CITY OF GRAIN VALLEY, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

CITY OF GRAIN VALLEY, MISSOURI

YEAR ENDED DECEMBER 31, 2010

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CUDNEY, ECORD, MCENROE & MULLANE L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2010, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grain Valley, Missouri as of December 31, 2010, 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, as listed in the table of contents, 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 L.L.C.

July 11, 2011

1310 CARONDELET DRIVE, SUITE 333, KANSAS CITY, MISSOURI 64114, 816/942-3133

City of Grain Valley
Management's Discussion and Analysis
Year Ended December 31, 2010

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 $26,184,025. The governmental activities net assets are $11,300,959 and the business-type activities net assets are $14,883,066.
- The City's total net assets decreased by $399,299.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of $4,735,537; a decrease of $2,577,663 from the prior year due to the retirement of crossover refunding debt and capital expenditures for the interchange project. Approximately 68%, $3,234,207, of the combined governmental fund balance of $4,735,537 is available for meeting on-going general government expenditures. The remaining balance is reserved, or designated for use in the other governmental funds.
- As of December 31, 2010, all funds had a positive fund balance.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. A changes in net assets is a useful way to measure the City's financial health, or financial position. Increases or decreases in the City's net assets, combined with information in the notes, 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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Grain Valley uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the City's funds can be divided into two categories: governmental funds, and proprietary.

The fund financial statements provide detailed information about the separate funds. Governmental funds include the General Fund, Park Fund, Capital Improvement Fund, Public Health Fund, Transportation and Street Fund, TIF related funds, G.O. Bond Fund, Economic Development Fund, Debt Service Fund, and the proprietary funds which includes the Water/Sewer Fund.

Our analysis of the City's major funds begins on page 6. 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.

- *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.

Notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 19.

CITY WIDE ANALYSIS

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

2010	Governmental Activities	Business-Type Activities	Total
Current and other assets	$8,097,631	$3,650,346	$11,747,977
Restricted assets	256,424	1,410,573	$1,666,997
Deferred charges	255,921	1,733,451	$1,989,372
Capital assets	23,741,766	14,941,546	$38,683,312
Total assets	32,351,742	21,735,916	54,087,658
Current liabilities	3,560,793	491,087	4,051,880
Payable from restricted assets	22,906	311,150	334,056
Long-term liabilities	17,467,084	6,050,613	23,517,697
Total liabilities	21,050,783	6,852,850	27,903,633
Net Assets			
Invested in capital assets, net of related debt	7,412,101	10,590,747	18,002,848
Restricted for debt service	1,008,392	1,023,000	2,031,392
Restricted for other purposes	338,758	-	338,758
Unrestricted	2,541,708	3,269,319	5,811,027
Total net assets	$11,300,959	$14,883,066	$26,184,025

CHANGES NET ASSETS

Revenues	Governmental Activities	Business-Type Activities	Total
Program revenues:			
Charges for services	$566,601	$3,568,014	$4,134,615
Grants and contributions	489,435	138,233	627,668
Property taxes	2,810,183	-	2,810,183
Other taxes	2,728,093	-	2,728,093
Other general revenues	183,014	105,237	288,251
Total revenues	6,777,326	3,811,484	10,588,810
Program expenses:			
General government	1,690,433	-	1,690,433
Public safety	1,766,506	-	1,766,506
Highways and streets	1,992,279	-	1,992,279
Culture and recreation	951,999	-	951,999
Interest on long-term debt	765,069	-	765,069
Water/Wastewater	-	3,815,523	3,815,523
Total expenses	7,166,286	3,815,523	10,981,809
Increase (decrease) in net assets	($388,960)	($4,039)	($392,999)

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
Net Assets			
Invested in capital assets, net of related debt	6,055,008	10,740,627	16,795,635
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	$14,887,105	$ 26,577,024

CHANGES NET ASSETS

Revenues	Governmental Activities	Business-Type Activities	Total
Program revenues:			
Charges for services	$ 586,606	$ 5,089,407	$ 5,676,013
Grants and contributions	671,737	371,547	1,043,284
Property taxes	3,079,011	-	3,079,011
Other taxes	2,441,446	-	2,441,446
Other general revenues	357,427	134,373	491,800
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

COSTS OF SERVICES - GOVERNMENTAL ACTIVITIES

	2010 Total Cost of Services	2010 Net Cost of Services	2009 Total Cost of Services	2009 Net Cost of Services
General government	$ 1,690,433	$ (1,453,823)	$ 1,894,768	$ (1,746,839)
Public safety	1,766,506	(1,398,739)	1,798,132	(1,365,563)
Highways and streets	1,992,279	(1,794,380)	1,469,593	(1,032,673)
Culture and recreation	951,999	(698,239)	955,567	(714,642)
Interest	765,069	(765,069)	886,084	(886,084)
Totals	$ 7,166,286	$ (6,110,250)	$ 7,004,144	$ (5,745,801)

Governmental activities decreased the City net assets by $388,960 and business net assets decreased by $4,039 for a total of $392,999. Property tax revenue was down due to lower property valuations. Fewer permits, fees, fines and lower interest rates due to the economic conditions resulted in less other revenue. Other taxes were up as a result the telecommunications franchise tax settlements.

Business type charges for services and operating expenses were lower because of a change in the method of reporting the water transactions with Blue Springs beginning in 2010. The approximately $1.7 million of purchases on their behalf by the City and the reimbursements from Blue Springs are now netted since it has been determined to be a pass through transaction instead of revenue and expense.

ANALYSIS OF THE CITY'S FUNDS

The governmental funds reported a combined fund balance of $4,735,537. The City's expenditures exceed revenues by $2,638,165. Expenses increased primarily from an increase in capital projects funded with bond proceeds from prior years and a $1,745,000 refunding debt payment made from restricted assets. Permits, fees, and declining interest rates impacted the revenues.

