

CITY OF GRAIN VALLEY, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

CITY OF GRAIN VALLEY, MISSOURI

YEAR ENDED DECEMBER 31, 2009

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	2-8
Basic Financial Statements-	
Government-Wide-	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements-	
Governmental Funds-	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13-14
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Statement of	
Activities	15
Proprietary Funds-	
Statement of Net Assets	16
Statement of Revenues, Expenses and Changes in Fund Net Assets	17
Statement of Cash Flows	18
Notes to Basic Financial Statements	19-36
Required Supplementary Information-	
Budgetary Comparison Schedule – General Fund	37
Budgetary Comparison Schedule – Park Fund	38
Budgetary Comparison Schedule – Transportation and Street Fund	39
Notes to Budgetary Comparison Schedules	40
Schedule of Funding Progress – Retirement Plan	41
 <u>SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	42
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds	43
Budgetary Comparison Schedule – Public Health Fund	44
Budgetary Comparison Schedule – Capital Improvement Fund	45
Budgetary Comparison Schedule – TIF Fund	46
Budgetary Comparison Schedule – Economic Development Fund	47
Budgetary Comparison Schedule – G. O. Bond Fund	48
Budgetary Comparison Schedule – Debt Service Fund	49

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, each major fund, and the aggregate remaining fund information of the City of Grain Valley, Missouri (the City), as of and for the year ended December 31, 2009, 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.

In prior years, the City had not capitalized interest costs 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, each major fund, and the aggregate remaining fund information of the City of Grain Valley, Missouri as of December 31, 2009, 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 8 and 37 through 41, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cudney, Ecord, McEnroe & Mullane

June 18, 2010

City of Grain Valley
Management's Discussion and Analysis
Year Ended December 31, 2009

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 \$26,338,899. The governmental activities net assets are \$11,689,919 and the business-type activities net assets are \$14,648,980.
- The City's total net assets increased by \$325,047.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,313,200; a decrease of \$3,550,471 in comparison of the prior year due mainly to downtown improvements and a large retirement of principal on general obligation bonds. Approximately 27% or \$2,005,595 of the combined governmental fund balance of \$7,313,200 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 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, the Economic Development 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 reconciliations 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.

CITY WIDE ANALYSIS

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

2009	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 8,857,496	\$ 3,798,134	\$ 12,655,630
Restricted assets	2,031,416	1,397,528	3,428,944
Deferred charges	279,031	1,878,372	2,157,403
Capital assets	24,427,071	15,117,861	39,544,932
Total assets	\$35,595,014	\$22,191,895	\$ 57,786,909
Current liabilities	3,528,877	705,536	4,234,413
Payable from restricted assets	26,901	385,778	412,679
Long-term liabilities	20,349,317	6,451,601	26,800,918
Total liabilities	23,905,095	7,542,915	31,448,010
<u>Net Assets</u>			
Investment of capital assets, net of related debt	6,055,008	10,502,502	16,557,510
Restricted for debt service	2,801,349	1,011,750	3,813,099
Restricted for other purposes	367,557	-	367,557
Unrestricted	2,466,005	3,134,728	5,600,733
Total net assets	\$ 11,689,919	\$14,648,980	\$ 26,338,899

CHANGES NET ASSETS

	Governmental Activities	Business- Type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 586,606	\$ 5,089,407	\$ 5,676,013
Capital grants and contributions	242,855	371,547	614,402
Property taxes	3,079,011	-	3,079,011
Other taxes	2,441,446	-	2,441,446
Other general revenues	786,309	134,373	920,682
Total revenues	7,136,227	5,595,327	12,731,554
Program expenses			
General government	1,894,768	-	1,894,768
Public safety	1,798,132	-	1,798,132
Highways and streets	1,469,593	-	1,469,593
Culture and recreation	955,567	-	955,567
Interest on long-term debt	886,084	-	886,084
Water/Wastewater	-	5,402,363	5,402,363
Total expenses	7,004,144	5,402,363	12,406,507
Increase (decrease) in net assets	\$ 132,083	\$ 192,964	\$ 325,047

CITY WIDE ANALYSIS

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

2008	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$12,383,874	\$ 4,087,197	\$ 16,471,071
Restricted assets	2,048,549	1,375,496	3,424,045
Deferred charges	302,141	2,023,293	2,325,434
Capital assets	23,121,209	14,921,384	38,042,593
Total assets	37,855,773	22,407,370	60,263,143
Current liabilities	3,673,242	761,480	4,434,722
Payable from restricted assets	34,008	383,981	417,989
Long-term liabilities	22,590,687	6,805,893	29,396,580
Total liabilities	26,297,937	7,951,354	34,249,291
<u>Net Assets</u>			
Investment in capital assets, net of related debt	5,053,190	10,086,466	15,139,656
Restricted for debt service	3,956,796	991,515	4,948,311
Restricted for other purposes	159,677	-	159,677
Unrestricted	2,388,173	3,378,035	5,766,208
Total net assets	\$11,557,836	\$14,456,016	\$26,013,852

CHANGES NET ASSETS

	Governmental Activities	Business- Type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 660,800	\$ 4,782,357	\$ 5,443,157
Capital grants and contributions	71,055	344,073	415,128
Property taxes	3,074,310	-	3,074,310
Other taxes	2,409,621	-	2,409,621
Other general revenues	921,325	237,418	1,158,743
Total revenues	7,137,111	5,363,848	12,500,959
Program expenses			
General government	1,991,732	-	1,991,732
Public safety	1,699,200	-	1,699,200
Highways and streets	1,611,709	-	1,611,709
Culture and recreation	884,950	-	884,950
Interest on long-term debt	868,521	-	868,521
Water/Wastewater	-	5,247,071	5,247,071
Total expenses	7,056,112	5,247,071	12,303,183
Increase (decrease) in net assets	\$ 80,999	\$ 116,777	\$ 197,776

COSTS OF SERVICES - GOVERNMENTAL ACTIVITIES

	2009	2009	2008	2008
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
General government	\$ 1,894,768	\$ (1,746,839)	\$ 1,991,732	\$ (1,789,455)
Public safety	1,798,132	(1,365,563)	1,699,200	(1,272,694)
Highways and streets	1,469,593	(1,032,673)	1,611,709	(1,335,056)
Culture and recreation	955,567	(714,642)	844,950	(606,728)
Interest	886,084	(886,084)	868,521	(868,521)
Totals	<u>\$ 7,004,144</u>	<u>\$ (5,745,801)</u>	<u>\$7,056,112</u>	<u>\$(5,872,454)</u>

ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$7,313,200. The expenditures exceed revenues by \$3,633,201 primarily due to principle retirement and the expenditure of bond proceeds. After accounting for the bond proceeds and other financing sources/uses this leaves an undesignated fund balance for governmental funds of \$4,225,101.

