



**City of Warrensburg, Missouri**

**Basic Financial Statements  
With  
Independent Auditor's Report**

*For the Year Ended*  
**September 30, 2011**

# CITY OF WARRENSBURG, MISSOURI

## Basic Financial Statements

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**COCHRAN HEAD VICK & CO., P.C.**

**& Co**

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Warrensburg, Missouri, (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position and cash flow, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress, which appear as listed in the accompanying table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements, schedules and budgetary schedules 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

April 30, 2012

A handwritten signature in cursive script, appearing to read "Cochran Head V. de Ho P. C.", is written in black ink.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

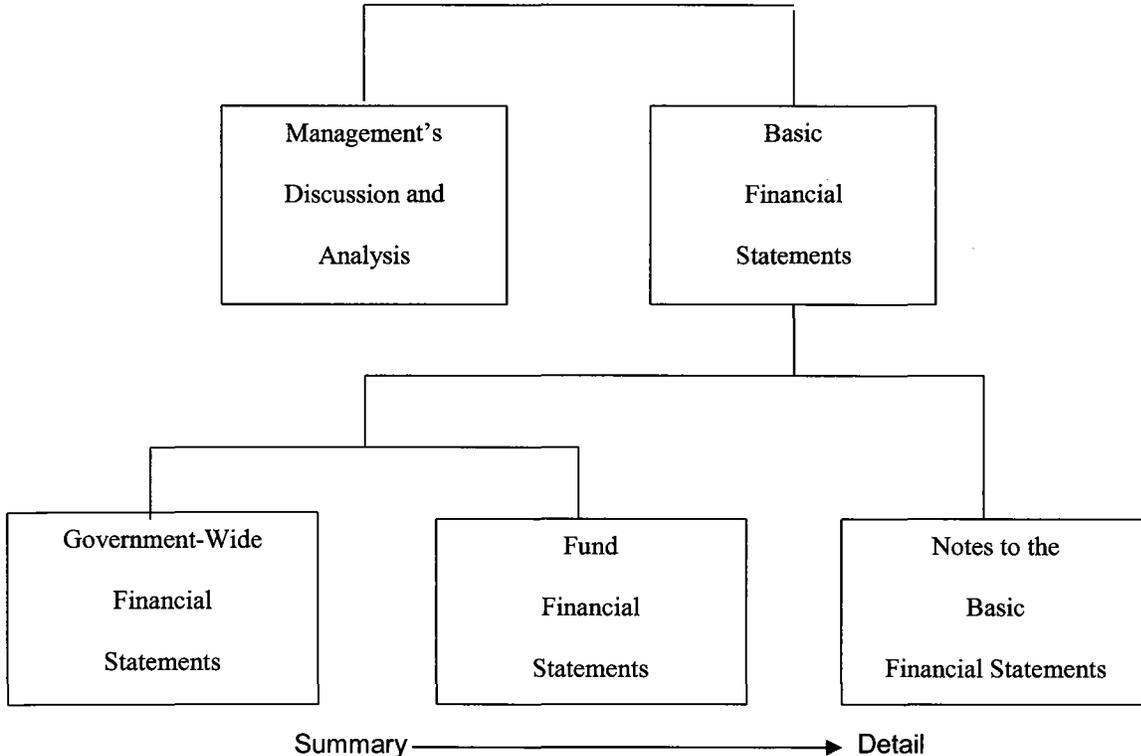
Our discussion and analysis of the City of Warrensburg's financial performance provides an overview of the City's financial activities for the year ended September 30, 2011

### Financial Highlights

- The assets of the City of Warrensburg exceeded its liability at September 30, 2011 by \$53,097,830 (Net assets). Of this amount, \$4,568,936 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City fund designation and fiscal policies.
- At September 30, 2011, the City of Warrensburg's governmental funds reported combined ending fund balances of \$7,428,079. Over 43% of this total amount or \$3,206,373 is unassigned and available for use within the City's designation and policies.
- At September 30, 2011, the fund balance of the general fund was \$3,229,746 or 40.1% of the total general fund expenditures for the year ended September 30, 2011. This is a decrease of \$521,388 from the previous year.

### Overview of the Financial Statements

#### Required Components - Figure 1



The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Assets and the Statement of Activities (on pages 12 and 13) 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 start on page 13. For governmental activities, these 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. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

## **Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 5. 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 Assets and the Statement of Activities reports information about the City as a whole and 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 assets and changes in them. One can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is that the format of the Statement of Activities financial statement is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. One will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

In the Statement of Net Assets 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, including general government, community development, public safety and health, (police, fire, animal shelter) transportation, (streets) finance and support services, and recreation and leisure, (parks, community center, etc.). Taxes, (sales, property, and franchise fees) charges for services, fines, and state and federal grants finance most of 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. Here is where the City's sewer and cemetery activities are reported.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes (Capital Improvement Fund) are to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Park, 1/2 and 3/8 Cent Sales Tax Funds, and Convention and Tourism Funds).

The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **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 the modified accrual basis of 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation following the fund financial statements.
- **Proprietary funds**—When the City charges customers for the services it provides, 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 Assets and the Statement of Activities. In fact, the City's Sewer and Cemetery enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information.

### **Reporting the City's Fiduciary Responsibilities**

The City is the trustee, or fiduciary, for the Stevenson, Brown, Crissey, Nancy Anderson-Charles W. Stevenson Endowment, Children's Memorial Funds, and Arts Commission. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 21 and 22. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CITY AS A WHOLE

Our analysis below focuses on net assets (Figure 2) and changes in net assets (Figure 3) of the governmental and business-type activities. Certain amounts for 2010 have been reclassified to conform with the 2011 presentation.

### Statement of Net Assets Figure 2

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 12,099,277	\$ 12,802,617	\$ 1,475,256	\$ 2,747,575	\$ 13,574,533	\$ 15,550,192
Capital assets	50,374,846	48,372,488	32,922,230	33,149,140	83,297,076	81,521,628
<b>Total assets</b>	<b>62,474,123</b>	<b>61,175,105</b>	<b>34,397,486</b>	<b>35,896,715</b>	<b>96,871,609</b>	<b>97,071,820</b>
Other liabilities	951,228	1,781,986	646,292	1,923,896	1,597,520	3,705,882
Long-term debt	24,131,445	23,948,279	18,044,814	18,483,431	42,176,259	42,431,710
<b>Total liabilities</b>	<b>25,082,673</b>	<b>25,730,265</b>	<b>18,691,106</b>	<b>20,407,327</b>	<b>43,773,779</b>	<b>46,137,592</b>
Net assets:						
Investment in capital assets, net of related debt	27,016,363	27,477,849	13,449,420	13,156,543	40,465,783	40,634,392
Restricted	6,620,832	3,107,138	1,442,279	1,206,796	8,063,111	4,313,934
Unrestricted	3,754,255	4,859,853	814,681	1,126,049	4,568,936	5,985,902
<b>Total net assets</b>	<b>\$ 37,391,450</b>	<b>\$ 35,444,840</b>	<b>\$ 15,706,380</b>	<b>\$ 15,489,388</b>	<b>\$ 53,097,830</b>	<b>\$ 50,934,228</b>

The City's combined net assets in Fiscal Year 2011 were \$53,097,830, an increase of \$2,163,602 or 4% from the prior fiscal year. For the year ended September 30, 2011; net assets of the City changed as follows:

## Statement of Changes in Net Assets Figure 3

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,635,515	\$ 1,569,073	\$ 3,038,886	\$ 2,696,141	\$ 4,674,401	\$ 4,265,214
Operating grants and contributions	31,127	127,476	7,146	8,455	38,273	135,931
Capital grants and contributions	3,014,904	1,882,141	-	109,939	3,014,904	1,992,080
General revenues:						
Property tax	1,058,849	1,041,263	-	-	1,058,849	1,041,263
Sales tax	6,258,283	6,094,076	-	-	6,258,283	6,094,076
Franchise tax	2,555,506	3,096,236	-	-	2,555,506	3,096,236
Other tax	190,940	179,393	-	-	190,940	179,393
Intergovernmental	594,658	604,252	-	-	594,658	604,252
Unrestricted investment earnings	12,809	17,825	576,336	650,333	589,145	668,158
Miscellaneous	131,142	116,244	-	-	131,142	116,244
<b>Total revenues</b>	<b>15,483,733</b>	<b>14,727,979</b>	<b>3,622,368</b>	<b>3,464,868</b>	<b>19,106,101</b>	<b>18,192,847</b>
<b>Expenses:</b>						
General government	764,986	667,206	-	-	764,986	667,206
Community development	720,765	665,916	-	-	720,765	665,916
Public safety and health	4,864,477	5,036,961	-	-	4,864,477	5,036,961
Transportation	2,805,182	2,588,596	-	-	2,805,182	2,588,596
Finance and support services	1,044,697	952,360	-	-	1,044,697	952,360
Recreation and leisure	2,292,227	2,248,794	-	-	2,292,227	2,248,794
Interest on long-term debt	1,022,489	1,024,528	-	-	1,022,489	1,024,528
Sewer	-	-	3,268,764	2,984,960	3,268,764	2,984,960
Cemetery	-	-	158,912	131,249	158,912	131,249
<b>Total Expenses</b>	<b>13,514,823</b>	<b>13,184,361</b>	<b>3,427,676</b>	<b>3,116,209</b>	<b>16,942,499</b>	<b>16,300,570</b>
<b>Change in net assets</b>						
<b>before transfers</b>	<b>1,968,910</b>	<b>1,543,618</b>	<b>194,692</b>	<b>348,659</b>	<b>2,163,602</b>	<b>1,892,277</b>
<b>Transfers</b>	<b>(22,300)</b>	<b>(44,000)</b>	<b>22,300</b>	<b>44,000</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>1,946,610</b>	<b>1,499,618</b>	<b>216,992</b>	<b>392,659</b>	<b>2,163,602</b>	<b>1,892,277</b>
<b>Net assets, beginning</b>	<b>35,444,840</b>	<b>33,945,222</b>	<b>15,489,388</b>	<b>15,096,729</b>	<b>50,934,228</b>	<b>49,041,951</b>
<b>Net assets, ending</b>	<b>\$ 37,391,450</b>	<b>\$ 35,444,840</b>	<b>\$ 15,706,380</b>	<b>\$ 15,489,388</b>	<b>\$ 53,097,830</b>	<b>\$ 50,934,228</b>

### Governmental Activities

Total governmental revenues were up \$755,754 from the previous year primarily as a result of special assessments. On a modified accrual basis, sales tax revenue increased 2.7% from \$6,094,076 to \$6,258,283. Total property taxes increased 1.7% from \$1,041,263 to \$1,058,849, and utility franchise taxes decreased \$540,730 or 17%, the result of the T-Mobile telephone company settlement in 2009-2010. Governmental expenditures increased \$330,462 or 2.51% for fiscal year ending September 30, 2011. The City was able to reduce the increase projected in the adopted 2010-2011 budget, \$772,605, to \$330,462 through conservative spending.

### Business-type Activities

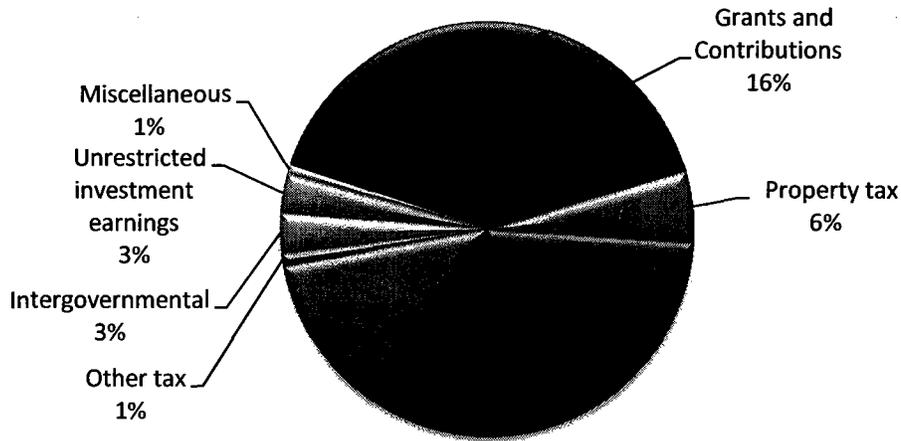
Business-type net assets increased \$216,992 or 1.4% from the prior year. The Sewer revenues increased \$350,115 due to a rate increase. Business-type expenses reflect a moderate increase in activities which included an increase of depreciation expense in the amount of \$336,141.

