

CITY OF SAVANNAH, MISSOURI
GENERAL PURPOSE FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2007

AND INDEPENDENT AUDITOR'S REPORTS

City of Savannah, Missouri
September 30, 2007

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City of Savannah, Missouri
September 30, 2007

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Independent Auditors' Report on Basic Financial Statements

The Honorable Mayor and
Members of the Board of Aldermen
City of Savannah, Missouri 64485

I have audited the accompanying basic financial statements of the City of Savannah, Missouri, as of September 30, 2007, and for the year then ended. These basic financial statements are the responsibility of the City of Savannah, Missouri's, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1 to the basic financial statements, generally accepted accounting principles require that fixed assets be recorded at historical cost or a reasonable estimation thereof. Management has elected to state various items of fixed assets at insurance estimates of value as of September 30, 2007. The effects of this departure from generally accepted accounting principles has not been determined.

In my opinion, except for the effect on the basic financial statements of the item mentioned in the previous paragraph, the basic financial statements referred to above present fairly in all material respects, the financial position of the City of Savannah, Missouri as of September 30, 2007 and the results of operations and cash flows of its Proprietary Fund Types for the year then ended, in conformity with generally accepted accounting principles.

**Independent Auditors' Report on Basic Financial Statements
(Concluded)**

In accordance with Government Auditing Standards, I have also issued a report dated January 11, 2008 on my consideration of the City of Savannah's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

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

Kevin G. Hudson, C.P.A.

Kevin G. Hudson, C.P.A.
Certified Public Accountant
January 11, 2008

**City of Savannah, Missouri
Management's Discussion and Analysis
For the Year Ended September 30, 2007
(Unaudited)**

The discussion and analysis of the City of Savannah, Missouri's financial performance provides an overview of the cities financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the cities financial statements, and other supplemental information, which immediately follow this section.

Financial Highlights

Key financial highlights for 2007 are as follows:

- * The cities total net assets are \$7,864,641 as compared to \$3,753,860 in the prior year. This increase is due to the construction of the water treatment plant. The Governmental Activities net assets are \$2,151,140 as compared to \$1,353,077 in the prior year and the proprietary funds net assets were \$5,713,501 as compared to \$2,400,783 in the prior year.
- * Total revenues of the governmental funds were \$1,864,042, for a increase of \$80,315 or 4.50% over the prior years revenues of \$1,783,727.
- * Total revenues of the proprietary funds were \$6,012,200 for an increase of \$3,463,402 over prior year total revenues of \$2,548,798. This increase is due to the bond proceeds received for the construction of the water treatment plant.
- * Expenditures for the cities governmental funds of \$1,831,443, decreased \$188,508, or 9.33% over the prior year expenditures of \$2,019,951.
- * Expenditures for the cities proprietary funds of \$2,379,434, increased \$273,889 or 13.00% over the prior year expenditures of \$2,105,545.

Overview of the Financial Statements

This financial section of the annual report consists of three parts:

- * Management's discussion and analysis (this section),
- * Financial statements (City-wide and fund financial statements), including notes to the basic financial statements, and
- * Supplemental information

City of Savannah, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended September 30, 2007
(Unaudited)

Overview of the Financial Statements (Concluded)

The financial statements consist of two different kinds of statements that present different views of the Cities financial activities.

- * City-wide financial statements - provide both short-term and long-term information about the cities overall financial status. The city-wide financial statements include the Statement of Net Assets and Statement of Activities.
- * The remaining statements are fund financial statements that focus on individual funds of the City, reporting the cities operations in more detail than the city-wide statements. The fund financial statements present each of the cities funds, without regard to major or non major funds.

The financial statements also include notes that explain some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements.

City-wide statements

The City-wide statements report information about the city as a whole using accounting method similar to those used by private-sector companies. The two city-wide statements report the cities net assets and how they have changed. Net assets (the difference between the cities assets and liabilities) is one way to measure the cities financial health or financial position.

- * Over time, increases or decreases in the cities net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- * To assess the cities overall health, you need to consider additional non-monetary factors such as changes in the cities property tax base and the condition of buildings and other facilities.

In the city-wide financial statements, the cities activities are categorized as governmental activities.

Governmental Activities: All of the cities basic services are included here such as general administration, police, street, parks and recreation. Property taxes, sales taxes and intergovernmental revenues finance most of these activities.

City of Savannah, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended September 30, 2007
(Unaudited)

Fund Financial Statements

The fund financial statements provide more detailed information about the cities funds, focusing on its mos significant or "major" funds - not the city as a whole. Funds are accounting devices the city uses to keep track of specific sources of funding and spending on particular programs. All funds are required by state law and by bond covenants.

The City maintains two types of funds:

- * General Funds - Most of the cities basic services are included in the general fund.
- * Special Revenue Fund - Special funds include all the funds other than the general fund such as street, park, tax and recycling.

2006-2007
Statement of Net Assets

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Current and other assets	\$ 956,945	\$11,062,615
Capital assets	4,374,894	6,630,277
Total assets	<u>\$ 5,331,839</u>	<u>\$17,692,892</u>
Lease payable	-	483,673
Bond payable	3,180,000	11,283,750
Other liabilities	699	211,968
Total liabilities	<u>3,180,699</u>	<u>11,979,391</u>
Net assets:		
Contributed Capital	-	365,000
Restricted	-	10,103,482
Unrestricted	2,151,140	(4,754,981)
Total net assets	<u>\$ 2,151,140</u>	<u>\$ 5,713,501</u>

2005-2006
Statement of Net Assets

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Current and other assets	\$ 571,096	\$ 6,589,121
Capital assets	4,117,630	4,737,668
Total assets	<u>\$ 4,688,726</u>	<u>\$11,326,789</u>
Lease payable	-	513,556
Bond payable	3,335,000	8,266,250
Other liabilities	649	146,200
Total liabilities	<u>3,335,649</u>	<u>8,926,006</u>
Net assets:		
Contributed Capital	-	365,000
Restricted	-	5,605,478
Unrestricted	1,353,077	(3,569,695)
Total net assets	<u>\$ 1,353,077</u>	<u>\$ 2,400,783</u>

City of Savannah, Missouri
 Management's Discussion and Analysis (Concluded)
 For the Year Ended September 30, 2007
 (Unaudited)

Statement of Activities

The following tables reflect the revenues and expenses for the cities activities for the years ended September 30, 2007 and September 30, 2006.

2006-2007
 City of Savannah's Statement of Activities

	Revenues	Expenditures
General	\$ 588,757	\$ 901,146
Special Revenue	1,210,327	873,117
Debt Service	64,958	57,180
Water	950,179	556,057
Sewer	655,044	329,608
Sanitation	211,863	193,587
Golf Course	536,589	554,934
Total	\$ 4,217,717	\$ 3,465,629

2005-2006
 City of Savannah's Statement of Activities

	Revenues	Expenditures
General	\$ 575,520	\$ 926,938
Special Revenue	1,137,805	1,034,935
Debt Service	70,402	58,078
Water	866,845	545,344
Sewer	639,719	329,400
Sanitation	216,318	170,187
Golf Course	523,278	481,988
Total	\$ 4,029,887	\$ 3,546,870

Revenues for the water, sewer, sanitation fund are based on actual water, sewer and sanitation services used. The amount of usage fluctuates with the weather each year. Revenues for one department are not used towards expenses in another department.

**City of Savannah, Missouri
Management's Discussion and Analysis (Concluded)
For the Year Ended September 30, 2007**

**2006-2007
Combined Statement of Revenues and Expenditures**

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 1,864,042	\$ 6,012,200
Expenditures	<u>1,831,443</u>	<u>2,379,434</u>
Excess of (deficiency) of revenues over (under) expenditures	32,599	3,632,766
Transfers	353,200	(320,048)
Fund balance, October 1, 2006	<u>570,447</u>	<u>2,400,783</u>
Fund balance, September 30, 2007	<u>\$ 956,246</u>	<u>\$ 5,713,501</u>

**2005-2006
Combined Statement of Revenues and Expenditures**

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 1,783,727	\$ 2,548,798
Expenditures	<u>2,019,951</u>	<u>2,105,545</u>
Excess of (deficiency) of revenues over (under) expenditures	(236,224)	443,253
Transfers	358,300	(349,700)
Fund balance, October 1, 2005	<u>448,371</u>	<u>2,307,230</u>
Fund balance, September 30, 2006	<u>\$ 570,447</u>	<u>\$ 2,400,783</u>

The governmental activities consist of the general, special revenue and debt service funds. The proprietary funds consist of the water, sewer, sanitation and golf course funds.

Financial Contact

The cities financial statements are designed to present users with a general overview of the cities finances and to demonstrate the cities accountability. Any questions regarding the report or to request additional information should be directed to Janice Hatcher, City Clerk/City Administrator, City Hall, Savannah, Missouri 64485.

**City of Savannah, Missouri
Statement of Net Assets
For the Year Ended September 30, 2007**

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 713,934
Cash Held Under Protest	32,704
Receivables (net of allowance for uncollectible):	
Taxes	22,623
Loans	181,263
Assessments	5,861
Bond Issue Fee (net of amortization)	560
Capital Assets (net of depreciation)	<u>4,374,894</u>
Total Assets	<u>\$ 5,331,839</u>
 Liabilities and Fund Equity	
Accrued Interest	\$ 699
Bonds Payable	<u>3,180,000</u>
 Total Liabilities	 <u>3,180,699</u>
 Net Assets	
 Unreserved:	
Undesignated	<u>2,151,140</u>
 Net Assets	 <u>\$ 2,151,140</u>

The accompanying notes to the basic financial statements
are an intergral part of this statement

City of Savannah, Missouri
Statement of Activities
For the Year Ended September 30, 2007

	Program Revenues				Special Extraordinary Items	Net (Expenditure) Revenue and Changes in Net Assets - Cash Basis
	Expenditures Paid	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions		
Governmental Activities:						
Administrative	\$ 356,659	\$ -	\$ 17,355	\$ -	\$ -	\$ (339,304)
Parks and Recreation	303,506	67,260	-	-	-	(236,246)
Police	304,615	-	-	-	-	(304,615)
Fire Department	34,133	-	-	-	-	(34,133)
Street Department	491,520	-	25,777	-	-	(465,743)
Street Drainage	261,440	-	-	-	-	(261,440)
NID Principle	5,096	-	-	-	-	(5,096)
Parks and Rec COP P&I	17,294	-	-	-	-	(17,294)
Debt Service	57,180	-	-	-	-	(57,180)
Total Governmental Activities	\$ 1,831,443	\$ 67,260	\$ 43,132	\$ -	\$ -	\$ (1,721,051)

