

Financial Section



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor 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, 2011, 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 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 respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, 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, and 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 should be considered in assessing the results of our audit.

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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 conducted 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 nonmajor fund financial statements and schedules, and statistical section 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 and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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 them.

March 28, 2012

Cochran Head Vick & Co; P.C.

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2011

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, 2011. 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 \$61,241,332 (net assets). Of this amount, \$3,733,851 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- During FY 2011, the City's net assets increased by \$97,797 from the City's "governmental activities" and decreased by \$398,223 from the City's "business-type activities."
- The City's debt obligations decreased by \$2,601,360 during the current fiscal year. General obligation bonds were issued for \$4,250,000 and refunding of certificates of participation was issued for \$8,405,000. In addition, \$1,150,000 of general obligation debt, \$9,020,000 in certificates of participation and \$150,000 of the TIF loan were retired. The MTFC loan balance of \$240,027 was forgiven. New developer agreements were approved for \$937,871 and payments were processed on developer agreements for \$431,484.

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.

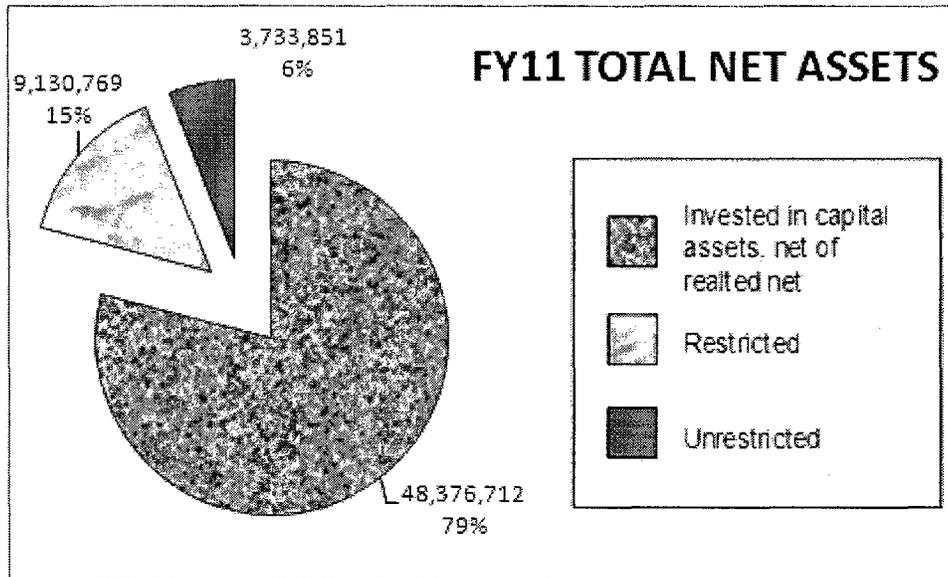
Government-wide Financial Analysis

Net Assets

The following table reflects the condensed Statement of Net Assets as of September 30, 2011 and 2010:

City of Grandview Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 24,169,326	\$ 24,766,639	\$ 5,594,144	\$ 5,717,270	\$ 29,763,470	\$ 30,483,909
Capital assets	46,430,822	44,024,620	10,276,383	10,474,833	56,707,205	54,499,453
Total assets	70,600,148	68,791,259	15,870,527	16,192,103	86,470,675	84,983,362
Long-term liabilities outstanding	23,128,410	19,100,988	47,567	28,108	23,175,977	19,129,096
Other liabilities	1,595,567	3,911,897	457,799	400,611	2,053,366	4,312,508
Total liabilities	24,723,977	23,012,885	505,366	428,719	25,229,343	23,441,604
Net assets:						
Invested in capital assets, net of related net	38,100,329	34,711,402	10,276,383	10,474,833	48,376,712	45,186,235
Restricted	9,130,769	13,040,648	-	-	9,130,769	13,040,648
Unrestricted	(1,354,927)	(1,973,676)	5,088,778	5,288,551	3,733,851	3,314,875
Total net assets	\$ 45,876,171	\$ 45,778,374	\$ 15,365,161	\$ 15,763,384	\$ 61,241,332	\$ 61,541,758



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 \$1,354,927. However, total unrestricted net assets were positive by \$3,733,851 including the business-type activities.

The largest portion of the City's net assets (79.0 %) 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 (14.9 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (6.1 %) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net assets decreased slightly by \$300,426 during FY 2011. The governmental activities net assets increased by \$97,797 while the business-type activities decreased by \$398,223.

Changes in Net Assets

The following table reflects the revenues and expenses from the City's activities for the year ended September 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	\$ 4,175,951	\$ 3,889,496	\$ 2,542,750	\$ 2,361,719	\$ 6,718,701	\$ 6,251,215
Operating grants and contributions	1,541,643	1,365,609	-	-	1,541,643	1,365,609
Capital grants and contributions	908,292	675,414	39,175	94,200	947,467	769,614
General revenues						
Property taxes	4,176,189	4,100,349	-	-	4,176,189	4,100,349
Intergovernmental activity taxes	1,060,395	1,145,316	-	-	1,060,395	1,145,316
Sales and use taxes	6,297,365	5,987,549	-	-	6,297,365	5,987,549
Franchise and other taxes	3,906,879	4,579,790	-	-	3,906,879	4,579,790
Other revenue	1,090,781	999,826	76,378	133,975	1,167,159	1,133,801
Total revenues	<u>23,157,495</u>	<u>22,743,349</u>	<u>2,658,303</u>	<u>2,589,894</u>	<u>25,815,798</u>	<u>25,333,243</u>
Expenses:						
General government	3,265,463	3,371,308	-	-	3,265,463	3,371,308
Public safety	8,782,942	9,144,832	-	-	8,782,942	9,144,832
Community development	3,517,946	3,154,586	-	-	3,517,946	3,154,586
Public works	3,999,354	3,443,846	-	-	3,999,354	3,443,846
Culture and recreation	2,907,768	2,723,684	-	-	2,907,768	2,723,684
Interest on long-term debt	752,008	633,432	-	-	752,008	633,432
Sanitary Sewer	-	-	2,890,743	2,418,425	2,890,743	2,418,425
Total expenses	<u>23,225,481</u>	<u>22,471,688</u>	<u>2,890,743</u>	<u>2,418,425</u>	<u>26,116,224</u>	<u>24,890,113</u>
Increases in net assets before transfers	(67,986)	271,661	(232,440)	171,469	(300,426)	443,130
Transfers	165,783	151,500	(165,783)	(151,500)	-	-
Increase in net assets	97,797	423,161	(398,223)	19,969	(300,426)	443,130
Net assets, beginning	45,778,374	45,355,213	15,763,384	15,743,415	61,541,758	61,098,628
Net assets, ending	<u>\$ 45,876,171</u>	<u>\$ 45,778,374</u>	<u>\$ 15,365,161</u>	<u>\$ 15,763,384</u>	<u>\$ 61,241,332</u>	<u>\$ 61,541,758</u>

