

Financial Section



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& Co

Certified Public Accountants

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Independent Auditor's Report

The Honorable President and Members
of the Board of Aldermen
City of Grandview, 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 Grandview, Missouri (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

March 15, 2011

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MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2010

As management of the City of Grandview, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Grandview, Missouri, for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Grandview exceeded its liabilities at the close of the most recent fiscal year by \$61,541,758 (net assets). Of this amount, \$3,314,875 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- During FY 2010, the City's net assets increased by \$423,161 from the City's "governmental activities" and increased by \$19,969 from the City's "business-type activities."
- The City's debt obligations increased by \$260,000 during the current fiscal year as new developer agreements were approved for \$1,969,594 and payments were processed on developer agreements for \$294,673. In addition, \$900,000 of General Obligation debt, \$275,000 in Certificates of Participation, \$165,000 of the TIF Loan and \$74,922 of the MTFC loan were retired.

Overview of the Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances in a manner similar to a private business.

The *statement of net assets* presents all of the City's assets and liabilities with the difference between the two reported as *net assets*. Net assets are an important measure of the City's overall financial health. The increases and decreases in net assets can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities for the City included general government, public safety, community development, public works, and culture and recreation. The business-type activities for the City included the sanitary sewer system.

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 uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sanitary sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary, pension, and other post-employment obligation information. The combining statements for the nonmajor funds are presented immediately following the required supplementary information.

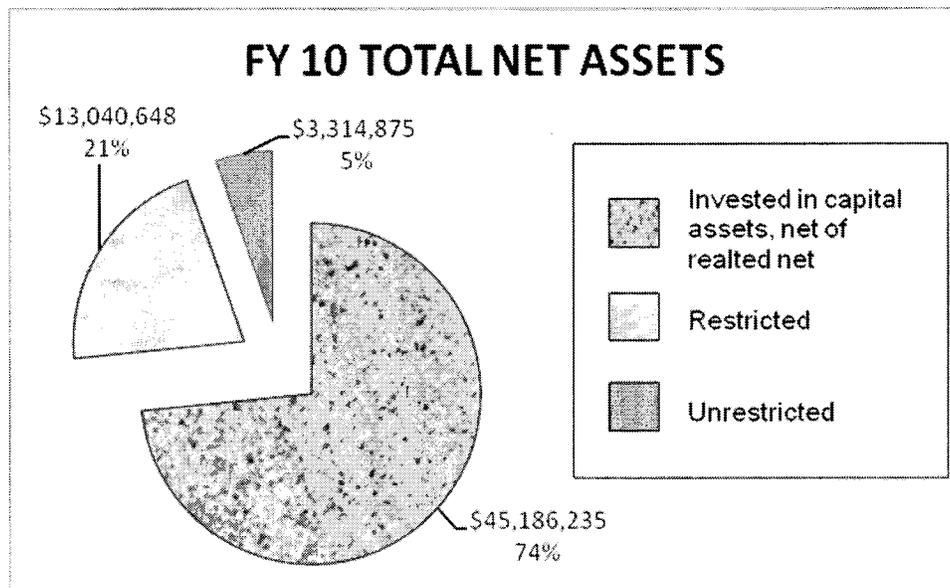
Government-wide Financial Analysis

Net Assets

The following table reflects the condensed Statement of Net Assets as of September 30, 2010 and 2009: (certain amounts for 2009 have been reclassified to conform to the current year's presentation)

City of Grandview Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 24,766,639	\$ 25,523,190	\$ 5,717,270	\$ 5,735,886	\$ 30,483,909	\$ 31,259,076
Capital assets	44,024,620	42,778,062	10,474,833	10,418,672	54,499,453	53,196,734
Total assets	68,791,259	68,301,252	16,192,103	16,154,558	84,983,362	84,455,810
Long-term liabilities outstanding	19,100,988	19,077,093	28,108	24,586	19,129,096	19,101,679
Other liabilities	3,911,897	3,868,946	400,611	386,557	4,312,508	4,255,503
Total liabilities	23,012,885	22,946,039	428,719	411,143	23,441,604	23,357,182
Net assets:						
Invested in capital assets, net of related net	34,711,402	32,997,393	10,474,833	10,418,672	45,186,235	43,416,065
Restricted	13,040,648	13,178,550	-	-	13,040,648	13,178,550
Unrestricted (deficit)	(1,973,676)	(820,730)	5,288,551	5,324,743	3,314,875	4,504,013
Total net assets	\$ 45,778,374	\$ 45,355,213	\$ 15,763,384	\$ 15,743,415	\$ 61,541,758	\$ 61,098,628



At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole. However, unrestricted net assets for governmental activities are negative primarily due to the City's issuance of the Tax Increment Finance bonds related to the Gateway Commons.

The City's combined net assets remained essentially unchanged. The City's unrestricted net assets for governmental activities were negative by \$1,973,676. However, total unrestricted net assets were a positive by \$3,314,875 including the business-type activities.

The largest portion of the City's net assets (73.5 %) reflects its investment in capital assets (e.g. land, buildings, machinery & equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (21.2 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (5.3 %) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net assets increased slightly by \$443,130 during FY 2010. The governmental activities net assets increased by \$423,161 while the business-type activities increased by \$19,969.

Changes in Net Assets

The following table reflects the revenues and expenses from the City's activities for the year ended September 30, 2010 and 2009: (certain amounts for 2009 have been reclassified to conform to the current year's presentation)

	City of Grandview Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 3,889,496	\$ 3,821,633	\$ 2,361,719	\$ 2,262,974	\$ 6,251,215	\$ 6,084,607
Operating grants and contributions	1,365,609	1,226,691	-	-	1,365,609	1,226,691
Capital grants and contributions	675,414	996,589	94,200	122,900	769,614	1,119,489
General revenues						
Property taxes	4,100,349	4,721,921	-	-	4,100,349	4,721,921
Intergovernmental activity taxes	1,145,316	910,367	-	-	1,145,316	910,367
Sales and use taxes	5,987,549	6,397,293	-	-	5,987,549	6,397,293
Franchise and other taxes	4,579,790	3,594,685	-	-	4,579,790	3,594,685
Other revenue	999,826	1,298,203	133,975	207,879	1,133,801	1,506,082
Total revenues	<u>22,743,349</u>	<u>22,967,382</u>	<u>2,589,894</u>	<u>2,593,753</u>	<u>25,333,243</u>	<u>25,561,135</u>
Expenses:						
General government	3,371,308	3,425,226	-	-	3,371,308	3,425,226
Public safety	9,144,832	9,129,529	-	-	9,144,832	9,129,529
Community development	3,154,586	1,210,643	-	-	3,154,586	1,210,643
Public works	3,443,846	3,334,411	-	-	3,443,846	3,334,411
Culture and recreation	2,723,684	2,896,851	-	-	2,723,684	2,896,851
Interest on long-term debt	633,432	923,043	-	-	633,432	923,043
Sanitary Sewer	-	-	2,418,425	2,505,109	2,418,425	2,505,109
Total expenses	<u>22,471,688</u>	<u>20,919,703</u>	<u>2,418,425</u>	<u>2,505,109</u>	<u>24,890,113</u>	<u>23,424,812</u>
Increases in net assets before transfers	271,661	2,047,679	171,469	88,644	443,130	2,136,323
Transfers	151,500	135,500	(151,500)	(135,500)	-	-
Increase in net assets	423,161	2,183,179	19,969	(46,856)	443,130	2,136,323
Net assets, beginning	45,355,213	43,172,034	15,743,415	15,790,271	61,098,628	58,962,305
Net assets, ending	<u>\$ 45,778,374</u>	<u>\$ 45,355,213</u>	<u>\$ 15,763,384</u>	<u>\$ 15,743,415</u>	<u>\$ 61,541,758</u>	<u>\$ 61,098,628</u>

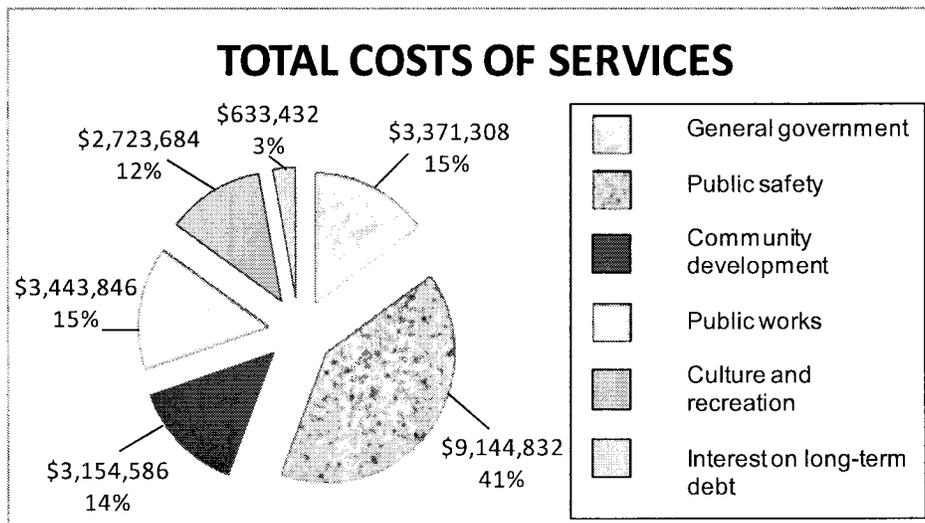
Governmental Activities

Governmental activities increased the City's net assets by \$423,161. Sales and use taxes, the largest governmental category, were \$5,987,549 or 26.3% of total revenues from governmental activities. For the fiscal year ended September 30, 2010 revenues totaled \$25,333,243 (governmental and business-type). Revenues from governmental activities totaled \$22,743,349 or 89.7% of the total City revenues. Even though there was a significant increase in franchises tax revenues due to a large franchise tax settlement received, there was a slight overall decrease in revenues from governmental activities primarily from a reduction in property tax and sales tax revenues due to economic conditions.