The General Fund revenues exceed expenditures by \$26,026. This leaves an undesignated fund balance of \$2,005,595 or 64% of operating expenditures. The City's 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 continued economic downturn.

The Park Fund expenditures exceed revenues by \$329,602. These expenditures were financed through operating transfers in. The fund also transferred out \$167,000 to the general obligation bond fund to finance 2010 trail construction. After accounting for other financing sources/uses this leaves an undesignated fund balance of \$61,186.

The Debt Service Fund revenues exceed expenditures by \$1,269,820 due to a scheduled large principle payment leaving an ending fund balance of \$955,283.

The Transportation Fund expenditures exceed revenues by \$291,501 due to budgeted maintenance and street projects. This leaves an undesignated fund balance for the transportation fund of \$243,267.

The General Obligation Bond Fund has an undesignated fund balance of \$1,664,005. General obligation bonds in the amount of \$6,940,000 were issued in 2008 to finance park improvements as well as improvements to the downtown area.

The proprietary fund revenues exceed expenses by \$96,208. This leaves an unrestricted net asset balance for the proprietary funds of \$3,134,728.

BUDGETARY HIGHLIGHTS

The Board of Aldermen revised the City budget once at year end. An additional \$115,944 was received as settlements in telecommunications franchise fees. The City outsourced the management of the swimming pool which resulted in an increase in the amount of approximately \$35,000 of originally budgeted expenditures in the Park Fund. The I-70 project had expenditures of approximately \$330,000 that were financed with proceeds from general obligation bonds issued in June of 2008.

CAPITAL ASSETS

The City had \$48,360,173 and \$37,591,876 invested in a broad range of capital assets including vehicles and equipment, buildings, park facilities, streets and water and sewer lines at December 31, 2009 and 2008, respectively. Additional information regarding the City's capital assets can be found in Note 6 to the financial statements.

	2009		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 2,661,524	\$ 171,725	\$ 2,833,249
Buildings & Improvements	4,114,546	95,005	4,209,551
Land & Improvements	1,574,032	23,158	1,597,190
Vehicles	246,482	109,182	355,664
Distribution System	-	14,122,033	14,122,033
Construction-in-Progress	1,496,216	336,123	1,832,339
Furniture and Equipment	481,304	260,635	741,939
Infrastructure	13,852,967	-	13,852,967
Totals	\$ 24,427,071	\$15,117,861	\$39,544,932

	2008		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 2,661,524	\$ 171,725	\$ 2,833,249
Buildings & Improvements	4,252,023	98,733	4,350,756
Land & Improvements	1,631,720	26,350	1,658,070
Vehicles	212,961	121,411	334,372
Distribution System	-	13,872,174	13,872,174
Construction-in-Progress	2,063,339	361,444	2,424,783
Furniture and Equipment	435,397	269,547	704,944
Infrastructure	11,864,245	-	11,864,245
Totals	\$ 23,121,209	\$ 14,921,384	\$38,042,593

DEBT

The City had \$26,727,817 and \$29,338,263 in outstanding debt at December 31, 2009 and 2008, respectively. Additional information regarding the City's debt can be found in Note 7 to the financial statements.

	2009		
	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 17,810,000	\$ -	\$17,810,000
Certificates of Participation	2,050,000	-	2,050,000
Capital Leases	87,817	-	87,817
Revenue Bonds	-	6,780,000	6,780,000
Totals	<u>\$ 19,947,817</u>	<u>\$ 6,780,000</u>	<u>\$26,727,817</u>

	2008		
	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 19,920,000	\$ -	\$ 19,920,000
Certificates of Participation	2,150,000	-	2,150,000
Capital Leases	88,263	-	88,263
Revenue Bonds	-	7,180,000	7,180,000
Totals	<u>\$ 22,158,263</u>	<u>\$ 7,180,000</u>	<u>\$ 29,338,263</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The next year's General Fund budget was determined based on anticipated reductions in some sources of revenue and the workload associated with related functions, along with the projected costs for meeting certain goals and objectives identified as priorities through the Citizen Survey and the Strategic Goals adopted by the Mayor and Board of Aldermen.

Major governmental capital additions budgeted for 2010 are \$355,000 in various street improvements, \$215,000 in trail construction, and \$215,000 in sewer system improvements.

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, Grain Valley City Hall, 711 S. Main Street, Grain Valley, MO 64029.

