

**REPORT OF**  
**MISSOURI ASSOCIATION OF**  
**MUNICIPAL UTILITIES**  
**DECEMBER 31, 2008 AND 2007**

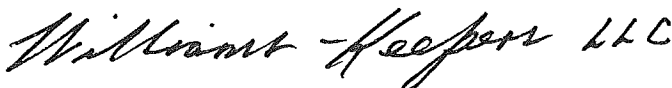
## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Missouri Association of Municipal Utilities

We have audited the accompanying statements of financial position of Missouri Association of Municipal Utilities ("MAMU"), as of December 31, 2008 and 2007 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of MAMU's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri Association of Municipal Utilities as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



June 9, 2009

MISSOURI ASSOCIATION OF MUNICIPAL UTILITIES

STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 671,228	\$ 341,943
Accounts receivable	78,841	164,145
Prepaid expenses	-	1,200
Total current assets	<u>750,069</u>	<u>507,288</u>
PROPERTY AND EQUIPMENT, NET	11,304	-
Total assets	<u>\$ 761,373</u>	<u>\$ 507,288</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 24,002	\$ 28,544
Unearned revenue	462,488	317,147
Total current liabilities	<u>486,490</u>	<u>345,691</u>
NET ASSETS		
Unrestricted	<u>274,883</u>	<u>161,597</u>
Total liabilities and net assets	<u>\$ 761,373</u>	<u>\$ 507,288</u>

The notes to financial statements are an integral part of these statements

**MISSOURI ASSOCIATION OF MUNICIPAL UTILITIES**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2008 and 2007**

	2008	2007
<b>REVENUES</b>		
Membership dues	\$ 480,526	\$ 452,625
Associate membership dues	34,688	37,550
Total membership dues	515,214	490,175
Finance program income	274,293	156,652
Management fee - MGCM	90,000	80,000
Management fee - MoPEP	9,900	4,537
Training	60,400	68,622
Interest	6,563	5,094
Infrared services	1,933	-
Miscellaneous	3,307	318
Total revenues	961,610	805,398
<b>EXPENSES</b>		
Payroll, payroll taxes and employee benefits	336,674	284,278
Transfer to MJMEUC Alliance Fund	215,935	186,331
Training	59,479	57,887
Water Council	26,553	11,460
Legislative expenses	29,614	24,959
Legislative consultant	38,521	34,808
Other consulting services	45,186	24,343
Finance program	55,585	46,195
Travel	19,566	21,146
Membership dues	2,089	3,786
Infrared services	1,813	-
Depreciation	1,256	-
Newsletter, net of revenues of \$12,900 for 2008 and \$12,012 for 2007	-	438
Insurance	15,300	-
Miscellaneous	737	1,011
Meeting expense	16	9
Total expenses	848,324	696,651
Increase in unrestricted net assets	113,286	108,747
Unrestricted net assets, beginning of year	161,597	52,850
Unrestricted net assets, end of year	\$ 274,883	\$ 161,597

The notes to financial statements are an integral part of these statements

**MISSOURI ASSOCIATION OF MUNICIPAL UTILITIES**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2008 and 2007**

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 113,286	\$ 108,747
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation expense	1,256	-
Adjustments for (increases) decreases in current assets and increases (decreases) in current liabilities:		
Accounts receivable	85,304	(131,243)
Prepaid expenses	1,200	(30)
Accounts payable and other accruals	(4,542)	28,544
Unearned revenue	145,341	(159,535)
Net cash provided (used) by operating activities	341,845	(153,517)
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(12,560)	-
Net cash provided (used) by investing activities	(12,560)	-
Net increase (decrease) in cash and cash equivalents	329,285	(153,517)
Cash and cash equivalents, beginning of year	341,943	495,460
Cash and cash equivalents, end of year	\$ 671,228	\$ 341,943

The notes to financial statements are an integral part of these statements

# MISSOURI ASSOCIATION OF MUNICIPAL UTILITIES

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organizational structure:* The Missouri Association of Municipal Utilities (“MAMU”) is a state-wide organization open for membership to any municipality owning and operating its own utility including water, electric, gas or wastewater. Its primary mission is to monitor legislation, keep its membership informed as to how proposed and existing legislation affects them, and to efficiently represent the interests of the membership before the Missouri Legislature. In addition, MAMU provides communication, education, training and other self-help activities on a cooperative basis.

*Method of accounting:* The financial statements are prepared on the accrual basis of accounting.

*Cash and cash equivalents:* For the purpose of the statement of cash flows, MAMU considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Periodically, MAMU temporarily has cash on deposit at financial institutions in excess of amounts insured by the U.S. Federal Deposit Insurance Corporation.

*Membership dues recognition:* Membership dues are recognized as revenue in the calendar year to which they pertain. Dues, the apprentice program and other member services received in advance of the year to which they pertain are deferred and reported as unearned revenue.

*Accounts receivable:* MAMU considers all accounts receivable balances to be fully collectable; therefore, an allowance for doubtful accounts has not been recorded.

