

CITY OF GRAIN VALLEY, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

CITY OF GRAIN VALLEY, MISSOURI

YEAR ENDED DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Board of Aldermen
City of Grain Valley, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Grain Valley, Missouri (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City has not capitalized interest costs incurred as a component of the cost of constructed assets in the Water and Sewer Proprietary Fund as required by accounting principles generally accepted in the United States of America, and instead has charged all interest costs to expense when incurred. The amount of interest that should have been capitalized is not known.

In our opinion, except for the effects, if any, of not capitalizing construction period interest as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Grain Valley, Missouri as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information and the schedule of funding progress on pages 2 through 7 and 35 through 44, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Cudney, Ecord, McEnroe & Mullane LLC

September 26, 2008

City of Grain Valley
Management's Discussion and Analysis
Year Ended December 31, 2007

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

FISCAL YEAR HIGHLIGHTS

- The City's total net assets are \$25,800,887. The governmental activities net assets are \$11,551,837 and the business-type activities net assets are \$14,249,050.
- The City's total net assets increased by \$1,578,523.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,722,196, a decrease of \$395,419 in comparison of the prior year. The decrease in governmental funds was predominately attributed to capital projects financed by previously issued general obligation bonds which will be reimbursed through a future general obligation bond issue.
- Approximately 21% or \$1,613,000 of the combined governmental fund balance of \$7,722,196 is available for meeting on-going general government expenditures. The remaining balance is reserved, or unreserved but for use in the other governmental funds.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

GOVERNMENT WIDE FINANCIAL STATEMENTS

Our analysis of the City as a whole begins on page 3. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

FUND FINANCIAL STATEMENTS

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

Our analysis of the City’s major funds begins on page 5. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Aldermen establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other resources. The City’s two kinds of funds – governmental and proprietary – use different accounting approaches.

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

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

2007	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 6,409,251	\$ 4,396,722	\$ 10,805,973
Restricted assets	4,929,760	1,350,426	6,280,186
Deferred charges	201,880	2,170,307	2,372,187
Capital assets	22,291,124	14,484,427	36,775,551
Total assets	33,832,015	22,401,882	56,233,897
Current liabilities	3,642,635	643,190	4,285,825
Payable from restricted assets	29,397	378,821	408,218
Long-term liabilities	18,608,146	7,130,821	25,738,967
Total liabilities	22,280,178	8,152,832	30,433,010
<u>Net assets</u>			
Investment in capital assets, net of related debt	3,796,584	9,463,643	13,260,227
Restricted for debt service	6,130,366	971,605	7,101,971
Restricted for capital projects	122,451	-	122,451
Restricted for other	147,809	-	147,809
Unrestricted	1,354,627	3,813,802	5,168,429
Total net assets	\$ 11,551,837	\$ 14,249,050	\$ 25,800,887

CHANGES NET ASSETS

	Governmental Activities	Business- Type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 675,569	\$ 5,292,785	\$ 5,968,354
Operating grants and contributions	276,783	-	276,783
Capital grants and contributions	522,255	128,436	650,691
Property taxes	2,534,166	-	2,534,166
Other taxes	2,196,898	-	2,196,898
Other general revenues	691,529	297,313	988,842
Total revenues	6,897,200	5,718,534	12,615,734
Program expenses			
General government	1,562,614	-	1,562,614
Public safety	1,614,648	-	1,614,648
Highways and streets	1,004,169	-	1,004,169
Culture and recreation	719,510	-	719,510
Interest on long-term debt	855,038	-	855,038
Water/wastewater	-	5,281,232	5,281,232
Total expenses	5,755,979	5,281,232	11,037,211
Increase (decrease) in net assets	\$ 1,141,221	\$ 437,302	\$ 1,578,523

CITY WIDE ANALYSIS

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

2006	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 5,413,877	\$ 3,658,045	\$ 9,071,922
Restricted assets	6,530,610	1,341,152	7,871,762
Deferred charges	218,972	2,317,899	2,536,871
Capital assets	21,271,964	14,410,355	35,682,320
Total assets	33,435,424	21,727,451	55,162,875
Current liabilities	3,829,261	16,881	3,996,141
Payable from restricted assets	16,400	694,867	711,267
Long-term liabilities	19,179,147	7,053,956	26,233,103
Total liabilities	23,024,808	7,915,703	30,940,511
<u>Net Assets</u>			
Investment in capital assets, net of related debt	6,956,167	9,344,298	16,300,465
Restricted for debt service	5,911,908	976,286	6,888,194
Restricted for capital projects	(101,555)	-	(101,555)
Restricted for other	913,230	-	913,230
Unrestricted	(3,269,134)	3,491,164	222,030
Total net assets	\$ 10,410,616	\$ 13,811,748	\$ 24,222,364

CHANGES NET ASSETS

	Governmental Activities	Business- Type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 620,034	\$ 4,377,675	\$ 4,997,709
Capital grants and contributions	3,184,491	1,089,037	4,273,528
Property taxes	2,303,487		2,303,487
Other taxes	2,156,349		2,156,349
Other general revenues	384,093	342,690	726,783
Total revenues	8,648,454	5,809,402	14,457,856
Program expenses			
General government	1,835,912		1,835,912
Public safety	1,298,850		1,298,850
Highways and streets	404,486		404,486
Culture and recreation	670,807		670,807
Interest on long-term debt	732,533		732,533
Water/wastewater	-	4,101,239	4,101,239
Total expenses	4,942,588	4,101,239	9,043,827
Increase (decrease) in net assets	\$ 3,705,866	\$ 1,708,163	\$ 5,414,029

COSTS OF SERVICES - GOVERNMENTAL ACTIVITIES

	2007	2007	2006	2006
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
General government	\$ 1,562,614	\$ (1,286,763)	\$ 1,760,912	\$ (950,122)
Public safety	1,614,648	(1,219,838)	1,298,850	(1,115,715)
Highways and streets	1,004,169	(736,265)	404,486	2,153,945
Culture and recreation	719,510	(183,468)	670,807	(418,638)
Interest	855,038	(855,038)	807,533	(807,533)
Totals	<u>\$ 5,755,979</u>	<u>\$ (4,281,372)</u>	<u>\$ 4,942,588</u>	<u>\$ (1,138,063)</u>

ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$7,722,196.

In the governmental funds, the expenditures exceed revenues by \$470,526. After accounting for the bond proceeds and other financing sources/uses this leaves an undesignated fund balance for governmental funds of \$1,238,142. The City's informal undesignated fund balance reserve policy is to maintain at least 25% of annual operating expenditures. The City's healthy general fund reserve is available in case of an economic downturn.

The General Fund revenues exceed expenditures by \$316,622. Budget amendments were made to reflect an increase in revenues as well as an increase in public safety expenditures. Budget amendments were also made to reflect decreases in administration and community development expenditures.

