

CITY OF CAPE GIRARDEAU, MISSOURI
Cape Girardeau, Missouri

For the Year Ended June 30, 2012

ANNUAL FINANCIAL REPORT

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

CITY OF CAPE GIRARDEAU, MISSOURI

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Cape Girardeau, 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 Cape Girardeau, Missouri (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cape Girardeau, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 of the City of Cape Girardeau, Missouri as of June 30, 2012, and the respective changes in financial position, and where applicable cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 18 and 82 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cape Girardeau, Missouri's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.
Cape Girardeau, Missouri
December 18, 2012

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAPE GIRARDEAU, MISSOURI

Management's Discussion and Analysis

The discussion and analysis of the City of Cape Girardeau's financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and related notes to those statements to enhance their understanding of the City's financial performance.

Financial Highlights

- o The assets of the City of Cape Girardeau exceeded its liabilities at the close of the most recent fiscal year by \$250,990,911 (net assets). Of this amount, \$33,027,226 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- o As of the close of the current fiscal year, the City of Cape Girardeau's governmental funds reported combined ending fund balances of \$27,343,440. Approximately 11.4 percent of this total amount, \$3,114,973 is available for spending at the government's discretion (unassigned fund balance).
- o At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,114,973 or 12.6 percent of total general fund expenditures and transfers.
- o At the end of the current fiscal year, general fund balance reserved for emergencies was \$3,930,688 or 15.9 percent of total general fund expenditures and transfers.
- o The City of Cape Girardeau's fixed assets increased \$2,258,749 during the year. Net fixed asset additions of \$13,871,205 were made during the year. Depreciation for the current fiscal year reduced fixed assets by \$11,612,456.
- o The City of Cape Girardeau's total long-term debt decreased by \$6,982,902 (11.1 percent) during the current fiscal year. During the year the City received disbursements totaling \$199,000 from a \$31,000,000 direct loan authorized during the current year through the state revolving loan program to fund costs

related to the future construction of a new wastewater treatment plant. Also during the year the City used \$13,999,459 of proceeds from the issuance of water revenue bonds and a portion of debt service reserves to call \$14,050,000 of the 1998 water revenue bonds that had originally been issued through the state revolving loan program to expand the City's water plant. Regularly scheduled principal payments and amortization of bond premiums / discounts resulted in outstanding long-term debt being reduced by \$7,131,361.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Cape Girardeau's basic financial statements. The City of Cape Girardeau's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the City of Cape Girardeau's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all 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 the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF CAPE GIRARDEAU, MISSOURI

Both of the government-wide financial statements distinguish functions of the City of Cape Girardeau 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 of Cape Girardeau include administrative services, development services, parks and recreation, public safety, and public works. The business-type activities of the City include sewer, water, and solid waste utilities and golf course and softball complex operations. The government-wide financial statements can be found on pages 19 to 22 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 of Cape Girardeau, 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 statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Cape Girardeau maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, airport, parks and recreation, capital improvement sales tax-water system improvements, and transportation trust IV funds, which are considered, or have been designated, to be major funds of the City. Data from the other governmental funds are combined into a single, aggregated presentation.

The City of Cape Girardeau adopts annual appropriated budgets for all its governmental funds except the special revenue funds that are foundations and the capital project funds which have project length budgets. Budgetary comparison statements have been provided for all major governmental funds as part of the financial statements to demonstrate compliance with this budget. Budgetary comparison statements for the remaining governmental funds are present as supplemental information.

The basic governmental fund financial statements can be found on pages 23 to 27 of this report.

Proprietary funds. The City of Cape Girardeau maintains two 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 used enterprise funds to account for its sewer, water, and solid waste utilities and its golf course and softball complex operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for operation of its information technology systems, fleet management, self-insured employee benefits and workmen's compensation programs, and its internal equipment leasing program.

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 sewer, water, and solid waste utilities and golf course and softball complex operations. All of these are considered, or have been designated, to be major funds of the City. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

CITY OF CAPE GIRARDEAU, MISSOURI

The basic proprietary fund financial statements can be found on pages 28 to 32 of this report. Budgetary comparison statements for all the proprietary funds are present as supplemental information.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 34 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Cape Girardeau, assets exceeded liabilities by \$250,990,911, an increase of \$9,819,768 (4.1%). The City's \$209,477,285 net investment in capital assets (land, buildings, machinery, and equipment less related outstanding debt used to acquire those assets) makes up 83.5% of the City's net assets.

This net investment increased \$7,815,899 (3.9%) during the current fiscal year. 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.

An additional portion of the City's net assets (4.1 percent) represent resources that are subject to external restrictions on how they may be used. The portion of the City's net assets subject to external restrictions was \$1,294,419 (13.2%) less than the previous year. The remaining balance of net assets (\$33,027,226) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. This reflects a \$3,298,288 (11.1%) increase over the previous year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true of the prior year.

City of Cape Girardeau's Net Assets						
	Governmental		Business-type		Total	
	Activity		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	36,136,272	34,259,413	14,648,278	16,421,436	50,784,550	50,680,849
Capital assets	165,186,346	164,535,596	100,139,895	98,531,896	265,326,241	263,067,492
Total assets	201,322,618	198,795,009	114,788,173	114,953,332	316,110,791	313,748,341
Long-term liabilities outstanding	19,929,195	36,771,369	31,598,980	22,014,961	51,528,175	58,786,330
Other liabilities	6,811,221	7,783,729	6,780,483	6,007,139	13,591,704	13,790,868
Total liabilities	26,740,416	44,555,098	38,379,463	28,022,100	65,119,879	72,577,198
Net assets:						
Invested in capital assets,						
Net of related debt	145,265,494	127,938,045	64,211,791	73,723,341	209,477,285	201,661,386
Restricted	4,851,959	5,147,781	3,634,441	4,633,038	8,486,400	9,780,819
Unrestricted	24,464,748	21,154,085	8,562,478	8,574,853	33,027,226	29,728,938
Total net assets	174,582,201	154,239,911	76,408,710	86,931,232	250,990,911	241,171,143

CITY OF CAPE GIRARDEAU, MISSOURI

Governmental activities. Governmental activities increased the City of Cape Girardeau's net assets by \$20,408,995 (compared to \$4,552,712 in the previous fiscal year). This exceeded total growth in net assets of the City by \$10,545,481 resulting mainly from net transfers of \$11,150,182 from the City's business activities. Increases in net investments in capital assets during the fiscal year accounted for \$17,327,449 or 84.9% of this year's increase of its governmental activities net assets.

City of Cape Girardeau's Change in Net Assets						
	Governmental activities		Business-type activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenue:						
Charges for service	5,057,123	4,707,825	18,829,983	14,013,089	23,887,106	18,720,914
Operating grants and contributions	1,547,279	1,597,890	13,655	68,675	1,560,934	1,666,565
Capital grants and contributions	1,332,549	2,252,992	498,384	417,165	1,830,933	2,670,157
General revenues:						
Property taxes	2,008,140	1,954,759	-	-	2,008,140	1,954,759
Sales taxes	25,442,574	24,262,759	-	-	25,442,574	24,262,759
Other taxes	9,536,220	8,893,241	-	-	9,536,220	8,893,241
Other	743,454	1,019,227	325,377	377,390	1,068,831	1,396,617
Special item	-	1,628,343	-	-	-	1,628,343
Total revenues	45,667,339	46,317,036	19,667,399	14,876,319	65,334,738	61,193,355
Expenses:						
Administrative	5,727,258	5,505,786	-	-	5,727,258	5,505,786
Capital Improvements	620,298	432,699	-	-	620,298	432,699
Development Services	3,104,617	3,032,909	-	-	3,104,617	3,032,909
Interest and other costs	1,440,995	1,622,569	-	-	1,440,995	1,622,569
Parks and Recreation	5,178,740	4,846,823	-	-	5,178,740	4,846,823
Public Safety	13,180,887	12,311,981	-	-	13,180,887	12,311,981
Public Works	7,155,731	6,956,715	-	-	7,155,731	6,956,715
Sewer	-	-	6,987,740	5,910,891	6,987,740	5,910,891
Water	-	-	6,937,308	6,327,558	6,937,308	6,327,558
Solid Waste	-	-	3,558,892	3,381,137	3,558,892	3,381,137
Golf Course	-	-	699,594	697,753	699,594	697,753
Softball Complex	-	-	879,164	679,194	879,164	679,194
Total expenses	36,408,526	34,709,482	19,062,698	16,996,533	55,471,224	51,706,015
Increase in net assets						
before transfers	9,258,813	11,607,554	604,701	(2,120,214)	9,863,514	9,487,340
Transfers	11,150,182	(7,054,842)	(11,150,182)	7,054,842	-	-
Increase in net assets	20,408,995	4,552,712	(10,545,481)	4,934,628	9,863,514	9,487,340
Net assets-beginning of year	154,239,911	149,387,474	86,931,232	82,004,749	241,171,143	231,392,223
Inclusion of component units						
not previously reported	-	314,728	-	-	-	314,728
Prior period adjustments	(66,705)	(15,003)	22,959	(8,145)	(43,746)	(23,148)
Net assets-end of year	174,582,201	154,239,911	76,408,710	86,931,232	250,990,911	241,171,143

CITY OF CAPE GIRARDEAU, MISSOURI

Activity in the following revenue and expense items should be noted for the current fiscal year:

Revenues from governmental activities

- Charges for service increased \$349,298 (7.4%) over the previous year. The previous year's revenue included a \$150,000 payment from the Isle of Capri that was advanced to the City to cover costs of the riverboat gaming licensing process. If this item was excluded from the previous year's revenue the current year's revenue would have increased \$499,298 (11.1%) over the previous year. During the current year revenue from fees for park and recreation services increased \$168,412 (11.8%). Fees from the Osage Community Centre, Cape Splash, and the City's recreation program increased \$15,590 (8.5%), \$35,140 (6.1%), and \$29,129 (13.2%), respectively, reflecting increased usage. Fees from the Shawnee Park Centre and Central Pool increased \$24,738 (419.8%) and \$32,238 (36.7%), respectively as the result of Shawnee Park Centre beginning operations in only March of the previous year and Central Pool being closed during a portion of the previous year for construction at the pool. Revenues from fines and costs charged by the municipal court increased \$331,910 (45.1%) over the previous year. The municipal court revenue increase resulted mainly from a 27.9% increase in traffic violations during the current year over the previous year
- Operating grants and contributions were \$50,611 (3.2%) less than the previous year. During the current year the City received \$517,584 in payments from various neighborhood improvement grants, \$417,474 from various police operating grants, \$174,493 in grants used establish bike routes throughout the City, \$35,041 from a SAFER grant to cover the portion of the personnel costs of three additional firefighters, and \$3,248 for reimbursement of flooding costs. During the previous year payments from these sources were \$688,542, \$403,262, \$16,183, \$61,185 and \$108,268, respectively. During the current the City received grant funds totaling \$132,587 to provide emergency shelter. In the previous year these grants were passed through directly to the recipient agencies. During the previous year the City received \$50,171 and \$8,000 in grant revenues to promote the downtown area and prepare historic district nomination, respectively. No grant funds were received for these purposes during the current year.
- Capital grants and contributions decreased \$920,443 (40.9%) from the previous year. In the current year \$80,488 of donated assets and infrastructure were recorded. This was \$100,134 (55.4%) less than the previous year. Benefiting property owners were charged \$33,419 for a portion of this year's infrastructure costs. This was \$381 (1.2%) more than the previous year. This year grants totaling \$87,202, \$625,276 and \$139,616 were received for recreational trail projects, the Lewis and Clark Parkway project, and public safety equipment, respectively. In the previous year grants totaling \$174,347, \$60,374 and \$137,290 were received for those projects, respectively. In the previous year grants totaling \$98,834, \$422,706, and \$894,126 were received respectively for airport capital projects, water system improvements and the Fountain Street project, respectively. No grant funds were received on these projects in the current year. The remaining grant and contribution revenue received was \$366,548 which was \$114,893 (45.7%) more than the previous year.
- Property tax revenue was \$53,381 (2.7%) more than the previous year. The current year's revenue includes \$12,950 of protested taxes from the previous year. Final adjusted assessed value of real estate increased \$6,026,040 (1.4%) over the previous year. New construction of \$4,192,840 and annexed property of \$57,540 were included in this increase. Final adjusted assessed value of personal property increased \$1,207,385 (1.3%) from the previous year. The City tax levy rate did not increase during the current year.
- Sales tax revenue was 55.7% of the total revenue during the current year vs. 52.4% in the previous year. This year's revenue was \$1,179,817 (4.9%) more than the previous year. From fiscal year ending June 30, 2008 through fiscal year ending June 30, 2011 sale tax revenue, adjusted for new taxes, had annual growth rates of .6%, (1.6%), 1.6% and 2.0%, respectively.

CITY OF CAPE GIRARDEAU, MISSOURI

Revenues from governmental activities (continued)

- Other taxes increased \$642,979 (7.2%) from the previous year. Franchise taxes, cigarette taxes, convention and tourism taxes, business licenses, and liquor licenses grew \$145,520 (3.3%), \$2,629 (1.6%), \$120,240 (6.8%), \$126,410 (10.7%), and \$38(.1%), respectively. Motor fuel taxes decreased \$1,858 (.1%). During the current year the City received \$250,000 from the Isle of Capri for payment due to the Riverfront Development Fund pursuant to terms of a development agreement with the city. No payment was received in the previous year.
- Ameren paid 68.5% of the total franchise tax collected during the year based on its electricity and natural gas revenues. During the current year Ameren paid \$66,058 (2.1%) less than the previous year. Payments received on natural gas sales declined \$135,273 (16.9%) from the previous year even though natural gas rates averaged approximately 3.5% more during the current year. Payments received on electricity sales only increased \$69,215 (2.9%) even though the average residential rates averaged 6.8% more than the previous year. An extremely mild winter had a negative impact on both the natural gas and electricity receipts.
- During the current year the City received payments in lieu of franchise taxes from its water and sewer funds totaling \$723,484. This was \$243,868 (50.9%) greater than the previous year. In the current year the water fund increased its residential and commercial rates by 5%. The sewer fund increased its fixed rates by 293.1% and its volume based rate by 122.3% to produce the revenues that will be needed to service the debt that will be issued in conjunction with the construction of a new sewer plant.
- Franchise tax paid during the current year by the City's telecommunication and cable TV service providers decreased \$30,847 (8.9%) and \$1,443 (.4%), respectively, from the previous year. During the previous year the City received \$49,600 in back taxes from T-Mobile.
- The increase in the convention and tourism taxes was comprised of \$67,566 (5.6%) and \$52,674 (9.4%) increases in restaurant and hotel / motel taxes, respectively, from the previous year.
- Other revenue declined \$275,773 (27.1%) from the previous year to \$743,454. Investment earnings, which accounted for 76.7% of other revenue, decreased \$53,038 (8.5%). During the previous year a \$250,791 gain was recognized on property transferred to the Isle of Capri for a new gaming development.
- The previous year's financial statement reflected a special item totaling \$1,628,343. During that year the City received \$2,000,000 from the Isle of Capri pursuant to a development agreement. This agreement designated the Isle of Capri and its project site as preferred developer and site for a potential gaming facility and transferred various properties from the City to the Isle of Capri. The amount received by the City that was above the market value of the properties transferred was treated as a special item.

Expenses from governmental activities

- Administrative expenses totaled \$5,727,258 this year which was \$221,471 (4.0%) more than the previous year. Excluding personnel costs, the most significant cost item included in this category is the City's support of the "River Campus Project". This is a joint City/University project. The City agreed to make payments from its convention and tourism taxes to pay principal and interest on bonds issued by the University to fund \$8.9 million of construction costs related to a campus, performance center, and museum on property that oversees the Mississippi River. The campus began operating in the fall of 2007. The total cost of the project exceeded \$60 million. The city's payments to Southeast Missouri State University increased \$92,087 (7.6%) to \$1,308,184 this year.

CITY OF CAPE GIRARDEAU, MISSOURI

Expenses from governmental activities (continued)

Current revenues collected from the hotel, motel, and restaurant taxes not used for the operation of the Convention Visitors Bureau are committed to pay off the "River Campus" bonds. Unspent hotel, motel, and restaurant taxes collected before November 2004 are used to fund various tourism and economic development related projects. During the current year the City spent \$129,625 on such projects, an increase of \$8,721 (7.3%) over the previous year. At the end of the current year there was still \$208,433 available for expenditure on future tourism and economic development related projects.

The current year includes the following significant changes in administrative costs: (1) amounts spent on salaries and benefits increased \$131,302 (7.4%) over the previous year (2) legal fees related to the eviction of a tenant from its manufacturing facility at the airport resulted in costs totaling \$72,354 (3) cost of a city-wide survey was \$20,000 (4) amount spent on Preserve America Grant related expenditures decreased \$51,968 to zero.

- Capital improvements expenses totaled \$620,298 this year which was \$187,599 (43.4%) more than the previous year. These costs represent street and other capital projects that did not meet the City's \$5,000 capitalization threshold (the amount at which the expenditure would be recorded as a capital asset).
- Development services expenses totaled \$3,104,617 this year which was \$71,708 (2.4%) more than the previous year. During the current fiscal year the City spent \$279,435 for a CDBG funded renovation of a commercial building, \$385,234 on various grant funded neighborhood improvement and housing projects, and \$187,536 in grant funded expenditures to establish bike routes throughout the City. During the previous year the City spent \$9,100, \$871,695 and \$27,620 on these projects, respectively. During the current year the City made \$134,821 in expenditures related to an emergency shelter grant. In the previous year this grant was passed through directly to the recipient agencies.
- Interest and other costs totaled \$1,440,995 this year which was \$181,574 (11.2%) less than the previous year. During the previous year, the City paid off the 2001 certificates of participation that were originally issued to construct a manufacturing facility at the Cape Girardeau Regional Airport.
- Parks and recreation expenses totaled \$5,178,740 this year which was \$331,917 (6.8%) more than the previous year. This year's expenditures include \$190,440 in operating expenses from Shawnee Park Center. This was the first full year of operation for the Shawnee Park Center which opened in the spring of 2011. Total operating expense for the center was \$81,052 in the previous year. The current year did not include any expenditure from Capaha pool which was demolished in the previous year. In the previous year there was \$107,762 in operating expenses associated with the pool. Operating expenses at the Central pool were \$88,382 (28.4%) more than the previous year during the current year. The pool had been closed for remodeling during a portion of the previous year. City Hall maintenance costs which are included in the facilities maintenance division of parks and recreation increased \$34,440 (615.4%) during the current year as a result of significant boiler and electrical repairs and office redesign caused by staff restructuring.

This year's financial statements included depreciation costs \$936,776 which was \$99,180 (11.8%) more than the previous year. This mainly resulted from equipment purchases and facility construction funded by the parks / storm water sales tax. Capital outlays in amounts that did not meet the City's \$5,000 capitalization threshold totaling \$84,151 were included in this year's parks and recreation expenditures. This was \$29,260 (53.3%) more than the previous year.

- Public safety expenses totaled \$13,180,887 this year which was \$868,906 (7.1%) more than the previous year. Included in this year's expenses is depreciation expense totaling \$672,191 which was \$7,449 (1.1%) less than the previous year, personnel costs totaling \$10,563,405 which was \$638,773 (6.4%) more than the previous year, and operating expenses totaling \$1,945,291 which was \$237,582 (13.9%) more than the previous year.

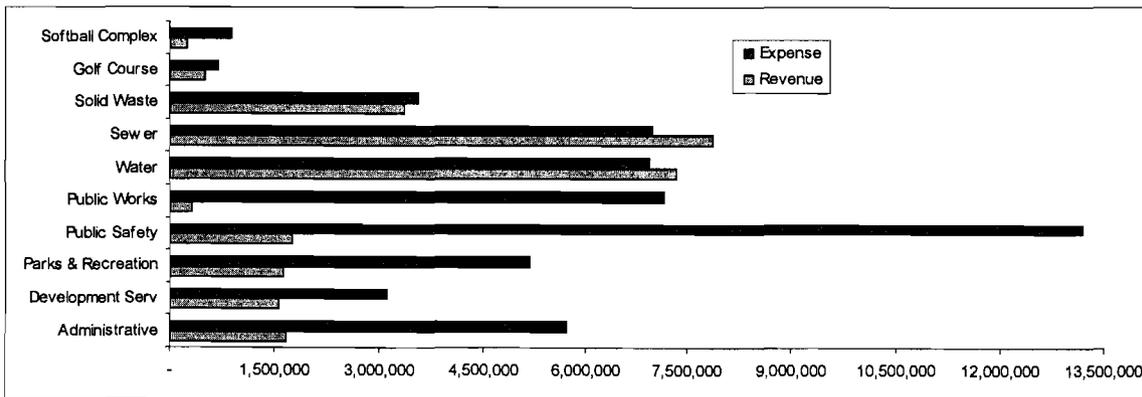
CITY OF CAPE GIRARDEAU, MISSOURI

Expenses from governmental activities (continued)

Salary expense totaling \$7,432,764 and employee and retiree benefit costs totaling \$3,130,641 account for the personnel costs included in this year expense. These costs were \$196,680 (2.7%) and \$442,093 (16.4%) more than the previous year. Increases in allocated worker's compensation costs, contributions to the employees' defined benefit pension, and allocated employee and retiree health and dental cost make up over 95% of this year's increase in benefit costs. These costs increased \$185,027 (225.4%), \$76,354 (11.7%), and \$160,256 (11.6%) respectively over the previous year. During the current year net costs in the City's self-insured worker's compensation program increased 222.5%. In the previous year these costs decreased 73.5%. Contribution rates charged by the City's employee defined benefit retirement plan increased 12.7% and 8.1% respectively for the City's police and fire employees during the current year. During the current year net costs in the City's self-insured health and dental programs increased 24.4%.

The following were significant operating expense increases from the previous year: (1) Vehicle fuel \$56,280 (22.9%) (2) Expenses related to fire operating grants \$38,389 (1052.5%) (3) Professional services \$29,327 (2,845.8%) (4) Uniform and protective clothing \$22,862 (36.6%) (5) Fleet maintenance costs \$24,783 (10.0%) and (6) Building condemnation costs \$6,823 (41.1%). Capital outlays in amounts that did not meet the City's \$5,000 capitalization threshold totaling \$47,054 were included in this year's public safety expenditures. This was \$22,112 (88.7%) more than the previous year.

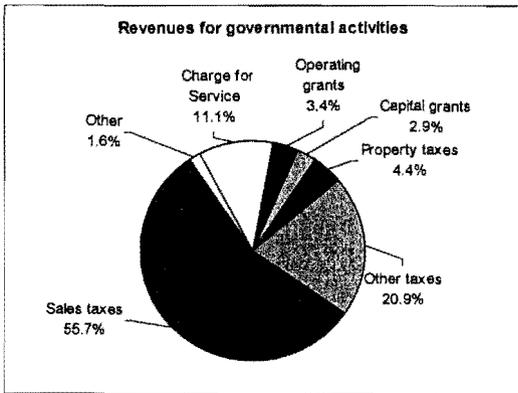
- Public works expenses totaled \$7,155,731 this year which was \$199,016 (2.9%) more than the previous year. Included in this year's expenses is depreciation expense totaling \$4,810,682 which was \$74,674 (5.8%) more than the previous year, personnel costs totaling \$1,074,850 which was \$32,539 (3.1%) more than the previous year, and operating expenses totaling \$1,270,199 which was \$91,803 (7.8%) more than the previous year. The most significant change in this year's operating expense was street light electricity costs which were \$61,130 (18.8%) more than the previous year resulting mainly from a significant rate hike.



The illustration above makes it clear that all the governmental activities and business-type activities of the City with the exception of water and sewer required a subsidy by taxpayers. General revenues in these activities, which include transfers from special revenue sales taxes, were sufficient to provide adequate subsidies for both the governmental and business-type activities.

CITY OF CAPE GIRARDEAU, MISSOURI

Revenues by Source – Governmental Activities



The above chart summarizes the sources of revenue from government activities. The three main sources of revenue and their share of total governmental revenues are sales tax (55.7%), other taxes (20.9%) and charges for services (11.1%).

The City's general sales tax represents 36.7 percent of the total sales tax revenue and 44.2 percent of the total general fund revenues. The remaining sales taxes are for parks, storm water, transportation, sewer, water, and public safety projects.

The general fund accounts for 63.4% and 56.6% of the other tax and service charge revenue respectively. This represents 28.7% and 13.6% of the total general fund revenues respectively.

Business-type activities Net assets of the City decreased by \$10,545,481 as a result of its business-type activities during the current year. During the previous year business-type activities increased the City's net assets by \$4,934,628. Business-type activities before transfers increased the City's net assets by \$604,701 during the current year and decreased the net assets by \$2,120,214 during the prior year.

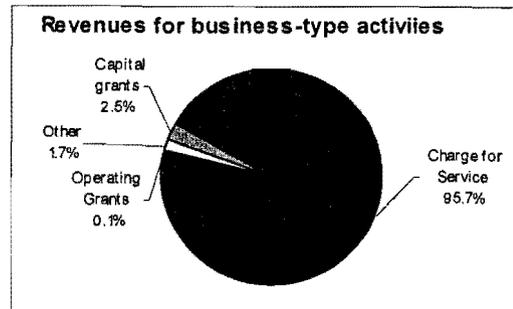
During the current year there were net transfers from the business-type activities to governmental activities of \$11,150,182. In the previous year there were net transfers from governmental activities to business-type activities of \$7,054,842.

In the current year proceeds of revenue bonds issued by the water fund totaling \$13,848,571 were

transferred to the capital improvement sales tax – water projects fund to call \$14,050,000 of the 1998 water revenue bonds that had originally been issued through the state revolving loan program to expand the City's water plant. During the current year the sewer fund transferred amounts totaling \$2,513,700 to the capital improvement sales tax funds. These were made to return transfers received from those funds in the previous year to cover short-term cash flow deficits related to the construction and design of the new wastewater treatment plant.

Transfers of sales tax revenue for bond payments totaling \$1,624,914 and operating subsidy transfers from the general and parks / storm water sales tax funds totaling \$853,864 were made during the current year. Last year these transfers totaled \$1,702,899 and \$836,147, respectively. During the current year capital improvements totaling \$2,600,737 were transferred to the water, sewer, golf and softball complex funds from capital project funds. Last year these transfers were \$1,976,826. \$125,000 was transferred from the casino revenue fund to the sewer fund during the current year to fund a portion of the costs of the new wastewater treatment plant.

The net change in assets before transfers and general revenues in the sewer, water, solid waste, golf, and softball operations totaled \$873,466, \$402,135, (193,009), \$(187,666), and \$(615,602), respectively, this year. This compares to \$(2,035,535), \$395,503, \$(203,959), \$(193,381), and \$(460,232), respectively, in the previous year.



Financial Analysis of the City's Funds

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

CITY OF CAPE GIRARDEAU, MISSOURI

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

As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$27,343,440, an increase of \$1,748,487 (6.8%) from the prior year. Unassigned fund balances, which are available for spending at the City's discretion, account for \$3,114,973 (11.4%) of the total fund balances.

The remainder of the fund balances are classified as nonspendable, restricted, or assigned to indicate that they are not available for new spending. The following are the amounts and classification of the remaining fund balances at June 30, 2012: (1) \$1,003,400 is classified as nonspendable because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact (2) \$20,759,112 is classified as restricted because it can be spent only for specific purposes because of restrictions by external parties, constitutional provisions or enabling legislation 3) \$2,465,956 is classified as assigned because its expenditure is constrained by the City's intent to use it for specific purposes.

The general fund is the chief operating fund of the City. At the end of fiscal year ending June 30, 2012, unassigned fund balance of the general fund was \$3,114,973 while total fund balance was \$8,226,108. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents only 12.6 percent of total general fund expenditures including transfers. However, included in the reserved fund balance is \$3,930,688, which had been reserved to meet the City Charter's emergency reserve requirement. This amount represents 15.9 percent of total general fund expenditures including transfers and could be used if an emergency was declared by the City Council.

The Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance shows that the total fund balance of the City of Cape

Girardeau's general fund increased by \$1,756,981 during the current fiscal year. However, the General Fund Statement of Revenues, Expenditures, and Changes of Fund Balance prepared on a budget basis shows a current fiscal year increase of \$1,871,880. Differences between the amounts reflected in the two statements can be found in the Notes to Budgetary Comparison Schedules found on pages 86 to 89.

