

CITY OF WARRENSBURG, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2014

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	17
Statement of Activities.....	18
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Fund	25
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	27
Statement of Cash Flows – Proprietary Fund	28
Statement of Fiduciary Net Position – Private Purpose Trusts.....	29
Statement of Changes in Fiduciary Net Position – Private Purpose Trusts	30
Statement of Changes in Fiduciary Net Position – Agency Funds	31
Notes to Basic Financial Statements.....	32
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	63
Budgetary Comparison Schedule – General Fund.....	64

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – Park Fund	66
Budgetary Comparison Schedule – Old Drum Fund	67
Budgetary Comparison Schedule – Capital Improvement Transportation Fund.....	68
Budgetary Comparison Schedule – Capital Improvement Half-Cent Fund	69
Note to Budgetary Comparison Schedules	70

OTHER FINANCIAL INFORMATION

Combining Statement of Fiduciary Net Position	72
Combining Statement of Changes in Fiduciary Net Position	73
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Warrensburg
Warrensburg, Missouri

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Warrensburg, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Honorable Mayor and City Council
City of Warrensburg
Warrensburg, Missouri

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), budgetary comparison information, and the Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and City Council
City of Warrensburg
Warrensburg, Missouri

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warrensburg, Missouri's basic financial statements. The Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2015, on our consideration of the City of Warrensburg, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Warrensburg, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
January 7, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

The management's discussion and analysis of the City of Warrensburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which begin on page 17.

Financial Highlights

- The Net Position of the City's governmental activities decreased by \$1,246,701 for the year as a result of current year activities. The net position of the City's business activities decreased \$3,870 for the year.
- The assets of the City exceeded its liabilities as of September 30, 2014, by \$52.9 million (net position). Of this amount, \$6.3 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$1,591,552.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and liabilities – are one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds rather than the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.
- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of September 30, 2014 and 2013:

	Governmental Activities	Business-Type Activities	Total September 30, 2014	Total September 30, 2013
Current and other assets	\$ 11,632,856	\$ 1,498,398	\$ 13,131,254	\$ 13,614,704
Capital assets	49,149,799	31,777,542	80,927,341	83,785,413
TOTAL ASSETS	60,782,655	33,275,940	94,058,595	97,400,117
Other liabilities	2,010,203	1,604,464	3,614,667	4,114,066
Long-term liabilities outstanding	20,351,830	17,180,465	37,532,295	39,123,847
TOTAL LIABILITIES	22,362,033	18,784,929	41,146,962	43,237,913
Net position:				
Net investment in capital assets	28,140,016	13,420,077	41,560,093	42,297,596
Restricted	4,298,746	798,078	5,096,824	4,472,074
Unrestricted	5,981,860	272,856	6,254,716	7,392,534
TOTAL NET POSITION	\$ 38,420,622	\$ 14,491,011	\$ 52,911,633	\$ 54,162,204

Total net position of the City decreased \$1,250,571 for the year due to current year activity. Total liabilities for the City have decreased by \$2,090,951. Net capital assets for the governmental activities totaled \$49.1 million as of September 30, 2014.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

CHANGE IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2014	Total Year Ended September 30, 2013
REVENUES				
Program Revenues				
Charges for services	\$ 1,291,361	\$ 4,246,859	\$ 5,538,220	\$ 5,095,700
Operating grants and contributions	12,040	-	12,040	53,163
Capital grants and contributions	167,737	-	167,737	150,752
General Revenues				
Property taxes	1,064,283	-	1,064,283	1,597,562
Sales taxes	7,231,331	-	7,231,331	6,646,512
Motor vehicle taxes	712,039	-	712,039	677,556
Other taxes	221,359	-	221,359	208,870
Franchise fees	2,622,267	-	2,622,267	2,479,758
Interest	21,462	389,327	410,789	489,666
Other revenue	107,962	-	107,962	383,301
Gain on disposal of assets	-	1,000	1,000	1,500
Special Item				
Asset impairment - Hawthorne	(1,570,072)	-	(1,570,072)	-
Transfers	292,110	(292,110)	-	-
TOTAL REVENUES	12,173,879	4,345,076	16,518,955	17,784,340
EXPENSES				
General government	423,626	-	423,626	408,957
Finance	269,287	-	269,287	247,258
Other support services	364,205	-	364,205	500,429
Information technology	72,967	-	72,967	245,557
Municipal court	131,300	-	131,300	160,579
Buildings and grounds	389,511	-	389,511	367,932
Public safety and health	4,845,163	-	4,845,163	4,783,102
Community development	594,399	-	594,399	125,285
Transportation	3,254,697	-	3,254,697	2,465,802
Cemetery	103,779	-	103,779	114,854
Parks and recreation	2,316,723	-	2,316,723	2,236,951
Debt service	654,923	708,065	1,362,988	2,562,663
Sewer	-	3,640,881	3,640,881	2,952,370
TOTAL EXPENSES	13,420,580	4,348,946	17,769,526	17,171,739
INCREASE (DECREASE) IN NET ASSETS	\$ (1,246,701)	\$ (3,870)	\$ (1,250,571)	\$ 612,601

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

Governmental Activities

Governmental activities decreased the net position of the City by \$1,246,701. Total tax revenues for the City were \$12.1 million, which represents 86% of the financing of these activities. Program revenues for the functions totaled \$1.4 million or 10% of the funding. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

NET COST OF THE CITY OF WARRENSBURG'S GOVERNMENTAL ACTIVITIES

	Total Cost of Services	Net Cost of Services
General government	\$ 423,626	\$ 239,644
Finance	269,287	269,287
Other support services	364,205	364,205
Information technology	72,967	72,967
Municipal court	131,300	131,300
Buildings and grounds	389,511	389,511
Public safety and health	4,845,163	4,484,305
Community development	594,399	594,399
Transportation	3,254,697	3,096,960
Cemetery	103,779	43,059
Parks and recreation	2,316,723	1,608,882
Debt Service	654,923	654,923
	\$ 13,420,580	\$ 11,949,442

Business-Type Activities

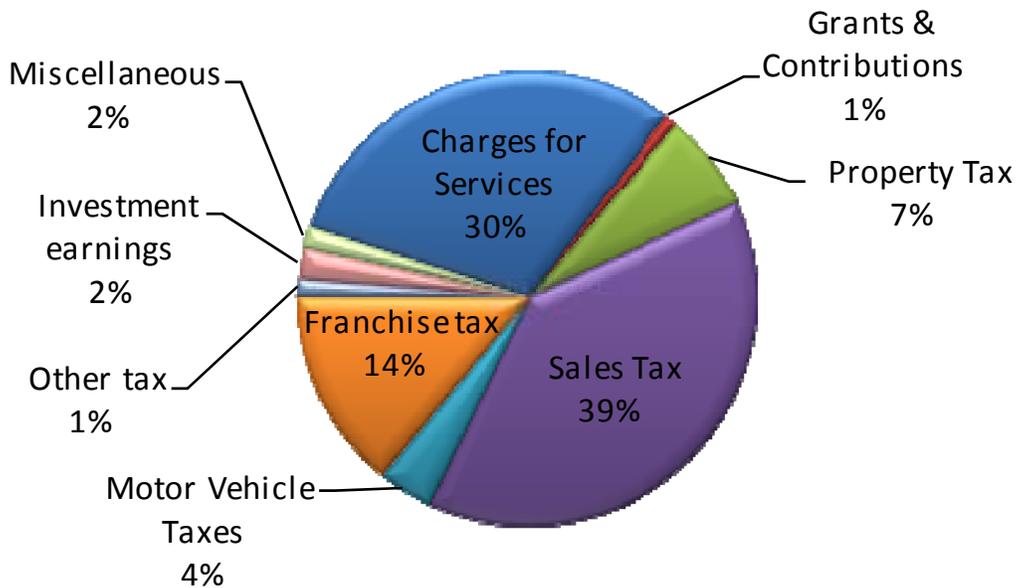
Business-type activities decreased the City's net position by \$3,870. Last year the business-type activities increased \$239,201.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014

