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CITY OF PARKVILLE, MISSOURI

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF PARKVILLE, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Parkville, Missouri

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parkville, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

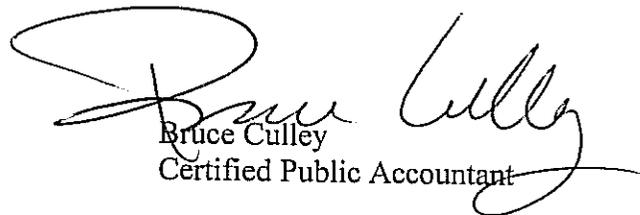
Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parkville, Missouri, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 11 and 51 – 55 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.


Bruce Culley
Certified Public Accountant

Gladstone, Missouri
August 1, 2013

CITY OF PARKVILLE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Parkville, we offer readers of the City of Parkville's financial statements this narrative overview and analysis of the financial activities of the City of Parkville for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

1. The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,929,742 (net assets).
2. The government's total net assets increased by \$779,720. The net assets increase is found in governmental activities where there is a positive \$598,251 net change, and a positive \$181,469 change in net assets reported in business-type activities.
3. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,787,911, an increase of \$976,934 from the prior year. The receipt of funds from a legal settlement (\$1,075,012) and a refund of costs (\$80,250) connected with the Highway 9 bridge construction was responsible for the increase.
4. At the end of the current fiscal year, fund balance for the general fund was \$542,597, or approximately 14% of total 2012 general fund expenditures.
5. The City's total debt decreased by \$468,420, (3.1%) during the fiscal year.
6. The City expended \$176,422 on capital equipment for the City and \$548,281 for Brink Myers Road and Brush Creek Sewer including interest that was capitalized.
7. The City refinanced the temporary notes on Brink Myers Road and Brush Creek Sewer adding an additional \$145,000 to the temporary notes.
8. The City's proprietary fund showed an increase in net assets of \$181,469.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components; government-wide financial statements (Pages 12 through 13), fund financial statements (Pages 14 through 18), and notes to the financial statements beginning on Page 22. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* (Pages 12 – 13) are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net assets* (Page 12) presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* (Page 13) presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, economic development, and culture and recreation. The business-type activities of the City include sewer service.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains four individual major or governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, transportation special revenue fund, capital projects fund, and debt service fund, each of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Pages 14 through 18 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer service operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund is a major fund of the City.

The basic proprietary fund financial statements can be found on Pages 19 through 21 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on Pages 22 through 50 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain *required supplemental information* concerning the City's infrastructure reporting. As recommended by American Public Works Association, the modified approach for infrastructure was developed as a compromise to provide an alternative to depreciating eligible infrastructure assets. The basic premise behind the modified approach is that no depreciation is incurred if infrastructure assets are being maintained or preserved at a certain level. The City provides an up-to-date inventory of eligible assets by location, type and physical parameters and performs replicable condition assessments, triennially. Results are summarized using a measurement scale, seen on Pages 52 – 53 of this report. Estimated amounts needed to maintain and preserve these assets at the City's established service level are budgeted for annually.

The combining and individual fund statements referred to earlier in connection with non-major or governmental funds are presented on Pages 56 through 60 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$7,929,742 at the close of the most recent fiscal year.

Governmental Activities. Governmental activities increased the City's net assets by \$598,251.

Business-type Activities. The change in net assets for business-type activities increased net assets by \$181,469. The net assets for business-type activities in the current fiscal year are \$3,255,446.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As mentioned earlier in this analysis, at the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,787,911. Of that, \$2,818,583 is *non-spendable, restricted or assigned* for various purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year the general fund balance was \$542,597. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 13% of total general fund expenditures.

The City's fund balance of the general fund decreased by \$60,579 during the current fiscal year. The City's 2012 revenues and transfers in from other funds totaled \$4,283,985 which is \$387,149 higher than 2011. The City's 2012 expenses and transfers out to other funds totaled \$4,316,256, which is \$419,420 higher than the prior year.

The debt service fund has a total fund balance of \$1,041,538, all of which is reserved for the payment of debt service. There was a net increase in the debt service fund balance of \$110,599. Expenses in the debt service fund exceeded revenue by \$103,401. This was offset by transfers to the debt service fund of \$214,000.

The capital projects fund has a total fund balance of \$57,141. There were considerable expenditures on capital projects during the year on Brink Myers Road. The notes payable in connection with Brink Myers Road and Brush Creek Sewer were refinanced during the year. The reason for the decline in fund balance was the increase in capital expenditures.

The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF PARKVILLE, MISSOURI
NET ASSETS SUMMARY
DECEMBER 31, 2012 AND 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and						
Other Assets	\$ 6,726,871	\$ 5,781,039	\$ 1,376,562	\$ 1,086,971	\$ 8,103,433	\$ 6,868,010
Capital Assets	<u>15,294,658</u>	<u>15,973,693</u>	<u>3,919,507</u>	<u>4,174,774</u>	<u>19,214,165</u>	<u>20,148,467</u>
Total Assets	22,021,529	21,754,732	5,296,069	5,261,745	27,317,598	27,016,477
Bonds and Notes						
Outstanding	15,415,214	15,732,015	1,992,127	2,136,721	17,407,341	17,868,736
Other Liabilities	<u>1,932,019</u>	<u>1,946,672</u>	<u>48,496</u>	<u>51,047</u>	<u>1,980,515</u>	<u>1,997,719</u>
Total Liabilities	17,347,233	17,678,687	2,040,623	2,187,768	19,387,856	19,866,455
Net Assets						
Invested in Capital Asset:	120,556	241,678	1,927,380	2,038,053	2,047,936	2,279,731
Restricted	1,644,198	1,929,825	28,338	28,338	1,672,536	1,958,163
Unrestricted	<u>2,909,542</u>	<u>1,904,542</u>	<u>1,299,728</u>	<u>1,007,586</u>	<u>4,209,270</u>	<u>2,912,128</u>
Total Net Assets	<u>\$ 4,674,296</u>	<u>\$ 4,076,045</u>	<u>\$ 3,255,446</u>	<u>\$ 3,073,977</u>	<u>\$ 7,929,742</u>	<u>\$ 7,150,022</u>

CITY OF PARKVILLE
STATEMENT OF ACTIVITIES SUMMARY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	\$ 558,668	\$ 343,913	\$ 1,026,169	\$ 947,588	\$ 1,584,837	\$ 1,291,501
Operating Grants and Contributions	56,650	8,076	-	-	56,650	8,076
Capital Grants and Contributions	443,229	446,314	-	35,998	443,229	482,312
General Revenues						
Property Taxes	1,378,901	1,314,778	-	-	1,378,901	1,314,778
Franchise Taxes	834,696	898,765	-	-	834,696	898,765
Sales Taxes	1,461,532	1,549,084	-	-	1,461,532	1,549,084
Investment Earnings	57,930	76,726	-	-	57,930	76,726
Intergovernmental	58,582	41,992	-	-	58,582	41,992
Sewer Admin Fee	75,000	70,000	-	-	75,000	70,000
TIF	419,707	458,121	-	-	419,707	458,121
FEMA	217,450	-	-	-	217,450	-
Other	193,023	133,290	6,611	-	199,634	133,290
Total Revenues	5,755,368	5,341,059	1,032,780	983,586	6,788,148	6,324,645
Expenses						
General Government	1,351,454	1,074,457	-	-	1,351,454	1,074,457
Public Safety - Police	1,041,953	977,504	-	-	1,041,953	977,504
Public Safety - Court	139,918	141,755	-	-	139,918	141,755
Public Works	704,036	768,341	-	-	704,036	768,341
Culture and Recreation	269,736	243,818	-	-	269,736	243,818
Economic Development	294,161	296,799	-	-	294,161	296,799
Depreciation	248,436	224,206	-	-	248,436	224,206
TIF	415,237	458,028	-	-	415,237	458,028
Interest and Fees	315,463	288,257	-	-	315,463	288,257
Other Capital Expenditures	348,415	175,139	-	-	348,415	175,139
Other	28,308	-	-	-	28,308	-
Sewer	-	-	851,311	826,319	851,311	826,319
Total Expenses	5,157,117	4,648,304	851,311	826,319	6,008,428	5,474,623
Change in Net Assets	598,251	692,755	181,469	157,267	779,720	850,022
Net Assets,						
Beginning of Year	4,076,045	3,383,290	3,073,977	2,916,710	7,150,022	6,300,000
Net Assets, End of Year	\$ 4,674,296	\$ 4,076,045	\$ 3,255,446	\$ 3,073,977	\$ 7,929,742	\$ 7,150,022

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the sewer service at the end of the year total \$3,255,466. The sewer fund had revenues exceeding expenditures by \$181,466 in 2012. This compares favorably with an increase in the net assets of \$157,266 in 2011.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, totals \$19,214,165. The largest capital expenditure was connected with the Brink Myers Road project in the amount of \$548,281 which was primarily for sewer improvements. A legal settlement of \$1,075,012 was received as reimbursement for the cost of rebuilding a retaining wall.