The General Fund is the primary operating fund of the City of Grain Valley, Missouri. The general fund revenues exceed expenditures by $433,922. This leaves an undesignated fund balance of $1,893,436, 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 $318,676. These expenditures were financed through operating transfers in. After accounting for other financing sources/uses this leaves an undesignated fund balance of $72,635.

The Debt Service Fund expenditures exceed revenues by $50,985 leaving an ending fund balance of $904,298.

The General Obligation Bond Fund (capital projects) has an undesignated fund balance of $1,053,287 which will be used for street projects.

The proprietary fund revenues exceed expenses by $122,698. This leaves an unrestricted net asset balance for the proprietary funds of $3,269,319.

BUDGETARY HIGHLIGHTS

The City of Grain Valley, Missouri, adopts an annual appropriated budget for the General Fund and other funds. Budgetary comparisons by fund can be found beginning on page 38. The Board of Aldermen did not adopt any budget amendments in 2010. Taxes exceeded budget in the General Fund due to additional telecommunication fees collected as a result of the settlement of protested amounts. General Fund expenditures compared favorably to the budget.

CAPITAL ASSETS

The City had $38,683,612 and $39,544,932 (net of depreciation) invested in a broad range of capital assets including vehicles and equipment, buildings, park facilities, streets and water and sewer lines at December 31, 2010 and 2009, respectively. Additional information regarding the City's capital assets can be found in Note 6 to the financial statements. There were no significant changes in capital assets in 2010.

	2010		
	Governmental Activities	Business-Type Activities	Total
Land	$2,661,524	$171,725	$ 2,833,249
Buildings & Improvements	3,977,069	91,276	4,068,345
Land & Improvements	1,492,601	19,967	1,512,568
Vehicles	194,298	77,690	271,988
Distribution System	-	14,267,649	14,267,649
Construction-in-Progress	937,193	87,820	1,025,013
Furniture and Equipment	471,332	225,419	696,751
Infrastructure	14,007,749	-	14,007,749
Totals	$23,741,766	$14,941,546	$38,683,312

	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

DEBT

The City had $23,443,997 and $26,727,817 in outstanding debt at December 31, 2010 and 2009, respectively. Additional information regarding the City's debt can be found in Note 7 to the financial statements.

2010	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	$ 15,105,000	$ -	$15,105,000
Certificates of Participation	1,945,000	-	1,945,000
Capital Leases	58,997	-	58,997
Revenue Bonds	-	6,335,000	6,335,000
Totals	$ 17,108,997	$ 6,335,000	$23,443,997

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	$ 19,947,817	$ 6,780,000	$26,727,817

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 economic slowdown. The budget is prepared based on 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 2011 include expenditures for the I-70 interchange and TIF projects.

FINANCIAL CONTACT

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

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,619,643	$ 2,975,624	$ 8,595,267
Receivables (net):			
Accounts and unbilled revenue	215,402	584,356	799,758
Property taxes	1,521,550	-	1,521,550
Other taxes	397,233	-	397,233
Due from other governments	119,473	-	119,473
Interest	22,792	11,611	34,403
Inventory	-	78,340	78,340
Internal balances	11,750	(11,750)	-
Prepaid items	189,788	12,165	201,953
Restricted assets:			
Cash and investments	256,424	1,410,573	1,666,997
Unamortized debt issue costs	255,921	55,049	310,970
Deferred charges, net of amortization	-	1,678,402	1,678,402
Capital assets:			
Nondepreciable	3,598,717	259,545	3,858,262
Depreciable, net	20,143,049	14,682,001	34,825,050
Total assets	32,351,742	21,735,916	54,087,658
LIABILITIES			
Current liabilities:			
Accounts payable	346,667	404,705	751,372
Accrued liabilities	38,915	9,959	48,874
Accrued interest	242,278	76,423	318,701
Unearned revenue	2,932,933	-	2,932,933
Payable from restricted assets:			
Court bonds	22,906	-	22,906
Customer deposits	-	311,150	311,150
Noncurrent liabilities:			
Due in one year	1,204,177	502,412	1,706,589
Due in more than one year	16,262,907	5,548,201	21,811,108
Total liabilities	21,050,783	6,852,850	27,903,633
NET ASSETS			
Invested in capital assets, net of related debt	7,412,101	10,590,747	18,002,848
Restricted for:			
Debt service	1,008,392	1,023,000	2,031,392
Capital projects	183,586	-	183,586
Other	155,172	-	155,172
Unrestricted	2,541,708	3,269,319	5,811,027
Total net assets	$ 11,300,959	$ 14,883,066	$ 26,184,025

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
General government	$ 1,690,433	$ 155,680	$ 80,930	$ -	$ (1,453,823)
Public safety	1,766,506	170,526	197,241	-	(1,398,739)
Parks and recreation	951,999	240,395	-	13,365	(698,239)
Streets and highways	1,992,279	-	197,899	-	(1,794,380)
Interest on long-term debt	765,069	-	-	-	(765,069)
Total governmental activities	7,166,286	566,601	476,070	13,365	(6,110,250)
Business-type activities:					
Water and sewer service	3,815,523	3,568,014	-	138,233	(109,276)
Total business-type activities	3,815,523	3,568,014	-	138,233	(109,276)
Total primary government	$10,981,809	$ 4,134,615	$ 476,070	$ 151,598	$ (6,219,526)

	Governmental Activities	Business-type Activities	Total
Changes in net assets:			
Net (expense) revenue	$ (6,110,250)	$ (109,276)	$ (6,219,526)
General revenues:			
Property taxes levied for general purposes	1,262,451	-	1,262,451
Property taxes levied for debt service	1,547,732	-	1,547,732
Sales and use taxes	1,424,275	-	1,424,275
Franchise taxes	1,261,120	-	1,261,120
Other taxes	42,698	-	42,698
Investment earnings	116,571	65,756	182,327
Other	52,266	46,081	98,347
Gain on sale of assets	7,577	-	7,577
Transfers	6,600	(6,600)	-
Total general revenues	5,721,290	105,237	5,826,527
Change in net assets	(388,960)	(4,039)	(392,999)
Net assets, beginning of year, as restated	11,689,919	14,887,105	26,577,024
Net assets, end of year	$ 11,300,959	$ 14,883,066	$ 26,184,025

