

City of Savannah, Missouri
Financial Statements
Together with Independent Auditor's Report
For the Year Ended September 30, 2012

CITY OF SAVANNAH, MISSOURI
Basic Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen
City of Savannah, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Missouri (the City) as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 provides a reasonable basis for our opinions.

We were not provided a listing of governmental activities capital assets nor has the City recorded depreciation expense on those assets. Governmental capital assets represent a significant portion of the City's governmental activities assets.

Because we were not provided a listing of governmental capital assets, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the governmental activities of City, as of and for the year ended September 30, 2012.

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In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the basic financial statements, management determined that certain adjustments to beginning net assets and fund balances were necessary.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Management has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the business-type activities, each major fund, and the aggregate remaining fund information is not affected by this missing information.

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

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 nonmajor fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements 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.

March 29, 2013

Cochran Hedrick & Co. P.C.

CITY OF SAVANNAH, MISSOURI
Statement of Net Assets
September 30, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Pooled cash and investments	\$ 1,064,905	\$ 618,594	\$ 1,683,499
Receivables:			
Taxes	162,592	-	162,592
Special assessments	35,141	-	35,141
Accounts and other	-	385,496	385,496
Due from other governments	86,450	-	86,450
Restricted assets:			
Cash and investments	294,994	746,620	1,041,614
Unamortized bond issue costs	67,752	11,346	79,098
Capital assets:			
Not being depreciated	6,907,882	71,081	6,978,963
Being depreciated, net of depreciation	-	10,048,871	10,048,871
Total assets	8,619,716	11,882,008	20,501,724
Liabilities			
Accounts payable	107,735	38,138	145,873
Accrued payroll and benefits	13,487	12,154	25,641
Accrued interest	22,891	148,674	171,565
Customer deposits	-	78,654	78,654
Long term debt:			
Due within one year	146,200	710,000	856,200
Due in more than one year	2,958,883	10,139,386	13,098,269
Total liabilities	3,249,196	11,127,006	14,376,202
Net Assets			
Invested in capital assets, net of related debt (deficit)	3,932,516	(619,313)	3,313,203
Restricted :			
Debt service	378,091	667,966	1,046,057
Streets and public works	522,723	-	522,723
Parks and cemetery	46,638	45,596	92,234
Permanent funds:			
Expendable	4,707	-	4,707
Nonexpendable	163,323	-	163,323
Unrestricted	322,522	660,753	983,275
Total net assets	\$ 5,370,520	\$ 755,002	\$ 6,125,522

See accompanying notes to the basic financial statements

City of Savannah, Missouri
Statement of Activities
For the Year Ended September 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities							
General administration	\$ 200,513	\$ 17,878	\$ -	\$ -	\$ (182,635)	\$ -	\$ (182,635)
Public safety	334,415	33,168	-	-	(301,247)	-	(301,247)
Streets and public works	381,234	-	251,556	131,312	1,634	-	1,634
Parks and recreation	342,137	133,081	46,581	-	(162,475)	-	(162,475)
Interest on long-term debt	153,088	-	-	-	(153,088)	-	(153,088)
Total governmental activities	<u>1,411,387</u>	<u>184,127</u>	<u>298,137</u>	<u>131,312</u>	<u>(797,811)</u>	<u>-</u>	<u>(797,811)</u>
Business-type activities							
Water	1,299,268	1,756,977	-	-	-	457,709	457,709
Waste water	463,463	708,637	-	-	-	245,174	245,174
Sanitation	253,063	278,761	-	-	-	25,698	25,698
Golf	464,657	511,499	-	-	-	46,842	46,842
Cemetery	81,735	33,925	45,596	-	-	(2,214)	(2,214)
Clasbey Center	40,069	25,317	-	-	-	(14,752)	(14,752)
Total business-type activities	<u>2,602,255</u>	<u>3,315,116</u>	<u>45,596</u>	<u>-</u>	<u>-</u>	<u>758,457</u>	<u>758,457</u>
Total primary government	<u>\$ 4,013,642</u>	<u>\$ 3,499,243</u>	<u>\$ 343,733</u>	<u>\$ 131,312</u>	<u>(797,811)</u>	<u>758,457</u>	<u>(39,354)</u>

General revenues:			
Taxes:			
Property taxes	350,672	-	350,672
Sales taxes	864,358	-	864,358
Franchise taxes	387,785	-	387,785
Other taxes	26,912	-	26,912
Unrestricted investment earnings	6,466	47,526	53,992
Miscellaneous	26,733	7,823	34,556
Transfers	(107,741)	107,741	-
Total general revenues and transfers	<u>1,555,185</u>	<u>163,090</u>	<u>1,718,275</u>
Change in net assets	757,374	921,547	1,678,921
Net assets (deficit), beginning of year, as restated	4,613,146	(166,545)	4,446,601
Net assets, end of year	<u>\$ 5,370,520</u>	<u>\$ 755,002</u>	<u>\$ 6,125,522</u>

See accompanying notes to the basic financial statements

CITY OF SAVANNAH, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2012

	General	Parks and Recreation	Street Drainage COPS	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 739,209	\$ 28,082	\$ 56,081	\$ 241,533	\$ 1,064,905
Receivables:					
Taxes	131,627	29,480	-	1,485	162,592
Special assessments	-	-	-	35,141	35,141
Due from other governments	86,450	-	-	-	86,450
Restricted assets:					
Cash and investments	-	-	235,371	59,623	294,994
Total Assets	\$ 957,286	\$ 57,562	\$ 291,452	\$ 337,782	\$ 1,644,082
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 102,517	\$ 5,218	\$ -	\$ -	\$ 107,735
Accrued payroll and benefits	10,771	2,716	-	-	13,487
Deferred revenue	3,739	2,385	-	36,475	42,599
Total Liabilities	117,027	10,319	-	36,475	163,821
Fund balances:					
Non-spendable:					
Permanent fund	-	-	-	163,323	163,323
Restricted:					
Streets and public works	522,723	-	-	-	522,723
Debt service	-	-	291,452	86,639	378,091
Parks, cemetery, and Clasbey Center	-	-	-	51,345	51,345
Assigned:					
Parks and recreation	-	47,243	-	-	47,243
Unassigned	317,536	-	-	-	317,536
Total fund balance	840,259	47,243	291,452	301,307	1,480,261
Total liabilities and fund balances	\$ 957,286	\$ 57,562	\$ 291,452	\$ 337,782	\$ 1,644,082

See accompanying notes to the basic financial statements

CITY OF SAVANNAH, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
September 30, 2012

Fund balances of governmental funds	\$ 1,480,261
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	6,907,882
Unamortized bond issuance costs are capitalized in the government-wide financial statements but do not represent assets available for current obligations and therefore are not reported in the governmental fund statements.	67,752
Long-term liabilities are not current obligations and, therefore, not recorded in the governmental fund statements.	(3,105,083)
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	42,599
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	(22,891)
Net assets of governmental activities	<u>\$ 5,370,520</u>

See accompanying notes to the basic financial statements

CITY OF SAVANNAH, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2012

	General	Parks and Recreation	Street Drainage COPS	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,241,872	\$ 330,589	\$ -	\$ 74,963	\$ 1,647,424
Intergovernmental	378,810	-	-	-	378,810
Charges for services	-	95,721	-	-	95,721
Fines and forfeitures	29,626	-	-	-	29,626
Licenses, permits, and fees	19,515	37,359	-	-	56,874
Interest	1,312	246	109	4,799	6,466
Donations	-	46,581	-	-	46,581
Other	22,862	4,778	1,000	-	28,640
Total Revenues	<u>1,693,997</u>	<u>515,274</u>	<u>1,109</u>	<u>79,762</u>	<u>2,290,142</u>
Expenditures:					
Current:					
General administration	201,560	-	-	-	201,560
Public safety	354,256	-	-	-	354,256
Streets and public works	427,406	-	-	-	427,406
Parks and recreation	-	342,714	-	-	342,714
Debt service:					
Principal	-	32,000	2,335,000	92,000	2,459,000
Interest and fiscal charges	-	-	195,329	38,293	233,622
Total Expenditures	<u>983,222</u>	<u>374,714</u>	<u>2,530,329</u>	<u>130,293</u>	<u>4,018,558</u>
Excess of Revenues Over (Under) Expenditures	710,775	140,560	(2,529,220)	(50,531)	(1,728,416)
Other financing sources (uses):					
Transfers in	19,600	27,100	174,000	160,098	380,798
Transfers out	(277,946)	(164,098)	-	-	(442,044)
Proceeds from debt	-	-	2,270,000	-	2,270,000
Total other financing sources (uses)	<u>(258,346)</u>	<u>(136,998)</u>	<u>2,444,000</u>	<u>160,098</u>	<u>2,208,754</u>
Net change in fund balances	452,429	3,562	(85,220)	109,567	480,338
Fund balances, beginning of year, as restated	<u>387,830</u>	<u>43,681</u>	<u>376,672</u>	<u>191,740</u>	<u>999,923</u>
Fund balances, end of year	<u>\$ 840,259</u>	<u>\$ 47,243</u>	<u>\$ 291,452</u>	<u>\$ 301,307</u>	<u>\$ 1,480,261</u>

