

CITY OF GRAIN VALLEY

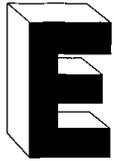
Grain Valley, Missouri

INDEPENDENT AUDITORS' REPORT

For The Year Ended December 31, 2006

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Alderman
City of Grain Valley, Missouri

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of **City of Grain Valley, Missouri** as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management of the **City of Grain Valley, Missouri**. 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. 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.

The City does not capitalize Enterprise Fund bond interest costs as a component of construction costs as required by accounting principles generally accepted in the United States of America. Interest is charged to expense as incurred. The amount of interest that should be capitalized is not known.

In our opinion, except for the effects, if any, of not capitalizing construction period interest as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of **City of Grain Valley, Missouri** as of December 31, 2006, 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.

The accompanying management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

September 10, 2007

City of Grain Valley
Management's Discussion and Analysis
Year Ended December 31, 2006

This discussion and analysis is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and conditions. Please read this in conjunction with the basic financial statements.

FISCAL YEAR HIGHLIGHTS

- The City's total net assets are \$24,222,363.69. The Governmental Activities net assets are \$10,410,615.74 and the Business-type Activities net assets are \$13,811,747.95.
- The City's total net assets increased by \$5,414,028.55.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,117,614.87 a decrease of \$105,745.89 in comparison of the prior year. The decrease in governmental funds was predominately attributed to capital projects financed by previously issued general obligation bonds.
- Approximately 14% or \$1,216,449.88 of the combined governmental fund balance of \$8,117,614.87 is available for meeting on-going general government expenditures. The remaining balance is reserved or unreserved but reported for use in Capital Improvement, Transportation, GO Bond and Debt Service Funds.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The primary focus of local government's financial statements prior to GASB 34 had been to summarize fund type information on a current financial resource basis. The new accounting model now presents two kinds of information. The government-wide financial statements, start on page 13 provide both long-term and short-term information about the City's overall financial status. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements are still included to provide useful information on individual parts of the government. More relevant detail is provided by distinct presentation of major funds in the basic financial statements, rather than summaries by total fund types.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

The statement of net assets and statement of activities divide the City into the following:

- **Governmental Activities** – All of the City's basic services are considered to be governmental activities, including general administration, police, ambulance, street, community building, parks and recreation, and capital improvements. These activities are supported primarily with general City revenue such as sales tax, franchise fees, property taxes, fines, permit fees and grants.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. These activities include all water and wastewater.

FUND FINANCIAL STATEMENTS

Another major section of the basic financial statements is the fund financial statements. The fund financial statements provide detailed information about the separate funds – Governmental Funds which include the General Fund, the Park Fund, the Capital Improvement Fund, the Public Health Fund, the Transportation and Street Fund, the G.O. Bond Fund and the Debt Service Fund and the Proprietary Funds which includes the Water/Sewer Fund.

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Aldermen establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

CITY WIDE ANALYSIS

STATEMENT OF NET ASSETS - CITY OF GRAIN VALLEY'S NET ASSETS

| <u>2006</u> | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------------|
| Current and other assets | \$ 5,413,876.97 | \$ 3,658,044.84 | \$ 9,071,921.81 |
| Restricted Assets | 6,530,610.30 | 1,341,152.16 | 7,871,762.46 |
| Deferred Charges | 218,971.98 | 2,317,898.63 | 2,536,870.61 |
| Capital Assets | <u>21,271,964.35</u> | <u>14,410,355.36</u> | <u>35,682,319.71</u> |
| Total Assets | 33,435,423.60 | 21,727,450.99 | 55,162,874.59 |
| Current Liabilities | 3,829,260.55 | 166,880.56 | 3,996,141.11 |
| Payable from Restricted Assets | 16,400.00 | 694,866.58 | 711,266.58 |
| Long-Term Liabilities | <u>19,179,147.31</u> | <u>7,053,955.90</u> | <u>26,233,103.21</u> |
| Total Liabilities | 23,024,807.86 | 7,915,703.04 | 30,940,510.90 |
| <u>Net Assets</u> | | | |
| Investment in capital assets, net of related debt | 6,956,167.28 | 9,344,298.09 | 16,300,465.37 |
| Restricted for: | | | |
| Capital projects | (101,554.61) | - | (101,554.61) |
| Parks | (74,386.38) | - | (74,386.38) |
| Public health | 105,320.63 | - | 105,320.63 |
| Transportation and street | 881,870.97 | - | 881,870.97 |
| Special allocation | 423.76 | - | 423.76 |
| Debt service | 5,911,908.32 | 976,285.58 | 6,888,193.90 |
| Unrestricted | <u>(3,269,134.23)</u> | <u>3,491,164.28</u> | <u>222,030.05</u> |
| Total Net Assets | <u>\$ 10,410,615.74</u> | <u>\$ 13,811,747.95</u> | <u>\$ 24,222,363.69</u> |

CHANGES NET ASSETS

| | Governmental Activities | Business-Type Activities | Total Primary Government |
|-----------------------------------|----------------------------|-----------------------------|-----------------------------|
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ 620,033.50 | \$ 4,377,675.27 | \$ 4,997,708.77 |
| Capital grants and contributions | 3,184,491.31 | 1,089,036.60 | 4,273,527.91 |
| Property taxes | 2,303,487.36 | - | 2,303,487.36 |
| Other taxes | 2,156,349.13 | - | 2,156,349.13 |
| Other general revenues | <u>384,092.79</u> | <u>342,689.95</u> | <u>726,782.74</u> |
| Total Revenues | 8,648,454.09 | 5,809,401.82 | 14,457,855.91 |
| Program expenses | | | |
| General government | 1,835,912.20 | - | 1,835,912.20 |
| Public Safety | 1,298,850.39 | - | 1,298,850.39 |
| Highways and streets | 404,485.57 | - | 404,485.57 |
| Culture and recreation | 670,806.98 | - | 670,806.98 |
| Interest on Long-Term Debt | 732,533.28 | - | 732,533.28 |
| Water/wastewater | - | <u>4,101,238.94</u> | <u>4,101,238.94</u> |
| Total expenses | <u>4,942,588.42</u> | <u>4,101,238.94</u> | <u>9,043,827.36</u> |
| Increase (decrease) in net assets | <u>\$ 3,705,865.67</u> | <u>\$ 1,708,162.88</u> | <u>\$ 5,414,028.55</u> |

STATEMENT OF NET ASSETS - CITY OF GRAIN VALLEY'S NET ASSETS

| <u>2005</u> | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------------|
| Current and other assets | \$ 3,996,127.32 | \$ 2,917,177.77 | \$ 6,913,305.09 |
| Restricted Assets | 7,861,735.68 | 1,317,498.31 | 9,179,233.99 |
| Deferred Charges | 182,862.07 | 2,465,491.03 | 2,648,353.10 |
| Capital Assets | <u>18,072,342.33</u> | <u>13,175,521.41</u> | <u>31,247,863.74</u> |
| Total Assets | 30,113,067.40 | 19,875,688.52 | 49,988,755.92 |
| Current Liabilities | 3,734,496.95 | (248,527.73) | 3,485,969.22 |
| Payable from Restricted Assets | 14,184.00 | 681,224.44 | 695,408.44 |
| Long-Term Liabilities | <u>19,417,644.14</u> | <u>7,336,281.95</u> | <u>26,753,926.09</u> |
| Total Liabilities | 23,166,325.09 | 7,768,978.66 | 30,935,303.75 |
| <u>Net Assets</u> | | | |
| Investment in capital assets, net of related debt | 3,469,602.73 | 5,613,923.35 | 9,083,526.08 |
| Restricted for debt service | 840,253.04 | - | 840,253.04 |
| Restricted for bond debt retirement | - | 636,273.87 | 636,273.87 |
| Unrestricted | <u>2,636,886.54</u> | <u>5,856,512.64</u> | <u>8,493,399.18</u> |
| Total Net Assets | <u>\$ 6,946,742.31</u> | <u>\$ 12,106,709.86</u> | <u>\$ 19,053,452.17</u> |

CHANGES NET ASSETS

| | Governmental Activities | Business-Type Activities | Total Primary Government |
|-----------------------------------|----------------------------|-----------------------------|-----------------------------|
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ 652,521.92 | \$ 4,573,779.92 | \$ 5,226,301.84 |
| Capital grants and contributions | 4,204,613.17 | 2,005,122.70 | 6,209,735.87 |
| Property taxes | 1,964,270.49 | - | 1,964,270.49 |
| Other taxes | 1,980,944.13 | - | 1,980,944.13 |
| Other general revenues | <u>326,103.96</u> | <u>114,193.87</u> | <u>440,297.83</u> |
| Total Revenues | 9,128,453.67 | 6,693,096.49 | 15,821,550.16 |
| Program expenses | | | |
| General government | 2,547,426.32 | - | 2,547,426.32 |
| Public Safety | 1,353,935.72 | - | 1,353,935.72 |
| Highways and streets | 588,195.60 | - | 588,195.60 |
| Culture and recreation | 697,405.43 | - | 697,405.43 |
| Interest on Long-Term Debt | 346,378.00 | - | 346,378.00 |
| Water/wastewater | - | 3,303,319.52 | 3,303,319.52 |
| Total expenses | <u>5,533,341.07</u> | <u>3,303,319.52</u> | <u>8,836,660.59</u> |
| Increase (decrease) in net assets | <u>\$ 3,595,112.60</u> | <u>\$ 3,389,776.97</u> | <u>\$ 6,984,889.57</u> |
| Transfers | <u>(366,930.29)</u> | <u>366,930.29</u> | <u>-</u> |
| Increase (decrease) in net assets | <u>\$ 3,228,182.31</u> | <u>\$ 3,756,707.26</u> | <u>\$ 6,984,889.57</u> |

GOVERNMENTAL ACTIVITIES

| | <u>2006</u> | | <u>2005</u> | |
|---------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Public Safety | \$ 1,298,850.39 | \$ (1,757,655.50) | \$ 1,353,935.72 | \$ (1,213,269.83) |
| Highways and Streets | 404,485.57 | (1,115,714.82) | 588,195.60 | 1,981,874.86 |
| Culture and Recreation | 670,806.98 | 2,153,945.08 | 697,405.43 | 70,532.63 |
| All Others | 2,568,445.48 | (418,638.37) | 2,896,804.32 | (1,515,343.64) |
| Totals | \$ 4,942,588.42 | \$ (1,138,063.61) | \$ 5,536,341.07 | \$ (676,205.98) |

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 15 reported a combined fund balance of \$8,117,614.87. The following should be noted:

- The City continues in its efforts to increase water storage capacity with a ground storage facility.