The Park Fund expenditures exceed revenues by \$833,822. This is due to capital costs incurred for the Monkey Mountain Sports Complex that will be financed with proceeds from general obligation bonds issued in 2008.

The Debt Service Fund revenues exceed expenditures by \$361,440 leaving an ending fund balance of \$1,413,577. The City anticipates a large debt reduction in 2008 which will reduce this balance.

The proprietary fund revenues exceed expenses by \$434,497. This leaves an undesignated fund balance for the proprietary funds of \$3,813,802.

BUDGETARY HIGHLIGHTS

The Board of Aldermen revised the City budget three times throughout the year. The actual charges to appropriations (expenditures) were \$184,518 less than the final budgeted amounts while the revenues and other financing sources were \$2,283 above the final budgeted amounts.

The Park Fund had expenditures of \$653,275 for construction costs incurred for the Monkey Mountain Sports Complex. These costs will be financed with proceeds from general obligation bonds issued in 2008.

The General Obligation Bond Fund had capital expenditures of \$747,341 for various projects that will be financed with proceeds from general obligation bonds issued in 2008.

CAPITAL ASSETS

The City had \$36,775,551 and \$35,682,320 invested in a broad range of capital assets including vehicles and equipment, buildings, park facilities, streets and water and sewer lines at December 31, 2007 and 2006, respectively. Additional information regarding the City's capital assets can be found in Note 6 to the financial statements.

	2007		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 2,661,524	\$ 171,725	\$ 2,833,249
Buildings & Improvements	4,218,067	87,055	4,305,122
Land & Improvements	627,118	29,541	656,659
Vehicles	157,225	112,577	269,802
Distribution System	-	13,826,921	13,826,921
Construction-in-Progress	2,156,093	65,374	2,221,467
Furniture and Equipment	229,197	191,234	420,431
Infrastructure	12,241,900	-	12,241,900
Totals	<u>\$ 22,291,124</u>	<u>\$ 14,484,427</u>	<u>\$ 36,775,551</u>

	2006		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 2,480,312	\$ 171,725	\$ 2,652,037
Buildings & Improvements	4,231,493	89,895	4,321,388
Land & Improvements	490,381	32,732	523,113
Vehicles	163,877	60,001	223,878
Distribution System	-	13,847,059	13,847,059
Construction-in-Progress	1,221,634	65,374	1,287,008
Furniture and Equipment	145,116	143,570	288,686
Infrastructure	12,539,149	-	12,539,149
Totals	<u>\$ 21,271,962</u>	<u>\$ 14,410,356</u>	<u>\$ 35,682,318</u>

DEBT

The City had \$25,738,967 and \$26,400,596 in outstanding debt at December 31, 2007 and 2006, respectively. The only long term debt activity in 2007 was a capital lease to finance four police cars. Additional information can be found in Note 7 to the financial statements.

	2007		
	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 15,990,000	\$ -	\$ 15,990,000
Certificates of Participation	2,235,000	-	2,235,000
Capital Leases	57,107	-	57,107
Revenue Bonds	-	7,550,000	7,550,000
Totals	<u>\$ 18,282,107</u>	<u>\$ 7,550,000</u>	<u>\$ 25,832,107</u>

	2006		
	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 16,450,000	\$ -	\$ 16,450,000
Certificates of Participation	2,335,000	-	2,335,000
Capital Leases	-	-	-
Revenue Bonds	-	7,870,000	7,870,000
Totals	<u>\$ 18,785,000</u>	<u>\$ 7,870,000</u>	<u>\$ 26,655,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The next year's general fund budget was determined based on incremental costs to provide services to the citizens of Grain Valley with minor additions to personnel to keep pace with the growth the City is experiencing.

Major governmental capital additions budgeted for 2008 are \$3,272,000 in various street improvements and \$400,000 in park improvement projects and will be funded through a new \$6,940,000 general obligation bond issuance on June 23, 2008. Also budgeted is a reimbursement of \$650,000 to the Park Fund from the General Obligation Bond Fund for expenditures relating to park improvement projects.

FINANCIAL CONTACT

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

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,495,313	\$ 3,757,258	\$ 8,252,571
Receivables (net):			
Accounts	25,517	471,780	497,297
Property taxes	1,250,929	-	1,250,929
Other taxes	286,808	-	286,808
Due from other governments	90,206	-	90,206
Interest	86,825	48,305	135,130
Inventory	-	110,733	110,733
Internal balances	(7,130)	7,130	-
Prepaid items	180,783	1,516	182,299
Restricted assets:			
Cash and investments	4,872,592	1,350,426	6,223,018
Interest receivable	57,168	-	57,168
Unamortized debt issue costs	201,880	79,461	281,341
Deferred charges, net of amortization	-	2,090,846	2,090,846
Capital assets:			
Nondepreciable	4,817,617	237,099	5,054,716
Depreciable, net	17,473,507	14,247,328	31,720,835
Total assets	<u>33,832,015</u>	<u>22,401,882</u>	<u>56,233,897</u>
LIABILITIES			
Current liabilities:			
Accounts payable	453,379	622,149	1,075,528
Accrued liabilities	101,673	21,041	122,714
Accrued interest	237,272	-	237,272
Unearned revenue	2,850,311	-	2,850,311
Payable from restricted assets:			
Court bonds	29,397	-	29,397
Customer deposits	-	289,760	289,760
Accrued interest payable	-	89,061	89,061
Noncurrent liabilities:			
Due in one year	3,422,673	370,000	3,792,673
Due in more than one year	15,185,473	6,760,821	21,946,294
Total liabilities	<u>22,280,178</u>	<u>8,152,832</u>	<u>30,433,010</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,796,584	9,463,643	13,260,227
Restricted for:			
Debt service	6,130,366	971,605	7,101,971
Capital projects	122,451	-	122,451
Other	147,809	-	147,809
Unrestricted	1,354,627	3,813,802	5,168,429
Total net assets	<u>\$ 11,551,837</u>	<u>\$ 14,249,050</u>	<u>\$ 25,800,887</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
General government	\$ 1,562,614	\$ 243,525	\$ 32,326	\$ -	\$ (1,286,763)
Public safety	1,614,648	150,353	244,457	-	(1,219,838)
Parks and recreation	719,510	272,602	-	263,440	(183,468)
Streets and highways	1,004,169	9,089	-	258,815	(736,265)
Interest on long-term debt	855,038	-	-	-	(855,038)
Total governmental activities	<u>5,755,979</u>	<u>675,569</u>	<u>276,783</u>	<u>522,255</u>	<u>(4,281,372)</u>
Business-type activities:					
Water and sewer service	5,281,232	5,292,785	-	128,436	139,989
Total business-type activities	<u>5,281,232</u>	<u>5,292,785</u>	<u>-</u>	<u>128,436</u>	<u>139,989</u>
Total primary government	<u>\$11,037,211</u>	<u>\$ 5,968,354</u>	<u>\$ 276,783</u>	<u>\$ 650,691</u>	<u>\$ (4,141,383)</u>
Changes in net assets:					
Net (expense) revenue			<u>\$ (4,281,372)</u>	<u>\$ 139,989</u>	<u>\$ (4,141,383)</u>
General revenues:					
Property taxes			2,534,166	-	2,534,166
Sales and use taxes			1,402,502	-	1,402,502
Franchise taxes			735,397	-	735,397
Other taxes			58,999	-	58,999
Intergovernmental not restricted to a specific program			150,452	-	150,452
Investment earnings			424,333	245,629	669,962
Other			98,744	36,484	135,228
Gain on sale of assets			18,000	15,200	33,200
Total general revenues			<u>5,422,593</u>	<u>297,313</u>	<u>5,719,906</u>
Change in net assets			1,141,221	437,302	1,578,523
Net assets, beginning of year			10,410,616	13,811,748	24,222,364
Net assets, end of year			<u>\$ 11,551,837</u>	<u>\$ 14,249,050</u>	<u>\$ 25,800,887</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

