reported in:			
General fund	1,128,989		1,128,989
Special revenue funds	1,775	452,136	453,911
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,143,999</u>	<u>459,275</u>	<u>1,603,274</u>
Total Liabilities and Fund Balances	<u>\$ 1,362,308</u>	<u>482,789</u>	<u>1,845,097</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - total governmental funds	\$	1,603,274
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Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$	3,274,912
Less: accumulated depreciation		<u>(1,682,888)</u>
		1,592,024

Long-term liabilities of notes payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		<u>(1,116,595)</u>
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Net Assets of Governmental Activities	\$	<u><u>2,078,703</u></u>
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The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Fund <u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES:			
General property taxes	\$ 216,279	152,774	369,053
Sales tax	1,055,502	178,737	1,234,239
Licenses and permits	78,233		78,233
Fines, forfeitures, and violations	110,941		110,941
Use of property	15,831		15,831
Other revenues	39,250	27,498	66,748
Special revenues	84,658	50,445	135,103
Investment income	20,937	6,688	27,625
Grant income	51,998	40,601	92,599
	<u>1,673,629</u>	<u>456,743</u>	<u>2,130,372</u>
EXPENDITURES:			
Current			
General government	664,000		664,000
Police, fire and other enforcement	1,086,815		1,086,815
Streets and cemetery		368,404	368,404
Parks		123,495	123,495
Economic development		649	649
Capital improvement	22,921		22,921
Capital outlay	34,637		34,637
Debt service:			
Interest	32,698		32,698
	<u>1,841,071</u>	<u>492,548</u>	<u>2,333,619</u>
Deficiency of Revenues over Expenditures	(167,442)	(35,805)	(203,247)
Other Financing Sources (Uses)			
Transfers in	231,513	25,369	256,882
Transfers out	(15,942)		(15,942)
	<u>215,571</u>	<u>25,369</u>	<u>240,940</u>
Net Change in Fund Balance	48,129	(10,436)	37,693
Fund Balance, June 30, 2008	<u>1,095,870</u>	<u>469,711</u>	<u>1,565,581</u>
Fund Balance, June 30, 2009	<u>\$ 1,143,999</u>	<u>459,275</u>	<u>1,603,274</u>

The accompanying notes are an integral part of these 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
 For the Year Ended June 30, 2009

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

Net change in fund balance - total governmental funds	\$ 37,693
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(25,291)
The issuance of long-term debt (e.g., leases, notes) 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.	<u>39,868</u>
Change in net assets of governmental activities	<u><u>\$ 52,270</u></u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Major Enterprise Fund Board of <u>Public Works</u>	Major Enterprise Fund Industrial Park/ <u>Airport</u>	Major Enterprise Fund Malden <u>Nutrition Center</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 4,006,633	307,902	86,464		4,400,999
Accounts receivable, net	1,017,779	42,271	33,872	14,966	1,108,888
Due from other funds	354,171	875			355,046
Grants receivable			17,080		17,080
Accrued interest receivable	386,122				386,122
Inventories	321,487				321,487
Prepaid expenses	108,208	18,138		14,624	140,970
Total current assets	<u>6,194,400</u>	<u>369,186</u>	<u>137,416</u>	<u>29,590</u>	<u>6,730,592</u>
Restricted Assets:					
Cash and cash equivalents		9,779			9,779
Total restricted assets		<u>9,779</u>			<u>9,779</u>
Noncurrent Assets:					
Capital assets:					
Capital assets, net	5,220,362	2,202,223	1,041,865	180,634	8,645,084
Land	20,139		15,010	90,000	125,149
Total noncurrent assets	<u>5,240,501</u>	<u>2,202,223</u>	<u>1,056,875</u>	<u>270,634</u>	<u>8,770,233</u>
Total Assets	<u>11,434,901</u>	<u>2,581,188</u>	<u>1,194,291</u>	<u>300,224</u>	<u>15,510,604</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	566,510	10,352	142,664	4,710	724,236
Accounts payable - general fund				83,779	83,779
Accounts payable - other funds	62,715			27,397	90,112
Accrued payroll and benefits	133,315	17,185	16,150	24,141	190,791
Sales tax payable	7,343				7,343
Accrued interest			18,925		18,925
Current maturities of long term debt			11,093	21,607	32,700
Deferred revenue		78,040		15,752	93,792
Total current liabilities	<u>769,883</u>	<u>105,577</u>	<u>188,832</u>	<u>177,386</u>	<u>1,241,678</u>
Noncurrent Liabilities:					
Customer deposits	128,057	1,700			129,757
Notes payable			570,392		570,392
Leases payable				19,049	19,049
Total noncurrent liabilities	<u>128,057</u>	<u>1,700</u>	<u>570,392</u>	<u>19,049</u>	<u>719,198</u>
Total Liabilities	<u>897,940</u>	<u>107,277</u>	<u>759,224</u>	<u>196,435</u>	<u>1,960,876</u>
NET ASSETS					
Invested in capital assets, net of related debt	5,240,501	2,202,223	475,390	229,978	8,148,092
Restricted for:					
Capital projects		9,779			9,779
Unrestricted (deficit)	5,296,460	261,909	(40,323)	(126,189)	5,391,857
Total Net Assets	<u>\$ 10,536,961</u>	<u>2,473,911</u>	<u>435,067</u>	<u>103,789</u>	<u>13,549,728</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Major Enterprise <u>Fund</u> Board of <u>Public Works</u>	Major Enterprise <u>Fund</u> Industrial Park/ <u>Airport</u>	Major Enterprise <u>Fund</u> Malden <u>Nutrition Center</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>
Operating Revenues:					
Charges for services	\$		180,810	22,248	203,058
Utility service sales	5,166,747				5,166,747
Event rentals		4,960		24,716	29,676
Rental income		365,764			365,764
Grant income		85,002	404,960	14,966	504,928
Admission fees				113,723	113,723
Novelty sales			17,626		17,626
Miscellaneous	19,864	2,523	8,217	364	30,968
Total Operating Revenues	<u>5,186,611</u>	<u>458,249</u>	<u>611,613</u>	<u>176,017</u>	<u>6,432,490</u>
Operating Expenses:					
Personnel services	1,106,218	129,961	111,162	142,273	1,489,614
Office supplies	25,709	5,976		1,288	32,973
Shared office supplies			1,546		1,546
Operating supplies	2,968,437	2,316	108,501	7,733	3,086,987
Repairs and maintenance	250,543	65,898		42,608	359,049
Natural gas				623	623
Utilities	122,006	3,360		6,906	132,272
Telephone		2,885	1,551	1,123	5,559
Travel and training	13,432	2,063		8,923	24,418
Professional fees		12,629	4,321		16,950
Outside services	55,861	16,157		3,192	75,210
Advertising	1,057	713		162	1,932
Equipment rent			3,379	173	3,552
Insurance	103,187	22,184	1,415	16,449	143,235
Event expenses		6,000	85		6,085
Uncollectible accounts	40,607				40,607
Small tools and equipment	3,021	15,764			18,785
Miscellaneous	58,592	11,093	98	1,773	71,556
Depreciation	555,943	169,262	8,520	38,214	771,939
Total Operating Expenses	<u>5,304,613</u>	<u>466,261</u>	<u>240,578</u>	<u>271,440</u>	<u>6,282,892</u>
Operating Income (Loss)	\$ (118,002)	(8,012)	371,035	(95,423)	149,598