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General Fund	Park Fund	G.O. Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,357,662	$ 203,879	$ 1,931,139	$ 1,763,790	$ 363,173	$ 5,619,643
Receivables (net):						
Accounts	19,918	2,520	5,000	-	187,964	215,402
Property taxes	442,158	97,459	-	765,702	216,231	1,521,550
Other taxes	291,975	35,200	-	-	70,058	397,233
Due from other governments	26,738	13,365	-	-	79,370	119,473
Interest	14,306	163	6,736	1,536	51	22,792
Prepaid items	25,493	2,774	-	-	3,429	31,696
Due from other funds	1,052,357	-	26,869	-	8,947	1,088,173
Restricted assets:						
Cash and investments	22,906	233,518	-	-	-	256,424
Total assets	$ 3,253,513	$ 588,878	$ 1,969,744	$ 2,531,028	$ 929,223	$ 9,272,386
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 72,486	$ 9,943	$ 151,187	$ 218	$ 112,833	$ 346,667
Accrued liabilities	29,826	6,843	-	-	2,246	38,915
Due to other funds	35,816	41,020	765,270	-	234,317	1,076,423
Court bonds	22,906	-	-	-	-	22,906
Deferred revenue	956,786	207,023	-	1,626,512	261,617	3,051,938
Total liabilities	1,117,820	264,829	916,457	1,626,730	611,013	4,536,849
Fund balances:						
Reserved for debt service	-	233,518	-	904,298	-	1,137,816
Reserved for prepaid items	25,493	2,774	-	-	3,429	31,696
Unreserved, designated	216,765	15,122	-	-	99,931	331,818
Unreserved, undesignated	1,893,435	72,635	1,053,287	-	-	3,019,357
Unreserved, reported in nonmajor funds	-	-	-	-	214,850	214,850
Total fund balances	2,135,693	324,049	1,053,287	904,298	318,210	4,735,537
Total liabilities and fund balances	$ 3,253,513	$ 588,878	$ 1,969,744	$ 2,531,028	$ 929,223	$ 9,272,386

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, 2010

Fund balances - total governmental funds		$ 4,735,537
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	28,672,288	
Less accumulated depreciation	(4,930,522)	23,741,766
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		(242,278)
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, discounts and similar items		(17,467,084)
Unamortized debt issuance costs		255,921
Expenditures benefiting future periods are not reported in the governmental funds, yet are reflected as prepaid items in the statement of net assets		158,092
Adjustment of unearned revenue for revenues not considered available in the fund statements		119,005
Net assets of governmental activities		$ 11,300,959

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, 2010

	General Fund	Park Fund	G.O. Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 2,785,542	$ 464,768	$ -	$ 1,563,892	$ 752,476	$ 5,566,678
Licenses and permits	60,343	-	-	-	-	60,343
Intergovernmental revenues	201,082	13,365	-	-	278,829	493,276
Charges for services	91,158	240,395	-	-	7,500	339,053
Fines and forfeitures	167,205	-	-	-	-	167,205
Interest	47,472	2,982	47,782	15,023	3,312	116,571
Other	40,047	5,014	-	-	1,452	46,513
Total revenues	3,392,849	726,524	47,782	1,578,915	1,043,569	6,789,639
EXPENDITURES						
Current:						
General government	1,153,647	-	-	-	356,976	1,510,623
Public safety	1,741,819	-	-	-	-	1,741,819
Parks and recreation	-	730,305	-	-	-	730,305
Streets and highways	-	-	-	-	643,983	643,983
Capital outlay	-	113,646	759,608	-	251,150	1,124,404
Debt service:						
Principal retirement	58,107	105,000	1,745,000	960,000	-	2,868,107
Interest and fiscal costs	5,354	96,249	37,060	669,900	-	808,563
Total expenditures	2,958,927	1,045,200	2,541,668	1,629,900	1,252,109	9,427,804
Excess of revenues over (under) expenditures	433,922	(318,676)	(2,493,886)	(50,985)	(208,540)	(2,638,165)

CITY OF GRAIN VALLEY, MISSOURI

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

YEAR ENDED DECEMBER 31, 2010

	General Fund	Park Fund	G.O. Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):						
Transfers in	-	341,624	112,178	-	465,240	919,042
Transfers out	(477,418)	-	-	-	(435,024)	(912,442)
Proceeds from capital leases	29,287	-	-	-	-	29,287
Sale of capital assets	21,201	3,414	-	-	-	24,615
Total other financing sources (uses)	(426,930)	345,038	112,178	-	30,216	60,502
Change in fund balances	6,992	26,362	(2,381,708)	(50,985)	(178,324)	(2,577,663)
FUND BALANCES:						
Beginning of year	2,128,701	297,687	3,434,995	955,283	496,534	7,313,200
End of year	$ 2,135,693	$ 324,049	$ 1,053,287	$ 904,298	$ 318,210	$ 4,735,537

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, 2010

Net change in fund balances - total governmental funds		$ (2,577,663)
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 ($272,200) were less than depreciation ($940,467) in the current period		(668,267)
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		(17,038)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(26,490)
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	(29,287)	
Principal payments	2,868,107	
Payments on sales tax agreement	15,116	
Premium and refunding amortization	21,419	
Issuance costs amortization	(23,110)	2,852,245
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	6,878	
Accrued interest	45,185	48,253
Change in net assets of governmental activities		$ (388,960)