The following table reflects the revenues and expenses for the City's activities for the years ended December 31:

City of Grain Valley's Statement of Activities

| | <u>2006</u> | |
|--------------------------|-------------------------|------------------------|
| | <u>Revenues</u> | <u>Expenditures</u> |
| Governmental Activities | \$ 5,974,636.87 | \$ 8,234,322.15 |
| Business-Type Activities | 4,377,675.27 | 3,731,582.14 |
| Total | <u>\$10,352,312.14</u> | <u>\$11,965,904.29</u> |
| | <u>2005</u> | |
| | <u>Revenues</u> | <u>Expenditures</u> |
| Governmental Activities | \$5,463,646.41 | \$10,718,562.77 |
| Business-Type Activities | 4,573,779.91 | 2,907,978.33 |
| Total | <u>\$10,037,426.32</u> | <u>\$13,626,541.10</u> |

In the Governmental Activities, the expenses exceed revenues by \$105,745.89. After accounting for the bond proceeds and other financing sources/uses this leaves an undesignated Fund balance for Governmental Activities of \$2,091,351.12.

The Proprietary Activities revenues exceed expenses by \$1,708,162.88. This leaves an undesignated Fund balance for the Proprietary Funds of \$3,491,164.28.

General Fund Budgetary Highlights

The City Council revised the City budget one time at the end of the year. For the General Fund actual charges to appropriations (expenditures) were \$167,180.84 below the final budget amounts and revenues were \$41,107.78 above the final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City had \$35,682,319.71 and \$31,247,863.74 invested in a broad range of capital assets, including police and ambulance equipment, buildings, park facilities, streets, and water and sewer lines at December 31, 2006 and 2005, respectively. (See Table 4 below.)

**Table 4
Capital Assets at Year-End 2006
(Net of Depreciation)**

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Totals</u> |
|--------------------------|-----------------------------------|------------------------------------|------------------------|
| Land | \$2,480,312.00 | \$ 171,724.71 | \$ 2,652,036.71 |
| Buildings & Improvements | 4,231,492.87 | 89,894.89 | 4,321,387.76 |
| Land & Improvements | 490,384.18 | 32,732.22 | 523,116.40 |
| Vehicles | 163,876.50 | 60,001.33 | 223,877.83 |
| Distribution System | -0- | 13,847,058.69 | 13,847,058.69 |
| Construction-in-Progress | 1,221,633.99 | 65,374.00 | 1,287,007.99 |
| Furniture and Equipment | 145,116.25 | 143,569.52 | 288,685.77 |
| Infrastructure | <u>12,539,148.56</u> | <u>-0-</u> | <u>12,539,148.56</u> |
| Totals | <u>\$21,271,964.35</u> | <u>\$14,410,355.36</u> | <u>\$35,682,319.71</u> |

**Capital Assets at Year-End 2005
(Net of Depreciation)**

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Totals</u> |
|--------------------------|-----------------------------------|------------------------------------|------------------------|
| Land | \$2,480,312.00 | \$ 171,724.71 | \$ 2,652,036.71 |
| Buildings & Improvements | 4,316,848.46 | 93,894.18 | 4,410,742.64 |
| Land & Improvements | 517,716.82 | 35,923.80 | 553,640.62 |
| Vehicles | 228,377.63 | 17,102.13 | 245,479.76 |
| Distribution System | -0- | 12,769,322.87 | 12,769,322.87 |
| Construction-in-Progress | 922,189.66 | 65,374.00 | 987,563.66 |
| Furniture and Equipment | 178,617.15 | 22,179.72 | 200,796.87 |
| Infrastructure | <u>9,428,280.61</u> | <u>-0-</u> | <u>9,428,280.61</u> |
| Totals | <u>\$18,072,342.33</u> | <u>\$13,175,521.41</u> | <u>\$31,247,863.74</u> |

Debt

The City had \$26,400,596.06 and \$27,078,926.09 in bonds outstanding. Balances at December 31, 2006 and 2005, respectively are shown in Table 5.

Table 5
Outstanding Debt at Year-End 2006

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Totals</u> |
|--|------------------------------------|-------------------------------------|------------------------|
| General Obligation Revenue bonds and Notes (backed by Specific tax and Fee revenues) | \$19,016,640.16 | \$ -0- | \$19,016,640.16 |
| Totals | <u>-0-</u> | <u>7,383,955.90</u> | <u>7,383,955.90</u> |
| | <u>\$19,016,640.16</u> | <u>\$7,383,955.90</u> | <u>\$26,400,596.06</u> |

Outstanding Debt at Year-End 2005

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Totals</u> |
|--|------------------------------------|-------------------------------------|------------------------|
| General Obligation Revenue bonds and Notes (backed by Specific tax and Fee revenues) | \$19,417,644.14 | \$ -0- | \$ 19,417,644.14 |
| Totals | <u>-0-</u> | <u>7,661,281.95</u> | <u>7,661,281.95</u> |
| | <u>\$19,417,644.14</u> | <u>\$7,661,281.95</u> | <u>\$27,078,926.09</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The next years general fund budget was determined based on increases in revenue mainly due to the growth the City is experiencing. Expenditures for the 2007 budget include moderate increases due to issues related to the growth the City is experiencing. These are in large part attributed to increased staff.

No extensive capital projects are budgeted for 2007. Capital additions consist mainly of expenditures related to the City's vehicle and equipment replacement plan.

FINANCIAL CONTACT

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. Any questions regarding the report or request for additional information should be directed to the Finance Director, 711 Main Street, Grain Valley, MO 64029.

FINANCIAL STATEMENTS

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 328,659.96 | \$ 5,820.04 | \$ 334,480.00 |
| Investments | 3,003,811.91 | 2,946,168.38 | 5,949,980.29 |
| Receivables (net where applicable of allowance for doubtful accounts): | | | |
| Taxes | 1,595,012.82 | - | 1,595,012.82 |
| Accounts | 218,407.73 | 607,852.26 | 826,259.99 |
| Grants | 10,674.53 | - | 10,674.53 |
| Accrued interest | 74,520.43 | 62,533.23 | 137,053.66 |
| Inventory | - | 34,131.00 | 34,131.00 |
| Prepaid expenses | 182,789.59 | 1,539.93 | 184,329.52 |
| Restricted Assets: | | | |
| Cash and cash equivalents | 638,513.08 | 790,290.67 | 1,428,803.75 |
| Investments | 5,892,097.22 | 550,861.49 | 6,442,958.71 |
| Deferred charges (net of accumulated amortization) | 218,971.98 | 2,317,898.63 | 2,536,870.61 |
| Construction in progress | 1,221,633.99 | 65,374.00 | 1,287,007.99 |
| Land | 2,480,312.00 | 171,724.71 | 2,652,036.71 |
| Property, plant and equipment, net | 17,570,018.36 | 14,173,256.65 | 31,743,275.01 |
| Total Assets | <u>33,435,423.60</u> | <u>21,727,450.99</u> | <u>55,162,874.59</u> |
| LIABILITIES | | | |
| Accounts payable | 415,864.66 | 702,332.54 | 1,118,197.20 |
| Accrued wages payable | 72,744.17 | 13,536.09 | 86,280.26 |
| Retainage payable | 4,692.35 | - | 4,692.35 |
| Internal balances | 588,736.43 | (588,736.43) | - |
| Accrued interest payable | 182,591.88 | - | 182,591.88 |
| Unearned revenue | 95,720.31 | 25,268.00 | 120,988.31 |
| Deferred taxes | 2,468,910.75 | - | 2,468,910.75 |
| Payable from restricted assets: | | | |
| Deposits | - | 272,921.00 | 272,921.00 |
| Bonds payable within one year | - | 320,000.00 | 320,000.00 |
| Municipal court bonds | 16,400.00 | - | 16,400.00 |
| Accrued interest | - | 91,945.58 | 91,945.58 |
| Noncurrent liabilities: | | | |
| Due within one year | 560,000.00 | - | 560,000.00 |
| Due in more than one year, (net of advance refunding issue costs and issuance premium): | 18,456,640.16 | 7,063,955.90 | 25,520,596.06 |
| Accrued compensated absences | 162,507.15 | 14,480.36 | 176,987.51 |
| Total Liabilities | <u>23,024,807.86</u> | <u>7,915,703.04</u> | <u>30,940,510.90</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 6,956,167.28 | 9,344,298.09 | 16,300,465.37 |
| Restricted for: | | | |
| Capital projects | (101,554.61) | - | (101,554.61) |
| Parks | (74,386.38) | - | (74,386.38) |
| Public health | 105,320.63 | - | 105,320.63 |
| Transportation and street | 881,870.97 | - | 881,870.97 |
| Special allocation | 423.76 | - | 423.76 |
| Debt service | 5,911,908.32 | 976,285.58 | 6,888,193.90 |
| Unrestricted | (3,269,134.23) | 3,491,164.28 | 222,030.05 |
| Total Net Assets | <u>\$ 10,410,615.74</u> | <u>\$ 13,811,747.95</u> | <u>\$ 24,222,363.69</u> |

See accompanying notes to financial statements.

