

Financial Section



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& Co

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Offices

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Funding Progress 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are 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.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cochran Hard Vick + Co., P.C.

Kansas City, Missouri
March 14, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2013

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, 2013. 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 \$59,914,952 (net position). Of this amount, \$3,867,547 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During FY 2013, the City's net position increased by \$350,193 from the City's "governmental activities" and decreased by \$383,453 from the City's "business-type activities."
- The City's debt obligations decreased by \$1,535,000 during the current fiscal year as \$960,000 of general obligation debt, \$405,000 in certificates of participation and \$170,000 of the TIF loan were retired. In addition, new developer agreements were approved for \$251,442 and retirements and other adjustments were processed on developer agreements for \$1,540,683.

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 position* presents all of the City's assets and liabilities with the difference between the two reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

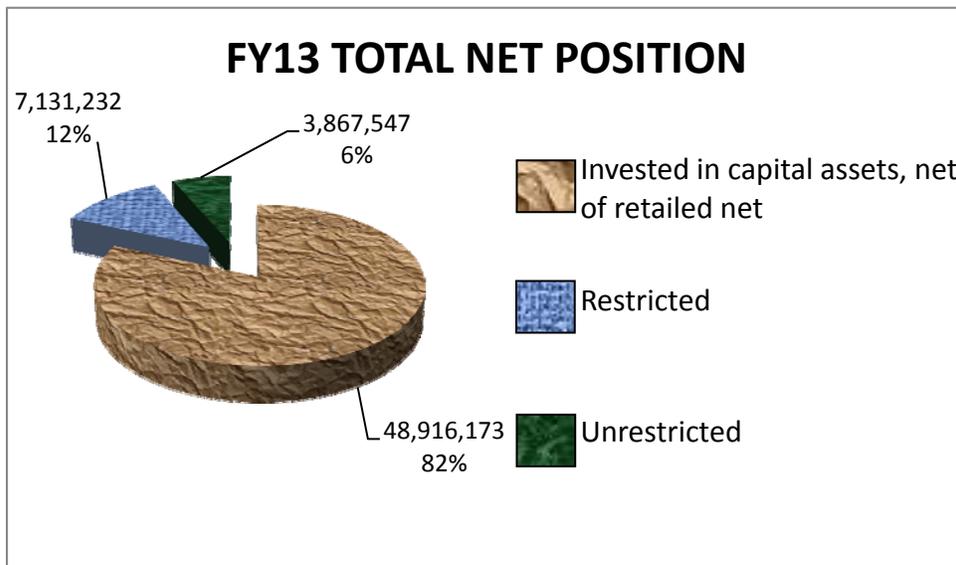
Government-wide Financial Analysis

Net Position

The following table reflects the condensed Statement of Net Position as of September 30, 2013 and 2012:

City of Grandview Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 19,303,390	\$ 20,709,322	\$ 4,995,529	\$ 5,193,181	\$ 24,298,919	\$ 25,902,503
Capital assets	47,023,635	48,681,885	9,965,069	10,073,815	56,988,704	58,755,700
Total assets	66,327,025	69,391,207	14,960,598	15,266,996	81,287,623	84,658,203
Deferred outflows	662,790	-	-	-	662,790	-
Long-term liabilities outstanding	17,307,524	19,463,766	14,604	15,127	17,322,128	19,478,893
Other liabilities	4,196,192	4,459,489	517,141	439,563	4,713,333	4,899,052
Total liabilities	21,503,716	23,923,255	531,745	454,690	22,035,461	24,377,945
Net position:						
Net investment in capital assets	38,951,104	39,532,182	9,965,069	10,073,815	48,916,173	49,605,997
Restricted	7,131,232	7,107,949	-	-	7,131,232	7,107,949
Unrestricted	(596,237)	(1,504,225)	4,463,784	4,738,491	3,867,547	3,234,266
Total net position	\$ 45,486,099	\$ 45,135,906	\$ 14,428,853	\$ 14,812,306	\$ 59,914,952	\$ 59,948,212



At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole. However, unrestricted net position for the 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 position stayed the same at \$59.9 million primarily from the net operating loss on the business-type activities being offset by an increase in charges for services in the governmental activities. The City's unrestricted net position for governmental activities was negative by \$596,237. However, total unrestricted net position was positive by \$3,867,547 including the business-type activities.