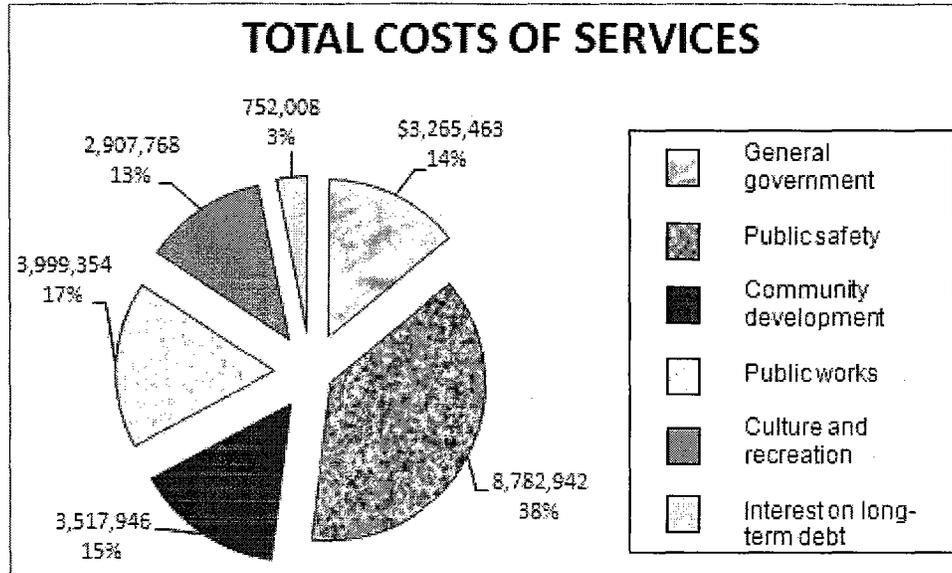
Governmental Activities

Governmental activities increased the City's net assets slightly by \$97,797. Sales and use taxes, the largest governmental category, were \$6,297,365 or 27.2% of total revenues from governmental activities. For the fiscal year ended September 30, 2011 revenues totaled \$25,815,798 (governmental and business-type). Revenues from governmental activities totaled \$23,157,495 or 89.7% of the total City revenues. Even though there was a significant decrease in franchises tax revenues due to a large franchise tax settlement received the previous year, there was a slight overall increase in revenues from governmental activities primarily from various charges for services and grant reimbursements.

Certain revenues are generated that are specific to governmental program activity. These totaled \$6,625,886. The following table shows expenses and net costs of services of the governmental activities for the year ended September 30, 2011 and 2010:

Net Cost of City of Grandview Governmental Activities

	Total Costs of Service		Net Costs of Service	
	2011	2010	2011	2010
General government	\$ 3,265,463	\$ 3,371,308	\$ 1,219,981	\$ 1,333,725
Public safety	8,782,942	9,144,832	7,570,797	8,050,710
Community development	3,517,946	3,154,586	3,196,942	3,046,494
Public works	3,999,354	3,443,846	1,893,306	1,796,912
Culture and recreation	2,907,768	2,723,684	1,966,561	1,679,896
Interest on long-term debt	752,008	633,432	752,008	633,432
Total	\$ 23,225,481	\$ 22,471,688	\$ 16,599,595	\$ 16,541,169



As previously noted, expenses from governmental activities totaled \$23,225,481. However, net costs of these services were \$16,599,595. The difference represents direct revenues received from charges for services of \$4,175,951, operating grants & contributions of \$1,541,643, and capital grants and contributions of \$908,292. Taxes and other revenues of \$16,697,392 were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net assets by \$398,223 which included net transfers out of \$165,783. Even though operating revenues increased by \$181,031 primarily due to a sewer rate increase of 8%, expenses also significantly increased by \$472,318 due to increased sewer maintenance and operating costs and sewer treatment charges.

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, 2011 was \$6,034,860 or 42.3% of actual expenditures. The fund balance increased \$472,752 from the previous year's balance which was primarily due to net operating transfers of \$160,654 and the excess of revenues over expenditures of \$273,432. Total general fund revenues increased by 1.4% and general fund expenditures increased by 1.0%. 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 \$2,466,942, an increase of \$480,519 or 24.2% which primarily resulted from grant reimbursements of \$388,620 and decreased project costs on budgeted street construction projects in process or completed during FY 2011.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$2,161,517, a decrease of \$160,692 or 6.9% which is primarily due to increased capital outlay costs for equipment purchases and street improvement projects during FY 2011. A small portion of these costs were offset by operating transfers in of \$1,019,836 and grant reimbursements of \$519,671.

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 and the issuance of 2010 series general obligation bonds of \$4,250,000. It ended the year with a fund balance of \$4,583,585, an increase of \$2,163,337 or 89.4% primarily due the issuance of the 2010 series general obligation bonds referred to above. A portion of these proceeds were used during FY 2011 as progress continues on the construction of the new Parks / Public Works maintenance facility and the various park improvement projects.

The General Debt Service Fund ended the year with a fund balance of \$1,088,230, a decrease of \$174,510 or 16.0% due to less property tax revenues received than debt expenditures incurred.

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 \$2,096,567, a decrease of \$2,039,011 or 49.3% which is primarily due to payments to taxing districts and various transfers out for the closing of two TIF projects during FY 2011.

General Fund Budgetary Highlights

The final General Fund expenditure budget increased by \$375,492 over the previous fiscal year. The budget increase primarily affected personal services and purchased services. The supplies budget remained essentially unchanged and the general fund capital outlay expenditure budget was insignificant. There was an increase of budgeted transfers to other funds of \$338,000 for a net increase in budgeted expenditures and transfers out for FY 2011 of 5.0%. Budgeted revenues were 2.5% more than the prior fiscal year, including an increase in budgeted transfers from other funds of \$292,500.

Actual general fund revenues including transfers in were \$555,416 or 3.8% more than budgeted which was primarily due to an increase in franchise tax revenues and various charges for services including TIF management fees. Actual expenditures and transfers out were \$177,923 or 1.2% less than budgeted.

General fund budget amendments of \$552,000 including transfers were 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, 2011, is \$56,707,205 (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 \$2,207,752 during FY 2011.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,108	\$ 3,068	\$ -	\$ -	\$ 3,108	\$ 3,068
Construction in process	2,466	180	-	-	2,466	\$ 180
Buildings	10,229	10,806	-	-	10,229	10,806
Improvements	1,975	2,120	-	-	1,975	2,120
Machinery and equipment	3,106	3,768	328	389	3,434	4,157
Infrastructure	25,547	24,083	9,948	10,086	35,495	34,169
Total	<u>\$ 46,431</u>	<u>\$ 44,025</u>	<u>\$ 10,276</u>	<u>\$ 10,475</u>	<u>\$ 56,707</u>	<u>\$ 54,500</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:

- Main Street project totaling \$1,352,000.
- Public Works and Parks Maintenance Facility totaling \$1,206,000.
- Meadowmere park improvements totaling \$882,000.
- Botts Road project totaling \$694,000.
- 2ND to 3RD Streets reconstruction between Main Street and Blue Ridge Blvd. totaling \$482,000.
- Street overlay and slurry seal totaling \$334,000.
- Storm Channel Renovations and Drainage totaling \$196,000.
- Financial Management System totaling \$196,000.
- Police vehicle replacement totaling \$159,000.
- Sewer System study and evaluation totaling \$157,000.
- Sidewalk and Curb repair and replacement totaling \$139,000.
- Park lots, drives and trails projects totaling \$88,000.