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF NET ASSETS

DECEMBER 31, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,911,816	\$ 3,123,721	\$ 10,035,537
Receivables (net):			
Accounts	25,650	594,083	619,733
Property taxes	1,323,096	-	1,323,096
Other taxes	316,566	-	316,566
Due from other governments	57,171	-	57,171
Interest	31,674	15,480	47,154
Inventory	-	69,364	69,364
Internal balances	11,750	(11,750)	-
Prepaid items	179,773	7,236	187,009
Restricted assets:			
Cash and investments	2,009,251	1,397,528	3,406,779
Interest receivable	22,165	-	22,165
Unamortized debt issue costs	279,031	62,489	341,520
Deferred charges, net of amortization	-	1,815,883	1,815,883
Capital assets:			
Nondepreciable	4,157,740	507,848	4,665,588
Depreciable, net	20,269,331	14,610,013	34,879,344
Total assets	<u>35,595,014</u>	<u>22,191,895</u>	<u>57,786,909</u>
LIABILITIES			
Current liabilities:			
Accounts payable	522,656	697,509	1,220,165
Accrued liabilities	34,316	8,027	42,343
Accrued interest	287,463	-	287,463
Unearned revenue	2,684,442	-	2,684,442
Payable from restricted assets:			
Court bonds	26,901	-	26,901
Customer deposits	-	304,650	304,650
Accrued interest payable	-	81,128	81,128
Noncurrent liabilities:			
Due in one year	2,972,483	445,000	3,417,483
Due in more than one year	17,376,834	6,006,601	23,383,435
Total liabilities	<u>23,905,095</u>	<u>7,542,915</u>	<u>31,448,010</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,055,008	10,502,502	16,557,510
Restricted for:			
Debt service	2,801,349	1,011,750	3,813,099
Capital projects	200,898	-	200,898
Other	166,659	-	166,659
Unrestricted	2,466,005	3,134,728	5,600,733
Total net assets	<u>\$ 11,689,919</u>	<u>\$ 14,648,980</u>	<u>\$ 26,338,899</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
General government	\$ 1,894,768	\$ 115,100	\$ 32,829	\$ -	\$ (1,746,839)
Public safety	1,798,132	229,756	202,813	-	(1,365,563)
Parks and recreation	955,567	240,925	-	-	(714,642)
Streets and highways	1,469,593	825	193,240	242,855	(1,032,673)
Interest on long-term debt	886,084	-	-	-	(886,084)
Total governmental activities	<u>7,004,144</u>	<u>586,606</u>	<u>428,882</u>	<u>242,855</u>	<u>(5,745,801)</u>
Business-type activities:					
Water and sewer service	5,402,363	5,089,407	-	371,547	58,591
Total business-type activities	<u>5,402,363</u>	<u>5,089,407</u>	<u>-</u>	<u>371,547</u>	<u>58,591</u>
Total primary government	<u>\$ 12,406,507</u>	<u>\$ 5,676,013</u>	<u>\$ 428,882</u>	<u>\$ 614,402</u>	<u>\$ (5,687,210)</u>
Changes in net assets:					
Net (expense) revenue			<u>\$ (5,745,801)</u>	<u>\$ 58,591</u>	<u>\$ (5,687,210)</u>
General revenues:					
Property taxes			3,079,011	-	3,079,011
Sales and use taxes			1,401,707	-	1,401,707
Franchise taxes			993,648	-	993,648
Other taxes			46,091	-	46,091
Investment earnings			272,180	108,249	380,429
Other			66,238	26,124	92,362
Gain on sale of assets			19,009	-	19,009
Total general revenues			<u>5,877,884</u>	<u>134,373</u>	<u>6,012,257</u>
Change in net assets			132,083	192,964	325,047
Net assets, beginning of year, as restated			11,557,836	14,456,016	26,013,852
Net assets, end of year			<u>\$ 11,689,919</u>	<u>\$ 14,648,980</u>	<u>\$ 26,338,899</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund	Park Fund	Transportation and Street Fund	G.O. Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,653,896	\$ 180,366	\$ 181,257	\$ 2,623,161	\$ 1,800,299	\$ 472,837	\$ 6,911,816
Receivables (net):							
Accounts	12,198	-	4,925	5,000	-	3,527	25,650
Property taxes	434,733	95,823	-	-	752,846	39,694	1,323,096
Other taxes	201,994	38,687	37,942	-	-	37,943	316,566
Due from other governments	17,633	-	31,575	-	-	7,963	57,171
Interest	12,235	2,607	642	13,276	2,392	522	31,674
Prepaid items	12,676	2,976	2,219	-	-	-	17,871
Due from other funds	902,828	-	8,947	-	-	-	911,775
Restricted assets:							
Cash and investments	26,901	233,525	-	1,748,825	-	-	2,009,251
Interest receivable	-	-	-	22,165	-	-	22,165
Total assets	<u>\$ 3,275,094</u>	<u>\$ 553,984</u>	<u>\$ 267,507</u>	<u>\$ 4,412,427</u>	<u>\$ 2,555,537</u>	<u>\$ 562,486</u>	<u>\$ 11,627,035</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 153,880	\$ 6,394	\$ 16,893	\$ 126,853	\$ -	\$ 218,636	\$ 522,656
Accrued liabilities	23,987	5,201	5,128	-	-	-	34,316
Due to other funds	-	41,020	-	850,579	-	8,426	900,025
Court bonds	26,901	-	-	-	-	-	26,901
Deferred revenue	941,625	203,682	-	-	1,600,254	84,376	2,829,937
Total liabilities	<u>1,146,393</u>	<u>256,297</u>	<u>22,021</u>	<u>977,432</u>	<u>1,600,254</u>	<u>311,438</u>	<u>4,313,835</u>
Fund balances:							
Reserved for debt service	-	233,525	-	1,770,990	955,283	-	2,959,798
Reserved for prepaid items	12,676	2,976	2,219	-	-	-	17,871
Unreserved, designated	110,430	-	-	-	-	-	110,430
Unreserved, undesignated	2,005,595	61,186	243,267	1,664,005	-	251,048	4,225,101
Total fund balances	<u>2,128,701</u>	<u>297,687</u>	<u>245,486</u>	<u>3,434,995</u>	<u>955,283</u>	<u>251,048</u>	<u>7,313,200</u>
Total liabilities and fund balances	<u>\$ 3,275,094</u>	<u>\$ 553,984</u>	<u>\$ 267,507</u>	<u>\$ 4,412,427</u>	<u>\$ 2,555,537</u>	<u>\$ 562,486</u>	<u>\$ 11,627,035</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, 2009

Fund balances - total governmental funds		\$ 7,313,200
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	28,461,173	
Less accumulated depreciation	<u>(4,034,102)</u>	24,427,071
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		(287,463)
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		(20,349,317)
Unamortized debt issuance costs		279,031
Expenditures benefiting future periods are not reported in the governmental funds, yet are reflected as prepaid items in the statement of net assets		161,902
Adjustment of unearned revenue for revenues not considered available in the fund statements		<u>145,495</u>
Net assets of governmental activities		<u><u>\$ 11,689,919</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, 2009