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

STATEMENT OF NET ASSETS - PROPRIETARY FUND

DECEMBER 31, 2010

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,975,624
Receivables (net of allowance of $102,689):	
Accounts and other	385,924
Unbilled revenue	198,432
Interest	11,611
Inventory	78,340
Prepaid expenses	12,165
Total current assets	3,662,096
Noncurrent assets:	
Restricted assets:	
Restricted cash and cash equivalents	1,410,573
Unamortized debt issue costs	55,049
Deferred charges, net of amortization	1,678,402
Capital assets, net	14,941,546
Total assets	21,747,666
LIABLITIES	
Current liabilities:	
Accounts payable	404,705
Accrued liabilities	9,959
Due to other funds	11,750
Accrued interest	76,423
Current portion of long-term obligations	502,412
Payable from restricted assets:	
Customer deposits	311,150
Total current liabilities	1,316,399
Noncurrent liabilities:	
Bonds payable	5,539,201
Compensated absences	9,000
Total liabilities	6,864,600
NET ASSETS	
Net assets:	
Invested in capital assets, net of related debt	10,590,747
Restricted for debt service	1,023,000
Unrestricted	3,269,319
Total net assets	$ 14,883,066

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, 2010

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	$ 3,568,014
OPERATING EXPENSES:	
Personnel	535,133
Operation and maintenance	386,467
Water purchases	1,321,375
Sewer services	452,142
Depreciation and amortization	750,199
Total operating expenses	3,445,316
Operating income	122,698
NONOPERATING REVENUES (EXPENSES):	
Other revenue	46,081
Interest income	65,756
Interest expense	(362,767)
Amortization of bond issue costs	(7,440)
Total nonoperating revenues (expenses)	(258,370)
Loss before contributions and transfers	(135,672)
CAPITAL CONTRIBUTIONS:	
Contributions of capital assets	138,233
TRANSFERS OUT	(6,600)
Change in net assets	(4,039)
Net assets, beginning of year, as restated	14,887,105
Net assets, end of year	$ 14,883,066

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, 2010

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	$3,630,322
Cash payments to suppliers for goods and services	(2,466,693)
Cash payments for employee services and benefits	(532,148)
Net cash provided by operating activities	631,481
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers out	(6,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(61,215)
Proceeds from sale of capital assets	1,169
Principal paid on capital debt	(445,000)
Interest paid on capital debt	(324,514)
Net cash used by capital and related financing activities	(829,560)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	69,627
Net decrease in cash and cash equivalents	(135,052)
Cash and cash equivalents - beginning of year	4,521,249
Cash and cash equivalents - end of year	$4,386,197
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 122,698
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	750,199
Nonoperating revenue	46,081
Changes in assets and liabilities:	
Receivables, net	9,727
Inventory and prepaid expenses	(13,905)
Accounts payable and deposits	(286,304)
Accrued liabilities	2,985
Net cash provided by operating activities	$ 631,481
NONCASH CAPITAL ACTIVITIES:	
Capital assets contributed	$ 138,233

The accompanying notes are an integral part of this statement.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2010

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.

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 into 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, with the City appointing a voting majority to the Commission's board. The Commission is fiscally dependent upon the City because the City must approve any development agreements and debt issuances.

Basis of Presentation

Government-wide Statements – The statement of net assets and the statement of activities display information about the City as a whole. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

Old Towne 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. These activities are funded through a marketing fee on building permits and transfers from the General Fund.

Grain Valley Marketplace TIF Fund – This special revenue fund is used to account for the activity in the special district approved in 2010, including amounts due from the developer, future incremental tax revenues, and the issuance of any TIF bonds to finance eligible improvements made in the District.

Grain Valley Marketplace NID Fund – This special revenue fund is used to account for the amounts due from the developer and future special assessment tax revenues to service any bonds issued to finance eligible improvements made in the NID district.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grain Valley Marketplace CID Fund – This special revenue fund is used to account for the Amounts due from the developer and future incremental sales tax revenues to service any bonds issued to finance eligible improvements made in the CID district.

The City reports the following major proprietary fund:

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 water and sewer revenue bonds and 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 in the General Fund consist of amounts held for court bonds. 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is included as part of the capitalized value of the assets constructed. During 2010, no interest was capitalized. All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated lives:

	Years
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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010 is as follows:

Total deposits	$ 2,676,514
Certificates of deposit	7,351,632
Investments	233,518
Petty cash	600
Total	$10,262,264

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

Cash and equivalents	$ 8,595,267
Restricted cash and investments	1,666,997
Total	$10,262,264

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.

The carrying amount, maturity segment and ratings for the City's investments at December 31, 2010 are as follows:

Investment	Maturity Under one year	Rating
Restricted investments		
Park Fund:		
Fidelity Treasury Money Market Fund	$ 233,518	AAAm

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 rating shown above is by Standard & Poor's as of year end.

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

2. CASH AND INVESTMENTS (continued)

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, 2010, 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, 2010, 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.

Concentration of Credit Risk

The City's investment policies do not limit the amounts that can be invested with any one issuer.

3. TAX REVENUE

Tax revenues, including interest and penalties, by fund for 2010 were as follows:

	Property	Sales	Franchise	Tourism	Cigarette	Total
General	$ 907,675	$ 597,748	$ 1,261,120	$ 18,999	$ -	$ 2,785,542
Park	198,987	242,082	-	-	23,699	464,768
Public Health	82,491	-	-	-	-	82,491
Capital Improvement	-	240,887	-	-	-	240,887
Transportation and Street	-	240,887	-	-	-	240,887
TIF	85,540	102,671	-	-	-	188,211
Debt Service	1,563,892	-	-	-	-	1,563,892
	$ 2,838,585	$ 1,424,275	$ 1,261,120	$ 18,999	$ 23,699	$ 5,566,678

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.

3. TAX REVENUE (continued)

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, 2009, on which the 2010 budget year levy was based, was $159,589,286.