Certain revenues are generated that are specific to governmental program activity. These totaled \$5,930,519. The following table shows expenses and net costs of services of the governmental activities for the year ended September 30, 2010 and 2009:

Net Cost of City of Grandview Governmental Activities

	Total Costs of Service		Net Costs of Service	
	2010	2009	2010	2009
General government	\$ 3,371,308	\$ 3,425,226	\$ 1,333,725	\$ 1,651,224
Public safety	9,144,832	9,129,529	8,050,710	7,973,943
Community development	3,154,586	1,210,643	3,046,494	1,040,289
Public works	3,443,846	3,334,411	1,796,912	1,400,746
Culture and recreation	2,723,684	2,896,851	1,679,896	1,885,545
Interest on long-term debt	633,432	923,043	633,432	923,043
Total	<u>\$ 22,471,688</u>	<u>\$ 20,919,703</u>	<u>\$ 16,541,169</u>	<u>\$ 14,874,790</u>



As previously noted, expenses from governmental activities totaled \$22,471,688. However, net costs of these services were \$16,541,169. The difference represents direct revenues received from charges for services of \$3,889,496, operating grants & contributions of \$1,365,609, and capital grants and contributions of \$675,414. Taxes and other revenues of \$16,964,330 were collected to cover these net costs.

Business-type Activities

Business-type activities slightly increased the City's net assets by \$19,969 which included infrastructure contributions of \$94,200 and net transfers out of \$151,500. There were no rate changes during the year. Even though operating revenues increased slightly, total revenues declined due to a decrease in the amount of contributed infrastructure assets and a reduction in interest revenues. The decrease in expenses was primarily due to incurring less operating and maintenance costs.

Financial Analysis of the City's Funds

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at September 30, 2010 was \$5,562,108 or 39.3% of actual expenditures. The fund balance increased \$553,463 from the previous year's balance which was primarily due to an increase in franchise taxes including a franchise tax settlement of \$327,000. Total general fund expenditures decreased by 1.4% and outgoing transfers decreased by \$498,838. The City recognizes the need for a fund balance that can adequately absorb any downturn in economic events to avoid changes and reductions in service levels. Thus the City is firmly committed to maintaining at a minimum, an amount equal to 20% of expenditures in the General Fund balance.

The Transportation Sales Tax Fund ended the year with a fund balance of \$1,986,423, a decrease of \$1,934,786 or 49.3% which primarily resulted from a transfer to the Capital Improvement Sales Tax Fund of \$1,100,000 to provide additional funds for Phase I of the Main Street Corridor project. The remaining decrease is from reduced sales tax revenues and increased project costs due to budgeted street construction projects in process or completed during FY 2010.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$2,322,209, an increase of \$967,165 or 71.3% which is primarily due to a transfer from the Transportation Sales Tax Fund of \$1,100,000 to provide additional funds for Phase I of the Main Street Corridor project. A small portion of this transfer was offset by reduced sales tax revenues and an increase in capital outlay costs for equipment purchased during FY 2010.

The Parks and Public Works Projects Fund was established in FY 2009 to account for various park improvement capital projects and the construction of a Public Works / Parks maintenance facility. It was funded with the issuance of 2009 series general obligation bonds in the amount of \$3,300,000. It ended the year with a fund balance of \$2,420,248, a decrease of \$797,930 or 24.8% primarily due to various park improvement projects in process or completed during FY 2010.

The Debt Service Fund ended the year with a fund balance of \$1,262,740, an increase of \$132,147 or 11.7% due to less retirement of debt expenditures incurred than property tax revenues received.

The Tax Increment Financing (TIF) Fund is a combination of all the City's active TIF projects which is overseen by the TIF Commission. It ended the fiscal year with a fund balance of \$4,135,578, an increase of \$367,625 or 11.4% which is primarily due to an increase in intergovernmental activity taxes during FY 2010.

General Fund Budgetary Highlights

The final General Fund expenditure budget decreased by \$523,339 over the previous fiscal year. The budget reduction affected all major areas of the general fund for FY 2010 including personal services, supplies, and purchased services. All general fund capital outlay expenditures were eliminated. There was a decrease of budgeted transfers to other funds of \$502,000 for a net decrease in budgeted expenditures and transfers out for FY 2010 of 7.2%. Budgeted revenues were 1.2% less than the prior fiscal year, including a decrease in budgeted transfers from other funds of \$79,000 and the anticipation of a decrease in sales tax revenues.

Actual general fund revenues including transfers in were \$518,852 or 3.6% more than budgeted which was primarily due to an increase in franchise tax revenues and a franchise tax settlement of \$327,000. Actual expenditures and transfers out were \$64,672 or 0.4% more than budgeted.

There were no general fund budget amendments processed during the fiscal year.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010, is \$54,449,453 (net of accumulated depreciation). The investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities and infrastructure. Capital assets increased by \$1,302,719 during FY 2010.

City of Grandview's Capital Assets
(Amounts expressed in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 3,068	\$ 2,598	\$ -	\$ -	\$ 3,068	\$ 2,598
Construction in process	180	83	-	171	180	254
Buildings	10,806	11,212	-	-	10,806	11,212
Improvements	2,120	2,334	-	-	2,120	2,334
Machinery and equipment	3,768	3,346	389	385	4,157	3,731
Infrastructure	24,083	23,205	10,086	9,862	34,169	33,067
Total	<u>\$ 44,025</u>	<u>\$ 42,778</u>	<u>\$ 10,475</u>	<u>\$ 10,418</u>	<u>\$ 54,500</u>	<u>\$ 53,196</u>

Additional information regarding the City's capital assets can be found in Notes 1 and 6 to the basic financial statements.

Major capital events during the current fiscal year included the following:

- 2ND to 3RD Streets reconstruction between Main Street and Blue Ridge Blvd. totaling \$1,704,000.
- John Anderson park improvements totaling \$650,000.
- Fire truck totaling \$457,000.
- Street overlay, slurry seal, and curb repair totaling \$359,000.
- Main Street project totaling \$204,000.
- 139th Street widening from railroad tracks west to 140th Street project totaling \$189,000.
- Police vehicle replacement totaling \$181,000.
- Public works equipment totaling \$97,000.
- Botts Road project totaling \$96,000.
- Meadowmere park improvements totaling \$94,000.
- Parks equipment totaling \$88,000.
- Public Works and Parks maintenance facility totaling \$86,000.

Future capital events include the following:

- Public Works and Parks maintenance facility totaling \$2,500,000.
- Main Street project totaling \$2,000,000.
- Parks improvements totaling \$1,850,000.
- Botts Road project totaling \$1,100,000.
- East 135th Street project totaling \$440,000.
- Street overlay, slurry seal, and curb repair totaling \$420,000.
- Blue Ridge Boulevard overpass totaling \$300,000.
- Financial management system replacement totaling \$250,000.
- Police vehicle replacement totaling \$175,000.
- New sidewalk construction, curb replacement, and existing repairs totaling \$175,000.
- Sewer system evaluation totaling \$150,000.
- Storm drainage projects totaling \$150,000.

Debt Administration

The City, at the end of FY 2010, had \$20,066,833 of outstanding obligations from governmental activities. This was an increase of \$260,000 from the previous year. The City had no outstanding debt from business-type activities.

**City of Grandview's Outstanding Debt
(Amounts expressed in thousands)**

	Governmental Activities	
	2010	2009
Governmental G.O. Bonds	\$2,400	\$3,300
Certificates of Participation	9,020	9,295
TIF Loan	4,970	5,135
MTFC Loan	240	315
Developer Agreements	3,437	1,762
Total	<u>\$20,067</u>	<u>\$19,807</u>

During FY 2010, the City approved \$1,969,594 in new TIF Developer agreements and made payments on developer agreements of \$294,673. The City also retired \$900,000 in General Obligation bonds, \$275,000 in Certificates of Participation, \$165,000 of the TIF loan payable, and \$74,922 of the MTFC loan payable.