**Revenues**

The City's revenue is quite diverse, as illustrated in Figure 4. The largest source of revenue is Sales Taxes (33%), with the next largest sources in order being Charges for Services, Franchise tax, Grants and Contributions, Property Taxes and Investment Earnings.

**Figure 4**

**2010-2011 Revenues**

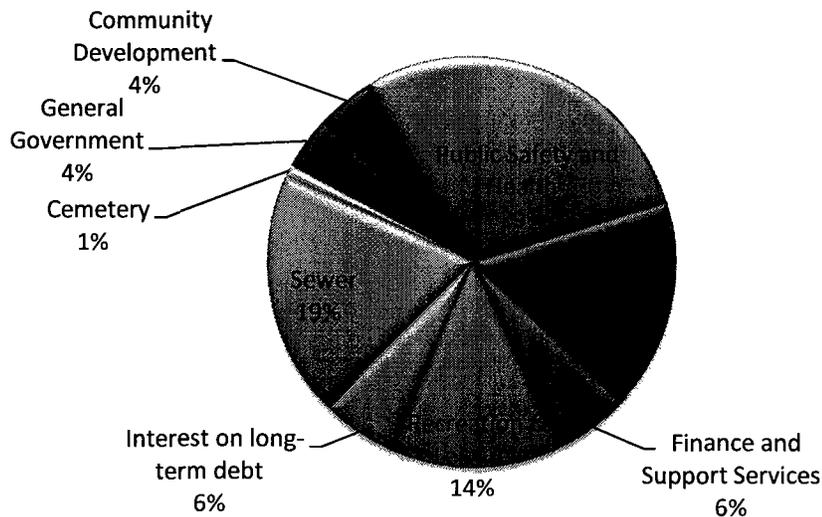


**Expenses**

Figure 5 presents the breakdown of the expenses among the City's departments. The largest expense category is Public Health & Safety (police and fire) at 29% of all expenses; with the next three largest expense categories, being Sewer at 19%, Transportation (Street Department) at 17%, and Recreation and Leisure (Park Department) at 14%.

**Figure 5**

**2010-2011 Expenses**

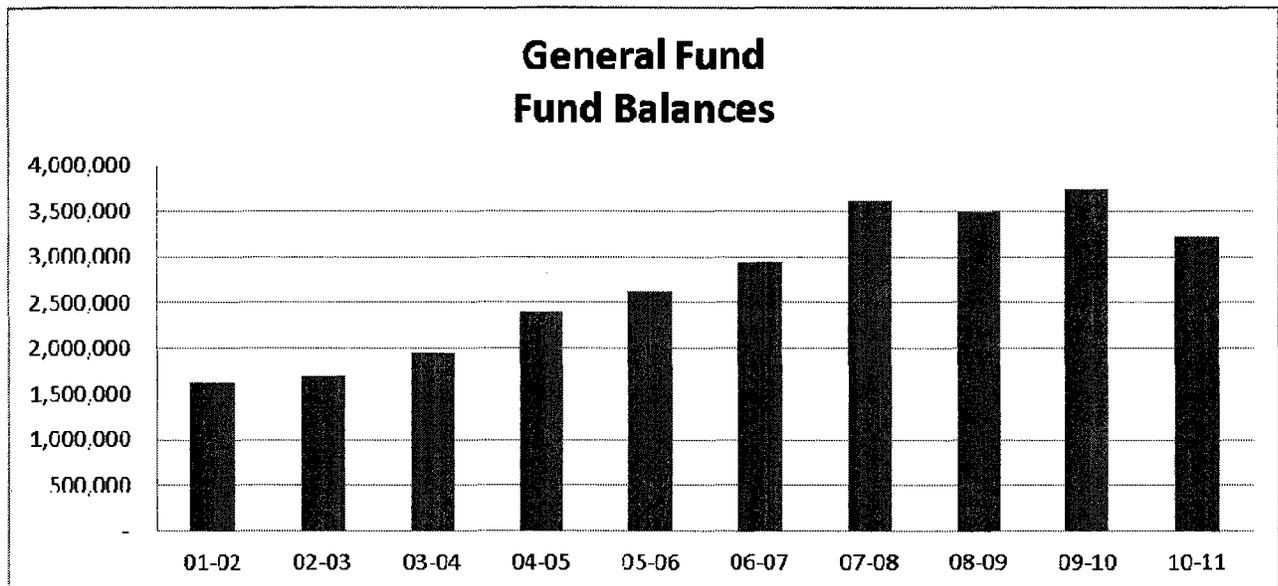


## The City's Funds

The City of Warrensburg's governmental funds reported combined ending fund balances of \$7,428,079, a decrease of \$2,324,399 from the prior year. Of this \$2,324,399 decrease in governmental funds: the General Fund decreased \$521,388; the 1/2 Cent Sales Tax Fund decreased \$2,198,535 as a result of major capital projects; the Capital Improvement Fund increased \$657,000; the 3/8 Cent Sales Tax Fund decreased \$61,740; the Park Fund increased \$133,722; and the Hawthorne Development fund decreased \$325,327. All other Governmental Funds decreased a total of \$8131. Of the total governmental fund balances, \$3,174,845 is restricted for capital projects, debt service, community development, and recreation and leisure. \$4,253,234 is committed, assigned, or unassigned and available for use within City designation.

At September 30, 2011, fund balance for the general fund was \$3,229,746 and represents a decrease of \$521,388 from 2010 and an increase of \$2,648,466 from the 1999 fund balance of \$581,280. A review of the bar graph shows a history of the General Fund balance since the 2001-2002 fiscal year.

Figure 6



## General Fund Budgetary Highlights

The actual revenues for 2010-2011 were less than the projected revenues by \$158,693. The actual expenditures were \$442,143 less than budgeted. The City was able to reduce actual expenditures compared to the adopted 2010-2011 budget through conservative spending.

# Capital Asset and Debt Administration

## Capital Assets

At the end of September 30, 2011, the City had \$83,317,076 invested in capital assets including land, machinery, construction in progress, buildings and improvements, sewer lines and infrastructure. (See table below) This represents a net increase of \$1,795,448 or a 2.2% increase from last year. The primary cause for the increase in net capital assets is the construction projects related to sewer and other City projects, improvements, and contributions.

### Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,522,563	\$ 2,391,642	\$ 431,421	\$ 564,288	\$ 2,953,984	\$ 2,955,930
Construction in progress	2,885,626	9,609,044	209,097	17,766,053	3,094,723	27,375,097
Buildings and improvements	23,222,127	14,065,201	18,424,038	599,724	41,646,165	14,664,925
Machinery and equipment	2,195,794	2,051,629	393,346	288,582	2,589,140	2,340,211
Sewer lines	-	-	13,484,328	13,930,493	13,484,328	13,930,493
Infrastructure	19,548,736	20,254,972	-	-	19,548,736	20,254,972
<b>Total</b>	<b>\$ 50,374,846</b>	<b>\$ 48,372,488</b>	<b>\$ 32,942,230</b>	<b>\$ 33,149,140</b>	<b>\$ 83,317,076</b>	<b>\$ 81,521,628</b>

Additional information on the City's capital assets can be found in Note 5 on pages 32-33 of this report.

## Debt Administration

The City has \$41,590,573 in outstanding bonds, notes, developer agreements, and capital leases at the end of fiscal year 2011. The primary reason for the net decrease of \$257,637 from 2010, as shown in the following table, is the result of the issuance of the 2011 Neighborhood Improvement District Bonds that totaled \$3,115,000 less the retirement of the Temporary Notes in the amount of \$2,780,000 and payments made. Other obligations of the City include accrued compensated absences and the LAGERS employee retirement benefits payable.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ -	\$ -	\$ 17,724,620	\$ 18,289,683	\$ 17,724,620	\$ 18,289,683
Temporary notes	-	2,780,000	-	-	-	2,780,000
Neighborhood improvement bonds	3,180,000	70,000	-	-	3,180,000	70,000
Certificates of participation	20,025,900	20,230,000	154,100	-	20,180,000	20,230,000
Capital leases	198,506	87,000	-	-	198,506	87,000
Development Agreements	307,447	391,527	-	-	307,447	391,527
<b>Total</b>	<b>\$ 23,711,853</b>	<b>\$ 23,558,527</b>	<b>\$ 17,878,720</b>	<b>\$ 18,289,683</b>	<b>\$ 41,590,573</b>	<b>\$ 41,848,210</b>

Additional information on the City's debt can be found in Note 7 on pages 35-40 of this report.

## **ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

In November 2003 Warrensburg citizens approved a 3/8 Cent Park Sales Tax. This action eliminated the need for a subsidy from the General Fund and the 1/2 Cent Sales Capital Improvement Funds to the Park Fund and eliminated the deficits in the Community Center operations and provided needed capital improvements to the Warrensburg Park System. In November of 2005 Warrensburg citizens approved and authorized \$22.7 million in Sewer Revenue Bonds and in February 2007 citizens approved an extension of the City's Half-Cent Capital Improvements Sales Tax. In addition, in June of 2008, citizens again approved an extension of the 3/8 Cent Park Sales Tax for a new aquatic center.

In the 2011-2012 budget year a new chart of accounts was implemented which included the consolidation of specific funds. This new system will allow for better retrieval of information on the city's finances and will improve the tracking of different types of transactions by using consistent account numbers and better descriptors to identify types of purchases.

Due to anticipation that the current economic standing would maintain the 2010-2011 levels in 2011-2012, the 2011-2012 budget was centered on a financial forecast that the local economy would not grow and perhaps, decline. An economic measurement of the local economy is community sales tax receipts. As a result of anticipated flat growth in revenues a delay in hiring of personnel and wage increase was implemented. Throughout the remainder of fiscal year 2011-2012 City staff will continue to monitor monthly sales tax receipts, expenditures, take appropriate and necessary action to address anticipated shortfalls, reduce the budgeted deficit in the General Fund for the current fiscal year, and report the status of this economic indicator to the City Council and community at large.

With the \$22.7 million bond election approval in November 2005, the 2010-2011 budget included an 8% increase in sewer rates to pay for the Sewer Bond Issue and the reduced loan rate from the State Revolving Loan Program. Significant new sewer construction projects took place in 2009-2010 and 2010-2011 and all projects from the original \$22.7 million project should be completed in the 2011-2012 time frame. The East and West Plant Improvements have been completed and the North West Lagoon by Pass project is out for bid during the 2011-2012 budget cycle.

Capital improvements for public infrastructure expenditures in the Capital Improvements Fund were budgeted at just under \$2 million, and include such projects as; Street Maintenance, Storm Drainage, Highway 13 / Maguire Study, Pine Street CDBG grant and a commitment to begin the City's storm drainage management planning process. With the exception of the HVAC system on the Police Facility all the major capital improvement projects undertaken since 2008 have been completed.

In July of 2011, the City issued Neighborhood Improvement District Bonds in conjunction with the retirement of Temporary Notes for the Hawthorne Development Project. Because of the City's excellent financial condition, the City continued to receive a rating of A on this debt rating issued by Moody's Investor Service. The City will continue to work diligently to assure bond obligations are met and that property owners pay assessments, as required.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office at 102 South Holden, Warrensburg, Missouri.