	General Fund	Park Fund	Transportation and Street Fund	G.O. Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 2,519,944	\$ 464,370	\$ 238,069	\$ -	\$ 1,576,326	\$ 635,105	\$ 5,433,814
Licenses and permits	57,172	-	825	-	-	-	57,997
Intergovernmental revenues	202,813	-	250,245	-	-	32,829	485,887
Charges for services	61,985	240,925	-	-	-	-	302,910
Fines and forfeitures	225,699	-	-	-	-	-	225,699
Interest	64,287	5,423	4,244	147,803	44,288	6,135	272,180
Other	39,437	4,210	7,067	-	-	13,614	64,328
Total revenues	3,171,337	714,928	500,450	147,803	1,620,614	687,683	6,842,815
EXPENDITURES							
Current:							
General government	1,253,983	-	-	-	-	462,110	1,716,093
Public safety	1,828,180	-	-	-	-	-	1,828,180
Parks and recreation	-	742,954	-	-	-	-	742,954
Streets and highways	-	-	768,202	-	-	-	768,202
Capital outlay	-	103,126	23,749	2,065,207	-	2,353	2,194,435
Debt service:							
Principal retirement	58,070	100,000	-	-	2,110,000	-	2,268,070
Interest and fiscal costs	5,078	98,450	-	74,120	780,434	-	958,082
Total expenditures	3,145,311	1,044,530	791,951	2,139,327	2,890,434	464,463	10,476,016
Excess of revenues over (under) expenditures	26,026	(329,602)	(291,501)	(1,991,524)	(1,269,820)	223,220	(3,633,201)

CITY OF GRAIN VALLEY, MISSOURI

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

YEAR ENDED DECEMBER 31, 2009

	General Fund	Park Fund	Transportation and Street Fund	G.O. Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):							
Transfers in	-	302,748	125,000	167,000	-	52,627	647,375
Transfers out	(112,627)	(167,000)	(60,000)	-	-	(307,748)	(647,375)
Proceeds from capital leases	57,624	-	-	-	-	-	57,624
Sale of capital assets	7,536	17,070	500	-	-	-	25,106
Total other financing sources (uses)	(47,467)	152,818	65,500	167,000	-	(255,121)	82,730
Change in fund balances	(21,441)	(176,784)	(226,001)	(1,824,524)	(1,269,820)	(31,901)	(3,550,471)
FUND BALANCES:							
Beginning of year	2,150,142	474,471	471,487	5,259,519	2,225,103	282,949	10,863,671
End of year	<u>\$ 2,128,701</u>	<u>\$ 297,687</u>	<u>\$ 245,486</u>	<u>\$ 3,434,995</u>	<u>\$ 955,283</u>	<u>\$ 251,048</u>	<u>\$ 7,313,200</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, 2009

Net change in fund balances - total governmental funds \$ (3,550,471)

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 (\$1,982,963) exceeded depreciation (\$856,854) in the current period 1,126,109

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 179,753

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 88,553

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	(57,624)	
Principal payments	2,268,070	
Payments on developer agreement	19,736	
Premium and discount amortization	21,419	
Issuance costs amortization	<u>(23,110)</u>	2,228,491

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	(3,810)	
Compensated absences	(10,231)	
Accrued interest	<u>73,689</u>	<u>59,648</u>

Change in net assets of governmental activities \$ 132,083

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
STATEMENT OF NET ASSETS - PROPRIETARY FUND
DECEMBER 31, 2009

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,123,721
Receivables (net):	
Accounts	594,083
Interest	15,480
Inventory	69,364
Prepaid expenses	7,236
Total current assets	<u>3,809,884</u>
Noncurrent assets:	
Restricted assets:	
Restricted cash and cash equivalents	1,397,528
Unamortized debt issue costs	62,489
Deferred charges, net of amortization	1,815,883
Capital assets, net	15,117,861
Total assets	<u>22,203,645</u>
LIABILITIES	
Current liabilities:	
Accounts payable	697,509
Accrued liabilities	8,027
Due to other funds	11,750
Payable from restricted assets:	
Customer deposits	304,650
Current portion of bonds payable	445,000
Accrued interest	81,128
Total current liabilities	<u>1,548,064</u>
Noncurrent liabilities:	
Bonds payable	5,986,242
Compensated absences	20,359
Total liabilities	<u>7,554,665</u>
NET ASSETS	
Net assets:	
Invested in capital assets, net of related debt	10,502,502
Restricted for debt service	1,011,750
Unrestricted	3,134,728
Total net assets	<u>\$ 14,648,980</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, 2009

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	\$ 5,089,407
OPERATING EXPENSES:	
Personnel	599,708
Operation and maintenance	365,959
Water purchases	2,916,345
Sewer services	427,196
Depreciation and amortization	683,991
Total operating expenses	4,993,199
Operating income	96,208
NONOPERATING REVENUES (EXPENSES):	
Other revenue	26,124
Interest income	108,249
Interest expense	(380,501)
Amortization of bond issue costs	(7,440)
Sale of capital assets	(21,223)
Total nonoperating revenues (expenses)	(274,791)
Loss before contributions	(178,583)
CAPITAL CONTRIBUTIONS:	
Contributions of capital assets	371,547
Change in net assets	192,964
Net assets, beginning of year, as restated	14,456,016
Net assets, end of year	\$ 14,648,980

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, 2009

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$5,115,418
Cash payments to suppliers for goods and services	(3,738,158)
Cash payments for employee services and benefits	<u>(610,434)</u>
Net cash provided by operating activities	<u>766,826</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Repayment of interfund advances	<u>18,880</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(403,913)
Proceeds from sale of capital assets	11,250
Principal paid on capital debt	(400,000)
Interest paid on capital debt	<u>(341,865)</u>
Net cash used by capital and related financing activities	<u>(1,134,528)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>131,013</u>
Net decrease in cash and cash equivalents	(217,809)
Cash and cash equivalents - beginning of year	<u>4,739,058</u>
Cash and cash equivalents - end of year	<u><u>\$4,521,249</u></u>
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 96,208
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	683,991
Nonoperating revenue	26,124
Changes in assets and liabilities:	
Receivables, net	(6,233)
Inventory and prepaid expenses	13,811
Accounts payable and deposits	(36,349)
Accrued liabilities	<u>(10,726)</u>
Net cash provided by operating activities	<u><u>\$ 766,826</u></u>
NONCASH CAPITAL ACTIVITIES:	
Capital assets contributed	\$ 371,547

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2009

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) Commission which has been blended in the City's basic financial statements. The TIF Commission does not issue separate financial statements.