**City of Parkville, Missouri
Capital Assets (Net of Depreciation)**

	Governmental Activities 2012	Business-type activities 2012	Total 2012
Land	\$ 869,880	\$ 59,975	\$ 929,855
Buildings and Improvements	3,409,393	2,200,209	5,609,602
Machinery and Equipment	327,717	61,995	389,712
Infrastructure	3,411,294	1,597,328	5,008,622
Construction in Process	<u>7,276,374</u>	<u>-</u>	<u>7,276,374</u>
Total	<u>\$15,294,658</u>	<u>\$ 3,919,507</u>	<u>\$19,214,165</u>

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

Long-Term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$17,407,340.

**City of Parkville, Missouri
Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$2,290,000	\$ 2,545,000	\$ -	\$ -	\$2,290,000	\$ 2,545,000
Certificates of Participation	5,385,000	5,600,000	-	-	5,385,000	5,600,000
NID Limited Obligation						
Temporary Notes	7,855,000	7,710,000	-	-	7,855,000	7,710,000
Revenue Bonds (SRF) 2004A	-	-	1,735,000	1,870,000	1,735,000	1,870,000
Capital Leases/ Lease-Purchase	-	-	170,018	179,613	170,018	179,613
Deferred Amounts	(114,786)	(122,985)	87,108	87,108	(27,678)	(35,877)
Total	<u>\$15,415,214</u>	<u>\$15,732,015</u>	<u>\$1,992,126</u>	<u>\$2,136,721</u>	<u>\$17,407,340</u>	<u>\$17,868,736</u>

The general government indebtedness decreased \$316,801 and the business government indebtedness decreased \$144,595.

Economic Factors and Next Year's Budgets and Rates

City of Parkville revenue for 2013 is projected to show modest gains over 2012 as the economy continues its gradual strengthening. The City's Property Tax revenue will increase about 2.0% over 2012. This continues a pattern of fairly stable real estate values coupled with the gradually increasing pace of new construction since 2011. Early 2013, however, is showing a dramatic increase in construction with residential building permits and construction starts jumping to levels not seen since before the recession. At the same time, property values and sales have moved upward with the improving real estate market. This bodes well for City revenue for 2014 and beyond as the tax base continues to grow. Current commercial construction remains minimal; however projects are in planning phases to develop several new commercial properties that should produce additional property and sales tax revenue in future years. The decrease of commercial space vacancies to near zero is additional evidence of a strengthening local economy. Since Franchise taxes correlate with the number of homes and commercial buildings in use, this revenue should keep pace with continued development.

While the overall economy has improved, the City's sales tax base has come under pressure from competition from businesses located outside the City, including a large grocery store and expansion of a nearby specialty shopping district. This has reduced sales tax revenue expectations for 2013 by 2 to 3%. For 2013, this has been offset by the jump in building permits with the previously mentioned increase in construction so that overall, the City's General Fund 2013 revenue is expected to exceed the budgeted total by a small margin.

As in prior years, the City has budgeted cautiously, holding 2013 revenue and expenditure budgets at near 2012 levels. However, City personnel remain optimistic, expecting overall modest, but positive growth in revenue for 2013. Revenue receipts for the first 6 months of

2013 give confidence that the budgetary goals will be met or exceeded. City expenditures are well within levels anticipated in the 2013 budget.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office, Parkville, Missouri.

CITY OF PARKVILLE, MISSOURI
STATEMENT OF NET ASSETS
DECEMBER 31, 2012

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 3,600,561	\$ 1,159,346	\$ 4,759,907
Restricted Cash and Investments	1,251,606	28,338	1,279,944
Receivables, Net of Allowance for Uncollectibles			
Taxes	1,585,722	-	1,585,722
Accounts	48,650	98,781	147,431
Deferred Charges	172,098	90,097	262,195
Prepaid Items	68,234	-	68,234
Capital Assets not being Depreciated			
Land	869,880	59,975	929,855
Construction in Progress	7,276,374	-	7,276,374
Infrastructure	3,375,563	-	3,375,563
Capital Assets, Net of Accumulated Depreciation			
Buildings and Improvements	3,409,393	2,200,209	5,609,602
Machinery and Equipment	327,717	61,995	389,712
Infrastructure	<u>35,731</u>	<u>1,597,328</u>	<u>1,633,059</u>
Total Assets	<u>22,021,529</u>	<u>5,296,069</u>	<u>27,317,598</u>
Liabilities			
Accounts Payable and Other Current Liabilities	216,862	32,917	249,779
Accrued Interest Payable	101,190	2,094	103,284
Customer Deposits	-	13,485	13,485
Unearned Revenue	1,550,000	-	1,550,000
Other	63,967	-	63,967
Bonds and Notes			
Due Within One Year	8,346,801	150,079	8,496,880
Due in More Than One Year	<u>7,068,413</u>	<u>1,842,048</u>	<u>8,910,461</u>
Total Liabilities	<u>17,347,233</u>	<u>2,040,623</u>	<u>19,387,856</u>
Net Assets			
Invested in Capital Assets, Net of Capital Related Debt	120,556	1,927,380	2,047,936
Restricted for			
Debt Service	1,041,538	28,338	1,069,876
Capital Projects	57,141	-	57,141
Community Betterment	545,519	-	545,519
Unrestricted	<u>2,909,542</u>	<u>1,299,728</u>	<u>4,209,270</u>
Total Net Assets	<u>\$ 4,674,296</u>	<u>\$ 3,255,446</u>	<u>\$ 7,929,742</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Primary government:							
Governmental Activities							
General Government	\$ 1,351,454	\$ 233,393	\$ 56,650	\$ 443,229	\$ (618,182)	\$ -	\$ (618,182)
Public Safety - Police	1,041,953	325,275	-	-	(716,678)	-	(716,678)
Public Safety - Court	139,918	-	-	-	(139,918)	-	(139,918)
Public Works	704,036	-	-	-	(704,036)	-	(704,036)
Culture and Recreation	269,736	-	-	-	(269,736)	-	(269,736)
Economic Development	294,161	-	-	-	(294,161)	-	(294,161)
Depreciation	248,436	-	-	-	(248,436)	-	(248,436)
TIF	415,237	-	-	-	(415,237)	-	(415,237)
Infrastructure	196,150	-	-	-	(196,150)	-	(196,150)
Interest and Fees	315,463	-	-	-	(315,463)	-	(315,463)
Net Adjustment	28,308	-	-	-	(28,308)	-	(28,308)
Other Capital Expenditures	152,265	-	-	-	(152,265)	-	(152,265)
Total Governmental Activities	5,157,117	558,668	56,650	443,229	(4,098,570)	-	(4,098,570)
Business-type Activities							
Sewer	851,311	1,032,780	-	-	-	181,469	181,469
Total Business-type Activities	851,311	1,032,780	-	-	-	181,469	181,469
Total Primary Government	\$ 6,008,428	\$ 1,591,448	\$ 56,650	\$ 443,229	\$ (4,098,570)	\$ 181,469	\$ (3,917,101)
General Revenues							
Property Tax					1,378,901	-	1,378,901
Franchise Tax					834,696	-	834,696
Sales Tax					1,461,532	-	1,461,532
Unrestricted Investment Earnings					57,930	-	57,930
Intergovernmental					58,582	-	58,582
Sewer Admin Fees					75,000	-	75,000
TIF					419,707	-	419,707
FEMA					217,450	-	217,450
Other					193,023	-	193,023
Total General Revenues					4,696,821	-	4,696,821
Change in Net Assets					598,251	181,469	779,720
Net Assets, Beginning of the Year					4,076,045	3,073,977	7,150,022
Net Assets, End of Year					\$ 4,674,296	\$ 3,255,446	\$ 7,929,742