Future capital events include the following:

- Parks improvements totaling \$1,568,000.
- Main Street project totaling \$1,500,000.
- Street overlay, slurry seal, and curb repair totaling \$505,000.
- Farmer’s Market place improvements totaling \$321,000.
- Park maintenance projects and equipment totaling \$318,000.
- Public Works vehicle and equipment replacement totaling \$225,000.
- Self-contained breathing apparatus totaling \$191,000.
- New sidewalk construction, curb replacement, and existing repairs totaling \$175,000.
- Police vehicle replacement totaling \$175,000.
- Squad vehicle and equipment totaling \$100,000.
- Sewer equipment replacement totaling \$100,000.
- Storm drainage projects totaling \$100,000.

Debt Administration

The City, at the end of FY 2011, had \$22,668,193 of outstanding obligations from governmental activities. This was an increase of \$2,601,360 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	
	2011	2010
Governmental G.O. Bonds	\$5,500	\$2,400
Certificates of Participation	8,405	9,020
TIF Loan	4,820	4,970
MTFC Loan	0	240
Developer Agreements	3,943	3,437
Total	<u>\$22,668</u>	<u>\$20,067</u>

During FY 2011, the City issued new general obligation bonds of \$4,250,000 and refunding certificates of participation of \$8,405,000. In addition, \$1,150,000 of general obligation debt, \$9,020,000 in certificates of participation and \$150,000 of the TIF Loan were retired. The MTFC loan balance of \$240,027 was forgiven. New developer agreements were approved for \$937,871 and payments were processed on developer agreements for \$431,484.

As of September 30, 2011, the City's total issued General Obligation (G.O.) Bonded Debt was \$5,500,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$51,757,425. This, less our outstanding debt, and available cash leaves a legal debt margin of \$47,345,655, which is 91.5% 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 revenues with expenditures remaining essentially unchanged. Budgeted revenues including transfers have been increased by \$255,300 or 1.8 % and budgeted expenditures including transfers reflect an overall increase of \$1,574 or .01%.

For FY 2012, the General Fund property tax levy rate is \$1.00 in accordance with state requirements. The City's fees and charges for the governmental activities are unchanged while the business-type activities reflect an increase of 8%.

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, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash and investments	\$ 19,241,081	\$ 5,248,056	\$ 24,489,137
Receivables:			
Accounts	568,485	323,829	892,314
Property taxes	244,182	-	244,182
Other taxes	1,716,949	-	1,716,949
Accrued interest	106,314	22,259	128,573
Due from other governments	501,714	-	501,714
Prepaid items	249,328	-	249,328
Restricted assets:			
Cash and investments	714,418	-	714,418
Accrued interest	5,917	-	5,917
Loan receivable	449,663	-	449,663
Unamortized debt issue costs	371,275	-	371,275
Capital assets:			
Nondepreciable	8,088,974	-	8,088,974
Depreciable, net	38,341,848	10,276,383	48,618,231
Total assets	<u>70,600,148</u>	<u>15,870,527</u>	<u>86,470,675</u>
LIABILITIES			
Accounts payable	918,214	441,668	1,359,882
Accrued liabilities	453,196	16,131	469,327
Unearned revenue	20,142	-	20,142
Liabilities payable from restricted assets:			
Accrued interest payable	72,504	-	72,504
Deposits due others	131,511	-	131,511
Long-term liabilities:			
Due within one year	2,190,634	38,158	2,228,792
Due in more than one year	20,937,776	9,409	20,947,185
Total liabilities	<u>24,723,977</u>	<u>505,366</u>	<u>25,229,343</u>
NET ASSETS			
Invested in capital assets, net of related debt	38,100,329	10,276,383	48,376,712
Restricted :			
Debt service	3,298,019	-	3,298,019
Capital projects	4,378,459	-	4,378,459
Cultural and recreation	1,287,660	-	1,287,660
Other purposes	166,631	-	166,631
Unrestricted (deficit)	(1,354,927)	5,088,778	3,733,851
Total net assets	<u>\$ 45,876,171</u>	<u>\$ 15,365,161</u>	<u>\$ 61,241,332</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, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Primary government:							
Governmental activities							
General government	\$ 3,265,463	\$ 2,045,483	\$ -	\$ -	\$ (1,219,980)	\$ -	\$ (1,219,980)
Public safety	8,782,942	853,944	358,201	-	(7,570,797)	-	(7,570,797)
Community development	3,517,938	321,004	-	-	(3,196,934)	-	(3,196,934)
Public works	3,999,354	14,314	1,183,442	908,292	(1,893,306)	-	(1,893,306)
Culture and recreation	2,907,768	941,207	-	-	(1,966,561)	-	(1,966,561)
Interest on long-term debt	752,008	-	-	-	(752,008)	-	(752,008)
Total governmental activities	<u>23,225,473</u>	<u>4,175,952</u>	<u>1,541,643</u>	<u>908,292</u>	<u>(16,599,586)</u>	<u>-</u>	<u>(16,599,586)</u>
Business-type activities							
Sanitary sewer	2,890,743	2,542,750	-	39,175	-	(308,818)	(308,818)
Total primary government	<u>\$ 26,116,216</u>	<u>\$ 6,718,702</u>	<u>\$ 1,541,643</u>	<u>\$ 947,467</u>	<u>(16,599,586)</u>	<u>(308,818)</u>	<u>(16,908,404)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,737,588	-	2,737,588
Property taxes, levied for debt service					1,093,495	-	1,093,495
Property taxes, levied for recreation					345,106	-	345,106
Intergovernmental activity taxes					1,060,395	-	1,060,395
Sales and use taxes					6,297,365	-	6,297,365
Franchise and business taxes					3,906,879	-	3,906,879
Intergovernmental not restricted to a specific purpose					217,755	-	217,755
Investment earnings					376,199	75,548	451,747
Miscellaneous					488,431	830	489,261
Gain on sale of capital assets					8,387	-	8,387
Transfers					165,783	(165,783)	-
Total general revenues and transfers					<u>16,697,383</u>	<u>(89,405)</u>	<u>16,607,978</u>
Change in net assets					97,797	(398,223)	(300,426)
Net assets, beginning of year					45,778,374	15,763,384	61,541,758
Net assets, end of year					<u>\$ 45,876,171</u>	<u>\$ 15,365,161</u>	<u>\$ 61,241,332</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, 2011

