

CITY OF UNION, MISSOURI



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

CITY OF UNION, MISSOURI

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FOR THE FISCAL YEAR ENDED
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PREPARED BY THE FINANCE OFFICER

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SECTION I
INTRODUCTORY SECTION

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City of Union

500 EAST LOCUST STREET
UNION, MISSOURI 63084
PHONE: 636-583-3600
FAX: 636-583-4091

October 24, 2012

To the Honorable Mayor, Board
of Aldermen, and Citizens
of Union:

State law and local ordinances require that all general-purpose local governments publish a complete set of financial statements presented in conformance with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the comprehensive annual financial report (CAFR) of the City of Union, Missouri (the City) for the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Hochschild, Bloom & Company LLP, a firm of licensed certified public accountants. The goal of this independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved: examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditors concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in

conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

Incorporated in 1888, the City is the county seat and the second largest City in Franklin County. The City covers approximately 8 square miles. The City's population grew 31.6% over the last decade, increasing from 7,757 in 2000 to 10,204 in 2010. The City of Union has the most growth in Franklin County. The City is located 45 minutes southwest of the City of St. Louis, Missouri. The City is located in Franklin County with easy access to Interstate Highway 44.

The City is a fourth class city and is governed under the Mayor – Aldermen – City Administrator form of government. The legislative body is comprised of the Mayor and eight member Board of Aldermen. Two aldermen are elected from each of the City's four wards to serve two year terms, one half of which expires annually. The Mayor is elected to serve a four-year term.

The City provides its citizens with typical services, such as street maintenance and construction, police protection, code enforcement, engineering and planning, facilities inspections, and parks and recreation. These services are financed from general revenues of the City. The City also provides water, sewer, and sanitation services derived from revenues from user fees.

The annual budget serves as a foundation for the City's financial planning and control. All of the departments of the City are required to submit requests for appropriation to the Finance Officer who uses these requests as a starting point for development of a proposed budget. The Finance Officer and City Administrator present a proposed budget to the Mayor and Board of Aldermen who hold work sessions prior to adopting a budget by June 30. The budget is prepared by fund, broken down further by department, programs, or projects within the department, then object of expenditures within programs and finally, line items within the objects. Transfers of appropriations between departments, however, require approval of the board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriate annual budget has been adopted. For the General Fund, Park Fund, and Transportation Tax Fund, the comparison is presented on required supplemental information. For other governmental funds that have an adopted budget, comparison schedules are found in other supplemental information.

Local Economy

Once a sleepy rural town 45 minutes southwest of St. Louis, over the past 10 years the City of Union has experienced unprecedented growth in the residential, commercial, and industrial sectors providing a diversified and stable economy. With the addition of a large number of homes, commercial growth has occurred throughout the city.

Residential growth has been spurred by a low cost of living, proximity to St. Louis County and overall quality of life. In addition to an award winning school district, Union is also home to East Central College, a community college of approximately 4,000 students. The college also offers continuing education courses and the cultural opportunities (opera, theatre, art shows, athletics, etc.) of a much larger community.

Since its beginning, Union has hosted the seat of Franklin County Government and for many years the 20th Judicial Court Circuit. During office hours, the downtown is bustling with government and court activity. Commercial growth has also occurred due to Franklin County Government investing over \$12 million in the downtown area within the past 4 years with the construction of a Government Center and Judicial Center.

In 2012, residential development in the City of Union has flourished. Though the City of Union continued to experience growth in the industrial and retail sector, it was at a much slower pace than years past.

In July 2012, Benchmark Healthcare announced the development of a 60-bed nursing facility to be constructed in early 2013. In addition, Benchmark has applied for a Certificate of Need for a 20 bed assisted living facility. Numerous apartment complexes were constructed throughout the City in 2012 giving the City of Union an ample supply of “workforce housing.” Golden Management has submitted application to the Missouri Housing Development Commission for a 48 unit villa community, targeting individuals 55 years of age and older.

Several local industries have planted roots in the City of Union; Prestige Technical Services and Aspire Tool. ADB has increased their employment to approximately 275 employees. CorroTech will be increasing the footprint of their facility in late 2012/early 2013. American Plastics has added employees and will possibly be adding 100,000 square feet to their facility in 2013 and adding over 100 jobs.

Overall, the City of Union has weathered the recession quite well and hope to continue local economic growth in late 2012 and into 2013.

Between 2007 and 2010, the City has experienced a slow but steady decrease in sales tax of approximately 2%. For the year ended June 30, 2012, the sales tax increased approximately 3.75%. The City is confident and has evaluated its position and has made certain changes in its budget. In addition, the City maintains a conservative approach in spending and anticipates some economic recovery in the next fiscal year or two.

Major Initiatives

Again in 2011-2012, the City continued to improve its facilities and infrastructure to serve its citizens. This includes the following projects:

The Main Street project consists of improvements from Highway 47 North to Springfield Road (Old Highway 50). The project includes sidewalks, enhancements to the central business district and resurfacing of the roadway. Also, the intersection improvement with a roundabout at Main Street and Independence Drive was the first one for the City. This project is expected to be completed in December 2012.

The construction of the Denmark Wastewater Treatment Plant, Highway 47 lift station and extension of the sewer line and removal of the lift station at Strawberry Fields was completed in May 2011.

A construction of a new well east part of town, this project is expected to be completed in June 2013.

The Independence Drive project consists of improvements from Highway 50 to Church Street. It includes constructing improvements to the Washington and Independence Drive intersection (a roundabout is planned), sidewalks, and resurfacing of the roadway. This project is expected to be completed in July 2013.

Long-term Financial Planning

The City is currently working on a water study. This study will give insight into current and future water needs and sources. The City's new comprehensive plan and the trailnet study are completed. These plans will be helpful with long range planning purposes to accomplish goals and objectives for the City.

Although the Board of Aldermen has not formally adopted a long-term financial plan, administration does establish strategic goals and objectives for long-range planning purposes. The City is starting to work on a five-year capital improvement plan in 2013. This plan will help project costs and estimating revenues for the next five years and enables the city to prioritize and prepare for its future capital needs more effectively.

The City adopted a Fund Balance policy on May 9, 2011 in accordance with GASB 54. The City's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels, raising taxes and fees due to temporary revenue shortfalls or unexpected expenditures. The policy states the City will maintain a reserve level with a minimum 25% of projected annual operating expenditures in the General Fund. As of June 30, 2012, the unreserved fund balance in the General Fund is in compliance with the City's policy. City management also tries to maintain a 25% reserve in its enterprise funds for future debt service requirements. This reserve is not set by ordinance/resolution.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This award has been received since 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the various departments' of the City. We would like to express our appreciation to all members of the various departments who assisted and contributed

to the preparation. The assistance and recommendations in the preparation of this report from the City's independent certified public accountants, Hochschild, Bloom & Company LLP, is greatly appreciated. We would also like to thank the Mayor and Board of Aldermen for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Russell Rost", written in a cursive style.

Russell Rost
City Administrator

A handwritten signature in black ink, appearing to read "Heather Keith", written in a cursive style.

Heather Keith
Finance Officer

PRINCIPAL OFFICIALS

MAYOR

Mike Livengood

WARD 1

Robert Schmuke
Jim Albrecht

WARD 2

Dale Schmuke
Vicki Jo Hooper

WARD 3

Paul Arand
Dustin Bailey

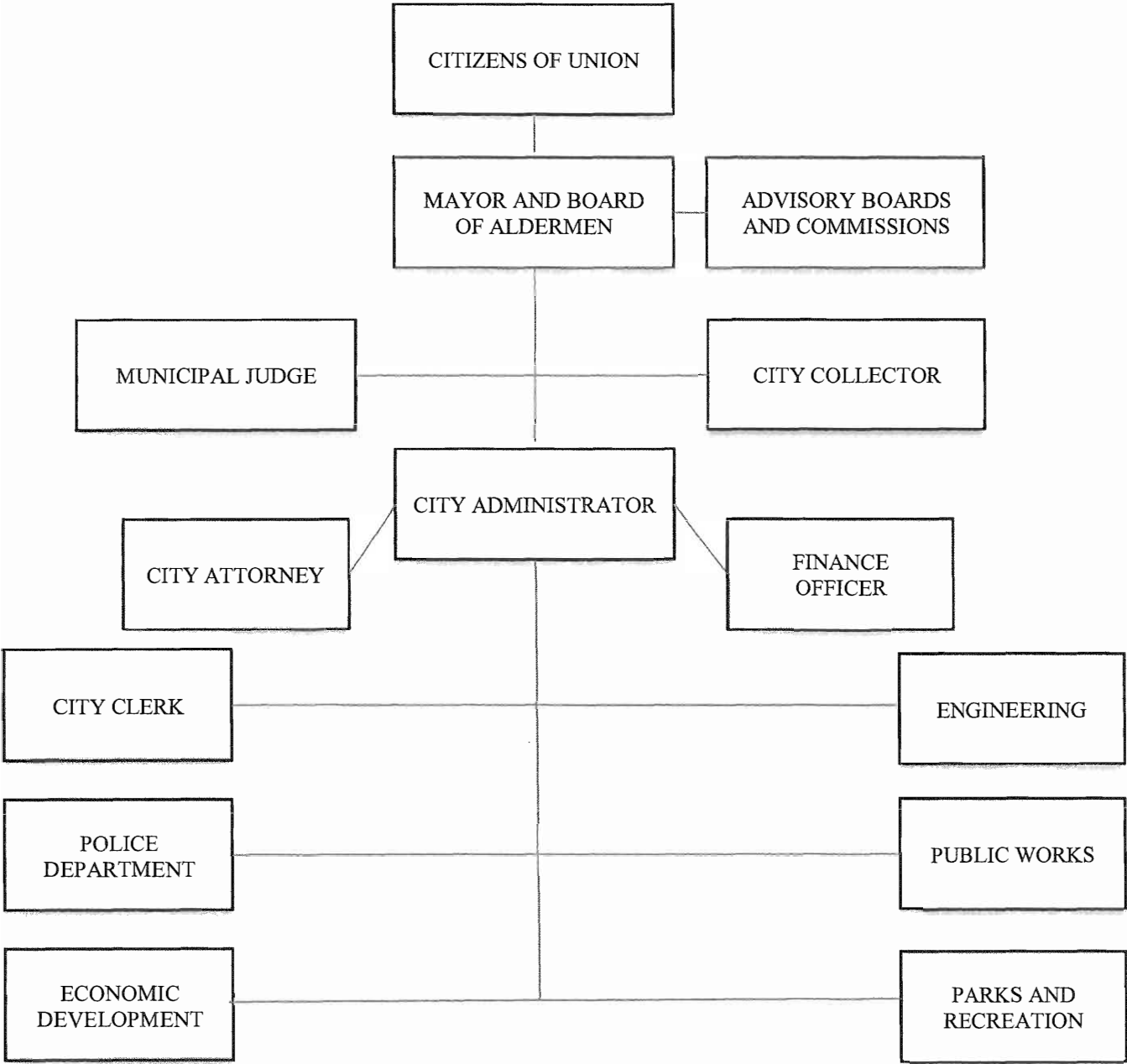
WARD 4

David Pope
Karen Erwin

OTHER CITY OFFICIALS

Russell Rost - City Administrator
Heather Keith - Finance Officer
Jonita Copeland - City Clerk
Jonathan Zimmermann - City Engineer
Norman Brune - Chief of Police
Harold Lampkin - Public Works Director
Joseph Graves - Economic Development Director
Kevin Arand - Parks and Recreation Director
Russell Rost - Emergency Management Director
Tim Melenbrink - City Attorney
Terry Copeland - City Collector
A. David Arand - Municipal Judge

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Union
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Enos

Executive Director

SECTION II
FINANCIAL SECTION

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

October 24, 2012

Honorable Mayor and the Board of Aldermen
CITY OF UNION, MISSOURI

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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- ☐ 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements as a whole. The introductory section, other supplemental information, as listed in the table contents, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

This section of the City of Union, Missouri (the City) annual financial report presents our review of the City's financial performance during the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$48,164,146. The City has unrestricted net assets totaling \$10,074,951.
- General revenues for governmental activities were \$5,982,746 which included \$5,307,507 (88.7%) in sales, property, franchise, and other taxes. Property taxes accounted for \$1,082,809 (18.1%) of general revenues.
- Expenses from the various functions of governmental activities was \$6,660,325. General government was \$1,750,622 (26.3%), public safety was \$1,472,750 (22.1%), street was \$1,454,059 (21.8%), refuse collection and other was \$654,684 (9.8%), culture and recreation was \$815,708 (12.3%), planning and development was \$424,311 (6.4%), and building maintenance was \$88,191 (1.3%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,611,789. Of this amount \$601,425 is unassigned, \$127,000 is nonspendable, \$987,060 is restricted, \$3,211,500 is committed, and \$3,684,804 is assigned.
- At the end of the current fiscal year, fund balance for the General Fund was \$7,257,003 or 112% of total General Fund expenditures. Of this amount \$606,003 is unassigned, \$89,500 is nonspendable, \$3,211,500 is committed, and \$3,350,000 is assigned.
- The City's total debt decreased by \$351,154 (4.3%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplemental information and other supplemental information.

Government-wide financial statements. The government-wide financial statements 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 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 presents information showing how the City'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

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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 accrued vacation leave).

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, street, refuse collection and other, culture and recreation, planning and development, and building maintenance.

The business-type activities of the City include water and sewer.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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 three categories: governmental funds, proprietary funds and fiduciary 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 funds financial statements focus on near-term inflows and outflows of expendable resources as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City'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 City's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Park Fund, and Transportation Tax Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section in this report.

The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental funds financial statements can be found on pages 16 through 19 of this report.

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Proprietary funds. The City maintains two different types of proprietary funds. 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 water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations.

The proprietary fund financial statements can be found on pages 20 through 22 of this report.

Fiduciary funds. The City maintains one fiduciary fund. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. This fund is for police evidence.

The fiduciary fund financial statements can be found on page 23 of this report.

Notes to 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 24 through 43 of this report.

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 45 through 51 of this report.

Other supplemental information. The combining and individual fund statements provide fund level detail for all nonmajor governmental funds and Agency Funds. Combining and individual fund statements and schedules can be found on pages 53 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Therefore, a comparative analysis of government-wide data is also included in this report.

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, the net assets of \$48,164,146 increased in 2012 by approximately 4.6% as compared to the previous year.