CITY OF WARRENSBURG, MISSOURI  
Statement of Net Assets  
September 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 3,093,033	\$ 571,992	\$ 3,665,025
Receivables (net of allowance for uncollectibles):			
Taxes	1,285,123	-	1,285,123
Accounts	2,819	655,473	658,292
Intergovernmental	759,142	-	759,142
Interest	-	-	-
Special assessments	2,850,987	-	2,850,987
Restricted cash and investments	2,295,103	1,442,279	3,737,382
Internal balances	1,454,587	(1,454,587)	-
Lots available-for-sale	-	12,665	12,665
Unamortized bond issuance costs	358,483	247,434	605,917
Capital assets:			
Land, other assets and construction in progress, non-depreciable	5,408,189	640,518	6,048,707
Other capital assets, net of depreciation	44,966,657	32,281,712	77,248,369
Total assets	<u>62,474,123</u>	<u>34,397,486</u>	<u>96,871,609</u>
<b>Liabilities</b>			
Accounts payable	597,364	483,823	1,081,187
Accrued payroll	208,346	22,047	230,393
Municipal court bonds	1,491	-	1,491
Unearned revenue	34,540	-	34,540
Interest payable	109,487	140,422	249,909
Long-term liabilities:			
Compensated absences and employee benefits:			
Due within one year	277,866	32,209	310,075
Due in more than one year	187,649	6,434	194,083
Other long-term liabilities:			
Due within one year	928,645	1,412,691	2,341,336
Due in more than one year	22,737,285	16,593,480	39,330,765
Total liabilities	<u>25,082,673</u>	<u>18,691,106</u>	<u>43,773,779</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	27,016,363	13,449,420	40,465,783
Restricted for:			
Debt service	5,296,256	1,442,279	6,738,535
Capital projects	842,797	-	842,797
Community development	117	-	117
Recreation and leisure	481,662	-	481,662
Unrestricted	3,754,255	814,681	4,568,936
Total net assets	<u>\$ 37,391,450</u>	<u>\$ 15,706,380</u>	<u>\$ 53,097,830</u>

See accompanying notes to the basic financial statements

CITY OF WARRENSBURG, MISSOURI  
Statement of Activities  
For the Year Ended September 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
<b>Government activities</b>							
General government	\$ 764,986	\$ -	\$ -	\$ -	\$ (764,986)	\$ -	\$ (764,986)
Community development	720,765	119,053	29,872	2,785,987	2,214,147	-	2,214,147
Public safety and health	4,864,477	83,853	1,255	85,173	(4,694,196)	-	(4,694,196)
Transportation	2,805,182	381,219	-	143,494	(2,280,469)	-	(2,280,469)
Finance and support services	1,044,697	292,110	-	-	(752,587)	-	(752,587)
Recreation and leisure	2,292,227	759,280	-	250	(1,532,697)	-	(1,532,697)
Interest on long-term debt	1,022,489	-	-	-	(1,022,489)	-	(1,022,489)
Total governmental activities	13,514,823	1,635,515	31,127	3,014,904	(8,833,277)	-	(8,833,277)
<b>Business-type activities</b>							
Sewer	3,268,764	3,008,041	-	-	-	(260,723)	(260,723)
Cemetery	158,912	30,845	7,146	-	-	(120,921)	(120,921)
Total business-type activities	3,427,676	3,038,886	7,146	-	-	(381,644)	(381,644)
Total primary government	\$ 16,942,499	\$ 4,674,401	\$ 38,273	\$ 3,014,904	(8,833,277)	(381,644)	(9,214,921)
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					1,058,849	-	1,058,849
Sales taxes					6,258,283	-	6,258,283
Franchise taxes					2,555,506	-	2,555,506
Other taxes					190,940	-	190,940
Unrestricted intergovernmental					594,658	-	594,658
Unrestricted investment earnings					12,809	576,336	589,145
Miscellaneous					131,142	-	131,142
Transfers					(22,300)	22,300	-
Total general revenues and transfers					10,779,887	598,636	11,378,523
Change in net assets					1,946,610	216,992	2,163,602
Net assets-beginning of year					35,444,840	15,489,388	50,934,228
Net assets-end of year					\$ 37,391,450	\$ 15,706,380	\$ 53,097,830

See accompanying notes to the basic financial statements

CITY OF WARRENSBURG, MISSOURI  
Balance Sheet  
Governmental Funds  
September 30, 2011

	General	Park	1/2 Cent Sales Tax	3/8th Cent Sales Tax	Capital Improvement	Hawthorne Development	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and investments	\$ 1,145,209	\$ 535,076	\$ 335,576	\$ -	\$ 1,043,581	\$ 3,414	\$ 30,177	\$ 3,093,033
Receivables, (net of allowance for uncollectibles):								
Taxes	889,723	5,111	223,146	160,736	-	-	6,407	1,285,123
Accounts	923	1,896	-	-	-	-	-	2,819
Intergovernmental	53,034	-	9,126	-	101,982	-	595,000	759,142
Interest	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	2,785,987	65,000	2,850,987
Restricted cash and investments	-	267	245,161	-	193,810	260,938	1,594,927	2,295,103
Interfund receivables	1,559,496	32,348	-	-	-	-	-	1,591,844
<b>Total assets</b>	<b>\$ 3,648,385</b>	<b>\$ 574,698</b>	<b>\$ 813,009</b>	<b>\$ 160,736</b>	<b>\$ 1,339,373</b>	<b>\$ 3,050,339</b>	<b>\$ 2,291,511</b>	<b>\$ 11,878,051</b>
<b>Liabilities</b>								
Accounts payable	\$ 214,818	\$ 72,150	\$ 154,896	\$ -	\$ 123,989	\$ 11,944	\$ 19,567	\$ 597,364
Accrued payroll	186,130	22,216	-	-	-	-	-	208,346
Municipal court deposits	1,491	-	-	-	-	-	-	1,491
Interfund payables	-	92,857	-	32,348	12,052	-	-	137,257
Deferred revenues	16,200	34,201	9,126	-	-	2,785,987	660,000	3,505,514
<b>Total liabilities</b>	<b>418,639</b>	<b>221,424</b>	<b>164,022</b>	<b>32,348</b>	<b>136,041</b>	<b>2,797,931</b>	<b>679,567</b>	<b>4,449,972</b>
<b>Fund balances:</b>								
Restricted:								
Capital projects	-	-	648,987	-	193,810	-	-	842,797
Debt service	-	-	-	-	-	252,408	1,597,861	1,850,269
Community development	-	-	-	-	-	-	117	117
Recreation and leisure	-	353,274	-	128,388	-	-	-	481,662
Committed:								
Capital projects	-	-	-	-	12,780	-	-	12,780
Community development	16,250	-	-	-	-	-	13,966	30,216
Assigned:								
Capital projects	-	-	-	-	996,742	-	-	996,742
Transportation	7,123	-	-	-	-	-	-	7,123
Unassigned:	3,206,373	-	-	-	-	-	-	3,206,373
<b>Total fund balances</b>	<b>3,229,746</b>	<b>353,274</b>	<b>648,987</b>	<b>128,388</b>	<b>1,203,332</b>	<b>252,408</b>	<b>1,611,944</b>	<b>7,428,079</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,648,385</b>	<b>\$ 574,698</b>	<b>\$ 813,009</b>	<b>\$ 160,736</b>	<b>\$ 1,339,373</b>	<b>\$ 3,050,339</b>	<b>\$ 2,291,511</b>	<b>\$ 11,878,051</b>

CITY OF WARRENSBURG, MISSOURI  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
 September 30, 2011

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

Ending fund balances - total governmental funds	\$	7,428,079
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Assets the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Assets		50,374,846
Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements.		3,470,974
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Bond issuance costs, net		358,483
Accrued interest payable		(109,487)
Compensated absences and employee benefits		(465,515)
Long-term debt		<u>(23,665,930)</u>
 Total net assets of governmental activities	 \$	 <u><u>37,391,450</u></u>

CITY OF WARRENSBURG, MISSOURI  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2011

	General	Park	1/2 Cent Sales Tax	3/8th Cent Sales Tax	Capital Improvement	Hawthorne Development	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 7,224,855	\$ 358,230	\$ 1,491,728	\$ 1,069,337	\$ -	\$ 35,713	\$ 102,910	\$ 10,282,773
Intergovernmental	132,833	250	64,272	-	723,362	-	-	920,717
Licenses and permits	141,200	-	-	-	-	-	-	141,200
Charges for services	355,783	759,280	-	-	-	-	-	1,115,063
Fines	379,252	-	-	-	-	-	-	379,252
Interest	7,565	1,032	256	156	2,126	903	772	12,810
Other	77,222	23,920	-	-	30,000	74,525	-	205,667
Total revenues	8,318,710	1,142,712	1,556,256	1,069,493	755,488	111,141	103,682	13,057,482
<b>Expenditures:</b>								
Current:								
General government	714,017	-	-	-	-	-	-	714,017
Community development	602,339	-	-	-	-	-	98,805	701,144
Public safety and health	4,521,186	-	-	-	-	-	-	4,521,186
Transportation	1,189,730	-	-	-	-	-	-	1,189,730
Finance and support services	1,022,489	-	-	-	-	-	-	1,022,489
Recreation and leisure	-	2,001,253	-	-	-	-	-	2,001,253
Capital outlay	-	-	2,444,384	-	1,258,329	621,614	-	4,324,327
Debt service:								
Principal	-	-	-	-	84,079	2,780,000	673,000	3,537,079
Interest and fiscal charges	-	-	-	-	-	157,629	900,601	1,058,230
Total expenditures	8,049,761	2,001,253	2,444,384	-	1,342,408	3,559,243	1,672,406	19,069,455
Excess of revenues over (under) expenditures	268,949	(858,541)	(888,128)	1,069,493	(586,920)	(3,448,102)	(1,568,724)	(6,011,973)
<b>Other financing sources (uses):</b>								
Sale of capital assets	17,355	202	-	-	-	-	-	17,557
Issuance of certificates of participation	-	72,800	-	-	348,100	-	-	420,900
Issuance of bonds	-	-	-	-	-	3,115,000	-	3,115,000
Premium (discount) on issuance	-	358	-	-	1,553	-	-	1,911
Proceeds from capital lease	-	-	-	-	154,506	-	-	154,506
Transfers in	158,544	928,351	535	-	873,344	7,775	1,561,194	3,529,743
Transfers out	(966,236)	(9,448)	(1,310,942)	(1,131,233)	(133,583)	-	(601)	(3,552,043)
Total other financing sources (uses)	(790,337)	992,263	(1,310,407)	(1,131,233)	1,243,920	3,122,775	1,560,593	3,687,574
Net change in fund balances	(521,388)	133,722	(2,198,535)	(61,740)	657,000	(325,327)	(8,131)	(2,324,399)
Fund balances, beginning of year	3,751,134	219,552	2,847,522	190,128	546,332	577,735	1,620,075	9,752,478
Fund balances, end of year	\$ 3,229,746	\$ 353,274	\$ 648,987	\$ 128,388	\$ 1,203,332	\$ 252,408	\$ 1,611,944	\$ 7,428,079



CITY OF WARRENSBURG, MISSOURI  
Statement of Net Assets  
Proprietary Funds  
September 30, 2011

<b>Assets</b>	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Cemetery Fund</b>	<b>Totals</b>
<b>Current Assets:</b>			
Cash and investments	\$ -	\$ 571,992	\$ 571,992
Accounts receivable, net	655,473	-	655,473
Lots available-for-sale	-	12,665	12,665
Interfund receivable	12,052	-	12,052
<b>Total current assets</b>	<b>667,525</b>	<b>584,657</b>	<b>1,252,182</b>
<b>Restricted assets:</b>			
Restricted cash and investments	1,442,279	-	1,442,279
<b>Noncurrent assets:</b>			
Unamortized bond issuance costs	247,434	-	247,434
<b>Capital assets:</b>			
Land, other assets and construction in progress, non-depreciable	518,680	121,838	640,518
Other capital assets, net of depreciation	32,081,144	200,568	32,281,712
<b>Total noncurrent assets</b>	<b>32,847,258</b>	<b>322,406</b>	<b>33,169,664</b>
<b>Total assets</b>	<b>34,957,062</b>	<b>907,063</b>	<b>35,864,125</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	473,729	10,094	483,823
Accrued payroll	20,768	1,279	22,047
Interfund payables	1,466,639	-	1,466,639
Current portion of certificates of participation	23,500	-	23,500
Compensated absences and employee benefits	29,035	3,174	32,209
<b>Total current liabilities</b>	<b>2,013,671</b>	<b>14,547</b>	<b>2,028,218</b>
<b>Liabilities payable from restricted assets:</b>			
Interest payable	140,422	-	140,422
Current portion of revenue bonds payable	1,389,191	-	1,389,191
<b>Total liabilities payable from restricted assets</b>	<b>1,529,613</b>	<b>-</b>	<b>1,529,613</b>
<b>Noncurrent liabilities:</b>			
Compensated absences and employee benefits	6,256	178	6,434
Revenue bonds payable	16,593,480	-	16,593,480
<b>Total liabilities</b>	<b>20,143,020</b>	<b>14,725</b>	<b>20,157,745</b>
<b>Net asset</b>			
Invested in capital assets, net of related debt	13,127,014	322,406	13,449,420
<b>Restricted net assets for:</b>			
Debt service	1,442,279	-	1,442,279
Unrestricted	244,749	569,932	814,681
<b>Total net assets</b>	<b>\$ 14,814,042</b>	<b>\$ 892,338</b>	<b>\$ 15,706,380</b>