As of September 30, 2010, the City's total issued General Obligation (G.O.) Bonded Debt was \$2,400,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$53,107,987. This, less our outstanding debt, and available cash leaves a legal debt margin of \$47,720,727, which is 89.9% of the City's total bonding capacity.

The City's most recent General Obligation Bonds have been rated AA- from Standards & Poor and the Certificates of Participation have been rated Aa3 by Moody's Investors Service. Bonds so rated are judged to be of upper grade. Factors contributing to the upgrade include a strong development pattern, favorable financial performance that reflects an expanding local economy, debt position, General Fund balance and strong voter support.

Additional information regarding the City's Long-term Debt can be found in Note 7 to the basic financial statements.

Economic Factors and Next Year's Budget and Rates

In light of recent economic conditions, next year's proposed General Fund budget was determined based on a slight increase in both revenues and expenditures. Budgeted revenues have been increased by \$77,796 or 0.5 % and budgeted expenditures reflect an overall increase of \$161,495 or 1.1%.

For FY 2011, the General Fund property tax levy rate is \$1.00 in accordance with state requirements. The City's fees and charges for both the governmental activities and business-type activities are essentially unchanged.

Requests for Information

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Shirley A. Moses, Director of Finance, City of Grandview, 1200 Main Street, Grandview, MO 64030.

CITY OF GRANDVIEW, MISSOURI
Statement of Net Assets
September 30, 2010

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 18,691,374	\$ 5,411,077	\$ 24,102,451
Receivables:			
Accounts	392,482	284,704	677,186
Property taxes	443,444	-	443,444
Other taxes	1,803,075	-	1,803,075
Accrued interest	88,803	21,489	110,292
Due from other governments	325,209	-	325,209
Prepaid items	259,195	-	259,195
Housing rehabilitation loans	72,976	-	72,976
Restricted assets:			
Cash and investments	1,826,617	-	1,826,617
Accrued interest	5,917	-	5,917
Loan receivable	449,663	-	449,663
Unamortized debt issue costs	407,884	-	407,884
Capital assets:			
Nondepreciable	3,067,718	-	3,067,718
Construction in progress	2,125,552	-	2,125,552
Depreciable, net	38,831,350	10,474,833	49,306,183
Total assets	<u>68,791,259</u>	<u>16,192,103</u>	<u>84,983,362</u>
LIABILITIES			
Accounts payable	1,111,574	384,678	1,496,252
Accrued liabilities	448,705	12,437	461,142
Unearned revenue	102,462	-	102,462
Liabilities payable from restricted assets:			-
Accrued interest payable	138,264	-	138,264
Deposits due others	141,905	-	141,905
Long-term liabilities:			
Due within one year	1,968,987	3,496	1,972,483
Due in more than one year	19,100,988	28,108	19,129,096
Total liabilities	<u>23,012,885</u>	<u>428,719</u>	<u>23,441,604</u>
NET ASSETS			
Invested in capital assets, net of related debt	34,711,402	10,474,833	45,186,235
Restricted :			
Debt service	6,589,545	-	6,589,545
Capital projects	4,308,632	-	4,308,632
Cultural and recreation	1,972,999	-	1,972,999
Other purposes	169,472	-	169,472
Unrestricted (deficit)	(1,973,676)	5,288,551	3,314,875
Total net assets	<u>\$ 45,778,374</u>	<u>\$ 15,763,384</u>	<u>\$ 61,541,758</u>

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Activities
For the Year Ended September 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Primary government:							
Governmental activities							
General government	\$ 3,371,308	\$ 2,037,583	\$ -	\$ -	\$ (1,333,725)	\$ -	\$ (1,333,725)
Public safety	9,144,832	678,968	415,154	-	(8,050,710)	-	(8,050,710)
Community development	3,154,586	108,092	-	-	(3,046,494)	-	(3,046,494)
Public works	3,443,846	21,065	950,455	675,414	(1,796,912)	-	(1,796,912)
Culture and recreation	2,723,684	1,043,788	-	-	(1,679,896)	-	(1,679,896)
Interest on long-term debt	633,432	-	-	-	(633,432)	-	(633,432)
Total governmental activities	22,471,688	3,889,496	1,365,609	675,414	(16,541,169)	-	(16,541,169)
Business-type activities							
Sanitary sewer	2,418,425	2,361,719	-	94,200	-	37,494	37,494
Total primary government	\$ 24,890,113	\$ 6,251,215	\$ 1,365,609	\$ 769,614	(16,541,169)	37,494	(16,503,675)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,736,861	-	2,736,861
Property taxes, levied for debt service					1,035,939	-	1,035,939
Property taxes, levied for recreation					327,549	-	327,549
Intergovernmental activity taxes					1,145,316	-	1,145,316
Sales and use taxes					5,987,549	-	5,987,549
Franchise and business taxes					4,579,790	-	4,579,790
Intergovernmental not restricted to a specific purpose					43,498	-	43,498
Investment earnings					503,963	132,925	636,888
Miscellaneous					428,677	1,050	429,727
Gain on sale of capital assets					23,688	-	23,688
Transfers					151,500	(151,500)	-
Total general revenues and transfers					16,964,330	(17,525)	16,946,805
Change in net assets					423,161	19,969	443,130
Net assets, beginning of year					45,355,213	15,743,415	61,098,628
Net assets, end of year					\$ 45,778,374	\$ 15,763,384	\$ 61,541,758

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2010

	General Fund	Capital Improvement			Parks and Public Works		General Debt Service	Tax		Total Governmental Funds
		Transportation Sales Tax	Improvement Sales Tax	Projects	General Debt Service	Increment Financing Fund		Non-Major Governmental Funds		
ASSETS										
Cash and investments	\$ 4,803,219	\$ 2,103,252	\$ 2,387,845	\$ 2,476,761	\$ 1,238,275	\$ 2,937,253	\$ 2,447,262	\$ 18,393,867		
Receivables:										
Accounts	392,482	-	-	-	-	-	-	-	392,482	
Property Taxes	169,119	-	-	-	61,662	-	212,663	-	443,444	
Sales and franchise taxes	1,387,225	165,086	166,238	-	-	84,526	-	1,803,075		
Accrued interest	18,015	20,578	5,211	9,059	14,797	9,507	10,235	87,402		
Housing rehabilitation loans	-	-	-	-	-	-	72,976	72,976		
Due from other governments	53,832	-	-	-	-	271,377	-	325,209		
Prepays, deposits and other assets	243,877	-	-	-	-	-	15,318	259,195		
Restricted assets:										
Cash and investments	141,905	-	-	-	-	582,907	1,101,805	1,826,617		
Accrued interest	-	-	-	-	-	5,917	-	5,917		
TIF loan receivable	-	-	-	-	-	449,663	-	449,663		
Total assets	<u>\$ 7,209,674</u>	<u>\$ 2,288,916</u>	<u>\$ 2,559,294</u>	<u>\$ 2,485,820</u>	<u>\$ 1,314,734</u>	<u>\$ 4,341,150</u>	<u>\$ 3,860,259</u>	<u>\$ 24,059,847</u>		
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 427,987	\$ 302,493	\$ 237,085	\$ 65,572	\$ -	\$ 908	\$ 56,165	\$ 1,090,210		
Accrued liabilities	364,150	-	-	-	-	-	27,602	391,752		
Court and performance bonds	141,905	-	-	-	-	-	-	141,905		
Deferred revenue	713,524	-	-	-	51,994	204,664	116,251	1,086,433		
Total liabilities	1,647,566	302,493	237,085	65,572	51,994	205,572	200,018	2,710,300		
Fund balances:										
Reserved for prepaid items	243,877	-	-	-	-	-	15,318	259,195		
Reserved for encumbrances	48,798	853,179	171,284	175,278	-	-	-	1,248,539		
Reserved for debt service	-	-	-	-	1,262,740	4,135,578	1,191,227	6,589,545		
Unreserved, reported in:										
General fund	5,269,433	-	-	-	-	-	-	5,269,433		
Special revenue funds	-	1,133,244	2,150,925	-	-	-	2,414,594	5,698,763		
Capital projects funds	-	-	-	2,244,970	-	-	39,102	2,284,072		
Total fund balances	5,562,108	1,986,423	2,322,209	2,420,248	1,262,740	4,135,578	3,660,241	21,349,547		
Total liabilities and fund balances	<u>\$ 7,209,674</u>	<u>\$ 2,288,916</u>	<u>\$ 2,559,294</u>	<u>\$ 2,485,820</u>	<u>\$ 1,314,734</u>	<u>\$ 4,341,150</u>	<u>\$ 3,860,259</u>	<u>\$ 24,059,847</u>		

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2010

Fund balances of governmental funds	\$ 21,349,547
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	44,024,620
Long-term liabilities for items such as bonds and certificates of participation are not current obligations and, therefore, not recorded in the governmental fund statements.	(21,069,975)
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	983,971
Unamortized bond issuance costs are capitalized in the government-wide financial statements but do not represent assets available for current obligations and therefore are not reported in the governmental fund statements.	407,884
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	(138,264)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service fund are reported with governmental activities in the statement of net assets	220,591
Net assets of governmental activities	<u>\$ 45,778,374</u>