The largest portion of the City's net position (81.6%) 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 position (11.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (6.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position decreased by \$33,260 during FY 2013. The governmental activities net assets increased by \$350,193 while the business-type activities decreased by \$383,453.

Changes in Net Position

The following table reflects the revenues and expenses from the City's activities for the year ended September 30, 2013 and 2012:

	City of Grandview Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 4,398,242	\$ 3,981,829	\$ 2,876,113	\$ 2,722,648	\$ 7,274,355	\$ 6,704,477
Operating grants and contributions	1,171,743	1,254,258	-	-	1,171,743	1,254,258
Capital grants and contributions	381,657	447,107	-	-	381,657	447,107
General revenues						
Property taxes	4,201,221	4,249,041	-	-	4,201,221	4,249,041
Intergovernmental activity taxes	595,934	641,009	-	-	595,934	641,009
Sales and use taxes	6,178,561	6,273,901	-	-	6,178,561	6,273,901
Franchise and other taxes	3,691,528	3,761,739	-	-	3,691,528	3,761,739
Other revenue	2,203,303	1,086,103	4,902	45,998	2,208,205	1,132,101
Total revenues	<u>22,822,189</u>	<u>21,694,987</u>	<u>2,881,015</u>	<u>2,768,646</u>	<u>25,703,204</u>	<u>24,463,633</u>
Expenses:						
General government	3,653,698	3,386,360	-	-	3,653,698	3,386,360
Public safety	9,141,085	9,361,819	-	-	9,141,085	9,361,819
Community development	1,914,661	1,970,762	-	-	1,914,661	1,970,762
Public works	4,536,309	3,963,152	-	-	4,536,309	3,963,152
Culture and recreation	2,812,750	2,929,355	-	-	2,812,750	2,929,355
Interest on long-term debt	633,993	653,746	-	-	633,993	653,746
Sanitary Sewer	-	-	3,043,968	3,120,284	3,043,968	3,120,284
Total expenses	<u>22,692,496</u>	<u>22,265,194</u>	<u>3,043,968</u>	<u>3,120,284</u>	<u>25,736,464</u>	<u>25,385,478</u>
Increases in net position before transfers	129,693	(570,207)	(162,953)	(351,638)	(33,260)	(921,845)
Transfers	220,500	201,217	(220,500)	(201,217)	-	-
Increase in net position	350,193	(368,990)	(383,453)	(552,855)	(33,260)	(921,845)
Net position, beginning (as restated)	45,135,906	45,504,896	14,812,306	15,365,161	59,948,212	60,870,057
Net position, ending	<u>\$ 45,486,099</u>	<u>\$ 45,135,906</u>	<u>\$ 14,428,853</u>	<u>\$ 14,812,306</u>	<u>\$ 59,914,952</u>	<u>\$ 59,948,212</u>