General Revenues Collected:

Taxes	291,085
Intergovernmental	204,795
Sales and Use Tax	768,111
County Revenues	15,309
Franchise Taxes	286,044
Interest	25,226
License and Permits	41,637
Miscellaneous	121,443
Total General Revenues Collected	1,753,650

Changes in Net Assets

32,599

Transfers

353,200

Net Effect of Capital Assets and Long-Term Liabilities

1,194,984

Net Assets - October 1

570,357

Net Assets - September 30

\$ 2,151,140

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

**City of Savannah, Missouri
Balance Sheet - Governmental Funds
For the Year Ended September 30, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Totals Primary Government (Memorandum Only)</u>
Assets:				
Cash	\$ 30,508	\$ 548,079	\$ 135,347	\$ 713,934
Cash Paid Under Protest	32,704	-	-	32,704
Loan Receivable	-	-	181,263	181,263
Taxes Receivable, net of allowance for doubtful accounts	11,093	7,916	3,614	22,623
Assessment Receivable	2,470	3,391	-	5,861
Bond Issue Fee, net of amortization	-	560	-	560
Total Assets	<u>\$ 76,775</u>	<u>\$ 559,946</u>	<u>\$ 320,224</u>	<u>\$ 956,945</u>
Liabilities and Fund Equity				
Liabilities:				
Accrued Interest	-	-	699	699
Total Liabilities	-	-	699	699
Fund Equity:				
Fund Balance				
Unreserved	76,775	559,946	319,525	956,246
Total Fund Equity	<u>76,775</u>	<u>559,946</u>	<u>319,525</u>	<u>956,246</u>
Total Liabilities and Fund Equity	<u>\$ 76,775</u>	<u>\$ 559,946</u>	<u>\$ 320,224</u>	

Amounts reported in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,374,894
Long-term liabilities are not due in the current period and therefore are not reported in the funds:	<u>(3,180,000)</u>
Net assets of governmental activities	<u>\$ 2,151,140</u>

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

City of Savannah, Missouri
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balance
 All Governmental Fund Types
 For the Year Ended September 30, 2007

	General Fund	Special Revenue Fund	Debt Service Fund	Totals Primary Government (Memorandum Only)
Revenues:				
Taxes	\$ 471,549	\$ 875,389	\$ 52,460	\$ 1,399,398
Operations	-	67,260	-	67,260
Interest	2,749	20,098	12,498	35,345
Intergovernmental	-	204,795	-	204,795
Other	<u>114,459</u>	<u>42,785</u>	-	<u>157,244</u>
Total Revenues	<u>588,757</u>	<u>1,210,327</u>	<u>64,958</u>	<u>1,864,042</u>
Expenditures:				
General Funds:				
General Operations	356,659	303,506	-	660,165
Police Department	302,802	1,813	-	304,615
Fire Department	34,133	-	-	34,133
Street Department	207,552	283,968	-	491,520
Street Drainage, NID Princ, COP	-	283,830	-	283,830
Debt Service:				
Principal Retirement	-	-	45,000	45,000
Interest and Fiscal Charges	-	-	<u>12,180</u>	<u>12,180</u>
Total Expenditures	<u>901,146</u>	<u>873,117</u>	<u>57,180</u>	<u>1,831,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(312,389)</u>	<u>337,210</u>	<u>7,778</u>	<u>32,599</u>
Other Financing Sources (Uses)				
Operating Transfers In	360,300	270,900	-	631,200
Operating Transfers Out	-	<u>(278,000)</u>	-	<u>(278,000)</u>
Total Other Financing Sources (Uses)	<u>360,300</u>	<u>(7,100)</u>	-	<u>353,200</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	47,911	330,110	7,778	385,799
Fund Balance, October 1	<u>28,864</u>	<u>229,836</u>	<u>311,747</u>	<u>570,447</u>
Fund Balance, September 30	<u>\$ 76,775</u>	<u>\$ 559,946</u>	<u>\$ 319,525</u>	<u>\$ 956,246</u>

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

City of Savannah, Missouri
Statement of Net Assets - Proprietary Fund
For the Year Ended September 30, 2007

Assets	Enterprise Fund
Current Assets:	
Cash	\$ 521,350
Restricted Cash	10,181,706
Investments	218,560
Receivables (net of allowance for uncollectible)	
Accounts	132,403
Interest	<u>1,263</u>
Total Current Assets	<u>11,055,282</u>
 Property, Plant & Equipment net of accumulated depreciation	 6,630,277
Deferred Bond Issuance Costs, net of accumulated amortization	<u>7,333</u>
 Total Assets	 <u>\$ 17,692,892</u>
 Liabilities and Fund Equity	
Current Liabilities:	
Customer Deposits	\$ 78,224
Interest Payable	123,855
City Revolving Loan, current	9,889
Lease Payable, current	25,000
Bonds Payable, current	<u>295,000</u>
Total Current Liabilities	<u>531,968</u>
 Noncurrent Liabilities:	
Revenue Bonds Payable	10,988,750
Lease Payable	<u>458,673</u>
Total Current Liabilities	<u>11,447,423</u>
Total Liabilities	<u>11,979,391</u>
 Net Assets:	
Contributed Capital	365,000
Restricted	10,103,482
Unrestricted	<u>(4,754,981)</u>
Total Net Assets	<u>5,713,501</u>
 Total Liabilities and Fund Equity	 <u>\$ 17,692,892</u>

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

City of Savannah, Missouri
Combined Statement of Revenues, Expenses and Changes in
Net Assets - All Proprietary Fund Types
For the Year Ended September 30, 2007

	<u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services	\$ 2,368,441
Bond Proceeds	3,252,191
Other	<u>72,397</u>
Total Operating Revenues	<u>5,693,029</u>
 Operating Expenses:	
Cost of Goods Sold	-
Depreciation and Amortization	580,437
Salaries and Wages	388,880
Materials and Supplies	177,738
Repairs and Maintenance	88,093
Other Operating Expenses	<u>719,309</u>
Total Operating Expenses	<u>1,954,457</u>
 Operating Income (Loss)	 <u>3,738,572</u>
 Nonoperating Revenues (Expenses):	
Donations	-
Interest Income	319,171
Interest Expense & Fiscal Charges	<u>(424,977)</u>
Total Nonoperating Revenues Expenses	 <u>(105,806)</u>
 Income (Loss) Before Operating Transfers	 3,632,766
 Operating Transfers:	
Operating Transfers In	813,340
Operating Transfers Out	<u>(1,133,388)</u>
Total Operating Transfers	<u>(320,048)</u>
 Net Income (Loss)	 3,312,718
 Retained Earnings, October 1	 <u>2,400,783</u>
 Retained Earnings, September 30	 <u>\$ 5,713,501</u>

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

City of Savannah, Missouri
 Combined Statement of Cash Flows - All Enterprise Funds
 For the Year Ended September 30, 2007

	Combined Water and Wastewater Fund	Cemetery Fund	Non Expendable Trust Fund	Landfill Fund	Duncan Community Development Fund	Golf Course Fund	Clasbey Community Center Fund	Totals (Memorandum Only)
Cash Flows from Operating Activities:								
Operating Income (Loss)	\$ 3,747,030	\$ 4,107	\$ (11,543)	\$ 13,581	\$ (1,794)	\$ (6,205)	\$ (6,604)	\$ 3,738,572
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:								
Depreciation and Amortization	415,227	3,517	11,543	9,151	1,794	121,158	18,047	580,437
Changes in Assets and Liabilities:								
(Increase) decrease in Accis Receivable	(3,454)	-	-	3,522	-	-	-	68
(Increase) decrease in Interest Receivable	-	(17)	(103)	-	-	-	-	(120)
Increase (decrease) in Customer Deposits	1,040	-	-	-	-	-	-	1,040
Increase (decrease) in Interest Payable	64,756	-	-	-	-	(271)	-	64,485
Total Adjustments	477,569	3,500	11,440	12,673	1,794	120,887	18,047	645,910
Net Cash Provided by (Used for) Operating Activities	<u>4,224,599</u>	<u>7,607</u>	<u>(103)</u>	<u>26,254</u>	<u>-</u>	<u>114,682</u>	<u>11,443</u>	<u>4,384,482</u>
Cash Flows from Noncapital Financing Activities:								
Operating Transfers In	732,400	900	-	-	-	36,000	-	769,300
Operating Transfers Out	(1,016,440)	-	(1,800)	(40,000)	-	(51,000)	-	(1,109,240)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(284,040)</u>	<u>900</u>	<u>(1,800)</u>	<u>(40,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(339,940)</u>
Cash Flows from Capital and Related Financing Activities:								
Issuance of Bonds	3,300,000	-	-	-	-	-	-	3,300,000
Purchase of Equipment	(2,343,401)	(1,588)	(3,205)	-	-	(122,871)	-	(2,471,065)
Principal Paid on Bonds and Lease	(262,500)	-	-	-	-	(20,000)	(9,640)	(292,140)
Interest Paid on Bonds and Lease	(409,533)	-	-	-	-	(15,444)	-	(424,977)
Net Cash Used for Capital and Related Financing Activities	<u>(284,566)</u>	<u>(1,588)</u>	<u>(3,205)</u>	<u>-</u>	<u>-</u>	<u>(158,315)</u>	<u>(9,640)</u>	<u>111,818</u>
Cash Flows from Investing Activities:								
Proceeds from Financing	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Interest on Investments	298,318	3,992	7,440	4,695	-	3,304	503	318,252
Purchase of Investments	-	(1,435)	-	-	-	-	-	(1,435)
Net Cash Provided by (Used for) Investing Activities	<u>298,318</u>	<u>2,557</u>	<u>7,440</u>	<u>4,695</u>	<u>-</u>	<u>3,304</u>	<u>503</u>	<u>316,817</u>
Net Increase (Decrease) in Cash and Restricted Cash	<u>4,523,443</u>	<u>9,476</u>	<u>2,332</u>	<u>(9,051)</u>	<u>-</u>	<u>(55,329)</u>	<u>2,306</u>	<u>4,473,177</u>
Cash and Cash Equivalents, October 1	<u>5,950,021</u>	<u>42,285</u>	<u>10,560</u>	<u>106,295</u>	<u>-</u>	<u>124,758</u>	<u>(4,852)</u>	<u>6,229,067</u>
Cash and Cash Equivalents, September 30	<u>\$ 10,473,464</u>	<u>\$ 51,761</u>	<u>\$ 12,892</u>	<u>\$ 97,244</u>	<u>\$ -</u>	<u>\$ 69,429</u>	<u>\$ (2,546)</u>	<u>\$ 10,702,244</u>

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

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 1: Summary Of Significant Accounting Policies

The City of Savannah, Missouri (the "City") is incorporated under the provisions of the State of Missouri. The City operates under the control of an elected mayor/council (5 members) administrative and legislative form of government and provides the following services as authorized by its charter: police, police training, narcotics control, fire, street, economic development, parks and recreation, gas tax, revenue sharing, water and sewer, landfill, cemetery, Duncan Community Development, golf course, Clasbey Community Center and general administration.