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2010

	General Fund	Capital					General Debt Service	Tax		Total Governmental Funds
		Transportation Sales Tax	Improvement Sales Tax	Parks and Public Works Projects	Increment Financing Fund	Non-Major Governmental Funds				
REVENUES:										
Taxes	\$ 9,646,949	\$ 1,114,586	\$ 1,143,643	\$ -	\$ 1,088,125	\$ 268,415	\$ 1,149,476	\$ 1,358,848	\$ 14,620,566	
Intergovernmental activity taxes	-	-	-	-	-	-	-	-	1,149,476	
Licenses and permits	495,811	-	-	-	-	-	-	-	495,811	
Intergovernmental	1,318,592	364,314	-	-	-	-	-	90,515	1,773,421	
Charges for services	1,321,848	-	-	-	-	-	-	989,412	2,311,260	
Fines and forfeitures	1,103,387	-	-	-	-	-	-	-	1,103,387	
Interest	129,843	95,375	30,721	66,352	30,203	63,802	70,745	80,326	496,622	
Other	339,375	-	-	-	-	-	-	18,557	428,677	
Total revenues	14,355,805	1,574,275	1,174,364	66,352	1,118,328	1,552,438	2,537,658	22,379,220		
EXPENDITURES:										
Current:										
General government	2,915,408	-	-	-	18,412	-	-	-	2,933,820	
Public safety	8,440,827	-	-	-	-	-	-	-	8,440,827	
Public works	1,356,287	-	-	-	-	-	-	-	1,356,287	
Community development	724,254	-	-	-	-	192,011	-	251,823	1,168,088	
Culture and recreation	707,245	-	-	-	-	-	-	1,372,924	2,080,169	
Capital outlay	-	2,409,061	1,222,532	864,282	-	-	-	223,603	4,719,478	
Debt service:										
Principal retirement	-	-	74,922	-	900,000	459,673	-	275,000	1,709,595	
Interest and fiscal charges	-	-	9,745	-	67,769	260,966	-	455,199	793,679	
Total expenditures	14,144,021	2,409,061	1,307,199	864,282	986,181	912,650	2,578,549	23,201,943		
Excess of revenues over (under) expenditures	211,784	(834,786)	(132,835)	(797,930)	132,147	639,788	(40,891)	(822,723)		
OTHER FINANCING SOURCES (USES):										
Transfers in	360,500	-	1,100,000	-	-	3,162	698,000	2,161,662		
Transfers out	(61,162)	(1,100,000)	-	-	-	(94,000)	(755,000)	(2,010,162)		
Sale of capital assets	42,341	-	-	-	-	-	-	42,341		
Total other financing sources (uses)	341,679	(1,100,000)	1,100,000	-	-	(90,838)	(57,000)	193,841		
Net change in fund balances	553,463	(1,934,786)	967,165	(797,930)	132,147	548,950	(97,891)	(628,882)		
Fund balances, beginning of year	5,008,645	3,921,209	1,355,044	3,218,178	1,130,593	3,586,628	3,758,132	21,978,429		
Fund balances, end of year	\$ 5,562,108	\$ 1,986,423	\$ 2,322,209	\$ 2,420,248	\$ 1,262,740	\$ 4,135,578	\$ 3,660,241	\$ 21,349,547		

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2010

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

Net change in fund balances - total governmental funds	\$ (628,882)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay costs in excess of capitalization threshold	3,992,733
Net book value on disposal of capital assets	(18,653)
Depreciation	(3,038,622)
Contributions of infrastructure	311,100

Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.

Tax revenues	22,000
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Development agreement obligations incurred	(1,969,594)
Payments on developer agreements	294,673
Principal payments on long-term debt	1,414,922
Bond issuance costs and premiums, net	(19,235)
Changes in accrued interest expense	179,482

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences payable	(26,913)
Change in OPEB liability	(56,345)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the Internal Service fund is reported with governmental activities

Change in net assets of governmental activities	\$ 423,161
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The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Net Assets
Proprietary Funds
September 30, 2010

	<u>Enterprise Fund Sanitary Sewer</u>	<u>Governmental Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and investments	\$ 5,411,077	\$ 297,507
Receivables, net:		
Accounts	144,593	-
Unbilled services	140,111	-
Accrued interest	21,489	1,401
Total current assets	<u>5,717,270</u>	<u>298,908</u>
Noncurrent assets:		
Depreciable capital assets, net:	<u>10,474,833</u>	<u>-</u>
Total assets	<u>16,192,103</u>	<u>298,908</u>
LIABILITIES		
Current liabilities:		
Accounts payable	384,678	21,364
Accrued liabilities	12,437	56,953
Compensated absences	3,496	-
Total current liabilities:	<u>400,611</u>	<u>78,317</u>
Noncurrent liabilities		
Compensated absences	24,543	-
OPEB liability	3,565	-
Total noncurrent liabilities	<u>28,108</u>	<u>-</u>
Total liabilities	<u>428,719</u>	<u>78,317</u>
NET ASSETS		
Invested in capital assets	10,474,833	-
Unrestricted	5,288,551	220,591
Total net assets	<u>\$ 15,763,384</u>	<u>\$ 220,591</u>

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2010

	<u>Enterprise Fund Sanitary Sewer</u>	<u>Governmental Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ 2,361,719	\$ -
Operating expenses:		
Services operation and maintenance	806,202	-
Sewer treatment charges	1,359,729	-
Depreciation and amortization	252,494	-
Other	-	40,846
Total operating expenses	<u>2,418,425</u>	<u>40,846</u>
Operating (loss)	<u>(56,706)</u>	<u>(40,846)</u>
Nonoperating revenues:		
Interest income	132,925	7,341
Other income	1,050	-
Total nonoperating revenues	<u>133,975</u>	<u>7,341</u>
Income (loss) before contributions and transfers	<u>77,269</u>	<u>(33,505)</u>
Capital Contributions	94,200	-
Transfers in	74,000	-
Transfers out	<u>(225,500)</u>	<u>-</u>
Change in net assets	<u>19,969</u>	<u>(33,505)</u>
Net assets, beginning of year	<u>15,743,415</u>	<u>254,096</u>
Net assets, end of year	<u>\$ 15,763,384</u>	<u>\$ 220,591</u>

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2010

	Enterprise Fund Sanitary Sewer	Governmental Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 2,347,450	\$ -
Payments to suppliers for goods and services	(1,651,004)	(16,229)
Payments to employees for services and benefits	(497,351)	-
Net cash provided by (used in) operating activities	199,095	(16,229)
Cash flows from noncapital financing activities:		
Transfers out	(225,500)	-
Cash flows from capital and related financing activities:		
Transfers in	74,000	
Acquisition and construction of capital assets	(214,455)	-
Net cash used in capital and related financing activities	(140,455)	-
Cash flows from investing activities:		
Interest received	136,822	7,576
Net (decrease) in cash and cash equivalents	(30,038)	(8,653)
Cash and cash equivalents, beginning of year	5,441,115	306,160
Cash and cash equivalents, end of year	\$ 5,411,077	\$ 297,507
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (56,706)	\$ (40,846)
Adjustments to reconcile operating loss to net cash provided by (used in) operations:		
Depreciation and amortization	252,494	-
Nonoperating revenues	1,050	-
Changes in assets and liabilities:		
Receivables	(15,319)	-
Accounts payable	17,184	21,364
Accrued expenses and deposits	392	3,253
Net cash provided by (used in) operating activities	\$ 199,095	\$ (16,229)
Noncash capital and financing activities:		
Capital contributions	\$ 94,200	\$ -

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Net Assets -
Fiduciary Funds
September 30, 2010

Assets	<u>Agency Funds</u>
Cash and investments	<u>\$ 61,033</u>
Total assets	<u><u>\$ 61,033</u></u>
Liabilities	
Due to other governments	<u>\$ 61,033</u>
Total liabilities	<u><u>\$ 61,033</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

1. Summary of Significant Accounting Policies

Introduction

The City of Grandview, Missouri (the City), was incorporated in 1912 and covers an area of approximately 15 square miles in Jackson County, Missouri. The City is a city of the fourth class and operates under a Mayor-Board of Aldermen/City Administrator form of government. The City Administrator is the chief administrative officer of the City. The City provides services to approximately 25,000 residents in many areas, including law enforcement, fire protection, paramedic services, sewer services, community enrichment and development, and various social services. Education services are provided by the Consolidated School District No. 4, a separate governmental entity.

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 due to the significance of their operational or financial relationships with the City. Based on the evaluation criteria, the Tax Increment Financing (TIF) Commission of Grandview, Missouri is reported as a blended component unit. The TIF is governed by an eleven-member board of which six members are appointed by the City. The remaining five members are appointed by the respective taxing districts' boards. Although it is legally separate from the City, the TIF is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance infrastructure improvements through incremental property and sales taxes. The TIF does not issue separate financial statements.