The largest portion of the City's net assets, \$35,163,768 in 2012 (an increase of approximately .5% from 2011), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these 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 UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

A condensed version of the statement of net assets follows:

	June 30					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	\$ 9,689,335	8,226,638	5,659,496	5,944,450	15,348,831	14,171,088
Capital assets, net	<u>18,304,918</u>	<u>17,653,232</u>	<u>23,746,117</u>	<u>23,636,411</u>	<u>42,051,035</u>	<u>41,289,643</u>
Total Assets	<u>27,994,253</u>	<u>25,879,870</u>	<u>29,405,613</u>	<u>29,580,861</u>	<u>57,399,866</u>	<u>55,460,731</u>
LIABILITIES						
Long-term liabilities	227,882	200,514	7,733,341	8,083,776	7,961,223	8,284,290
Other liabilities	<u>903,936</u>	<u>308,631</u>	<u>370,561</u>	<u>837,398</u>	<u>1,274,497</u>	<u>1,146,029</u>
Total Liabilities	<u>1,131,818</u>	<u>509,145</u>	<u>8,103,902</u>	<u>8,921,174</u>	<u>9,235,720</u>	<u>9,430,319</u>
NET ASSETS						
Invested in capital assets, net of related debt	18,304,918	17,653,232	16,858,850	17,347,435	35,163,768	35,000,667
Restricted	1,359,364	1,191,705	1,566,063	1,604,313	2,925,427	2,796,018
Unrestricted	<u>7,198,153</u>	<u>6,525,788</u>	<u>2,876,798</u>	<u>1,707,939</u>	<u>10,074,951</u>	<u>8,233,727</u>
Total Net Assets	<u>\$26,862,435</u>	<u>25,370,725</u>	<u>21,301,711</u>	<u>20,659,687</u>	<u>48,164,146</u>	<u>46,030,412</u>

An additional portion of the City's net assets, \$2,925,427 in 2012, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation.

The remaining category of the City's net assets represents an unrestricted net assets balance of \$10,074,951 in 2012 which may be used to meet the City's ongoing obligations to citizens and creditors.

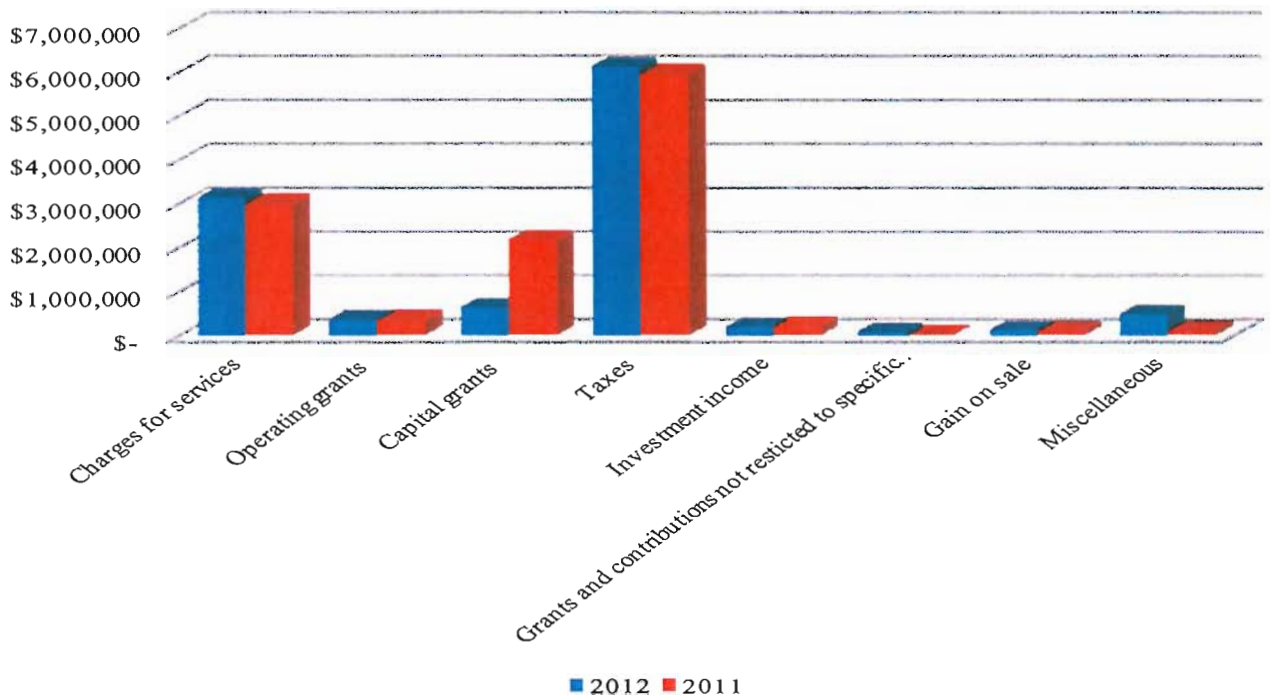
A condensed version of the statement of activities follows:

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

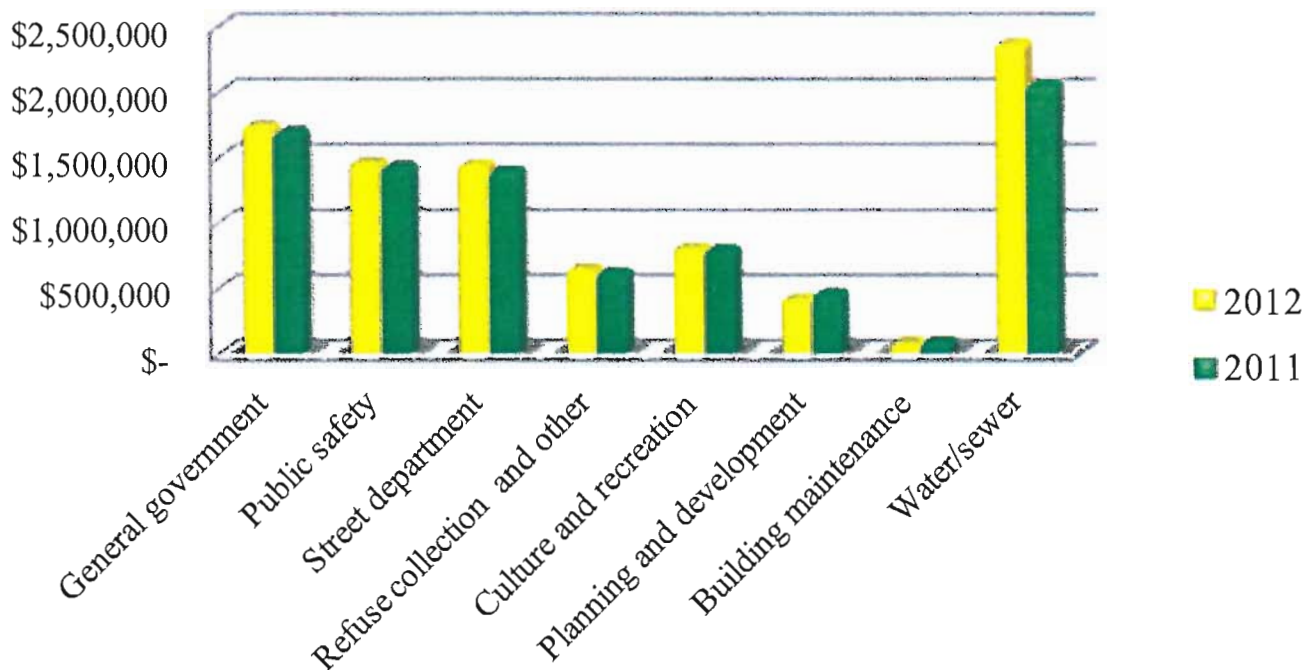
	For The Years Ended June 30					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program revenues:						
Charges for services	\$ 1,267,921	1,203,845	1,878,594	1,808,937	3,146,515	3,012,782
Operating grants and contributions	360,839	354,900	-	-	360,839	354,900
Capital grants and contributions	540,529	1,480,900	97,081	693,237	637,610	2,174,137
General revenues:						
Taxes	5,307,507	5,170,034	830,707	800,671	6,138,214	5,970,705
Investment income	122,852	125,950	71,625	92,604	194,477	218,554
Grants and contributions not restricted to specific programs	-	-	81,308	41,430	81,308	41,430
Gain on sale	127,433	108,083	-	-	127,433	108,083
Miscellaneous	424,954	31,153	60,423	56,656	485,377	87,809
Total Revenues	<u>8,152,035</u>	<u>8,474,865</u>	<u>3,019,738</u>	<u>3,493,535</u>	<u>11,171,773</u>	<u>11,968,400</u>
EXPENSES						
General government	1,750,622	1,704,662	-	-	1,750,622	1,704,662
Public safety	1,472,750	1,439,221	-	-	1,472,750	1,439,221
Street department	1,454,059	1,408,636	-	-	1,454,059	1,408,636
Refuse collection and other	654,684	629,811	-	-	654,684	629,811
Culture and recreation	815,708	806,043	-	-	815,708	806,043
Planning and development	424,311	467,831	-	-	424,311	467,831
Building maintenance	88,191	98,971	-	-	88,191	98,971
Water/sewer	-	-	2,377,714	2,074,655	2,377,714	2,074,655
Total Expenses	<u>6,660,325</u>	<u>6,555,175</u>	<u>2,377,714</u>	<u>2,074,655</u>	<u>9,038,039</u>	<u>8,629,830</u>
CHANGES IN NET ASSETS	1,491,710	1,919,690	642,024	1,418,880	2,133,734	3,338,570
NET ASSETS, JULY 1	<u>25,370,725</u>	<u>23,451,035</u>	<u>20,659,687</u>	<u>19,240,807</u>	<u>46,030,412</u>	<u>42,691,842</u>
NET ASSETS, JUNE 30	<u>\$26,862,435</u>	<u>25,370,725</u>	<u>21,301,711</u>	<u>20,659,687</u>	<u>48,164,146</u>	<u>46,030,412</u>

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenues by Source Comparison

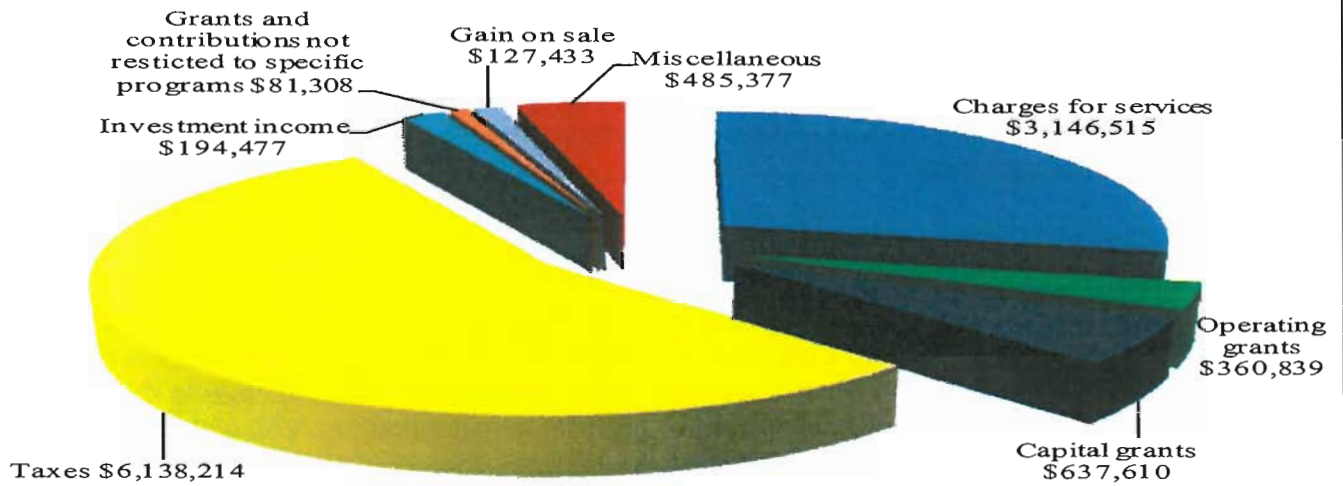


Expenses by Function Comparison

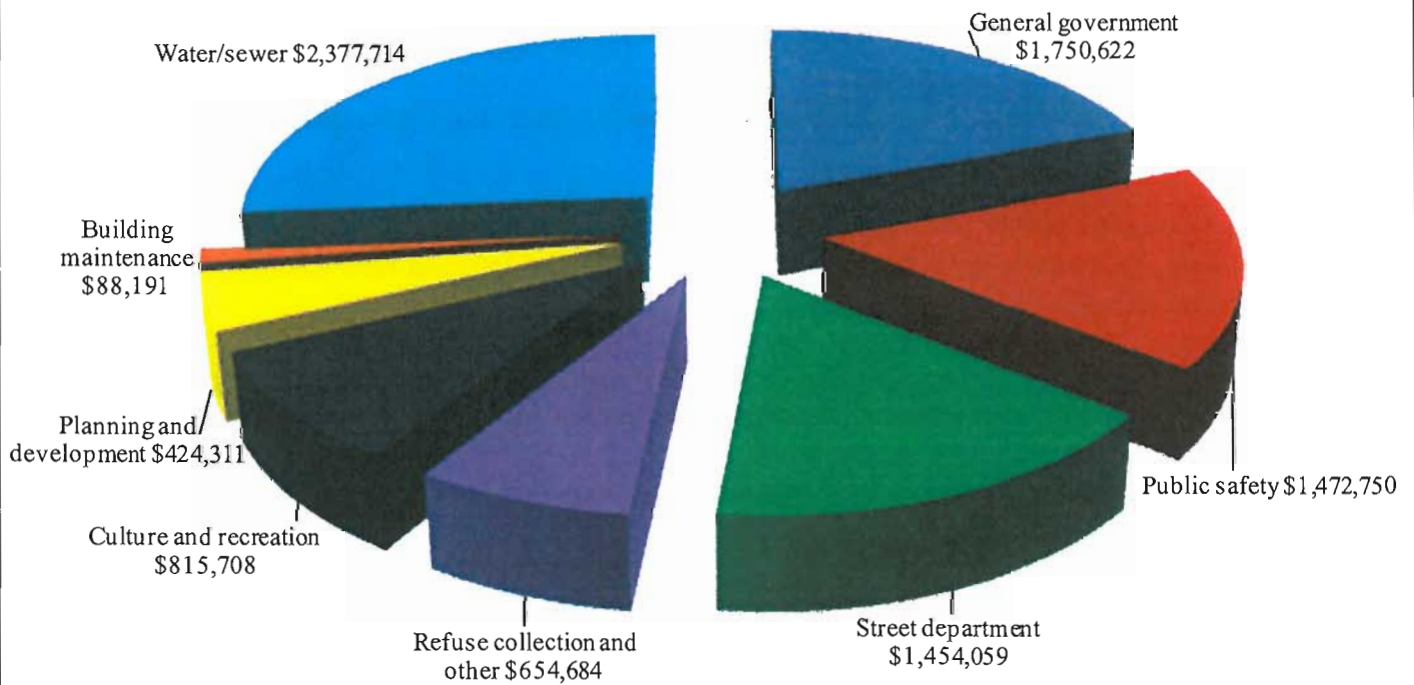


CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenues by Sources for Fiscal Year 2012



Expenses by Function for Fiscal Year 2012



CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Changes in net assets. In 2012 the City's total revenues on the government-wide basis was \$11,171,773, a decrease of \$796,627 as compared to 2011.

