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The Honorable Mayor and  
Members of the City Council  
City of Savannah, Missouri

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities and each major fund of the City of Savannah, Missouri for the year ended September 30, 2009, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

During my audit, I noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect my report dated February 21, 2010, on the financial statements of the City. I will review the status of these comments during my next audit engagement. My comments and recommendations are intended to improve the internal control or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

#### Deficit Spending

In this fiscal year, the City created deficit spending of \$139,877 in the General Fund. For the year ended September 30, 2009 the city had deficit spending in the Parks and Recreation Fund of \$21,772, the Police Training Fund of \$1,079, the Cemetery Fund of \$26,561, the Sanitation Fund of \$16,452, the Clasbey Community Center Fund of \$767. I recommend the city monitor closely all revenues and expenditures on a monthly basis to avoid deficit spending.

#### Negative Cash Balances

At year end the city had negative cash balances in the following funds.

NID Principal Fund	\$ 6,054
Parks and Recreation COP P&I	\$ 70,116
Clasbey Community Center	\$ 12,236
Wastewater Fund	\$ 30,662

I recommend that the city monitor their cash balances on a month to month basis to keep from having negative cash balances.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by administration and are based on administration's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### **Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statement that, in my judgement, may not have been detected except through my auditing procedures. These adjustments may include those proposed by me but not recorded by the City that could potentially cause future financial statements to be materially misstated, even though I have concluded that such adjustments are not material to the current financial statement.

### **Disagreement with Administration**

For purposes of this letter, professional standards define a disagreement with administration as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### **Consultations with Other Independent Accountants**

In some cases, administration may decide to consult with other accountants about auditing and accounting matters - similar to obtaining a second opinion. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards required the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with administration prior to retention as the Cities auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### **Difficulties Encountered in Performing the Audit**

I encountered no difficulties in dealing with the administration while performing and completing my audit.

## REQUIRED COMMUNICATIONS

In connection with my audit of the financial statements of the City of Savannah, Missouri as of and for the year ended September 30, 2009, my professional standards require that I provide you with the following information relating to my audit. This information is intended for the use of the Board of Aldermen and administration of the City and should not be used for any other purpose.

### **Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in my engagement letter, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

As part of my audit, I considered the internal control of the City. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

### **Significant Accounting Policies**

The Board of Aldermen has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise the Board about the appropriateness of accounting policies and their application. The significant accounting policies used are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

CITY OF SAVANNAH, MISSOURI  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2009

AND INDEPENDENT AUDITOR'S REPORTS

City of Savannah, Missouri  
September 30, 2009

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City of Savannah, Missouri  
September 30, 2009

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## **Independent Auditors' Report**

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Missouri, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Savannah, Missouri, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report  
(Concluded)**

In accordance with Government Auditing Standards, I have also issued my report dated February 21, 2010 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 important for assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 to 8 and 37 to 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Savannah, Missouri's basic financial statements. The accompanying supplementary information presented on pages 40 to 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kevin G. Hudson, C.P.A.*

Kevin G. Hudson, C.P.A.  
Certified Public Accountant  
February 21, 2010

**City of Savannah, Missouri**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2009**  
**(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, 2008. 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 2009 are as follows:

- The cities total net assets are \$4,258,996 as compared to \$3,691,638 in the prior year. The Governmental Activities net assets are \$2,437,548 as compared to \$1,655,416 in the prior year and the proprietary funds net assets were \$1,821,448 as compared to \$2,036,222 in the prior year.
- Total revenues of the governmental funds were \$1,966,188, for a decrease of \$140,632 or 6.68% over the prior years revenues of \$2,106,820.
- Total revenues of the proprietary funds were \$2,450,784 for an decrease of \$96,183 over prior year total revenues of \$2,546,967.
- Expenditures for the cities governmental funds of \$2,279,222, decreased \$190,604, or 7.72% over the prior year expenditures of \$2,469,826.
- Expenditures for the cities proprietary funds of \$2,479,558, decreased \$206,069 or 7.67% over the prior year expenditures of \$2,685,627.

**Overview of the Financial Statements**

This annual report consists of four parts: managements' discussion and analysis (this section), the basic financial statements, required supplementary information and supplemental information. The basic financial statements include two kinds of statements that present different views of the city.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Cities overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City, reporting the Cities operations in more detail than the government-wide statements.

**City of Savannah, Missouri**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended September 30, 2009**  
**(Unaudited)**

**Overview of the Financial Statements (Concluded)**

- The governmental funds statements tell how basic services such as public safety, streets and general administration were financed in the short term as well as what remains for future spending.

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

**Government-wide statements**

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The two government-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-financial factors such as changes in the cities property tax base and the condition of the cities infrastructure and other facilities.

In the statement of net assets and the statement of activities all activities of the City have been classified as governmental. The major activities are described as follows:

Governmental activities: All of the Cities basic services are reported in this category, including the general government, public safety, streets and parks and recreation. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

**City of Savannah, Missouri**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended September 30, 2009**  
**(Unaudited)**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the cities funds, focusing on its most significant or "major" funds - not the city as a whole. Some funds are required to be established by State law. However, the city council establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The City has two kinds of funds:

- **Governmental Funds:** All of the Cities basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Cities programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary Funds:** The City maintains several different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Savannah uses enterprise funds to account for its Water, Sewer, Sanitation and Golf Course. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer, Sanitation and Golf Course operations, which are considered to be major funds of the City of Savannah.

The Proprietary Fund financial statements can be found in the Basic Financial Statements section of this report.

**City of Savannah, Missouri**  
**Management's Discussion and Analysis (Concluded)**  
**For the Year Ended September 30, 2009**  
**(Unaudited)**

**Financial Analysis of the City as a Whole**

The increase in debt for the governmental activities between the two years is due to the certificates of participation that the city incurred for the development of the new sports complex. The increase in capital assets for governmental activities is related to the capitalization of the sports complex.

The restricted net asset figures are for the repayment of bonded debt.

**2008-2009**  
**Statement of Net Assets**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Current and other assets	\$ 794,001	\$ 1,556,431
Capital assets	<u>4,979,453</u>	<u>11,350,885</u>
<b>Total assets</b>	<b><u>\$ 5,773,454</u></b>	<b><u>\$12,907,316</u></b>
Lease payable	-	416,382
Bond payable	3,335,375	10,401,665
Other liabilities	<u>531</u>	<u>267,821</u>
<b>Total liabilities</b>	<b><u>3,335,906</u></b>	<b><u>11,085,868</u></b>
Net assets:		
Contributed Capital	-	365,000
Restricted	-	835,165
Unrestricted	<u>2,437,548</u>	<u>621,283</u>
<b>Total net assets</b>	<b><u>\$ 2,437,548</u></b>	<b><u>\$ 1,821,448</u></b>

**2007-2008**  
**Statement of Net Assets**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Current and other assets	\$ 921,159	\$ 2,375,204
Capital assets	<u>4,679,912</u>	<u>11,318,820</u>
<b>Total assets</b>	<b><u>\$ 5,601,071</u></b>	<b><u>\$13,694,024</u></b>
Lease payable	-	456,916
Bond payable	3,945,000	10,865,165
Other liabilities	<u>655</u>	<u>335,721</u>
<b>Total liabilities</b>	<b><u>3,945,655</u></b>	<b><u>11,657,802</u></b>
Net assets		
Contributed Capital	-	365,000
Restricted	-	1,680,692
Unrestricted	<u>1,655,416</u>	<u>(9,470)</u>
<b>Total net assets</b>	<b><u>\$ 5,601,071</u></b>	<b><u>\$ 2,036,222</u></b>

**City of Savannah, Missouri**  
**Management's Discussion and Analysis (Concluded)**  
**For the Year Ended September 30, 2009**  
**(Unaudited)**

**Statement of Activities**

The following tables reflect the revenues and expenses for the cities activities for the years ended September 30, 2009 and September 30, 2008.

2008-2009  
City of Savannah's Statement of Activities

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 668,696	\$ 1,097,651
Special Revenue	1,241,742	1,106,689
Debt Service	55,750	74,882
Water	1,007,797	505,491
Sewer	554,340	236,912
Sanitation	219,798	226,250
Golf Course	578,082	548,852
Total	<u>\$ 4,326,205</u>	<u>\$ 3,796,727</u>

2007-2008  
City of Savannah's Statement of Activities

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 814,073	\$ 1,018,210
Special Revenue	1,220,062	1,390,779
Debt Service	72,685	60,837
Water	1,013,335	574,335
Sewer	583,840	383,416
Sanitation	224,713	197,762
Golf Course	511,384	519,317
Total	<u>\$ 4,440,092</u>	<u>\$ 4,144,656</u>

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, 2009**

**2008-2009  
Combined Statement of Revenues and Expenditures**

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 1,966,188	\$ 2,450,784
Expenditures	<u>2,279,222</u>	<u>2,479,558</u>
Excess of (deficiency) of revenues over (under) expenditures	(313,034)	(28,774)
Transfers	186,000	(186,000)
Fund balance, October 1, 2008	<u>920,504</u>	<u>2,036,222</u>
Fund balance, September 30, 2009	<u>\$ 793,470</u>	<u>\$ 1,821,448</u>

**2007-2008  
Combined Statement of Revenues and Expenditures**

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 2,106,820	\$ 2,546,967
Expenditures	<u>2,469,826</u>	<u>2,685,627</u>
Excess of (deficiency) of revenues over (under) expenditures	(363,006)	(138,660)
Transfers	327,300	(293,467)
Fund balance, October 1, 2007	<u>956,210</u>	<u>2,468,349</u>
Fund balance, September 30, 2008	<u>\$ 920,504</u>	<u>\$ 2,036,222</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 Beth Kar, City Clerk, City Hall, Savannah, Missouri 64485.