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 551,043	\$ 574,891	\$ (3,970)	\$ 442,225	\$ 2,036,372	\$ 3,600,561
Restricted Cash Investments	-	984	61,111	643,992	545,519	1,251,606
Receivables, Net of Allowance for Uncollectibles						
Taxes	985,301	-	-	600,421	-	1,585,722
Accounts Receivable	1,597	47,053	-	-	-	48,650
Prepaid Items	68,234	-	-	-	-	68,234
Total Assets	<u>\$ 1,606,175</u>	<u>\$ 622,928</u>	<u>\$ 57,141</u>	<u>\$ 1,686,638</u>	<u>\$ 2,581,891</u>	<u>\$ 6,554,773</u>
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	\$ 158,278	\$ 52,785	\$ -	\$ 400	\$ 5,399	\$ 216,862
Bonds Payable	-	-	-	-	-	-
Unearned Revenue	905,300	-	-	644,700	-	1,550,000
Total Liabilities	<u>1,063,578</u>	<u>52,785</u>	<u>-</u>	<u>645,100</u>	<u>5,399</u>	<u>1,766,862</u>
Fund Balances						
Nonspendable						
Prepays	68,234	-	-	-	-	68,234
Restricted for						
Capital Projects	-	570,143	57,141	-	1,081,527	1,708,811
Debt Service	-	-	-	1,041,538	-	1,041,538
Community Betterment	-	-	-	-	545,519	545,519
Assigned						
Capital Purposes	-	-	-	-	-	-
Unassigned						
General Fund	474,363	-	-	-	-	474,363
Special Revenue	-	-	-	-	949,446	949,446
Total Fund Balances	<u>542,597</u>	<u>570,143</u>	<u>57,141</u>	<u>1,041,538</u>	<u>2,576,492</u>	<u>4,787,911</u>
Total Liabilities and Fund Balances	<u>\$ 1,606,175</u>	<u>\$ 622,928</u>	<u>\$ 57,141</u>	<u>\$ 1,686,638</u>	<u>\$ 2,581,891</u>	<u>\$ 6,554,773</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2012**

Total Fund Balance in Governmental Fund Balance Sheet	\$ 4,787,911
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,294,658
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 2)	<u>(15,408,273)</u>
Net Assets of Governmental Activities	<u>\$ 4,674,296</u>

The accompanying notes are an integral part of the financial statements.

CITY OF PARKVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Government Funds
Revenues						
Taxes	\$ 2,686,751	\$ 656,737	\$ -	\$ 331,640	\$ -	\$ 3,675,128
Licenses and Permits	215,897	-	-	-	-	215,897
Intergovernmental	58,582	-	-	-	-	58,582
Charges for Services	17,496	-	-	-	-	17,496
Fines and Fees	325,275	-	-	81	-	325,356
Special Assessments	-	120,346	-	322,883	-	443,229
Investment Earnings	26,295	6,470	24	11,063	14,078	57,930
Grants	3,665	52,985	-	-	-	56,650
TIF Revenue	-	-	-	-	419,707	419,707
Sewer Service Fees	75,000	-	-	-	-	75,000
FEMA	217,450	-	-	-	-	217,450
Legal Settlement	-	-	-	-	1,075,012	1,075,012
Miscellaneous	170,873	80,250	-	-	22,150	273,273
Total Revenues	3,797,284	916,788	24	665,667	1,530,947	6,910,710
Expenditures						
Current						
General Government	1,281,001	152,265	-	-	66,403	1,499,669
Public Safety - Police	1,051,966	-	-	-	-	1,051,966
Public Safety - Court	140,325	-	-	-	-	140,325
Public Works	960,632	-	-	-	-	960,632
Economic Development	314,774	-	-	-	-	314,774
Debt Service	-	-	-	-	-	-
Principal	-	-	-	470,000	-	470,000
Interest	-	-	95,598	295,018	-	390,616
Other	-	-	-	4,050	-	4,050

The accompanying notes are an integral part of the financial statements.

CITY OF PARKVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Government Funds
Infrastructure	-	196,150	-	-	-	196,150
TIF Expense	-	-	-	-	415,237	415,237
Financing Costs	-	-	43,373	-	-	43,373
Capital Outlay	-	-	409,310	-	154,366	563,676
Total Expenditures	3,748,698	348,415	548,281	769,068	636,006	6,050,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,586	568,373	(548,257)	(103,401)	894,941	860,242
Other Financing Sources (Uses)						
Note Proceeds - Refinancing	-	-	4,855,000	-	-	4,855,000
Notes Retired - Refinancing	-	-	(4,710,000)	-	-	(4,710,000)
Other	(28,308)	-	-	-	-	(28,308)
Transfers In	486,701	236,799	-	214,000	199,058	1,136,558
Transfers (Out)	(567,558)	(569,000)	-	-	-	(1,136,558)
Total Other Financing Sources	(109,165)	(332,201)	145,000	214,000	199,058	116,692
Net Changes in Fund Balances After Other Financing Sources	(60,579)	236,172	(403,257)	110,599	1,093,999	976,934
Fund Balance, Beginning of Year	603,176	333,971	460,398	930,939	1,482,493	3,810,977
Fund Balance, End of Year	\$ 542,597	\$ 570,143	\$ 57,141	\$ 1,041,538	\$ 2,576,492	\$ 4,787,911