BALANCE SHEET - GOVERNMENT FUNDS

DECEMBER 31, 2007

	General Fund	Park Fund	Public Health Fund	Capital Improvement Fund	Transportation and Street Fund	TIF Fund	G.O. Bond Fund	Debt Service Fund	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 1,108,721	\$ 100	\$ 183,787	\$ 22,274	\$ 836,543	\$ 117,037	\$ -	\$ 2,226,851	\$ 4,495,313
Receivables (net):									
Accounts	11,362	-	-	-	4,155	-	10,000	-	25,517
Property taxes	426,860	89,155	37,013	-	-	-	-	697,901	1,250,929
Other taxes	185,886	-	-	34,391	66,531	-	-	-	286,808
Due from other governments	53,998	-	-	1,941	1,941	32,326	-	-	90,206
Interest	49,474	-	4,405	-	17,909	-	-	15,037	86,825
Prepaid items	8,514	1,395	-	-	1,353	-	-	-	11,262
Due from other funds	1,344,322	-	-	-	8,947	-	-	-	1,353,269
Restricted assets:									
Cash and investments	29,397	278,680	-	-	-	-	4,564,515	-	4,872,592
Interest receivable	-	-	-	-	-	-	57,168	-	57,168
Total assets	<u>\$ 3,218,534</u>	<u>\$ 369,330</u>	<u>\$ 225,205</u>	<u>\$ 58,606</u>	<u>\$ 937,379</u>	<u>\$ 149,363</u>	<u>\$ 4,631,683</u>	<u>\$ 2,939,789</u>	<u>\$ 12,529,889</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 400,246	\$ 8,068	\$ -	\$ -	\$ 6,298	\$ 18,189	\$ 20,578	\$ -	\$ 453,379
Accrued liabilities	77,355	11,551	-	-	12,767	-	-	-	101,673
Due to other funds	-	525,245	-	-	-	-	835,154	-	1,360,399
Court bonds	29,397	-	-	-	-	-	-	-	29,397
Deferred revenue	930,774	194,410	80,865	-	-	130,584	-	1,526,212	2,862,845
Total liabilities	<u>1,437,772</u>	<u>739,274</u>	<u>80,865</u>	<u>-</u>	<u>19,065</u>	<u>148,773</u>	<u>855,732</u>	<u>1,526,212</u>	<u>4,807,693</u>
Fund balances:									
Reserved for debt service	-	278,680	-	-	-	-	4,621,683	1,413,577	6,313,940
Reserved for prepaid items	8,514	1,395	-	-	1,353	-	-	-	11,262
Unreserved, designated	158,852	-	-	-	-	-	-	-	158,852
Unreserved, undesignated	1,613,396	(650,019)	144,340	58,606	916,961	590	(845,732)	-	1,238,142
Total fund balances	<u>1,780,762</u>	<u>(369,944)</u>	<u>144,340</u>	<u>58,606</u>	<u>918,314</u>	<u>590</u>	<u>3,775,951</u>	<u>1,413,577</u>	<u>7,722,196</u>
Total liabilities and fund balances	<u>\$ 3,218,534</u>	<u>\$ 369,330</u>	<u>\$ 225,205</u>	<u>\$ 58,606</u>	<u>\$ 937,379</u>	<u>\$ 149,363</u>	<u>\$ 4,631,683</u>	<u>\$ 2,939,789</u>	<u>\$ 12,529,889</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2007

Fund balances - total governmental funds		\$ 7,722,196
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	24,819,011	
Less accumulated depreciation	<u>(2,527,887)</u>	22,291,124
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		(237,272)
Long-term liabilities, including bonds payable and accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds, net of unamortized premiums and discounts		(18,608,146)
Unamortized debt issuance costs		201,880
Expenditures benefiting future periods are not reported in the governmental funds, yet are reflected as prepaid items in the statement of net assets		169,521
Adjustment of unearned revenue for revenues not considered available in the fund statements		<u>12,534</u>
Net assets of governmental activities		<u><u>\$ 11,551,837</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	General Fund	Park Fund	Public Health Fund	Capital Improvement Fund	Transportation and Street Fund	TIF Fund	G.O. Bond Fund	Debt Service Fund	Total Governmental Funds
REVENUES									
Taxes	\$ 2,315,343	\$ 197,647	\$ 71,417	\$ 313,735	\$ 313,716	\$ 202,757	\$ -	\$ 1,294,766	\$ 4,709,381
Licenses and permits	167,154	-	-	-	9,089	-	-	-	176,243
Intergovernmental revenues	244,457	115,440	-	-	267,167	32,326	-	-	659,390
Charges for services	79,005	272,602	-	-	-	-	-	-	351,607
Fines and forfeitures	147,719	-	-	-	-	-	-	-	147,719
Interest	110,700	13,134	5,888	531	47,729	166	187,115	59,070	424,333
Other	53,693	30,442	-	-	4,231	-	10,000	-	98,366
Total revenues	3,118,071	629,265	77,305	314,266	641,932	235,249	197,115	1,353,836	6,567,039
EXPENDITURES									
Current:									
General government	1,113,619	-	13,235	-	-	235,083	-	-	1,361,937
Public safety	1,687,830	-	-	-	-	-	-	-	1,687,830
Parks and recreation	-	582,678	-	-	-	-	-	-	582,678
Streets and highways	-	-	-	-	488,618	-	-	-	488,618
Capital outlay	-	700,334	-	24,484	81,871	-	747,341	-	1,554,030
Debt service:									
Principal retirement	-	100,000	-	-	-	-	-	460,000	560,000
Interest and fiscal costs	-	80,081	-	-	-	-	189,995	532,396	802,472
Total expenditures	2,801,449	1,463,093	13,235	24,484	570,489	235,083	937,336	992,396	7,037,565
Excess of revenues over (under) expenditures	316,622	(833,828)	64,070	289,782	71,443	166	(740,221)	361,440	(470,526)