**City of Savannah, Missouri**  
**Statement of Net Assets**  
**For the Year Ended September 30, 2009**

	<b><u>Governmental Activities</u></b>
<b>Assets:</b>	
Cash	\$ 538,169
Cash Held Under Protest	63,463
Receivables (net of allowance for uncollectible):	
Taxes	24,992
Loans	161,236
Assessments	5,861
Bond Issue Fee (net of amortization)	280
Capital Assets, not being depreciated	<u>4,979,453</u>
<b>Total Assets</b>	<b><u>\$ 5,773,454</u></b>
 <b>Liabilities and Fund Equity</b>	
Accrued Interest	\$ 531
Bonds Payable	<u>3,335,375</u>
 <b>Total Liabilities</b>	 <b><u>3,335,906</u></b>
 <b>Net Assets</b>	
Invested in Capital Assets, net of related debt	1,644,078
Undesignated	<u>793,470</u>
 <b>Total Net Assets</b>	 <b><u>2,437,548</u></b>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$ 5,773,454</u></b>

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

City of Savannah, Missouri  
Statement of Activities  
For the Year Ended September 30, 2009

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Special Extraordinary Items	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>							
Administrative	\$ 432,099	\$ 27,173	\$ -	\$ -	\$ (404,926)	\$ -	\$ (404,926)
Parks and Recreation	441,268	-	-	-	(327,344)	-	(327,344)
Police	350,741	1,158	-	-	(349,583)	-	(349,583)
Fire Department	49,137	-	-	-	(49,137)	-	(49,137)
Street Department	591,392	-	-	-	(522,944)	-	(522,944)
Street Drainage	275,379	68,448	-	-	(275,379)	-	(275,379)
NID Principle	4,886	-	-	-	(4,886)	-	(4,886)
Parks and Rec COP P&I	59,438	-	-	-	(59,438)	-	(59,438)
Debt Service	74,882	-	-	-	(74,882)	-	(74,882)
<b>Total Governmental Activities</b>	<b>\$ 2,279,222</b>	<b>\$ 95,621</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,068,519)</b>	<b>\$ -</b>	<b>\$ (2,068,519)</b>
<b>Business-Type Activities:</b>							
Water	505,491	-	-	-	-	494,313	494,313
Wastewater	236,912	-	-	-	-	315,840	315,840
Sanitation	226,250	8,500	-	-	-	(6,773)	(6,773)
Golf Course	548,852	-	-	-	-	19,966	19,966
<b>Total Business-Type Activities</b>	<b>\$ 1,517,505</b>	<b>\$ 8,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>823,346</b>	<b>823,346</b>
<b>General Revenues Collected:</b>							
Taxes		\$ 2,332,351	\$ -	\$ -	-	-	-
Intergovernmental					343,274	-	343,274
Sales and Use Tax					177,424	-	177,424
County Revenues					753,466	-	753,466
Franchise Taxes					10,485	-	10,485
Interest					364,132	-	364,132
License and Permits					4,999	715	5,714
Miscellaneous					49,614	-	49,614
<b>Total General Revenues Collected</b>					<b>1,755,485</b>	<b>18,451</b>	<b>1,774,651</b>
<b>Transfers</b>					186,000	(654,600)	(468,600)
<b>Change in Net Assets</b>					(127,034)	187,912	60,878
<b>Net Assets - October 1</b>					920,504	1,584,509	2,505,013
<b>Net Assets - September 30</b>					<b>\$ 793,470</b>	<b>\$ 1,772,421</b>	<b>\$ 2,097,291</b>

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, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Totals Primary Government (Memorandum Only)</u>
<b>Assets:</b>				
Cash	\$ 54	\$ 485,832	\$ 52,283	\$ 538,169
Cash Paid Under Protest	63,463	-	-	63,463
Loan Receivable	-	-	161,236	161,236
Taxes Receivable, net of allowance for doubtful accounts	12,038	8,779	4,175	24,992
Assessment Receivable	2,470	3,391	-	5,861
Bond Issue Fee, net of amortization	-	280	-	280
<b>Total Assets</b>	<u>\$ 78,025</u>	<u>\$ 498,282</u>	<u>\$ 217,694</u>	<u>\$ 794,001</u>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities:</b>				
Accrued Interest	-	-	531	531
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>531</u>	<u>531</u>
<b>Fund Equity:</b>				
Fund Balance				
Unreserved	78,025	498,282	217,163	793,470
<b>Total Fund Equity</b>	<u>78,025</u>	<u>498,282</u>	<u>217,163</u>	<u>793,470</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 78,025</u>	<u>\$ 498,282</u>	<u>\$ 217,694</u>	

Amounts reported for governmental activities 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.	4,979,453
Long-term liabilities, including capital leases, certificates of participation and bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,335,375)</u>
Net assets of governmental activities	<u>\$ 2,437,548</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, 2009**

	General Fund	Special Revenue Fund	Debt Service Fund	Totals Primary Government (Memorandum Only)
<b>Revenues:</b>				
Taxes	\$ 555,578	\$ 861,973	\$ 53,806	\$ 1,471,357
Operations	-	115,082	-	115,082
Interest	881	2,174	1,944	4,999
Intergovernmental	-	177,424	-	177,424
Grants	27,173	68,448	-	95,621
Other	85,064	16,641	-	101,705
<b>Total Revenues</b>	<u>668,696</u>	<u>1,241,742</u>	<u>55,750</u>	<u>1,966,188</u>
<b>Expenditures:</b>				
General Funds:				
General Operations	432,099	441,268	-	873,367
Police Department	348,485	2,256	-	350,741
Fire Department	49,137	-	-	49,137
Street Department	267,930	323,462	-	591,392
Street Drainage, NID Princ, COP	-	339,703	-	339,703
Debt Service:				
Principal Retirement	-	-	55,000	55,000
Interest and Fiscal Charges	-	-	19,882	19,882
<b>Total Expenditures</b>	<u>1,097,651</u>	<u>1,106,689</u>	<u>74,882</u>	<u>2,279,222</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(428,955)</u>	<u>135,053</u>	<u>(19,132)</u>	<u>(313,034)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	303,078	280,000	-	583,078
Operating Transfers Out	(14,000)	(288,000)	(95,078)	(397,078)
<b>Total Other Financing Sources (Uses)</b>	<u>289,078</u>	<u>(8,000)</u>	<u>(95,078)</u>	<u>186,000</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	(139,877)	127,053	(114,210)	(127,034)
<b>Fund Balance, October 1</b>	<u>217,902</u>	<u>371,229</u>	<u>331,373</u>	<u>920,504</u>
<b>Fund Balance, September 30</b>	<u>\$ 78,025</u>	<u>\$ 498,282</u>	<u>\$ 217,163</u>	<u>\$ 793,470</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, 2009**

<b>Assets</b>	<b>Enterprise Fund</b>
<b>Current Assets:</b>	
Cash	\$ 294,016
Restricted Cash	915,950
Investments	220,251
Receivables (net of allowance for uncollectible)	
Accounts	125,783
Interest	431
<b>Total Current Assets</b>	<u>1,556,431</u>
 Property, Plant & Equipment net of accumulated depreciation	 11,344,685
Deferred Bond Issuance Costs, net of accumulated amortization	<u>6,200</u>
 <b>Total Assets</b>	 <u><u>\$ 12,907,316</u></u>
 <b>Liabilities and Fund Equity</b>	
<b>Current Liabilities:</b>	
Customer Deposits	\$ 80,785
Cash Overdraft	42,898
Interest Payable	133,743
City Revolving Loan, current	10,395
Lease Payable, current	25,000
Bonds Payable, current	382,000
<b>Total Current Liabilities</b>	<u>674,821</u>
 <b>Noncurrent Liabilities:</b>	
Revenue Bonds Payable	10,019,665
Lease Payable	391,382
<b>Total Current Liabilities</b>	<u>10,411,047</u>
<b>Total Liabilities</b>	<u>11,085,868</u>
 <b>Net Assets:</b>	
Contributed Capital	365,000
Restricted	835,165
Unrestricted	621,283
<b>Total Net Assets</b>	<u>1,821,448</u>
 <b>Total Liabilities and Fund Equity</b>	 <u><u>\$ 12,907,316</u></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, 2009**

	<u>Enterprise Fund</u>
<b>Operating Revenues:</b>	
Charges for Services	\$ 2,389,946
Grants	8,500
Other	<u>29,590</u>
<b>Total Operating Revenues</b>	<u>2,428,036</u>
<b>Operating Expenses:</b>	
Depreciation and Amortization	523,750
Salaries and Wages	461,378
Materials and Supplies	17,388
Chemicals, Fuel and Oil	146,290
Repairs and Maintenance	116,405
Other Operating Expenses	<u>698,427</u>
<b>Total Operating Expenses</b>	<u>1,963,638</u>
<b>Operating Income (Loss)</b>	<u>464,398</u>
<b>Nonoperating Revenues (Expenses):</b>	
Donations	9,075
Interest Income	13,673
Interest Expense & Fiscal Charges	<u>(515,920)</u>
<b>Total Nonoperating Revenues Expenses</b>	<u>(493,172)</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>(28,774)</u>
<b>Operating Transfers:</b>	
Operating Transfers In	905,300
Operating Transfers Out	<u>(1,091,300)</u>
<b>Total Operating Transfers</b>	<u>(186,000)</u>
<b>Net Income (Loss)</b>	<u>(214,774)</u>
<b>Retained Earnings, October 1</b>	<u>2,036,222</u>
<b>Retained Earnings, September 30</b>	<u>\$ 1,821,448</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, 2009**

