

CITY OF MONROE CITY, MISSOURI

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HANNIBAL, MISSOURI

CITY OF MONROE CITY, MISSOURI  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015  
TABLE OF CONTENTS

	<u>PAGE</u>
<u>FINANCIAL SECTION:</u>	
<u>INDEPENDENT AUDITOR'S REPORT</u>	1 - 2
<u>GENERAL PURPOSE FINANCIAL STATEMENTS (GPFS):</u>	
Combined Balance Sheet - All Fund Types and Account Groups	3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Government Fund Types	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	6 - 7
Combining Statement of Position - All Enterprise Funds	8 - 11
Combining Statement of Revenues, Expenses and Changes in Net Position - All Enterprise Funds	12 - 13
Combining Statement of Cash Flows - All Enterprise Funds	14 - 17
Notes to Financial Statements	18 - 31
<u>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	32 - 38
Combining Balance Sheet - All Special Revenue Funds	39
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - All Special Revenue Funds	40 - 41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library - Special Revenue Fund	42 - 43
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire Department - Special Revenue Fund	44

CITY OF MONROE CITY, MISSOURI  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS  
(CONTINUED)

	<u>PAGE</u>
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sales Tax - Special Revenue Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Park Sales Tax - Special Revenue Fund	46
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Industrial Development - Special Revenue Fund	47
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - D.A.R.E. Fund - Special Revenue Fund	48
Combining Statement of Operating Expenses - All Enterprise Funds	49 - 52

SUPPLEMENTARY INFORMATION:

Schedule of Changes in General Capital Assets	53
Statement of Changes in Capital Assets - All Enterprise Funds	54 - 55
Schedule of Operating Statistics - Electric Department (Unaudited)	56 - 57
Schedule of Operating Statistics - Water Department (Unaudited)	58
Schedule of Operating Statistics - Sewer Department (Unaudited)	59
Schedule of Operating Statistics - Natural Gas Department (Unaudited)	60
Schedule of Rural Water Rate Calculation - Water Department (Unaudited)	61
Schedule of Assessed Valuation and Tax Rate	62

<u>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING</u>	63 - 64
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CITY OF MONROE CITY, MISSOURI  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS

(CONTINUED)

	<u>PAGE</u>
<u>REPORTS AND SCHEDULES PERTAINING TO THE SINGLE AUDIT OF</u> <u>THE CITY OF MONROE CITY, MISSOURI'S FEDERAL FINANCIAL</u> <u>ASSISTANCE:</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	65 - 66
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	67 - 69
Schedule of Federal Financial Assistance	70
Notes to Schedule of Federal Financial Assistance	71
Schedule of Findings and Questioned Costs	72 - 74

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Board of Aldermen  
City of Monroe City, Missouri

**Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Monroe City, Missouri, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Monroe City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

### **Basis for Adverse Opinion on Financial Statements as a Whole**

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the City's governmental activities, business-type activities, and discretely presented component units have not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Financial Statements as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of the City of Monroe City, Missouri, as of September 30, 2015, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the City of Monroe City, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monroe City, Missouri's internal control over financial reporting and compliance.

Respectfully submitted,

*Luck, Humphreys and Associates*

LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.  
Certified Public Accountants

December 31, 2015

## CITY OF MONROE CITY, MISSOURI

## COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 2015

	Governmental Fund Types			Proprietary Fund Types	Account Groups			Totals
	General	Special Revenue	Debt Service	Enterprise	General Capital Assets	General Long-Term Debt		
<u>Assets:</u>								
Cash	\$201,327	\$1,212,164	\$	\$ 2,563,941	\$	\$	\$ 3,977,432	
Receivables	53,787	1,084,247		541,004			1,679,038	
Due from other funds				680,000			680,000	
Inventory of supplies, at cost	13,343			386,653			399,996	
Restricted assets:								
Cash	14,230			55,975			70,205	
Capital assets				10,810,977	11,284,498		22,095,475	
Amount to be provided for retirement of long-term debt								
Total Assets	\$282,687	\$2,296,411	\$	\$15,038,550	\$11,284,498	1,702,699	\$30,604,845	
<u>Liabilities:</u>								
Accounts payable	\$ 27,548	\$ 234	\$	\$ 387,275	\$	\$	\$ 415,057	
Accrued payroll	4,475			3,157			7,632	
Accrued compensated absences	52,526			37,511			90,037	
Due to other funds		680,000					680,000	
Deposits				43,100			43,100	
Construction costs payable								
Accrued interest			17,644	3,536			21,180	
USDA - construction loan				3,094,100			3,094,100	
Certificates of participation				685,020		1,674,980	2,360,000	
Capitalized lease payable						27,719	27,719	
Total Liabilities	\$ 84,549	\$ 680,234	\$ 17,644	\$ 4,253,699	\$	\$1,702,699	\$ 6,738,825	

CITY OF MONROE CITY, MISSOURI  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 2015

(CONTINUED)

	Governmental Fund Types			Proprietary	Account Groups			Totals
	Fund Types			Fund Types	General	Long-Term	Debt	
	General	Special Revenue	Debt Service	Enterprise	Capital Assets			
<u>Fund Equity:</u>								
Investment in general capital assets	\$ -----	\$ -----	\$ -----	\$ -----	\$11,284,498	\$ -----		\$11,284,498
Net position	-----	-----	-----	10,784,851	-----	-----		10,784,851
Fund balances:								
Nonspendable	-----	29,849	-----	-----	-----	-----		29,849
Restricted	14,230	-----	-----	-----	-----	-----		14,230
Committed	-----	-----	-----	-----	-----	-----		-----
Assigned	-----	-----	-----	-----	-----	-----		-----
Unassigned	183,908	1,586,328	(17,644)	-----	-----	-----		1,752,592
<u>Total Fund Equity</u>	<u>\$198,138</u>	<u>\$1,616,177</u>	<u>\$(17,644)</u>	<u>\$10,784,851</u>	<u>\$11,284,498</u>	<u>\$ -----</u>		<u>\$23,866,020</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$282,687</u>	<u>\$2,296,411</u>	<u>\$ -----</u>	<u>\$15,038,550</u>	<u>\$11,284,498</u>	<u>\$1,702,699</u>		<u>\$30,604,845</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals</u>
<u>Revenues:</u>				
Taxes	\$ 982,589	\$ 431,044	\$ ----	\$1,413,633
Licenses and permits	14,978	----	----	14,978
Intergovernmental revenue	----	5,767	----	5,767
Charges for services	27,269	----	----	27,269
Fines and forfeits	30,007	235	----	30,242
Miscellaneous revenues	992,383	204,245	----	1,196,628
<u>Total Revenues</u>	<u>\$2,047,226</u>	<u>\$ 641,291</u>	<u>\$ ----</u>	<u>\$2,688,517</u>
<u>Expenditures:</u>				
Current:				
City administration	\$ 339,903	\$ ----	\$ ----	\$ 339,903
Public safety	621,797	8,823	----	630,620
Humane officer	3,479	----	----	3,479
Inspection and zoning	5,865	----	----	5,865
Street Department	289,876	2,540	----	292,416
Culture and recreation	160,674	57,137	----	217,811
Industrial Development	----	92,200	----	92,200
Airport	51,964	----	----	51,964
Cemetery	26,904	----	----	26,904
Capital outlay	333,003	441,176	----	774,179
Debt service	----	----	231,140	231,140
<u>Total Expenditures</u>	<u>\$1,833,465</u>	<u>\$ 601,876</u>	<u>\$ 231,140</u>	<u>\$2,666,481</u>
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$ 213,761</u>	<u>\$ 39,415</u>	<u>\$(231,140)</u>	<u>\$ 22,036</u>
<u>Other Financing Sources (Uses):</u>				
Operating transfers in	\$ 116,681	\$ ----	\$ 229,559	\$ 346,240
Operating transfers out	(376,556)	(116,215)	----	(492,771)
<u>Total Other Sources (Uses)</u>	<u>\$ (259,875)</u>	<u>\$ (116,215)</u>	<u>\$ 229,559</u>	<u>\$ (146,531)</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other</u>				
<u>Uses</u>	<u>\$ (46,114)</u>	<u>\$ (76,800)</u>	<u>\$ (1,581)</u>	<u>\$ (124,495)</u>
<u>Fund Balances, October 1</u>	<u>244,252</u>	<u>1,692,977</u>	<u>(16,063)</u>	<u>1,921,166</u>
<u>Fund Balances, September 30</u>	<u>\$ 198,138</u>	<u>\$1,616,177</u>	<u>\$ (17,644)</u>	<u>\$1,796,671</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 977,481	\$ 982,589	\$ 5,108
Licenses and permits	14,978	14,978	----
Intergovernmental revenue	----	----	----
Charges for services	26,739	27,269	530
Fines and forfeits	30,007	30,007	----
Miscellaneous revenues	<u>979,479</u>	<u>992,383</u>	<u>12,904</u>
<u>Total Revenues</u>	<u>\$2,028,684</u>	<u>\$2,047,226</u>	<u>\$ 18,542</u>
<u>Expenditures:</u>			
Current:			
City administration	\$ 343,845	\$ 339,903	\$ 3,942
Public safety	621,892	621,797	95
Humane officer	3,441	3,479	(38)
Inspection and zoning	6,327	5,865	462
Street Department	291,671	289,876	1,795
Culture and recreation	161,087	160,674	413
Airport	48,471	51,964	(3,493)
Cemetery	26,955	26,904	51
Industrial Development	----	----	----
Capital outlay	<u>216,322</u>	<u>333,003</u>	<u>(116,681)</u>
<u>Total Expenditures</u>	<u>\$1,720,011</u>	<u>\$1,833,465</u>	<u>\$(113,454)</u>
<u>Excess of Revenues Over (Under)</u>			
<u>Expenditures</u>	<u>\$ 308,673</u>	<u>\$ 213,761</u>	<u>\$ (94,912)</u>
<u>Other Financing Sources (Uses):</u>			
Operating transfers in	\$ ----	\$ 116,681	\$ 116,681
Operating transfers out	<u>(376,556)</u>	<u>(376,556)</u>	<u>----</u>
<u>Total Other Sources (Uses)</u>	<u>\$ (376,556)</u>	<u>\$ (259,875)</u>	<u>\$ 116,681</u>
<u>Excess of Revenues and Other Sources</u>			
<u>Over (Under) Expenditures and Other</u>			
<u>Uses</u>	<u>\$ (67,883)</u>	<u>\$ (46,114)</u>	<u>\$ 21,769</u>
<u>Fund Balances, October 1</u>		<u>244,252</u>	
<u>Fund Balances, September 30</u>		<u>\$ 198,138</u>	

The accompanying notes to financial statements are an integral part of this statement.