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	General Fund	Park Fund	Public Health Fund	Capital Improvement Fund	Transportation and Street Fund	TIF Fund	G.O. Bond Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES):									
Transfers in	-	261,198	-	-	-	-	-	-	261,198
Transfers out	-	-	(25,050)	(196,148)	(40,000)	-	-	-	(261,198)
Proceeds from capital lease	57,107	-	-	-	-	-	-	-	57,107
Sale of capital assets	13,000	-	-	-	5,000	-	-	-	18,000
Total other financing sources (uses)	70,107	261,198	(25,050)	(196,148)	(35,000)	-	-	-	75,107
Change in fund balances	386,729	(572,630)	39,020	93,634	36,443	166	(740,221)	361,440	(395,419)
FUND BALANCES:									
Beginning of year	1,394,033	202,686	105,320	(35,028)	881,871	424	4,516,172	1,052,137	8,117,615
End of year	<u>\$ 1,780,762</u>	<u>\$ (369,944)</u>	<u>\$ 144,340</u>	<u>\$ 58,606</u>	<u>\$ 918,314</u>	<u>\$ 590</u>	<u>\$ 3,775,951</u>	<u>\$ 1,413,577</u>	<u>\$ 7,722,196</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds		\$ (395,419)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,477,002) exceeded depreciation (\$747,942) in the current period	729,060	
The proceeds from the sale of capital assets are reported as revenue in the governmental funds, yet are offset against the net book value of the assets in the statement of activities. Donations of capital assets are reported in the statement of activities as contributions and are not reflected in the governmental funds. This is the net effect of these differences	290,100	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	22,061	
Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Capital lease proceeds	(57,107)	
Principal payments	560,000	
Premium and discount amortization	19,206	
Issuance costs amortization	<u>(17,092)</u>	505,007
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Prepaid expense amortization	(3,809)	
Compensated absences	48,901	
Accrued interest	<u>(54,680)</u>	<u>(9,588)</u>
Change in net assets of governmental activities		<u>\$ 1,141,221</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
STATEMENT OF NET ASSETS - PROPRIETARY FUND
DECEMBER 31, 2007

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,757,258
Receivables (net):	
Accounts	471,780
Interest	48,305
Inventory	110,733
Due from other funds	7,130
Prepaid expenses	1,516
Total current assets	<u>4,396,722</u>
Noncurrent assets:	
Restricted assets:	
Restricted cash and cash equivalents	1,350,426
Unamortized debt issue costs	79,461
Deferred charges, net of amortization	2,090,846
Capital assets, net	14,484,427
Total assets	<u>22,401,882</u>
LIABILITIES	
Current liabilities:	
Accounts payable	622,149
Accrued liabilities	21,041
Payable from restricted assets:	
Customer deposits	289,760
Current portion of bonds payable	370,000
Accrued interest	89,061
Total current liabilities	<u>1,392,011</u>
Noncurrent liabilities:	
Bonds payable	6,741,630
Compensated absences	19,191
Total liabilities	<u>8,152,832</u>
NET ASSETS	
Net assets:	
Invested in capital assets, net of related debt	9,463,643
Restricted for debt service	971,605
Unrestricted	3,813,802
Total net assets	<u>\$ 14,249,050</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -

PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2007

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	<u>\$ 5,292,785</u>
OPERATING EXPENSES:	
Personnel	545,241
Operation and maintenance	556,464
Water purchases	2,772,897
Sewer services	354,320
Depreciation and amortization	<u>629,366</u>
Total operating expenses	<u>4,858,288</u>
Operating income	<u>434,497</u>
NONOPERATING REVENUES	
(EXPENSES):	
Other revenue	36,484
Interest income	245,629
Interest expense	(412,833)
Amortization of bond issue costs	(10,111)
Sale of capital assets	<u>15,200</u>
Total nonoperating revenues	
(expenses)	<u>(125,631)</u>
Income before contributions	308,866
CAPITAL CONTRIBUTIONS:	
Developer contributions	<u>128,436</u>
Change in net assets	437,302
Net assets, beginning of year	<u>13,811,748</u>
Net assets, end of year	<u><u>\$ 14,249,050</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2007

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$5,482,180
Cash payments to suppliers for goods and services	(3,840,443)
Cash payments for employee services and benefits	<u>(533,025)</u>
Net cash provided by operating activities	<u>1,108,712</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances from other funds	<u>581,606</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(448,090)
Capital contributions	502
Principal paid on capital debt	(320,000)
Interest paid on capital debt	<u>(368,043)</u>
Net cash used by capital and related financing activities	<u>(1,135,631)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	259,857
Proceeds from sales of investments	<u>3,497,029</u>
Net cash provided by investing activities	<u>3,756,886</u>
Net increase in cash and cash equivalents	4,311,573
Cash and cash equivalents - beginning of year	<u>796,111</u>
Cash and cash equivalents - end of year	<u><u>\$5,107,684</u></u>
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 434,497
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	629,366
Nonoperating revenue	36,484
Changes in assets and liabilities:	
Receivables, net	136,072
Inventory and prepaid expenses	(76,578)
Accounts payable and deposits	(63,345)
Accrued liabilities	<u>12,216</u>
Net cash provided by operating activities	<u><u>\$1,108,712</u></u>
NONCASH CAPITAL ACTIVITIES:	
Capital assets contributed by developers	\$ 102,666
Capital assets acquired by trade-in	\$ 15,200

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grain Valley, Missouri (the City), was incorporated in 1945 and is located in Jackson County, Missouri. Grain Valley is a fourth class city and operates under the aldermen-administrator form of government. The city administrator is the chief administrative officer of the City. The City provides services to its approximately 12,000 residents in many areas, including law enforcement, water and sewer services, community enrichment and development and various social services.

Except as noted, the accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America applicable to local governments. The following represents the more significant accounting and reporting policies and practices of the City.

Reporting Entity

Generally accepted accounting principles require that the financial statements present the City (the primary government) and its component units. Component units are required to be included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Based on the evaluation criteria, the City of Grain Valley has one component unit, the Tax Increment Financing (TIF) Fund which has been blended in the City's basic financial statements. The Tax Increment Financing Fund does not issue separate financial statements.

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

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

Basis of Presentation

Government-wide Statements – The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for any fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate

indirect expenses. Program revenues include (a) fees, fines, and charges paid by the recipients of goods, services or privileges offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – Separate fund financial statements are presented to provide information about each fund category of the City – governmental and proprietary. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from providing the services associated with the principal activity of the fund. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

Parks Fund – This special revenue fund accounts for taxes and fees collected and expended for the operation of and improvements to the City’s parks.

Public Health Fund – This special revenue fund accounts for property taxes levied for health related programs.

Capital Improvement Fund – This special revenue fund is used to account for the proceeds from a one-half cent sales tax to be used for acquiring capital equipment and improving City facilities and infrastructure.

Transportation and Street Fund – This special revenue fund accounts for the proceeds from a one-half cent sales tax and other resources to be used for road and bridge projects within the City.