	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)
<b>Cash Flows from Operating Activities:</b>								
Operating Income (Loss)	\$ 510,566	\$ (49,205)	\$ (27,700)	\$ (6,473)	\$ (155)	\$ 42,384	\$ (5,019)	\$ 464,398
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:								
Depreciation and Amortization	375,368	4,707	8,371	12,696	155	104,011	18,442	523,750
Changes in Assets and Liabilities:								
(Increase) decrease in Accts Receivable	(13,272)	-	-	(269)	-	-	-	(13,541)
(Increase) decrease in Interest Receivable	-	259	(15)	-	-	-	(21)	223
Increase (decrease) in Customer Deposits	168	-	-	-	-	-	-	168
Increase (decrease) in Interest Payable	(7,704)	-	-	-	-	-	-	(7,704)
Total Adjustments	<u>354,560</u>	<u>4,966</u>	<u>8,356</u>	<u>12,427</u>	<u>155</u>	<u>104,011</u>	<u>18,421</u>	<u>502,896</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>865,126</u>	<u>(44,239)</u>	<u>(19,344)</u>	<u>5,954</u>	<u>-</u>	<u>146,395</u>	<u>13,402</u>	<u>967,294</u>
<b>Cash Flows from Noncapital Financing Activities:</b>								
Operating Transfers In	854,300	20,000	-	-	-	27,000	4,000	905,300
Operating Transfers Out	<u>(1,054,300)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(27,000)</u>	<u>-</u>	<u>(1,091,300)</u>
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>(200,000)</u>	<u>20,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>(186,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Purchase of Equipment	(438,575)	(6,520)	-	(21,322)	-	(76,257)	(13,138)	(555,812)
Principal Paid on Bonds and Lease	(463,500)	-	-	-	-	(20,000)	(10,139)	(493,639)
Interest Paid on Bonds and Lease	(502,662)	-	-	-	-	(13,258)	-	(515,920)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(1,404,737)</u>	<u>(6,520)</u>	<u>-</u>	<u>(21,322)</u>	<u>-</u>	<u>(109,515)</u>	<u>(23,277)</u>	<u>(1,565,371)</u>
<b>Cash Flows from Investing Activities:</b>								
Interest on Investments	7,160	2,262	12,567	21	-	104	251	22,365
Purchase of Investments	<u>-</u>	<u>48,929</u>	<u>159,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,175</u>
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>7,160</u>	<u>51,191</u>	<u>171,813</u>	<u>21</u>	<u>-</u>	<u>104</u>	<u>251</u>	<u>230,540</u>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	<u>(732,451)</u>	<u>20,432</u>	<u>152,469</u>	<u>(25,347)</u>	<u>-</u>	<u>36,984</u>	<u>(5,624)</u>	<u>(553,537)</u>
<b>Cash and Cash Equivalents, October 1</b>	<u>1,762,673</u>	<u>37,120</u>	<u>29,306</u>	<u>103,799</u>	<u>-</u>	<u>2,494</u>	<u>(6,612)</u>	<u>1,928,780</u>
<b>Cash and Cash Equivalents, September 30</b>	<u>\$ 1,030,222</u>	<u>\$ 57,552</u>	<u>\$ 181,775</u>	<u>\$ 78,452</u>	<u>\$ -</u>	<u>\$ 39,478</u>	<u>\$ (12,236)</u>	<u>\$ 1,375,243</u>

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

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary Of Significant Accounting Policies**

The basic financial statements of the City of Savannah, Missouri (the city) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. The Reporting Entity**

The City reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No.14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. Statement No. 14 defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the City, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the City.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary Of Significant Accounting Policies (Continued)**

**B: Government-Wide and Fund Financial Statements**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include: 1) charges to customers or applicants to purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of Savannah, Missouri  
Notes to Basic Financial Statements  
September 30, 2009

**Note 1: Summary Of Significant Accounting Policies (Continued)**

**C: Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The **General Fund** is the City's general operating fund. It accounts for all financial resources except those required to be accounted for in other funds.

The **Parks and Recreation Fund** is a special revenue fund that handles all of the operating revenues and expenditures of the parks department, such as the swimming pool and ballfields.

The **Sales Tax and Gas Tax Funds** are special revenue funds that receive sales taxes for the purpose of street maintenance.

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

The **Non-major Special Revenue Funds** (Police Training, Street Drainage, NID Principal, Tree Board, Parks and Recreation COP P&I Funds) are used to account for those transactions for the operation and maintenance of legally created special districts.

The City reports the following major proprietary funds:

The **Water Fund** is used to account for the water utility that produces and distributes water to City residents.

The **Wastewater Fund** is used to account for the sewer utility that provides sewer services to the City's residents.

The **Sanitation Fund** is used to account for the trash utility that provides trash services to the City's residents.

The **Golf Course Fund** is used to account for the operations of the municipal golf course.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary Of Significant Accounting Policies (Continued)**

**C: Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The City applies all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the chargeback of services, such as utilities, vehicle maintenance, and central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, sale of sewer for the Wastewater Fund, sale of trash collections for the Sanitation Fund, sale of golf course memberships and greens fees for the Golf Course Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. New Accounting Principles**

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. No new statements needed to be adopted for the fiscal year ending September 30, 2009.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary Of Significant Accounting Policies (Continued)**

**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 general purpose financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported 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 expenditures during the reporting period. Actual results could differ from those estimates.

**H. 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.

**I. Encumbrance Accounting**

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances if any, are reported as a reservation of fund balance since the commitments would be honored in subsequent years.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**J. Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

For the purpose of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**K. Budgets**

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, the debt service fund and the proprietary funds of the City. The budget for the proprietary fund is for management control purposes and is not required to be reported. All budgets are adopted on the same basis of accounting used to reflect actual revenues and expenditures/expenses recognized on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, special revenue funds, the debt service fund and the proprietary fund. During the fiscal year ended September 30, 2009, the original budget was amended through supplemental appropriations. These changes are reflected in the Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual.

All unencumbered budget appropriations lapse at the end of each year.

**L. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable Governmental or Business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**L. Capital Assets (Concluded)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives in this table.

Buildings	30-60 years
Improvements Other than Buildings	10-20 years
Infrastructure	5-60 years
Water System	40-65 years
Equipment	6-15 years

Fully depreciated assets still in service are carried in the capital asset accounts.

**M. Contributed Capital**

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

**N. 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.

**O. Receivables**

All 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 Basic Financial Statements**  
**September 30, 2009**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**P. Long-Term Obligations**

In the government-wide and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs and deferred charges, are deferred and amortized over the life of the bonds using the straight-line method which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred charges. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**Q. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Note 2: Cash and Investments**

The City Clerk is delegated the authority to establish and control uniform cash management policies that apply to the City. Thus, the following risk assessments apply to cash, cash equivalents, and investments of the primary government.

Interest Rate Risk: This 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 City has no formal investment policy regarding interest rate risk.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity. At September 30, 2009, the District had no concentration of credit risk.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 2: Cash and Investments (Concluded)**

Custodial Credit Risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2009, the City's bank balance of \$1,854,269 was insured and collateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

**Deposits**

At September 30, 2009, the carrying amount of the City's deposits net of outstanding checks, including certificates of deposit was \$1,991,829 and the bank balance was \$2,074,520. All this bank balance \$250,000 is FDIC insured. The uninsured portion was collateralized with U.S. Government securities held by a third party.

**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 September 30, 2009 the City had \$220,251 invested in various money market accounts certificates of deposit.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 2: Cash and Investments (Concluded)**

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, 2009 the cash and cash equivalents for the City were as follows:

	<u>Unrestricted</u>	
Cash in Drawer	\$	50
Checking Account		892,557
Total Unrestricted Deposits	<u>\$</u>	<u>892,607</u>
 <u>Restricted</u> 		
Bond and Interest Fund:		
Principal & Interest Checking	\$	120,599
Reserve Checking		312,501
Depreciation Checking		72,029
SRF Principal & Interest Checking		37,551
Cemetery Fund		
Certificates of Deposit		48,929
Nonexpendable Trust Fund		
Certificates of Deposit		100,558
Alma Martin Trust		
Certificates of Deposit		58,688
Utility Deposit Checking		93,587
Wastewater COP P&I Checking		3,423
Water Construction		
Checking		175,818
General Fund		
Cash Paid Under Protest		63,463
Clasbey Center Fund		
Certificate of Deposit		12,076
Total Restricted Deposits	<u>\$</u>	<u>1,099,222</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, 2009**

**Note 3: Property Taxes**

The City of Savannah's real estate taxes collected for the year ending September 30, 2009 amounted to \$312,537. This represents approximately 96.73% 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, 2009 is as follows:

General Fund	\$ .4534
Park and Recreation Fund	.2893
Bond and Interest Fund	<u>.1437</u>
Total	<u>\$ .8864</u>

The assessed valuation for the City of Savannah at September 30, 2009 is as follows:

Real Estate	<u>\$ 36,450,940</u>
Total	<u>\$ 36,450,940</u>

**Note 4: Capital Assets**

A summary of the changes in general fixed assets for the year ended September 30, 2009 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>2,290,548</u>	<u>299,541</u>	<u>-</u>	<u>2,590,089</u>
Totals	<u>\$4,679,912</u>	<u>\$ 299,541</u>	<u>\$ -</u>	<u>\$4,979,453</u>

**City of Savannah, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2009**

**Note 4: Capital Assets**

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	\$ 1,240,823	\$ 691,268	\$ 549,555
Buildings	7,313,115	6,017,136	1,295,979
Plant Improvements	10,614,571	1,369,205	9,245,366
Plant Equipment	2,543,829	2,310,395	233,434
Auto Equipment	80,781	78,385	2,396
Tennis Courts	104,362	104,362	-
Baseball Diamond	32,405	14,450	17,955
	<u>\$21,929,886</u>	<u>\$ 10,585,201</u>	<u>\$11,344,685</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	\$ 120,480	\$ 6,200
	<u>\$ 126,680</u>	<u>\$ 120,480</u>	<u>\$ 6,200</u>

**Note 5: 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, 2008 broken down by type.

SRF Water Pollution Revenue Bonds

Bonds Payable, October 1, 2008	\$ 145,165
Add: Bonds Issued	-
Less: Bonds Retired	<u>(118,500)</u>
Bonds Payable, September 30, 2009	<u>\$ 26,665</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 Basic Financial Statements**  
**September 30, 2009**

**Note 5: 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>
2011	26,665	16,416	43,081
Totals	<u>\$ 26,665</u>	<u>\$ 16,416</u>	<u>\$ 43,081</u>

General Obligation Bonds

The following is a summary of the General Obligation Bonds of the City as of September 30, 2009.

	<u>Swimming Pool</u>
Bonds Payable, Oct 1, 2008	\$ 290,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(55,000)</u>
Bonds Payable Sept 30, 2009	<u>\$ 235,000</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.