Financial Analysis of the City's Funds

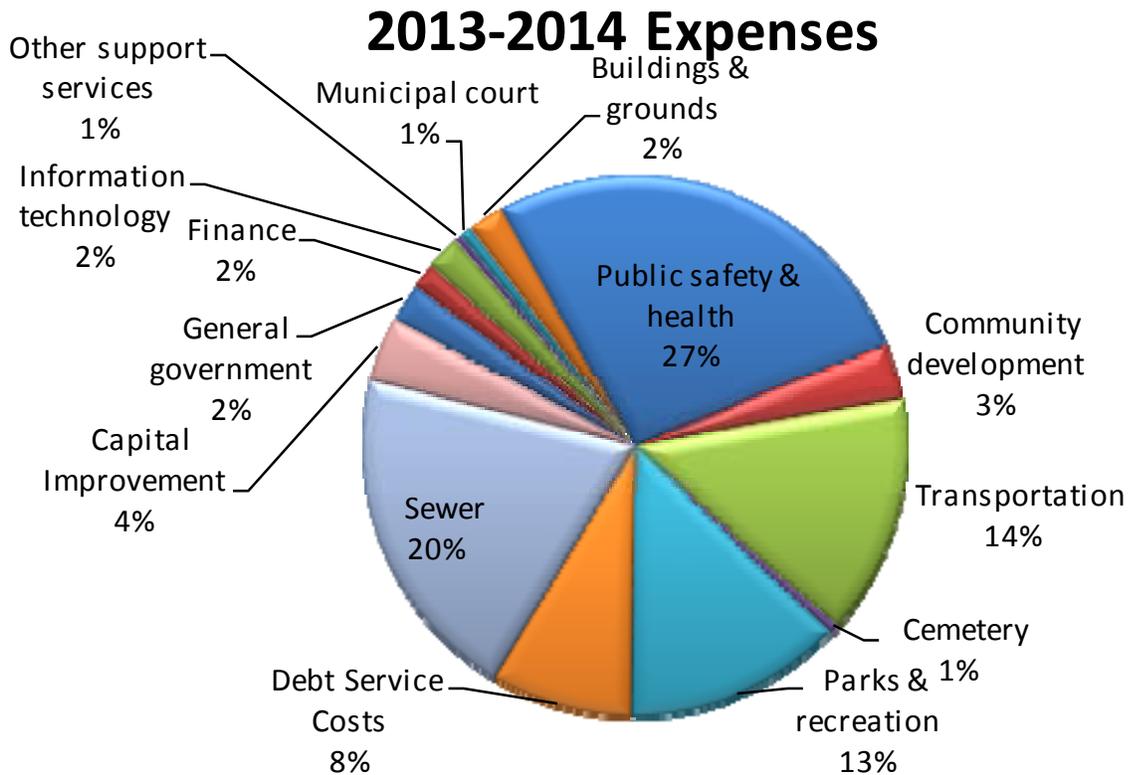
The revenue sources for the City are diverse as illustrated in the pie chart below. The largest source of revenue is Sales Taxes at 39% of the total, with the next largest portion being Charges for Services at 30%, and Franchise Taxes at 14% of the total revenues.

2013-2014 Revenues



**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

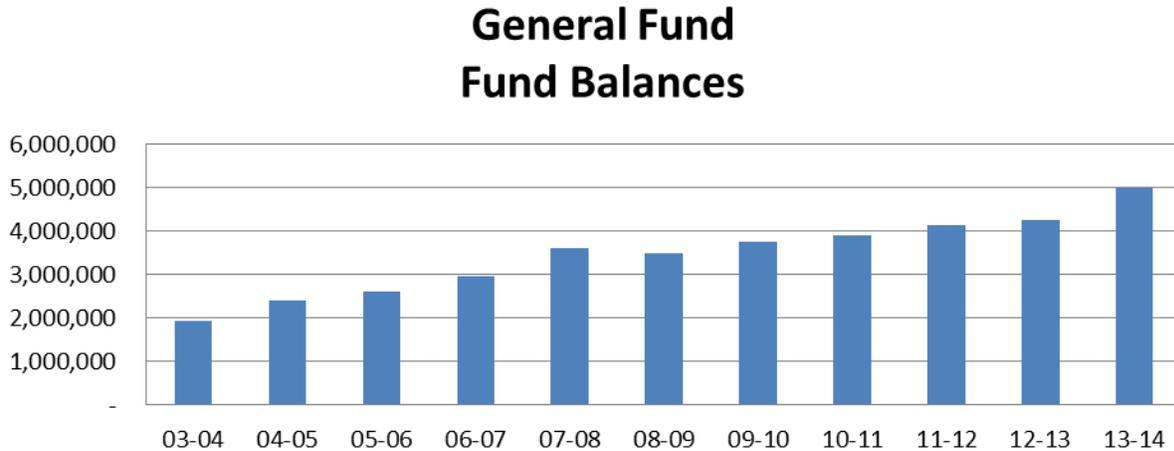
As the pie chart below indicates the City provides a wide array of services. The largest category of services in terms of spending is for Public Safety and Health at 27%, which is for providing services to the community primarily through its Police and Fire departments. The next four largest categories of spending are relatively close with the Sewer utility at 20%, Debt service costs at 8%, Transportation or street department at 14%, and Parks and recreation at 13%.



The combined fund balances of the City's governmental funds as of September 30, 2014, were \$9.3 million. The General Fund increased by \$716,917. The Park Fund increased by \$724,103. The Old Drum Fund decreased by \$111. The Capital Improvement Transportation Fund decreased by \$871,189. The new Capital Improvement Half-Cent Fund increased by \$938,469. The Debt Service Fund increased by \$6,189. The Neighborhood Improvement Fund decreased by \$57,542.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

In order to help address the question of how the city is performing over time, the below bar graph provides a historical picture of the ending fund balance for the General Fund of the City.



General Fund Budgetary Highlights

Differences between the original and the final amended budget can be summarized as follows:

- The original revenue budget of \$8,085,435 was increased by \$326,170 to \$8,411,605. Most of this increase was from tax revenues being higher than originally projected.
- The total original budgeted expenditures of \$8,728,452 were increased by \$95,211 to \$8,823,663. Most of this increase was from an increase in infrastructure projects.
- The original budget for other sources, uses and transfers of \$446,908 was increased to \$456,908.

Fiscal year end budget adjustments were presented and approved by City Council at the September 23, 2014, meeting. The year-end budget adjustments were done to comply with Chapter 67, RSMo.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$49.1 million (net of accumulated depreciation) as of September 30, 2014. This represents a decrease of \$1,413,530 from the prior year due primarily to infrastructure additions net of the current year provisions for depreciation. Net capital assets for business-type activities were \$31.8 million as of September 30, 2014. This represents a decrease of \$1,444,542 from the prior year due primarily to current year provisions for depreciation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WARRENSBURG, MISSOURI
SEPTEMBER 30, 2014**

Debt

Total debt and long-term obligations of the governmental activities as of September 30, 2014, was \$21.6 million, which is a decrease of \$510,086 due to current year principal payments and the funding of the Series 2014 Certificates of Participation.

Total debt and long-term obligations of the business-type activities as of September 30, 2014, was \$18.4 million, which is down by \$1.6 million from the prior year due to the payments made on the City's capital leases, Certificates of Participation, and revenue bonds.

Economic Factors and Next Year's Budget

City spending patterns will continue to require a more conservative approach to help rebuild reserves and careful monitoring considering the sensitive local, state and national economies.

Economic Development – The City continues to take a proactive approach to economic development focused on growing revenues through the growth of the community while minimizing risks. Towards this end, management has undertaken specific initiatives to enhance its economic development tool kit over the coming fiscal year. Included in these initiatives are making the financial incentives application and review process more efficient and user friendly, strengthening relationships with its economic development partners, restructuring internal processes aimed at creating a more business friendly one stop shop with flexibility where practical, and focusing promotion on creating a solid brand identity throughout City operations.

Sales tax revenues increased 8.0% in fiscal year 2014. Staff will continue to monitor the situation closely but anticipates sales tax growth of 3% in fiscal year 2015 and opted to budget conservatively with essentially flat revenues. Warrensburg has a solid economic base with a low unemployment rate, relative to other areas of the United States. With the growth and stability of the University of Central Missouri, and other major employers in the area such as Whiteman Air Force Base, and health care providers, the City has been able to offset much of the adverse impact of the loss of employment from other employers. The City continues to take a proactive approach to economic development and promotion of the City for growth.

Contacting the City's Financial Management

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. Any questions regarding the report or request for additional information should be directed to the Finance Director, 102 South Holden St., Warrensburg, Missouri 64093 (660-747-9131).

CITY OF WARRENSBURG, MISSOURI
STATEMENT OF NET POSITION
September 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	\$ 6,655,956	\$ 93,504	\$ 6,749,460
Taxes receivable, net	1,586,395	-	1,586,395
Utilities receivable, net	-	383,727	383,727
Special assessments receivable	1,315,053	-	1,315,053
Court fines receivable, net	322	-	322
Intergovernmental receivable	305,000	-	305,000
Inventory	12,707	-	12,707
Prepaid expenses	131,382	18,513	149,895
Restricted cash and cash equivalents	924,266	412,159	1,336,425
Restricted investments	701,775	590,495	1,292,270
Capital Assets:			
Non-depreciable	3,262,089	392,583	3,654,672
Depreciable, net	45,887,710	31,384,959	77,272,669
TOTAL ASSETS	60,782,655	33,275,940	94,058,595
LIABILITIES			
Current			
Accounts payable	281,849	48,752	330,601
Accrued expenses	401,297	28,654	429,951
Unearned revenue	32,104	-	32,104
Court bonds payable	3,017	-	3,017
Refundable permits	2,800	-	2,800
Accrued interest payable	60,759	145,482	206,241
Arbitrage payable	-	204,576	204,576
Current maturities of long-term debt	1,228,377	1,177,000	2,405,377
	2,010,203	1,604,464	3,614,667
Noncurrent			
Capital leases payable	87,953	41,600	129,553
Neighborhood improvement bonds payable	3,023,000	-	3,023,000
Certificates of participation payable	16,670,453	-	16,670,453
Revenue bonds payable	-	17,104,378	17,104,378
Developer agreements payable	18,998	-	18,998
Net pension obligation payable	43,590	932	44,522
Compensated absences payable	507,836	33,555	541,391
	20,351,830	17,180,465	37,532,295
TOTAL LIABILITIES	22,362,033	18,784,929	41,146,962
NET POSITION			
Net investment in capital assets	28,140,016	13,420,077	41,560,093
Restricted	4,298,746	798,078	5,096,824
Unrestricted	5,981,860	272,856	6,254,716
TOTAL NET POSITION	\$ 38,420,622	\$ 14,491,011	\$ 52,911,633