The original adopted general fund budget for the fiscal year ending June 30, 2012 had a surplus of revenues over expenditures of \$2,229. The actual general fund results increased fund balances by \$1,871,880. Significant deviations from this budget are detailed below:

- o Sales tax revenue was \$426,465 (4.8%) more than the previous year, which was \$430,635 (4.8%) more than projected for the adopted budget. The adopted budget projected revenues that were 1% above the projected fiscal year ending June 30, 2011 revenues. Actual revenue for fiscal year ending June 30, 2011 increased 2.06% from the previous year while the budget had assumed it would increase only 1%.
- o Franchise tax revenue was \$343,251 (8.3%) more than projected for the adopted budget. Franchise taxes from the City's water and sewer, telecommunications, and electric utilities exceeded their budgets by \$232,518 (47.4%), \$92,647 (41.9%), and \$162,601 (7.3%), respectively. Franchise tax from natural gas utilities and cable TV were \$129,838 (16.4%) and \$14,677 (3.7%) below their projected budget.
- o During the current year Ameren paid \$66,058 (2.1%) less franchise taxes than the previous year. Payments received on natural gas sales declined \$135,273 (16.9%) from the previous year even though natural gas rates averaged approximately 3.5% more during the current year. Payments received on electricity sales only increased \$69,215 (2.9%) even though the average residential rates averaged 6.8% more than the previous year. Projections used in the current year's budget had assumed natural gas usage equal to usage from calendar year 2010 and electricity usage equal to usage for fiscal year ending June 30, 2010 and rates in effect in April 2011. An extremely mild winter had a negative impact on both the natural gas and electricity receipts.

CITY OF CAPE GIRARDEAU, MISSOURI

o During the current year the City received payments in lieu of franchise taxes from its water and sewer funds totaling \$723,484. This was \$243,868 (50.9%) greater than the previous year. In the current year the water fund increased its residential and commercial rates by 5%. The sewer fund increased its fixed rates by 293.1% and its volume based rate by 122.3% to produce the revenues that will be needed to service the debt that will be issued in conjunction with the construction of a new sewer plant. The amount of payments in lieu of franchise taxes projected for the current year's budget had not assumed the sewer rate increases.

o Franchise tax paid during the current year by the City's telecommunication and cable TV service providers decreased \$30,847 (8.9%) and \$1,443 (.4%), respectively, from the previous year. During the previous year the City received \$49,600 in back taxes from T-Mobile. The amount of projected franchise tax from telecommunication providers used in the current year's budget was significantly underestimated.

o Property tax revenue increased \$50,845 (3.1%) over the previous year and was \$28,572 (1.7%) more than the projected budget. The current year's revenue includes \$10,908 of protested taxes from the previous year. Final adjusted assessed value of real estate increased \$6,026,040 (1.4%) over the previous year. New construction of \$4,192,840 and annexed property of \$57,540 were included in this increase. Final adjusted assessed value of personal property increased 1,207,385 (1.3%) from the previous year. The adopted budget for the fiscal year ending June 30, 2012 had assumed 1.0% and 0.0% assessed value growth for real estate and personal property, respectively. The City tax levy rate did not increase during the current year.

o Business license revenue increased \$126,410 (10.7%) over the previous year and exceeded the projected budget by \$106,001 (8.8%). The adopted budget projected revenues that were 1% above the projected fiscal year ending June 30, 2011 revenues. Actual revenue for fiscal year

ending June 30, 2011 increased only 2.62% from the previous year while the budget had assumed it would increase 3.35%.

o Other license and permit revenue was \$52,137 (25.8%) higher this year than the previous year and was \$66,835 (35.7%) more than projected for the budget. This year's increase resulted mainly from increases in construction related permits over the previous year.

o Intergovernmental revenue exceeded revenue projected for the budget by \$544,689 (113.0%). This year's intergovernmental revenue included \$133,055 in revenues from various public safety capital grants, \$58,461 grant for the City's CERT program, \$173,156 grant to establish bicycle routes throughout the city, \$132,587 for an emergency shelter grant and \$58,461 in disaster relief payments from state and federal agencies to make repairs to streets and other items damaged during the previous year's natural disasters. None of these revenues had been projected in the current year's budget.

o Service charges were \$35,933 (2.5%) less than the previous year but were \$30,393 (2.2%) more than projected in the budget. Internal costs charged to various parks capital projects totaling \$82,004 had not been anticipated in the original budget.

o Fines and forfeits revenue was \$305,839 (46.5%) more than the previous year and was \$138,252 (16.8%) more than projected in the budget. There was 27.9% increase in traffic violations during the current year over the previous year. The adopted budget for fiscal year ending June 30, 2012 had assumed revenue levels approximately equal to fiscal year ending June 30, 2010 levels.

o During the current fiscal year total expenditures were \$408,917 (2.0%) more than the original budget. Operating expenditures and capital expenditures exceeded their original budgets by \$312,732 (1.6%) and \$98,040 (63.6%) respectively. Actual debt service expenditures were \$1,855 (1.2%) less than the original budget.

CITY OF CAPE GIRARDEAU, MISSOURI

- o Transfers to other funds for operating subsidies were \$131,018 (3.4%) more than original budget and transfers for capital expenditures exceeded their original budgets by \$133,672 (3,819.2%).

Proprietary funds. The City of Cape Girardeau's enterprise funds are all presented as major funds for purposes of this report. As a result, all statements related to the enterprise funds are presented at the government-wide level. The City does have Internal Service funds, which are reported in total on the Proprietary Fund Statement and consolidated with other governmental activities on the government-wide statements.

General Fund Budgetary Highlights

Total expenditures and transfers on the final amended budget were \$1,320,950 (5.5%) more than the original adopted budget. The changes that were appropriated by the City Council can be summarized as follows:

Administrative – \$86,000.00 for costs related to personnel activity not included in the original budget, city-wide survey, outside legal counsel, and legal services related to updating the City code of ordinances.

Development Services – \$381,500.00 for costs related to grant funded expenditures to establish bike routes throughout the city, an emergency shelter grant, inspection costs of the Casino construction, fleet maintenance, and other economic development costs.

Public Safety – \$222,150.00 for costs related to outside legal counsel, prisoner food, fleet maintenance, part-time and over-time salaries, and various public safety operating grants.

Parks and Recreation - \$38,900.00 for additional utility, building maintenance, and building supply costs.

Public Safety -\$53,500.00 for costs related to grant funded police overtime, 4 tasers, installation of communication equipment, rewiring of Gordonville communication tower, and other municipal court, police, and fire operating expenses

Contingency - \$12,000.00 for sink-hole mitigation costs.

Administrative - \$6,000.00 to replace scanner for personnel records storage system.

Public Safety - \$19,200.00 to replace soft-sided rescue boat.

Public Safety - (\$93,700.00) for demolition of a building on land adjacent to the police station and to cover the cost of various grant funded capital projects.

General Fund Transfer to Airport Fund – \$75,000.00 to cover projected operating shortfall.

General Fund to Parks and Recreation Fund – \$90,000.00 to cover projected operating shortfall.

General Fund to Softball Complex Fund – \$40,000.00 to cover projected operating shortfall.

General Fund to Public Safety Trust Fund - \$130,000.00 to cover transfer of additional sales tax revenue.

General Fund to Housing Development Grants Fund – \$36,000.00 to cover costs not reimbursed by grants.

General Fund to CDBG Grants Fund –\$1,000.00 to cover costs not reimbursed by grants.

General Fund to Sewer Fund – \$6,000.00 to cover transfer of equipment from the sewer fund.

General Fund to Equipment Replacement Fund – \$30,000.00 to transfer proceeds of the City auction.

Excess general fund revenues and unrestricted fund balances were used to fund all appropriations that did not have an identified funding source.

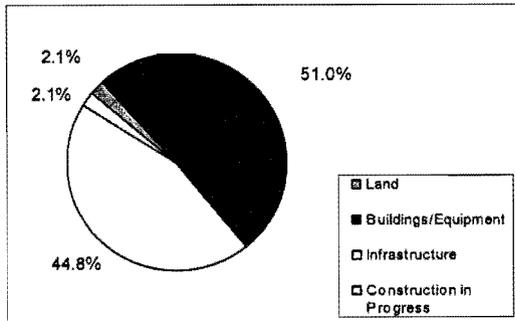
During the year departments may transfer budget appropriations between various expense types within their department.

CITY OF CAPE GIRARDEAU, MISSOURI

Capital Assets and Debt Administration

Capital Assets. The City of Cape Girardeau's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$265,326,241 (net of accumulated depreciation). This investment in capital assets includes all land, buildings and system improvements, machinery and equipment, and infrastructure owned by the City.

City Capital Assets



Major capital asset events during the current fiscal year included the following:

- o Construction costs totaling \$5,559,062 on approved transportation sales tax projects were incurred this year. This tax was originally approved to complete a specific list of street projects, which also included amounts for street repair and overlay and sidewalk construction and repair.
- o Costs totaling \$1,283,828 related to the new Wastewater Treatment Plant were incurred this year.
- o Construction costs totaling \$2,493,285 on various water system projects were incurred this year. Major water system improvements included the completion of a new water distribution line, software to run four new wells, the addition of water main extensions and the continuation of the two-inch water main replacement program.
- o Costs totaling \$4,798 were incurred for sidewalk construction for the safe routes to school program. These costs were almost entirely funded by the Department of Transportation.
- o \$770,386 in construction costs were incurred for a street project that is being partially funded by the Missouri Department of Transportation.
- o Department of Transportation funds were used to partially fund the \$39,838 spent to expand the City's trail system.
- o In April 2008 voters approved a ½ cent sales tax to pay for storm water and park improvement projects. \$289,220 and \$494,589 were spent respectively during the current year on these projects.
- o Sewer projects funded by sewer revenue amounted to \$189,575 in capital expenditures during the current year.

Additional information about the City's capital assets can be found in note D to the financial statements.

City of Cape Girardeau's Capital Assets (net of depreciation)						
	Governmental Activity		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	4,926,320	5,402,766	647,165	161,989	5,573,485	5,564,755
Buildings and system improvements other than buildings	22,754,492	23,668,979	2,495,635	2,701,428	25,250,127	26,370,407
Equipment	10,363,902	11,026,806	89,417,174	85,489,842	99,781,076	96,516,648
Infrastructure	6,019,842	5,785,693	4,200,680	4,515,275	10,220,522	10,300,968
Construction in progress	118,903,775	116,018,659	-	-	118,903,775	116,018,659
	2,218,015	2,632,693	3,379,241	5,663,362	5,597,256	8,296,055
Total	165,186,346	164,535,596	100,139,895	98,531,896	265,326,241	263,067,492

CITY OF CAPE GIRARDEAU, MISSOURI

City of Cape Girardeau's Outstanding Debt						
Year ended 2012						
	Governmental		Business-type		Total	
	Activity		Activities			
	2012	2011	2012	2011	2012	2011
Notes payable	647,528	692,646	810,109	870,117	1,457,637	1,562,763
Special obligation bonds	3,989,317	4,839,002	1,017,537	1,150,626	5,006,854	5,989,628
Revenue bonds	937,600	16,218,078	34,208,439	22,961,375	35,146,039	39,179,453
Certificates of participation	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Leasehold revenue bonds	14,371,824	16,233,412	-	-	14,371,824	16,233,412
	<u>19,946,269</u>	<u>37,983,138</u>	<u>36,036,085</u>	<u>24,982,118</u>	<u>55,982,354</u>	<u>62,965,256</u>

Long-term debt. At the end of the fiscal year, the City of Cape Girardeau had total debt outstanding of \$55,982,354. Bonded debt outstanding totaling \$35,146,039 is secured by revenues of the sewer and water funds and capital improvement sales taxes. The repayment of the remaining debt is subject to annual appropriations. The City's total outstanding debt declined by \$6,982,902 (11.1%) during the current year.

In the current year the City received disbursements totaling \$199,000 from a \$31,000,000 direct loan authorized during the current year through the state revolving loan program to fund costs related to the future construction of a new wastewater treatment plant.

Also during the year the City used \$13,999,459 of proceeds from the issuance of water revenue bonds and a portion of debt service reserves to call \$14,050,000 of the 1998 water revenue bonds that had originally been issued through the state revolving loan program to expand the City's water plant.

Regularly scheduled principal payments and amortization of bond premiums / discounts resulted in outstanding long-term debt being reduced by \$7,131,361.

More information about the City's outstanding debt can be found in note E to the financial statements.

CITY OF CAPE GIRARDEAU, MISSOURI

Economic Factors and the Next Year's Budget

Residential development showed significant improvement during the past year. Values of residential permits issued during the year increased 214.6% over the previous year's values. Residential development this year was the strongest since fiscal year ending June 30, 2007. Commercial development also increased significantly during the current. Values of commercial permits issued during the year were 27.0% higher than the previous year. Commercial development was stronger this year than all but one of the past five years.

Commercial and residential permits valued at \$38.3 million and \$16.1 million were issued this year. Commercial and residential permits valued at \$30.2 million and \$5.1 million were issued in the previous year. In the current year 52 single family residence and 14 two family residence building permits totaling \$9,599,218 and \$2,267,000 respectively were issued. In the previous year 19 single family residence and 1 two family residence building permits totaling \$2,760,860 and \$210,000 respectively were issued.

Local employment continues to be stronger than state and national employment. The Cape Girardeau County unadjusted unemployment rate was only 5.7% in October 2012. This compares favorably with the statewide and national unadjusted unemployment rates which were of 6.6% and 7.5% respectively. The unadjusted unemployment rates were 6.7%, 7.9% and 8.5% for the county, state, and nation, respectively, for the previous October. City construction projects related to its transportation sales tax and parks and storm water sales tax provide significant support to local construction employment.

The following major retail stores have been constructed or announced during the past year. Menard's, a 150,000 square foot home improvement store, opened in May 2012. This was expected to employ approximately 150 people. In October 2012 Academy Sports announced that it would be constructing a 75,000 square foot facility in the city. This store is expected to employ approximately 75 people.

In October 2012 the Isle of Capri opened its \$125 million casino development in the downtown area. The development should employ approximately 450 people and produce an estimated \$3 million of additional annual tax revenue for the City.

In October 2012 Procter and Gamble announced a \$300 million expansion of its plant located in Cape Girardeau County. This expansion should create 50 additional permanent jobs. Expansion projects estimated to cost approximately \$127 million in total for other manufacturing plants in the local area have been announced or completed during the past year. These projects are expected to create approximately 90 permanent jobs.

During the year the City continued to enhance its position as a regional medical center. Both hospitals have continued to expand their facilities. In December 2012 Saint Francis Medical Center announced an estimated \$130 million expansion of its facilities.

Taxable sales subject to the City's general sales tax increased 4.8% during the current year. Since the City is heavily dependent on sales tax revenue for support of its general fund services, any growth of local retail sales can have a positive impact on the City's ability to fund services in the future.

The state Hancock Amendment requires the City obtain simple majority voter approval to increase any permit or license fee that is not based on actual costs to the user and strictly limits the City's ability to increase its real estate and personal property tax levies to support its general services such as police and fire protection. The City Charter requires voter approval to increase sewer, water, and solid waste fees by more than 5% in any year. All other user fees can be adjusted to cover actual costs.

Improving retail economy. Sales tax is a significant revenue source of the City and is a barometer of the local economy. In the current year sales tax revenue from the general sales tax increased 4.8% while inflation grew at 3.1%. In the previous year sales tax revenue from the general sales tax increased 2.1% while inflation grew at 1.8%.

The City's restaurant gross receipt tax and hotel/motel gross receipt tax increased 5.6% and 9.4%, respectively, during the current year. In the previous year they increased 4.6% and 7.3%, respectively.

CITY OF CAPE GIRARDEAU, MISSOURI

Regional retail center. Through most of the 1990's Cape Girardeau continued to be a regional retail center for much of Southeast Missouri and Southern Illinois. During the latter part of the 1990's Cape Girardeau began to lose its share of the retail market to other cities in the region as these cities added additional retail outlets in their communities.

During the year the City spent \$65,986 in support of Cape Girardeau Area Magnet, as a result of their membership in that organization. This organization actively solicits business, industry and commerce for the greater Cape Girardeau area which includes neighboring cities Jackson and Scott City and all of Cape Girardeau County.

<u>SALES TAX COMPARISON</u>				
	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Cape Girardeau	41.1%	41.7%	41.9%	42.4%
Carbondale	27.7%	27.9%	27.9%	27.4%
Jackson	9.9%	9.5%	9.6%	9.6%
Perryville	7.4%	7.4%	7.2%	7.2%
Sikeston	13.9%	13.5%	13.4%	13.4%
	100.0%	100.0%	100.0%	100.0%

On December 12, 2012, the City announced its intention to purchase 247.43 acres along interstate I-55 around the new LaSalle interchange for \$6,000,000 under terms agreed to with the Southeast Missouri University Foundation. Per the terms, a \$480,000 down payment will be made by the Greater Cape Girardeau Benevolent Association on behalf of the City and the City will make 12 annual payments of \$460,000. The contract for this purchase is expected to be approved in January 2013. The land will be used for future business development and is best suited for distribution centers, light manufacturing, technology-related businesses and some retail development.

The previous table, which includes the City of Cape Girardeau and significant retail centers within a 50 mile radius, shows the percentage of estimated sales made by each City to the total estimated sales of the five cities. During the current year it appears that trend of the City increasing its share of the local market is continuing.

Budget for fiscal year ending June 30, 2013 and financial condition The adopted general fund budget for the fiscal year ending June 30, 2013, was projected to produce a \$168,118 surplus.

Local Economic Development.

During the current year the City entered into a development agreement that will pay up to \$3 million dollars for public improvements at a new Academy Sports store. These improvements will be paid from additional sales tax generated from this project.

The adopted general fund budget included a 2% wage increase effective July 1, 2012 and included projected revenue based on conservative revenue assumptions. The approved general fund budget projected adequate revenue to cover its projected personnel and operating costs and \$73,164 in capital costs.

In the previous 8 years the City has entered into 4 long-term development agreements to reimburse companies for the public improvements associated with 4 retail development projects from the additional sales tax generated from those projects. The agreements have resulted in the addition of two major new retailers, the relocation and expansion of another major retailer, and in the conversion of a former Sears's facility into a call center for National Asset Recover Services (NARS).

The City's current financial position had improved substantially during the past three years and is good in that it has more than adequate fund balance to cover existing claims and potential emergencies. Its financial condition or its ability to provide enough reoccurring revenues to meet its reoccurring needs has also improved over the past three years. However, it is still less than desirable. Funding of equipment for the general and airport funds, excluding police, fire, and various park divisions is still not at desired levels.

Payment made by the City pursuant to these agreements totaled \$167,828 during the current year. Payments totaling \$1,139,242 have been made since the beginning of these agreements.

Requests for Information

This financial report is designed to provide a general overview of the City of Cape Girardeau's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Cape Girardeau, PO Box 617, Cape Girardeau, MO 63702-0617.

BASIC FINANCIAL STATEMENTS

City of Cape Girardeau
Statement of Net Assets
For the Year Ended June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 866,697.20	\$ 222,328.00	\$ 1,089,025.20
Investments	27,857,249.70	8,131,316.84	35,988,566.54
Taxes receivable	4,163,096.09	-	4,163,096.09
Utility charges receivable	-	2,757,630.11	2,757,630.11
Special assessments receivable	371,408.42	42,882.45	414,290.87
Interest receivable	64,432.68	28,619.15	93,051.83
Other receivables	291,205.34	27,984.30	319,189.64
Notes receivable	231,568.94	-	231,568.94
Motor fuel receivable	118,669.75	-	118,669.75
Grants receivable	1,089,477.95	8,253.65	1,097,731.60
Internal balances	400,557.03	(400,557.03)	-
Inventory	218,629.09	683,875.00	902,504.09
Prepaid items	463,279.08	132,864.81	596,143.89
Restricted cash and cash equivalents	-	1,413,472.06	1,413,472.06
Restricted investments	-	1,599,609.10	1,599,609.10
Land	4,926,319.40	647,165.04	5,573,484.44
Buildings	22,754,492.03	2,495,634.96	25,250,126.99
Other improvements	10,363,902.36	89,417,174.02	99,781,076.38
Equipment	6,019,842.36	4,200,679.74	10,220,522.10
Infrastructure	118,903,775.15	-	118,903,775.15
Construction in process	2,218,015.01	3,379,240.83	5,597,255.84
Total assets	<u>\$ 201,322,617.58</u>	<u>\$ 114,788,173.03</u>	<u>\$ 316,110,790.61</u>

City of Cape Girardeau
Statement of Net Assets
For the Year Ended June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 2,484,507.99	\$ 1,103,847.08	\$ 3,588,355.07
Salaries and benefits payable	348,122.49	66,531.20	414,653.69
Interest payable	157,335.00	133,550.24	290,885.24
Other liabilities	256,510.55	568,086.93	824,597.48
Estimated claims	510,500.00	-	510,500.00
Due to other governments	2,206.64	79,463.67	81,670.31
Unearned revenues	71,605.50	-	71,605.50
Estimated landfill post closure costs	-	39,000.00	39,000.00
Current portion long-term debt:			
Notes payable	127,632.85	30,004.00	157,636.85
Revenue bonds payable	42,800.00	4,620,000.00	4,662,800.00
Leasehold revenue bonds payable	1,955,000.00	-	1,955,000.00
Special obligation bonds payable	855,000.00	140,000.00	995,000.00
Long-term debt net of current portion:			
Notes payable	519,895.06	780,104.94	1,300,000.00
Revenue bonds payable	894,800.00	29,588,439.40	30,483,239.40
Leasehold revenue bonds payable	12,416,824.63	-	12,416,824.63
Special obligation bonds payable	3,134,316.59	877,536.50	4,011,853.09
Compensated absences payable	830,815.80	119,635.29	950,451.09
Net OPEB Obligation	2,132,543.00	233,264.00	2,365,807.00
Total liabilities	<u>26,740,416.10</u>	<u>38,379,463.25</u>	<u>65,119,879.35</u>
NET ASSETS			
Invested in capital assets, net of related debt	145,265,493.72	64,211,791.19	209,477,284.91
Restricted for debt service	20,353.39	568,333.33	588,686.72
Restricted for depreciation and replacement	-	277,000.00	277,000.00
Restricted for emergency fund	4,595,853.00	2,789,107.00	7,384,960.00
Restricted for Mausoleum	92,268.63	-	92,268.63
Restricted for River Campus Project	125,985.04	-	125,985.04
Restricted for Local Access Channel	44.82	-	44.82
Restricted for Operation and Maintenance	17,454.82	-	17,454.82
Unrestricted	24,464,748.06	8,562,478.26	33,027,226.32
Total net assets	<u>\$ 174,582,201.48</u>	<u>\$ 76,408,709.78</u>	<u>\$ 250,990,911.26</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Administrative	\$ 5,727,257.55	\$ 1,450,890.70	\$ 166,965.52	\$ 58,652.00	\$ (4,050,749.33)	\$ -	\$ (4,050,749.33)
Capital Improvements	620,298.05	-	-	991,912.50	371,614.45	-	371,614.45
Development Services	3,104,617.30	734,732.21	824,664.77	-	(1,545,220.32)	-	(1,545,220.32)
Interest and other costs	1,440,995.11	-	-	-	(1,440,995.11)	-	(1,440,995.11)
Parks and Recreation	5,178,739.63	1,598,709.11	27,535.30	-	(3,552,495.22)	-	(3,552,495.22)
Public Safety	13,180,887.17	1,109,461.13	494,865.10	158,142.94	(11,418,418.00)	-	(11,418,418.00)
Public Works	7,155,730.87	163,329.57	33,248.18	123,841.48	(6,835,311.64)	-	(6,835,311.64)
Total governmental activities	<u>36,408,525.68</u>	<u>5,057,122.72</u>	<u>1,547,278.87</u>	<u>1,332,548.92</u>	<u>(28,471,575.17)</u>	<u>-</u>	<u>(28,471,575.17)</u>
Business-type Activities:							
Golf Course	699,593.94	499,839.32	-	12,088.90	-	(187,665.72)	(187,665.72)
Sewer	6,987,740.06	7,765,323.79	60.60	95,821.97	-	873,466.30	873,466.30
Softball Complex	879,164.35	263,399.05	-	162.49	-	(615,602.81)	(615,602.81)
Solid Waste	3,558,891.62	3,338,511.59	13,594.39	13,777.00	-	(193,008.64)	(193,008.64)
Water	6,937,308.61	6,962,908.84	-	376,533.81	-	402,134.04	402,134.04
Total business-type activities	<u>19,062,698.58</u>	<u>18,829,982.59</u>	<u>13,654.99</u>	<u>498,384.17</u>	<u>-</u>	<u>279,323.17</u>	<u>279,323.17</u>
Total primary government	<u>\$ 55,471,224.26</u>	<u>\$ 23,887,105.31</u>	<u>\$ 1,560,933.86</u>	<u>\$ 1,830,933.09</u>	<u>(28,471,575.17)</u>	<u>279,323.17</u>	<u>(28,192,252.00)</u>

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City of Cape Girardeau
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
	General revenues:						
	Property taxes			2,008,140.32	-		2,008,140.32
	Sales taxes			25,442,575.24	-		25,442,575.24
	Franchise taxes			4,497,417.26	-		4,497,417.26
	Motor fuel taxes			1,354,087.77	-		1,354,087.77
	Convention and tourism taxes			1,886,774.68	-		1,886,774.68
	Merchant licenses			1,313,000.61	-		1,313,000.61
	Liquor licenses			64,965.00	-		64,965.00
	Other taxes			419,974.26	-		419,974.26
	Unrestricted grants and contributions			55,343.73	-		55,343.73
	Unrestricted investment earnings			570,203.63	267,084.94		837,288.57
	Gain on sale of assets			117,906.30	58,291.98		176,198.28
	Transfers			11,150,181.57	(11,150,181.57)		-
	Total general revenues			<u>48,880,570.37</u>	<u>(10,824,804.65)</u>		<u>38,055,765.72</u>
	Change in net assets			20,408,995.20	(10,545,481.48)		9,863,513.72
	Net assets - beginning			154,239,910.72	86,931,231.89		241,171,142.61
	Prior period adjustment			(66,704.44)	22,959.37		(43,745.07)
	Net assets - ending			<u>\$ 174,582,201.48</u>	<u>\$ 76,408,709.78</u>		<u>\$ 250,990,911.26</u>

FUND FINANCIAL STATEMENTS

City of Cape Girardeau
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2012

	General	Airport	Park and Recreation	Capital Improvement Sales Tax - Water System Imp	Transportation Sales Tax Trust Fund IV	Other Governmental Funds	Total Governmental Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 161,903.44	\$ 1,267.93	\$ 16,674.57	\$ 124,002.62	\$ 95,158.51	\$ 323,103.22	\$ 722,110.29
Investments	4,752,620.77	46,424.14	610,521.88	2,461,042.26	3,484,129.25	11,412,215.00	22,766,953.30
Receivables-							
Real estate taxes, net	54,084.40	-	-	-	-	17,804.20	71,888.60
Personal property taxes, net	4,047.33	-	-	-	-	758.32	4,805.65
Sales tax	833,388.66	-	-	208,175.93	408,055.98	828,546.06	2,278,166.63
Franchise taxes	1,634,325.17	-	-	-	-	-	1,634,325.17
Hotel & motel tax	-	-	-	-	-	68,097.65	68,097.65
Restaurant tax	-	-	-	-	-	105,812.39	105,812.39
Special assessments	94,349.83	-	-	-	-	277,058.59	371,408.42
Other	82,036.48	154,016.61	36,483.78	-	-	3,255.36	275,792.23
Interest	9,824.82	109.39	1,444.61	5,761.90	8,137.89	27,906.41	53,185.02
Motor fuel tax	-	-	-	-	-	84,973.34	84,973.34
Vehicle license fees	-	-	-	-	-	13,576.81	13,576.81
Motor vehicle sales tax	-	-	-	-	-	20,119.60	20,119.60
Grants	173,292.94	100,777.86	-	-	-	815,317.15	1,089,387.95
Other funds	140,024.15	-	-	-	-	-	140,024.15
Inventory	111.96	39,254.84	10,917.33	-	-	8,736.85	59,020.98
Prepaid items	124,418.29	15,859.10	2,763.39	-	-	13,941.04	156,981.82
Total Current assets:	8,064,428.24	357,709.87	678,805.56	2,798,982.71	3,995,481.63	14,021,221.99	29,916,630.00
Noncurrent assets:							
Advances to other funds	844,918.69	-	-	-	-	-	844,918.69
Total Noncurrent assets:	844,918.69	-	-	-	-	-	844,918.69
Total assets	\$ 8,909,346.93	\$ 357,709.87	\$ 678,805.56	\$ 2,798,982.71	\$ 3,995,481.63	\$ 14,021,221.99	\$ 30,761,548.69

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City of Cape Girardeau
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2012