\$ 235,000

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>
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>\$ 235,000</u>	<u>\$ 18,057</u>	<u>\$ 253,057</u>

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 5: Long-Term Debt (Continued)**

Revenue Bonds

The following is a summary of the revenue bonds for the City as of September 30, 2009.

	<u>2004 Water Bonds</u>
Bonds Payable, Oct 1, 2008	\$7,000,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(235,000)</u>
Bonds Payable Sept 30, 2009	<u>\$6,765,000</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.

\$6,765,000

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>
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>\$ 6,765,000</u>	<u>\$ 2,517,077</u>	<u>\$ 9,282,077</u>

The following is a summary of the Water System revenue bonds for the City as of September 30, 2009.

	<u>2007 Water Bonds</u>
Bonds Payable, Oct 1, 2008	\$3,225,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(90,000)</u>
Bonds Payable Sept 30, 2009	<u>\$3,135,000</u>

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 5: 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.

\$3,135,000

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>
2010	\$ 80,000	\$ 151,870	\$ 231,870
2011	90,000	148,470	238,470
2012	115,000	144,083	259,083
2013	90,000	139,471	229,471
2014	95,000	135,308	230,308
2015-2019	535,000	553,305	1,088,305
2020-2024	750,000	413,528	1,163,528
2025-2026	<u>1,380,000</u>	<u>103,920</u>	<u>1,483,920</u>
Totals	<u>\$ 3,135,000</u>	<u>\$ 1,789,955</u>	<u>\$ 4,924,955</u>

The following is a summary of the NID Principle bonds for the City as of September 30, 2009.

	<u>NID Principal Bonds</u>
Bonds Payable, Oct 1, 2008	\$ 43,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(2,000)</u>
Bonds Payable Sept 30, 2009	<u>\$ 41,000</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.

\$ 41,000

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>
2010	\$ 2,000	\$ 2,363	\$ 4,363
2011	2,000	2,258	4,258
2012	2,000	2,153	4,153
2013	3,000	2,010	5,010
2014	3,000	1,830	4,830
2015-2019	17,000	5,970	22,970
2020-2022	<u>12,000</u>	<u>1,440</u>	<u>13,440</u>
Totals	<u>\$ 41,000</u>	<u>\$ 18,024</u>	<u>\$ 59,024</u>

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 5: Long-Term Debt (Continued)**

Capital Leases

The following is a summary of the capital leases of the City as of September 30, 2009.

	<u>Golf Cart Lease</u>
Leases Payable, Oct 1, 2008	\$ 215,000
Add - Leases Issued	-
Less - Leases Retired	<u>(20,000)</u>
Leases Payable Sept 30, 2009	<u>\$ 195,000</u>

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

\$ 195,000

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>
2010	\$ 25,000	\$ 11,788	\$ 36,788
2011	25,000	9,631	34,631
2012	25,000	8,194	33,194
2013	25,000	6,756	31,756
2014	25,000	5,319	30,319
2015-2017	<u>70,000</u>	<u>9,488</u>	<u>79,488</u>
Totals	<u>\$ 195,000</u>	<u>\$ 51,176</u>	<u>\$ 246,176</u>

	<u>Street Drainage Lease</u>
Leases Payable, Oct 1, 2008	\$ 2,725,000
Add - Leases Issued	-
Less - Leases Retired	<u>(125,000)</u>
Leases Payable Sept 30, 2009	<u>\$ 2,600,000</u>

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 5: 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

\$ 2,600,000

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>
2010	\$ 130,000	\$ 142,803	\$ 272,803
2011	135,000	136,177	271,177
2012	140,000	129,198	269,198
2013	150,000	121,693	271,693
2014	155,000	113,608	268,608
2015-2019	925,000	423,564	1,348,564
2020-2022	<u>965,000</u>	<u>102,959</u>	<u>1,067,959</u>
Totals	<u>\$ 2,600,000</u>	<u>\$ 1,170,002</u>	<u>\$3,770,002</u>

COP Sewer  
Lease

Leases Payable, Oct 1, 2008	\$ 495,000
Add - Leases Issued	-
Less - Leases Retired	(20,000)
Leases Payable Sept 30, 2009	<u>\$ 475,000</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.

\$ 475,000

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 5: Long-Term Debt (Concluded)**

The annual requirements to amortize the lease are as follows:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 25,000	\$ 21,296	\$ 46,296
2011	25,000	20,483	45,483
2012	25,000	19,608	44,608
2013	25,000	18,671	43,671
2014	25,000	17,671	42,671
2015-2019	155,000	68,398	223,398
2020-2024	<u>195,000</u>	<u>26,208</u>	<u>221,208</u>
Totals	<u>\$ 475,000</u>	<u>\$ 192,335</u>	<u>\$ 667,335</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:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 10,395	\$ 3,913	\$ 14,308
2011	10,658	3,650	14,308
2012	10,928	3,380	14,308
2013	11,203	3,105	14,308
2014	10,395	3,913	14,308
Thereafter	<u>107,657</u>	<u>9,789</u>	<u>117,446</u>
Totals	<u>\$ 161,236</u>	<u>\$ 27,750</u>	<u>\$ 188,986</u>

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 6: 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 12.7% (general), 6.1% (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 Basic Financial Statements**  
**September 30, 2009**

**Note 6: Retirement Plan (Continued)**

C. Annual Pension Cost

For 2009, the political subdivision's annual pension cost of \$94,369 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2009 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined 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 29, 2009 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>
6/30/07	\$ 77,895	100%	\$ 0
6/30/08	85,965	100%	0
6/30/09	94,369	100%	0

**Note 7: Commitments and Contingencies**

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There were no known commitments or contingencies September 30, 2009.

**City of Savannah, Missouri**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Note 8: Stewardship, Compliance and Accountability**

*Compliance with Finance Related Legal and Contractual Provisions*

The City incurred no material violations of finance related legal and contractual provisions.

*Excess of Expenditures Over Appropriations in Individual Funds*

For the year ended September 30, 2008, the City had excess of expenditures over appropriations in the Parks and Recreation Fund in the amount of \$13,968.

*Net Assets/Fund Balance Deficit*

At September 30, 2008, the City had a deficit net asset balance of \$6,054 in the NID Principle Fund. The Park and Recreation COP P&I Fund had a deficit net asset balance of \$70,116. The Clasby Community Center Fund had a deficit net asset balance of \$19,365. The Bond and Interest Fund had a deficit net asset balance of \$9,516,807.

**CITY OF SAVANNAH, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2009**

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

REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percent of Covered Payroll
2/28/07	\$1,068,105	\$ 1,186,979	\$ 118,874	90%	\$644,522	18%
2/29/08	1,286,370	1,416,387	130,017	91%	774,749	17
2/28/09	853,262	1,201,314	348,052	71%	807,876	43

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, 2009**

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 640,500	\$ 555,578	\$ (84,922)
Interest	3,900	881	(3,019)
Other	66,175	112,237	46,062
<b>Total Revenues</b>	<u>710,575</u>	<u>668,696</u>	<u>(41,879)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Department	548,296	432,099	116,197
Police Department	332,950	348,485	(15,535)
Fire Department	36,900	49,137	(12,237)
Street Department	254,150	267,930	(13,780)
<b>Total Expenditures</b>	<u>1,172,296</u>	<u>1,097,651</u>	<u>74,645</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(461,721)</u>	<u>(428,955)</u>	<u>32,766</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	261,000	303,078	42,078
Operating Transfers Out	<u>(14,000)</u>	<u>(14,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>247,000</u>	<u>289,078</u>	<u>42,078</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>(214,721)</u>	<u>(139,877)</u>	<u>\$ (74,844)</u>
<b>Fund Balance, October 1</b>	<u>217,902</u>	<u>217,902</u>	
<b>Fund Balance, September 30</b>	<u>\$ 3,181</u>	<u>\$ 78,025</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, 2009**

	<u>Special Revenue Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 893,900	\$ 861,634	\$ (32,266)
Operations	93,050	115,082	22,032
Interest	20,900	2,513	(18,387)
Intergovernmental	1,249,000	245,872	(1,003,128)
Other	14,300	16,641	2,341
<b>Total Revenues</b>	<u>2,271,150</u>	<u>1,241,742</u>	<u>(1,029,408)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Parks and Recreation Dept	427,300	441,268	(13,968)
Police Department	4,005	2,256	1,749
Street Department	1,897,650	323,462	1,574,188
Street Drainage	320,823	275,379	45,444
NID Principal	5,020	4,886	134
Parks and Rec COP	60,800	59,438	1,362
Tree Board	-	-	-
<b>Total Expenditures</b>	<u>2,715,598</u>	<u>1,106,689</u>	<u>1,608,909</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(444,448)</u>	<u>135,053</u>	<u>579,501</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	342,600	280,000	(62,600)
Operating Transfers Out	(288,000)	(288,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>54,600</u>	<u>(8,000)</u>	<u>(62,600)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>(389,848)</u>	<u>127,053</u>	<u>\$ (516,901)</u>
<b>Fund Balance, October 1</b>	<u>371,229</u>	<u>371,229</u>	
<b>Fund Balance, September 30</b>	<u>\$ (18,619)</u>	<u>\$ 498,282</u>	

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

**City of Savannah, Missouri**  
**Notes to Required Supplementary Information**  
**For the Year Ended September 30, 2009**

**Note 1: Budget Policies**

The budget policies of the City are as follows:

(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) The Board of Aldermen reviews the tentative budget and may make some revisions before approving a "preliminary" budget and calling for a public hearing which is generally held in October.

(4) Public hearings are conducted at City Hall to obtain taxpayer comments.

(5) Prior to October 1, the budget is legally enacted through passage of an ordinance.

(6) Formal annual budgetary accounts are employed as a management control device for the General Fund and each individual Special Revenue Fund Type.

(7) During the fiscal year, the City can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for departmental budgetary control. All budget amendments and budget transfers require City Council approval.

(8) Annual budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. All unencumbered appropriations lapse at the end of the fiscal year.

