

**CITY OF GRAIN VALLEY, MISSOURI**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

**CITY OF GRAIN VALLEY, MISSOURI**

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**CITY OF GRAIN VALLEY, MISSOURI**

**Principal Officials**

**MAYOR/BOARD OF ALDERMAN**

Mike Todd ..... Mayor  
Scott Shafer .....Ward 1  
Dale Arnold .....Ward 1  
Nancy Totton.....Ward 2  
Yolanda West.....Ward 2  
Bob Headley .....Ward 3  
Mike Scully.....Ward 3

**ADMINISTRATION**

Alexa Barton ..... City Administrator  
Cathy Bowden..... Finance Director

Independent Certified Public Accountants ..... Troutt, Beeman & Co., P.C.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Grain Valley's Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2012. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements, and notes to the financial statements, to enhance their understanding of the activities and financial health of The City of Grain Valley.

### FINANCIAL HIGHLIGHTS

- Net assets of the City decreased \$7,902,386 or 26.9% during fiscal 2012 with a \$103,973 increase attributed to business-type activities offset by an \$8,006,359 decrease in governmental activities. The increase is the result of operating revenue in the water and sewer funds exceeding expenditures. The decrease in governmental activities resulted from expenditures of bond funds for the transportation projects being completed with MODOT.
- Unrestricted net assets decreased \$7,389,456 in 2012. \$6,777,655 of this amount is attributed to Governmental Activities and \$611,801 in business-type activities.
- \$3 million in Neighborhood Improvement District Notes were issued to fund the public improvements in project #2 within the TIF District and MODOT projects
- \$2.8 million in TIF Bonds were issued to reimburse eligible developer expenses per the 2010 TIF Funding agreement.
- During fiscal 2012, the City's governmental expenditures of \$16,753,383 were \$9,360,888 more than the \$7,392,495 generated in taxes and other revenues for governmental programs. This excess in expenditures relates to the utilization of existing bond proceeds to pay for the I-70 Interchange project, Park restrooms, and developer reimbursements.

This discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: government-wide financial statements, fund financial statements (including component unit statements), and notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, a *Supplemental Information* section that presents *combining statements* for non-major governmental funds (along with actual and budget comparison schedules), and a *Statistical Section* which includes supplemental disclosure information.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
  - *Governmental Fund* statements tell how *general government* services like public safety, public works, health and welfare, and parks, trails, and storm water were financed in the short-term as well as what remains for future spending.
  - *Proprietary Fund* statements offer short-term and long-term financial information about the activities the City government operates similar to a private business.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about our non-major governmental funds, each of which are added together and presented in single columns in each of the basic financial statements.

### **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when and how they have changed. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial health or current position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, consideration should be given to additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities:* Most of the City's basic services are included here, such as public safety, roads and bridges, parks and recreation, and general administration. Sales taxes, property taxes, charges for services, and State and Federal grants finance most of these activities.
- *Business-type activities:* The City charges fees to customers to help cover the costs of certain services it provides. The City's only Enterprise Fund is the Water/Sewer Fund.
- *Component units:* The City currently has no situations or relationships which would be classified as component units.

## Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*, not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of and segregate specific sources of funding and spending for particular purposes.

- Some funds are required by state law and/or by bond covenants.
- The Finance Director establishes other funds to control and manage resources for particular purposes (i.e. Debt Service and Capital Projects Funds) or to show that certain taxes and grants are used appropriately (i.e. Special Revenue Funds).
- *Governmental funds*: Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page of the governmental funds statement that explains the relationship (or differences) between the two types of statements.
- *Proprietary funds*: Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
  - The City's *Enterprise Funds* are classified as a business-type activity on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.

## Government-Wide Financial Analysis

**Net Position.** As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2012, the City's net position was \$21,401,260. Table A provides a summary of the City's governmental and business-type net position for fiscal 2012.

**Table A**  
**Combined Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
<b>Assets</b>						
Current and other assets						
Cash and other assets	\$ 13,006,933	\$ 9,755,696	\$ 7,359,876	\$ 6,869,207	\$ 20,366,809	\$ 16,624,903
Total capital assets	23,443,685	23,443,148	14,638,648	14,797,950	38,082,333	38,241,098
Total assets	\$ 36,450,618	\$ 33,198,844	\$ 21,998,524	\$ 21,667,157	\$ 58,449,142	\$ 54,866,001
<b>Liabilities</b>						
Current and other liabilities	\$ 2,134,710	\$ 2,313,906	\$ 1,500,525	\$ 1,673,768	\$ 3,635,235	\$ 3,987,674
Long-term debt outstanding	20,215,840	24,791,229	5,294,421	4,685,838	25,510,261	29,477,067
Total liabilities	\$ 22,350,550	\$ 27,105,135	\$ 6,794,946	\$ 6,359,606	\$ 29,145,496	\$ 33,464,741
<b>Net Position</b>						
Net investment in capital assets	\$ 7,478,773	\$ 6,564,982	\$ 11,456,213	\$ 12,021,515	\$ 18,934,986	\$ 18,586,497
Restricted:						
Capital projects & Other	1,141,731	1,082,676	215,898	366,370	1,357,629	1,449,046
Debt Service	2,345,480	2,089,622	-	-	2,345,480	2,089,622
Unrestricted	3,134,084	(3,643,571)	3,531,467	2,919,666	6,665,551	(723,905)
Total net position	\$ 14,100,068	\$ 6,093,709	\$ 15,203,578	\$ 15,307,551	\$ 29,303,646	\$ 21,401,260

Total net position for the City at December 31, 2012, was \$21,401,260 with \$15,307,551 attributed to business-type activities and \$6,093,709 attributable to governmental activities.

At the end of fiscal 2012, the City had \$38,241,098 invested in a variety of capital assets, including land, buildings, construction in progress, law enforcement equipment, heavy equipment for the maintenance of roads and bridges, as well as, the addition of infrastructure. This was an increase of \$158,765 over 2012.

The largest portion of the City's net position represents the net investment in capital assets, which is restricted for the purpose of providing services to the City of Grain Valley citizens; therefore, it is not available for future spending. Because it is not available for future spending, the resources needed to liquidate the related debt must be provided from other sources, primarily sales and property taxes.

Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The \$1,449,046 of restricted assets for capital projects represent unspent bond proceeds for road, and park projects while the \$2,089,622 restricted for debt service are funds collected and being held to pay off bonds and restricted for that use.

Funds were transferred from the 2011 Bond issue to MODOT for the I-70 Interchange Project the City is cost sharing. The debt is paid with revenue generated by the debt service property tax levy.

**Governmental Activities.** Table B (see next page) presents fiscal 2011 and 2012 revenues and expenditures for the primary government as they are reported in the Statement of Activities in the basic financial statements. The revenues and expenditures include the Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and Enterprise Funds (Water and Sewer Fund).

Sales taxes increased 3.8% with economic conditions continuing to slow retail activity universally. Both residential and commercial growth is slow in most communities reflective of general economic conditions which correspond directly with the small growth in sales tax revenue. Sales taxes make up 22.9% of revenue in the governmental funds.

Property taxes for general remained flat in 2012. The continued slow-down in new construction kept assessed value growth and the associated property tax revenue at this relatively flat level.

Economic Development increase is the result of activity within the TIF project area #2 Neighborhood Improvement expenses.

Public Works increased \$5,415,654 as work on major road construction projects with MODOT were funded with bond proceeds. Parks and Recreation decreased because the completion of the restroom at Armstrong Park was funded with bond proceeds.

**Business-type Activities:** Dry weather resulting in increased water usage helped to increase revenue and cash reserves in the enterprise fund which will be used for future capital projects.

Franchise Taxes	1,224,407	1,150,806	-	-	1,224,407	1,150,806
Sales Taxes	1,632,759	1,694,383	-	-	1,632,759	1,694,383
Unrestricted Investment Earnings	127,102	71,691	29,315	17,578	156,417	89,269
Miscellaneous	247,645	87,523	32,250	40,689	279,895	128,212
<b>Total Revenues</b>	<b>7,440,970</b>	<b>7,378,667</b>	<b>4,142,577</b>	<b>4,328,065</b>	<b>11,583,547</b>	<b>11,706,732</b>
<b>Expenses</b>						
<b>Governmental Activities:</b>						
General Government	811,046	1,066,748	-	-	811,046	1,066,748
Municipal Court	123,655	117,255	-	-	123,655	117,255
Public Safety	1,813,608	1,854,534	-	-	1,813,608	1,854,534
Planning & Engineering	421,924	405,686	-	-	421,924	405,686
Economic Development Projects	571,657	3,840,223	-	-	571,657	3,840,223
Public Works	933,540	6,349,194	-	-	933,540	6,349,194
Parks and Recreation	1,150,018	987,512	-	-	1,150,018	987,512
Public Health	287,905	44,170	-	-	287,905	44,170
Interest on Long-term Debt	699,352	719,704	-	-	699,352	719,704
Business-type Activities	-	-	3,821,535	4,224,092	3,821,535	4,224,092
<b>Total Expenses</b>	<b>6,812,705</b>	<b>15,385,026</b>	<b>3,821,535</b>	<b>4,224,092</b>	<b>10,634,240</b>	<b>19,609,118</b>
<b>Changes in net position before transfers</b>	<b>628,265</b>	<b>(8,006,359)</b>	<b>321,042</b>	<b>103,973</b>	<b>949,307</b>	<b>(7,902,386)</b>
<b>Transfers &amp; Loss on Disp of Assets</b>	<b>-</b>	<b>-</b>	<b>(530,000)</b>	<b>-</b>	<b>(530,000)</b>	<b>-</b>
<b>Changes in net position</b>	<b>628,265</b>	<b>(8,006,359)</b>	<b>(208,958)</b>	<b>103,973</b>	<b>419,307</b>	<b>(7,902,386)</b>
<b>Net Position at beginning of year</b>	<b>13,471,803</b>	<b>14,100,068</b>	<b>14,883,066</b>	<b>15,203,578</b>	<b>28,354,869</b>	<b>29,303,646</b>
<b>Net Position at end of year</b>	<b>\$ 14,100,068</b>	<b>\$ 6,093,709</b>	<b>\$ 14,674,108</b>	<b>\$ 15,307,551</b>	<b>\$ 28,774,176</b>	<b>\$ 21,401,260</b>

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds Overview.** The City of Grain Valley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financing requirements. For example, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section (Table B).