The TIF Commission is responsible for encouraging development of commercial enterprises in the TIF District. The members of the Commission'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 Commission's board. However, the Commission is fiscally dependent upon the City because the City must approve any debt issuances.

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.

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.

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 nonmajor governmental funds:

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.

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

Economic Development Fund – This special revenue fund is used to account for all economic development activity for the City, including business incubator, business retention and expansion, commercial marketing, and residential marketing. These activities are funded through a marketing fee charged as a portion of the building permit fee as well as a transfer from the general fund.

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 the 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 and unbilled 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 Park Fund represent the debt service reserve investments held by the bond trustee as required by the Series 2006 Certificates of Participation issue. 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 sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2009 is as follows:

Total deposits	\$ 2,381,279
Certificates of deposit	9,078,089
Investments	1,982,348
Petty cash	<u>600</u>
Total	<u>\$13,442,316</u>

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

Cash and equivalents	\$10,035,537
Restricted cash and investments	<u>3,406,779</u>
Total	<u>\$13,442,316</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, 2009 are as follows:

<u>Investment</u>	<u>Maturity</u> <u>Under</u> <u>one year</u>	<u>Rating</u>
<u>Restricted investments</u>		
G. O. Bond Fund:		
2005 Refunding SLG Securities	\$1,748,825	-
Park Fund:		
Fidelity Treasury Money Market Fund	<u>233,523</u>	AAA
	<u>\$1,982,348</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, 2009, 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, 2009, 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 2009 were as follows:

	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Tourism</u>	<u>Cigarette</u>	<u>Total</u>
General	\$ 927,966	\$ 579,668	\$993,648	\$18,662	\$ -	\$2,519,944
Park	200,572	236,369	-	-	27,429	464,370
Public Health	83,590	-	-	-	-	83,590
Capital Improvement	-	238,200	-	-	-	238,200
Transportation and Street	-	238,069	-	-	-	238,069
TIF	203,914	109,401	-	-	-	313,315
Debt Service	<u>1,576,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,326</u>
	<u>\$2,992,368</u>	<u>\$1,401,707</u>	<u>\$993,648</u>	<u>\$18,662</u>	<u>\$27,429</u>	<u>\$5,433,814</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 and personal 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, 2008, on which the 2009 budget year levy was based, was \$166,662,541.

Property tax levies per \$100 assessed valuation for the budget year ended December 31, 2009, were as follows:

	<u>Levy</u>
General Fund	\$.5476
Parks	.1207
Public Health	.0500
Debt Service	<u>.9483</u>
	<u>\$1.6666</u>

General 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. The Park sales tax revenues result from a ½ of 1% levy for the purpose of constructing and operating the City's parks. 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 2009 consisted of the following:

	<u>General</u>	<u>TIF Fund</u>	<u>Transportation and Street Fund</u>
State:			
Motor vehicle fuel tax	\$ -	\$ -	\$142,525
Motor vehicle sales tax	-	-	27,798
Vehicle registration fees	-	-	22,917
Court training	6,778	-	-
County:			
TIF sales tax increment	-	32,829	-
Drug task force	83,271	-	-
Urban road system	-	-	57,005
School District:			
DARE officer	17,551	-	-
Public safety grants	<u>95,213</u>	<u>-</u>	<u>-</u>
	<u>\$202,813</u>	<u>\$ 32,829</u>	<u>\$250,245</u>

Due from other governments at December 31, 2009 consists of state vehicle fuel, sales and registration fees, county sales tax increments, and public safety grants.

5. INTERFUND BALANCES AND TRANSFERS

The interfund balances between the General Fund, Transportation and Street Fund, Park Fund, Economic Development 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, 2009, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Economic Development	\$ 52,627	\$ -
Park	302,748	167,000
Transportation and Street	125,000	60,000
Public Health	-	30,050
Capital Improvement	-	277,698
General	-	112,627
G. O. Bond	<u>167,000</u>	<u>-</u>
	<u>\$ 647,375</u>	<u>\$ 647,375</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, 2009 are as follows:

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,661,524	\$ -	\$ -	\$ 2,661,524
Construction in progress	2,063,339	1,732,317	2,299,440	1,496,216
Total capital assets, not being depreciated	4,724,863	1,732,317	2,299,440	4,157,740
Capital assets, being depreciated:				
Building and improvements	5,198,218	-	-	5,198,218
Furniture and equipment	674,510	136,830	36,995	774,345
Infrastructure	13,255,812	2,461,547	-	15,717,359
Land improvements	1,826,005	23,743	-	1,849,748
Vehicles	669,747	113,816	19,800	763,763
Total capital assets being depreciated	21,624,292	2,735,936	56,795	24,303,433
Less accumulated depreciation:				
Building and improvements	946,195	137,477	-	1,083,672
Furniture and equipment	239,113	84,826	30,898	293,041
Infrastructure	1,391,567	472,825	-	1,864,392
Land improvements	194,285	81,431	-	275,716
Vehicles	456,786	80,295	19,800	517,281
Total accumulated depreciation	3,227,946	856,854	50,698	4,034,102
Total capital assets, being depreciated, net	18,396,346	1,879,082	6,097	20,269,331
Total governmental activities capital assets, net	\$ 23,121,209	\$ 3,611,399	\$ 2,305,537	\$ 24,427,071

Depreciation expense was charged to functions as follows:

General government	\$219,804
Public safety	53,947
Streets and highways	378,693
Parks and recreation	204,410
Total depreciation expense – governmental activities	<u>\$856,854</u>