(9) Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

**CITY OF SAVANNAH, MISSOURI  
SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2009**

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City of Savannah, Missouri  
Statement of Revenues, Expenditures and Changes in Fund  
Balance - General Fund  
For the Year Ended September 30, 2009

	<u>General Department</u>	<u>Police Department</u>	<u>Fire Department</u>	<u>Street Department</u>	Totals (Memorandum Only)
<b>Revenues:</b>					
Real Estate Taxes	-	-	-	\$ -	\$ 162,969
Franchise Taxes	-	-	-	-	364,132
Fines and Permits	-	-	-	-	49,614
Interest Income	-	-	-	-	881
Special Taxes	-	-	-	-	22,111
County Taxes	-	-	-	-	6,366
Grant Receipts	-	-	-	-	27,173
Fire Department	-	-	-	-	12,761
Other	-	-	-	-	22,689
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>668,696</u>
<b>Expenditures:</b>					
Salaries and Wages	206,277	208,277	17,822	113,935	546,311
Payroll Taxes	21,537	15,225	1,384	8,420	46,566
Retirement	18,443	12,024	-	13,772	44,239
Group Insurance	26,667	44,657	14,540	29,204	115,068
Training	3,481	500	-	-	3,981
Utilities and Telephone	54,573	9,791	-	11,127	75,491
Insurance	17,156	19,760	4,085	12,284	53,285
Capital Outlay	16,746	4,220	1,235	25,201	47,402
Printing and Publications	3,299	-	-	-	3,299
Election Costs	2,172	-	-	-	2,172
Fuel and Oil	572	12,966	386	5,188	19,112
Repairs and Maintenance	4,182	10,377	6,141	43,870	64,570
Uniforms	249	1,564	-	1,844	3,657
Professional Fees	16,291	-	-	-	16,291
Postage	3,229	-	-	-	3,229
Animal Control	-	1,540	-	-	1,540
Service Agreement	2,978	-	-	-	2,978
Dues	6,359	-	984	-	7,343
Office Supplies	6,984	322	48	-	7,354
Testing	4,460	-	-	-	4,460
Travel	4,769	-	-	-	4,769
Rental	-	-	2,500	-	2,500
Miscellaneous	11,675	7,262	12	3,085	22,034
<b>Total Expenditures</b>	<u>432,099</u>	<u>348,485</u>	<u>49,137</u>	<u>267,930</u>	<u>1,097,651</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					(428,955)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In					<u>289,078</u>
<b>Total Other Financing Sources (Uses)</b>					<u>289,078</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>					(139,877)
<b>Fund Balance, October 1</b>					<u>217,902</u>
<b>Fund Balance, September 30</b>					<u>\$ 78,025</u>

**City of Savannah, Missouri**  
**Statement of Expenditures Compared to Budget - General Fund**  
**For the Year Ended September 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>General Department</b>			
Salaries and Wages	\$ 175,000	\$ 206,277	\$ (31,277)
Payroll Taxes	13,500	21,537	(8,037)
Retirement	18,000	18,443	(443)
Group Insurance	28,000	26,667	1,333
Deductible and Coinsurance	2,000	3,201	(1,201)
Training	4,000	3,481	519
Utilities, Telephone & Trash	63,000	54,573	8,427
Insurance	14,000	13,955	45
Capital Outlay	24,500	16,746	7,754
Printing and Publications	8,500	3,299	5,201
Election Costs	-	2,172	(2,172)
Repairs, Maintenance & Fuel	4,200	4,754	(554)
Uniforms	200	249	(49)
Professional Fees	15,000	16,291	(1,291)
Postage	3,000	3,229	(229)
Service Agreements	2,700	2,978	(278)
Dues	-	6,359	(6,359)
Office Supplies	5,000	6,984	(1,984)
Travel	1,300	4,769	(3,469)
Miscellaneous	2,000	11,675	(9,675)
Testing	4,500	4,460	40
Contingency	159,896	-	159,896
<b>Total General Department</b>	<u>\$548,296</u>	<u>\$432,099</u>	<u>\$116,197</u>
<b>Police Department</b>			
Salaries and Wages	\$ 201,500	\$ 208,277	\$ (6,777)
Payroll Taxes	15,500	15,225	275
Retirement	11,100	12,024	(924)
Group Insurance	40,000	44,657	(4,657)
Training	-	500	(500)
Utilities and Telephone	10,500	9,791	709
Capital Outlay	3,000	4,220	(1,220)
Insurance	15,500	19,760	(4,260)
Fuel and Oil	19,000	12,966	6,034
Repairs and Maintenance	10,000	10,377	(377)
Uniforms	2,500	1,564	936
Animal Control	2,150	1,540	610
Office Supplies	-	322	(322)
Miscellaneous	2,200	7,262	(5,062)
<b>Total Police Department</b>	<u>\$332,950</u>	<u>\$348,485</u>	<u>\$ (15,535)</u>

**City of Savannah, Missouri**  
**Statement of Expenditures Compared to Budget - General Fund**  
**For the Year Ended September 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Fire Department</b>			
Salaries and Wages	\$ 18,000	\$ 17,822	\$ 178
Payroll Taxes	1,400	1,384	16
Group Insurance	-	14,540	(14,540)
Insurance	2,700	4,085	(1,385)
Capital Outlay	4,200	1,235	2,965
Fuel and Oil	1,000	386	614
Dues	1,100	984	116
Miscellaneous	-	12	(12)
Office Supplies	-	48	(48)
Rental	2,500	2,500	-
Repairs and Maintenance	6,000	6,141	(141)
<b>Total Fire Department</b>	<u>\$ 36,900</u>	<u>\$ 49,137</u>	<u>\$(12,237)</u>
<b>Street Department</b>			
Salaries and Wages	\$ 125,000	\$ 113,935	\$ 11,065
Payroll Taxes	9,600	8,420	1,180
Retirement	15,100	13,772	1,328
Group Insurance	14,000	29,204	(15,204)
Utilities and Telephone	13,100	11,127	1,973
Insurance	9,500	12,284	(2,784)
Capital Outlay	23,850	25,201	(1,351)
Fuel and Oil	11,000	5,188	5,812
Repairs and Maintenance	31,000	43,870	(12,870)
Uniforms	2,000	1,844	156
Miscellaneous	-	3,085	(3,085)
<b>Total Street Department</b>	<u>\$ 254,150</u>	<u>\$ 267,930</u>	<u>\$(13,780)</u>
<b>Total</b>	<u>\$ 1,172,296</u>	<u>\$ 1,097,651</u>	<u>\$ 74,645</u>

**City of Savannah, Missouri**  
**Combined Balance Sheet - All Special Revenue Funds**  
**For the Year Ended September 30, 2009**

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	\$ 67,154	\$ 2,233	\$ 363,833	\$ 82,873	\$ 44,843	\$ (6,054)	\$ 1,066	\$ (70,116)	\$ 485,832
Taxes Receivable, net of allowance for doubtful accounts	8,779	-	-	-	-	-	-	-	8,779
Bond Issue Fee	-	-	3,391	280	-	-	-	-	280
Special assessment receivable	-	-	-	-	-	-	-	-	3,391
Total Assets	<u>\$ 75,933</u>	<u>\$ 2,233</u>	<u>\$ 367,224</u>	<u>\$ 83,153</u>	<u>\$ 44,843</u>	<u>\$ (6,054)</u>	<u>\$ 1,066</u>	<u>\$ (70,116)</u>	<u>\$ 498,282</u>
<b>Fund Equity</b>									
Fund Balance	\$ 75,933	\$ 2,233	\$ 367,224	\$ 83,153	\$ 44,843	\$ (6,054)	\$ 1,066	\$ (70,116)	\$ 498,282
Unreserved	<u>\$ 75,933</u>	<u>\$ 2,233</u>	<u>\$ 367,224</u>	<u>\$ 83,153</u>	<u>\$ 44,843</u>	<u>\$ (6,054)</u>	<u>\$ 1,066</u>	<u>\$ (70,116)</u>	<u>\$ 498,282</u>

**City of Savannah, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**All Special Revenue Funds**  
**For the Year Ended September 30, 2009**