Fund Types and Major Funds

Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government as a whole. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses, with the exception of costs related to workers compensation insurance, investment management fees, and vehicle fuel costs. Program revenues include charges paid by the recipients of goods, services or privileges offered by the programs, and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting fund type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted through governmental funds.

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.

Transportation Sales Tax – This special revenue fund accounts for the proceeds from a one-half percent sales tax to be used for road and bridge improvement projects within the City.

Capital Improvement Sales Tax – This special revenue fund accounts for the proceeds from a one-half percent sales tax to be used for acquiring capital equipment and improving City facilities and infrastructure.

Parks and Public Works Projects – This capital project fund accounts for the proceeds from the Series 2009 general obligation bond issue to be used to finance various park improvement projects, and the design of a parks and public works maintenance facility.

General Debt Service – This fund accounts for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on the City's general obligation bonds.

TIF Fund - Accounts for resources of the City's tax increment financing activities.

Proprietary Funds

The City reports the following major proprietary fund:

Sanitary Sewer Fund – This fund accounts for the acquisition, operation, and maintenance of the City's sanitary sewer utility facilities and services.

The City reports the following fund types:

Internal Service Fund – This fund accounts for costs and claim amounts which are below current insurance deductibles.

Agency Funds – These funds account for sales taxes collected by the City on behalf of the 71/150 Highway Transportation District, the Grandview Crossing Community Improvement District, and the Jackson County Tax Fund which accounts for property taxes collected and remitted to Jackson County, Missouri.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, include property taxes, grants, sales taxes and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized when they are both measurable and available. Expenditures are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available. The City considers funds available if collectible within the current period or within two months of year-end and available to pay obligations of the current period. This includes investment earnings and state-levied locally shared taxes, including motor vehicle fees. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

The City's property tax is levied by Jackson County, Missouri (the County) each September 1st on the assessed value of the prior January 1st date for all real and personal property located within the City. Property taxes are billed by the County on November 1st of each year, and are considered to be delinquent by the County after December 31st following the levy date.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

Proprietary Fund Financial Statements

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and their expenses are recognized when they are incurred. Proprietary fund operating revenues, such as charges for services, are defined as those that result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses. Non-operating revenues, such as investment earnings, are those that result from non-exchange transactions or ancillary activities.

In reporting the financial activity of its business-type activities and enterprise funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedures.

Cash and Investments

The City maintains a cash and investment pool in which a majority of the City's funds share. Each fund type's portion of this pool is displayed in the financial statements as cash and investments, and investments made in accordance with bond ordinances are reflected as restricted cash and investments. The City's cash and investments are primarily considered to be cash on hand, certificates of deposits, and federal agency securities. The City reflects 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 reported at fair value based on quoted market prices. Interest earned from the pool is allocated to the funds on the basis of average monthly cash and investment balances. Funds with overdrawn balances are not charged interest.

Accounts Receivable

Governmental activities accounts receivable consists of ambulance charges, code violation charges and other miscellaneous services provided to citizens. Business-type activities represent billed and unbilled sewer charges.

Prepaid Items

Prepaid items reflect a deposit for the purchase of equipment and the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized over the policy periods.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

Restricted Assets

Certain unspent proceeds of the City's bonds and TIF loan, as well as certain resources set aside for their repayment, 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 and performance bonds.

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. In the governmental fund financial statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund 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 value on the date received. Additions or improvements and other capital outlays that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized.

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. There was no interest capitalized during the year. All capital assets, except land and construction in progress, are depreciated. Depreciation on these assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Governmental activities:	
Buildings	25 to 50
Infrastructure	20 to 50
Improvements, other than buildings	15 to 50
Furniture and fixtures	5 to 20
Equipment	5 to 15
Vehicles	6
Business activities:	
Sanitary sewer lines	80
Equipment	7 to 8

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. All appropriations lapse at year-end.

CITY OF GRANDVIEW, MISSOURI
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Compensated Absences

Under terms of the City's personnel policy, non-union employees are granted paid time off (PTO) and short-term disability leave in varying amounts, based upon length of service. Paid time off begins to accrue from the date of hire into a part-time or full-time position and may not be taken until it is earned. A maximum of 232 hours may be rolled over to the following fiscal year. Unused paid time off of greater than 232 hours at the end of each fiscal year will be forfeited. Employees will receive Family and Medical Leave protection concurrently with qualified PTO. Employees will be paid for unused PTO upon separation from the City after six months of employment.

In addition, all regular non-union full-time employees are eligible for 8 hours paid time off per fiscal year to be used for wellness visits and 8 hours for a floating holiday. Wellness and floating holiday time not used at the end of the fiscal year will be forfeited. Approved paid time off for wellness and prevention will not be deducted from the employee's paid time off accrual.

All regular non-union full time employees will accrue 8 hours per month, with a maximum accrual of 1000 hours, to be used as Short-Term Disability. Short-Term Disability Leave is 100% paid leave for an employee who is unable to work due to the need to care for a spouse, dependent child, or parent with a serious health condition. Injuries or illnesses covered by worker's compensation are not eligible for Short Term Disability benefits. The employee is eligible for Short-Term Disability benefit only after 40 hours consecutive absence for a single event. Nonunion employees who are actively employed at the time of elective, qualified retirement, receive a lump sum payment equal to 25% of their accumulated short term disability hours, subject to a maximum payment of 250 hours. Vested or accumulated paid time off and short term disability 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.

Long-term Liabilities

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of certificates of participation payable, revenue bonds payable, developer obligations payables, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for long-term debt in the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Deferred Revenue

Deferred revenue in the governmental funds include measurable but unavailable amounts of delinquent property taxes, ambulance charges, code violation charges, and housing rehabilitation loans.

CITY OF GRANDVIEW, MISSOURI
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Interfund Transfers

Permanent re-allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Equity Classifications

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. Designation 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 – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – consists of net assets that are legally restricted by outside parties or by law through constitutional provisions, or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

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

Statement of Cash Flows

Proprietary Fund 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.

Budgeting

The City's Board of Alderman follow four procedures in establishing the budget.

1. Prior to October 1st, the City Administrator submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means for financing the expenditures.
2. A public hearing is conducted to obtain taxpayer comments
3. Prior to October 1st the budget for all funds is legally enacted through passage of an ordinance.
4. The City Administrator authorized to transfer budgeted amounts between departments within any fund and/or authorize departmental expenditures in excess of budgeted amounts. Any version that alters the total expenditures of any fund must be approved by the Board of Alderman.

CITY OF GRANDVIEW, MISSOURI
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Stewardship, Compliance and Accountability - Budgeting

The Missouri Revised Statutes (RSMo) require all political subdivisions of the State prepare an annual budget. Governmental funds required to have legally adopted budgets include the general fund. Annual budgets for all governmental funds are adopted using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Budgeted expenditures cannot exceed budgeted revenues and unencumbered positive fund balances as required by Section 67.010 RSMo.

Actual expenditures exceeded budgetary appropriations in the General Fund by \$61,510.

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. Deposits and Investments

A summary of the carrying values of deposits, investments and petty cash at September 30, 2010 is as follows:

Deposits	\$	3,251,434
Investments		22,730,662
Petty Cash		<u>8,005</u>
 Total	 \$	 <u>25,990,101</u>

These carrying values are reflected on the financial statements as follows:

Government-wide:		
Deposits and investments	\$	24,102,451
Restricted assets		<u>1,826,617</u>
		<u>25,929,068</u>
 Agency fund:		
Deposits and investments		<u>61,033</u>
Total	\$	<u>25,990,101</u>

Investment Policy

The City deposits and invests all monies as allowed by state statute and in accordance with its investment policy. State statutes 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. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. The City's policy is to require collateral pledged at a fair value equal to 110% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by states statutes and approved by the State of Missouri.

CITY OF GRANDVIEW, MISSOURI
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The City maintains a cash and investment pool, which is available for use by most funds. Substantially, all excess cash is invested in repurchase agreements, certificates of deposits, and federal agency securities. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets are invested in accordance with bond ordinances by the trustee in money market mutual funds and U.S. Government agency obligations.

The carrying amount, maturity segment and ratings for the City's investments at September 30, 2010 are as follows:

	<u>Investment Maturity</u>		<u>Rating</u>
	<u>Under one year</u>	<u>One to two years</u>	
<u>Pooled investments</u>			
Federal Home Loan Bank	\$ -	\$ 3,329,564	AAA
Federal Farm Credit Bank	-	1,066,185	AAA
Federal National Mortgage Association	-	4,049,962	AAA
FNMA	-	10,052,964	AAA
FHLMC	-	2,547,275	AAA
 <u>Restricted investments</u>			
2003 COP Debt Service Fund:			
Federal Home Loan Bank	-	1,071,661	AAA
Fidelity Treasury Money Market Fund	30,144	-	AAAm
Gateway Commons TIF Fund:			
Financial Square Treasury Money Market Fund	582,907	-	AAAm
	<u>\$ 613,051</u>	<u>\$ 22,117,611</u>	

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to minimize credit risk by limiting its investments to Certificates of Deposit, bonds, or other obligations of the United States, and other debt securities given the highest available rating by a nationally recognized statistical rating organization. The ratings shown above are by Standard & Poor's as of year-end for each investment.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, the City follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize all deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name but does not limit the holdings of any one counterparty.