	General	Airport	Park and Recreation	Capital Improvement Sales Tax - Water System Imp	Trans Sales Tax Trust Fund IV	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES							
Current liabilities:							
Accounts payable	\$ 241,693.27	\$ 143,094.46	\$ 129,143.98	\$ -	\$ 933,244.05	\$ 879,384.18	\$ 2,326,559.94
Salaries and benefits payable	54,759.84	2,616.91	70,029.62	-	-	751.38	128,157.75
Other liabilities	167,692.48	47,533.37	41,107.04	-	-	177.66	256,510.55
Due to other governments	-	-	-	-	-	2,206.64	2,206.64
Payable to other funds	-	-	-	-	-	140,024.15	140,024.15
Unearned revenues	18,000.00	1,694.00	51,911.50	-	-	-	71,605.50
Deferred revenues	201,093.81	-	-	-	-	291,950.47	493,044.28
Total Current liabilities:	683,239.40	194,938.74	292,192.14	-	933,244.05	1,314,494.48	3,418,108.81
Non current liabilities:							
Advances from other funds	-	-	-	-	-	-	-
Total Non current liabilities:	-	-	-	-	-	-	-
Total liabilities	683,239.40	194,938.74	292,192.14	-	933,244.05	1,314,494.48	3,418,108.81
Fund balances:							
Nonspendable	971,436.98	15,859.10	2,763.39	-	-	13,340.04	1,003,399.51
Restricted	4,020,901.45	-	-	2,798,982.71	3,062,237.58	10,876,989.90	20,759,111.64
Assigned	118,796.50	146,912.03	383,850.03	-	-	1,816,397.57	2,465,956.13
Unassigned	3,114,972.60	-	-	-	-	-	3,114,972.60
Total fund balances	8,226,107.53	162,771.13	386,613.42	2,798,982.71	3,062,237.58	12,706,727.51	27,343,439.88
Total liabilities and fund balances	\$ 8,909,346.93	\$ 357,709.87	\$ 678,805.56	\$ 2,798,982.71	\$ 3,995,481.63	\$ 14,021,221.99	\$ 30,761,548.69

City of Cape Girardeau
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
For the Year Ended June 30, 2012

Fund balances of governmental funds	\$ 27,343,439.88
<p>Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:</p>	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(21,656,970.56)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$74,050,795.75.	163,244,851.97
Internal service funds are used by management to charge the costs of management information systems, fleet management, employee fringe benefits, workmen's compensation, and equipment replacement to individual funds.	6,328,964.08
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	493,044.28
Other accrued expenses which are not payable from current-period revenues are included in governmental activities in the statement of net assets.	(1,171,128.17)
Net assets of governmental activities	\$ 174,582,201.48

City of Cape Girardeau
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General	Airport	Park and Recreation	Capital Improvement Sales Tax - Water System Imp	Transportation Sales Tax Trust Fund IV	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 15,711,509.61	\$ -	\$ -	\$ 2,331,832.70	\$ 4,522,317.81	\$ 11,736,398.86	\$ 34,302,058.98
Licenses & permits	1,567,135.53	-	-	-	-	3,109.00	1,570,244.53
Intergovernmental	1,036,422.58	225,617.52	-	-	30,000.00	2,821,174.75	4,113,214.85
Charges for services	257,255.07	316,925.84	1,279,816.68	-	-	53,745.39	1,907,742.98
Internal charges	1,084,452.10	-	-	-	-	-	1,084,452.10
Fines and forfeits	963,252.22	-	-	-	-	-	963,252.22
Miscellaneous	345,835.19	229,263.79	13,283.48	-	-	166,174.26	754,556.72
Investment revenue	106,424.86	865.73	4,759.65	71,898.86	63,163.36	238,760.62	485,873.08
Special assessments	23,388.95	-	-	-	-	102,728.58	126,117.53
Total revenues	21,095,676.11	772,672.88	1,297,859.81	2,403,731.56	4,615,481.17	15,122,091.46	45,307,512.99
EXPENDITURES							
Current:							
Administrative	1,742,587.68	1,282,624.16	-	-	-	2,010,364.10	5,035,575.94
Development Services	2,265,837.81	-	-	38,937.62	66,152.87	727,422.86	3,098,351.16
Parks and Recreation	1,830,322.98	-	2,248,748.39	-	-	66,016.92	4,145,088.29
Public Safety	11,976,861.16	-	-	-	-	344,408.04	12,321,269.20
Public Works	2,359,163.47	-	-	-	-	-	2,359,163.47
Debt Service:							
Administrative charges	287.38	-	-	56,406.05	-	6,191.63	62,885.06
Interest	62,834.15	-	-	810,294.47	-	738,153.26	1,611,281.88
Principal	96,000.00	-	-	15,306,800.00	-	2,639,118.31	18,041,918.31
Capital outlay							
Administrative	35,856.29	5,525.00	-	-	-	-	41,381.29
Capital Improvements	-	-	-	-	3,182,578.71	6,928,495.91	10,111,074.62
Parks and Recreation	-	-	-	-	-	575,009.12	575,009.12
Public Safety	134,583.47	-	-	-	-	262,715.54	397,299.01
Public Works	26,634.65	-	-	-	-	5,517.49	32,152.14
Total expenditures	20,530,969.04	1,288,149.16	2,248,748.39	16,212,438.14	3,248,731.58	14,303,413.18	57,832,449.49
Excess (deficiency) of revenues over expenditures	564,707.07	(515,476.28)	(950,888.58)	(13,808,706.58)	1,366,749.59	818,678.28	(12,524,936.50)
OTHER FINANCING SOURCES (USES)							
Transfers out	(4,156,970.93)	-	-	-	-	(8,891,102.80)	(13,048,073.73)
Transfers in	4,791,917.07	527,563.46	944,843.34	15,248,651.57	135,000.00	5,105,052.57	26,753,028.01
Asset disposition	557,328.27	6,287.79	4,852.61	-	-	-	568,468.67
Total other financing sources and uses	1,192,274.41	533,851.25	949,695.95	15,248,651.57	135,000.00	(3,786,050.23)	14,273,422.95
Net Change in fund balances	1,756,981.48	18,374.97	(1,192.63)	1,439,944.99	1,501,749.59	(2,967,371.95)	1,748,486.45
Fund balances - beginning	6,450,686.39	145,683.54	414,835.27	1,361,474.50	1,549,005.51	15,742,842.19	25,664,527.40
Prior period adjustment	18,439.66	(1,287.38)	(27,029.22)	(2,436.78)	11,482.48	(68,742.73)	(69,573.97)
Fund balances - ending	\$ 8,226,107.53	\$ 162,771.13	\$ 386,613.42	\$ 2,798,962.71	\$ 3,062,237.58	\$ 12,706,727.51	\$ 27,343,439.88

City of Cape Girardeau
 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 ~total governmental funds	\$ 1,748,486.45
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Reductions of debt are reported in the fund financial statements as an expense but are not included in the government wide statement of activities.	17,760,027.75
Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	556,269.14
Internal service funds are used by management to charge the costs of information technology, fleet management, employee fringe benefits, workmen's compensation, and equipment replacement to individual funds.	339,519.39
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	(229,469.69)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	234,162.16
Change in net assets of governmental activities	\$ 20,408,995.20

City of Cape Girardeau
Statement of Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

Business-type Activities - Enterprise Funds

	Sewer	Water	Solid Waste	Golf Course	Softball Complex	Total Proprietary Funds	Gov. Activities Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 47,143.67	\$ 145,680.57	\$ 24,696.80	\$ 2,153.59	\$ 2,653.37	\$ 222,328.00	\$ 144,586.91
Investments	1,629,425.41	5,373,296.79	952,592.78	78,851.48	97,150.38	8,131,316.84	5,090,296.40
Utilities charges, net	1,081,462.70	1,159,868.29	516,299.12	-	-	2,757,630.11	-
Special assessments	33,755.66	9,126.79	-	-	-	42,882.45	-
Other	17,341.05	10,442.25	59.00	109.00	33.00	27,984.30	15,413.11
Notes receivable	-	-	-	-	-	-	231,568.94
Interest	10,701.09	15,279.75	2,225.83	184.97	227.51	28,619.15	11,247.66
Grants	6,766.07	1,276.52	155.24	-	55.82	8,253.65	90.00
Inventory	-	656,930.72	-	8,246.05	18,698.23	683,875.00	159,608.11
Prepaid items	81,758.99	29,399.01	20,074.10	461.37	1,171.34	132,864.81	39,394.78
Total Currents assets:	<u>2,908,354.64</u>	<u>7,401,300.69</u>	<u>1,516,102.87</u>	<u>90,006.46</u>	<u>119,989.65</u>	<u>12,035,754.31</u>	<u>5,692,205.91</u>
Noncurrent assets:							
Rest Cash and Cash Equivalents	1,393,243.41	20,120.79	107.86	-	-	1,413,472.06	-
Rest Investments	133,195.18	1,462,464.64	3,949.28	-	-	1,599,609.10	-
Land	534,925.49	-	112,239.55	-	-	647,165.04	37,500.00
Buildings	8,078,346.00	223,646.63	1,082,093.13	163,674.80	931,264.25	10,479,024.81	53,906.45
Equipment	3,342,923.17	2,069,208.07	3,630,631.70	100,453.93	136,876.37	9,280,093.24	4,861,930.92
Other improvements	71,032,664.55	54,670,243.34	333,132.92	1,972,744.42	1,557,642.35	129,566,427.58	155,653.19
Construction in progress	3,053,978.48	300,759.85	-	-	24,502.50	3,379,240.83	3,770.79
Accumulated depreciation	(34,731,864.20)	(14,832,144.03)	(2,675,101.60)	(686,752.43)	(286,194.65)	(53,212,056.91)	(3,171,267.01)
Total Noncurrent assets:	<u>52,837,412.08</u>	<u>43,914,299.29</u>	<u>2,487,052.84</u>	<u>1,550,120.72</u>	<u>2,364,090.82</u>	<u>103,152,975.75</u>	<u>1,941,494.34</u>
Total assets	<u>\$ 55,745,766.72</u>	<u>\$ 51,315,599.98</u>	<u>\$ 4,003,155.71</u>	<u>\$ 1,640,127.18</u>	<u>\$ 2,484,080.47</u>	<u>\$ 115,188,730.06</u>	<u>\$ 7,633,700.25</u>

**City of Cape Girardeau
Statement of Net Assets
Proprietary Funds
For the Year Ended June 30, 2012**

Business-type Activities - Enterprise Funds

	Sewer	Water	Solid Waste	Golf Course	Softball Complex	Total Proprietary Funds	Gov. Activities Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 258,054.00	\$ 676,650.27	\$ 92,324.79	\$ 17,045.08	\$ 59,772.94	\$ 1,103,847.08	\$ 157,948.05
Salaries and benefits payable	50,428.63	9,506.90	42,250.42	35,573.30	48,407.24	186,166.49	36,866.56
Interest payable	110,816.91	22,733.33	-	-	-	133,550.24	120.83
Other liabilities	227,616.62	222,363.57	108,421.19	9,685.55	-	568,086.93	-
Estimated claims payable	-	-	-	-	-	-	510,500.00
Due to other governments	35,633.89	43,829.78	-	-	-	79,463.67	-
Advances from other funds	-	-	26,000.00	29,476.49	18,351.42	73,827.91	-
Notes Payable	6,750.00	-	23,254.00	-	-	30,004.00	-
Revenue bonds payable	2,260,000.00	2,360,000.00	-	-	-	4,620,000.00	-
Special oblig bonds payable	-	-	140,000.00	-	-	140,000.00	40,000.00
Total Current liabilities:	2,949,300.05	3,335,083.85	432,250.40	91,780.42	126,531.60	6,934,946.32	745,435.44
Noncurrent liabilities:							
Net OPEB Obligation	87,970.00	26,725.00	77,157.00	31,730.00	9,682.00	233,264.00	114,467.00
Advances from other funds	-	-	530,817.85	133,603.17	106,669.76	771,090.78	-
Notes Payable	175,500.00	-	604,604.94	-	-	780,104.94	-
Revenue bonds payable	16,249,411.95	13,339,027.45	-	-	-	29,588,439.40	-
Special oblig bonds payable	-	-	877,536.50	-	-	877,536.50	472.07
Est landfill post closure cost	-	-	39,000.00	-	-	39,000.00	-
Total Non current liabilities:	16,512,881.95	13,365,752.45	2,129,116.29	165,333.17	116,351.76	32,289,435.62	114,939.07
Total liabilities	19,462,182.00	16,700,836.30	2,561,366.69	257,113.59	242,883.36	39,224,381.94	860,374.51
NET ASSETS							
Invested in capital assets, net of related	32,682,199.59	26,758,747.18	856,632.88	1,550,120.72	2,364,090.82	64,211,791.19	1,901,522.78
Restricted for debt service	-	568,333.33	-	-	-	568,333.33	-
Restricted for depr and replacement	127,000.00	150,000.00	-	-	-	277,000.00	-
Restricted for emergency fund	1,028,645.00	1,245,739.00	514,723.00	-	-	2,789,107.00	-
Unrestricted	2,445,740.13	5,891,944.17	70,433.14	(167,107.13)	(122,893.71)	8,118,116.60	4,871,802.96
Total net assets	\$ 36,283,584.72	\$ 34,614,763.68	\$ 1,441,789.02	\$ 1,383,013.59	\$ 2,241,197.11	75,964,348.12	\$ 6,773,325.74
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds' net assets of business-type activities						444,361.66	
						<u>\$ 76,408,709.78</u>	

City of Cape Girardeau
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Sewer	Water	Solid Waste	Golf Course	Softball Complex	Total Proprietary Funds	Gov. Activities Internal Service Funds
Operating revenues:							
Residential charges	\$ 4,781,745.71	\$ 4,011,000.91	\$ 2,211,227.99	\$ -	\$ -	\$ 11,003,974.61	\$ -
Commercial charges	2,748,652.28	2,704,409.70	35,121.66	-	-	5,488,183.64	-
Transfer station charges	-	-	948,100.83	-	-	948,100.83	-
Other fees and charges	124,929.31	221,425.25	90,949.59	-	-	437,304.15	-
Concession revenues	-	-	-	42,730.48	77,600.20	120,330.68	-
Internal charges	9,525.07	-	-	-	-	9,525.07	6,099,169.06
Usage fees	-	-	-	455,738.50	183,113.20	638,851.70	-
Miscellaneous	250.42	26,072.98	53,111.52	1,370.34	2,685.65	83,490.91	3,298.95
Total operating revenues	<u>7,665,102.79</u>	<u>6,962,908.84</u>	<u>3,338,511.59</u>	<u>499,839.32</u>	<u>263,399.05</u>	<u>18,729,761.59</u>	<u>6,102,468.01</u>
Operating expenses:							
Personnel services	1,455,525.15	249,624.19	1,051,718.72	391,066.18	516,499.04	3,664,433.28	803,340.74
Materials & supplies	498,548.13	1,089,858.98	260,146.55	108,632.41	115,799.77	2,072,985.84	444,740.85
Contractual services	1,263,333.49	2,817,109.77	1,279,451.88	22,220.73	27,711.04	5,409,826.91	4,171,436.38
General operating expenses	490,942.90	388,953.21	36,945.74	8,499.72	3,566.66	928,908.23	31,835.49
Special programs	16,978.09	392,710.66	125,482.03	6,186.37	38,500.86	579,858.01	-
Internal service expenses	178,113.24	124,009.75	345,158.52	38,541.18	29,589.32	715,412.01	4,112.00
Depreciation	2,149,021.66	1,523,960.45	436,354.38	119,288.98	144,897.80	4,373,523.27	410,946.19
Total operating expenses	<u>6,052,462.66</u>	<u>6,586,227.01</u>	<u>3,535,257.82</u>	<u>694,435.57</u>	<u>876,564.49</u>	<u>17,744,947.55</u>	<u>5,866,411.65</u>
Operating Income (loss)	<u>1,612,640.13</u>	<u>376,681.83</u>	<u>(196,746.23)</u>	<u>(194,596.25)</u>	<u>(613,165.44)</u>	<u>984,814.04</u>	<u>236,056.36</u>
Nonoperating revenues (expenses)							
Intergovernmental	4,592.45	146.25	13,594.39	-	162.49	18,495.58	-
Investment revenue	125,298.37	120,444.25	20,669.70	532.22	140.40	267,084.94	84,330.56
Gain from sale of asset	7,654.25	4,490.94	21,791.50	15,723.42	8,631.87	58,291.98	39,035.68
Interest and other charges	(738,355.84)	(199,709.63)	(44,090.89)	(9,210.42)	(6,908.77)	(998,275.55)	(2,527.73)
Issuance cost amortization	(216,408.95)	(158,621.97)	(5,551.84)	-	-	(380,582.76)	(546.02)
Loss from sale of asset	-	-	(1,411.14)	-	-	(1,411.14)	(274.99)
Total nonoperating revenues (expenses)	<u>(817,219.72)</u>	<u>(233,250.16)</u>	<u>5,001.72</u>	<u>7,045.22</u>	<u>2,025.99</u>	<u>(1,036,396.95)</u>	<u>120,017.50</u>
Income (loss) before contributions and transfers	795,420.41	143,431.67	(191,744.51)	(187,551.03)	(611,139.45)	(51,582.91)	356,073.86
Contributed capital - connect fee	100,221.00	-	-	-	-	100,221.00	-
Contributed capital - developers	92,133.56	376,387.56	-	-	-	468,521.12	-
Contributed capital - donations	-	-	13,777.00	12,088.90	-	25,865.90	-
Contributed capital - government	288,376.24	2,287,014.48	-	-	24,502.50	2,599,893.22	-
Transfers in	2,072,059.29	10,377.20	5,500.00	104,892.19	483,101.08	2,675,929.76	66,537.87
Transfers out	(2,571,401.71)	(13,855,446.28)	-	-	-	(16,426,847.99)	(20,573.92)
Change in net assets	<u>776,808.79</u>	<u>(11,038,235.37)</u>	<u>(172,467.51)</u>	<u>(70,569.94)</u>	<u>(103,535.87)</u>	<u>(10,607,999.90)</u>	<u>402,037.81</u>
Total net assets ~ beginning	35,484,097.48	45,654,756.79	1,613,079.66	1,453,471.73	2,343,982.99	86,549,388.65	6,362,429.25
Prior period adjustment	22,678.45	(1,757.74)	1,176.87	111.80	749.99	22,959.37	8,858.68
Total net assets ~ ending	<u>\$ 36,283,584.72</u>	<u>\$ 34,614,763.68</u>	<u>\$ 1,441,789.02</u>	<u>\$ 1,383,013.59</u>	<u>\$ 2,241,197.11</u>	<u>\$ 75,964,348.12</u>	<u>\$ 6,773,325.74</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						62,518.42	
Change in net assets of business-type activities.						<u>\$ (10,545,481.48)</u>	

City of Cape Girardeau
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

Business-type Activities - Enterprise Funds

	Sewer	Water	Solid Waste	Golf Course	Softball Complex	Total Proprietary Funds	Government Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 7,375,197.07	\$ 6,919,386.23	\$ 3,195,625.84	\$ 548,956.16	\$ 355,509.92	\$ 18,394,675.22	\$ 98,241.05
Receipts from interfund services	9,525.07	-	35,121.66	-	-	44,646.73	5,997,275.33
Other receipts	-	-	-	750.00	23,849.56	24,599.56	4,289.95
Payments to suppliers	(1,997,531.57)	(4,551,907.53)	(1,711,568.34)	(193,006.78)	(313,571.31)	(8,767,585.53)	(4,376,046.01)
Payments for salaries and benefits	(1,552,991.07)	(253,379.52)	(1,086,980.99)	(401,839.90)	(535,726.35)	(3,830,917.83)	(824,355.37)
Payments for interfund services used	(185,126.59)	(124,724.51)	(345,158.52)	(42,366.62)	(29,589.32)	(726,965.56)	(4,995.56)
Payments made in lieu of franchise taxes	(382,004.68)	(341,479.38)	-	-	-	(723,484.06)	-
Remittance of taxes collected from customers	-	(276,001.96)	-	-	-	(276,001.96)	-
Net cash provided (used) by operating activities	<u>3,267,068.23</u>	<u>1,371,893.33</u>	<u>87,039.65</u>	<u>(87,507.14)</u>	<u>(499,527.50)</u>	<u>4,138,966.57</u>	<u>894,409.39</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	434,380.29	-	-	104,892.19	483,101.08	1,022,373.56	-
Transfers to other funds	(2,513,700.00)	-	-	-	-	(2,513,700.00)	(15,073.92)
Advance repayment to other funds	-	-	(26,000.00)	(28,056.14)	(17,467.14)	(71,523.28)	-
Interest paid to other funds	-	-	(7,960.88)	(9,210.42)	(6,908.77)	(24,080.07)	(237.06)
Subsidy from federal grant	50,229.18	5,350.25	1,164.27	-	275.25	57,018.95	675.00
Subsidy from local grant	-	-	13,594.39	-	-	13,594.39	-
Net cash (used) by noncapital financing	<u>(2,029,090.53)</u>	<u>5,350.25</u>	<u>(19,202.22)</u>	<u>67,625.63</u>	<u>459,000.42</u>	<u>(1,516,316.45)</u>	<u>(14,635.98)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	122,415.52	8,096.12	13,777.00	-	143.37	144,432.01	-
Principal received on promissory note	-	-	-	-	-	-	15,073.92
Interest received on promissory note	-	-	-	-	-	-	4,197.54
Proceeds from sales of capital assets	7,654.25	8,488.74	22,562.50	15,723.42	8,956.25	63,385.16	39,035.68
Proceeds from capital debt	-	13,852,090.55	-	-	-	13,852,090.55	-
Purchase of capital assets	(140,693.90)	(68,481.67)	(192,595.77)	-	-	(401,771.34)	(511,691.91)
Acquisition and construction of capital assets	(2,186,105.10)	(215,046.62)	(34,904.41)	-	-	(2,436,056.13)	-
Principal paid on capital debt	(1,870,671.75)	(965,000.00)	(176,508.06)	-	-	(3,012,179.81)	(40,000.00)
Interest paid on capital debt	(1,172,906.68)	(199,468.35)	(56,366.82)	-	-	(1,428,741.85)	(2,850.00)
Transfers in for capital acquisitions	12,765.00	10,377.20	5,500.00	-	-	28,642.20	66,537.87
Transfers out for capital acquisitions	(57,701.71)	(6,875.00)	-	-	-	(64,576.71)	(5,500.00)
Transfers in for payment of capital related debt	1,624,914.00	-	-	-	-	1,624,914.00	-
Transfers out for payment of capital related debt	-	(13,848,571.28)	-	-	-	(13,848,571.28)	-
Net cash (used) by capital and related financing activities	<u>(3,660,330.37)</u>	<u>(1,424,390.31)</u>	<u>(418,535.56)</u>	<u>15,723.42</u>	<u>9,099.62</u>	<u>(5,478,433.20)</u>	<u>(435,196.90)</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

Business-type Activities - Enterprise Funds

	Sewer	Water	Solid Waste	Golf Course	Softball Complex	Total Proprietary Funds	Government Activities Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	126,571.36	144,166.86	28,881.17	952.37	956.25	301,528.01	97,034.66
Net change in pooled investments	1,450,170.18	(202,120.42)	289,504.93	1,671.70	27,415.02	1,566,641.41	(602,554.06)
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-
Net cash provided by investing activities	<u>1,576,741.54</u>	<u>(57,953.56)</u>	<u>318,386.10</u>	<u>2,624.07</u>	<u>28,371.27</u>	<u>1,868,169.42</u>	<u>(505,519.40)</u>
Net increase (decrease) in cash and cash equivalents	(845,611.13)	(105,100.29)	(32,312.03)	(1,534.02)	(3,056.19)	(987,613.66)	(60,942.89)
Balances - beginning of year	2,280,266.96	270,901.65	57,116.69	3,687.61	5,709.56	2,617,682.47	205,529.80
Prior period adjustment	5,731.25	-	-	-	-	5,731.25	-
Balances - end of the year	<u>\$ 1,440,387.08</u>	<u>\$ 165,801.36</u>	<u>\$ 24,804.66</u>	<u>\$ 2,153.59</u>	<u>\$ 2,653.37</u>	<u>\$ 1,635,800.06</u>	<u>\$ 144,586.91</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 1,612,640.13	\$ 376,681.83	\$ (196,746.23)	\$ (194,596.25)	\$ (613,165.44)	\$ 984,814.04	\$ 236,056.36
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,149,021.66	1,523,960.45	436,354.38	119,288.98	144,897.80	4,373,523.27	410,946.19
Changes in assets and liabilities:							
Accounts payable - supplier	(175,981.80)	(46,540.47)	(37,605.64)	(1,918.61)	(32,184.40)	(294,230.92)	206,015.08
Accounts payable - other	(4,097.79)	5,334.56	3,155.77	364.05	23,849.56	28,606.15	-
Salaries & benefits payable	(97,465.92)	(3,755.33)	(35,262.27)	(10,773.72)	(19,227.31)	(166,484.55)	(21,014.63)
Customer receivables	(219,076.58)	(286,595.16)	(83,744.24)	1,664.17	46.65	(587,705.16)	(3,652.68)
Other operating receivables	-	-	-	-	-	-	(1,928.19)
Prepaid expenses	2,028.53	5,238.39	887.88	195.55	(1,029.99)	7,320.36	56,311.16
Inventory	-	(202,430.94)	-	(1,731.31)	(2,714.37)	(206,876.62)	11,676.10
Net cash provided by operating activities	<u>\$ 3,267,068.23</u>	<u>\$ 1,371,893.33</u>	<u>\$ 87,039.65</u>	<u>\$ (87,507.14)</u>	<u>\$ (499,527.50)</u>	<u>\$ 4,138,966.57</u>	<u>\$ 894,409.39</u>

City of Cape Girardeau
Statement of Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 73,741.65
Investments	2,579,281.57
Real estate taxes	52,332.48
Personal property taxes	4,036.64
Other	332.31
Interest	<u>6,490.57</u>
Total assets	<u><u>\$ 2,716,215.22</u></u>
 LIABILITIES	
Accounts payable	\$ 27,406.90
Salaries and benefits payable	6,271.34
Other liabilities	<u>2,682,536.98</u>
Total Liabilities	<u><u>\$ 2,716,215.22</u></u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cape Girardeau, Missouri (the City) operates under a charter, which went into effect April 12, 1982. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, sanitation, health and social services, culture-recreation, public improvement, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

1. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Generally, component units are legally separate organizations for which the elected officials of the City are financially accountable. The Cape Girardeau (Missouri) Public Facilities Authority (CGPFA) is a blended component unit of the City. The financial statements of the CGPFA are included in the accompanying financial statements of the City. The Cape Girardeau Municipal Development Foundation (CGMDF), the Cape Girardeau Public Safety Foundation (CGPSF), and the Cape Girardeau Parks Development Foundation (CGPDF) are also component units of the City. The financial statements of these foundations are included as special revenue funds in the accompanying financial statements.

The CGPFA is a not-for-profit corporation organized and existing under Chapter 355 of the Revised Statutes of Missouri. The CGPFA board of directors consists of City officials and City Council members. Due to the significant City influence and financial accountability, the activities of the CGPFA are blended with the financial presentation of the City. The CGPFA executed a bond indenture for the purpose of issuing and securing the Series 2009 Bonds. These bonds were used for the construction of various storm water control improvements, Cape Splash Family Aquatic Center, Shawnee Park Community Center, and various other park related improvements. The CGPFA has entered into a Lease Purchase Agreement with the City from which the lease payments will be used solely to retire the debt.

The (CGMDF), (CGPSF), and (CGPDF) are not-for-profit corporations organized and existing under Chapter 355 of the Revised Statutes of Missouri. The (CGMDF) and (CGPSF) board of directors consist of City officials and the (CGPDF) board of directors consists of Park and Recreation Board members and one City Council member. Due to the significant City influence and financial accountability, the activities of all three foundations are included in the financial presentation of the City. All three foundations were established to receive charitable donations to be used for the benefit of the City.

Although not a component unit of the City, the City handles the funds of and provides accounting and other services for the Cape Girardeau Public Library. Since the library's funds are held by the City, this entity is shown as an Agency Fund in the financial statements.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these 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 are 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets and liabilities associated with operations are reflected in the statement of net assets.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis, 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 30 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. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City, also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. With the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

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

The *airport fund* accounts for the resources used in the operation and maintenance of municipal airport facilities.

The *parks and recreation fund* accounts for the resources used in the operation of park and recreational activities.

The *capital improvement sales tax – water projects fund* accounts for the receipt and expenditure of a capital improvement sales tax that was approved by voters to fund major capital improvement projects to the City's water system.

The *transportation sales tax trust fund IV* accounts for the receipt and expenditure of a capital improvement sales tax that was approved by voters for street construction and improvements.

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

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operation of the City's sewage treatment plant, sewage pumping stations, and collection systems.

The *water fund* accounts for the operation of the City's water treatment plants and distribution systems.

The *solid waste fund* accounts for the operation of the City's residential solid waste and recycling programs.

The *golf fund* accounts for the operation of the municipal golf course.

The *softball complex fund* accounts for the operation of the City's softball complex, and maintenance of the City's soccer, baseball, and softball fields.

Additionally, the City reports the following fund types:

Internal service funds account for management information systems, fleet management, employee benefits, workers' compensation, and equipment leasing provided to other departments or agencies of the City, on a cost reimbursement basis.

Agency funds account for the operations of the Cape Girardeau Public Library.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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 the Governmental Accounting Standards Board. 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 general rule are payments-in-lieu of taxes and other charges between the City's enterprise function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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.