Property tax levies per $100 assessed valuation for the budget year ended December 31, 2010, were as follows:

	Levy
General Fund	$ .5476
Parks	.1207
Public Health	.0500
Debt Service	.9483
	$1.6666

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 2010 consisted of the following:

	General	Old Towne TIF Fund	Transportation and Street Fund	Park Fund	Economic Development Fund
State:					
Motor vehicle fuel tax	$ -	$ -	$ 145,915	$ -	$ -
Motor vehicle sales tax	-	-	29,407	-	-
Vehicle registration fees	-	-	22,577	-	-
Financial institution tax	3,841	-	-	-	-
Park trail grant	-	-	-	13,365	-
County:					
TIF sales tax increment	-	30,801	-	-	-
Drug task force	53,068	-	-	-	-
DARE grant	39,311	-	-	-	-
Fire District:					
TIF sales tax increment	-	39,952	-	-	-
School District:					
DARE officer	35,101	-	-	-	-
Public safety grants	69,761	-	-	-	-
Full employment grant	-	-	-	-	10,177
	$ 201,082	$ 70,753	$ 197,899	$ 13,365	$ 10,177

Due from other governments at December 31, 2010 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, Capital Improvement Fund, the G.O. Bond Fund and the Grain Valley Marketplace TIF, NID and CID funds 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, 2010, were as follows:

	Transfers In	Transfers Out
General	$ -	$ 477,418
Park	341,624	-
Transportation and Street	375,000	63,400
G.O. Bond	112,178	-
Public Health	-	45,000
Capital Improvement	-	326,624
Economic Development	90,240	-
Water and Sewer	-	6,600
	$ 919,042	$ 919,042

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, 2010 are as follows:

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,661,524	$ -	$ -	$ 2,661,524
Construction in progress	1,496,216	143,074	702,097	937,193
Total capital assets, not being depreciated	4,157,740	143,074	702,097	3,598,717
Capital assets, being depreciated:				
Building and improvements	5,198,218	-	-	5,198,218
Furniture and equipment	774,345	82,416	-	856,761
Infrastructure	15,717,359	702,097	-	16,419,456
Land improvements	1,849,748	-	-	1,849,748
Vehicles	763,763	46,710	61,085	749,388
Total capital assets being depreciated	24,303,433	831,223	61,085	25,073,571
Less accumulated depreciation:				
Building and improvements	1,083,672	137,477	-	1,221,149
Furniture and equipment	293,041	92,388	-	385,429
Infrastructure	1,864,392	547,315	-	2,411,707
Land improvements	275,716	81,431	-	357,147
Vehicles	517,281	81,856	44,047	555,090
Total accumulated depreciation	4,034,102	940,467	44,047	4,930,522
Total capital assets, being depreciated, net	20,269,331	(109,244)	17,038	20,143,049
Total governmental activities capital assets, net	$ 24,427,071	$ 33,830	$ 719,135	$ 23,741,766

Depreciation expense was charged to functions as follows:

General government	$ 213,359
Public safety	69,115
Streets and highways	442,624
Parks and recreation	215,369
Total depreciation expense – governmental activities	$ 940,467

6. CAPITAL ASSETS (continued)

	Restated Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 171,725	$ -	$ -	$ 171,725
Construction in progress	336,123	61,215	309,518	87,820
Total capital assets, not being depreciated	507,848	61,215	309,518	259,545
Capital assets, being depreciated:				
Building and improvements	147,438	-	-	147,438
Furniture and equipment	460,927	-	-	460,927
Land improvements	38,778	-	-	38,778
Vehicles	239,344	-	17,534	221,810
Distribution system	18,777,235	447,751	-	19,224,986
Total capital assets being depreciated	19,663,722	447,751	17,534	20,093,939
Less accumulated depreciation:				
Building and improvements	52,433	3,729	-	56,162
Furniture and equipment	200,292	35,216	-	235,508
Land improvements	15,620	3,191	-	18,811
Vehicles	130,162	30,323	16,365	144,120
Distribution system	4,417,077	540,260	-	4,957,337
Total accumulated depreciation	4,815,584	612,719	16,365	5,411,938
Total capital assets being depreciated, net	14,848,138	(164,968)	1,169	14,682,001
Business-type capital assets, net	$ 15,355,986	$ (103,753)	$ 310,687	$ 14,941,546

7. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

	Balance December 31, 2009	Increases	Decreases	Balance December 31, 2010	Amounts Due Within One Year
Governmental activities					
General obligation bonds	$ 17,810,000	$ -	$ 2,705,000	$ 15,105,000	$ 960,000
Certificates of participation	2,050,000	-	105,000	1,945,000	115,000
Capital lease obligations	87,817	29,287	58,107	58,997	43,841
Unamortized premium	317,224	-	31,014	286,210	-
Deferred amount on refunding	(102,257)	-	(9,595)	(92,662)	-
Sales tax agreement	55,264	-	15,116	40,148	15,000
Compensated absences*	131,269	166,166	173,044	124,391	70,336
Total governmental activities debt	$ 20,349,317	$ 195,453	$ 3,077,686	$ 17,467,084	$ 1,204,177

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

Business-type activities					
Water and Sewer Fund:					
Revenue bonds	$ 6,780,000	$ -	$ 445,000	$ 6,335,000	$ 490,000
Deferred amount on refunding	(348,758)	-	(42,959)	(305,799)	-
Compensated absences	20,359	31,590	30,537	21,412	12,412
Total business-type activities debt	$ 6,451,601	$ 31,590	$ 432,578	$ 6,050,613	$ 502,412

Governmental Activities

General obligation bonds outstanding at December 31, 2010 are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2010
Series 1998	8/21/98	4.25 - 5.50%	$ 1,640,000	3/1/12	$ 400,000
Series 2002	6/6/02	2.00 - 5.25%	3,500,000	3/1/13	685,000
Series 2005	7/21/05	3.50 - 4.50%	9,620,000	3/1/19	8,600,000
Series 2008A	7/1/08	3.75 - 4.35%	6,940,000	3/1/28	5,420,000
			$ 21,700,000		$ 15,105,000