*Property and equipment:* Property and equipment are carried at cost if purchased or fair value if received by contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

*Income taxes:* MAMU is generally exempt from income tax under Section 501(c)(6) of the Internal Revenue Code; however, federal income taxes are payable on lobbying activities at statutory tax rates applied to the lower of such expenses or investment income.

*Estimates:* The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

*Net Assets:* Net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon donor imposed restrictions that limit the use of the assets received. All of MAMU’s revenues and net assets are unrestricted.

## 2. CASH AND CASH EQUIVALENTS

The carrying amount of MAMU's deposits with financial institutions was \$671,228 and \$341,943 at December 31, 2008 and 2007, respectively. The bank balances are categorized as follows:

	2008	2007
Amount insured by FDIC	\$ 250,000	\$ 100,000
Excess over FDIC coverage	429,476	262,474
Total bank balances	<u>\$ 679,476</u>	<u>\$ 362,474</u>

## 3. PROPERTY AND EQUIPMENT

At December 31, 2008 and 2007, the carrying values of major categories of property and equipment were as follows:

	2008	2007
Furniture and equipment	\$ 12,560	\$ -
Less accumulated depreciation	(1,256)	-
Property and equipment, net	<u>\$ 11,304</u>	<u>\$ -</u>

Depreciation expense was \$1,256 and \$0 for the years ended December 31, 2008 and 2007, respectively.

## 4. RELATED ORGANIZATIONS

Effective January 1, 1988 MAMU entered into an agreement with the Municipal Gas Commission of Missouri (MGCM) to provide MGCM with office space, telephone, postage, management, and accounting and other services as needed by MGCM. Management fees received from MGCM totaled \$90,000 and \$80,000 in 2008 and 2007, respectively. MAMU received management fees from the Missouri Joint Municipal Electric Utility Commission ("MJMEUC") totaling \$9,900 and \$4,537 in 2008 and 2007, respectively for services provided to the MoPEP fund.

MAMU is a party to a Joint Operating Agreement with MJMEUC and MGCM for the purpose of coordinating resources to improve efficiency and reduce costs. The resulting alliance, known as the Missouri Public Utility Alliance (MPUA), is managed by a Joint Operating Committee, comprised of three representatives from the governing boards of each member. This committee reviews and recommends annual budgets for each member, determines the allocation of expenses on a cost reimbursement basis to members, consults on employee issues, and recommends contractual arrangements with joint consultants to each member. The Alliance is accounted for as a separate cost center of MJMEUC. A majority of telephone, utility, postage, and other miscellaneous office expenses not directly attributable to a specific program or member are charged to the Alliance cost center. A portion of MAMU's income is transferred to MJMEUC to pay for Alliance expenses.

All MPUA staff are employees of MJMEUC. MAMU reimburses MJMEUC for time spent by MJMEUC employees on MAMU matters. Salary reimbursements paid to MJMEUC totaled \$336,674 and \$284,278 in 2008 and 2007, respectively.

MAMU transferred \$215,935 and \$186,331 for 2008 and 2007, respectively, to MJMEUC to pay its allocated share of Alliance expenses. MJMEUC owed MAMU \$63,572 at December 31, 2008 for Alliance expenses.

## 5. MUNICIPAL FINANCE PROGRAM

Since 1999, MAMU has served as administrator for certain municipal finance programs of the Missouri Development Finance Board (“MDFB”), a component unit of the State of Missouri. Under these programs, MDFB acts as a conduit issuer of tax-exempt bonds or lease revenue notes (“notes”) to provide a pool of funds available to Missouri municipalities for long-term financing of capital improvements to their public utilities systems. Repayment of the principal and interest is the obligation of the municipalities who have borrowed under the program. MAMU has no liability for repayment of the debt.

As of December 31, 2008, MAMU is the administrator for five series issued by MDFB, one each in 1999, 2003, 2005, 2006 and 2008. MAMU has certain administrative duties under the program at the time of bond or notes issuance and during the term of the outstanding debt. MAMU receives fees at the time of issuance and on a quarterly basis thereafter during the term of the outstanding debt. Fees are typically based on a percentage of the outstanding principal of the underlying leases with the municipalities. Fees received at the time of issuance are recognized in MAMU’s financial statements when received and quarterly fees are recognized in the quarter to which they pertain. For the years ended December 31, 2008 and 2007, total fees earned were \$274,293 and \$156,652, respectively.

MAMU contracts out the servicing of the municipalities leases. Fees for these services are typically based on the outstanding principal of the leases. These fees are due quarterly and are paid from the administrative fees received by MAMU. There is a separate outsourcing agreement for each bond or notes series issuance. Most of the agreements include a minimum and maximum amount allowed to be paid during the year. Fees are only paid to the extent that MAMU receives administrative fees. Direct expenses for these fees and other expenses of the program were \$55,585 and \$46,195 for 2008 and 2007, respectively.