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	Parks and Public Works Projects	General Debt Service	Tax Increment Financing Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 4,917,004	\$ 2,301,008	\$ 1,946,736	\$ 5,109,314	\$ 1,076,004	\$ 938,587	\$ 2,687,305	\$ 18,975,958
Receivables:								
Accounts	568,485	-	-	-	-	-	-	568,485
Property Taxes	165,447	-	-	-	60,123	-	18,612	244,182
Sales and franchise taxes	1,036,789	181,681	195,709	-	-	86,566	216,204	1,716,949
Accrued interest	37,909	7,251	10,082	27,980	4,111	6,335	11,488	105,156
Due from other governments	187,514	-	99,027	-	-	215,173	-	501,714
Prepays, deposits and other assets	236,130	-	-	-	-	-	13,198	249,328
Restricted assets:								
Cash and investments	131,511	-	-	-	-	582,907	-	714,418
TIF loan receivable	-	-	-	-	-	449,663	-	449,663
Total assets	<u>\$ 7,280,789</u>	<u>\$ 2,489,940</u>	<u>\$ 2,251,554</u>	<u>\$ 5,137,294</u>	<u>\$ 1,140,238</u>	<u>\$ 2,285,148</u>	<u>\$ 2,946,807</u>	<u>\$ 23,531,770</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 125,086	\$ 22,998	\$ 90,037	\$ 553,709	\$ 174	\$ 1,286	\$ 124,879	\$ 918,169
Accrued liabilities	379,161	-	-	-	-	-	29,535	408,696
Court and performance bonds	131,511	-	-	-	-	-	-	131,511
Deferred revenue	610,171	-	-	-	51,834	187,295	33,111	882,411
Total liabilities	<u>1,245,929</u>	<u>22,998</u>	<u>90,037</u>	<u>553,709</u>	<u>52,008</u>	<u>188,581</u>	<u>187,525</u>	<u>2,340,787</u>
Fund balances:								
Nonspendable	236,130	-	-	-	-	-	13,198	249,328
Restricted	-	2,466,942	1,911,517	4,583,585	1,088,230	2,096,567	1,567,513	13,714,354
Assigned	280,000	-	250,000	-	-	-	1,178,571	1,708,571
Unassigned	5,518,730	-	-	-	-	-	-	5,518,730
Total fund balances	<u>6,034,860</u>	<u>2,466,942</u>	<u>2,161,517</u>	<u>4,583,585</u>	<u>1,088,230</u>	<u>2,096,567</u>	<u>2,759,282</u>	<u>21,190,983</u>
Total liabilities and fund balances	<u>\$ 7,280,789</u>	<u>\$ 2,489,940</u>	<u>\$ 2,251,554</u>	<u>\$ 5,137,294</u>	<u>\$ 1,140,238</u>	<u>\$ 2,285,148</u>	<u>\$ 2,946,807</u>	<u>\$ 23,531,770</u>

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

CITY OF GRANDVIEW, MISSOURI
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2011

Fund balances of governmental funds	\$ 21,190,983
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.	46,430,822
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.	(23,128,410)
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	862,269
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.	371,275
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.	(72,504)
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	221,736
Net assets of governmental activities	<u>\$ 45,876,171</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, 2011

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	Parks and Public Works Projects	General Debt Service	Tax Increment Financing Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:								
Taxes	\$ 9,469,226	\$ 1,178,814	\$ 1,237,354	\$ -	\$ 1,093,655	\$ 190,318	\$ 1,465,813	\$ 14,635,180
Intergovernmental activity taxes	-	-	-	-	-	1,077,764	-	1,077,764
Licenses and permits	491,434	-	-	-	-	-	-	491,434
Intergovernmental	1,500,887	388,620	519,671	-	-	-	18,483	2,427,661
Charges for services	1,515,416	-	-	-	-	-	892,983	2,408,399
Fines and forfeitures	1,125,706	-	-	-	-	-	-	1,125,706
Interest	139,243	9,686	42,039	122,654	5,273	15,882	37,739	372,516
Other	311,600	2,716	-	2,247	-	71,537	94,010	482,110
Total revenues	14,553,512	1,579,836	1,799,064	124,901	1,098,928	1,355,501	2,509,028	23,020,770
EXPENDITURES:								
Current:								
General government	2,974,094	-	-	-	18,424	-	-	2,992,518
Public safety	8,549,553	-	-	-	-	-	-	8,549,553
Public works	1,347,294	-	-	-	-	-	-	1,347,294
Community development	663,109	-	1,560	-	-	437,962	315,427	1,418,058
Culture and recreation	746,030	-	-	-	-	-	1,474,839	2,220,869
Payments to taxing districts	-	-	-	-	-	545,804	-	545,804
Capital outlay	-	1,150,805	2,978,032	2,265,019	-	-	345,102	6,738,958
Debt service:								
Principal retirement	-	-	-	-	1,150,000	581,484	1,337,589	3,069,073
Interest and fiscal charges	-	-	-	56,125	105,014	254,738	609,902	1,025,779
Total expenditures	14,280,080	1,150,805	2,979,592	2,321,144	1,273,438	1,819,988	4,082,859	27,907,906
Excess of revenues over (under) expenditures	273,432	429,031	(1,180,528)	(2,196,243)	(174,510)	(464,487)	(1,573,831)	(4,887,136)
OTHER FINANCING SOURCES (USES):								
Transfers in	556,654	51,488	1,019,836	-	-	85,000	1,283,329	2,996,307
Transfers out	(396,000)	-	-	-	-	(1,659,524)	(775,000)	(2,830,524)
Proceeds from bond issuance	-	-	-	4,250,000	-	-	-	4,250,000
Issuance of refunding debt	-	-	-	-	-	-	8,405,000	8,405,000
Payment to escrow agent	-	-	-	-	-	-	(8,313,755)	(8,313,755)
Premium on Issuance	-	-	-	109,580	-	-	73,298	182,878
Sale of capital assets	38,666	-	-	-	-	-	-	38,666
Total other financing sources (uses)	199,320	51,488	1,019,836	4,359,580	-	(1,574,524)	672,872	4,728,572
Net change in fund balances	472,752	480,519	(160,692)	2,163,337	(174,510)	(2,039,011)	(900,959)	(158,564)
Fund balances, beginning 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
Fund balances, end of year	\$ 6,034,860	\$ 2,466,942	\$ 2,161,517	\$ 4,583,585	\$ 1,088,230	\$ 2,096,567	\$ 2,759,282	\$ 21,190,983

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

CITY OF GRANDVIEW, MISSOURI
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2011

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

Net change in fund balances - total governmental funds \$ (158,564)

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	5,417,991
Net book value on disposal of capital assets	(30,279)
Depreciation	(2,981,510)

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

Charges of service	150,412
Tax revenues	(272,114)

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.