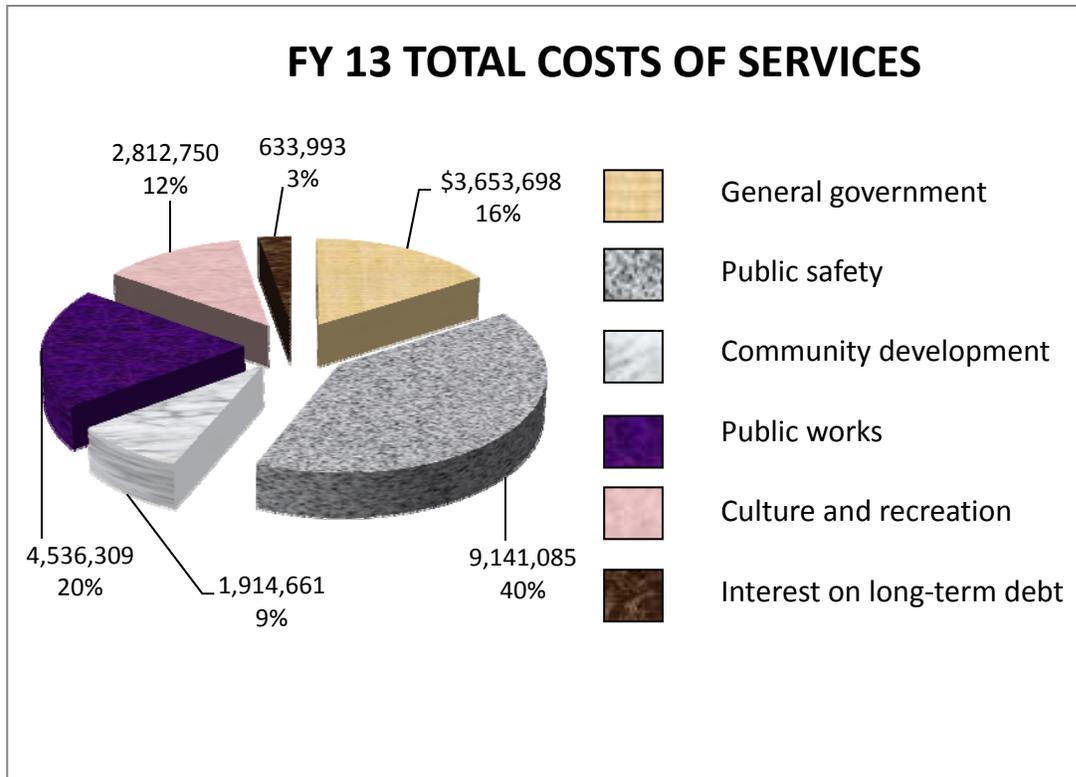
Governmental Activities

Governmental activities increased the City's net position by \$350,193. Sales and use taxes, the largest governmental category, were \$6,178,561 or 27.1% of total revenues from governmental activities. For the fiscal year ended September 30, 2013 revenues totaled \$25,703,204 (governmental and business-type). Revenues from governmental activities totaled \$22,822,189 or 88.8% of the total City revenues. With the exception of various program revenues from charges for services which increased and forgiveness of indebtedness from a TIF developer agreement which increased other revenues, all other tax revenues decreased slightly from the previous fiscal year. Expenses from governmental activities totaled \$22,692,496 or 88.2% of the total City expenses. Expenses increased primarily due to various public works construction projects during FY 2013.

Certain revenues are generated that are specific to governmental program activity. These totaled \$5,951,642. The following table shows expenses and net costs of services of the governmental activities for the year ended September 30, 2013 and 2012:

Net Cost of City of Grandview Governmental Activities

	Total Costs of Service		Net Costs of Service	
	2013	2012	2013	2012
General government	\$ 3,653,698	\$ 3,386,360	\$ 1,316,802	\$ 1,334,305
Public safety	9,141,085	9,361,819	7,947,799	8,159,322
Community development	1,914,661	1,970,762	1,768,329	1,884,892
Public works	4,536,309	3,963,152	3,225,392	2,618,407
Culture and recreation	2,812,750	2,929,355	1,848,539	1,931,328
Interest on long-term debt	633,993	653,746	633,993	653,746
Total	\$ 22,692,496	\$ 22,265,194	\$ 16,740,854	\$ 16,582,000



As previously noted, expenses from governmental activities totaled \$22,692,496. However, net costs of these services were \$16,740,854. The difference represents direct revenues received from charges for services of \$4,398,242, operating grants & contributions of \$1,171,743, and capital grants and contributions of \$381,657. Taxes and other revenues of \$17,091,047 were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net position by \$383,453 which included net transfers out of \$220,500. Operating revenues increased by \$153,465 primarily due to a sewer rate increase of 8%, and expenses slightly decreased by \$76,316 due to less sewer maintenance and operating costs.

Financial Analysis of the City's Funds

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at September 30, 2013 was \$5,412,524 or 37.1% of actual expenditures. The fund balance decreased \$460,948 from the previous year's balance which was due to the excess of expenditures over revenues of \$695,522, net transfers in of \$207,605, and gain on sale of capital assets of \$26,969. Total general fund revenues increased by 1.2% and general fund expenditures decreased by 0.4%. The City recognizes the need for a fund balance that can adequately absorb any downturn in economic events to avoid changes and reductions in service levels. Thus the City is firmly committed to maintaining at a minimum, an amount equal to 20% of expenditures in the General Fund balance.