The more significant of the government's accounting policies are described below.

A. The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise financial accountability. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise financial accountability include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise financial accountability.

Based upon the application of this criteria, management of the City of Savannah, Missouri, has determined that no other outside agency meets the above criteria and therefore, no other agency has been included as a component unit in the City's financial statements.

City of Savannah, Missouri
Notes to the Basic Purpose Financial Statements
September 30, 2007

Note 1: Summary Of Significant Accounting Policies (Continued)

B. Basis of Presentation

Government-wide Financial Statements:

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

Fund Financial Statements

The accounts of the City are organized on the basis of funds, 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 which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are summarized by type in the financial statements. The following fund types are used by the City.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through Governmental Funds. The measurements focus is upon determination of changes in financial position rather than upon net income determination. The following are the City's governmental fund types:

General Fund - Is the principal operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used 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. The Special Revenue Funds of the City of Savannah consist of the Parks and Recreation Fund, Police Training Fund, Street Drainage, NID Principle, Gas Tax Fund and the Sales Tax Fund.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

Proprietary Fund Types

Proprietary Funds are used to account for and report those governmental activities that are designed to be self-supporting. The measurement focus is upon determination of net income.

Proprietary funds are reported in accordance with GASB Statement No.20, 'Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.' This standard requires that all applicable Governmental Accounting Standards Board (GASB) pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARB's) conflict with or contradict GASB pronouncements.

GASB Statement No.20 also states that proprietary activities may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

Measurement Focus:

On the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic measurement focus. The objectives of which are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. This measurement focus includes generally only current financial assets and liabilities on the balance sheet. The operating statement presents sources and uses of available and spendable financial resources during a given period.

City of Savannah, Missouri
Notes to the Basic Purpose Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Concluded)

Total Columns

Amounts in the 'Total (Memorandum Only)' columns in the combined financial statements request a summation of the combined financial statements line items of the fund types and account groups are presented for analytical purposes only. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles or represent data comparable to a consolidation. The summation includes fund types that use different bases of accounting and interfund transactions have been eliminated.

C. Basis of Accounting

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. In the fund financial statements, all governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing sources, and decreases, i.e., expenditures and other financing used, in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Fund equity, i.e., net total assets, is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases, e.g., revenues and decreases, e.g., expenses, in net total assets.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Concluded)

In the fund financial statements, the modified accrual basis of accounting is utilized by all governmental fund types. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amounts measurable and available to finance the cities operations or of a material amount and not received at the normal time of receipt. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

D. Budgets and Budgetary Accounting

The reported budgetary data represents the final approved budget after amendments as adopted by the City's Board of Aldermen. Amendments to the original budget were not material and appropriations lapse at year-end. The budgeted expenditures include encumbered amounts from the previous fiscal year. The City's Board of Aldermen follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to October 1, the city clerk obtains a list of requested major acquisitions from each department head. The list is submitted to the Board of Aldermen for approval. At this time, the Board of Aldermen approves all pay increases. Based on the approved list of major acquisitions and approved salary increases and proposed operating expenditures, the Board of Aldermen prepares the budget for the fiscal year commencing October 1.
- (2) The City Clerk submits to the Board of Aldermen a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- (3) Public hearings are conducted at City Hall to obtain taxpayer comments.
- (4) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (5) Formal budgetary integration is employed as a management control device during the year for all funds.
- (6) The Board of Aldermen may amend the budgets during the year.

City of Savannah, Missouri
Notes to the Basic Purpose Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Concluded)

(7) Budgets for General, Special Revenue and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principals. Budgets for the Enterprise Funds are adopted on a cash basis of accounting while the financial statements have been prepared on the accrual basis of accounting.

E. Compensated Absences

The City's policy on accumulated unpaid vacation, sick pay, and other employee benefit amounts is such that any accumulation of these benefits would not exceed a normal year's cost; consequently, no accrual is necessary in the Enterprise Funds and no further disclosure of the liability is required in the Governmental Funds.

F. Inventories

Inventories are carried at the lower of cost or market value with cost being determined on a first in, first out (FIFO) basis of accounting. Inventory acquisitions in the General Fund are charged as expenditures when purchased.

G. Use of Estimates in Preparing Financial Statements

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

H. Total Columns on Combined Financial Statements - Overview

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations and cash flows in conformity with generally accepted accounting principles. The summation includes fund types that use different basis of accounting and interfund transactions that have not been eliminated.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

I. Encumbrance Accounting

Encumbrance accounting, under which purchase order, contract and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized as an extension of formal budget integration in the governmental funds. For budgetary purposes appropriations lapse at fiscal year end except for that portion related to encumbrance amounts. Outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

Encumbrances outstanding at year end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent or expenditures for budgetary purposes and, accordingly, the accompanying financials statements present comparisons of actual results to the budgets of governmental funds on the budget basis of accounting.

J. Statement of Cash Flows

For the purpose of the Statement of Cash Flows, the Enterprise Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. Property, Plant and Equipment

Property, plant and equipment of the city, including capitalized interest, is stated at cost or estimated historical cost. Contributions of fixed assets received from Federal, state or local sources are recorded as assets and contributed capital at fair market value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical costs.

GASB 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include road, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. The retroactive reporting of infrastructure assets is subject to an extended implementation period and is first effective for fiscal years ending 2006. The city has elected to implement the general provisions of GASB 34 in the current year and implement the infrastructure provisions in future years.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

K. Property and Equipment (Continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Plants, building and improvements	20 to 35 years
Equipment	3 to 7 years
Furniture and fixtures	5 to 7 years
Auto equipment	4 to 7 years
Tools	5 to 7 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary funds are accounted for the same as in the government-wide financial statements.

L. Contributed Capital

Contributed Capital - 1980 General Obligation Bonds represents bond issues proceeds or capital improvements to the City's waterworks and sewage system.

M. Bond Issue Fees

Deferred bond issue costs relate to the issuance of various revenue bonds of the city. The deferred costs are being amortized over the life of the bonds.

M. Comparative Data

Comparative total data for the prior year has been presented in some of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

O. Receivables

All taxes and service receivables of the City are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the various funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month of September.

City of Savannah, Missouri
Notes to the Basis Financial Statements
September 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)
P. Reserves

Reserves are reported in the various funds to indicate that a portion of the fund balance/retained earnings is restricted for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2: Cash and Investments
Deposits

At September 30, 2007, the book balance of the City's deposits (checking accounts) was \$8,204,456 and the bank balance was \$8,314,199.

Investments

Missouri State Statutes authorized the City, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by State Statutes and approved by the State.

Investments - The district may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agent or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. At June 30, 2007 the city had \$218,560 invested in various money market accounts certificates of deposit.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has no formal investment policy regarding interest rate risk.

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 2: Cash and Investments (Concluded)

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. At September 30, 2007, the District had no concentration of credit risk.

	Credit Risk Category			Bank	Collateral
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Market Value</u>
U.S. Treasury					
Notes	\$8,104,456	\$ -	\$ -	\$8,104,456	\$8,104,456
FDIC Insurance	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total Deposits and Investments				<u><u>\$8,204,456</u></u>	<u><u>\$8,204,456</u></u>

The City has one cash account available for use by all funds and several cash accounts available to specific funds of the City. Each fund type's portion of these deposits are displayed on the combined balance sheet.

At September 30, 2007 the cash and cash equivalents for the City were as follows:

	<u>Unrestricted</u>
Cash in Drawer	\$ 50
Checking Account	<u>1,236,010</u>
Total Unrestricted Deposits	<u><u>\$1,236,060</u></u>
	<u>Restricted</u>
Bond and Interest Fund:	
Principal & Interest Checking	\$ 429,782
Reserve Checking	103,601
Depreciation Checking	78,029
SRF Principal & Interest Checking	158,870
Cemetery Fund	
Certificates of Deposit	47,238
Nonexpendable Trust Fund	
Certificates of Deposit	100,558
Alma Martin Trust	
Certificates of Deposit	58,688
Utility Deposit Checking	88,067
Water Construction	
Checking	6,077,393
General Fund	
Cash Paid Under Protest	32,704
Clasbey Center Fund	
Certificate of Deposit	<u>12,076</u>
Total Restricted Deposits	<u><u>\$7,187,006</u></u>

The ordinance authorizing the Waterworks and Sewage System Revenue Bonds requires that the City establish various reserve funds (Principal and Interest, Bond Reserve and Depreciation and Replacement) in an amount not less than the maximum annual requirement for the payment of principal and interest on the revenue bonds.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 3: Restricted Assets

Restricted Assets of the Enterprise Funds consist of checking and certificates of deposit which have been set aside, based on certain bond covenants to provide for the redemption of bonds in future years and to service outstanding debt as well as pay back customer security deposits.