See accompanying notes to the basic financial statements

**CITY OF SAVANNAH, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2012**

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

Net change in fund balances - total governmental funds	\$	480,338
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are capitalized.		
Capital outlay costs in excess of capitalization threshold		20,191
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.		
Other revenues		(13,640)
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.		
Principal payments		2,459,000
Issuance of long-term debt		(2,270,000)
Changes in accrued interest		12,782
Issuance costs, net		67,752
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences and net pension obligations		951
Change in net assets of governmental activities	\$	757,374

See accompanying notes to the basic financial statements

CITY OF SAVANNAH, MISSOURI
Statement of Net Assets
Proprietary Funds
September 30, 2012

	Combined Water and Waste Water	Sanitation	Golf	Other Proprietary Funds	Totals
Assets					
Current assets:					
Pooled cash and investments	\$ 250,461	\$ 97,012	\$ 149,010	\$ 122,111	\$ 618,594
Receivables, net:					
Accounts and other	348,187	37,309	-	-	385,496
Restricted cash and investments	657,481	69,483	19,656	-	746,620
Total current assets	<u>1,256,129</u>	<u>203,804</u>	<u>168,666</u>	<u>122,111</u>	<u>1,750,710</u>
Noncurrent assets:					
Debt issue costs, net	11,346	-	-	-	11,346
Capital assets, non-depreciable	55,382	-	-	15,699	71,081
Capital assets, net of depreciation	9,746,159	4,265	200,877	97,570	10,048,871
Total noncurrent assets	<u>9,812,887</u>	<u>4,265</u>	<u>200,877</u>	<u>113,269</u>	<u>10,131,298</u>
Total assets	<u>11,069,016</u>	<u>208,069</u>	<u>369,543</u>	<u>235,380</u>	<u>11,882,008</u>
Liabilities					
Current liabilities:					
Accounts payable	13,276	16,749	7,720	393	38,138
Accrued payroll and benefits	7,330	663	3,293	868	12,154
Accrued interest	148,051	-	623	-	148,674
Customer deposits	78,654	-	-	-	78,654
Long-term liabilities due in one year	674,466	2,805	26,667	6,062	710,000
Total current liabilities:	<u>921,777</u>	<u>20,217</u>	<u>38,303</u>	<u>7,323</u>	<u>987,620</u>
Long-term liabilities:					
Long-term liabilities	9,958,222	71,500	105,425	4,239	10,139,386
Total long-term liabilities:	<u>9,958,222</u>	<u>71,500</u>	<u>105,425</u>	<u>4,239</u>	<u>10,139,386</u>
Total liabilities	<u>10,879,999</u>	<u>91,717</u>	<u>143,728</u>	<u>11,562</u>	<u>11,127,006</u>
Net assets					
Invested in capital assets, net of related debt (deficit)	(803,459)	-	70,877	113,269	(619,313)
Restricted - debt service	578,827	69,483	19,656	-	667,966
Restricted - cemetery	-	-	-	45,596	45,596
Unrestricted	413,649	46,869	135,282	64,953	660,753
Total net assets	<u>\$ 189,017</u>	<u>\$116,352</u>	<u>\$ 225,815</u>	<u>\$ 223,818</u>	<u>\$ 755,002</u>

See accompanying notes to the basic financial statements

CITY OF SAVANNAH, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2012

	Combined Water and Waste Water	Sanitation	Golf	Other Proprietary Funds	Totals
Operating revenues:					
Charges for services	\$ 2,465,614	\$278,761	\$ 511,499	\$ 59,242	\$ 3,315,116
Total operating revenues	<u>2,465,614</u>	<u>278,761</u>	<u>511,499</u>	<u>59,242</u>	<u>3,315,116</u>
Operating expenses:					
Personal services	310,545	34,932	181,660	73,469	600,606
Utilities	161,279	29	19,627	9,125	190,060
Contractual services	27,228	206,454	40,321	9,957	283,960
Insurance	24,650	300	-	-	24,950
Repair and maintenance	207,039	475	16,045	6,279	229,838
Materials and supplies	131,300	2,908	150,137	4,699	289,044
Depreciation and amortization	380,216	7,965	47,572	18,275	454,028
Total operating expenses	<u>1,242,257</u>	<u>253,063</u>	<u>455,362</u>	<u>121,804</u>	<u>2,072,486</u>
Operating income (loss)	<u>1,223,357</u>	<u>25,698</u>	<u>56,137</u>	<u>(62,562)</u>	<u>1,242,630</u>
Nonoperating revenues (expenses):					
Interest income	44,340	355	248	2,583	47,526
Other income	3,869	61	2,092	1,801	7,823
Donations	-	-	-	45,596	45,596
Interest expense	(520,474)	-	(9,295)	-	(529,769)
Total nonoperating revenues (expenses)	<u>(472,265)</u>	<u>416</u>	<u>(6,955)</u>	<u>49,980</u>	<u>(428,824)</u>
Income (loss) before transfers and capital contributions	751,092	26,114	49,182	(12,582)	813,806
Transfers in	25,846	-	-	45,000	70,846
Transfers out	-	-	(9,600)	-	(9,600)
Capital contributions	46,495	-	-	-	46,495
	<u>72,341</u>	<u>-</u>	<u>(9,600)</u>	<u>45,000</u>	<u>107,741</u>
Change in net assets	823,433	26,114	39,582	32,418	921,547
Total net assets (deficit), beginning of year, as restated	(634,416)	90,238	186,233	191,400	(166,545)
Total net assets, end of year	<u>\$ 189,017</u>	<u>\$116,352</u>	<u>\$ 225,815</u>	<u>\$ 223,818</u>	<u>\$ 755,002</u>

See accompanying notes to the basic financial statements

CITY OF SAVANNAH, MISSOURI
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2012