While the total revenues decreased \$796,627 (6.7%) from last year, total expenses increased by \$408,209 (4.7%) from last year. The decrease in revenues was due to the decrease of grant monies from road projects. The increase in expenses was due to more expenses in the Sewer Fund. As a result, the change in net assets had a decrease of \$1,204,836 (36.1%).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. You can think of the City's net assets (the difference between assets and liabilities) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors such as changes in the City's property tax base, the amount of snow during the winter seasons, etc., to assess the overall health of the City.

General Fund. At the end of year 2012, the unassigned fund balance of the General Fund was \$606,003 while the total fund balance was \$7,257,003. As a measure of the General Fund liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfer out. Unassigned fund balance represents (8.9%) of total General Fund expenditures and transfers out of \$316,500, while total fund balance represents (106.8%) of total General Fund expenditures and transfers out.

The fund balance in the City's General Fund increased by \$689,328 (10.5%) from the prior year fund balance. The changes of the current year's fund balance are mainly due to revenues generating more income than expected while expenditures were carefully monitored due to economic concerns.

Other major governmental funds. Changes in fund balances for other major governmental funds can be described as follows:

- Park Fund increased by \$87,145. This increase was a result of increased sales tax. At the end of June 30, 2012, the nonspendable fund balance was \$37,500, the assigned fund balance was \$263,091, and total fund balance was \$300,591.
- Transportation Tax Fund increased by \$144,950. This increase was a result of increased sales tax. At the end of June 30, 2012, the restricted fund balance and total fund balance was \$987,060.

Proprietary funds. Changes in net assets for the major proprietary funds can be described as follows:

- Water and Sewer Fund increased \$642,024. This increase was a result of increasing revenues. At the end of June 30, 2012, total net assets are \$21,301,711.

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

Final results for any given year will generally differ from that year's adopted budget. The final revised budget of the City's General Fund for 2012 was \$6,578,964, which differs from the original adopted budget of \$7,161,552 by \$582,588. These supplemental appropriations are summarized as follows:

- Areas of decrease in the General Fund includes road projects not being completed in the 2011 - 2012 budget year.
- Increase in pay raises, employee benefits, fuel, and insurance.

CAPITAL ASSETS

The City has invested in a broad range of capital assets, including roads, buildings, machinery and equipment, water and sewer lines, and automobiles and trucks. With the implementation of GASB 34, the City adopted a Capital Assets Policy setting a capital asset amount of \$2,500 or greater with an estimated life of at least two years to be implemented. The City has elected not to retroactively report infrastructure constructed prior to July 1, 2003. These items include the following:

	June 30					
	Governmental		Business-type		Total	
	Activities		Activities		Activities	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,271,850	2,106,032	574,708	574,708	2,846,558	2,680,740
Construction in progress	883,545	248,658	81,650	3,691,662	965,195	3,940,320
Buildings	862,189	954,282	130,802	136,275	992,991	1,090,557
Infrastructure	13,535,617	13,535,464	20,990,089	17,170,820	34,525,706	30,706,284
Machinery and equipment	<u>751,717</u>	<u>808,796</u>	<u>1,968,868</u>	<u>2,062,946</u>	<u>2,720,585</u>	<u>2,871,742</u>
	<u>\$18,304,918</u>	<u>17,653,232</u>	<u>23,746,117</u>	<u>23,636,411</u>	<u>42,051,035</u>	<u>41,289,643</u>

Additional information on the City's capital assets can be found in Note C in the notes to the basic financial statements.

LONG-TERM DEBT

At the end of the fiscal year 2012, the City had outstanding long-term debt obligations for governmental and business-type activities in the amount of \$7,735,576 compared to \$8,086,730 in fiscal year 2011. Of this amount, \$3,465,000 is certificates of participation, \$3,560,000 is revenue bonds, and \$710,576 is capital leases. The \$351,154 decrease in the City's long-term debt obligations is primarily due to the City making payments. Additionally, the City did not refund any debts during 2012.

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The City's governmental and business-type activities debt is detailed below:

	June 30	
	Business-type	
	Activities	
	2012	2011
2006A certificates of participation	\$3,465,000	3,620,000
2010A & B revenue bonds	3,560,000	3,705,000
Capital lease obligation	<u>710,576</u>	<u>761,730</u>
Total	<u>\$7,735,576</u>	<u>8,086,730</u>

Additional information on the City's long-term debt can be found in Note F in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the preparation of the budget for the ensuring fiscal year, the City took into consideration of the current economic conditions. Following are the assumptions made in preparing the City's budget for the 2012 - 2013 fiscal year:

- Slight increase in sales tax
- Health insurance premium increase
- Reduction in state and federal monies
- Increase in property tax rate
- Low interest rates

The Main Street project consists of improvements from Highway 47 North to Springfield Road (Old Highway 50) and sidewalks, enhancements to the central business district and resurfacing of the roadway. Also, the intersection improvement included a roundabout at Main Street and Independence Drive, which was the first one for the City. This project is expected to be completed in December 2012.

A construction of a new well east part of town, this project is expected to be completed in June 2013.

The Independence Drive project consists of improvements from Highway 50 to Church Street and construct improvements to Washington and Independence Drive intersection, sidewalks, and resurfacing of the roadway. This project is expected to be completed in July 2013.

The City is currently working on a water study. This study will give insight on future water needs and sources. The City's new comprehensive plan and the trailnet study are completed. These plans will be helpful with long range planning purposes to accomplish goals and objectives for the City. Although the Board of Aldermen has not formally adopted a long-term financial plan, administration does establish strategic goals and objectives for long-range planning purposes. The City is starting to work on a five-year capital improvement plan in 2013.

CITY OF UNION, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

This plan will help project costs and estimating revenues for the next five years enables the city to prioritize and prepare for its future capital needs more effectively.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, 500 East Locust Street, Union, MO 63084.

CITY OF UNION, MISSOURI

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 8,064,949	1,748,333	9,813,282
Accounts receivable	633,835	418,314	1,052,149
Property taxes receivable, net of allowance	137,108	-	137,108
Court fines receivable	36,594	-	36,594
Grants receivable	623,617	21,107	644,724
Accrued interest receivable	2,284	-	2,284
Inventory	-	156,922	156,922
Prepaid items	127,000	88,707	215,707
Bond issue costs	-	199,938	199,938
Restricted assets:			
Cash	63,948	3,026,175	3,090,123
Capital assets:			
Land and construction in progress	3,155,395	656,358	3,811,753
Other capital assets, net of accumulated depreciation	15,149,523	23,089,759	38,239,282
Total Assets	<u>27,994,253</u>	<u>29,405,613</u>	<u>57,399,866</u>
LIABILITIES			
Accounts payable	843,540	111,124	954,664
Accrued wages	48,397	7,379	55,776
Accrued expenses	2,405	38,918	41,323
Accrued interest payable	-	123,459	123,459
Customer deposits payable	-	89,681	89,681
Court bonds payable	9,594	-	9,594
Noncurrent liabilities:			
Due within one year	95,165	378,552	473,717
Due in more than one year	31,721	7,354,789	7,386,510
Due in more than one year - net pension obligation	100,996	-	100,996
Total Liabilities	<u>1,131,818</u>	<u>8,103,902</u>	<u>9,235,720</u>
NET ASSETS			
Invested in capital assets, net of related debt	18,304,918	16,858,850	35,163,768
Restricted for:			
Park improvements	300,591	-	300,591
Street improvements	987,060	-	987,060
Cemetery maintenance	71,713	-	71,713
Water and sewer improvements	-	988,274	988,274
Debt service	-	577,789	577,789
Unrestricted	<u>7,198,153</u>	<u>2,876,798</u>	<u>10,074,951</u>
Total Net Assets	<u>\$ 26,862,435</u>	<u>21,301,711</u>	<u>48,164,146</u>

CITY OF UNION, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) And Changes In Net Assets		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 1,750,622	118,259	-	-	(1,632,363)	-	(1,632,363)
Public safety	1,472,750	252,748	21,109	-	(1,198,893)	-	(1,198,893)
Street department	1,454,059	274	339,730	540,529	(573,526)	-	(573,526)
Refuse collection and other	654,684	667,132	-	-	12,448	-	12,448
Culture and recreation	815,708	228,111	-	-	(587,597)	-	(587,597)
Planning and development	424,311	1,397	-	-	(422,914)	-	(422,914)
Building maintenance	88,191	-	-	-	(88,191)	-	(88,191)
Total Governmental Activities	6,660,325	1,267,921	360,839	540,529	(4,491,036)	-	(4,491,036)
Business-type Activities							
Water/sewer	2,377,714	1,878,594	-	97,081	-	(402,039)	(402,039)
Total Primary Government	<u>\$ 9,038,039</u>	<u>3,146,515</u>	<u>360,839</u>	<u>637,610</u>	<u>(4,491,036)</u>	<u>(402,039)</u>	<u>(4,893,075)</u>
General Revenues							
Taxes:							
Sales					2,492,053	830,707	3,322,760
Property					1,082,809	-	1,082,809
Franchise					1,473,767	-	1,473,767
Other					258,878	-	258,878
Investment income					122,852	71,625	194,477
Grants and contributions not restricted to specific programs					-	81,308	81,308
Gain on sale of assets					127,433	-	127,433
Miscellaneous					424,954	60,423	485,377
Total General Revenues					<u>5,982,746</u>	<u>1,044,063</u>	<u>7,026,809</u>
CHANGES IN NET ASSETS					1,491,710	642,024	2,133,734
NET ASSETS, JULY 1					<u>25,370,725</u>	<u>20,659,687</u>	<u>46,030,412</u>
NET ASSETS, JUNE 30					<u>\$ 26,862,435</u>	<u>21,301,711</u>	<u>48,164,146</u>

See notes to financial statements

CITY OF UNION, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Park Fund	Transportation Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 6,879,660	248,918	864,658	71,713	8,064,949
Accounts receivable	511,433	-	122,402	-	633,835
Property taxes receivable, net of allowance	109,582	27,526	-	-	137,108
Court fines receivable	36,594	-	-	-	36,594
Grants receivable	623,617	-	-	-	623,617
Accrued interest receivable	2,284	-	-	-	2,284
Due from other funds	4,578	-	-	-	4,578
Prepaid items	89,500	37,500	-	-	127,000
Restricted assets:					
Cash	9,594	54,354	-	-	63,948
Total Assets	<u>\$ 8,266,842</u>	<u>368,298</u>	<u>987,060</u>	<u>71,713</u>	<u>9,693,913</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 816,625	26,915	-	-	843,540
Wages payable	37,413	10,984	-	-	48,397
Court bonds payable	9,594	-	-	-	9,594
Accrued liabilities	-	2,405	-	-	2,405
Deferred revenue	146,207	27,403	-	-	173,610
Due from other funds	-	-	-	4,578	4,578
Total Liabilities	<u>1,009,839</u>	<u>67,707</u>	<u>-</u>	<u>4,578</u>	<u>1,082,124</u>
Fund Balances					
Nonspendable	89,500	37,500	-	-	127,000
Restricted	-	-	987,060	-	987,060
Committed	3,211,500	-	-	-	3,211,500
Assigned	3,350,000	263,091	-	71,713	3,684,804
Unassigned	606,003	-	-	(4,578)	601,425
Total Fund Balances	<u>7,257,003</u>	<u>300,591</u>	<u>987,060</u>	<u>67,135</u>	<u>8,611,789</u>
Total Liabilities And Fund Balances	<u>\$ 8,266,842</u>	<u>368,298</u>	<u>987,060</u>	<u>71,713</u>	<u>9,693,913</u>

CITY OF UNION, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Governmental Funds	\$ 8,611,789
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$25,182,423 and the accumulated depreciation is \$6,877,505.	18,304,918
Certain obligations are not financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension obligation	(100,996)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	173,610
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Compensated absences	<u>(126,886)</u>
Total Net Assets Of Governmental Activities	<u><u>\$ 26,862,435</u></u>

CITY OF UNION, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Park Fund	Transportation Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,544,667	253,109	830,685	-	5,628,461
Fines and forfeitures	167,352	-	-	-	167,352
Licenses and permits	96,899	-	-	-	96,899
Charges for services	727,227	217,150	-	-	944,377
Intergovernmental	561,638	-	-	-	561,638
Investment income	104,703	2,559	14,265	1,325	122,852
Rental income	21,360	-	-	-	21,360
Miscellaneous	433,333	31,934	-	-	465,267
Total Revenues	<u>6,657,179</u>	<u>504,752</u>	<u>844,950</u>	<u>1,325</u>	<u>8,008,206</u>
EXPENDITURES					
Current:					
General government	1,850,752	-	-	-	1,850,752
Public safety	1,360,128	-	-	-	1,360,128
Street department	1,115,223	-	-	-	1,115,223
Refuse collection and other	654,684	-	-	-	654,684
Culture and recreation	-	706,866	-	-	706,866
Planning and development	277,659	-	-	-	277,659
Building maintenance	72,213	-	-	-	72,213
Stormwater management	-	-	-	71,602	71,602
Capital outlay	1,148,275	27,241	-	-	1,175,516
Total Expenditures	<u>6,478,934</u>	<u>734,107</u>	<u>-</u>	<u>71,602</u>	<u>7,284,643</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>178,245</u>	<u>(229,355)</u>	<u>844,950</u>	<u>(70,277)</u>	<u>723,563</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	127,583	-	-	1,263	128,846
Transfers in	700,000	316,500	-	-	1,016,500
Transfers out	(316,500)	-	(700,000)	-	(1,016,500)
Total Other Financing Sources (Uses)	<u>511,083</u>	<u>316,500</u>	<u>(700,000)</u>	<u>1,263</u>	<u>128,846</u>
NET CHANGES IN FUND BALANCES	<u>689,328</u>	<u>87,145</u>	<u>144,950</u>	<u>(69,014)</u>	<u>852,409</u>
FUND BALANCES, JULY 1	<u>6,567,675</u>	<u>213,446</u>	<u>842,110</u>	<u>136,149</u>	<u>7,759,380</u>
FUND BALANCES, JUNE 30	<u>\$ 7,257,003</u>	<u>300,591</u>	<u>987,060</u>	<u>67,135</u>	<u>8,611,789</u>