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

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 funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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. Capital Assets

All capital assets with an original cost exceeding \$5,000 are recorded at historical cost or estimated historical cost if actual historical cost is not available. Additions are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation and charging the resulting gain or loss to income.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation of all exhaustible capital assets is charged as an expense against operations in proprietary funds and a program cost of governmental activities in the statement of activities. Assets are reported net of depreciation on proprietary fund and government-wide statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-40 years
Equipment	3-10 years

When applicable, interest costs are capitalized on self-constructed capital assets.

5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized in all funds. Encumbrances outstanding at the end of the year in the governmental funds are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be carried forward and honored during the subsequent year. Encumbrances outstanding in the proprietary funds do not constitute expenses but will be honored in the subsequent year. No reservations of net assets are made for encumbrances outstanding at the end of the year on the proprietary fund and government-wide statement of net assets.

6. Inventories

Inventories consist primarily of supplies, valued at cost. The cost of inventories is recorded as expenditures or expenses when consumed rather than when purchased.

7. Compensated Absences

Vested or accumulated vacation pay for proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Amounts of vested or accumulated vacation leave of governmental funds are reported in the Statement of Net Assets. Employees may accumulate up to 30 days vacation, for which they are compensated upon termination or retirement. Employees are not compensated for accumulated sick leave upon termination, but are compensated one hour for each eight hours of unused sick leave upon retirement.

8. Bond Premiums, Discounts, and Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds. Bond premiums and discounts are presented as either increases or reductions of the face amount of bonds payable whereas issuance costs are recorded as deferred charges. The accounting treatment of bond premiums, discounts, and issuance costs used for governmental activities in the government-wide statements is the same as that used for proprietary funds.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Cash and Investments

The City maintains an internal investment pool for the majority of its non-restricted cash and investments and a small portion of its restricted cash and investments. Investment revenue is allocated to each fund based on its average equity balance in the pool.

Cash includes amounts in repurchase agreements and other short-term investments with a maturity date within three months of the date of purchase.

Investments, with a maturity date of one year or more at the time of purchase, are recorded at fair value. All other cash and investments are recorded at cost or amortized cost.

10. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid items.

11. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for the repayment of such bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond current debt service” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

12. Long-Term Obligations

Only that portion of long-term obligations expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the appropriate proprietary fund. Long-term liabilities expected to be financed from governmental activities are accounted for in the government-wide statement of net assets.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Only net transfers between governmental and business-type activities are reflected on the government-wide statement of activities.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “interfund receivables/payables” on the governmental balance sheet and proprietary statement of net assets. Only net receivables between governmental and business-type activities are reflected as internal balances on the government-wide statement of net assets.

15. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables and payables are reported as advances in the governmental balance sheet and proprietary statement of net assets. Fund balances are reserved on the governmental balance sheet for interfund loan receivables to indicate that they do not constitute expendable available financial resources and therefore are not available for appropriation. Only net long-term interfund loans between governmental and business-type activities are reflected as internal balances on the government-wide statement of net assets. Net assets are not reserved for interfund loan receivables on proprietary and government-wide statements of net assets.

16. Post-Employment Health Care Benefits

In addition to the pension benefits described in Note G, it is the City’s policy to provide postretirement health care benefits to employees who retire from the City prior to April 1, 2012 with five or more years of service and who are eligible for LAGERS retirement (Note G) or after April 1, 2012 with five or more years of service and have reached their normal retirement ages through LAGERS. Currently, seventy-six employees meet those eligibility requirements. The City provides health care coverage for them until age 65. The costs of retirees’ health care benefits are recognized as expenditures as premiums are paid. For the year ending June 30, 2012, those costs totaled \$511,586.

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date for employees and their families and 36 months for surviving spouses and children. There is no associated cost to the City under this program. There were two retiree spouses participating in the health and dental insurance programs as of June 30, 2012.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

17. Infrastructure

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system, water system, sewer system, parks and recreation lands and improvement system, storm water system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Infrastructure of the water and sewer systems were routinely capitalized in the water and sewer funds of the City and are reflected as other improvements in the business-type activities section on the statement of activities.

During the year ended June 30, 2012 all infrastructures completed during the fiscal year, including projects started in a previous year, were recorded at their historical costs.

18. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 18, 2012, the date the financial statements were available to be issued.

NOTE B - DEPOSITS AND INVESTMENTS

The City maintains a cash and temporary cash investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined statement of assets, liabilities, and fund balances arising from cash transactions as "Cash and Cash Equivalents" under each fund's caption. The deposits and investments held at June 30, 2012, and reported at fair value, are as follows:

Deposits:	
Demand Deposits	\$ 311,898
Interest Bearing Deposit Accounts	<u>2,264,341</u>
Total Deposits	<u>\$ 2,576,239</u>
Investments:	
Negotiable Instruments	\$ 35,410,534
Federal Home Loan Bank	502,160
Federal National Mortgage Association	2,391,944
Federal Home Loan Mortgage Corporation	1,512,559
US Treasury Note	<u>350,260</u>
Total Investments	<u>\$ 40,167,457</u>
Total Deposits and Investments	<u>\$ 42,743,696</u>

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE B - DEPOSITS AND INVESTMENTS - Continued

Reconciliation to Statement of Net Assets:

Cash and Cash Equivalents	\$ 1,089,025
Investments	33,944,636
Restricted Cash and Cash Equivalents	1,413,472
Restricted Investments	3,643,540
Fiduciary Cash and Cash Equivalents	73,742
Fiduciary Investments	<u>2,579,281</u>
Deposits and Investments, Statement of Net Assets	<u>\$ 42,743,696</u>

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Negotiable Instruments	07/03/2012 – 06/06/2017	\$ 35,410,534
Federal Home Loan Bank	10/30/2014	502,160
Federal National Mortgage Assoc.	09/16/2014 – 09/21/2018	2,391,944
Federal Home Loan Mort. Corp.	04/23/2014 – 08/10/2016	1,512,559
US Treasury Note	10/31/2012	<u>350,260</u>
Total		<u>\$ 40,167,457</u>

Custodial Credit Risk:

Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$43,267,699 at June 30, 2012, that was fully insured by depository insurance or secured with collateral held by the City’s agents in its name. All investments, evidenced by individual securities, are registered in the name of the City.

Investment Interest Rate Risk

The City’s investment policy states that “Market price volatility shall be controlled by matching the City’s investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than seven years.” The maturities of investments held at June 30, 2012 are provided above.

Investment Credit Risk

The City has an investment policy that limits its investment choices as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE B - DEPOSITS AND INVESTMENTS - Continued

- c. Repurchase agreements collateralized by securities listed in (a.) above, documented by a written agreement, fully collateralized by delivery to an independent third party custodian, and are marked-to-market;
- d. Money market mutual funds whose portfolio consists of the foregoing instruments; and,
- e. Other prudent investment instruments approved prior to purchase by a two-thirds majority of the City Council. Bond proceeds may be invested as allowed in the bond indenture.

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. At June 30, 2012, the City had no concentration of credit risk.

NOTE C - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on August 15, 2011, for collection during this fiscal year and were due on or before December 31. Most of the taxes are collected for the City by Cape Girardeau County in November and December and remitted to the City in December and January. The tax rates assessed at the time were as follows:

General Revenue	\$.3018/100.00 assessed valuation
Public Health	.0565/100.00 assessed valuation
Special Business District #2 (Ad Valorem)	.6708/100.00 assessed valuation

Property tax receivable balances as of June 30, 2012 are as follows:

	General <u>Revenue</u>	Special Business <u>District</u>	Public <u>Health</u>	Debt <u>Service</u>	<u>Total</u>
Current property tax	\$45,589	\$3,834	\$ 8,535	\$ -	\$57,958
Delinquent property tax	27,408	3,845	5,130	19	36,402
Reserve for doubtful					
Property taxes	<u>(14,865)</u>	<u>-</u>	<u>(2,782)</u>	<u>(19)</u>	<u>(17,666)</u>
Net property tax receivable	<u>\$58,132</u>	<u>\$7,679</u>	<u>\$10,883</u>	<u>\$ -</u>	<u>\$76,694</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE D - CHANGES IN CAPITAL ASSETS

A summary of the capital assets for governmental activities included on the government-wide statement of net assets for the year ended June 30, 2012 is as follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Current Year <u>Depreciation*</u>	Balance <u>June 30, 2012**</u>
Land	\$ 5,402,766	\$ 8,729	\$ 485,176	\$ -	\$ 4,926,319
Buildings	23,668,979	68,856	-	983,343	22,754,492
Improvements other than buildings	11,026,806	81,875	-	744,779	10,363,902
Equipment	5,785,692	1,436,434	4,084	1,198,200	6,019,842
Infrastructure	116,018,659	7,197,726	-	4,312,609	118,903,776
Construction in progress	<u>2,632,693</u>	<u>6,243,097</u>	<u>6,657,775</u>	-	<u>2,218,015</u>
Total capital assets	<u>\$164,535,595</u>	<u>\$ 15,036,717</u>	<u>\$ 7,147,035</u>	<u>\$ 7,238,931</u>	<u>\$ 165,186,346</u>

* Includes depreciation expenses from the internal service funds' assets which are included in the expenses of the governmental activities and business activities on the government-wide Statement of Activities as internal charges.

**Includes the internal service funds' assets which are included as part of the governmental activities assets included on the government-wide Statement of Net Assets.

Following is a summary of the capital assets for business-type activities on the government-wide statement of net assets for the year ended June 30, 2012:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Current Year <u>Depreciation</u>	Balance <u>June 30, 2012</u>
Land	\$ 161,990	\$ 485,175	\$ -	\$ -	\$ 647,165
Buildings	2,701,428	54,368	-	260,161	2,495,635
Improvements other than buildings	85,489,842	7,212,340	-	3,285,008	89,417,174
Equipment	4,515,275	548,038	34,279	828,354	4,200,680
Construction in progress	<u>5,663,362</u>	<u>4,832,780</u>	<u>7,116,902</u>	-	<u>3,379,240</u>
Total capital assets	<u>\$ 98,531,897</u>	<u>\$ 13,132,701</u>	<u>\$ 7,151,181</u>	<u>\$ 4,373,523</u>	<u>\$ 100,139,894</u>

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE D - CHANGES IN CAPITAL ASSETS - Continued

Depreciation expense was charged to functions as follows in the statement of activities:

Governmental Activities:

Administrative	\$ 443,189
Development Services	48,375
Parks and Recreation	950,868
Public Safety	750,002
Public Works	<u>5,046,497</u>
Total	<u>\$ 7,238,931</u>

Business-Type Activities:

Golf Course	\$ 119,289
Sewer	2,149,022
Softball Complex	144,898
Solid Waste	436,354
Water	<u>1,523,960</u>
Total	<u>\$ 4,373,523</u>

NOTE E - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term debt from governmental activities included on the government-wide statement of net assets for the year ended June 30, 2012:

<u>Governmental Activities</u>	<u>Other Debt*</u>	<u>Revenue Bonds</u>	<u>Total</u>
Debt payable July 1, 2011	\$ 21,765,060	\$ 16,218,078	\$ 37,983,138
Discount/Premium amortization	18,728	26,322	45,050
Retired	(2,775,119)	(15,306,800)	(18,081,919)
Additions	-	-	-
Debt payable June 30, 2012	<u>\$ 19,008,669</u>	<u>\$ 937,600</u>	<u>\$ 19,946,269</u>

*Other Debt includes Notes Payable, Special Obligation Bonds, Leasehold Revenue Bonds, and Certificates of Participation.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

The following is a summary of changes in the long-term debt from business-type activities included on the government-wide statement of net assets for the year ended June 30, 2012:

<u>Business-Type Activities</u>	<u>Other Debt*</u>	<u>Revenue Bonds</u>	<u>Total</u>
Bonds payable at July 1, 2011	\$ 2,020,744	\$ 22,961,374	\$ 24,982,118
Discount Premium Amortization	(3,090)	(20,571)	(23,661)
Accumulated Interest	-	272,177	272,177
Bonds Retired	(190,009)	(3,203,000)	(3,393,009)
Bonds Issued	<u>-</u>	<u>14,198,459</u>	<u>14,198,459</u>
 Bonds payable at June 30, 2012	 <u>\$ 1,827,645</u>	 <u>\$ 34,208,439</u>	 <u>\$ 36,036,084</u>

*Other Debt includes Notes Payable and Special Obligation Bonds

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG TERM OBLIGATIONS - Continued

Bonds payable for governmental and business-type activities at June 30, 2012 are comprised of the following individual issues:

\$ 155,000 Special Obligation Refunding and Improvement Bonds, Series 2002:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2013	4.10%	<u>\$ 155,000</u>	<u>\$ 3,177</u>	<u>\$ 158,177</u>
		<u>\$ 155,000</u>	<u>\$ 3,177</u>	<u>\$ 158,177</u>

Principal payments are made annually on October 1, and interest payments are made semi-annually on October 1 and April 1.

On October 22, 2002 the City of Cape Girardeau issued \$3,125,000 of Special Obligation Refunding and Improvement Bonds Series 2002 with interest rates varying from 3.00% to 4.50%. The bonds are special obligations of the City payable solely from the income and revenues provided for the year plus any unencumbered balances from prior years.

The bonds were issued by the City for the purpose of providing funds to (a) pay the costs of refunding the Building and Equipment Leasehold Refunding and Improvement Revenue Bonds, Series 1993, issued on behalf of the City by the Cape Girardeau Public Facilities Authority and outstanding in the principal amount of \$1,085,000, (b) pay the costs of refunding the Certificates of Participation (Capital Improvements Projects), Series 1994A, issued on behalf of the City by the Cape Girardeau Public Facilities Authority and outstanding in the principal amount of \$1,255,000 and prepaying the leasehold interest represented thereby, (c) pay the costs of constructing certain street improvements within the City, and (d) pay the costs of issuing the Bonds, under the authority of and in full compliance with the City’s Charter and the Constitution and laws of the State of Missouri, and pursuant to an ordinance duly passed (the “Ordinance”) and proceedings duly and legally had by the governing body of the City.

The outstanding bond liability for the Special Obligation Refunding and Improvement Bonds Series 2002 is allocated as follows: \$155,000 for Governmental activities.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$1,705,000 Waterworks System Refunding Revenue Bonds Series 2006A due as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Principal <u>Due</u>	Interest <u>Due</u>	<u>Total</u>
2013	4.00%	\$ <u>1,705,000</u>	\$ <u>68,200</u>	\$ <u>1,773,200</u>
		<u>\$1,705,000</u>	<u>\$ 68,200</u>	<u>\$1,773,200</u>

Principal payments are made annually on March 1, and interest payments are made semi-annually on March 1 and September 1.

On January 3, 2006 the City issued \$7,160,000 of Waterworks System Refunding Revenue Bonds Series 2006A with interest rates varying from 3.5% to 4.0%. The bonds are special limited obligations of the City payable solely from the net income and revenues derived by the City from the operation of the Waterworks System after payment of costs of operation and maintenance.

The bonds were issued to provide the City with remaining funds needed to retire \$8,170,000 principal amount of Waterworks System Refunding Revenue Bonds, Series 1995.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$ 420,000 Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1991 due as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Principal <u>Due</u>	Interest <u>Due</u>	<u>Total</u>
2013	6.875%	\$ 205,000	\$ 28,875	\$ 233,875
2014	6.875	<u>215,000</u>	<u>14,781</u>	<u>229,781</u>
		<u>\$ 420,000</u>	<u>\$ 43,656</u>	<u>\$ 463,656</u>

These bonds are dated December 1, 1991. The proceeds of the bond issue were used to extend and improve the existing sewerage facilities serving the City.

Principal payments are made annually on June 1, and interest payments are made semi-annually on June 1 and December 1.

The interest due on the Series 1991 Sewer System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds held by the trustee, the State of Missouri Department of Natural Resources deposits an amount equal to approximately 51.907% of the reimbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve fund will be \$1,250,000. As bonds are retired 50% of the amount of bonds retired will be repaid to the State of Missouri Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2012 was \$210,000. The reserve fund yields 6.71%.

During the fiscal year-end June 30, 2001, certain bonds originally issued by the State Environmental Improvement and Energy Resources Authority as part of the State Revolving Fund Program were refunded. Annual debt service savings resulting from this transaction are to be used to offset City debt service payments due on Series 1991 Bonds. During the fiscal year ended June 30, 2012, City interest expense was reduced by \$11,806 as a result of this transaction. Over the remaining life of these bonds, the City will receive net present value benefits of approximately \$21,959 from this transaction.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$ 111,000 Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1993 due as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Principal <u>Due</u>	Interest <u>Due</u>	<u>Total</u>
2013	5.400%	\$ 35,000	\$ 5,049	\$ 40,049
2014	5.400	37,000	3,106	40,106
2015	5.400	<u>39,000</u>	<u>1,053</u>	<u>40,053</u>
		<u>\$111,000</u>	<u>\$ 9,208</u>	<u>\$ 120,208</u>

These bonds are dated August 1, 1993. The proceeds of the bond issue were used to extend and improve the existing sewerage facilities serving the City.

Principal payments are made annually on March 1, and interest payments are made semi-annually on March 1 and September 1.

The interest due on the Series 1993 Sewer System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds held by the trustee, the State of Missouri Department of Natural Resources deposits an amount equal to approximately 70% of the reimbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve fund will be \$350,000. As bonds are retired, 70% of the amount of bonds retired will be repaid to the State of Missouri Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2012 was \$77,700. The reserve fund yields 5.15%.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$ 1,523,558 Water Pollution Control Revenue Bonds (State Revolving Fund Program) Series 1995D
due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2013	6.150%	\$ 354,978	\$ 670,022	\$ 1,025,000
2014	6.200	326,281	683,719	1,010,000
2015	6.200	303,920	696,080	1,000,000
2016	6.250	278,844	706,156	985,000
2017	6.250	<u>259,535</u>	<u>715,465</u>	<u>975,000</u>
		<u>\$1,523,558</u>	<u>\$ 3,471,442</u>	<u>\$4,995,000</u>

These bonds are dated June 1, 1995. The proceeds of the bond issue were used for the extension and improvement of the existing sewerage system serving the City.

Principal and interest payments are made annually on January 1 beginning in 1998.

The interest due on the Series 1995D Water Pollution Control Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds, the State of Missouri Department of Natural Resources deposits an amount equal to 70% of the disbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve fund will be 70% of the principal amount less the original issue discount. As bonds are retired 70% of the amount of bonds retired will be repaid to the State of Missouri Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2012 was \$1,060,490. The reserve fund yields 5.83%.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$ 6,180,000 Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1996 due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2013	5.875%	\$ 780,000	\$ 364,006	\$ 1,144,006
2014	5.875	800,000	318,181	1,118,181
2015	5.875	875,000	271,181	1,146,181
2016	5.900	895,000	219,775	1,114,775
2017	5.900	920,000	166,970	1,086,970
2018	5.900	945,000	112,690	1,057,690
2019	5.900	<u>965,000</u>	<u>56,935</u>	<u>1,021,935</u>
		<u>\$ 6,180,000</u>	<u>\$1,509,738</u>	<u>\$ 7,689,738</u>

These bonds are dated June 1, 1996. The proceeds of the bond issue were used for the extension and improvement of the existing sewerage system serving the City.

Principal payments are made annually on January 1. Interest is paid semi-annually on January 1 and July 1 beginning in 1997.

The interest due on the Series 1996 Sewerage System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds, the State of Missouri Department of Natural Resources deposits an amount equal to 70% of the disbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve will be \$9,474,500. As bonds are retired, 70% of the amount of bonds retired will be repaid to the Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2012 was \$4,326,000. The reserve fund yields 5.70%.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

During the fiscal year ended June 30, 2001, certain bonds originally issued by the State Environmental Improvement and Energy Resources Authority as part of the State Revolving Fund Program were refunded. Annual debt service savings resulting from this transaction are to be used to offset City debt service payments due on Series 1996 Bonds. During the fiscal year ended June 30, 2012, City interest expense was reduced by \$22,810 as a result of this transaction. Over the remaining life of these bonds, the City will receive net present value benefits of approximately \$102,868 from this transaction.

\$ 7,240,000 Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2000 due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2013	5.500%	\$ 230,000	\$ 388,659	\$ 618,659
2014	5.000	250,000	376,084	626,084
2015	5.625	275,000	362,099	637,099
2016	5.625	475,000	341,006	816,006
2017	5.625	555,000	312,037	867,037
2018	5.300	590,000	280,793	870,793
2019	5.400	1,590,000	222,228	1,812,228
2020	5.450	1,655,000	134,199	1,789,199
2021	5.500	<u>1,620,000</u>	<u>44,550</u>	<u>1,664,550</u>
		<u>\$7,240,000</u>	<u>\$2,461,655</u>	<u>\$ 9,701,655</u>

These bonds are dated November 1, 2000. The proceeds of the bond issue were used to extend and improve the existing sewerage facilities serving the City.

Principal payments are made annually on July 1, and interest payments are made semi-annually on July 1 and January 1.

The interest due on the Series 2000, Sewer System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds held by the trustee, the State of Missouri Department of Natural Resources deposits an amount equal to approximately 70% of the reimbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve fund will be \$5,848,500. As bonds are retired 70% of the amount of bonds retired will be repaid to the State of Missouri Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2012 was \$5,109,033. The reserve fund yields 5.16%.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$15,265,000 Waterworks System Revenue Bonds (State Revolving Fund Program) Series 1998

These bonds were dated December 1, 1998. The proceeds of the bond issue were used for the extension and improvements to the waterworks system.

Principal payments are made annually on January 1. Interest is paid semi-annually on January 1 and July 1 beginning on July 1, 1999.

The interest due on the Series 1998 Waterworks System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issues trustee. As the City is reimbursed for waterworks system expenditures from the construction funds, the Department of Natural Resources deposits an amount equal to 33.41% of the disbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve will be \$8,517,235. As bonds are paid off, 33.41% of the amount of bonds retired will be repaid to the Department of Natural Resources out of the reserve fund. During the year ended June 30, 2012, these bonds were refinanced through the proceeds of the Waterworks System Refunding Bonds Series 2012A. The balance of the reserve fund at June 30, 2012 was \$-0-.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$14,365,000 Leasehold Revenue Bonds, Series 2009 due as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Principal <u>Due</u>	Interest <u>Due</u>	<u>Total</u>
2013	3.700%	\$ 1,955,000	\$ 531,532	\$2,486,532
2014	3.800	2,015,000	472,882	2,487,882
2015	3.900	2,080,000	407,394	2,487,394
2016	4.000	2,150,000	334,594	2,484,594
2017	4.000	2,240,000	248,594	2,488,594
2018	4.000	2,330,000	158,994	2,488,994
2019	4.100	<u>1,595,000</u>	<u>65,794</u>	<u>1,660,794</u>
		<u>\$14,365,000</u>	<u>\$2,219,784</u>	<u>\$16,584,784</u>

The bonds are obligations of the Cape Girardeau (Missouri) Public Facilities Authority (CGPFA). The CGPFA has entered into a Lease Purchase Agreement with the City. Principal and interest will be paid by CGPFA from rental and other receipts from the City. Proceeds of the bonds will be used for the construction of various storm water control improvements, Cape Splash Family Aquatic Center, Shawnee Park Community Center, and various other park related improvements.

Principal payments are made annually on April 1, and interest payments are made semi-annually on April 1 and October 1.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$3,755,000 Special Obligation Bonds, Series 2005:

Year Ending June 30,	Interest Rate	Principal Due	Interest Due	Total
2013	3.625%	\$ 700,000	\$ 162,711	\$ 862,711
2014	4.000	690,000	137,336	827,336
2015	5.000	1,245,000	109,736	1,354,736
2016	4.000	80,000	47,486	127,486
2017	4.000	85,000	44,286	129,286
2018	4.100	90,000	40,886	130,886
2019	4.125	90,000	37,196	127,196
2020	4.200	95,000	33,484	128,484
2021	4.250	100,000	29,494	129,494
2022	4.250	105,000	25,244	130,244
2023	4.375	110,000	20,781	130,781
2024	4.375	115,000	15,969	130,969
2025	4.375	<u>250,000</u>	<u>10,940</u>	<u>260,940</u>
		<u>\$ 3,755,000</u>	<u>\$ 715,549</u>	<u>\$4,470,549</u>

Principal payments are made annually on June 1, and interest payments are made semi-annually on June 1 and December 1.

In May 2005, the City of Cape Girardeau issued \$8,190,000 of Special Obligation Bonds Series 2005 with interest rates varying from 3% to 5%. The bonds are special obligations of the City payable solely from the revenues derived from annual appropriations by the City Council.

The bonds were issued by the City for the purpose of providing funds to (a) construct, furnish, and equip a new fire station, renovate and improve existing fire and police stations, reimburse the City for the purchase of a new public works facility, and acquire vehicles for the police and fire departments, (b) refinance various outstanding obligations of the City, (c) fund a debt service reserve fund for the Bonds, and (d) pay the costs of issuing the Bonds, under the authority of and in full compliance with the City's Charter and the Constitution and laws of the State of Missouri, and pursuant to an ordinance duly passed and proceedings duly and legally had by the governing body of the City.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$1,350,000 Bank of America 2006 Promissory Note:

Year Ending June 30,	Interest Rate	Principal Due	Interest Due	Total
2013	0.9935%	\$ 100,000	\$ 13,166	\$ 113,166
2014	0.9935	100,000	12,172	112,172
2015	0.9935	100,000	11,179	111,179
2016	0.9935	100,000	10,213	110,213
2017	0.9935	100,000	9,192	109,192
2018	0.9935	100,000	8,198	108,198
2019	0.9935	100,000	7,205	107,205
2020	0.9935	100,000	6,227	106,227
2021	0.9935	100,000	5,218	105,218
2022	0.9935	100,000	4,225	104,225
2023	0.9935	100,000	3,239	103,239
2024	0.9935	100,000	2,237	102,237
2025	0.9935	100,000	1,244	101,244
2026	0.9935	<u>50,000</u>	<u>250</u>	<u>50,250</u>
		<u>\$ 1,350,000</u>	<u>\$ 93,965</u>	<u>\$ 1,443,965</u>

On February 9, 2006, the City of Cape Girardeau entered into a promissory note with the Bank of America for \$2,000,000. The purpose of the note was to finance additional costs on constructing fire station #3, purchase of a site for a future fire station, equipment for the sewer and solid waste funds, and site improvements at the new public works headquarter. The outstanding liability for the note is allocated as follows: \$539,891 for governmental activities and \$810,109 for business-type activities.

Principal payments of \$50,000 are made semi-annually on January 1 and July 1. The principal payments are amortized over 20 years. The City may prepay the note at any time with no additional charges. Interest accrues at a variable rate equal to the sum of the 30-day LIBOR multiplied by 60.938%, plus 0.813%. The rate at June 30, 2012 was 0.9935%.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$937,600 Waterworks Revenue Bonds, Series 2010 due as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Principal <u>Due</u>	Interest <u>Due</u>	Admin Fee <u>Due</u>	<u>Total</u>
2013	1.4900%	\$ 42,800	\$ 13,812	\$ 4,635	\$ 61,247
2014	1.4900	43,800	13,170	4,419	61,389
2015	1.4900	44,700	12,514	4,199	61,413
2016	1.4900	45,700	11,845	3,975	61,520
2017	1.4900	46,800	11,159	3,745	61,704
2018	1.4900	47,900	10,458	3,510	61,868
2019	1.4900	48,900	9,741	3,269	61,910
2020	1.4900	50,100	9,008	3,023	62,131
2021	1.4900	51,100	8,258	2,771	62,129
2022	1.4900	52,300	7,492	2,514	62,306
2023	1.4900	53,500	6,708	2,251	62,459
2024	1.4900	54,700	5,906	1,982	62,588
2025	1.4900	55,900	5,087	1,707	62,694
2026	1.4900	57,200	4,249	1,426	62,875
2027	1.4900	58,500	3,392	1,138	63,030
2028	1.4900	59,900	2,515	844	63,259
2029	1.4900	61,200	1,618	543	63,361
2030	1.4900	<u>62,600</u>	<u>701</u>	<u>235</u>	<u>63,536</u>
		<u>\$ 937,600</u>	<u>\$ 137,633</u>	<u>\$ 46,186</u>	<u>\$ 1,121,419</u>

These bonds are dated January 1, 2010. The proceeds of the bond issue were used to construct a transmission main from new well fields to Water Plant #1.

Principal and interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$1,010,000 Special Obligation Bonds, Series 2010A due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2013	3.000%	\$ 140,000	\$ 30,394	\$ 170,394
2014	3.000	150,000	26,194	176,194
2015	3.000	160,000	21,694	181,694
2016	2.625	175,000	16,894	191,894
2017	3.000	185,000	12,300	197,300
2018	3.375	<u>200,000</u>	<u>6,750</u>	<u>206,750</u>
		<u>\$ 1,010,000</u>	<u>\$ 114,226</u>	<u>\$ 1,124,226</u>

On March 1, 2010, the City issued \$1,275,000 of Special Obligation Bonds Series 2010A with interest rates varying from 2.625% to 3.375%. Principal and interest will be paid by the City from the revenues derived from annual appropriations by the City Council.