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|-------------------------------------|------------------------|------------------------|----------------------------------|---|--------------------------|-------------------------|
| | Expenses | Charges for Services | Capital Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-type Activities | Total |
| Primary Government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 1,760,912.20 | \$ 215,966.45 | \$ 594,823.53 | \$ (950,122.22) | \$ - | \$ (950,122.22) |
| Public safety | 1,298,850.39 | 178,678.96 | 4,456.61 | (1,115,714.82) | - | (1,115,714.82) |
| Highways and streets | 404,485.57 | 3,375.00 | 2,555,055.65 | 2,153,945.08 | - | 2,153,945.08 |
| Culture and recreation | 670,806.98 | 222,013.09 | 30,155.52 | (418,638.37) | - | (418,638.37) |
| Interest on long-term debt | 807,533.28 | - | - | (807,533.28) | - | (807,533.28) |
| Total governmental activities | 4,942,588.42 | 620,033.50 | 3,184,491.31 | (1,138,063.61) | - | (1,138,063.61) |
| Business-type activities: | | | | | | |
| Water/Wastewater | 4,101,238.94 | 4,377,675.27 | 1,089,036.60 | - | 1,365,472.93 | 1,365,472.93 |
| Total business-type activities | 4,101,238.94 | 4,377,675.27 | 1,089,036.60 | - | 1,365,472.93 | 1,365,472.93 |
| Total primary government | <u>\$ 9,043,827.36</u> | <u>\$ 4,997,708.77</u> | <u>\$ 4,273,527.91</u> | <u>(1,138,063.61)</u> | <u>1,365,472.93</u> | <u>227,409.32</u> |
| General Revenues: | | | | | | |
| Property taxes | | | | 2,303,487.36 | - | 2,303,487.36 |
| Sales taxes | | | | 1,300,420.48 | - | 1,300,420.48 |
| Franchise taxes | | | | 610,315.16 | - | 610,315.16 |
| Cigarette taxes | | | | 30,902.84 | - | 30,902.84 |
| Tourism taxes | | | | 29,055.05 | - | 29,055.05 |
| Motor fuel taxes | | | | 185,655.60 | - | 185,655.60 |
| Miscellaneous revenues | | | | 124,633.28 | - | 124,633.28 |
| Unrestricted investment earnings | | | | 327,021.01 | 265,565.95 | 592,586.96 |
| Gain (loss) on sale of assets | | | | (2,187.50) | 11,750.00 | 9,562.50 |
| Transfers | | | | (65,374.00) | 65,374.00 | - |
| Total general revenues | | | | 4,843,929.28 | 342,689.95 | 5,186,619.23 |
| Change in net assets | | | | 3,705,865.67 | 1,708,162.88 | 5,414,028.55 |
| Net assets - beginning | | | | 6,730,223.45 | 12,106,709.86 | 18,836,933.31 |
| Prior period adjustment | | | | (25,473.38) | (3,124.79) | (28,598.17) |
| Net assets - beginning, as restated | | | | 6,704,750.07 | 12,103,585.07 | 18,808,335.14 |
| Net assets - ending | | | | <u>\$ 10,410,615.74</u> | <u>\$ 13,811,747.95</u> | <u>\$ 24,222,363.69</u> |

See accompanying notes to the financial statements.

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

| | Special Revenue Funds | | | | | | TOTAL | | | |
|--|-----------------------|---------------|--------------------|--------------------------|--------------------------------|-----------------|-----------------|-------------------------|-----------------|------------------|
| | General Fund | Park Fund | Public Health Fund | Capital Improvement Fund | Transportation and Street Fund | G.O. Bond Fund | | Special Allocation Fund | Debt Service | |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 258,156.11 | \$ 50,977.42 | \$ 19,102.67 | \$ - | \$ - | \$ 1,011,688.41 | \$ - | \$ 423.76 | \$ - | \$ 328,659.96 |
| Investments | 1,380,552.69 | - | - | - | - | - | - | - | - | 3,003,811.91 |
| Receivables (net where applicable of allowance for doubtful accounts): | | | | | | | | | | |
| Accounts | 150,850.68 | - | - | 9,917.62 | 57,639.43 | - | - | - | - | 218,407.73 |
| Taxes | 523,562.28 | 93,366.22 | 37,892.13 | 34,825.17 | 35,263.37 | - | - | 162,657.50 | 707,446.15 | 1,595,012.82 |
| Grants | 10,674.53 | - | - | - | - | - | - | - | - | 10,674.53 |
| Accrued interest | 14,105.24 | - | - | - | 470.18 | - | - | - | 15,985.94 | 74,520.43 |
| Prepaid expenses | 6,159.72 | 1,209.94 | - | - | 2,089.90 | - | - | - | - | 9,459.56 |
| Due from other funds | 337,231.47 | - | 119,334.62 | - | 8,947.00 | - | - | 1,881.07 | - | 494,262.70 |
| Restricted Assets: | | | | | | | | | | |
| Cash and cash equivalents | 16,400.00 | - | - | - | - | - | - | - | 622,113.08 | 638,513.08 |
| Investments | - | 277,071.92 | - | - | - | - | - | - | 1,032,326.30 | 5,892,097.22 |
| Total assets | \$ 2,697,692.72 | \$ 422,625.50 | \$ 176,329.42 | \$ 44,742.79 | \$ 1,116,098.29 | \$ 1,011,688.41 | \$ 4,582,699.00 | \$ 164,962.33 | \$ 2,377,871.47 | \$ 12,265,419.94 |

LIABILITIES & FUND BALANCE

| | | | | | | | | | | |
|---------------------------------|--------------|--------------|-----------|-----------|--------------|------|-------------|--------------|--------------|---------------|
| Liabilities: | | | | | | | | | | |
| Accounts payable | 331,062.40 | \$ 29,587.61 | \$ - | \$ - | \$ 16,277.96 | \$ - | \$ 9,753.70 | \$ 29,182.99 | \$ - | \$ 415,864.66 |
| Accrued wages payable | 60,324.79 | 6,642.70 | - | - | 5,776.68 | - | - | - | - | 72,744.17 |
| Retainage payable | - | - | - | - | - | - | 4,692.35 | - | - | 4,692.35 |
| Due to other funds | 56,576.68 | - | - | 79,770.69 | 212,172.68 | - | 734,479.08 | - | - | 1,082,999.13 |
| Unearned Revenue | 1,534.99 | 8,744.00 | - | - | - | - | - | - | - | 10,278.99 |
| Deferred Taxes | 837,761.68 | 174,965.65 | 71,008.79 | - | - | - | - | 135,355.58 | 1,325,734.07 | 2,544,825.77 |
| Payable from restricted assets: | | | | | | | | | | |
| Municipal court bonds | 16,400.00 | - | - | - | - | - | - | - | - | 16,400.00 |
| Total liabilities | 1,503,660.54 | 219,939.96 | 71,008.79 | 79,770.69 | 234,227.32 | - | 748,925.13 | 164,538.57 | 1,325,734.07 | 4,147,805.07 |

Fund Balances:

| | | | | | | | | | | |
|-------------------------------------|-----------------|---------------|---------------|--------------|-----------------|-----------------|-----------------|---------------|-----------------|------------------|
| Reserved for: | | | | | | | | | | |
| Designated | 171,422.58 | - | - | - | - | - | - | - | - | 171,422.58 |
| Reserved for prepaid expenses | 6,159.72 | 1,209.94 | - | - | 2,089.90 | - | - | - | - | 9,459.56 |
| Reserved for debt service | - | 277,071.92 | - | - | - | - | 4,582,699.00 | - | 1,052,137.40 | 5,911,908.32 |
| Reserved for capital projects | - | - | - | - | - | - | (66,526.71) | - | - | (66,526.71) |
| Unreserved, undesignated | 1,216,449.88 | (75,596.32) | 105,320.63 | (35,027.90) | 879,781.07 | - | 423.76 | - | - | 2,091,351.12 |
| Total Fund Balances | 1,394,032.18 | 202,685.54 | 105,320.63 | (35,027.90) | 881,870.97 | - | 4,516,172.29 | 423.76 | 1,052,137.40 | 8,117,614.87 |
| Total liabilities and fund balances | \$ 2,697,692.72 | \$ 422,625.50 | \$ 176,329.42 | \$ 44,742.79 | \$ 1,116,098.29 | \$ 1,011,688.41 | \$ 5,265,097.42 | \$ 164,962.33 | \$ 2,377,871.47 | \$ 12,265,419.94 |

Amounts reported for governmental activities in the statement of net

assets are different because:

Capital assets used in governmental activities are not financial

resources and, therefore, are not reported in the funds.