See notes to financial statements

CITY OF UNION, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net Change In Fund Balances - Governmental Funds \$ 852,409

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

Capital outlays are reported in the governmental funds 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. This is the amount by which capital outlays over the capitalization threshold (\$1,743,254) exceeded depreciation (\$1,086,705) in the current period. 656,549

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 14,983

The net effect of various transactions involving capital assets:
Disposal or sale of capital assets (4,863)

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

Accrued compensated absence liability 10,050
Net pension obligation (37,418)

Change In Net Assets Of Governmental Activities \$ 1,491,710

CITY OF UNION, MISSOURI
STATEMENT OF NET ASSETS - PROPRIETARY FUND
JUNE 30, 2012

	Business-type Activities - Enterprise Fund Water/Sewer
ASSETS	
Current Assets	
Cash and cash investments	\$ 1,748,333
Accounts receivable	418,314
Grants receivable	21,107
Inventory	156,922
Prepaid items	88,707
Total Current Assets	<u>2,433,383</u>
Noncurrent Assets	
Bond issuance costs	199,938
Cash and cash investments - restricted	3,026,175
Land and construction in progress	656,358
Other capital assets, net of accumulated depreciation	23,089,759
Total Noncurrent Assets	<u>26,972,230</u>
Total Assets	<u>29,405,613</u>
LIABILITIES	
Current Liabilities	
Accounts payable	111,124
Accrued wages	7,379
Accrued expenses	38,918
Accrued interest payable	123,459
Accrued compensated absences - current	14,670
Capital lease - current	53,882
Debt payable - current	310,000
Total Current Liabilities	<u>659,432</u>
Noncurrent Liabilities	
Customer deposits payable	89,681
Accrued compensated absences	4,889
Capital leases payable	656,694
Debt payable, net	6,693,206
Total Noncurrent Liabilities	<u>7,444,470</u>
Total Liabilities	<u>8,103,902</u>
NET ASSETS	
Invested in capital assets, net of related debt	16,858,850
Restricted for debt service	577,789
Restricted for water and sewer improvements	988,274
Unrestricted	2,876,798
Total Net Assets	<u>\$ 21,301,711</u>

CITY OF UNION, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund Water/Sewer
OPERATING REVENUES	
Charges for services:	
Water	\$ 1,082,084
Sewer	796,510
Total Operating Revenues	<u>1,878,594</u>
OPERATING EXPENSES	
Depreciation	622,208
Amortization	11,535
Water	653,437
Sewer	689,532
Total Operating Expenses	<u>1,976,712</u>
OPERATING LOSS	<u>(98,118)</u>
NONOPERATING REVENUES (EXPENSES)	
Taxes	830,707
Investment income	71,625
Intergovernmental	178,389
Miscellaneous	60,423
Interest expense	(401,002)
Total Nonoperating Revenues (Expenses)	<u>740,142</u>
CHANGE IN NET ASSETS	642,024
NET ASSETS, JULY 1	<u>20,659,687</u>
NET ASSETS, JUNE 30	<u><u>\$ 21,301,711</u></u>

CITY OF UNION, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund Water/Sewer
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,846,473
Payments to suppliers	(1,144,473)
Payments to employees	(601,233)
Other receipts	39,316
Net Cash Provided By Operating Activities	<u>140,083</u>
Cash flows provided by noncapital financing activities:	
Taxes	<u>830,707</u>
Cash flows from capital and related financing activities:	
Intergovernmental	81,308
Interest paid on bonds	(405,654)
Payments on capital lease payable	(51,154)
Payments on bonds payable	(300,000)
Acquisition and construction of capital assets	(731,914)
Net Cash Used In Capital And Related Financing Activities	<u>(1,407,414)</u>
Cash flows provided by investing activities:	
Investment income	<u>71,625</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(364,999)
CASH AND CASH EQUIVALENTS, JULY 1	<u>5,139,507</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 4,774,508</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (98,118)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	622,208
Amortization	11,535
Miscellaneous receipts	60,423
(Increase) decrease in:	
Accounts receivable	(40,972)
Grants receivable	(21,107)
Prepaid items	(20,829)
Inventory	(7,116)
Increase (decrease) in:	
Accounts payable	(374,548)
Retainage payable	(187)
Accrued wages	(4,657)
Accrued compensated absences	(837)
Accrued expenses	5,437
Customer deposits	8,851
Total Adjustments	<u>238,201</u>
Net Cash Provided By Operating Activities	<u><u>\$ 140,083</u></u>

CITY OF UNION, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND
JUNE 30, 2012

ASSETS

Cash	<u>\$ 18,595</u>
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LIABILITIES

Due to others	<u>\$ 18,595</u>
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF UNION, MISSOURI** (the City) was incorporated under the provisions of the State of Missouri. The City operates under a Mayor-Council form of government. The City's major operations include public safety (police), streets, sanitation, culture, and recreation, public improvements, planning and development, and general administrative services. Other services include utilities operations.

The accounting and financial reporting policies of the City conform to U.S. generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an Amendment of GASB 14*. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City. It was determined that the City does not have any component units.

2. Government-wide and Fund Financial Statements

In the government-wide financial statements (i.e., the statement of net assets and the statement of activities) the effect of interfund activity has been removed from the statements. 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 major individual Enterprise Funds are reported as separate columns in the fund financial statements.

3. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 (i.e., matured).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund -- This fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Park Fund -- This fund is a Special Revenue Fund used to account for taxes and park programs revenue and for the activities related to the parks department.

Transportation Tax Fund -- This fund is a Special Revenue Fund used to account for gasoline excise and commercial vehicle taxes legally restricted for street improvements.

The City reports the following major proprietary fund:

Water/Sewer Fund -- This fund is used to account for operations of the City's water and sewer departments.

Additionally, the County reports the following fiduciary fund type:

Agency Funds -- Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments. Agency Funds do not have a measurement focus, although they do have a basis of accounting.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's Enterprise Fund are charges for sales and services. Operating expenses for Enterprise Funds 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 nonoperating revenues and expenses.

4. Cash and Investments

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that all investments be reported in the financial statements at fair value. Fair value is established as readily determinable current market value for equity and debt securities. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

5. Allowance for Uncollectible Accounts

Property taxes receivables are shown net of an allowance for uncollectible accounts of \$38,955 and \$9,739 in the General and Park Funds, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Inventory

Inventory in the proprietary fund are valued at cost (first-in, first-out) and the expense is recognized when inventory items are consumed in operations.

7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are recorded as expenditures when consumed rather than purchased. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

8. Due To/From Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from”, are considered “available spendable resources”, and are subject to elimination upon consolidation.

9. Restricted Assets

Certain resources set aside for the repayment of utility customer deposits, court bond deposits, and trustee accounts restricted for debt service are classified as restricted assets on the balance sheet because their use is limited to repayment of deposits and debt service liabilities.

10. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$2,500 or betterments with a cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair value at the date of donation. Infrastructure acquired prior to the implementation of GASB 34 has not been reported.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Capital Assets (Continued)

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Buildings	20 - 50
Infrastructure	10 - 50
Machinery and equipment	3 - 25

11. Deferred Revenues

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both the revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

12. Compensated Absences

City employees generally earn vacation monthly based upon their length of service to the City. Regular full-time employees who are separated from service are compensated for vacation accrued up to the date of separation. Comp time accrued is also paid upon the date of separation. All vacation pay and comp time is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave is accumulated based on length of service and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination, therefore, no liability is reported for sick leave.

13. Long-term Liabilities

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 discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are 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, during the current period. The face amount of debt issued is reported as other financing sources. 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. Bonds are to be liquidated by the related fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of a governmental fund's fund balances that are not in a spendable form, required, or contractually required to be maintained intact.

Restricted -- The portion of a governmental fund's fund balances that are subject to external enforceable legal restrictions.

Committed -- The portion of a governmental fund's fund balances with self-imposed constraints or limitations by formal action (ordinance) of the Board of Aldermen, the highest level of decision-making authority.

Assigned -- The portion of a governmental fund's fund balances that the City intends to use for a specific purpose, intent expressed by a City Official to which the Board of Aldermen has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted dollars before the least restricted.

The fund balance details by classification are listed below:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

	June 30, 2012			
	General Fund	Park Fund	Transportation Tax Fund	Nonmajor Governmental Funds
Fund Balances				
Nonspendable:				
Prepays	\$ 89,500	37,500	-	-
Restricted for:				
Street department	-	-	987,060	-
Committed to:				
Parks and recreation	318,000	-	-	-
Capital projects	2,893,500	-	-	-
Assigned to:				
General government	1,400,000	-	-	-
Public safety	800,000	-	-	-
Street department	500,000	-	-	-
Refuse collection and other	400,000	-	-	-
Planning and development	200,000	-	-	-
Building maintenance	50,000	-	-	-
Cemetery	-	-	-	71,713
Parks and recreation	-	179,749	-	-
Swimplex	-	83,342	-	-
Stormwater	-	-	-	-
Unassigned	606,003	-	-	(4,578)
Total Fund Balances	<u>\$ 7,257,003</u>	<u>300,591</u>	<u>987,060</u>	<u>67,135</u>

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a rolling beginning fund balance of not less than 25% of annual operating expenditures for the current fiscal year. Should the balance fall below the 25%, the City will identify a plan to restore the fund balance to its targeted amount as part of the budget proposal.

15. Equity in Pooled Cash and Investments

The City maintains the majority of its cash and investments in a pooled cash and investments account. As a control, the City also maintains separate accounting records for each fund, so that in the accompanying financial statements, equity in pooled cash and investments reflects each fund's share of such accounts.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Grant Revenue

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as deferred revenue or amounts receivable from the grantor.

17. Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Transfers -- Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

18. Property Taxes

The City's property taxes are levied each October 1 based on the assessed valuation for all real and personal property located in the City as of the previous January 1. Taxes are due upon receipt of billing and become delinquent after December 31. Liens are placed on property for delinquent taxes on January 1 following the due date.

The Franklin County Assessor establishes assessed values and the City tax collector makes collections. The assessed value at January 1, 2011 upon which the 2011 levy was based for \$167,291,604.

The City's tax rate was levied at \$0.6683 per \$100 of assessed valuation of which \$0.5386 is used for general governmental services and \$0.1297 is used for park services.

19. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2012, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of June 30, 2012, the City had the following investments:

Investments	Fair Value	Maturities		Credit Risk
		No Maturity	Less Than One Year	
Governmental Funds				
Certificates of deposit	\$ 4,017,916	-	4,017,916	N/A
Cash deposits	4,110,981			
Total Governmental Funds Cash And Investments	<u>\$ 8,128,897</u>			
Proprietary Funds				
Money market funds	\$ 525,615	525,615	-	Not rated
Cash deposits	4,248,893			
Total Proprietary Funds Cash And Investments	<u>\$ 4,774,508</u>			

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the City minimizes credit risk by diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. In accordance with its investment policy, the City minimizes interest rate risk

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity and investing in primarily shorter term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. In accordance with its investment policy, the City minimizes concentration of credit risk by diversifying the investment portfolio.

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

For The Year Ended June 30, 2012			
	Balance June 30 2011	Transfers And Additions	Transfers And Deletions
			Balance June 30 2012
Governmental Activities			
Capital assets not being depreciated:			
Land	\$ 2,106,032	165,818	-
Construction in progress	248,658	760,523	125,636
Total Capital Assets Not Being			883,545
Depreciated	2,354,690	926,341	125,636
			3,155,395
Capital assets being depreciated:			
Buildings	2,347,459	-	-
Infrastructure	16,065,881	752,031	-
Machinery and equipment	2,760,625	190,518	89,486
Total Capital Assets Being			2,861,657
Depreciated	21,173,965	942,549	89,486
			22,027,028
Less - Accumulated depreciation for:			
Buildings	1,393,177	92,093	-
Infrastructure	2,530,417	751,878	-
Machinery and equipment	1,951,829	242,734	84,623
Total Accumulated Depreciation	5,875,423	1,086,705	84,623
Total Capital Assets Being			6,877,505
Depreciated, Net	15,298,542	(144,156)	4,863
			15,149,523
Governmental Activities Capital			
Assets, Net	\$ 17,653,232	782,185	130,499
			18,304,918

CITY OF UNION, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2012			
	Balance June 30 2011	Transfers And Additions	Transfers And Deletions	Balance June 30 2012
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 574,708	-	-	574,708
Construction in progress	3,691,662	685,745	4,295,757	81,650
Total Capital Assets Not Being Depreciated	4,266,370	685,745	4,295,757	656,358
Capital assets being depreciated:				
Buildings	251,400	-	-	251,400
Infrastructure	21,325,682	4,295,757	-	25,621,439
Machinery and equipment	3,478,623	46,169	23,729	3,501,063
Total Capital Assets Being Depreciated	25,055,705	4,341,926	23,729	29,373,902
Less - Accumulated depreciation for:				
Buildings	115,125	5,473	-	120,598
Infrastructure	4,154,862	476,488	-	4,631,350
Machinery and equipment	1,415,677	140,247	23,729	1,532,195
Total Accumulated Depreciation	5,685,664	622,208	23,729	6,284,143
Total Capital Assets Being Depreciated, Net	19,370,041	3,719,718	-	23,089,759
Business-type Activities Capital Assets, Net	<u>\$ 23,636,411</u>	<u>4,405,463</u>	<u>4,295,757</u>	<u>23,746,117</u>

Depreciation expense was charged to functions/programs of the City as follows:

	For The Year Ended June 30, 2012
Governmental Activities	
General government	\$ 5,243
Public safety	82,967
Street department	855,849
Culture and recreation	116,159
Planning and development	5,638
Building maintenance	<u>20,849</u>
Total	<u>\$1,086,705</u>
Business-type Activities	
Water/Sewer Facility	<u>\$622,208</u>

NOTE D - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual interfund assets and liabilities are as follows:

Due from/to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2012</u>
General Fund	Nonmajor Fund - Stormwater Management	<u>\$4,578</u>

Interfund balances are due to negative cash balances and are expected to be repaid during the fiscal year ending June 30, 2013.