At the end of fiscal 2012, the City of Grain Valley reported a combined fund balance of \$8,427,021 in the Governmental Funds. Of the total combined fund balance, 17% consists of unassigned fund balance. This is the portion of fund balance which serves as a measure of current available financial resources. This share of the fund balance is further divided into General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Funds. Total fund balance decreased \$3,562,220 in fiscal 2012 largely due to bond proceeds transferred to MODOT for the cost-shared projects.

The restricted fund balance represents resources not available for spending or those on which legal restrictions have been placed.

The General Fund, Park Fund, Transportation Fund, 2011 GO Bond Fund, 2012 IDA TIF Bond Fund, Grain Valley Marketplace Neighborhood Improvement District (NID), and Debt Service Fund are the City's seven major governmental funds.

General Fund. The General Fund of the City of Grain Valley accounts for all transactions not required to be accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes, sales tax, and charges for services. The General Fund completed the year with a fund balance of \$2,594,188, decreasing by \$855,926 from 2011. The fund balance is 61% unassigned while the remaining 39% is non-spendable, restricted, or committed.

Park Fund. The Park Fund accounts for Parks and Recreation property tax, sales tax, and user fees collected for the purpose of providing parks services for the City. This includes land purchasing, parks constructing, equipping, maintaining, and operating the parks and recreation facilities. The Park Fund ending fund balance was \$664,039; an increase of \$105,222 from the prior year's ending balance.

Transportation Fund. The Transportation Fund accounts for the operations and maintenance of roads and bridges within the City. Financing is provided primarily by a ½ cent transportation sales tax and other intergovernmental revenues from the State. The Transportation Fund ended with a restricted fund balance of \$189,142. \$3,693 of the balance is non-spendable.

2011 G.O. Bond Fund. The 2011 GO Bond Fund accounts for the monies from the 2011 Bond proceeds. The bonds were issued for the I-70 Interchange and street improvements. At the end of 2012 the fund had a restricted balance of \$1,101,487.

2012 IDA TIF Fund. The IDA TIF Bond Fund was setup according to the bond ordinance to track the activity within the TIF District project area #2. It accounts for the bond proceeds and revenue from the project activity.

Grain Valley Marketplace Neighborhood Improvement District (NID). The NID Fund was established to record the bond proceeds and revenues from special assessments within the NID. It also tracks the eligible expenses for NID improvements.

Debt Service Fund. The Debt Service Fund accounts for revenue generated by property tax levy for payment of general obligation bonds. The fund has a restricted fund balance of \$2,325,555.

The following funds are non-major governmental funds:

Public Health Fund. The Public Health Fund is a special revenue fund supported by property tax levy to provide health related programs. The fund has a restricted fund balance of \$170,560.

G.O. Bond Fund. The GO Bond Fund accounts for the monies from the 2008 Bond proceeds. The bonds were issued for street improvements, park, and storm water improvements. At the end of 2011 the fund had a restricted balance of \$740,608.

### **General Fund Budgetary Highlights**

The City Council revised the budget of the General Fund three times in 2012. The amendments increased capital expenditures \$118,474 and transfers to other funds \$840,270. Additional appropriations reduced the fund balance.

Actual revenues exceeded final budgeted revenues by \$72,802. The major areas accounting for this surplus were:

- Property and Sales Taxes exceeded budget by \$65,823.
- Intergovernmental exceeded budget by \$25,503.
- Fees and fines exceeded budget by \$33,380.
- Miscellaneous and Other Revenues fell short of budget by 51,904.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City of Grain Valley's investment in capital assets for governmental and business-type activities is \$38,241,098, net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress. The total increase in capital assets was .4% over the prior year. Major capital asset projects funded this year are as follows:

- Parks – Restrooms in Armstrong Park (\$130,955)
- Public Works Capital Expenses–Building Improvements, Vehicles, Equipment (\$164,080)

Additional information on the City's capital assets can be found in Note 4 on pages 29 to 30 of this report.

**Debt Administration.** The City of Grain Valley had various forms of debt during fiscal 2012.

Table C below shows the City's outstanding debt by type for 2011 and 2012:

**Table C**  
**Outstanding Debt**

	Governmental		Business-type		Total	
	2011	2012	2011	2012	2011	2012
General Obligation Bonds	19,379,676	18,339,676	-	-	19,379,676	18,339,676
Certificates of Participation	1,830,000	1,700,000	-	-	1,830,000	1,700,000
TIF Bonds	-	2,830,000	-	-	-	2,830,000
NID Bonds	-	3,015,000	-	-	-	3,015,000
Sewerage Revenue Bonds	-	-	5,845,000	5,275,000	5,845,000	5,275,000
Capital Leases	50,036	19,923	-	-	50,036	19,923
<b>Total</b>	<b>\$ 21,259,712</b>	<b>\$ 25,904,599</b>	<b>\$ 5,845,000</b>	<b>\$ 5,275,000</b>	<b>\$ 27,104,712</b>	<b>\$ 31,179,599</b>

The City's debt for governmental activities increased in fiscal 2012 from \$21,259,712 to \$25,904,599 or 21.8%. The increase was the result of issuance of \$5,845,000 TIF and NID bonds to reimburse the developer, the city, and fund the I-70 Interchange project. All other principal and interest payments were made according to schedule.

Debt for business-type activities decreased by \$570,000 with no new debt issued and payments on all outstanding debt made according to existing amortization schedules.

Total debt increased a net of \$4,074,887.

Additional information on the City's long-term debt can be found in Note 6 on pages 33 to 39 of this report.

**ECONOMIC FACTORS, 2012 BUDGET AND TAX RATES**

- The City's fiscal 2012 General Fund budgeted revenues decreased 2.6% from the fiscal 2011 budget. The decrease is due to reduced delinquent property taxes, there were no insurance settlements for property losses, and investment revenue is down as a result of lower rates of return. Budgeted expenditures increased 5.7%. This is the result of increased legal fees, consultant costs, and capital items purchased. Revenue received in the governmental funds decreased 1% due to reduction in protested property tax, investment revenue, and insurance settlements.
- The City has a 1 cent general sales tax as well as ½ cent sales tax for Park, ½ cent for Transportation, and ½ cent for capital improvement. Sales tax revenue increased 3.8% as a result of new and expanded businesses and an increase in local shopping.
- The City's 2012 property tax levies have been adopted by the City Council and approved by the State Auditor's Office. The levies total \$1.7365 per \$100 of assessed value and remained the same as the 2011 levy.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties, and also to show our accountability for the monies entrusted to our care. If you have questions about this report or need additional financial information, contact Director of Finance, The City of Grain Valley, 711 Main Street, Grain Valley, Missouri 64029.

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

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

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iv through xv and 61 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grain Valley, Missouri's basic financial statements. The supplemental information is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

 Francis Juman & Co., P.C.

Harrisonville, Missouri  
April 10, 2013

## **BASIC FINANCIAL STATEMENTS**

Basic Financial Statements are provided so that the users of the financial report may obtain an overview of the City's financial position prior to a presentation of comparable data on a detailed basis for individual funds.

**CITY OF GRAIN VALLEY, MO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 7,239,926	\$ 3,014,486	\$ 10,254,412
Cash and investments-restricted	281,331	1,224,136	1,505,467
Taxes receivable, net	1,475,813	-	1,475,813
Accrued interest	1,875	5,534	7,409
Accounts receivable, net	24,066	685,886	709,952
Unamortized debt issuance costs	517,592	269,519	787,111
Deferred charges, net of amortization	-	1,428,546	1,428,546
Inventories	-	64,730	64,730
Prepaid expenses	215,093	176,370	391,463
Capital assets:			
Land and construction in progress	4,441,186	687,110	5,128,296
Buildings and improvements	5,360,892	147,438	5,508,330
Land improvements	1,914,157	49,178	1,963,335
Furniture and equipment	970,265	345,292	1,235,693
Vehicles	754,569	265,428	1,019,997
Infrastructure	16,560,875	19,739,824	36,300,699
Less: accumulated depreciation	<u>(6,558,796)</u>	<u>(6,436,320)</u>	<u>(12,995,116)</u>
Total capital assets	<u>23,443,148</u>	<u>14,797,950</u>	<u>38,241,098</u>
Total assets	<u>33,198,844</u>	<u>21,667,157</u>	<u>54,866,001</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	325,744	651,707	977,451
Salaries and benefits payable	33,865	8,515	42,380
Deferred revenues	216,000	-	216,000
Liabilities payable from restricted assets	-	318,610	318,610
Bond costs, net of amortization	55,251	-	55,251
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	1,285,826	620,000	1,905,826
Claims payable	85,000	-	85,000
Compensated absences	50,112	10,279	60,391
Accrued interest	262,108	64,657	326,765
Due in more than one year:			
Bonds, capital leases, and contracts	24,618,773	4,655,000	29,273,773
Compensated absences	149,250	30,838	180,088
Sales tax agreement	23,206	-	23,206
Total liabilities	<u>27,105,135</u>	<u>6,359,606</u>	<u>33,464,741</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,564,982	12,021,515	18,586,497
Restricted for:			
Capital projects	147,695	190,000	337,695
Parks	372,594	-	372,594
Road and street	176,534	-	176,534
Police and court	200	-	200
Debt service	2,089,622	-	2,089,622
Public health	170,560	-	170,560
Prepaid items	215,093	176,370	391,463
Unrestricted	<u>(3,643,571)</u>	<u>2,919,666</u>	<u>(723,905)</u>
Total net position	<u>\$ 6,093,709</u>	<u>\$ 15,307,551</u>	<u>\$ 21,401,260</u>

See accompanying notes.