Prepaid lease

Other long-term assets are not available to pay for current-period

expenditures and, therefore, are deferred in the funds

Receivables not collected within sixty days of the year end are not

current financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable and compensated absences,

are not due and payable in the current period and therefore are not

reported in the funds

Net assets of governmental activities

\$ 10,410,615.74

See accompanying notes to the financial statements

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Special Revenue Funds | | | | | | | TOTAL |
|--|-----------------------|----------------|--------------------|--------------------------|--------------------------------|-----------------|-------------------------|-----------------|
| | General Fund | Park Fund | Public Health Fund | Capital Improvement Fund | Transportation and Street Fund | G.O. Bond Fund | Special Allocation Fund | |
| REVENUES: | | | | | | | | |
| Taxes and franchise fees | \$ 1,994,282.15 | \$ 178,015.80 | \$ 63,106.78 | \$ 272,087.18 | \$ 489,781.53 | \$ - | \$ 230,038.91 | \$ 4,383,921.47 |
| Fees | 217,841.45 | 222,013.09 | - | - | 3,375.00 | - | - | 443,229.54 |
| Interest | 35,485.50 | 11,689.25 | 1,774.88 | 106.06 | 23,848.99 | 210,560.63 | 390.76 | 300,004.26 |
| Intergovernmental | 153,438.15 | - | - | - | 37,675.65 | 351,000.00 | - | 542,113.80 |
| Fines and forfeits | 176,803.96 | - | - | - | - | - | - | 176,803.96 |
| Contributions | 9,733.20 | - | - | - | 18,510.75 | - | - | 28,243.95 |
| Miscellaneous | 91,068.37 | 285.00 | - | - | 8,966.52 | - | - | 100,319.89 |
| Total revenues | 2,678,652.78 | 412,003.14 | 64,881.66 | 272,193.24 | 582,158.44 | 561,560.63 | 230,429.67 | 5,974,636.87 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 1,216,375.14 | - | 10,886.94 | - | - | - | 230,038.91 | 1,457,300.99 |
| Public safety | 1,254,079.94 | - | - | - | - | - | - | 1,254,079.94 |
| Culture and recreation | - | 612,777.01 | - | - | - | - | - | 612,777.01 |
| Streets and highways | - | - | - | - | 586,782.16 | - | - | 586,782.16 |
| Capital outlay | 18,939.08 | 38,596.36 | 9,926.55 | 88,995.49 | 10,699.16 | 778,692.13 | - | 945,848.77 |
| Debt service | - | - | - | - | - | - | - | - |
| Principal | - | 2,195,000.00 | - | - | - | - | - | 2,195,000.00 |
| Interest and Fiscal Fees | - | - | - | - | - | 221,660.33 | - | 221,660.33 |
| Total Expenditures | 2,489,394.16 | 2,846,373.37 | 20,813.49 | 88,995.49 | 597,481.32 | 1,000,352.46 | 230,038.91 | 8,234,322.15 |
| Excess of Revenues over (under) Expenditures | 189,258.62 | (2,434,370.23) | 44,068.17 | 183,197.75 | (15,322.88) | (438,791.83) | 390.76 | (2,259,685.28) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Operating transfers in | - | 377,722.00 | - | - | 63,500.00 | - | - | 441,222.00 |
| Operating transfers out | - | (128,874.00) | (25,050.00) | (183,798.00) | (40,000.00) | (128,874.00) | - | (506,596.00) |
| Bond proceeds | - | 2,385,618.65 | - | - | - | - | - | 2,385,618.65 |
| Bond issuance costs | - | (166,305.26) | - | - | - | - | - | (166,305.26) |
| Total Other Financing Sources (Uses) | - | 2,468,161.39 | (25,050.00) | (183,798.00) | 23,500.00 | (128,874.00) | - | 2,153,939.39 |
| Net Change in Fund Balances | 189,258.62 | 33,791.16 | 19,018.17 | (600.25) | 8,177.12 | (567,665.83) | 390.76 | (105,745.89) |
| Fund Balances - beginning | 1,204,773.56 | 168,894.38 | 86,302.46 | (34,427.65) | 873,693.85 | 5,083,838.12 | 33.00 | 8,223,360.76 |
| Fund Balances - ending | \$ 1,394,032.18 | \$ 202,685.54 | \$ 105,320.63 | \$ (35,027.90) | \$ 881,870.97 | \$ 4,516,172.29 | \$ 423.76 | \$ 8,117,614.87 |

See accompanying notes to the financial statements.

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

| | |
|--|------------------------|
| Net change in fund balances - total governmental funds | \$ (105,745.89) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 591,122.52 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. | 2,608,499.50 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 83,674.97 |
| 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. These activities consist of compensated absences. | (19,581.34) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | <u>547,895.91</u> |
| Change in net assets of governmental activities | <u>\$ 3,705,865.67</u> |

See accompanying notes to the financial statements.

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

| | Business-type Activities - Enterprise Funds |
|--|---|
| | Water/Sewer Revenue Fund |
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 5,820.04 |
| Investments | 2,946,168.38 |
| Accounts receivable, net | 607,852.26 |
| Accrued interest receivable | 62,533.23 |
| Inventory | 34,131.00 |
| Prepaid expenses | 1,539.93 |
| Due from other funds | 600,486.43 |
| Total current assets | 4,258,531.27 |
| Noncurrent Assets: | |
| Restricted Assets: | |
| Cash and cash equivalents | 790,290.67 |
| Investments | 550,861.49 |
| Total restricted assets | 1,341,152.16 |
| Deferred charges (net of accumulated amortization) | 2,317,898.63 |
| Capital Assets | |
| Construction in progress | 65,374.00 |
| Land | 171,724.71 |
| Property, plant and equipment, net | 14,173,256.65 |
| Total capital assets, net | 14,410,355.36 |
| Total noncurrent assets | 18,069,406.15 |
| TOTAL ASSETS | \$ 22,327,937.42 |
| LIABILITIES AND NET ASSETS | |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 702,332.54 |
| Accrued wages payable | 13,536.09 |
| Due to other funds | 11,750.00 |
| Unearned revenue | 25,268.00 |
| Total current liabilities | 752,886.63 |
| Current liabilities payable from restricted assets: | |
| Deposits | 272,921.00 |
| Current portion of long term debt | 320,000.00 |
| Total current liabilities payable from restricted assets | 592,921.00 |
| Noncurrent Liabilities: | |
| Accrued interest | 91,945.58 |
| Bonds payable, net of advanced refunding costs | 7,063,955.90 |
| Accrued compensated absences | 14,480.36 |
| Total noncurrent liabilities | 7,170,381.84 |
| Total Liabilities | 8,516,189.47 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 9,344,298.09 |
| Restricted for debt service | 976,285.58 |
| Unrestricted | 3,491,164.28 |
| Total net assets | 13,811,747.95 |
| Total liabilities and net assets | \$ 22,327,937.42 |

See accompanying notes to the financial statements

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Business-type Activities - Enterprise Funds <u>Water/Sewer Revenue Fund</u> |
|---|--|
| OPERATING REVENUES: | |
| Charges for services pledged as security for revenue bonds: | |
| Charges for services | \$ 4,377,675.27 |
| Total operating revenues | <u>4,377,675.27</u> |
| OPERATING EXPENSES: | |
| Personnel services | 502,672.95 |
| Materials and supplies | 2,578,956.52 |
| Contractual and other services | 25,317.42 |
| Depreciation and amortization | 624,635.25 |
| Total operating expenses | <u>3,731,582.14</u> |
| Operating income | 646,093.13 |
| NON-OPERATING REVENUES (EXPENSES): | |
| Capital contributions from developers | 1,089,036.60 |
| Gain (loss) on sale of fixed assets | 11,750.00 |
| Transfers in | 65,374.00 |
| Interest income | 265,565.95 |
| Interest expense | (369,656.80) |
| Total non-operating revenues (expenses) | <u>1,062,069.75</u> |
| Change in net assets | 1,708,162.88 |
| Total net assets - beginning | 12,106,709.86 |
| Prior period adjustment | <u>(3,124.79)</u> |
| Total net assets - beginning, as restated | <u>12,103,585.07</u> |
| Total net assets - ending | <u><u>\$ 13,811,747.95</u></u> |

See accompanying notes to the financial statements.

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Business-type Activities - Enterprise Funds <u>Water Revenue Fund</u> |
|--|--|
| Cash Flows from Operating Activities: | |
| Receipts from customers and users | \$ 4,285,316.53 |
| Other Receipts (Expenses) | (149,691.90) |
| Payments to suppliers | (2,039,697.35) |
| Payments to employees | (504,627.47) |
| Net Cash Provided (Used) by Operating Activities | <u>1,591,299.81</u> |
| Cash Flows from Noncapital Financing Activities: | |
| Operating transfers from other funds | <u>65,374.00</u> |
| Net Cash Provided (Used) by Noncapital | 65,374.00 |
| Cash Flows from Capital and Related Financing Activities: | |
| Acquisition and construction of capital assets | (587,418.85) |
| Proceeds from the sale of capital assets | 23,500.00 |
| Interest Paid | (379,499.66) |
| Principal paid on bonds | (325,000.00) |
| Net Cash Provided (Used) for Capital and Related Financing Activities | <u>(1,268,418.51)</u> |
| Cash Flows from Investing Activities: | |
| Receipts of Interest | 236,251.78 |
| Proceeds from the sale of investments | 3,397,349.71 |
| Purchase of investments | (3,497,029.87) |
| Net Cash Provided (Used) by Investing Activities | <u>136,571.62</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 524,826.92 |
| Cash & Cash Equivalents at Beginning of Year | 271,283.79 |
| Cash & Cash Equivalents at End of Year | <u><u>\$ 796,110.71</u></u> |
| Non-Cash Investing, Capital, and Financing Activities: | |
| Capital assets contributed by developers | \$ 1,076,784.00 |

See accompanying notes to the financial statements.

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Continued:

| | |
|---|------------------------|
| Reconciliation of operating income to net cash | |
| provided (used) by operating activities: | |
| Operating Income | \$ 646,093.13 |
| Adjustments to Reconcile Operating Income to Net Cash | |
| Provided by Operating Activities: | |
| Depreciation and amortization | 624,635.25 |
| (Increase) Decrease in: | |
| Accounts Receivable-net | (110,843.74) |
| Inventory | (7,718.00) |
| Prepaid expenses | 8,364.67 |
| Due from other funds | (149,691.90) |
| Increase (Decrease) in: | |
| Accounts Payable | 552,179.92 |
| Accrued Wages Payable | 2,922.54 |
| Accrued compensated absences | (4,877.06) |
| Due to other funds | 11,750.00 |
| Deposits | 18,485.00 |
| Total Adjustments | <u>945,206.68</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,591,299.81</u> |

See accompanying notes to the financial statements.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The City of Grain Valley operates under a Council-Manager form of government and provides the following services: public safety, public works, public health and welfare, streets and highways, culture, recreation and waterworks.