Proceeds from issuance of long-term debt	(12,655,000)
Payment to escrow agent	8,313,755
Premium on issuance of long-term debt	(182,878)
Development agreement obligations incurred	(937,871)
Payments on developer agreements	294,673
Principal payments on long-term debt	2,774,400
Forgiveness of indebtedness	240,027
Bond issuance costs and premiums, net	208,011
Changes in accrued interest expense	65,760

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	(16,178)
Change in net pension obligation	(78,166)
Change in OPEB obligation	(55,817)

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

1,145

Change in net assets of governmental activities	\$ 97,797
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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, 2011

	Enterprise Fund Sanitary Sewer	Governmental Internal Service Fund
ASSETS		
Current assets:		
Cash and investments	\$ 5,248,056	\$ 265,123
Receivables, net:		
Accounts	168,059	-
Unbilled services	155,770	-
Accrued interest	22,259	1,158
Total current assets	5,594,144	266,281
Noncurrent assets:		
Depreciable capital assets, net	10,276,383	-
Total assets	15,870,527	266,281
LIABILITIES		
Current liabilities:		
Accounts payable	441,668	45
Accrued liabilities	16,131	44,500
Compensated absences	38,158	-
Total current liabilities:	495,957	44,545
Noncurrent liabilities		
Net pension obligation	3,683	
OPEB obligation	5,726	-
Total noncurrent liabilities	9,409	-
Total liabilities	505,366	44,545
NET ASSETS		
Invested in capital assets	10,276,383	-
Unrestricted	5,088,778	221,736
Total net assets	\$ 15,365,161	\$ 221,736

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, 2011

	<u>Enterprise Fund Sanitary Sewer</u>	<u>Governmental Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ 2,542,750	\$ -
Operating expenses:		
Services operation and maintenance	1,037,381	-
Sewer treatment charges	1,591,400	-
Depreciation and amortization	261,962	-
Other	-	8,860
Total operating expenses	<u>2,890,743</u>	<u>8,860</u>
Operating (loss)	<u>(347,993)</u>	<u>(8,860)</u>
Nonoperating revenues:		
Interest income	75,548	3,683
Other income	830	6,322
Total nonoperating revenues	<u>76,378</u>	<u>10,005</u>
Income (loss) before contributions and transfers	<u>(271,615)</u>	<u>1,145</u>
Capital Contributions	39,175	-
Transfers in	54,717	-
Transfers out	<u>(220,500)</u>	<u>-</u>
Change in net assets	<u>(398,223)</u>	<u>1,145</u>
Net assets, beginning of year	<u>15,763,384</u>	<u>220,591</u>
Net assets, end of year	<u>\$ 15,365,161</u>	<u>\$ 221,736</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, 2011

	Enterprise Fund	Governmental Internal Service Fund
	Sanitary Sewer	
Cash flows from operating activities:		
Receipts from customers	\$ 2,504,455	\$ 6,322
Payments to suppliers for goods and services	(1,987,907)	(42,632)
Payments to employees for services and benefits	(564,227)	-
Net cash provided by (used in) operating activities	(47,679)	(36,310)
Cash flows from noncapital financing activities:		
Transfers out	(220,500)	-
Cash flows from capital and related financing activities:		
Transfers in	54,717	
Acquisition and construction of capital assets	(24,337)	-
Net cash used in capital and related financing activities	30,380	-
Cash flows from investing activities:		
Interest received	74,778	3,926
Net (decrease) in cash and cash equivalents	(163,021)	(32,384)
Cash and cash equivalents, beginning of year	5,411,077	297,507
Cash and cash equivalents, end of year	\$ 5,248,056	\$ 265,123
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (347,993)	\$ (8,860)
Adjustments to reconcile operating loss to net cash provided by (used in) operations:		
Depreciation and amortization	261,962	-
Nonoperating revenues	830	6,322
Changes in assets and liabilities:		
Receivables	(39,125)	-
Accounts payable	72,953	(21,319)
Accrued expenses and deposits	3,694	(12,453)
Net cash provided by (used in) operating activities	\$ (47,679)	\$ (36,310)
Noncash capital and financing activities:		
Capital contributions	\$ 39,175	\$ -

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, 2011

Assets	Agency Funds
Cash and investments	<u>\$ 85,154</u>
Total assets	<u><u>\$ 85,154</u></u>
Liabilities	
Due to other governments	<u>\$ 85,154</u>
Total liabilities	<u><u>\$ 85,154</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, 2011

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, 2011

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.

Tax Increment Financing 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 also reports the following fund type:

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

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2011

Fiduciary Funds

Agency Funds – These funds account for sales taxes collected by the City on behalf of the 71/150 Highway Transportation Development 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. Agency funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

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.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2011

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.

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
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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

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.

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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.

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.

CITY OF GRANDVIEW, MISSOURI
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Fund Balances

As of September 30, 2011 the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changed the fund balance classifications for the governmental funds. In the fund financial statements, governmental funds now report the following fund balance classifications:

Non-Spendable – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen.

Assigned – This consists of amounts which are constrained by City management's intent for these to be used for a specific purpose but are neither formally restricted by external sources nor committed by Board of Aldermen action. The City Administrator has the authority to assign amounts for a specific purpose in this category. Likewise, the City Administrator has the authority to take necessary actions to un-assign amounts in this category.

Unassigned – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The City has a minimum Unassigned Fund Balance policy for the General Fund equal to 20% of annual revenues. Detailed information on the City's governmental fund balance classifications may be found in Note 13 in the notes to the financial statements.

CITY OF GRANDVIEW, MISSOURI
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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 in either restricted, committed or assigned fund balance categories. All appropriations lapse at year-end. The following encumbrances were outstanding at year end:

Fund	Outstanding Encumbrances
Transportation Sales Tax	\$ 108,868
Capital Improvement Sales Tax	983,145
Parks and Public Works Projects	1,919,931
Tax Increment Financing	15,950
Non-major Governmental Funds	33,700
Total	\$ 3,061,594

Net Assets

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

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

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

Statement of Cash Flows

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.

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.

CITY OF GRANDVIEW, MISSOURI
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Actual expenditures exceeded budgetary appropriations in the Economic Development Enhancement Fund by \$21,654, in the Community Center Sales Tax Fund by \$7,065, in TIF project #6 by \$204,421 and in TIF project #11 by \$9,291.

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, 2011 is as follows:

Deposits	\$ 4,559,690
Investments	20,721,064
Petty Cash	<u>7,955</u>
 Total	 <u>\$ 25,288,709</u>

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

Government-wide:	
Deposits and investments	\$ 24,489,137
Restricted assets	<u>714,418</u>
	<u>25,203,555</u>
Agency fund:	
Deposits and investments	<u>85,154</u>
Total	<u>\$ 25,288,709</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.

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.

CITY OF GRANDVIEW, MISSOURI
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The carrying amount, maturity segment and ratings for the City's investments at September 30, 2011 are as follows:

	Investment Maturity		Rating
	Under one year	One to five years	
<u>Pooled investments</u>			
Federal Home Loan Bank	\$ -	\$ 5,644,667	AA+
Federal Farm Credit Bank	1,031,147	-	AA+
FNMA	-	10,955,103	AA+
FHLMC	-	2,507,240	AA+
<u>Restricted investments</u>			
Gateway Commons TIF Fund:			
Financial Square Treasury Money Market Fund	582,907	-	AAA
	<u>\$ 1,614,054</u>	<u>\$ 19,107,010</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.

At September 30, 2011, 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, 2011, 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.

CITY OF GRANDVIEW, MISSOURI
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The U.S. Government agency obligations above have call dates ranging from July 23, 2012 to July 12, 2016.