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ (423,626)	\$ 171,942	\$ 12,040	\$ -	\$ (239,644)	\$ -	\$ (239,644)
Finance	(269,287)	-	-	-	(269,287)	-	(269,287)
Other support services	(364,205)	-	-	-	(364,205)	-	(364,205)
Information technology	(72,967)	-	-	-	(72,967)	-	(72,967)
Municipal court	(131,300)	-	-	-	(131,300)	-	(131,300)
Buildings and grounds	(389,511)	-	-	-	(389,511)	-	(389,511)
Public safety and health	(4,845,163)	360,858	-	-	(4,484,305)	-	(4,484,305)
Community development	(594,399)	-	-	-	(594,399)	-	(594,399)
Transportation	(3,254,697)	-	-	157,737	(3,096,960)	-	(3,096,960)
Cemetery	(103,779)	60,720	-	-	(43,059)	-	(43,059)
Parks and recreation	(2,316,723)	697,841	-	10,000	(1,608,882)	-	(1,608,882)
Debt Service	(654,923)	-	-	-	(654,923)	-	(654,923)
TOTAL GOVERNMENTAL ACTIVITIES	(13,420,580)	1,291,361	12,040	167,737	(11,949,442)	-	(11,949,442)
Business-Type Activities							
Sewer	(4,348,946)	4,246,859	-	-	-	(102,087)	(102,087)
TOTAL BUSINESS-TYPE ACTIVITIES	(4,348,946)	4,246,859	-	-	-	(102,087)	(102,087)
TOTAL GOVERNMENT	\$ (17,769,526)	\$ 5,538,220	\$ 12,040	\$ 167,737	(11,949,442)	(102,087)	(12,051,529)
		General Revenues:					
					1,064,283	-	1,064,283
					7,231,331	-	7,231,331
					712,039	-	712,039
					221,359	-	221,359
					2,622,267	-	2,622,267
					21,462	389,327	410,789
					107,962	-	107,962
					-	1,000	1,000
		Special Item:					
					(1,570,072)	-	(1,570,072)
					292,110	(292,110)	-
		Total General Revenues, Special Items, and Transfers			10,702,741	98,217	10,800,958
		Changes in Net Position			(1,246,701)	(3,870)	(1,250,571)
		Net Position, Beginning of year			39,667,323	14,494,881	54,162,204
		Net Position, End of year			\$ 38,420,622	\$ 14,491,011	\$ 52,911,633

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2014

	Special Revenue Funds						Debt Service Funds		Total Governmental Funds
	General Fund	Park Fund	Old Drum Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	
ASSETS									
Cash and cash equivalents	\$ 4,178,561	\$ 653,591	\$ -	\$ -	\$ 602,693	\$ 687,406	\$ 155,920	\$ 377,785	\$ 6,655,956
Taxes receivable, net	980,683	204,302	-	-	122,568	278,842	-	-	1,586,395
Intergovernmental receivable	-	-	-	-	-	-	305,000	-	305,000
Special assessments receivable	-	-	-	-	-	-	-	1,315,053	1,315,053
Court fines receivable, net	322	-	-	-	-	-	-	-	322
Due from other funds	216,821	-	-	-	-	-	-	-	216,821
Inventory	12,707	-	-	-	-	-	-	-	12,707
Prepaid expenses	114,953	16,429	-	-	-	-	-	-	131,382
Restricted cash and cash equivalents	3,017	640,612	-	13,965	-	-	5,735	260,937	924,266
Restricted investments	-	-	-	-	-	-	701,775	-	701,775
TOTAL ASSETS	\$ 5,507,064	\$ 1,514,934	\$ -	\$ 13,965	\$ 725,261	\$ 966,248	\$ 1,168,430	\$ 1,953,775	\$ 11,849,677
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 153,891	\$ 80,586	\$ -	\$ -	\$ 16,975	\$ 27,779	\$ -	\$ 2,618	\$ 281,849
Accrued expenses	370,795	30,502	-	-	-	-	-	-	401,297
Court bonds payable	3,017	-	-	-	-	-	-	-	3,017
Developer agreement payable	2,800	-	-	-	-	-	-	-	2,800
Due to other funds	-	71,821	-	-	-	-	145,000	-	216,821
Unearned revenue	-	32,104	-	-	-	-	-	-	32,104
TOTAL LIABILITIES	530,503	215,013	-	-	16,975	27,779	145,000	2,618	937,888

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
September 30, 2014

	Special Revenue Funds						Debt Service Funds		Total Governmental Funds
	General Fund	Park Fund	Drum Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	
Deferred Inflows of Resources									
Deferred revenue - special assessments	-	-	-	-	-	-	305,000	1,315,053	1,620,053
Fund Balances									
Nonspendable:									
Inventory	12,707	-	-	-	-	-	-	-	12,707
Prepaid expenses	114,953	16,429	-	-	-	-	-	-	131,382
Restricted for:									
Debt Service	-	-	-	-	-	-	718,430	636,104	1,354,534
Capital improvements	-	-	-	-	708,286	938,469	-	-	1,646,755
Tri-centennial	-	-	-	13,965	-	-	-	-	13,965
Parks and recreation	-	1,283,492	-	-	-	-	-	-	1,283,492
Unassigned	4,848,901	-	-	-	-	-	-	-	4,848,901
TOTAL FUND BALANCES	4,976,561	1,299,921	-	13,965	708,286	938,469	718,430	636,104	9,291,736
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,507,064	\$ 1,514,934	\$ -	\$ 13,965	\$ 725,261	\$ 966,248	\$ 1,168,430	\$ 1,953,775	\$ 11,849,677

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
September 30, 2014

Fund balance - total governmental funds	\$ 9,291,736
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	85,912,276
Less accumulated depreciation	<u>(36,762,477)</u>
	49,149,799
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(60,759)
Adjustment of deferred revenue	1,620,053
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(21,580,207)</u>
Net position of governmental activities	<u><u>\$ 38,420,622</u></u>

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 Year Ended September 30, 2014

	Special Revenue Funds						Debt Service Funds		Total Governmental Funds
	General Fund	Park Fund	Old Drum Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	
REVENUES									
Taxes	\$ 7,765,018	\$ 1,649,487	\$ -	\$ -	\$ 712,039	\$ 1,724,735	\$ -	\$ 86,503	\$ 11,937,782
Licenses and permits	171,942	-	-	-	-	-	-	-	171,942
Intergovernmental revenues	12,040	10,000	-	-	149,547	8,190	-	-	179,777
Charges for services	112,370	697,841	-	-	-	-	-	-	810,211
Fines and forfeitures	309,208	-	-	-	-	-	-	-	309,208
Interest income	16,128	29	-	-	-	-	5,305	-	21,462
Miscellaneous	62,396	30,527	-	-	1,176	-	158,863	-	252,962
TOTAL REVENUES	8,449,102	2,387,884	-	-	862,762	1,732,925	164,168	86,503	13,683,344
EXPENDITURES									
Current									
General government	385,917	-	15,000	-	-	-	-	16,215	417,132
Finance	268,361	-	-	-	-	-	-	-	268,361
Other support services	364,201	-	-	-	-	-	-	-	364,201
Information technology	276,671	-	-	-	-	-	-	-	276,671
Municipal court	130,848	-	-	-	-	-	-	-	130,848
Buildings and grounds	234,469	-	-	-	-	-	-	-	234,469
Public safety and health	4,615,400	-	-	-	-	-	-	-	4,615,400
Community development	592,376	-	-	-	-	-	-	-	592,376
Transportation	1,226,696	-	-	-	-	-	-	-	1,226,696
Cemetery	100,934	-	-	-	-	-	-	-	100,934
Parks and recreation	-	2,103,497	-	-	-	-	-	-	2,103,497
Capital improvements	-	-	-	-	661,303	371,799	-	-	1,033,102
Debt Service									
Principal and interest	-	-	-	-	-	-	1,719,975	127,830	1,847,805
TOTAL EXPENDITURES	8,195,873	2,103,497	15,000	-	661,303	371,799	1,719,975	144,045	13,211,492

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)
 Year Ended September 30, 2014

	Special Revenue Funds						Debt Service Funds		Total Governmental Funds
	General Fund	Park Fund	Old Drum Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	253,229	284,387	(15,000)	-	201,459	1,361,126	(1,555,807)	(57,542)	471,852
OTHER FINANCING SOURCES (USES)									
Lease proceeds	-	692,874	-	-	-	-	-	-	692,874
Operating transfers in (out)	463,688	(253,158)	14,889	-	(148,803)	(1,346,502)	1,561,996	-	292,110
TOTAL OTHER FINANCING SOURCES (USES)	463,688	439,716	14,889	-	(148,803)	(1,346,502)	1,561,996	-	984,984
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	716,917	724,103	(111)	-	52,656	14,624	6,189	(57,542)	1,456,836
FUND BALANCE, October 1	4,259,644	575,818	111	13,965	1,579,475	-	712,241	693,646	7,834,900
EQUITY TRANSFER	-	-	-	-	(923,845)	923,845	-	-	-
FUND BALANCE, September 30	\$ 4,976,561	\$ 1,299,921	\$ -	\$ 13,965	\$ 708,286	\$ 938,469	\$ 718,430	\$ 636,104	\$ 9,291,736

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2014

Net change in fund balances - total governmental funds \$ 1,456,836

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

Governmental funds report capital outlays as expenditures. However, in
 the statement of activities the cost of these assets is allocated over their
 estimated useful lives on a straight line basis and reported as depreciation
 expense. The following is the detail of the amount by which depreciation
 exceeded capital outlays for the year.