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2012**

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

Net Change in Fund Balances - Total Government Funds	\$ 976,934
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	476,267
The issuance of long-term debt (e.g., bonds, leases) 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, however, 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 is the net amount of bond principal payments and retired certificates of	470,000
Refinancing transaction in which the bond proceeds exceeded the bonds retired reported as increase in the fund balance.	(145,000)
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.	(24,688)
Legal settlement reported in the Government Fund as income was treated as	(1,075,012)
Refund from the State of Missouri for infrastructure.	<u>(80,250)</u>
Change in Net Assets of Governmental Activities	<u>\$ 598,251</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUND - SEWER SERVICE
DECEMBER 31, 2012**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,159,346
Restricted Cash and Investments	28,338
Accounts Receivable	<u>98,781</u>
Total Current Assets	1,286,465
Noncurrent Assets	
Deferred Charges	90,097
Capital Assets	
Land	59,975
Buildings and Improvements	5,252,588
Machinery and Equipment	233,579
Infrastructure	2,005,990
Less Accumulated Depreciation	<u>(3,632,625)</u>
Total Capital Assets	<u>3,919,507</u>
Total Noncurrent Assets	<u>4,009,604</u>
Total Assets	5,296,069
Liabilities	
Current Liabilities	
Accounts Payable and Other Current Liabilities	32,917
Accrued Interest Payable	2,094
Customer Deposits Payable	13,485
Current Portion of Revenue Bonds Payable	140,000
Current Portion of Leases Payable	<u>10,079</u>
Total Current Liabilities	<u>198,575</u>
Noncurrent Liabilities	
Revenue Bonds Payable, Net	1,682,108
Lease Payable	<u>159,940</u>
Total Noncurrent Liabilities	<u>1,842,048</u>
Total Liabilities	2,040,623
Net Assets	
Restricted	
Debt Service	28,338
Invested in Capital Assets, Net of Related Debt	1,927,380
Unrestricted	<u>1,299,728</u>
Total Net Assets	<u>\$ 3,255,446</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
PROPRIETARY FUND - SEWER SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Operating Revenues	
Charges for Sales and Services	
Sewer Charges	\$ 1,026,169
Total Operating Revenues	1,026,169
Operating Expenses	
Cost of Sales and Services	537,981
Depreciation and Amortization	279,273
Total Operating Expenses	<u>817,254</u>
Operating Income	208,915
Nonoperating Revenues (Expenses)	
Interest Revenue	6,611
Interest Expense	(34,057)
Other Income	-
Grant	-
Total Net Nonoperating Revenues	<u>(27,446)</u>
Change in Net Assets	181,469
Total Net Assets, Beginning of Year	<u>3,073,977</u>
Total Net Assets, End of Year	<u><u>\$ 3,255,446</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWER SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Flows from Operating Activities	
Receipts from Customers	\$ 1,020,184
Payments to Suppliers	<u>(539,720)</u>
Net Cash Provided by Operating Activities	480,464
Cash Flows from Capital and Related Financing Activities	
Payments on Leases Payable	(9,594)
Acquisition of Capital Assets	(24,006)
Grant Income	-
Principal Paid on Capital Debt	(135,000)
Interest Paid on Capital Debt	(34,869)
Other	<u>7,590</u>
Net Cash (Used) by Financing Activities	(195,879)
Cash Flows from Investing Activities	
Interest Received	<u>6,611</u>
Net Cash Provided by Investing Activities	<u>6,611</u>
Increase in Cash and Cash Equivalents	291,196
Cash, Beginning of Year	<u>896,488</u>
Cash, End of Year	<u><u>\$ 1,187,684</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	\$ 208,915
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities	
Depreciation Expense	279,273
Changes in Assets and Liabilities	
Accounts Receivable	(5,985)
Accounts Payable	<u>(1,739)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 480,464</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Parkville, Missouri (the City), is incorporated under the provisions of the State of Missouri as a fourth class city, which operates under an elected Mayor/Board of Aldermen form of government.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental fund revenues except property taxes for which a 30-day availability period is used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by deferred revenue accounts.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The City reports the following major governmental funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transportation Special Revenue Fund – This fund is used to account for the sales tax collected for capital improvements and the expenditures for the related items.

Capital Projects Fund – This fund accounts for the financing and acquisition and construction of various citywide improvements.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, principal and interest on long-term general obligation debt of governmental funds. Revenue and expenses for each of the several debt service obligations are kept separate and accounted for independently of the other obligations so that funds available for each debt service obligation are used only for that obligation.

The City reports the following major proprietary fund:

Sewer Service – This fund accounts for the provision of waste and sewer services to the general public. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and related debt service, and billing and collection.

As a general rule the effect of inter-fund activity has not been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are charges to customers for sales and services. Operating expenses for the sewer fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Equity Classifications

In the city-wide financial statements, equity is classified as net assets and displayed in three components:

1. **Invested in capital assets, net of related debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
2. **Restricted net assets** – Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net assets** – All other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications

The Governmental Accounting Standards Board (GASB) released Statement 54—“Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) on March 11, 2009, which is effective for the City’s fiscal year ending December 31, 2011. This Statement is intended to improve the usefulness of the amounts reported in fund balance by providing more structured classifications. Under GASB 54, fund balance is reported under the following five classifications:

1. **Non-spendable Fund Balance** – consists of amounts that are not in a spendable form or are required to be maintained intact.
2. **Restricted Fund Balance** – consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The Restricted for Debt Service and Restricted for Capital Projects balances reflect amounts that are restricted for debt service and construction or other capital outlay projects.
3. **Committed Fund Balance** – consists of amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority (the Board of Aldermen) and do not lapse at year end. The committed fund balance consists of general board reserves.
4. **Assigned Fund Balance** – consists of amounts intended for a specific purpose by the Board of Aldermen that has been delegated authority to assign amounts. This fund balance classification reflects funds assigned for capital projects.
5. **Unassigned Fund Balance** – consists of any remaining fund balance that has not been reported in any other classification.

Cash, Cash Equivalents and Investments

Cash and investments of the individual funds are combined to form a pool which is managed by the Finance Department. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. Investment earnings, including interest income, are allocated to the funds required to accumulate interest. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash, Cash Equivalents and Investments – Continued

Missouri state statutes authorize the City, with certain restrictions, to deposit funds in open accounts and certificates of deposit. Missouri state statutes also require that collateral pledged must have fair market value equal to 100% of the funds on deposit, less amounts insured by federal deposit insurance. Collateral securities must be held by the City or a disinterested third party and may include U.S. Government and government agency bonds and securities; general obligation bonds of any of the 50 states; general obligation bonds of any Missouri county, certain cities, and special districts; and revenue bonds of certain Missouri agencies. Obligations pledged to secure deposits are delivered to the banks' joint custody accounts at the custodial bank. Written custodial agreements are required that provide, among other things, that the collateral be held separate from the assets of the custodial bank.

Statement of Cash Flows

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of accounts receivable. At December 31, 2012, management determined that no allowance was necessary.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds unearned revenue is reported as follows:

General Fund Property Tax Receivable	\$ 905,300
Debt Service Fund Property Tax Receivable	<u>644,700</u>
	<u>\$1,550,000</u>

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used.

The City's property taxes are levied each November 1 based on the assessed value as of the prior January 1 for all real property and personal property located within the City. Property taxes are billed immediately following the levy date and considered delinquent after December 31 following the levy date. Assessed values are established by county assessors, subject to review by the county's Board of Equalization.

The City is permitted by Missouri state statutes to levy 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 and in unlimited amounts for the payment of principal and interest on long-term debt.

The tax levy per \$100 of assessed valuation which supports the 2012 budget was:

General Fund	\$ 0.4784
General Revenue - Temporary	<u>0.1759</u>
	<u>\$ 0.6543</u>

Taxes receivable represent property taxes levied for 2012 and prior years that have not yet been collected. The assessed value of property located within the City totaled \$187,449,313.

Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered non-spendable in an amount equal to the carrying value of the asset on the fund financial statements.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted Cash and Investments

The City is statutorily required to maintain customer utility deposits separate from City assets. Restricted cash and investments are also set aside for debt service payments and for required debt reserves.

Unamortized Bond Issuance Costs and Bond Premium and Discount

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

As the City is a Phase III government under Governmental Accounting Standards GASB 34, it has elected to exercise its option to forego retroactively reporting governmental infrastructure assets acquired prior to December 31, 2003. Governmental infrastructure assets on the statement of net assets include only roads, bridges, sidewalks and similar items acquired subsequent to December 31, 2003.

Capital assets, excluding land, are defined by the City as assets with a cost of more than \$2,500 and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets – Continued

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. If the expenditure is depreciable, it will be written off from the time it is put in service.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street network, storm drainage network, and pedestrian and vehicle bridges and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure network can be divided into subsystems. For example, the street network can be subdivided into pavement, curbs, gutters, sidewalks, land, medians, etc. These networks and subsystems are not delineated in the basic financial statements.