See accompanying notes to the basic financial statements

CITY OF WARRENSBURG, MISSOURI  
Statement of Revenues, Expenses and Changes in  
Net Assets - Proprietary Funds  
For the Year Ended September 30, 2011

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Cemetery Fund</b>	<b>Totals</b>
<b>Operating revenues:</b>			
Charges for services	\$ 3,008,041	\$ 30,845	\$ 3,038,886
Total operating revenues	<u>3,008,041</u>	<u>30,845</u>	<u>3,038,886</u>
<b>Operating expenses:</b>			
Personal services	718,947	85,585	804,532
Administrative and support services	292,110	-	292,110
Contractual services	536,802	30,688	567,490
Commodities	77,399	29,191	106,590
Other charges	99,776	2,258	102,034
Depreciation and amortization	810,659	11,190	821,849
Total operating expenses	<u>2,535,693</u>	<u>158,912</u>	<u>2,694,605</u>
Operating income (loss)	<u>472,348</u>	<u>(128,067)</u>	<u>344,281</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	574,813	1,523	576,336
Interest expense	(721,320)	-	(721,320)
Contributions	-	7,146	7,146
Gain on disposal of assets	(11,751)	-	(11,751)
Total nonoperating revenues (expenses)	<u>(158,258)</u>	<u>8,669</u>	<u>(149,589)</u>
Income before capital contributions and transfers	314,090	(119,398)	194,692
Transfers in	-	25,000	25,000
Transfers out	(2,700)	-	(2,700)
	<u>(2,700)</u>	<u>25,000</u>	<u>22,300</u>
Change in net assets	311,390	(94,398)	216,992
Total net assets, beginning of year	<u>14,502,652</u>	<u>986,736</u>	<u>15,489,388</u>
Total net assets, end of year	<u>\$ 14,814,042</u>	<u>\$ 892,338</u>	<u>\$ 15,706,380</u>

See accompanying notes to the basic financial statements

CITY OF WARRENSBURG, MISSOURI  
Statement of Cash Flows-  
Proprietary Funds  
For the Year Ended September 30, 2011

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Cemetery Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 2,921,499	\$ 31,097	\$ 2,952,596
Payments to suppliers and service providers	(718,038)	(62,282)	(780,320)
Payments to employees	(736,197)	(84,768)	(820,965)
Net cash provided (used) by operating activities	<u>1,467,264</u>	<u>(115,953)</u>	<u>1,351,311</u>
<b>Cash flows from noncapital financing activities:</b>			
Contributions	-	7,146	7,146
Interfund advances	1,466,639	-	1,466,639
Transfers in (out)	(2,700)	25,000	22,300
Net cash provided by noncapital financing activities	<u>1,463,939</u>	<u>32,146</u>	<u>1,496,085</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(2,178,391)	(4,135)	(2,182,526)
Interest and fiscal charges	(706,857)	-	(706,857)
Proceeds from debt issuance	2,909,683	-	2,909,683
Principal payments on bonds	(3,320,154)	-	(3,320,154)
Net cash used by capital and related financing activities	<u>(3,295,719)</u>	<u>(4,135)</u>	<u>(3,299,854)</u>
<b>Cash flows from investment activities:</b>			
Interest received	575,101	1,746	576,847
Net cash provided by investment activities	<u>575,101</u>	<u>1,746</u>	<u>576,847</u>
Net increase (decrease) in cash and cash equivalents	210,585	(86,196)	124,389
Cash and cash equivalents, beginning of year	1,231,694	658,188	1,889,882
Cash and cash equivalents, end of year	<u>\$ 1,442,279</u>	<u>\$ 571,992</u>	<u>\$ 2,014,271</u>
<b>Financial Statement Classification:</b>			
Cash and investments	\$ -	\$ 571,992	\$ 571,992
Restricted cash and investments	1,442,279	-	1,442,279
	<u>\$ 1,442,279</u>	<u>\$ 571,992</u>	<u>\$ 2,014,271</u>
<b>Cash flows from operating activities:</b>			
Operating income (loss)	\$ 472,348	\$ (128,067)	\$ 344,281
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	810,659	11,190	821,849
Changes in assets and liabilities:			
Accounts receivable	(86,542)	-	(86,542)
Lots available-for-sale	-	252	252
Accounts payable	288,049	(145)	287,904
Accrued payroll	(17,250)	817	(16,433)
Net cash provided (used) by operating activities	<u>\$ 1,467,264</u>	<u>\$ (115,953)</u>	<u>\$ 1,351,311</u>

CITY OF WARRENSBURG, MISSOURI  
Statement of Fiduciary Net Assets  
September 30, 2011

	<b>Private - Purpose Trusts</b>	<b>Agency</b>
<b>Assets</b>		
Cash and investments	\$ 216,094	\$ 12,801
Total assets	\$ 216,094	\$ 12,801
<b>Liabilities</b>		
Due to others	-	\$ 12,801
<b>Net Assets</b>		
Net assets:		
Restricted	71,523	
Unrestricted	144,571	
Total net assets	\$ 216,094	

See accompanying notes to the basic financial statements

CITY OF WARRENSBURG, MISSOURI  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended September 30, 2011

	<b>Private - Purpose Trusts</b>
<b>Additions:</b>	
Interest	\$ 927
Donations	1,000
Total additions	<u>1,927</u>
 <b>Deductions:</b>	
Contributions and other	<u>3,700</u>
Change in net assets	(1,773)
Net assets, beginning of year	<u>217,867</u>
Net assets, end of year	<u><u>\$ 216,094</u></u>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**(1) Summary of Significant Accounting Policies**

The City of Warrensburg, Missouri (the City) is located in Johnson County and was incorporated in 1865. Warrensburg is a city of the third class and operates under the council-manager form of government. The City Manager is the main administrative officer of the City. The City provides a number of services to approximately 19,000 residents including law enforcement, fire protection, sewer services, community development, and various recreational and social services.

The accompanying basic financial statements of the City of Warrensburg, Missouri have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governmental units. The City's significant accounting policies are described below.

**A. Reporting Entity**

The basic financial statements present data for all departments and funds of the City. In evaluating the City's financial reporting entity, management has considered all potential component units. The accompanying basic financial statements present the City and the component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has determined that there are no active component units related to the City that should be accounted for in the City's financial statements.

**B. Basis of Presentation**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole, except for fiduciary funds. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

**City of Warrensburg, Missouri**  
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**Fund Financial Statements**

Fund financial statements report detailed information about the City. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds.

The following are the City's major governmental funds:

- The *General Fund* is the principal operating fund of the City and accounts for all financial transactions not accounted for in another fund. For financial reporting purposes, the City's Old Drum Transportation Fund activities are included in the General Fund. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.
- The *Park Fund* controls the financial resources and operations of the City's parks.
- The *1/2 Cent Sales Tax Fund* controls the financial resources for funding, operating, and maintaining City capital improvements projects.
- The *3/8<sup>th</sup> Cent Sales Tax Fund* controls the financial resources for funding operations and improvements to the City's local parks and recreation facilities.
- The *Capital Improvement Fund* controls the financial resources for funding the City's capital acquisitions and capital outlay projects.
- The *Hawthorne Development Fund* controls the financial resources related to the debt service requirements of the Series 2011 Neighborhood Improvement District (NID) Bonds.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector.

The following is the City's major proprietary fund:

- The *Sewer Fund* is used to account for the activities of providing sewer service to citizens.

**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 of 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.

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
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**C. Measurement Focus and Basis of Accounting**

**Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or have satisfied all eligibility requirements and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Governmental Fund Financial Statements**

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

*Revenue Recognition*

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within sixty days of year-end and available to pay obligations of the current period). This includes investment earnings and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

*Expenditure Recognition*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Proprietary Fund Financial Statements**

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

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In reporting the financial activity of its business-type activities and enterprise funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedures. For enterprise funds, the City also has the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

**D. Budgetary Accounting**

The budgetary data presented was prepared on the modified accrual basis of accounting, modified further by the encumbrances. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Reported budgeted amounts are as originally adopted or as amended by council ordinance. Annual operating budgets are adopted for all major and non-major governmental funds.

**Expenditures in Excess of Budgeted Appropriations**

Actual expenditures and transfers out exceeded budgeted appropriations in the City's 1/2 Cent Sales Tax Fund by \$238,988, 3/8 Cent Sales Tax Fund by \$8,813, Convention and Tourism Fund by \$16,856, and the Hawthorne Development Fund \$97,020.

**E. Cash and Cash Equivalents**

The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet or statement of net assets as "cash and investments". The City's cash and cash equivalents are primarily considered to be cash on hand and amounts in demand deposits and are recorded on the basic financial statements at fair value, which approximates cost. For purposes of the statement of cash flows, certificates of deposit and short-term investments with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

**F. Investments**

The City's investments are recorded on the financial statements at fair value.

**G. Restricted Assets**

Restricted cash and investments consist of the lease/purchase and bond debt service and project escrow accounts.

**H. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

**City of Warrensburg, Missouri**  
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Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on exhaustible assets is recorded as an expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

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

**I. Bond Issuance Costs**

Bond issuance costs arising from the issuance of debt are capitalized and amortized over the period the related debt is outstanding on the straight-line basis.

**J. 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.

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.

**K. Interfund Activity**

During the course of normal operations, the City has activity between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying basic financial statements generally reflect such activity as interfund transfers and interfund payables and receivables. For the purpose of the Government-wide Statement of Net Assets and Statement of Activities, all interfund transfers between individual governmental funds or individual proprietary funds have been eliminated.

**City of Warrensburg, Missouri**  
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**L. Fund Balance and Net Asset Equity Classifications**

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended September 30, 2011. This statement changed the fund balance classifications for the governmental funds. In the fund financial statements, governmental funds now report the following fund balance classifications:

**Non-Spendable** – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Restricted** – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed** – This consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council.

**Assigned** – This consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned** – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City's policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The City has established a General Fund balance policy consisting of the following:

1. When preparing the annual proposed budget, the City Manager will calculate and include in the proposed budget an unassigned General Fund balance of at least 20% of General Fund expenditures for adoption by the City Council. These funds will be used to avoid cash flow interruptions, generate interest income, reduce need for short-term borrowing and assist in maintaining a high investment grade bond rating capacity.
2. In addition, the annual proposed and adopted budget will also project General Fund Revenues and Expenditures and include in those projections an ending General Fund Balance for the third projected fiscal year of no less than 16% of the budget expenditures of that projected fiscal year.
3. A contingency reserve account of 2% of the proposed budgeted General Fund expenditures will be annually appropriated by the City Council to provide for unanticipated expenditures of a nonrecurring nature and/or meet unexpected increases in costs.

**Net Assets**

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

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

**City of Warrensburg, Missouri**  
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**Restricted** – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

**Unrestricted** – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**M. Use of Estimates**

The preparation of basic 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 basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**(2) Cash and Investments**

A summary of deposits, pooled investments, petty cash, as well as a reconciliation to the financial statement classifications is as follows:

Total deposits	\$ 4,494,457
Total investments	3,136,445
Petty cash	400
	\$ 7,631,302
 Financial statement classifications:	
Cash and investments	\$ 3,665,025
Restricted cash and investments	3,737,382
Total cash and investments - government wide statement	7,402,407
Cash and investments - Fiduciary funds	228,895
Total cash and investments	\$ 7,631,302

The City’s investments are summarized as follows:

Short-term investments held in trust:	
Certificates of participation	\$ 2,034,505
State Revolving Loan Fund - Sewer System	1,101,940
	\$ 3,136,445

The 2007, 2008B, 2009, 2010, and 2011 Certificates of Participation and State Revolving Loan Fund-Sewer System are held in trust and invested in money market funds that consist entirely of investments in United States securities and government obligations.