	Combined Water and Waste Water	Sanitation	Golf	Other Proprietary Funds	Totals
Cash flows provided by (used in) operating activities:					
Receipts from customers	\$ 2,385,956	\$ 270,648	\$ 513,591	\$ 106,639	\$ 3,276,834
Payments to suppliers	(539,860)	(195,794)	(222,271)	(29,667)	(987,592)
Payments to employees	(309,344)	(29,754)	(186,770)	(77,872)	(603,740)
Net cash provided by (used in) operating activities	<u>1,536,752</u>	<u>45,100</u>	<u>104,550</u>	<u>(900)</u>	<u>1,685,502</u>
Cash Flows Provided by (used in) Noncapital Financing Activities:					
Transfers in (out)	25,846	-	(9,600)	45,000	61,246
Net Cash Flows Provided by Noncapital Financing Activities	<u>25,846</u>	<u>-</u>	<u>(9,600)</u>	<u>45,000</u>	<u>61,246</u>
Cash flows provided by (used in) investing activities:					
Interest received	44,340	354	248	2,583	47,525
Net cash flows provided by investing activities	<u>44,340</u>	<u>354</u>	<u>248</u>	<u>2,583</u>	<u>47,525</u>
Cash flows provided by (used in) capital and related financing activities:					
Interest and fiscal charges	(520,733)	-	(9,194)	-	(529,927)
Principal payments on long-term debt	(645,000)	-	(25,000)	-	(670,000)
Net cash flows provided by (used in) capital and related financing activities	<u>(1,165,733)</u>	<u>-</u>	<u>(34,194)</u>	<u>-</u>	<u>(1,199,927)</u>
Net change in cash and equivalents	441,205	45,454	61,004	46,683	594,346
Cash and equivalents, beginning of year	466,737	121,041	107,662	75,428	770,868
Cash and equivalents, end of year	<u>\$ 907,942</u>	<u>\$ 166,495</u>	<u>\$ 168,666</u>	<u>\$ 122,111</u>	<u>\$ 1,365,214</u>
Cash and investments reported on the Statement of Net Assets:					
Pooled cash and investments	\$ 250,461	\$ 97,012	\$ 149,010	\$ 122,111	\$ 618,594
Restricted cash and investments	657,481	69,483	19,656	-	746,620
Total cash and investments	<u>\$ 907,942</u>	<u>\$ 166,495</u>	<u>\$ 168,666</u>	<u>\$ 122,111</u>	<u>\$ 1,365,214</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,223,357	\$ 25,698	\$ 56,137	\$ (62,562)	\$ 1,242,630
Adjustments to reconcile operating income (loss) to net cash used by operations:					
Non-operating revenues	3,869	61	2,092	47,397	53,419
Depreciation and amortization	380,216	7,965	47,572	18,275	454,028
Change in compensated absences, OPEB, and net pension obligations	1,065	4,515	(2,811)	(2,979)	(210)
Changes in:					
Receivables	(85,158)	(8,174)	-	-	(93,332)
Accounts payable	11,636	16,749	3,859	388	32,632
Accrued liabilities	136	663	(2,299)	(1,419)	(2,919)
Customer deposits	1,631	-	-	-	1,631
Landfill	-	(2,377)	-	-	(2,377)
Net cash provided by (used in) operating activities	<u>\$ 1,536,752</u>	<u>\$ 45,100</u>	<u>\$ 104,550</u>	<u>\$ (900)</u>	<u>\$ 1,685,502</u>
Noncash capital and financing activities:					
Capital contributions	<u>\$ 46,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,495</u>

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

(1) Summary of Significant Accounting Policies

The City of Savannah, Missouri (the City) is incorporated as a fourth class city under the provisions of the State of Missouri. The City operates under a Mayor/Board of Aldermen form of government and provides the following services as authorized by its charter: general administrative services, streets, public safety, park, public improvements, utilities, and sanitation.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit. The City has determined there are no component units.

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. 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. 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.

Fund financial statements

Fund financial statements report detailed information about the City. 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.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

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 measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the City's major governmental funds:

The General Fund – the general operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

Parks and Recreation Fund – is a special revenue fund that accounts for all of the operating revenues and expenditures of the parks department, such as the swimming pool and baseball fields.

Street Drainage Certificate of Participation (COPS) Debt Service Fund – used to account for the accumulation of resources for, and the payment of debt principal, interest, and related costs.

PROPRIETARY FUNDS

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The following are the City's major proprietary funds:

The Combined Water and Wastewater Fund – accounts for the provision of water and sewer utility services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

The Sanitation Fund – accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

The Golf Course Fund – accounts for the operation of the Duncan Hills Golf Course by the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

C. 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 when all eligibility requirements have been satisfied 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, sales tax, 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.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

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 two months of year-end and available to pay obligations of the current period). This includes property taxes, investment earnings and state-levied locally shared taxes (including motor vehicle fees). The City records property tax receivables at the time the lien attaches to the property. 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 general long-term debt, which have not matured are recognized when due. 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 net assets and 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.

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. Cash and Investments

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

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

The City maintains a cash and investment pool, which is available for use by most funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

For purposes of the statement of cash flows, short-term investments and certificates of deposit with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

E. Accounts Receivable

Accounts receivable result primarily from sales of water, wastewater, sanitation, and other services accounted for in their respective Proprietary Funds, net of an allowance for uncollectable accounts of \$79,480 and \$8,594 in the Combined Water and Waste Water and Sanitation funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year.

F. Capital Assets (Governmental Activities Capital Assets Unaudited)

Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, street lights, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, 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.

Capital assets are defined by the City as assets with an initial, individual cost of \$2,000 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. Fully depreciated proprietary capital assets are included in their respective accounts until their disposal.

The City has not maintained a complete listing of governmental activities capital assets or developed a system of depreciating governmental activities capital assets.

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

Buildings	30 – 60 years
Improvements other than Buildings	10 – 20 years
Equipment	6 – 15 years
Infrastructure	5 – 60 years
Water and wastewater systems	40 – 65 years

G. Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated up to 90 days. Upon completion of at least five years of service, compensation for accrued sick leave is paid upon retirement, resignation or death in varying up to a maximum of 30 days.

Vested or accumulation vacation and sick time is accounted for as follows:

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

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

Proprietary Funds - The costs of vacation and sick pay 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.

H. Deferred Revenue

Deferred revenue consists primarily of certain special assessments and certain property taxes and other items that are considered measurable, but not available to meet the current financial needs of the City.

I. Interfund Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

J. Fund Balances

In the fund financial statements, governmental funds 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 which are constrained by City management's intent to be used for a specific purpose but are neither formally restricted by external sources nor committed by Board of Aldermen action. The Board of Aldermen has the authority to assign amounts for a specific purpose in this category. Likewise, the Board of Aldermen has the authority to take necessary actions to un-assign amounts in this category.

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.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

The City does not have a formal fund balance policy that provides guidance for programs with multiple revenue sources. The City uses 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.

K. Net Asset Classifications

In the government-wide statements, equity is shown as net assets and classified into three components:

- (1) Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation for business-type activities only and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net assets – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

L. Permanent Funds

The City from time to time receives endowments from outside donors. The nature of these endowments is that the principal of the gift is to remain intact and the interest is to be spent on certain activities of the City. These donations are accounted for in Permanent Funds. The State of Missouri requires that recipients of endowment gifts maintain the original principal intact at the original donation date. Currently, the City maintains two permanent funds, the Alma Martin and Duncan-Kubach Trusts.

Alma Marin Trust - During the year ended September 30, 2012, the Alma Martin Trust Fund had net appreciation on cash and investments of \$1,366. It is the City’s policy to expend income earned as necessary to fund Park and Cemetery operations to the extent they are available. Net assets available for spending (expendable net assets) were \$4,159 as of September 30, 2012.

Duncan-Kubach Trust - During the year ended September 30, 2012, the *Duncan-Kubach* Trust Fund had net appreciation on cash and investments of \$3,033. It is the City’s policy to expend income earned as necessary to fund Park and Clasbey Center operations to the extent they are available. Net assets available for spending (expendable net assets) were \$548 as of September 30, 2012.

M. Expenditures in Excess of Budgeted Appropriations

Actual expenditures and transfers out exceeded budgeted appropriations in the City’s Park Fund by \$28,541, Street Drainage Certificate of Participation Fund by \$2,256,686 as a result of the current refunding of the \$2,195,000 outstanding Series 2002 Storm Water Certificates of Participation, and the Park and Recreation Certificate of Participation Fund by \$350.

N. Use of Estimates

The preparation of the 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 expenses during the reporting period. Actual results could differ from those estimates.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

(2) Cash and Investments

A summary of the City's significant policies relating to cash and investments can be found in Note 1. A reconciliation of cash and investments with the Government-wide Statement of Net Assets is as follows:

Cash on hand	\$	850
Demand deposits		2,074,425
Certificates of deposits		226,002
Short-term investments held in trust (bond reserves)		423,836
	\$	<u>2,725,113</u>
Government-wide statement of net assets		
Pooled cash and investments	\$	1,683,499
Restricted cash and investments		1,041,614
	\$	<u>2,725,113</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of 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 that, in the event of the failure of a 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 deposits with securities held by the financial institution's agent and in the City's name.

As of September 30, 2012, all of the City's deposits were insured with Federal depository insurance, with the remaining uninsured balance collateralized by securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of September 30, 2012.

(3) Tax Revenues and Taxes Receivable

The City's property taxes are levied and recorded each September 30 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. The assessed value of local property at September 30, 2012, was \$37,818,484.