CITY OF GRANDVIEW, MISSOURI
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At September 30, 2010, the pooled U.S. Government agency investments were held by the City's financial institution in the City's name. The securities underlying the repurchase agreement were held by the financial institution's agent in the City's name. Restricted investments are held in the City's name by the bond trustee in accordance with the related bond indentures.

At September 30, 2010, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held by the City's agent in the City's name.

Interest Rate Risk

The City's investment policy limit investment maturities to five years as a means of managing its exposure to fair value losses arising from changes in interest rates. To minimize the risk of loss, the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

The U.S. Government agency obligations above have call dates ranging from March 18, 2011 to September 14, 2012.

Concentration of Credit Risk

The City's investment policy does not limit the amount that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of U.S. Government agency securities and are included above.

3. Tax Revenues

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

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	General Debt Service	TIF Fund	Nonmajor Governmental Funds
Property tax	\$ 2,864,942	\$ -	\$ -	\$ 1,088,125	\$ -	\$ 343,041
Sales tax	2,445,098	1,114,586	1,143,643	-	268,415	1,015,807
Intergovernmental activity taxes	-	-	-	-	1,149,476	-
Franchise tax	4,219,578	-	-	-	-	-
Cigarette tax	117,331	-	-	-	-	-
Total	<u>\$ 9,646,949</u>	<u>\$ 1,114,586</u>	<u>\$ 1,143,643</u>	<u>\$ 1,088,125</u>	<u>\$ 1,417,891</u>	<u>\$ 1,358,848</u>

The City's property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes are billed by Jackson County on November 1, and are considered delinquent after December 31 following the levy date. The City and County collect property taxes on behalf of each other and each receives a fee equal to 1.0% to 1.6%, respectively, of the gross amount of taxes collected. Taxes held on behalf of the County are reported in the Jackson County Tax Agency Fund. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings.

Assessed values are established by the Jackson County Assessor subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 2009, on which the fiscal 2010 levy was based, was \$262,983,291.

CITY OF GRANDVIEW, MISSOURI
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The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to \$.20 per \$100 of assessed valuation for recreation and in unlimited amounts for the payment of principal and interest.

Property tax levies per \$100 assessed valuation for the budget year ended September 30, 2010, were as follows:

General Fund	\$ 1.0000
Park Levy Fund	0.1200
Debt Service Fund	<u>0.3800</u>
 Total Levy	 <u>\$ 1.5000</u>

The City has passed ordinances to establish thirteen tax increment financing districts (TIF). The establishment of these districts allows the City to provide public improvements to encourage developers to construct and make new investments within blighted, conservation or economic areas. Through the use of TIF districts, the City can utilize the taxes generated by the incremental increase in property values and sales taxes from the date the TIF was established and the combined levies of all taxing jurisdictions for infrastructure improvements.

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. Transportation sales tax revenues result from a 1/2 of 1% levy on all receipts and is for the purpose of street maintenance. The capital improvement sales tax revenues result from a 1/2 of 1% levy on all receipts and is to be used to acquire equipment and make City facility and infrastructure improvements. The community center sales tax revenues result from a 1/2 of 1% levy on all receipts to be used to construct and operate a community center.

Property taxes receivable include related interest and penalties, and other taxes receivable consist of sales, local use, cigarette and franchise taxes, reduced by an appropriate allowance for uncollectible taxes.

4. Intergovernmental Revenue

Intergovernmental revenues during fiscal year 2010 consisted of the following:

	General Fund	Transportation Sale Tax	Law Enforcement Block Grant Fund	Total
Federal:				
Department of Justice	\$ 22,031	\$ -	\$ 90,515	\$ 112,546
Highway safety	26,771	-	-	26,771
State:				
Motor vehicle fuel tax	699,822	-	-	699,822
Motor vehicle sales tax	140,696	-	-	140,696
Vehicle registration fees	109,937	-	-	109,937
Financial institution tax	43,498	-	-	43,498
Local:				
Drug task force tax	255,109	-	-	255,109
Jackson County	-	364,314	-	364,314
Other	20,728	-	-	20,728
Total	\$ 1,318,592	\$ 364,314	\$ 90,515	\$ 1,773,421

CITY OF GRANDVIEW, MISSOURI
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Due from other governments at September 30, 2010 consists of state vehicle fuel and sales taxes, state vehicle registration fees, intergovernmental activity taxes, and drug task force grants.

5. Housing Rehabilitation Loans

Housing rehabilitation loans result from programs whereby funds are made available to the City from the federal government through Community Development Block Grants and Rental Rehabilitation Grants to loan for low and moderate income housing. At September 30, 2010, the \$72,976 of loans receivable are net of an allowance for uncollectible loans of \$625,046. As the loans are repaid, the City can make additional loans. These financial transactions have been accounted for in the Housing Rehabilitation and Inman Square Special Revenue Funds.

6. Capital Assets

Changes in capital asset activity for 2010 are as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets, not being depreciated				
Land and land rights	\$ 2,598,176	\$ 469,542	\$ -	\$ 3,067,718
Construction in progress	82,983	330,485	(232,978)	180,490
Infrastructure in progress	<u>1,761,386</u>	<u>1,617,714</u>	<u>(1,434,038)</u>	<u>1,945,062</u>
Total capital assets, not being depreciated	<u>4,442,545</u>	<u>2,417,741</u>	<u>(1,667,016)</u>	<u>5,193,270</u>
Capital assets, being depreciated				
Buildings	17,021,555	210,621	-	17,232,176
Improvements, other than buildings	4,200,134	-	-	4,200,134
Furniture, fixtures, vehicles and equipment	9,694,162	1,460,125	(257,083)	10,897,204
Infrastructure	<u>41,300,376</u>	<u>1,882,362</u>	<u>-</u>	<u>43,182,738</u>
Total capital assets, being depreciated	<u>72,216,227</u>	<u>3,553,108</u>	<u>(257,083)</u>	<u>75,512,252</u>
Less accumulated depreciation for:				
Buildings	5,809,815	616,828	-	6,426,643
Improvements, other than buildings	1,866,410	213,994	-	2,080,404
Furniture, fixtures, vehicles and equipment	6,347,907	1,019,478	(238,430)	7,128,955
Infrastructure	<u>19,856,578</u>	<u>1,188,322</u>	<u>-</u>	<u>21,044,900</u>
Total accumulated depreciation	<u>33,880,710</u>	<u>3,038,622</u>	<u>(238,430)</u>	<u>36,680,902</u>
Total capital assets, being depreciated, net	<u>38,335,517</u>	<u>514,486</u>	<u>(18,653)</u>	<u>38,831,350</u>
Total governmental activities capital assets, net	<u>\$ 42,778,062</u>	<u>\$ 2,932,227</u>	<u>\$ (1,685,669)</u>	<u>\$ 44,024,620</u>

CITY OF GRANDVIEW, MISSOURI
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Depreciation expense charged to governmental activity functions as follows:

General government	\$	313,384
Public safety		704,005
Community development		16,904
Public works		1,360,814
Culture and recreation		<u>643,515</u>
Total depreciation expense - governmental activities	\$	<u><u>3,038,622</u></u>

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 170,996	\$ -	\$ (170,996)	\$ -
Total capital assets, not being depreciated	<u>170,996</u>	<u>-</u>	<u>(170,996)</u>	<u>-</u>
Capital assets, being depreciated				
Sewer lines	13,745,641	398,446	-	14,144,087
Vehicles and equipment	<u>676,458</u>	<u>81,205</u>	<u>(29,903)</u>	<u>727,760</u>
Total capital assets, being depreciated	<u>14,422,099</u>	<u>479,651</u>	<u>(29,903)</u>	<u>14,871,847</u>
Less accumulated depreciation for:				
Sewer lines	3,883,175	175,485	-	4,058,660
Vehicles and equipment	<u>291,248</u>	<u>77,009</u>	<u>(29,903)</u>	<u>338,354</u>
Total accumulated depreciation	<u>4,174,423</u>	<u>252,494</u>	<u>(29,903)</u>	<u>4,397,014</u>
Total capital assets, being depreciated, net	<u>10,247,676</u>	<u>227,157</u>	<u>-</u>	<u>10,474,833</u>
Total business-type activities capital assets, net	<u>\$ 10,418,672</u>	<u>\$ 227,157</u>	<u>\$ (170,996)</u>	<u>\$ 10,474,833</u>

CITY OF GRANDVIEW, MISSOURI
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7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended September 30, 2010:

	Beginning Balances	Additions	Deductions	Ending Balances	Amount Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,300,000	\$ -	\$ 900,000	\$ 2,400,000	\$ 800,000
Certificates of participation	9,295,000	-	275,000	9,020,000	285,000
TIF loan payable	5,135,000	-	165,000	4,970,000	150,000
MTFC loan payable	314,949	-	74,922	240,027	77,430
Developer agreements	1,761,885	1,969,594	294,673	3,436,806	-
Unamortized premium	158,090	-	19,656	138,434	-
Unamortized discount	(69,192)	-	(4,197)	(64,995)	-
Compensated absences	787,657	675,225	648,312	814,570	656,557
Other postemployment benefits	58,788	56,345	-	115,133	-
Total	\$ 20,742,177	\$ 2,701,164	\$ 2,373,366	\$ 21,069,975	\$ 1,968,987
Business-type activities:					
Compensated absences	\$ 24,659	\$ 28,394	\$ 25,014	28,039	\$ 3,496
Other postemployment benefits	1,384	2,181	-	3,565	-
	\$ 26,043	\$ 30,575	\$ 25,014	\$ 31,604	\$ 3,496

General Obligation Bonds

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 September 30, 2010, the constitutional general obligation debt limit (based on the assessed value at January 1, 2009 of \$265,539,937) was \$53,107,987. General obligation debt subject to the debt limit is \$2,400,000 of bonds outstanding and \$4,250,000 of bonds authorized but not issued, with \$1,262,740 available in the General Debt Service Fund.