The accounting and reporting policies of the City relating to the funds and account groups included in the accompanying financial statements conform, except where noted, to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

The City's financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- * the organization is legally separate (can sue and be sued in their own name)
- * the City holds the corporate powers of the organization
- * the City appoints a voting majority of the organization's board
- * the City is able to impose its will on the organization
- * the organization has the potential to impose a financial benefit/burden on the City
- * there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Grain Valley has one component unit, the Tax Increment Financing Fund which has been blended in the City's basic financial statements. The Tax Increment Financing Fund does not issue separate financial statements.

The Tax Increment Financing District is responsible for encouraging development of commercial enterprises in the District. The members of the District's governing board are appointed by the various political subdivisions which levy taxes in the District. The City does not appoint a voting majority to the District's board. However, the District is fiscally dependent upon the City because the City must approve any debt issuances.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

B. Financial Reporting Entity (Cont'd.)

Related Organizations

The Capital Improvement Foundation is governed by a board appointed by the Board of Aldermen. However, this organization is excluded from the reporting entity because it operates independently of the City, has authority to issue its own debt, has received tax-exempt status from the federal government, and controls all aspects of its operations.

C. Basic Financial Statement – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general, park, public health, capital improvement, transportation and street, G.O bond, special allocation and debt service funds are classified as governmental activities. The City's water and wastewater service is classified as a business-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities column (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The city utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.)

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets results from the current year's activities.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Major funds are reported as separate columns in the fund financial statements. Each individual fund of the City is considered to be a major fund.

The following fund types are used by the City:

Governmental Fund Types

Governmental Funds are those through which general governmental functions of the City are financed. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The following are the City's Governmental Fund types:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. These funds include: Public Health, Capital Improvements, Park, Transportation and Street, G.O. Bond Funds and Special Allocation Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

D. Basic Financial Statements – Fund Financial Statements (Cont'd.)

Proprietary Fund Types

Proprietary Funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet. Proprietary Fund equity is segregated into contributed capital and retained earnings. The following is the City's Proprietary Fund type:

Enterprise Fund

The Enterprise Fund is used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Water/Sewer Revenue Fund is the City's only Enterprise Fund.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Wastewater enterprise fund are charges to customers for sales and services. The Water and Wastewater fund also recognizes as operating revenue the portion of sewer and connection fees intended to recover the costs of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

F. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an estimated useful life in excess of one year.

Capital assets for all fund types are recorded at cost or estimated historical cost where cost could not be determined from available records. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during construction is expensed.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

F. Capital Assets

In accordance with the provision of GASB 34, the City has elected to report infrastructure assets on a prospective basis only. Therefore, the infrastructure balance represents additions from January 1, 2004 to the present.

Fixed assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|---|---------------|
| Buildings | 25 - 50 years |
| Improvements | 10 - 20 years |
| Equipment | 5 - 10 years |
| Utility Generation and Distribution Systems | 30 - 50 years |
| Other Infrastructure | 10 - 50 years |

G. Cash and Investments

Cash and investment resources of individual funds, including restricted cash and investments, are pooled into common pooled accounts in order to maximize investment opportunities. Funds held by the paying agent for debt service payments are not included in the pooled accounts. Each fund whose monies are deposited in the pooled cash accounts has an equity therein, and interest earned on the investment of these monies are allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are purchased with a maturity of ninety days or less are also considered "cash equivalents".

H. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation, sick leave, and compensatory time in varying amounts. In the event of termination, an employee is paid for all accumulated vacation and 5% of their accumulated sick leave for every year of service up to a maximum of 50%. Compensatory time off is available in lieu of overtime wages.

I. Prepaid Items

Prepaid balances are for payments made by the City in the current year to receive services occurring in the subsequent fiscal year.

J. Fund Changes and Transactions Between Funds

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

L. Deferred Charges

Bond Issuance Costs are amortized over the period bonds are outstanding, using the straight-line method.

The costs of refunding bonds are deferred and amortized over the shorter of the remaining life of the old debt, or the life of the new debt using the straight-line method.

M. Interest Capitalization

The City does not capitalize interest cost as a part of the cost of construction of significant assets as required by generally accepted accounting principles. The amount of interest that should be capitalized is not known.

N. Long-Term Obligations

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

O. Inventory

Inventory is valued at lower of cost or market using the first-in, first-out method.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 2 – RETIREMENT PLAN:

A. Plan Description

The City of Grain Valley participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 – 70.755. As such, it is the System's responsibility to administer the law in accordance with the express intent of the General Assembly. The Plan is qualified under the Internal Revenue Code Section 401a and it is tax-exempt.

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

B. Funding Status

The City of Grain Valley's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 11.0% (general), 10.5% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For the year ended February 28, 2006, the political subdivision's annual pension cost of \$178,267 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2006 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back (1) one year for men and (7) seven 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 a closed basis. The amortization period at February 28, 2006 was 22 years.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 2 – RETIREMENT PLAN: (Cont'd.)

Three-Year Trend Information

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------|---------------------------------|-------------------------------------|------------------------------|
| 06/30/04 | \$ 137,285 | 100% | \$ -0- |
| 06/30/05 | 167,125 | 100% | -0- |
| 06/30/06 | 178,267 | 100% | -0- |

NOTE 3 – DEPOSITS AND INVESTMENTS:

As of December 31, 2006, the City had the following investments and maturities:

| Investment Type | Investment Maturity (in years) | | | | |
|-----------------------------------|--------------------------------|-----------------------|-----------------------|-------------|-----------------|
| | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Money Market Accounts | \$277,071.92 | \$ 277,071.92 | \$ - | \$ - | \$ - |
| Certificates of Deposit | 6,042,043.00 | 6,042,043.00 | - | - | - |
| U.S. Government Backed Securities | 6,073,824.08 | 1,509,320.08 | 4,564,504.00 | - | - |
| Total | <u>\$12,392,939.00</u> | <u>\$7,828,435.00</u> | <u>\$4,564,504.00</u> | <u>\$ -</u> | <u>\$ -</u> |

Interest rate risk. Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City does not have a formal interest rate risk policy.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. State statutes authorize the City to invest in obligations of the U.S. Treasury, and federal agencies and instrumentalities; certificates of deposit issued by Missouri banks; and repurchase agreements. The City has no investment policy that would further limit its investment choices. The City's investments met the state statute requirements.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City of Grain Valley's deposits may not be returned to the city. All bank balances, including money market accounts, and certificate of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City's agents in the City's name.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City of Grain Valley will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City does not have any custodial risk in investments.

NOTE 4 - LONG-TERM DEBT:

General Obligation Bonds

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity.

Bonds payable at December 31, 2006, consisted of the following individual issues:

| | |
|--|----------------------|
| Refunding Bonds, Series 1998, interest ranging from 4.25% to 5.50%, final maturity March 1, 2012 | \$1,000,000 |
| Improvement Bonds, Series 1998A, interest ranging from 3.25% to 4.8%, final maturity March 1, 2018 | 2,945,000 |
| Improvement Bonds, Series 2002, interest ranging from 2.0% to 5.25%, final maturity March 1, 2017 | 2,945,000 |
| Refunding and Improvement Bonds, Series 2005, Interest ranging from 3.50% to 4.50 % final maturity March 1, 2019 | <u>9,560,000</u> |
| | <u>\$ 16,450,000</u> |

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 4 - LONG-TERM DEBT: (Cont'd.)

Certificates of Participation

Certificates of Participation are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. Certificates of Participation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year certificates are outstanding) a fund to pay interest and principal at maturity. Certificates of Participation payable at December 31, 2006 totaled \$2,335,000 with interest ranging from 4.5% to 5.0%, and final maturity September 1, 2020.

The following is a summary of the general long-term debt transactions for the year ended December 31, 2006:

| | General Obligation Bonds | Certificates of Participation | Total |
|--|-----------------------------|----------------------------------|-------------------------|
| Balance, 12-31-05 | \$ 16,825,000.00 | \$ 2,245,000.00 | \$ 19,070,000.00 |
| Issued or Additions | - | 2,335,000.00 | 2,335,000.00 |
| Payments or Expenditures | (375,000.00) | (2,245,000.00) | - |
| Long-term debt, 12-31-06 | 16,450,000.00 | 2,335,000.00 | 18,785,000.00 |
| Net Advance Refunding Issue Costs | (15,724.52) | (115,317.09) | (131,041.61) |
| Bond issuance premium | 337,709.42 | 24,972.35 | 362,681.77 |
| Amounts due within one year | <u>(460,000.00)</u> | <u>(100,000.00)</u> | <u>(560,000.00)</u> |
| Net balance due in more than one year, 12-31-06 | <u>\$ 16,311,984.90</u> | <u>\$ 2,144,655.26</u> | <u>\$ 18,456,640.16</u> |

In 2005 the City issued \$9,620,000 of General Obligation Refunding and Improvement Bonds, Series 2005 to provide resources for "crossover refunding" of the 2009 through 2018 maturities of the \$3,095,000 General Obligation Improvement Bonds, Series 1998A and the 2015 through 2017 maturities of the \$23,500,000 General Obligation Improvement Bonds Series 2001. The proceeds of the 2005 issue have been placed in an escrow account pending the March 1, 2009 and March 1, 2010 call dates of the refunded issues. The crossover refunding includes \$5,110,000 for improvement projects. This crossover refunding was undertaken to provide for Park System, Street and Storm Sewer System improvements.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 4 – LONG-TERM DEBT: (Cont'd.)

Advance and Current Refundings

On December 28, 2006, the City purchased U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$2,195,000 of certificates of participation. As a result, the refunded certificates of participation are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$115,317.09. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$150,551.46 and resulted in an economic gain of \$114,679.20.

Revenue Bonds

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer systems.