Capital outlay	782,260
Depreciation	(2,182,555)
Asset impairment - Hawthorne	(1,570,072)
Disposal of capital assets, net	(13,235)
	<u>(2,983,602)</u>

Some revenues reported in the governmental funds represent current financial
 resources and were recognized in the statement of activities when earned (231,503)

The issuance of long-term debt provides current financial resources to governmental
 funds. The repayment of the principal of long-term debt is a use of current
 financial resources of governmental funds. Also, governmental funds report
 the effect of issuance costs and similar items when debt is issued, whereas these
 amounts are deferred and amortized in the statement of activities. In the statement
 of activities, interest is accrued on outstanding debt whereas in the governmental
 funds, an interest expenditure is reported when due. The following is the detail of
 the net effect of these differences.

Repayment of principal on bonds, leases, and other debt	1,202,960
Lease proceeds	(692,874)
Change in accrued interest payable	1,482
	<u>511,568</u>

Change in net position of governmental activities \$ (1,246,701)

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
STATEMENT OF NET POSITION – PROPRIETARY FUND
September 30, 2014

	Enterprise Fund
	Sewer Fund
	<u> </u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 93,504
Utilities receivable, net	383,727
Prepaid expenses	18,513
	<u> </u>
TOTAL CURRENT ASSETS	495,744
Restricted Assets	
Cash and cash equivalents	412,159
Investments	590,495
	<u> </u>
TOTAL RESTRICTED ASSETS	1,002,654
Property, Plant and Equipment	
Land	392,583
Buildings and improvements	19,198,509
Sewer mains and lines	27,241,744
Machinery and equipment	1,028,423
	<u> </u>
	47,861,259
Less accumulated depreciation	<u>(16,083,717)</u>
	<u> </u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	31,777,542
	<u> </u>
TOTAL ASSETS	33,275,940

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
STATEMENT OF NET POSITION – PROPRIETARY FUND (continued)
September 30, 2014

	Enterprise Fund
	Sewer Fund
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	48,752
Accrued expenses	28,654
Accrued interest payable	145,482
Arbitrage payable	204,576
Current maturities of long-term debt	1,177,000
	<u>1,604,464</u>
	TOTAL CURRENT LIABILITIES
	1,604,464
Long-Term Liabilities	
Capital leases payable	41,600
Revenue bonds payable, net	17,104,378
Net pension obligation payable	932
Compensated absences payable	33,555
	<u>17,180,465</u>
	TOTAL LONG-TERM LIABILITIES
	17,180,465
	TOTAL LIABILITIES
	<u>18,784,929</u>
Net Position	
Net investment in capital assets	13,420,077
Restricted	798,078
Unrestricted	272,856
	<u>14,491,011</u>
	TOTAL NET POSITION
	<u>\$ 14,491,011</u>

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND
Year Ended September 30, 2014

	Enterprise Fund
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 4,221,267
Miscellaneous	25,592
	<hr/>
TOTAL OPERATING REVENUES	4,246,859
OPERATING EXPENSES	
Personnel services	747,027
Contractual services	226,799
Repairs and maintenance	53,904
Supplies	61,822
Utilities	359,076
Education	4,706
Labs and testing	20,649
Bad debt expense	611,602
Insurance Expenses	35,621
Depreciation	1,505,747
Miscellaneous	13,928
	<hr/>
TOTAL OPERATING EXPENSES	3,640,881
OPERATING INCOME	605,978
NONOPERATING REVENUES (EXPENSES)	
Interest income	389,327
Interest expense	(708,065)
Gain on sale of equipment	1,000
	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(317,738)
INCOME BEFORE OPERATING TRANSFERS	288,240
OPERATING TRANSFERS (OUT)	(292,110)
	<hr/>
NET (LOSS)	(3,870)
NET POSITION, October 1	14,494,881
NET POSITION, September 30	<u>\$ 14,491,011</u>

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended September 30, 2014

	Enterprise Fund
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,656,911
Cash paid to suppliers	(1,447,168)
Cash paid to employees	(741,704)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,468,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due (to) other governments	(144,186)
Operating transfer (out)	(292,110)
	<hr/>
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(436,296)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of long-term debt	137,960
Purchase of fixed assets	(61,205)
Proceeds from sale of fixed assets	1,000
Payment of bond principal	(1,666,497)
Payment of interest expense	(725,741)
Payment of principal on capital leases	(48,191)
	<hr/>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,362,674)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	381,136
Purchase of investments	199,878
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	581,014
NET INCREASE IN CASH AND CASH EQUIVALENTS	250,083
CASH AND CASH EQUIVALENTS, Beginning of year	<hr/> 255,580
CASH AND CASH EQUIVALENTS, End of year	<hr/> <u>\$ 505,663</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 605,978
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,505,747
(Increase) decrease in:	
Utilities receivable	410,052
Prepaid expenses	(13,777)
Increase (decrease) in:	
Accounts payable	(115,733)
Accrued expenses	4,573
Compensated absences	1,876
Arbitrage payable	70,449
Net pension obligation	(1,126)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,468,039</u>

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
 STATEMENT OF FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUSTS
 September 30, 2014

	<u>Private-Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 205,194
LIABILITIES	
Due to others	<u>-</u>
NET POSITION	
Restricted	75,982
Unrestricted	<u>129,212</u>
TOTAL NET POSITION	<u><u>\$ 205,194</u></u>

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUSTS
 Year Ended September 30, 2014

	<u>Private-Purpose Trusts</u>
Additions:	
Donations	\$ -
Deductions:	
Contributions and other	<u>3,100</u>
Changes in Net Position	(3,100)
Net Position, beginning of year	<u>208,294</u>
Net Position, end of year	<u><u>\$ 205,194</u></u>

See accompanying notes.

CITY OF WARRENSBURG, MISSOURI
 STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS
 September 30, 2014

	<u>Agency Funds</u>	
	<u>Children's Memorial Trust</u>	<u>Arts Commission</u>
ASSETS		
Cash and cash equivalents	<u>\$ 16,764</u>	<u>\$ 8,970</u>
LIABILITIES		
Due to others	<u>\$ 16,764</u>	<u>\$ 8,970</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Warrensburg, Missouri, (the City) is located in Johnson County and was incorporated in 1865, under the provisions of the State of Missouri. Warrensburg is a city of the third class and operates under a City Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's basic financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Park Fund: The Park Fund of the City is used to account for resources restricted, committed, or assigned for the parks department within the City.

Old Drum Fund: The Old Drum Fund is used to account for charges for services that are restricted, committed, or assigned for the City's promotional activities.

Tri-Centennial Fund: The Tri-Centennial Fund is used to account for miscellaneous revenues and expenditures that are restricted, committed, or assigned for the Tri-Centennial activities.

Capital Improvement Transportation Fund: The Capital Improvement Transportation Fund is used to account for sales taxes and other resources that are restricted, committed, or assigned for the transportation capital improvements within the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Improvement Half-Cent Fund: The Capital Improvement Half-Cent Fund is used to account for sales taxes and other resources that are restricted, committed, or assigned for the capital improvements within the City.

Neighborhood Improvement Fund: The Neighborhood Improvement Fund is used to account for proceeds that are restricted, committed, or assigned from the payment of Neighborhood Improvement Bonds.

Debt Service Fund: The Debt Service Fund is used to account for funds that are restricted, committed, or assigned from the payment of the City's governmental activities debt.

The City reports the following major proprietary fund:

Sewer Fund: The Sewer Fund accounts for the activities and capital improvements of the City's sewer system.