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City's property tax levies per \$100 of assessed valuation for the year in which the revenues were earned were as follows:

	<u>Fund</u>	<u>Levy</u>
	General	\$ 0.4600
	Park and Recreation	0.2935
	Bond and Interest	<u>0.1637</u>
		<u>\$ 0.9172</u>

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

Tax revenues for the year consisted of the following:

	General Fund	Park & Recreation	Other Nonmajor Funds	Total
Property taxes	\$ 178,905	\$ 114,501	\$ 63,739	\$ 357,145
Special assessments	-	-	11,224	11,224
Sales and use taxes	648,270	216,088	-	864,358
Franchise taxes	387,785	-	-	387,785
Other taxes	26,912	-	-	26,912
	<u>\$ 1,241,872</u>	<u>\$ 330,589</u>	<u>\$ 74,963</u>	<u>\$ 1,647,424</u>

Taxes receivable represent property, sales, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes. Taxes receivable consisted of the following at September 30, 2012:

	General Fund	Park & Recreation	Other Nonmajor Funds	Total
Property taxes	\$ 4,171	\$ 2,662	\$ 1,485	\$ 8,318
Special assessments	-	-	35,141	35,141
Sales and use taxes	80,454	26,818	-	107,272
Franchise taxes	47,002	-	-	47,002
	<u>\$ 131,627</u>	<u>\$ 29,480</u>	<u>\$ 36,626</u>	<u>\$ 197,733</u>

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

	General Fund
Grants:	
Federal, State and Local	\$ 197,913
State:	
Motor vehicle taxes	180,897
 Total Intergovernmental Revenue	 <u>\$ 378,810</u>

Amounts due from other governments at September 30, 2012, totaled \$86,450.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

(5) Interfund Activity

Transfers between funds for the year ended September 30, 2012 were as follows:

	<u>Transfers Out:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Parks and Recreation Fund</u>	<u>Golf Fund</u>	
Transfers In:				
Governmental activities:				
General Fund	\$ -	\$ 10,000	\$ 9,600	\$ 19,600
Parks and Recreation Fund	27,100	-	-	27,100
Street Drainage COPS	174,000	-	-	174,000
Other Governmental Funds	6,000	154,098	-	160,098
	<hr/>			
Total governmental activities	<u>207,100</u>	<u>164,098</u>	<u>9,600</u>	<u>380,798</u>
Business-type activities:				
Water and Wastewater Fund	25,846	-	-	25,846
Other Business-type Funds	45,000	-	-	45,000
	<hr/>			
Total business-type activities	<u>70,846</u>	<u>-</u>	<u>-</u>	<u>70,846</u>
	<hr/>			
Total	<u>\$ 277,946</u>	<u>\$ 164,098</u>	<u>\$ 9,600</u>	<u>\$ 451,644</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, (2) use unrestricted revenues collected in the general fund finance various programs accounted for in other funds in accordance with budgetary authorizations (3) to fund debt service requirements as debt service payments become due. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

In the government-wide statement of activities, capital contributions totaling \$46,495 from governmental activities to business-type activities has been reclassified as transfers in and transfers out. Accordingly, transfers between governmental activities and business-type activities totaled \$107,741.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

(7) Capital Assets

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

Governmental Activities:	Beginning of		End of	
	Year **	Additions	Deletions	Year
Capital assets, not being depreciated				
Land, buildings, improvements, vehicles, and equipment	\$ 6,887,691	\$ 20,191	\$ -	\$ 6,907,882
Total capital assets, not being depreciated	\$ 6,887,691	\$ 20,191	\$ -	\$ 6,907,882
 Business-type Activates:				
	Beginning of		End of	
	Year **	Additions	Deletions	Year
Capital assets, not being depreciated				
Land	\$ 71,081	\$ -	\$ -	\$ 71,081
Total capital assets, not being depreciated	71,081	-	-	71,081
Capital assets, being depreciated				
Buildings, plant, and improvements	17,845,306	-	-	17,845,306
Land improvements	605,577	-	-	605,577
Equipment	3,125,518	46,495	-	3,172,013
Total capital assets being depreciated	21,576,401	46,495	-	21,622,896
Less accumulated depreciation for:				
Buildings, plant, and improvements	8,024,436	376,759	-	8,401,195
Land improvements	465,574	4,496	-	470,070
Equipment	2,631,469	71,291		2,702,760
Total accumulated depreciation	11,121,479	452,546	-	11,574,025
Total capital assets being depreciated, net	10,454,922	(406,051)	-	10,048,871
 Business-type activities capital assets, net	\$ 10,526,003	\$ (406,051)	\$ -	\$ 10,119,952

** As restated

Depreciation expense was charged to Business-type activities as follows:

Business-type activities:	
Water and wastewater	\$ 378,735
Sanitation	7,965
Golf Course	47,571
Clasbey Community Center	16,042
Cemetery	2,233
Total depreciation expense for business-type activities	\$ 452,546

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

(8) Long-term Obligations

A summary of the changes in long-term obligations is as follows:

Governmental Activities:	Beginning of Year **	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
2007 Park COP	\$ 645,000	\$ -	\$ 25,000	\$ 620,000	\$ 25,000
2002 Street Drainage COP	2,335,000	-	2,335,000	-	-
2012 Street Drainage COP	-	2,270,000	-	2,270,000	-
2003 Pool Bonds	125,000	-	65,000	60,000	60,000
2002 NID Bonds	37,000	-	2,000	35,000	3,000
Contractual obligation	110,918	-	32,000	78,918	35,000
Compensated absences *	40,742	-	2,075	38,667	23,200
Net pension obligation	1,374	1,124	-	2,498	-
Total	\$ 3,295,034	\$ 2,271,124	\$ 2,461,075	\$ 3,105,083	\$ 146,200

* Compensated absences are generally liquidated by the General and Parks and Recreation Funds

Business-type Activates:	Beginning of Year **	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
2007 Water and Sewer Revenue Bonds	\$ 3,000,000	\$ -	\$ 115,000	\$ 2,885,000	\$ 90,000
2003 Water and Sewer Revenue Bonds	325,000	-	20,000	305,000	20,000
2004 Water and Sewer Revenue Bonds	5,845,000	-	275,000	5,570,000	310,000
2003 Sewer Revenue Bonds	1,090,000	-	65,000	1,025,000	65,000
1994 Sewer Revenue Bonds	259,000	-	62,000	197,000	64,000
2010 Water Meter Lease	306,000	-	83,000	223,000	86,000
2004 Sewer COP	425,000	-	25,000	400,000	25,000
1999 Golf COP	155,000	-	25,000	130,000	25,000
Landfill	71,860	-	2,377	69,483	-
Compensated absences	43,551	-	1,286	42,265	25,000
Net pension obligation	1,562	1,076	-	2,638	-
Total	\$ 11,521,973	\$ 1,076	\$ 673,663	\$ 10,849,386	\$ 710,000

** as restated

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

	<u>2012</u>
\$740,000 Series 2007 Certificates of Participation for the purpose of the City's park improvement project. Annual installments of \$20,000 to \$110,000 through 2027; interest at 4.5% to 5.0%.	\$ 620,000
\$2,270,000 Series 2012 Certificates of Participation (Refunding 2002 Stormwater COPS). Annual installments of \$200,000 to \$475,000 through 2022; interest at 2.0% to 3.15%.	2,270,000
\$510,000 Series 2003 General Obligation Refunding Bonds for the purpose of improving the municipal pool. Annual installments of \$35,000 to \$60,000 through 2013; interest at 1.375% to 3.85%.	60,000
\$55,000 Series 2002 Neighborhood Improvement District Bonds for the purpose of improving sidewalks in the downtown area. Annual installments of \$2,000 to \$4,000 through 2022; interest at 5.25% to 6.0%.	35,000
Contractual obligation	78,918
Compensated absences	38,667
Net Pension Obligation	2,498
	<u>\$ 3,105,083</u>