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Continued
Proprietary Funds
For the Year Ended June 30, 2009

	Major Enterprise <u>Fund</u> Board of <u>Public Works</u>	Major Enterprise <u>Fund</u> Industrial Park/ <u>Airport</u>	Major Enterprise <u>Fund</u> Malden <u>Nutrition Center</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>
Nonoperating Revenues (Expenses):					
Investment income	\$ 155,786	4,275	1,083	7	161,151
Management fees			(9,500)		(9,500)
Insurance proceeds		8,973			8,973
Interest expense			(18,925)	(3,651)	(22,576)
Gain/(loss) on disposals			(165)		(165)
Total Nonoperating Revenues (Expenses)	<u>155,786</u>	<u>13,248</u>	<u>(27,507)</u>	<u>(3,644)</u>	<u>137,883</u>
Income (Loss) Before Contributions and Transfers	37,784	5,236	343,528	(99,067)	287,481
Contributions and Transfers					
Transfers in				15,942	15,942
Transfers out of construction	(231,513) <u>(37,850)</u>	(25,369) <u></u>			(256,882) <u>(37,850)</u>
Changes in Net Assets	(231,579)	(20,133)	343,528	(83,125)	8,691
Net Assets, June 30, 2008	<u>10,768,540</u>	<u>2,494,044</u>	<u>91,539</u>	<u>186,914</u>	<u>13,541,037</u>
Net Assets, June 30, 2009	<u>\$ 10,536,961</u>	<u>2,473,911</u>	<u>435,067</u>	<u>103,789</u>	<u>13,549,728</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Major Enterprise <u>Fund</u> Board of <u>Public Works</u>	Major Enterprise <u>Fund</u> Industrial Park/ <u>Airport</u>	Major Enterprise <u>Fund</u> Malden <u>Nutrition</u> <u>Center</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>
Cash Flows from Operating Activities:					
Cash received from customers	\$ 4,523,464	365,764	57,808	146,921	5,093,957
Cash received from other sources	19,368	91,284	521,173	15,308	647,133
Cash payments for other expenses	(3,485,558)	(186,708)	(5,395)	(133,089)	(3,810,750)
Cash payments for employee benefits	<u>(1,051,886)</u>	<u>(143,754)</u>	<u>(85,480)</u>	<u>(137,061)</u>	<u>(1,418,181)</u>
Net cash provided by/(used in) operating activities	<u>5,388</u>	<u>126,586</u>	<u>488,106</u>	<u>(107,921)</u>	<u>512,159</u>
Cash Flows from Noncapital Financing Activities:					
Transfers in				15,942	15,942
Transfers out	<u>(269,363)</u>	<u>(25,369)</u>			<u>(294,732)</u>
Net cash provided by/(used in) noncapital financing activities	<u>(269,363)</u>	<u>(25,369)</u>		<u>15,942</u>	<u>(278,790)</u>
Cash Flows from Capital and Related Financing Activities:					
Debt service - interest payments				(3,651)	(3,651)
Debt service - principal payments				(23,823)	(23,823)
Proceeds from long-term debt			581,485		581,485
Acquisition of capital assets	(928,246)	(103,241)	(1,035,422)		(2,066,909)
Other receipts (payments)	<u> </u>	<u>8,973</u>	<u> </u>	<u> </u>	<u>8,973</u>
Net cash used in capital and related financing activities	<u>(928,246)</u>	<u>(94,268)</u>	<u>(453,937)</u>	<u>(27,474)</u>	<u>(1,503,925)</u>
Cash Flows from Investing Activities:					
Interest received	155,786	4,275	1,083	7	161,151
Proceeds from customer deposits	<u>2,475</u>	<u> </u>	<u> </u>	<u> </u>	<u>2,475</u>
Net cash provided by investing activities	<u>158,261</u>	<u>4,275</u>	<u>1,083</u>	<u>7</u>	<u>163,626</u>
Net increase (decrease) in cash and cash equivalents	(1,033,960)	11,224	35,252	(119,446)	(1,106,930)
Cash, beginning of year	<u>5,040,593</u>	<u>306,457</u>	<u>51,212</u>	<u>35,667</u>	<u>5,433,929</u>
Cash, end of year	<u>\$ 4,006,633</u>	<u>317,681</u>	<u>86,464</u>	<u>(83,779)</u>	<u>4,326,999</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended June 30, 2009

	Major Enterprise <u>Fund</u> Board of <u>Public Works</u>	Major Enterprise <u>Fund</u> Industrial Park/ <u>Airport</u>	Major Enterprise <u>Fund</u> Malden <u>Nutrition Center</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>
Displayed as:					
Cash and cash equivalents	\$ 4,006,633	307,902	86,464		4,400,999
Restricted cash and cash equivalents		9,779			9,779
Accounts payable, general fund				(83,779)	(83,779)
	<u>\$ 4,006,633</u>	<u>317,681</u>	<u>86,464</u>	<u>(83,779)</u>	<u>4,326,999</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities					
Operating income/(loss)	\$ (118,002)	(8,012)	371,035	(95,423)	149,598
Depreciation	555,943	169,262	8,520	38,214	771,939
Management fees			(9,500)		(9,500)
(Increase)/decrease in:					
Accounts receivable	(501,701)	44,205	(33,872)	(14,966)	(506,334)
Grants receivable			1,240		1,240
Accrued revenue and prior adjustments	(5,589)				(5,589)
Inventory	2,308				2,308
Prepaid expenses	(5,021)	5,485		(852)	(388)
Increase/(decrease) in:					
Accounts payable	26,773	(78,125)	142,664	(40,083)	51,229
Accrued payroll and benefits	43,334	5,764	8,019	5,189	62,306
Deferred revenue		(11,993)			(11,993)
Sales tax payable	7,343				7,343
Net cash provided by/(used in) operating activities	<u>\$ 5,388</u>	<u>126,586</u>	<u>488,106</u>	<u>(107,921)</u>	<u>512,159</u>

The accompanying notes are an integral part of these financial statements.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Malden, Missouri, conform to accounting principles generally accepted in the United States of America (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. For business-type activities and enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of Malden, Missouri, (the City) is a third class city in which citizens elect the mayor at large and eight council persons by ward. The City's basic financial statements include the accounts of all City operations: General government administration; Police and fire protection; Streets; Cemetery; and Economic Development. Enterprise operations owned by the City include the Malden Airport Board, the Board of Public Works, the Malden Senior Citizens Nutrition Center, and the Malden Municipal Golf Course.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the unit's board, and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's fund is blended into those of the City by appropriate fund type to comprise the primary government presentation.