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 2011 were as follows:

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	General Debt Service	TIF Fund	Nonmajor Governmental Funds
Property tax	\$ 2,748,865	\$ -	\$ -	\$ 1,093,655	\$ -	\$ 345,532
Sales tax	2,570,599	1,178,814	1,237,354	-	190,318	1,120,281
Intergovernmental activity taxes	-	-	-	-	1,077,764	-
Franchise tax	4,056,746	-	-	-	-	-
Cigarette tax	93,016	-	-	-	-	-
Total	<u>\$ 9,469,226</u>	<u>\$ 1,178,814</u>	<u>\$ 1,237,354</u>	<u>\$ 1,093,655</u>	<u>\$ 1,268,082</u>	<u>\$ 1,465,813</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, 2010, on which the fiscal 2011 levy was based, was \$265,539,937.

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, 2011, 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>

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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 2011 consisted of the following:

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	Non-major Governmental Funds	Total
Federal:					
Department of Justice	\$ -	\$ -	\$ -	\$ 18,483	\$ 18,483
Highway safety	28,252	-	-	-	28,252
Department of Transportation	-	378,061	370,016	-	748,077
State:					
Motor vehicle fuel tax	688,325	-	-	-	688,325
Motor vehicle sales tax	148,053	-	-	-	148,053
Vehicle registration fees	107,037	-	-	-	107,037
Financial institution tax	81,387	-	-	-	81,387
Real replacement tax	136,368	-	-	-	136,368
Other	-	-	149,655	-	149,655
Local:					
Drug task force tax	273,707	-	-	-	273,707
Jackson County	-	10,559	-	-	10,559
Other	37,758	-	-	-	37,758
Total	<u>\$ 1,500,887</u>	<u>\$ 388,620</u>	<u>\$ 519,671</u>	<u>\$ 18,483</u>	<u>\$ 2,427,661</u>

Due from other governments at September 30, 2011 consists of state vehicle fuel and sales taxes, state vehicle registration fees, intergovernmental activity taxes, and 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, 2011, the balance of the outstanding loans is \$766,502. This amount is offset by an allowance for uncollectible loans of \$766,502. 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.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
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6. Capital Assets

Changes in capital asset activity for 2011 are as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:				
Capital assets, not being depreciated				
Land and land rights	\$ 3,067,718	\$ 40,636	\$ -	\$ 3,108,354
Construction in progress	180,490	2,285,136	-	2,465,626
Infrastructure in progress	<u>1,945,062</u>	<u>2,067,168</u>	<u>(1,497,236)</u>	<u>2,514,994</u>
Total capital assets, not being depreciated	<u>5,193,270</u>	<u>4,392,940</u>	<u>(1,497,236)</u>	<u>8,088,974</u>
Capital assets, being depreciated				
Buildings	17,232,176	55,435	-	17,287,611
Improvements, other than buildings	4,200,134	64,976	-	4,265,110
Furniture, fixtures, vehicles and equipmen	10,897,204	286,882	(435,762)	10,748,324
Infrastructure	<u>43,182,738</u>	<u>2,114,994</u>	<u>-</u>	<u>45,297,732</u>
Total capital assets, being depreciated	<u>75,512,252</u>	<u>2,522,287</u>	<u>(435,762)</u>	<u>77,598,777</u>
Less accumulated depreciation for:				
Buildings	6,426,643	631,888	-	7,058,531
Improvements, other than buildings	2,080,404	210,150	-	2,290,554
Furniture, fixtures, vehicles and equipmen	7,128,955	918,426	(405,483)	7,641,898
Infrastructure	<u>21,044,900</u>	<u>1,221,046</u>	<u>-</u>	<u>22,265,946</u>
Total accumulated depreciation	<u>36,680,902</u>	<u>2,981,510</u>	<u>(405,483)</u>	<u>39,256,929</u>
Total capital assets, being depreciated, net	<u>38,831,350</u>	<u>(459,223)</u>	<u>(30,279)</u>	<u>38,341,848</u>
Total governmental activities capital assets, net	<u>\$ 44,024,620</u>	<u>\$ 3,933,717</u>	<u>\$ (1,527,515)</u>	<u>\$ 46,430,822</u>

Depreciation expense charged to governmental activity functions as follows:

General government	\$ 264,085
Public safety	10,291
Community development	616,205
Public works	1,404,030
Culture and recreation	<u>686,899</u>
Total depreciation expense - governmental activities	<u>\$ 2,981,510</u>

CITY OF GRANDVIEW, MISSOURI
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	Beginning Balances	Additions	Deductions	Ending Balances
Business-type activities:				
Capital assets, being depreciated				
Sewer lines	\$ 14,144,087	\$ 39,175	\$ -	\$ 14,183,262
Vehicles and equipment	<u>727,760</u>	<u>24,337</u>	<u>-</u>	<u>752,097</u>
Total capital assets, being depreciated	<u>14,871,847</u>	<u>63,512</u>	<u>-</u>	<u>14,935,359</u>
 Less accumulated depreciation for:				
Sewer lines	4,058,660	176,804	-	4,235,464
Vehicles and equipment	<u>338,354</u>	<u>85,158</u>	<u>-</u>	<u>423,512</u>
Total accumulated depreciation	<u>4,397,014</u>	<u>261,962</u>	<u>-</u>	<u>4,658,976</u>
 Total capital assets, being depreciated, net	 <u>10,474,833</u>	 <u>(198,450)</u>	 <u>-</u>	 <u>10,276,383</u>
 Total business-type activities capital assets, net	 <u>\$ 10,474,833</u>	 <u>\$ (198,450)</u>	 <u>\$ -</u>	 <u>\$ 10,276,383</u>

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended September 30, 2011:

	Beginning Balances	Additions	Retirements	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 2,400,000	\$ 4,250,000	\$ 1,150,000	\$ 5,500,000	\$ 910,000
Certificates of participation	9,020,000	8,405,000	9,020,000	8,405,000	355,000
Deferred amount on refunding	-	(760,982)	-	(760,982)	-
TIF loan payable	4,970,000	-	150,000	4,820,000	160,000
MTFC loan payable	240,027	-	240,027	-	-
Developer agreements	3,436,806	937,871	431,484	3,943,193	-
Unamortized premium	138,434	182,878	119,179	202,133	-
Unamortized discount	(64,995)	-	(4,197)	(60,798)	-
*Compensated absences	814,570	750,724	734,546	830,748	765,634
*Net pension obligation	-	78,166	-	78,166	-
*OPEB obligation	<u>115,133</u>	<u>71,797</u>	<u>15,980</u>	<u>170,950</u>	<u>-</u>
 Total	 <u>\$ 21,069,975</u>	 <u>\$ 13,915,454</u>	 <u>\$ 11,857,019</u>	 <u>\$ 23,128,410</u>	 <u>\$ 2,190,634</u>
 Business-type activities:					
Compensated absences	\$ 28,039	\$ 48,074	\$ 37,955	38,158	\$ 38,158
Net pension obligation	-	3,683	-	3,683	-
OPEB obligation	<u>3,565</u>	<u>2,181</u>	<u>20</u>	<u>5,726</u>	<u>-</u>
	 <u>\$ 31,604</u>	 <u>\$ 53,938</u>	 <u>\$ 37,975</u>	 <u>\$ 47,567</u>	 <u>\$ 38,158</u>

* - Primarily liquidated by the General Fund in prior years

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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, 2011, the constitutional general obligation debt limit (based on the assessed value at January 1, 2011 of \$258,787,123) was \$51,757,425. General obligation debt subject to the debt limit is \$5,500,000 of bonds outstanding, with \$1,088,230 available in the General Debt Service Fund.