Special Revenue Funds

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 428,989	\$ 431,044	\$ 2,055
----	----	----
5,768	5,767	(1)
----	----	----
215	235	20
268,699	204,245	(64,454)
<u>\$ 703,671</u>	<u>\$ 641,291</u>	<u>\$ (62,380)</u>
\$ ----	\$ ----	\$ ----
8,825	8,823	2
----	----	----
----	----	----
2,541	2,540	1
62,771	57,137	5,634
----	----	----
----	----	----
92,200	92,200	----
441,179	441,176	3
<u>\$ 607,516</u>	<u>\$ 601,876</u>	<u>\$ 5,640</u>
<u>\$ 96,155</u>	<u>\$ 39,415</u>	<u>\$ (56,740)</u>
\$ 118,000	\$ ----	\$(118,000)
(116,216)	(116,215)	1
<u>\$ 1,784</u>	<u>\$ (116,215)</u>	<u>\$(117,999)</u>
<u>\$ 97,939</u>	<u>\$ (76,800)</u>	<u>\$(174,739)</u>
	 <u>1,692,977</u>	
	<u>\$1,616,177</u>	

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF POSITION  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Assets:</u>			
Cash	\$ 571,986	\$ 348,368	\$ 573,123
Receivables (net of allowance for uncollectibles):			
Accounts	371,825	65,758	47,400
Inventory of supplies, at cost	180,285	108,734	13,351
Due from Industrial Development Fund	<u>146,000</u>	<u>----</u>	<u>----</u>
<u>Total Current Assets</u>	<u>\$1,270,096</u>	<u>\$ 522,860</u>	<u>\$ 633,874</u>
Restricted assets:			
Cash	\$ 18,600	\$ 12,300	\$ 12,875
Capital assets (net of accumulated depreciation - Note 2)	<u>2,669,296</u>	<u>3,835,600</u>	<u>4,057,905</u>
<u>Total Assets</u>	<u>\$3,957,992</u>	<u>\$4,370,760</u>	<u>\$4,704,654</u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 311,281	\$ 18,038	\$ 10,459
Accrued payroll	1,307	803	757
Construction costs payable	----	----	----
Accrued interest	2,089	1,447	----
Current portion of:			
Capitalized lease payable	----	----	----
Capitalized lease certificates of participation	<u>150,745</u>	<u>104,390</u>	<u>----</u>
<u>Total Current Liabilities</u>	<u>\$ 465,422</u>	<u>\$ 124,678</u>	<u>\$ 11,216</u>
<u>Noncurrent Liabilities:</u>			
Deposits	\$ 18,600	\$ 12,300	\$ ----
Accrued compensated absences	12,237	16,183	4,546
USDA construction loan	----	----	3,094,100
Capitalized lease certificates of participation	<u>253,995</u>	<u>175,890</u>	<u>----</u>
<u>Total Liabilities</u>	<u>\$ 750,254</u>	<u>\$ 329,051</u>	<u>\$3,109,862</u>

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$1,055,417	\$ 15,047	\$ 2,563,941
46,825	9,196	541,004
84,283	----	386,653
<u>534,000</u>	<u>----</u>	<u>680,000</u>
<u>\$1,720,525</u>	<u>\$ 24,243</u>	<u>\$ 4,171,598</u>
 \$ 12,200	 \$ ----	 \$ 55,975
<u>248,176</u>	<u>----</u>	<u>10,810,977</u>
<u>\$1,980,901</u>	<u>\$ 24,243</u>	<u>\$15,038,550</u>
 \$ 39,342	 \$ 8,155	 \$ 387,275
290	----	3,157
----	----	----
----	----	3,536
----	----	----
<u>----</u>	<u>----</u>	<u>255,135</u>
<u>\$ 39,632</u>	<u>\$ 8,155</u>	<u>\$ 649,103</u>
 \$ 12,200	 \$ ----	 \$ 43,100
4,545	----	37,511
----	----	3,094,100
<u>----</u>	<u>----</u>	<u>429,885</u>
<u>\$ 56,377</u>	<u>\$ 8,155</u>	<u>\$ 4,253,699</u>

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF POSITION  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Net Position:</u>			
Invested in capital assets net of related debt	\$2,264,556	\$3,553,873	\$ 963,805
Restricted	----	----	12,875
Unrestricted	<u>943,182</u>	<u>487,836</u>	<u>618,112</u>
<u>Total Net Position</u>	<u>\$3,207,738</u>	<u>\$4,041,709</u>	<u>\$1,594,792</u>

The accompanying notes to financial statements are an integral part of this statement.

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$ 248,176	\$ ----	\$ 7,030,410
----	----	12,875
<u>1,676,348</u>	<u>16,088</u>	<u>3,741,566</u>
<u>\$1,924,524</u>	<u>\$ 16,088</u>	<u>\$10,784,851</u>

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Operating Revenues:</u>			
Charges for services	\$4,295,432	\$ 712,587	\$ 489,210
Other revenues	<u>8,710</u>	<u>707</u>	<u>----</u>
<u>Total Operating Revenues</u>	<u>\$4,304,142</u>	<u>\$ 713,294</u>	<u>\$ 489,210</u>
<u>Operating Expenses:</u>			
Administration	\$ 718,733	\$ 199,042	\$ 46,811
Utility production/treatment	1,936	293,427	177,718
Utility purchases/interconnect	3,461,546	----	----
Utility distribution/collection	224,301	137,907	75,724
Depreciation	<u>205,767</u>	<u>134,285</u>	<u>60,516</u>
<u>Total Operating Expenses</u>	<u>\$4,612,283</u>	<u>\$ 764,661</u>	<u>\$ 360,769</u>
<u>Operating Income (Loss)</u>	<u>\$ (308,141)</u>	<u>\$ (51,367)</u>	<u>\$ 128,441</u>
<u>Non-Operating Revenues (Expenses):</u>			
Interest income	\$ 4,712	\$ 2,427	\$ 4,661
Pole rental income	7,224	----	----
Interest expense and fiscal charges	(5,769)	(3,996)	----
Grant revenue	----	----	----
Demolish old house	<u>----</u>	<u>----</u>	<u>----</u>
<u>Total Non-Operating Revenues (Expenses)</u>	<u>\$ 6,167</u>	<u>\$ (1,569)</u>	<u>\$ 4,661</u>
<u>Net Income (Loss) Before Other Financing Sources (Uses)</u>	<u>\$ (301,974)</u>	<u>\$ (52,936)</u>	<u>\$ 133,102</u>
<u>Other Financing Sources (Uses):</u>			
Operating transfers in	\$ 155,517	\$ 107,695	\$ ----
Operating transfers (out)	<u>----</u>	<u>----</u>	<u>----</u>
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 155,517</u>	<u>\$ 107,695</u>	<u>\$ ----</u>
<u>Net Income (Loss)</u>	<u>\$ (146,457)</u>	<u>\$ 54,759</u>	<u>\$ 133,102</u>
<u>Net Position, October 1</u>	<u>3,354,195</u>	<u>3,986,950</u>	<u>1,461,690</u>
<u>Net Position, September 30</u>	<u>\$3,207,738</u>	<u>\$4,041,709</u>	<u>\$1,594,792</u>

The notes to financial statements are an integral part of this statement.

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$1,242,430	\$100,554	\$ 6,840,213
<u>1,000</u>	<u>----</u>	<u>10,417</u>
<u>\$1,243,430</u>	<u>\$100,554</u>	<u>\$ 6,850,630</u>
\$ 177,190	\$ (257)	\$ 1,141,519
<u>-----</u>	<u>----</u>	<u>473,081</u>
896,594	98,083	4,456,223
90,079	<u>----</u>	528,011
<u>31,618</u>	<u>-----</u>	<u>432,186</u>
<u>\$1,195,481</u>	<u>\$ 97,826</u>	<u>\$ 7,031,020</u>
\$ 47,949	\$ 2,728	\$ (180,390)
\$ 11,486	\$ 130	\$ 23,416
<u>----</u>	<u>----</u>	<u>7,224</u>
<u>----</u>	<u>----</u>	<u>(9,765)</u>
<u>----</u>	<u>----</u>	<u>----</u>
<u>----</u>	<u>----</u>	<u>----</u>
\$ 11,486	\$ 130	\$ 20,875
\$ 59,435	\$ 2,858	\$ (159,515)
\$ ----	\$ ----	\$ 263,212
<u>(116,681)</u>	<u>----</u>	<u>(116,681)</u>
<u>\$ (116,681)</u>	<u>\$ ----</u>	<u>\$ 146,531</u>
\$ (57,246)	\$ 2,858	\$ (12,984)
<u>1,981,770</u>	<u>13,230</u>	<u>10,797,835</u>
<u>\$1,924,524</u>	<u>\$ 16,088</u>	<u>\$10,784,851</u>

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Cash Flows from Operating Activities:</u>			
Cash receipts from customers	\$ 4,415,613	\$ 693,686	\$ 503,217
Cash payments to suppliers	(4,245,708)	(509,899)	(204,337)
Cash payments to employees	(140,441)	(121,538)	(101,348)
Cash payments for payroll taxes	<u>(10,117)</u>	<u>(8,839)</u>	<u>(7,461)</u>
<u>Net Cash Provided (Used) by</u> <u>    Operating Activities</u>	<u>\$ 19,347</u>	<u>\$ 53,410</u>	<u>\$ 190,071</u>
<u>Cash Flow from Non-Capital</u> <u>    Financing Activities:</u>			
Operating transfers	<u>\$ 155,517</u>	<u>\$ 107,695</u>	<u>\$ ----</u>
<u>Cash Flows from Capital and Related</u> <u>    Financing Activities:</u>			
Acquisition and construction of capital assets	\$ (27,336)	\$ (29,495)	\$(2,915,064)
Proceeds from USDA construction loan	----	----	2,922,000
Principal payments	(148,680)	(102,960)	----
Interest paid	<u>(6,837)</u>	<u>(4,735)</u>	<u>----</u>
<u>Net Cash Provided (Used) for Capital</u> <u>    and Related Activities</u>	<u>\$ (182,853)</u>	<u>\$(137,190)</u>	<u>\$ 6,936</u>
<u>Cash Flows from Investing Activities:</u>			
Interest income received	\$ 4,712	\$ 2,427	\$ 4,661
Interfund loan	<u>----</u>	<u>----</u>	<u>----</u>
<u>Net Cash Provided (Used) from</u> <u>    Investing Activities</u>	<u>\$ 4,712</u>	<u>\$ 2,427</u>	<u>\$ 4,661</u>
<u>Increase (Decrease) in Cash</u>	<u>\$ (3,277)</u>	<u>\$ 26,342</u>	<u>\$ 201,668</u>
<u>Cash, October 1, 2014</u>	<u>593,863</u>	<u>334,326</u>	<u>384,330</u>
<u>Cash, September 30, 2015</u>	<u>\$ 590,586</u>	<u>\$ 360,668</u>	<u>\$ 585,998</u>

The notes to financial statements are an integral part of this statement.

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$ 1,277,046	\$103,021	\$ 6,992,583
(1,142,124)	(97,708)	(6,199,776)
(45,992)	----	(409,319)
<u>(3,377)</u>	<u>----</u>	<u>(29,794)</u>
<u>\$ 85,553</u>	<u>\$ 5,313</u>	<u>\$ 353,694</u>
<u>\$ (116,681)</u>	<u>\$ ----</u>	<u>\$ 146,531</u>
\$ (944)	\$ ----	\$(2,972,839)
----	----	2,922,000
----	----	(251,640)
<u>----</u>	<u>----</u>	<u>(11,572)</u>
<u>\$ (944)</u>	<u>\$ ----</u>	<u>\$ (314,051)</u>
\$ 11,486	\$ 130	\$ 23,416
<u>(118,000)</u>	<u>----</u>	<u>(118,000)</u>
<u>\$ (106,514)</u>	<u>\$ 130</u>	<u>\$ (94,584)</u>
\$ (138,586)	\$ 5,443	\$ 91,590
<u>1,206,203</u>	<u>9,604</u>	<u>2,528,326</u>
<u>\$ 1,067,617</u>	<u>\$ 15,047</u>	<u>\$ 2,619,916</u>

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Cash at the End of the Year Consists</u> <u>of:</u>			
Cash	\$ 571,986	\$348,368	\$573,123
Restricted Cash	<u>18,600</u>	<u>12,300</u>	<u>12,875</u>
	<u>\$ 590,586</u>	<u>\$360,668</u>	<u>\$585,998</u>
 <u>Reconciliation of Operating Income to</u> <u>Net Cash Provided by Operating</u> <u>Activities:</u>			
<u>Operating Income (Loss)</u>	\$(308,141)	\$ (51,367)	\$128,441
 <u>Adjustments to Reconcile</u> <u>Operating Income (Loss) to</u> <u>Net Cash Provided by Operating</u> <u>Activities:</u>			
Depreciation	205,767	134,285	60,516
(Increase) decrease in accounts receivable	111,471	(19,608)	14,007
(Increase) decrease in supplies inventory	(838)	(5,728)	(2,593)
Increase (decrease) in accounts payable	83	(8,169)	(159)
Increase (decrease) in accrued payroll	23	(447)	(397)
Increase (decrease) in accrued compensated absences	(143)	1,344	419
Increase (decrease) in construction costs payable	----	----	(10,164)
Increase (decrease) in customer deposits	3,900	3,100	----
Pole rental	7,224	----	----
Rounding	<u>1</u>	<u>----</u>	<u>1</u>
<u>Net Cash Provided (Used) by Operating</u> <u>Activities</u>	<u>\$ 19,347</u>	<u>\$ 53,410</u>	<u>\$190,071</u>

The notes to financial statements are an integral part of this statement.