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 with the police department in the general fund. The Malden Nutrition Center Inc. has been included in the Malden Senior Citizens Nutrition Center.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 2) operating grants and contributions, and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are presented instead as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental and business-type function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the 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 funds:

<u>Fund</u>	<u>Brief Description</u>
Park Fund	Accounts for revenues received and expenditures paid for recreational services provided by the Park and Recreation Board.
Street Fund	Accounts for revenues received and expenditures paid for services provided by the Street Department.
Cemetery Fund	Accounts for revenues received and expenditures paid for services provided by the Cemetery Department.
Department of Economic Development Fund	Accounts for revenues received and expenditures paid for services provided by the Department of Economic Development.

Proprietary Funds

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:

<u>Fund</u>	<u>Brief Description</u>
Board of Public Works	Accounts for revenues and expenses for services provided for which participants are charged fees for use of electricity, water, and sewer.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Malden Airport Board	Accounts for revenues and expenses derived primarily from a variety of rental activities associated with the airport and the industrial park.
Malden Senior Citizens Nutrition Center	Accounts for revenues and expenses for meals provided by the nutrition center and thrift items sold to citizens.
Community Center	Accounts for revenues and expenses for services provided for the citizens of the City associated with the community center.
Golf Course	Accounts for revenues and expenses for services provided by the golf course for which participants are charged fees.

Major and Nonmajor Funds

The funds are classified as major and nonmajor as follows:

Major Funds

General Fund

Proprietary Funds:

Malden Airport Board
Board of Public Works
Malden Senior Citizens
Nutrition Center

Nonmajor Funds

Special Revenue Funds:

Park Fund
Street Fund
Cemetery Fund
Department of Economic
Development Fund

Proprietary Funds:

Golf Course
Community Center

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

For the purpose of financial reporting, the City considers all highly liquid debt instruments with a maturity of three months or less to be 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 of each fund.

When a fund overdraws its share of pooled cash, the overdraft is reported as an interfund payable in that fund and an interfund receivable in the General Fund. At June 30, 2009, the following funds had recorded overdrafts.

Nonmajor Enterprise Funds:

Golf/recreation	\$ 72,016
Community Center	11,763
	<u>\$ 83,779</u>

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are typically defined as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Accounting principles do not require retroactive application of infrastructure assets acquired prior to July 1, 2004. Accordingly, these infrastructure assets are not represented.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Electric plant	10-33 years
Water/Sewer plant	15-50 years
Structures and improvements	10-50 years
Furniture, fixtures, and equipment	3-20 years
Transportation and work equipment	5-10 years
Infrastructure	15-50 years

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 the same as in the government-wide statements.

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to the monies held in the Capital Improvement Corporation for debt service reserve and in the Airport Board for airport aviation funds.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Long-Term Debt

All long-term debt arising from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Presently, the City's long-term debt consists primarily of notes payable by the Malden Capital Improvement Corporation.

Long-term debt arising from cash transactions for governmental funds is 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 funds is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

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.

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - all other net assets 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 assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

E. Revenues, Expenditures and Expenses

Property Tax

Property tax revenue is recognized independent of receivable recognition in the fiscal year for which the taxes have been levied (budgeted). Property tax revenue becomes available with the fiscal year of the levy. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as unearned revenue within the governmental fund financial statements.

The City's property tax is levied each November 1 on the assessed valuation of property located within the City as of the preceding January 1, the lien date. Taxes are due in full on December 31 and become delinquent on January 1. The delinquent penalty for 2008 was 2% in January and increases each month by 2% thereafter, up to 18% per year.

The assessed valuation of the tangible taxable property for the calendar year 2008 for purposes of local taxation was \$26,294,880. The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2008 was:

General Fund	\$ 0.73
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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 administration	Licenses and permits; capital grants include the U.S. Department of Agriculture.
Police and fire protection	Fines and violations; court fees; operating grants include U.S. Department of Justice; capital grants include the Department of Homeland Security.
Streets and cemetery	Grave opening/closing fees and lot sales; street paving charges.
Economic development	Rent.

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

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Operating Revenues and Expenses

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

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by character: Current (further classified by activity);
capital outlay; debt service

Proprietary Fund - by operating and non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Capital Contributions

Capital contributions represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement.

F. Internal and Interfund Balances and Activities

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

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.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

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.

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 Assets, 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 effect of interfund services between funds are not eliminated in the Statement of Activities.

3. Primary government and component unit activity and balances - resource flows between the primary government (the City and the component corporations) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

H. Budgetary Requirements

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

- (1) Prior to June, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- (4) Subsequent to its formal approval of the budget, the City Council has the authority to make necessary adjustments to the budget by formal vote of the Council. Adjustments made during the year are reflected in the final budget information included in the required supplementary information.

2. DEPOSITS AND INVESTMENTS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Deposits - At June 30, 2009, the carrying value of the City's deposits was \$5,769,315, and the bank balance was \$6,037,399.