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements
September 30, 2012

	<u>2012</u>
\$3,300,000 Series 2007 Revenue Bonds for the purpose of improving the water and sewer systems. Annual installment of \$60,000 to \$750,000 through 2026; interest at 4.0% to 5.25%.	\$ 2,885,000
\$400,000 Series 2003 Revenue Bonds for the purpose of improving the water and sewer systems. Annual installment of \$15,000 to \$35,000 through 2023; interest at 4.5% to 5.375%.	305,000
\$7,735,000 Series 2004 Revenue Bonds for the purpose of improving the water and sewer systems. Annual installment of \$180,000 to \$745,000 through 2024; interest at 2.25% to 5.0%.	5,570,000
\$1,500,000 Series 2003 Revenue Bonds of with the State Environmental Improvement and Energy Resources Authority, State Revolving Fund Program for the purpose of water pollution control improvements. Annual installments of \$55,000 to \$110,000 through 2024; interest at 3.5% to 5.0%. The City receives a subsidy for a portion of the interest.	1,025,000
\$700,000 Series 1994 Revenue Bonds with the State Environmental Improvement and Energy Resources Authority, State Revolving Fund Program for water pollution control improvements. Annual installments of \$25,000 to \$67,000 through 2015; interest at 7.2%. The City receives a subsidy for a portion of the interest.	197,000
\$423,000 Series 2010 lease-purchase agreement for acquiring and installing water meters. Semi-annual installment of \$38,000 to \$47,000 through 2015; interest at 4.625% .	223,000
\$570,000 Series 2004 Certificates of Participation for the purpose of improving the sewer system. Annual installment of \$15,000 to \$45,000 through 2024; interest at 3.125% to 5.125%.	400,000
\$400,000 Series 1999 Certificates of Participation for the purpose of golf course improvements. Annual installments of \$20,000 to \$30,000 through 2017; interest at 5.5% to 5.75%.	130,000
Landfill	69,483
Compensated absences	42,265
Net Pension Obligation	2,638
	<u>\$ 10,849,386</u>

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

Future Debt Service Requirements

The annual debt service requirements to amortize all debt outstanding as of September 30, 2012 exclusive of contractual obligation, compensated absences, and net pension obligations are as follows:

	Governmental Activities									
	2007 COPS		2012 COPS		2003 GO Park		2002 NID		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 25,000	\$ 29,978	\$ -	\$ 60,197	\$ 60,000	\$ 1,155	\$ 3,000	\$ 2,010	\$ 88,000	\$ 93,340
2014	30,000	28,878	200,000	58,198	—	—	3,000	1,830	233,000	88,906
2015	30,000	27,557	215,000	54,048	—	—	3,000	1,650	248,000	83,255
2016	30,000	26,237	220,000	49,698	—	—	3,000	1,470	253,000	77,405
2017	30,000	24,813	220,000	45,160	—	—	3,000	1,290	253,000	71,263
2018 - 2022	185,000	100,075	1,415,000	128,821	—	—	20,000	3,000	1,620,000	231,896
2023 - 2027	290,000	48,000	—	—	—	—	—	—	290,000	48,000
	<u>\$ 620,000</u>	<u>\$ 285,538</u>	<u>\$ 2,270,000</u>	<u>\$ 396,122</u>	<u>\$ 60,000</u>	<u>\$ 1,155</u>	<u>\$ 35,000</u>	<u>\$ 11,250</u>	<u>\$ 2,985,000</u>	<u>\$ 694,065</u>

	Business-type Activities									
	2007 Revenue Bonds		2003 Revenue Bonds		2004 Revenue Bonds		2003 SRF Revenue Bonds		1994 SRF Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$90,000	\$139,470	\$20,000	\$15,926	\$310,000	\$243,755	\$65,000	\$23,457	\$64,000	\$4,879
2014	95,000	135,308	25,000	15,006	315,000	232,151	70,000	22,488	66,000	3,025
2015	95,000	131,033	25,000	13,725	340,000	219,366	70,000	21,092	67,000	1,126
2016	100,000	126,645	25,000	12,444	415,000	204,007	75,000	19,596	-	-
2017	100,000	122,145	25,000	11,163	430,000	186,310	80,000	17,947	-	-
2018 - 2022	635,000	518,494	150,000	34,606	2,455,000	620,986	450,000	57,947	-	-
2023 - 2027	1,770,000	226,144	35,000	1,881	1,305,000	69,875	215,000	5,893	-	-
	<u>\$ 2,885,000</u>	<u>\$ 1,399,238</u>	<u>\$ 305,000</u>	<u>\$ 104,751</u>	<u>\$ 5,570,000</u>	<u>\$ 1,776,451</u>	<u>\$ 1,025,000</u>	<u>\$ 168,420</u>	<u>\$ 197,000</u>	<u>\$ 9,030</u>

	2010 Lease Purchase		2004 COPS		1999 COPS		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2013	\$86,000	\$8,060	\$25,000	\$18,671	\$25,000	\$6,756	\$685,000
2014	90,000	4,600	25,000	17,671	25,000	5,319	711,000	435,568
2015	47,000	940	30,000	16,518	25,000	3,881	699,000	407,681
2016	-	-	30,000	15,160	25,000	2,444	670,000	380,295
2017	-	-	30,000	13,720	30,000	863	695,000	352,147
2018 - 2022	-	-	175,000	44,724	-	-	3,865,000	1,276,757
2023 - 2027	-	-	85,000	4,483	-	-	3,410,000	308,276
	<u>\$ 223,000</u>	<u>\$ 13,600</u>	<u>\$ 400,000</u>	<u>\$ 130,947</u>	<u>\$ 130,000</u>	<u>\$ 19,263</u>	<u>\$ 10,735,000</u>	<u>\$ 3,621,699</u>

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

Current Refunding

The City issued \$2,270,000 Series 2012 Refunding Certificates of Participation with interest rates ranging from 2.00% to 3.15%, to refund \$2,195,000 of the outstanding Series 2002 Storm Water Certificates of Participation with interest rates ranging from 5.150% to 5.875%. The refunding was undertaken to reduce the total debt service payments by \$288,357, which resulted in an economic gain of \$279,846.

Contractual Obligation

The City entered into a contractual agreement to be paid over a three year period related to the City's youth complex field expansion project. The total amount agreement including a change order of \$51,310 totaled \$211,510. As of September 30, 2012, the outstanding amount due was \$78,918. Subsequent to year end, the City has amended the agreement to make annual payments of \$35,000 until the obligation is paid.

Post-Closure Landfill Obligation

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City closed the landfill in 1995. The amount reported as landfill post-closure obligation at September 30, 2012 of \$69,483, represents the City's Financial Assurance Instrument (FAI) in its Contract of Obligation with Missouri Department of Natural Resources (MDNR), and is based on the cost to perform all post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Contract of Obligation authorizes MDNR to collect \$69,483 from the City to compensate for State corrective procedures if the City does not properly close and monitor the landfill. MDNR will annually allow the City to decrease the FAI in an amount equal to the estimated post-closure care cost for the previous twelve months, provided the FAI is sufficient to cover the costs for the remaining post-closure care period plus five years.

Restricted Assets and Deficiencies in Debt Reserve Funding

The City's various combined water and waste water revenue bonds trust indentures require the City to establish various debt service, depreciation and replacement, and reserve accounts. At September 30, 2012, the City's combined water and waste water fund has restricted balances totaling \$579,372. The City has not funded the necessary debt service, depreciation and replacement, and reserve account requirements in accordance with the indentures.

At September 30, 2012, the City's deficiency is approximately \$640,000, largely attributable to the required debt service reserve funds under the 2004 and 2007 revenue bonds totaling \$375,000 and \$125,600, respectively. As provided in those indentures, should the default continue for a period of 60 days after written notice specifying such default has been given to the City by the registered owner of any bond then outstanding, then, at any time thereafter and while such default continues, the registered owners of 25% in principal amount of the bonds then outstanding may, by written notice to the City declare the principal of all bonds then outstanding to be due and payable immediately. This provision, however, is subject to the condition that if at any time after the default has been cured, then and in every such case the registered owners of a majority in principal amount of the bonds then outstanding, by written notice to the City may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

Other restricted assets consisted of customer deposits, and amounts for landfill post-closure are reported in the accompanying balance sheet/statement of net assets as restricted cash and investments as follows:

<u>Account</u>	Street	Other	Combined	Sanitation	Golf	Total
	Drainage	Governmental	Water and			
	COPS	Funds	Waste Water			
Landfill	\$ -	\$ -	\$ -	\$ 69,483	\$ -	\$ 69,483
Deposits	-	-	78,109		-	78,109
Debt service, replacement, and reserve accounts	235,371	59,623	579,372	-	19,656	894,022
	<u>\$ 235,371</u>	<u>\$ 59,623</u>	<u>\$ 657,481</u>	<u>\$ 69,483</u>	<u>\$ 19,656</u>	<u>\$ 1,041,614</u>

(9) Employees Retirement System

A. 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 LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

B. Funding Status

The City’s full-time employees do not contribute to the pension plan. The June 30th statutorily required contribution rates are 13.2% (general) and 8.3% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost and Net Pension Obligation