Governmental street and parking lot assets are reported using the modified approach as defined in GASB Statement 34 for infrastructure reporting of these assets. When using the modified approach, only those projects that add efficiency or capacity to street and parking lot assets are capitalized. Street and parking lot assets are not depreciated. Expenditures that preserve those assets are expensed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Sewer Plant and Collection System	20 – 50 years
Machinery and Equipment	5 – 7 years

Compensated Absences

City policies permit full-time employees to accumulate sick pay benefits and vacation time based on the number of years of service. Accumulated vacation payable is accrued when incurred in the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs as of the bond issuance date. The face amount of debt issued is reported as a financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

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

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (Page 15)

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$(15,708,625) difference are as follows:

Bonds Payable	\$ (2,290,000)
Certificates of Participation Payable	(5,385,000)
Neighborhood Improvement District Limited General Obligation Temporary Notes	(7,855,000)
Accrued Interest Payable	(101,190)
Compensated Absences	(63,967)
Issuance Discount	38,938
Cost of Issuance	172,098
Deferred Refunding Difference and Other Net Adjustment to Reduce Fund Balance	<u>75,848</u>
Net Reconciling Item for Long-term Liabilities (Page 15)	<u><u>\$(15,408,273)</u></u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Page 18)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Page 18) – Continued

Capital Outlay:	
Machinery and Equipment	\$ 176,422
Brush Creek Sewer Improvements	548,281
Depreciation Expense	<u>(248,436)</u>
Net Reconciling Item for Capital Outlays/Depreciation (Page 18)	<u>\$ 476,267</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) 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, however, 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”. The details of this difference are as follows:

Refinancing of General Obligation Bonds	
New Bond Indebtedness	\$(4,855,000)
Debt Retired with Refinancing	<u>4,710,000</u>
Total	<u>\$ (145,000)</u>
Principal Repayments	
General Obligation Bonds	\$ 255,000
Certificates of Participation	<u>215,000</u>
Total	<u>\$ 470,000</u>

**CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Page 18) – Continued

Another element of that reconciliation states that "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." The details of this \$(6,882) difference are as follows:

Compensated Absences	\$ (4,040)
Amortization of Issuance Costs	(12,634)
Amortization of Deferred Refunding Difference	(5,417)
Amortization of Bond Discounts	(2,782)
Other	<u>185</u>
Net Reconciling Item Relating to Certain Expenses (Page 18)	<u>\$ (24,688)</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Missouri statutes require that all political subdivisions of the State prepare an annual budget. Governmental funds required to have legally adopted annual budgets are the general fund, the special revenue funds, and the debt service fund. Legally adopted annual budgets are not required for the capital projects fund and the permanent fund. Annual budgets for all governmental funds are adopted using the modified accrual basis of accounting, further modified by the encumbrance method of accounting, that is, commitments such as purchase orders, contracts and other commitments, in addition to disbursements and accounts payable are recorded as expenditures.

Budgeted expenditures cannot exceed budgeted revenues and unencumbered positive fund balances as required by Section 67.010 RSMo. The appropriated budget is prepared by fund, function, and department. State statutes set the legal level of budgetary control at the fund level (i.e., the level at which expenditures may not legally exceed appropriations). Department heads may make transfers of appropriations within their departments. Upon written request, the City Administrator or the Board of Aldermen may by ordinance transfer part or all of any unencumbered appropriated balance from one department to another.

**CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

Budgets and Budgetary Accounting – Continued

The reported budgetary data represents the final approved budget as adopted by the Board of Aldermen. There were no amendments to the budget in 2012.

NOTE 4 – DEPOSITS AND INVESTMENTS

As of December 31, 2012, the City had the following deposits and investments:

	<u>Reported Amount / Fair Value</u>
US Treasuries and Agency Securities	\$ 855,655
Deposits:	
Checking and Money Market	<u>5,184,196</u>
	<u>\$6,039,851</u>

Reconciliation of Government-wide Statement of Net Assets to total deposits and investments:

Cash and Cash Equivalents	\$4,759,907
Restricted Cash and Investments	<u>1,279,944</u>
Total Deposits and Investments	<u>\$6,039,851</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the City's practice to place operating funds in either money market accounts or savings accounts. All longer-term investments are placed in Treasury securities having relatively short maturities. These consist of funds whose use is restricted and are unlikely to be needed prior to maturity (e.g. the Fewson Trust).

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk

Missouri statutes prohibit municipalities from investing in derivative, leveraged, or speculative securities. City agents invest funds for restricted debt reserves and unexpended debt proceeds in money market funds.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. As of December 31, 2012, the carrying amount of the City's deposits was less than pledged securities plus federal deposit insurance. It is City practice to require banks to provide collateral equal to any deposited amounts exceeding federal depository insurance limits.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2012, the City's investments were not exposed to custodial credit risk.

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or storm sewer systems, and purchasing or construction of waterworks, electric, or other light plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property. The City debt limit does not exceed the State Constitution limits.

Defeased Debt – Series 2004

In prior years, the City defeased these bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the liability for the defeased bonds is not included in the City's financial statements.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 869,880	\$ -	\$ -	\$ 869,880
Construction in Progress	7,803,055	548,281	1,075,012	7,276,324
Infrastructure	<u>3,455,903</u>	<u>-</u>	<u>80,250</u>	<u>3,375,653</u>
Total Capital Assets not being Depreciated	12,128,838	548,281	1,155,262	11,521,857
Capital Assets being Depreciated				
Buildings and Improvements	4,153,323	-	-	4,153,323
Machinery and Equipment	1,665,609	176,422	-	1,842,031
Infrastructure	<u>44,663</u>	<u>-</u>	<u>-</u>	<u>44,663</u>
Total Capital Assets being Depreciated	5,863,595	176,422	-	6,040,017
Less Accumulated Depreciation for				
Buildings and Improvements	(653,645)	(90,285)	-	(743,930)
Machinery and Equipment	(1,357,439)	(156,875)	-	(1,514,314)
Infrastructure	<u>(7,656)</u>	<u>(1,276)</u>	<u>-</u>	<u>(8,932)</u>
Total Accumulated Depreciation	<u>(2,018,740)</u>	<u>(248,436)</u>	<u>-</u>	<u>(2,267,176)</u>
Total Capital Assets being Depreciated, Net	<u>3,844,855</u>	<u>(72,014)</u>	<u>-</u>	<u>3,772,841</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,973,693</u>	<u>\$ 476,267</u>	<u>\$ 1,155,262</u>	<u>\$15,294,698</u>
Business-type Activities				
Capital Assets not being Depreciated				
Land	<u>\$ 59,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,975</u>
Total Capital Assets not being Depreciated	59,975	-	-	59,975
Capital Assets being Depreciated				
Buildings and Improvements	4,838,888	-	-	4,838,888
Machinery and Equipment	209,573	24,006	-	233,579
Infrastructure	<u>2,381,388</u>	<u>-</u>	<u>-</u>	<u>2,381,388</u>
Total Capital Assets being Depreciated	7,429,849	24,006	-	7,453,855
Less Accumulated Depreciation for				
Buildings and Improvements	(2,411,881)	(226,798)	-	(2,638,679)
Machinery and Equipment	(168,973)	(2,611)	-	(171,584)
Infrastructure	<u>(734,196)</u>	<u>(49,864)</u>	<u>-</u>	<u>(784,060)</u>
Total Accumulated Depreciation	<u>(3,315,050)</u>	<u>(279,273)</u>	<u>-</u>	<u>(3,594,323)</u>
Total Capital Assets being Depreciated, Net	<u>4,114,799</u>	<u>(255,267)</u>	<u>-</u>	<u>3,859,532</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,174,774</u>	<u>\$ (255,267)</u>	<u>\$ -</u>	<u>\$ 3,919,507</u>

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE 5 - CAPITAL ASSETS - CONTINUED

Depreciation expense related to the functions/programs of the primary government is as follows:

Governmental Activities	
General Government	\$ 124,193
Public Safety	53,071
Public Works	36,524
Parks	29,280
Nature Sanctuary	2,116
Channel 2	<u>3,252</u>
Total Depreciation Expense	<u>\$ 248,436</u>
Business-type Activities - Sewer Operations	<u>\$ 279,273</u>

Construction in Progress consists of costs incurred to construct infrastructure assets (i.e. - streets, curbs, retaining wall, storm drainage network, and similar items) for two development projects: Brink Myers Road and Brush Creek Sewer. Both of these real estate developments are currently owned in part by financial institutions and developers and are at various stages of completion.