Summary of carrying values - The carrying values of deposits shown above are included in the statement of net assets as follows:

Carrying value	
Deposits	<u>\$ 5,769,315</u>
	<u>\$ 5,769,315</u>
Included in the following statement of net asset captions	
Cash & cash equivalents	\$ 5,746,301
Restricted:	
Cash & cash equivalents	23,014
	<u>\$ 5,769,315</u>

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2009</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 36,989			36,989
Capital assets, being depreciated:				
Buildings and improvements	1,597,816	138,149		1,735,965
Furniture, fixtures and equipment	751,534	37,421		788,955
Vehicles	722,223		9,220	713,003
Total capital assets being depreciated	3,071,573	175,570	9,220	3,237,923
Less accumulated depreciation for:				
Buildings and improvements	(482,059)	(36,197)		(518,256)
Furniture, fixtures and equipment	(490,409)	(61,909)		(552,318)
Vehicles	(568,280)	(52,254)	(8,220)	(612,314)
Total accumulated depreciation	(1,540,748)	(150,360)	(8,220)	(1,682,888)
Total capital assets being depreciated, net	1,530,825	25,211	1,000	1,555,035
Governmental activities capital assets, net	\$ 1,567,814	25,211	1,000	1,592,024
Business-type activities:				
Capital assets, not being depreciated:				
Land:				
Other business-type	\$ 105,010			105,010
Public Works	64,472	20,139	64,472	20,139
Total capital assets, not being depreciated	169,482	20,139	64,472	125,149

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2009</u>
Capital assets, being depreciated:				
Utility Plant-Public Works	\$ 18,313,917	513,031	137,503	18,689,445
Building and improvements:				
Other business-type	633,972	984,554		1,618,526
Public Works	3,590		3,590	
Industrial Park/Airport	6,670,923	86,114	65,381	6,691,656
Furnitures, fixtures, and equipment:				
Other business-type	267,029	44,215		311,244
Public Works	59,857	36,062	59,857	36,062
Industrial Park/Airport	14,761		3,550	11,211
Transportation and work equipment:				
Other business-type	27,500	7,000	17,884	16,616
Public Works	103,447	353,393	111,259	345,581
Industrial Park/Airport	165,441	20,677	7,344	178,774
Construction in Progress:				
Public Works		120,422		120,422
Total capital assets, being depreciated	<u>26,260,437</u>	<u>2,165,468</u>	<u>406,368</u>	<u>28,019,537</u>
Less accumulated depreciation for:				
Utility Plant-Public Works	(13,546,272)	(543,317)	(137,503)	(13,952,086)
Building and improvements:				
Other business-type	(487,152)	(13,926)		(501,078)
Public Works	(30)			(30)
Industrial Park/Airport	(4,472,302)	(152,668)	(65,381)	(4,559,589)
Furnitures, fixtures, and equipment:				
Other business-type	(187,623)	(29,750)	(12,369)	(205,004)
Public Works	(3,479)	(1,866)		(5,345)
Industrial Park/Airport	(12,690)	(1,360)		(14,050)
Transportation and work equipment:				
Other business-type	(19,750)	(3,058)	(5,000)	(17,808)
Public Works	(2,926)	(10,760)		(13,686)
Industrial Park/Airport	(97,887)	(15,234)	(7,344)	(105,777)
Total accumulated depreciation	<u>(18,830,111)</u>	<u>(771,939)</u>	<u>(227,597)</u>	<u>(19,374,453)</u>
Total capital assets, being depreciated, net	<u>7,430,326</u>	<u>1,393,529</u>	<u>178,771</u>	<u>8,645,084</u>
Business-type activities capital assets, net	<u>\$ 7,599,808</u>	<u>1,413,668</u>	<u>243,243</u>	<u>8,770,233</u>

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government administration	\$ 13,037
Police and fire protection	86,046
Streets, cemetery	14,089
Economic development	5,400
Park	5,616
Total depreciation expense - governmental-type activities	\$ 124,188
Business-type activities:	
Major funds:	
Board of Public Works	\$ 555,943
Industrial park/airport	169,262
Non-major enterprise funds	38,214
Total depreciation expense - business-type activities	\$ 763,419
Blended Component Units:	
Malden Capital Improvement Corp.	\$ 26,172
Malden Nutrition Center Inc.	8,520
Total depreciation expense - blended component units	\$ 34,692

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at June 30, 2009, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 89,549	6,645
Nonmajor Governmental Funds:		
Special Revenue Funds		264,059
Enterprise Funds:		
Major Funds:		
Board of Public Works	409,942	62,715
Industrial park/airport	875	
Nonmajor Funds:		
Golf/recreation building		99,413
Community Center		11,763
Total	\$ 500,366	444,595

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Interfund transfers consisted of the following amounts:

<u>Transfers to:</u>	<u>Transfers From:</u>			
	General Fund	Board of Public Works	Industrial Park/Airport	Total
Major Governmental General Fund	\$	231,513		231,513
Nonmajor Governmental Special Revenue		37,850	25,369	63,219
Nonmajor Enterprise Funds:				
Golf/recreation	15,000			15,000
Community center	942			942
Total	<u>\$ 15,942</u>	<u>269,363</u>	<u>25,369</u>	<u>310,674</u>

Transfers are used to (1) move revenues from the fund that budgets or ordinance requires to collect them to the fund that budgets or ordinance requires to expend them, (2) move the bond payments from the funds that make the payment to the funds that maintain the debt, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

5. LONG-TERM LIABILITIES

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2009</u>	<u>Current Portion</u>
Governmental activities:					
Malden Capital Improvement Corporation - United States Department of Agriculture, interest at 4.125%, annual payments of \$32,002 beginning February 2008, collateralized by Police Station	\$ 513,528		11,027	502,501	11,490
Malden Capital Improvement Corporation - United States Department of Agriculture, interest at 4.25%, annual payments of \$17,900 beginning February 2008, collateralized by Police Station	279,957		6,123	273,834	6,389
First National Bank, capital lease of three Chevrolet Impalas for police department, annual payments of \$14,502 through July 31, 2010, 5.8% interest	38,910		12,208	26,702	12,949
Total governmental activities	<u>\$ 832,395</u>		<u>29,358</u>	<u>803,037</u>	<u>30,828</u>

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2009</u>	Current <u>Portion</u>
Business-type activities:					
Malden Nutrition Center, Inc.- United States Department of Agriculture, interest at 4.125%, annual payments of \$37,258 beginning October 2009, collateralized by the Nutrition Center	\$	581,484		581,484	11,093
CitiCapital Commercial Leasing Corp., capital lease of golf carts, monthly payments of \$575 through July 2009, with a balloon payment August 2009, 5% interest	17,670		6,104	11,566	11,566
First National Bank, capital lease of Morton building, monthly payments of \$960 through March 2012, 6% interest	<u>38,551</u>		<u>9,460</u>	<u>29,091</u>	<u>10,041</u>
Total business-type activities	<u>\$ 56,221</u>	<u>581,484</u>	<u>15,564</u>	<u>622,141</u>	<u>32,700</u>

The Malden Nutrition Center has been approved for a loan in the amount of \$634,500 from the United States Department of Agriculture. As of June 30, 2009, only \$581,485 of this loan has been advanced to the Nutrition Center, with the remaining balance available for advance at management's discretion.