Note 4: Property Taxes

The City of Savannah's real estate taxes collected for the year ending September 30, 2007 amounted to \$291,085. This represents approximately 97.24% of the current assessment. Property taxes attach as an enforceable lien on property if not paid by the January 1 following the date of assessment. Taxes are levied in September and are payable by December 31. The City bills and collects the property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The tax levy per \$100 of assessed valuation for the City of Savannah at September 30, 2007 is as follows:

General Fund	\$.4947
Park and Recreation Fund	.3157
Bond and Interest Fund	<u>.1620</u>
Total	<u>\$.9724</u>

The assessed valuation for the City of Savannah at September 30, 2007 is as follows:

Real Estate	<u>\$ 30,784,199</u>
Total	<u>\$ 30,784,199</u>

Note 5: Changes in Fixed Assets

A summary of the changes in general fixed assets for the year ended September 30, 2007 is as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land & Bldgs	\$2,389,364	\$ -	\$ -	\$2,389,364
Vehic & Equip	<u>1,728,266</u>	<u>257,264</u>	<u>-</u>	<u>1,985,530</u>
Totals	<u>\$4,117,630</u>	<u>\$ 257,264</u>	<u>\$ -</u>	<u>\$4,374,894</u>

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 5: Changes in Fixed Assets (Concluded)

A summary of the proprietary fund type property, plant and equipment is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land and Improvements	\$ 1,201,000	\$ 656,645	\$ 544,355
Buildings	7,292,102	5,697,600	1,594,502
Plant Improvements	4,980,783	774,699	4,206,084
Plant Equipment	2,322,308	2,062,114	260,194
Auto Equipment	80,781	73,594	7,187
Tennis Courts	104,362	104,362	-
Baseball Diamond	32,405	14,450	17,955
Total	<u>\$16,013,741</u>	<u>\$ 9,383,464</u>	<u>\$ 6,630,277</u>

A summary of the proprietary fund type bond issue fees is as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>
Bond Issue Fees	\$ 126,680	\$ 119,347	\$ 7,333
Total	<u>\$ 126,680</u>	<u>\$ 119,347</u>	<u>\$ 7,333</u>

Note 6: Changes in Long-Term Debt

The following is a summary of each of the bond and lease transactions of the City for the year ended September 30, 2007 broken down by type.

SRF Water Pollution Revenue Bonds

Bonds Payable, October 1, 2006	\$ 331,250
Add: Bonds Issued	-
Less: Bonds Retired	(62,500)
Bonds Payable, September 30, 2007	<u>\$ 268,750</u>

The city has received \$700,000 from the State Environmental Improvement and Energy Resources Authority, State Revolving Fund Program for water pollution control improvements. As of September 30, 2001, the city received \$700,000. The rates on the bonds are 5% to 7.2% to be paid in annual installments from \$10,000, January 1, 1996 to \$67,000 on January 1, 2015. The city will receive credit for a portion of the interest.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 6: Changes in Long-Term Debt (Continued)

SRF Water Pollution Revenue Bond (Concluded)

Debt service requirements to maturity are:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 55,000	\$ 33,061	\$ 88,061
2009	57,000	29,197	86,197
2010	59,000	25,092	84,092
2011	60,000	20,808	80,808
2012	37,750	16,416	54,166
Totals	<u>\$ 268,750</u>	<u>\$ 124,574</u>	<u>\$ 393,324</u>

General Obligation Bonds

The following is a summary of the General Obligation Bonds of the City as of September 30, 2007.

	<u>Swimming Pool</u>
Bonds Payable, Oct 1, 2006	\$ 385,000
Add - Bond Issued	-
Less - Bonds Retired	(45,000)
Bonds Payable Sept 30, 2007	<u>\$ 340,000</u>

\$650,000 swimming pool serial bonds, dated June 1, 1994, due in annual installments of \$5,000 to \$70,000 commencing March 1, 1995 through March 1, 2014; interest rates are 3.75% to 6.15%, payable March 1 and September 1.

\$ 340,000

General Obligation Bonds (Concluded)

Debt service requirements to maturity for the swimming pool bonds are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 50,000	\$ 10,880	\$ 60,880
2009	55,000	9,367	64,367
2010	55,000	7,635	62,635
2011	55,000	5,738	60,738
2012	65,000	3,529	68,529
2013	60,000	1,155	61,155
Totals	<u>\$ 340,000</u>	<u>\$ 54,705</u>	<u>\$ 394,705</u>

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 6: Changes in Long-Term Debt (Continued)

Revenue Bonds

The following is a summary of the revenue bonds for the City as of September 30, 2007.

	<u>2004 Water Bonds</u>
Bonds Payable, Oct 1, 2006	\$7,400,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(200,000)</u>
Bonds Payable Sept 30, 2007	<u>\$7,200,000</u>
\$7,375,000 waterworks and sewerage system revenue bonds dated, March 2004, due in varying annual installments of \$170,000 to \$545,000 through 2024; interest rates are 2.25% to 4.75%, payable March 1 and September 1.	<u>\$7,200,000</u>

Debt service requirements to maturity for the 2004 Waterworks System Revenue bonds are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 200,000	\$ 284,568	\$ 484,568
2009	235,000	278,646	513,646
2010	255,000	270,989	525,989
2011	265,000	262,864	527,864
2012	275,000	254,049	529,049
2013-2017	1,810,000	1,038,314	2,848,314
2018-2022	2,455,000	620,986	3,075,986
2023-2024	<u>1,705,000</u>	<u>69,875</u>	<u>1,774,875</u>
Totals	<u>\$ 7,200,000</u>	<u>\$ 3,080,291</u>	<u>\$10,280,291</u>

The following is a summary of the Water System revenue bonds for the City as of September 30, 2007.

	<u>2007 Water Bonds</u>
Bonds Payable, Oct 1, 2006	\$ -
Add - Bond Issued	3,300,000
Less - Bonds Retired	-
Bonds Payable Sept 30, 2007	<u>\$3,300,000</u>

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 6: Changes in Long-Term Debt (Continued)

Revenue Bonds (Concluded)

\$3,300,000 waterworks and sewerage system revenue bonds dated, April 2007, due in varying annual installments of \$60,000 to \$750,000 through 2026; interest rates are 4.00% to 4.80%, payable December 1 and June 1. \$3,300,000

Debt service requirements to maturity for the 2007 Waterworks System Revenue bonds are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 60,000	\$ 177,745	\$ 237,745
2009	70,000	156,270	226,270
2010	80,000	151,870	231,870
2011	90,000	148,470	238,470
2012	115,000	144,083	259,083
2013-2017	480,000	725,318	1,205,318
2018-2022	635,000	518,494	1,153,494
2023-2024	<u>1,770,000</u>	<u>226,144</u>	<u>1,996,144</u>
Totals	<u>\$ 3,300,000</u>	<u>\$ 2,248,394</u>	<u>\$ 5,548,394</u>

The following is a summary of the NID Principle bonds for the City as of September 30, 2007.

	<u>NID Principal Bonds</u>
Bonds Payable, Oct 1, 2006	\$ 47,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(2,000)</u>
Bonds Payable Sept 30, 2007	<u>\$ 45,000</u>

\$51,000 Neighborhood Improvement District Bonds dated, May 2002, due in varying annual installments of \$2,000 to \$4,000 through 2022; interest rates are 5.25% to 6.00%, payable March 1 and September 1. \$ 45,000

Debt service requirements to maturity for the NID Principle Bonds are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,000	\$ 2,573	\$ 4,573
2009	2,000	2,467	4,467
2010	2,000	2,363	4,363
2011	2,000	2,258	4,258
2012	2,000	2,153	4,153
2013-2017	15,000	8,250	23,250
2017-2022	<u>20,000</u>	<u>3,000</u>	<u>23,000</u>
Totals	<u>\$ 45,000</u>	<u>\$ 23,064</u>	<u>\$ 68,064</u>

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 6: Changes in Long-Term Debt (Continued)

Capital Leases

The following is a summary of the capital leases of the City as of September 30, 2007.

	Golf Cart Lease
Leases Payable, Oct 1, 2006	\$ 255,000
Add - Leases Issued	-
Less - Leases Retired	(20,000)
Leases Payable Sept 30, 2007	\$ 235,000

Lease payments are payable to First Bank of Missouri in semi-annual payments on March 1 and September 1. The final payment is March 1, 2017. Principle payments are due March 1 in varying amounts from \$20,000 to \$30,000. Interest rates are from 5.5% to 5.75%. The proceeds of this lease were used to expand the golf course. The installments are to be paid from the golf course

\$ 235,000

The annual requirements to amortize the golf course lease are as follows:

Year Ended September 30,	Principal	Interest	Total
2008	\$ 20,000	\$ 13,488	\$ 33,488
2009	20,000	12,363	32,363
2010	25,000	11,788	36,788
2011	25,000	9,631	34,631
2012	25,000	8,194	33,194
2013-2017	120,000	19,263	139,263
Totals	\$ 235,000	\$ 74,727	\$ 309,727

Street Drainage
Lease

Leases Payable, Oct 1, 2006	\$ 2,950,000
Add - Leases Issued	-
Less - Leases Retired	(110,000)
Leases Payable Sept 30, 2007	\$ 2,840,000

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 6: Changes in Long-Term Debt (Continued)

Lease payments are payable to United Missouri Bank in semi-annual payments on February 1 and August 1. The final payment is March 1, 2022. Principle payments are due February 1 in varying amounts from \$100,000 to \$520,000. Interest rates are from 3.0% to 5.875%. The proceeds of this lease were used to make permanent streets, curbs, guttering and improve street drainage. The installments are to be paid from the street drainage fund \$ 2,840,000

The annual requirements to amortize the golf course lease are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 115,000	\$ 154,640	\$ 269,640
2009	125,000	149,053	274,053
2010	130,000	142,803	272,803
2011	135,000	136,177	271,177
2012	140,000	129,198	269,198
2013-2017	830,000	521,683	1,351,683
2018-2022	<u>1,365,000</u>	<u>240,141</u>	<u>1,605,141</u>
Totals	<u>\$ 2,840,000</u>	<u>\$ 1,473,695</u>	<u>\$4,316,695</u>

	<u>COP Sewer Lease</u>
Leases Payable, Oct 1, 2006	\$ 535,000
Add - Leases Issued	-
Less - Leases Retired	<u>(20,000)</u>
Leases Payable Sept 30, 2007	<u>\$ 515,000</u>

Lease payments are payable in semi-annual payments on February 1 and August 1. The and August 1. The final payment is October 1, 2024. Principle payments are due February 1 in varying amounts from \$15,000 to \$45,000. Interest rates are from 3.0% to 5.875%. The installments are to be paid from the Wastewater C&I Fund. \$ 515,000

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 6: Changes in Long-Term Debt (Continued)

The annual requirements to amortize the lease are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,000	\$ 22,624	\$ 42,624
2009	20,000	21,999	41,999
2010	25,000	21,296	46,296
2011	25,000	20,483	45,483
2012	25,000	19,608	44,608
2013-2017	140,000	81,739	221,739
2018-2022	175,000	44,724	219,724
2023-2024	85,000	4,484	89,484
Totals	<u>\$ 515,000</u>	<u>\$ 236,957</u>	<u>\$ 751,957</u>

Interfund Receivables

On January 1, 2004 the cities Mo. Clasby fund borrowed \$225,000 from the City Revolving Loan Fund for the purpose of providing renovations for the Mo Clasby Building.