The proceeds of the bond issue were used to acquire new automated trash collection/recycling trucks for the public works department and to pay the costs of issuing the bonds.

Principal payments are made annually on January 1. Interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$13,955,000 Waterworks System Refunding Revenue Bonds Series 2012A due as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Principal <u>Due</u>	Interest <u>Due</u>	<u>Total</u>
2013	2.000%	\$ 655,000	\$ 316,464	\$ 971,464
2014	2.000	535,000	435,432	970,432
2015	2.000	545,000	424,732	969,732
2016	2.000	555,000	413,831	968,831
2017	3.000	570,000	402,731	972,731
2018	3.000	585,000	385,631	970,631
2019	3.000	605,000	368,081	973,081
2020	4.000	620,000	349,931	969,931
2021	3.000	645,000	325,131	970,131
2022	3.000	665,000	305,781	970,781
2023	3.000	685,000	285,831	970,831
2024	3.125	705,000	265,281	970,281
2025	3.250	725,000	243,250	968,250
2026	3.375	750,000	219,688	969,688
2027	3.500	775,000	194,375	969,375
2028	3.625	805,000	167,250	972,250
2029	3.625	835,000	138,069	973,069
2030	4.000	865,000	107,800	972,800
2031	4.000	895,000	73,200	968,200
2032	4.000	<u>935,000</u>	<u>37,400</u>	<u>972,400</u>
		<u>\$ 13,955,000</u>	<u>\$ 5,459,889</u>	<u>\$ 19,414,889</u>

On April 17, 2012 the City issued \$13,955,000 of Refunding Revenue Bonds. The proceeds were used to refund the outstanding Series 1998 Bonds.

The Bonds were issued with interest varying from 2.0% to 4.0%. Principal and interest will be paid by the City from the revenues derived from the operation of the waterworks system.

Principal payments are made annually on January 1. Interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$31,000,000 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2012 due as follows:

Year Ending June 30,	Interest Rate	Principal Due	Interest Due	Admin Fee	Total
2013	1.430%	\$ -	\$ 236,427	\$ -	\$ 236,427
2014	1.430	-	443,300	-	443,300
2015	1.430	-	443,300	-	443,300
2016	1.430	1,256,000	438,838	306,880	2,001,718
2017	1.430	1,288,000	420,763	294,240	2,003,003
2018	1.430	1,319,000	402,237	281,285	2,002,522
2019	1.430	1,352,000	383,255	268,010	2,003,265
2020	1.430	1,385,000	363,806	254,410	2,003,216
2021	1.430	1,419,000	343,879	240,475	2,003,354
2022	1.430	1,455,000	323,459	226,195	2,004,654
2023	1.430	1,491,000	302,524	211,555	2,005,079
2024	1.430	1,527,000	281,074	196,555	2,004,629
2025	1.430	1,565,000	259,102	181,190	2,005,292
2026	1.430	1,604,000	236,586	165,445	2,006,031
2027	1.430	1,644,000	213,506	149,305	2,006,811
2028	1.430	1,684,000	189,854	132,765	2,006,619
2029	1.430	1,726,000	165,622	115,820	2,007,442
2030	1.430	1,769,000	140,791	98,455	2,008,246
2031	1.430	1,813,000	115,337	80,655	2,008,992
2032	1.430	1,857,000	89,253	62,415	2,008,668
2033	1.430	1,904,000	62,534	43,730	2,010,264
2034	1.430	1,950,000	35,142	24,575	2,009,717
2035	1.430	<u>992,000</u>	<u>7,093</u>	<u>4,960</u>	<u>1,004,053</u>
		<u>\$ 31,000,000</u>	<u>\$ 5,897,682</u>	<u>\$ 3,338,920</u>	<u>\$ 40,236,602</u>

Sewerage System Revenue Bonds through the State of Missouri – Direct Loan Programs were issued by the City on June 19, 2012. There is a 1% administrative fee charged on this loan along with the 1.43% interest rate. Principal is disbursed on this loan as needed. At the end of June 30, 2012 only \$199,000 in principal had been disbursed. The disbursement was used to pay issuance costs of the loan.

The proceeds of the bond issue will be used to acquire, construct, extend and improve the existing sewerage system.

Principal payments are made annually on July 1; while interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

The annual requirements to amortize all debt outstanding as of June 30, 2012 including total interest payments of \$22,205,804 are as follows:

Year Ending <u>June 30,</u>	Special Obligation <u>Bonds</u>	Revenue <u>Bonds</u>	Leasehold Revenue <u>Bonds</u>	Promissory <u>Note</u>	<u>Total</u>
2013	\$ 1,191,282	\$ 6,103,927	\$2,486,532	\$ 113,166	\$ 9,894,907
2014	1,003,530	4,499,273	2,487,882	112,172	8,102,857
2015	1,536,430	4,297,778	2,487,394	111,179	8,432,781
2016	319,380	5,947,850	2,484,594	110,213	8,862,037
2017	326,586	5,966,445	2,488,594	109,192	8,890,817
2018	337,636	4,963,504	2,488,994	108,198	7,898,332
2019	127,196	5,872,419	1,660,794	107,205	7,767,614
2020	128,484	4,824,477	-	106,227	5,059,188
2021	129,494	4,700,164	-	105,218	4,934,876
2022	130,244	3,037,741	-	104,225	3,272,210
2023	130,781	3,038,369	-	103,239	3,272,389
2024	130,969	3,037,498	-	102,237	3,270,704
2025	260,940	3,036,236	-	101,244	3,398,420
2026	-	3,038,594	-	50,250	3,088,844
2027	-	3,039,216	-	-	3,039,216
2028	-	3,042,128	-	-	3,042,128
2029	-	3,043,872	-	-	3,043,872
2030	-	3,044,582	-	-	3,044,582
2031	-	2,977,192	-	-	2,977,192
2032	-	2,981,068	-	-	2,981,068
2033	-	2,010,264	-	-	2,010,264
2034	-	2,009,717	-	-	2,009,717
2035	-	1,004,053	-	-	1,004,053
	<u>\$ 5,752,952</u>	<u>\$ 85,516,367</u>	<u>\$16,584,784</u>	<u>\$ 1,443,965</u>	<u>\$109,298,068</u>

The cash and investments available to service revenue bonds are \$56,787 and \$2,702,333 for the governmental and business-type activities, respectively.

The cash and investments available to service the special obligation bonds are \$753,850 and \$11,365 in governmental activities and business-type activities, respectively.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE E - LONG-TERM OBLIGATIONS - Continued

Interest expense was charged to functions as follows in the statement of activities:

<u>Governmental Activities:</u>	
Interest and Other Costs	<u>\$1,440,995</u>
Total	<u>\$1,440,995</u>
 <u>Business-Type Activities:</u>	
Golf Course	\$ 9,210
Sewer	738,356
Softball Complex	6,909
Solid Waste	44,091
Water	<u>199,710</u>
Total	<u>\$ 998,276</u>

Missouri statutes limit the amount of general obligation debt that a city can issue to 5.00% of the total assessed value of taxable property located within that city's boundaries. The legal debt margin for the City of Cape Girardeau is \$27,333,469.

NOTE F - DEFICIT FUND BALANCES/RETAINED EARNINGS

There were no fund's total liabilities that exceeded their total assets.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE G - PENSION PLAN

1. Plan Description

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

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

2. Funding Status

Full-time employees of the City of Cape Girardeau do not contribute to the pension plan. The June 30th statutorily required contribution rates are 8.1% (General), 8.9% (Police) and 13.3% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

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

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

Annual required contribution	\$1,562,286
Interest on net pension obligation	27,354
Adjustment to annual required contribution	<u>(20,815)</u>
Annual pension cost	1,568,825
Actual contributions	<u>1,342,004</u>
Increase (decrease) in NPO	226,821
NPO beginning of year	<u>377,291</u>
NPO end of year	<u>\$ 604,112</u>

The annual required contribution (ARC) 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 28, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division,

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE G - PENSION PLAN - Continued

attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2010 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division.

Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	1,033,703	100.0%	0
2011	1,533,704	75.4%	377,291
2012	1,568,825	85.5%	604,112

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

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS

1. Description

The City follows the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$2,365,807 and \$881,028, respectively, in the governmental and business-type activities combined.

The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all eligible former full-time employees until the retiree is eligible for Medicare (age 65). Such benefits are not available to members' spouses or dependents; rather, only to eligible former employees as previously described. Specific details of the Plan include the provision of certain medical and dental coverage. These benefits are provided through the City's self insured programs. The City is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the City's firm commitment to provide OPEB through the payment of premiums to its self insured programs on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

2. Funding Policy

Premiums under the Plan for post-employment healthcare benefits are funded in accordance with rates established by the City for its governmental and business-type funds. Effective April 1, 2012 employees who retire early (prior to age 55 for police and fire and prior to age 60 for all other city employees) are not eligible for retiree healthcare coverage. For the year ended June 30, 2012, the City paid the full premium cost for eligible retired employees who were hired prior to January 1, 2007. For eligible employees hired on/after January 1, 2007, the City paid a percentage of the full premium cost for retired employees with single coverage according to years of service at retirement. For employees with 10 to 14 years of service at retirement the City's subsidy was 50%. The subsidy for employees with 15 to 19 years of service was 60%; 20 to 24 years was 70%, and employees with more than 24 years of service at retirement received 100% subsidy. The retiree is responsible for the full cost of dependent coverage. The plan is financed on a pay-as-you-go basis.

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS - Continued

	<u>2011</u>	<u>2012</u>
Annual required contribution	\$ 1,253,595	\$ 881,028
Interest on net OPEB obligation	75,609	100,214
Adjustment to annual required contribution	<u>(103,150)</u>	<u>(136,717)</u>
Annual OPEB cost	\$ 1,226,054	\$ 844,525
Contributions made	<u>(679,271)</u>	<u>(705,699)</u>
Increase in net OPEB obligation	\$ 546,783	\$ 138,826
Net OPEB obligation, July 1	<u>1,680,198</u>	<u>2,226,981</u>
Net OPEB obligation, June 30	<u>\$ 2,226,981</u>	<u>\$ 2,365,807</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB Obligation - <u>End of Year</u>
6/30/12	\$ 844,525	83.6%	\$ 2,365,807
6/30/11	1,226,054	55.4%	2,226,981
6/30/10	1,339,923	44.0%	1,680,198

4. Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$9,242,557, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,242,557. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$14,275,595, and the ratio of the UAAL to the covered payroll equaled 64.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress is to present multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the City maintains no Plan assets, information relative to Plan asset required disclosures is not applicable.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS - Continued

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the City and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the actuarial valuation dated July 1, 2010, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.5% discount rate, which approximates the expected rate of return on non-pension investments held by the City. Actuarial assumptions also included annual healthcare trend rates of 8.0%, initially, reduced by decrements to an ultimate rate of 4.5% for healthcare costs after ten years. The UAAL is being amortized as a level dollar amount over thirty years based on an open group.

NOTE I - INTEREST EXPENSE

Interest and handling charges, totaling \$1,669,842, excluding \$4,325 of interfund interest, was incurred by governmental funds during the year ended June 30, 2012. Interest and handling charges, totaling \$976,486 excluding \$24,317 of interfund interest, was incurred by proprietary funds during the year ended June 30, 2012. No interest cost was capitalized as part of the cost of assets constructed during the period.

NOTE J - INTERFUND ACTIVITY

A. The following is a summary of interfund balances as of June 30, 2012:

Advance to/from other funds:

	<u>Advances from</u>	<u>Advances to</u>
General Fund	\$ 844,919	\$ -
Solid Waste Fund	-	556,818
Golf Course Fund	-	163,080
Softball Complex Fund	-	125,021
	<u>\$ 844,919</u>	<u>\$ 844,919</u>

The interfund balances are a result of advances to purchase capital assets and to pay for operating expenses. Repayments are made as cash flows permit. If cash flows are not sufficient, repayments are deferred to subsequent years.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE J - INTERFUND ACTIVITY - Continued

The City makes transfers between various funds for routine and normal operating expenses and for capital asset requisitions.

B. The following is a summary of interfund transfers for the year ended June 30, 2012:

Fund	Transfer From	Transfer To
General Fund	\$ 4,156,971	\$ 4,791,917
Airport Fund	-	527,563
Park and Recreation Fund	-	944,843
Vision 2000	11	-
Housing Development Fund	-	37,631
Motor Fuel Tax Fund	1,320,000	-
Capital Improvement Sales Tax -		
Flood Control	43,510	-
Water System Improvements	-	15,248,652
Sewer System Improvements	1,624,914	1,113,700
Transportation Sales Tax Trust II	32,663	-
Fire Sales Tax Fund	2,273,970	-
Public Safety Trust Fund	1,267,719	2,273,970
Transportation Sales Tax Trust III	-	382,663
Park/Storm Water Sales Tax	1,050,759	-
Park/Storm Water Sales Tax-Capital	489,607	305,397
Transportation Sales Tax Trust IV	-	135,000
Casino Revenue Fund	260,000	260,000
Park Improvements Fund	-	21,327
Community Development Block		
Grant Project Fund	-	1,109
Water System Improvement		
Projects Fund	80	-
Storm Water Projects from		
Storm Water Tax	145,145	284,882
Park Improvement Projects from		
Park Sales Tax	382,724	424,374
Sewer Fund	2,571,402	2,072,059
Water Fund	13,855,446	10,377
Solid Waste Fund	-	5,500
Golf Course Fund	-	104,892
Softball Complex Fund	-	483,101
Information Technology Fund	-	56,000
Fleet Management Fund	15,074	-
Equipment Replacement Fund	5,500	10,538
	<u>\$ 29,495,495</u>	<u>\$ 29,495,495</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE K - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains five enterprise funds which provide sewer, water, solid waste, golf, and softball complex services. Segment information for the year ended June 30, 2012 was as follows:

	Sewer Fund	Water Fund	Solid Waste Fund	Golf Course Fund	Softball Complex Fund	Total Enterprise
Operating revenues	\$ 7,665,103	\$ 6,962,909	\$3,338,512	\$ 499,839	\$ 263,399	\$18,729,762
Depreciation	2,149,022	1,523,960	436,354	119,289	144,898	4,373,523
Operating Income (Loss)	1,612,640	376,682	(196,746)	(194,596)	(613,166)	984,814
Operating transfers in	2,072,059	10,378	5,500	104,892	483,101	2,675,930
Net Income (Loss)	776,809	(11,038,235)	(172,468)	(70,570)	(103,536)	(10,608,000)
Current Capital Contributions	480,730	2,663,402	13,777	12,089	24,503	3,194,501
Property, Plant and Equipment						
Additions	2,939,951	2,641,290	244,783	23,422	48,044	5,897,490
Deletions	83,249	65,908	214,281	34,015	11,500	408,953
Net Working Capital	(40,945)	4,066,217	1,083,852	(1,774)	(6,542)	5,100,808
Total Assets	55,745,767	51,315,600	4,003,156	1,640,127	2,484,080	115,188,730
Current Liabilities	2,949,300	3,335,084	406,250	62,304	108,180	6,861,118
Long-Term Liabilities	16,512,882	13,365,752	1,598,299	31,730	9,682	31,518,345
Amounts payable to other funds	-	-	556,818	163,080	125,021	844,919
Total Liabilities	19,462,182	16,700,836	2,561,367	257,114	242,883	39,224,382
Total Net Assets	\$36,283,585	\$ 34,614,764	\$1,441,789	\$ 1,383,013	\$2,241,197	\$75,964,348

NOTE L – GOVERNMENTAL FUND BALANCES REPORTING

In order to improve the usefulness and understandability of governmental fund balance information, the Governmental Accounting Standards Board issued Statement No. 54 in which it classified fund balance into the following categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Definition of each category and a reconciliation of how the City of Cape Girardeau reported its Fund Balance follow.

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes long-term receivables that are not currently available for expenditure. These financial statements reflect non-spendable fund balances of \$2,100 that are legally restricted to provide for the perpetual care and maintenance of a mausoleum in the City’s cemetery. Only interest earnings on this amount can be used for mausoleum maintenance. Prepaid expenses of \$156,380 and long-term advance receivables of \$844,919 are also reflected as non-spendable fund balances.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE L – GOVERNMENTAL FUND BALANCES REPORTING - continued

Restricted Fund Balance – Includes amounts that can be spent only for specific purposes because of restrictions by external parties, constitutional provisions or enabling legislation. These financial statements include the following restricted fund balances. Fund balances totaling \$4,580,005 are restricted by the City Charter to use during officially declared emergencies. Special revenue fund balances totaling \$14,528,702 are restricted by their enabling legislation. \$1,434,206 in capital project fund balances are restricted as the result of special revenue transfers and unspent bond proceeds. The remaining \$216,199 in restricted fund balances result from legal agreements with various outside parties.

Committed Fund Balance – These funds can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority (the City Council). Those amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. Typically, a resolution by the city council would be needed to commit a portion of a fund balance for a specific purpose. The City currently has no committed balances.

Assigned Fund Balance – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, amounts can be assigned the intent to be used for a specific purpose by the city council or a city official authorized by the city council; the amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance – For the general fund, amounts not classified as nonspendable, restricted, committed or assigned are included here. For all other governmental funds, it is the amount expended in excess of resources that are nonspendable, restricted, committed or assigned. The general fund is the only fund that should have a positive amount in this classification.

Order of Usage – Unless specifically identified, expenditures will reduce related restricted balances first, and then related committed balances, next related assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will reduce the specific classification of fund balance that is identified.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE L – FUND BALANCE REPORTING – Continued

	Major Special Revenue Funds				Major Park Projects from Parks Sales Tax	Other Funds	Total
	General Fund	Airport Fund	Parks and Recreation Fund	Transportation Sales Tax Trust Fund III			
Fund balances							
Nonspendable:							
Prepaid expenses	\$ 124,418	\$ 15,859	\$ 2,763	\$ -	\$ -	\$ 13,340	\$ 156,380
Long-term advance	844,919	-	-	-	-	-	844,919
Mausoleum	2,100	-	-	-	-	-	2,100
Restricted for:							
Mausoleum	90,169	-	-	-	-	-	90,169
Emergencies	3,930,688	-	-	-	-	649,317	4,580,005
Local access channel	45	-	-	-	-	-	45
Convention and tourism	-	-	-	-	-	209,990	209,990
River campus bonds	-	-	-	-	-	125,985	125,985
Community development	-	-	-	-	-	51,829	51,829
Public safety	-	-	-	-	-	646,500	646,500
Street projects	-	-	-	-	3,062,238	3,707,922	6,770,160
Water system projects	-	-	-	2,798,983	-	118,798	2,917,781
Sewer system projects	-	-	-	-	-	2,879,012	2,879,012
Parks and recreation	-	-	-	-	-	365,716	365,716
Park and storm water projects	-	-	-	-	-	1,735,631	1,735,631
Other capital projects	-	-	-	-	-	386,289	386,289
Assigned to:							
Airport	-	146,912	-	-	-	-	146,912
Parks and recreation	-	-	366,395	-	-	-	366,395
Operations and maintenance	-	-	17,455	-	-	-	17,455
Encumbrances	118,796	-	-	-	-	-	118,796
Debt service	-	-	-	-	-	19,411	19,411
Other projects	-	-	-	-	-	252,939	252,939
Public safety	-	-	-	-	-	889,523	889,523
Parks and recreation	-	-	-	-	-	381,998	381,998
Other capital projects	-	-	-	-	-	193,467	193,467
Community development	-	-	-	-	-	8,848	8,848
Street projects	-	-	-	-	-	70,212	70,212
Unassigned:	<u>3,114,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,114,973</u>
	<u>\$ 8,226,108</u>	<u>\$162,771</u>	<u>\$ 386,613</u>	<u>\$ 2,798,983</u>	<u>\$ 3,062,238</u>	<u>\$ 12,706,727</u>	<u>\$ 27,343,440</u>

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE M - RESERVED RETAINED EARNINGS AND RESTRICTED ASSET ACCOUNTS

At June 30, 2012, the City has restricted assets in its Proprietary Funds as follows:

	<u>Depreciation and Replacement</u>	<u>Bond Construction</u>	<u>Revenue Bond Sinking and Reserve Fund</u>	<u>Total</u>
Sewer Fund	\$ 127,000	\$ -	\$1,399,439	\$ 1,526,439
Water Fund	150,000	4,616	1,327,969	1,482,585
Solid Waste Fund	<u>-</u>	<u>3,194</u>	<u>863</u>	<u>4,057</u>
	<u>\$ 277,000</u>	<u>\$ 7,810</u>	<u>\$2,728,271</u>	<u>\$ 3,013,081</u>

NOTE N - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City closed its landfill in the fiscal year ending June 30, 1994, and an expense provision and related liability were recognized at that time based on the future closure and postclosure care costs that were estimated to be incurred near or after the date the landfill no longer accepted waste. The entire amount of the estimated total costs for landfill closure and postclosure care costs was recognized in prior years since the recognition is based on landfill capacity used to date and the landfill was filled to capacity in prior years. The estimated total future liability for landfill postclosure care costs is \$39,000 as of June 30, 2012, which is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2012. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City has used the option of a Contract of Obligation as the financial assurance instrument for the landfill. The City issued bonds in October 1994 from which the proceeds were used to pay the closure costs.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE O - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and employee health benefits. These risks, with the exception of those discussed in the following paragraphs, are covered by commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past ten fiscal years.

The City is a member of the Missouri Public Entity Risk Management Fund, a not-for-profit public entity insurance pool established by the state legislature. Through this pool, the City receives coverage for general liability, law enforcement liability, errors and omissions, and employment practice liability. Risks for these coverages are spread across members of the fund. Currently the fund is comprised of 862 Missouri counties, municipalities, and special districts. Premiums for these coverages are actuarially determined based on actual claims of the pool and individual claims of the City. Each year, portions of premiums not required because of below expected claims are returned to the members. The City has received refunds of premiums in each of the last thirteen years and has used them to offset the cost of the succeeding year's premiums.

Vehicle loss and accident liability is carried by Savers Property and Casualty Insurance. It is rated "A-" by A.M. Best.

Airport liability is carried by Catlin Insurance Company. It is rated "A" by A.M. Best.

Property insurance is carried by Chubb Group of Insurance Companies. It is rated "A++" by A.M. Best.

Equipment coverage is carried by Travelers Property Casualty Company of America. It is rated "A+" by A.M. Best.

The City has established self-insurance plans for employees' health insurance and workers' compensation. Both of these are accounted for using internal service funds. Under each plan, the City is substantially self-insured and uses an administrator to handle claims management.

The City provided health coverage to its employees through a minimum premium plan administered by Anthem Blue Cross Blue Shield of Missouri, which had an "A" rating by A.M. Best. Under this plan, the City paid the administrator a monthly premium for claims administration, cost management, and specific and aggregate stop loss coverage. The City reimbursed the administrator for claims paid up to the specific stop loss amount of \$150,000 and \$150,000 annually per employee and up to the aggregate stop loss amount (115% of estimated claims) of approximately \$2,800,000 and \$3,000,000 annually beginning January 1, 2011 and 2012, respectively, for all employees. These limits apply only to claims made during the respective calendar years. Rates were charged by the internal service fund to the other City funds to cover the monthly premium to the administrator and claims up to 93.5% and 93.5% of the aggregate stop loss amount for fiscal years ending June 30, 2011 and 2012 respectively.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE O - RISK MANAGEMENT – Continued

Corporate Claims Management, Inc. administers the City’s workers’ compensation plan. Under this plan, the City pays the administrator a per claim fee to administer its claims. All claims are paid directly by the City. The City has purchased insurance coverage from Safety National Casualty Corp. that limits the City’s maximum individual claims liability to \$550,000 for USL & H and \$400,000 for other regular employees and per occurrence claims liability to \$1,000,000. Additionally, \$5,000,000 in coverage is provided for annual claims in excess of \$1,699,596. Rates are charged by the internal service fund to the other City funds based on rates and experience factors established by the National Council on Compensation Insurance and City of Cape Girardeau actual claims trends. Safety National is rated “A” by A. M. Best.

Claims liability is estimated using data supplied by the administrator. The claims activity during the last five years is summarized as follows:

CLAIMS LIABILITIES RECONCILIATION

	<u>Health Insurance</u>	<u>Workers’ Compensation</u>	<u>Total</u>
Balance June 30, 2007	\$ 645,750	\$ 670,000	\$ 1,315,750
Provision for Incurred Claims	1,812,199	6,009	1,818,208
Payment of Claims	<u>(2,346,449)</u>	<u>(406,009)</u>	<u>(2,752,458)</u>
Balance June 30, 2008	\$ 111,500	\$ 270,000	\$ 381,500
Provision for Incurred Claims	1,860,053	523,905	2,383,958
Payment of Claims	<u>(1,773,053)</u>	<u>(363,905)</u>	<u>(2,136,958)</u>
Balance June 30, 2009	\$ 198,500	\$ 430,000	\$ 628,500
Provision for Incurred Claims	1,843,651	583,662	2,427,313
Payment of Claims	<u>(1,911,151)</u>	<u>(493,662)</u>	<u>(2,404,813)</u>
Balance June 30, 2010	\$ 131,000	\$ 520,000	\$ 651,000
Provision for Incurred Claims	2,238,055	106,108	2,344,163
Payment of Claims	<u>(2,171,055)</u>	<u>(526,108)</u>	<u>(2,697,163)</u>
Balance June 30, 2011	\$ 198,000	\$ 100,000	\$ 298,000
Provision for Incurred Claims	2,847,800	436,715	3,284,515
Payment of Claims	<u>(2,820,300)</u>	<u>(251,715)</u>	<u>(3,072,015)</u>
Balance June 30, 2012	<u>\$ 225,500</u>	<u>\$ 285,000</u>	<u>\$ 510,500</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE P - CONCENTRATION OF CREDIT RISK/BAD DEBT ALLOWANCE

The City has uncollateralized utility accounts receivable generated within a limited geographical region primarily consisting of its City limits. The City also has taxes, special assessments, and user fees receivable which are concentrated among its citizens. Some of these items attach as liens against real and personal property. The maximum accounting loss is the amount shown as utility charges receivable on the statement of net assets.

At June 30, 2012, utility receivables totaled \$2,928,035. On the financial statements, the utility receivables are shown net of the allowance for doubtful accounts of \$170,405. This results in net utility receivable of \$2,757,630. During the year ended June 30, 2012, the allowance was increased by \$121,077 or approximately .69% of the current year's utility charges and accounts totaling \$44,807 were written off.

NOTE Q - COMMITMENTS AND CONTINGENCIES

1. Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, the potential loss on all claims and lawsuits will not be significant to the City's financial statements.

2. Grant Audit

The City receives Federal and State Grants for specific purposes that are subject to review and audit by various Federal and State agencies. Such audits could result in a request for reimbursement by any of the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

3. Construction Commitments

As of June 30, 2012, the City had construction commitments outstanding of \$4,968,012. The construction commitments represent incomplete portions of contracts entered into to construct the following: various street projects, trail construction, fiber optic cabling for 4 new raw water supply wells, the rehabilitation of a commercial building, and housing rehabilitation. These contracts are expected to be completed within the next fiscal year.

4. Encumbrances

As of June 30, 2012, the City had encumbrances outstanding of \$8,240,001.

City of Cape Girardeau, Missouri
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE R – PRIOR PERIOD ADJUSTMENTS

The net assets of the governmental funds have been decreased by \$60,715 as of June 30, 2012 while the net assets for the business type activities increased by \$22,959. This is mainly due to a market value adjustment of investment balances among the funds. The Parks and Recreation Fund also had a material prior period adjustment in the amount of \$33,064 which was due to a correction in a prior period salary accrual. The sewer and water funds were materially adjusted by construction in progress projects that were not constructed. In addition to these amounts, there were immaterial adjustments made to the funds which are included in the above totals. These material adjustments are detailed in the table below.

Governmental Activities

	<u>Market Value Adjustment</u>	<u>Salary Accrual</u>	<u>Construction in Progress</u>
General	\$ 19,947	\$ -0-	\$ -0-
Airport	(543)	-0-	-0-
Park	6,034	33,064	-0-
Capital Improvement Sales Tax –			
Water System Improvement	(2,437)	-0-	-0-
Transportation Sales Tax Trust Fund IV	11,482	-0-	-0-
All Other Governmental Funds	(69,202)	-0-	-0-
Internal Service Funds	<u>8,859</u>	<u>-0-</u>	<u>-0-</u>
Total Governmental Activities	<u>\$ (25,860)</u>	<u>\$ (33,064)</u>	<u>\$ -0-</u>

Business Type Activities

Sewer	\$ 12,788	\$ -0-	\$ 9,890
Water	25,624	-0-	(23,158)
Solid Waste	1,177	-0-	-0-
Golf	112	-0-	-0-
Softball	<u>750</u>	<u>-0-</u>	<u>-0-</u>
Total Business Type Activities	<u>\$ 40,451</u>	<u>\$ -0-</u>	<u>\$ (13,268)</u>

NOTE S - CONTINGENCY

1. In June 2004, the City of Cape Girardeau and Cape Girardeau County entered into a development agreement with a local business. Under the agreement, the local business agreed to pay for certain public improvements incurred in conjunction with the construction of a new retail facility and the City and County agreed to reimburse the local business for the cost of these improvements up to a maximum of \$4,000,000 over an estimated 15 years. The local business has completed these improvements with a total cost of \$2,668,646. The City is required by the development agreement to reimburse the local business for \$2,134,917 of these costs through scheduled quarterly payments

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE S - CONTINGENCY - Continued

over the next fifteen years from available revenues. Available revenues are defined in the development agreement as 75% of the City's quarterly net revenues from specific sales taxes generated by the business operations of the new retail facility which exceed \$64,000. The rates of the specified sales taxes currently equal 2%. Sales taxes with rates currently equal to 1% will expire during the term of this agreement. The City will be required to substitute revenues for sales taxes with equivalent rates, if available, when the specific sales taxes expire.