Debt Service Requirements to Maturity

The annual retirements to amortize all long-term debt as of June 30, 2009, including interest payments of \$964,343, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Debt Service Requirements to Maturity</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 30,828	33,597	32,700	27,729	63,528	61,326
2011	32,349	32,075	22,175	26,561	54,524	58,636
2012	19,431	30,477	20,451	25,444	39,882	55,921
2013	20,257	29,651	12,453	24,805	32,710	54,456
2014	21,118	28,790	13,036	24,222	34,154	53,012
2015-2019	119,843	129,697	59,844	112,658	179,687	242,355
2020-2024	147,573	101,967	90,124	96,166	237,697	198,133
2025-2029	181,721	67,819	110,274	76,016	291,995	143,835
2030-2034	219,260	25,784	135,032	51,258	354,292	77,042
2035-2038	<u>10,657</u>	<u>93</u>	<u>126,052</u>	<u>19,534</u>	<u>136,709</u>	<u>19,627</u>
	<u>\$ 803,037</u>	<u>479,950</u>	<u>622,141</u>	<u>484,393</u>	<u>1,425,178</u>	<u>964,343</u>

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

6. CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the City. In the opinion of the City attorney, the potential loss on all claims will not have a material effect on the financial position of the City.

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 and 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, 2009.

7. DEFINED BENEFIT PENSION PLAN

Plan Description. The City of Malden, Missouri, 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
PO Box 1665
Jefferson City, MO 65102
1-800-447-4334

Funding Status. The City of Malden, Missouri's, full-time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 2.8% (general), 0.6% (police), and 0.6% (fire) of annual covered payroll. The contribution requirements of the plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

Annual Pension Cost. For 2009, the political subdivision's annual pension cost of \$126,408 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007, and/or February 29, 2008, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009, included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009, was 15 years.

Three-Year Trend Information

	Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
LAGERS	06/30/07	\$ 89,768	100%	-
	06/30/08	110,100	100%	-
	06/30/09	126,408	100%	-

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	(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
02/28/07	\$ 5,090,553	3,926,457	(1,164,096)	130%	1,600,500	-
02/29/08	5,590,262	4,278,114	(1,312,148)	131%	1,770,106	-
02/28/09	4,455,561	4,662,598	207,037	96%	1,940,974	11

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, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

City of Malden, Missouri
Notes to the Basic Financial Statements
June 30, 2009

8. RESTRICTED ASSETS

The Malden Capital Improvement Corporation was indebted for a loan insured through the United States Department of Agriculture. These funds were placed in a Debt Reserve Account and shall be used for the purpose of paying the principal of, and interest on the indebtedness if the monies in the General Account or Debt Service Account are insufficient to pay the same as such principal and interest become due. At June 30, 2009, restricted assets in the Debt Reserve Account include \$13,235.

At June 30, 2009, restricted assets include \$9,779 of money held by the City of Malden Airport Board. This restriction consists of the Aviation Special Restricted Bank Account which was created from sales of land or other assets that were deeded to the Airport by the Federal Government. These funds can only be used for purposes approved by MODOT and FAA.

9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has effectively managed risk through its insurance coverage and various educational and prevention programs. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

City of Malden, Missouri
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts <u>Original/Final</u>	Actual <u>Amounts</u>	Variance with Final Budget - Over <u>(Under)</u>
Revenues:			
General property taxes	\$ 189,000	192,485	(3,485)
Sales tax	736,000	829,949	(93,949)
Licenses and permits	545,725	327,581	218,144
Fines, forfeitures, and violations	113,300	110,941	2,359
Use of property	16,000	15,831	169
Other revenues	101,241	39,250	61,991
Special revenues	41,800	84,657	(42,857)
Investment income	25,000	20,937	4,063
Grant income	<u> </u>	<u>51,998</u>	<u>(51,998)</u>
Total revenues	<u>1,768,066</u>	<u>1,673,629</u>	<u>94,437</u>
Expenditures:			
Current			
General government administration	572,241	664,000	(91,759)
Police, fire and other enforcement	1,063,095	1,086,815	(23,720)
Capital Improvement	<u> </u>	<u>22,921</u>	<u>(22,921)</u>
Capital outlay	435,000	34,637	400,363
Debt service:			
Interest	<u> </u>	<u>32,698</u>	<u>(32,698)</u>
Total expenditures	<u>2,070,336</u>	<u>1,841,071</u>	<u>229,265</u>
Excess (deficiency) of revenues over expenditures	(302,270)	(167,442)	(134,828)
Other Financing Sources (Uses):			
Transfers in	92,386	231,513	(139,127)
Transfers out	<u> </u>	<u>(15,942)</u>	<u>15,942</u>
Total other financing sources (uses)	<u>92,386</u>	<u>215,571</u>	<u>(123,185)</u>
Net Change in Fund Balance	(209,884)	48,129	(258,013)
Fund Balance, June 30, 2008	<u>1,052,299</u>	<u>1,095,870</u>	<u>(43,571)</u>
Fund Balance, June 30, 2009	<u>\$ 842,415</u>	<u>1,143,999</u>	<u>(301,584)</u>

City of Malden, Missouri
Notes to Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

Budgetary Accounting

The City prepares its budget for all Funds on the modified accrual basis of accounting. This basis is consistent with the basis of accounting used in presenting the Funds in the basic financial statements. All unexpended appropriations lapse at year-end.

Schedule 1

City of Malden, Missouri
Combining Statement of Net Assets - Board of Public Works
June 30, 2009

	<u>Electric</u> <u>Department</u>	<u>Water/ Sewer</u> <u>Department</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 3,282,579	724,054	4,006,633
Accounts receivable, net of allowance for doubtful accounts	996,218	21,561	1,017,779
Due from other funds	291,456	62,715	354,171
Accrued interest receivable	332,787	53,335	386,122
Inventories	234,704	86,783	321,487
Prepaid expenses	71,417	36,791	108,208
Total current assets	<u>5,209,161</u>	<u>985,239</u>	<u>6,194,400</u>
Restricted assets:			
Noncurrent assets:			
Capital assets, net of accumulated depreciation	3,102,666	2,117,696	5,220,362
Land	20,139		20,139
Total noncurrent assets	<u>3,122,805</u>	<u>2,117,696</u>	<u>5,240,501</u>
Total assets	<u>8,331,966</u>	<u>3,102,935</u>	<u>11,434,901</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	527,175	39,335	566,510
Accounts payable - other funds	62,715		62,715
Accrued payroll and benefits	89,145	44,170	133,315
Sales tax payable	7,343		7,343
Total current liabilities	<u>686,378</u>	<u>83,505</u>	<u>769,883</u>
Noncurrent liabilities:			
Customer meter deposits	128,057		128,057
Long-term debt			
Total noncurrent liabilities	<u>128,057</u>	<u></u>	<u>128,057</u>
Total liabilities	<u>814,435</u>	<u>83,505</u>	<u>897,940</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,122,805	2,117,696	5,240,501
Unrestricted	4,394,726	901,734	5,296,460
Total net assets	<u>\$ 7,517,531</u>	<u>3,019,430</u>	<u>10,536,961</u>