*Deposits and Investments*

Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, U.S. Treasury notes, and certificates of deposit. Collateral is required by Missouri State Statutes for demand deposits and certificates of deposit. The fair value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by State Statute and include U.S. government and Government agency bonds and securities, general obligation bonds of any of the fifty states, general obligation bonds of any Missouri county and certain cities and special districts and revenue bonds of certain Missouri agencies.

**City of Warrensburg, Missouri**  
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Cash balances of individual City funds are combined to form a pooled, interest-bearing cash account, which is managed by the City Manager. Interest earned is allocated to individual funds based on their proportionate share of the pool.

*Interest Rate Risk*

As a means of managing its exposure to fair value losses arising from increasing interest rates, the City's investment policy limits investments to maturities of five years or less.

*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, 2011, 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 institution's agent.

*Concentration of Credit Risk*

The City's investment policy does not limit the amount it may invest in any one issuer. At September 30, 2011, the City's only investments were amounts held in trust invested in United States securities and government obligations and, accordingly, the City was not exposed to such credit risks.

**(3) Tax Revenue and Receivables**

Governmental tax revenues, including interest and penalties, for the year was as follows:

	<u>General</u>	<u>Park</u>	<u>One-half Cent Sales Tax</u>	<u>3/8th Cent Sales Tax</u>	<u>Hawthorne Development</u>	<u>Other Gov- ernmental</u>	<u>Total</u>
Property taxes and assessments	\$ 660,705	\$ 358,230	\$ -	\$ -	\$ 35,713	\$ 9,200	\$ 1,063,848
Sales tax	3,697,218	-	1,491,728	1,069,337	-	-	6,258,283
Franchise	2,866,932	-	-	-	-	-	2,866,932
Lodging	-	-	-	-	-	93,710	93,710
	<u>\$ 7,224,855</u>	<u>\$ 358,230</u>	<u>\$ 1,491,728</u>	<u>\$ 1,069,337</u>	<u>\$ 35,713</u>	<u>\$ 102,910</u>	<u>\$ 10,282,773</u>

Governmental taxes receivable, including interest and penalties, at year-end were as follows:

	<u>General</u>	<u>Park</u>	<u>One-half Cent Sales Tax</u>	<u>3/8th Cent Sales Tax</u>	<u>Other Gov- ernmental</u>	<u>Total</u>
Property tax	\$ 9,596	\$ 5,111	\$ -	\$ -	\$ -	\$ 14,707
Sales tax	555,577	-	223,146	160,736	-	939,459
Franchise	324,550	-	-	-	-	324,550
Lodging	-	-	-	-	6,407	6,407
	<u>\$ 889,723</u>	<u>\$ 5,111</u>	<u>\$ 223,146</u>	<u>\$ 160,736</u>	<u>\$ 6,407</u>	<u>\$ 1,285,123</u>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
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The City's property tax is levied each November 1 on the assessed valuation of real and personal property located in the City as of the preceding January 1. The City and County assessors establish assessed value for real and personal property annually. The assessed value for real and personal property, excluding railroad and utility properties, located in the City as of January 1, 2010, on which the fiscal year 2011 levy was based, was \$180,743,477. The City's operating tax rate is currently \$.5467 per \$100 valuation (General Fund \$.3543 and Park Fund \$.1924). Taxes are due when levied November 1 and become delinquent on January 1. They are collected by the County Collector's office and remitted to the City.

**(4) Intergovernmental Revenue and Receivables**

Intergovernmental revenues for the year were as follows:

	<u>General</u>	<u>Park</u>	<u>1/2 Cent Sales Tax</u>	<u>Capital Improvement</u>	<u>Total</u>
Gasoline and motor vehicle taxes	\$ -	\$ -	\$ -	\$ 549,271	\$ 549,271
Vehicle registration fees	-	-	-	71,213	71,213
Cigarette	36,956	-	-	-	36,956
Interlocal agreement with school district	-	-	64,272	-	64,272
Grants	95,877	250	-	102,878	199,005
	<u>\$ 132,833</u>	<u>\$ 250</u>	<u>\$ 64,272</u>	<u>\$ 723,362</u>	<u>\$ 920,717</u>

Intergovernmental receivables at year end were:

	<u>General</u>	<u>1/2 Cent Sale Tax</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Gasoline and motor vehicle taxes	\$ -	\$ -	\$ 101,982	\$ -	\$ 101,982
Grants	53,034	-	-	-	53,034
Interlocal agreement with school district	-	9,126	-	595,000	604,126
	<u>\$ 53,034</u>	<u>\$ 9,126</u>	<u>\$ 101,982</u>	<u>\$ 595,000</u>	<u>\$ 759,142</u>

The City entered into an interlocal agreement with the school district to reimburse the City for certain road improvement projects funded by the City with the issuance of the 2010 Certificates of Participation. Under the agreement, the school district will reimburse the City \$595,000 payable to the City in annual principal installments ranging from \$145,000 to \$155,000 beginning in fiscal year 2013 including interest ranging from 3% to 3.25% beginning in fiscal 2011. The school district will also pay \$9,126 to the City for contingency on the project that will be included with the scheduled amounts due in 2011.

Year Ending September 30,	Annual Payment
2012	\$ 27,701
2013	163,575
2014	158,862
2015	159,150
2016	159,650
	<u>668,938</u>
Less: amounts representing interest	<u>(64,812)</u>
	<u>\$ 604,126</u>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
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**(5) Capital Assets**

A summary of changes in capital assets for the year follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,391,642	\$ 130,921	\$ -	\$ 2,522,563
Construction in process	9,609,044	3,383,355	10,106,773	2,885,626
Total capital assets not being depreciated	<u>12,000,686</u>	<u>3,514,276</u>	<u>10,106,773</u>	<u>5,408,189</u>
Capital assets being depreciated:				
Buildings and improvements	18,363,361	9,618,446	39,462	27,942,345
Machinery and equipment	5,182,493	432,892	154,419	5,460,966
Infrastructure	41,755,332	430,208	-	42,185,540
Total capital assets being depreciated	<u>65,301,186</u>	<u>10,481,546</u>	<u>193,881</u>	<u>75,588,851</u>
Less accumulated depreciation for:				
Buildings and improvements	4,298,160	430,304	8,246	4,720,218
Machinery and equipment	3,130,864	273,509	139,201	3,265,172
Infrastructure	21,500,360	1,136,444	-	22,636,804
Total accumulated depreciation	<u>28,929,384</u>	<u>\$ 1,840,257</u>	<u>\$ 147,447</u>	<u>30,622,194</u>
Total capital assets being depreciated, net	<u>36,371,802</u>			<u>44,966,657</u>
Governmental activities, capital assets net	<u>\$ 48,372,488</u>			<u>\$ 50,374,846</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 564,288	\$ -	\$ 132,867	\$ 431,421
Construction in process	17,766,053	603,831	18,160,787	209,097
Total capital assets not being depreciated	<u>18,330,341</u>	<u>603,831</u>	<u>18,293,653</u>	<u>640,518</u>
Capital assets being depreciated:				
Sewer lines	23,850,564	-	-	23,850,564
Buildings	1,242,486	18,160,786	40,332	19,362,940
Machinery and equipment	846,663	135,727	32,003	950,387
Total capital assets being depreciated	<u>25,939,713</u>	<u>18,315,866</u>	<u>72,335</u>	<u>44,163,891</u>
Less accumulated depreciation for:				
Sewer lines	9,920,071	446,165	-	10,366,236
Buildings	642,762	324,721	28,581	938,902
Machinery and equipment	558,081	50,963	32,003	577,041
Total accumulated depreciation	<u>11,120,914</u>	<u>821,849</u>	<u>60,584</u>	<u>11,882,179</u>
Total capital assets being depreciated, net	<u>14,818,799</u>	<u>\$ 17,494,017</u>	<u>\$ 11,751</u>	<u>32,281,712</u>
Business-type activities, capital assets net	<u>\$ 33,149,140</u>			<u>\$ 32,922,230</u>

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Depreciation expense was charged to the various functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 19,365
Community development	16,895
Health and public safety	321,046
Transportation	1,176,106
Finance and support services	19,117
Recreation and leisure	<u>287,728</u>
Total depreciation expense for governmental activities	<u><u>1,840,257</u></u>
<b>Business-type activities:</b>	
Sewer Fund	\$ 810,659
Cemetery Fund	<u>11,190</u>
Total depreciation expense for business-type activities	<u><u>\$ 821,849</u></u>

**(6) Interfund Activity**

Interfund transfers for the year were as follows:

Transfers to	Transfers From							Total
	General	Park	1/2 Cent Sale Tax	3/8th Cent Sale Tax	Capital Improvement	Other Governmental	Sewer	
General Fund	\$ -	\$ 6,341	\$ 150,000	\$ -	\$ 2,152	\$ 51	\$ -	\$ 158,544
Park Fund	-	-	-	925,648	-	3	2,700	928,351
1/2 Cent Sale Tax	-	-	-	-	-	535	-	535
Capital Improvements	827,732	-	45,600	-	-	12	-	873,344
Hawthorne	-	-	-	-	7,775	-	-	7,775
Other Governmental Funds	113,504	3,107	1,115,342	205,585	123,656	-	-	1,561,194
Cemetery Fund	<u>25,000</u>	-	-	-	-	-	-	<u>25,000</u>
Total Interfund transfers	<u>\$ 966,236</u>	<u>\$ 9,448</u>	<u>\$ 1,310,942</u>	<u>\$ 1,131,233</u>	<u>\$ 133,583</u>	<u>\$ 601</u>	<u>\$ 2,700</u>	<u>\$ 3,554,743</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (such as transfers the 3/8<sup>th</sup> Sales Tax fund to the Park Fund and transfers of the 1/2 Cent Sales Tax Fund to the General Fund and Debt Service Fund), (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to fund debt service requirements accounted for in the Debt Service Fund. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

**City of Warrensburg, Missouri**  
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Interfund receivable and payable balances at year-end were as follows:

<u>Interfund Receivables</u>	<u>Interfund Payables</u>				<u>Total</u>
	<u>Park</u>	<u>3/8th Cent Sales Tax</u>	<u>Capital Improvement</u>	<u>Sewer</u>	
General Fund	\$ 92,857	\$ -	\$ -	\$ 1,466,639	\$ 1,559,496
Park Fund	-	32,348	-	-	32,348
Sewer Fund	-	-	12,052	-	12,052
	<u>\$ 92,857</u>	<u>\$ 32,348</u>	<u>\$ 12,052</u>	<u>\$ 1,466,639</u>	<u>\$ 1,603,896</u>

The interfund receivable and payable represents advances to the Park Fund under a loan agreement. The interfund receivable and payable between the Capital Improvement and Sewer Fund relates to reimbursement for capital asset sale proceeds. The interfund receivable and payable between the General Fund and the Sewer Fund represents deficit cash balances in the Sewer Fund. The interfund receivable and payable between the Park Fund and the 3/8<sup>th</sup> Cent Sales Tax Fund represent deficit cash balances in the 3/8<sup>th</sup> Cent Sales Tax Fund. The interfund receivables and payables within the governmental funds are eliminated in the Government-wide Statement of Net Assets.

Charges for Services

The General Fund provides administrative and other support services for the Sewer fund. Amounts charged to the Sewer Fund for such services were \$292,110 for the year ended September 30, 2011.