Individual interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>June 30 2012</u>
General Fund	Transportation Tax	\$ 700,000
Park Fund	General Fund	<u>316,500</u>
Total		<u>\$1,016,500</u>

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE E - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$2,925,427 of restricted net assets, of which \$2,347,638 is restricted by enabling legislation.

NOTE F - LONG-TERM DEBT

Long-term debt consisted of the following:

June 30
2012

Business-type Activities

2006A certificates of participation issue of \$4,170,000 used for constructing waterworks and sewerage system improvements. Interest rates range from 4.15% to 5.25%, maturity July 1, 2026. \$3,465,000

2010A & B taxable combined waterworks and sewerage system revenue bonds of \$3,705,000 used for constructing waterworks and sewerage system improvements. Interest rates range from 2.0% to 5.95%, maturity October 1, 2030. 3,560,000

Total \$7,025,000

Annual principal and interest for business-type activities are as follows:

For The Years Ended June 30	<u>Certificates Of Participation</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 160,000	172,432	150,000	177,010
2014	170,000	164,720	150,000	172,510
2015	175,000	156,611	155,000	167,935
2016	185,000	147,922	155,000	163,285
2017	195,000	138,564	160,000	157,160
2018 - 2022	1,130,000	530,098	870,000	664,713
2023 - 2027	1,450,000	197,916	1,000,000	418,113
2028 - 2031	<u>-</u>	<u>-</u>	<u>920,000</u>	<u>111,563</u>
Total	<u>\$3,465,000</u>	<u>1,508,263</u>	<u>3,560,000</u>	<u>2,032,289</u>

CITY OF UNION, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - LONG-TERM DEBT (Continued)

The following is a summary of the City's long-term debt transactions:

	For The Year Ended June 30, 2012			Amounts Due Within One Year
	Balance June 30 2011	Additions	Reductions	Balance June 30 2012
Governmental Activities				
Compensated absences	\$ 136,936	109,701	119,751	126,886
Business-type Activities				
Certificates of participation	\$ 3,620,000	-	155,000	3,465,000
Revenue bonds	3,705,000	-	145,000	3,560,000
Capital lease obligation	761,730	-	51,154	710,576
Less - Discounts	(23,350)	-	(1,556)	(21,794)
Total Bonds And Capital				
Leases	8,063,380	-	349,598	7,713,782
Compensated absences	20,396	23,273	24,110	19,559
Total Business-type Activities	\$ 8,083,776	23,273	373,708	7,733,341

Compensated absences are generally liquidated by the General Fund. Certificates of participation, revenue bonds and capital leases are liquidated by the appropriate related fund.

The City has entered into a capital lease agreement as lessee for financing the acquisition of water/sewer facilities.

The asset acquired through the capital lease is as follows:

	<u>June 30, 2012</u>
Asset:	<u>Business-type Activities</u>
Infrastructure	\$914,863
Less - Accumulated depreciation	<u>274,459</u>
Total	<u>\$640,404</u>

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

NOTE F - LONG-TERM DEBT (Continued)

<u>For The Years Ended June 30</u>	<u>Business-type Activities</u>
2013	\$ 90,000
2014	90,000
2015	90,000
2016	90,000
2017	90,000
2018 - 2022	450,000
2023	<u>22,500</u>
Total Minimum Lease	
Payments	922,500
Less - Imputed interest	<u>211,924</u>
Present Value Of Minimum	
Lease Payments	<u>\$710,576</u>

NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN

1. Plan Description and Provisions

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

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

2. Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rates are 12.1% (general) and 13.5% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)

3. Annual Pension Cost

The City's annual pension cost and net pension obligation (NPO) for the current year were as follows:

Annual required contribution	\$352,596
Interest on NPO	4,609
Adjustment to annual required contribution	<u>(3,508)</u>
Annual Pension Cost	353,697
Actual contributions	<u>316,279</u>
Increase (decrease) in NPO	37,418
NPO, beginning of year	<u>63,578</u>
 NPO, End Of Year	 <u>\$100,996</u>

The required contribution was determined as part of the February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; d) pre-retirement mortality based on 75% of the RP-2000 combined Healthy table set back zero years for men and zero years for women; and e) post retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2010 was 30 years for the General division and 30 years for the Police division.

Three-Year Trend Information

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$353,697	89.4%	\$100,996
2011	355,186	82.1	63,578
2010	266,430	100	-

NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)

3. Annual Pension Cost (Continued)

Schedule of Funding Progress

For The Valuation Years Ended February 28/29	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL
2012	\$7,190,182	\$8,429,425	\$1,239,243
2011	6,507,189	8,054,828	1,547,639
2010	5,998,210	7,238,739	1,240,529

For The Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Unfunded AAL As A Percentage Of Covered Payroll
2012	85%	\$2,489,166	50%
2011	81	2,483,999	62
2010	83	2,470,976	50

Note: The above assets and AAL do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City, MO.

NOTE H - RISK MANAGEMENT

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a statewide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2012.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City

NOTE H - RISK MANAGEMENT (Continued)

could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$202,877 for MIRMA's fiscal year ended June 30, 2012. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

NOTE I - COMMITMENTS

The City had commitments for a water system study totaling \$52,108 at June 30, 2012.

NOTE J - SEGMENT INFORMATION

The City maintains two departments for the Water/Sewer Fund. Segment information is as follows:

Condensed Statement of Net Assets			
June 30, 2012			
	Water	Sewer	Totals
ASSETS			
Current and other assets	\$ 964,899	1,668,422	2,633,321
Restricted assets	89,681	2,936,494	3,026,175
Capital assets	6,384,029	17,362,088	23,746,117
Total Assets	<u>7,438,609</u>	<u>21,967,004</u>	<u>29,405,613</u>
LIABILITIES			
Current liabilities	169,169	490,263	659,432
Noncurrent liabilities	751,264	6,693,206	7,444,470
Total Liabilities	<u>920,433</u>	<u>7,183,469</u>	<u>8,103,902</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,673,453	11,185,397	16,858,850
Restricted	-	1,566,063	1,566,063
Unrestricted	<u>844,723</u>	<u>2,032,075</u>	<u>2,876,798</u>
Total Net Assets	<u><u>\$ 6,518,176</u></u>	<u><u>14,783,535</u></u>	<u><u>21,301,711</u></u>

CITY OF UNION, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE J - SEGMENT INFORMATION (Continued)

Condensed Statement of Revenues, Expenses, And Changes In Net Assets For The Year Ended June 30, 2012			
	Water	Sewer	Totals
OPERATING REVENUES	\$ 1,082,084	796,510	1,878,594
DEPRECIATION	199,733	422,475	622,208
OTHER OPERATING EXPENSES	653,437	701,067	1,354,504
OPERATING INCOME (LOSS)	228,914	(327,032)	(98,118)
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	830,707	830,707
Investment income	11,277	60,348	71,625
Intergovernmental	-	178,389	178,389
Miscellaneous	58,964	1,459	60,423
Interest expense	(38,400)	(362,602)	(401,002)
CHANGES IN NET ASSETS	260,755	381,269	642,024
NET ASSETS, JULY 1	6,257,421	14,402,266	20,659,687
NET ASSETS, JUNE 30	\$ 6,518,176	14,783,535	21,301,711

Condensed Statement of Cash Flows For the Year Ended June 30, 2012			
	Water	Sewer	Totals
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Net cash provided by (used in):			
Operating activities	\$ 462,614	(322,531)	140,083
Noncapital financing activities	-	830,707	830,707
Capital and related financing activities	(208,977)	(1,198,437)	(1,407,414)
Investing activities	11,277	60,348	71,625
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	264,914	(629,913)	(364,999)
CASH AND CASH EQUIVALENTS, JULY 1	428,777	4,710,730	5,139,507
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 693,691	4,080,817	4,774,508

NOTE K - RELATED PARTY TRANSACTIONS

The City has entered into transactions with a company, owned by an Alderman and a company, owned by the Mayor. The expenses totaled \$1,900 and \$1,665, respectively for the year ended June 30, 2012.

NOTE L - DEFICIT BALANCE

The Stormwater Management Fund had a deficit fund balance of \$4,578. This deficit will be offset by future revenues.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 4,495,150	4,539,945	4,544,667	4,722
Fines and forfeitures	115,000	165,300	167,352	2,052
Licenses and permits	82,600	82,600	96,899	14,299
Charges for services	680,000	680,000	727,227	47,227
Intergovernmental	1,318,800	561,625	561,638	13
Investment income	100,000	100,000	104,703	4,703
Rental income	15,000	15,000	21,360	6,360
Miscellaneous	17,900	428,890	433,333	4,443
Total Revenues	<u>6,824,450</u>	<u>6,573,360</u>	<u>6,657,179</u>	<u>83,819</u>
EXPENDITURES				
Current:				
General government:				
Mayor and board:				
Personnel services	24,085	24,085	28,229	4,144
General services	17,750	18,213	18,063	(150)
Capital outlay	10,000	10,000	9,438	(562)
Total Mayor And Board	<u>51,835</u>	<u>52,298</u>	<u>55,730</u>	<u>3,432</u>
City clerk:				
Personnel services	97,655	97,655	97,635	(20)
Supplies and materials	1,000	1,000	952	(48)
General services	33,300	17,300	16,151	(1,149)
Maintenance and repairs	20,200	20,200	19,187	(1,013)
Capital outlay	20,000	20,000	19,487	(513)
Total City Clerk	<u>172,155</u>	<u>156,155</u>	<u>153,412</u>	<u>(2,743)</u>
City administrator:				
Personnel services	168,260	168,260	167,551	(709)
Supplies and materials	1,000	1,000	965	(35)
General services	10,150	10,880	10,323	(557)
Maintenance and repairs	150	150	78	(72)
Total City Administrator	<u>179,560</u>	<u>180,290</u>	<u>178,917</u>	<u>(1,373)</u>

(Continued)

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Current (Continued):				
General government (Continued):				
City attorney:				
General services	<u>32,500</u>	<u>32,500</u>	<u>28,944</u>	<u>(3,556)</u>
Municipal court:				
Personnel services	39,905	39,905	39,798	(107)
Supplies and materials	1,000	1,385	1,384	(1)
General services	12,750	20,160	18,784	(1,376)
Maintenance and repairs	100	100	-	(100)
Total Municipal Court	<u>53,755</u>	<u>61,550</u>	<u>59,966</u>	<u>(1,584)</u>
Incidental:				
Personnel services	815,000	875,170	875,165	(5)
Supplies and materials	11,200	12,315	12,251	(64)
General services	337,450	494,438	489,306	(5,132)
Maintenance and repairs	7,500	7,500	3,202	(4,298)
Total Incidental	<u>1,171,150</u>	<u>1,389,423</u>	<u>1,379,924</u>	<u>(9,499)</u>
Legals and elections:				
General service	<u>16,500</u>	<u>23,730</u>	<u>22,784</u>	<u>(946)</u>
Total General Government	<u>1,677,455</u>	<u>1,895,946</u>	<u>1,879,677</u>	<u>(16,269)</u>
Public safety:				
Personnel services	1,198,205	1,207,459	1,203,201	(4,258)
Supplies and materials	14,200	9,200	6,364	(2,836)
General services	67,540	67,540	59,172	(8,368)
Maintenance and repairs	94,300	94,300	91,391	(2,909)
Capital outlay	89,525	90,572	90,167	(405)
Total Public Safety	<u>1,463,770</u>	<u>1,469,071</u>	<u>1,450,295</u>	<u>(18,776)</u>
Street department:				
Personnel services	397,415	366,795	358,697	(8,098)
Supplies and materials	119,000	119,000	109,179	(9,821)

(Continued)

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Current (Continued):				
Street department (Continued):				
General services	30,000	30,000	20,535	(9,465)
Maintenance and repairs	481,900	649,898	626,812	(23,086)
Capital outlay	1,839,700	870,615	869,063	(1,552)
Total Street Department	<u>2,868,015</u>	<u>2,036,308</u>	<u>1,984,286</u>	<u>(52,022)</u>
Refuse collection and other:				
Cemetery:				
General services	150	150	-	(150)
Maintenance and repairs	11,500	11,500	9,784	(1,716)
Total Cemetery	<u>11,650</u>	<u>11,650</u>	<u>9,784</u>	<u>(1,866)</u>
Sanitation:				
General services	618,400	644,911	644,900	(11)
Total Refuse Collection And Other	<u>630,050</u>	<u>656,561</u>	<u>654,684</u>	<u>(1,877)</u>
Planning and development:				
Engineering services:				
Personnel services	155,780	156,826	156,195	(631)
Supplies and materials	1,500	1,500	841	(659)
General services	2,800	2,800	2,467	(333)
Maintenance and repairs	3,800	4,715	4,275	(440)
Total Engineering Services	<u>163,880</u>	<u>165,841</u>	<u>163,778</u>	<u>(2,063)</u>
Economic development:				
Personnel services	97,005	97,875	97,490	(385)
Supplies and materials	3,450	3,450	2,138	(1,312)
General services	23,750	16,250	13,252	(2,998)
Maintenance and repairs	1,550	1,550	1,001	(549)

(Continued)