The City reports the following major fiduciary funds:

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations for the City, these funds are not incorporated into the government-wide statements. The City is the fiduciary for four private purpose trust funds and two agency funds. The agency funds consist of the Children's Memorial Trust and the Arts Commission. The Children's Memorial Trust fund exists to account for funds donated to build a memorial to honor the memory of children who have died. The Arts Commission fund is used to account for funds donated to further the arts within the City.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In conformity with GASB 34, infrastructure, such as streets and storm sewers, completed in the current year has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Machinery and equipment	3 to 20 years
Cemetery buildings	5 to 20 years
Other buildings	15 to 50 years
Improvements	15 to 50 years
Sewer lines	20 to 70 years
Other infrastructure	20 to 50 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash and Cash Equivalents

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 account is available to meet current operating requirements.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Compensated Absences

Under terms of the City's municipal code, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the equivalent of one year's vacation (maximum of four weeks). The amount that can be accrued for sick leave is limited to 1080 hours for firefighters and 720 hours for all other employees. Employees are paid for one-half of the amount of accumulated sick leave only upon retirement from the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vested or accumulated vacation leave and compensatory time is accounted for as follows:

Governmental Funds – The accumulated liabilities for vacation and compensatory time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds – The costs of vacation and compensatory time are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

Use of Estimates

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

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. There was no interest capitalized during the current fiscal year.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Deposits and Investments

For financial statement purposes and the statement of cash flows, the City considers all accounts subject to withdrawal by check or on demand to be cash equivalents. All other deposits and Certificates of Deposit are considered to be investments.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

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

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2014, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2014, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Guaranteed Investment Contracts	12/21/2015 - 1/1/2028	<u>\$ 1,292,270</u>

NOTE C – INVESTMENTS (continued)

Guaranteed Investment Contracts

The City has Guaranteed Investment Contracts on deposit with United Missouri Bank. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in trust accounts for the 1992 and 2007 Sewer System Revenue Bonds and the reserve accounts. The City's funds are invested under the State Revolving Fund Program and are required to be collateralized in the amount of 100% of the value of the investment.

Interest Rate Risk

The City limits its exposure to interest rate risk. The City restricts its investments to those maturing in 5 years or less. This policy is limited to those investments made directly by the City and does not apply to investments of debt reserves made by trust account managers.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At September 30, 2014, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial and government obligations and, accordingly, the City was not exposed to such credit risks.

Concentration of Credit Risk

The City's investment policy does not limit the amount it may invest in any one issuer. At September 30, 2014, the City's only investments were amounts held in trust invested in Guaranteed Investment Contracts on deposit with United Missouri Bank. The trust agreement requires that these amounts be collateralized in the amount of 100% of the value of the investment, and, accordingly, the City was not exposed to such credit risks.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable are presented net of allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
GENERAL FUND			
Ad valorem taxes receivable	\$ 24,251	\$ 13,338	\$ 10,913
Sales and use tax receivable	674,203	-	674,203
Franchise tax receivable	287,623	-	287,623
Lodging tax receivable	7,944	-	7,944
	<u>\$ 994,021</u>	<u>\$ 13,338</u>	<u>\$ 980,683</u>
PARK FUND			
Ad valorem taxes receivable	\$ 13,171	\$ 7,244	\$ 5,927
Sales and use tax receivable	198,375	-	198,375
	<u>\$ 211,546</u>	<u>\$ 7,244</u>	<u>\$ 204,302</u>
COURT FINES RECEIVABLE			
General Fund	<u>\$ 18,761</u>	<u>\$ 18,439</u>	<u>\$ 322</u>
SPECIAL ASSESSMENTS AND INTERGOVERNMENTAL RECEIVABLE			
Debt Service Fund	\$ 305,000	\$ -	\$ 305,000
Neighborhood Improvement Fund	4,300,722	2,985,669	1,315,053
	<u>\$ 4,605,722</u>	<u>\$ 2,985,669</u>	<u>\$ 1,620,053</u>
UTILITIES RECEIVABLE			
Sewer Fund	<u>\$ 995,440</u>	<u>\$ 611,713</u>	<u>\$ 383,727</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE E – RESTRICTED ASSETS

Cash, investments and net position have been restricted in the following funds and activities as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Assets</u>
GENERAL FUND		
Court bonds	\$ 3,017	\$ -
PARK FUND		
Refundable deposits	\$ 640,612	\$ 1,283,492
TRI-CENTENNIAL FUND		
Tri-Centennial activities	\$ 13,965	\$ 13,965
CAPITAL IMPROVEMENT FUND		
Trustee funds	\$ -	\$ 708,286
CAPITAL IMPROVEMENT HALF CENT FUND		
Trustee funds	\$ -	\$ 938,469
DEBT SERVICE FUND		
Debt service reserves	\$ 707,510	\$ 718,430
NEIGHBORHOOD IMPROVEMENT FUND		
Debt service reserves	\$ 260,937	\$ 636,104
SEWER FUND		
1992 Revenue Bonds		
Principal and interest	\$ 71,826	\$ 71,826
2007 Revenue Bonds		
Rebate account	204,576	-
Principal and interest	602,441	602,441
2010 Revenue Bonds		
Debt service reserve	1	1
Principal and interest	123,810	123,810
	<u>\$ 1,002,654</u>	<u>\$ 798,078</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

Long-term liabilities of the City of Warrensburg consists of five Certificates of Participation, one capital lease, two Neighborhood Improvement Bonds payable, one developer agreement, net pension obligation payable, and compensated absences payable.

Capital Lease

On September 30, 2011, the City entered into a lease purchase agreement to finance a tandem axle truck. The agreement requires semi-annual payments of \$15,749, including interest at 3.75% as shown in following schedule:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 27,377	\$ 4,121	\$ 31,498
2016	28,421	3,077	31,498
2017	29,504	1,994	31,498
2018	30,028	1,470	31,498
	<u>\$ 115,330</u>	<u>\$ 10,662</u>	<u>\$ 125,992</u>

This lease agreement provides for cancellation of the lease on the annual renewal date if the City should fail to appropriate funds. However, the City does not foresee exercising its option to cancel. Therefore, this lease is accounted for as a noncancellable capital lease in accordance with FASB ASC Topic No. 840-30-30 - *Accounting for Capital Leases*.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Series 2013 Certificates of Participation

The City issued \$8,485,000 of Series 2013 Refunding Certificates of Participation. The Certificates were issued to refund the Series 2007 Certificates of Participation which were originally used to fund various city building improvements and public safety equipment. The Certificates of Participation bear interest at 2.35% with principal and interest payments due March 1 and September 1 each year.

The total annual minimum lease payments required at September 30, 2014, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 480,000	\$ 178,600	\$ 658,600
2016	550,000	166,909	716,909
2017	710,000	153,044	863,044
2018	640,000	136,829	776,829
2019	725,000	121,201	846,201
2020	785,000	103,811	888,811
2021	865,000	84,894	949,894
2022	940,000	64,155	1,004,155
2023	1,020,000	41,595	1,061,595
2024	1,005,000	17,684	1,022,684
	<u>\$ 7,720,000</u>	<u>\$ 1,068,722</u>	<u>\$ 8,788,722</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Series 2009 Certificates of Participation

The City issued \$7,170,000 of Series 2009 Certificates of Participation. The Certificates were issued to finance certain parks projects, city buildings, and equipment purchases. The Certificates of Participation bear interest from 3.0% to 4.75% with principal payments due September 1 and interest payments due March 1 and September 1 each year.

The total annual minimum lease payments required at September 30, 2014, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 270,000	\$ 252,388	\$ 522,388
2016	240,000	244,287	484,287
2017	255,000	236,788	491,788
2018	270,000	226,587	496,587
2019	245,000	217,138	462,138
2020	245,000	207,337	452,337
2021	230,000	197,538	427,538
2022	235,000	188,337	423,337
2023	255,000	178,938	433,938
2024	585,000	168,737	753,737
2025	160,000	145,338	305,338
2026	195,000	138,137	333,137
2027	230,000	129,363	359,363
2028	260,000	119,012	379,012
2029	300,000	107,313	407,313
2030	340,000	93,812	433,812
2031	390,000	77,663	467,663
2032	430,000	59,138	489,138
2033	815,000	38,712	853,712
	<u>\$ 5,950,000</u>	<u>\$ 3,026,563</u>	<u>\$ 8,976,563</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Series 2010 Certificates of Participation

The City issued \$3,830,000 of Series 2010 Certificates of Participation. The Certificates were issued to finance certain city projects and city buildings. The Certificates of Participation bear interest from 3.0% to 4.8% with principal payments due September 1 and interest payments due March 1 and September 1 each year.

The total annual minimum lease payments required at September 30, 2014, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 210,000	\$ 145,605	\$ 355,605
2016	220,000	139,305	359,305
2017	65,000	132,705	197,705
2018	75,000	130,105	205,105
2019	75,000	127,105	202,105
2020	75,000	124,105	199,105
2021	75,000	121,105	196,105
2022	75,000	118,105	193,105
2023	85,000	114,730	199,730
2024	80,000	110,905	190,905
2025	415,000	107,305	522,305
2026	435,000	88,630	523,630
2027	455,000	68,185	523,185
2028	475,000	46,800	521,800
2029	500,000	24,000	524,000
	<u>\$ 3,315,000</u>	<u>\$ 1,598,695</u>	<u>\$ 4,913,695</u>

Series 2011 Certificates of Participation

The City issued \$575,000 of Series 2011 Certificates of Participation. The Certificates were issued to finance certain city projects and city buildings. The Certificates of Participation bear interest from 2.0% to 4.0% with principal payments due September 1 and interest payments due March 1 and September 1 each year. The lease is reported in the governmental activities but a portion is to be accounted for within and is to be repaid by the Sewer Fund/Business-Type Activities as shown below.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

The total annual minimum lease payments required at September 30, 2014, are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 100,000	\$ 6,150	\$ 106,150
2016	55,000	3,300	58,300
2017	55,000	1,100	56,100
	<u>\$ 210,000</u>	<u>\$ 10,550</u>	<u>\$ 220,550</u>
Amount recorded in:			
Governmental Activities			\$ 130,400
Sewer Fund / Business-Type Activities			79,600
		TOTAL	<u>\$ 210,000</u>

Series 2014 Certificates of Participation

The City issued \$655,000 of Series 2014 Certificates of Participation. The Certificates were issued to finance the Community Center roof project. The Certificates of Participation bear interest of 2.83% with principal payments due September 1 and interest payments due March 1 and September 1 each year.