General obligation capital related bonds payable at September 30, 2010 were issued on July 14, 2009 and consist of a portion of the total of \$7,550,000 authorized to finance park improvements and the construction of a parks and public works facility, and are as follows:

\$3,300,000 General Obligation Bonds, Series 2009, due in annual installments through March 1, 2014; interest at 2.00% to 2.50%	<u>\$2,400,000</u>
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CITY OF GRANDVIEW, MISSOURI
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Certificates of Participation

On January 15, 2003, the City issued \$11,690,000 of Certificates of Participation, Series 2003 to provide financing for the construction of a new community center, purchase of a radio system and to make energy conservation improvements. The Certificates of Participation carry interest rates of 3% to 5.25% and mature through January 2027. Restricted assets related to this issue include \$1,101,805 in the debt service related accounts.

TIF Loan Payable

On December 1, 2003, the City entered into a financing agreement with the Missouri Development Finance Board (MDFB) to obtain a \$5,665,000 loan to finance certain public and private improvements in the Gateway Commons TIF District No. 9. The loan is due in annual installments through March 1, 2026, with interest rates ranging from 3.125% to 5.375%. In connection with the formation of the TIF District and obtaining the loan, the City has agreed to loan up to \$450,000 of the proceeds to the Transportation Development District (TDD) associated with the TIF project. The loan is subordinate to the MDFB bonds. At September 30, 2010, \$449,663 has been advanced by the City. The incremental property and sales taxes generated in the TIF District, as well as the amounts repaid on the TDD loan, are pledged by the City to the repayment of this loan. Any additional amounts necessary to make the loan payments are, subject to annual appropriation, payable from General Fund revenues. Restricted assets related to this issue include \$582,907 in the debt service related accounts. Total principal and interest remaining on the bonds is \$7,599,173. For 2010, principal and interest paid and city and intergovernmental incremental tax revenues were \$425,966 and \$250,379, respectively.

Missouri Transportation Finance Corporation

On August 7, 2008, the City entered into an agreement with the Missouri Transportation Finance Corporation (MTFC) to obtain a \$387,500 loan at 3.29% to finance its contribution to a bridge project being constructed by the Missouri Department of Transportation. The loan is due in semi-annual installments of \$42,334 through September 1, 2013.

The annual debt service requirements to amortize all debt outstanding as of September 30, 2010 exclusive of developer agreements, unamortized bond issuance premiums and discounts, compensated absences, and other postemployment liabilities are as follows:

	General Obligation Bonds		TIF Loan		Certificates of Participation		MTFC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 800,000	\$ 42,250	\$ 150,000	\$ 251,988	\$ 285,000	\$ 442,851	\$ 77,430	\$ 7,238
2012	750,000	24,750	160,000	245,394	295,000	432,080	79,961	4,706
2013	800,000	9,250	170,000	238,069	325,000	417,944	82,636	2,031
2014	50,000	625	200,000	229,644	300,000	401,538	-	-
2015	-	-	205,000	219,919	320,000	385,263	-	-
2016-2020	-	-	1,310,000	918,788	2,090,000	1,629,881	-	-
2021-2025	-	-	1,910,000	502,125	2,985,000	993,413	-	-
2026-2030	-	-	865,000	23,246	2,420,000	145,750	-	-
	<u>\$ 2,400,000</u>	<u>\$ 76,875</u>	<u>\$ 4,970,000</u>	<u>\$ 2,629,173</u>	<u>\$ 9,020,000</u>	<u>\$ 4,848,720</u>	<u>\$ 240,027</u>	<u>\$ 13,975</u>

Developer Agreements

The City has four developer agreements in which developer financed project costs have been certified by the City as eligible to be reimbursed from tax increment financing revenues attributable to each project.

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Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. TIF revenues have been projected to produce sufficient funds to reimburse the developer for certified costs. These obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the City.

At September 30, 2010, the amount of outstanding developer agreements was \$3,436,806 and are payable through 2025 to the extent incremental taxes are available.

For 2010, payments on the developer agreements were \$294,673. Incremental revenues were \$413,151 from City and intergovernmental sales and property taxes.

Conduit Debt

The City is authorized to issue industrial revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of industrial 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. The City is not obligated in any manner for repayment of the bonds. At September 30, 2010, there are four outstanding industrial revenue bond issues with a total principal amount of \$49,479,792.

8. Interfund Activity

Interfund transfers for the year ended September 30, 2010, were as follows:

	In	Out
General Fund	\$ 360,500	\$ 61,162
Capital Improvement Sales Tax	1,100,000	-
Transportation Sales Tax	-	1,100,000
TIF Fund	3,162	94,000
Nonmajor governmental	698,000	755,000
Sanitary Sewer	74,000	225,500
 Total	 \$ 2,235,662	 \$ 2,235,662

Transfers are used to (1) move revenues from the fund that a statute or the budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) and to segregate money for anticipated capital projects.

9. Cooperative Agreement for Sewer Service

In September 1978, the City entered into an agreement for sewerage treatment services with the Little Blue Valley Sewer District, whereby the City was given the right to connect to the Little Blue Valley Sewer District treatment system. Under this agreement, the City pays a quarterly fee based upon discharge into the system. In the fiscal year ended September 30, 2010, the City incurred costs of \$1,057,641 under the provisions of this agreement. Under a similar agreement with Kansas City, Missouri, the City incurred costs of \$302,088.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

10. 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 to contribute at an actuarially determined rate; the current rate is 4.3% (general), 2.6% (police) and 4.2% (fire) 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

The City's annual pension cost and net pension obligation for the current year were as follows:

Interest on net pension obligation	\$ -
Adjustment to annual required contribution	-
Annual pension cost	299,025
Actual contributions	299,025
Increase (decrease) in NPO	-
NPO, beginning of year	-
NPO, end of year	\$ -

For 2010, the City's annual pension cost of \$299,025 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2008 was 15 years for the General division, 15 years for the Police division and 15 years for the Fire division.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

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	\$ 186,074	100%	\$ -
2009	229,983	100%	-
2010	299,025	100%	-

Funding Status and Progress

As of February 28, 2010, the most recent actuarial valuation date, the plan was 100% funded. The actuarial accrued liability for benefits was \$16,171,693, and the actuarial value of assets was \$16,315,651, resulting in a funding excess of \$143,958. The covered payroll (annual payroll of active employees covered by the plan) was \$8,770,318, and the ratio of the funding excess to the covered payroll was 2%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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.

11. Other Post-employment Benefits

Plan Description

The City provides employees that retire under LAGERS at the same time they end their service to the City the opportunity for continuation of medical and dental insurance coverage offered through Midwest Public Risk (MPR), a risk pool comprised of about 99 entity members. It has been determined that MPR functions as an agent multiple-employer plan.

Retirees who elect to continue coverage in the medical and dental plans offered through MPR are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City's share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. This implicit rate subsidy is considered an other postemployment benefit (OPEB) under GASB 45. The benefits and benefit levels are governed by City policy and the MPR pool arrangement.

The pool arrangement with MPR is maintained to collect premiums and pay claims and administrative costs and does not qualify as an OPEB plan and is not treated as holding assets in order to offset GASB 45 liabilities. The plan is not accounted for as a trust fund since an irrevocable trust has not been established. There is no stand alone financial report for the plan.

Funding Policy

GASB Statement No. 45 does not require funding of the OPEB liability, and the City has chosen not to fund the liability. City policy dictates the payment of retiree claims as they become due. The City does not pay retiree benefits directly, as they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over thirty years.