Required quarterly payments increase annually per the repayment schedule included in the development agreement. To the extent that the available revenues for any quarter are less than the required quarterly payment due, the unpaid amount will be added to the next scheduled quarterly amount due without penalties. Any amounts unpaid at the end of 15 years will be payable quarterly from available revenues for the remainder of the agreement. Any amounts unpaid at the end of the agreement will not be required to be paid. The term of the developer agreement is 20 years from the execution of the agreement.

During the fiscal year ended June 30, 2012, no payment was due under the development agreement.

2. In June 2004, the City of Cape Girardeau and Cape Girardeau County entered into a development agreement with a local real estate developer. Under the agreement, the local developer agreed to pay for certain public improvements incurred in conjunction with the development of a 60 acre retail development and the City and County agreed to reimburse the local business for the cost of these improvements from available net sales tax revenue generated from any businesses operations located in the development.

The local developer has completed these improvements with a total cost of \$2,998,434. The City and County are required by the development agreement to reimburse the developer for these costs plus 4% interest with quarterly payments from available revenue. Available revenue is defined by the agreement as all the net sales tax revenue generated by two .25% City capital improvement sales taxes and the .50% City transportation sales tax and 50% of the net sales tax revenue generated by a .50% County sales tax. All City sales taxes have expiration date that could occur before the total costs of the improvements are reimbursed to the developer. The County sales tax has no expiration date. No provision is made to replace revenues from the City sales taxes that expire if they are not extended. The development agreement remains in effect until the total cost of the public improvements is reimbursed to the developer.

The City and the County are obligated only to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City and County. During the fiscal year ended June 30, 2012, the City incurred payments of \$132,306 under the development agreement. This amount is included in the Development Services expenses on the statement of activities.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - CONTINGENCY – Continued

3. In July 2007, the City entered into a development agreement with Greater Missouri Builders, Inc. (GMB) to reimburse them for costs associated with the Town Plaza Redevelopment Project. In conjunction with this agreement the City established the Town Plaza Community Improvement District (CID) and determined the project area to be blighted pursuant to Chapter 353 of the Missouri Revised Statutes.

This project involves the conversion of the former Sears facility into a call center for National Asset Recover Services (NARS) and other various improvements, such as facade improvements, parking facilities, roof reconstruction, and HVAC enhancements. Total reimbursements to GMB for redevelopment costs were limited to \$3.6 million plus 7.5% interest. These reimbursements will be made from incremental County and City sales tax revenues, an additional CID sales tax, and real estate tax abatements. Reimbursements from incremental County and City sales tax revenue will be limited to \$1.2 of the \$3.6 million total.

Incremental County and City sales tax revenue is defined as the difference in future tax revenues from the City's 1% general sales tax and .5% capital improvement sales tax and half the County's .5% general sales tax and the revenues from these taxes from the project area in calendar year 2006. It's anticipated that the CID will implement a 1% sales tax. Improvements to the redevelopment project will receive 100% real estate tax abatement for the first 10 years and 50% real estate tax abatement for the next 15 years. The current Sears facility will receive 50% real estate tax abatement for 25 years. Based on 2006 assessed values the abatement of City taxes on the unimproved Sears facility would be \$627.53.

Beginning in year six of the agreement, 50% of the gross rentals from the NARS site will be used to supplement the incremental sales tax revenues. Reimbursements from incremental sales tax revenues expire with repayment of the amount to be paid by incremental sales tax or 20 years whichever comes first.

This project was completed during the year at a cost of \$3,203,308. Reimbursement from incremental County and City sales tax revenue will be limited to \$1,164,839.

The City and the County are obligated to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City and County. During the fiscal year ended June 30, 2012, the City incurred payments of \$35,522 under the development agreement. This amount is included in the Development Services expenses on the Statement of Activities.

4. In May 2011, the City of Cape Girardeau entered into a development agreement with a local real estate developer. Under this agreement, the local developer agreed to pay for certain public improvements incurred in conjunction with the development of a Menards Home Improvement Store site and other adjacent retail development sites and the City agreed to reimburse the local developer for the cost of these improvements from available net sales tax revenue generated from the Menards Home Improvement operations and operations of other similar retail stores in the City that exceeded a baseline amount established in the development agreement.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE S - CONTINGENCY – Continued

The local developer has completed improvements associated with the Menards Home Improvement site at a cost of \$344,450. Improvements to the adjacent retail sites have not been completed. Projected costs of all public improvements are not expected to exceed \$3,000,000. The City is required by the development agreement to reimburse the developer for these costs from available revenues. Available revenue is defined by the agreement as all the net sales tax revenue generated by two .25% City capital improvement sales taxes and the .50% City transportation sales tax that exceed a baseline amount. All City sales taxes have expiration dates that could occur before the total costs of the improvements are reimbursed to the developer. No provision is made to replace revenues from the City sales taxes that expire if they are not extended. The development agreement remains in effect until 15 years from the beginning of the Menards Home Improvement operations.

The City is obligated only to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City. During the fiscal year ended June 30, 2012, the City incurred no payments under the development agreement.

NOTE T – SUBSEQUENT EVENTS

In October 2012, the City of Cape Girardeau and Cape Girardeau County amended a development agreement with a local real estate developer. Under the amendment, the local developer agreed to pay for additional public improvements incurred in conjunction with the development of a 60 acre retail development and the City and County agreed to reimburse the local business for the cost of these improvements from available net sales tax revenue generated from an Academy Sports store.

Public improvements are not to exceed \$3,000,000. The City and County are required by the development agreement to reimburse the developer for these costs with quarterly payments from available revenues after the commitment from the original development agreement has been reimbursed. Available revenue is defined by the agreement as the net sales tax revenue equivalent to amounts that would be generated by two .25% City capital improvement sales taxes, 50% of a .50% City transportation sales tax and 50% of a .50% County sales tax from the Academy Sports store on inflation adjusted annual sales over \$2,500,000. All City sales taxes have expiration date that could occur before the total costs of the improvements are reimbursed to the developer. The County sales tax has no expiration date. The amended development agreement remains in effect until the earlier of the reimbursement of the public improvements costs or 15 years after the date that the original commitment of the original development agreement is reimbursed.

The City and the County are obligated only to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City and County.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE T – SUBSEQUENT EVENTS – Continued

The City entered into an agreement with a general contractor on August 3, 2012, in the amount of \$55,674,000 for the construction of a new Wastewater Treatment Plant. Previously the City had entered into other contracts associated with this project totaling \$5,316,070 for engineering, consulting, design and review services related to construction of the new plant. A total of \$6,223,297 has been paid out on all of these contracts. The cost of this project is to be funded by direct loans from the State of Missouri Revolving Loan Fund. The City entered into a loan agreement with the State for \$31,000,000 on June 19, 2012. The State has committed to an additional \$39,000,000 direct loan from the revolving loan fund. To date a total of \$7,585,092 has been requested in reimbursements from the loans to cover previously paid and current unpaid invoices on hand.

On December 12, 2012, the City announced its intention to purchase 247.43 acres along interstate I-55 around the new LaSalle interchange for \$6,000,000 under terms agreed to with the Southeast Missouri University Foundation. Per the terms, a \$480,000 down payment will be made by the Greater Cape Girardeau Benevolent Association on behalf of the City and the City will make 12 annual payments of \$460,000. The City intends to use a portion of the revenue it receives from the Isle of Capri Casino to make its annual payments. The contract for this purchase is expected to be approved in January 2013. The land will be used for future business development and is best suited for distribution centers, light manufacturing, technology-related businesses and some retail development. The City estimates that it will cost \$3.2 million to extend water and sewer services to this property. The costs are estimated to be funded with its current capital improvement sales taxes and revenues from the sewer fund.

REQUIRED SUPPLEMENTAL INFORMATION

City of Cape Girardeau
General
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,884,065.00	\$ 14,884,065.00	\$ 15,711,509.61	\$ 827,444.61
Licenses & permits	1,394,300.00	1,394,300.00	1,567,135.53	172,835.53
Intergovernmental	482,182.00	482,182.00	1,026,870.66	544,688.66
Charges for services	256,867.00	256,867.00	257,255.07	388.07
Internal charges	1,141,572.00	1,141,572.00	1,171,576.63	30,004.63
Fines and forfeits	825,000.00	825,000.00	963,252.22	138,252.22
Miscellaneous	305,550.00	305,550.00	345,535.19	39,985.19
Investment revenue	93,720.00	93,720.00	111,637.92	17,917.92
Total revenues	<u>19,383,256.00</u>	<u>19,383,256.00</u>	<u>21,154,772.83</u>	<u>1,771,516.83</u>
EXPENDITURES				
Current:				
Administrative	1,665,861.00	1,744,111.00	1,681,841.15	62,269.85
Contingency	40,000.00	48,409.74	29,410.25	18,999.49
Development Services	2,143,384.00	2,507,884.00	2,334,060.96	173,823.04
Parks and Recreation	1,830,462.00	1,869,362.00	1,842,170.40	27,191.60
Public Safety	11,802,648.00	12,066,243.08	11,974,407.25	91,835.83
Public Works	2,341,555.00	2,339,432.29	2,274,752.37	64,679.92
Total current	<u>19,823,910.00</u>	<u>20,575,442.11</u>	<u>20,136,642.38</u>	<u>436,799.73</u>
Debt service:				
Administrative charges	-	-	287.38	(287.38)
Interest	64,977.00	64,977.00	62,834.15	2,142.85
Principal	96,000.00	96,000.00	96,000.00	-
Total debt service	<u>160,977.00</u>	<u>160,977.00</u>	<u>159,121.53</u>	<u>1,855.47</u>
Capital outlay:				
Administrative	27,700.00	41,450.00	36,136.29	5,313.71
Development Services	-	17,000.00	-	17,000.00
Public Safety	18,990.00	143,944.92	119,851.67	24,093.25
Public Works	107,483.00	109,605.71	96,225.42	13,380.29
Total capital outlay	<u>154,173.00</u>	<u>312,000.63</u>	<u>252,213.38</u>	<u>59,787.25</u>
Total expenditures	<u>20,139,060.00</u>	<u>21,048,419.74</u>	<u>20,547,977.29</u>	<u>500,442.45</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(755,804.00)</u>	<u>(1,665,163.74)</u>	<u>606,795.54</u>	<u>2,271,959.28</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Compensation for damages	-	-	300.00	300.00
Transfers in	4,561,794.00	4,756,738.00	4,791,917.07	35,179.07
Special assessments	17,000.00	17,000.00	23,388.95	6,388.95
Advance repayments	71,520.00	71,520.00	71,523.28	3.28
Asset disposition	-	-	557,328.27	557,328.27
Special programs	-	(3,590.26)	(22,402.57)	(18,812.31)
Transfers out	(3,892,281.00)	(4,300,281.00)	(4,156,970.93)	143,310.07
Total other financing sources and uses and special items	<u>758,033.00</u>	<u>541,386.74</u>	<u>1,265,084.07</u>	<u>723,697.33</u>
Net change in fund balances	<u>2,229.00</u>	<u>(1,123,777.00)</u>	<u>1,871,879.61</u>	<u>2,995,656.61</u>
Fund balances -- beginning	5,442,889.19	5,442,889.19	5,442,889.19	-
Prior period adjustment	-	-	(1,507.61)	(1,507.61)
Fund balances -- ending	<u>\$ 5,445,118.19</u>	<u>\$ 4,319,112.19</u>	<u>\$ 7,313,261.19</u>	<u>\$ 2,994,149.00</u>

City of Cape Girardeau
 Airport
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 237,000.00	\$ 237,000.00	\$ 216,806.55	\$ (20,193.45)
Charges for services	313,085.00	313,085.00	316,925.84	3,840.84
Miscellaneous	194,222.00	194,222.00	229,263.79	35,041.79
Investment revenue	540.00	540.00	1,041.03	501.03
Asset disposition	-	-	6,287.79	6,287.79
Total revenues	<u>744,847.00</u>	<u>744,847.00</u>	<u>770,325.00</u>	<u>25,478.00</u>
EXPENDITURES				
Current:				
Administrative	1,228,808.00	1,363,908.00	1,276,274.80	87,633.20
Total current	<u>1,228,808.00</u>	<u>1,363,908.00</u>	<u>1,276,274.80</u>	<u>87,633.20</u>
Capital outlay:				
Administrative	-	-	5,525.00	(5,525.00)
Total capital outlay	<u>-</u>	<u>-</u>	<u>5,525.00</u>	<u>(5,525.00)</u>
Total expenditures	<u>1,228,808.00</u>	<u>1,363,908.00</u>	<u>1,281,799.80</u>	<u>82,108.20</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(483,961.00)</u>	<u>(619,061.00)</u>	<u>(511,474.80)</u>	<u>107,586.20</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	483,961.00	558,961.00	527,563.46	(31,397.54)
Total other financing sources and uses and special items	<u>483,961.00</u>	<u>558,961.00</u>	<u>527,563.46</u>	<u>(31,397.54)</u>
Net change in fund balances	-	(60,100.00)	16,088.66	76,188.66
Fund balances -- beginning	138,565.76	138,565.76	138,565.76	-
Prior period adjustment	-	-	(744.45)	(744.45)
Fund balances -- ending	<u>\$ 138,565.76</u>	<u>\$ 78,465.76</u>	<u>\$ 153,909.97</u>	<u>\$ 75,444.21</u>

See Independent Auditors' Report.

**City of Cape Girardeau
Park and Recreation
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,287,645.00	\$ 1,287,645.00	\$ 1,279,691.68	\$ (7,953.32)
Miscellaneous	11,880.00	11,880.00	12,208.48	328.48
Investment revenue	4,500.00	4,500.00	7,728.53	3,228.53
Total revenues	<u>1,304,025.00</u>	<u>1,304,025.00</u>	<u>1,299,628.69</u>	<u>(4,396.31)</u>
EXPENDITURES				
Current:				
Parks and Recreation	2,245,279.00	2,313,379.00	2,250,343.74	63,035.26
Total current	<u>2,245,279.00</u>	<u>2,313,379.00</u>	<u>2,250,343.74</u>	<u>63,035.26</u>
Capital outlay:				
Parks and Recreation	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,245,279.00</u>	<u>2,313,379.00</u>	<u>2,250,343.74</u>	<u>63,035.26</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(941,254.00)</u>	<u>(1,009,354.00)</u>	<u>(950,715.05)</u>	<u>58,638.95</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Compensation for damages	-	-	1,200.00	1,200.00
Transfers in	976,254.00	1,066,254.00	944,843.34	(121,410.66)
Asset disposition	-	-	4,852.61	4,852.61
Transfers out	-	-	-	-
Total other financing sources and uses and special items	<u>976,254.00</u>	<u>1,066,254.00</u>	<u>950,895.95</u>	<u>(115,358.05)</u>
Net change in fund balances	35,000.00	56,900.00	180.90	(56,719.10)
Fund balances – beginning	411,930.94	411,930.94	411,930.94	-
Prior period adjustment	-	-	(33,063.55)	(33,063.55)
Fund balances – ending	<u>\$ 446,930.94</u>	<u>\$ 468,830.94</u>	<u>\$ 379,048.29</u>	<u>\$ (89,782.65)</u>

City of Cape Girardeau
Transportation Sales Tax Trust Fund III
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 45,000.00	\$ 45,000.00	\$ 84,398.26	39,398.26
Total revenues	<u>45,000.00</u>	<u>45,000.00</u>	<u>84,398.26</u>	<u>39,398.26</u>
EXPENDITURES				
Capital outlay:				
Capital Improvement Projects	2,174,631.00	2,174,631.00	462,112.79	1,712,518.21
Total capital outlay	<u>2,174,631.00</u>	<u>2,174,631.00</u>	<u>462,112.79</u>	<u>1,712,518.21</u>
Total expenditures	<u>2,174,631.00</u>	<u>2,174,631.00</u>	<u>462,112.79</u>	<u>1,712,518.21</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,129,631.00)</u>	<u>(2,129,631.00)</u>	<u>(377,714.53)</u>	<u>1,751,916.47</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	382,663.00	382,663.00	382,663.00	-
Total other financing sources and uses and special items	<u>382,663.00</u>	<u>382,663.00</u>	<u>382,663.00</u>	<u>-</u>
Net change in fund balances	(1,746,968.00)	(1,746,968.00)	4,948.47	1,751,916.47
Fund balances -- beginning	3,024,821.99	3,024,821.99	3,024,821.99	-
Fund balances -- ending	<u>\$ 1,277,853.99</u>	<u>\$ 1,277,853.99</u>	<u>\$ 3,029,770.46</u>	<u>\$ 1,751,916.47</u>

See Independent Auditors' Report.

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING

The City adopts annual operating budgets for all funds except Storm Water Projects from Storm Water Sales Tax Fund, Park Improvement Projects from Park / Storm Water Sales Tax Fund and Water System Improvement Project Fund which have project length budgets and the Cape Girardeau Municipal Development Foundation, the Cape Girardeau Public Safety Foundation, and the Cape Girardeau Parks Development Foundation whose main purposes are to solicit and collect donations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year ending the following June 30th at the first meeting of June each year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total appropriations of any department must be approved by the City Council. Departments may not legally exceed their appropriations without approval from the City Council. Appropriations expire at the end of the year; however, outstanding encumbrances at the end of the year are honored by the City.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a budgetary basis.
7. If, during the fiscal year, the City Manager certifies there are additional revenues to appropriate, unencumbered appropriation balances within a department, or there is an emergency situation, the City Council may amend the initial budget by ordinance. The initial budget was adopted by the City Council on June 20, 2011 and amended on March 5, 2012, May 21, 2012, and July 2, 2012. The initial budget and final amended budget are both reflected in the financial statements.

For the year ended June 30, 2012, the fund expenditures for Vision 2000, Motor Fuel Tax, Riverfront Region Economic Development, Community Development Block Grant, and Sewer exceeded their approved budgets by \$11, \$26,832, \$12,051, \$149, and \$47,602, respectively.

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING - Continued

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds reports revenues and expenditures on the modified accrual basis of accounting in accordance with GAAP. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) for all governmental fund types is prepared on a budgetary basis which includes encumbrances as expenditures.

The following reconciliation adjusts GAAP basis to budget basis:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
	<u>General</u>	<u>Airport</u>	<u>Parks and Recreation</u>	<u>Cap Impr Sales Tax-Water System Improvements</u>	<u>Transportation Sales Tax Trust Fund IV</u>	<u>Non-major Funds</u>
GAAP Basis	\$1,756,981	\$ 18,375	\$ (1,193)	\$ 1,439,945	\$ 1,501,750	\$ (2,967,372)
Increase due to:						
Year-end encumbrances						
Administrative services	8,839	15,007	-	-	-	-
Development services	24,916	-	-	-	-	28,749
Parks and recreation	1,263	-	3,296	-	-	4,885
Public Safety	98,857	-	-	-	-	25,454
Public Works	27,688	-	-	-	-	-
Capital outlay	-	-	-	9,666	97,750	3,144,529
Contingency	4,948	-	-	-	-	-
Funds not budgeted annually	-	-	-	-	-	2,854,388
Advance from other funds	71,523	-	-	-	-	-
Adjust investments to market	5,213	175	2,969	1,476	-	47,927
Encumbrance revenue	<u>2,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,546,953</u>
	<u>246,131</u>	<u>15,182</u>	<u>6,265</u>	<u>11,142</u>	<u>97,750</u>	<u>7,652,885</u>
Decrease due to:						
Year-end encumbrances						
Administrative services	4,382	8,657	-	-	-	-
Development services	19,319	-	-	-	-	23,654
Parks and recreation	2,415	-	4,891	-	-	23,906
Public safety	81,671	-	-	-	-	39,631
Public works	10,259	-	-	-	-	-
Capital outlay	-	-	-	-	3,785,068	2,141,886
Contingency	750	-	-	-	-	-
Encumbrance revenue	12,436	8,811	-	-	-	283,342
Adjust invest to market	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,309</u>	<u>8,527</u>
	<u>131,232</u>	<u>17,468</u>	<u>4,891</u>	<u>-</u>	<u>3,790,377</u>	<u>2,520,946</u>
Budget Basis	<u>\$1,871,880</u>	<u>\$ 16,089</u>	<u>\$ 181</u>	<u>\$ 1,451,087</u>	<u>\$ (2,190,877)</u>	<u>\$ 2,164,567</u>

The individual proprietary fund schedules of comparing budget to actual is reported on a budgetary basis that uses the modified accrual basis of accounting with the exception of encumbrances. Encumbrances are reported as expenses in the year of encumbrance.

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING - Continued

	<u>Net Income (Loss)</u>				
	<u>Sewer</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Golf Course</u>	<u>Softball Complex</u>
GAAP Basis	\$ 776,809	\$(11,038,235)	\$ (172,468)	\$ (70,570)	\$ (103,536)
Increase due to:					
Prior year encumbrances					
Operating expenses	1,031,534	174,935	16,832	249	7,645
Capital Outlays	826,492	10,236	-	-	-
Depreciation	2,149,022	1,523,960	436,354	119,289	144,898
Special assessments	14,054	6,787	-	-	-
Bond proceeds	199,000	13,999,459	-	-	-
Interest cost amortized	270,033	-	-	-	-
Cost of bond refunding amortization	-	31,535	-	-	-
Issuance cost amortization	17,409	11,253	5,552	-	-
Adjust investments to market	6,773	17,711	5,930	308	586
Amounts deferred to be used for future debt service on capital appreciation bonds					
Construction fund earnings	345,253	-	-	-	-
Interest subsidy received	399,746	-	-	-	-
Net OPEB obligation	-	4,539	-	3,731	654
Asset dispositions	-	14,598	71,650	-	-
	<u>5,259,316</u>	<u>15,795,013</u>	<u>536,318</u>	<u>123,577</u>	<u>153,783</u>
Decrease due to:					
Year-end encumbrances					
Operating expenses	279,011	7,373	103,531	3,540	8,237
Capital outlays	1,502,566	1,213	160,541	9,224	-
Landfill closure and maintenance costs	-	-	4,879	-	-
Interest paid more than accrual	282,638	12,867	17,147	-	-
Bond principal paid	2,251,500	965,000	202,508	28,056	17,467
Amortized Bond premium/discount	-	18,427	3,090	-	-
Capital outlays	2,343,966	368,756	293,543	-	-
Deferred revenues	222,458	267,145	83,309	-	-
Adjustment to liability for future landfill postclosure maintenance costs	-	-	1,621	-	-
Net OPEB Obligation	36,201	-	3,963	-	-
Contributed capital	380,510	2,663,402	-	12,089	24,503
	<u>7,298,850</u>	<u>4,304,183</u>	<u>874,132</u>	<u>52,909</u>	<u>50,207</u>
Budget Basis	<u>\$(1,262,725)</u>	<u>\$ 452,595</u>	<u>\$(510,282)</u>	<u>\$ 98</u>	<u>\$ 40</u>

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING - Continued

	<u>Net Income (Loss)</u>				
	<u>Data</u>	<u>Fleet</u>	<u>Employee</u>	<u>Risk</u>	<u>Equipment</u>
	<u>Processing</u>	<u>Management</u>	<u>Fringe</u>	<u>Management</u>	<u>Replacement</u>
GAAP Basis	\$ 65,361	\$ 64,901	\$ 132,918	\$ 76,584	\$ 62,274
Increase due to:					
Prior year encumbrances					
Operating expenses	-	4,157	-	-	-
Capital Outlays	58,651	-	-	-	-
Depreciation	99,096	20,817	-	-	291,035
Deferred revenues	-	15,074	-	-	-
Issuance cost amortization	-	-	-	-	546
Difference between proceeds from sale of fixed assets and gain or loss	-	-	-	-	21,275
Net OPEB Obligation	1,636	-	-	-	-
Adjust investments to market	<u>358</u>	<u>67</u>	<u>6,156</u>	<u>2,827</u>	<u>3,364</u>
	<u>159,741</u>	<u>40,115</u>	<u>6,156</u>	<u>2,827</u>	<u>316,220</u>
Decrease due to:					
Year-end encumbrances					
Operating expenses	-	6,861	-	-	-
Capital outlays	11,084	-	-	-	-
Interest paid more than accrued	-	-	-	-	117
Amortized Bond premium/discount	-	-	-	-	443
Net OPEB Obligation	-	5,588	-	-	-
Asset Dispositions	-	-	-	-	21,000
Principal paid	-	-	-	-	40,000
Capital outlays	<u>185,955</u>	<u>64,995</u>	<u>-</u>	<u>-</u>	<u>260,743</u>
	<u>197,039</u>	<u>77,444</u>	<u>-</u>	<u>-</u>	<u>322,303</u>
Budget Basis	<u>\$ 28,063</u>	<u>\$ 27,572</u>	<u>\$ 139,074</u>	<u>\$ 79,411</u>	<u>\$ 56,191</u>

CITY OF CAPE GIRARDEAU, MISSOURI

Schedule of Funding Progress

June 30, 2012

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Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	\$ 28,033,747	\$ 31,677,279	\$ 3,643,532	88%	\$ 14,192,849	26%
2/28/2011	28,180,987	32,648,850	4,467,863	86%	13,842,403	32%
2/29/2012	28,410,535	32,460,611	4,050,076	88%	14,065,599	29%

See Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

City of Cape Girardeau
 Vision 2000
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 0.22	\$ 0.22
Total revenues	-	-	0.22	0.22
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	0.22	0.22
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers out	-	-	(11.02)	(11.02)
Total other financing sources and uses and special items	-	-	(11.02)	(11.02)
Net change in fund balances	-	-	(10.80)	(10.80)
Fund balances -- beginning	10.80	10.80	10.80	-
Fund balances -- ending	\$ 10.80	\$ 10.80	\$ 0.00	\$ (10.80)

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City of Cape Girardeau
Convention and Tourism
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,726,264.00	\$ 1,726,264.00	\$ 1,886,774.68	\$ 160,510.68
Investment revenue	9,000.00	9,000.00	6,815.31	(2,184.69)
Total revenues	<u>1,735,264.00</u>	<u>1,735,264.00</u>	<u>1,893,589.99</u>	<u>158,325.99</u>
EXPENDITURES				
Current:				
Administrative	<u>1,777,763.00</u>	<u>2,039,763.00</u>	<u>2,010,364.04</u>	<u>29,398.96</u>
Total current	<u>1,777,763.00</u>	<u>2,039,763.00</u>	<u>2,010,364.04</u>	<u>29,398.96</u>
Total expenditures	<u>1,777,763.00</u>	<u>2,039,763.00</u>	<u>2,010,364.04</u>	<u>29,398.96</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,499.00)</u>	<u>(304,499.00)</u>	<u>(116,774.05)</u>	<u>187,724.95</u>
Net change in fund balances	(42,499.00)	(304,499.00)	(116,774.05)	187,724.95
Fund balances – beginning	558,352.82	558,352.82	558,352.82	-
Fund balances – ending	<u>\$ 515,853.82</u>	<u>\$ 253,853.82</u>	<u>\$ 441,578.77</u>	<u>\$ 187,724.95</u>

City of Cape Girardeau
Downtown Business District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 24,700.00	\$ 24,700.00	\$ 24,856.41	\$ 156.41
Investment revenue	1,125.00	1,125.00	803.72	(321.28)
Total revenues	<u>25,825.00</u>	<u>25,825.00</u>	<u>25,660.13</u>	<u>(164.87)</u>
EXPENDITURES				
Current:				
Development Services	15,825.00	15,825.00	11,644.77	4,180.23
Total current	<u>15,825.00</u>	<u>15,825.00</u>	<u>11,644.77</u>	<u>4,180.23</u>
Debt Service:				
Interest	5,301.00	5,301.00	4,873.63	427.37
Principal	4,699.00	4,699.00	5,126.37	(427.37)
Total debt service	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>-</u>
Total expenditures	<u>25,825.00</u>	<u>25,825.00</u>	<u>21,644.77</u>	<u>4,180.23</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,015.36</u>	<u>4,015.36</u>
Net change in fund balances	-	-	4,015.36	4,015.36
Fund balances -- beginning	43,062.79	43,062.79	43,062.79	-
Fund balances -- ending	<u>\$ 43,062.79</u>	<u>\$ 43,062.79</u>	<u>\$ 47,078.15</u>	<u>\$ 4,015.36</u>