TIF Fund – This special revenue fund accounts for the incremental property and sales taxes to be used to finance improvements in the special district.

G. O. Bond Fund – This capital project fund is used to account for bond proceeds and other financial resources segregated for the acquisition or construction of major capital facilities other than those financed by the proprietary funds.

Debt Service Fund – This 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 major proprietary funds:

Water and Sewer Fund – This fund accounts for the acquisition, operation, and maintenance of the City’s water and sewer utility facilities and services.

Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This presentation incorporates both long-term assets and liabilities. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental activities and business-type activities and all enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements. The City has elected not to apply these pronouncements issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis is on near-term inflows and outflows of resources and does not present the long-term impact of transactions. Under this method, revenues are recognized when susceptible to accrual, that is when they are both measurable and available. The City considers all revenues, including property taxes, reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues associated with the current fiscal period from property taxes, sales taxes, franchise taxes, intergovernmental, and interest are considered to be susceptible to accrual under this definition. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and Investments

The City maintains a cash and investment pool which is available for use by most funds. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents, and investments made in accordance with bond ordinances are reflected as restricted cash and investments. Funds with overdrawn balances are not charged interest.

As provided for by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City has elected to reflect money market investments with a maturity of one year or less at the time of purchase at amortized cost, which approximates fair value. All other investments are required to be reported at fair value based on quoted market prices.

Accounts Receivable

Governmental activities accounts receivable consists of developer charges, and other miscellaneous services provided to citizens. Business-type activities represent billed water and sewer charges.

Restricted Assets

Resources set aside for the repayment of refunded general obligation bonds, sewer revenue bonds, and certificates of participation debt service reserves are classified as restricted assets on the applicable balance sheets and statement of net assets because they are maintained in separate bank or trust accounts and their use is limited by applicable bond covenants. Restricted assets consist of amounts held for court bonds in the General Fund. Restricted assets in the G. O. Bond Fund represent investments held by the bond trustee in connection with the 2005 Refunding bond issue.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In accordance with the provisions of GASB Statement No. 34, the City has elected to report infrastructure assets on a prospective basis only. Therefore, the infrastructure balance represents additions from January 1, 2004 to the present.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities has not been included as part of the capitalized value of the assets constructed. All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated lives:

	<u>Years</u>
Governmental activities:	
Buildings	20 to 40
Improvements other than buildings	10 to 40
Furniture and fixtures	4 to 10
Equipment	5 to 20
Vehicles	3 to 5
Infrastructure	30
Business activities:	
Buildings	15 to 40
Equipment and vehicles	5 to 12
Sanitary sewer lines	40
Water towers	40
Waterlines and valves	40

Inventory and Prepaid Items

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

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

Compensated Absences

Under terms of the City's personnel policy, employees are granted vacation and sick leave in varying amounts, based upon length of service. Up to 336 hours of unused vacation can be accumulated and is payable on separation of service. Up to 960 hours of sick time can be accumulated and is payable in amounts ranging from 0% to 50%, depending on length of service, upon separation of service. Vested or accumulated vacation and sick time is accrued when earned in the government-wide and proprietary financial statements. A liability is reported in the governmental funds only if it has matured as a result of employee resignations or retirements.

Unearned Revenue

Unearned revenues arise when assets are recognized before the revenue recognition criteria have been met. Deferred revenue in the governmental funds include measurable but unavailable amounts of property taxes.

Long-term Obligations

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

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

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balances represent tentative plans for future use of financial resources that are subject to change.

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other

borrowings, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Statement of Cash Flows

The proprietary fund’s investments maintained in the City’s pooled investments are readily convertible to known amounts of cash, and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates, and generally have a maturity of less than three months when purchased. Accordingly, for purposes of the statement of cash flows, these investments are considered cash equivalents.

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 disclosures 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.

2. CASH AND INVESTMENTS

The disclosures that follow have been prepared in accordance with the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes disclosure requirements for investment and deposit risks related to credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk.

A summary of the carrying values of deposits, investments and petty cash at December 31, 2007 is as follows:

Total deposits	\$ 2,662,817
Certificates of deposit	6,968,978
Investments	4,843,194
Petty cash	<u>600</u>
Total	<u>\$14,475,589</u>

These carrying values are reflected on the statement of net assets as follows:

Cash and equivalents	\$ 8,252,571
Restricted cash and investments	<u>6,223,018</u>
Total	<u>\$14,475,589</u>

Investment Policies

The City's investment policy follows state statutes which allow the City to deposit in open accounts and certificates of deposit, and to invest in direct obligations of the U.S. Government, U.S. Government agency obligations and repurchase agreements. Restricted assets are invested in accordance with bond ordinances by the trustee in money market mutual funds and United States Treasury SLG securities.

The carrying amount, maturity segment and ratings for the City's investments at December 31, 2007 are as follows:

<u>Investment</u>	<u>Investment Maturity</u>		<u>Rating</u>
	<u>Under one year</u>	<u>Over one year</u>	
<u>Restricted investments</u>			
G. O. Bond Fund:			
2005 Refunding SLG Securities	\$2,808,070	\$1,756,445	-
Park Fund:			
Fidelity Treasury Money Market Fund	<u>278,680</u>	<u>-</u>	AAA
	<u>\$3,086,750</u>	<u>\$1,756,445</u>	

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. The ratings shown above are by Standard & Poor's as of year end for each investment. No rating is required for the SLG securities.

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. For deposits, the City follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts. The custodial credit risk for 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 its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not limit the holdings of any one counterparty.

At December 31, 2007, the City's investments consist of restricted investments held in the City's name by the bond trustee in accordance with the related bond indentures.

At December 31, 2007, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held by the financial institution's agent in the City's name.

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, the City matches investments to anticipated cash flows and can diversify the investment types to the extent allowed by statute. The City has no specific policies to limit interest rate risk and has elected to use the segmented time distribution method of disclosure for its interest rate risk.

The SLG securities mature through March 1, 2010.

Concentration of Credit Risk

The City's investment policies do not limit the amounts that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of the SLG securities shown above.

3. TAX REVENUE

Tax revenues, including interest and penalties, by fund for 2007 were as follows:

	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Tourism</u>	<u>Cigarette</u>	<u>Total</u>
General	\$ 844,780	\$ 706,296	\$735,397	\$28,870	\$ -	\$2,315,343
Park	167,518	-	-	-	30,129	197,647
Public Health	71,417	-	-	-	-	71,417
Capital Improvement	-	313,735	-	-	-	313,735
Transportation and Street	-	313,716	-	-	-	313,716
TIF	134,002	68,755	-	-	-	202,757
Debt Service	<u>1,294,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,294,766</u>
	<u>\$2,512,483</u>	<u>\$1,402,502</u>	<u>\$735,397</u>	<u>\$28,870</u>	<u>\$30,129</u>	<u>\$4,709,381</u>

The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real property located in the City. Property taxes are billed by Jackson County on November 1, and are considered delinquent after December 31 following the levy date and become a lien on January 1. The City does not file liens, as this is performed by the County. The County collects property taxes on behalf of the City and receives a fee equal to 1.6% of the gross amount of taxes collected. Taxes remaining unpaid for two years after that date are submitted to the County for collection through foreclosure proceedings.