The Transportation Sales Tax Fund ended the year with a fund balance of \$1,099,825, an increase of \$395,513 or 56.2% which primarily resulted from more sales tax revenues and grant reimbursements received than street construction project costs incurred during FY 2013.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$2,057,934, a decrease of \$136,721 or 6.6% which is primarily due to less sales taxes and grant reimbursements received than capital outlay costs incurred during FY 2013.

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 \$2,650,620, a decrease of \$268,929 or 10.3% due to various park improvement projects.

The General Debt Service Fund ended the year with a fund balance of \$1,138,437, a decrease of \$2,800 or 0.2% due to less property tax revenues received than debt expenditures incurred during FY 2013.

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 \$1,136,589, a decrease of \$292,796 or 25.8% which is primarily due to payments to taxing districts, debt service payments, and various transfers out in excess of tax revenues received during FY 2013.

General Fund Budgetary Highlights

The final General Fund expenditure budget increased by \$135,948 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 a decrease of budgeted transfers to other funds of \$521,000 for a net decrease in budgeted expenditures and transfers out for FY 2013 of 2.6%. Budgeted revenues were 5.3% less than the prior fiscal year, including a decrease in budgeted transfers from other funds of \$915,600.

Actual general fund revenues including transfers in were \$273,389 or 1.9% less than budgeted which was primarily due to a less tax revenues and interest earnings received than budgeted. Actual expenditures and transfers out were \$274,416 or 1.9% less than budgeted.

General fund budget amendments of \$463,000 for expenditures and 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, 2013, is \$56,988,704 (net of accumulated depreciation). The investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities and infrastructure. Capital assets decreased by \$1,766,996 during FY 2013.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,365	\$ 3,220	\$ -	\$ -	\$ 3,365	\$ 3,220
Construction in process	2,919	2,900	-	-	2,919	\$ 2,900
Buildings	9,000	9,600	-	-	9,000	9,600
Improvements	2,839	3,133	-	-	2,839	3,133
Machinery and equipment	2,678	2,771	260	245	2,938	3,016
Infrastructure	26,223	27,058	9,705	9,829	35,928	36,887
Total	<u>\$ 47,024</u>	<u>\$ 48,682</u>	<u>\$ 9,965</u>	<u>\$ 10,074</u>	<u>\$ 56,989</u>	<u>\$ 58,756</u>

Additional information regarding the City's capital assets can be found in Notes 1 and 5 to the basic financial statements.

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

- Main Street project totaling \$404,000.
- Street overlay and slurry seal totaling \$360,000.
- Farmer’s Market totaling \$270,000.
- Storm Drainage and Sewer project totaling \$248,000.
- Sidewalk and Curb repair and replacement totaling \$158,000.
- Land Acquisitions totaling \$155,600.
- Police vehicle replacement totaling \$145,000.
- Power Pro Ambulance Cots totaling \$120,000.
- Aerial Platform Lift Truck totaling \$97,000.
- Byars Road Trail Project totaling \$54,000.

Future capital events include the following:

- Main Street project totaling \$2,650,000.
- Parks improvements totaling \$2,225,000.
- Street overlay and slurry seal totaling \$440,000.
- New sidewalk and curb construction and repairs totaling \$290,000.
- Park maintenance projects and equipment totaling \$283,500.
- West Frontage Road engineering and design totaling \$200,000.
- Police vehicle replacement totaling \$175,000.
- Public Works vehicle and equipment replacement totaling \$120,000.
- Storm drainage projects totaling \$100,000.
- Sewer equipment replacement totaling \$82,500.

Debt Administration

The City, at the end of FY 2013, had \$18,397,156 of outstanding obligations from governmental activities. This was a decrease of \$2,824,241 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	
	2013	2012
Governmental G.O. Bonds	\$3,630	\$4,590
Certificates of Participation	7,645	8,050
TIF Loan	4,490	4,660
Developer Agreements	2,632	3,921
Total	<u>\$18,397</u>	<u>\$21,221</u>

During FY 2013, \$960,000 of general obligation debt, \$405,000 in certificates of participation and \$170,000 of the TIF Loan were retired. In addition, new developer agreements were approved for \$251,442 and retirements and other adjustments were processed on developer agreements for \$1,540,683.