7. LONG-TERM OBLIGATIONS (continued)

The annual debt service requirements to amortize the general obligation bonds outstanding as of December 31, 2010 are as follows:

Year	Principal	Interest	Total
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	1,365,000	434,122	1,799,122
2016 - 2020	6,470,000	1,207,701	7,677,701
2021 - 2025	1,690,000	439,124	2,129,124
2026 - 2028	1,200,000	79,113	1,279,113
Total	$ 15,105,000	$ 4,366,549	$ 19,471,549

$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 were placed in an escrow account and have been used to call the 1998A portion of the bonds on March 1, 2008, and the 2002 bonds 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, 2010
Series 2006	12/28/06	4.25 - 5.00%	$ 2,335,000	9/1/20	$ 1,945,000

The annual debt service requirements to amortize the certificates outstanding as of December 31, 2010 are as follows:

Year	Principal	Interest	Total
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	165,000	65,825	230,825
2016 - 2020	1,245,000	205,768	1,450,768
Total	$ 1,945,000	$ 595,968	$ 2,540,968

7. LONG-TERM OBLIGATIONS (continued)

The City has entered into four capital leases to finance the acquisition of police vehicles with a cost of $134,785. 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, 2010 are as follows:

Year ending December 31:	
2011	$ 47,874
2012	16,254
	64,128
Less imputed interest	(5,131)
Present value of minimum lease payments	$ 58,997

The City has entered into an agreement to reimburse $75,000 to a local business for the infrastructure improvements it made, and is payable from sales taxes collected by the City from this business. $15,116 was reimbursed in 2010.

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, 2010, the City has one outstanding industrial revenue bond issue with a total principal amount of $3,455,000.

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, 2010, the City's general obligation debt limit was $32,892,938.

Business-type Activities

Revenue bonds outstanding at year end are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2010
Series 2001	5/3/01	4.375 - 5.125%	$ 5,705,000	10/1/20	$ 4,630,000
Series 2004	7/14/04	2.10 - 4.80%	2,505,000	10/1/16	1,705,000
			$ 8,210,000		$ 6,335,000

7. LONG-TERM OBLIGATIONS (continued)

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 $8,035,338. Principal and interest paid for the current year and net revenues were $769,514 and $984,734, 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, 2010 are as follows:

Year	Principal	Interest	Total
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	740,000	197,071	937,071
2016 - 2020	3,220,000	424,767	3,644,767
Total	$ 6,335,000	$ 1,700,338	$ 8,035,338

8. COMMITMENTS AND CONTINGENCIES

Employees Retirement System

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

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

Funding Policy - The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 9.7% (general) and 11.3% (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 2010, the City's annual pension cost of $232,987 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2008 and/or February 28, 2009 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of

8. COMMITMENTS AND CONTINGENCIES (continued)

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 a closed 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:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	$206,781	100%	$ -
2009	$220,736	100%	$ -
2010	$232,987	100%	$ -

Funding Status and Progress - As of February 28, 2010, the most recent actuarial valuation date, the plan was 71% funded. The actuarial accrued liability for benefits was $2,147,947, and the actuarial value of assets was $1,516,127, resulting in an unfunded liability of $631,820. The covered payroll (annual payroll of active employees covered by the plan) was $2,430,673, and the ratio of the unfunded liability to the covered payroll was 26%.

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. For these risks, the City has obtained commercial insurance for property and liability coverage, and workers' compensation coverage through the Missouri Rural Services Workers' Compensation Insurance Trust. 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.

8. COMMITMENTS AND CONTINGENCIES (continued)

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. The water capacity under this contract is acquired by the City from Tri-County and runs concurrent with the twenty year term of that agreement. Blue Springs' usage is separately metered by Tri-county and includes its share of the capital costs. The usage is billed to the City by Tri-County and reimbursed by Blue Springs for the amount billed. In 2010, the City changed its method of recognizing the amounts related to this contract to a reimbursement basis as opposed to reflecting them as revenues and expenses. In 2010, $1,707,660 was billed by Tri-County and reimbursed by Blue Springs.

The City has contracted with the city of Blue Springs to provide sewerage disposal service through the year 2026 and shared the costs of expanding the sewer treatment plant. The City's $2,550,974 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.

Development Agreements

In 2010, the City and the TIF Commission approved the formation of the Grain Valley Marketplace TIF District. Under the terms of the development agreement, the City, subject to the developer satisfying various conditions as specified in the agreement, will issue approximately $5.7 million of TIF revenue bonds to reimburse the developer for its eligible costs. These bonds would be payable from the future incremental property and sales tax revenues generated by the project, yet will also contain an annual appropriation requirement if these revenues are not sufficient to meet the debt service. In connection with establishment of the District, a neighborhood improvement district (NID) and community improvement district (CID) have been formed to provide additional sources of revenues for financing other project costs.

In prior years, the City and Commission established the Old Towne Market TIF District to finance various improvements from the incremental property and sales tax revenues generated by the project over the twenty three year life of the District.

8. COMMITMENTS AND CONTINGENCIES (continued)

Capital Projects

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

	Authorization	Obligations Since Inception
I-70 interchange design	$1,774,232	$1,137,373

9. RESTATEMENT

The City had previously not recorded the interest incurred during the construction phase of its business-type activities capital assets as required by generally accepted accounting principles. In 2010, the City determined the amount of interest that should have been capitalized and the related depreciation in order to properly reflect the cost of the capital assets. The following is the effect of this change on beginning net assets:

	Business-type Activities Net Assets
As previously reported at December 31, 2009	$14,648,980
Balance of capitalized interest	238,125
Net assets, as restated January 1, 2010	$14,887,105

10. SUBSEQUENT EVENT

The City held an election on April 5, 2011 for the purpose of seeking approval to issue $4,700,000 of revenue bonds to refund the Series 2001 sewer revenue bonds and $2,410,000 of general obligation bonds to finance trail improvements to the City's park system. It is anticipated that these bonds will be issued in August, 2011.

REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF GRAIN VALLEY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 2,506,796	$ 2,506,796	$ 2,785,542
Licenses and permits	56,500	56,500	60,343
Intergovernmental revenues	192,460	192,460	201,082
Charges for services	94,340	94,340	91,158
Fines and forfeitures	241,510	241,510	167,205
Interest	50,000	50,000	47,472
Other	29,764	29,764	40,047
Total revenues	3,171,370	3,171,370	3,392,849
EXPENDITURES:			
General government:			
Administration	473,690	473,690	377,429
Elected	42,184	42,184	53,686
Legal	21,500	21,500	35,509
Municipal court	138,144	138,144	122,729
Fleet maintenance	129,945	129,945	123,428
Community development	236,582	236,582	204,452
Planning and engineering	246,495	246,495	236,414
Total general government	1,288,540	1,288,540	1,153,647
Public safety	1,677,529	1,677,529	1,741,819
Public safety-debt service	63,421	63,421	63,461
Total expenditures	3,029,490	3,029,490	2,958,927
Excess of revenues over expenditures	141,880	141,880	433,922
OTHER FINANCING SOURCES (USES):			
Transfers out	(350,540)	(350,540)	(477,418)
Proceeds from capital lease	-	-	29,287
Sale of capital assets	18,000	18,000	21,201
Total other financing sources (uses)	(332,540)	(332,540)	(426,930)
Change in fund balance	$ (190,660)	$ (190,660)	6,992
FUND BALANCE, beginning of year			2,128,701
FUND BALANCE, end of year			$ 2,135,693

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - PARK FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 482,311	$ 482,311	$ 464,768
Intergovernmental	75,000	75,000	13,365
Charges for services	284,000	284,000	240,395
Interest	5,000	5,000	2,982
Other	4,100	4,100	5,014
Total revenues	850,411	850,411	726,524
EXPENDITURES:			
Parks and recreation	776,182	776,182	730,305
Capital outlay	155,010	155,010	113,646
Debt service:			
Principal	105,000	105,000	105,000
Interest and fiscal costs	96,249	96,249	96,249
Total expenditures	1,132,441	1,132,441	1,045,200
Revenues under expenditures	(282,030)	(282,030)	(318,676)
OTHER FINANCING SOURCES:			
Transfers in	341,624	341,624	341,624
Sale of capital assets	-	-	3,414
Total other financing sources	341,624	341,624	345,038
Change in fund balance	$ 59,594	$ 59,594	26,362
FUND BALANCE, beginning of year			297,687
FUND BALANCE, end of year			$ 324,049

See the independent auditor's report.

CITY OF GRAIN VALLEY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULES

YEAR ENDED DECEMBER 31, 2010

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets, as required by state statutes, are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Expenditures may not legally exceed the budgeted appropriations for each fund, and all appropriations lapse at year-end.

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

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

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2010, expenditures exceeded appropriations as follows. These overexpenditures were generally funded through the use of additional revenues and available fund balance.

General Fund	$ 56,315
G.O. Bond Fund	582,548
Debt Service Fund	1,932
Capital Improvement Fund	3,024

CITY OF GRAIN VALLEY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

YEAR ENDED DECEMBER 31, 2010

Schedule of Funding Progress

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Plan Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded Liability	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) Unfunded Liability as a Percent of Covered Payroll
2/29/2008	$ 1,483,865	$ 1,835,170	$ 351,305	81%	$ 2,254,351	16%
2/28/2009	1,169,247	1,820,080	650,833	64%	2,292,894	28%
2/28/2010	1,516,127	2,147,947	631,820	71%	2,430,673	26%

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, 2010

	Public Health Fund	Transportation and Street Fund	Capital Improvement Fund	Old Towne TIF Fund	Economic Development Fund	Grain Valley Marketplace TIF Fund	Grain Valley Marketplace NID Fund	Grain Valley Marketplace CID Fund	Total Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	$ 198,820	$ 53,171	$ -	$ 27,130	$ 64,052	$ 20,000	$ -	$ -	$ 363,173
Receivables (net):									
Accounts	-	3,463	-	-	-	170,551	2,400	11,550	187,964
Property taxes	40,373	-	-	175,858	-	-	-	-	216,231
Other taxes	-	35,029	35,029	-	-	-	-	-	70,058
Due from other governments	-	32,055	-	47,315	-	-	-	-	79,370
Interest	-	51	-	-	-	-	-	-	51
Prepaid items	-	3,429	-	-	-	-	-	-	3,429
Due from other funds	-	8,947	-	-	-	-	-	-	8,947
Total assets	$ 239,193	$ 136,145	$ 35,029	$ 250,303	$ 64,052	$ 190,551	$ 2,400	$ 11,550	$ 929,223
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ 4,996	$ 30,539	$ 1,588	$ 73,661	$ 2,049	$ -	$ -	$ -	$ 112,833
Accrued liabilities	-	2,246	-	-	-	-	-	-	2,246
Due to other funds	-	-	29,816	-	-	190,551	2,400	11,550	234,317
Deferred revenue	85,759	-	-	175,858	-	-	-	-	261,617
Total liabilities	90,755	32,785	31,404	249,519	2,049	190,551	2,400	11,550	611,013
Fund balances:									
Reserved for prepaid items	-	3,429	-	-	-	-	-	-	3,429
Unreserved, designated	-	99,931	-	-	-	-	-	-	99,931
Unreserved, undesignated	148,438	-	3,625	784	62,003	-	-	-	214,850
Total fund balances	148,438	103,360	3,625	784	62,003	-	-	-	318,210
Total liabilities and fund balances	$ 239,193	$ 136,145	$ 35,029	$ 250,303	$ 64,052	$ 190,551	$ 2,400	$ 11,550	$ 929,223