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$1,055,417	\$15,047	\$2,563,941
<u>12,200</u>	<u>----</u>	<u>55,975</u>
<u>\$1,067,617</u>	<u>\$15,047</u>	<u>\$2,619,916</u>
\$ 47,949	\$ 2,728	\$ (180,390)
31,618	----	432,186
33,616	2,467	141,953
(20,035)	----	(29,194)
(10,609)	119	(18,736)
(204)	----	(1,025)
418	----	2,038
----	----	(10,164)
2,800	----	9,800
----	----	7,224
<u>----</u>	<u>----</u>	<u>2</u>
<u>\$ 85,553</u>	<u>\$ 5,313</u>	<u>\$ 353,694</u>

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

The accounting methods and procedures adopted by the City of Monroe City, Missouri conform to generally accepted accounting principles as applied to governmental entities, except for the presentation of the government-wide financial statements and the management discussion and analysis as defined by GASB No. 34. The following notes to the financial statements are an integral part of the City's general purpose financial statements.

1. Summary of Significant Accounting Policies:

The City of Monroe City, Missouri (the City) was incorporated as a town on April 6, 1889 by order of the Monroe County Court. The City operates under a Board of Aldermen - Mayor form of government and provides the following services as authorized by its charter: public safety, street, culture and recreation, public improvements, planning and zoning, electric, water, sewer and gas utilities, airport operations, cemetery and general administrative services.

The financial statements of the City are prepared in accordance with the pre-GASB No. 34 reporting model. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in the subsequent section of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2015.

A. Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Monroe City, Missouri. The financial statements presented herein do not include agencies which have been formed under applicable state laws and are separate and distinct units of government apart from the City of Monroe City.

The financial statements of the City include those of separately administered organizations that are financially controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements: Special Fire Department Fund - Special Revenue Fund, Monroe City Public Library - Special Revenue Fund, and Monroe City, Missouri Community Foundation - Special Revenue Fund.

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

1. Summary of Significant Accounting Policies: (Continued)

Based on the foregoing criteria, the financial statements of the following organization are not included: Mosswood Golf Course.

B. Funds and Account Groups

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Fund Types - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Fund - This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Fund - This fund is established to account for financial resources to be used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Proprietary Fund Types - These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

1. Summary of Significant Accounting Policies: (Continued)

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Account Groups - In addition to the three broad types of governmental funds, the City also maintains two account groups as described below:

General Capital Asset Account Group - This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Funds.

General Long-Term Debt Account Group - This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

Governmental fund types use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (1) during the current event or (2) after the end of the period but in time to pay fund liabilities. The City considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Generally, tax revenues (including taxpayer-assessed taxes), fees, and nontax revenues are recognized when received. Grants, entitlements, and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied, with proper allowances made for estimated uncollectible accounts and delinquent accounts. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

1. Summary of Significant Accounting Policies: (Continued)

Proprietary fund types and fiduciary fund types use the accrual basis of accounting and the flow of all economic resources (measurement focus). The basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred.

D. Cash and Cash Equivalents

The City pools cash resources of its various funds into a common interest-bearing bank account to facilitate the management of cash and to maximize investment opportunities.

E. Receivables

All receivables and amounts due from other governments are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Inventories

The City has not maintained perpetual inventory cost records. For the Enterprise Funds and the General Fund (Airport Fuel), a physical inventory as of the balance sheet date was taken and priced using the lower of cost (on a first in, first out (FIFO) basis) or market value. Inventories of all other governmental funds are deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

G. Restricted Assets

Because of certain revenue bond covenants, the City is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. These assets are stated at cost. The difference between cost and fair market value is not material. The Series 2012 Certificates of Participation has no such covenants.

H. Capital Assets

Capital assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks and

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

1. Summary of Significant Accounting Policies: (Continued)

bridges, are not capitalized. Capital assets acquired or constructed for general governmental operations are recorded as an expenditure in the fund making the expenditure and capitalized at cost in the General Capital Assets Account Group.

Capital assets acquired for proprietary funds are capitalized in the respective funds to which they apply.

Capital assets are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the enterprise funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

I. Retirement

The provision for retirement cost is recorded on an accrual basis, and the City's policy is to fund retirement costs as they accrue.

J. Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Council through approval of resolutions. Assigned fund balances is a limitation imposed by the City Council. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories.

Enterprise fund equity is classified as net assets and displayed in three components:

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

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

1. Summary of Significant Accounting Policies: (Continued)

2. Restricted net position—Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted fund balances are available for use, it is the City’s policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

K. Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and nontax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses of enterprise funds are recognized in essentially the same manner as used in commercial accounting.

L. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid taxes become delinquent January 1 of the following year.

The tax levy per \$100 of the assessed valuation of tangible taxable property for calendar year 2014 for the purposes of local taxation was:

General Fund	\$0.7591
Library Fund	<u>0.2000</u>
	<u>\$0.9591</u>

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

1. Summary of Significant Accounting Policies: (Continued)

Property taxes are recorded as revenue using the modified accrual basis of accounting and include amounts collected through November, 2015.

M. Vacation, Sick Leave, and Other Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. The amount accrued at September 30, 2015 totaled \$90,037 and was allocated to the following funds:

General	\$52,526
Electric	12,237
Water	16,183
Sewer	4,546
Gas	<u>4,545</u>
	<u>\$90,037</u>

N. Estimates Used in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

2. Stewardship, Compliance, and Accountability:

Compliance with Bond Covenants - The City is in compliance with the terms of the Series 2012 Certificates of Participation debt issue.

3. Deposits and Temporary Cash Investments:

At year-end, the City's deposits consisted of an interest bearing checking account in a local FDIC insured financial institution. The carrying amount of the City's deposits was \$4,046,210 and the bank balance was \$4,072,927. Of the bank balance, \$250,000 was covered by federal depository insurance, and the balance was collateralized with securities held by the pledging financial institution's agent in the City's name.

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

3. Deposits and Temporary Cash Investments: (Continued)

For the purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amount os cash and mature within three months of the date they are acquired.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy to limit exposure to credit risk.

Concentration of Credit Risk

The City does not have a formal investment policy that limits the total amount of securities that can be held with any one company or government agency.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy to limit exposure to a custodial credit risk.

4. Receivables:

Receivables as of year end for the City's individual funds, including the applicable allowances for uncollectible accounts, are as follows:

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

4. Receivables: (Continued)

<u>Governmental Fund Types</u>	<u>General</u>	<u>Library</u>	<u>Capital Improvement Sales Tax</u>	<u>Park Sales Tax</u>	<u>Industrial Development</u>	<u>Total</u>
Property taxes	\$ 709	\$ 191	\$ ---	\$ ---	\$ ---	\$ 900
Sales tax	31,572	---	14,832	14,831	---	61,235
Use tax	2,081	---	1,040	1,040	---	4,161
Motor fuel tax	9,095	---	---	---	---	9,095
Notes receivable:						
Mosswood						
Golf Course	10,330	---	---	---	---	10,330
Lakeside						
Casting LLC	---	---	---	---	1,052,313	1,052,313
Allowance for uncollectible accounts	---	---	---	---	---	---
<u>Total</u>	<u>\$53,787</u>	<u>\$ 191</u>	<u>\$15,872</u>	<u>\$15,871</u>	<u>\$1,052,313</u>	<u>\$1,138,034</u>

<u>Proprietary Fund Types</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Natural Gas</u>	<u>Sanitation</u>	<u>Total</u>
Billings	\$408,599	\$71,075	\$52,088	\$51,448	\$10,105	\$593,315
Allowance for uncollectible accounts	(36,774)	(5,317)	(4,688)	(4,623)	(909)	(52,311)
<u>Total</u>	<u>\$371,825</u>	<u>\$65,758</u>	<u>\$47,400</u>	<u>\$46,825</u>	<u>\$ 9,196</u>	<u>\$541,004</u>

5. Capital Assets:

A summary of changes in general capital assets follows:

	<u>Balance 10-1-14</u>	<u>Additions</u>	<u>Retirements/ Trade-Ins</u>	<u>Balance 9-30-15</u>
Total General Capital Assets	<u>\$10,531,380</u>	<u>\$753,118</u>	<u>\$ ---</u>	<u>\$11,284,498</u>

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

5. Capital Assets: (Continued)

A summary of changes in enterprise fund capital assets follows:

	Balance 10-1-14	Additions	Retirements/ Trade-Ins	Balance 9-30-15
Electric system	\$ 8,787,142	\$ 27,336	\$ ----	\$ 8,814,478
Water system	6,454,760	29,495	----	6,484,255
Sewerage system	2,575,868	193,086	----	2,768,954
Natural gas system	<u>1,546,555</u>	<u>944</u>	----	<u>1,547,499</u>
	\$ 19,364,325	\$ 250,861	\$ ----	\$ 19,615,186
Less: Accumulated depreciation	<u>(11,281,818)</u>	<u>(432,186)</u>	----	<u>(11,714,004)</u>
Net capital assets	<u>\$ 8,082,506</u>	<u>\$ (181,325)</u>	<u>\$ ----</u>	<u>\$ 7,901,182</u>
Construction in progress	<u>\$ 187,817</u>	<u>\$2,909,795</u>	<u>\$187,817</u>	<u>\$ 2,909,795</u>

6. Long-Term Debt:

The following is a summary of bonds payable and capitalized lease transactions of the City for the year ended September 30, 2015:

	Balance 10-1-14	Additions	Principal Payments	Balance 9-30-15
Capitalized Lease with Commerce Bank	\$ 41,035	\$ ----	\$ 13,316	\$ 27,719
Lease Refunding and Improvements				
Certificates of Participation, Series 2012	<u>2,780,000</u>	<u>----</u>	<u>420,000</u>	<u>2,360,000</u>
<u>Totals</u>	<u>\$2,821,035</u>	<u>\$ ----</u>	<u>\$433,316</u>	<u>\$2,387,719</u>

Long-term debt at September 30, 2015 consists of the following issues:

\$3,195,000 Lease Refunding and Improvements Certificates of Participation, Series 2012 dated November 15, 2012, due in annual installments of \$415,000 to \$430,000 through September 30, 2017; \$315,000 in September, 2018; and \$60,000 to \$100,000 from September, 2019 through September, 2033, plus interest of .75 percent to 3.75 percent. Fund allocation of this obligation is as follows:

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

6. Long-Term Debt: Continued

Long-Term Debt Account Group -	
General Fund	\$ 294,980
Park Sales Tax Fund	1,380,000
Electric Fund	404,740
Water Fund	<u>280,280</u>
 <u>Total</u>	 <u>\$2,360,000</u>

The annual requirements to amortize this issue as of September 30, 2015 follows:

<u>Year Ending</u> <u>September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 430,000	\$ 52,402	\$ 482,402
2017	430,000	46,813	476,813
2018	315,000	41,282	356,282
2019	65,000	37,950	102,950
2020	65,000	36,325	101,325
2021	70,000	34,638	104,638
2022	70,000	32,712	102,712
2023	70,000	30,613	100,613
2024	75,000	28,438	103,438
9-25	75,000	26,074	101,074
9-26	75,000	23,656	98,656
9-27	80,000	21,138	101,138
9-28	80,000	18,437	98,437
9-29	85,000	15,550	100,550
9-30	90,000	12,375	102,375
9-31	90,000	9,000	99,000
9-32	95,000	5,531	100,531
9-33	<u>100,000</u>	<u>1,875</u>	<u>101,875</u>
 <u>Total</u>	 <u>\$2,360,000</u>	 <u>\$474,809</u>	 <u>\$2,834,809</u>

There are a number of limitations and restrictions contained in the certificate of participation issue. The City is in compliance with all significant limitations and restrictions.