Assessed values are established by the Jackson County Assessor subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for property located in the City as of January 1, 2006, on which the 2007 levy was based, was \$137,543,037.

Property tax levies per \$100 assessed valuation for the budget year ended December 31, 2007, were as follows:

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

Sales tax revenues result from a 1% levy on all receipts from the retail sale of tangible personal property or taxable services within the City subject to taxation by the State of Missouri. The Transportation and Capital Improvement sales tax revenues result from a ½ of 1% levy for the purpose of street maintenance and a ½ of 1% levy for capital improvements, respectively. Other taxes receivable consist of sales and franchise taxes, reduced by an appropriate allowance for uncollectible taxes.

4. INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during fiscal year 2007 consisted of the following:

	<u>General</u>	<u>Park Fund</u>	<u>Transportation and Street Fund</u>	<u>TIF Fund</u>
State:				
Motor vehicle fuel tax	\$ -	\$ -	\$150,452	\$ -
Motor vehicle sales tax	-	-	37,936	-
Vehicle registration fees	-	-	26,336	-
Court training	4,305	-	-	-
DNR grant	-	115,440	-	-
County:				
TIF sales tax increment	-	-	-	32,326
Drug task force	87,324	-	-	-
Urban road system	-	-	52,443	-
Public safety grants	<u>152,828</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$244,457</u>	<u>\$115,440</u>	<u>\$267,167</u>	<u>\$32,326</u>

Due from other governments at December 31, 2007 consists of state vehicle fuel, sales and registration fees, county sale tax increments, and public safety grants.

5. INTERFUND BALANCES AND TRANSFERS

The interfund balances between the General Fund, Park Fund, and Transportation and Street Fund, and the G. O. Bond Fund are due to the nature and timing of governmental receipts and will be repaid from subsequent years' resources.

Interfund transfers for the year ended December 31, 2007, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Park	\$261,198	\$ -
Transportation and Street	-	40,000
Public Health	-	25,050
Capital Improvement	<u>-</u>	<u>196,148</u>
	<u>\$261,198</u>	<u>\$261,198</u>

Transfers are used to move revenues from the fund that a statute or the budget requires to collect them to the fund that a statute or the budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to segregate money for anticipated capital projects.

6. CAPITAL ASSETS

The changes in capital asset activity for the year ended December 31, 2007 are as follows:

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,480,312	\$ 181,212	\$ -	\$ 2,661,524
Construction in progress	1,221,634	963,461	29,002	2,156,093
Total capital assets, not being depreciated	3,701,946	1,144,673	29,002	4,817,617
Capital assets, being depreciated:				
Building and improvements	4,912,201	116,920	-	5,029,121
Furniture and equipment	285,836	128,999	12,850	401,985
Infrastructure	13,050,212	142,100	-	13,192,312
Land improvements	585,038	170,000	-	755,038
Vehicles	643,043	93,412	113,517	622,938
Total capital assets, being depreciated	19,476,330	651,431	126,367	20,001,394
Less accumulated depreciation:				
Building and improvements	680,708	130,346	-	811,054
Furniture and equipment	140,720	44,918	12,850	172,788
Infrastructure	511,063	439,349	-	950,412
Land improvements	94,654	33,266	-	127,920
Vehicles	479,167	100,063	113,517	465,713
Total accumulated depreciation	1,906,312	747,942	126,367	2,527,887
Total capital assets, being depreciated, net	17,570,018	(96,511)	-	17,473,507
Total government activities capital assets, net	\$ 21,271,964	\$ 1,048,162	\$ 29,002	\$ 22,291,124

Depreciation expense was charged to functions as follows:

General government	\$224,209
Public safety	53,551
Streets and highways	353,773
Parks and recreation	116,409
Total depreciation expense – governmental activities	<u>\$747,942</u>

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 171,725	\$ -	\$ -	\$ 171,725
Construction in progress	65,374	-	-	65,374
Total capital assets, not being depreciated	237,099	-	-	237,099
Capital assets, being depreciated:				
Building and improvements	132,843	-	-	132,843
Furniture and equipment	276,348	76,072	23,816	328,604
Land improvements	38,778	-	-	38,778
Vehicles	199,113	75,545	6,880	267,778
Distribution system	16,904,590	414,340	-	17,318,930
Total capital assets being depreciated	17,551,672	565,957	30,696	18,086,933
Less accumulated depreciation:				
Building and improvements	42,948	2,840	-	45,788
Furniture and equipment	132,779	28,407	23,816	137,370
Land improvements	6,045	3,192	-	9,237
Vehicles	139,112	22,969	6,880	155,201
Distribution system	3,057,532	434,477	-	3,492,009
Total accumulated depreciation	3,378,416	491,885	30,696	3,839,605
Total capital assets being depreciated, net	14,173,256	74,072	-	14,247,328
Business-type capital assets, net	\$ 14,410,355	\$ 74,072	\$ -	\$ 14,484,427

7. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended December 31, 2007:

	Balance December 31, 2006	Increases	Decreases	Balance December 31, 2007	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 16,450,000	\$ -	\$ 460,000	\$ 15,990,000	\$ 3,310,000
Certificates of participation	2,335,000	-	100,000	2,235,000	85,000
Capital lease obligation	-	88,412	31,305	57,107	27,673
Unamortized premium	362,681	-	28,801	333,880	-
Deferred amount on refunding	(131,042)	9,595	-	(121,447)	-
Compensated absences*	162,507	-	48,901	113,606	-
Total governmental activity debt	\$ 19,179,146	\$ 98,007	\$ 669,007	\$ 18,608,146	\$ 3,422,673

* Compensated absences typically have been liquidated in the General, Park and Transportation Funds.