A retaining wall connected with Brink Myers Road collapsed in 2009. The City received \$1,075,012 in 2012 in connection with a legal settlement. The amount received has been deducted from the investment in the project. The City received a refund from the State of Missouri of \$80,250 for construction of the Highway 9 bridge. The bridge was constructed in 2011, financed with City and State of Missouri funds.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of the debt transactions (bonds, notes and leases) of the City for the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds Payable					
General Obligation Bonds	\$ 2,545,000	\$ -	\$ (255,000)	\$ 2,290,000	\$ 265,000
Certificates of Participation	5,600,000	-	(215,000)	5,385,000	235,000
Neighborhood Improvement District					
Limited Obligation Temp Notes	7,710,000	4,855,000	(4,710,000)	7,855,000	7,855,000
Less Deferred Amounts					
for Issue Discounts	(41,720)	-	2,782	(38,938)	(2,782)
for Deferred Refunding Difference	(81,265)	-	5,417	(75,848)	(5,417)
Governmental Activity					
Liabilities	<u>\$ 15,732,015</u>	<u>\$ 4,855,000</u>	<u>\$ (5,171,801)</u>	<u>\$ 15,415,214</u>	<u>\$ 8,346,801</u>
<u>Business-type Activities:</u>					
Bonds payable					
Revenue Bonds (SRF) 2004A	\$ 1,870,000	\$ -	\$ (135,000)	\$ 1,735,000	\$ 140,000
Lease Purchase Agreement	179,613	-	(9,594)	170,019	10,079
Plus Deferred Amounts					
for Issue Premiums	94,133	-	(7,025)	87,108	-
Business-type Activity Long-term					
Liabilities	<u>\$ 2,143,746</u>	<u>\$ -</u>	<u>\$ (151,619)</u>	<u>\$ 1,992,127</u>	<u>\$ 150,079</u>

\$2,545,000 in general obligation debt shown above is special assessment debt with governmental commitment.

For governmental activities, long-term debt is generally liquidated by the general fund.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE 6 - LONG-TERM OBLIGATIONS - CONTINUED

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction and renovation of major capital assets.

General obligation bonds currently outstanding consist of the following:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity Date</u>	<u>Principal Payments/ Refinancing During 2012</u>	<u>Outstanding December 31, 2012</u>
General Obligation Bonds					
Governmental Activities					
Series 2010	2.7% to 3.25%	\$ 2,785,000	3/1/2020	\$ 255,000	\$ 2,290,000
				<u>\$ 255,000</u>	<u>\$ 2,290,000</u>

On December 23, 2010, the City refinanced the 2001 General Obligation Bonds. The City issued \$2,785,000 of new bonds to retire the old bonds. The interest rates on the bonds vary from 2% to 3.25%. The annual requirements to amortize governmental activities general obligation bonds outstanding as of December 31, 2012, are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 265,000	\$ 56,713
2014	270,000	51,363
2015	275,000	46,256
2016	280,000	40,700
2017	285,000	33,275
2018 - 2020	915,000	44,888
	<u>\$ 2,290,000</u>	<u>\$ 273,195</u>

**CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012**

NOTE 6 – LONG-TERM OBLIGATIONS – CONTINUED

Certificates of Participation

The City issued certificates of participation series 2006 in the original amount of \$6,405,000 with interest rates ranging from 3.5% to 4.4% and with a final maturity in 2027. Principal payments are scheduled annually ranging from \$75,000 to \$490,000. The balance at December 31, 2012, is \$5,385,000.

Proceeds from the certificates of participation were used for City Hall construction, Rush Creek stabilization, land acquisition and other scheduled capital improvements.

The annual requirements to amortize these certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 235,000	\$ 224,496
2014	250,000	215,097
2015	270,000	204,890
2016	290,000	193,758
2017	305,000	181,781
2018 – 2022	1,880,000	688,113
2023 – 2027	<u>2,155,000</u>	<u>257,950</u>
	<u>\$5,385,000</u>	<u>\$1,966,085</u>

Neighborhood Improvement District Limited Obligation Temporary Notes

The temporary notes on the Brush Creek Sewer Project were refinanced during the year to refinance the costs of constructing sewer lines for the Brush Creek Sewer Area and other related improvements, including interest and issuance costs. The City also has outstanding temporary notes for the Brink Myers Road Neighborhood Improvement District that were issued to finance the construction of Brink Myers Road, the retaining wall and the extension of electric and water utilities.

The notes and interest thereon constitute a valid and legally binding indebtedness of the City, payable from special assessments on property within the NIDs which is benefited by the improvements. The faith, credit and resources of the City are irrevocably pledged for principal and interest on the notes if the assessments are inadequate to support annual debt payments. Due to the uncertainty of timing of development of property within the NIDs, the City is building its Emergency Reserve Fund to prepare for any possible shortfalls in assessments

**CITY OF PARKVILLE, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
 DECEMBER 31, 2012**

NOTE 6 – LONG-TERM OBLIGATIONS – CONTINUED

Revenue Bonds (SRF) 2004A

The City issued Sewerage System Revenue Bonds Series 2004 in the original amount of \$2,750,000 with interest rates ranging from 3.0% to 5.25% and with a final maturity in 2025. Principal payments are scheduled annually ranging from \$30,000 to \$170,000. The balance at December 31, 2011, is \$1,735,000.

Bonds maturing on January 1, 2015, and thereafter may be called at the option of the City for redemption and payment prior to maturity in whole or in part on any date with the consent of the bondholder, or on each June 1 and December 1, commencing December 1, 2013, at the redemption price of 100% of principal amount of the bonds redeemed, plus accrued interest to the redemption date. Bonds maturing on January 1, 2019, January 1, 2020, and January 1, 2021, are not subject to redemption prior to maturity.

Series 2004A (SRF) Sewage System Refunding Revenue Bonds (SRF) are special, limited obligations of the City payable solely from, and secured by a pledge of, the net revenues. The taxing power of the City is not pledged to the payment of the bonds. The bonds do not constitute a general obligation of the City or an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The annual requirements to amortize these bonds outstanding as of December 31, 2012, are as follows:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 140,000	\$ 84,978
2014	140,000	79,938
2015	145,000	72,938
2016	150,000	65,688
2017	150,000	58,188
2018 – 2022	810,000	170,638
2023 – 2027	<u>200,000</u>	<u>10,350</u>
	<u>\$1,735,000</u>	<u>\$ 542,718</u>

**CITY OF PARKVILLE, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
 DECEMBER 31, 2012**

NOTE 6 – LONG-TERM OBLIGATIONS – CONTINUED

The Sewerage Revenue Bond ordinance requires that the Sewerage System Fund be accounted for in a separate Enterprise Fund. It also requires that, after sufficient current assets have been set aside to operate the system, all remaining monies held in the Sewerage System Fund be segregated and restricted in separate special reserves and accounts. In accordance with the bond ordinance, these bonds are serviced by the Sewerage System Fund operations and are included as a liability of that fund.

Restricted assets of the principal and interest account are to be used for payment of current principal and interest on bonds. Restricted assets of debt service are available to pay principal and interest in the event of a deficiency in the principal and interest account. Restricted assets of the depreciation and replacement account are available to operate, maintain, or improve the system, call bonds or for payment of debt service in the event of a deficiency in other restricted assets.

Lease Purchase Agreement

In July 2003, the City entered into a lease-purchase agreement wherein the City sold its sewer plant for \$585,000 and leased it back for a period of twenty-two years. The proceeds from the lease-purchase were used to make certain improvements to the sewer plant property. Under the lease the City will have the full use of the property and will make rental payments, which will apply to the principal and interest under the lease.

Required payments under the lease purchase agreement on the sewer plant are as follows:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 10,079	\$ 8,377
2014	10,590	7,866
2015	11,126	7,330
2016	11,689	6,767
2017	12,281	6,175
2018 – 2022	71,383	20,896
2023 – 2027	42,871	3,268
	<u>\$ 170,019</u>	<u>\$ 60,679</u>

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. To protect itself against risks of loss, the City is a member of Midwest Public Risk of Missouri (MPR), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members, including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in property, casualty, general liability, and workers' compensation insurance coverage through MPR.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury strips, U.S. Governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year, and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment whether or not the City is a member of MPR at the time of such assessment. Management of the City is not aware of any deficit situation in MPR that would require an accrual of a liability as of December 31, 2012.

MPR's financial statements are presented in its Comprehensive Annual Financial Report for the year ended December 31, 2012.