General obligation capital related bonds were issued in the amount of \$7,550,000 to finance park improvements and the construction of a parks and public works facility. The outstanding balances as of September 30, 2011 are as follows:

\$3,300,000 General Obligation Bonds, Series 2009, due in annual installments of \$50,000 to \$900,000 through March 1, 2014; interest at 2.00% to 2.50%	\$ 1,600,000
\$4,250,000 General Obligation Bonds, Series 2010, due in annual installments of \$325,000 to \$1,020,000 through March 1, 2018; interest at 1.00% to 2.25%	<u>3,900,000</u>
Total general obligation bonds	<u>\$ 5,500,000</u>

Advance Refunding

On August 1, 2011, the City issued \$8,405,000 of Series 2011 Certificates of Participation with interest rates ranging from 3.0% to 4.2% to advance refund \$8,735,000 of outstanding Series 2003 Certificates of Participation, with interest rates ranging from 3% to 5.25%. The net proceeds of \$8,313,755 along with an existing bond reserve of \$1,052,589 were deposited in trust with an escrow agent to provide for all future debt service payments on the Series 2003 Certificates of Participation. As a result, the 2003 Certificates are considered defeased and the related liability for these bonds has been removed from the long-term debt. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$760,982. This amount is reported as a deduction from the certificates of participation payable and is amortized over the remaining life of the refunding debt using the straight-line method. The City completed this advance refunding to reduce its debt service payments by \$450,822 which resulted in an economic gain of \$374,768.

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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, 2011, \$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 \$7,197,185. For 2011, principal and interest paid and city and intergovernmental incremental tax revenues were \$401,988 and \$310,252, 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. During the year ended September 30, 2011, MTFC forgave the balance of the loan and returned \$149,655 to the City for amounts previously paid on the loan. This amount was shown as intergovernmental revenue on the Statement of Revenues, Expenditures and Changes in Fund Balance.

The annual debt service requirements to amortize all debt outstanding as of September 30, 2011 exclusive of developer agreements, unamortized bond issuance premiums and discounts, deferred amount on refunding, compensated absences, net pension obligations and other postemployment obligations are as follows:

	General Obligation Bonds		TIF Loan		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 910,000	\$ 102,925	\$ 160,000	\$ 245,394	\$ 355,000	\$ 275,138
2013	960,000	85,825	170,000	238,069	405,000	289,235
2014	970,000	67,200	200,000	229,644	375,000	277,535
2015	990,000	47,475	205,000	219,919	390,000	266,060
2016	1,020,000	26,100	225,000	209,169	415,000	253,985
2017-2021	650,000	14,625	1,415,000	848,788	2,515,000	1,033,038
2022-2026	-	-	2,445,000	386,202	3,290,000	486,778
2027	-	-	-	-	660,000	13,860
	<u>\$ 5,500,000</u>	<u>\$ 344,150</u>	<u>\$ 4,820,000</u>	<u>\$ 2,377,185</u>	<u>\$ 8,405,000</u>	<u>\$ 2,895,629</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. 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.

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At September 30, 2011, the amount of outstanding developer agreements was \$3,943,193 and are payable through 2025 to the extent incremental taxes are available.

For 2011, payments on the developer agreements were \$431,484. Incremental revenues were \$336,708 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, 2011, 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, 2011, were as follows:

	In	Out
General Fund	\$ 556,654	\$ 396,000
Transportation Sales Tax	51,488	-
Capital Improvement Sales Tax	1,019,836	-
TIF Fund	85,000	1,659,524
Nonmajor governmental	1,283,329	775,000
Sanitary Sewer	54,717	220,500
Total	\$ 3,051,024	\$ 3,051,024

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) to segregate money for anticipated capital projects, (4) and to transfer residual balances from closed TIF projects to the associated sales tax funds.

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, 2011, the City incurred costs of \$1,234,998 under the provisions of this agreement. Under a similar agreement with Kansas City, Missouri, the City incurred costs of \$356,402.

CITY OF GRANDVIEW, MISSOURI
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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 5.3% (general), 3.6% (police) and 5.2% (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:

Annual required contribution	\$	467,707
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		467,707
Actual contributions		385,858
Increase (decrease) in NPO		81,849
NPO, beginning of year		-
NPO, end of year	\$	81,849

The annual required contribution was determined as part of the February 29, 2008 and/or February 28, 2009 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 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% 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 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2008 was 15 years for the General division, 15 years for the Police division and 15 years for the Fire division. The amortization period as of February 28, 2009 was 30 years for the General division, 1 year for the Police division and 4 years for the Fire division.

CITY OF GRANDVIEW, MISSOURI
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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
2009	\$ 229,983	100%	\$ -
2010	299,025	100%	-
2011	467,707	83%	81,849

Funding Status and Progress

As of February 28, 2011, the most recent actuarial valuation date, the plan was 97% funded. The actuarial accrued liability for benefits was \$16,167,711, and the actuarial value of assets was \$15,711,726, resulting in an unfunded accrued liability (UAL) of \$455,985. The covered payroll (annual payroll of active employees covered by the plan) was \$8,621,330, which results in a ratio of the UAL to the covered payroll were 5%.

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 100 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.

CITY OF GRANDVIEW, MISSOURI
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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.

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, 2011, 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	6,620	205	6,825
Adjustment to annual required contribution	(7,699)	(238)	(7,937)
Annual OPEB cost (expense)	<u>71,797</u>	<u>2,181</u>	<u>73,978</u>
Less: Expected net employer contributions	<u>15,980</u>	<u>20</u>	<u>16,000</u>
Increase in net OPEB obligation	55,817	2,161	57,978
Net OPEB obligation, September 30, 2010	<u>115,133</u>	<u>3,565</u>	<u>118,698</u>
Net OPEB obligation, September 30, 2011	<u>\$ 170,950</u>	<u>\$ 5,726</u>	<u>\$ 176,676</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, 2011 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
	9/30/2011	71,797	22.3%	170,950
Business-Type Activities:				
	9/30/2009	\$ 1,404	1.4%	\$ 1,384
	9/30/2010	2,201	0.9%	3,565
	9/30/2011	2,161	0.9%	5,726

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2011

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%.

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 in 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.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2011

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, 2011. Also, there have been no significant changes in coverage for 2011 and the City has not incurred any claims which have exceeded its coverage in any of the past three years.