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**(7) Long-term Debt**

The following is a summary of long-term obligations transactions for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Adjustments</u>	<u>Ending Balance</u>	<u>Amounts Due in One Year</u>
<b>Governmental activities</b>					
Compensated Absences	\$ 427,412	\$ 532,990	\$ 519,364	\$ 441,038	\$ 277,866
Net Pension Obligation	-	24,477	-	24,477	-
Neighborhood Improvement Bonds	70,000	3,115,000	5,000	3,180,000	5,000
Municipal Temporary Notes, Series 2009	2,780,000	-	2,780,000	-	-
Certificates of Participation	20,230,000	420,900	625,000	20,025,900	781,500
Capital leases	87,000	154,506	43,000	198,506	44,000
Developer Agreements	391,526	-	84,079	307,447	95,000
Issuance Premiums	12,167	1,911	12,440	1,638	273
Issuance Discounts	(49,826)	-	(2,265)	(47,561)	(2,265)
	<u>23,948,279</u>	<u>4,249,784</u>	<u>4,066,618</u>	<u>24,131,445</u>	<u>1,201,374</u>
<b>Business-type activities</b>					
Compensated Absences	55,497	49,525	69,587	35,435	32,209
Net Pension Obligation	-	3,208	-	3,208	-
Employee Benefits Payable	3,101	-	3,101	-	-
Certificates of Participation	-	154,100	-	154,100	23,500
Water Pollution Control Revenue Bonds, Series 1992	2,055,000	-	465,000	1,590,000	495,000
Water Pollution Control Revenue Bonds, Series 2007	13,325,000	-	440,000	12,885,000	520,000
Water Pollution Control Revenue Bonds, Series 2010	2,909,683	520,937	181,000	3,249,620	366,000
Issuance Premiums	135,150	492	8,191	127,451	8,191
	<u>18,483,431</u>	<u>728,262</u>	<u>1,166,879</u>	<u>18,044,814</u>	<u>1,444,900</u>
	<u>\$ 42,431,710</u>	<u>\$ 4,978,046</u>	<u>\$ 5,233,497</u>	<u>\$ 42,176,259</u>	<u>\$ 2,646,274</u>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**A. Neighborhood Improvement Bonds**

The City has issued the following neighborhood improvement bonds:

\$105,000 Neighborhood Improvement Bonds, Series 2001, proceeds used to fund certain improvement to Russell Avenue, due in annual installments of \$3,000 to \$8,000 through March 1, 2021; interest at 4.875% to 5.625%.	\$ 65,000
\$3,115,000 Neighborhood Improvement Bond, Series 2011, proceeds to retire the \$2,780,000 Municipal Temporary Note, Series 2009, due in annual installments of \$135,000 to \$ 250,000 through March 1, 2031; interest at 3.0% to 4.375%.	<u>3,115,000</u>
	<u>\$ 3,180,000</u>

In conjunction with the issuance of the Series 2001 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.

In conjunction with the issuance of the Series 2011 bonds, annual debt service requirements for these bonds will be recovered through special assessments, payable by the property owners within the Hawthorne Redevelopment Project. Special assessments receivable as of September 30, 2011 totaled \$2,785,987.

**B. Temporary Notes**

The City issued \$2,780,000 of Series 2009, Municipal Temporary Notes to retire the \$2,090,000 Series 2006A Municipal Temporary Notes and to fund certain improvements related to the Hawthorne Redevelopment Project. The Series 2009 notes were permanently refinanced through the issuance of the 2011 Series Neighborhood Improvement District Bonds.

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**C. Certificates of Participation**

The City has entered into certificate of participation obligations including:

<p>\$714,000 Certificates of Participation, Series 2003, proceeds used for financing a fire truck, due annual installments of \$64,000 - \$85,000 through September 1, 2013; interest at 1.625% to 4.35%</p>	<p>\$ 165,000</p>
<p>\$8,915,000 Certificates of Participation, Series 2007, proceeds used for financing city building improvements and public safety equipment, due in annual installments of \$100,000 - \$1,875,000 through September 1, 2024; interest at 4.0% to 4.3%</p>	<p>8,700,000</p>
<p>\$655,000 Certificates of Participation, Series 2008B, proceeds used for financing vehicles and equipment due in annual installments of \$60,000 - \$125,000 through September 1, 2014; interest at 5.0% to 5.25%</p>	<p>290,000</p>
<p>\$7,170,000 Certificates of Participation, Series 2009, proceeds used for financing certain parks projects, city buildings, and equipment, due in annual installments of \$160,000 - \$815,000 through September 1, 2033; interest at 3.0% to 4.75%</p>	<p>6,660,000</p>
<p>\$3,830,000 Certificates of Participation, Series 2010, proceeds used for financing certain city projects and city building, due in annual installments of \$40,000 - \$500,000 through September 1, 2029; interest at 3.0% to 4.8%</p>	<p>3,790,000</p>
<p>\$575,000 Certificates of Participation, Series 2011, proceeds used for financing certain city projects and city equipment, due in annual installments of \$110,000 - \$225,000 through February 1, 2017; interest at 2.0% to 4.0%</p>	<p><u>575,000</u></p>
<p>Subtotal</p>	<p><u>20,180,000</u></p>
<p>Less: Portion of Series 2011 reported in the Sewer Fund</p>	<p><u>154,100</u></p>
<p>Total</p>	<p><u><u>\$ 20,025,900</u></u></p>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**D. Series 1992A Sewer Revenue Bonds**

In accordance with the agreement between various public entities (including the City of Warrensburg) and the State Environmental Improvement and Energy Resources Authority (the Authority), the City issued \$ 6.8 million Sewer System Revenue Bonds Series 1992A. In connection with the City's issuance of these revenue bonds, the City began participating in a revolving loan program established by the Department of Natural Resources (DNR). The revolving fund, which consists of 83.33% federal dollars and 16.67% state dollars, is designed to serve as a guarantee for local municipalities' sewer revenue bond financing. 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 50% of the expenditure amount in a Bond Reserve Fund in the City's name. Interest earned from this reserve fund is used by the City to fund interest payments on the revenue bonds. The costs of operation and maintenance of the system and debt service is payable from Sewer Fund operating revenues. These revenue bonds mature through 2014 with interest rates ranging from 5.6% to 6.55%.

In 2001, the City amended the original bond ordinance at the request of the Authority and DNR in order to obtain the credit of the net interest savings relating to the refunding of certain Authority Bonds allocable to the City. Accordingly, the estimated credit savings has been shown as interest revenue.

**E. Series 2007 Sewer Revenue Bonds**

In 2007, in accordance with an agreement between various public entities (including the City of Warrensburg) and the State Environmental Improvement and Energy Resources Authority (the Authority), the City issued \$14,150,000 Sewer System Revenue Bonds Series 2007. The Series 2007 bonds were issued in connection with the City's participation in the revolving loan program established by the 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. Interest earned from this reserve fund is used by the City to fund interest payments on the revenue bonds. The costs of operation and maintenance of the system and debt service is payable from Sewer Fund operating revenues. The 2007 revenue bonds mature through 2027 with interest rates ranging from 4.00% to 4.75%.

**F. Series 2010 Sewer Revenue Bonds**

In 2010, the City issued its not to exceed \$8,548,500 Sewage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2010. The City is participating in the State of Missouri's Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2010 revenue bonds mature through 2030 with interest at 1.48%. As eligible project costs are incurred, the City requests reimbursements from project funds held by the bond trustee. As the City receives reimbursements, the outstanding balance of the bonds increases. The City anticipates utilizing the full amount of the bonds to fund current and future projects. As of September 30, 2011, the outstanding balance of the bonds was \$3,249,620.

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**G. Scheduled Maturities**

The annual and estimated debt service requirements to amortize all debt outstanding (exclusive of compensated absences, net pension obligation, capital leases, development agreements, and issuance premiums and discounts) as of September 30, 2011 are as follows:

Year Ending September 30,	Governmental Activities				Total	
	NID Bonds		Certificates of Participation		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 5,000	\$ 132,345	\$ 781,500	\$ 830,202	\$ 786,500	\$ 962,547
2013	5,000	121,547	1,004,400	800,494	1,009,400	922,041
2014	6,000	121,238	959,600	763,001	965,600	884,239
2015	141,000	118,875	929,800	729,023	1,070,800	847,898
2016	146,000	114,413	937,800	697,758	1,083,800	812,171
2017-2021	812,000	497,076	4,947,800	2,949,005	5,759,800	3,446,081
2022-2026	925,000	340,000	6,270,000	1,722,143	7,195,000	2,062,143
2027-2031	1,140,000	127,757	2,950,000	666,147	4,090,000	793,904
2032-2033	-	-	1,245,000	97,850	1,245,000	97,850
	<b>\$ 3,180,000</b>	<b>\$ 1,573,251</b>	<b>\$ 20,025,900</b>	<b>\$ 9,255,623</b>	<b>\$ 23,205,900</b>	<b>\$ 10,828,874</b>

Year Ending September 30,	Business-type Activities				Total	
	Revenue Bonds		Certificates of Participation		Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,381,000	\$ 773,570	\$ 23,500	\$ 5,068	\$ 2,167,500	\$ 1,736,117
2013	1,634,000	712,666	25,600	4,331	2,643,400	1,634,707
2014	1,687,000	645,279	25,400	3,502	2,652,600	1,529,518
2015	1,139,000	564,073	25,200	2,617	2,209,800	1,411,971
2016	1,161,000	527,993	27,200	1,632	2,244,800	1,340,164
2017-2021	5,352,620	1,947,191	27,200	544	11,112,420	5,393,272
2022-2026	4,425,000	730,626	-	-	11,620,000	2,792,769
2027-2031	945,000	20,672	-	-	5,035,000	814,576
2032-2033	-	-	-	-	1,245,000	97,850
	<b>\$ 17,724,620</b>	<b>\$ 5,922,070</b>	<b>\$ 154,100</b>	<b>\$ 17,694</b>	<b>\$ 40,930,520</b>	<b>\$ 16,750,944</b>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**H. Capital Lease Obligations**

The City has entered into various capital lease obligations including:

\$205,000 equipment lease/purchase in annual installments of \$38,000 - \$44,000 through July 1, 2012; interest at 4.45%	\$ 44,000
\$154,506 equipment lease/purchase in semi-annual installments of \$2,928 - \$15,749 through September 30, 2018; interest at 3.75%	154,506
	\$ 198,506

As of September, 30, 2011, the gross amount of capital assets under capital leases was \$202,285 in equipment, with net accumulated amortization of \$56,078.

The annual payments required to retire the capital lease obligations are as follows:

	<b>Payments</b>
2012	\$ 51,326
2013	18,677
2014	31,498
2015	31,498
2016	31,498
2017-2018	62,997
	227,494
Less amounts representing interest	(28,988)
	\$ 198,506

**I. Developer Agreements**

The City entered into a redevelopment agreement with a developer to provide reimbursements for certain costs incurred by the developer for the Family Video Movie Club project. 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 an eight (8) year period not to exceed \$25,000. At September 30, 2011, the outstanding amount due under this non-interest bearing agreement was \$25,000.

The City entered into a development agreement with Lowe's Home Centers, Inc. (Lowe's) to reimburse Lowe's 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 six (6) year period not to exceed \$591,336 plus interest, at the prime lending rate, on any unpaid balance. At September 30, 2011, the outstanding amount under this agreement was \$239,620.

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, 2011, the outstanding amount under this non-interest bearing agreement was \$42,828.