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

6. Long-Term Debt: (Continued)

Capitalized lease with Commerce Bank payable in annual installments of \$14,423.39 including interest at 2.7 percent through January 31, 2017.

Proceeds of the financing was the purchase of two 2014 Taurus police cars.

The annual requirements to amortize this issue as of September 30, 2015 follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$13,675	\$ 748	\$14,423
2017	<u>14,044</u>	<u>379</u>	<u>14,423</u>
<u>Total</u>	<u>\$27,719</u>	<u>\$1,127</u>	<u>\$28,846</u>

The City has adopted the policy of acquiring certain fixed assets through the use of lease-purchase agreements. For the lease-purchases backed by the full faith and credit of the City, debt service is accounted for in the Debt Service Fund. Assets acquired through lease-purchase for the Electric, Water, and Sewer Departments are accounted for in the Enterprise Fund.

USDA - Construction Loan

On August 25, 2014, the City entered into an agreement with the USDA. to finance a \$4,322,000 sewer system upgrade. Following is a summary of the transactions of this agreement for the fiscal year ended September 30, 2015:

<u>Balance</u> <u>October 1,</u> <u>2014</u>	<u>Advance for</u> <u>Construction</u>	<u>Principal</u> <u>Payment</u>	<u>Balance</u> <u>September 30,</u> <u>2015</u>
<u>\$172,100</u>	<u>\$2,922,000</u>	<u>\$ ----</u>	<u>\$3,094,100</u>

Upon completion of the construction project, the debt will be restructured into an installment loan. Completion should occur during the next fiscal year, September 30, 2016.

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

7. Interfund Transactions:

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental and Enterprise Funds financial statements generally reflect such transactions as operating transfers.

8. Litigation:

As of September 30, 2015, there were no lawsuits pending or claims outstanding against the City that would have a material effect on the financial statements.

9. Contingent Liabilities:

The City has in the past participated in various federally assisted grant programs, principal of which is the Community Development Block Grant. These programs are subject to program compliance audits by the grantor or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

10. Retirement Plans:

Deferred Compensation Plan - The City government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of general creditors of the government in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the government's legal counsel that the government has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor.

Defined Contribution Plan - The City of Monroe City retirement plan is a single employer defined contribution pension plan established by the City of Monroe City to provide benefits at retirement for all of its employees. Plan members are required to contribute at least 4 percent of their wages to a matching deferred compensation plan. The City is required to contribute

CITY OF MONROE CITY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(CONTINUED)

10. Retirement Plans: (Continued)

4 percent to match the employee's contribution. Plan provisions and contribution requirements are established, and may be amended by, the Board of Aldermen. The City has contracted with Security Financial Resources, Inc. to provide administration of the plan. Retirement plan financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions become due.

11. Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disaster. These risks are covered through the purchase of commercial insurance with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage to the prior year.

12. Unfavorable Fund Variances:

Departments within the General Fund which incurred unfavorable expenditure variance when compared to the budget include the following:

Humane Officer	<u>\$ 38</u>
Airport	<u>\$ 3,493</u>
Capital Outlay	<u>\$116,681</u>

13. Committed Contracts:

The commitments on the contracts pertaining to the Sewer System Upgrade are summarized as follows:

Municipal Pipe Tool - Lining	<u>\$679,031</u>
K & N Excavating, Inc. - Replacement and extension	<u>\$559,193</u>
Visu-Sewer of Missouri, LLC - Manhole rehabilitation	<u>\$ 48,322</u>
Klingner & Associates - Engineering	<u>\$ 2,765</u>

COMBINING AND INDIVIDUAL FUND

STATEMENTS AND SCHEDULES

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget -</u> <u>Original</u>	<u>Budget -</u> <u>Revised</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues:</u>				
<u>Taxes:</u>				
Property taxes	\$193,717	\$195,534	\$195,667	\$ 133
Railroad and utility	6,178	6,370	6,371	1
Surtax	7,800	3,371	3,371	---
Financial institution	1,257	14	15	1
Sales tax	360,000	370,589	373,024	2,435
Use tax	44,500	34,708	34,334	(374)
Motor vehicle taxes	95,110	98,649	99,738	1,089
Cigarette tax	15,000	15,758	15,943	185
Telephone franchise tax	23,000	34,961	35,598	637
Cable TV franchise tax	20,000	21,104	22,105	1,001
Municipal utilities franchise tax	<u>196,422</u>	<u>196,423</u>	<u>196,423</u>	<u>---</u>
<u>Total Taxes</u>	<u>\$962,984</u>	<u>\$977,481</u>	<u>\$982,589</u>	<u>\$ 5,108</u>
<u>Licenses and Permits:</u>				
Liquor licenses	\$ 2,725	\$ 2,800	\$ 2,800	\$ ---
Business licenses	5,600	5,575	5,575	---
Building permits	1,800	3,563	3,563	---
Animal licenses	300	260	260	---
Street excavation permits	500	2,000	2,000	---
Planning and zoning fees	<u>500</u>	<u>780</u>	<u>780</u>	<u>---</u>
<u>Total Licenses and Permits</u>	<u>\$ 11,425</u>	<u>\$ 14,978</u>	<u>\$ 14,978</u>	<u>\$ ---</u>
<u>Intergovernmental Revenue:</u>				
Grant income	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
<u>Charges for Services:</u>				
Swimming pool/Route J	\$ 18,005	\$ 21,139	\$ 21,669	\$ 530
Fire calls	---	5,500	5,500	---
Animal control and shelter fees	<u>350</u>	<u>100</u>	<u>100</u>	<u>---</u>
<u>Total Charges for Services</u>	<u>\$ 18,355</u>	<u>\$ 26,739</u>	<u>\$ 27,269</u>	<u>\$ 530</u>
<u>Fines and Forfeits:</u>				
Fines and court costs	<u>\$ 31,515</u>	<u>\$ 30,007</u>	<u>\$ 30,007</u>	<u>\$ ---</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Miscellaneous Revenues:</u>				
Interest	\$ 3,190	\$ 1,697	\$ 1,815	\$ 118
Administrative fee income	881,107	886,312	886,313	1
Agent fees	39,000	44,100	44,539	439
Airport retail sales	45,200	31,704	32,758	1,054
Rent income	1,700	1,700	1,700	---
Sale of graves	2,000	4,400	4,400	---
Return check charges	40	99	100	1
Sale of fixed assets	---	---	---	---
Contributions	50	---	---	---
Transfer from Mosswood	7,267	7,267	---	(7,267)
Transfer from Natural Gas	50,000	---	---	---
Other	2,000	2,200	20,758	18,558
<u>Total Miscellaneous Revenues</u>	<u>\$1,031,554</u>	<u>\$ 979,479</u>	<u>\$ 992,383</u>	<u>\$12,904</u>
<u>Total Revenues</u>	<u>\$2,055,833</u>	<u>\$2,028,684</u>	<u>\$2,047,226</u>	<u>\$18,542</u>
<u>Expenditures:</u>				
<u>City Administration:</u>				
Payroll	\$ 177,159	\$ 175,500	\$ 177,096	\$ (1,596)
Payroll taxes	13,553	12,652	12,651	1
Employee benefits	36,073	33,837	33,835	2
Office expense	31,000	31,100	31,121	(21)
Advertising	6,000	3,227	3,226	1
Fuel	700	270	254	16
Supplies and maintenance	20,700	25,654	18,982	6,672
Safety and compliance	450	534	534	---
Professional services	30,000	24,612	26,028	(1,416)
Telephone	4,500	3,599	3,598	1
Travel and training	7,750	2,218	2,218	---
Insurance	12,300	11,311	11,311	---
Utilities - City Hall	5,500	5,722	5,441	281
Election expense	2,200	2,721	2,721	---
Assessments and memberships	1,450	1,809	1,808	1
Donations	10,715	8,865	8,865	---
Meals and mileage	25	40	40	---
Miscellaneous	600	174	174	---
<u>Total City Administration</u>	<u>\$ 360,675</u>	<u>\$ 343,845</u>	<u>\$ 339,903</u>	<u>\$ 3,942</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Public Safety:</u>				
<u>Municipal Court:</u>				
Office expense	\$ 500	\$ 6	\$ 6	\$ ----
Incarceration fees	150	----	----	----
Professional services	10,000	10,140	10,297	(157)
Travel and training	150	125	125	----
Miscellaneous	----	----	----	----
<u>Total Municipal Court</u>	<u>\$ 10,800</u>	<u>\$ 10,271</u>	<u>\$ 10,428</u>	<u>\$ (157)</u>
<u>Police Department:</u>				
Payroll	\$278,765	\$271,787	\$267,649	\$ 4,138
Payroll taxes	21,326	20,370	20,368	2
Employee benefits	44,290	34,796	34,761	35
Employee clothing allowance	4,200	2,030	2,030	----
Office expense	5,500	5,263	5,262	1
Fuel	13,500	12,865	10,243	2,622
Supplies and maintenance	8,500	6,371	6,369	2
Safety and compliance	500	793	793	----
Drug enforcement	10,460	7,589	7,588	1
DARE expenses	----	1,252	1,251	1
Telephone	5,700	6,318	6,318	----
Insurance	18,000	16,387	16,386	1
Utilities	7,000	8,018	8,017	1
Travel and training	2,500	4,223	4,223	----
Assessments and memberships	200	75	75	----
Miscellaneous	1,550	135	135	----
Dispatching fees	68,680	68,680	68,680	----
<u>Total Police Department</u>	<u>\$490,671</u>	<u>\$466,952</u>	<u>\$460,148</u>	<u>\$ 6,804</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