**CITY OF GRAIN VALLEY, MO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Park</u>	<u>Street</u>	<u>2011 GO Bond</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 2,131,381	\$ 332,736	\$ 130,877	\$ 1,101,487
Cash and investments-restricted	46,849	234,170	312	-
Taxes receivable, net	569,311	116,608	114,523	-
Due from other funds	129,281	-	-	-
Accrued interest	451	-	-	-
Other receivables	7,163	-	4,020	-
Prepays	<u>52,702</u>	<u>8,224</u>	<u>3,693</u>	<u>-</u>
Total assets	<u>\$ 2,937,138</u>	<u>\$ 691,738</u>	<u>\$ 253,425</u>	<u>\$ 1,101,487</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 99,489	\$ 8,748	\$ 62,657	\$ -
Salaries and benefits payable	28,338	4,118	1,409	-
Due to other funds	-	-	-	-
Claims payable	85,000	-	-	-
Deferred revenue	84,374	13,880	-	-
Other liabilities	<u>45,749</u>	<u>953</u>	<u>217</u>	<u>-</u>
Total liabilities	<u>342,950</u>	<u>27,699</u>	<u>64,283</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepaid items	52,702	8,224	3,693	-
Interfund advances	129,281	-	-	-
Restricted:				
Capital projects	-	-	-	1,101,487
Parks and recreation	-	422,296	-	-
Economic development	-	-	-	-
Debt service	-	233,519	-	-
Road and street	-	-	175,449	-
Public health	-	-	-	-
Police and court	200	-	-	-
Committed for:				
Emergency reserve	481,137	-	-	-
Budget stabilization reserve	320,758	-	-	-
Assigned to,				
Economic development	30,000	-	10,000	-
Unassigned	<u>1,580,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,594,188</u>	<u>664,039</u>	<u>189,142</u>	<u>1,101,487</u>
Total liabilities and fund balances	<u>\$ 2,937,138</u>	<u>\$ 691,738</u>	<u>\$ 253,425</u>	<u>\$ 1,101,487</u>

See accompanying notes.

<u>2012 IDA TIF</u>	<u>Marketplace NID</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 499,785	\$ 137,824	\$ 1,831,875	\$ 1,073,961	\$ 7,239,926
-	-	-	-	281,331
-	-	602,039	73,332	1,475,813
-	-	-	-	129,281
-	16	1,408	-	1,875
-	-	-	12,883	24,066
-	-	-	-	64,619
<u>\$ 499,785</u>	<u>\$ 137,840</u>	<u>\$ 2,435,322</u>	<u>\$ 1,160,176</u>	<u>\$ 9,216,911</u>
\$ -	\$ -	\$ -	\$ 107,931	\$ 278,825
-	-	-	-	33,865
-	-	-	129,281	129,281
-	-	-	-	85,000
-	-	109,767	7,979	216,000
-	-	-	-	46,919
-	-	<u>109,767</u>	<u>245,191</u>	<u>789,890</u>
-	-	-	-	64,619
-	-	-	-	129,281
-	137,840	-	894,156	2,133,483
-	-	-	-	422,296
499,785	-	-	-	499,785
-	-	2,325,555	-	2,559,074
-	-	-	-	175,449
-	-	-	170,560	170,560
-	-	-	-	200
-	-	-	-	481,137
-	-	-	-	320,758
-	-	-	-	40,000
-	-	-	(149,731)	1,430,379
<u>499,785</u>	<u>137,840</u>	<u>2,325,555</u>	<u>914,985</u>	<u>8,427,021</u>
<u>\$ 499,785</u>	<u>\$ 137,840</u>	<u>\$ 2,435,322</u>	<u>\$ 1,160,176</u>	<u>\$ 9,216,911</u>

See accompanying notes.

**CITY OF GRAIN VALLEY, MO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

Fund balances - total governmental funds	\$	8,427,021
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		23,443,148
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. This amount represents the net of discounts and premiums on long-term obligations.		462,341
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(262,108)
Expenditures benefiting future periods are not reported in the governmental funds, yet are reflected as prepaid items in the statement of Net Position.		150,474
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide statements:		
Bonds and capital leases		(25,904,599)
Sales tax agreement		(23,206)
Compensated absences		<u>(199,362)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>6,093,709</u>

See accompanying notes.

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**CITY OF GRAIN VALLEY, MO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE --**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Park</u>	<u>Street</u>	<u>2011 GO Bond</u>
<b>REVENUES</b>				
Taxes	\$ 2,716,023	\$ 522,886	\$ 296,811	\$ -
Intergovernmental	202,503	58	460,833	-
Charges for services	-	237,533	-	-
Fees and fines	425,980	-	-	-
Investment earnings	37,450	3,126	-	-
Other	<u>21,746</u>	<u>1,098</u>	<u>7,629</u>	<u>-</u>
Total revenues	<u>3,403,702</u>	<u>764,701</u>	<u>765,273</u>	<u>-</u>
<b>EXPENDITURES</b>				
General government	829,125	-	-	-
Municipal court	117,255	-	-	-
Public safety	1,699,112	-	-	-
Planning and engineering	405,686	-	-	-
Street	-	-	445,503	-
Parks and recreation	-	733,937	-	-
Public health	-	-	-	-
Economic development	63,194	-	-	-
Capital outlay	257,187	48,818	197,210	3,998,946
Debt service:				
Principal	30,113	130,000	-	-
Interest and other charges	<u>2,686</u>	<u>86,724</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,404,358</u>	<u>999,479</u>	<u>642,713</u>	<u>3,998,946</u>
Excess (deficiency) of revenues over expenditures	<u>(656)</u>	<u>(234,778)</u>	<u>122,560</u>	<u>(3,998,946)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	-	-	-	-
Discount of bond issuance	-	-	-	-
Transfers in	-	340,000	-	-
Transfers out	<u>(855,270)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(855,270)</u>	<u>340,000</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	(855,926)	105,222	82,560	(3,998,946)
Fund balances (deficit) - beginning	<u>3,450,114</u>	<u>558,817</u>	<u>106,582</u>	<u>5,100,433</u>
Fund balances - ending	<u>\$ 2,594,188</u>	<u>\$ 664,039</u>	<u>\$ 189,142</u>	<u>\$ 1,101,487</u>

See accompanying notes.

<u>2012 IDA TIF</u>	<u>Marketplace NID</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,603,396	\$ 698,881	\$ 5,837,997
-	-	-	54,549	717,943
-	-	-	-	237,533
-	-	-	-	425,980
20	197	27,956	2,942	71,691
-	-	-	70,878	101,351
<u>20</u>	<u>197</u>	<u>1,631,352</u>	<u>827,250</u>	<u>7,392,495</u>
-	-	-	-	829,125
-	-	-	-	117,255
-	-	-	-	1,699,112
-	-	-	-	405,686
-	-	-	-	445,503
-	-	-	-	733,937
-	-	-	44,170	44,170
2,026,200	1,299,351	-	486,526	3,875,271
-	1,500,000	-	475,099	6,477,260
-	-	1,040,000	-	1,200,113
<u>182,703</u>	<u>68,294</u>	<u>575,844</u>	<u>9,700</u>	<u>925,951</u>
<u>2,208,903</u>	<u>2,867,645</u>	<u>1,615,844</u>	<u>1,015,495</u>	<u>16,753,383</u>
<u>(2,208,883)</u>	<u>(2,867,448)</u>	<u>15,508</u>	<u>(188,245)</u>	<u>(9,360,888)</u>
2,830,000	3,015,000	-	-	5,845,000
(46,332)	-	-	-	(46,332)
(75,000)	-	-	915,270	1,255,270
<u>2,708,668</u>	<u>3,015,000</u>	<u>-</u>	<u>(285,000)</u>	<u>(1,255,270)</u>
<u>2,708,668</u>	<u>3,015,000</u>	<u>-</u>	<u>630,270</u>	<u>5,798,668</u>
499,785	147,552	15,508	442,025	(3,562,220)
-	(9,712)	2,310,047	472,960	11,989,241
<u>\$ 499,785</u>	<u>\$ 137,840</u>	<u>\$ 2,325,555</u>	<u>\$ 914,985</u>	<u>\$ 8,427,021</u>

See accompanying notes.

**CITY OF GRAIN VALLEY, MO**  
**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, 2012**

Net change in fund balances - total governmental funds: \$ (3,562,220)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period:

Capital outlay	982,137
Loss on disposal of assets	(3,381)
Proceeds from sales of capital assets	(10,447)
Depreciation expense	<u>(968,846)</u>
	(537)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Position reports repayment as a reduction to long-term liabilities. This is the amount by which proceeds exceed repayments:

Payments on sales tax agreement	16,631
Issuance of debt	(5,845,000)
Repayment of principal	<u>1,200,113</u>
	(4,628,256)

Governmental funds report premiums and discounts as other financing sources. In contrast, those items are capitalized on the Statement of Net Position and amortized over the life of the bonds on the Statement of Activities. This is the net amount of premiums, discounts, and amortization:

Premiums/discounts	287,933
Amortization of premiums/discounts	<u>(19,959)</u>
	267,974

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Prepaid expense	(3,809)
Accrued interest not reflected on governmental funds	(35,354)
Compensated absences	<u>(44,157)</u>
	<u>(83,320)</u>

Change in net position of governmental activities \$ (8,006,359)

See accompanying notes.

**CITY OF GRAIN VALLEY, MO  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2012**

	<b>Water and Sewer</b>
<b>ASSETS:</b>	
Current assets:	
Pooled cash and investments	\$ 3,014,486
Cash and investments-restricted	1,224,136
Receivables, net:	
Billed	456,146
Unbilled	229,740
Interest	5,534
Inventories	64,730
Prepaid expenses	176,370
Total current assets	5,171,142
Non-current assets:	
Unamortized debt issue costs	269,519
Deferred charges, net of amortization	1,428,546
Capital assets, net	14,797,950
Total non-current assets	16,496,015
	21,667,157
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	651,707
Salaries and benefits payable	8,515
Accrued interest payable	64,657
Customer deposits	318,610
Compensated absences	10,279
Bonds, notes, and loans payable	620,000
Total current liabilities	1,673,768
Non-current liabilities:	
Compensated absences	30,838
Bonds, notes, and loans payable	4,655,000
Total non-current liabilities	4,685,838
	6,359,606
<b>NET POSITION:</b>	
Net investment in capital assets	12,021,515
Restricted for prepaid items	176,370
Restricted for capital outlay	190,000
Unrestricted	2,919,666
	\$ 15,307,551

See accompanying notes.

**CITY OF GRAIN VALLEY, MO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION --**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Water and Sewer</b>
<b>REVENUES,</b>	
Charges for services	\$ 4,269,798
<b>OPERATING EXPENSES:</b>	
Personnel services	676,300
Contractual services	55,561
Materials and supplies	117,093
Maintenance and repairs	132,144
Insurance	17,187
Utilities	68,453
Water purchases	1,421,004
Sewer services	698,557
Depreciation and amortization	758,450
	3,944,749
Operating income	325,049
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest income	17,578
Miscellaneous income	40,689
Interest expense	(279,343)
	(221,076)
Increase in net position	103,973
Total net position - beginning	15,203,578
Total net position - ending	\$ 15,307,551

See accompanying notes.