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**J. Restricted Assets**

Certain of the City's revenue bond indentures and certificates of participation agreements require that certain funds be segregated and maintained in separate restricted cash accounts. The restricted cash and investments and the liabilities payable from restricted assets for the City's Sewer Fund at September 30, 2011 are as follows:

	<b>Restricted Assets</b>	<b>Payable From Restricted Assets</b>
<b>Governmental funds:</b>		
Park Fund		
Project fund	\$ 267	\$ -
1/2 Cent Sale Tax Fund		
Project fund	245,161	-
Capital Improvement Fund		
Project fund	39,304	-
Lease proceeds	154,506	-
Haw thorne Development		
Capitalized interest fund	260,938	-
Debt Service Fund		
Debt service reserves	1,594,927	-
	<u>\$ 2,295,103</u>	<u>\$ -</u>
<b>Business-type activities:</b>		
Series 2001 Revenue Bonds -		
Principal and interest reserve	\$ 170,995	\$ -
Depreciation and replacement	340,000	-
Interest payable	-	2,893
Current portion of revenue bonds payable	-	495,000
Series 2007 Revenue Bonds -		
Principal and interest reserve	827,921	-
Interest payable	-	137,529
Current portion of revenue bonds payable and premium	-	520,000
Series 2010 Revenue Bonds -		
Principal and interest reserve	103,024	-
Interest payable	-	-
Current portion of revenue bonds payable and premium	-	374,191
2011 Certificates of Participation		
Project fund	339	-
	<u>\$ 1,442,279</u>	<u>\$ 1,529,613</u>

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**(8) Commitments and Contingencies**

**A. Employee Pension Plan**

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

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

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

Funding Status

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 8.3% (general), 8.0% (police) and 6.4% (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

The City's annual pension and net pension obligations as of September 30, 2011 are as follows:

Annual required contribution	\$	413,211
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		<u>413,211</u>
Actual pension cost		<u>385,526</u>
Increase (decrease) in net pension obligation		<u>27,685</u>
Beginning net pension obligation		-
Ending net pension obligation	\$	<u><u>27,685</u></u>

The annual required contribution (ARC) was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 1971 Group Annuity Mortality table set back 0 years for men and 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

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

projected payrolls on an open basis. The amortization period as of February 29, 2008 was 15 years for the General division, Police division, and the Fire division. The amortization period as of February 28, 2009 was thirty years for the General division and Police division, and 7 years for the Fire division.

<b>Three-Year Trend Information</b>			
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/09	\$ 341,327	100%	\$ -
9/30/10	341,192	100%	-
9/30/11	413,211	93%	27,685

As of February 28, 2011, the most recent actuarial valuation date, the plan was 90 percent funded. The actuarial accrued liability for benefits was \$11,308,035 and the actuarial value of assets was \$10,186,48, resulting in an unfunded accrued liability (UAL) of \$1,121,554. The covered payroll (annual payroll of active employees covered by the plan) was \$5,068,831, and the ratio of the UAL to the covered payroll was 22 percent.

The schedule of funding progress, presented as RSI following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

On October 9, 1995, the City adopted the optional refund of employees' LAGERS member contributions. All City employees covered under LAGERS will have their member contributions, made prior to the City's election of the noncontributory plan, refunded under this election. To be eligible for a refund, a member must be actively employed by the City on the date that it elected this option. Retirees and terminated members eligible for a deferred benefit are not eligible.

**B. 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 is entitled to the defense of sovereign and official immunity against tort action that provides immunity except in two areas - motor vehicles and the condition of property of governmental entities.

The City is a member of the Missouri Rural Service Workers' Compensation Insurance Trust (Missouri Rural). Missouri Rural was formed as a public entity risk retention pool operating as a common risk management and insurance program to cover workers' compensation claims for its members. The City pays annual premiums to the Missouri Rural for coverage. The agreement with Missouri Rural provides that Missouri Rural will be self-sustaining through member premiums. Missouri Rural has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, Missouri Rural has the authority to declare refunds to members of the excess for revenues over expenses relating to any single plan year. Missouri Rural has not had deficiencies in any of the past three fiscal years. The City carries commercial insurance for general liability, property, employee health, life, and dental insurance coverage.

**City of Warrensburg, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2011**

**C. Federal and State Grants**

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2011, significant amounts of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

**D. Encumbrances**

Outstanding encumbrances at September 30, 2011 were as follows: General Fund \$16,518, ½ Cent Sale Tax Fund \$7,172, Sewer Fund \$158,361, and Capital Improvement Fund \$12,780.

**(9) Subsequent Events**

The City evaluated subsequent events through April 30, 2012, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by accounting principles generally accepted in the United States but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Park Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 1/2 Cent Sales Tax Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 3/8<sup>th</sup> Cent Sales Tax Fund
- Schedule of Funding Progress – Employee Pension Plan

### *Budgetary Data*

The legal level of control is at the fund level. City management cannot amend the budget without receiving the approval of the City Council. The City Manager is authorized to approve overspending off budgeted line items within any fund as long as total expenditures within the fund do not exceed the total approved budgeted expenditures for that fund. However, overspending of any fund requires approval by the City Council.

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund

For the Year Ended September 30, 2011

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 7,477,169	\$ 7,224,855	\$ (252,314)
Intergovernmental	85,479	132,833	47,354
Licenses and permits	146,863	141,200	(5,663)
Charges for services	338,610	355,783	17,173
Fines	363,694	379,252	15,558
Interest	21,346	7,565	(13,781)
Other	44,242	77,222	32,980
Total revenues	<u>8,477,403</u>	<u>8,318,710</u>	<u>(158,693)</u>
<b>Expenditures:</b>			
Current:			
General government	503,013	712,256	(209,243)
Community development	850,766	617,700	233,066
Public safety and health	4,790,397	4,521,136	269,261
Transportation	1,170,039	1,174,197	(4,158)
Finance and support services	1,174,761	1,021,544	153,217
Total expenditures	<u>8,488,976</u>	<u>8,046,833</u>	<u>442,143</u>
Excess of revenues over (under) expenditures	<u>(11,573)</u>	<u>271,877</u>	<u>283,450</u>
<b>Other financing sources (uses):</b>			
Sale of capital assets	35,000	17,355	(17,645)
Transfers in	300,000	158,544	(141,456)
Transfers out	(974,249)	(966,236)	8,013
Total other financing sources (uses)	<u>(639,249)</u>	<u>(790,337)</u>	<u>(151,088)</u>
Net change in fund balances	<u>\$ (650,822)</u>	(518,460)	<u>\$ 132,362</u>
Fund balances, beginning of year		<u>3,731,687</u>	
Fund balances - end of year - budget basis		<u>3,213,227</u>	
Adjustments:			
Encumbrances		16,519	
Fund balances - end of year - GAAP basis		<u>\$ 3,229,746</u>	
Net change in fund balances - budget basis		\$ (518,460)	
Adjustments:			
Encumbrances - beginning of year		(19,447)	
Encumbrances - end of year		16,519	
Net change in fund balances - GAAP basis		<u>\$ (521,388)</u>	

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Park Fund

For the Year Ended September 30, 2011

	<u>2011</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 367,650	\$ 358,230	\$ (9,420)
Intergovernmental	-	250	250
Charges for services	818,500	759,280	(59,220)
Interest	600	1,032	432
Other	23,500	23,920	420
Total revenues	<u>1,210,250</u>	<u>1,142,712</u>	<u>(67,538)</u>
Expenditures			
Recreation and leisure	<u>2,098,807</u>	<u>1,996,652</u>	<u>102,155</u>
Total expenditures	<u>2,098,807</u>	<u>1,996,652</u>	<u>102,155</u>
Excess of revenues over (under) expenditures	<u>(888,557)</u>	<u>(853,940)</u>	<u>34,617</u>
Other financing sources:			
Sale of capital assets	1,500	202	(1,298)
Issuance of certificates of participation	-	72,800	72,800
Premium on issuance	-	358	358
Transfers in	916,693	928,351	11,658
Transfers out	-	(9,448)	(9,448)
Total other financing sources	<u>918,193</u>	<u>992,263</u>	<u>74,070</u>
Net change in fund balances	<u>\$ 29,636</u>	138,323	<u>\$ 108,687</u>
Fund balance, beginning of year		<u>214,951</u>	
Fund balances - end of year - budget basis		<u>353,274</u>	
Adjustments:			
Encumbrances		-	
Fund balances - end of year - GAAP basis		<u>\$ 353,274</u>	
Net change in fund balances - budget basis		\$ 138,323	
Adjustments:			
Encumbrances - beginning of year		(4,601)	
Encumbrances - end of year		-	
Net change in fund balances - GAAP basis		<u>\$ 133,722</u>	

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

1/2 Cent Sales Tax Fund

For the Year Ended September 30, 2011

	<b>2011</b>		
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 1,471,262	\$ 1,491,728	\$ 20,466
Intergovernmental	21,052	64,272	43,220
Interest	275	256	(19)
Total revenues	<u>1,492,589</u>	<u>1,556,256</u>	<u>63,667</u>
Expenditures:			
Current:			
Capital outlay	20,000	458,242	(438,242)
Total expenditures	<u>20,000</u>	<u>458,242</u>	<u>(438,242)</u>
Excess of revenues over (under) expenditures	<u>1,472,589</u>	<u>1,098,014</u>	<u>(374,575)</u>
Other financing (uses):			
Transfers in	-	535	535
Transfers out	(1,510,196)	(1,310,942)	199,254
Total other financing (uses):	<u>(1,510,196)</u>	<u>(1,310,407)</u>	<u>199,789</u>
Net change in fund balances	<u>\$ (37,607)</u>	<u>(212,393)</u>	<u>\$ (174,786)</u>
Fund balance, beginning of year		<u>854,208</u>	
Fund balances - end of year - budget basis		<u>641,815</u>	
Adjustments:			
Encumbrances		<u>7,172</u>	
Fund balances - end of year - GAAP basis		<u>\$ 648,987</u>	
Net change in fund balances - budget basis		\$ (212,393)	
Adjustments:			
Encumbrances - beginning of year		(1,993,314)	
Encumbrances - end of year		<u>7,172</u>	
Net change in fund balances - GAAP basis		<u>\$ (2,198,535)</u>	

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

3/8th Cent Sales Tax Fund

For the Year Ended September 30, 2011

	2011		Variance with Final Budget Positive (Negative)
	Original and Final Budget	Actual	
Revenues:			
Taxes	\$ 1,060,327	\$ 1,069,337	\$ 9,010
Interest	678	156	(522)
Total revenues	<u>1,061,005</u>	<u>1,069,493</u>	<u>8,488</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,061,005</u>	<u>1,069,493</u>	<u>8,488</u>
Other financing sources (uses):			
Transfers out	<u>(1,122,420)</u>	<u>(1,131,233)</u>	<u>(8,813)</u>
Total other financing (uses)	<u>(1,122,420)</u>	<u>(1,131,233)</u>	<u>(8,813)</u>
Net change in fund balances	<u>\$ (61,415)</u>	<u>(61,740)</u>	<u>\$ (325)</u>
Fund balance, beginning of year		<u>190,128</u>	
Fund balance, end of year		<u>\$ 128,388</u>	

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Funding Progress  
Employee Pension Plan

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Entry Age Actuarial Accrued Liability</b>	<b>(b-a) Unfunded Accrued Liability (UAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Annual Covered Payroll</b>	<b>((b-a)/c) UAL as a Percentage of covered Payroll</b>
2/29/2009	\$ 8,278,733	\$ 8,648,401	\$ 369,668	96%	\$ 4,407,198	8%
2/28/2010	9,058,253	9,791,527	733,274	93%	5,027,106	15%
2/28/2011	10,186,481	11,308,035	1,121,554	90%	5,068,831	22%

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.

**OTHER SUPPLEMENTARY INFORMATION**  
**COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES**

## **NON-MAJOR GOVERNMENTAL FUNDS**

*Convention and Tourism (Lodging Tax) Fund* controls the financial resources for promotion of tourism.

*Neighborhood Improvement District Fund* controls funds from special assessments used to make debt service payments on the related neighborhood improvement bonds

*Tri-Centennial Fund* controls funds set aside for the Tri-Centennial celebrations. Earnings from such funds are to be reinvested and maintained by the City.

The *Debt Service Fund* controls the financial resources held for repayment of the City's long-term debt obligations.