	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)
<b>Revenues:</b>									
Sales and Use Tax Operations	\$ 186,320	-	\$ 188,382	\$ 376,764	-	-	-	-	\$ 753,466
Intergovernmental Revenues	113,924	1,158	-	-	-	-	-	-	115,082
Real Estate Taxes	-	-	177,424	-	-	-	-	-	177,424
County Taxes	104,049	-	-	-	-	339	-	-	104,388
Interest	4,119	-	-	-	-	-	-	-	4,119
Grant Monies	524	19	1,067	160	398	-	6	-	2,174
Other	-	-	68,448	-	-	-	-	-	68,448
	16,560	-	81	-	-	-	-	-	16,641
<b>Total Revenues</b>	<u>427,496</u>	<u>1,177</u>	<u>435,402</u>	<u>376,924</u>	<u>398</u>	<u>339</u>	<u>6</u>	<u>-</u>	<u>1,241,742</u>
<b>Expenditures:</b>									
Salaries and Wages	187,752	-	-	-	-	-	-	-	187,752
Payroll Taxes	13,995	-	-	-	-	-	-	-	13,995
Retirement	10,071	-	-	-	-	-	-	-	10,071
Utilities and Telephone	20,815	-	-	-	-	-	-	-	20,815
Group Insurance	11,172	-	-	-	-	-	-	-	11,172
Insurance	16,775	-	-	-	-	-	-	-	16,775
Capital Outlay	77,999	-	1,192	46,845	126,103	-	-	-	252,139
Fuel and Oil	6,199	-	117,145	-	-	-	-	-	123,344
Chemicals	12,915	-	-	-	-	-	-	-	12,915
Repairs and Maintenance	30,028	-	-	-	-	-	-	-	30,028
Recreation Program	11,224	-	-	-	-	-	-	-	11,224
Merchandise	31,168	-	-	-	-	-	-	-	31,168
Professional Fees	-	-	58,240	-	-	-	-	-	58,240
Miscellaneous	2,153	-	-	140	-	-	-	-	2,293
Supplies	6,646	-	-	-	-	-	-	-	6,646
Printing and Publications	847	-	-	-	-	-	-	-	847
Uniforms	1,509	-	-	-	-	-	-	-	1,509
Training	-	2,256	-	-	-	-	-	-	2,256
Street Repairs	-	-	99,900	-	-	-	-	-	99,900
Lease Payments	-	-	276,477	46,985	149,276	4,886	-	59,438	213,600
<b>Total Expenditures</b>	<u>441,268</u>	<u>2,256</u>	<u>276,477</u>	<u>46,985</u>	<u>275,379</u>	<u>4,886</u>	<u>-</u>	<u>59,438</u>	<u>1,106,689</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(13,772)</u>	<u>(1,079)</u>	<u>158,925</u>	<u>329,939</u>	<u>(274,981)</u>	<u>(4,547)</u>	<u>6</u>	<u>(59,438)</u>	<u>135,053</u>
<b>Other Financing Sources (Uses):</b>									
Operating Transfers In	-	-	-	-	280,000	-	-	-	280,000
Operating Transfers Out	(8,000)	-	-	(280,000)	-	-	-	-	(288,000)
<b>Total Other Financing Sources</b>	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>(280,000)</u>	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,000)</u>
<b>Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>(21,772)</u>	<u>(1,079)</u>	<u>158,925</u>	<u>49,939</u>	<u>5,019</u>	<u>(4,547)</u>	<u>6</u>	<u>(59,438)</u>	<u>127,053</u>
<b>Fund Balance, October 1</b>	<u>97,705</u>	<u>3,312</u>	<u>208,299</u>	<u>33,214</u>	<u>39,824</u>	<u>(1,507)</u>	<u>1,060</u>	<u>(10,678)</u>	<u>371,229</u>
<b>Fund Balance, September 30</b>	<u>\$ 75,933</u>	<u>\$ 2,233</u>	<u>\$ 367,224</u>	<u>\$ 83,153</u>	<u>\$ 44,843</u>	<u>\$ (6,054)</u>	<u>\$ 1,066</u>	<u>\$ (70,116)</u>	<u>\$ 498,282</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, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Operations	\$ 92,050	\$ 113,924	\$ 21,874
Real Estate Taxes	106,000	104,049	(1,951)
Sales Tax	193,000	188,320	(4,680)
County Taxes	3,900	4,119	219
Interest	4,000	524	(3,476)
Other	<u>14,300</u>	<u>16,560</u>	<u>2,260</u>
<b>Total Revenues</b>	<u>413,250</u>	<u>427,496</u>	<u>14,246</u>
<b>Expenditures:</b>			
Salaries and Wages	137,500	187,752	(50,252)
Payroll Taxes	10,600	13,995	(3,395)
Retirement	10,500	10,071	429
Group Insurance	12,000	11,172	828
Utilities and Telephone	14,800	20,815	(6,015)
Insurance	12,000	16,775	(4,775)
Capital Outlay	146,400	77,999	68,401
Fuel and Oil	7,500	6,199	1,301
Chemicals	14,500	12,915	1,585
Repairs and Maintenance	29,000	30,028	(1,028)
Recreation Program	7,600	11,224	(3,624)
Rock, Spraying and Seeding	1,000	-	1,000
Miscellaneous	500	2,153	(1,653)
Merchandise	21,500	31,168	(9,668)
Supplies	-	6,646	(6,646)
Printing and Publications	600	847	(247)
Uniforms	<u>1,300</u>	<u>1,509</u>	<u>(209)</u>
<b>Total Expenditures</b>	<u>427,300</u>	<u>441,268</u>	<u>(13,968)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(14,050)	(13,772)	278
<b>Other Financing Sources (Uses)</b>			
Transfers In	2,600	-	(2,600)
Transfers Out	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>(5,400)</u>	<u>(8,000)</u>	<u>(2,600)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	(19,450)	(21,772)	<u>\$ (2,322)</u>
<b>Fund Balance, October 1</b>	<u>97,705</u>	<u>97,705</u>	
<b>Fund Balance, September 30</b>	<u>\$ 78,255</u>	<u>\$ 75,933</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues:</b>			
Operations	\$ 1,000	\$ 1,158	\$ 158
Interest	<u>50</u>	<u>19</u>	<u>(31)</u>
<b>Total Revenues</b>	<u>1,050</u>	<u>1,177</u>	<u>127</u>
 <b>Expenditures:</b>			
Training	<u>4,005</u>	<u>2,256</u>	<u>1,749</u>
<b>Total Expenditures</b>	<u>4,005</u>	<u>2,256</u>	<u>1,749</u>
 <b>Excess (Deficiency) of Revenues</b>			
<b>Over (Under) Expenditures</b>	(2,955)	(1,079)	<u>\$ 1,876</u>
 <b>Fund Balance, October 1</b>	<u>3,312</u>	<u>3,312</u>	
 <b>Fund Balance, September 30</b>	<u>\$ 357</u>	<u>\$ 2,233</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, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Sales and Use Tax	\$ 196,000	\$ 188,382	\$ (7,618)
Interest	13,000	1,067	(11,933)
Intergovernmental	205,000	177,424	(27,576)
Grants	1,044,000	68,448	(975,552)
Other	-	81	81
<b>Total Revenues</b>	<u>1,458,000</u>	<u>435,402</u>	<u>(1,022,598)</u>
<b>Expenditures:</b>			
Street Repairs	1,510,650	99,900	1,410,750
Professional Services	138,500	58,240	80,260
Capital Outlay	-	1,192	(1,192)
Oil and Asphalt	135,000	117,145	17,855
Rock, Chat and Tubes	7,000	-	7,000
<b>Total Expenditures</b>	<u>1,791,150</u>	<u>276,477</u>	<u>1,514,673</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(333,150)	158,925	492,075
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	(333,150)	158,925	<u>\$ 492,075</u>
<b>Fund Balance, October 1</b>	<u>208,299</u>	<u>208,299</u>	
<b>Fund Balance, September 30</b>	<u>\$ (124,851)</u>	<u>\$ 367,224</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, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Sales and Use Tax	\$ 390,000	\$ 376,764	\$(13,236)
Interest	2,000	160	(1,840)
Other	-	-	-
<b>Total Revenues</b>	<u>392,000</u>	<u>376,924</u>	<u>(15,076)</u>
<b>Expenditures:</b>			
Capital Outlay	49,500	46,845	2,655
Personal Property Replacement	57,000	-	57,000
Miscellaneous	-	140	(140)
<b>Total Expenditures</b>	<u>106,500</u>	<u>46,985</u>	<u>59,515</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	285,500	329,939	44,439
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	<u>(280,000)</u>	<u>(280,000)</u>	-
<b>Total Other Financing Sources</b>	<u>(280,000)</u>	<u>(280,000)</u>	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	5,500	49,939	<u>\$ 44,439</u>
<b>Fund Balance, October 1</b>	<u>33,214</u>	<u>33,214</u>	
<b>Fund Balance, September 30</b>	<u>\$ 38,714</u>	<u>\$ 83,153</u>	

**City of Savannah, Missouri**  
**Street Drainage Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Interest	\$ 1,000	\$ 398	\$ (602)
Other	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>1,000</u>	<u>398</u>	<u>(602)</u>
<b>Expenditures:</b>			
Capital Outlay	170,823	126,103	44,720
Interest	<u>150,000</u>	<u>149,276</u>	<u>724</u>
<b>Total Expenditures</b>	<u>320,823</u>	<u>275,379</u>	<u>45,444</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(319,823)	(274,981)	44,842
<b>Other Financing Sources (Uses)</b>			
Transfers In	280,000	280,000	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	(39,823)	5,019	<u>\$ 44,842</u>
<b>Fund Balance, October 1</b>	<u>39,824</u>	<u>39,824</u>	
<b>Fund Balance, September 30</b>	<u>\$ 1</u>	<u>\$ 44,843</u>	

**City of Savannah, Missouri**  
**NID Principal Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Real Estate Taxes	\$ 5,000	\$ -	\$ (5,000)
Interest	<u>20</u>	<u>339</u>	<u>319</u>
<b>Total Revenues</b>	<u>5,020</u>	<u>339</u>	<u>(4,681)</u>
<b>Expenditures:</b>			
Interest	<u>5,020</u>	<u>4,886</u>	<u>134</u>
<b>Total Expenditures</b>	<u>5,020</u>	<u>4,886</u>	<u>134</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(4,547)	(4,547)
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	-	(4,547)	<u>\$ (4,547)</u>
<b>Fund Balance, October 1</b>	<u>(1,507)</u>	<u>(1,507)</u>	
<b>Fund Balance, September 30</b>	<u>\$ (1,507)</u>	<u>\$ (6,054)</u>	

**City of Savannah, Missouri**  
**Tree Board Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Interest	\$ 30	\$ 6	\$ (24)
Other	-	-	-
<b>Total Revenues</b>	<u>30</u>	<u>6</u>	<u>(24)</u>
<b>Expenditures:</b>			
Capital Outlay	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	30	6	(24)
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	30	6	<u>\$ (24)</u>
<b>Fund Balance, October 1</b>	<u>1,060</u>	<u>1,060</u>	
<b>Fund Balance, September 30</b>	<u>\$ 1,090</u>	<u>\$ 1,066</u>	

**City of Savannah, Missouri**  
**Park and Recreation COP P&I**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Interest	\$ 800	\$ -	\$ (800)
Other	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>800</u>	<u>-</u>	<u>(800)</u>
<b>Expenditures:</b>			
Capital Outlay	-	-	-
Interest	<u>60,800</u>	<u>59,438</u>	<u>1,362</u>
<b>Total Expenditures</b>	<u>60,800</u>	<u>59,438</u>	<u>1,362</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(60,000)	(59,438)	562
<b>Other Financing Sources (Uses)</b>			
Transfers In	60,000	-	(60,000)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	-	(59,438)	<u>\$(59,438)</u>
<b>Fund Balance, October 1</b>	<u>(10,678)</u>	<u>(10,678)</u>	
<b>Fund Balance, September 30</b>	<u>\$(10,678)</u>	<u>\$(70,116)</u>	

**City of Savannah, Missouri**  
**Combined Balance Sheet - All Enterprise Funds**  
**For the Year Ended September 30, 2009**