CITY OF GRAIN VALLEY, MISSOURI

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

YEAR ENDED DECEMBER 31, 2010

	Public Health Fund	Transportation and Street Fund	Capital Improvement Fund	Old Towne TIF Fund	Economic Development Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 82,491	$ 240,887	$ 240,887	$ 188,211	$ -	$ 752,476
Intergovernmental revenues	-	197,899	-	70,753	10,177	278,829
Charges for services	-	-	-	-	7,500	7,500
Interest	1,400	1,827	62	-	23	3,312
Other	658	794	-	-	-	1,452
Total revenues	84,549	441,407	240,949	258,964	17,700	1,043,569
EXPENDITURES						
Current:						
General government	50,184	-	3,024	258,964	44,804	356,976
Streets and highways	-	643,983	-	-	-	643,983
Capital outlay	-	251,150	-	-	-	251,150
Total expenditures	50,184	895,133	3,024	258,964	44,804	1,252,109
Excess of revenues over (under) expenditures	34,365	(453,726)	237,925	-	(27,104)	(208,540)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	375,000	-	-	90,240	465,240
Transfers out	(45,000)	(63,400)	(326,624)	-	-	(435,024)
Total other financing sources (uses)	(45,000)	311,600	(326,624)	-	90,240	30,216
Change in fund balances	(10,635)	(142,126)	(88,699)	-	63,136	(178,324)
FUND BALANCES:						
Beginning of year	159,073	245,486	92,324	784	(1,133)	496,534
End of year	$ 148,438	$ 103,360	$ 3,625	$ 784	$ 62,003	$ 318,210

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - PUBLIC HEALTH FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 78,850	$ 78,850	$ 82,491
Interest	1,000	1,000	1,400
Other	3,000	3,000	658
Total revenues	82,850	82,850	84,549
EXPENDITURES:			
General government	68,875	68,875	50,184
Excess of revenues over expenditures	13,975	13,975	34,365
TRANSFERS OUT	(45,000)	(45,000)	(45,000)
Change in fund balance	$ (31,025)	$ (31,025)	(10,635)
FUND BALANCE, beginning of year			159,073
FUND BALANCE, end of year			$ 148,438

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION AND STREET FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 263,402	$ 263,402	$ 240,887
Intergovernmental	197,801	197,801	197,899
Interest	5,000	5,000	1,827
Other	-	-	794
Total revenues	466,203	466,203	441,407
EXPENDITURES:			
Streets and highways	609,869	609,869	643,983
Capital outlay	318,400	318,400	251,150
Total expenditures	928,269	928,269	895,133
Revenues under expenditures	(462,066)	(462,066)	(453,726)
OTHER FINANCING SOURCES (USES):			
Transfers in	375,000	375,000	375,000
Transfers out	(60,000)	(60,000)	(63,400)
Total other financing sources (uses)	315,000	315,000	311,600
Change in fund balance	$ (147,066)	$ (147,066)	(142,126)
FUND BALANCE, beginning of year			245,486
FUND BALANCE, end of year			$ 103,360

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 263,402	$ 263,402	$ 240,887
Interest	-	-	62
Total revenues	263,402	263,402	240,949
EXPENDITURES:			
General government	-	-	3,024
Excess of revenues over expenditures	263,402	263,402	237,925
TRANSFERS OUT	(326,624)	(326,624)	(326,624)
Change in fund balance	$ (63,222)	$ (63,222)	(88,699)
FUND BALANCE, beginning of year			92,324
FUND BALANCE, end of year			$ 3,625

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - OLD TOWNE TIF FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 311,772	$ 311,772	$ 188,211
Intergovernmental	33,681	33,681	70,753
Total revenues	345,453	345,453	258,964
EXPENDITURES:			
General government	345,453	345,453	258,964
Change in fund balance	$ -	$ -	-
FUND BALANCE, beginning of year			784
FUND BALANCE, end of year			$ 784

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Intergovernmental	$ 20,000	$ 20,000	$ 10,177
Charges for services	7,000	7,000	7,500
Interest	-	-	23
Total revenues	27,000	27,000	17,700
EXPENDITURES:			
General government	117,240	117,240	44,804
Revenues under expenditures	(90,240)	(90,240)	(27,104)
OTHER FINANCING SOURCE:			
Transfers in	90,240	90,240	90,240
Change in fund balance	$ -	$ -	63,136
FUND BALANCE (DEFICIT), beginning of year			(1,133)
FUND BALANCE, end of year			$ 62,003

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - G.O. BOND FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Interest	$ 40,000	$ 40,000	$ 47,782
EXPENDITURES:			
Capital outlay	140,000	140,000	759,608
Debt service	1,819,120	1,819,120	1,782,060
Total expenditures	1,959,120	1,959,120	2,541,668
Revenues under expenditures	(1,919,120)	(1,919,120)	(2,493,886)
OTHER FINANCING SOURCES			
Transfers in	-	-	112,178
Change in fund balance	$ (1,919,120)	$ (1,919,120)	(2,381,708)
FUND BALANCE, beginning of year			3,434,995
FUND BALANCE, end of year			$ 1,053,287

CITY OF GRAIN VALLEY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		
	Original	Final	Actual
REVENUES:			
Taxes	$ 1,495,464	$ 1,495,464	$ 1,563,892
Interest	35,000	35,000	15,023
Total revenues	1,530,464	1,530,464	1,578,915
EXPENDITURES:			
Principal	960,000	960,000	960,000
Interest and fiscal costs	667,968	667,968	669,900
Total expenditures	1,627,968	1,627,968	1,629,900
Change in fund balance	$ (97,504)	$ (97,504)	(50,985)
FUND BALANCE, beginning of year			955,283
FUND BALANCE, end of year			$ 904,298