**CITY OF WARRENSBURG, MISSOURI**  
**Combining Balance Sheet - Non-major Governmental Funds**  
**September 30, 2011**

	Special Revenue			Debt Service	Other Governmental Total
	Convention and Tourism (Lodging Tax)	Neighborhood Improvement District	Tri-Centennial	Debt Service	
<b>Assets</b>					
Cash and investments	\$ 10,044	\$ 6,167	\$ 13,966	\$ -	\$ 30,177
Receivables, (net of allowance for uncollectibles):					
Taxes	6,407	-	-	-	6,407
Intergovernmental	-	-	-	595,000	595,000
Special assessments	-	65,000	-	-	65,000
Restricted cash and investments	-	-	-	1,594,927	1,594,927
<b>Total assets</b>	<b>\$ 16,451</b>	<b>\$ 71,167</b>	<b>\$ 13,966</b>	<b>\$ 2,189,927</b>	<b>\$ 2,291,511</b>
<b>Liabilities</b>					
Accounts payable	\$ 16,334	\$ -	\$ -	\$ 3,233	\$ 19,567
Deferred revenues	-	65,000	-	595,000	660,000
<b>Total liabilities</b>	<b>16,334</b>	<b>65,000</b>	<b>-</b>	<b>598,233</b>	<b>679,567</b>
<b>Fund balances:</b>					
<b>Restricted:</b>					
Debt service	-	6,167	-	1,591,694	1,597,861
Community development	117	-	-	-	117
<b>Committed:</b>					
Community development	-	-	13,966	-	13,966
<b>Total fund balance</b>	<b>117</b>	<b>6,167</b>	<b>13,966</b>	<b>1,591,694</b>	<b>1,611,944</b>
<b>Total liabilities and fund balance</b>	<b>\$ 16,451</b>	<b>\$ 71,167</b>	<b>\$ 13,966</b>	<b>\$ 2,189,927</b>	<b>\$ 2,291,511</b>

**CITY OF WARRENSBURG, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended September 30, 2011**

	Special Revenue			Debt Service	Other Governmental Total
	Convention and Tourism (Lodging Tax)	Neighborhood Improvement District	Tri-Centennial	Debt Service	
Revenues:					
Taxes	\$ 93,710	\$ 9,200	\$ -	\$ -	\$ 102,910
Interest	-	22	36	714	772
Total revenues	93,710	9,222	36	714	103,682
Expenditures:					
Current:					
Community development	98,805	-	-	-	98,805
Debt service:					
Principal	-	5,000	-	668,000	673,000
Interest and fiscal charges	-	3,987	-	896,614	900,601
Total expenditures	98,805	8,987	-	1,564,614	1,672,406
Excess of revenues over (under) expenditures	(5,095)	235	36	(1,563,900)	(1,568,724)
Other financing sources (uses):					
Transfers out	(51)	-	-	(550)	(601)
Total other financing sources (uses)	(51)	-	-	1,560,644	1,560,593
Net change in fund balances	(5,146)	235	36	(3,256)	(8,131)
Fund balances, beginning of year	5,263	5,932	13,930	1,594,950	1,620,075
Fund balances, end of year	\$ 117	\$ 6,167	\$ 13,966	\$ 1,591,694	\$ 1,611,944

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Convention and Tourism (Lodging Tax) Fund

For the Year Ended September 30, 2011

	2011		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues - taxes	\$ 82,000	\$ 93,710	\$ 11,710
Expenditures - community development	82,000	98,805	(16,805)
Excess of revenues over expenditures	-	(5,095)	(5,095)
Other financing (uses):			
Transfers out	-	(51)	(51)
Net change in fund balances	<u>\$ -</u>	<u>(5,146)</u>	<u>\$ (5,146)</u>
Fund balance, beginning of year		<u>5,263</u>	
Fund balance, end of year		<u>\$ 117</u>	

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Neighborhood Improvement Fund

For the Year Ended September 30, 2011

	2011		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes	\$ 9,200	\$ 9,200	\$ -
Interest	6	22	16
	<u>9,206</u>	<u>9,222</u>	<u>16</u>
Expenditures - Debt service	<u>9,482</u>	<u>8,987</u>	<u>495</u>
Net change in fund balances	<u>\$ (276)</u>	235	<u>\$ 511</u>
Fund balance, beginning of year		<u>5,932</u>	
Fund balance, end of year		<u>\$ 6,167</u>	

**CITY OF WARRENSBURG, MISSOURI**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Tri-centennial Fund

For the Year Ended September 30, 2011

	2011		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues - Interest	<u>\$ 10</u>	<u>\$ 36</u>	<u>\$ 26</u>
Expenditures - Community Development	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 10</u>	<u>36</u>	<u>\$ 26</u>
Fund balance, beginning of year		<u>13,930</u>	
Fund balance, end of year		<u>\$ 13,966</u>	

**CITY OF WARRENSBURG, MISSOURI**

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Debt Service Fund

For the Year Ended September 30, 2011

	2011		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues - Interest	\$ -	\$ 714	\$ 714
Expenditures - Debt service	1,648,437	1,564,614	83,823
Excess of revenues (under) expenditures	(1,648,437)	(1,563,900)	84,537
Other financing sources (uses):			
Transfers in	1,648,437	1,561,194	(87,243)
Transfers out	-	(550)	(550)
Total other financing sources (uses)	1,648,437	1,560,644	(87,793)
Net change in fund balances	\$ -	(3,256)	\$ (3,256)
Fund balance, beginning of year		1,594,950	
Fund balance, end of year		\$ 1,591,694	

**CITY OF WARRENSBURG, MISSOURI**

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Capital Improvement Fund

For the Year Ended September 30, 2011

	2011		
	Original Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,101,307	\$ 723,362	\$ (377,945)
Interest	4,888	2,126	(2,762)
Other	-	30,000	30,000
	1,106,195	755,488	(350,707)
Expenditures:			
Capital outlay	2,011,441	1,237,335	774,106
Debt service	91,200	84,079	7,121
Total expenditures	2,102,641	1,321,414	781,227
Excess of revenues (under) expenditures	(996,446)	(565,926)	430,520
Other financing sources:			
Issuance of certificates of participation	393,000	348,100	(44,900)
Premium on issuance	-	1,553	1,553
Proceeds from capital lease	-	154,506	154,506
Transfers in	834,950	873,344	38,394
Transfers out	(157,915)	(133,583)	24,332
Total other financing sources	1,070,035	1,243,920	173,885
Net change in fund balances	\$ 73,589	677,994	\$ 604,405
Fund balance, beginning of year		512,558	
Fund balances - end of year - budget basis		1,190,552	
Adjustments:			
Encumbrances		12,780	
Fund balances - end of year - GAAP basis		\$ 1,203,332	
Net change in fund balances - budget basis		\$ 677,994	
Adjustments:			
Encumbrances - beginning of year		(33,774)	
Encumbrances - end of year		12,780	
Net change in fund balances - GAAP basis		\$ 657,000	

CITY OF WARRENSBURG, MISSOURI

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual

Hawthorne Development Fund

For the Year Ended September 30, 2011

	2011		Variance with Final Budget Positive (Negative)
	Original Budget	Actual	
Revenues:			
Intergovernmental	\$ 20,025	\$ 35,713	\$ 15,688
Interest	4,053	903	(3,150)
Other	-	74,525	74,525
Total revenues	<u>24,078</u>	<u>111,141</u>	<u>87,063</u>
Expenditures:			
Capital outlay	-	98,541	(98,541)
Debt service	2,939,150	2,937,629	1,521
Total expenditures	<u>2,939,150</u>	<u>3,036,170</u>	<u>(97,020)</u>
Excess of revenues (under) expenditures	<u>(2,915,072)</u>	<u>(2,925,029)</u>	<u>(9,957)</u>
Other financing sources (uses):			
Issuance of bonds	2,855,000	3,115,000	260,000
Transfers in	-	7,775	7,775
Total other financing sources (uses)	<u>2,855,000</u>	<u>3,122,775</u>	<u>267,775</u>
Net change in fund balances	<u>\$ (60,072)</u>	197,746	<u>\$ 257,818</u>
Fund balance, beginning of year - budget basis		<u>54,662</u>	
Fund balances - end of year - budget basis		<u>252,408</u>	
Adjustments:			
Encumbrances		-	
Fund balances - end of year - GAAP basis		<u>\$ 252,408</u>	
Net change in fund balances - budget basis		\$ 197,746	
Adjustments:			
Encumbrances - beginning of year		(523,073)	
Encumbrances - end of year		-	
Net change in fund balances - GAAP basis		<u>\$ (325,327)</u>	

## **FIDUCIARY FUNDS**

### **Private-Purpose Trusts**

*Stevenson Trust* controls funds donated to the City. The original bequest is to be maintained by the City and the income earned is to be used for educational and charitable purposes.

*Brown Trust* controls funds donated to the City. The original bequest is to be maintained by the City and the income earned is for charitable uses.

*Crissey Trust* controls funds bequeathed to the City for charitable use.

*Anderson-Stevenson Trust* controls funds donated for the purpose of providing annual scholarships to the children of City employees.

### **Agency Funds**

*Children's Memorial Fund* holds funds contributed for the purpose of building and maintaining a memorial for children.

*Arts Commission* holds funds contributed for the purpose of the Arts Commission.

CITY OF WARRENSBURG, MISSOURI

Combining Statement of Fiduciary Net Assets  
September 30, 2011

<b>Private - Purpose Trusts</b>					
	<b>Stevenson</b>	<b>Brown</b>	<b>Crissey</b>	<b>Anderson - Stevenson</b>	<b>Total</b>
<b>Assets</b>					
Cash and investments	\$ 151,540	\$ 24,851	\$ 21,608	\$ 18,095	\$ 216,094
Total assets	<u>151,540</u>	<u>24,851</u>	<u>21,608</u>	<u>18,095</u>	<u>216,094</u>
<b>Liabilities</b>					
Due to others	-	-	-	-	-
<b>Net Assets</b>					
Net assets:					
Restricted	69,023	2,500	-	-	71,523
Unrestricted	<u>82,517</u>	<u>22,351</u>	<u>21,608</u>	<u>18,095</u>	<u>144,571</u>
Total net assets	<u>\$ 151,540</u>	<u>\$ 24,851</u>	<u>\$ 21,608</u>	<u>\$ 18,095</u>	<u>\$ 216,094</u>

CITY OF WARRENSBURG, MISSOURI

Combining Statement of Changes in Fiduciary Net Assets  
For the Year Ended September 30, 2011

	<b>Private - Purpose Trusts</b>				
	<b>Stevenson</b>	<b>Brown</b>	<b>Crissey</b>	<b>Anderson - Stevenson</b>	<b>Total</b>
<b>Additions</b>					
Interest	\$ 368	\$ 198	\$ 189	\$ 172	\$ 927
Donations	-	-	-	1,000	1,000
Total additions	<u>368</u>	<u>198</u>	<u>189</u>	<u>1,172</u>	<u>1,927</u>
<b>Deductions</b>					
Contributions and other	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>3,700</u>
Change in net assets	(2,332)	198	189	172	(1,773)
Net assets, beginning of year	<u>153,872</u>	<u>24,653</u>	<u>21,419</u>	<u>17,923</u>	<u>217,867</u>
Net assets, end of year	<u>\$ 151,540</u>	<u>\$ 24,851</u>	<u>\$ 21,608</u>	<u>\$ 18,095</u>	<u>\$ 216,094</u>

CITY OF WARRENSBURG, MISSOURI

Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended September 30, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
<b>Children's Memorial Trust Fund</b>				
<b>Assets:</b>				
Cash	\$ 4,775	\$ 808	\$ 4,870	\$ 713
Interest receivable	1	-	1	-
Total assets	<u>\$ 4,776</u>	<u>\$ 808</u>	<u>\$ 4,871</u>	<u>\$ 713</u>
<b>Liabilities:</b>				
Due to others	<u>\$ 4,775</u>	<u>\$ 808</u>	<u>\$ 4,870</u>	<u>\$ 713</u>
<b>Arts Commission</b>				
<b>Assets:</b>				
Cash	<u>\$ -</u>	<u>\$ 16,881</u>	<u>\$ 4,793</u>	<u>\$ 12,088</u>
<b>Liabilities:</b>				
Due to others	<u>\$ -</u>	<u>\$ 16,881</u>	<u>\$ 4,793</u>	<u>\$ 12,088</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash	\$ 4,775	\$ 17,689	\$ 9,663	\$ 12,801
Interest receivable	1	-	1	-
Total assets	<u>\$ 4,776</u>	<u>\$ 17,689</u>	<u>\$ 9,664</u>	<u>\$ 12,801</u>
<b>Liabilities:</b>				
Due to others	<u>\$ 4,775</u>	<u>\$ 17,689</u>	<u>\$ 9,663</u>	<u>\$ 12,801</u>
Total liabilities	<u>\$ 4,775</u>	<u>\$ 17,689</u>	<u>\$ 9,663</u>	<u>\$ 12,801</u>