City of Malden, Missouri
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Board of Public Works
Year Ended June 30, 2009

	Electric Department	Water/ Sewer Department	Total
Operating revenues:			
Utility services sales	\$ 4,401,628	765,119	5,166,747
Other miscellaneous	18,759	1,105	19,864
Total operating revenue	<u>4,420,387</u>	<u>766,224</u>	<u>5,186,611</u>
Operating expenses:			
Personnel services	702,886	403,332	1,106,218
Office supplies	22,688	3,021	25,709
Operation supplies	2,887,995	80,442	2,968,437
Repairs and maintenance	60,694	189,849	250,543
Utilities	104,048	17,958	122,006
Travel and training	9,543	3,889	13,432
Outside service	34,909	20,952	55,861
Advertising	654	403	1,057
Insurance	68,309	34,878	103,187
Uncollectible accounts	31,886	8,721	40,607
Small tools and equipment		3,021	3,021
Miscellaneous	50,776	7,816	58,592
Depreciation	305,127	250,816	555,943
Total operating expenses	<u>4,279,515</u>	<u>1,025,098</u>	<u>5,304,613</u>
Income (loss) from operations	<u>140,872</u>	<u>(258,874)</u>	<u>(118,002)</u>
Nonoperating revenues (expenses):			
Interest income	129,219	26,567	155,786
Amortization			
Total nonoperating revenues (expenses)	<u>129,219</u>	<u>26,567</u>	<u>155,786</u>
Loss before contributions and transfers	270,091	(232,307)	37,784
Transfers in			
Transfers out	(191,559)	(39,954)	(231,513)
Contributions in aid of construction	<u>(37,850)</u>	<u> </u>	<u>(37,850)</u>
Change in net assets	40,682	(272,261)	(231,579)
Net assets, June 30, 2008	<u>7,476,849</u>	<u>3,291,691</u>	<u>10,768,540</u>
Net assets, June 30, 2009	<u>\$ 7,517,531</u>	<u>3,019,430</u>	<u>10,536,961</u>

Schedule 3

City of Malden, Missouri
Combining Statement of Cash Flows
Board of Public Works
For the Year Ended June 30, 2009

	<u>Electric Department</u>	<u>Water/Sewer Department</u>	<u>Total Board of Public Works</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 3,745,626	777,838	4,523,464
Cash received from other sources	18,566	802	19,368
Cash payments for other expenses	(3,274,715)	(210,843)	(3,485,558)
Cash payments for employee benefits	<u>(645,520)</u>	<u>(406,366)</u>	<u>(1,051,886)</u>
Net cash (used in)/provided by operating activities	<u>(156,043)</u>	<u>161,431</u>	<u>5,388</u>
Cash Flows from Noncapital Financing Activities:			
Transfers out	<u>(229,409)</u>	<u>(39,954)</u>	<u>(269,363)</u>
Net cash used in noncapital financing activities	<u>(229,409)</u>	<u>(39,954)</u>	<u>(269,363)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	<u>(895,345)</u>	<u>(32,901)</u>	<u>(928,246)</u>
Net cash used in capital and related financing activities	<u>(895,345)</u>	<u>(32,901)</u>	<u>(928,246)</u>
Cash Flows from Investing Activities:			
Interest received	129,219	26,567	155,786
Proceeds from customer deposits	<u>2,475</u>	<u> </u>	<u>2,475</u>
Net cash provided by investing activities	<u>131,694</u>	<u>26,567</u>	<u>158,261</u>
Net (decrease) increase in cash and cash equivalents	(1,149,103)	115,143	(1,033,960)
Cash, beginning of year	<u>4,431,682</u>	<u>608,911</u>	<u>5,040,593</u>
Cash, end of year	<u>\$ 3,282,579</u>	<u>724,054</u>	<u>4,006,633</u>

The accompanying notes are an integral part of these financial statements.

Schedule 3 - continued

City of Malden, Missouri
 Combining Statement of Cash Flows - Continued
 Board of Public Works
 For the Year Ended June 30, 2009

	<u>Electric Department</u>	<u>Water/Sewer Department</u>	<u>Total Board of Public Works</u>
Displayed as:			
Cash and cash equivalents	\$ 3,282,579	<u>724,054</u>	<u>4,006,633</u>
	<u>\$ 3,282,579</u>	<u>724,054</u>	<u>4,006,633</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities			
Operating income/(loss)	\$ 140,872	(258,874)	(118,002)
Depreciation	305,127	250,816	555,943
(Increase)/decrease in:			
Accounts receivable	(639,338)	137,637	(501,701)
Accrued revenue and prior adjustments	(16,857)	11,268	(5,589)
Inventory	(23,218)	25,526	2,308
Prepaid expenses	(3,108)	(1,913)	(5,021)
Increase/(decrease) in:			
Accounts payable	47,171	(20,398)	26,773
Accrued payroll and benefits	25,965	17,369	43,334
Sales tax payable	<u>7,343</u>	<u> </u>	<u>7,343</u>
Net cash(used in)/provided by operating activities	<u>\$ (156,043)</u>	<u>161,431</u>	<u>5,388</u>

The accompanying notes are an integral part of these financial statements.



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

The City Council
City of Malden, Missouri
Malden, Missouri 63863

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Malden, Missouri, as of and for the year ended June 30, 2009, which collectively comprise the City of Malden, Missouri's, basic financial statements and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Malden, Missouri's, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Malden, Missouri's, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Malden, Missouri's, internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Malden, Missouri's, ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Malden, Missouri's, internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiencies described in the accompanying schedule of findings and responses are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Malden, Missouri's, responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Malden, Missouri's, responses, and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the city council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

December 29, 2009

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-1:

Condition: Mechanisms are not in place to identify risks applicable to the City Hall and the Board of Public Works and its financial reporting objectives because those in charge of governance have not appropriately evaluated those risks, which also include fraud risks.