As of September 30, 2013, the City's total issued General Obligation (G.O.) Bonded Debt was \$3,630,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$49,488,019. This, less our outstanding debt, and available cash leaves a legal debt margin of \$46,996,657, which is 95.0% 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 rating 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 6 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 decrease in both revenues and expenditures. Budgeted revenues including transfers have been decreased by \$121,784 or 0.8 % and budgeted expenditures including transfers reflect an overall decrease of \$430,754 or 3.0%.

For FY 2014, 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 Phillip S. Smith, Acting Finance Director, City of Grandview, 1200 Main Street, Grandview, MO 64030.

CITY OF GRANDVIEW, MISSOURI
Statement of Net Position
September 30, 2013

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 14,253,906	\$ 4,586,896	\$ 18,840,802
Receivables:			
Accounts	941,208	401,653	1,342,861
Property taxes	352,541	-	352,541
Other taxes	1,922,459	-	1,922,459
Accrued interest	25,112	6,980	32,092
Due from other governments	265,570	-	265,570
Prepaid items	335,306	-	335,306
Restricted assets:			
Cash and investments	751,708	-	751,708
Accrued interest	5,917	-	5,917
Loan receivable	449,663	-	449,663
Capital assets:			
Nondepreciable	6,441,262	-	6,441,262
Depreciable, net	40,582,373	9,965,069	50,547,442
Total assets	<u>66,327,025</u>	<u>14,960,598</u>	<u>81,287,623</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	662,790	-	662,790
Total deferred outflows of resources	<u>662,790</u>	<u>-</u>	<u>662,790</u>
LIABILITIES			
Accounts payable	1,083,834	463,256	1,547,090
Accrued liabilities	478,373	16,336	494,709
Unearned revenue	28,741	-	28,741
Liabilities payable from restricted assets:			
Accrued interest payable	73,132	-	73,132
Deposits due others	168,801	-	168,801
Long-term liabilities:			
Due within one year	2,363,311	37,549	2,400,860
Due in more than one year	17,307,524	14,604	17,322,128
Total liabilities	<u>21,503,716</u>	<u>531,745</u>	<u>22,035,461</u>
NET POSITION			
Net investment in capital assets	38,951,104	9,965,069	48,916,173
Restricted :			
Debt service	2,440,898	-	2,440,898
Capital projects	3,157,759	-	3,157,759
Cultural and recreation	1,373,485	-	1,373,485
Other purposes	159,090	-	159,090
Unrestricted (deficit)	(596,237)	4,463,784	3,867,547
Total net position	<u>\$ 45,486,099</u>	<u>\$ 14,428,853</u>	<u>\$ 59,914,952</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 3,653,698	\$ 2,336,896	\$ -	\$ -	\$ (1,316,802)	\$ -	\$ (1,316,802)
Public safety	9,141,085	921,236	272,050	-	(7,947,799)	-	(7,947,799)
Community development	1,914,661	146,332	-	-	(1,768,329)	-	(1,768,329)
Public works	4,536,309	29,567	899,693	381,657	(3,225,392)	-	(3,225,392)
Culture and recreation	2,812,750	964,211	-	-	(1,848,539)	-	(1,848,539)
Interest on long-term debt	633,993	-	-	-	(633,993)	-	(633,993)
Total governmental activities	<u>22,692,496</u>	<u>4,398,242</u>	<u>1,171,743</u>	<u>381,657</u>	<u>(16,740,854)</u>	<u>-</u>	<u>(16,740,854)</u>
Business-type activities							
Sanitary sewer	<u>3,043,968</u>	<u>2,876,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,855)</u>	<u>(167,855)</u>
Total primary government	<u>\$ 25,736,464</u>	<u>\$ 7,274,355</u>	<u>\$ 1,171,743</u>	<u>\$ 381,657</u>	<u>(16,740,854)</u>	<u>(167,855)</u>	<u>(16,908,709)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,773,524	-	2,773,524
Property taxes, levied for debt service					1,081,587	-	1,081,587
Property taxes, levied for recreation					346,110	-	346,110
Intergovernmental activity taxes					595,934	-	595,934
Sales and use taxes					6,178,561	-	6,178,561
Franchise and business taxes					3,691,528	-	3,691,528
Intergovernmental not restricted to a specific purpose					142,039	-	142,039
Investment earnings					3,096	4,002	7,098
Forgiveness of indebtedness					1,338,032	-	1,338,032
Miscellaneous					720,136	900	721,036
Transfers					220,500	(220,500)	-
Total general revenues and transfers					<u>17,091,047</u>	<u>(215,598)</u>	<u>16,875,449</u>
Change in net position					350,193	(383,453)	(33,260)
Net position, beginning of year, as restated					<u>45,135,906</u>	<u>14,812,306</u>	<u>59,948,212</u>
Net position, end of year					<u>\$ 45,486,099</u>	<u>\$ 14,428,853</u>	<u>\$ 59,914,952</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, 2013