**CITY OF GRAIN VALLEY, MISSOURI  
STATEMENT OF CASH FLOWS -- PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Water and Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Received from customers	\$ 4,219,669
Payments to employees and fringe benefits	(662,958)
Payments for operations	<u>(2,504,173)</u>
Net cash provided by operating activities	<u>1,052,538</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from sale of capital assets	1,281
Acquisition and construction of capital assets	(755,034)
Principal paid on capital debt and leases	(570,000)
Interest paid on capital debt and leases	<u>(285,754)</u>
Net cash used by capital and related financing activities	<u>(1,609,507)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES,</b>	
Investment income	<u>18,060</u>
Net decrease in cash and cash equivalents	(538,909)
Cash and cash equivalents, Beginning of the year	<u>4,777,531</u>
Cash and cash equivalents, End of the year	<u>\$ 4,238,622</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 325,049</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation and amortization expense	758,450
Nonoperating income	40,689
Changes in assets and liabilities:	
Receivables, net	(56,339)
Inventories	(176)
Prepaid items	(156,206)
Accounts payable and accrued liabilities	119,638
Customer deposits	6,210
Compensated absences	<u>15,223</u>
Total adjustments	<u>727,489</u>
Net cash provided by operating activities	<u>\$ 1,052,538</u>

See accompanying notes.

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## **NOTES TO FINANCIAL STATEMENTS**

The Notes to the Financial Statements include a summary of the accounting policies followed and information used by the City that are judged to be most appropriate for full disclosure in the preparation of the financial statements.

# CITY OF GRAIN VALLEY, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Reporting Entity: The City of Grain Valley, Missouri, was incorporated in 1945 and is located in Jackson County, Missouri. Grain Valley is a fourth class city and operates under the board of aldermen-administrator form of government and provides services to its residents in many areas, including law enforcement, water and sewer services, community enrichment, and various social services. The City Administrator is the chief administrative officer of the City. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. With regard to FASB pronouncements issued after November 30, 1989, for its proprietary fund activities, the City has elected not to adopt any of those pronouncements. The City has also refrained from implementing FASB pronouncements issued after November 30, 1989.

Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City and its component units. *Governmental activities*, which are normally supported by taxes and governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## CITY OF GRAIN VALLEY, MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

##### Government-Wide and Fund Financial Statements (Continued):

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

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds include other Special Revenue and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**CITY OF GRAIN VALLEY, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports the following major governmental funds:

The General Fund is the primary operating fund. Expenditures from this fund provide basic City services, such as police protection, planning, inspection, engineering, animal control, civil defense, municipal court, and overall basic services such as finance and data processing, personnel, and general administration of the City.

Revenue sources include taxes, which include property taxes, sales taxes, franchise taxes, and cigarette taxes. Other revenues include other fees and licenses, and revenue gathered from the municipal court and investment earnings.

The Park Fund accounts for taxes collected and expended for operations and improvements to the City's parks, community center, and pool.

The Transportation and Street Fund accounts for sales tax collected and other resources to be used for road and bridge projects within the City and operation and maintenance of the City's streets, curbs, etc.

The 2011 G.O. Bond Fund accounts for bond proceeds and other financial resources segregated for the construction of street infrastructure.

The 2012 IDA TIF Fund accounts for bond proceeds and other financial resources segregated for the construction of capital improvements in economic development.

The Grain Valley Marketplace NID Fund accounts for the amounts due from the developer and future special assessment tax revenues to service any bonds issued to finance eligible improvements made in the NID district.

The Debt Service Fund accounts for property taxes collected and expended for the servicing of general long-term debt not being financed by proprietary funds.

The City reports the following non-major governmental funds:

The Public Health Fund accounts for property taxes levied for health related programs.

## CITY OF GRAIN VALLEY, MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

##### Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

The Old Towne TIF Fund accounts for incremental property and sales taxes to be used to finance improvements in the special district.

The Capital Improvements Fund accounts for sales tax collected to be used for acquiring capital equipment and improving City facilities and infrastructure.

The G.O. Bond Fund accounts for bond proceeds and other financial resources segregated for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The Grain Valley Marketplace TIF Fund accounts for the activity in the special district approved in 2010, including any amounts due from the developer, future incremental tax revenues, and the issuance of any TIF bonds to finance eligible improvements made in the District.

The Grain Valley Marketplace TIF Reserve Fund accumulates resources and uncaptured TIF sales tax in the event there is a revenue shortfall. A three year reserve will be accumulated in this fund.

The Grain Valley Marketplace CID Fund accounts for the amounts due from the developer and future incremental sales tax revenues to service any bonds issued to finance eligible improvements made in the CID district.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The City reports the following proprietary fund:

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

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Net Position - Government-Wide Statements: Net Position is displayed in three components:

- (1) Net investment in capital assets component of net position: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted component of net position: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted component of net position: Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

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

Fund Equity: In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

# CITY OF GRAIN VALLEY, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

#### Fund Equity (Continued):

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Alderman—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Alderman removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Alderman and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Budgets: The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Alderman. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. Missouri law requires budgets to be adopted for all governmental funds. The City prepares its budgets on the modified accrual basis of accounting for its governmental funds and the accrual basis for its proprietary funds. The Board of Alderman has amended the budget at various times during the year and has performed the following procedures in establishing the City's budget:

- (1) Prior to November 30, the City Administrator submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to January 1, the budget is legally enacted through the passage of an ordinance.

## CITY OF GRAIN VALLEY, MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

##### Budgets (Continued):

(4) The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Alderman. This constitutes the City's legal level of budgetary control.

(5) Appropriations lapse at year-end, but may be reappropriated in the following fiscal year.

Pooled Cash, Investments, and Restricted Assets: State statutes authorize the City to invest in banking institutions and obligations of municipalities, repurchase agreements, U.S. government agency obligations, and obligations of the U.S. Treasury. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At December 31, 2012, the City's cash was deposited in demand accounts, certificates of deposit, and money markets. Investments with maturities of less than one year are stated at cost, which approximates fair value. All investments are stated at cost, which approximates fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

Certain proceeds of federal grants are classified as restricted assets on the balance sheet because their use is limited by applicable grant agreements. Assets are also restricted for court bonds, debt service reserve requirements, and refunding customer meter deposits.

Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable: Accounts receivable for water and sewer services are accounted for in the Water and Sewer Funds and include billed amounts as well as an accrual for the earned but unbilled services from the previous billing date through December 31, 2012. Accounts receivable in the General Fund represents charges for property, sales, and franchise taxes. All accounts receivable are stated net of allowances. The amount of the allowance in the governmental funds was \$114,106.

Interfund Receivables and Payables: Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables.

Interfund Transactions: During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. Legally authorized transfers are treated as transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Inventory: Inventory, which consists principally of maintenance supplies, gasoline, and oil, is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Unamortized Debt Issuance Costs: Costs incurred in issuing and refunding bonds have been capitalized and recorded as unamortized debt issuance costs. These costs are amortized, using the straight-line method, over the period that the related bonds are outstanding.

Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Major Assets

Buildings	40 years
Plant, structure, and lines	50-60 years
Infrastructure	50 years
Equipment and vehicles	3-10 years

GASB Statement 34 requires the reporting and depreciation of the new infrastructure expenditures effective with the beginning of the implementation year.

Compensated Absences: Accumulated vacation and sick leave, that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-Term Obligations: Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance for subsequent year expenditures. When expenditures are incurred in subsequent years relating to amounts previously encumbered, such amounts are, if material, reappropriated in the year expended.

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

Total Columns on Combined Statements: Total columns on the combined statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

2. DEPOSITS AND INVESTMENTS:

At December 31, 2012, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$600, \$11,025,974, and \$733,305, respectively. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

At December 31, 2012, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Money Market	<u>\$ 733,305</u>	<u>\$ 733,305</u>	NA

Interest Rate Risk

Interest rate risk is the risk that changes interest rates that will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**2. DEPOSITS AND INVESTMENTS (Continued):**

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize demand deposits with securities held by the financial institution's agent and in the City's name.

At December 31, 2012, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	>5
Investment type: MoneyMarket	\$ 733,305	\$ 733,305	\$ -	\$ -

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. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

The City's general credit risk policy is to apply to prudent person rule: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probability safety of their capital, as well as the probable income to be derived.

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**2. DEPOSITS AND INVESTMENTS (Continued):**

At December 31, 2012, the carrying value of deposits and investments are summarized as follows:

Investments, Money markets	<u>\$ 733,305</u>
Certificates of deposit	4,581,688
Cash on hand	600
Deposits	<u>6,444,286</u>
	<u>11,026,574</u>
Total	<u>\$ 11,759,879</u>

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

Pooled cash and investments	\$ 10,254,412
Restricted cash	<u>1,505,467</u>
Total	<u>\$ 11,759,879</u>

**3. ACCOUNTS RECEIVABLE:**

As a result of providing water and sanitation services to its citizens, the City has extended credit to them. Accounts receivable are presented net of allowance for doubtful accounts of \$102,689 for the Water & Sewer fund.

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS:**

Capital asset activity for the year ended December 31, 2012, consisted of the following:

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,920,511	\$ -	\$ -	\$ 2,920,511
Construction in progress	<u>1,105,116</u>	<u>423,009</u>	<u>7,450</u>	<u>1,520,675</u>
Total capital assets not being depreciated	<u>4,025,627</u>	<u>423,009</u>	<u>7,450</u>	<u>4,441,186</u>
Capital assets being depreciated:				
Buildings and improvements	5,192,403	168,489	-	5,360,892
Furniture and equipment	876,460	173,161	79,356	970,265
Infrastructure	16,430,875	130,000	-	16,560,875
Land improvements	1,905,273	8,884	-	1,914,157
Vehicles	<u>723,185</u>	<u>86,044</u>	<u>54,660</u>	<u>754,569</u>
Total capital assets being depreciated	<u>25,128,196</u>	<u>566,578</u>	<u>134,016</u>	<u>25,560,758</u>
Less accumulated depreciation:				
Buildings and improvements	1,352,811	137,045	-	1,489,856
Furniture and equipment	428,842	552,064	-	980,906
Infrastructure	2,959,244	108,962	69,810	2,998,396
Land improvements	443,093	97,178	-	540,271
Vehicles	<u>526,148</u>	<u>73,597</u>	<u>50,378</u>	<u>549,367</u>
Total accumulated depreciation	<u>5,710,138</u>	<u>968,846</u>	<u>120,188</u>	<u>6,558,796</u>
Total capital assets being depreciated, net	<u>19,418,058</u>	<u>(402,268)</u>	<u>13,828</u>	<u>19,001,962</u>
Governmental activities capital assets, net	<u>\$23,443,685</u>	<u>\$ 20,741</u>	<u>\$ 21,278</u>	<u>\$23,443,148</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS (Continued):**