The annual requirements to amortize this loan are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 9,888	\$ 4,420	\$ 14,308
2009	10,139	4,169	14,308
2010	10,395	3,913	14,308
2011	10,658	3,650	14,308
2012	10,928	3,380	14,308
Thereafter	129,250	17,063	146,313
Totals	<u>\$ 181,258</u>	<u>\$ 36,595</u>	<u>\$ 217,853</u>

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 7: Retirement Plan

A. Plan Description

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

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

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

B. Funding Status

The City of Savannah's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 14.1% (general), 4.1% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 7: Retirement Plan (Continued)

C. Annual Pension Cost

For 2007, the political subdivision's annual pension cost of \$77,895 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 27, 2007 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Health Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an opened basis. The amortization period at February 28, 2007 was 15 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 55,854	100%	\$ 0
6/30/06	66,208	100%	0
6/30/07	77,895	100%	0

Note 8: Commitments and Contingencies

There were no known commitments or contingencies September 30, 2007.

Note 9: Disclosures about Fair Value of Financial Instruments

The City's financial statements consist principally of cash, certificates of deposits, receivables and payables and a revenue bond payable. There are no significant differences between the carrying value and fair value of any of these financial instruments.

City of Savannah, Missouri
Notes to the Basic Financial Statements
September 30, 2007

Note 10: Expenditures

At September 30, 2007, there were no existing encumbrances. The city prepares checks dated September 30 for all encumbrances due at the close of the fiscal year. These checks are approved at the first council meeting in October and mailed.

Note 11: Financial Statement Presentation - Budget Basis

Although the City is required to prepare a budget for all funds, there is no requirement to report on the budget. Therefore, the basic financial statements include a comparison of budget to actual only for the governmental funds in which an annually appropriated budget is prepared. The City's policy is to prepare the annual operating budget for governmental fund types on the modified accrual basis. Therefore, the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types are both prepared in accordance with generally accepted accounting principles.

CITY OF SAVANNAH, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2007

City of Savannah, Missouri
 Required Supplementary Information
 Schedule of Funding Progress of
 Employees Retirement System
 (Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percent of Covered Payroll
2/28/05	\$ 891,681	\$ 1,127,598	\$ 235,917	79%	\$528,878	45%
2/28/06	1,006,881	1,134,417	127,536	89%	595,564	21
2/28/07	1,068,105	1,186,979	118,874	90%	644,522	18

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

City of Savannah, Missouri
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended September 30, 2007

	<u>General Fund</u>		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 438,300	\$ 471,549	\$ 33,249
Interest	1,800	2,749	949
Other	<u>72,260</u>	<u>114,459</u>	<u>42,199</u>
Total Revenues	<u>512,360</u>	<u>588,757</u>	<u>76,397</u>
Expenditures:			
Current:			
General Department	373,377	356,659	16,718
Police Department	296,010	302,802	(6,792)
Fire Department	32,150	34,133	(1,983)
Street Department	<u>203,000</u>	<u>207,552</u>	<u>(4,552)</u>
Total Expenditures	<u>904,537</u>	<u>901,146</u>	<u>3,391</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(392,177)</u>	<u>(312,389)</u>	<u>79,788</u>
Other Financing Sources (Uses)			
Operating Transfers In	360,300	360,300	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources			
(Uses)	<u>360,300</u>	<u>360,300</u>	<u>-</u>
Excess (Deficiency) of Revenues			
and Other Financing Sources Over			
(Under) Expenditures and Other			
Financing (Uses)	<u>\$ (31,877)</u>	47,911	<u>\$(79,788)</u>
Fund Balance, October 1		<u>28,864</u>	
Fund Balance, September 30		<u>\$ 76,775</u>	

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

City of Savannah, Missouri
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balance - Budget and Actual -
 Special Revenue Fund
 For the Year Ended September 30, 2007

	<u>Special Revenue Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 877,147	\$ 875,389	\$ (1,758)
Operations	82,100	67,260	(14,840)
Interest	8,560	20,098	11,538
Intergovernmental	198,000	204,795	6,795
Other	<u>203,000</u>	<u>42,785</u>	<u>(160,215)</u>
Total Revenues	<u>1,368,807</u>	<u>1,210,327</u>	<u>(158,480)</u>
Expenditures:			
Current:			
Parks and Recreation Dept	399,500	303,506	95,994
Police Department	850	1,813	(963)
Street Department	598,958	283,968	314,990
Street Drainage & NID Princ	297,886	266,536	
Tree Board & P&R COP	<u>1,017</u>	<u>17,294</u>	<u>(16,277)</u>
Total Expenditures	<u>1,298,211</u>	<u>873,117</u>	<u>425,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,596</u>	<u>337,210</u>	<u>266,614</u>
Other Financing Sources (Uses)			
Operating Transfers In	270,000	270,900	900
Operating Transfers Out	<u>(278,000)</u>	<u>(278,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>(7,100)</u>	<u>900</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ 62,596</u>	330,110	<u>\$ (267,514)</u>
Fund Balance, October 1		<u>229,836</u>	
Fund Balance, September 30		<u>\$ 559,946</u>	

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



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Independent Auditors Report on Additional Information

Honorable Mayor and
Members of the Board of Aldermen
City of Savannah, Missouri 64485

My report on my audit of the general purpose financial statements of the City of Savannah, Missouri, for the year ended September 30, 2007, appears on Page 1. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The following balance sheets and statements of revenues, expenditures or expenses and changes in fund balance or retained earnings for the various funds of the City are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the audit procedures applied in the audit of the general purpose financial statements and, in my opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Kevin G. Hudson, C.P.A.

Kevin G. Hudson, C.P.A.
Certified Public Accountant
January 11, 2008

City of Savannah, Missouri
Statement of Revenues, Expenditures and Changes in Fund
Balance - General Fund
For the Year Ended September 30, 2007

	<u>General Department</u>	<u>Police Department</u>	<u>Fire Department</u>	<u>Street Department</u>	<u>Totals (Memorandum Only)</u>
Revenues:					
Real Estate Taxes	-	-	-	\$ -	\$ 150,075
Franchise Taxes	-	-	-	-	286,044
Fines and Permits	-	-	-	-	41,637
Interest Income	-	-	-	-	2,749
Special Taxes	-	-	-	-	27,623
County Taxes	-	-	-	-	7,807
Grant Receipts	-	-	-	-	17,355
Other	-	-	-	-	55,467
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>588,757</u>
Expenditures:					
Salaries and Wages	152,015	183,091	17,673	101,649	454,428
Payroll Taxes	15,436	13,116	1,352	7,600	37,504
Retirement	16,372	6,533	-	14,232	37,137
Group Insurance	45,418	37,334	-	18,618	101,370
Training	4,488	-	-	-	4,488
Utilities and Telephone	54,947	5,483	-	9,022	69,452
Insurance	14,113	14,027	2,697	9,076	39,913
Capital Outlay	5,515	11,575	5,114	5,650	27,854
Printing and Publications	2,478	-	-	-	2,478
Section Costs	4,807	-	-	-	4,807
Fuel and Oil	458	14,653	491	5,901	21,503
Repairs and Maintenance	3,853	8,075	3,254	33,697	48,879
Uniforms	201	2,293	-	1,957	4,451
Professional Fees	10,950	-	-	-	10,950
Postage	2,756	-	-	-	2,756
Animal Control	-	1,498	-	-	1,498
Service Agreement	2,696	-	-	-	2,696
Dues	5,622	-	1,052	-	6,674
Office Supplies	4,569	-	-	-	4,569
Testing	2,372	-	-	-	2,372
Travel	905	-	-	-	905
Rental	-	-	2,500	-	2,500
Miscellaneous	6,688	5,124	-	150	11,962
Total Expenditures	<u>356,659</u>	<u>302,802</u>	<u>34,133</u>	<u>207,552</u>	<u>901,146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					(312,389)
Other Financing Sources (Uses)					
Operating Transfers In					<u>360,300</u>
Total Other Financing Sources (Uses)					<u>360,300</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)					47,911
Fund Balance, October 1					<u>28,864</u>
Fund Balance, September 30					<u>\$ 76,775</u>

City of Savannah, Missouri
Statement of Expenditures Compared to Budget - General Fund
For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
General Department			
Salaries and Wages	\$ 154,000	\$ 152,015	\$ 1,985
Payroll Taxes	11,800	15,436	(3,636)
Retirement	19,900	16,372	3,528
Group Insurance	52,000	45,418	6,582
Deductible and Coinsurance	2,000	-	2,000
Training	3,500	4,488	(988)
Utilities, Telephone & Trash	46,600	54,947	(8,347)
Insurance	14,000	14,113	(113)
Capital Outlay	9,750	5,515	4,235
Printing and Publications	4,000	2,478	1,522
Election Costs	4,800	4,807	(7)
Repairs, Maintenance & Fuel	4,000	4,311	(311)
Uniforms	500	201	299
Professional Fees	23,000	10,950	12,050
Postage	3,000	2,756	244
Service Agreements	2,500	2,696	(196)
Dues	6,300	5,622	678
Office Supplies	4,000	4,569	(569)
Travel	1,300	905	395
Miscellaneous	-	6,688	(6,688)
Testing	3,500	2,372	1,128
Contingency	2,927	-	2,927
Total General Department	<u>\$ 373,377</u>	<u>\$ 356,659</u>	<u>\$ 16,718</u>
Police Department			
Salaries and Wages	\$ 174,400	\$ 183,091	\$ (8,691)
Payroll Taxes	13,400	13,116	284
Retirement	6,800	6,533	267
Group Insurance	37,000	37,334	(334)
Utilities and Telephone	5,300	5,483	(183)
Capital Outlay	12,010	11,575	435
Insurance	20,000	14,027	5,973
Fuel and Oil	15,000	14,653	347
Repairs and Maintenance	8,600	8,075	525
Uniforms	2,500	2,293	207
Animal Control	1,000	1,498	(498)
Miscellaneous	-	5,124	(5,124)
Total Police Department	<u>\$ 296,010</u>	<u>\$ 302,802</u>	<u>\$ (6,792)</u>