	<u>Budget -</u> <u>Original</u>	<u>Budget -</u> <u>Revised</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Fire Department:</u>				
Payroll	\$ 31,000	\$ 52,930	\$ 51,170	\$ 1,760
Payroll taxes	2,180	4,050	3,915	135
Contract labor	16,680	11,350	11,350	---
Office expense	1,000	323	323	---
Fuel	5,500	4,489	4,489	---
Fire prevention/investigation	2,500	---	---	---
Supplies and maintenance	25,000	26,441	30,155	(3,714)
Recruitment and retention	1,000	1,079	1,078	1
Emergency preparedness	3,000	2,485	2,485	---
Telephone	2,700	2,854	2,854	---
Travel and training	6,000	3,047	4,601	(1,554)
Insurance	20,000	21,936	21,936	---
Utilities	7,000	8,490	8,490	---
Public relations	5,000	4,855	8,036	(3,181)
Assessments and memberships	2,000	310	310	---
Miscellaneous	1,100	30	29	1
<u>Total Fire Department</u>	<u>\$131,660</u>	<u>\$144,669</u>	<u>\$151,221</u>	<u>\$(6,552)</u>
<u>Total Public Safety</u>	<u>\$633,131</u>	<u>\$621,892</u>	<u>\$621,797</u>	<u>\$ 95</u>
<u>Humane Officer:</u>				
Payroll	\$ 2,200	\$ 2,260	\$ 2,300	\$ (40)
Payroll taxes	168	170	169	1
Supplies and maintenance	800	339	339	---
Telephone	---	---	---	---
Insurance	285	72	72	---
Utilities	800	546	545	1
Animal transfers	500	54	54	---
Miscellaneous	---	---	---	---
<u>Total Humane Officer</u>	<u>\$ 4,753</u>	<u>\$ 3,441</u>	<u>\$ 3,479</u>	<u>\$ (38)</u>
<u>Inspection and Zoning</u> <u>Department:</u>				
Payroll	\$ 4,400	\$ 5,441	\$ 4,981	\$ 460
Payroll taxes	343	417	416	1
Office expense	200	154	154	---
Advertising	100	180	179	1
Travel and training	500	135	135	---
<u>Total Inspection and Zoning</u> <u>Department</u>	<u>\$ 5,543</u>	<u>\$ 6,327</u>	<u>\$ 5,865</u>	<u>\$ 462</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Park Maintenance:</u>				
Payroll	\$ 4,303	\$ 4,213	\$ 4,166	\$ 47
Payroll taxes	329	318	318	---
Employee benefits	1,513	1,191	1,190	1
Contract payments	20,000	26,614	26,613	1
Supplies and maintenance	5,000	9,172	9,172	---
Insurance	1,300	2,088	2,088	---
Utilities	12,000	13,268	11,915	1,353
Mosswood Golf Course expenses	35,000	32,976	34,029	(1,053)
Park Board expenses	<u>6,000</u>	<u>2,650</u>	<u>2,643</u>	<u>7</u>
<u>Total Park Maintenance</u>	<u>\$ 85,445</u>	<u>\$ 92,490</u>	<u>\$ 92,134</u>	<u>\$ 356</u>
<u>Street Department:</u>				
Payroll	\$173,779	\$146,779	\$147,374	\$ (595)
Payroll taxes	13,294	10,643	10,643	---
Employee benefits	44,313	35,970	35,968	2
Office expense	300	1,628	1,627	1
Uniforms	1,000	734	734	---
Fuel	24,000	21,800	21,316	484
Supplies and maintenance	23,450	19,060	19,058	2
Safety and compliance	2,500	2,443	2,442	1
Street maintenance materials	20,000	27,803	25,905	1,898
Winter mix supplies	8,000	---	---	---
Telephone	1,500	1,492	1,491	1
Travel and training	1,000	1,590	1,589	1
Insurance	15,000	14,909	14,909	---
Utilities	7,000	6,820	6,820	---
Miscellaneous	<u>200</u>	<u>---</u>	<u>---</u>	<u>---</u>
<u>Total Street Department</u>	<u>\$335,336</u>	<u>\$291,671</u>	<u>\$289,876</u>	<u>\$ 1,795</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Swimming Pool:</u>				
Payroll	\$30,600	\$38,093	\$38,091	\$ 2
Payroll taxes	2,341	2,915	2,914	1
Office expense	100	40	40	---
Supplies and maintenance	9,300	12,148	12,097	51
Safety and compliance	2,900	623	623	---
Telephone	325	290	290	---
Utilities	10,710	8,151	8,150	1
Insurance	4,700	4,297	4,296	1
Travel and training	1,200	2,040	2,039	1
Miscellaneous	200	---	---	---
<u>Total Swimming Pool</u>	<u>\$62,376</u>	<u>\$68,597</u>	<u>\$68,540</u>	<u>\$ 57</u>
<u>Airport:</u>				
Contract payments	\$ 4,300	\$ 4,100	\$ 4,100	\$ ---
Office expense	1,000	1,510	1,510	---
Supplies and maintenance	2,700	2,702	2,702	---
Purchases for resale	45,000	30,629	34,122	(3,493)
Telephone	1,300	1,865	1,865	---
Insurance	2,950	2,407	2,407	---
Utilities	5,000	5,258	5,258	---
Miscellaneous	---	---	---	---
<u>Total Airport</u>	<u>\$62,250</u>	<u>\$48,471</u>	<u>\$51,964</u>	<u>\$ (3,493)</u>
<u>Cemetery:</u>				
Payroll	\$ 4,303	\$ 4,213	\$ 4,166	\$ 47
Payroll taxes	329	319	318	1
Employee benefits	1,513	808	807	1
Contract payments	15,000	20,736	20,735	1
Supplies and maintenance	500	464	463	1
Insurance	---	228	228	---
Utilities	600	187	187	---
Miscellaneous	---	---	---	---
<u>Total Cemetery</u>	<u>\$22,245</u>	<u>\$26,955</u>	<u>\$26,904</u>	<u>\$ 51</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Capital Outlay:</u>				
City administration	\$ 22,560	\$ 7,560	\$ 7,560	\$ ---
Municipal court	2,500	---	---	---
Police Department	18,800	19,950	19,950	---
Fire Department	179,145	180,892	180,892	---
Humane Officer	---	---	---	---
Parks Department	---	---	---	---
Street Department	---	---	116,681	(116,681)
Airport	10,000	---	---	---
Cemetery	9,920	7,920	7,920	---
<u>Total Capital Outlay</u>	<u>\$ 242,925</u>	<u>\$ 216,322</u>	<u>\$ 333,003</u>	<u>\$(116,681)</u>
<u>Total Expenditures</u>	<u>\$1,814,679</u>	<u>\$1,720,011</u>	<u>\$1,833,465</u>	<u>\$(113,454)</u>
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$ 241,154</u>	<u>\$ 308,673</u>	<u>\$ 213,761</u>	<u>\$ (94,912)</u>
<u>Other Financing Sources (Uses):</u>				
Operating transfers in	\$ ---	\$ ---	\$ 116,681	\$ 116,681
Operating transfers out	(377,790)	(376,556)	(376,556)	---
<u>Total Other Financing Sources (Uses)</u>	<u>\$ (377,790)</u>	<u>\$ (376,556)</u>	<u>\$ (259,875)</u>	<u>\$ 116,681</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other</u>				
<u>Uses</u>	<u>\$ (136,636)</u>	<u>\$ (67,883)</u>	<u>\$ (46,114)</u>	<u>\$ 21,769</u>
<u>Fund Balance, October 1</u>			<u>244,252</u>	
<u>Fund Balance, September 30</u>			<u>\$ 198,138</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI

COMBINING BALANCE SHEET

ALL SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2015

	Library Fund	Fire Department Fund	Sales Tax Fund	Park Sales Tax Fund	Industrial Development Fund	Monroe City, Missouri Community Foundation	D.A.R.E.	St. Jude Cemetery Endowment Fund	Totals
<u>Assets:</u>									
Cash	\$150,422	\$382,794	\$397,939	\$211,346	\$ 37,954	\$ 389	\$ 1,471	\$ 29,849	\$1,212,164
Receivables:									
Notes	----	----	----	----	1,052,313	----	----	----	1,052,313
Taxes	191	----	15,872	15,871	----	----	----	----	31,934
<u>Total Assets</u>	<u>\$150,613</u>	<u>\$382,794</u>	<u>\$413,811</u>	<u>\$227,217</u>	<u>\$1,090,267</u>	<u>\$ 389</u>	<u>\$ 1,471</u>	<u>\$ 29,849</u>	<u>\$2,296,411</u>
<u>Liabilities and Fund Equity:</u>									
<u>Liabilities:</u>									
Accounts payable	\$ 234	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ 234
Due to Electric Fund	----	----	----	----	146,000	----	----	----	146,000
Due to Gas Fund	----	----	----	----	534,000	----	----	----	534,000
<u>Total Liabilities</u>	<u>\$ 234</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 680,000</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 680,234</u>
<u>Fund Equity:</u>									
Nonspendable	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ 29,849	\$ 29,849
Restricted	----	----	----	----	----	----	----	----	----
Assigned	----	----	----	----	----	----	----	----	----
Unassigned	150,379	382,794	413,811	227,217	410,267	389	1,471	----	1,586,328
<u>Total Fund Equity</u>	<u>\$150,379</u>	<u>\$382,794</u>	<u>\$413,811</u>	<u>\$227,217</u>	<u>\$ 410,267</u>	<u>\$ 389</u>	<u>\$ 1,471</u>	<u>\$ 29,849</u>	<u>\$1,616,177</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$150,613</u>	<u>\$382,794</u>	<u>\$413,811</u>	<u>\$227,217</u>	<u>\$1,090,267</u>	<u>\$ 389</u>	<u>\$ 1,471</u>	<u>\$ 29,849</u>	<u>\$2,296,411</u>

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2015

	<u>Library Fund</u>	<u>Fire Department Fund</u>	<u>Sales Tax Fund</u>	<u>Park Sales Tax Fund</u>	<u>Industrial Development Fund</u>	<u>Monroe City, Missouri Community Foundation</u>	<u>D.A.R.E.</u>	<u>St. Jude Cemetery Endowment Fund</u>	<u>Totals</u>
<u>Revenues:</u>									
Taxes	\$ 52,037	\$ ----	\$ 189,701	\$ 189,306	\$ ----	\$ ----	\$ ----	\$ ----	\$ 431,044
Licenses and permits	----	----	----	----	----	----	----	----	----
Intergovernmental revenue	5,767	----	----	----	----	----	----	----	5,767
Charges for services	----	----	----	----	----	----	----	----	----
Fines and forfeits	235	----	----	----	----	----	----	----	235
Miscellaneous revenues	2,310	140,319	3,186	1,470	55,352	----	1,608	----	204,245
<u>Total Revenues</u>	<u>\$ 60,349</u>	<u>\$ 140,319</u>	<u>\$ 192,887</u>	<u>\$ 190,776</u>	<u>\$ 55,352</u>	<u>\$ ----</u>	<u>\$ 1,608</u>	<u>\$ ----</u>	<u>\$ 641,291</u>
<u>Expenditures:</u>									
<u>Current:</u>									
Public safety	\$ ----	\$ 8,575	\$ ----	\$ ----	\$ ----	\$ ----	\$ 248	\$ ----	\$ 8,823
Street improvements	----	----	2,540	----	----	----	----	----	2,540
Culture and recreation	57,137	----	----	----	----	----	----	----	57,137
Industrial Development	----	----	----	----	92,200	----	----	----	92,200
Capital outlay	2,916	259,313	3,585	16,540	158,822	----	----	----	441,176
<u>Total Expenditures</u>	<u>\$ 60,053</u>	<u>\$ 267,888</u>	<u>\$ 6,125</u>	<u>\$ 16,540</u>	<u>\$ 251,022</u>	<u>\$ ----</u>	<u>\$ 248</u>	<u>\$ ----</u>	<u>\$ 601,876</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>\$ 296</u>	<u>\$ (127,569)</u>	<u>\$ 186,762</u>	<u>\$ 174,236</u>	<u>\$ (195,670)</u>	<u>\$ ----</u>	<u>\$ 1,360</u>	<u>\$ ----</u>	<u>\$ 39,415</u>
<u>Other Financing Sources (Uses):</u>									
Operating transfers in	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----
Operating transfers out	----	----	(14,423)	(101,792)	----	----	----	----	(116,215)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ (14,423)</u>	<u>\$ (101,792)</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ (116,215)</u>

CITY OF MONROE CITY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2015

(CONTINUED)