Capital asset activity for the year ended December 31, 2012, consisted of the following (Continued):

	<u>Balance</u> <u>1/1/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2012</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 171,725	\$ -	\$ -	\$ 171,725
Construction in progress	77,661	437,724	-	515,385
Total capital assets not being depreciated	<u>249,386</u>	<u>437,724</u>	<u>-</u>	<u>687,110</u>
Capital assets being depreciated:				
Buildings and improvements	147,438	-	-	147,438
Furniture and equipment	332,705	16,087	3,500	345,292
Land improvements	38,778	10,400	-	49,178
Vehicles	211,342	68,078	13,992	265,428
Infrastructure	19,517,079	222,745	-	19,739,824
Total capital assets being depreciated	<u>20,247,342</u>	<u>317,310</u>	<u>17,492</u>	<u>20,547,160</u>
Less accumulated depreciation:				
Buildings and improvements	59,890	3,721	-	63,611
Furniture and equipment	153,653	27,423	2,213	178,863
Land improvements	22,003	3,308	-	25,311
Vehicles	154,415	24,405	13,992	164,828
Infrastructure	5,468,117	535,590	-	6,003,707
Total accumulated depreciation	<u>5,858,078</u>	<u>594,447</u>	<u>16,205</u>	<u>6,436,320</u>
Total capital assets being depreciated, net	<u>14,389,264</u>	<u>(277,137)</u>	<u>1,287</u>	<u>14,110,840</u>
Business-type activities capital assets, net	<u>\$14,638,650</u>	<u>\$ 160,587</u>	<u>\$ 1,287</u>	<u>\$14,797,950</u>

Depreciation expense was charged to the function/programs of the primary government as follows:

<b>Government activities:</b>	
General government	\$ 193,811
Public safety	94,766
Streets and highways	446,480
Parks and recreation	<u>233,789</u>
Total depreciation expense, governmental	<u>\$ 968,846</u>
Business-type activities,	
Water and sewer	<u>\$ 594,447</u>

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

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

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

Funding Status: The City of Grain Valley's full-time employees do not contribute to the pension plan. The political subdivision is required by state statute to contribute to an actuarially determined rate; the current rate is 8.9% (general) and 11.8% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO):

Annual required contribution	\$ 235,615
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	235,615
Actual contributions	235,615
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	\$ -

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

5. PENSION PLAN (Continued):

Funding Status (Continued):

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 18 years for the General division and 18 years for the Police division. The amortization period as of February 28, 2011, was 17 years for the General division and 17 years for the Police division.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 232,987	100%	\$ -
6/30/11	\$ 213,380	100%	\$ -
6/30/12	\$ 235,615	100%	\$ -

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT:**

Changes in long-term debt of the City for the year ended December 31, 2012, consisted of the following:

Governmental Activities					
	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012	Amounts Due Within One Year
General obligation bonds	\$ 19,379,676	\$ -	\$ 1,040,000	\$ 18,339,676	\$ 1,130,000
Certificates of participation	1,830,000	-	130,000	1,700,000	140,000
NID Notes	-	3,015,000	-	3,015,000	-
TIF Bonds	-	2,830,000	-	2,830,000	-
Capital leases	50,036	-	30,113	19,923	15,826
	<u>21,259,712</u>	<u>5,845,000</u>	<u>1,200,113</u>	<u>25,904,599</u>	<u>1,285,826</u>
Other liabilities, Compensated absences *	155,205	82,958	38,801	199,362	50,112
	<u>\$ 21,414,917</u>	<u>\$ 5,927,958</u>	<u>\$ 1,238,914</u>	<u>\$ 26,103,961</u>	<u>\$ 1,335,938</u>
Business-Type Activities					
	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012	Amounts Due Within One Year
Revenue bonds	\$ 5,845,000	\$ -	\$ 570,000	\$ 5,275,000	\$ 620,000
Other liabilities, Compensated absences	25,894	21,696	6,473	41,117	10,279
	<u>\$ 5,870,894</u>	<u>\$ 21,696</u>	<u>\$ 576,473</u>	<u>\$ 5,316,117</u>	<u>\$ 630,279</u>

\* Primarily liquidated by the General Fund

**CITY OF GRAIN VALLEY, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

6. LONG-TERM DEBT (Continued):

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences has been calculated using the vesting method, which leaves amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Total City debt at December 31, 2012, consisted of the following:  
 Governmental funds:

\$3,500,000, Series 2002, general obligation bonds, issued for construction of parks, water, sewer, and streets improvements, due in annual installments of \$170,000 to \$500,000, through March 1, 2017, interest at 2% to 5.25%	\$ 325,000
\$9,620,000, Series 2005, general obligation bonds, issued for the refunding of the 1998A bonds and the 2002 bonds, due in annual installments of \$125,000 to \$1,345,000, through March 1, 2019, interest at 3.5% to 4.5%	7,795,000
\$6,940,000, Series 2008A, general obligation bonds, issued for park and public infrastructure, due in annual installments of \$1,225,000 to \$415,000, through March 1, 2028, interest at 4% to 4.35%	4,985,000
\$5,234,676, Series 2011, general obligation bonds, issued for construction of street infrastructure, due in annual installments of \$592,468 to \$305,118, through March 1, 2031, interest at 3.2% to 4.9%	<u>5,234,676</u>
	<u>18,339,676</u>
\$2,335,000, Series 2006, certificate of participation, issued for construction and improvement to the Community Center, due in annual installments of \$100,000 to \$430,000, through September 1, 2020, interest at 4.25% to 5%	<u>1,700,000</u>
\$3,015,000, Series 2012, neighborhood improvement district note, due in one annual installments of \$3,015,000 on June 1, 2015, interest at 1.25%	<u>3,015,000</u>
\$2,830,000, Series 2012, tax increment revenue bonds, due in annual installments of \$115,000 to \$465,000, through September 1, 2033, interest at 2% to 4.375%	<u>2,830,000</u>
Total governmental funds	<u><u>\$ 25,884,676</u></u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

6. LONG-TERM DEBT (Continued):

Proprietary fund:

\$2,505,000, Series 2004A, Waterworks and Sewerage System Revenue Bonds due in annual installments of \$75,000 to \$335,000, through October 1, 2016, interest at 2.1% to 4.8%	\$ 1,235,000
\$5,705,000, Series 2001, Waterworks and Sewerage System Revenue Bonds due in annual installments of \$25,000 to \$450,000, through October 1, 2020, interest at 4.375% to 5.125%	<u>4,040,000</u>
Total proprietary fund	<u>\$ 5,275,000</u>

At December 31, 2012, total principal and interest remaining on the Revenue Bonds was \$2.83 million and the outstanding developer obligations was \$19.2 million. The bonds are scheduled to mature at varying amounts through 2033 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

Aggregate annual principal and interest payments applicable to long-term debt are:

Years ending December 31,	Principal	Interest	General Obligation Bonds
2013	\$ 1,130,000	\$ 520,645	\$ 1,650,645
2014	1,250,000	486,685	1,736,685
2015	1,365,000	434,123	1,799,123
2016	1,485,000	371,260	1,856,260
2017	1,580,000	303,929	1,883,929
2018-2022	5,730,758	1,373,671	7,104,429
2023-2027	4,051,854	1,935,584	5,987,438
2028-2031	<u>1,747,064</u>	<u>1,771,956</u>	<u>3,519,020</u>
	<u>\$ 18,339,676</u>	<u>\$ 7,197,853</u>	<u>\$ 25,537,529</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

6. LONG-TERM DEBT (Continued):

Years ending December 31,	Principal	Interest	Certificates of Participation
2013	\$ 140,000	\$ 78,525	\$ 218,525
2014	150,000	72,575	222,575
2015	165,000	65,825	230,825
2016	185,000	58,648	243,648
2017	195,000	50,600	245,600
2018-2020	865,000	96,520	961,520
	\$ 1,700,000	\$ 422,693	\$ 2,122,693

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued):**

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>NID Note</u>
2013	\$ -	\$ 37,792	\$ 37,792
2014	-	37,688	37,688
2015	<u>3,015,000</u>	<u>37,687</u>	<u>3,052,687</u>
	<u>\$ 3,015,000</u>	<u>\$ 113,167</u>	<u>\$ 3,128,167</u>
<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>TIF Bonds</u>
2013	\$ -	\$ 93,544	\$ 93,544
2014	115,000	109,694	224,694
2015	80,000	107,394	187,394
2016	80,000	105,794	185,794
2017	85,000	104,194	189,194
2018-2022	490,000	479,388	969,388
2023-2027	655,000	376,063	1,031,063
2028-2032	860,000	218,969	1,078,969
2033	<u>465,000</u>	<u>20,342</u>	<u>485,342</u>
	<u>\$ 2,830,000</u>	<u>\$ 1,615,382</u>	<u>\$ 4,445,382</u>
<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Sales Tax Revenue Bonds</u>
2013	\$ 620,000	\$ 258,627	\$ 878,627
2014	695,000	229,907	924,907
2015	740,000	197,072	937,072
2016	780,000	161,236	941,236
2017	850,000	122,906	972,906
2018-2020	<u>1,590,000</u>	<u>140,624</u>	<u>1,730,624</u>
	<u>\$ 5,275,000</u>	<u>\$ 1,110,372</u>	<u>\$ 6,385,372</u>

**CITY OF GRAIN VALLEY, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued):**

**Tax Incentive Revenue Bonds and development agreements**

The City's Tax Incentive Revenue Bonds are recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged. The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay the \$2.83 million in Series 2012 Revenue Bonds issued to finance redevelopment projects within the Grain Valley Marketplace Tax Increment Financing (TIF) project. The bonds are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plan as well as revenues pledged by other taxing districts through cooperative agreements. TIF revenues and other pledged revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds. Should these revenues not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, is obligated to make such debt service payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

Additionally, the City has entered into certain developer agreements (one as of December 31, 2012) whereby developer financed project costs that have been certified by the City as eligible are reimbursed from tax increment financing revenues attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City.

**Bond Reserve Accounts:**

Under the Series 2001 Combined Waterworks/Sewerage System Revenue Bonds, the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$1,000 monthly into a depreciation and replacement account until a balance of \$100,000 is reached. In addition, the City will make a deposit in the reserve account of \$570,500.

At December 31, 2012, the City was in compliance with these requirements.