	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	\$ 4,561,571	\$ 890,047	\$ 1,895,763	\$ 2,866,551	\$ 1,125,507	\$ 87,557	\$ 2,637,315	\$ 14,064,311
Receivables:								
Accounts	886,942	-	-	-	-	-	54,266	941,208
Property Taxes	238,482	-	-	-	86,595	-	27,464	352,541
Sales and franchise taxes	1,001,616	247,121	395,959	-	-	83,454	194,309	1,922,459
Accrued interest	5,959	3,606	1,805	9,003	1,907	-	2,408	24,688
Due from other funds	15,199	-	-	-	-	-	-	15,199
Due from other governments	166,337	-	-	-	-	99,233	-	265,570
Prepays, deposits and other assets	315,570	-	-	-	-	-	19,736	335,306
Restricted assets:								
Cash and investments	168,801	-	-	-	-	582,907	-	751,708
Accrued interest	-	-	-	-	-	5,917	-	5,917
TIF loan receivable	-	-	-	-	-	449,663	-	449,663
Total assets	<u>\$ 7,360,477</u>	<u>\$ 1,140,774</u>	<u>\$ 2,293,527</u>	<u>\$ 2,875,554</u>	<u>\$ 1,214,009</u>	<u>\$ 1,308,731</u>	<u>\$ 2,935,498</u>	<u>\$ 19,128,570</u>
LIABILITIES								
Accounts payable	\$ 423,441	\$ 40,949	\$ 235,593	\$ 254,934	\$ 231	\$ 25,139	\$ 88,508	\$ 1,068,795
Accrued liabilities	421,897	-	-	-	-	-	33,745	455,642
Court and performance bonds	168,801	-	-	-	-	-	-	168,801
Due to other funds	-	-	-	-	-	246	14,953	15,199
Other liabilities	3,600	-	-	-	-	-	25,141	28,741
Total liabilities	<u>1,017,739</u>	<u>40,949</u>	<u>235,593</u>	<u>254,934</u>	<u>231</u>	<u>25,385</u>	<u>162,347</u>	<u>1,737,178</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - taxes	199,116	-	-	-	75,141	99,233	23,848	397,338
Unavailable revenue - ambulance billings	601,489	-	-	-	-	-	-	601,489
Unavailable revenue - other	129,609	-	-	-	-	47,524	47,261	224,394
Total deferred inflows of resources	<u>930,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,141</u>	<u>146,757</u>	<u>71,109</u>	<u>1,223,221</u>
FUND BALANCES								
Nonspendable	315,570	-	-	-	-	-	19,736	335,306
Restricted	-	1,099,825	2,057,934	2,620,620	1,138,637	1,136,589	1,715,958	9,769,563
Committed	89,250	-	-	-	-	-	-	89,250
Assigned	36,773	-	-	-	-	-	966,393	1,003,166
Unassigned (deficit)	4,970,931	-	-	-	-	-	(45)	4,970,886
Total fund balances	<u>5,412,524</u>	<u>1,099,825</u>	<u>2,057,934</u>	<u>2,620,620</u>	<u>1,138,637</u>	<u>1,136,589</u>	<u>2,702,042</u>	<u>16,168,171</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,360,477</u>	<u>\$ 1,140,774</u>	<u>\$ 2,293,527</u>	<u>\$ 2,875,554</u>	<u>\$ 1,214,009</u>	<u>\$ 1,308,731</u>	<u>\$ 2,935,498</u>	<u>\$ 19,128,570</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 Position
September 30, 2013