For the year ended September 30, 2010, the annual OPEB costs are as follows:

	Governmental Activities	Business- Type Activities	Total
Annual required contribution	\$ 72,876	\$ 2,214	\$ 75,090
Interest on net OPEB obligation	3,380	80	3,460
Adjustment to annual required contribution	(3,931)	(93)	(4,024)
Annual OPEB cost (expense)	<u>72,325</u>	<u>2,201</u>	<u>74,526</u>
Less: Expected net employer contributions	<u>15,980</u>	<u>20</u>	<u>16,000</u>
Increase in net OPEB obligation	56,345	2,181	58,526
Net OPEB obligation, September 30, 2009	58,788	1,384	60,172
Net OPEB obligation, September 30, 2010	<u>\$ 115,133</u>	<u>\$ 3,565</u>	<u>\$ 118,698</u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2010 is as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities:				
	9/30/2009	\$ 83,606	19.1%	\$ 58,788
	9/30/2010	72,325	22.1%	115,133
Business-Type Activities:				
	9/30/2009	\$ 1,404	1.4%	\$ 1,384
	9/30/2010	2,201	0.9%	3,565

Funded Status and Funding Progress

As of July 1, 2009, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$555,908. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,717,798, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 7.2%.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 6% investment rate of return and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 6% after seven years. The UAAL is being amortized on a level dollar, closed basis over a period of thirty years.

12. Commitments and Contingencies

Legal Matters

There are claims and/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 a number of 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 obtains health and dental, and workers' compensation insurance coverage through its membership in Midwest Public Risk (MPR), a not-for-profit corporation consisting of governmental entities and political subdivisions. MPR was formed as a public entity risk retention pool to cover health and dental, workers' compensation, and property and casualty claims for its members. MPR has been established as assessable pools and accounting records are maintained for each line of coverage on a policy year basis. The City pays monthly and annual premiums to MPR for all coverage. The agreement with MPR provides that MPR will be self-sustaining through member premiums, although MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Also, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MPR has not had deficiencies in any of the past three fiscal years and management of the City is not aware of any deficit situation in MPR which would require an accrual of a liability as of September 30, 2010. Also, there have been no significant changes in coverage for 2010 and the City has not incurred any claims which have exceeded its coverage in any of the past three years.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2010

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. At September 30, 2010, the City contracted with a commercial insurance provider for property and casualty insurance. The City maintains the Insurance Deductible Internal Service Fund to pay minor claims and the deductibles under the property and casualty insurance policies. The City's deductibles for the following types of insurance coverages for fiscal year ended September 30, 2010 are as follows: General liability \$5,000; Automobile liability \$500/\$1,000; Law Enforcement \$10,000; EMS \$5,000; Public Officials \$10,000; and Property \$5,000.

Commitments

Capital projects often extend over several years. The City has made normal commitments for future expenditures related to capital projects programs. Project authorizations and expenditures since inception are as follows:

Project Category	Authorization	Obligations Since Inception
2 nd to 3 rd Street	\$ 1,635,000	\$ 789,630
Botts Road	165,000	157,412
Main Street	260,000	239,356
	\$ 2,060,000	\$ 1,186,398

13. Subsequent Events

The City evaluated subsequent events through March 15, 2011, the date the financial statements were available to be issued.



CITY OF GRANDVIEW, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 9,041,772	\$ 9,041,772	\$ 9,646,949	\$ 605,177
Licenses and permits	473,600	473,600	495,811	22,211
Intergovernmental	1,428,531	1,428,531	1,318,592	(109,939)
Charges for services	1,437,050	1,437,050	1,321,848	(115,202)
Fines and forfeitures	1,000,000	1,000,000	1,103,387	103,387
Interest and other	461,000	461,000	469,218	8,218
Total Revenues	<u>13,841,953</u>	<u>13,841,953</u>	<u>14,355,805</u>	<u>513,852</u>
Expenditures:				
Current:				
General administration	2,910,492	2,910,492	2,915,408	(4,916)
Public safety	8,311,949	8,311,949	8,440,827	(128,878)
Public works	1,394,979	1,394,979	1,356,287	38,692
Community development	705,176	705,176	724,254	(19,078)
Parks and recreation	759,915	759,915	707,245	52,670
Total Expenditures	<u>14,082,511</u>	<u>14,082,511</u>	<u>14,144,021</u>	<u>(61,510)</u>
Excess of Revenues Over (Under) Expenditures	<u>(240,558)</u>	<u>(240,558)</u>	<u>211,784</u>	<u>452,342</u>
Other Financing Sources (Uses):				
Transfers in	355,500	355,500	360,500	5,000
Transfers out	(58,000)	(58,000)	(61,162)	(3,162)
Sale of capital assets	-	-	42,341	42,341
Total Other Financing Sources (Uses)	<u>297,500</u>	<u>297,500</u>	<u>341,679</u>	<u>44,179</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 56,942</u>	<u>\$ 56,942</u>	<u>553,463</u>	<u>\$ 496,521</u>
Fund Balance, Beginning of Year			<u>5,008,645</u>	
Fund Balance, End of Year			<u>\$ 5,562,108</u>	

Note to Required Supplementary Information:
GAAP is the budgetary basis used to prepare this schedule

CITY OF GRANDVIEW, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Transportation Sales Tax Fund
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,170,000	\$ 1,170,000	\$ 1,114,586	\$ (55,414)
Intergovernmental	378,000	378,000	364,314	(13,686)
Interest	-	-	95,375	95,375
Other	127,000	127,000	-	(127,000)
Total Revenues	<u>1,675,000</u>	<u>1,675,000</u>	<u>1,574,275</u>	<u>(100,725)</u>
Expenditures:				
Capital Outlay - Public Works	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,409,061</u>	<u>390,939</u>
Total Expenditures	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,409,061</u>	<u>390,939</u>
Excess of Revenues Over Expenditures	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>(834,786)</u>	<u>290,214</u>
Other Financing (Uses):				
Transfers out	<u>-</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
Total Other Financing (Uses)	<u>-</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (1,125,000)</u>	<u>\$ (2,225,000)</u>	<u>(1,934,786)</u>	<u>\$ 290,214</u>
Fund Balance, Beginning of Year			<u>3,921,209</u>	
Fund Balance, End of Year			<u>\$ 1,986,423</u>	

Note to Required Supplementary Information:
GAAP is the budgetary basis used to prepare this schedule

CITY OF GRANDVIEW, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Improvement Sales Tax Fund
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,210,000	\$ 1,210,000	\$ 1,143,643	\$ (66,357)
Intergovernmental	228,600	228,600	-	(228,600)
Interest	15,000	15,000	30,721	15,721
Other	327,000	327,000	-	(327,000)
Total Revenues	<u>1,780,600</u>	<u>1,780,600</u>	<u>1,174,364</u>	<u>(606,236)</u>
Expenditures:				
Capital Outlay - General Government	335,000	335,000	67,789	267,211
Capital Outlay - Public Safety	484,000	484,000	691,318	(207,318)
Capital Outlay - Public Works	1,520,000	1,520,000	463,425	1,056,575
Debt Service - Public Works	85,000	85,000	84,667	333
Total Expenditures	<u>2,424,000</u>	<u>2,424,000</u>	<u>1,307,199</u>	<u>1,116,801</u>
Excess of Revenues Over Expenditures	<u>(643,400)</u>	<u>(643,400)</u>	<u>(132,835)</u>	<u>510,565</u>
Other Financing (Uses):				
Transfers in	-	1,100,000	1,100,000	-
Total Other Financing (Uses)	<u>-</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (643,400)</u>	<u>\$ 456,600</u>	967,165	<u>\$ 510,565</u>
Fund Balance, Beginning of Year			<u>1,355,044</u>	
Fund Balance, End of Year			<u>\$ 2,322,209</u>	

Note to Required Supplementary Information:

GAAP is the budgetary basis used to prepare this schedule

CITY OF GRANDVIEW, MISSOURI
Required Supplementary Information
Schedules of Funding Progress

Employee Retirement System

	(a)	(b)	(b) - (a)	(a)/(b)	(c)	(b)-(a)/(c)
Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2008	\$ 19,661,522	\$ 15,179,683	\$ (4,481,839)	130%	\$ 8,249,263	54%
2/29/2009	15,999,346	15,545,283	(454,063)	103%	8,416,114	5%
2/29/2010	16,315,651	16,171,693	(143,958)	101%	8,770,318	2%

Other Post Employment Benefits

	(a)	(b)	(b) - (a)	(a)/(b)	(c)	(b)-(a)/(c)
Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
July 1, 2007	\$ -	\$ 643,437	\$ 643,437	0.00%	\$ 7,382,844	9%
July 1, 2009	-	555,908	555,908	0%	7,717,798	7%

CITY OF GRANDVIEW, MISSOURI
Notes to Required Supplementary Information
September 30, 2010

Legal Compliance—Budgetary Control

Although the City is required to prepare an annual operating budget for all funds, there is no requirement to report on the budget for proprietary and similar trust funds. Therefore, the financial statements include a comparison of budget to actual only for the governmental funds. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Administrator submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and transfers and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget for all funds is legally enacted through passage of an ordinance.
4. The City Administrator is authorized to transfer budgeted amounts between departments within any fund and/or authorized departmental expenditure in excess of budgeted amounts. Any revision that alters the total expenditures of any fund must be approved by the Board of Aldermen.