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Current (Continued):				
Planning and development (Continued):				
Economic development (Continued):				
Capital outlay	160,122	160,122	160,120	(2)
Total Economic Develop- ment	285,877	279,247	274,001	(5,246)
Total Planning And De- velopment	449,757	445,088	437,779	(7,309)
Building maintenance:				
Personnel services	39,905	41,725	41,059	(666)
Supplies and materials	4,400	4,610	4,473	(137)
General services	18,200	18,200	15,227	(2,973)
Maintenance and repairs	10,000	11,455	11,454	(1)
Total Building Maintenance	72,505	75,990	72,213	(3,777)
Total Expenditures	7,161,552	6,578,964	6,478,934	(100,030)
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(337,102)</u>	<u>(5,604)</u>	<u>178,245</u>	<u>183,849</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,500	127,670	127,583	(87)
Transfers in	750,000	700,000	700,000	-
Transfers out	<u>(316,500)</u>	<u>(316,500)</u>	<u>(316,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>435,000</u>	<u>511,170</u>	<u>511,083</u>	<u>(87)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 97,898</u>	<u>505,566</u>	<u>689,328</u>	<u>183,762</u>
FUND BALANCE, JULY 1			<u>6,567,675</u>	
FUND BALANCE, JUNE 30			<u>\$ 7,257,003</u>	

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARK FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes	\$ 243,500	243,500	253,109	9,609
Charges for services	201,500	201,500	217,150	15,650
Intergovernmental	500	-	-	-
Investment income	10,000	2,555	2,559	4
Miscellaneous	18,000	14,000	31,934	17,934
Total Revenues	<u>473,500</u>	<u>461,555</u>	<u>504,752</u>	<u>43,197</u>
EXPENDITURES				
Current:				
Culture and recreation	715,590	708,822	706,866	(1,956)
Capital outlay	26,700	27,480	27,241	(239)
Total Expenditures	<u>742,290</u>	<u>736,302</u>	<u>734,107</u>	<u>(2,195)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(268,790)	(274,747)	(229,355)	45,392
OTHER FINANCING SOURCES				
Transfers in	<u>316,500</u>	<u>316,500</u>	<u>316,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 47,710</u>	<u>41,753</u>	87,145	<u>45,392</u>
FUND BALANCE, JULY 1			<u>213,446</u>	
FUND BALANCE, JUNE 30			<u>\$ 300,591</u>	

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - TRANSPORTATION TAX FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes	\$ 775,000	830,685	830,685	-
Investment income	12,000	12,000	14,265	2,265
Total Revenues	<u>787,000</u>	<u>842,685</u>	<u>844,950</u>	<u>2,265</u>
OTHER FINANCING USES				
Transfers out	<u>(750,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 37,000</u>	<u>142,685</u>	144,950	<u>2,265</u>
FUND BALANCE, JULY 1			<u>842,110</u>	
FUND BALANCE, JUNE 30			<u>\$ 987,060</u>	

CITY OF UNION, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Budgetary Data

The City follows the procedures outlined below in establishing the budgetary data reflected in the financial statements:

- a. Prior to July 1, the Finance Officer submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to July 1, the budget is legally enacted through passage of an ordinance.
- c. Budgets are adopted on a basis generally consistent with U.S. generally accepted accounting principles except Enterprise Funds which include capital outlay as an expense.
- d. Current year budget includes amendments.
- e. Budget amendments at the department level must be approved by the Board of Aldermen. The City Administrator may authorize transfers of appropriations within a department.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF UNION, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue</u>		
	<u>Cemetery</u>	<u>Stormwater</u>	
	<u>Fund</u>	<u>Management</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
ASSETS			
Cash and investments	<u>\$ 71,713</u>	<u>-</u>	<u>71,713</u>
 LIABILITIES AND FUND BALANCES			
Due to other funds	<u>\$ -</u>	<u>4,578</u>	<u>4,578</u>
 FUND BALANCES			
Assigned	71,713	-	71,713
Unassigned	-	(4,578)	(4,578)
Total Fund Balances	<u>71,713</u>	<u>(4,578)</u>	<u>67,135</u>
 Total Liabilities And Fund Balances	<u>\$ 71,713</u>	<u>-</u>	<u>71,713</u>

CITY OF UNION, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Special Revenue</u>		
	<u>Cemetery</u>	<u>Stormwater</u>	
	<u>Fund</u>	<u>Management</u>	<u>Total</u>
		<u>Fund</u>	
REVENUES			
Investment income	\$ 1,264	61	1,325
EXPENDITURES			
Current:			
Stormwater management	<u>-</u>	<u>71,602</u>	<u>71,602</u>
REVENUES OVER (UNDER) EXPENDITURES	1,264	(71,541)	(70,277)
OTHER FINANCING SOURCES			
Sale of capital assets	<u>1,263</u>	<u>-</u>	<u>1,263</u>
NET CHANGES IN FUND BALANCES	2,527	(71,541)	(69,014)
FUND BALANCES, JULY 1	<u>69,186</u>	<u>66,963</u>	<u>136,149</u>
FUND BALANCES, JUNE 30	<u><u>\$ 71,713</u></u>	<u><u>(4,578)</u></u>	<u><u>67,135</u></u>

CITY OF UNION, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CEMETERY FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Investment income	\$ 1,200	1,264	64
OTHER FINANCING SOURCES			
Sale of capital assets	<u>500</u>	<u>1,263</u>	<u>763</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 1,700</u></u>	<u>2,527</u>	<u><u>827</u></u>
FUND BALANCE, JULY 1		<u>69,186</u>	
FUND BALANCE, JUNE 30		<u><u>\$ 71,713</u></u>	

CITY OF UNION, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - STORMWATER MANAGEMENT FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Investment income	\$ 2,000	60	61	1
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	3,000	60	61	1
 EXPENDITURES	 <u>71,000</u>	 <u>71,602</u>	 <u>71,602</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ (68,000)</u></u>	 <u><u>(71,542)</u></u>	 (71,541)	 <u><u>1</u></u>
 FUND BALANCE, JULY 1			 <u>66,963</u>	
 FUND BALANCE, JUNE 30			 <u><u>\$ (4,578)</u></u>	

CITY OF UNION, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENSES, AND CHANGE IN NET ASSETS -
BUDGET AND ACTUAL - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
OPERATING REVENUES				
Charges for services:				
Water	\$ 1,068,000	1,068,000	1,082,084	14,084
Sewer	800,000	796,170	796,510	340
Total Operating Revenues	<u>1,868,000</u>	<u>1,864,170</u>	<u>1,878,594</u>	<u>14,424</u>
OPERATING EXPENSES				
Depreciation	-	622,208	622,208	-
Amortization	-	11,535	11,535	-
Water	804,930	700,550	653,437	(47,113)
Sewer	1,085,430	778,470	689,532	(88,938)
Total Operating Expenses	<u>1,890,360</u>	<u>2,112,763</u>	<u>1,976,712</u>	<u>(136,051)</u>
OPERATING INCOME (LOSS)	<u>(22,360)</u>	<u>(248,593)</u>	<u>(98,118)</u>	<u>150,475</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	760,000	830,700	830,707	7
Investment income	50,000	70,295	71,625	1,330
Intergovernmental	-	178,389	178,389	-
Miscellaneous	65,000	65,000	60,423	(4,577)
Interest expense	<u>(360,443)</u>	<u>(402,553)</u>	<u>(401,002)</u>	<u>(1,551)</u>
Total Nonoperating Revenues (Expenses)	<u>514,557</u>	<u>741,831</u>	<u>740,142</u>	<u>(1,689)</u>
CHANGE IN NET ASSETS	<u>\$ 492,197</u>	<u>493,238</u>	642,024	<u>148,786</u>
NET ASSETS, JULY 1			<u>20,659,687</u>	
NET ASSETS, JUNE 30			<u>\$ 21,301,711</u>	

CITY OF UNION, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY
NET ASSETS - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30 2011	Additions	Deductions	Balance June 30 2012
POLICE EVIDENCE ACCOUNT				
ASSETS				
Cash	<u>\$ -</u>	<u>18,595</u>	<u>-</u>	<u>18,595</u>
LIABILITIES				
Due to others	<u>\$ -</u>	<u>18,595</u>	<u>-</u>	<u>18,595</u>

SECTION III
STATISTICAL INFORMATION SECTION

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This part of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

Contents**Pages****Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

60 - 64

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

65 - 70

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

71 - 73

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

74 - 77

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

78 - 79

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFRs for the relevant year.

CITY OF UNION, MISSOURI

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS

	June 30							
	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities								
Invested in capital assets, net of related debt	\$ 18,304,918	17,653,232	16,321,346	14,001,754	11,862,875	4,910,623	1,834,521	719,883
Restricted	1,359,364	1,191,705	1,531,227	1,947,624	4,637,719	2,076,840	711,290	660,220
Unrestricted	7,198,153	6,525,788	6,121,098	5,699,764	4,533,001	3,892,677	5,006,153	3,991,252
Total Governmental Activities Net Assets	\$ 26,862,435	25,370,725	23,973,671	21,649,142	21,033,595	10,880,140	7,551,964	5,371,355
Business-type Activities								
Invested in capital assets, net of related debt	\$ 16,858,850	17,347,435	16,395,600	15,633,177	14,816,373	13,230,426	10,139,687	8,274,947
Restricted	1,566,063	1,604,313	916,044	1,215,391	1,116,280	866,074	1,160,032	859,113
Unrestricted	2,876,798	1,707,939	1,406,527	881,091	717,635	1,127,733	554,647	1,455,902
Total Business-type Activities Net Assets	\$ 21,301,711	20,659,687	18,718,171	17,729,659	16,650,288	15,224,233	11,854,366	10,589,962
Primary Government								
Invested in capital assets, net of related debt	\$ 35,163,768	35,000,667	32,716,946	29,634,931	26,679,248	18,141,049	11,974,208	8,994,830
Restricted	2,925,427	2,796,018	2,447,271	3,163,015	5,753,999	2,942,914	1,871,322	1,519,333
Unrestricted	10,074,951	8,233,727	7,527,625	6,580,855	5,250,636	5,020,410	5,560,800	5,447,154
Total Primary Government Net Assets	\$ 48,164,146	46,030,412	42,691,842	39,378,801	37,683,883	26,104,373	19,406,330	15,961,317

Source: Basic financial statements.

GASB 34 was implemented in 2005.

For fiscal year 2011 GASB 54 was implemented.

CITY OF UNION, MISSOURI
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

For The Years Ended June 30								
	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES								
Governmental Activities								
General government	\$ 1,750,622	1,704,662	1,570,872	1,512,762	1,409,039	1,318,463	1,209,771	1,120,103
Public safety	1,472,750	1,439,221	1,449,950	1,495,039	1,352,696	1,158,425	1,092,411	985,320
Street department	1,454,059	1,408,636	1,229,372	1,696,109	916,981	733,879	602,777	569,234
Refuse collection and other	654,684	629,811	592,645	512,651	489,344	455,528	435,822	433,317
Culture and recreation	815,708	806,043	769,928	748,890	716,764	646,279	590,671	594,940
Planning and development	424,311	467,831	438,776	405,875	468,972	377,899	286,525	244,625
Building maintenance	88,191	98,971	89,991	100,942	84,915	78,277	70,398	58,993
Interest and fiscal charges	-	-	27,938	327,304	134,636	147,184	215,311	216,877
Total Governmental Activities Expenses	6,660,325	6,555,175	6,169,472	6,799,572	5,573,347	4,915,934	4,503,686	4,223,409
Business-type Activities								
Water/sewer	2,377,714	2,074,655	1,911,378	1,994,739	1,837,237	1,671,242	1,414,645	1,378,748
Total Primary Government Expenses	9,038,039	8,629,830	8,080,850	8,794,311	7,410,584	6,587,176	5,918,331	5,602,157
PROGRAM REVENUES								
Governmental Activities								
Charges for services:								
General government	118,259	101,071	129,462	104,800	145,709	134,165	245,323	186,800
Public safety	252,748	233,018	192,358	179,989	163,715	177,447	145,883	111,622
Street department	274	-	5,105	642	1,651	5,895	-	-
Refuse collection and other	667,132	643,247	603,578	499,050	473,582	444,972	418,900	393,426
Culture and recreation	228,111	226,439	217,506	213,116	237,257	203,906	211,525	202,111
Planning and development	1,397	70	711	16,272	-	941	-	-
Operating grants and contributions	360,839	354,900	383,815	426,906	458,802	374,997	-	-
Capital grants and contributions	540,529	1,480,900	1,198,805	508,810	6,508,952	2,301,269	313,304	39,833
Total Governmental Activities Program Revenues	2,169,289	3,039,645	2,731,340	1,949,585	7,989,668	3,643,592	1,334,935	933,792
Business-type Activities								
Charges for services:								
Water/sewer	1,878,594	1,808,937	1,783,723	1,810,401	1,899,237	1,826,753	1,801,907	1,638,626
Operating grants and contributions	-	-	-	-	22,351	-	-	-
Capital grants and contributions	97,081	693,237	229,045	58,120	680,401	1,197,277	-	-
Total Business-type Activities Program Revenues	1,975,675	2,502,174	2,012,768	1,868,521	2,601,989	3,024,030	1,801,907	1,638,626
Total Primary Government Program Revenues	4,144,964	5,541,819	4,744,108	3,818,106	10,591,657	6,667,622	3,136,842	2,572,418

(Continued)

CITY OF UNION, MISSOURI
CHANGES IN NET ASSETS (Continued)
EIGHT FISCAL YEARS

	For The Years Ended June 30							
	2012	2011	2010	2009	2008	2007	2006	2005
NET REVENUES (EXPENSES)								
Governmental activities	(4,491,036)	(3,515,530)	(3,438,132)	(4,849,987)	2,416,321	(1,272,342)	(3,168,751)	(3,289,617)
Business-type activities	(402,039)	427,519	101,390	(126,218)	764,752	1,352,788	387,262	259,878
Total Primary Government Net Revenues (Expenses)	(4,893,075)	(3,088,011)	(3,336,742)	(4,976,205)	3,181,073	80,446	(2,781,489)	(3,029,739)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS								
Governmental Activities								
Taxes:								
Sales	2,492,053	2,402,085	2,327,690	2,378,862	2,523,912	2,391,467	2,284,329	2,194,395
Property	1,082,809	1,073,319	1,056,084	1,007,328	974,171	907,026	843,656	756,917
Franchise	1,473,767	1,472,202	1,338,241	1,215,314	1,385,504	998,653	921,519	853,945
Other	258,878	222,428	275,591	384,789	338,589	260,541	519,366	637,131
Investment income	122,852	125,950	139,420	196,484	234,887	223,812	132,041	72,374
Gain on sale of assets	127,433	108,083	1,625	94,746	1,947,996	38,320	710,886	-
Rental income	-	-	-	71,911	56,183	51,761	-	-
Miscellaneous	424,954	31,153	624,010	454,700	18,174	326,989	20,652	149,219
Transfers	-	-	-	(338,600)	257,718	(1,009,448)	(11,806)	(7,243)
Total Governmental Activities General Revenues And Other Changes In Net Assets	5,982,746	5,435,220	5,762,661	5,465,534	7,737,134	4,189,121	5,420,643	4,656,738
Business-type Activities								
Sales taxes	830,707	800,671	775,930	792,580	840,905	796,675	637,320	365,725
Investment income	71,625	92,604	46,675	45,092	47,548	56,841	49,342	24,538
Grants and contributions not restricted to specific programs	81,308	41,430	-	-	-	-	-	-
Miscellaneous	60,423	56,656	64,517	29,317	30,568	17,414	178,674	154,805
Transfers	-	-	-	338,600	(257,718)	1,009,448	11,806	7,243
Total Business-type Activities General Revenues And Other Changes In Net Assets	1,044,063	991,361	887,122	1,205,589	661,303	1,880,378	877,142	552,311
Total Primary Government General Revenues And Other Changes In Net Assets	7,026,809	6,426,581	6,649,783	6,671,123	8,398,437	6,069,499	6,297,785	5,209,049
CHANGES IN NET ASSETS								
Governmental activities	1,491,710	1,919,690	2,324,529	615,547	10,153,455	2,916,779	2,251,892	1,367,121
Business-type activities	642,024	1,418,880	988,512	1,079,371	1,426,055	3,233,166	1,264,404	812,189
Total Primary Government	\$ 2,133,734	3,338,570	3,313,041	1,694,918	11,579,510	6,149,945	3,516,296	2,179,310

Source: Basic financial statements.