	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 (Memorandu Only)
<b>Assets</b>								
<b>Current Assets:</b>								
Cash	\$ 144,934	\$ 8,623	\$ 78,452	\$ 22,529	\$ -	\$ 39,478	\$ -	\$ 294,016
Restricted Cash	915,950	-	-	-	-	-	-	915,950
Accounts Receivable, net of allowance for doubtful accts	109,258	-	16,525	-	-	-	-	125,783
Interest Receivable	-	100	-	231	-	-	100	431
Investments - at cost	-	48,929	-	159,246	-	-	12,076	220,251
<b>Total Current Assets</b>	<u>1,170,142</u>	<u>57,652</u>	<u>94,977</u>	<u>182,006</u>	<u>-</u>	<u>39,478</u>	<u>12,176</u>	<u>1,556,431</u>
<b>Fixed Assets:</b>								
Property and Equipment	18,141,058	142,127	266,859	268,583	564,672	2,015,342	531,245	21,929,886
Less: Accum Depreciation	(7,760,292)	(116,090)	(235,431)	(189,171)	(249,781)	(1,645,122)	(389,314)	(10,585,201)
<b>Total Fixed Assets</b>	<u>10,380,766</u>	<u>26,037</u>	<u>31,428</u>	<u>79,412</u>	<u>314,891</u>	<u>370,220</u>	<u>141,931</u>	<u>11,344,685</u>
<b>Other Assets:</b>								
Bond Issue Fee, net of amort	6,200	-	-	-	-	-	-	6,200
<b>Total Assets</b>	<u>\$ 11,557,108</u>	<u>\$ 83,689</u>	<u>\$ 126,405</u>	<u>\$ 261,418</u>	<u>\$ 314,891</u>	<u>\$ 409,698</u>	<u>\$ 154,107</u>	<u>\$ 12,907,316</u>
<b>Liabilities and Fund Equity</b>								
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Customer Deposits	\$ 80,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,785
City Revolving Loan, current	-	-	-	-	-	-	10,395	10,395
Cash Overdraft	30,662	-	-	-	-	-	12,236	42,898
Lease Payable, current	-	-	-	-	-	25,000	-	25,000
Bonds Payable, current	382,000	-	-	-	-	-	-	382,000
Interest Payable	132,821	-	-	-	-	922	-	133,743
<b>Total Current Liabilities</b>	<u>626,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,922</u>	<u>22,631</u>	<u>674,821</u>
<b>Long-Term Liabilities:</b>								
City Revolving Loan, less current	-	-	-	-	-	-	-	-
Leases Payable, less current	-	-	-	-	-	240,541	150,841	391,382
Bonds Payable, less current	10,019,665	-	-	-	-	-	-	10,019,665
<b>Total Long-Term Liabilities</b>	<u>10,019,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,541</u>	<u>150,841</u>	<u>10,411,047</u>
<b>Total Liabilities</b>	<u>10,645,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,463</u>	<u>173,472</u>	<u>11,085,868</u>
<b>Fund Equity:</b>								
Contributed Capital	365,000	-	-	-	-	-	-	365,000
Retained Earnings	835,165	-	-	-	-	-	-	835,165
Appropriated	(288,990)	83,689	126,405	261,418	314,891	143,235	(19,365)	621,283
Unappropriated	911,175	83,689	126,405	261,418	314,891	143,235	(19,365)	1,821,448
<b>Total Fund Equity</b>	<u>11,557,108</u>	<u>83,689</u>	<u>126,405</u>	<u>261,418</u>	<u>314,891</u>	<u>409,698</u>	<u>154,107</u>	<u>12,907,316</u>

City of Savannah, Missouri  
 Combined Balance Sheet - All Enterprise Funds  
 For the Year Ended September 30, 2009

	Water Fund	Bond and Interest Fund	Wastewater Fund	Wastewater Construction Fund	Water Construction Fund	Utility Deposit Fund	Totals (Memorandum Only)
<b>Assets</b>							
<b>Current Assets:</b>							
Cash	\$ 144,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,934
Accounts Receivable, net of allowance for doubtful accis	60,831	-	48,427	-	-	-	109,258
Restricted Assets:							
Cash	100,423	542,679	-	3,443	175,818	93,587	915,950
<b>Total Current Assets</b>	<u>306,188</u>	<u>542,679</u>	<u>48,427</u>	<u>3,443</u>	<u>175,818</u>	<u>93,587</u>	<u>1,170,142</u>
<b>Fixed Assets:</b>							
Property and Equipment	4,903,264	-	2,827,572	2,484,883	7,925,339	-	18,141,058
Less: Accum Depreciation	<u>(3,758,845)</u>	<u>-</u>	<u>(2,793,163)</u>	<u>(764,576)</u>	<u>(443,708)</u>	<u>-</u>	<u>(7,760,292)</u>
<b>Total Fixed Assets</b>	<u>1,144,419</u>	<u>-</u>	<u>34,409</u>	<u>1,720,307</u>	<u>7,481,631</u>	<u>-</u>	<u>10,380,766</u>
<b>Other Assets:</b>							
Bond Issue Fee, net of amort	-	-	-	3,000	3,200	-	6,200
<b>Total Assets</b>	<u>\$ 1,450,607</u>	<u>\$ 542,679</u>	<u>\$ 82,836</u>	<u>\$ 1,726,750</u>	<u>\$ 7,660,649</u>	<u>\$ 93,587</u>	<u>\$ 11,557,108</u>
<b>Liabilities and Fund Equity</b>							
<b>Liabilities:</b>							
<b>Current Liabilities:</b>							
Bonds Payable, current	\$ -	\$ 362,000	\$ -	\$ 20,000	\$ -	\$ -	\$ 382,000
Cash Overdrawn	-	-	30,662	-	-	-	30,662
Customer Deposits	-	-	-	-	-	80,785	80,785
Interest Payable	-	132,821	-	-	-	-	132,821
<b>Total Current Liabilities</b>	<u>-</u>	<u>494,821</u>	<u>30,662</u>	<u>20,000</u>	<u>-</u>	<u>80,785</u>	<u>626,268</u>
<b>Long-Term Liabilities:</b>							
Bonds Payable, less current	-	9,564,665	-	455,000	-	-	10,019,665
<b>Total Long-Term Liabilities</b>	<u>-</u>	<u>9,564,665</u>	<u>-</u>	<u>455,000</u>	<u>-</u>	<u>-</u>	<u>10,019,665</u>
<b>Total Liabilities</b>	<u>-</u>	<u>10,059,486</u>	<u>30,662</u>	<u>475,000</u>	<u>-</u>	<u>80,785</u>	<u>10,645,933</u>
<b>Fund Equity:</b>							
Contributed Capital	365,000	-	-	-	-	-	365,000
Retained Earnings	100,423	542,679	-	3,443	175,818	12,802	835,165
Appropriated	985,184	<u>(10,059,486)</u>	52,174	1,248,307	7,484,831	-	<u>(288,990)</u>
Unappropriated	1,450,607	<u>(9,516,807)</u>	52,174	1,251,750	7,660,649	12,802	911,175
<b>Total Fund Equity</b>	<u>1,450,607</u>	<u>542,679</u>	<u>82,836</u>	<u>1,726,750</u>	<u>7,660,649</u>	<u>93,587</u>	<u>11,557,108</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 1,450,607</u>	<u>\$ 542,679</u>	<u>\$ 82,836</u>	<u>\$ 1,726,750</u>	<u>\$ 7,660,649</u>	<u>\$ 93,587</u>	<u>\$ 11,557,108</u>

**City of Savannah, Missouri**  
**Statement of Revenues, Expenses and Changes in Retained Earnings -**  
**All Enterprise Funds**  
**For the Year Ended September 30, 2009**

	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)
<b>Operating Revenues:</b>								
Operations	\$ 1,552,556	\$ 34,075	\$ -	\$ 210,977	\$ -	\$ 155,237	\$ 23,520	\$ 1,976,365
Membership Income	-	-	-	-	-	139,911	-	139,911
Cart Rental & Storage	-	-	-	-	-	121,736	-	121,736
Concessions and Merchandise	-	-	-	-	-	151,934	-	151,934
Grants	-	-	-	8,500	-	-	-	8,500
Miscellaneous	8,991	300	700	300	-	9,160	10,139	29,590
<b>Total Operating Revenues</b>	<u>1,561,547</u>	<u>34,375</u>	<u>700</u>	<u>219,777</u>	<u>-</u>	<u>577,978</u>	<u>33,659</u>	<u>2,428,036</u>
<b>Operating Expenses:</b>								
Salaries and Wages	222,847	44,564	-	33,060	-	155,225	5,682	461,378
Payroll Taxes	16,826	3,371	-	2,472	-	16,170	434	39,273
Retirement	28,008	4,339	-	3,295	-	10,155	14	45,811
Group Insurance	24,867	9,603	-	432	-	22,856	-	57,758
Deductible and coinsurance	1,507	-	-	-	-	555	-	2,062
Sales Tax	6,544	-	-	-	-	-	-	6,544
Training	2,890	-	-	-	-	-	-	2,890
Utilities and Telephone	143,764	1,632	-	31	-	12,800	5,825	164,052
Printing and Publications	1,999	-	-	-	-	2,114	-	4,113
Chemicals, Fuel & Oil	91,171	2,057	-	4,099	-	48,963	-	146,290
Service Agreement	6,154	-	-	1,332	-	-	-	7,486
Repairs and Maintenance	56,797	5,263	12,454	5,876	-	30,177	5,838	116,405
Professional Fees	8,363	-	850	6,315	-	-	260	15,788
Postage	6,829	-	-	1,878	-	-	-	8,707
Dues and Permits	1,561	-	-	-	-	514	-	2,075
Supplies	12,722	538	-	31	-	3,875	222	17,388
Equipment Rentals	-	-	-	-	-	-	-	10,124
Uniforms	1,683	791	-	532	-	1,180	-	4,186
Rock, Spraying and Seeding	4,143	-	-	-	-	-	-	4,143
Depreciation and Amortization	375,368	4,707	8,371	12,696	155	104,011	18,442	523,750
Insurance	22,625	6,620	5,425	604	-	12,945	898	43,692
Operations	6,544	-	5,425	153,585	-	103,328	1,063	268,882
Miscellaneous	7,769	95	1,300	12	-	602	-	10,841
<b>Total Operating Expenses</b>	<u>1,050,981</u>	<u>83,580</u>	<u>28,400</u>	<u>226,250</u>	<u>155</u>	<u>535,594</u>	<u>38,678</u>	<u>1,963,638</u>
<b>Operating Income (Loss)</b>	<u>510,566</u>	<u>(49,205)</u>	<u>(27,700)</u>	<u>(6,473)</u>	<u>(155)</u>	<u>(42,384)</u>	<u>(5,019)</u>	<u>464,398</u>
<b>Nonoperating Revenues (Expense)</b>								
Donations	-	-	9,075	-	-	-	-	9,075
Interest Income	7,160	2,644	3,492	21	-	104	252	13,673
Interest Expense	(502,662)	-	-	-	-	(13,258)	-	(515,920)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(495,502)</u>	<u>2,644</u>	<u>12,567</u>	<u>21</u>	<u>-</u>	<u>(13,154)</u>	<u>252</u>	<u>(493,172)</u>
<b>Income (Loss) Before Operating Transfers</b>	15,064	(46,561)	(15,133)	(6,452)	(155)	29,230	(4,767)	(28,774)
<b>Operating Transfers:</b>								
Operating Transfers In	854,300	20,000	-	-	-	27,000	4,000	905,300
Operating Transfers Out	(1,054,300)	-	-	(10,000)	-	(27,000)	-	(1,091,300)
<b>Total Operating Transfers</b>	<u>(200,000)</u>	<u>20,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>(186,000)</u>
<b>Net Income (Loss)</b>	(184,936)	(26,561)	(15,133)	(16,452)	(155)	29,230	(767)	(214,774)
<b>Retained Earnings, Oct 1</b>	1,096,111	110,250	276,551	142,857	315,046	114,005	(18,598)	2,036,222
<b>Retained Earnings, Sept 30</b>	\$ 911,175	\$ 83,689	\$ 261,418	\$ 126,405	\$ 314,891	\$ 143,235	\$ (19,365)	\$ 1,821,448