	<u>Library Fund</u>	<u>Fire Department Fund</u>	<u>Sales Tax Fund</u>	<u>Park Sales Tax Fund</u>	<u>Industrial Development Fund</u>	<u>Monroe City, Missouri Community Foundation</u>	<u>D.A.R.E.</u>	<u>St. Jude Cemetery Endowment Fund</u>	<u>Totals</u>
<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>	\$ 296	\$(127,569)	\$172,339	\$ 72,444	\$(195,670)	\$ ----	\$1,360	\$ ----	\$ (76,800)
<u>Fund Balances, October 1</u>	<u>150,083</u>	<u>510,363</u>	<u>241,472</u>	<u>154,773</u>	<u>605,937</u>	<u>389</u>	<u>111</u>	<u>29,849</u>	<u>1,692,977</u>
<u>Fund Balances, September 30</u>	<u>\$150,379</u>	<u>\$ 382,794</u>	<u>\$413,811</u>	<u>\$227,217</u>	<u>\$ 410,267</u>	<u>\$ 389</u>	<u>\$1,471</u>	<u>\$ 29,849</u>	<u>\$1,616,177</u>

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LIBRARY - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>				
<u>Taxes:</u>				
Property taxes	\$45,930	\$49,342	\$49,376	\$ 34
Surtax	2,100	921	921	----
Railroad and utility	<u>1,687</u>	<u>1,740</u>	<u>1,740</u>	<u>----</u>
<u>Total Taxes</u>	<u>\$49,717</u>	<u>\$52,003</u>	<u>\$52,037</u>	<u>\$ 34</u>
<u>Intergovernmental Revenues:</u>				
State aid	<u>\$ 1,228</u>	<u>\$ 5,768</u>	<u>\$ 5,767</u>	<u>\$ (1)</u>
<u>Fines and Forfeits:</u>				
Overdue book fines	<u>\$ 525</u>	<u>\$ 215</u>	<u>\$ 235</u>	<u>\$ 20</u>
<u>Miscellaneous Revenues:</u>				
Interest	\$ 1,790	\$ 1,617	\$ 1,606	\$ (11)
Contributions	70	70	70	----
Other	<u>322</u>	<u>580</u>	<u>634</u>	<u>54</u>
<u>Total Miscellaneous Revenues</u>	<u>\$ 2,182</u>	<u>\$ 2,267</u>	<u>\$ 2,310</u>	<u>\$ 43</u>
<u>Total Revenues</u>	<u>\$53,652</u>	<u>\$60,253</u>	<u>\$60,349</u>	<u>\$ 96</u>
<u>Expenditures:</u>				
<u>Library:</u>				
Payroll	\$30,000	\$30,700	\$30,948	\$ (248)
Payroll taxes	2,295	2,335	2,360	(25)
Employee benefits	9,908	3,357	3,366	(9)
Office expense	500	2,750	1,879	871
Summer reading program	100	187	186	1
Books and periodicals	6,500	7,167	7,142	25
Supplies and maintenance	5,000	10,391	5,300	5,091
Digital consortium/internet	6,300	----	----	----
Telephone	900	920	919	1
Travel and training	75	----	----	----
Insurance	2,100	2,363	2,362	1
Utilities	2,500	2,586	2,586	----
Miscellaneous	<u>50</u>	<u>15</u>	<u>89</u>	<u>(74)</u>
<u>Total Library</u>	<u>\$66,228</u>	<u>\$62,771</u>	<u>\$57,137</u>	<u>\$ 5,634</u>
<u>Capital Outlay</u>	<u>\$ 1,000</u>	<u>\$ 2,916</u>	<u>\$ 2,916</u>	<u>\$ ----</u>

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LIBRARY - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Total Expenditures</u>	<u>\$ 67,228</u>	<u>\$65,687</u>	<u>\$ 60,053</u>	<u>\$ 5,634</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>\$(13,576)</u>	<u>\$ (5,434)</u>	<u>\$ 296</u>	<u>\$ 5,730</u>
<u>Other Financing Sources (Uses):</u>				
<u>Operating transfers in (out)</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>
<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>	<u>\$(13,576)</u>	<u>\$ (5,434)</u>	<u>\$ 296</u>	<u>\$ 5,730</u>
<u>Fund Balance, October 1</u>			<u>150,083</u>	
<u>Fund Balance, September 30</u>			<u>\$150,379</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - FIRE DEPARTMENT - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget -</u> <u>Original</u>	<u>Budget -</u> <u>Revised</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues:</u>				
<u>Miscellaneous Revenues:</u>				
Memberships	\$ 100,000	\$ 101,285	\$ 101,285	\$ ---
Interest	4,600	3,840	3,684	(156)
Contributions	---	600	600	---
Sale of real estate	---	34,750	34,750	---
<u>Total Miscellaneous Revenues</u>	<u>\$ 104,600</u>	<u>\$ 140,475</u>	<u>\$ 140,319</u>	<u>\$ (156)</u>
<u>Total Revenues</u>	<u>\$ 104,600</u>	<u>\$ 140,475</u>	<u>\$ 140,319</u>	<u>\$ (156)</u>
<u>Expenditures:</u>				
Capital Outlay	\$ 254,145	\$ 259,314	\$ 259,313	\$ 1
Public safety	8,810	8,577	8,575	2
<u>Total Expenditures</u>	<u>\$ 262,955</u>	<u>\$ 267,891</u>	<u>\$ 267,888</u>	<u>\$ 3</u>
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$(158,355)</u>	<u>\$(127,416)</u>	<u>\$(127,569)</u>	<u>\$ (153)</u>
<u>Fund Balance, October 1</u>			<u>510,363</u>	
<u>Fund Balance, September 30</u>			<u>\$ 382,794</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SALES TAX - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>				
<u>Taxes:</u>				
Sales tax	\$165,655	\$171,337	\$172,535	\$ 1,198
Use tax	<u>23,000</u>	<u>17,354</u>	<u>17,166</u>	<u>(188)</u>
<u>Total Taxes</u>	<u>\$188,655</u>	<u>\$188,691</u>	<u>\$189,701</u>	<u>\$ 1,010</u>
<u>Miscellaneous Revenues:</u>				
Interest	\$ 2,500	\$ 3,043	\$ 3,186	\$ 143
Miscellaneous	<u>----</u>	<u>----</u>	<u>----</u>	<u>----</u>
<u>Total Miscellaneous Revenues</u>	<u>\$ 2,500</u>	<u>\$ 3,043</u>	<u>\$ 3,186</u>	<u>\$ 143</u>
<u>Total Revenues</u>	<u>\$191,155</u>	<u>\$191,734</u>	<u>\$192,887</u>	<u>\$ 1,153</u>
<u>Expenditures:</u>				
Infrastructure	\$100,000	\$ ----	\$ ----	\$ ----
Sidewalk improvements	5,000	2,541	2,540	1
Capital outlay	<u>1,000</u>	<u>3,586</u>	<u>3,585</u>	<u>1</u>
<u>Total Expenditures</u>	<u>\$106,000</u>	<u>\$ 6,127</u>	<u>\$ 6,125</u>	<u>\$ 2</u>
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$ 85,155</u>	<u>\$185,607</u>	<u>\$186,762</u>	<u>\$ 1,155</u>
<u>Other Financing Sources (Uses):</u>				
Operating transfers out	<u>\$ ----</u>	<u>\$ (14,423)</u>	<u>\$ (14,423)</u>	<u>\$ ----</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other</u>				
<u>Uses</u>	<u>\$ 85,155</u>	<u>\$171,184</u>	<u>\$172,339</u>	<u>\$ 1,155</u>
<u>Fund Balance, October 1</u>			<u>241,472</u>	
<u>Fund Balance, September 30</u>			<u>\$413,811</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - PARK SALES TAX - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>				
<u>Taxes:</u>				
Sales tax	\$ 165,500	\$ 170,941	\$ 172,139	\$ 1,198
Use tax	22,000	17,354	17,167	(187)
<u>Total Taxes</u>	<u>\$ 187,500</u>	<u>\$ 188,295</u>	<u>\$ 189,306</u>	<u>\$ 1,011</u>
<u>Intergovernmental:</u>				
Grant	\$ ----	\$ ----	\$ ----	\$ ----
<u>Miscellaneous Revenues:</u>				
Interest income	\$ 600	\$ 1,457	\$ 1,470	\$ 13
<u>Total Revenues</u>	<u>\$ 188,100</u>	<u>\$ 189,752</u>	<u>\$ 190,776</u>	<u>\$ 1,024</u>
<u>Expenditures:</u>				
Capital outlay	\$ 75,000	\$ 16,540	\$ 16,540	\$ ----
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$ 113,100</u>	<u>\$ 173,212</u>	<u>\$ 174,236</u>	<u>\$ 1,024</u>
<u>Other Financing Sources (Uses):</u>				
Operating transfers in (out)	\$(101,793)	\$(101,793)	\$(101,792)	\$ 1
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other</u>				
<u>Uses</u>	<u>\$ 11,307</u>	<u>\$ 71,419</u>	<u>\$ 72,444</u>	<u>\$ 1,025</u>
<u>Fund Balance, October 1</u>			<u>154,773</u>	
<u>Fund Balance, September 30</u>			<u>\$ 227,217</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - INDUSTRIAL DEVELOPMENT - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>				
<u>Miscellaneous Revenues:</u>				
Rent income - farm	\$ 4,900	\$ 11,325	\$ 11,325	\$ ----
Interest - Lakeside	108,000	108,000	43,499	(64,501)
Interest - bank	856	525	528	3
Other	----	----	----	----
<u>Total Miscellaneous Revenues</u>	<u>\$113,756</u>	<u>\$ 119,850</u>	<u>\$ 55,352</u>	<u>\$ (64,498)</u>
<u>Total Revenues</u>	<u>\$113,756</u>	<u>\$ 119,850</u>	<u>\$ 55,352</u>	<u>\$ (64,498)</u>
<u>Expenditures:</u>				
Industrial Development	\$ 80,000	\$ 92,200	\$ 92,200	\$ ----
Capital outlay	----	158,823	158,822	1
<u>Total Expenditures</u>	<u>\$ 80,000</u>	<u>\$ 251,023</u>	<u>\$ 251,022</u>	<u>\$ 1</u>
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$ 33,756</u>	<u>\$(131,173)</u>	<u>\$(195,670)</u>	<u>\$ (64,497)</u>
<u>Other Financing Sources (Uses):</u>				
Operating transfers in (out)	\$ ----	\$ 118,000	\$ ----	\$(118,000)
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other</u>				
<u>Uses</u>	<u>\$ 33,756</u>	<u>\$ (13,173)</u>	<u>\$(195,670)</u>	<u>\$(182,497)</u>
<u>Fund Balance, October 1</u>			<u>605,937</u>	
<u>Fund Balance, September 30</u>			<u>\$ 410,267</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - D.A.R.E. FUND - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget - Original</u>	<u>Budget - Revised</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>				
<u>Miscellaneous Revenues:</u>				
Contributions	\$1,000	\$1,600	\$1,600	\$ ---
Interest	<u>19</u>	<u>7</u>	<u>8</u>	<u>1</u>
<u>Total Miscellaneous Revenues</u>	<u>\$1,019</u>	<u>\$1,607</u>	<u>\$1,608</u>	<u>\$ 1</u>
<u>Total Revenues</u>	<u>\$1,019</u>	<u>\$1,607</u>	<u>\$1,608</u>	<u>\$ 1</u>
<u>Expenditures:</u>				
Public Safety	<u>\$1,100</u>	<u>\$ 248</u>	<u>\$ 248</u>	<u>\$ ---</u>
<u>Excess of Revenues Over (Under)</u>				
<u>Expenditures</u>	<u>\$ 19</u>	<u>\$1,359</u>	<u>\$1,360</u>	<u>\$ 1</u>
<u>Fund Balance, October 1</u>			<u>111</u>	
<u>Fund Balance, September 30</u>			<u>\$1,471</u>	

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF OPERATING EXPENSES  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Administration:</u>			
Professional services	\$ 10,056	\$ 78	\$ 78
Insurance	34,820	16,495	5,205
Franchise tax	129,727	16,116	8,847
Assessments and memberships	----	355	75
Administrative fee	555,140	165,133	33,978
Bad debts, net	(11,010)	865	(1,327)
Miscellaneous	----	----	----
<u>Total Administration</u>	<u>\$ 718,733</u>	<u>\$199,042</u>	<u>\$ 46,811</u>
<u>Production/Sewer Treatment:</u>			
Payroll	\$ ----	\$ 76,062	\$ 55,431
Payroll taxes	----	5,461	4,088
Employee benefits	----	21,215	16,277
Uniforms	----	471	365
Office expense	----	1,833	653
Fuel	----	967	647
Supplies and maintenance	195	28,189	23,438
Chemicals/testing and reports	----	110,303	6,459
Telephone	----	2,856	1,345
Transportation and training	----	1,602	795
Utilities	1,741	43,943	67,991
Safety and compliance	----	525	229
Miscellaneous	----	----	----
<u>Total Production/Sewer Treatment</u>	<u>\$ 1,936</u>	<u>\$293,427</u>	<u>\$177,718</u>
<u>Utility Purchase/Interconnect:</u>			
Power purchases	\$3,461,546	\$ ----	\$ ----
Natural gas purchases	----	----	----
Sanitation contract	----	----	----
<u>Total Utility Purchase/Interconnect</u>	<u>\$3,461,546</u>	<u>\$ ----</u>	<u>\$ ----</u>

The notes to financial statements are an integral part of this statement.