The Revenue Bonds are collateralized by the revenue of the water and sewer systems and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bonds funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of December 31, 2006.

| | |
|--|-----------------------|
| Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2004, interest ranging from 2.10% to 4.80%, final maturity October 1, 2016 | \$2,310,000.00 |
| Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2003, interest ranging from 2.625% to 3.375%, final maturity October 1, 2008 | 195,000.00 |
| Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 2001, interest ranging from 4.375% to 5.125% final maturity October 1, 2020 | <u>5,365,000.00</u> |
| Revenue Bonds Payable | 7,870,00.00 |
| Less: Net Advanced Refunding Issue Costs | (486,044.10) |
| Bonds Payable Within One Year | <u>(320,000.00)</u> |
| Long-term Bonds Payable Net of Advanced Refunding Costs | <u>\$7,063,955.90</u> |

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 4 – LONG-TERM DEBT: (Cont'd.)

Bond Refunding

In prior years, the City defeased certain revenue bonds by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2006, \$5,299,500 of bonds outstanding are considered defeased.

Restricted Assets

Below is a summary of the various restricted asset accounts relating to debt:

Restricted for Revenue Bond Retirement:

| | |
|---|------------------|
| Revenue Bond's Accrued Interest Payable | \$ 91,945.58 |
| Current Maturities of Revenue Bonds | <u>80,000.00</u> |
| Total Interest and Sinking Fund | 171,945.58 |

Reserve for Certificates of Participation Retirement Park 277,071.92

| | |
|--|-------------------|
| Reserve for Revenue Bond Retirement | <u>830,285.58</u> |
| Total Restricted for Revenue Bond Retirement | 1,279,303.08 |

| | |
|--|---------------------|
| Reserve for Depreciation and Replacement | 66,000.00 |
| Reserve for Crossover Refunding Escrow | 4,582,699.00 |
| Reserve for G.O. Bond Debt Service | <u>1,654,439.38</u> |

| | |
|---|--------------|
| Total Restricted Asset Accounts Relating to Debt as of December 31, 2006 | 7,582,441.46 |
|---|--------------|

| | |
|-------------------------|-------------------|
| Municipal Court Bonds | 16,400.00 |
| Customer Meter Deposits | <u>272,921.00</u> |

| | |
|--|-----------------------|
| Total Restricted Assets as of December 31, 2006 | <u>\$7,871,762.46</u> |
|--|-----------------------|

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2006

NOTE 4 – LONG-TERM DEBT: (Cont'd.)

Conduit Debt Obligation

In March 2003 the City issued \$6,500,000 of taxable industrial development revenue bonds to construct a building for a local corporation. The bonds are limited obligations of the City. The City's only liability is for the lease and other revenues received directly related to the project. The local corporation is lease purchasing the building from the City. Consistent with generally accepted accounting principles, the City has not recognized a liability for the outstanding bonds and has not recorded an asset for the building. The amount of bonds outstanding as of December 31, 2006 is \$5,630,000.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 4 - LONG-TERM DEBT: (Cont'd.)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2006 are as follows:

General Obligation

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2007 | 460,000.00 | 721,090.13 | 1,181,090.13 |
| 2008 | 515,000.00 | 701,290.01 | 1,216,290.01 |
| 2009 | 750,000.00 | 673,957.51 | 1,423,957.51 |
| 2010 | 840,000.00 | 638,049.26 | 1,478,049.26 |
| 2011 | 925,000.00 | 597,626.26 | 1,522,626.26 |
| 2012-2016 | 7,965,000.00 | 2,172,176.89 | 10,137,176.89 |
| 2017-2019 | 4,995,000.00 | 298,768.75 | 5,293,768.75 |
| Total | <u>\$ 16,450,000.00</u> | <u>\$ 5,802,958.81</u> | <u>\$ 22,252,958.81</u> |

Certificates of Participation

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|------------------------|----------------------|------------------------|
| 2007 | 100,000.00 | 80,081.25 | 180,081.25 |
| 2008 | 85,000.00 | 102,275.00 | 187,275.00 |
| 2009 | 100,000.00 | 98,450.00 | 198,450.00 |
| 2010 | 105,000.00 | 93,950.00 | 198,950.00 |
| 2011 | 115,000.00 | 89,225.00 | 204,225.00 |
| 2012-2016 | 770,000.00 | 359,622.50 | 1,129,622.50 |
| 2017-2020 | 1,060,000.00 | 147,120.00 | 1,207,120.00 |
| Total | <u>\$ 2,335,000.00</u> | <u>\$ 970,723.75</u> | <u>\$ 3,305,723.75</u> |

Revenue Bonds

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|------------------------|------------------------|-------------------------|
| 2007 | 320,000.00 | 367,782.52 | 687,782.52 |
| 2008 | 370,000.00 | 356,245.02 | 726,245.02 |
| 2009 | 400,000.00 | 341,863.76 | 741,863.76 |
| 2010 | 445,000.00 | 324,513.76 | 769,513.76 |
| 2011 | 490,000.00 | 227,508.76 | 717,508.76 |
| 2012-2016 | 3,405,000.00 | 1,209,298.80 | 4,614,298.80 |
| 2017-2020 | 2,440,000.00 | 263,531.28 | 2,703,531.28 |
| Total | <u>\$ 7,870,000.00</u> | <u>\$ 3,090,743.90</u> | <u>\$ 10,960,743.90</u> |

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 5 - OTHER COMMITMENTS AND CONTINGENCIES:

On April 15, 1992, the City entered into a contract with the City of Independence to purchase water through the year 2012, with an option to renew at that time. Under the contract the City has the right to an increased water supply at a cost of \$708,840, representing its share of plant expansion costs. The \$708,840 was capitalized as deferred charges and is amortized over the estimated useful life of the expansion.

The City has a contract with the City of Blue Springs who is to provide sewerage disposal service through the year 2026. The City of Grain Valley shared the costs of expanding the sewer treatment plant. The City's portion of the costs was \$2,550,974. The City's cost of the expansion is capitalized as deferred charges and will be amortized over the estimated useful life of the expansion. This agreement may be amended or terminated at any time upon mutual agreement of the two cities.

NOTE 6 - PROPRIETARY FUND CUSTOMERS:

At December 31, 2006, the Combined Waterworks and Sewerage System was serving approximately 4,543 customers.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 7 - TAX REVENUE AND TAXES RECEIVABLE:

The City's property tax is levied each October on the assessed value as of the prior January 1 for property located in the City. Assessed valuations are established by the County Assessor. The assessed valuation for property located in the City as of August 1, 2006 on which the 2006 levy was based was as follows:

| | |
|-----------------------|-----------------------|
| Real Estate | \$ 115,120,571 |
| Personal Property | <u>22,422,466</u> |
| TOTAL ASSESSMENT..... | <u>\$ 137,543,037</u> |

The tax levy per \$100 assessed valuation of tangible taxable property for the year was:

| | |
|-----------------|-----------------|
| General | \$.5899 |
| Parks | .1232 |
| Public Health | .0500 |
| Debt Service | <u>.9335</u> |
| Total Levy..... | <u>\$1.6966</u> |

The legal debt margin at December 31, 2006 was computed as follows:

| | <u>GENERAL OBLIGATIONS</u> | | |
|---------------------------------------|----------------------------|----------------------|----------------------|
| | <u>ORDINARY(1)</u> | <u>ADDITIONAL(2)</u> | <u>TOTAL</u> |
| Constitutional debt limit | \$ 13,754,304 | \$ 13,754,304 | \$ 27,508,608 |
| General obligation bonds payable | (16,450,000) | -0- | (16,450,000) |
| Plus amount available to service debt | | | |
| Of Crossover Refunded Debt | <u>4,582,699</u> | <u>-0-</u> | <u>4,582,699</u> |
| Legal Debt Margin..... | <u>\$ 1,887,003</u> | <u>\$ 13,754,304</u> | <u>\$ 15,641,307</u> |

- (1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of four-sevenths of its qualified electors voting therein, may incur indebtedness for any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.
- (2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of four-sevenths of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way; constructing, extending, and improving streets and avenues and/or sanitary or storm sewer systems; and purchasing or constructing, extending, and improving streets and avenues and/or sanitary or

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 7 - TAX REVENUE AND TAXES RECEIVABLE: (Cont'd)

storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE 8 - CUSTOMER DEPOSITS:

The Water Department requires cash deposits to protect the City, at least, in part, from the default of customers.

NOTE 9 - FUND EQUITY:

Reservations of retained earnings and/or fund balances are created to either 1) satisfy legal covenants that require a portion of the retained earnings or fund balances be segregated or 2) identify the portion of the retained earnings or fund balances that is not appropriable for future expenditures. Specific reservations of the retained earnings and fund balance accounts are summarized below.

Reserves for Revenue Bond Retirement

The reserves were created in conjunction with issuance of revenue bonds and funded by initial deposits from the proceeds of such bonds and by transfers from the revenue accounts based on assets held by the Water and Sewer Fund that are restricted for debt service. The purpose of the restricted retained earnings is to service the revenue bonds.

Designated for Subsequent Years' Expenditures

It is the City's policy to designate a portion of the fund balance for police training activities and other activities such as purchase of special equipment.

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 10 - RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

NOTE 11 – BUDGET VIOLATIONS:

Deficits in Fund Balance

For the year ended December 31, 2006 the Capital Improvement Fund had a deficit fund balance of \$34,427.65. The City plans to reverse the deficit balances by controlling spending and/or permanent transfers from other funds.