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 171,725	\$ -	\$ -	\$ 171,725
Construction in progress	361,444	397,632	422,953	336,123
Total capital assets, not being depreciated	533,169	397,632	422,953	507,848
Capital assets, being depreciated:				
Building and improvements	147,438	-	-	147,438
Furniture and equipment	438,940	58,749	36,762	460,927
Land improvements	38,778	-	-	38,778
Vehicles	255,756	20,572	36,984	239,344
Distribution system	17,817,650	721,460	-	18,539,110
Total capital assets being depreciated	18,698,562	800,781	73,746	19,425,597
Less accumulated depreciation:				
Building and improvements	48,705	3,728	-	52,433
Furniture and equipment	169,393	35,188	4,289	200,292
Land improvements	12,428	3,192	-	15,620
Vehicles	134,345	32,801	36,984	130,162
Distribution system	3,945,476	471,601	-	4,417,077
Total accumulated depreciation	4,310,347	546,510	41,273	4,815,584
Total capital assets being depreciated, net	14,388,215	254,271	32,473	14,610,013
Business-type capital assets, net	\$ 14,921,384	\$ 651,903	\$ 455,426	\$ 15,117,861

7. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

	Balance December 31, 2008	Increases	Decreases	Balance December 31, 2009	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 19,920,000	\$ -	\$ 2,110,000	\$ 17,810,000	\$ 2,705,000
Certificates of participation	2,150,000	-	100,000	2,050,000	105,000
Capital lease obligations	88,263	57,624	58,070	87,817	58,109
Unamortized premium	348,238	-	31,014	317,224	-
Deferred amount on refunding	(111,852)	9,595	-	(102,257)	-
Developer agreement	75,000	-	19,736	55,264	20,000
Compensated absences*	121,038	10,231	-	131,269	84,374
Total governmental activities debt	\$ 22,590,687	\$ 77,450	\$ 2,318,820	\$ 20,349,317	\$ 2,972,483

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

Business-type activities

Water and Sewer Fund:					
Revenue bonds	\$ 7,180,000	\$ -	\$ 400,000	\$ 6,780,000	\$ 445,000
Deferred amount on refunding	(391,717)	42,959	-	(348,758)	-
Compensated absences	17,610	2,749	-	20,359	-
Total business-type activities debt	\$ 6,805,893	\$ 45,708	\$ 400,000	\$ 6,451,601	\$ 445,000

Governmental Activities

General obligation bonds outstanding at December 31, 2009 are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2009
Series 1998	8/21/98	4.25 - 5.50%	\$ 1,640,000	3/1/12	\$ 575,000
Series 2002	6/6/02	2.00 - 5.25%	3,500,000	3/1/17	2,560,000
Series 2005	7/21/05	3.50 - 4.50%	9,620,000	3/1/19	8,960,000
Series 2008A	7/1/08	3.75 - 4.35%	6,940,000	3/1/28	5,715,000
			<u>\$ 21,700,000</u>		<u>\$ 17,810,000</u>

The annual debt service requirements to amortize the general obligation bonds outstanding as of December 31, 2009 are as follows:

Year	Principal	Interest	Total
2010	\$ 2,705,000	\$ 703,026	\$ 3,408,026
2011	960,000	615,951	1,575,951
2012	1,040,000	573,209	1,613,209
2013	1,130,000	530,644	1,660,644
2014	1,250,000	486,685	1,736,685
2015 - 2019	7,540,000	1,514,947	9,054,947
2020 - 2024	1,615,000	506,618	2,121,618
2025 - 2028	1,570,000	138,498	1,708,498
Total	<u>\$ 17,810,000</u>	<u>\$ 5,069,578</u>	<u>\$ 22,879,578</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. The 1998A portion of the bonds were called March 1, 2008, and the 2002 bonds will be called on March 1, 2010.

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, 2009
Series 2006	12/28/06	4.50 - 5.00%	<u>\$ 2,335,000</u>	9/1/20	<u>\$ 2,050,000</u>

The annual debt service requirements to amortize the certificates outstanding as of December 31, 2009 are as follows:

Year	Principal	Interest	Total
2010	\$ 105,000	\$ 93,950	\$ 198,950
2011	115,000	89,225	204,225
2012	130,000	84,050	214,050
2013	140,000	78,525	218,525
2014	150,000	72,575	222,575
2015 - 2019	980,000	250,093	1,230,093
2020	430,000	21,500	451,500
Total	<u>\$ 2,050,000</u>	<u>\$ 689,918</u>	<u>\$ 2,739,918</u>

The City has entered into four capital leases to finance the acquisition of police vehicles with a cost of \$148,074. Payments are due in installments through 2011. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009 were as follows:

Year ending December 31:	
2010	\$ 63,460
2011	<u>31,621</u>
	95,081
Less imputed interest	<u>(7,264)</u>
Present value of minimum lease payments	<u>\$ 87,817</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, 2009, the City has one outstanding industrial revenue bond issue with a total principal amount of \$3,890,000.

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, 2009, the City's general obligation debt limit was \$31,917,857.

Business-type Activities

Revenue bonds outstanding at year end are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2009
Series 2001	5/3/01	4.375 - 5.125%	\$ 5,705,000	10/1/20	\$ 4,885,000
Series 2004	7/14/04	4.375 - 5.125%	2,505,000	10/1/16	1,895,000
			<u>\$ 8,210,000</u>		<u>\$ 6,780,000</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 total principal and interest remaining to be paid on the bonds is \$8,804,852. Principal and interest paid for the current year and net revenues were \$741,864 and \$914,572 respectively. 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, 2009 are as follows:

Year	Principal	Interest	Total
2010	\$ 445,000	\$ 324,514	\$ 769,514
2011	490,000	305,694	795,694
2012	570,000	284,274	854,274
2013	620,000	258,626	878,626
2014	695,000	229,906	924,906
2015 - 2019	3,510,000	598,776	4,108,776
2020	450,000	23,062	473,062
Total	<u>\$ 6,780,000</u>	<u>\$ 2,024,852</u>	<u>\$ 8,804,852</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 8.9% (general) and 10.4% (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 2009, the City's annual pension cost of \$220,736 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included as of February 28, 2009 (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 and division, 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, 2009 was 19 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>
2007	\$203,030	100%	\$ -
2008	\$206,781	100%	\$ -
2009	\$220,736	100%	\$ -

Funding Status and Progress - As of February 28, 2009, the most recent actuarial valuation date, the plan was 64% funded. The actuarial accrued liability for benefits was \$1,820,080, and the actuarial value of assets was \$1,169,247, resulting in an unfunded liability of \$650,833. The covered payroll (annual payroll of active employees covered by the plan) was \$2,292,894, and the ratio of the unfunded liability to the covered payroll was 28%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 (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 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 the bonds that were issued to finance other Tri-County projects as well, and that approximately \$3 million of 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 for twenty years. The water capacity under this contract is purchased by the City from Tri-County and runs concurrent with the term of that agreement. Tri-County also charges the City for Blue Springs' portion of the capital costs. These costs are recovered by the City as part of its billings to 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 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 DEFICIT

The Economic Development Fund unreserved fund balance deficit at December 31, 2009 will be eliminated with future revenues.