**CITY OF GRAIN VALLEY, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

6. LONG-TERM DEBT (Continued):

Under the Series 2004 Combined Waterworks/Sewerage System Revenue Bonds, the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$1,000 monthly into a depreciation and replacement account until a balance of \$100,000 is reached. In addition, the City will make a deposit in the reserve account of \$230,000.

At December 31, 2012, the City was in compliance with these requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the water and sewer fund for the year ended December 31, 2012.

Conduit Debt:

The City is authorized to issue industrial revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. Bonds are secured by the property financed and are payable solely from payments received on the underlying lease agreement. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, no building asset or bond liability has been reflected in the financial statements. At December 31, 2012, the City has one outstanding industrial revenue bond issue with a total principal amount of \$2,585,000.

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

At December 31, 2012, the City's general obligation debt limit was \$32,122,836 and the legal debt margin was \$16,108,715.

The City has entered into an agreement to reimburse \$75,000 to a local business for the infrastructure improvements it made, and is payable from sales taxes collected by the City from this business. In 2012, \$16,631 was reimbursed by the City.

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**7. CAPITAL LEASES:**

The City has entered into lease agreements for financing capital equipment. The lease agreements qualify as capital leases for accounting purposes, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>		
2011 Crown Victorias	\$	45,773
2010 Crown Victorias		<u>45,541</u>
 Total assets acquired	\$	<u><u>91,314</u></u>

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2012, are as follows:

<u>Years Ending December 31</u>		<u>General Fund</u>
2013	\$	16,546
2014		<u>4,136</u>
		20,682
Less: amount representing interest		<u>759</u>
Present value of future minimum lease payments	\$	<u><u>19,923</u></u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**8. RESTRICTED CASH:**

Restricted cash and investments at December 31, 2012, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Water &amp; Sewer Fund</u>	<u>Total</u>
Police	\$ 100	\$ -	\$ -	\$ 100
Municipal court	41,150	-	-	41,150
Customer deposits	-	-	318,610	318,610
Health plan and flex benefits	5,599	963	2,065	8,627
Reserve for debt service	<u>-</u>	<u>233,519</u>	<u>903,461</u>	<u>1,136,980</u>
	<u>\$ 46,849</u>	<u>\$ 234,482</u>	<u>\$ 1,224,136</u>	<u>\$ 1,505,467</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**9. LEGAL MATTERS:**

There are a number of claims or lawsuits to which the City is, or may be, a party as a result of certain law enforcement activities, injuries and various other matters and complaints arising in the ordinary course of activities. The City also participates in federal and state assigned grant programs which are subject to financial and compliance requirements with each applicable grant, and any disallowed costs resulting from such audits become the liability of the City.

**10. TAX REVENUES:**

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2012, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
Property	\$ 891,258	\$ 498,154	\$ 1,563,371
Railroad	8,215	2,664	21,061
Franchise	1,076,565	-	-
Cigarette	-	19,825	-
City sales	705,136	396,878	-
Park sales	-	295,558	-
Transportation sales	-	296,811	-
Other	<u>34,849</u>	<u>8,688</u>	<u>18,964</u>
	<u>\$ 2,716,023</u>	<u>\$ 1,518,578</u>	<u>\$ 1,603,396</u>

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2012, was as follows:

Real estate	\$ 131,871,598
Personal property	28,742,581
TIF	<u>2,412,282</u>
	<u>\$ 163,026,461</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

10. TAX REVENUES (Continued):

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2012 was as follows:

General Fund	\$	0.5685
Parks and Recreation Fund		0.1255
Health Fund		0.0500
Debt Service Funds		<u>0.9925</u>
	\$	<u>1.7365</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

11. INTERFUND TRANSACTIONS:

Interfund receivable and payable balances at December 31, 2012, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 129,281	\$ -
Special Revenue Funds:		
Marketplace TIF	-	117,281
Marketplace CID	-	<u>12,000</u>
	<u>\$ 129,281</u>	<u>\$ 129,281</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

11. INTERFUND TRANSACTIONS (Continued):

Transfers during the year ended December 31, 2012, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 855,270
Special Revenue Funds:		
Park	340,000	-
Transportation and Street	-	40,000
Public Health	-	45,000
Capital Improvement	-	240,000
General Obligation Bond	765,270	-
Marketplace TIF	75,000	-
2012 IDA TIF	-	75,000
Marketplace TIF Reserve	<u>75,000</u>	<u>-</u>
	<u>\$ 1,255,270</u>	<u>\$ 1,255,270</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for 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 a fund to provide operating advances to other funds in accordance with budgetary authorizations.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

12. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended December 31, 2012, consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
State:		
Department of Natural Resources, Recycling	\$ -	\$ 58
Department of Public Safety, Police Grant	202,503	-
Department of Revenue:		
Motor Vehicle Fuel Tax	-	325,915
Motor Vehicle Fees	-	134,918
County	-	54,549
	<u>\$ 202,503</u>	<u>\$ 515,440</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**13. 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; workers' compensation, and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

**14. DEFERRED COMPENSATION PLAN:**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$17,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Investments are managed by the plan's trustee, and the choice of the investment option(s) is made by the participants.

The City does not make a contribution for either full-time or part-time employees participating in the plan

**15. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

For the year ended December 31, 2012, in violation of Missouri state statutes and the City's budgetary process, the City had actual expenditures in excess of budget in the following funds:

General Fund	<u>\$ 12,348</u>
Special Revenue Funds:	
Old Towne TIF	24,379
Capital Improvements	62
Marketplace NID	1,127,444
Marketplace CID	<u>231</u>
Total Special Revenue	<u>1,152,116</u>
 Total Excess of Budget	 <u>\$ 1,164,464</u>

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

15. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

For the year ended December 31, 2012, in violation of Missouri state statutes and the City's budgetary process, the City had budgeted a deficit without adequate fund balance in the following funds:

Special Revenue Funds:

2011 G.O. Bond	\$	3,067
Marketplace TIF		91,021
Marketplace CID		<u>12,050</u>
	\$	<u>106,138</u>

For the year ended December 31, 2012, in violation of Missouri state statutes and the City's budgetary process, the City had a fund balance deficit in the following funds:

Special Revenue Funds:

Marketplace TIF		137,450
Marketplace CID		<u>12,281</u>
	\$	<u>149,731</u>

## CITY OF GRAIN VALLEY, MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### 16. COMMITMENTS:

In 2008, the City entered into an agreement with the Missouri Highways and Transportation Commission to share the cost of an interchange project estimated at approximately \$16,000,000. The City is obligated to pay half the cost or \$8,000,000. If the project expenses are in excess of the \$16,000,000 estimate the City would be obligated to fund the rest.

In 2011, the City issued approximately \$5,250,000 of general obligation bonds for the interchange project, and in 2012 paid approximately \$600,000 for additional costs. At this time the City does not anticipate the project will cost more than the original estimates.

In 2009, the City entered into an agreement with the City of Blue Springs, Missouri, for sewer services. The City agreed to finance a portion of the Sni-A-Bar Wastewater Treatment Plant improvements. After the expansion is complete the City will own 47.5% of the capacity within the expanded portion, and will be obligated for 47.5% of the debt service associated with the improvements. The City's portion of the total debt service of the plant expansion will be approximately \$15,000,000. The City has budgeted \$920,000 for debt service payments in 2013, and this will continue until the bonds are paid off in 2031.

In 2009, the City entered into an agreement with the Missouri Highways and Transportation Commission for the improvement of various roads within the City. The cost of the project is approximately \$3,500,000, and is to be funded by the Missouri Highways and Transportation Commission. If the project expenses are in excess of the cost estimates the City would be obligated to fund the rest. At this time the City does not anticipate the projects will cost more than the original estimates.

In 2010, the City entered into an agreement with a Developer to redevelop portions of the City. The City agreed to issue Tax Increment Financing (TIF) bonds to reimburse the Developer for eligible site development costs. In 2012, the eligible costs amounted to approximately \$2,200,000. The City has committed to issuing up to an additional \$3,500,000 in TIF bonds to reimburse the Developer for eligible construction costs. The total costs of the projects are estimated at approximately \$25,000,000, and are estimated to be completed by 2014.

#### 17. WATER AND SEWER SERVICE CONTRACTS:

On April 15, 1992, the City entered into a contract with the City of Independence to purchase water through the year 2012. The contract was renewed in 2013 to supply water through the year 2033. The contract provided the City the right to an increased water supply at a cost of \$708,840, representing a share of plant expansion costs. This cost has been capitalized as a deferred charge and is amortized over the estimated useful life of the expansion.

On October 15, 2004, the City entered into a contract with Tri-County Water Authority (Tri-County) which requires the City to purchase a minimum of 50,000 gallons of water per day through October 18, 2024. As part of this agreement, the City is also billed by Tri-County for

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**17. WATER AND SEWER SERVICE CONTRACTS (Continued):**

the pro-rata portion of the debt service it incurred to construct the water tower and lines required to provide the necessary water capacity. It is the City's understanding that the pro-rata debt service billings are based on the total amount of bonds that were issued to finance other Tri-County projects as well and that approximately \$3 million of the proceeds have not been expended. As a result, an adjustment is expected to be made by Tri-County to future debt service charges to reflect the City's actual pro-rata portion of the total project costs. Also, it is anticipated that the tower and water lines will be conveyed to the City upon retirement of the Tri-County bond issue which financed their construction.

The City also has a contract to provide a minimum of \$1,000,000 gallons of water per day to the City of Blue Springs, Missouri. The water capacity under this contract is acquired by the City from Tri-County and runs concurrent with the twenty year term of that agreement. The Blue Springs usage is separately metered by Tri-County and includes its share of capital costs. The usage is billed to the City by Tri-County and reimbursed by Blue Springs for the amount billed. In 2012, \$1,828,469 was billed by Tri-County and \$1,714,716 had been reimbursed by Blue Springs.

The City has contracted with the City of Blue Springs to provide sewerage disposal service through the year 2026 and shared the costs of expanding the sewer treatment plant. The City's \$2,550,974 has been capitalized as a deferred charge and is being 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.

**18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:**

Water and sewer services are primarily financed by user charges and are accounted for in a combined enterprise fund. The City's estimate of the segmented financial data as of and for the year ended December 31, 2012, for these funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 2,547,056	\$ 1,722,742	\$ 4,269,798
Depreciation expense	399,847	194,600	594,447
Amortization expense	82,004	81,999	164,003
Operating income (loss)	33,422	291,627	325,049
Net income (loss)	(69,230)	173,203	103,973
Property, plant, and equipment additions	586,473	168,561	755,034
Working capital	2,750,245	747,129	3,497,374
Total fixed assets, net of accumulated depreciation	9,249,634	5,548,316	14,797,950
Revenue bonds	2,637,500	2,637,500	5,275,000

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**19. NET POSITION:**

Net position is comprised of three categories: Net investment in capital assets; restricted net assets; and unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, (usually cash) that must be spent for specific purposes. Net assets, which are neither restricted or related to capital assets, are reported as unrestricted net assets.