City of Savannah, Missouri
Statement of Expenditures Compared to Budget - General Fund
For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Fire Department			
Salaries and Wages	\$ 16,000	\$ 17,673	\$ (1,673)
Payroll Taxes	1,250	1,352	(102)
Insurance	1,800	2,697	(897)
Capital Outlay	6,300	5,114	1,186
Fuel and Oil	300	491	(191)
Dues	1,000	1,052	(52)
Miscellaneous	2,500	2,500	-
Repairs and Maintenance	3,000	3,254	(254)
Total Fire Department	<u>\$ 32,150</u>	<u>\$ 34,133</u>	<u>\$ (1,983)</u>
Street Department			
Salaries and Wages	\$ 98,000	\$ 101,649	\$ (3,649)
Payroll Taxes	7,500	7,600	(100)
Retirement	14,200	14,232	(32)
Group Insurance	17,700	18,618	(918)
Utilities and Telephone	10,800	9,022	1,778
Insurance	8,000	9,076	(1,076)
Capital Outlay	6,400	5,650	750
Fuel and Oil	4,000	5,901	(1,901)
Repairs and Maintenance	33,400	33,697	(297)
Uniforms	3,000	1,957	1,043
Miscellaneous	-	150	(150)
Total Street Department	<u>\$ 203,000</u>	<u>\$ 207,552</u>	<u>\$ (4,552)</u>
Total	<u>\$ 904,537</u>	<u>\$ 901,146</u>	<u>\$ 3,391</u>

City of Savannah, Missouri
 Combined Balance Sheet - All Special Revenue Funds
 For the Year Ended September 30, 2007

Assets	Park and Recreation Fund	Police Training Fund	Gas Tax Fund	Sales Tax Fund	Street Drainage Fund	NID Principal Fund	Tree Board Fund	Park & Recreation COP P&I	Totals (Memorandum Only)
Cash	\$ 131,626	\$ (64)	\$ 372,368	\$ 29,480	\$ 31,980	\$ (1,049)	\$ 1,032	\$ (17,294)	\$ 548,079
Taxes Receivable, net of allowance for doubtful accounts	7,916	-	-	-	-	-	-	-	7,916
Bond Issue Fee	-	-	3,391	560	-	-	-	-	560
Special assessment receivable	-	-	-	-	-	-	-	-	3,391
Total Assets	\$ 139,542	\$ (64)	\$ 375,759	\$ 30,040	\$ 31,980	\$ (1,049)	\$ 1,032	\$ (17,294)	\$ 559,946
Fund Equity									
Fund Balance	\$ 139,542	\$ (64)	\$ 375,759	\$ 30,040	\$ 31,980	\$ (1,049)	\$ 1,032	\$ (17,294)	\$ 559,946
Unreserved	\$ 139,542	\$ (64)	\$ 375,759	\$ 30,040	\$ 31,980	\$ (1,049)	\$ 1,032	\$ (17,294)	\$ 559,946
Total Fund Equity									

City of Savannah, Missouri
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 All Special Revenue Funds
 For the Year Ended September 30, 2007

	Park and Recreation Fund	Police Training Fund	Gas Tax Fund	Sales Tax Fund	Street Drainage Fund	NID Principal Fund	Tree Board Fund	Park & Recreation CCOP P&I	Totals (Memorandum Only)
Revenues:									
Sales and Use Tax Operations	\$ 191,900	-	\$ 192,104	\$ 384,107	-	-	-	-	\$ 768,111
Intergovernmental Revenues	66,122	1,138	-	-	-	-	-	-	67,260
Real Estate Taxes	97,825	-	204,795	-	-	4,554	-	-	204,795
County Taxes	4,899	-	-	-	-	-	-	-	102,379
Interest	5,505	27	11,293	2,139	1,070	20	44	-	4,899
Grant Monies	-	-	25,777	-	-	-	-	-	20,098
Other	10,263	-	6,745	-	-	-	-	-	25,777
Total Revenues	<u>376,514</u>	<u>1,165</u>	<u>440,714</u>	<u>386,246</u>	<u>1,070</u>	<u>4,574</u>	<u>44</u>	<u>-</u>	<u>1,210,327</u>
Expenditures:									
Salaries and Wages	122,708	-	-	-	-	-	-	-	122,708
Payroll Taxes	9,229	-	-	-	-	-	-	-	9,229
Retirement	9,525	-	-	-	-	-	-	-	9,525
Utilities and Telephone	10,696	-	-	-	-	-	-	-	10,696
Group Insurance	8,221	-	-	-	-	-	-	-	8,221
Insurance	11,552	-	-	-	-	-	-	-	11,552
Capital Outlay	66,874	-	112,843	51,565	110,971	-	-	-	229,410
Fuel and Oil	5,666	-	-	-	-	-	-	-	118,509
Chemicals	11,471	-	-	-	-	-	-	-	11,471
Repairs and Maintenance	23,636	-	-	-	-	-	-	-	23,636
Recreation Program	3,696	-	-	-	-	-	-	-	3,696
Merchandise	12,181	-	-	-	-	-	-	-	12,181
Professional Fees	3,648	-	2,030	-	-	-	-	-	5,678
Miscellaneous	2,951	-	-	57,300	-	-	-	-	60,251
Uniforms	1,452	-	-	-	-	-	-	-	1,452
Training	-	1,813	-	-	-	-	-	-	1,813
Street Repairs	-	-	60,230	-	-	-	-	-	60,230
Lease Payments	-	-	-	-	150,469	5,096	-	17,294	172,859
Total Expenditures	<u>303,506</u>	<u>1,813</u>	<u>175,103</u>	<u>108,865</u>	<u>261,440</u>	<u>5,096</u>	<u>-</u>	<u>17,294</u>	<u>873,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>73,008</u>	<u>(648)</u>	<u>265,611</u>	<u>277,381</u>	<u>(260,370)</u>	<u>(522)</u>	<u>44</u>	<u>(17,294)</u>	<u>337,210</u>
Other Financing Sources (Uses):									
Operating Transfers In	900	-	-	-	270,000	-	-	-	270,900
Operating Transfers Out	(8,000)	-	-	(270,000)	-	-	-	-	(278,000)
Total Other Financing Sources	<u>(7,100)</u>	<u>-</u>	<u>-</u>	<u>(270,000)</u>	<u>270,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,100)</u>
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>65,908</u>	<u>(648)</u>	<u>265,611</u>	<u>7,381</u>	<u>9,630</u>	<u>(522)</u>	<u>44</u>	<u>(17,294)</u>	<u>330,110</u>
Fund Balance, October 1	<u>73,634</u>	<u>584</u>	<u>110,148</u>	<u>22,659</u>	<u>22,350</u>	<u>(527)</u>	<u>988</u>	<u>-</u>	<u>229,836</u>
Fund Balance, September 30	<u>\$ 139,542</u>	<u>\$ (64)</u>	<u>\$ 375,759</u>	<u>\$ 30,040</u>	<u>\$ 31,980</u>	<u>\$ (1,049)</u>	<u>\$ 1,032</u>	<u>\$ (17,294)</u>	<u>\$ 559,946</u>

City of Savannah, Missouri
Parks and Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Operations	\$ 81,600	\$ 66,122	\$ (15,478)
Real Estate Taxes	97,530	97,825	295
Sales Tax	180,000	191,900	11,900
County Taxes	5,400	4,899	(501)
Interest	1,200	5,505	4,305
Other	<u>-</u>	<u>10,263</u>	<u>10,263</u>
Total Revenues	<u>365,730</u>	<u>376,514</u>	<u>10,784</u>
Expenditures:			
Salaries and Wages	122,000	122,708	(708)
Payroll Taxes	9,400	9,229	171
Retirement	10,000	9,525	475
Group Insurance	11,000	8,221	2,779
Utilities and Telephone	9,500	10,696	(1,196)
Insurance	9,900	11,552	(1,652)
Capital Outlay	166,000	66,874	99,126
Fuel and Oil	6,000	5,666	334
Chemicals	12,000	11,471	529
Repairs and Maintenance	20,000	23,636	(3,636)
Recreation Program	6,000	3,696	2,304
Rock, Spraying and Seeding	1,000	-	1,000
Miscellaneous	600	2,951	(2,351)
Merchandise	15,000	12,181	2,819
Professional Fees	-	3,648	(3,648)
Uniforms	<u>1,100</u>	<u>1,452</u>	<u>(352)</u>
Total Expenditures	<u>399,500</u>	<u>303,506</u>	<u>95,994</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,770)	73,008	106,778
Other Financing Sources (Uses)			
Transfers In	900	900	-
Transfers Out	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(7,100)</u>	<u>(7,100)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$(40,870)</u>	65,908	<u>\$ 106,778</u>
Fund Balance, October 1		<u>73,634</u>	
Fund Balance, September 30		<u>\$ 139,542</u>	

City of Savannah, Missouri
Police Training Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Operations	\$ 500	\$ 1,138	\$ 638
Interest	<u>10</u>	<u>27</u>	<u>17</u>
Total Revenues	<u>510</u>	<u>1,165</u>	<u>655</u>
 Expenditures:			
Training	<u>850</u>	<u>1,813</u>	<u>(963)</u>
Total Expenditures	<u>850</u>	<u>1,813</u>	<u>(963)</u>
 Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (340)</u>	(648)	<u>\$ (308)</u>
 Fund Balance, October 1		<u>584</u>	
 Fund Balance, September 30		<u>\$ (64)</u>	

City of Savannah, Missouri
Gas Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Sales and Use Tax	\$ 206,000	\$ 192,104	\$ (13,896)
Interest	5,000	11,293	6,293
Intergovernmental	198,000	204,795	6,795
Other	<u>203,000</u>	<u>32,522</u>	<u>(170,478)</u>
Total Revenues	<u>612,000</u>	<u>440,714</u>	<u>(171,286)</u>
Expenditures:			
Street Repairs	340,200	60,230	279,970
Professional Services	-	2,030	(2,030)
Capital Outlay	-	-	-
Oil and Asphalt	115,800	112,843	2,957
Rock, Chat and Tubes	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total Expenditures	<u>462,000</u>	<u>175,103</u>	<u>286,897</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	265,611	115,611
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ 150,000</u>	265,611	<u>\$ 115,611</u>
Fund Balance, October 1		<u>110,148</u>	
Fund Balance, September 30		<u>\$ 375,759</u>	