The City’s annual pension cost and net pension obligation as of September 30, 2012 are as follows:

	Total Primary Government
Annual required contribution	\$ 95,473
Interest on net pension obligation	213
Adjustment to annual required contribution	(209)
Annual pension cost (APC)	95,477
Actual contributions	93,277
Increase in net pension obligation (NPO)	2,200
NPO - beginning of year	2,936
NPO - end of year	<u>\$ 5,136</u>

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

The City's annual required contribution (ARC) was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 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, attributable to seniority/merit; (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2009 was 21 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 20 years for the General division, 30 years for the Police division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 108,666	100.0%	\$ -
6/30/2011	112,941	97.4%	2,936
6/30/2012	95,477	97.7%	5,136

Funded Status and Funding Progress

As of February 29, 2012, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$1,738,446. The actuarial value of assets was \$1,450,954, which results in an deficit funding of the unfunded accrued liability (UAL) of \$287,492 and a funded ratio of 83 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$767,744, which results in a ratio of the deficit funding of the UAL to the covered payroll of 37 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(10) Commitments and Contingencies

A. Insurance

Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a not-for-profit association formed by political subdivisions of the State of Missouri organized to operate as a group self-insurer. The purpose of MIRMA is to seek the prevention or lessening of casualty and property losses to member political subdivisions and injuries to persons or employees which might result in claims being made against such subdivisions. In addition to insurance protection, the MIRMA provides risk management services. The City has no direct control over budgeting, financing, the governing body, or management selection. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from the above mentioned risks have not exceeded coverage in the past three years.

CITY OF SAVANNAH, MISSOURI
Notes to the Basic Financial Statements
September 30, 2012

MIRMA is fully funded by its members. Funds are used to pay losses within specific risk retention limits shared equally by all members, purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers, purchase services such as claims administration and data processing, and pay administrative expenses. Coverage obtained by the City through MIRMA includes fire and extended coverage, money and securities and employee fidelity, contractors equipment, automobile bodily injury and property damage liability, automobile physical damage, uninsured motorist, comprehensive general liability, employment practices liability, workers' compensation, employer's liability, airport liability, and boiler and machinery.

Per-occurrence coverage limits provided by MIRMA (MIRMA's self-insured retention limits combined with excess insurance contract limits) are 100% replacement cost for fire and extended coverage claims, \$100,000 for money and securities and employee fidelity claims, \$2,000,000 for liability claims, statutory limit for workers' compensation claims, and 100% replacement cost for boiler and machinery claims. Losses from individual claims in excess of these limits remain the responsibility of the respective entities.

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, the Association and its member cities would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations.

The City is commercially insured for health insurance. Settled claims have not exceeded coverage in any of the last three fiscal years.

The assessment to the City for the coverage period July 1, 2012, through June 30, 2013, was \$85,795.

B. Federal and State Grants

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

During the year ended September 30, 2012, the Missouri Department of Transportation requested payback of \$70,536 grant funds related to a sidewalk project that was not completed by the City. The Greater St Joseph Area Metropolitan Planning Organization provided assistance to the City to satisfy the obligation.

(11) Adjustments to Prior Period Financial Statements and Changes in Presentation

For the year ended September 30, 2012, management determined that the following adjustments and changes in financial statement presentation were to be made to the opening net assets and fund balances:

Certain revenue recognition and other adjustments related to property taxes, franchise and other taxes to be in conformity with GASB Statement No. 33 and the City's availability policy for governmental revenues.

Interest on long-term debt is recognized only when due in the governmental fund statements but are accrued in the government-wide statements. Adjustments to properly report proprietary fund accrued interest were necessary.

Certain amounts of restricted cash reported on the government-wide financial statements should also be reported on the governmental fund financial statements.

The Duncan-Kubach and Alma Martin funds should be reported as a governmental- type permanent fund for financial reporting purposes.

CITY OF SAVANNAH, MISSOURI

Notes to the Basic Financial Statements

September 30, 2012

The Messick and the Duncan Community Development funds previously reported as a private purpose trust fund and an enterprise fund, respectively only reported certain capital assets that were park and recreational related capital assets. Accordingly, these assets are reported with governmental capital assets at cost.

Adjustment to record utility fund services rendered, but not yet billed, as of the close of the fiscal year and other adjustments to accounts receivable and the related allowance for doubtful accounts.

Certain obligations related to compensated absences and net pension obligation should be recognized and reported by the City.

Management determined that an outstanding contractual obligation related to a park improvement project should be reported as a long-term obligation of the City. In addition, governmental capital assets increased for amounts not previously capitalized. Accordingly there was no change in total net assets.

Management determined that changes to beginning landfill obligations due to changes in amounts determined by the Department of Natural Resources were necessary.

Adjustment to report special assessments receivable and the related effect on City's governmental activities net assets, this change had no effect on governmental fund balances as special assessments are deferred under the modified accrual basis of accounting.

	<u>Governmental Funds</u>	<u>Governmental Activities</u>	<u>Proprietary Funds/Business- type Activities</u>
Beginning net assets / fund balance			
as originally reported	\$ 450,664	\$ 3,588,913	\$ (117,880)
Revenue recognition - Property taxes, franchise			-
taxes and other revenues	13,194	27,125	-
Accrued interest payable	35,673	-	153,163
Restricted cash	336,761	-	-
Permanent funds	163,631	163,631	-
Change in fund reporting		833,285	(308,779)
Utility accounts receivable	-	-	117,963
Compensated absences and NPO	-	(42,116)	(45,113)
Contractual obligation	-	110,918	-
Contractual obligation - capital assets	-	(110,918)	-
Landfill obligations	-	-	34,101
Special assessments	-	42,308	-
Total restatement	<u>549,259</u>	<u>1,024,233</u>	<u>(48,665)</u>
Beginning net assets / fund balance			
as restated	<u>\$ 999,923</u>	<u>\$ 4,613,146</u>	<u>\$ (166,545)</u>

(12) Subsequent Events

The City evaluated subsequent events through March 29, 2013, the date the financial statements were available to be issued.

In March 2013, the City issued \$650,000 City of Savannah, Missouri General Obligation Bonds Series 2013 to fund certain improvements at the City's pool. The bonds require principal payments ranging between \$20,000 to \$55,000 including interest at 1.4% to 4.5%; maturing in 2033.

CITY OF SAVANNAH, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended September 30, 2012

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (negative)
Revenues:				
Taxes	\$ 1,292,665	\$ 1,292,665	\$ 1,241,872	\$ (50,793)
Licenses and permits	11,530	11,530	19,515	7,985
Police fines	26,000	26,000	29,626	3,626
Intergovernmental	257,000	257,000	378,810	121,810
Interest Income	100	100	1,312	1,212
Other	18,060	18,060	22,862	4,802
Total revenues	<u>1,605,355</u>	<u>1,605,355</u>	<u>1,693,997</u>	<u>88,642</u>
Expenditures:				
General government:				
Administrative Services	198,550	198,550	201,560	(3,010)
Public Safety:				
Police	296,650	296,650	296,667	(17)
Fire	43,951	43,951	43,241	710
Capital outlay	50,000	50,000	14,348	35,652
Public Works:				
Streets	191,920	191,920	316,139	(124,219)
Street Improvements	323,000	323,000	111,267	211,733
Total expenditures	<u>1,104,071</u>	<u>1,104,071</u>	<u>983,222</u>	<u>120,849</u>
Excess of revenues over (under) expenditures	501,284	501,284	710,775	209,491
Other Financing Sources (Uses):				
Transfers in	19,600	19,600	19,600	-
Transfers out	(201,100)	(201,100)	(277,946)	(76,846)
Total other financing sources (uses)	<u>(181,500)</u>	<u>(181,500)</u>	<u>(258,346)</u>	<u>(76,846)</u>
Change in fund balances	<u>\$ 319,784</u>	<u>\$ 319,784</u>	452,429	<u>\$ 132,645</u>
Fund balance, beginning of year, as restated			<u>387,830</u>	
Fund balance, end of year			<u>\$ 840,259</u>	

CITY OF SAVANNAH, MISSOURI
Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Parks and Recreation
Year Ended September 30, 2012