Criteria: Performance of risk assessments is considered an essential control procedure in today's environment.

Cause of Condition: A formal risk assessment by those in charge of governance has not been performed.

Effect of Condition: Without a proper risk assessment, weaknesses in the control environment may not be identified. Because the weaknesses have not been properly identified, the material consequences to the financial statements will not be addressed and the weaknesses' effect would not be subsequently minimized.

Recommendation: To successfully complete this process, risks should be assessed and the risks that are identified should be addressed to reduce those risks. Those in charge of governance should clearly establish, communicate and monitor the city's objectives. The key elements of a strategic plan should be communicated throughout the entity so all employees have a basic understanding of the city's overall strategy. Process procedures should be sufficiently formal such that those in charge of governance can determine whether the control objective has been met. Documentation should exist to reflect support for procedures that are in place. Communication of expectations should be established with city personnel so that they understand their routines and the procedures that need to be performed. Risks related to the ability of an employee to initiate and process unauthorized transactions should be identified and minimized. Budgets should be properly established for all funds, and these budgets should be revised to reflect changes in the city's activities. In situations where implementation of risk assessments are beyond the competencies of those in charge of governance or employees, supplemental outsourcing arrangements will be required.

Response: Present city management is in the process of evaluating risks and will be implementing measures to minimize those risks. All current expenditures are reviewed by a member or members of the various boards or other management personnel. All city funds will have budgets established for the coming year.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-2:

Condition: Those in charge of governance have not adequately established human resource policies and procedures to demonstrate its commitment to integrity, ethical behavior, and competence.

Criteria: Well-defined guidance for employees and documentation of their roles are considered standard internal control procedures.

Cause of Condition: Those in charge of governance have not completely and adequately defined and communicated expectations of employees.

Effect of Condition: Lack of informative guidance and communication with employees may lead to staff dissatisfaction and the possibility that routines are not properly followed. Lack of adequate communication would then lead to material misstatements to the financial statements.

Recommendation: Employee recruitment and retention practices for key financial positions should be guided by the competencies that are necessary for the position. Furthermore, formal procedures should be in place for ongoing training and motivation of employees. Job descriptions and reference manuals informing personnel of their duties should be utilized. Job performance should be periodically evaluated and reviewed for each employee. When employees are not capable of meeting the expectations of those in charge of governance, these shortcomings should be supplemented by outsourcing arrangements.

Response: City personnel have been working several months on a new comprehensive personnel policy to be implemented in the near future. The city is also in the process of documenting job classifications for all city employees and setting pay ranges and performance guidelines for all positions.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-3:

Condition: Those in charge of governance have not properly identified all significant relationships including service providers and suppliers.

Criteria: Establishment of an approved vendor list is a common control, and disclosure of related parties is required by city ordinance and is necessary for complete financial statement presentation.

Cause of Condition: Those in charge of governance have not established a vendor list and related party activities are not completely documented.

Effect of Condition: Not utilizing an approved vendor list may result in improper expenditures, and by not retaining conflicts of interest and/or related party transaction activities, financial statement disclosures may be incomplete.

Recommendation: Those in charge of governance should establish a vendor list for which all proposed expenditures should be compared. Conflict of interest ordinances should be followed in order to comply with local and state laws and to ensure that all related parties are properly disclosed in the financial statements.

Response: Vendor lists will be prepared and submitted to the City Council or appropriate boards for approval.

2009-4:

Condition: Data underlying the financial information is not completely, accurately, and timely captured by the accounting system.

Criteria: All financial data should be included in the accounting system so that the data is accurate and complete.

Cause of Condition: Accounting procedure implementation is incomplete.

Effect of Condition: By not including all financial data in the accounting system, the system cannot be relied upon. The data in the accounting system is incomplete, which could result in a material misstatement of the financial statements.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

Recommendation: Record all transactions in the accounting system to ensure completeness of data. Establish reporting deadlines, which should not be ignored, for each accounting period to those in charge of governance.

Response: Present city management will be working to ensure all transactions will be entered in the accounting systems, with underlying documentation, and will be establishing reporting deadlines.

2009-5:

Condition: Upstream communication lines are not sufficiently open to improve performance and enhance internal control.

Criteria: Open lines of communication are considered to be a vital aspect of internal control.

Cause of Condition: Those in charge of governance have not adequately considered the value of open lines of communication.

Effect of Condition: Ineffective lines of communication create unnecessary hindrances to recording financial data accurately and completely, which could lead to material financial statement misstatements.

Recommendation: Ensure that communication lines are open to those in charge of governance. Establish separate lines of communication to serve as “fail-safe” mechanisms. Channels must also be open and secure for potential whistleblowers.

Response: Communication lines are completely open under the new City Administrator. Communication, ideas and concerns, are free to be expressed at all times.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-6:

Condition: Ongoing monitoring is not built into operations throughout the city.

Criteria: Constant oversight by those in charge of governance is a vital element of an entity's internal control.

Cause of Condition: Those in charge of governance have not properly designed policies and procedures to ensure that monitoring is effective.

Effect of Condition: In smaller sized entities in which segregation of duties cannot be achieved, effective monitoring is one of the primary tools to ensure that the financial statements are not materially misstated.

Recommendation: Develop ongoing monitoring procedures throughout the city. These procedures should include explicit identification of what constitutes a deviation from expected control performance.

Response: Present city management is working on new policies and procedures and ways to monitor compliance with those policies and procedures.

2009-7:

Condition: Physical copies of the city ordinances are not up-to-date, signed, and retained in an organized fashion.

Criteria: The city's ordinances are the laws upon which the city is managed and is vital to its operations.

Cause of Condition: Those in charge of governance have not provided proper oversight to ensure that the ordinances are up-to-date.

Effect of Condition: The lack of up-to-date ordinances creates difficulties in enforcement.

Recommendation: Develop a routine that ensures that ordinances are timely prepared, signed, and filed in an organized fashion.

Response:

The City Clerk is working to have the ordinances up-to-date, signed, and retained in an organized fashion. Also, the city is creating a new internet website and all of the City's ordinances will be accessible and searchable on that website.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-8:

Condition: Computer-related controls are insufficient

Criteria: Proper controls over computers and their access is an accepted internal control procedure.

Cause of Condition: Those in charge of governance have not adequately addressed shortcomings in the area of computer security.

Effect of Condition: The lack of security of computer controls significantly increases the risk that financial statement data, including personal payroll information, may be improperly accessed. This increases the risk that the financial statements may be materially misstated. The risk of identity theft is also increased.