CITY OF GRAIN VALLEY

Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

NOTE 12 - CAPITAL ASSETS:

The following is a summary of capital asset activity for the year ended December 31, 2006:

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------------|------------------------|---------------------------|
| Governmental-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,480,312.00 | \$ - | \$ - | \$ 2,480,312.00 |
| Construction in Progress | 922,189.66 | 577,755.41 | (278,311.08) | 1,221,633.99 |
| Total capital assets, not being depreciated | <u>3,402,501.66</u> | <u>577,755.41</u> | <u>(278,311.08)</u> | <u>3,701,945.99</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and Improvements | 4,872,201.44 | 40,000.00 | - | 4,912,201.44 |
| Furniture & Equipment | 318,336.11 | 5,000.00 | (37,500.00) | 285,836.11 |
| Infrastructure | 9,565,033.79 | 3,485,177.77 | - | 13,050,211.56 |
| Land Improvements | 585,037.78 | - | - | 585,037.78 |
| Vehicles | 656,067.98 | 27,983.22 | (41,008.00) | 643,043.20 |
| Total capital assets, being depreciated | <u>15,996,677.10</u> | <u>3,558,160.99</u> | <u>(78,508.00)</u> | <u>19,476,330.09</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | 555,352.98 | 125,355.59 | - | 680,708.57 |
| Furniture & Equipment | 139,718.96 | 36,313.40 | (35,312.50) | 140,719.86 |
| Infrastructure | 136,753.18 | 374,309.82 | - | 511,063.00 |
| Land Improvements | 67,320.96 | 27,332.64 | - | 94,653.60 |
| Vehicles | 427,690.35 | 92,484.35 | (41,008.00) | 479,166.70 |
| Total accumulated depreciation | <u>1,326,836.43</u> | <u>655,795.80</u> | <u>(76,320.50)</u> | <u>1,906,311.73</u> |
| Total capital assets, being depreciated, net | <u>14,669,840.67</u> | <u>2,902,365.19</u> | <u>(2,187.50)</u> | <u>17,570,018.36</u> |
| Governmental-type activities capital assets, net | <u>\$ 18,072,342.33</u> | <u>\$ 3,480,120.60</u> | <u>\$ (280,498.58)</u> | <u>\$ 21,271,964.35</u> |

CITY OF GRAIN VALLEY

Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

NOTE 12 - CAPITAL ASSETS: (Cont'd)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 171,724.71 | \$ - | \$ - | \$ 171,724.71 |
| Construction in progress | 65,374.00 | - | - | 65,374.00 |
| Total capital assets, not being depreciated | <u>237,098.71</u> | <u>-</u> | <u>-</u> | <u>237,098.71</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and Improvements | 132,843.11 | - | - | 132,843.11 |
| Furniture & Equipment | 181,014.10 | 132,884.00 | (37,550.00) | 276,348.10 |
| Land Improvements | 38,777.59 | - | - | 38,777.59 |
| Vehicles | 141,762.57 | 57,351.00 | - | 199,113.57 |
| Distribution System | 15,430,622.23 | 1,473,967.85 | - | 16,904,590.08 |
| Total capital assets, being depreciated | <u>15,925,019.60</u> | <u>1,664,202.85</u> | <u>(37,550.00)</u> | <u>17,551,672.45</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | 38,948.93 | 3,999.29 | - | 42,948.22 |
| Furniture & Equipment | 158,834.38 | 11,494.20 | (37,550.00) | 132,778.58 |
| Land Improvements | 2,853.79 | 3,191.58 | - | 6,045.37 |
| Vehicles | 124,660.44 | 14,451.80 | - | 139,112.24 |
| Distribution System | 2,661,299.36 | 396,232.03 | - | 3,057,531.39 |
| Total accumulated depreciation | <u>2,986,596.90</u> | <u>429,368.90</u> | <u>(37,550.00)</u> | <u>3,378,415.80</u> |
| Total capital assets, being depreciated, net | <u>12,938,422.70</u> | <u>1,234,833.95</u> | <u>-</u> | <u>14,173,256.65</u> |
| Business-type activities capital assets, net | <u>\$ 13,175,521.41</u> | <u>\$ 1,234,833.95</u> | <u>\$ -</u> | <u>\$ 14,410,355.36</u> |
| Depreciation expense was charged to functions/programs of the primary government as follows: | | | | |
| Governmental activities: | | | | |
| General government | \$ 210,564.54 | | | |
| Public safety | 44,983.19 | | | |
| Highways and streets | 296,021.34 | | | |
| Culture and recreation | 104,226.73 | | | |
| Total depreciation expense - governmental activities | <u>\$ 655,795.80</u> | | | |
| Business-type activities: | | | | |
| Water | \$ 429,368.90 | | | |
| Total depreciation expense - business-type activities | <u>\$ 429,368.90</u> | | | |

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 13 – INTERFUND TRANSFER:

Interfund transfers for the year ended December 31, 2006, consisted of the following:

| | Transfers To Other Funds | Transfers From Other Funds | Net Transfers (To)/From Other Funds |
|---------------------------|-----------------------------|-------------------------------|---|
| General Fund | \$ 183,798.00 | \$ - | \$ (183,798.00) |
| Capital Improvements Fund | 128,874.00 | - | (128,874.00) |
| G.O Bond Fund | 63,500.00 | - | (63,500.00) |
| Park Fund | 65,374.00 | 377,722.00 | 312,348.00 |
| Water Fund | - | 65,374.00 | 65,374.00 |
| Transportation Fund | 40,000.00 | 63,500.00 | 23,500.00 |
| Public Health Fund | 25,050.00 | - | (25,050.00) |
| Total | <u>\$ 506,596.00</u> | <u>\$ 506,596.00</u> | <u>\$ -</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

NOTE 14 – LEASE COMMITMENTS:

The City has contracted with Toshiba for the use of copier equipment. The agreement requires minimum monthly payments of \$698.00 beginning July 1, 2005 and ending September 30, 2010.

The annual requirements for this lease are as follows:

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------|-------------|-------------|-------------|
| 8,376.00 | 8,376.00 | 8,376.00 | 6,282.00 |

CITY OF GRAIN VALLEY
Grain Valley, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 15 – RECEIVABLES:

Receivable at December 31, 2006 on the fund financial statements consist of the following:

| | General Fund | Capital Improvement Fund | Water/ Sewer Fund | Transportation Fund | |
|---|--------------------------------|--------------------------------|-------------------------|--------------------------|-------------------------|
| Accounts Receivable | \$ 150,850.68 | \$ 9,917.62 | \$ 607,852.26 | \$ 57,639.43 | |
| Grants Receivable | 10,674.53 | - | - | - | |
| Less Allowance for Doubtful Accounts | - | - | - | - | |
| Totals | <u>\$ 161,525.21</u> | <u>\$ 9,917.62</u> | <u>\$ 607,852.26</u> | <u>\$ 57,639.43</u> | |
| | | | | | |
| | General Fund | Transportation Fund | Park Fund | Public Health Fund | Debt Service Fund |
| Taxes Receivable | \$ 555,962.03 | \$ 35,263.37 | \$ 100,132.87 | \$ 40,638.34 | \$ 758,717.83 |
| Less Allowance for Doubtful Accounts | (32,399.75) | - | (6,766.65) | (2,746.21) | (51,271.68) |
| Totals | <u>\$ 523,562.28</u> | <u>\$ 35,263.37</u> | <u>\$ 93,366.22</u> | <u>\$ 37,892.13</u> | <u>\$ 707,446.15</u> |
| | | | | | |
| | Capital Improvement Fund | Special Allocation Fund | | | |
| Taxes Receivable | \$ 34,825.17 | \$ 162,657.50 | | | |
| Less Allowance for Doubtful Accounts | - | - | | | |
| Totals | <u>\$ 34,825.17</u> | <u>\$ 162,657.50</u> | | | |

NOTE 16 – PRIOR PERIOD ADJUSTMENT:

Prior period adjustments of \$25,473.38 in the Government Wide Statements and \$3,124.79 in the Water Fund were due to a change in the calculation of compensated absences. The accrual includes direct and incremental salary-related payments such as retirement and payroll taxes.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

Budgets and Budgetary Accounting

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – for all governmental funds present a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. These funds utilize the same basis of accounting for both budgetary purposes and actual results. The City Management is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures/expenses must be approved by the Board of Aldermen. Subsequent to year-end, the Board of Aldermen adopts an amended budget approving such additional expenditures/expenses. All annual appropriations lapse at fiscal year end.

Expenditures may not legally exceed budgeted appropriations at the fund level.

Retirement Plan

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability Entry Age</u> | <u>Unfunded Liability (UAAL)</u> | <u>Funded Ratio</u> | <u>Annual Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|--|-------------------------|---------------------------------------|--|
| 02/29/04 | 499,030 | 878,357 | 379,327 | 57% | 1,251,183 | 30% |
| 02/28/05 | 698,863 | 1,055,469 | 356,606 | 66% | 1,418,181 | 25% |
| 02/28/06 | 885,921 | 1,188,482 | 302,561 | 75% | 1,535,181 | 20% |

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, 2006 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 GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|----------------------|----------------------|------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes and franchise fees | \$ 2,065,125.00 | \$ 1,937,440.00 | \$ 1,994,282.15 | \$ 56,842.15 |
| Licenses, permits & fees | 352,125.00 | 267,385.00 | 217,841.45 | (49,543.55) |
| Intergovernmental | 157,886.00 | 168,060.00 | 153,438.15 | (14,621.85) |
| Fines and forfeits | 140,000.00 | 176,820.00 | 176,803.96 | (16.04) |
| Contributions | - | 9,740.00 | 9,733.20 | (6.80) |
| Miscellaneous revenues | 34,000.00 | 48,100.00 | 91,068.37 | 42,968.37 |
| Interest | 30,000.00 | 30,000.00 | 35,485.50 | 5,485.50 |
| Total Revenues | <u>2,779,136.00</u> | <u>2,637,545.00</u> | <u>2,678,652.78</u> | <u>41,107.78</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| General government | 1,525,487.00 | 1,434,608.00 | 1,216,375.14 | 218,232.86 |
| Public safety | 1,227,751.00 | 1,200,767.00 | 1,254,079.94 | (53,312.94) |
| Capital outlay | 13,700.00 | 21,200.00 | 18,939.08 | 2,260.92 |
| Total Expenditures | <u>2,766,938.00</u> | <u>2,656,575.00</u> | <u>2,489,394.16</u> | <u>167,180.84</u> |
| Excess of Revenues over (under) expenditures | 12,198.00 | (19,030.00) | 189,258.62 | 208,288.62 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 120,000.00 | 140,000.00 | - | (140,000.00) |
| Total Other Financing Sources (Uses) | <u>120,000.00</u> | <u>140,000.00</u> | <u>-</u> | <u>(140,000.00)</u> |
| Net Change in Fund Balance | <u>\$ 132,198.00</u> | <u>\$ 120,970.00</u> | 189,258.62 | <u>\$ 68,288.62</u> |
| Fund Balance - beginning | | | <u>1,204,773.56</u> | |
| Fund Balance - ending | | | <u>\$ 1,394,032.18</u> | |