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (negative)
Revenues:				
Taxes	\$ 299,900	\$ 299,900	\$ 330,589	\$ 30,689
Charges for services	110,700	110,700	95,721	(14,979)
Licenses, permits, and fees	43,600	43,600	37,359	(6,241)
Interest	-	-	246	246
Donations	-	-	46,581	46,581
Other	-	-	4,778	4,778
Total revenues	<u>454,200</u>	<u>454,200</u>	<u>515,274</u>	<u>61,074</u>
Expenditures:				
Parks and recreation	444,271	444,271	342,714	101,557
Debt service-principal	-	-	32,000	(32,000)
Total expenditures	<u>444,271</u>	<u>444,271</u>	<u>374,714</u>	<u>69,557</u>
Excess of revenues over (under) expenditures	9,929	9,929	140,560	130,631
Other Financing Sources (Uses):				
Transfers in	27,100	27,100	27,100	-
Transfers out	(66,000)	(66,000)	(164,098)	(98,098)
Total other financing sources (uses)	<u>(38,900)</u>	<u>(38,900)</u>	<u>(136,998)</u>	<u>(98,098)</u>
Change in fund balances	<u>\$ (28,971)</u>	<u>\$ (28,971)</u>	3,562	<u>\$ 32,533</u>
Fund balance, beginning of year, as restated			<u>43,681</u>	
Fund balance, end of year			<u>\$ 47,243</u>	

City of Savannah, Missouri
Required Supplementary Information
Schedules of Funding Progress
Year Ended September 30, 2012

Employees Retirement System

Fiscal year	Actuarial valuation date	(a) Actuarial value of assets	(b) Actuarial accrued liability	(b) - (a) Unfunded (assets in excess of) accrued liability (UAL)	(a)/(b) Funded ratio	(c) annual covered payroll	(b)-(a)/(c) UAL as a percentage of covered payroll
9/30/2010	2/28/2010	\$ 1,015,824	\$ 1,396,918	\$ 381,094	73%	\$ 868,656	44%
9/30/2011	2/28/2011	1,227,705	1,623,151	395,446	76%	844,857	47%
9/30/2012	2/29/2012	1,450,954	1,738,446	287,492	83%	767,744	37%

The above assets and actuarial liability do not include 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 LAGERS office in Jefferson City.

CITY OF SAVANNAH, MISSOURI
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2012

	Park Special	Park and Recreation COPS	NID Bonds	Pool Bond	Alma Martin	Duncan - Kubach	Totals
Assets							
Pooled cash and investments	\$ 46,638	\$ -	\$ 7,915	\$ 18,950	\$ 62,847	\$ 105,183	\$ 241,533
Receivables:							
Taxes	-	-	-	1,485	-	-	1,485
Special assessments	-	-	35,141	-	-	-	35,141
Restricted assets:							
Cash and investments	-	59,623	-	-	-	-	59,623
Total Assets	<u>\$ 46,638</u>	<u>\$ 59,623</u>	<u>\$ 43,056</u>	<u>\$ 20,435</u>	<u>\$ 62,847</u>	<u>\$ 105,183</u>	<u>\$ 337,782</u>
Liabilities and Fund Balances							
Liabilities:							
Deferred revenue	\$ -	\$ -	\$ 35,141	\$ 1,334	\$ -	\$ -	\$ 36,475
Total Liabilities	<u>-</u>	<u>-</u>	<u>35,141</u>	<u>1,334</u>	<u>-</u>	<u>-</u>	<u>36,475</u>
Fund balances:							
Nonspendable:							
Permanent funds	-	-	-	-	58,688	104,635	163,323
Restricted:							
Debt service	-	59,623	7,915	19,101	-	-	86,639
Parks, cemetery, and Clasbey Center	46,638	-	-	-	4,159	548	51,345
Total fund balance	<u>46,638</u>	<u>59,623</u>	<u>7,915</u>	<u>19,101</u>	<u>62,847</u>	<u>105,183</u>	<u>301,307</u>
Total liabilities and fund balances	<u>\$ 46,638</u>	<u>\$ 59,623</u>	<u>\$ 43,056</u>	<u>\$ 20,435</u>	<u>\$ 62,847</u>	<u>\$ 105,183</u>	<u>\$ 337,782</u>

CITY OF SAVANNAH, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended September 30, 2012

	Park Special	Park and Recreation COPS	NID Bonds	Pool Bond	Alma Martin	Duncan - Kubach	Totals
Revenues:							
Taxes	\$ -	\$ -	\$ 11,225	\$ 63,738	\$ -	\$ -	\$ 74,963
Interest	16	310	1	73	1,366	3,033	4,799
Total Revenues	16	310	11,226	63,811	1,366	3,033	79,762
Expenditures:							
Debt service:							
Principal	-	25,000	2,000	65,000	-	-	92,000
Interest and fiscal charges	-	32,350	2,414	3,529	-	-	38,293
Total Expenditures	-	57,350	4,414	68,529	-	-	130,293
Excess of Revenues Over (Under) Expenditures	16	(57,040)	6,812	(4,718)	1,366	3,033	(50,531)
Other financing sources (uses):							
Transfers in	46,622	107,476	6,000	-	-	-	160,098
Total Other Financing Sources (Uses)	46,622	107,476	6,000	-	-	-	160,098
Net change in fund balances	46,638	50,436	12,812	(4,718)	1,366	3,033	109,567
Fund balances, (deficit) beginning of year, as restated	-	9,187	(4,897)	23,819	61,481	102,150	191,740
Fund balances, end of year	\$ 46,638	\$ 59,623	\$ 7,915	\$ 19,101	\$ 62,847	\$ 105,183	\$ 301,307

CITY OF SAVANNAH, MISSOURI
Street Drainage Certificates of Participation Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2012

	2012		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 50	\$ 50	\$ 1,109	\$ 1,059
Total Revenues	<u>50</u>	<u>50</u>	<u>1,109</u>	<u>1,059</u>
Expenditures:				
Debt service:				
Principal	142,143	142,143	2,335,000	(2,192,857)
Interest and fiscal charges	131,500	131,500	195,329	(63,829)
Total Expenditures	<u>273,643</u>	<u>273,643</u>	<u>2,530,329</u>	<u>(2,256,686)</u>
Excess of Revenues Over (Under) Expenditures	<u>(273,593)</u>	<u>(273,593)</u>	<u>(2,529,220)</u>	<u>(2,255,627)</u>
Other Financing Sources (Uses):				
Transfers in	174,000	174,000	174,000	-
Proceeds from debt	-	-	2,270,000	2,270,000
Total Other Financing Sources (Uses)	<u>174,000</u>	<u>174,000</u>	<u>2,444,000</u>	<u>2,270,000</u>
Change in fund balance	<u>\$ (99,593)</u>	<u>\$ (99,593)</u>	(85,220)	<u>\$ 14,373</u>
Fund Balance, Beginning of Year			<u>376,672</u>	
Fund Balance, End of Year			<u>\$ 291,452</u>	

CITY OF SAVANNAH, MISSOURI
Park and Recreation Certificates of Participation Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2012

	2012		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ -	\$ -	\$ 310	\$ 310
Total Revenues	<u>-</u>	<u>-</u>	<u>310</u>	<u>310</u>
Expenditures:				
Debt service:				
Principal	25,000	25,000	25,000	-
Interest and fiscal charges	32,000	32,000	32,350	(350)
Total Expenditures	<u>57,000</u>	<u>57,000</u>	<u>57,350</u>	<u>(350)</u>
Excess of Revenues Over (Under) Expenditures	<u>(57,000)</u>	<u>(57,000)</u>	<u>(57,040)</u>	<u>(40)</u>
Other Financing Sources:				
Transfers in	56,000	56,000	107,476	51,476
Total Other Financing Sources	<u>56,000</u>	<u>56,000</u>	<u>107,476</u>	<u>51,476</u>
Change in fund balance	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	50,436	<u>\$ 51,436</u>
Fund Balance, Beginning of Year			<u>9,187</u>	
Fund Balance, End of Year			<u>\$ 59,623</u>	

CITY OF SAVANNAH, MISSOURI
NID Bonds
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2012