**City of Cape Girardeau
Health
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 313,105.00	\$ 313,105.00	\$ 320,179.55	\$ 7,074.55
Licenses & permits	4,000.00	4,000.00	3,109.00	(891.00)
Intergovernmental	7,575.00	7,575.00	8,727.10	1,152.10
Investment revenue	9,000.00	9,000.00	10,144.22	1,144.22
Total revenues	<u>333,680.00</u>	<u>333,680.00</u>	<u>342,159.87</u>	<u>8,479.87</u>
EXPENDITURES				
Current:				
Public Safety	333,680.00	341,630.00	325,245.51	16,384.49
Total current	<u>333,680.00</u>	<u>341,630.00</u>	<u>325,245.51</u>	<u>16,384.49</u>
Total expenditures	<u>333,680.00</u>	<u>341,630.00</u>	<u>325,245.51</u>	<u>16,384.49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,950.00)</u>	<u>16,914.36</u>	<u>24,864.36</u>
Net change in fund balances	-	(7,950.00)	16,914.36	24,864.36
Fund balances -- beginning	471,461.29	471,461.29	471,461.29	-
Fund balances -- ending	<u>\$ 471,461.29</u>	<u>\$ 463,511.29</u>	<u>\$ 488,375.65</u>	<u>\$ 24,864.36</u>

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City of Cape Girardeau
Motor Fuel Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,356,000.00	\$ 1,356,000.00	\$ 1,378,902.22	\$ 22,902.22
Investment revenue	3,514.00	3,514.00	8,135.70	4,621.70
Total revenues	<u>1,359,514.00</u>	<u>1,359,514.00</u>	<u>1,387,037.92</u>	<u>27,523.92</u>
EXPENDITURES				
Capital outlay:				
Public Works	-	3,500.00	30,331.94	(26,831.94)
Total capital outlay	-	3,500.00	30,331.94	(26,831.94)
Total expenditures	-	3,500.00	30,331.94	(26,831.94)
Excess (deficiency) of revenues over (under) expenditures	<u>1,359,514.00</u>	<u>1,356,014.00</u>	<u>1,356,705.98</u>	<u>691.98</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Special assessments	4,468.00	4,468.00	4,353.67	(114.33)
Transfers out	(1,320,000.00)	(1,320,000.00)	(1,320,000.00)	-
Total other financing sources and uses and special items	<u>(1,315,532.00)</u>	<u>(1,315,532.00)</u>	<u>(1,315,646.33)</u>	<u>(114.33)</u>
Net change in fund balances	43,982.00	40,482.00	41,059.65	577.65
Fund balances -- beginning	210,978.87	210,978.87	210,978.87	-
Fund balances -- ending	<u>\$ 254,960.87</u>	<u>\$ 251,460.87</u>	<u>\$ 252,038.52</u>	<u>\$ 577.65</u>

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City of Cape Girardeau
 Capital Improvement Sales Tax-Flood Control
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers out	-	(44,000.00)	(43,510.29)	489.71
Total other financing sources and uses and special items	-	(44,000.00)	(43,510.29)	489.71
Net change in fund balances	-	(44,000.00)	(43,510.29)	489.71
Fund balances – beginning	43,510.29	43,510.29	43,510.29	-
Fund balances – ending	\$ 43,510.29	\$ (489.71)	\$ -	\$ 489.71

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City of Cape Girardeau
 Capital Improvement Sales Tax-Water System Improvements
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,225,802.00	\$ 2,225,802.00	\$ 2,331,832.70	\$ 106,030.70
Investment revenue	101,000.00	101,000.00	73,374.76	(27,625.24)
Total revenues	<u>2,326,802.00</u>	<u>2,326,802.00</u>	<u>2,405,207.46</u>	<u>78,405.46</u>
EXPENDITURES				
Current:				
Development Services:	42,000.00	42,000.00	29,271.63	12,728.37
Total current	<u>42,000.00</u>	<u>42,000.00</u>	<u>29,271.63</u>	<u>12,728.37</u>
Debt service:				
Administrative charges	58,465.00	58,465.00	56,406.05	2,058.95
Interest	534,402.00	810,577.00	810,294.47	282.53
Principal	1,257,300.00	15,307,300.00	15,306,800.00	500.00
Total debt service	<u>1,850,167.00</u>	<u>16,176,342.00</u>	<u>16,173,500.52</u>	<u>2,841.48</u>
Total expenditures	<u>1,892,167.00</u>	<u>16,218,342.00</u>	<u>16,202,772.15</u>	<u>15,569.85</u>
Excess (deficiency) of revenues over (under) expenditures	<u>434,635.00</u>	<u>(13,891,540.00)</u>	<u>(13,797,564.69)</u>	<u>93,975.31</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	1,400,000.00	15,250,000.00	15,248,651.57	(1,348.43)
Total other financing sources and uses and special items	<u>1,400,000.00</u>	<u>15,250,000.00</u>	<u>15,248,651.57</u>	<u>(1,348.43)</u>
Net change in fund balances	1,834,635.00	1,358,460.00	1,451,086.88	92,626.88
Fund balances -- beginning	1,337,118.33	1,337,118.33	1,337,118.33	-
Fund balances -- ending	<u>\$ 3,171,753.33</u>	<u>\$ 2,695,578.33</u>	<u>\$ 2,788,205.21</u>	<u>\$ 92,626.88</u>

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City of Cape Girardeau
Transportation Sales Tax Trust Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 4,579.00	\$ 4,579.00	\$ 5,790.76	\$ 1,211.76
Total revenues	<u>4,579.00</u>	<u>4,579.00</u>	<u>5,790.76</u>	<u>1,211.76</u>
EXPENDITURES				
Debt service:				
Administrative charges	450.00	450.00	261.25	188.75
Interest	7,503.00	8,003.00	7,882.79	120.21
Principal	123,000.00	123,000.00	123,000.00	-
Total debt service	<u>130,953.00</u>	<u>131,453.00</u>	<u>131,144.04</u>	<u>308.96</u>
Capital outlay:				
Capital Improvement Projects	-	-	54.00	(54.00)
Total capital outlay	<u>-</u>	<u>-</u>	<u>54.00</u>	<u>(54.00)</u>
Total expenditures	<u>130,953.00</u>	<u>131,453.00</u>	<u>131,198.04</u>	<u>254.96</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,374.00)</u>	<u>(126,874.00)</u>	<u>(125,407.28)</u>	<u>1,466.72</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Special assessments	29,999.00	29,999.00	26,821.22	(3,177.78)
Total other financing sources and uses and special items	<u>29,999.00</u>	<u>29,999.00</u>	<u>26,821.22</u>	<u>(3,177.78)</u>
Net change in fund balances	(96,375.00)	(96,875.00)	(98,586.06)	(1,711.06)
Fund balances -- beginning	165,190.06	165,190.06	165,190.06	-
Fund balances -- ending	<u>\$ 68,815.06</u>	<u>\$ 68,315.06</u>	<u>\$ 66,604.00</u>	<u>\$ (1,711.06)</u>

City of Cape Girardeau
 Capital Improvement Sales Tax-Sewer System Improvements
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,225,802.00	\$ 2,225,802.00	\$ 2,331,863.76	\$ 106,061.76
Investment revenue	33,750.00	33,750.00	19,616.57	(14,133.43)
Total revenues	<u>2,259,552.00</u>	<u>2,259,552.00</u>	<u>2,351,480.33</u>	<u>91,928.33</u>
EXPENDITURES				
Current				
Development Services	42,000.00	42,000.00	29,271.63	12,728.37
Total current	<u>42,000.00</u>	<u>42,000.00</u>	<u>29,271.63</u>	<u>12,728.37</u>
Total expenditures	<u>42,000.00</u>	<u>42,000.00</u>	<u>29,271.63</u>	<u>12,728.37</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,217,552.00</u>	<u>2,217,552.00</u>	<u>2,322,208.70</u>	<u>104,656.70</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	1,113,700.00	1,113,700.00	1,113,700.00	-
Transfers out	(1,624,914.00)	(1,624,914.00)	(1,624,914.00)	-
Total other financing sources and uses and special items	<u>(511,214.00)</u>	<u>(511,214.00)</u>	<u>(511,214.00)</u>	<u>-</u>
Net change in fund balances	1,706,338.00	1,706,338.00	1,810,994.70	104,656.70
Fund balances -- beginning	<u>526,262.62</u>	<u>526,262.62</u>	<u>526,262.62</u>	<u>-</u>
Fund balances -- ending	<u>\$ 2,232,600.62</u>	<u>\$ 2,232,600.62</u>	<u>\$ 2,337,257.32</u>	<u>\$ 104,656.70</u>

City of Cape Girardeau
 Transportation Sales Tax Trust Fund II
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 3,386.00	\$ 3,386.00	\$ 6,042.19	\$ 2,656.19
Total revenues	<u>3,386.00</u>	<u>3,386.00</u>	<u>6,042.19</u>	<u>2,656.19</u>
EXPENDITURES				
Capital outlay:				
Capital Improvement Projects	-	-	-	-
Total capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>3,386.00</u>	<u>3,386.00</u>	<u>6,042.19</u>	<u>2,656.19</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Special assessments	29,277.00	29,277.00	29,362.21	85.21
Transfers out	(32,663.00)	(32,663.00)	(32,663.00)	-
Total other financing sources and uses and special items	<u>(3,386.00)</u>	<u>(3,386.00)</u>	<u>(3,300.79)</u>	<u>85.21</u>
Net change in fund balances	-	-	2,741.40	2,741.40
Fund balances -- beginning	<u>110,552.21</u>	<u>110,552.21</u>	<u>110,552.21</u>	<u>-</u>
Fund balances -- ending	<u>\$ 110,552.21</u>	<u>\$ 110,552.21</u>	<u>\$ 113,293.61</u>	<u>\$ 2,741.40</u>

City of Cape Girardeau
Fire Sales Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,159,611.00	\$ 2,159,611.00	\$ 2,261,084.09	\$ 101,473.09
Total revenues	<u>2,159,611.00</u>	<u>2,159,611.00</u>	<u>2,261,084.09</u>	<u>101,473.09</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>2,159,611.00</u>	<u>2,159,611.00</u>	<u>2,261,084.09</u>	<u>101,473.09</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers out	<u>(2,157,111.00)</u>	<u>(2,287,111.00)</u>	<u>(2,273,970.41)</u>	<u>13,140.59</u>
Total other financing sources and uses and special items	<u>(2,157,111.00)</u>	<u>(2,287,111.00)</u>	<u>(2,273,970.41)</u>	<u>13,140.59</u>
Net change in fund balances	2,500.00	(127,500.00)	(12,886.32)	114,613.68
Fund balances – beginning	216,912.49	216,912.49	216,912.49	-
Fund balances – ending	<u>\$ 219,412.49</u>	<u>\$ 89,412.49</u>	<u>\$ 204,026.17</u>	<u>\$ 114,613.68</u>

City of Cape Girardeau
Public Safety Trust
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 5,288.00	\$ 5,288.00	\$ 24,324.89	\$ 19,036.89
Total revenues	<u>5,288.00</u>	<u>5,288.00</u>	<u>24,324.89</u>	<u>19,036.89</u>
EXPENDITURES				
Current:				
Public Safety	28,000.00	41,910.00	14,513.43	27,396.57
Total current	<u>28,000.00</u>	<u>41,910.00</u>	<u>14,513.43</u>	<u>27,396.57</u>
Debt service:				
Administrative charges	500.00	500.00	-	500.00
Interest	131,416.00	131,416.00	126,380.44	5,035.56
Principal	583,992.00	583,992.00	583,991.94	0.06
Total debt service	<u>715,908.00</u>	<u>715,908.00</u>	<u>710,372.38</u>	<u>5,535.62</u>
Capital outlay:				
Public Safety	240,522.00	271,951.00	282,178.29	(10,227.29)
Total capital outlay	<u>240,522.00</u>	<u>271,951.00</u>	<u>282,178.29</u>	<u>(10,227.29)</u>
Total expenditures	<u>984,430.00</u>	<u>1,029,769.00</u>	<u>1,007,064.10</u>	<u>22,704.90</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(979,142.00)</u>	<u>(1,024,481.00)</u>	<u>(982,739.21)</u>	<u>41,741.79</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	2,157,111.00	2,287,111.00	2,273,970.41	(13,140.59)
Transfers out	(1,209,290.00)	(1,274,234.00)	(1,267,719.21)	6,514.79
Total other financing sources and uses and special items	<u>947,821.00</u>	<u>1,012,877.00</u>	<u>1,006,251.20</u>	<u>(6,625.80)</u>
Net change in fund balances	(31,321.00)	(11,604.00)	23,511.99	35,115.99
Fund balances – beginning	858,832.69	858,832.69	858,832.69	-
Fund balances – ending	<u>\$ 827,511.69</u>	<u>\$ 847,228.69</u>	<u>\$ 882,344.68</u>	<u>\$ 35,115.99</u>

City of Cape Girardeau
Debt Service
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 3.71	\$ 3.71
Investment revenue	2,951.00	2,951.00	2,969.39	18.39
Total revenues	<u>2,951.00</u>	<u>2,951.00</u>	<u>2,973.10</u>	<u>22.10</u>
EXPENDITURES				
Current:				
Administrative	-	-	0.06	(0.06)
Debt Service	-	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>0.06</u>	<u>(0.06)</u>
Debt service:				
Administrative charges	-	-	-	-
Interest	1,952.00	2,052.00	2,003.01	48.99
Principal	32,000.00	32,000.00	32,000.00	-
Total debt service	<u>33,952.00</u>	<u>34,052.00</u>	<u>34,003.01</u>	<u>48.99</u>
Total expenditures	<u>33,952.00</u>	<u>34,052.00</u>	<u>34,003.07</u>	<u>48.93</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,001.00)</u>	<u>(31,101.00)</u>	<u>(31,029.97)</u>	<u>71.03</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Special assessments	32,999.00	32,999.00	32,999.11	0.11
Total other financing sources and uses and special items	<u>32,999.00</u>	<u>32,999.00</u>	<u>32,999.11</u>	<u>0.11</u>
Net change in fund balances	1,998.00	1,898.00	1,969.14	71.14
Fund balances – beginning	22,235.04	22,235.04	22,235.04	-
Fund balances – ending	<u>\$ 24,233.04</u>	<u>\$ 24,133.04</u>	<u>\$ 24,204.18</u>	<u>\$ 71.14</u>

City of Cape Girardeau
 General Capital Improvements
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,764.02	\$ 3,764.02
Investment revenue	-	-	-	-
Total revenues	-	-	3,764.02	3,764.02
EXPENDITURES				
Capital outlay:				
Capital Improvement Projects	-	75,000.00	64,378.39	10,621.61
Total capital outlay	-	75,000.00	64,378.39	10,621.61
Total expenditures	-	75,000.00	64,378.39	10,621.61
Excess (deficiency) of revenues over (under) expenditures	-	(75,000.00)	(60,614.37)	14,385.63
Fund balances -- beginning	216,199.17	216,199.17	216,199.17	-
Fund balances -- ending	\$ 216,199.17	\$ 141,199.17	\$ 155,584.80	\$ 14,385.63

See Independent Auditors' Report.

City of Cape Girardeau
Street Improvements
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 3,543.00	\$ 3,543.00	\$ 5,988.52	\$ 2,445.52
Total revenues	<u>3,543.00</u>	<u>3,543.00</u>	<u>5,988.52</u>	<u>2,445.52</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>3,543.00</u>	<u>3,543.00</u>	<u>5,988.52</u>	<u>2,445.52</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Special Assessments	9,602.00	9,602.00	9,192.37	(409.63)
Total other financing sources and uses and special items	<u>9,602.00</u>	<u>9,602.00</u>	<u>9,192.37</u>	<u>(409.63)</u>
Net change in fund balances	13,145.00	13,145.00	15,180.89	2,035.89
Fund balances -- beginning	54,732.78	54,732.78	54,732.78	-
Fund balances -- ending	<u>\$ 67,877.78</u>	<u>\$ 67,877.78</u>	<u>\$ 69,913.67</u>	<u>\$ 2,035.89</u>

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City of Cape Girardeau
Park Improvements
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 127,331.79	\$ 127,331.79
Investment revenue	-	-	0.76	0.76
Total revenues	<u>-</u>	<u>-</u>	<u>127,332.55</u>	<u>127,332.55</u>
EXPENDITURES				
Capital outlay				
Capital Improvement Projects	-	138,000.00	130,336.64	7,663.36
Total capital outlay	<u>-</u>	<u>138,000.00</u>	<u>130,336.64</u>	<u>7,663.36</u>
Total expenditures	<u>-</u>	<u>138,000.00</u>	<u>130,336.64</u>	<u>7,663.36</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(138,000.00)</u>	<u>(3,004.09)</u>	<u>134,995.91</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	-	21,327.16	21,327.16
Total other financing sources and uses and special items	<u>-</u>	<u>-</u>	<u>21,327.16</u>	<u>21,327.16</u>
Net change in fund balances	-	(138,000.00)	18,323.07	156,323.07
Fund balances – beginning	(7,957.79)	(7,957.79)	(7,957.79)	-
Fund balances – ending	<u>\$ (7,957.79)</u>	<u>\$ (145,957.79)</u>	<u>\$ 10,365.28</u>	<u>\$ 156,323.07</u>

See Independent Auditors' Report.

City of Cape Girardeau
Community Development Block Grant Projects
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 0.06	\$ 0.06
Investment revenue	675.00	675.00	708.12	33.12
Total revenues	<u>675.00</u>	<u>675.00</u>	<u>708.18</u>	<u>33.18</u>
EXPENDITURES				
Current:				
Development Services	-	-	121.00	(121.00)
Total current	-	-	121.00	(121.00)
Debt service:				
Interest	-	650.00	677.52	(27.52)
Total debt service	-	650.00	677.52	(27.52)
Total expenditures	-	650.00	798.52	(148.52)
Excess (deficiency) of revenues over (under) expenditures	<u>675.00</u>	<u>25.00</u>	<u>(90.34)</u>	<u>(115.34)</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	1,000.00	1,108.96	108.96
Total other financing sources and uses and special items	-	1,000.00	1,108.96	108.96
Net change in fund balances	675.00	1,025.00	1,018.62	(6.38)
Fund balances -- beginning	37,161.84	37,161.84	37,161.84	-
Fund balances -- ending	<u>\$ 37,836.84</u>	<u>\$ 38,186.84</u>	<u>\$ 38,180.46</u>	<u>\$ (6.38)</u>

City of Cape Girardeau
Transportation Sales Tax Trust Fund IV
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,319,223.00	\$ 4,319,223.00	\$ 4,522,317.81	\$ 203,094.81
Intergovernmental	30,000.00	30,000.00	30,000.00	-
Investment revenue	49,500.00	49,500.00	57,854.72	8,354.72
Total revenues	<u>4,398,723.00</u>	<u>4,398,723.00</u>	<u>4,610,172.53</u>	<u>211,449.53</u>
EXPENDITURES				
Current				
Development Services	-	-	66,152.87	(66,152.87)
Total current	<u>-</u>	<u>-</u>	<u>66,152.87</u>	<u>(66,152.87)</u>
Capital outlay:				
Capital improvement projects	5,100,000.00	7,202,000.00	6,869,896.95	332,103.05
Total capital outlay	<u>5,100,000.00</u>	<u>7,202,000.00</u>	<u>6,869,896.95</u>	<u>332,103.05</u>
Total expenditures	<u>5,100,000.00</u>	<u>7,202,000.00</u>	<u>6,936,049.82</u>	<u>265,950.18</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(701,277.00)</u>	<u>(2,803,277.00)</u>	<u>(2,325,877.29)</u>	<u>477,399.71</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	135,000.00	135,000.00	135,000.00	-
Total other financing sources and uses and special items	<u>135,000.00</u>	<u>135,000.00</u>	<u>135,000.00</u>	<u>-</u>
Net change in fund balances	(566,277.00)	(2,668,277.00)	(2,190,877.29)	477,399.71
Fund balances -- beginning	1,452,788.56	1,452,788.56	1,452,788.56	-
Fund balances -- ending	<u>\$ 886,511.56</u>	<u>\$ (1,215,488.44)</u>	<u>\$ (738,088.73)</u>	<u>\$ 477,399.71</u>

City of Cape Girardeau
 Park Storm Water Sales Tax
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,112,901.00	\$ 1,112,901.00	\$ 1,165,409.16	\$ 52,508.16
Investment revenue	2,250.00	2,250.00	13,488.52	11,238.52
Total revenues	<u>1,115,151.00</u>	<u>1,115,151.00</u>	<u>1,178,897.68</u>	<u>63,746.68</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>1,115,151.00</u>	<u>1,115,151.00</u>	<u>1,178,897.68</u>	<u>63,746.68</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers out	(1,131,768.00)	(1,131,768.00)	(1,050,759.19)	81,008.81
Total other financing sources and uses and special items	<u>(1,131,768.00)</u>	<u>(1,131,768.00)</u>	<u>(1,050,759.19)</u>	<u>81,008.81</u>
Net change in fund balances	(16,617.00)	(16,617.00)	128,138.49	144,755.49
Fund balances -- beginning	212,660.12	212,660.12	212,660.12	-
Fund balances -- ending	<u>\$ 196,043.12</u>	<u>\$ 196,043.12</u>	<u>\$ 340,798.61</u>	<u>\$ 144,755.49</u>

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City of Cape Girardeau
 Park Storm Water Sales Tax-Capital
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,338,702.00	\$ 3,338,702.00	\$ 3,496,227.50	\$ 157,525.50
Investment revenue	32,000.00	32,000.00	37,173.06	5,173.06
Total revenues	<u>3,370,702.00</u>	<u>3,370,702.00</u>	<u>3,533,400.56</u>	<u>162,698.56</u>
EXPENDITURES				
Debt service:				
Administrative charges	3,700.00	3,700.00	3,108.88	591.12
Interest	593,119.00	593,119.00	593,118.76	0.24
Principal	1,895,000.00	1,895,000.00	1,895,000.00	-
Total debt service	<u>2,491,819.00</u>	<u>2,491,819.00</u>	<u>2,491,227.64</u>	<u>591.36</u>
Capital outlay:				
Parks and Recreation	637,600.00	637,600.00	577,853.33	59,746.67
Total capital outlay	<u>637,600.00</u>	<u>637,600.00</u>	<u>577,853.33</u>	<u>59,746.67</u>
Total expenditures	<u>3,129,419.00</u>	<u>3,129,419.00</u>	<u>3,069,080.97</u>	<u>60,338.03</u>
Excess (deficiency) of revenues over (under) expenditures	<u>241,283.00</u>	<u>241,283.00</u>	<u>464,319.59</u>	<u>223,036.59</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	565,000.00	565,000.00	305,396.58	(259,603.42)
Transfers out	(392,000.00)	(567,000.00)	(489,607.00)	77,393.00
Total other financing sources and uses and special items	<u>173,000.00</u>	<u>(2,000.00)</u>	<u>(184,210.42)</u>	<u>(182,210.42)</u>
Net change in fund balances	414,283.00	239,283.00	280,109.17	40,826.17
Fund balances -- beginning	1,425,207.04	1,425,207.04	1,425,207.04	-
Fund balances -- ending	<u>\$ 1,839,490.04</u>	<u>\$ 1,664,490.04</u>	<u>\$ 1,705,316.21</u>	<u>\$ 40,826.17</u>

City of Cape Girardeau
Housing Development Grants
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 185,000.00	\$ 185,000.00	\$ 513,677.16	\$ 328,677.16
Investment revenue	-	-	117.87	117.87
Total revenues	<u>185,000.00</u>	<u>185,000.00</u>	<u>513,795.03</u>	<u>328,795.03</u>
EXPENDITURES				
Current:				
Development Services	185,000.00	414,000.00	389,804.46	24,195.54
Total current	<u>185,000.00</u>	<u>414,000.00</u>	<u>389,804.46</u>	<u>24,195.54</u>
Debt service:				
Interest	-	3,000.00	3,217.11	(217.11)
Total debt service	<u>-</u>	<u>3,000.00</u>	<u>3,217.11</u>	<u>(217.11)</u>
Total expenditures	<u>185,000.00</u>	<u>417,000.00</u>	<u>393,021.57</u>	<u>23,978.43</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(232,000.00)</u>	<u>120,773.46</u>	<u>352,773.46</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	36,000.00	37,630.69	1,630.69
Total other financing sources and uses and special items	<u>-</u>	<u>36,000.00</u>	<u>37,630.69</u>	<u>1,630.69</u>
Net change in fund balances	-	(196,000.00)	158,404.15	354,404.15
Fund balances – beginning	(177,507.29)	(177,507.29)	(177,507.29)	-
Fund balances – ending	<u>\$ (177,507.29)</u>	<u>\$ (373,507.29)</u>	<u>\$ (19,103.14)</u>	<u>\$ 354,404.15</u>

City of Cape Girardeau
 Casino Revenue
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 141.03	\$ 141.03
Total revenues	-	-	141.03	141.03
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	141.03	141.03
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	260,000.00	260,000.00	260,000.00	-
Transfers out	(260,000.00)	(260,000.00)	(260,000.00)	-
Total other financing sources and uses and special items	-	-	-	-
Net change in fund balances	-	-	141.03	141.03
Fund balances – beginning	8,674.26	8,674.26	8,674.26	-
Fund balances – ending	\$ 8,674.26	\$ 8,674.26	\$ 8,815.29	\$ 141.03

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City of Cape Girardeau
 FAU Grant Projects
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,158,719.00	\$ 2,158,719.00	\$ 2,048,767.20	\$ (109,951.80)
Investment revenue	6,750.00	6,750.00	9,739.52	2,989.52
Total revenues	<u>2,165,469.00</u>	<u>2,165,469.00</u>	<u>2,058,506.72</u>	<u>(106,962.28)</u>
EXPENDITURES				
Capital outlay:				
Capital Improvement Projects	2,639,000.00	2,639,000.00	2,412,326.31	226,673.69
Total capital outlay	<u>2,639,000.00</u>	<u>2,639,000.00</u>	<u>2,412,326.31</u>	<u>226,673.69</u>
Total expenditures	<u>2,639,000.00</u>	<u>2,639,000.00</u>	<u>2,412,326.31</u>	<u>226,673.69</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(473,531.00)</u>	<u>(473,531.00)</u>	<u>(353,819.59)</u>	<u>119,711.41</u>
Net change in fund balances	(473,531.00)	(473,531.00)	(353,819.59)	119,711.41
Fund balances -- beginning	517,716.84	517,716.84	517,716.84	-
Fund balances -- ending	<u>\$ 44,185.84</u>	<u>\$ 44,185.84</u>	<u>\$ 163,897.25</u>	<u>\$ 119,711.41</u>

City of Cape Girardeau
Sewer
Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 4,592.45	\$ 4,592.45
Residential charges	4,681,361.00	4,681,361.00	4,621,670.91	(59,690.09)
Commercial charges	2,880,002.00	2,880,002.00	2,686,269.58	(193,732.42)
Other fees and charges	55,650.00	55,650.00	124,929.31	69,279.31
Internal charges	-	-	9,525.07	9,525.07
Miscellaneous	800.00	800.00	250.42	(549.58)
Investment revenue	474,943.00	474,943.00	477,324.22	2,381.22
Total revenues	<u>8,092,756.00</u>	<u>8,092,756.00</u>	<u>7,924,561.96</u>	<u>(168,194.04)</u>
EXPENDITURES				
Current:				
Contractual services	425,023.00	545,421.03	515,254.83	30,166.20
General operating expenses	215,474.00	218,819.49	491,112.90	(272,293.41)
Internal service expense	203,982.00	203,982.00	178,113.24	25,868.76
Material and supplies	538,242.00	512,014.48	486,250.80	25,763.68
Personnel services	1,602,997.00	1,602,997.00	1,491,458.31	111,538.69
Special projects expense	168,000.00	168,000.00	24,929.00	143,071.00
Total current	<u>3,153,718.00</u>	<u>3,251,234.00</u>	<u>3,187,119.08</u>	<u>64,114.92</u>
Debt service:				
Administrative charges	90,039.00	90,039.00	87,268.00	2,771.00
Interest	636,420.00	636,420.00	263,945.97	372,474.03
Issuance cost	-	-	199,000.00	(199,000.00)
Principal	1,597,328.00	1,597,328.00	2,251,500.00	(654,172.00)
Total debt service	<u>2,323,787.00</u>	<u>2,323,787.00</u>	<u>2,801,713.97</u>	<u>(477,926.97)</u>
Capital outlay:				
Capital Improvement Projects	1,374,237.00	2,411,091.60	2,398,979.47	12,112.13
Equipment	388,231.00	437,860.40	133,132.86	304,727.54
Other Capital Expenditures	55,000.00	595,000.00	487,927.99	107,072.01
Total capital outlay	<u>1,817,468.00</u>	<u>3,443,952.00</u>	<u>3,020,040.32</u>	<u>423,911.68</u>
Total expenditures	<u>7,294,973.00</u>	<u>9,018,973.00</u>	<u>9,008,873.37</u>	<u>10,099.63</u>
Excess (deficiency) of revenues over (under) expenditures	<u>797,783.00</u>	<u>(926,217.00)</u>	<u>(1,084,311.41)</u>	<u>(158,094.41)</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	2,015,784.00	2,065,784.00	2,072,059.29	6,275.29
Connection fees	55,000.00	55,000.00	100,221.00	45,221.00
Special assessments	5,000.00	5,000.00	14,053.55	9,053.55
Asset disposition	28,200.00	28,200.00	7,654.25	(20,545.75)
Bond proceeds	-	-	199,000.00	199,000.00
Transfers out	(2,513,700.00)	(2,513,700.00)	(2,571,401.71)	(57,701.71)
Total other financing sources and uses and special items	<u>(409,716.00)</u>	<u>(359,716.00)</u>	<u>(178,413.62)</u>	<u>181,302.38</u>
Net change in fund balances	388,067.00	(1,285,933.00)	(1,262,725.03)	23,207.97
Fund balances – beginning	2,163,501.92	2,163,501.92	2,163,501.92	-
Prior period adjustment	-	-	5,731.25	5,731.25
Fund balances – ending	<u>\$ 2,551,568.92</u>	<u>\$ 877,568.92</u>	<u>\$ 906,508.14</u>	<u>\$ 28,939.22</u>