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$ 156	\$ ----	\$ 10,368
3,773	----	60,293
41,733	----	196,423
2,694	----	3,124
132,062	----	886,313
(3,228)	(257)	(15,002)
----	----	----
<u>\$177,190</u>	<u>\$ (257)</u>	<u>\$1,041,519</u>
\$ ----	\$ ----	\$ 131,493
----	----	9,549
----	----	37,492
----	----	836
----	----	2,486
----	----	1,614
----	----	51,822
----	----	116,762
----	----	4,201
----	----	2,397
----	----	113,675
----	----	754
----	----	----
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 473,081</u>
\$ ----	\$ ----	\$3,461,546
896,594	----	896,594
----	98,083	98,083
<u>\$896,594</u>	<u>\$98,083</u>	<u>\$4,456,223</u>

CITY OF MONROE CITY, MISSOURI  
COMBINING STATEMENT OF OPERATING EXPENSES  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(CONTINUED)

	<u>Electric</u> <u>Department</u>	<u>Water</u> <u>Department</u>	<u>Sewer</u> <u>Department</u>
<u>Distribution/Collection:</u>			
Payroll	\$140,321	\$ 46,372	\$45,939
Payroll taxes	10,117	3,379	3,373
Employee benefits	32,727	10,122	10,089
Uniforms	2,746	1,294	1,294
Office expense	1,150	1,410	1,410
Fuel	5,481	2,131	2,131
Supplies and maintenance	13,292	38,008	8,764
Distribution/collection materials	9,472	31,048	(957)
Telephone	2,276	697	646
Utilities	1,773	2,345	2,345
Travel and training	1,680	971	560
Safety and compliance	1,951	130	130
Railroad easement	1,245	----	----
Miscellaneous	70	----	----
<u>Total Distribution/Collection</u>	<u>\$224,301</u>	<u>\$137,907</u>	<u>\$75,724</u>
<u>Depreciation:</u>			
Administration	\$ 481	\$ 47	\$ ----
Production/treatment	151,267	66,502	26,682
Interconnect	5,264	----	----
Distribution/collection	48,755	67,736	33,834
<u>Total Depreciation</u>	<u>\$205,767</u>	<u>\$134,285</u>	<u>\$60,516</u>

The notes to financial statements are an integral part of this statement.

<u>Natural Gas Department</u>	<u>Sanitation Department</u>	<u>Totals</u>
\$46,206	\$ ----	\$278,838
3,377	----	20,246
10,436	----	63,374
1,261	----	6,595
1,433	----	5,403
2,131	----	11,874
9,406	----	69,470
9,604	----	49,167
697	----	4,316
2,357	----	8,820
1,908	----	5,119
1,263	----	3,474
----	----	1,245
----	----	70
<u>\$90,079</u>	<u>\$ ----</u>	<u>\$528,011</u>
 \$ 858	 \$ ----	 \$ 1,386
----	----	244,451
----	----	5,264
<u>30,760</u>	<u>----</u>	<u>181,085</u>
<u>\$31,618</u>	<u>\$ ----</u>	<u>\$432,186</u>

## SUPPLEMENTARY INFORMATION

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance</u> <u>10-1-14</u>	<u>Additions</u>	<u>Sales/</u> <u>Retirements</u>	<u>Balance</u> <u>9-30-15</u>
<u>Function and Activity:</u>				
<u>General Government:</u>				
City administration	\$ 2,258,233	\$ ----	\$ ----	\$ 2,258,233
<u>Public Safety:</u>				
Police	\$ 551,571	\$ 19,950	\$ ----	\$ 571,521
Fire	1,735,626	438,209	----	2,173,835
Humane Officer	28,402	----	----	28,402
<u>Total Public Safety</u>	<u>\$ 2,315,599</u>	<u>\$458,159</u>	<u>\$ ----</u>	<u>\$ 2,773,758</u>
<u>Street Department</u>	<u>\$ 1,019,331</u>	<u>\$116,681</u>	<u>\$ ----</u>	<u>\$ 1,136,012</u>
<u>Culture and Recreation:</u>				
Parks	\$ 983,657	\$ ----	\$ ----	\$ 983,657
Library	155,230	2,916	----	158,146
Mosswood Golf Course	386,298	----	----	386,298
Park sales tax	1,511,694	----	----	1,511,694
<u>Total Culture and Recreation</u>	<u>\$ 3,036,879</u>	<u>\$ 2,916</u>	<u>\$ ----</u>	<u>\$ 3,039,795</u>
<u>Airport</u>	<u>\$ 1,766,418</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 1,766,418</u>
<u>St. Jude's Cemetery</u>	<u>\$ 99,167</u>	<u>\$ 16,540</u>	<u>\$ ----</u>	<u>\$ 115,707</u>
<u>Industrial Park</u>	<u>\$ 35,753</u>	<u>\$158,822</u>	<u>\$ ----</u>	<u>\$ 194,575</u>
<u>Total General Capital Assets</u>	<u>\$10,531,380</u>	<u>\$753,118</u>	<u>\$ ----</u>	<u>\$11,284,498</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
STATEMENT OF CHANGES IN CAPITAL ASSETS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

		COST		
		BALANCE 9/30/2014	ADDITIONS	BALANCE 9/30/2015
<b>ELECTRIC DEPARTMENT</b>				
Land	\$12,278.00	\$ -	\$ -	\$12,278.00
Production	6,077,688.00	-	-	6,077,688.00
Interconnect	248,188.00	-	-	248,188.00
Distribution	2,404,825.00	27,336.00	-	2,432,161.00
Office Equipment	44,163.00	-	-	44,163.00
<b>TOTAL ELECTRIC DEPARTMENT</b>	<b>\$8,787,142.00</b>	<b>\$27,336.00</b>	<b>\$0.00</b>	<b>\$8,814,478.00</b>
<b>NATURAL GAS DEPARTMENT</b>				
Land	\$14,691.00	\$ -	\$ -	\$14,691.00
Natural Gas System	1,490,066.00	-	-	1,490,066.00
Office Equipment	41,798.00	944.00	-	42,742.00
<b>TOTAL NATURAL GAS DEPARTMENT</b>	<b>\$1,546,555.00</b>	<b>\$944.00</b>	<b>\$0.00</b>	<b>\$1,547,499.00</b>
<b>WATER DEPARTMENT</b>				
Production System	\$2,787,319.00	\$ 15,536.00	\$ -	\$2,802,855.00
Distribution System	3,657,368.00	13,015.00	-	3,670,383.00
Office Equipment	10,073.00	944.00	-	11,017.00
<b>TOTAL WATER DEPARTMENT</b>	<b>\$6,454,760.00</b>	<b>\$29,495.00</b>	<b>\$0.00</b>	<b>\$6,484,255.00</b>
<b>SEWER DEPARTMENT</b>				
Treatment System	\$1,150,369.00	\$ 192,142.00	\$ -	\$1,342,511.00
Collection System	1,424,073.00	944.00	-	1,425,017.00
Office Equipment	1426	-	-	1,426.00
Construction in progress	187,817.00	2,909,795.00	187,817.00	2,909,795.00
<b>TOTAL SEWER DEPARTMENT</b>	<b>\$2,763,685.00</b>	<b>\$3,102,881.00</b>	<b>\$187,817.00</b>	<b>\$5,678,749.00</b>
<b>TOTAL PROPRIETARY FUND TYPES</b>	<b>\$19,552,142.00</b>	<b>\$3,160,656.00</b>	<b>\$187,817.00</b>	<b>\$22,524,981.00</b>

The accompanying notes to financial statements are an integral part of this statement.

# ACCUMULATED DEPRECIATION

BALANCE 9/30/2014	ADDITIONS	RETIREMENTS	BALANCE 09/30/215
\$0.00	\$ -	\$ -	\$0.00
4,286,443.00	151,267.00	-	4,437,710.00
241,236.00	5,264.00	-	246,500.00
1,374,881.00	48,755.00	-	1,423,636.00
36,855.00	481.00	-	37,336.00
<u>\$5,939,415.00</u>	<u>\$205,767.00</u>	<u>\$0.00</u>	<u>\$6,145,182.00</u>
\$0.00	\$ -	\$ -	\$0.00
1,229,455.00	30,760.00	-	1,260,215.00
38,250.00	858.00	-	39,108.00
<u>\$1,267,705.00</u>	<u>\$31,618.00</u>	<u>\$0.00</u>	<u>\$1,299,323.00</u>
\$1,359,736.00	\$ 66,502.00	\$ -	\$1,426,238.00
1,144,561.00	67,736.00	-	1,212,297.00
10,073.00	47.00	-	10,120.00
<u>\$2,514,370.00</u>	<u>\$134,285.00</u>	<u>\$0.00</u>	<u>\$2,648,655.00</u>
\$549,048.00	\$ 26,682.00	\$ -	\$575,730.00
1,009,854.00	33,834.00	-	1,043,688.00
1426	-	-	1426
-	-	-	-
<u>\$1,560,328.00</u>	<u>\$60,516.00</u>	<u>\$0.00</u>	<u>\$1,620,844.00</u>
<u>\$11,281,818.00</u>	<u>\$432,186.00</u>	<u>\$0.00</u>	<u>\$11,714,004.00</u>

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF OPERATING STATISTICS  
ELECTRIC DEPARTMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)

	<u>Quantity</u>	<u>Percent</u>
<u>Generation and Usage Statistics:</u>		
Gross KWHRS generated at plant	----	0.00%
KWHRS purchased	44,478,283	100.00%
Total KWHRS generated and purchased	44,478,283	100.00%
KWHRS distributed from plant	41,586,846	93.50%
Power plant loss	2,891,437	6.50%
KWHRS distributed from plant	41,586,846	
KWHRS billed to customers	40,937,279	
KWHRS used by power plant and street lights	649,567	
Total KWHRS accounted for	41,586,846	
Unaccounted KWHRS distributed	----	
Total KWHRS generated and purchased	44,478,283	
Total KWHRS accounted for	41,586,846	
Total KWHRS unaccounted for	2,891,437	6.50%
	<u>Total Cost</u>	<u>Cost per KWHR</u>
<u>Cost per KWHR Generated and Purchased:</u>		
<u>Generated at plant:</u>		
Diesel fuel	\$ ----	\$ ----
Lubricating oil	----	----
Natural gas	----	----
Total fuel cost per generated KWHR	\$ ----	\$ ----
Purchased	3,461,546	\$0.0778
Combined Cost per KWHR Generated and Purchased	\$3,461,546	\$0.0778