**City of Savannah, Missouri**  
**Statement of Revenues, Expenses and Changes in Retained Earnings -**  
**Waterworks and Wastewater Funds**  
**For the Year Ended September 30, 2009**

	Water Fund	Bond and Interest Fund	Wastewater Fund	Wastewater Construction Fund	Water Construction Fund	Utility Deposit Fund	Totals (Memorandum Only)
<b>Operating Revenues:</b>							
Operations	\$ 999,804	-	\$ 552,752	-	-	\$ -	\$ 1,552,556
Miscellaneous	7,403	-	1,588	-	-	-	8,991
<b>Total Operating Revenues</b>	<u>1,007,207</u>	<u>-</u>	<u>554,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,561,547</u>
<b>Operating Expenses:</b>							
Salaries and Wages	139,270	-	83,577	-	-	-	222,847
Payroll Taxes	10,456	-	6,370	-	-	-	16,826
Retirement	17,394	-	10,614	-	-	-	28,008
Group Insurance	22,690	-	2,177	-	-	-	24,867
Deductible and coinsurance	1,369	-	138	-	-	-	1,507
Sales Tax	6,544	-	-	-	-	-	6,544
Training	2,227	-	663	-	-	-	2,890
Uniforms	950	-	733	-	-	-	1,683
Postage	3,451	-	3,378	-	-	-	6,829
Utilities	80,416	-	63,348	-	-	-	143,764
Service Agreement	3,077	-	3,077	-	-	-	6,154
Chemicals, Fuel and Oil	86,937	-	4,234	-	-	-	91,171
Rock, Spraying and Seeding	4,143	-	-	-	-	-	4,143
Repairs and Maintenance	23,701	6,000	27,096	-	-	-	56,797
Supplies	6,869	-	5,853	-	-	-	12,722
Professional Fees	2,130	-	1,583	-	4,650	-	8,363
Printing and Publications	1,480	-	519	-	-	-	1,999
Insurance	14,549	-	8,076	-	-	-	22,625
Dues and Permits	1,261	-	300	-	-	-	1,561
Operations	6,544	-	-	-	-	-	6,544
Depreciation and Amortization	65,548	-	11,892	99,395	198,533	-	375,368
Miscellaneous	4,485	-	3,284	-	-	-	7,769
<b>Total Operating Expenses</b>	<u>505,491</u>	<u>6,000</u>	<u>236,912</u>	<u>99,395</u>	<u>203,183</u>	<u>-</u>	<u>1,050,981</u>
<b>Operating Income (Loss)</b>	501,716	(6,000)	317,428	(99,395)	(203,183)	-	510,566
<b>Nonoperating Revenues (Expense)</b>							
Interest Income	590	1,485	-	3	4,569	513	7,160
Interest Expense	-	(479,715)	-	(22,947)	-	-	(502,662)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>590</u>	<u>(478,230)</u>	<u>-</u>	<u>(22,944)</u>	<u>4,569</u>	<u>513</u>	<u>(495,502)</u>
<b>Income (Loss) Before Operating Transfers</b>	502,306	(484,230)	317,428	(122,339)	(198,614)	513	15,064
<b>Operating Transfers:</b>							
Operating Transfers In	100,400	708,900	-	45,000	-	-	854,300
Operating Transfers Out	(500,000)	-	(245,000)	-	(309,300)	-	(1,054,300)
<b>Total Operating Transfers</b>	<u>(399,600)</u>	<u>708,900</u>	<u>(245,000)</u>	<u>45,000</u>	<u>(309,300)</u>	<u>-</u>	<u>(200,000)</u>
<b>Net Income (Loss)</b>	102,706	224,670	72,428	(77,339)	(507,914)	513	(184,936)
<b>Retained Earnings, Oct 1</b>	1,347,901	(9,741,477)	(20,254)	1,329,089	8,168,563	12,289	1,096,111
<b>Retained Earnings, Sept 30</b>	<u>\$ 1,450,607</u>	<u>\$ (9,516,807)</u>	<u>\$ 52,174</u>	<u>\$ 1,251,750</u>	<u>\$ 7,660,649</u>	<u>\$ 12,802</u>	<u>\$ 911,175</u>

**City of Savannah, Missouri**  
**Combined Statement of Cash Flows - Waterworks and Wastewater Funds**  
**For the Year Ended September 30, 2009**

	<u>Water Fund</u>	<u>Bond and Interest Fund</u>	<u>Wastewater Fund</u>	<u>Wastewater Construction Fund</u>	<u>Water Construction Fund</u>	<u>Utility Deposit Fund</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>							
Operating Income (Loss)	\$ 501,716	\$ (6,000)	\$ 317,428	\$ (99,395)	\$ (203,183)	\$ -	\$ 510,566
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:							
Depreciation and Amortization	65,548	-	11,892	99,395	198,533	-	375,368
Changes in Assets and Liabilities:							
(Increase) decrease in Accts Receivable	(8,548)	-	(4,724)	-	-	-	(13,272)
Increase (decrease) in Customer Deposits	-	-	-	-	-	168	168
Increase (decrease) in Accrued Interest	-	(7,704)	-	-	-	-	(7,704)
Total Adjustments	<u>57,000</u>	<u>(7,704)</u>	<u>7,168</u>	<u>99,395</u>	<u>198,533</u>	<u>168</u>	<u>354,560</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>558,716</u>	<u>(13,704)</u>	<u>324,596</u>	<u>-</u>	<u>(4,650)</u>	<u>168</u>	<u>865,126</u>
<b>Cash Flows from Noncapital Financing Activities:</b>							
Operating Transfers In	100,400	708,900	-	45,000	-	-	854,300
Operating Transfers Out	<u>(500,000)</u>	<u>-</u>	<u>(245,000)</u>	<u>-</u>	<u>(309,300)</u>	<u>-</u>	<u>(1,054,300)</u>
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>(399,600)</u>	<u>708,900</u>	<u>(245,000)</u>	<u>45,000</u>	<u>(309,300)</u>	<u>-</u>	<u>(200,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchase of Equipment	(21,232)	-	(3,353)	-	(413,990)	-	(438,575)
Principal Paid on Bonds and Lease	-	(443,500)	-	(20,000)	-	-	(463,500)
Interest Paid on Bonds and Lease	-	(479,715)	-	(22,947)	-	-	(502,662)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(21,232)</u>	<u>(923,215)</u>	<u>(3,353)</u>	<u>(42,947)</u>	<u>(413,990)</u>	<u>-</u>	<u>(1,404,737)</u>
<b>Cash Flows from Investing Activities:</b>							
Interest on Investments	590	1,485	-	3	4,569	513	7,160
Purchase of Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>590</u>	<u>1,485</u>	<u>-</u>	<u>3</u>	<u>4,569</u>	<u>513</u>	<u>7,160</u>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	<u>138,474</u>	<u>(226,534)</u>	<u>76,243</u>	<u>2,056</u>	<u>(723,371)</u>	<u>681</u>	<u>(732,451)</u>
<b>Cash and Cash Equivalents, October 1</b>	<u>106,883</u>	<u>769,213</u>	<u>(106,905)</u>	<u>1,387</u>	<u>899,189</u>	<u>92,906</u>	<u>1,762,673</u>
<b>Cash and Cash Equivalents, September 30</b>	<u>\$ 245,357</u>	<u>\$ 542,679</u>	<u>\$ (30,662)</u>	<u>\$ 3,443</u>	<u>\$ 175,818</u>	<u>\$ 93,587</u>	<u>\$ 1,030,222</u>

CITY OF SAVANNAH, MISSOURI  
YELLOW BOOK COMPLIANCE SECTION  
SEPTEMBER 30, 2009

**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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Missouri as of and for the year ended September 30, 2009, which collectively comprise the City of Savannah Missouri's basic financial statements and have issued my report thereon dated February 21, 2010. 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 my opinions 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 Cities 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 management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kevin G. Hudson, C.P.A.  
Certified Public Accountant  
February 21, 2010