GASB 34 was implemented in 2005.

For fiscal year 2011 GASB 54 was implemented.

CITY OF UNION, MISSOURI
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS

	June 30							
	2012	2011	2010	2009	2008	2007	2006	2005
General Fund								
Reserved	\$ -	-	131,912	144,600	73,124	113,447	70,114	75,523
Unreserved	-	-	6,000,991	5,529,031	4,409,421	3,791,645	3,672,232	2,983,652
Nonspendable	89,500	100,000	-	-	-	-	-	-
Committed	3,211,500	2,615,000	-	-	-	-	-	-
Assigned	3,350,000	3,250,000	-	-	-	-	-	-
Unassigned	606,003	602,675	-	-	-	-	-	-
Total General Fund	<u>\$ 7,257,003</u>	<u>6,567,675</u>	<u>6,132,903</u>	<u>5,673,631</u>	<u>4,482,545</u>	<u>3,905,092</u>	<u>3,742,346</u>	<u>3,059,175</u>
Park Fund								
Reserved	\$ -	-	33,662	28,355	13,500	14,000	22,188	21,290
Unreserved	-	-	23,986	491,344	453,865	404,518	257,738	187,967
Nonspendable	37,500	35,000	-	-	-	-	-	-
Assigned	263,091	178,446	-	-	-	-	-	-
Total Park Fund	<u>\$ 300,591</u>	<u>213,446</u>	<u>57,648</u>	<u>519,699</u>	<u>467,365</u>	<u>418,518</u>	<u>279,926</u>	<u>209,257</u>
Transportation Tax Fund								
Unreserved	\$ -	-	725,344	684,254	1,377,085	503,800	404,077	325,993
Restricted	987,060	842,110	-	-	-	-	-	-
Total Transportation Tax Fund	<u>\$ 987,060</u>	<u>842,110</u>	<u>725,344</u>	<u>684,254</u>	<u>1,377,085</u>	<u>503,800</u>	<u>404,077</u>	<u>325,993</u>
2000 Certificates Of Participation Fund								
Reserved	\$ -	-	-	-	-	-	410,481	-
Unreserved	-	-	-	-	-	-	267,988	-
Total 2000 Certificates Of Participation Fund	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>678,469</u>	<u>-</u>
2006B Certificates Of Participation Fund								
Reserved	\$ -	-	227,502	227,500	227,814	227,500	-	-
Unreserved	-	-	295,134	297,984	2,344,595	504,997	-	-
Total 2006B Certificates Of Participation Fund	<u>\$ -</u>	<u>-</u>	<u>522,636</u>	<u>525,484</u>	<u>2,572,409</u>	<u>732,497</u>	<u>-</u>	<u>-</u>
All Other Governmental Funds								
Reserved	\$ -	-	-	-	-	208,647	208,507	563,807
Unreserved, reported in:								
Special Revenue Funds	-	-	145,703	140,352	135,085	122,682	81,405	45,878
Capital Projects Funds	-	-	-	-	-	-	299,186	291,627
Debt Service Funds	-	-	79,896	77,835	85,775	90,696	93,620	233,038
Assigned	71,713	136,149	-	-	-	-	-	-
Unassigned	(4,578)	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 67,135</u>	<u>136,149</u>	<u>225,599</u>	<u>218,187</u>	<u>220,860</u>	<u>422,025</u>	<u>682,718</u>	<u>1,134,350</u>

Source: Basic financial statements.

GASB 34 was implemented in 2005.

For fiscal year 2011 GASB 54 was implemented. See Note A-14 of the notes to financial statements.

CITY OF UNION, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS

	For The Years Ended June 30							
	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES								
Taxes	\$ 5,628,461	5,429,442	5,324,980	5,265,651	5,501,547	4,892,028	4,568,870	4,442,387
Fines and forfeitures	167,352	145,259	112,758	111,930	128,722	134,838	145,883	111,622
Licenses and permits	96,899	80,384	90,640	102,739	144,464	132,872	200,545	146,068
Charges for services	944,377	918,383	865,901	759,292	680,594	631,525	586,172	557,244
Intergovernmental	561,638	583,357	1,124,971	461,186	696,473	100,090	41,553	39,833
Investment income	122,852	125,950	139,420	196,484	234,887	223,812	132,041	72,376
Rental income	21,360	20,421	36,701	71,911	56,183	51,761	43,492	39,327
Miscellaneous	465,267	63,106	659,360	514,586	97,135	154,957	82,816	62,299
Total Revenues	8,008,206	7,366,302	8,354,731	7,483,779	7,540,005	6,321,883	5,801,372	5,471,156
EXPENDITURES								
General government	1,850,752	1,652,222	1,570,176	1,506,064	1,395,844	1,306,823	1,197,458	1,103,574
Public safety	1,360,128	1,336,848	1,363,023	1,429,339	1,239,194	1,048,852	1,034,736	947,302
Street department	1,115,223	923,210	720,193	600,529	523,690	439,864	437,740	429,985
Refuse collection and other	654,684	629,811	592,645	512,651	489,344	455,528	435,822	433,317
Culture and recreation	706,866	690,242	682,274	1,803,051	587,083	528,041	503,763	463,890
Planning and development	277,659	309,874	285,952	253,080	278,800	332,099	282,536	217,576
Building maintenance	72,213	75,025	72,569	80,988	67,445	54,394	54,450	49,248
Stormwater management	71,602	14,777	-	-	-	-	-	-
Capital outlay	1,175,516	1,226,190	1,905,086	1,788,263	1,713,852	873,900	678,903	744,214
Debt service:								
Principal	-	-	1,095,250	1,795,000	270,000	210,000	614,947	145,000
Interest and fiscal charges	-	-	27,938	66,319	112,124	79,000	215,311	218,156
Bond issue costs	-	-	-	-	-	68,651	-	-
Total Expenditures	7,284,643	6,858,199	8,315,106	9,835,284	6,677,376	5,397,152	5,455,666	4,752,262
REVENUES OVER (UNDER)								
EXPENDITURES	723,563	508,103	39,625	(2,351,505)	862,629	924,731	345,706	718,894
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	128,846	109,783	3,250	95,846	1,974,898	316,579	724,861	2,850
Capital lease	-	-	-	-	43,087	21,518	-	-
Note payable	-	-	-	1,095,250	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-	2,275,000	-	-
Payment to escrow agent	-	-	-	-	-	(2,626,507)	-	-
Bond discount	-	-	-	-	-	(15,100)	-	-
Transfers in	1,016,500	1,015,000	1,069,500	2,734,829	995,555	2,232,235	2,352,682	1,178,753
Transfers out	(1,016,500)	(1,015,000)	(1,069,500)	(3,073,429)	(737,837)	(3,241,683)	(2,364,488)	(1,185,996)
Total Other Financing Sources (Uses)	128,846	109,783	3,250	852,496	2,275,703	(1,037,958)	713,055	(4,393)
NET CHANGES IN FUND BALANCES	<u>\$ 852,409</u>	<u>617,886</u>	<u>42,875</u>	<u>(1,499,009)</u>	<u>3,138,332</u>	<u>(113,227)</u>	<u>1,058,761</u>	<u>714,501</u>
Debt service as a percentage of non-capital expenditures	N/A	N/A	17.6 %	25.1	7.4	7.6	17.4	9.1

Source: Basic financial statements.

GASB 34 was implemented in 2005.

For fiscal year 2011 GASB 54 was implemented.

CITY OF UNION, MISSOURI
PROGRAM REVENUES BY FUNCTIONS/PROGRAMS
LAST EIGHT FISCAL YEARS

FUNCTIONS/PROGRAMS	June 30							
	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities								
General government	\$ 118,259	101,071	129,462	104,800	145,709	134,165	517,074	186,800
Public safety	273,857	286,204	295,769	369,044	340,771	332,037	187,436	151,455
Street department	880,533	1,778,114	1,482,449	722,870	6,778,374	2,520,718	-	-
Refuse collection and other	667,132	643,247	603,578	499,050	473,582	444,972	418,900	393,426
Culture and recreation	228,111	230,939	219,371	237,549	251,232	210,759	211,525	202,111
Planning and development	1,397	70	711	16,272	-	941	-	-
Total Governmental Activities	2,169,289	3,039,645	2,731,340	1,949,585	7,989,668	3,643,592	1,334,935	933,792
Business-type Activities								
Water/sewer	1,975,675	2,502,174	2,012,768	1,868,521	2,601,989	3,024,030	1,801,907	1,638,626
Total Primary Government	<u>\$ 4,144,964</u>	<u>5,541,819</u>	<u>4,744,108</u>	<u>3,818,106</u>	<u>10,591,657</u>	<u>6,667,622</u>	<u>3,136,842</u>	<u>2,572,418</u>

Source: Basic financial statements.

GASB 34 was implemented in 2005.

CITY OF UNION, MISSOURI
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS

Fiscal Year	Sales Taxes	Property Taxes	Franchise Taxes	Other Taxes	Total
2012	\$ 2,492,053	\$ 1,062,033	\$ 1,473,767	\$ 600,608	\$ 5,628,461
2011	2,402,085	1,035,513	1,472,202	519,642	5,429,442
2010	2,327,690	1,090,725	1,338,241	568,324	5,324,980
2009	2,378,862	997,214	1,215,314	674,261	5,265,651
2008	2,523,912	945,460	1,385,504	646,671	5,501,547
2007	2,391,467	907,026	998,653	594,882	4,892,028
2006	2,284,329	843,656	921,519	519,366	4,568,870
2005	2,194,395	756,917	853,945	637,131	4,442,388

Source: Required supplemental information and basic financial statements.

GASB 34 was implemented in 2005.

CITY OF UNION, MISSOURI
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Calendar Year	Real Estate			Assessed Value	Estimated Actual Value	Personal Property	
		Residential Property	Commercial Property	Agricultural Property			Assessed Value	Estimated Actual Value
2012	2011	\$ 79,389,683	\$ 52,131,019	\$ 1,516,901	\$ 133,037,603	\$ 593,390,713	\$ 28,921,814	\$ 86,765,442
2011	2010	79,960,246	53,557,035	1,559,335	135,076,616	601,203,593	26,400,183	79,200,549
2010	2009	78,452,987	50,862,259	1,546,562	130,861,808	584,742,034	28,169,432	84,508,296
2009	2008	77,384,338	49,068,689	1,435,266	127,888,293	572,586,193	28,549,025	85,647,075
2008	2007	74,756,189	47,180,068	1,647,990	123,584,247	554,624,589	27,987,390	83,962,170
2007	2006	62,528,100	43,971,403	1,241,911	107,741,414	476,855,156	29,007,786	87,023,358
2006	2005	58,141,116	42,080,582	967,100	101,188,798	445,566,859	25,386,219	76,158,657
2005	2004	46,894,294	35,837,738	1,129,441	83,861,473	368,217,013	23,512,252	70,536,756
2004	2003	43,848,344	34,293,794	1,251,130	79,393,268	348,374,947	23,323,090	69,969,270
2003	2002	40,908,830	32,967,263	616,762	74,492,855	323,472,012	25,725,561	77,176,683

Fiscal Year	Calendar Year	Railroad And Utility		Total		Total Direct Tax Rate	Ratio Of Total Assessed Value To Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2012	2011	\$ 5,332,187	\$ 16,527,233	\$ 167,291,604	\$ 696,683,388	0.6683	24.0 %
2011	2010	4,668,891	14,458,562	166,145,690	694,862,704	0.6559	23.9
2010	2009	5,370,843	16,644,781	164,402,083	685,895,111	0.6500	24.0
2009	2008	4,382,683	13,562,416	160,820,001	671,795,684	0.6390	23.9
2008	2007	4,453,221	13,775,317	156,024,858	652,362,076	0.6360	23.9
2007	2006	4,161,403	12,875,367	140,910,603	576,753,881	0.6560	24.4
2006	2005	3,989,071	12,353,230	130,564,088	534,078,746	0.6550	24.4
2005	2004	3,870,789	11,966,055	111,244,514	450,719,824	0.6940	24.7
2004	2003	3,384,651	10,477,379	106,101,009	428,821,596	0.6940	24.7
2003	2002	3,429,437	10,611,876	103,647,853	411,260,571	0.6810	25.2

Notes: Assessments are determined by the Assessor of Franklin County as of January 1. Property has an assessed value to estimated actual value as follows: commercial real estate 32%, residential real estate 19%, agricultural real estate 12%, and personal property 33-1/3%.

Source: Franklin County Assessor.