City of Cape Girardeau
Water
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 146.25	\$ 146.25
Residential charges	3,804,200.00	3,804,200.00	3,821,416.90	17,216.90
Commercial charges	2,743,170.00	2,743,170.00	2,626,848.85	(116,321.15)
Other fees and charges	160,750.00	160,750.00	221,425.25	60,675.25
Miscellaneous	16,880.00	16,880.00	26,072.98	9,192.98
Investment revenue	108,000.00	108,000.00	136,991.70	28,991.70
Total revenues	<u>6,833,000.00</u>	<u>6,833,000.00</u>	<u>6,832,901.93</u>	<u>(98.07)</u>
EXPENDITURES				
Current:				
Contractual services	2,640,465.00	2,795,465.00	2,658,671.58	136,793.42
General operating expenses	365,996.00	366,242.67	388,953.21	(22,710.54)
Internal service expense	111,810.00	111,810.00	124,009.75	(12,199.75)
Material and supplies	1,362,169.00	1,342,548.26	1,082,286.64	260,261.62
Personnel services	282,335.00	282,335.00	245,085.19	37,249.81
Special projects expense	115,000.00	340,000.00	391,159.41	(51,159.41)
Total current	<u>4,877,775.00</u>	<u>5,238,400.93</u>	<u>4,890,165.78</u>	<u>348,235.15</u>
Debt service:				
Administrative charges	300.00	300.00	470.25	(170.25)
Interest	106,800.00	106,800.00	198,998.10	(92,198.10)
Issuance cost	-	211,000.00	147,368.75	63,631.25
Principal	965,000.00	965,000.00	965,000.00	-
Total debt service	<u>1,072,100.00</u>	<u>1,283,100.00</u>	<u>1,311,837.10</u>	<u>(28,737.10)</u>
Capital outlay:				
Capital Improvement Projects	327,000.00	237,000.00	206,270.46	30,729.54
Equipment	179,684.00	184,058.07	137,688.38	46,369.69
Other Capital Expenditures	-	-	15,773.85	(15,773.85)
Total capital outlay	<u>506,684.00</u>	<u>421,058.07</u>	<u>359,732.69</u>	<u>61,325.38</u>
Total expenditures	<u>6,456,559.00</u>	<u>6,942,559.00</u>	<u>6,561,735.57</u>	<u>380,823.43</u>
Excess (deficiency) of revenues over (under) expenditures	<u>376,441.00</u>	<u>(109,559.00)</u>	<u>271,166.36</u>	<u>380,725.36</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	-	10,377.20	10,377.20
Investment revenue	600.00	600.00	1,163.63	563.63
Special assessments	1,600.00	1,600.00	6,786.24	5,186.24
Bond proceeds	-	-	13,999,459.30	13,999,459.30
Asset disposition	11,650.00	11,650.00	19,088.74	7,438.74
Transfers out	-	(13,850,000.00)	(13,855,446.28)	(5,446.28)
Total other financing sources and uses and special items	<u>13,850.00</u>	<u>(13,836,150.00)</u>	<u>181,428.83</u>	<u>14,017,578.83</u>
Net change in fund balances	<u>390,291.00</u>	<u>(13,945,709.00)</u>	<u>452,595.19</u>	<u>14,398,304.19</u>
Fund balances -- beginning	6,293,842.34	6,293,842.34	6,293,842.34	-
Prior period adjustment	-	-	(4,223.64)	(4,223.64)
Fund balances -- ending	<u>\$ 6,684,133.34</u>	<u>\$ (7,651,866.66)</u>	<u>\$ 6,742,213.89</u>	<u>\$ 14,394,080.55</u>

See Independent Auditors' Report.

City of Cape Girardeau
Solid Waste
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 15,882.00	\$ 15,882.00	\$ 13,594.39	\$ (2,287.61)
Residential charges	2,185,952.00	2,185,952.00	2,141,609.20	(44,342.80)
Commercial charges	31,500.00	31,500.00	39,094.45	7,594.45
Transfer station charges	981,386.00	981,386.00	930,437.58	(50,948.42)
Other fees and charges	82,000.00	82,000.00	90,949.59	8,949.59
Miscellaneous	39,000.00	39,000.00	66,888.52	27,888.52
Investment revenue	22,500.00	22,500.00	26,599.57	4,099.57
Total revenues	<u>3,358,220.00</u>	<u>3,358,220.00</u>	<u>3,309,173.30</u>	<u>(49,046.70)</u>
EXPENDITURES				
Current:				
Contractual services	1,299,384.00	1,385,687.75	1,371,499.88	14,187.87
General operating expenses	33,326.00	32,992.67	36,475.74	(3,483.07)
Internal service expense	188,558.00	326,058.00	345,158.52	(19,100.52)
Material and supplies	249,668.00	270,628.58	260,631.50	9,997.08
Personnel services	1,075,487.00	1,075,487.00	1,058,204.84	17,282.16
Special projects expense	109,000.00	109,000.00	124,095.74	(15,095.74)
Total current	<u>2,955,423.00</u>	<u>3,199,854.00</u>	<u>3,196,066.22</u>	<u>3,787.78</u>
Debt service:				
Administrative charges	-	-	418.00	(418.00)
Interest	73,389.00	73,389.00	63,909.70	9,479.30
Principal	202,508.00	202,508.00	202,508.06	(0.06)
Total debt service	<u>275,897.00</u>	<u>275,897.00</u>	<u>266,835.76</u>	<u>9,061.24</u>
Capital outlay:				
Equipment	398,568.00	424,330.00	421,606.77	2,723.23
Other capital expenditures	-	32,907.00	32,476.41	430.59
Total capital outlay	<u>398,568.00</u>	<u>457,237.00</u>	<u>454,083.18</u>	<u>3,153.82</u>
Total expenditures	<u>3,629,888.00</u>	<u>3,932,988.00</u>	<u>3,916,985.16</u>	<u>16,002.84</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,668.00)</u>	<u>(574,768.00)</u>	<u>(607,811.86)</u>	<u>(33,043.86)</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	-	5,500.00	5,500.00
Asset disposition	98,750.00	98,750.00	92,030.00	(6,720.00)
Total other financing sources and uses and special items	<u>98,750.00</u>	<u>98,750.00</u>	<u>97,530.00</u>	<u>(1,220.00)</u>
Net change in fund balances	<u>(172,918.00)</u>	<u>(476,018.00)</u>	<u>(510,281.86)</u>	<u>(34,263.86)</u>
Fund balances -- beginning	993,738.31	993,738.31	993,738.31	-
Fund balances -- ending	<u>\$ 820,820.31</u>	<u>\$ 517,720.31</u>	<u>\$ 483,456.45</u>	<u>\$ (34,263.86)</u>

City of Cape Girardeau
Golf Course
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
User fees	\$ 492,650.00	\$ 492,650.00	\$ 455,738.50	\$ (36,911.50)
Concession revenues	30,450.00	30,450.00	42,730.48	12,280.48
Miscellaneous	-	-	1,370.34	1,370.34
Investment revenue	1,125.00	1,125.00	840.21	(284.79)
Total revenues	<u>524,225.00</u>	<u>524,225.00</u>	<u>500,679.53</u>	<u>(23,545.47)</u>
EXPENDITURES				
Current:				
Contractual services	21,390.00	21,390.00	20,428.29	961.71
General operating expenses	10,790.00	10,614.35	8,499.72	2,114.63
Internal service expense	49,513.00	49,513.00	40,601.18	8,911.82
Material and supplies	96,686.00	106,536.65	111,655.45	(5,118.80)
Personnel services	384,781.00	386,931.00	387,335.18	(404.18)
Special projects expense	9,700.00	9,625.00	6,186.37	3,438.63
Total current	<u>572,860.00</u>	<u>584,610.00</u>	<u>574,706.19</u>	<u>9,903.81</u>
Debt service:				
Interest	9,210.00	9,210.00	9,210.42	(0.42)
Principal	28,056.00	28,056.00	28,056.14	(0.14)
Total debt service	<u>37,266.00</u>	<u>37,266.00</u>	<u>37,266.56</u>	<u>(0.56)</u>
Capital outlay:				
Other capital expenditures	-	10,000.00	9,224.00	776.00
Total capital outlay	<u>-</u>	<u>10,000.00</u>	<u>9,224.00</u>	<u>776.00</u>
Total expenditures	<u>610,126.00</u>	<u>631,876.00</u>	<u>621,196.75</u>	<u>10,679.25</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,901.00)</u>	<u>(107,651.00)</u>	<u>(120,517.22)</u>	<u>(12,866.22)</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	85,901.00	85,901.00	104,892.19	18,991.19
Asset disposition	-	-	15,723.42	15,723.42
Total other financing sources and uses and special items	<u>85,901.00</u>	<u>85,901.00</u>	<u>120,615.61</u>	<u>34,714.61</u>
Net change in fund balances	-	(21,750.00)	98.39	21,848.39
Fund balances -- beginning	14,494.79	14,494.79	14,494.79	-
Fund balances -- ending	<u>\$ 14,494.79</u>	<u>\$ (7,255.21)</u>	<u>\$ 14,593.18</u>	<u>\$ 21,848.39</u>

See Independent Auditors' Report.

City of Cape Girardeau
Softball Complex
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 162.49	\$ 162.49
User fees	167,810.00	167,810.00	183,113.20	15,303.20
Concession revenues	63,400.00	63,400.00	77,600.20	14,200.20
Miscellaneous	3,895.00	3,895.00	2,685.65	(1,209.35)
Investment revenue	450.00	450.00	726.46	276.46
Total revenues	<u>235,555.00</u>	<u>235,555.00</u>	<u>264,288.00</u>	<u>28,733.00</u>
EXPENDITURES				
Current:				
Contractual services	29,969.00	27,719.00	27,661.60	57.40
General operating expenses	3,140.00	3,130.35	3,566.66	(436.31)
Internal service expense	32,693.00	32,693.00	29,589.32	3,103.68
Material and supplies	98,065.00	120,824.65	112,604.52	8,220.13
Personnel services	496,904.00	508,854.00	515,845.04	(6,991.04)
Special projects expense	35,042.00	37,042.00	42,337.56	(5,295.56)
Total current	<u>695,813.00</u>	<u>730,263.00</u>	<u>731,604.70</u>	<u>(1,341.70)</u>
Debt service:				
Interest	6,909.00	6,909.00	6,908.77	0.23
Principal	17,467.00	17,467.00	17,467.14	(0.14)
Total debt service	<u>24,376.00</u>	<u>24,376.00</u>	<u>24,375.91</u>	<u>0.09</u>
Capital outlay:				
Other Capital Expenditures	-	34,125.00	-	34,125.00
Total capital outlay	<u>-</u>	<u>34,125.00</u>	<u>-</u>	<u>34,125.00</u>
Total expenditures	<u>720,189.00</u>	<u>788,764.00</u>	<u>755,980.61</u>	<u>32,783.39</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(484,634.00)</u>	<u>(553,209.00)</u>	<u>(491,692.61)</u>	<u>61,516.39</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	484,634.00	524,634.00	483,101.08	(41,532.92)
Asset disposition	-	-	8,631.87	8,631.87
Total other financing sources and uses and special items	<u>484,634.00</u>	<u>524,634.00</u>	<u>491,732.95</u>	<u>(32,901.05)</u>
Net change in fund balances	-	(28,575.00)	40.34	28,615.34
Fund balances -- beginning	3,106.23	3,106.23	3,106.23	-
Fund balances -- ending	<u>\$ 3,106.23</u>	<u>\$ (25,468.77)</u>	<u>\$ 3,146.57</u>	<u>\$ 28,615.34</u>

**City of Cape Girardeau
Information Technology
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Internal charges	\$ 411,940.00	\$ 411,940.00	\$ 411,940.00	\$ -
Investment revenue	<u>2,250.00</u>	<u>2,250.00</u>	<u>3,030.69</u>	<u>780.69</u>
Total revenues	<u>414,190.00</u>	<u>414,190.00</u>	<u>414,970.69</u>	<u>780.69</u>
EXPENDITURES				
Current:				
Contractual services	121,255.00	130,565.00	111,811.98	18,753.02
General operating expenses	3,600.00	4,290.00	3,519.54	770.46
Material and supplies	68,808.00	77,808.00	13,225.70	64,582.30
Personnel services	<u>145,527.00</u>	<u>178,577.00</u>	<u>175,633.15</u>	<u>2,943.85</u>
Total current	<u>339,190.00</u>	<u>391,240.00</u>	<u>304,190.37</u>	<u>87,049.63</u>
Capital outlay:				
Equipment	<u>75,000.00</u>	<u>75,000.00</u>	<u>138,717.11</u>	<u>(63,717.11)</u>
Total capital outlay	<u>75,000.00</u>	<u>75,000.00</u>	<u>138,717.11</u>	<u>(63,717.11)</u>
Total expenditures	<u>414,190.00</u>	<u>466,240.00</u>	<u>442,907.48</u>	<u>23,332.52</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(52,050.00)</u>	<u>(27,936.79)</u>	<u>24,113.21</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	-	56,000.00	56,000.00
Total other financing sources and uses and special items	<u>-</u>	<u>-</u>	<u>56,000.00</u>	<u>56,000.00</u>
Net change in fund balances	-	(52,050.00)	28,063.21	80,113.21
Fund balances -- beginning	157,525.58	157,525.58	157,525.58	-
Fund balances -- ending	<u>\$ 157,525.58</u>	<u>\$ 105,475.58</u>	<u>\$ 185,588.79</u>	<u>\$ 80,113.21</u>

City of Cape Girardeau
Fleet Management
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Internal charges	\$ 1,201,500.00	\$ 1,201,500.00	\$ 1,401,702.34	\$ 200,202.34
Miscellaneous	-	-	1,619.30	1,619.30
Investment revenue	6,446.00	6,446.00	4,743.90	(1,702.10)
Total revenues	<u>1,207,946.00</u>	<u>1,207,946.00</u>	<u>1,408,065.54</u>	<u>200,119.54</u>
EXPENDITURES				
Current:				
Contractual services	222,673.00	262,673.00	244,075.47	18,597.53
General operating expenses	4,850.00	5,044.00	4,746.30	297.70
Internal service expense	4,112.00	4,112.00	4,112.00	-
Material and supplies	313,030.00	421,213.28	432,523.13	(11,309.85)
Personnel services	625,406.00	625,406.00	631,659.59	(6,253.59)
Total current	<u>1,170,071.00</u>	<u>1,318,448.28</u>	<u>1,317,116.49</u>	<u>1,331.79</u>
Debt service:				
Interest	-	-	237.06	(237.06)
Total debt service	<u>-</u>	<u>-</u>	<u>237.06</u>	<u>(237.06)</u>
Capital outlay:				
Equipment	66,875.00	68,997.72	64,995.47	4,002.25
Total capital outlay	<u>66,875.00</u>	<u>68,997.72</u>	<u>64,995.47</u>	<u>4,002.25</u>
Total expenditures	<u>1,236,946.00</u>	<u>1,387,446.00</u>	<u>1,382,349.02</u>	<u>5,096.98</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,000.00)</u>	<u>(179,500.00)</u>	<u>25,716.52</u>	<u>205,216.52</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Asset disposition	15,075.00	15,075.00	16,929.14	1,854.14
Transfers out	(15,075.00)	(15,075.00)	(15,073.92)	1.08
Total other financing sources and uses and special items	<u>-</u>	<u>-</u>	<u>1,855.22</u>	<u>1,855.22</u>
Net change in fund balances	<u>(29,000.00)</u>	<u>(179,500.00)</u>	<u>27,571.74</u>	<u>207,071.74</u>
Fund balances -- beginning	45,880.08	45,880.08	45,880.08	-
Fund balances -- ending	<u>\$ 16,880.08</u>	<u>\$ (133,619.92)</u>	<u>\$ 73,451.82</u>	<u>\$ 207,071.74</u>

City of Cape Girardeau
Fringe Benefits
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Internal charges	\$ 2,987,093.00	\$ 2,987,093.00	\$ 3,401,605.31	\$ 414,512.31
Miscellaneous	-	-	1,679.65	1,679.65
Investment revenue	<u>33,750.00</u>	<u>33,750.00</u>	<u>40,069.71</u>	<u>6,319.71</u>
Total revenues	<u>3,020,843.00</u>	<u>3,020,843.00</u>	<u>3,443,354.67</u>	<u>422,511.67</u>
EXPENDITURES				
Current:				
Contractual services	<u>3,017,093.00</u>	<u>3,442,093.00</u>	<u>3,304,280.91</u>	<u>137,812.09</u>
Total current	<u>3,017,093.00</u>	<u>3,442,093.00</u>	<u>3,304,280.91</u>	<u>137,812.09</u>
Total expenditures	<u>3,017,093.00</u>	<u>3,442,093.00</u>	<u>3,304,280.91</u>	<u>137,812.09</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,750.00</u>	<u>(421,250.00)</u>	<u>139,073.76</u>	<u>560,323.76</u>
Net change in fund balances	3,750.00	(421,250.00)	139,073.76	560,323.76
Fund balances -- beginning	<u>1,770,153.19</u>	<u>1,770,153.19</u>	<u>1,770,153.19</u>	<u>-</u>
Fund balances -- ending	<u>\$ 1,773,903.19</u>	<u>\$ 1,348,903.19</u>	<u>\$ 1,909,226.95</u>	<u>\$ 560,323.76</u>

**City of Cape Girardeau
Risk Management
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Internal charges	\$ 568,000.00	\$ 568,000.00	\$ 588,694.76	\$ 20,694.76
Investment revenue	23,700.00	23,700.00	26,919.65	3,219.65
Total revenues	<u>591,700.00</u>	<u>591,700.00</u>	<u>615,614.41</u>	<u>23,914.41</u>
EXPENDITURES				
Current:				
Contractual services	557,200.00	607,200.00	512,633.86	94,566.14
General operating expenses	32,000.00	32,000.00	23,569.65	8,430.35
Material and supplies	2,500.00	2,500.00	-	2,500.00
Total current	<u>591,700.00</u>	<u>641,700.00</u>	<u>536,203.51</u>	<u>105,496.49</u>
Total expenditures	<u>591,700.00</u>	<u>641,700.00</u>	<u>536,203.51</u>	<u>105,496.49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(50,000.00)</u>	<u>79,410.90</u>	<u>129,410.90</u>
Net change in fund balances	-	(50,000.00)	79,410.90	129,410.90
Fund balances -- beginning	1,379,349.98	1,379,349.98	1,379,349.98	-
Fund balances -- ending	<u>\$ 1,379,349.98</u>	<u>\$ 1,329,349.98</u>	<u>\$ 1,458,760.88</u>	<u>\$ 129,410.90</u>

**City of Cape Girardeau
Equipment Replacement
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Internal charges	\$ 301,728.00	\$ 301,728.00	\$ 295,226.65	\$ (6,501.35)
Investment revenue	24,750.00	24,750.00	22,338.40	(2,411.60)
Total revenues	<u>326,478.00</u>	<u>326,478.00</u>	<u>317,565.05</u>	<u>(8,912.95)</u>
EXPENDITURES				
Debt service:				
Interest	-	2,850.00	2,850.00	-
Principal	-	40,000.00	40,000.00	-
Total debt service	<u>-</u>	<u>42,850.00</u>	<u>42,850.00</u>	<u>-</u>
Capital outlay:				
Equipment	263,300.00	350,650.00	281,742.60	68,907.40
Total capital outlay	<u>263,300.00</u>	<u>350,650.00</u>	<u>281,742.60</u>	<u>68,907.40</u>
Total expenditures	<u>263,300.00</u>	<u>393,500.00</u>	<u>324,592.60</u>	<u>68,907.40</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,178.00</u>	<u>(67,022.00)</u>	<u>(7,027.55)</u>	<u>59,994.45</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	30,000.00	10,537.87	(19,462.13)
Asset disposition	-	-	58,180.46	58,180.46
Transfers out	-	-	(5,500.00)	(5,500.00)
Total other financing sources and uses and special items	<u>-</u>	<u>30,000.00</u>	<u>63,218.33</u>	<u>33,218.33</u>
Net change in fund balances	63,178.00	(37,022.00)	56,190.78	93,212.78
Fund balances -- beginning	1,032,351.56	1,032,351.56	1,032,351.56	-
Fund balances -- ending	<u>\$ 1,095,529.56</u>	<u>\$ 995,329.56</u>	<u>\$ 1,088,542.34</u>	<u>\$ 93,212.78</u>

City of Cape Girardeau
Riverfront Region Economic Development
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 250,000.00	\$ 250,000.00
Investment revenue	-	-	5,086.41	5,086.41
Total revenues	-	-	255,086.41	255,086.41
EXPENDITURES				
Current:				
Development Services	-	-	12,050.79	(12,050.79)
Total current	-	-	12,050.79	(12,050.79)
Capital outlay:				
Capital Improvement Projects	-	-	-	-
Total capital outlay	-	-	-	-
Total expenditures	-	-	12,050.79	(12,050.79)
Excess (deficiency) of revenues over (under) expenditures	-	-	243,035.62	243,035.62
Net change in fund balances	-	-	243,035.62	243,035.62
Fund balances – beginning	-	-	-	-
Fund balances – ending	\$ -	\$ -	\$ 243,035.62	\$ 243,035.62

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Cape Girardeau, Missouri

Compliance

We have audited the City of Cape Girardeau, Missouri's compliance, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Cape Girardeau, Missouri's major federal programs for the year ended June 30, 2012. The City of Cape Girardeau, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Cape Girardeau, Missouri's management. Our responsibility is to express an opinion on the City of Cape Girardeau, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cape Girardeau, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Cape Girardeau, Missouri's compliance with those requirements.

In our opinion, City of Cape Girardeau, Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Cape Girardeau, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cape Girardeau, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cape Girardeau, Missouri's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
December 18, 2012

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
City of Cape Girardeau, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cape Girardeau, Missouri as of and for the year ended June 30, 2012, which collectively comprise City of Cape Girardeau, Missouri's basic financial statements and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Cape Girardeau, Missouri is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Cape Girardeau, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cape Girardeau, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cape Girardeau, Missouri's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
December 18, 2012

City of Cape Girardeau, Missouri
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2012

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>	
<u>U.S. DEPARTMENT OF DEFENSE:</u>				
Loan of DOD Property (non-cash)	12.	N/A	\$	<u>100,000</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed Through Missouri Department of Economic Development - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	2004-ND-05 2010-DT-01	\$	<u>27,050</u> <u>279,435</u> \$ 306,485
Passed Through Missouri Department of Social Services - Emergency Shelter Grants Program	14.231	ERO1640905		<u>132,587</u>
Passed Through Missouri Housing Development Commission - Home Investment Partnerships Program	14.239	M-10-SG-29-0100 M-11-SG-29-0100	\$	<u>110,000</u> <u>388</u> \$ <u>110,388</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$	<u>549,460</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed Through Missouri Department of Public Safety - Violence Against Women Formula Grants	16.588	2010-VAWA-0011-OS 2010-VAWA-091-OS	\$	<u>19,771</u> <u>16,861</u> \$ 36,632
Bulletproof Vest Partnership Program	16.607	N/A		<u>4,716</u>
Passed Through the City of Poplar Bluff, Missouri - Passed through the Southeast Missouri Drug Task Force - Public Safety Partnership and Community Policing Grants	16.710	N/A		<u>1,852</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant Program-Grants to Units of Local Governments	16.804	2009-SB-B9-2229		<u>72,057</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$	<u>115,257</u>

The Accompanying Notes to Schedule of Expenditures of Federal Awards
 Are an Integral Part of This Report.

City of Cape Girardeau, Missouri
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Passed Through Missouri Department of Transportation -			
Highway Planning and Construction (1)	20.205	STP-1500(014)	\$ 10,335
		J010767A DP-1503(003)	625,276
		SRTS-NI-H300(502)	4,434
		DP-1500(020)	18,350
		STP-1500(021)	<u>4,669</u>
			\$ 663,064
Highway Safety Cluster:			
State and Community Highway Safety	20.600	11-SA-09-2	\$ 21,186
		12-SA-09-002	36,972
		11-CP-09-1	90,684
		12-CP-09-001	63,770
		11-PT-02-85	4,264
		GAC035	1,853
		12-OP-05-005	<u>1,490</u>
			\$ 220,219
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	11-K8-03-76	\$ 2,036
		11-K8-03-77	1,920
		SAF006	790
		12-OP-05-002	<u>173</u>
			\$ 4,919
Alcohol Open Container Requirements			
	20.607	12-154-AL-031	\$ 1,227
		12-154-AL-029	<u>7,071</u>
			\$ 8,298
Child Safety and Child Booster Seats			
Incentive Grants	20.613	SAF008	<u>\$ 386</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 896,886</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>			
Passed Through Missouri Department of Natural Resources -			
Capitalization Grants for Clean Water State Revolving Funds (1)	66.458	C295531-01	\$ 199,000
ARRA - Capitalization Grants for Drinking			
Water State Revolving Funds (1)	66.468	ER10-ARRA-MO4010136	\$ 36,135
			<u>342,091</u>
			<u>\$ 378,226</u>
ENVIRONMENTAL PROTECTION AGENCY, Carried Forward			<u>\$ 577,226</u>

The Accompanying Notes to Schedule of Expenditures of Federal Awards
 Are an Integral Part of This Report.

City of Cape Girardeau, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
ENVIRONMENTAL PROTECTION AGENCY, Brought Forward			\$ 577,226
Passed Through Missouri Environmental Improvement and Energy Resources Authority- ARRA - Brownfields Assessment and Cleanup Cooperative Agreement	66.818	N/A	<u>2,711</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			\$ 579,937
<u>U.S. DEPARTMENT OF ENERGY:</u>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	G10-EECBG-02-097939524	\$ 16,694
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Passed Through the Community Caring Counsel - Substance Abuse and Mental Health Services- Projects of Regional and National Significance	93.243	SDA42070104	\$ 3,850
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
Passed Through Missouri State Emergency Management Agency - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	#FEMA-1980-DR-MO	\$ 184,213
Assistance to Firefighters Grant	97.044	EMW-2007-FF-00176 EMW-2008-FO-09141 EMW-2009-FO-09319 EMW-2011-FO-06441	\$ 41,692 37,228 21,612 <u>26,819</u> 127,351
Passed Through Missouri State Emergency Management Agency - Citizen Community Resilience Innovation Challenge	97.053	2010-SS-TO-0039 2007-GE-T7-0034 2008-GE-T8-0014	\$ 21,459 8,967 <u>11,925</u> 42,351
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR050	\$ 38,594
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$ 392,509
TOTAL FEDERAL AWARDS			\$ 2,654,593

(1) Identified major program.

The Accompanying Notes to Schedule of Expenditures of Federal Awards
Are an Integral Part of This Report.

City of Cape Girardeau, Missouri
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity:

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with OMB Circular A-133. This circular requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA) and identification of programs that have not been assigned a CFDA number as "Other Federal Assistance".

The schedule includes all expenditures of federal awards administered by the City.

B. Basis of Presentation:

The Schedule is presented in accordance with OMB Circular A-133, which defines federal financial assistance "...assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals."

C. Basis of Accounting:

The Schedule is presented on the modified accrual basis of accounting, which recognizes expenditures when liabilities for goods and services are incurred. This is the same basis of accounting presented in the financial statements.

Identification of major programs.

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: X yes no

2. FINANCIAL STATEMENT FINDINGS:

No findings or questioned costs were noted that are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No findings or questioned costs were noted that are required to be reported.

City of Cape Girardeau, Missouri
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

09-1 Noncompliance with Section 67.080. RSMo, no expenditure of public monies should be made unless it is authorized in the budget.

Status: Implemented.