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF OPERATING STATISTICS  
ELECTRIC DEPARTMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)  
(CONTINUED)

	<u>Average Number of Customers</u>	<u>Charges - Unadjusted</u>	<u>KWHRS Billed</u>	<u>Charge per KWHR Sold</u>
<u>Customer Statistics:</u>				
Residential	1,089	\$1,410,363	11,918,799	\$0.1183
Commercial	252	1,299,827	10,994,715	0.1182
Industrial	<u>4</u>	<u>1,638,724</u>	<u>18,023,765</u>	<u>0.0909</u>
	<u>1,345</u>	<u>\$4,348,914</u>	<u>40,937,279</u>	<u>\$0.1062</u>
				<u>Average Annual Bill</u>
Residential				<u>\$ 1,295</u>
Commercial				<u>\$ 5,158</u>
Industrial				<u>\$409,681</u>

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF OPERATING STATISTICS  
WATER DEPARTMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)

	<u>Quantity</u>	<u>Percent</u>
<u>Generation and Usage Statistics:</u>		
Gallons of water pumped	88,430	100.00%
Gallons of water sold to customers	<u>81,580</u>	<u>92.25%</u>
Total gallons unaccounted for	<u>6,850</u>	<u>7.75%</u>
	<u>Total Cost</u>	<u>Cost per 1,000 Gallons</u>
<u>Chemical Cost per 1,000 Gallons Pumped</u>	<u>\$110,303</u>	<u>\$ 1.247</u>
	<u>Gallons Sold</u>	<u>Charge per 1,000 Gallons Sold</u>
<u>Customer Statistics:</u>		
Residential	40,275	\$ 8.223
Commercial	19,178	\$ 7.379
Industrial	8,424	\$ 6.820
Water Districts	<u>13,703</u>	<u>\$ 4.297</u>
	<u>81,580</u>	<u>\$ 7.220</u>
	<u>Average Number of Customers</u>	<u>Charges - Unadjusted</u>
Residential	1,024	\$331,197
Commercial	161	141,521
Industrial	4	57,453
Water districts	<u>2</u>	<u>58,876</u>
	<u>1,191</u>	<u>\$589,047</u>
		<u>Average Annual Bill</u>
		\$ 323
		\$ 879
		\$ 14,363
		\$ 29,438

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF OPERATING STATISTICS  
SEWER DEPARTMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)

	<u>Average Number of Customers</u>	<u>Charges - Unadjusted</u>	<u>Gallons Billed (1,000's)</u>	<u>Cost per 1,000 Gallons Sold</u>
<u>Customer Statistics:</u>				
Residential	1,009	\$327,321	39,846	\$ 8.215
Commercial	143	122,438	16,692	7.335
Industrial	<u>4</u>	<u>57,453</u>	<u>8,424</u>	<u>6.820</u>
	<u>1,156</u>	<u>\$507,212</u>	<u>64,962</u>	<u>\$ 7.808</u>
				<u>Average Annual Bill</u>
Residential				<u>\$ 324</u>
Commercial				<u>\$ 856</u>
Industrial				<u>\$14,363</u>

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF OPERATING STATISTICS  
NATURAL GAS DEPARTMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)

	<u>Quantity</u>	<u>Percent</u>
<u>Purchase and Usage Statistics:</u>		
Total MCFS of gas transported by		
Panhandle Eastern	218,228	
Deduct Perry	<u>27,565</u>	
 Total MCFS of gas available for		
Monroe City	<u>190,663</u>	<u>100.00%</u>
 Total MCFS transported	190,663	100.00%
MCFS of gas sold to customers	<u>188,614</u>	<u>98.93%</u>
 MCFS unaccounted or	<u>2,049</u>	<u>1.07%</u>

	<u>Average Number of Customers</u>	<u>Charges - Unadjusted</u>	<u>MCFS Sold</u>	<u>Charges per MCF Sold</u>
<u>Customer Statistics:</u>				
Residential	945	\$ 524,295	64,616	\$ 8.114
Commercial	157	240,630	33,050	\$ 7.281
Industrial	<u>3</u>	<u>485,804</u>	<u>90,949</u>	\$ 5,341
	<u>1,105</u>	<u>\$1,250,729</u>	<u>188,614</u>	\$ 6.631

	<u>Average Annual Bill</u>
Residential	<u>\$ 555</u>
Commercial	<u>\$ 1,533</u>
Industrial	<u>\$161,935</u>

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF RURAL WATER RATE CALCULATION  
WATER DEPARTMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)

<u>Water Production Costs:</u>		
Payroll	\$ 76,062	
Payroll tax	5,461	
Employee benefits	21,215	
Uniforms	471	
Office expense	1,833	
Fuel	967	
Supplies and maintenance	28,189	
Chemicals	110,303	
Telephone	2,856	
Transportation and training	1,602	
Utilities	43,943	
Safety and compliance	525	
Miscellaneous	----	
<u>Total Water Production</u>		\$ 293,427
<u>Water Production Depreciation</u>		<u>66,502</u>
<u>Total Allowable Costs</u>		<u>\$ 359,929</u>
<u>Total Gallons of Water Metered - Fiscal Year Ended</u>		
<u>September 30, 2015</u>		<u>8,158,000</u>
<u>Total Allowable Cost per 1,000 Gallons of Metered Water</u>		\$ 4.412
<u>Add-On Amount per Water Contract</u>		<u>.70</u>
<u>Revised Price of Water Sold to Water Districts</u>		<u>\$ 5.112</u>

The notes to financial statements are an integral part of this statement.

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF ASSESSED VALUATION AND TAX RATE  
TAX YEAR 2015

<u>Assessed Valuation:</u>		
Monroe County		\$16,440,021
Marion County		6,926,235
Ralls County		<u>2,320,870</u>
<u>Total Assessed Valuation</u>		<u>\$25,687,126</u>
<u>Tax Rate per \$100 of Assessed Valuation:</u>		
General Fund	\$0.7591	
Library Fund	<u>0.2000</u>	
Total tax levy	<u>\$0.9591</u>	

Assessed valuations are made each year by the County Assessor on real and personal properties owned by the taxpayers.

The notes to financial statements are an integral part of this statement.

**LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.**

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**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Honorable Mayor and Board of Aldermen  
City of Monroe City, Missouri

In planning and performing our audit of the financial statements of the City of Monroe City, Missouri as of and for the year ended September 30, 2015 in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Monroe City, Missouri's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

**Inadequate Separation of Duties**

A fundamental concept in a good system of internal control is separation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. If the separation of duties is inadequate, there is a resulting danger that intentional fraud or unintentional errors could occur and not be detected.

Auditor Prepares the Financial Statements

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the entity. Management is as responsible for outsourced functions performed by a service provider as it would be for such functions performed internally. Specifically, management is responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, because management does not have a working knowledge of generally accepted accounting principles, there is the possibility of a material misstatement occurring and not being detected. A system of internal control over financial reporting does not consist solely of controls over the proper recording of transactions in the general ledger. Rather, it includes controls over financial statement preparation, including footnote disclosures. The absence of this control procedure is considered a significant deficiency. This is a common problem for small governmental organizations.

The existence of significant deficiencies or material weaknesses may already be known to management, and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible for communicating significant deficiencies and material weaknesses in accordance with professional standards, regardless of management's decisions.

This communication is intended for the information and use of management, Mayor and Board of Aldermen, and others within the City of Monroe City, Missouri and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Luck, Humphreys and Associates*

LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.  
Certified Public Accountants  
Hannibal, Missouri 63401

December 31, 2015

REPORTS AND SCHEDULES PERTAINING TO THE SINGLE AUDIT OF THE  
CITY OF MONROE CITY, MISSOURI'S  
FEDERAL FINANCIAL ASSISTANCE

**LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.**

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

To the Honorable Mayor and Board of Aldermen  
City of Monroe City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Monroe City, Missouri as of September 30, 2015, and for the year then ended, and have issued our report thereon dated December 31, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not

been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (See 2015-1 Inadequate Segregation of Duties and 2015-2 Auditor Prepares the Financial Statements.)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Monroe City, Missouri's financial statements are free from 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*.

### **City of Monroe City, Missouri's Response to Findings**

The size and budget constraints of the City limit the application of adequate segregation of duties and the ability to draft the financial statements and related notes. These areas should be reviewed periodically and consideration given to improving the segregation of duties.

The City of Monroe City, Missouri's response to the findings identified in our audit is described previously. The City of Monroe City, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Respectfully submitted,

*Luck, Humphreys and Associates*

LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.  
Certified Public Accountants

December 31, 2015

**LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.**

**GARY C. LUCK, C.P.A.**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**  
**FOR EACH MAJOR PROGRAM AND ON**  
**INTERNAL CONTROL OVER COMPLIANCE**  
**REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Board of Aldermen  
City of Monroe City, Missouri

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

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

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

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

To the Honorable Mayor and Board of Aldermen  
City of Monroe City, Missouri  
Page 3

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

Respectfully submitted,

*Luck, Humphreys and Associates*

LUCK, HUMPHREYS AND ASSOCIATES, C.P.A., P.C.  
Certified Public Accountants  
Hannibal, Missouri

December 31, 2015

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Total Awards Expended</u>
<u>U.S. Department of Agriculture -</u> Water and Waste Disposal Systems for Rural Communities	10.760	<u>\$3,081,225</u>

Note: Program was audited as a Major Program, Type A.

Independent Auditor's Report on Schedule of Federal Financial Assistance  
for the Year Ended September 30, 2015

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe City, Missouri's basic financial statements. The above schedule of expenditures of federal assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CITY OF MONROE CITY, MISSOURI  
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies:

- A. Expenditures reported on the accompanying schedule of expenditures of federal awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. Basis of Presentation:

The Schedule includes the federal financial assistance of the City of Monroe City, Missouri under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Monroe City, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Monroe City, Missouri.

3. Reconciliation to Financial Statements:

Total awards expended	\$3,081,225
Reimbursement to the City for engineering fees paid in fiscal years ending September 30, 2013 and 2014	<u>(171,430)</u>
Construction in progress as reported in the Sewer Fund	<u>\$2,909,795</u>

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Adverse
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.760	United States Department of Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	No
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CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

Section II - Financial Statement Findings

Control Deficiencies

2015-1 Segregation of Duties

*Condition:* The City has a lack of segregation of duties.

*Criteria:* Segregation of duties encompasses assigning the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets to different people within the City. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

*Effect:* There is an increased risk to the City of loss or errors in recording transactions, safeguarding assets and financial statement reporting.

*Cause of Condition:* There is limited staff available to fully segregate duties.

*Recommendation:* Although the small size of the City's accounting staff limits the extent of segregation of duties, we believe certain steps could be taken to separate incompatible duties.

*Management Response:* Management and the Board concur but agree that the cost of eliminating the segregation of duties issues may outweigh the benefits derived. The Board will continue to take an active supervisory role in operations to maintain an awareness of sources and uses of funds.

2015-2 Auditor Prepares the Financial Statements

*Condition:* Management has outsourced the preparation of the financial statements and related notes to the auditor.

*Criteria:* Management and administrative employees do not have a working knowledge of generally accepted accounting principles so the responsibility of preparing the financial statements is assigned to the auditor.

*Effect:* The City is relying on the auditor's knowledge of generally accepted accounting principles.

*Cause of Condition:* This is common practice in small communities.

*Recommendation:* None.

CITY OF MONROE CITY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(CONTINUED)

2015-2 Auditor Prepares the Financial Statements (Continued)

*Management Response:* We do not want to prepare the financial statements.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Period Federal Award Findings and Questioned Costs

Not applicable.

Section V - Prior Period Financial Statement Findings and Questioned Costs

The discussion for findings 2015-1 and 2 also applies to this finding.