Recommendation: Passwords should be changed upon a regular routine, and these passwords should not be shared. Computer system backups should be based upon a regular routine with backup data stored in a secure, fireproof location offsite. Backups of computer systems should be documented and tested to ensure that the backup routine is functioning properly. All of the city's networks should be properly secured and encrypted. All employees with computer access should be required to file confidentiality agreements upon employment and annually thereafter.

Response: The city has been implementing a new computer network for the city with the help of an outside computing firm. Regular backups are currently being made daily and stored in a fireproof safe. We are establishing computer controls and procedures with the help of the outside computing firm to help ensure the safeguarding of the city's data.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-9:

Condition: A variety of accounting routines are inadequate or incomplete.

Criteria: A consistent routine is considered vital for proper internal controls.

Cause of Condition: Proper and consistent application of internal controls has not become a routine for those in charge of governance.

Effect of Condition: The lack of consistency of internal control procedures significantly increases the potential that management or employees, in the normal course of performing their assigned functions, will not prevent or detect a material misstatement of the financial statements.

Recommendation: A council member or board member should consistently review supporting documentation before signing the related checks. All general ledger accounts should be reconciled to the subsidiary ledger and reconciliation, if applicable, on a monthly basis. Employees who do not have and should not have check-signing authority, i.e. those who have access to accounting information system data, should be removed from signature cards. Signature cards should be modified to properly reflect the requirement for two signatures as required by ordinance or board motions. All adjusting entries, including nonroutine adjustments, should have supporting documentation. Management should approve purchase orders that are initiated by crew supervisors. Credits applied to customer accounts should be reviewed and approved by management. Payroll information and personnel files, both computerized and physical, must be effectively controlled. Capitalized asset costs should include labor and burden including insurance and payroll costs.

Response: The City Administrator reviews all documentation before signing related checks. A board member for the Board of Public Works reviews all supporting documentation before signing Board of Public Works checks. Persons with check signing authority do not have access to enter payments in the accounting software at City Hall or the Board of Public Works. Management is working to address the other issues listed in the recommendation.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-10:

Condition: Financial statements are not being published in a newspaper of local circulation on a semi-annual basis.

Criteria: City ordinance requires disclosure of financial condition in a local newspaper.

Cause of Condition: Those in charge of governance have failed to follow this city ordinance.

Effect of Condition: The city is failing to provide the transparency required by its own ordinance.

Recommendation: Publish financial statements in a newspaper of local circulation on a semi-annual basis:

Response: The city will be complying with the ordinance.

2009-11:

Condition: Those in charge of governance and the employees of the city do not possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures.

Criteria: The ability of the entity to prepare its own financial statements is an ideal for which the city cannot presently attain.

Cause of Condition: Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in entities of the city's size.

Effect of Condition: Fiscal limitations prohibit the city from hiring someone with the required accounting competencies to prepare their year-end financial statements.

Recommendation: Obtaining additional accounting knowledge through reading relevant literature and attending professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable financial statements.

Response: The City of Malden will have this capability in the near future.

City of Malden, Missouri, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2009

2009-12

Condition: Segregation of duties issues exist with the organization of the city.

Criteria: Proper segregation of duties is an ideal for which the city cannot presently attain.

Cause of Condition: Fiscal limitations prohibit the city from addressing segregation of duties issues.

Effect of Condition: Segregation of duties issues limits the overall effectiveness of internal controls. Monitoring and oversight by those in charge of governance is a vital control to limit the effect of the segregation of duties limitation.

Recommendation: Under these circumstances, the most effective controls lie in striving to obtain as much segregation of duties as possible with the ideal goal being that no one person has complete control of any type of financial transaction and management's and the council's knowledge of the financial operation.

Response:

The City is working to segregate duties as much as possible but limitations exist in certain areas since these areas only have one or two employees who can do the various required duties.



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The City Council
City of Malden, Missouri
Malden, Missouri

Compliance

We have audited the compliance of the City of Malden, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Malden, Missouri's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Malden, Missouri's, management. Our responsibility is to express an opinion on the City of Malden, Missouri's, compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Malden, Missouri's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Malden, Missouri's, compliance with those requirements.

In our opinion, the City of Malden, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Malden, Missouri, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the City of Malden, Missouri's, internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, the city council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

December 29, 2009

Schedule 5

City of Malden, Missouri
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Agency or Pass-Through <u>Number</u>	Federal Disbursements/ <u>Expenditures</u>
U.S. Department of Homeland Security			
Pass through Missouri State			
Emergency Food & Shelter Program	97.024	26-534600-005 27-534600-005	\$ 2,568
Emergency Food & Shelter Program	97.114	AR-534600-005	375
Public Assistance Grants	97.036		<u>714,417</u>
Total U.S. Dept. of Homeland Security			<u>717,360</u>
U.S. Department of H.U.D.			
Pass through State Department of Social Services			
Community Development Block Grant	14.228	2007PF06	<u>253,628</u>
Total U.S. Department of H.U.D.			<u>253,628</u>
U.S. Department of Agriculture			
Pass through			
Community Facilities	10.776		<u>4,946</u>
Total U.S. Department of Agriculture			<u>4,946</u>
U.S. Department of Transportation			
Pass through			
Airport Improvement Program	20.106	AIRE055/065-079A	26,135
STP Enhancement Program	20.205	STP-9900(026)	337,929
Highway Planning and Construction Program	20.205	DP4200(002)	<u>12,410</u>
Total U.S. Department of Transportation			<u>376,474</u>
Total Federal Financial Assistance			<u>\$ 1,352,408</u>

Note 1 - The schedule of federal awards has been prepared on the accrual basis of accounting.

City of Malden, Missouri
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2009

Part I - Summary of Auditor's Results

A unqualified opinion was issued on the financial statements of the City of Malden, Missouri, for the year ended June 30, 2009.

The audit did not disclose any noncompliance which is material to the financial statements of the City of Malden, Missouri.

The audit did not disclose any significant deficiencies in internal control over major programs of City of Malden, Missouri.

An unqualified opinion was issued on compliance for major programs.

The audit did not disclose any audit findings which are required to be reported by OMB Circular A-133.

The major programs and CFDA numbers tested during the year ended June 30, 2009 were:

Highway Planning and Construction Program	20.205
STP Enhancement Program	20.205
Public Assistance Grants	97.036

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The City of Malden, Missouri, was not determined to be a low-risk auditee.

City of Malden, Missouri
Schedule of Resolution of Prior Year Audit Findings
For the Year Ended June 30, 2009

There are no known, but uncorrected prior year findings or questioned costs related to federal awards.