There has been no significant change in insurance coverage from the previous fiscal year. Settled claims have not exceeded insurance coverage in any of the past three years.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 7 – RISK MANAGEMENT – CONTINUED

Investments – Trust Fund

The City was the recipient of funds from a resident's estate during calendar year 2002. The funds are held by a trustee for the benefit of the City. The trustee of the fund is to distribute one-half of the trust fund income to be used on various city capital projects. The balance of the annual net income is to be reinvested in the principal of the fund. At December 31, 2012, the trust assets had an account balance of \$545,515.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in various lawsuits relating to easements, condemnations and other matters as a result of the ordinary course of City activities. The City's management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

NOTE 9 – INTER-FUND TRANSACTIONS

Inter-fund transfers for the year ended December 31, 2012, consisted of the following:

Transfer from Capital Projects Fund	<u>\$ 187,500</u>
Transfer from Transportation Special Revenue Fund (Net)	<u>\$ (569,000)</u>
Transfer to Debt Service Fund	<u>\$ 214,000</u>
Transfer to Non-Major Governmental Funds	<u>\$ 199,058</u>
Transfer to General Fund (Net)	<u>\$ (31,558)</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) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 10 – PENSION PLAN

Plan Description

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

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

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

Funding Status

Full-time employees of the City contribute 4% of their gross pay to the pension plan. The 2012 statutorily required employer contribution rates are 4.1% (General) and 4.6% (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 (APC) and Net Pension Obligation (NPO)

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

Annual Required Contribution	\$ 61,229
Interest on Net Pension Obligation	-
Adjustment to Annual Required Contribution	-
Annual Pension Cost	61,229
Actual Contributions	61,229
Increase (Decrease) in NPO	-
NPO Beginning of Year	-
NPO End of Year	\$ -

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 10 – PENSION PLAN – CONTINUED

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The amortization period as of February 28, 2010 the initial actuarial valuation was 27 years for the General division and 27 years for the Police division. The amortization period as of February 28, 2011 was 30 years for the General division and 28 years for the Police division.

Year Ended <u>June 30.</u>	<u>One-Year Trend Information</u>		Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed	
2010	\$ 52,274	100.0%	\$ 0
2011	\$ 54,957	100.0%	\$ 0
2012	\$ 61,229	100.0%	\$ 0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability Entry Age	(b-a) Un-funded Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c]
						UAAL as a Percentage of Covered Payroll
02-28-10	\$ 70,422	\$ 274,694	\$ 204,272	26%	\$1,331,420	15%
02-28-11	\$186,859	\$ 415,164	\$ 228,205	45%	\$1,335,830	17%
02-29-12	\$288,350	\$ 517,839	\$ 229,489	56%	\$1,491,820	15%

The above assets and actuarial accrued 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 the LAGERS office in Jefferson City.

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 11 – DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1 Quoted prices in active markets for identical assets or liabilities

- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid money market funds, U.S. Treasuries and exchange traded equities and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include fixed income securities and pooled investments. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012**

NOTE 11 – DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES – CONTINUED

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and level within the FAS 157 fair value hierarchy in which the fair measurements fall at December 31, 2012.

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Government Securities:				
Trust Fund	\$152,639	\$152,639		
Construction Escrow	\$ 59,024	\$ 59,024		
Debt Escrow	\$643,992	\$643,992		

NOTE 12 – SUBSEQUENT EVENTS

On July 30, 2013, both the Brush Creek Sewer Project limited obligation notes and the Brink Myers Road Project limited obligation notes were refinanced as follows:

	<u>Amount Retired</u>	<u>Refinance Amount</u>
Brush Creek Sewer	\$4,855,000	\$4,935,000
Brink Myers Road	\$3,000,000	\$3,525,000

Both obligations bear interest at the rate of 2.5% and mature on August 1, 2014.

NOTE 13 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In November 2010, the Government Auditing Standards Board (GASB,) who establishes standards for government entities, issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or

CITY OF PARKVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2012

NOTE 13 – UPCOMING ACCOUNTING PRONOUNCEMENTS – CONTINUED

nongovernment) in which the transferor conveys to an operator the right and relation obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The statement will be effective for the City's 2013 fiscal year.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989, that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The statement will be effective for the City's 2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will affect the format and reporting of the balance sheet at the government-wide level and also at the fund level.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Modified Approach to Infrastructure Reporting
- Budgetary Comparison Schedule – General Fund

**CITY OF PARKVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012**

Information needed to support the use of the Modified Approach for Infrastructure Reporting:

Street and Parking Lot Assets

The street and parking lot condition rating is accomplished every other year or triennially. Every street and parking lot of Parkville is visually rated for observed structural conditions to determine the level of preservation need. The field rating reflects the condition of the type of street or parking lot being reviewed. It is the City's goal to repair all streets and parking lots rated at a 6.0 or above and to maintain all streets within the City at a service level of 5.0 for each respective type of street or parking lot.

A field rating scale has been developed to indicate the overall condition of the observed street or parking lot.

- 1 Indicates an equivalent of a newly constructed street or parking lot (crack sealing and minor patching)
- 2 Indicates slight imperfections in the street or parking lot condition (crack sealing, slurry sealing, and/or patching)
- 3 Indicates some deterioration has occurred and minor maintenance may be required (street or parking lot needs various repairs to maintain condition; patches; possible milling and overlay)
- 4 Indicates noticeable deterioration maintenance is required (deterioration is significant and visually noticeable; repair mill and overlay)
- 5 Indicates significant maintenance is required (considerable cracking, potholes or other fatigue demands repair work and overlay)
- 6 Indicates serious deficiency (deterioration mandates edge milling, to prevent total base failure, needs overlay)
- 7 Indicates severe deficiency (severe deterioration needing various repairs)
- 8 Indicates major failure (some good street is left within a total replacement street or parking lot condition)
- 9 Indicates nearly total replacement is required (limited salvage of street or parking lot area is possible)
- 10 Indicates total replacement is required.

**CITY OF PARKVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED
DECEMBER 31, 2012**

While the City has goals to maintain these systems at higher levels, minimum acceptable condition levels have been defined as having at least 80 percent of the streets and parking lots at or below a rating of 5. The following table compares the minimum acceptable condition levels with the actual condition levels for the current and prior years.

<u>Fiscal Year</u>	<u>Minimum Acceptable Condition Level*</u>	<u>Actual Condition Level *</u>
2005	80	94
2006	80	94
2007	80	94
2008	80	94
2009	80	94
2010	80	94
2011	80	94
2012	80	94

* Percentage of streets and parking lots rated a 5 or below

The City's goal is to continually improve the condition of its streets and parking lots. To achieve this goal, it is necessary to perform maintenance activities and replace those assets that can no longer be economically maintained. To maintain the City's streets and parking lots at or above the stated minimum condition level, it is estimated that annual preservation and replacement expenditures must exceed \$349,000 annually. A total of \$193,150 was spent out of the Capital Improvements Fund. The major expenditures were for an asphalt overlay (\$78,114), crack seal project (\$8,356), slurry seal project (\$46,681) and the curb and sidewalk program (\$60,000). The following table compares the estimated expenditures needed to maintain the system at a minimum acceptable condition level with actual amounts spent for the current and prior years.

<u>Fiscal Year</u>	<u>Estimated Expenses</u>	<u>Actual Expenses</u>
2005	\$ 246,519	\$ 241,190
2006	\$ 292,227	\$ 292,579
2007	\$ 246,819	\$ 213,183
2008	\$ 256,481	\$ 246,886
2009	\$ 233,000	\$ 233,000
2010	\$ 234,000	\$ 190,172
2011	\$ 205,000	\$ 171,177
2012	\$ 205,000	\$ 193,150

**CITY OF PARKVILLE, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY DISCUSSION
FOR THE YEAR ENDED DECEMBER 31, 2012**

Budgetary Accounting

The City prepares its budget for the General Fund and Other funds on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the General Fund in the basic financial statements. All unexpended appropriations lapse at year end.

Through the budget, the Board of Aldermen sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget covers the period from January 1, to December 31, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City's budget is prepared and based on various expenditure categories; personnel, supplies and services, minor capital outlay and capital improvement programs. The first three listed are considered operational in nature or known as recurring costs. Capital improvement projects are asset acquisitions, facilities, systems, and infrastructure improvements typically over \$1,000 and/or those items 'outside' of the normal operational budget. These are known as one-time costs.