The total annual minimum lease payments required at September 30, 2014, are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 38,000	\$ 17,816	\$ 55,816
2016	61,000	17,461	78,461
2017	63,000	15,735	78,735
2018	65,000	13,952	78,952
2019	67,000	12,112	79,112
2020	69,000	10,216	79,216
2021	70,000	8,264	78,264
2022	72,000	6,283	78,283
2023	74,000	4,245	78,245
2024	76,000	2,150	78,150
	<u>\$ 655,000</u>	<u>\$ 108,234</u>	<u>\$ 763,234</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Neighborhood Improvements Bonds – Series 2001

The City issued \$105,000 of Series 2001 Neighborhood Improvement Bonds. The Bonds were issued to finance certain improvements to Russell Avenue. The bonds bear interest from 4.875% to 5.625% with principal payments due September 1 and interest payments due March 1 and September 1 each year. In conjunction with the issuance of these bonds, the City has agreed to assess certain Russell Avenue property owners the \$105,000 cost of such improvements. The owners will be assessed \$9,200 annually over the next 20 years. The special assessments received will be used for bond payments.

The total annual principal and interest payments required at September 30, 2014, are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 6,000	\$ 2,587	\$ 8,587
2016	6,000	2,250	8,250
2017	7,000	1,885	8,885
2018	7,000	1,491	8,491
2019	7,000	1,097	8,097
2020	8,000	675	8,675
2021	8,000	225	8,225
	<u>\$ 49,000</u>	<u>\$ 10,210</u>	<u>\$ 59,210</u>

Neighborhood Improvements Bonds – Series 2011

The City issued \$3,115,000 of Series 2011 Neighborhood Improvement Bonds. The Bonds were issued to retire Series 2009 Municipal Temporary Notes which were originally issued to fund improvements related to the Hawthorne Redevelopment Project. The bonds bear interest from 3.0% to 4.375% with principal payments due September 1 and interest payments due March 1 and September 1 each year. In conjunction with the issuance of these bonds, the City has agreed to assess property owners within the Hawthorne Redevelopment Project the \$3,115,000 cost of such improvements. The special assessments received will be used for bond payments. During the year ended September 30, 2013, the City acquired various lots of property within the Hawthorne Development through a sheriff's tax sale. As such, the City will be absorbing a proportionate share of the debt service. The City intends to service debt principal and interest payments by using reserves created from pre-payments of special assessments by other property owners. If the City-owned lots have not been sold by the time the reserves have been depleted, the City will meet its obligation to provide for payments of principal and interest on these bonds. The present value of the special assessments on City-owned property is \$1,840,096 at September 30, 2014. At September 30, 2014, special assessments receivable totaled \$4,293,502.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

The total annual principal and interest payments required at September 30, 2014, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 135,000	\$ 116,288	\$ 251,288
2016	140,000	112,163	252,163
2017	145,000	107,887	252,887
2018	150,000	103,463	253,463
2019	155,000	98,694	253,694
2020	160,000	93,575	253,575
2021	165,000	88,088	253,088
2022	170,000	82,225	252,225
2023	180,000	75,650	255,650
2024	185,000	68,350	253,350
2025	190,000	60,850	250,850
2026	200,000	52,925	252,925
2027	210,000	44,469	254,469
2028	220,000	35,600	255,600
2029	225,000	26,141	251,141
2030	235,000	16,078	251,078
2031	250,000	5,468	255,468
	<u>\$ 3,115,000</u>	<u>\$ 1,187,914</u>	<u>\$ 4,302,914</u>

Developer Agreement

The City entered into a development agreement with Westwin Investment Corporation (Westwin) to reimburse Westwin for certain public improvements costs. Subject to certain terms and conditions, under the agreement, the City will reimburse the developer 50% of the 1% general sales taxes collected from retail sales at this project location over a scheduled ten (10) year period not to exceed \$81,000. At September 30, 2014, the outstanding amount under this non-interest bearing agreement was \$18,998.

CITY OF WARRENSBURG, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

The following table is a summary of the changes in the Long-Term Liabilities – Governmental Activities:

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
Capital lease - US Bank	\$ 141,702	\$ -	\$ 26,372	\$ 115,330
Capital lease - Kansas State Bank	68,629	-	68,629	-
Capital lease - Kansas State Bank	22,791	-	22,791	-
2001 Neighborhood Improvement Bonds	55,000	-	6,000	49,000
2011 Neighborhood Improvement Bonds	3,115,000	-	-	3,115,000
Developer - Westwin Investment Corp.	27,172	-	8,174	18,998
2008B Certificates of Participation	60,000	-	60,000	-
2009 Certificates of Participation	6,215,000	-	265,000	5,950,000
2010 Certificates of Participation	3,525,000	-	210,000	3,315,000
2011 Certificates of Participation	230,000	-	99,600	130,400
2013 Refunding Certificates of Participation	8,155,000	-	435,000	7,720,000
2014 Certificates of Participation	-	655,000	-	655,000
Bobcat lease purchase	-	37,874	37,874	-
Issuance premiums	1,092	-	273	819
Issuance discounts	(43,031)	-	(2,265)	(40,766)
	<u>21,573,355</u>	<u>692,874</u>	<u>1,237,448</u>	<u>21,028,781</u>
Net Pension Obligation Payable	42,495	1,095	-	43,590
Compensated Absences	<u>474,443</u>	<u>33,393</u>	<u>-</u>	<u>507,836</u>
TOTAL	<u><u>\$ 22,090,293</u></u>	<u><u>\$ 727,362</u></u>	<u><u>\$ 1,237,448</u></u>	<u><u>\$ 21,580,207</u></u>

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

Long-term liabilities in the Sewer Fund consists of the 2007 and 2010 Sewer System Revenue Bonds, Series 2011 Certificates of Participation, net pension obligation payable, and compensated absences.

Series 2011 Certificates of Participation

The City issued \$575,000 of Series 2011 Certificates of Participation. The Certificates were issued to finance certain city projects and city buildings. The Certificates of Participation bear interest from 2.0% to 4.0% with principal payments due September 1 and interest payments due March 1 and September 1 each year. The Certificates of Participation outstanding at September 30, 2014, are represented in total within governmental activities, but the Business-type activities portion of the obligation at September 30, 2014, is \$79,600.

2007 Sewerage System Refunding and Improvement Revenue Bonds

The City entered into an agreement with the State Environmental Improvement and Energy Resources Authority, the City issued \$14.15 million in Sewerage System Refunding and Improvement Revenue Bonds, Series 2007. The bonds bear interest at 4.00% to 4.75%. In connection with the City's issuance of these revenue bonds, the City began participating in a revolving loan program established by the Missouri Department of Natural Resources (DNR). The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved capital expenditures, DNR reimburses the City for the expenditure from the bond proceeds account and deposits an additional 70% of the expenditure amount in a Bond Reserve Fund in the City's name. The interest paid on these sewer revenue bonds is offset by an interest subsidy from the State of Missouri's 70% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

The annual debt service requirements to amortize the principal on the 2007 revenue bonds outstanding at September 30, 2014, are as follows:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
2015	\$ 750,000	\$ 458,275	\$ 77,790	\$ 1,286,065
2016	765,000	427,975	72,435	1,265,410
2017	775,000	397,175	66,973	1,239,148
2018	790,000	365,875	61,440	1,217,315
2019	800,000	334,075	55,799	1,189,874
2020	815,000	301,266	50,087	1,166,353
2021	830,000	265,781	44,268	1,140,049
2022	845,000	227,038	38,342	1,110,380
2023	865,000	186,425	32,309	1,083,734
2024	885,000	147,075	26,132	1,058,207
2025	905,000	106,775	19,814	1,031,589
2026	925,000	63,312	13,352	1,001,664
2027	945,000	20,672	6,747	972,419
	<u>\$ 10,895,000</u>	<u>\$ 3,301,719</u>	<u>\$ 565,488</u>	<u>\$ 14,762,207</u>

2010 Sewerage System Revenue Bonds

Through September 30, 2014, the City has issued the maximum of \$8,548,500, in the State of Missouri Direct Loan Program sewerage system revenue bonds, Series 2010, for the purpose of extending and improving the City's sewerage system. The bonds bear interest at 1.48%. The principal and interest payments are due January 1 and July 1 of each year. Bonds may be called at any time for redemption under various provisions outlined in the bond ordinance.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