	2012		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 5,050	\$ 5,050	\$ 11,225	\$ 6,175
Interest	20	20	1	(19)
Total Revenues	<u>5,070</u>	<u>5,070</u>	<u>11,226</u>	<u>6,156</u>
Expenditures:				
Debt service:				
Principal	2,000	2,000	2,000	-
Interest and fiscal charges	2,600	2,600	2,414	186
Total Expenditures	<u>4,600</u>	<u>4,600</u>	<u>4,414</u>	<u>186</u>
Excess of Revenues Over (Under) Expenditures	<u>470</u>	<u>470</u>	<u>6,812</u>	<u>6,342</u>
Other Financing Sources:				
Transfers in	-	-	6,000	6,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Change in fund balance	<u>\$ 470</u>	<u>\$ 470</u>	12,812	<u>\$ 12,342</u>
Fund Balance (deficit), Beginning of Year			<u>(4,897)</u>	
Fund Balance, End of Year			<u>\$ 7,915</u>	

CITY OF SAVANNAH, MISSOURI
Pool Bonds Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2012

	2012		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 86,951	\$ 86,951	\$ 63,738	\$ (23,213)
Interest	-	-	73	73
Total Revenues	<u>86,951</u>	<u>86,951</u>	<u>63,811</u>	<u>(23,140)</u>
Expenditures:				
Debt service:				
Principal	83,351	83,351	65,000	18,351
Interest and fiscal charges	3,600	3,600	3,529	71
Total Expenditures	<u>86,951</u>	<u>86,951</u>	<u>68,529</u>	<u>18,422</u>
Excess of Revenues Over (Under) Expenditures	-	-	(4,718)	(4,718)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(4,718)	<u>\$ (4,718)</u>
Fund Balance, Beginning of Year			<u>23,819</u>	
Fund Balance, End of Year			<u>\$ 19,101</u>	

CITY OF SAVANNAH, MISSOURI
Alma Martin
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2012

	2012		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 1,350	\$ 1,350	\$ 1,366	\$ 16
Total Revenues	<u>1,350</u>	<u>1,350</u>	<u>1,366</u>	<u>16</u>
Expenditures:				
Parks and Cemetery	2,362	2,362	-	2,362
Total Expenditures	<u>2,362</u>	<u>2,362</u>	<u>-</u>	<u>2,362</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,012)</u>	<u>(1,012)</u>	<u>1,366</u>	<u>2,378</u>
Change in fund balance	<u>\$ (1,012)</u>	<u>\$ (1,012)</u>	1,366	<u>\$ 2,378</u>
Fund Balance, Beginning of Year			<u>61,481</u>	
Fund Balance, End of Year			<u>\$ 62,847</u>	

CITY OF SAVANNAH, MISSOURI
Duncan-Kubach
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2012

	2012		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 2,230	\$ 2,230	\$ 3,033	\$ 803
Total Revenues	<u>2,230</u>	<u>2,230</u>	<u>3,033</u>	<u>803</u>
Expenditures:				
Parks and Cemetery	3,823	3,823	-	3,823
Total Expenditures	<u>3,823</u>	<u>3,823</u>	<u>-</u>	<u>3,823</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,593)</u>	<u>(1,593)</u>	<u>3,033</u>	<u>4,626</u>
Change in fund balance	<u>\$ (1,593)</u>	<u>\$ (1,593)</u>	<u>3,033</u>	<u>\$ 4,626</u>
Fund Balance, Beginning of Year			<u>102,150</u>	
Fund Balance, End of Year			<u>\$ 105,183</u>	

CITY OF SAVANNAH, MISSOURI
Combining Statement of Net Assets
Non-Major Proprietary Funds
September 30, 2012

	Cemetery	Clasbey Center	Totals
Assets			
Current assets:			
Pooled cash and investments	\$ 98,252	\$ 23,859	\$ 122,111
Total current assets	<u>98,252</u>	<u>23,859</u>	<u>122,111</u>
Noncurrent assets:			
Capital assets, non-depreciable	15,699	-	15,699
Capital assets, net of depreciation	<u>1,304</u>	<u>96,266</u>	<u>97,570</u>
Total noncurrent assets	<u>17,003</u>	<u>96,266</u>	<u>113,269</u>
Total assets	<u>115,255</u>	<u>120,125</u>	<u>235,380</u>
Liabilities			
Current liabilities:			
Accounts payable	288	105	393
Accrued payroll and benefits	726	142	868
Long-term liabilities due in one year	<u>5,888</u>	<u>174</u>	<u>6,062</u>
Total current liabilities:	<u>6,902</u>	<u>421</u>	<u>7,323</u>
Long-term liabilities:			
Long-term liabilities	<u>4,239</u>	<u>-</u>	<u>4,239</u>
Total long-term liabilities:	<u>4,239</u>	<u>-</u>	<u>4,239</u>
Total liabilities	<u>11,141</u>	<u>421</u>	<u>11,562</u>
Net assets			
Invested in capital assets	17,003	96,266	113,269
Restricted	45,596	-	45,596
Unrestricted	<u>41,515</u>	<u>23,438</u>	<u>64,953</u>
Total net assets	<u>\$ 104,114</u>	<u>\$ 119,704</u>	<u>\$ 223,818</u>

CITY OF SAVANNAH, MISSOURI
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Proprietary Funds
For the Year Ended September 30, 2012

	Cemetery	Clasbey Center	Totals
Operating revenues:			
Charges for services	\$ 33,925	\$ 25,317	\$ 59,242
Total operating revenues	<u>33,925</u>	<u>25,317</u>	<u>59,242</u>
Operating expenses:			
Personal services	64,606	8,863	73,469
Utilities	1,693	7,432	9,125
Contractual services	7,642	2,315	9,957
Repair and maintenance	1,682	4,597	6,279
Materials and supplies	3,879	820	4,699
Depreciation and amortization	2,233	16,042	18,275
Total operating expenses	<u>81,735</u>	<u>40,069</u>	<u>121,804</u>
Operating income (loss)	<u>(47,810)</u>	<u>(14,752)</u>	<u>(62,562)</u>
Nonoperating revenues (expenses):			
Interest income	2,313	270	2,583
Other income	1,801	-	1,801
Donations	45,596	-	45,596
Total nonoperating revenue (expense)	<u>49,710</u>	<u>270</u>	<u>49,980</u>
Income (loss) before transfers	1,900	(14,482)	(12,582)
Transfers in	45,000	-	45,000
	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Change in net assets	46,900	(14,482)	32,418
Total net assets, beginning of year, as restated	57,214	134,186	191,400
Total net assets, end of year	<u>\$ 104,114</u>	<u>\$ 119,704</u>	<u>\$ 223,818</u>

CITY OF SAVANNAH, MISSOURI
Combining Statement of Cash Flows
Non-Major Proprietary Funds
Year Ended September 30, 2012

	Cemetery	Clasbey Center	Totals
Cash flows provided by (used in) operating activities:			
Receipts from customers	\$ 81,322	\$ 25,317	\$ 106,639
Payments to suppliers	(14,608)	(15,059)	(29,667)
Payments to employees	(69,173)	(8,699)	(77,872)
Net cash provided by (used in) operating activities	<u>(2,459)</u>	<u>1,559</u>	<u>(900)</u>
Cash Flows Provided by (used in) Noncapital Financing Activities:			
Transfers in (out)	45,000	-	45,000
Net Cash Flows Provided by (used in) Noncapital Financing Activities	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Cash flows provided by (used in) investing activities:			
Interest received	2,313	270	2,583
Net cash flows provided by (used in) investing activities	<u>2,313</u>	<u>270</u>	<u>2,583</u>
Net change in cash and equivalents	44,854	1,829	46,683
Cash and equivalents, beginning of year	53,398	22,030	75,428
Cash and equivalents, end of year	<u>\$ 98,252</u>	<u>\$ 23,859</u>	<u>\$ 122,111</u>
Cash and investments reported on the Statement of Net Assets:			
Pooled cash and investments	\$ 98,252	\$ 23,859	\$ 122,111
Total cash and investments	<u>\$ 98,252</u>	<u>\$ 23,859</u>	<u>\$ 122,111</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (47,810)	\$ (14,752)	\$ (62,562)
Adjustments to reconcile operating loss to net cash used by operations:			
Nonoperations revenues	47,397	-	47,397
Depreciation	2,233	16,042	18,275
Change in compensated absences, OPEB, and net pension obligations	(3,002)	23	(2,979)
Changes in:			
Accounts payable	284	104	388
Accrued liabilities	(1,561)	142	(1,419)
Net cash provided by (used in) operating activities	<u>\$ (2,459)</u>	<u>\$ 1,559</u>	<u>\$ (900)</u>