The City issued debt to finance the construction of infrastructure.

Capital assets, net	\$ 23,443,148
Total debt	(25,904,599)
Debt related to assets not owned by City:	
2012 neighborhood improvement district	3,015,000
2012 IDA tax increment financing bond	<u>2,830,000</u>
	5,845,000
Debt service reserve	695,000
Premium/discount	462,341
Unspent bond proceeds	<u>2,024,092</u>
Net investment in capital assets	<u>\$ 6,564,982</u>

**20. PLEDGED REVENUES:**

The City has pledged future water and sewer revenues, net of specified operating expenses, to repay debt issues totaling \$8,210,000. The Series 2001 and 2004 bonds were issued in the amount of \$5,705,000 and \$2,505,000, respectively. Proceeds from the bonds were used to fund the infrastructure for the water and sewer system. The bonds are payable from the water and sewer fund net revenues and are payable through 2020 and 2016, respectively. The total principal and interest remaining to be paid on the bonds is \$5,275,000 and \$1,110,372, respectively. Principal and interest paid for the current year are \$570,000 and \$277,863, respectively.

In 2012, the City has also pledged sewer revenues to pay for the debt service of the Sni-A-Bar wastewater treatment plant improvements. Total debt service is approximately \$17,000,000 on the bonds.

**CITY OF GRAIN VALLEY, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**21. STABILIZATION AGREEMENT:**

The City has adopted a stabilization agreement which sets aside 25% of budgeted General Fund expenditures of the prior fiscal year. The 25% stabilization is divided into two reserve categories, the Emergency Reserve and the Budget Stabilization Reserve. If the reserves are spent below the required levels, the City must develop and implement a plan to replenish those reserves. The progress of the replenishments shall be reported in the City's annual budget and quarterly financial reports.

**22. EVALUATION OF SUBSEQUENT EVENTS:**

The City has evaluated subsequent events through April 10, 2013, the date which the financial statements were available to be issued.

In March 2013, the City issued \$3,855,000 of 2013 Water Revenue Refunding Bonds to refund Series 2001 Revenue Bonds, due in annual installments of \$300,000 to \$545,000 to mature in October 2020.

In March 2013, the City entered into an agreement to refund and defease the Series 2004 Revenue Bonds in October 2013. Monies in the amount of \$1,292,170 were placed in an escrow fund.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER THAN MD&A**

**CITY OF GRAIN VALLEY, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION**

**1. MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM:**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>
02/28/10	\$ 1,516,127	\$ 2,147,947	\$ 631,820
02/28/11	\$ 1,877,622	\$ 2,371,234	\$ 493,612
02/29/12	\$ 2,174,270	\$ 2,530,621	\$ 356,351

  

<u>Actuarial Valuation Date</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percent of Covered Payroll</u>
02/28/10	71%	\$ 2,430,673	26%
02/28/11	79%	\$ 2,049,654	24%
02/29/12	86%	\$ 2,206,945	16%

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

**2. BUDGETARY DATA:**

The City's prepares its budget on the basis of accounting consistent with accounting principles generally accepted in the United States of America for all governmental funds. Expenditures may not legally exceed the budgeted appropriations for each fund, and all appropriations lapse at year-end.

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,633,000	\$ 2,650,200	\$ 2,716,023	\$ 65,823
Intergovernmental	212,900	177,000	202,503	25,503
Fees and fines	322,300	392,600	425,980	33,380
Investment earnings	35,000	36,000	37,450	1,450
Other	77,600	75,100	21,746	(53,354)
	<u>3,280,800</u>	<u>3,330,900</u>	<u>3,403,702</u>	<u>72,802</u>
<b>EXPENDITURES:</b>				
Current:				
General government	713,370	743,672	829,125	(85,453)
Municipal court	110,577	112,887	117,255	(4,368)
Public safety	1,753,329	1,744,449	1,699,112	45,337
Planning and engineering	439,766	416,285	405,686	10,599
Economic development	68,990	65,690	63,194	2,496
Capital outlay	138,554	257,077	257,187	(110)
Debt service:				
Principal	48,950	48,950	30,113	18,837
Interest and other charges	-	3,000	2,686	314
	<u>3,273,536</u>	<u>3,392,010</u>	<u>3,404,358</u>	<u>(12,348)</u>
Excess (deficiency) of revenues over expenditures	<u>7,264</u>	<u>(61,110)</u>	<u>(656)</u>	<u>60,454</u>
<b>OTHER FINANCING (USES),</b>				
Transfers out	<u>(15,000)</u>	<u>(855,270)</u>	<u>(855,270)</u>	<u>-</u>
Total other financing sources and uses	<u>(15,000)</u>	<u>(855,270)</u>	<u>(855,270)</u>	<u>-</u>
Net change in fund balances	(7,736)	(916,380)	(855,926)	60,454
Fund balances - beginning	<u>3,450,114</u>	<u>3,450,114</u>	<u>3,450,114</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,442,378</u>	<u>\$ 2,533,734</u>	<u>\$ 2,594,188</u>	<u>\$ 60,454</u>

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
PARK  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 461,500	\$ 489,700	\$ 522,886	\$ 33,186
Intergovernmental	-	-	58	58
Charges for services	277,000	243,600	237,533	(6,067)
Investment earnings	7,000	3,100	3,126	26
Miscellaneous	<u>3,050</u>	<u>1,200</u>	<u>1,098</u>	<u>(102)</u>
	<u>748,550</u>	<u>737,600</u>	<u>764,701</u>	<u>27,101</u>
<b>EXPENDITURES:</b>				
Current,				
Parks and recreation	725,382	750,717	733,937	16,780
Capital outlay	139,835	82,750	48,818	33,932
Debt service:				
Principal	130,000	130,000	130,000	-
Interest and other charges	<u>86,900</u>	<u>87,200</u>	<u>86,724</u>	<u>476</u>
	<u>1,082,117</u>	<u>1,050,667</u>	<u>999,479</u>	<u>51,188</u>
Excess (deficiency) of revenues over expenditures	<u>(333,567)</u>	<u>(313,067)</u>	<u>(234,778)</u>	<u>78,289</u>
<b>OTHER FINANCING SOURCES,</b>				
Transfers in	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Net change in fund balances	6,433	26,933	105,222	78,289
Fund balances - beginning	<u>558,817</u>	<u>558,817</u>	<u>558,817</u>	<u>-</u>
Fund balances - ending	<u>\$ 565,250</u>	<u>\$ 585,750</u>	<u>\$ 664,039</u>	<u>\$ 78,289</u>

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
STREET  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 240,000	\$ 275,000	\$ 296,811	\$ 21,811
Intergovernmental	462,245	462,245	460,833	(1,412)
Miscellaneous	<u>7,000</u>	<u>7,510</u>	<u>7,629</u>	<u>119</u>
	<u>709,245</u>	<u>744,755</u>	<u>765,273</u>	<u>20,518</u>
<b>EXPENDITURES:</b>				
Current,				
Street	480,848	467,837	445,503	22,334
Capital outlay	<u>187,370</u>	<u>197,500</u>	<u>197,210</u>	<u>290</u>
	<u>668,218</u>	<u>665,337</u>	<u>642,713</u>	<u>22,624</u>
Excess of revenues over expenditures	<u>41,027</u>	<u>79,418</u>	<u>122,560</u>	<u>43,142</u>
<b>OTHER FINANCING USES,</b>				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	1,027	39,418	82,560	43,142
Fund balances - beginning	<u>106,582</u>	<u>106,582</u>	<u>106,582</u>	<u>-</u>
Fund balances - ending	<u>\$ 107,609</u>	<u>\$ 146,000</u>	<u>\$ 189,142</u>	<u>\$ 43,142</u>

**CITY OF GRAIN VALLEY, MO  
 BUDGETARY COMPARISON SCHEDULE --  
 2011 G.O. BOND  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES,</b>				
Capital outlay	\$ -	\$ 5,103,500	\$ 3,998,946	\$ 1,104,554
Excess (deficiency) of revenues over expenditures	-	(5,103,500)	(3,998,946)	1,104,554
Net change in fund balances	-	(5,103,500)	(3,998,946)	1,104,554
Fund balances - beginning	5,100,433	5,100,433	5,100,433	-
Fund balances - ending	\$ 5,100,433	\$ (3,067)	\$ 1,101,487	\$ 1,104,554

CITY OF GRAIN VALLEY, MO  
 BALANCE SHEET -  
 OTHER GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

	Public Health	Old Towne TIF	Capital Improvements	G.O. Bonds	Marketplace TIF	Marketplace TIF Reserve	Marketplace CID	Total Governmental Funds
<b>ASSETS:</b>								
Cash and investments	\$ 147,050	\$ 67,210	\$ 38,224	\$ 746,477	\$ -	\$ 75,000	\$ -	\$ 1,073,961
Taxes receivable, net	30,177	2,449	40,706	-	-	-	-	73,332
Other receivables	-	12,883	-	-	-	-	-	12,883
Total assets	\$ 177,227	\$ 82,542	\$ 78,930	\$ 746,477	\$ -	\$ 75,000	\$ -	\$ 1,160,176
<b>LIABILITIES AND FUND BALANCES:</b>								
Accounts payable	\$ 1,137	\$ 79,309	\$ 1,166	\$ 5,869	\$ 20,169	\$ -	\$ 281	\$ 107,931
Due to other funds	-	-	-	-	117,281	-	12,000	129,281
Deferred revenue	5,530	2,449	-	-	-	-	-	7,979
Total liabilities	6,667	81,758	1,166	5,869	137,450	-	12,281	245,191
Fund balances:								
Restricted:								
Public health	170,560	-	-	-	-	-	-	170,560
Capital projects	-	784	77,764	740,608	-	75,000	-	894,156
Unassigned	-	-	-	-	(137,450)	-	(12,281)	(149,731)
Total fund balances (deficit)	170,560	784	77,764	740,608	(137,450)	75,000	(12,281)	914,985
Total liabilities and fund balances	\$ 177,227	\$ 82,542	\$ 78,930	\$ 746,477	\$ -	\$ 75,000	\$ -	\$ 1,160,176