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes and franchise fees | \$ 172,837.00 | \$ 176,302.00 | \$ 178,015.80 | \$ 1,713.80 |
| Licenses, permits & fees | 193,500.00 | 206,680.00 | 222,013.09 | 15,333.09 |
| Miscellaneous revenues | - | - | 285.00 | 285.00 |
| Interest | 2,000.00 | 10,640.00 | 11,689.25 | 1,049.25 |
| Total Revenues | <u>368,337.00</u> | <u>393,622.00</u> | <u>412,003.14</u> | <u>18,381.14</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Culture and recreation | 591,569.00 | 744,554.00 | 612,777.01 | 131,776.99 |
| Debt Service | | | | |
| Principal | - | 2,195,000.00 | 2,195,000.00 | - |
| Capital outlay | - | 39,480.00 | 38,596.36 | 883.64 |
| Total Expenditures | <u>591,569.00</u> | <u>2,979,034.00</u> | <u>2,846,373.37</u> | <u>132,660.63</u> |
| Excess of Revenues over (under) expenditures | (223,232.00) | (2,585,412.00) | (2,434,370.23) | 151,041.77 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 223,798.00 | 248,848.00 | 377,722.00 | 128,874.00 |
| Operating transfers (out) | - | - | (128,874.00) | (128,874.00) |
| Bond issuance costs | - | - | (166,305.26) | (166,305.26) |
| Bond Proceeds | - | 2,385,618.65 | 2,385,618.65 | - |
| Total Other Financing Sources (Uses) | <u>223,798.00</u> | <u>2,634,466.65</u> | <u>2,468,161.39</u> | <u>(166,305.26)</u> |
| Net Change in Fund Balance | <u>\$ 566.00</u> | <u>\$ 49,054.65</u> | 33,791.16 | <u>\$ (15,263.49)</u> |
| Fund Balance - beginning | | | <u>168,894.38</u> | |
| Fund Balance - ending | | | <u>\$ 202,685.54</u> | |

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-----------------------|-----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes and franchise fees | \$ 270,000.00 | \$ 252,850.00 | \$ 272,087.18 | \$ 19,237.18 |
| Interest | 8,000.00 | 110.00 | 106.06 | (3.94) |
| Total Revenues | <u>278,000.00</u> | <u>252,960.00</u> | <u>272,193.24</u> | <u>19,233.24</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Capital outlay | <u>207,298.00</u> | <u>94,430.00</u> | <u>88,995.49</u> | <u>5,434.51</u> |
| Total Expenditures | <u>207,298.00</u> | <u>94,430.00</u> | <u>88,995.49</u> | <u>5,434.51</u> |
| Excess of Revenues over (under) expenditures | 70,702.00 | 158,530.00 | 183,197.75 | 24,667.75 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers (out) | - | (183,798.00) | (183,798.00) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(183,798.00)</u> | <u>(183,798.00)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ 70,702.00</u> | <u>\$ (25,268.00)</u> | (600.25) | <u>\$ 24,667.75</u> |
| Fund Balance - beginning | | | <u>(34,427.65)</u> | |
| Fund Balance - ending | | | <u>\$ (35,027.90)</u> | |

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - PUBLIC HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------------|-----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes and franchise fees | \$ 55,000.00 | \$ 62,709.00 | \$ 63,106.78 | \$ 397.78 |
| Interest | 300.00 | 300.00 | 1,774.88 | 1,474.88 |
| Total Revenues | <u>55,300.00</u> | <u>63,009.00</u> | <u>64,881.66</u> | <u>1,872.66</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| General government | <u>39,735.00</u> | <u>47,602.00</u> | <u>20,813.49</u> | <u>26,788.51</u> |
| Total Expenditures | <u>39,735.00</u> | <u>47,602.00</u> | <u>20,813.49</u> | <u>26,788.51</u> |
| Excess of Revenues over (under) expenditures | 15,565.00 | 15,407.00 | 44,068.17 | 28,661.17 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers (out) | <u>-</u> | <u>-</u> | <u>(25,050.00)</u> | <u>(25,050.00)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(25,050.00)</u> | <u>(25,050.00)</u> |
| Net Change in Fund Balance | <u>\$ 15,565.00</u> | <u>\$ 15,407.00</u> | 19,018.17 | <u>3,611.17</u> |
| Fund Balance - beginning | | | <u>86,302.46</u> | |
| Fund Balance - ending | | | <u>\$ 105,320.63</u> | |

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes and franchise fees | \$ 1,050,000.00 | \$ 1,149,620.00 | \$ 1,156,609.12 | \$ 6,989.12 |
| Interest | 15,000.00 | 7,430.00 | 16,148.19 | 8,718.19 |
| Total Revenues | <u>1,065,000.00</u> | <u>1,157,050.00</u> | <u>1,172,757.31</u> | <u>15,707.31</u> |
| EXPENDITURES: | | | | |
| Debt Service | | | | |
| Interest and fiscal charges | 586,179.00 | 661,160.00 | 585,872.95 | 75,287.05 |
| Principal | 375,000.00 | 300,000.00 | 375,000.00 | (75,000.00) |
| Total Expenditures | <u>961,179.00</u> | <u>961,160.00</u> | <u>960,872.95</u> | <u>287.05</u> |
| Excess of Revenues over (under) expenditures | <u>\$ 103,821.00</u> | <u>\$ 195,890.00</u> | 211,884.36 | <u>15,994.36</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ 103,821.00</u> | <u>\$ 195,890.00</u> | 211,884.36 | <u>\$ 15,994.36</u> |
| Fund Balance - beginning | | | <u>840,253.04</u> | |
| Fund Balance - ending | | | <u>\$ 1,052,137.40</u> | |

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - TRANSPORTATION AND STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes and franchise fees | \$ 490,000.00 | \$ 472,590.00 | \$ 489,781.53 | \$ 17,191.53 |
| Licenses, permits & fees | - | - | 3,375.00 | 3,375.00 |
| Intergovernmental | - | 46,700.00 | 37,675.65 | (9,024.35) |
| Contributions | 30,000.00 | 18,510.00 | 18,510.75 | 0.75 |
| Miscellaneous revenues | 71,000.00 | 11,060.00 | 8,966.52 | (2,093.48) |
| Interest | 5,000.00 | 17,000.00 | 23,848.99 | 6,848.99 |
| Total Revenues | <u>596,000.00</u> | <u>565,860.00</u> | <u>582,158.44</u> | <u>16,298.44</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Streets and highways | 876,249.00 | 605,619.00 | 586,782.16 | 18,836.84 |
| Capital outlay | 40,000.00 | 15,090.00 | 10,699.16 | 4,390.84 |
| Total Expenditures | <u>916,249.00</u> | <u>620,709.00</u> | <u>597,481.32</u> | <u>23,227.68</u> |
| Excess of Revenues over (under) expenditures | <u>(320,249.00)</u> | <u>(54,849.00)</u> | <u>(15,322.88)</u> | <u>39,526.12</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | - | 63,500.00 | 63,500.00 | - |
| Operating transfers (out) | - | (40,000.00) | (40,000.00) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>23,500.00</u> | <u>23,500.00</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (320,249.00)</u> | <u>\$ (31,349.00)</u> | 8,177.12 | <u>\$ 39,526.12</u> |
| Fund Balance - beginning | | | <u>873,693.85</u> | |
| Fund Balance - ending | | | <u>\$ 881,870.97</u> | |

CITY OF GRAIN VALLEY
GRAIN VALLEY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - G.O. BOND FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|--------------------------|------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ 336,000.00 | \$ 351,000.00 | \$ 15,000.00 |
| Interest | 10,000.00 | 62,330.00 | 210,560.63 | 148,230.63 |
| Total Revenues | <u>10,000.00</u> | <u>398,330.00</u> | <u>561,560.63</u> | <u>163,230.63</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Capital outlay | 400,338.00 | 1,330,500.00 | 778,692.13 | 551,807.87 |
| Debt service | | | | |
| Interest and fiscal fees | - | - | 221,660.33 | (221,660.33) |
| Total Expenditures | <u>400,338.00</u> | <u>1,330,500.00</u> | <u>1,000,352.46</u> | <u>330,147.54</u> |
| Excess of Revenues over (under) expenditures | (390,338.00) | (932,170.00) | (438,791.83) | 493,378.17 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers (out) | - | (128,880.00) | (128,874.00) | 6.00 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(128,880.00)</u> | <u>(128,874.00)</u> | <u>6.00</u> |
| Net Change in Fund Balance | <u>\$ (390,338.00)</u> | <u>\$ (1,061,050.00)</u> | (567,665.83) | <u>\$ 493,384.17</u> |
| Fund Balance - beginning | | | <u>5,083,838.12</u> | |
| Fund Balance - ending | | | <u>\$ 4,516,172.29</u> | |