10. DEVELOPER AGREEMENT

The City has entered into a development agreement to reimburse \$75,000 to a local business for the infrastructure improvements it made. This reimbursement is payable from sales taxes collected by the City from this business and is reflected as a liability in the government-wide statement of net assets. \$19,736 was reimbursed in 2009.

11. RESTATEMENT

In 2009, the City determined that the 2008 costs associated with certain sewer system projects, which were reflected as operating expenses, were more properly reportable as capital assets. The following is a reconciliation of the effect of this change on net assets:

	Business-type Activities <u>Net Assets</u>
As previously reported at December 31, 2008	\$14,005,299
To reflect operating expenses as capital assets	<u>450,717</u>
Net assets, as restated January 1, 2009	<u>\$14,456,016</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

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

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	\$ 2,655,231	\$ 2,655,231	\$ 2,519,944
Licenses and permits	122,700	122,700	57,172
Intergovernmental revenues	248,449	257,209	202,813
Charges for services	64,900	64,900	61,985
Fines and forfeitures	199,100	199,100	225,699
Interest	90,000	90,000	64,287
Other	34,600	34,600	39,437
Total revenues	3,414,980	3,423,740	3,171,337
EXPENDITURES:			
General government:			
Administration	554,179	554,179	450,299
Elected	37,569	37,569	33,115
Legal	21,400	21,400	25,807
Municipal court	134,559	134,559	144,540
Fleet maintenance	85,904	85,904	97,616
Community development	285,478	303,550	302,851
Planning and engineering	239,419	239,419	199,755
Total general government	1,358,508	1,376,580	1,253,983
Public safety	1,696,867	1,765,627	1,828,180
Public safety-debt service	64,000	64,000	63,148
Total expenditures	3,119,375	3,206,207	3,145,311
Excess of revenues over expenditures	295,605	217,533	26,026
OTHER FINANCING SOURCES (USES):			
Transfers out	(60,000)	(60,000)	(112,627)
Proceeds from capital leases	-	-	57,624
Sale of capital assets	23,500	23,500	7,536
Total other financing sources (uses)	(36,500)	(36,500)	(47,467)
Change in fund balance	\$ 259,105	\$ 181,033	(21,441)
FUND BALANCE, beginning of year			2,150,142
FUND BALANCE, end of year			\$ 2,128,701

See the independent auditor's report.

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

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	\$ 512,697	\$ 512,697	\$ 464,370
Charges for services	258,500	258,500	240,925
Interest	5,000	5,000	5,423
Other	4,100	4,100	4,210
Total revenues	780,297	780,297	714,928
EXPENDITURES:			
Parks and recreation	685,694	721,056	742,954
Capital outlay	146,974	146,974	103,126
Debt service:			
Principal	100,000	100,000	100,000
Interest and fiscal costs	98,450	98,450	98,450
Total expenditures	1,031,118	1,066,480	1,044,530
Excess of revenues under expenditures	(250,821)	(286,183)	(329,602)
OTHER FINANCING SOURCES (USES):			
Transfers in	305,500	305,500	302,748
Transfers out	(167,000)	(167,000)	(167,000)
Sale of capital assets	-	-	17,070
Total other financing sources (uses)	138,500	138,500	152,818
Change in fund balance	\$ (112,321)	\$ (147,683)	(176,784)
FUND BALANCE, beginning of year			474,471
FUND BALANCE, end of year			\$ 297,687

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, 2009

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	\$ 284,625	\$ 284,625	\$ 238,069
Licenses and permits	-	-	825
Intergovernmental	298,452	298,452	250,245
Interest	15,000	15,000	4,244
Other	-	-	7,067
	<u>598,077</u>	<u>598,077</u>	<u>500,450</u>
EXPENDITURES:			
Streets and highways	701,189	756,189	768,202
Capital outlay	<u>55,000</u>	<u>55,000</u>	<u>23,749</u>
	<u>756,189</u>	<u>811,189</u>	<u>791,951</u>
Excess of revenues under expenditures	(158,112)	(213,112)	(291,501)
OTHER FINANCING SOURCES (USES):			
Transfers in	125,000	125,000	125,000
Transfers out	(60,000)	(60,000)	(60,000)
Sale of capital assets	<u>5,000</u>	<u>5,000</u>	<u>500</u>
Total other financing sources (uses)	<u>70,000</u>	<u>70,000</u>	<u>65,500</u>
Change in fund balance	<u>\$ (88,112)</u>	<u>\$ (143,112)</u>	(226,001)
FUND BALANCE, beginning of year			<u>471,487</u>
FUND BALANCE, end of year			<u>\$ 245,486</u>

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED DECEMBER 31, 2009

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.

CITY OF GRAIN VALLEY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

YEAR ENDED DECEMBER 31, 2009

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>
02/28/07	\$1,149,906	\$1,467,025	\$317,119	78%	\$1,929,664	16%
02/29/08	1,483,865	1,835,170	351,305	81	2,254,351	16
02/28/09	1,169,247	1,820,080	650,833	64	2,292,894	28

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.