Business-type activities

Water and Sewer Fund:					
Revenue bonds	\$ 7,870,000	\$ -	\$ 320,000	\$ 7,550,000	\$ 370,000
Deferred amount on refunding	(486,044)	47,674	-	(438,370)	-
Compensated absences	14,480	4,711	-	19,191	-
Total business-type activity debt	\$ 7,398,436	\$ 52,385	\$ 320,000	\$ 7,130,821	\$ 370,000

Governmental Activities

General obligation bonds outstanding at December 31, 2007 are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2007
Series 1998	8/21/98	4.25 - 5.50%	\$ 1,640,000	3/1/12	\$ 865,000
Series 1998A	12/1/98	3.90 - 4.80%	4,000,000	3/1/18	2,870,000
Series 2002	6/6/02	2.00 - 5.25%	3,500,000	3/1/17	2,820,000
Series 2005	7/21/05	3.50 - 4.50%	9,620,000	3/1/19	9,435,000
			<u>\$ 18,760,000</u>		<u>\$ 15,990,000</u>

The annual debt service requirements to amortize the general obligation bonds outstanding as of December 31, 2007 are as follows:

Year	Principal	Interest	Total
2008	\$ 3,310,000	\$ 637,090	\$ 3,947,090
2009	585,000	549,023	1,134,023
2010	2,410,000	490,826	2,900,826
2011	745,000	425,310	1,170,310
2012	820,000	383,717	1,203,717
2013 - 2017	5,570,000	1,236,218	6,806,218
2018 - 2019	2,550,000	117,900	2,667,900
Total	<u>\$ 15,990,000</u>	<u>\$ 3,840,084</u>	<u>\$ 19,830,084</u>

\$4,510,000 of the Series 2005 bonds were issued to provide resources for a crossover refunding of the \$2,765,000 2009 through 2018 maturities of the Series 1998A bonds and \$1,745,000 for a portion of the 2013 maturities and the 2014 to 2017 maturities of the Series 2002 bonds. The proceeds of the 2005 issue have been placed in an escrow account pending the March 1, 2008 and March 1, 2010 call dates of the refunded issues.

In 2006, the City issued \$2,335,000 of certificates of participation to refund \$2,195,000 in previously outstanding certificates. The Certificates of participation are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City and require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year certificates are outstanding) a fund to pay interest and principal at maturity. Certificates of participation outstanding at the end of the year are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2007
Series 2006	12/28/06	4.50 - 5.00%	<u>\$ 2,335,000</u>	9/1/20	<u>\$ 2,235,000</u>

The annual debt service requirements to amortize the certificates outstanding as of December 31, 2007 are as follows:

Year	Principal	Interest	Total
2008	\$ 85,000	\$ 102,275	\$ 187,275
2009	100,000	98,450	198,450
2010	105,000	93,950	198,950
2011	115,000	89,225	204,225
2012	130,000	84,050	214,050
2013 - 2017	835,000	326,173	1,161,173
2018 - 2020	865,000	96,520	961,520
Total	<u>\$ 2,235,000</u>	<u>\$ 890,643</u>	<u>\$ 3,125,643</u>

The City has entered into two capital leases to finance the purchase of police vehicles with a cost of \$88,412. Payments are due in installments through 2009. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007 were as follows:

Year ending December 31:	
2008	\$ 31,305
2009	<u>31,305</u>
	62,610
Less imputed interest	<u>(5,503)</u>
Present value of minimum lease payments	<u>\$ 57,107</u>

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, 2007, the City has one outstanding industrial revenue bond issue with a total principle amount of \$4,760,000.

The Missouri State Constitution permits a city, by vote of either two-thirds or four-sevenths of the voting electorate, depending upon 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, 2007, the City's general obligation debt limit was \$31,252,079.

Business-type Activities

Revenue bonds outstanding at year end are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2007
Series 2001	5/3/01	4.375 - 5.125%	\$ 5,705,000	10/1/20	\$ 5,245,000
Series 2003	8/6/03	2.625 - 3.375%	\$ 470,000	10/1/08	\$ 105,000
Series 2004	7/14/04	4.375 - 5.125%	<u>2,505,000</u>	10/1/16	<u>2,200,000</u>
			<u>\$ 8,680,000</u>		<u>\$ 7,550,000</u>

The revenue bonds are special obligations collateralized solely by a lien on and pledge of the net revenues of the water and sewer system to the extent necessary to meet the debt service requirements. The bond indentures contain limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in compliance with all such financial limitations and restrictions.

The annual debt service requirements to amortize the revenue bonds outstanding as of December 31, 2007 are as follows:

Year	Principal	Interest	Total
2008	\$ 370,000	\$ 356,245	\$ 726,245
2009	400,000	341,864	741,864
2010	445,000	324,514	769,514
2011	490,000	305,694	795,694
2012	570,000	284,274	854,274
2013 - 2017	3,685,000	969,745	4,654,745
2018 - 2020	1,590,000	140,625	1,730,625
Total	<u>\$ 7,550,000</u>	<u>\$ 2,722,961</u>	<u>\$ 10,272,961</u>

8. COMMITMENTS AND CONTINGENCIES

Employees Retirement System

Plan Description - The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and it is tax exempt.

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

Funding Policy - The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 9.8% (general) and 10.1% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Annual Pension Cost - For 2007, the City's annual pension cost of \$203,030 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included as of February 28, 2007 (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 6% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 21 years.

Trend Information - The following trend information regarding annual pension cost is presented as of the system's fiscal year ended June 30:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$167,125	100%	\$ -
2006	\$178,267	100%	\$ -
2007	\$203,030	100%	\$ -

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 City activities. The City also participates in federal and state-assisted 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. The City's management and legal counsel anticipate the potential claims against the City, if any, which are not covered by insurance, resulting from such matters would not materially affect the financial position of the City.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained commercial insurance coverage for these risks. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the past three years.

Commitments

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, with an option to renew at that time. The contract provided the City the right to an increased water supply at a cost of \$708,840, representing its 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 the Tri-County Water Authority which requires the City to purchase a minimum of 50,000 gallons of water per day through October 18, 2024.

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 cost of the expansion 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.

Capital Projects

Capital projects often extend over several years. The City has made normal commitments for future expenditures related to capital projects programs.

9. FUND DEFICITS

The Park Fund and G. O. Bond Fund unreserved fund balance deficits at December 31, 2007 will be eliminated with the proceeds of a 2008 general obligation bond issue.

10. SUBSEQUENT EVENTS

On June 23, 2008, the City issued \$6,940,000 of general obligation bonds for the purpose of making various infrastructure and park system improvements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	\$ 2,138,684	\$ 2,322,474	\$ 2,315,343
Licenses and permits	226,468	195,339	167,154
Intergovernmental revenues	152,718	194,341	244,457
Charges for services	46,658	94,623	79,005
Fines and forfeitures	166,821	147,719	147,719
Interest	20,000	66,268	110,700
Other	7,900	43,881	53,693
Total revenues	<u>2,759,249</u>	<u>3,064,645</u>	<u>3,118,071</u>
EXPENDITURES:			
General government:			
Administration	534,347	646,219	485,830
Elected	47,532	32,132	32,130
Legal	26,000	17,294	17,294
Municipal court	114,837	105,581	104,749
Fleet maintenance	53,850	52,305	52,173
Community development	379,381	302,274	295,098
Planning and engineering	174,871	166,863	126,345
Total general government	<u>1,330,818</u>	<u>1,322,668</u>	<u>1,113,619</u>
Public safety	<u>1,515,578</u>	<u>1,663,299</u>	<u>1,687,830</u>
Total expenditures	<u>2,846,396</u>	<u>2,985,967</u>	<u>2,801,449</u>
Excess of revenues over (under) expenditures	<u>(87,147)</u>	<u>78,678</u>	<u>316,622</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	57,000	120,000	-
Proceeds from capital lease	-	-	57,107
Sale of capital assets	<u>26,000</u>	<u>1,250</u>	<u>13,000</u>
Total other financing sources (uses)	<u>83,000</u>	<u>121,250</u>	<u>70,107</u>
Change in fund balance	<u>\$ (4,147)</u>	<u>\$ 199,928</u>	386,729
FUND BALANCE, beginning of year			<u>1,394,033</u>
FUND BALANCE, end of year			<u>\$ 1,780,762</u>