The annual debt service requirements to amortize the principal on the 2010 revenue bonds outstanding at September 30, 2014, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
2015	\$ 389,000	\$ 105,798	\$ 35,742	\$ 530,540
2016	396,000	100,018	33,790	529,808
2017	404,000	94,128	31,800	529,928
2018	412,000	88,119	29,770	529,889
2019	420,000	81,992	27,700	529,692
2020	430,000	75,739	25,587	531,326
2021	438,000	69,345	23,428	530,773
2022	446,000	62,833	21,228	530,061
2023	456,000	56,196	18,985	531,181
2024	464,000	49,417	16,695	530,112
2025	474,000	42,513	14,362	530,875
2026	483,000	35,468	11,983	530,451
2027	493,000	28,283	9,555	530,838
2028	503,000	20,949	7,078	531,027
2029	513,000	13,468	4,550	531,018
2030	524,500	5,839	1,972	532,311
	<u>\$ 7,245,500</u>	<u>\$ 930,105</u>	<u>\$ 314,225</u>	<u>\$ 8,489,830</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

Changes in Long-Term Liabilities - Enterprise Funds

The following table is a summary of the changes in the Enterprise Fund long-term liabilities for the year ended September 30, 2014:

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
2011 Certificates of Participation	\$ 105,000	\$ -	\$ 25,400	\$ 79,600
Capital lease - Kansas State Bank	22,791	-	22,791	-
	<u>127,791</u>	-	48,191	79,600
Revenue Bonds:				
Series 1992 SRF Revenue Bonds	565,000	-	565,000	-
Series 2007 SRF Revenue Bonds	11,635,000	-	740,000	10,895,000
Series 2010 SRF Revenue Bonds	7,469,037	137,960	361,497	7,245,500
Premium on bonds	111,069	-	8,191	102,878
	<u>19,780,106</u>	137,960	1,674,688	18,243,378
Net Pension Obligation Payable	2,058	-	1,126	932
Compensated Absences	33,555	-	-	33,555
TOTAL	<u>\$ 19,943,510</u>	<u>\$ 137,960</u>	<u>\$ 1,724,005</u>	<u>\$ 18,357,465</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 3,072,776	\$ -	\$ -	\$ 3,072,776
Construction in progress	189,313	-	-	189,313
Total Non-depreciable Capital Assets	3,262,089	<u>\$ -</u>	<u>\$ -</u>	3,262,089
Depreciable Capital Assets:				
Building and improvements	28,589,314	\$ 37,879	\$ -	28,627,193
Machinery and equipment	5,830,067	332,195	18,479	6,143,783
Infrastructure	47,467,025	412,186	-	47,879,211
Total Depreciable Capital Assets	81,886,406	<u>\$ 782,260</u>	<u>\$ 18,479</u>	82,650,187
Less Accumulated Depreciation	34,585,166	<u>\$ 2,182,555</u>	<u>\$ 5,244</u>	36,762,477
Total Depreciable Capital Assets, Net	47,301,240			45,887,710
Total Capital Assets - Governmental Activities, Net	<u>\$ 50,563,329</u>			<u>\$ 49,149,799</u>

Depreciation expense for governmental activities was charged to functions as follows:

General	\$ 5,049
Information Technology	9,392
Buildings and grounds	154,231
Fire	98,517
Police	179,669
Animal control	16,086
Parks	379,445
Community development	8,148
Streets	1,329,521
Cemetery	2,497
	<u>\$ 2,182,555</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
Business-Type Activities				
Sewer				
Non-depreciable Capital Assets:				
Land	\$ 392,583	\$ -	\$ -	\$ 392,583
Total Non-depreciable Capital Assets	392,583	\$ -	\$ -	392,583
Depreciable Capital Assets:				
Buildings and improvements	19,153,130	\$ 45,379	\$ -	19,198,509
Machinery and equipment	1,012,597	15,826	-	1,028,423
Sewer mains and lines	27,241,744	-	-	27,241,744
Total Depreciable Capital Assets	47,407,471	\$ 61,205	\$ -	47,468,676
Less Accumulated Depreciation	14,577,970	\$ 1,505,747	\$ -	16,083,717
Depreciable Capital Assets, Net	32,829,501			31,384,959
Total Capital Assets - Business-Type Activities, Net	\$ 33,222,084			\$ 31,777,542

NOTE I – EMPLOYEE PENSION PLAN

Plan Description

The City of Warrensburg 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 that provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

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

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE I – EMPLOYEE PENSION PLAN (continued)

Funding Status

Full-time employees of the City of Warrensburg do not contribute to the pension plan. The June 30th statutorily required contribution rates are 9.8% (General), 10.0% (Police) and 9.3% (Fire) 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.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 478,909
Interest on net pension obligation	3,230
Adjustment to annual required contribution	<u>(3,740)</u>
Annual pension cost	478,399
Actual contributions	<u>478,430</u>
Increase (decrease) in NPO	(31)
NPO beginning of year	<u>44,553</u>
NPO end of year	<u><u>\$ 44,522</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% 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 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 19 years for the General division, 30 years for the Police division, and 1 year for the Fire division. The amortization period as of February 29, 2012, was 16 years for the General division, 15 years for the Police division, and 14 years for the Fire division.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE I – EMPLOYEE PENSION PLAN (continued)

Three-Year Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 452,505	96.8%	\$ 42,178
2013	470,117	99.5%	44,553
2014	478,399	100.0%	44,522

The actuarial valuation revealed the following relating to the financial position of the Plan:

Actuarial Valuation Date	(a) Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2014	\$ 14,309,711	\$ 12,650,916	\$ (1,658,795)	113%	\$ 4,876,303	0%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

Assessed Valuation	<u>2013</u>
Real estate	\$ 165,199,523
Personal property	<u>34,908,760</u>
TOTAL	<u><u>\$ 200,108,283</u></u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (continued)

	<u>2013</u>
Tax Rate Per \$100 of Assessed Valuation	
General levy	\$.3594
Park levy	.1952
TOTAL	<u>\$.5546</u>

The legal debt margin at September 30, 2014, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional debt limit	\$ 20,010,828	\$ 20,010,828	\$ 40,021,656
General Obligation Bonds payable	<u>-</u>	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 20,010,828</u>	<u>\$ 20,010,828</u>	<u>\$ 40,021,656</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE K – DEFERRED REVENUE

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred revenues include special assessments to be collected over several years, taxes, and court fines. All of the deferred revenue at September 30, 2014, is accounted for as follows:

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE K – DEFERRED REVENUE (continued)

PARK FUND	
Class fees	<u>\$ 32,104</u>
NEIGHBORHOOD IMPROVEMENT FUND	
Special assessments	<u>\$ 1,315,053</u>
DEBT SERVICE FUND	
Interlocal agreement with school district	<u>\$ 305,000</u>

NOTE L – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE M – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2014, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 513,608	\$ 49,920
Park Fund	-	253,158
Old Drum Fund	14,889	-
Capital Improvement Transportation Fund	-	148,803
Capital Improvement Half Cent Fund	-	1,346,502
Debt Service Fund	1,561,996	-
Sewer Fund	-	292,110
	<u>\$ 2,090,493</u>	<u>\$ 2,090,493</u>

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE M – INTERFUND TRANSFERS (continued)

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE N – INTERNAL BALANCES

Internal balances as of September 30, 2014, consisted of the following:

	General Fund	Park Fund	Debt Service Fund	Sewer Fund
Internal Balances	\$ 216,821	\$ (71,821)	\$ (145,000)	\$ -

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2014, balances of interfund amounts receivable or payable have been recorded within the fund financial statements

NOTE O – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the Series 1992A, 2007, and 2010 Sewer Revenue Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customers net revenues and are payable through 2027. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$22,372,324. Principal and interest paid for the current year and total customer net revenues were \$2,282,034 and \$2,111,725, respectively.

CITY OF WARRENSBURG, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE P – COMMITMENTS

As of September 30, 2014, the City had commitments as follows:

<u>Company</u>	<u>Purpose</u>	<u>Commitment</u>
Great River Engineering	Stormwater Management Plan	\$ 83,576
JC Myers Construction	Enterprise Parking Lot Project	\$ 195,903
Highlands Development	Public Improvements related to the Veteran's Clinic	\$ 55,000
DB2 Services	Community Center Roof Project	\$ 571,884

NOTE Q – ASSET IMPAIRMENT - HAWTHORNE

During the year ended September 30, 2014, the City evaluated its estimate of the allowance for doubtful accounts relating to special assessments receivable on the Hawthorne Redevelopment Project. Upon completing this evaluation, it was determined that only those special assessments due from non-city property owners should be shown as net special assessments receivable at year end. The allowance for doubtful accounts was increased to match the total assessments due on City owned Hawthorne properties. Because of this change, deferred revenues were also written down to match the net accounts receivable. On the government-wide financial statements, this change of estimate resulted in a net asset value impairment of \$1,570,072 for the year ended September 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARRENSBURG, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended September 30, 2014

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2012	\$ 11,271,869	\$ 11,799,390	\$ 527,521	96%	\$ 4,966,478	11%
2/28/2013	12,332,389	12,024,789	(307,600)	103%	4,806,783	0%
2/28/2014	14,309,711	12,650,916	(1,658,795)	113%	4,876,303	0%