City of Savannah, Missouri
Sales Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Sales and Use Tax	\$ 383,000	\$ 384,107	\$ 1,107
Interest	<u>2,000</u>	<u>2,139</u>	<u>139</u>
Total Revenues	<u>385,000</u>	<u>386,246</u>	<u>1,246</u>
Expenditures:			
Capital Outlay	70,500	51,565	18,935
Professional Fees	57,300	57,300	-
Contingency	<u>9,158</u>	<u>-</u>	<u>9,158</u>
Total Expenditures	<u>136,958</u>	<u>108,865</u>	<u>28,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	248,042	277,381	29,339
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ (21,958)</u>	7,381	<u>\$ 29,339</u>
Fund Balance, October 1		<u>22,659</u>	
Fund Balance, September 30		<u>\$ 30,040</u>	

City of Savannah, Missouri
 Combined Balance Sheet - Interprise Funds
 For the Year Ended September 30, 2007

	Combined Water and Wastewater Fund	Cemetery Fund	Landfill Fund	Non-Expendable Trust Fund	Duncan Community Development Fund	Golf Course Fund	Clasbey Community Center Fund	Totals (Memorandum Only)
Assets								
Current Assets:								
Cash	\$ 292,570	\$ 51,761	\$ 97,244	\$ 12,892	\$ -	\$ 69,429	\$ (2,546)	\$ 521,350
Restricted Cash	10,181,706	-	-	-	-	-	-	10,181,706
Accounts Receivable, net of allowance for doubtful accis	114,694	-	17,709	-	-	-	-	132,403
Interest Receivable	-	781	-	316	-	-	166	1,263
Investments - at cost	-	47,238	-	159,246	-	-	12,076	218,560
Total Current Assets	<u>10,588,970</u>	<u>99,780</u>	<u>114,953</u>	<u>172,454</u>	<u>-</u>	<u>69,429</u>	<u>9,696</u>	<u>11,055,282</u>
Fixed Assets:								
Property and Equipment	12,488,095	130,965	227,035	259,914	564,672	1,824,954	518,106	16,013,741
Less: Accum Depreciation	(6,851,949)	(106,937)	(211,082)	(168,113)	(247,902)	(1,444,084)	(353,397)	(9,383,464)
Total Fixed Assets	<u>5,636,146</u>	<u>24,028</u>	<u>15,953</u>	<u>91,801</u>	<u>316,770</u>	<u>380,870</u>	<u>164,709</u>	<u>6,630,277</u>
Other Assets:								
Bond Issue Fee, net of amort	7,333	-	-	-	-	-	-	7,333
Total Assets	<u>\$ 16,232,449</u>	<u>\$ 123,808</u>	<u>\$ 130,906</u>	<u>\$ 264,255</u>	<u>\$ 316,770</u>	<u>\$ 450,299</u>	<u>\$ 174,405</u>	<u>\$ 17,692,892</u>
Liabilities and Fund Equity								
Liabilities:								
Current Liabilities:								
Customer Deposits	\$ 78,224	-	-	-	-	-	-	\$ 78,224
City Revolving Loan, current	-	-	-	-	-	-	9,889	9,889
Lease Payable, current	-	-	-	-	-	25,000	-	25,000
Bonds Payable, current	295,000	-	-	-	-	-	-	295,000
Interest Payable	122,793	-	-	-	-	1,062	-	123,855
Total Current Liabilities	<u>496,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,062</u>	<u>9,889</u>	<u>531,968</u>
Long-Term Liabilities:								
City Revolving Loan, less current	-	-	-	-	-	-	-	-
Leases Payable, less current	-	-	-	-	-	287,299	171,374	458,673
Bonds Payable, less current	10,988,750	-	-	-	-	-	-	10,988,750
Total Long-Term Liabilities	<u>10,988,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,299</u>	<u>171,374</u>	<u>11,447,423</u>
Total Liabilities	<u>11,484,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,361</u>	<u>181,263</u>	<u>11,979,391</u>
Fund Equity:								
Contributed Capital	365,000	-	-	-	-	-	-	365,000
Retained Earnings	-	-	-	-	-	-	-	-
Appropriated	10,103,482	-	-	-	-	-	-	10,103,482
Unappropriated	(5,720,800)	123,808	130,906	264,255	316,770	136,938	(6,858)	(4,754,981)
Total Fund Equity	<u>4,747,682</u>	<u>123,808</u>	<u>130,906</u>	<u>264,255</u>	<u>316,770</u>	<u>136,938</u>	<u>(6,858)</u>	<u>5,713,501</u>
Total Liabilities and Fund Equity	<u>\$ 16,232,449</u>	<u>\$ 123,808</u>	<u>\$ 130,906</u>	<u>\$ 264,255</u>	<u>\$ 316,770</u>	<u>\$ 450,299</u>	<u>\$ 174,405</u>	<u>\$ 17,692,892</u>

City of Savannah, Georgia
 Combined Balance Sheet - A Enterprise Funds
 For the Year Ended September 30, 2007

	Water Fund	Bond and Interest Fund	Wastewater Fund	Wastewater Construction Fund	Water Construction Fund	Utility Deposit Fund	Totals (Memorandum Only)
Current Assets:							
Cash	\$ 150,214	\$ -	\$ 142,356	\$ -	\$ -	\$ -	\$ 292,570
Accounts Receivable, net of allowance for doubtful accts	59,309	-	55,385	-	-	-	114,694
Restricted Assets:							
Cash	-	4,015,434	-	812	6,077,393	88,067	10,181,706
Total Current Assets	<u>209,523</u>	<u>4,015,434</u>	<u>197,741</u>	<u>812</u>	<u>6,077,393</u>	<u>88,067</u>	<u>10,588,970</u>
Fixed Assets:							
Property and Equipment	4,873,680	-	2,817,891	2,484,883	2,311,641	-	12,488,095
Less: Accum Depreciation	(3,560,702)	-	(2,667,670)	(565,786)	(57,791)	-	(6,851,949)
Total Fixed Assets	<u>1,312,978</u>	<u>-</u>	<u>150,221</u>	<u>1,919,097</u>	<u>2,253,850</u>	<u>-</u>	<u>5,636,146</u>
Other Assets:							
Bond Issue Fee, net of amort	-	-	-	3,333	4,000	-	7,333
Total Assets	<u>\$ 1,522,501</u>	<u>\$ 4,015,434</u>	<u>\$ 347,962</u>	<u>\$ 1,923,242</u>	<u>\$ 8,335,243</u>	<u>\$ 88,067</u>	<u>\$ 16,232,449</u>
Liabilities and Fund Equity							
Liabilities:							
Current Liabilities:							
Bonds Payable, current	\$ -	\$ 270,000	\$ -	\$ 25,000	\$ -	\$ -	\$ 295,000
Customer Deposits	-	-	-	-	-	78,224	78,224
Interest Payable	-	122,793	-	-	-	-	122,793
Total Current Liabilities	<u>-</u>	<u>392,793</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>78,224</u>	<u>496,017</u>
Long-Term Liabilities:							
Bonds Payable, less current	-	10,498,750	-	490,000	-	-	10,988,750
Total Long-Term Liabilities	<u>-</u>	<u>10,498,750</u>	<u>-</u>	<u>490,000</u>	<u>-</u>	<u>-</u>	<u>10,988,750</u>
Total Liabilities	<u>-</u>	<u>10,891,543</u>	<u>-</u>	<u>515,000</u>	<u>-</u>	<u>78,224</u>	<u>11,484,767</u>
Fund Equity:							
Contributed Capital	365,000	-	-	-	-	-	365,000
Retained Earnings	-	4,015,434	-	812	6,077,393	9,843	10,103,482
Appropriated	1,157,501	(10,891,543)	347,962	1,407,430	2,257,850	-	(5,720,800)
Unappropriated	1,522,501	(6,876,109)	347,962	1,408,242	8,335,243	9,843	4,747,682
Total Fund Equity	<u>1,522,501</u>	<u>\$ 4,015,434</u>	<u>\$ 347,962</u>	<u>\$ 1,923,242</u>	<u>\$ 8,335,243</u>	<u>\$ 88,067</u>	<u>\$ 16,232,449</u>
Total Liabilities and Fund Equity	<u>\$ 1,522,501</u>	<u>\$ 4,015,434</u>	<u>\$ 347,962</u>	<u>\$ 1,923,242</u>	<u>\$ 8,335,243</u>	<u>\$ 88,067</u>	<u>\$ 16,232,449</u>

City of Hannah, Missouri
Statement of Revenues, Expenses and Changes in Retained Earnings -
All Enterprise Funds
For the Year Ended September 30, 2007