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - PARK FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 192,980	\$ 191,109	\$ 197,647
Intergovernmental	-	115,440	115,440
Charges for services	250,150	267,336	272,602
Interest	11,000	13,134	13,134
Other	-	31,323	30,442
	<u>454,130</u>	<u>618,342</u>	<u>629,265</u>
EXPENDITURES:			
Parks and recreation	566,263	583,048	582,678
Capital outlay	49,750	700,634	700,334
Debt service:			
Principal	65,000	100,000	100,000
Interest and fiscal costs	<u>131,148</u>	<u>84,781</u>	<u>80,081</u>
	<u>812,161</u>	<u>1,468,463</u>	<u>1,463,093</u>
Excess of revenues under expenditures	(358,031)	(850,121)	(833,828)
	<u>261,198</u>	<u>261,198</u>	<u>261,198</u>
TRANSFERS IN			
Change in fund balance	<u>\$ (96,833)</u>	<u>\$ (588,923)</u>	(572,630)
FUND BALANCE, beginning of year			<u>202,686</u>
FUND BALANCE, end of year			<u>\$ (369,944)</u>

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - PUBLIC HEALTH FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 65,333	\$ 65,333	\$ 71,417
Interest	300	1,483	5,888
Total revenues	65,633	66,816	77,305
EXPENDITURES:			
General government	36,735	13,235	13,235
Excess of revenues over expenditures	28,898	53,581	64,070
TRANSFERS OUT	(25,050)	(25,050)	(25,050)
Change in fund balance	\$ 3,848	\$ 28,531	39,020
FUND BALANCE, beginning of year			105,320
FUND BALANCE, end of year			\$ 144,340

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 290,000	\$ 303,818	\$ 313,735
Interest	500	531	531
Total revenues	290,500	304,349	314,266
EXPENDITURES:			
Capital outlay	20,000	22,496	24,484
Excess of revenues over expenditures	270,500	281,853	289,782
TRANSFERS OUT	(196,148)	(196,148)	(196,148)
Change in fund balance	\$ 74,352	\$ 85,705	93,634
FUND BALANCE, beginning of year			(35,028)
FUND BALANCE, end of year			\$ 58,606

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION AND STREET FUND
YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 290,000	\$ 313,385	\$ 313,716
Licenses and permits	23,700	2,325	9,089
Intergovernmental	268,100	304,674	267,167
Interest	15,000	40,234	47,729
Other	-	2,095	4,231
Total revenues	<u>596,800</u>	<u>662,713</u>	<u>641,932</u>
EXPENDITURES:			
Streets and highways	469,616	508,280	488,618
Capital outlay	<u>99,860</u>	<u>81,993</u>	<u>81,871</u>
Total expenditures	<u>569,476</u>	<u>590,273</u>	<u>570,489</u>
Excess of revenues over expenditures	27,324	72,440	71,443
OTHER FINANCING SOURCES (USES):			
Transfers out	(40,000)	(40,000)	(40,000)
Sale of capital assets	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Change in fund balance	<u>\$ (12,676)</u>	<u>\$ 37,440</u>	36,443
FUND BALANCE, beginning of year			<u>881,871</u>
FUND BALANCE, end of year			<u>\$ 918,314</u>

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - TIF FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ -	\$ 182,389	\$ 202,757
Intergovernmental	-	26,705	32,326
Interest	-	166	166
Total revenues	-	209,260	235,249
EXPENDITURES:			
General government	-	73,896	235,083
Excess of revenues over expenditures	\$ -	\$ 135,364	166
FUND BALANCE, beginning of year			424
FUND BALANCE, end of year			\$ 590

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - G.O. BOND FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Interest	\$ -	\$ -	\$ 187,115
Other	-	10,000	10,000
Total revenues	-	10,000	197,115
EXPENDITURES:			
Capital outlay	170,000	747,857	747,341
Debt service-interest and fiscal costs	-	-	189,995
Total expenditures	170,000	747,857	937,336
Excess of revenues under expenditures	<u>\$ (170,000)</u>	<u>\$ (737,857)</u>	(740,221)
FUND BALANCE, beginning of year			<u>4,516,172</u>
FUND BALANCE, end of year			<u><u>\$ 3,775,951</u></u>

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 1,219,766	\$ 1,219,766	\$ 1,294,766
Interest	9,000	60,018	59,070
Total revenues	<u>1,228,766</u>	<u>1,279,784</u>	<u>1,353,836</u>
EXPENDITURES:			
Principal	335,000	460,000	460,000
Interest and fiscal costs	<u>588,176</u>	<u>532,396</u>	<u>532,396</u>
Total expenditures	<u>923,176</u>	<u>992,396</u>	<u>992,396</u>
Excess of revenues over expenditures	<u>\$ 305,590</u>	<u>\$ 287,388</u>	361,440
FUND BALANCE, beginning of year			<u>1,052,137</u>
FUND BALANCE, end of year			<u>\$ 1,413,577</u>

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED DECEMBER 31, 2007

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets, as required by state statutes, are adopted on a basis 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.

The Board of Aldermen follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City department heads submit requests for appropriations to the City Administrator who compiles the requests and submits a comprehensive budget request document to the governing board.
- Public hearings are conducted to obtain taxpayer comments.
- The budget for all funds is legally enacted through passage of an ordinance.
- The appropriated budget is prepared by fund and department. City department heads may request transfers of appropriations within a department. Transfers of appropriations between departments and revisions to a fund's total expenditures requires the approval of the Aldermen. The legal level of budgetary control is the department level.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2007, expenditures exceeded appropriations in the Capital Improvement Fund, TIF Fund, and G. O. Bond Fund. These overexpenditures were funded through the use of additional revenues, available fund balances, and restricted assets held by the bond trustee.

CITY OF GRAIN VALLEY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

YEAR ENDED DECEMBER 31, 2007

Schedule of Funding Progress

Missouri Local Government Employees Retirement System (LAGERS)

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Plan Assets</u>	<u>(b) Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Liability</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>((b-a)/c) Unfunded Liability as a Percent of Covered Payroll</u>
02/28/05	\$ 698,863	\$1,055,469	\$356,606	66%	\$1,418,181	25%
02/28/06	885,921	1,188,482	302,561	75	1,535,181	20%
02/28/07	1,149,906	1,467,025	317,119	78	1,929,664	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, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See the independent auditor's report.