The City collects and records revenue and expenditures within the Governmental Activities. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Administrator's Office review all budget proposals and revenue assumptions, as well as all current financial obligations before preparing the document that is proposed to the Board of Aldermen. The Board of Aldermen reviews the Proposed Budget and the final adoption of the budget is scheduled for approval in December.

CITY OF PARKVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes			
Property	\$ 1,016,400	\$ 1,047,260	\$ 30,860
Franchise	825,000	834,696	9,696
Sales	883,000	804,795	(78,205)
Intergovernmental	41,300	58,582	17,282
Licenses and Permits	129,300	215,897	86,597
Charges for Services	20,400	17,496	(2,904)
Fines and Fees	195,100	325,275	130,175
Investment Earnings	28,000	26,295	(1,705)
Grants	-	3,665	3,665
Sewer Service Fees	75,000	75,000	-
Miscellaneous	75,500	98,573	23,073
FEMA	185,000	217,450	32,450
Transfer In	514,800	486,701	(28,099)
Total Revenues	3,988,800	4,211,685	222,885
Expenditures			
Current:			
General Government	1,060,650	1,281,966	(221,316)
Public Safety - Police	1,083,200	1,051,966	31,234
Public Safety - Court	146,750	140,325	6,425
Public Works	108,050	101,707	6,343
Community Development	279,700	266,648	13,052
Street	640,000	605,707	34,293
Parks	251,100	253,337	(2,237)
Nature Sanctuary	18,250	17,489	761
Channel 2/Website	36,700	30,637	6,063
Transfer Out	461,500	567,558	(106,058)
Total Expenditures	4,085,900	4,317,340	(231,440)
Excess of Revenues over Expenditures	\$ (97,100)	\$ (105,655)	\$ (8,555)

The accompanying notes are an integral part of the financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PARKVILLE, MISSOURI
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2012

	Reserve Funds	Municipal Equip Reserve	Guest Room Tax	Special Revenue					Court Recoupment Fees
				Nature Sanctuary	Park Donations	Parkland Dedication			
Cash and Cash Equivalents	\$ 728,846	\$ 8,574	\$ 310	\$ 41,130	\$ 70,847	\$ 43,361	\$ 32,620		
Restricted Cash and Investments	-	-	-	-	-	-	-		
Other Receivables	-	-	-	-	-	-	-		
Total Assets	<u>\$ 728,846</u>	<u>\$ 8,574</u>	<u>\$ 310</u>	<u>\$ 41,130</u>	<u>\$ 70,847</u>	<u>\$ 43,361</u>	<u>\$ 32,620</u>		
Liabilities									
Accounts Payable	\$ -	\$ 5,399	\$ -	\$ -	\$ -	\$ -	\$ -		
Fund Balances									
Unreserved, Reported in:									
Special Revenue Funds	728,846	3,175	310	41,130	70,847	43,361	32,620		
Community Betterment	-	-	-	-	-	-	-		
Total Fund Balances	<u>728,846</u>	<u>3,175</u>	<u>310</u>	<u>41,130</u>	<u>70,847</u>	<u>43,361</u>	<u>32,620</u>		
Total Liabilities and Fund Balances	<u>\$ 728,846</u>	<u>\$ 8,574</u>	<u>\$ 310</u>	<u>\$ 41,130</u>	<u>\$ 70,847</u>	<u>\$ 43,361</u>	<u>\$ 32,620</u>		

**CITY OF PARKVILLE, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Special Revenue				Total	Permanent Fewson Project	Total Nonmajor Governmental Funds
	Police Training Fees - LET	TIF Development	Market Place Development	Other			
Assets							
Cash and Cash Equivalents	\$ 1,081,256	\$ 17,089	\$ 12,233	\$ 106	\$ 2,036,372	\$ -	\$ 2,036,372
Restricted Cash and Investments	-	-	-	-	-	545,519	545,519
Other Receivables	-	-	-	-	-	-	-
Total Assets	\$ 1,081,256	\$ 17,089	\$ 12,233	\$ 106	\$ 2,036,372	\$ 545,519	\$ 2,581,891
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 5,399	\$ -	\$ 5,399
Fund Balances							
Unreserved, Reported in							
Special Revenue Funds	1,081,256	17,089	12,233	106	2,030,973	-	2,030,973
Community Betterment	-	-	-	-	-	545,519	545,519
Total Fund Balances	\$ 1,081,256	\$ 17,089	\$ 12,233	\$ 106	\$ 2,030,973	\$ 545,519	\$ 2,576,492
Total Liabilities and Fund Balances	\$ 1,081,256	\$ 17,089	\$ 12,233	\$ 106	\$ 2,036,372	\$ 545,519	\$ 2,581,891

CITY OF PARKVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Reserve Funds	Special Revenue							Court Recoupment Fees
		Municipal Equip Reserve	Guest Room Tax	Nature Sanctuary	Park Donations	Parkland Dedication			
Revenues									
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIF Revenue	-	-	-	-	-	-	-	-	-
Legal Settlement	-	-	-	-	-	-	-	-	-
Miscellaneous	-	3,001	8,265	1,554	-	-	-	-	1,905
Total Revenues	-	3,001	8,265	1,554	-	-	-	-	1,905
Expenditures									
Current									
General Government	-	20,000	1,668	159	-	-	-	-	-
TIF Expense	-	-	-	-	-	-	-	-	-
Capital Outlay	-	154,366	-	-	-	-	-	-	-
Total Expenditures	-	154,366	1,668	159	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(154,366)	6,597	1,395	(16,999)	-	-	-	1,905
Other Financing Sources (Uses)									
Other	-	-	-	-	-	-	-	-	-
Transfers In (Out)	106,058	73,000	-	-	20,000	-	-	-	-
Total Other Financing Sources	106,058	73,000	-	-	20,000	-	-	-	-
Net Change in Fund Balances	106,058	(81,366)	6,597	1,395	3,001	-	-	-	1,905
Fund Balances, Beginning of Year	622,788	84,541	34,533	69,452	(2,691)	43,361	-	-	30,715
Fund Balances, End of Year	\$ 728,846	\$ 3,175	\$ 41,130	\$ 70,847	\$ 310	\$ 43,361	\$ -	\$ -	\$ 32,620

CITY OF PARKVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue		TIF Development	Market Place Development	Other	Total	Permanent		Total Nonmajor Governmental Funds
	Police Training Fees - LET						Fewson Project		
Revenues									
Investment Earnings	\$ -	\$ 202	\$ -	\$ 25	\$ -	\$ 227	\$ 13,851	\$ -	\$ 14,078
TIF Revenue	-	419,707	-	-	-	419,707	-	-	419,707
Legal Settlement	1,075,012	-	-	-	-	1,075,012	-	-	1,075,012
Miscellaneous	7,425	-	-	-	-	22,150	-	-	22,150
Total Revenues	1,082,437	419,909	-	25	-	1,517,096	13,851	-	1,530,947
Expenditures									
Current									
General Government	37,756	-	-	-	-	59,583	6,820	-	66,403
TIF Expense	-	415,237	-	-	-	415,237	-	-	415,237
Capital Outlay	-	-	-	-	-	154,366	-	-	154,366
Total Expenditures	37,756	415,237	-	-	-	629,186	6,820	-	636,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,044,681	4,672	-	25	-	887,910	7,031	-	894,941
Other Financing Sources (Uses)									
Other	-	-	-	-	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-	199,058	-	-	199,058
Total Other Financing Sources	-	-	-	-	-	199,058	-	-	199,058
Net Change in Fund Balances	1,044,681	4,672	-	25	-	1,086,968	7,031	-	1,093,999
Fund Balances, Beginning of Year	36,575	12,417	106	12,208	106	944,005	538,488	-	1,482,493
Fund Balances, End of Year	\$ 1,081,256	\$ 17,089	\$ 106	\$ 12,233	\$ 106	\$ 2,030,973	\$ 545,519	\$ -	\$ 2,576,492