SUPPLEMENTARY INFORMATION

CITY OF GRAIN VALLEY, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2009

	Public Health Fund	Capital Improvement Fund	TIF Fund	Economic Development Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 207,399	\$ 55,062	\$ 205,919	\$ 4,457	\$ 472,837
Receivables (net):					
Accounts	-	-	-	3,527	3,527
Property taxes	39,694	-	-	-	39,694
Other taxes	-	37,943	-	-	37,943
Due from other governments	-	-	7,963	-	7,963
Interest	522	-	-	-	522
Total assets	<u>\$ 247,615</u>	<u>\$ 93,005</u>	<u>\$ 213,882</u>	<u>\$ 7,984</u>	<u>\$ 562,486</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,166	\$ 681	\$ 213,098	\$ 691	\$ 218,636
Due to other funds	-	-	-	8,426	8,426
Deferred revenue	84,376	-	-	-	84,376
Total liabilities	<u>88,542</u>	<u>681</u>	<u>213,098</u>	<u>9,117</u>	<u>311,438</u>
Fund balances:					
Unreserved, undesignated	159,073	92,324	784	(1,133)	251,048
Total fund balances	<u>159,073</u>	<u>92,324</u>	<u>784</u>	<u>(1,133)</u>	<u>251,048</u>
Total liabilities and fund balances	<u>\$ 247,615</u>	<u>\$ 93,005</u>	<u>\$ 213,882</u>	<u>\$ 7,984</u>	<u>\$ 562,486</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED DECEMBER 31, 2009

	Public Health Fund	Capital Improvement Fund	TIF Fund	Economic Development Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 83,590	\$ 238,200	\$ 313,315	\$ -	\$ 635,105
Intergovernmental revenues	-	-	32,829	-	32,829
Interest	6,135	-	-	-	6,135
Other	-	-	-	13,614	13,614
Total revenues	89,725	238,200	346,144	13,614	687,683
EXPENDITURES					
Current:					
General government	55,375	4,005	346,135	56,595	462,110
Capital outlay	-	-	-	2,353	2,353
Total expenditures	55,375	4,005	346,135	58,948	464,463
Excess of revenues over (under) expenditures	34,350	234,195	9	(45,334)	223,220
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	52,627	52,627
Transfers out	(30,050)	(277,698)	-	-	(307,748)
Total other financing sources (uses)	(30,050)	(277,698)	-	52,627	(255,121)
Change in fund balances	4,300	(43,503)	9	7,293	(31,901)
FUND BALANCES:					
Beginning of year	154,773	135,827	775	(8,426)	282,949
End of year	\$ 159,073	\$ 92,324	\$ 784	\$ (1,133)	\$ 251,048

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - PUBLIC HEALTH FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 81,665	\$ 81,665	\$ 83,590
Interest	3,500	3,500	6,135
Total revenues	85,165	85,165	89,725
EXPENDITURES:			
General government	51,219	56,219	55,375
Excess of revenues over expenditures	33,946	28,946	34,350
TRANSFERS OUT	(30,050)	(30,050)	(30,050)
Change in fund balance	\$ 3,896	\$ (1,104)	4,300
FUND BALANCE, beginning of year			154,773
FUND BALANCE, end of year			\$ 159,073

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 284,625	\$ 284,625	\$ 238,200
Interest	621	621	-
Total revenues	<u>285,246</u>	<u>285,246</u>	<u>238,200</u>
EXPENDITURES:			
General government	<u>-</u>	<u>4,000</u>	<u>4,005</u>
Excess of revenues over expenditures	285,246	281,246	234,195
TRANSFERS OUT	<u>(280,450)</u>	<u>(280,450)</u>	<u>(277,698)</u>
Change in fund balance	<u>\$ 4,796</u>	<u>\$ 796</u>	(43,503)
FUND BALANCE, beginning of year			<u>135,827</u>
FUND BALANCE, end of year			<u>\$ 92,324</u>

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - TIF FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 305,672	\$ 305,672	\$ 313,315
Intergovernmental	50,000	50,000	32,829
Total revenues	355,672	355,672	346,144
EXPENDITURES:			
General government	355,672	355,672	346,135
Change in fund balance	\$ -	\$ -	9
FUND BALANCE, beginning of year			775
FUND BALANCE, end of year			\$ 784

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Other	\$ 12,500	\$ 12,500	\$ 13,614
EXPENDITURES:			
General government	78,250	78,250	56,595
Capital outlay	-	-	2,353
Total expenditures	78,250	78,250	58,948
Excess of revenues under expenditures	(65,750)	(65,750)	(45,334)
OTHER FINANCING SOURCE:			
Transfers in	65,750	65,750	52,627
Change in fund balance	\$ -	\$ -	7,293
FUND BALANCE, beginning of year			(8,426)
FUND BALANCE, end of year			\$ (1,133)

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - G.O. BOND FUND

YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES:			
Interest	<u>\$ -</u>	<u>\$ 65,490</u>	<u>\$ 147,803</u>
EXPENDITURES:			
Capital outlay	1,925,693	2,301,183	2,065,207
Debt service	<u>-</u>	<u>74,120</u>	<u>74,120</u>
Total expenditures	<u>1,925,693</u>	<u>2,375,303</u>	<u>2,139,327</u>
Excess of revenues under expenditures	<u>(1,925,693)</u>	<u>(2,309,813)</u>	<u>(1,991,524)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>-</u>	<u>-</u>	<u>167,000</u>
Change in fund balance	<u><u>\$(1,925,693)</u></u>	<u><u>\$(2,309,813)</u></u>	<u>(1,824,524)</u>
FUND BALANCE, beginning of year			<u>5,259,519</u>
FUND BALANCE, end of year			<u><u>\$ 3,434,995</u></u>

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual
	Original	Final	
REVENUES:			
Taxes	\$ 1,722,338	\$ 1,722,338	\$ 1,576,326
Interest	35,000	35,000	44,288
Total revenues	<u>1,757,338</u>	<u>1,757,338</u>	<u>1,620,614</u>
EXPENDITURES:			
Principal	1,975,000	1,975,000	2,110,000
Interest and fiscal costs	<u>967,406</u>	<u>967,406</u>	<u>780,434</u>
Total expenditures	<u>2,942,406</u>	<u>2,942,406</u>	<u>2,890,434</u>
Change in fund balance	<u><u>\$(1,185,068)</u></u>	<u><u>\$(1,185,068)</u></u>	(1,269,820)
FUND BALANCE, beginning of year			<u>2,225,103</u>
FUND BALANCE, end of year			<u><u>\$ 955,283</u></u>