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, 2011, 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 WARRENSBURG, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 694,000	\$ 694,000	\$ 689,713	\$ (4,287)
City sales tax	3,919,000	4,165,674	4,259,584	93,910
Financial institution tax	2,200	3,064	3,064	-
Railroad and utility tax	25,199	29,399	29,399	-
Utility franchise tax	2,512,206	2,567,000	2,622,267	55,267
Surtax	18,700	21,979	21,979	-
Lodging tax	89,000	98,000	98,887	887
Cigarette tax	45,000	43,000	40,125	(2,875)
	<u>7,305,305</u>	<u>7,622,116</u>	<u>7,765,018</u>	<u>142,902</u>
Licenses and Permits				
Occupational licenses	87,872	87,872	90,152	2,280
Building permits	59,475	73,475	81,790	8,315
	<u>147,347</u>	<u>161,347</u>	<u>171,942</u>	<u>10,595</u>
Intergovernmental Revenues				
Grants	119,328	130,368	12,040	(118,328)
	<u>119,328</u>	<u>130,368</u>	<u>12,040</u>	<u>(118,328)</u>
Charges for Services				
Cemetery services	59,275	59,725	60,720	995
Animal shelter	60,000	60,000	51,650	(8,350)
	<u>119,275</u>	<u>119,725</u>	<u>112,370</u>	<u>(7,355)</u>
Fines and Forfeitures				
City court fines	346,000	303,000	303,656	656
Police training fees	-	-	5,552	5,552
	<u>346,000</u>	<u>303,000</u>	<u>309,208</u>	<u>6,208</u>
Miscellaneous				
Interest income	14,400	15,250	16,128	878
Other	33,780	59,799	62,396	2,597
	<u>48,180</u>	<u>75,049</u>	<u>78,524</u>	<u>3,475</u>
TOTAL REVENUES	<u>8,085,435</u>	<u>8,411,605</u>	<u>8,449,102</u>	<u>37,497</u>

CITY OF WARRENSBURG, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
General government	410,872	413,754	385,917	27,837
Finance	277,781	281,206	268,361	12,845
Other support services	472,010	441,516	364,201	77,315
Information technology	278,473	283,084	276,671	6,413
Municipal court	145,680	145,680	130,848	14,832
Buildings and grounds	241,088	242,288	234,469	7,819
Public safety and health	4,868,932	4,889,277	4,615,400	273,877
Community development	836,465	846,224	592,376	253,848
Transportation	1,085,716	1,169,099	1,226,696	(57,597)
Cemetery	111,435	111,535	100,934	10,601
TOTAL EXPENDITURES	<u>8,728,452</u>	<u>8,823,663</u>	<u>8,195,873</u>	<u>627,790</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	(643,017)	(412,058)	253,229	665,287
OTHER FINANCING SOURCES (USES)				
Operating transfers in	513,608	513,608	513,608	-
Operating transfers (out)	(66,700)	(56,700)	(49,920)	6,780
TOTAL OTHER FINANCING SOURCES (USES)	<u>446,908</u>	<u>456,908</u>	<u>463,688</u>	<u>6,780</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)				
	(196,109)	44,850	716,917	672,067
FUND BALANCE, October 1	<u>4,259,644</u>	<u>4,259,644</u>	<u>4,259,644</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 4,063,535</u>	<u>\$ 4,304,494</u>	<u>\$ 4,976,561</u>	<u>\$ 672,067</u>

CITY OF WARRENSBURG, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 375,500	\$ 375,500	\$ 374,570	\$ (930)
Sales tax	1,122,300	1,122,300	1,247,012	124,712
Other taxes	24,500	24,500	27,905	3,405
Intergovernmental	45,000	45,000	10,000	(35,000)
Charges for services	807,500	807,500	697,841	(109,659)
Interest income	-	-	29	29
Miscellaneous	31,600	31,600	30,527	(1,073)
TOTAL REVENUES	2,406,400	2,406,400	2,387,884	(18,516)
EXPENDITURES				
Current				
Park	431,285	470,324	346,103	124,221
Park maintenance	328,045	383,060	418,770	(35,710)
Park recreation programs	830,337	858,167	772,225	85,942
Community center	530,005	1,436,717	566,399	870,318
TOTAL EXPENDITURES	2,119,672	3,148,268	2,103,497	1,044,771
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	286,728	(741,868)	284,387	1,026,255
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	655,000	692,874	37,874
Operating transfers (out)	(253,065)	(253,065)	(253,158)	(93)
TOTAL OTHER FINANCING SOURCES (USES)	(253,065)	401,935	439,716	37,781
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	33,663	(339,933)	724,103	1,064,036
FUND BALANCE, October 1	575,818	575,818	575,818	-
FUND BALANCE, September 30	\$ 609,481	\$ 235,885	\$ 1,299,921	\$ 1,064,036

CITY OF WARRENSBURG, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – OLD DRUM FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Miscellaneous	15,000	15,000	15,000	-
TOTAL EXPENDITURES	15,000	15,000	15,000	-
(DEFICIT) OF REVENUES OVER EXPENDITURES	(15,000)	(15,000)	(15,000)	-
OTHER FINANCING SOURCES				
Operating transfers in	15,000	15,000	14,889	(111)
(DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	(111)	(111)
FUND BALANCE, October 1	111	111	111	-
FUND BALANCE September 30	\$ 111	\$ 111	\$ -	\$ (111)

CITY OF WARRENSBURG, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT TRANSPORTATION FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Motor fuel and vehicle taxes	\$ 675,000	\$ 691,000	\$ 712,039	\$ 21,039
Intergovernmental revenues	149,547	149,547	149,547	-
Miscellaneous	-	25	1,176	1,151
TOTAL REVENUES	824,547	840,572	862,762	22,190
EXPENDITURES				
Current				
Capital improvements	788,949	818,367	661,303	157,064
TOTAL EXPENDITURES	788,949	818,367	661,303	157,064
EXCESS OF REVENUES OVER EXPENDITURES	35,598	22,205	201,459	179,254
OTHER FINANCING (USES)				
Operating transfers (out)	(148,418)	(148,418)	(148,803)	(385)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	(112,820)	(126,213)	52,656	178,869
FUND BALANCE, October 1	1,579,475	1,579,475	1,579,475	-
EQUITY TRANSFER	(923,845)	(923,845)	(923,845)	-
FUND BALANCE, September 30	\$ 542,810	\$ 529,417	\$ 708,286	\$ 178,869

CITY OF WARRENSBURG, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT HALF CENT FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales and use tax	\$ 1,574,000	\$ 1,689,000	\$ 1,724,735	\$ 35,735
Intergovernmental revenues	11,335	11,335	8,190	(3,145)
Miscellaneous	-	7,500	-	(7,500)
TOTAL REVENUES	1,585,335	1,707,835	1,732,925	25,090
EXPENDITURES				
Current				
Capital improvements	395,124	792,056	371,799	420,257
TOTAL EXPENDITURES	395,124	792,056	371,799	420,257
EXCESS OF REVENUES OVER EXPENDITURES	1,190,211	915,779	1,361,126	445,347
OTHER FINANCING (USES)				
Operating transfers (out)	(1,350,253)	(1,350,253)	(1,346,502)	3,751
TOTAL OTHER FINANCING (USES)	(1,350,253)	(1,350,253)	(1,346,502)	3,751
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	(160,042)	(434,474)	14,624	449,098
FUND BALANCE, October 1	-	-	-	-
EQUITY TRANSFER	923,845	923,845	923,845	
FUND BALANCE, September 30	\$ 763,803	\$ 489,371	\$ 938,469	\$ 449,098

CITY OF WARRENSBURG, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2014

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late August or early September to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to October 1, ordinances are passed by Council, which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.
7. No activity was budgeted for the Tri-Centennial Fund for the year ended September 30, 2013, therefore, no budgetary comparison schedule has been presented.

OTHER FINANCIAL INFORMATION

CITY OF WARRENSBURG, MISSOURI
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 Year Ended September 30, 2014

	Private-Purpose Trusts				Total
	Stevenson	Brown	Crissey	Anderson- Stevenson	
ASSETS					
Cash and cash equivalents	\$ 141,540	\$ 24,851	\$ 20,708	\$ 18,095	\$ 205,194
LIABILITIES					
Due to others	-	-	-	-	-
NET ASSETS					
Restricted	70,281	5,548	-	153	75,982
Unrestricted	71,259	19,303	20,708	17,942	129,212
TOTAL NET ASSETS	<u>\$ 141,540</u>	<u>\$ 24,851</u>	<u>\$ 20,708</u>	<u>\$ 18,095</u>	<u>\$ 205,194</u>

CITY OF WARRENSBURG, MISSOURI
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 Year Ended September 30, 2014

	Private-Purpose Trusts				Total
	Stevenson	Brown	Crissey	Anderson- Stevenson	
Additions:					
Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:					
Contributions and other	2,700	-	400	-	3,100
Changes in Net Assets	(2,700)	-	(400)	-	(3,100)
Net Assets, beginning of year	144,240	24,851	21,108	18,095	208,294
Net Assets, end of year	<u>\$ 141,540</u>	<u>\$ 24,851</u>	<u>\$ 20,708</u>	<u>\$ 18,095</u>	<u>\$ 205,194</u>



**INDEPENDENT AUDITORS' 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**

Honorable Mayor and City Council
City of Warrensburg
Warrensburg, Missouri

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Warrensburg, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Warrensburg, Missouri's basic financial statements, and have issued our report thereon, dated January 7, 2015.

Internal Control over Financial Reporting

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

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

Honorable Mayor and City Council
City of Warrensburg
Warrensburg, Missouri

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Warrensburg, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
January 7, 2015