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, 2011, 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, 2011 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:

<u>Project</u>	<u>Authorization</u>	<u>Obligations Since Inception</u>
Financial System	\$ 269,908	\$ 196,084
135th Street	80,000	63,175
Main Street (Phase 1)	1,230,000	1,114,264
Main Street (Phase 2)	160,000	121,082
Main Street (Phase 3)	140,000	89,967
Botts Road (Phase 2)	1,125,000	462,520
Farmer's Market Place	44,900	16,494
Meadowmere Playground	896,000	579,730
Public Works / Parks Facility	2,587,000	1,050,936
Total	<u>\$ 6,532,808</u>	<u>\$ 3,694,252</u>

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2011

13. Fund Balances

Fund balances at year end are as follows:

	General Fund	Trans Sales Tax	Capital Impr. Sales Tax	Parks & Pub. Works Projects	General Debt Service	Tax Increment Financing	Non-Major Govt Funds	Total Govt Funds
Fund balances:								
Nonspendable:								
Prepaid items	\$ 236,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,198	\$ 249,328
Restricted for:								
Debt service	-	-	-	-	1,088,230	2,096,567	113,222	3,297,807
Capital projects	-	2,466,942	1,911,517	4,583,585	-	-	-	8,962,044
Cultural and recreation	-	-	-	-	-	-	1,287,660	1,287,660
Other purposes	-	-	-	-	-	-	166,631	166,631
Assigned to:								
Cultural and recreation	-	-	-	-	-	-	1,078,896	1,078,896
Equipment replacement	280,000	-	-	-	-	-	-	280,000
Other purposes	-	-	250,000	-	-	-	99,675	99,675
Unassigned:	5,518,730	-	-	-	-	-	-	5,768,942
Total fund balances	<u>\$ 6,034,860</u>	<u>\$ 2,466,942</u>	<u>\$ 2,161,517</u>	<u>\$ 4,583,585</u>	<u>\$ 1,088,230</u>	<u>\$ 2,096,567</u>	<u>\$ 2,759,282</u>	<u>\$ 21,190,983</u>

14. TIF projects

During the year ended September 30, 2011, the City closed TIF projects 5 and 6 as all outstanding developer obligations had been paid and there was no more development activity related to the projects. All residual balances in the special allocation funds were remitted to the appropriate taxing jurisdictions. Amounts paid to Jackson County in the amount of \$230,116 and \$315,688, for TIF projects 5 and 6 respectively, were shown on the financial statements as payments to taxing districts. Amounts resulting from City sales taxes were transferred to the associated sales tax funds and were included in interfund transfers in the amount \$1,059,225 and \$226,297, for TIF projects 5 and 6 respectively.

15. Subsequent Events

The City evaluated subsequent events through the date of the independent auditor's report which is the date the financial statements are 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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 9,179,200	\$ 9,179,200	\$ 9,469,226	\$ 290,026
Licenses and permits	467,600	467,600	491,434	23,834
Intergovernmental	1,381,700	1,393,700	1,500,887	107,187
Charges for services	1,410,750	1,410,750	1,515,416	104,666
Fines and forfeitures	1,000,000	1,000,000	1,125,706	125,706
Interest and other	440,500	455,500	450,843	(4,657)
Total Revenues	<u>13,879,750</u>	<u>13,906,750</u>	<u>14,553,512</u>	<u>646,762</u>
Expenditures:				
Current:				
General administration	2,840,003	3,115,003	2,974,094	140,909
Public safety	8,629,931	8,656,931	8,549,553	107,378
Public works	1,246,155	1,246,155	1,347,294	(101,139)
Community development	714,096	714,096	663,109	50,987
Parks and recreation	725,818	725,818	746,030	(20,212)
Total Expenditures	<u>14,156,003</u>	<u>14,458,003</u>	<u>14,280,080</u>	<u>177,923</u>
Excess of Revenues Over (Under) Expenditures	<u>(276,253)</u>	<u>(551,253)</u>	<u>273,432</u>	<u>824,685</u>
Other Financing Sources (Uses):				
Transfers in	395,500	648,000	556,654	(91,346)
Transfers out	(146,000)	(396,000)	(396,000)	-
Sale of capital assets	-	-	38,666	38,666
Total Other Financing Sources (Uses)	<u>249,500</u>	<u>252,000</u>	<u>199,320</u>	<u>(52,680)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (26,753)</u>	<u>\$ (299,253)</u>	<u>472,752</u>	<u>\$ 772,005</u>
Fund Balance, Beginning of Year			<u>5,562,108</u>	
Fund Balance, End of Year			<u>\$ 6,034,860</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,140,000	\$ 1,140,000	\$ 1,178,814	\$ 38,814
Intergovernmental	-	378,100	388,620	10,520
Interest	68,000	68,000	9,686	(58,314)
Other	-	-	2,716	2,716
Total Revenues	<u>1,208,000</u>	<u>1,586,100</u>	<u>1,579,836</u>	<u>(6,264)</u>
Expenditures:				
Capital Outlay - Public Works	<u>935,000</u>	<u>1,830,000</u>	<u>1,150,805</u>	<u>679,195</u>
Total Expenditures	<u>935,000</u>	<u>1,830,000</u>	<u>1,150,805</u>	<u>679,195</u>
Excess of Revenues Over (Under) Expenditures	<u>273,000</u>	<u>(243,900)</u>	<u>429,031</u>	<u>672,931</u>
Other Financing (Uses):				
Transfers in	-	-	51,488	51,488
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>51,488</u>	<u>51,488</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 273,000</u>	<u>\$ (243,900)</u>	480,519	<u>\$ 724,419</u>
Fund Balance, Beginning of Year			<u>1,986,423</u>	
Fund Balance, End of Year			<u>\$ 2,466,942</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,160,000	\$ 1,160,000	\$ 1,237,354	\$ 77,354
Intergovernmental	1,300,000	1,300,000	519,671	(780,329)
Interest	22,000	22,000	42,039	20,039
Total Revenues	<u>2,482,000</u>	<u>2,482,000</u>	<u>1,799,064</u>	<u>(682,936)</u>
Expenditures:				
Community Development	-	-	1,560	(1,560)
Capital Outlay - General Government	315,000	315,000	315,985	(985)
Capital Outlay - Public Safety	282,500	282,500	273,800	8,700
Capital Outlay - Public Works	3,788,000	3,788,000	2,388,247	1,399,753
Debt Service - Public Works	85,000	85,000	-	85,000
Total Expenditures	<u>4,470,500</u>	<u>4,470,500</u>	<u>2,979,592</u>	<u>1,492,468</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,988,500)</u>	<u>(1,988,500)</u>	<u>(1,180,528)</u>	<u>(2,175,404)</u>
Other Financing (Uses):				
Transfers in	-	-	1,019,836	1,019,836
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>1,019,836</u>	<u>1,019,836</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (1,988,500)</u>	<u>\$ (1,988,500)</u>	(160,692)	<u>\$ (1,155,568)</u>
Fund Balance, Beginning of Year			<u>2,322,209</u>	
Fund Balance, End of Year			<u>\$ 2,161,517</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)			(c)	(b)-(a)/(c)
Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
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%
2/29/2011	15,711,726	16,167,711	455,985	97%	8,621,330	5%

Other Post Employment Benefits

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

CITY OF GRANDVIEW, MISSOURI
Notes to Required Supplementary Information
September 30, 2011

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.