**CITY OF GRAIN VALLEY, MO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Public Health	Old Towne TIF	Capital Improvements	G.O. Bonds	Marketplace TIF	Marketplace TIF Reserve	Marketplace CID	Total-Other Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ 82,240	\$ 319,830	\$ 296,811	\$ -	\$ -	\$ -	\$ -	\$ 698,881
Intergovernmental	-	54,549	-	-	-	-	-	54,549
Investment earnings	1,275	-	-	1,667	-	-	-	2,942
Miscellaneous	891	-	-	-	69,987	-	-	70,878
<b>Total revenues</b>	<u>84,406</u>	<u>374,379</u>	<u>296,811</u>	<u>1,667</u>	<u>69,987</u>	<u>-</u>	<u>-</u>	<u>827,250</u>
<b>EXPENDITURES:</b>								
Current:								
Economic development	-	374,379	-	-	111,416	-	731	486,526
Public Health	44,170	-	-	-	-	-	-	44,170
Capital outlay	-	-	4,562	470,537	-	-	-	475,099
Debt service,	-	-	-	-	9,700	-	-	9,700
Interest and fiscal charges	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>44,170</u>	<u>374,379</u>	<u>4,562</u>	<u>470,537</u>	<u>121,116</u>	<u>-</u>	<u>731</u>	<u>1,015,495</u>
Excess (deficiency) of revenues over expenditures	<u>40,236</u>	<u>-</u>	<u>292,249</u>	<u>(468,870)</u>	<u>(51,129)</u>	<u>-</u>	<u>(731)</u>	<u>(188,245)</u>
<b>OTHER FINANCING USES:</b>								
Transfers in	-	-	-	765,270	75,000	75,000	-	915,270
Transfers out	(45,000)	-	(240,000)	-	-	-	-	(285,000)
<b>Total other financing sources and uses</b>	<u>(45,000)</u>	<u>-</u>	<u>(240,000)</u>	<u>765,270</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>630,270</u>
Net change in fund balances	(4,764)	-	52,249	296,400	23,871	75,000	(731)	442,025
Fund balances (deficit) - beginning	175,324	784	25,515	444,208	(161,321)	-	(11,550)	472,960
Fund balances (deficit) - ending	<u>\$ 170,560</u>	<u>\$ 784</u>	<u>\$ 77,764</u>	<u>\$ 740,608</u>	<u>\$ (137,450)</u>	<u>\$ 75,000</u>	<u>\$ (12,281)</u>	<u>\$ 914,985</u>

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
2012 IDA TIF  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES,</b>				
Investment earnings	\$ -	\$ -	\$ 20	\$ 20
<b>EXPENDITURES:</b>				
Current,				
Economic development	-	2,045,190	2,026,200	18,990
Debt service,				
Interest and other charges	-	258,650	182,703	75,947
	-	2,303,840	2,208,903	94,937
Excess (deficiency) of revenues over expenditures	-	(2,303,840)	(2,208,883)	94,957
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from long-term debt	-	2,783,668	2,830,000	(46,332)
Discount on bond issuance	-	-	(46,332)	46,332
Transfers out	-	(75,000)	(75,000)	-
Total other financing sources and uses	-	2,708,668	2,708,668	-
Net change in fund balances	-	404,828	499,785	94,957
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 404,828	\$ 499,785	\$ 94,957

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
MARKETPLACE NID  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES,</b>				
Investment earnings	\$ -	\$ -	\$ 197	\$ 197
	-	-	197	197
<b>EXPENDITURES:</b>				
Current:				
Economic development	-	1,268,700	1,299,351	(30,651)
Capital outlay	-	402,351	1,500,000	(1,097,649)
Debt service,				
Interest and other charges	-	69,150	68,294	856
	-	1,740,201	2,867,645	(1,127,444)
Excess (deficiency) of revenues over expenditures	-	(1,740,201)	(2,867,448)	(1,127,247)
<b>OTHER FINANCING SOURCES,</b>				
Proceeds from long-term debt	-	3,015,000	3,015,000	-
Net change in fund balances	-	1,274,799	147,552	(1,127,247)
Fund balances - beginning, as restated	(9,712)	(9,712)	(9,712)	-
Fund balances - ending	\$ (9,712)	\$ 1,265,087	\$ 137,840	\$ (1,127,247)

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
DEBT SERVICE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 1,617,000	\$ 1,609,000	\$ 1,603,396	\$ (5,604)
Investment earnings	22,000	26,000	27,956	1,956
	<u>1,639,000</u>	<u>1,635,000</u>	<u>1,631,352</u>	<u>(3,648)</u>
<b>EXPENDITURES,</b>				
Debt service:				
Principal	1,000,000	1,040,000	1,040,000	-
Interest and other charges	662,150	668,000	575,844	92,156
	<u>1,662,150</u>	<u>1,708,000</u>	<u>1,615,844</u>	<u>92,156</u>
Net change in fund balances	(23,150)	(73,000)	15,508	88,508
Fund balances - beginning	<u>2,310,047</u>	<u>2,310,047</u>	<u>2,310,047</u>	-
Fund balances - ending	<u>\$ 2,286,897</u>	<u>\$ 2,237,047</u>	<u>\$ 2,325,555</u>	<u>\$ 88,508</u>

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
PUBLIC HEALTH  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 79,200	\$ 78,700	\$ 82,240	\$ 3,540
Investment earnings	1,200	1,200	1,275	75
Miscellaneous	-	1,000	891	(109)
	<u>80,400</u>	<u>80,900</u>	<u>84,406</u>	<u>3,506</u>
<b>EXPENDITURES,</b>				
Current,				
Public health	<u>26,545</u>	<u>47,808</u>	<u>44,170</u>	<u>3,638</u>
	<u>26,545</u>	<u>47,808</u>	<u>44,170</u>	<u>3,638</u>
Excess of revenues over expenditures	<u>53,855</u>	<u>33,092</u>	<u>40,236</u>	<u>7,144</u>
<b>OTHER FINANCING USES,</b>				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balances	8,855	(11,908)	(4,764)	7,144
Fund balances - beginning	<u>175,324</u>	<u>175,324</u>	<u>175,324</u>	<u>-</u>
Fund balances - ending	<u>\$ 184,179</u>	<u>\$ 163,416</u>	<u>\$ 170,560</u>	<u>\$ 7,144</u>

**CITY OF GRAIN VALLEY, MO  
 BUDGETARY COMPARISON SCHEDULE --  
 OLD TOWNE TIF  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 290,000	\$ 310,000	\$ 319,830	\$ 9,830
Intergovernmental	32,000	40,000	54,549	14,549
	<u>322,000</u>	<u>350,000</u>	<u>374,379</u>	<u>24,379</u>
<b>EXPENDITURES,</b>				
Current,				
Economic development	<u>322,000</u>	<u>350,000</u>	<u>374,379</u>	<u>(24,379)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>784</u>	<u>784</u>	<u>784</u>	<u>-</u>
Fund balances - ending	<u>\$ 784</u>	<u>\$ 784</u>	<u>\$ 784</u>	<u>\$ -</u>

**CITY OF GRAIN VALLEY, MO  
 BUDGETARY COMPARISON SCHEDULE --  
 CAPITAL IMPROVEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES,</b>				
Taxes	\$ 240,000	\$ 275,000	\$ 296,811	\$ 21,811
<b>EXPENDITURES,</b>				
Capital outlay	-	4,500	4,562	(62)
Excess of revenues over expenditures	240,000	270,500	292,249	21,749
<b>OTHER FINANCING USES,</b>				
Transfers out	(240,000)	(240,000)	(240,000)	-
Net change in fund balances	-	30,500	52,249	21,749
Fund balances - beginning	25,515	25,515	25,515	-
Fund balances - ending	\$ 25,515	\$ 56,015	\$ 77,764	\$ 21,749

**CITY OF GRAIN VALLEY, MO  
 BUDGETARY COMPARISON SCHEDULE --  
 GO BONDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES,</b>				
Investment earnings	\$ -	\$ 1,700	\$ 1,667	\$ (33)
<b>EXPENDITURES,</b>				
Capital outlay	125,000	524,000	470,537	53,463
Excess (deficiency) of revenues over expenditures	(125,000)	(522,300)	(468,870)	53,430
<b>OTHER FINANCING USES,</b>				
Transfers in	-	765,270	765,270	-
Net change in fund balances	(125,000)	242,970	296,400	53,430
Fund balances - beginning	444,207	444,207	444,207	-
Fund balances - ending	\$ 319,207	\$ 687,177	\$ 740,607	\$ 53,430

**CITY OF GRAIN VALLEY, MO  
BUDGETARY COMPARISON SCHEDULE --  
MARKETPLACE TIF  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES,</b>				
Miscellaneous	\$ -	\$ 125,000	\$ 69,987	\$ (55,013)
	<u>-</u>	<u>125,000</u>	<u>69,987</u>	<u>(55,013)</u>
<b>EXPENDITURES:</b>				
Economic development	-	120,000	111,416	8,584
Interest and other charges	-	9,700	9,700	-
	<u>-</u>	<u>129,700</u>	<u>121,116</u>	<u>8,584</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(4,700)</u>	<u>(51,129)</u>	<u>(46,429)</u>
<b>OTHER FINANCING SOURCES,</b>				
Transfers in	-	75,000	75,000	-
Net change in fund balances	-	70,300	23,871	(46,429)
Fund balances - beginning	<u>(161,321)</u>	<u>(161,321)</u>	<u>(161,321)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (161,321)</u>	<u>\$ (91,021)</u>	<u>\$ (137,450)</u>	<u>\$ (46,429)</u>

**CITY OF GRAIN VALLEY, MO  
 BUDGETARY COMPARISON SCHEDULE --  
 MARKETPLACE TIF RESERVE  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES,</b>				
Transfers in	-	\$ 75,000	\$ 75,000	\$ -
Net change in fund balances	-	75,000	75,000	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>

**CITY OF GRAIN VALLEY, MO  
 BUDGETARY COMPARISON SCHEDULE --  
 MARKETPLACE CID  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES,</b>				
Current,				
Economic development	\$ -	\$ 500	\$ 731	\$ (231)
Net change in fund balances	-	(500)	(731)	(231)
Fund balances (deficit)- beginning	(11,550)	(11,550)	(11,550)	-
Fund balances (deficit) - ending	\$ (11,550)	\$ (12,050)	\$ (12,281)	\$ (231)