CITY OF UNION, MISSOURI
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
City of Union										
General Fund	0.538	0.529	0.524	0.515	0.513	0.529	0.528	0.559	0.559	0.549
Union Park Fund	0.130	0.127	0.126	0.124	0.123	0.127	0.127	0.135	0.135	0.132
Total City Of Union	0.668	0.656	0.650	0.639	0.636	0.656	0.655	0.694	0.694	0.681
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Franklin County	0.910	0.090	0.881	0.884	0.884	0.894	0.936	0.946	0.951	0.941
Union Fire Protection District	0.273	0.269	0.269	0.269	0.268	0.279	0.279	0.293	0.293	0.293
Union Ambulance District	0.168	0.165	0.165	0.166	0.165	0.172	0.172	0.180	0.180	0.180
Union School District	3.750	3.700	3.700	3.700	3.510	3.470	3.470	3.470	3.470	3.470
East Central College	0.439	0.433	0.433	0.435	0.431	0.447	0.447	0.437	0.469	0.454
The Franklin County Library District	0.078	0.076	0.076	0.092	0.091	0.096	0.096	0.100	0.100	0.100

Source: Franklin County Assessor (rates stated per \$100 assessed valuation).

CITY OF UNION, MISSOURI
PRINCIPAL TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO

Taxpayer	2012			2007		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
Esselte Pendaflex Corp.	\$ 3,624,642	1	2.17 %	\$ 3,817,101	1	2.92 %
Wal-Mart Supercenter	1,759,821	2	1.05	1,904,742	2	1.46
D R G Plastics	1,138,214	3	0.68	-		-
MHB LLC	1,113,712	4	0.67	1,425,000	3	-
Union Housing Association LP	1,097,679	5	0.68	1,102,448	4	0.84
United Bank of Union	944,083	6	0.56	743,226	7	0.57
Black Creek Corporation	848,572	7	0.51	-		-
MO Natural Gas	713,629	8	0.43	720,515	9	0.55
Franklin Co. Medical Outreach	692,016	9	0.41	771,574	6	0.59
Bequette Properties LLC	685,035	10	0.41	730,448	8	0.56
Jelco Realty	-		-	710,736	10	0.54
Pharma Tech Industries, Inc.	-		-	864,783	5	0.66
Total	<u>\$ 12,617,403</u>		<u>7.57 %</u>	<u>\$ 12,790,573</u>		<u>8.70 %</u>

Source: Franklin County IT Department - five years of data is what the County has on record.

CITY OF UNION, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy Year	Net Tax Levy	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As Percent Of Levy
2012	2011	\$ 1,085,033	\$ 976,278	90.0 %	\$ 59,212	\$ 1,035,490	95.4 %	\$ 108,755	10.02 %
2011	2010	1,061,052	939,777	88.6	138,001	1,077,778	101.6	121,275	11.43
2010	2009	1,037,528	926,243	89.3	86,171	1,012,414	97.6	111,285	10.73
2009	2008	1,005,337	895,015	89.0	104,438	999,453	99.4	110,322	10.97
2008	2007	965,544	842,659	87.3	92,112	934,771	96.8	122,885	12.73
2007	2006	897,501	797,497	88.9	187,721	985,218	109.8	100,004	11.14
2006	2005	830,814	655,009	78.8	83,840	738,849	88.9	175,805	21.16
2005	2004	747,925	663,536	88.7	78,060	741,596	99.2	84,389	11.28
2004	2003	713,666	636,528	89.2	121,445	757,973	106.2	77,138	10.81
2003	2002	684,526	536,318	78.3	181,228	717,546	104.8	148,208	21.65

Source: The City's tax database.

(1) Data for delinquent tax collection, excluding penalties and interest, is not available by levy year.

CITY OF UNION, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage Of Personal Income (1)	Per Capita (1)
	Capital Lease Obligations	Certificates Of Participation	Loan Payable	Capital Lease Obligation	Certificates Of Participation	Revenue Bonds			
2012	\$ -	\$ -	\$ -	\$ 710,576	\$ 3,465,000	\$ 3,560,000	\$ 7,735,576	- %	\$ 758
2011	-	-	-	761,730	3,620,000	3,705,000	8,086,730	-	793
2010	-	-	-	810,294	3,770,000	-	4,580,294	-	472
2009	14,020	-	1,095,250	856,399	3,910,000	-	5,875,669	-	N/A
2008	34,407	1,795,000	-	900,169	4,045,000	-	6,774,576	1.98	700
2007	43,376	2,065,000	-	941,723	4,615,000	-	7,665,099	2.50	810
2006	71,030	2,345,000	-	981,173	790,000	-	4,187,203	1.45	450
2005	29,236	2,860,000	-	1,018,625	1,305,000	-	5,212,861	2.02	600
2004	-	2,890,000	-	1,054,182	1,800,000	-	5,744,182	2.39	682
2003	23,395	3,100,000	-	1,087,937	2,270,000	-	6,481,332	2.90	789

(1) See Demographics and Economic Statistics Table

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

CITY OF UNION, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
East Central College	\$ 16,280,859	11.00 %	\$ 1,790,894
Union School District	28,657,243	45.00	12,895,759
	44,938,102		14,686,653
City direct debt	-	100.00 %	-
Total Direct And Overlapping Debt	<u>\$ 44,938,102</u>		<u>\$ 14,686,653</u>

Source: Information was obtained by contacting the taxing jurisdiction.

The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

CITY OF UNION, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	Fiscal Years Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Value	<u>\$ 167,291,604</u>	<u>166,145,690</u>	<u>164,402,083</u>	<u>160,820,001</u>	<u>156,024,858</u>	<u>140,910,603</u>	<u>130,564,088</u>	<u>111,244,514</u>	<u>106,101,009</u>	<u>103,647,853</u>
Debt limit - 10% of total assessed valuation	<u>\$ 16,729,160</u>	<u>16,614,569</u>	<u>16,440,208</u>	<u>16,082,000</u>	<u>15,602,486</u>	<u>14,091,060</u>	<u>13,056,409</u>	<u>11,124,451</u>	<u>10,610,101</u>	<u>10,364,785</u>
Amount Of Debt Subject To Limit:										
Total bonded debt	-	-	-	-	-	-	-	-	-	-
Less: Amounts available in Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Amount Of Debt Subject To Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 16,729,160</u>	<u>16,614,569</u>	<u>16,440,208</u>	<u>16,082,000</u>	<u>15,602,486</u>	<u>14,091,060</u>	<u>13,056,409</u>	<u>11,124,451</u>	<u>10,610,101</u>	<u>10,364,785</u>

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF UNION, MISSOURI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Median Household Income (2)	Personal Income	Per Capita Income (3)	Public School Enrollment (4)	Unemployment Rate (5)
2012	10,258	\$ 52,267	N/A	34,762	3,161	8.6 %
2011	10,204	49,034	N/A	N/A	3,018	10.2
2010	9,714	N/A	N/A	N/A	3,054	10.5
2009	N/A	N/A	N/A	N/A	3,025	9.3
2008	9,684	49,064	341,302,896	35,244	3,001	6.1
2007	9,468	45,998	306,829,476	32,407	2,935	4.9
2006	9,309	N/A	289,696,080	31,120	2,912	5.2
2005	8,693	N/A	257,512,739	29,623	2,885	5.6
2004	8,424	N/A	239,949,216	28,484	2,858	5.8
2003	8,219	N/A	223,696,523	27,217	2,938	5.5

Sources:

- (1) U.S. Census
- (2) Regional Commerce and Growth Figures
- (3) U.S. Bureau of Economic Analysis
- (4) Missouri Department of Elementary and Secondary Education
- (5) U.S. Department of Labor Statistics (not seasonally adjusted)

CITY OF UNION, MISSOURI
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percent Of Total City Employment	Employees	Rank	Percent Of Total City Employment
Union RXI School District	369	1	9.78 %	380	1	10.07 %
Esselte	361	2	9.57	375	2	9.94
Franklin County Government	360	3	9.54	299	3	7.93
Wal-Mart Supercenter	243	4	6.44	264	4	7.00
Rexam Containers	233	5	6.18	150	6	3.98
East Central College	202	6	5.36	260	5	6.89
American Plastics	180	7	4.77	-	-	-
Climate Express	150	8	3.98	-	-	-
Spartan Showcase	119	9	3.15	123	7	3.26
Sunset Health Care	102	10	2.70	96	10	2.55
The Children's Factory	-	-	-	100	9	2.65
Coin Acceptors/Transaction Technology	-	-	-	110	8	2.92
Total	<u>2,319</u>		<u>61.47 %</u>	<u>2,157</u>		<u>57.19 %</u>

Source: The City's business license database.

CITY OF UNION, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration Department:										
City administrator	1	1	1	1	1	1	1	1	1	1
Administrative assistant	1	1	1	1	1	1	1	1	1	1
City clerk	1	1	1	1	1	1	1	1	1	1
Deputy city clerk/accounting clerk	1	1	1	1	1	1	1	1	1	1
Finance officer	1	1	1	1	1	-	-	-	-	-
Custodian	1	1	1	1	1	1	1	1	1	1
City attorney	1	1	1	1	1	1	1	1	1	1
City collector	1	1	1	1	1	1	1	1	1	1
Engineering Department:										
City engineer	1	1	1	1	1	1	1	1	1	1
Engineering assistant	1	1	1	1	1	1	1	1	1	1
Building inspector	1	1	1	1	1	1	1	1	1	1
Economic Development Department:										
Economic director	1	1	1	1	1	1	1	1	1	1
Assistant	1	1	1	1	1	1	1	1	1	1
Parks and Recreation Department:										
Parks and recreation director	1	1	1	1	1	1	1	1	1	1
Recreation coordinator	1	1	1	1	1	1	1	1	1	1
Assistant	-	-	-	-	-	-	-	1	1	1
Maintenance - foreman	1	1	1	1	1	1	1	1	1	1
Maintenance	2	2	2	2	2	2	2	2	2	2
Public Works Department:										
Public works director	1	1	1	1	1	1	1	1	1	1
Street foreman	1	1	1	1	1	1	1	1	1	1
Street equipment operator	3	3	3	3	3	2	2	2	2	2
Street laborer	4	4	4	4	4	2	1	1	1	1
Street mechanic	2	2	2	2	2	1	1	1	1	1

(Continued)

CITY OF UNION, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS (Continued)
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS (Continued)	Full-Time Equivalent Employees As Of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water/Wastewater Department:										
Water/wastewater foreman	1	1	1	1	1	1	1	1	1	1
Field foreman	1	1	1	1	1	1	-	-	-	-
Water/distribution operator	6	6	6	6	6	2	2	2	2	2
Water/wastewater apprentice	-	-	-	-	-	4	4	4	4	4
Utility billing clerk	1	1	1	1	1	1	1	1	1	1
Accounting clerk	1	1	1	1	1	1	1	1	1	1
Police:										
Police chief	1	1	1	1	1	1	1	1	1	1
Lt. assistant police chief	1	1	1	1	1	1	1	1	1	1
Police sergeant	4	4	4	4	4	4	4	4	4	4
Detective	2	2	2	2	2	1	1	1	1	1
School resource officer	2	2	2	2	1	1	1	1	1	1
Parking control officer	1	1	1	1	1	1	1	1	1	1
Patrol officer	10	10	10	10	9	9	9	9	9	8
Police clerks	2	2	2	2	2	2	2	2	2	2
Municipal Court Department:										
Municipal court clerk	1	1	1	1	1	1	1	1	1	1
Municipal judge	1	1	1	1	1	1	1	1	1	1

Source: City payroll department records.

CITY OF UNION, MISSOURI
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police - patrol:										
Arrests	746	787	705	665	475	610	550	600	699	628
Traffic citations	2,141	2,857	1,733	1,573	1,416	1,810	1,715	1,843	1,789	1,546
Crime reports	3,291	3,633	4,034	3,991	3,846	4,187	3,723	3,541	3,729	3,463
Accident reports	447	493	521	520	548	458	349	382	405	381
Public works:										
Road repair - tons of mix	1,858	1,543	1,686	1,453	955	1,868	2,452	3,078	2,579	3,178
Traffic control signs serviced	293	202	294	97	88	253	128	103	115	149
Storm sewer grates and lids inspected	1,134	1,130	1,069	921	1,082	967	795	725	591	591
Parks:										
Acres mowed and maintained	187	187	187	187	187	187	187	187	187	187
Trees and shrubs planted	10	-	8	4	3	25	100	N/A	N/A	N/A
Engineering/building inspection:										
Rezoning applications	1	-	1	3	2	-	4	4	5	5
Building permits issued	197	190	194	147	253	280	275	302	310	280
Water permits issued	74	58	50	42	80	94	123	166	163	132
Sewer permits issued	73	55	48	36	74	83	104	159	155	126
Finance and administration:										
Business licenses issued	667	694	655	583	684	639	607	578	555	541
Payroll checks issued	4,245	4,002	4,102	4,015	3,769	3,424	3,601	3,583	3,644	3,607
Accounts payable processed	2,209	2,459	2,216	2,598	2,494	2,302	2,308	2,376	2,536	2,443
Requests for public records	2	2	4	3	2	3	3	2	2	3
Liquor licenses issued	57	62	50	46	45	36	33	30	31	N/A

Source: City records - various departments listed.

CITY OF UNION, MISSOURI
CAPITAL ASSETS STATISTICS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	10	10	13	13	12	10	10	9	7	7
Public works:										
Miles of streets	87.96	87.96	87.59	87.10	87.10	86.67	84.96	83.53	82.76	81.26
Traffic lights and signals	1	2	2	2	2	2	2	2	2	2
Miles of sanitary sewer line	76.60	76.28	75.55	74.68	74.68	74.07	71.36	69.13	67.97	67.09
Number of meters	4,161	4,017	3,905	3,975	3,975	4,054	3,794	3,631	3,584	3,452
Miles of water line	83.76	83.74	83.14	82.60	82.60	82.37	80.49	78.45	78.37	77.52
Number of pumping stations	16	15	16	16	14	13	12	12	12	12
Parks and recreation:										
Number of parks	5	5	5	5	5	5	5	5	5	5
Acres of parks	178	178	178	178	178	178	178	178	178	178
Tennis courts	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Volleyball courts	2	2	2	2	2	2	-	-	-	-
Basketball courts	4	4	4	4	4	4	4	4	4	4
Baseball/softball fields	9	9	9	9	9	9	9	9	9	9
Playgrounds	5	5	5	5	5	5	4	4	4	4
Soccer fields	5	5	5	5	5	5	5	5	5	5

Source: City finance department records.

Note: No capital asset indicators are available for the Engineering/Building Inspector and Administration functions.