	Combined Water and Wastewater Fund	Cemetery Fund	Non Expendable Trust Fund	Landfill Fund	Duncan Community Development Fund	Golf Course Fund	Clasbey Community Center Fund	Totals (Memorandu Only)
Operating Revenues:								
Operations	\$ 1,574,938	\$ 37,275	\$ -	\$ 206,332	\$ -	\$ 146,619	\$ 28,456	\$ 1,993,620
Membership Income	-	-	-	-	-	145,600	-	145,600
Cart Rental & Storage	-	-	-	-	-	116,164	-	116,164
Concessions and Merchandise	-	-	-	-	-	113,057	-	113,057
Bond Proceeds	3,252,191	-	-	-	-	-	-	3,252,191
Miscellaneous	56,911	2,137	-	836	-	11,845	668	72,397
Total Operating Revenues	4,884,040	39,412	-	207,168	-	533,285	29,124	5,693,029
Operating Expenses:								
Salaries and Wages	183,813	21,076	-	16,898	-	160,725	6,568	388,880
Payroll Taxes	13,846	1,612	-	1,278	-	12,156	406	29,298
Retirement	24,538	-	-	-	-	9,356	-	33,894
Group Insurance	20,340	-	-	725	-	16,545	-	37,610
Deductible and coinsurance	811	-	-	-	-	935	-	1,746
Sales Tax	7,652	-	-	-	-	7,652	-	15,304
Training	1,983	-	-	-	-	-	-	1,983
Utilities and Telephone	115,771	1,455	-	-	-	12,730	4,910	134,866
Printing and Publications	2,013	-	-	-	-	1,722	-	3,735
Chemicals, Fuel & Oil	106,427	2,666	-	6,497	-	55,352	-	170,942
Service Agreement	7,668	-	-	1,377	-	-	-	9,045
Repairs and Maintenance	36,920	1,938	-	2,913	-	42,522	3,800	88,093
Professional Fees	123,240	-	-	4,920	-	185	220	128,565
Postage	7,126	-	-	1,863	-	-	-	8,989
Dues and Permits	1,224	-	-	-	-	1,828	-	3,052
Supplies	6,574	-	-	222	-	-	-	6,796
Equipment Rentals	-	-	-	-	-	9,701	-	9,701
Uniforms	3,337	551	-	1,074	-	963	-	5,925
Rock, Spraying and Seeding	24,100	164	-	-	-	390	-	24,654
Depreciation and Amortization	415,227	3,517	11,543	9,151	1,794	121,158	18,047	580,437
Insurance	15,877	1,650	-	825	-	13,202	1,650	33,004
Operations	10,941	-	-	145,344	-	78,323	-	234,608
Miscellaneous	7,782	676	-	700	-	1,697	127	10,982
Total Operating Expenses	1,137,010	35,305	11,543	193,587	1,794	539,490	35,728	1,954,457
Operating Income (Loss)	3,747,030	4,107	(11,543)	13,581	(1,794)	(6,205)	(6,604)	3,738,572
Nonoperating Revenues (Expense)								
Donations	-	-	-	-	-	-	-	-
Interest Income	299,237	3,992	7,440	4,695	-	3,304	503	319,171
Interest Expense	(409,533)	-	-	-	-	(15,444)	-	(424,977)
Total Nonoperating Revenues (Expenses)	(110,296)	3,992	7,440	4,695	-	(12,140)	503	(105,806)
Income (Loss) Before Operating Transfers	3,636,734	8,099	(4,103)	18,276	(1,794)	(18,345)	(6,101)	3,632,766
Operating Transfers:								
Operating Transfers In	776,440	900	-	-	-	36,000	-	813,340
Operating Transfers Out	(1,040,588)	-	(1,800)	(40,000)	-	(51,000)	-	(1,133,388)
Total Operating Transfers	(264,148)	900	(1,800)	(40,000)	-	(15,000)	-	(320,048)
Net Income (Loss)	3,372,586	8,999	(5,903)	(21,724)	(1,794)	(33,345)	(6,101)	3,312,718
Retained Earnings, Oct 1	1,375,096	114,809	270,158	152,630	318,564	170,283	(757)	2,400,783
Retained Earnings, Sept 30	\$4,747,682	\$123,808	\$264,255	\$130,906	\$316,770	\$136,938	\$ (6,858)	\$ 5,713,501

City of Savannah, Missouri
 Statement of Revenues, Expenses and Changes in Retained Earnings -
 Waterworks and Wastewater Funds
 For the Year Ended September 30, 2007

	Water Fund	Bond and Interest Fund	Wastewater Fund	Wastewater Construction Fund	Water Construction Fund	Utility Deposit Fund	Totals (Memorandum Only)
Operating Revenues:							
Operations	\$ 936,648	\$ -	\$ 638,290	\$ -	\$ -	\$ -	\$ 1,574,938
Bond Proceeds	-	-	-	-	3,252,191	-	3,252,191
Miscellaneous	10,752	-	10,309	-	35,850	-	56,911
Total Operating Revenues	947,400	-	648,599	-	3,288,041	-	4,884,040
Operating Expenses:							
Salaries and Wages	118,141	-	65,672	-	-	-	183,813
Payroll Taxes	8,846	-	5,000	-	-	-	13,846
Retirement	14,573	-	9,965	-	-	-	24,538
Group Insurance	18,031	-	2,309	-	-	-	20,340
Deductible and coinsurance	811	-	-	-	-	-	811
Sales Tax	7,652	-	-	-	-	-	7,652
Training	1,094	-	889	-	-	-	1,983
Uniforms	2,121	-	1,216	-	-	-	3,337
Postage	3,730	-	3,396	-	-	-	7,126
Utilities	60,256	-	55,515	-	-	-	115,771
Service Agreement	4,684	-	2,984	-	-	-	7,668
Chemicals, Fuel and Oil	102,035	-	4,392	-	-	-	106,427
Rock, Spraying and Seeding	2,284	-	21,816	-	-	-	24,100
Repairs and Maintenance	36,423	-	497	-	-	-	36,920
Supplies	2,813	-	3,761	-	-	-	6,574
Professional Fees	3,772	-	26,043	-	93,425	-	123,240
Printing and Publications	1,791	-	222	-	-	-	2,013
Insurance	9,076	-	6,601	-	-	-	15,677
Dues and Permits	1,129	-	95	-	-	-	1,224
Operations	6,348	-	4,593	-	-	-	10,941
Depreciation and Amortization	144,443	-	112,864	99,729	58,191	-	415,227
Miscellaneous	6,004	-	1,778	-	-	-	7,782
Total Operating Expenses	556,057	-	329,608	99,729	151,616	-	1,137,010
Operating Income (Loss)	391,343	-	318,991	(99,729)	3,136,425	-	3,747,030
Nonoperating Revenues (Expense)							
Interest Income	2,779	18,292	6,445	919	267,003	3,799	299,237
Interest Expense	-	(409,533)	-	-	-	-	(409,533)
Total Nonoperating Revenues (Expenses)	2,779	(391,241)	6,445	919	267,003	3,799	(110,296)
Income (Loss) Before Operating Transfers	394,122	(391,241)	325,436	(98,810)	3,403,428	3,799	3,636,734
Operating Transfers:							
Operating Transfers In	100,000	632,400	-	44,040	-	-	776,440
Operating Transfers Out	(530,200)	-	(486,240)	(24,148)	-	-	(1,040,588)
Total Operating Transfers	(430,200)	632,400	(486,240)	19,892	-	-	(264,148)
Net Income (Loss)	(36,078)	241,159	(160,804)	(78,918)	3,403,428	3,799	3,372,566
Retained Earnings, Oct 1	1,558,579	(7,117,268)	508,766	1,487,160	4,931,815	6,044	1,375,096
Retained Earnings, Sept 30	\$ 1,522,501	\$(6,876,109)	\$347,962	\$ 1,408,242	\$ 8,335,243	\$ 9,843	\$ 4,747,682

City of Savannah, Mississippi
Combined Statement of Cash Flows - Water, Sewer, and Wastewater Funds
For the Year Ended September 30, 2007

	Water Fund	Bond and Interest Fund	Wastewater Fund	Wastewater Construction Fund	Water Construction Fund	Utility Deposit Fund	Totals
Cash Flows from Operating Activities:							
Operating Income (Loss)	\$ 391,343	\$ -	\$ 318,991	\$ (99,729)	\$ 3,136,425	\$ -	\$ 3,747,030
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	144,443	-	112,864	99,729	58,191	-	415,227
Depreciation and Amortization	(2,314)	-	(1,140)	-	-	-	(3,454)
Changes in Assets and Liabilities:	-	-	-	-	-	-	-
(Increase) decrease in Accts Receivable	-	-	-	-	-	-	-
(Increase) decrease in Interest Receivable	-	-	-	-	-	-	-
Increase (decrease) in Customer Deposits	-	-	-	-	-	1,040	1,040
Increase (decrease) in Accrued Interest	-	64,756	-	-	-	-	64,756
Total Adjustments	<u>142,129</u>	<u>64,756</u>	<u>111,724</u>	<u>99,729</u>	<u>58,191</u>	<u>1,040</u>	<u>477,569</u>
Net Cash Provided by (Used for) Operating Activities	<u>533,472</u>	<u>64,756</u>	<u>430,715</u>	<u>-</u>	<u>3,194,616</u>	<u>1,040</u>	<u>4,224,599</u>
Cash Flows from Noncapital Financing Activities:							
Operating Transfers In	100,000	632,400	-	-	-	-	732,400
Operating Transfers Out	<u>(530,200)</u>	<u>-</u>	<u>(486,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,016,440)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(430,200)</u>	<u>632,400</u>	<u>(486,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(284,040)</u>
Cash Flows from Capital and Related Financing Activities:							
Issuance of Bonds	-	3,300,000	-	-	-	-	3,300,000
Purchase of Equipment	(8,559)	-	(23,201)	-	(2,311,641)	-	(2,343,401)
Principal Paid on Bonds and Lease	-	(262,500)	-	-	-	-	(262,500)
Interest Paid on Bonds and Lease	-	(409,533)	-	-	-	-	(409,533)
Net Cash Used for Capital and Related Financing Activities	<u>(8,559)</u>	<u>2,627,967</u>	<u>(23,201)</u>	<u>-</u>	<u>(2,311,641)</u>	<u>-</u>	<u>284,566</u>
Cash Flows from Investing Activities:							
Interest on Investments	2,779	18,292	6,445	-	267,003	3,799	298,318
Purchase of Investments	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	<u>2,779</u>	<u>18,292</u>	<u>6,445</u>	<u>-</u>	<u>267,003</u>	<u>3,799</u>	<u>298,318</u>
Net Increase (Decrease) in Cash and Restricted Cash	97,492	3,343,415	(72,281)	-	1,149,978	4,839	4,523,443
Cash and Cash Equivalents, October 1	<u>52,722</u>	<u>672,019</u>	<u>214,637</u>	<u>-</u>	<u>4,927,415</u>	<u>83,228</u>	<u>5,950,021</u>
Cash and Cash Equivalents, September 30	<u>\$ 150,214</u>	<u>\$ 4,015,434</u>	<u>\$ 142,356</u>	<u>\$ -</u>	<u>\$ 6,077,393</u>	<u>\$ 88,067</u>	<u>\$ 10,473,464</u>

CITY OF SAVANNAH, MISSOURI
YELLOW BOOK COMPLIANCE SECTION
SEPTEMBER 30, 2007



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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*

The Honorable Mayor and
Members of the Board of Aldermen
City of Savannah, Missouri 64485

I have audited the financial statements of the City of Savannah, Missouri as of and for the year ended September 30, 2007, and have issued my report thereon dated January 11, 2008. In my report, the opinion was qualified because the city has elected to state various items of fixed assets at insurance estimates of value instead of historical cost as required by generally accepted auditing standards. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Cities financial statements that is more than inconsequential will not be prevented or detected by the Cities internal control.

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

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Savannah, Missouri's financial statements are free of material misstatement, I 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 my audit, and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Aldermen, management and city officials and is not intended to be and should not be used by anyone other than these specified parties.

Kevin G. Hudson, C.P.A.

Kevin G. Hudson, C.P.A.
Certified Public Accountant
January 11, 2008