Fund balances of governmental funds	\$ 16,168,171
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	47,023,635
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. This amount includes \$662,790 of deferred amount on refunding reported as a deferred outflow of resources.	(19,008,045)
Certain revenues are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	1,223,221
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.	(73,132)
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 position.	152,249
Net position of governmental activities	\$ 45,486,099

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, 2013

	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	\$ 8,836,129	\$ 1,152,625	\$ 1,256,106	\$ -	\$ 1,059,298	\$ 111,377	\$ 1,566,016	\$ 13,981,551
Intergovernmental activity taxes	-	-	-	-	-	687,554	-	687,554
Licenses and permits	561,510	-	-	-	-	-	-	561,510
Intergovernmental	1,301,780	188,680	192,977	-	-	-	12,000	1,695,437
Charges for services	1,463,553	-	-	-	-	-	945,826	2,409,379
Fines and forfeitures	1,317,275	-	-	-	-	-	-	1,317,275
Investment earnings	7,066	(5,314)	2,732	(6,752)	2,053	-	3,311	3,096
Other	390,277	-	-	-	-	106,839	277,674	774,790
Total revenues	<u>13,877,590</u>	<u>1,335,991</u>	<u>1,451,815</u>	<u>(6,752)</u>	<u>1,061,351</u>	<u>905,770</u>	<u>2,804,827</u>	<u>21,430,592</u>
EXPENDITURES:								
Current:								
General government	3,260,687	-	-	-	17,747	-	-	3,278,434
Public safety	8,594,237	-	-	-	-	-	-	8,594,237
Public works	1,433,582	-	-	-	-	-	-	1,433,582
Community development	699,810	-	-	-	-	185,987	404,872	1,290,669
Culture and recreation	584,796	-	-	-	-	-	1,492,742	2,077,538
Payments to taxing districts	-	-	-	-	-	371,855	-	371,855
Capital outlay	-	940,478	1,588,536	262,177	-	-	257,639	3,048,830
Debt service:								
Principal retirement	-	-	-	-	960,000	372,651	405,000	1,737,651
Interest and fiscal charges	-	-	-	-	86,404	240,819	292,001	619,224
Total expenditures	<u>14,573,112</u>	<u>940,478</u>	<u>1,588,536</u>	<u>262,177</u>	<u>1,064,151</u>	<u>1,171,312</u>	<u>2,852,254</u>	<u>22,452,020</u>
Excess of revenues over (under) expenditures	<u>(695,522)</u>	<u>395,513</u>	<u>(136,721)</u>	<u>(268,929)</u>	<u>(2,800)</u>	<u>(265,542)</u>	<u>(47,427)</u>	<u>(1,021,428)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	382,605	-	-	-	-	-	855,149	1,237,754
Transfers out	(175,000)	-	-	-	-	(27,254)	(815,000)	(1,017,254)
Sale of capital assets	26,969	-	-	-	-	-	-	26,969
Total other financing sources (uses)	<u>234,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,254)</u>	<u>40,149</u>	<u>247,469</u>
Net change in fund balances	(460,948)	395,513	(136,721)	(268,929)	(2,800)	(292,796)	(7,278)	(773,959)
Fund balances, beginning of year	<u>5,873,472</u>	<u>704,312</u>	<u>2,194,655</u>	<u>2,889,549</u>	<u>1,141,437</u>	<u>1,429,385</u>	<u>2,709,320</u>	<u>16,942,130</u>
Fund balances, end of year	<u>\$ 5,412,524</u>	<u>\$ 1,099,825</u>	<u>\$ 2,057,934</u>	<u>\$ 2,620,620</u>	<u>\$ 1,138,637</u>	<u>\$ 1,136,589</u>	<u>\$ 2,702,042</u>	<u>\$ 16,168,171</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 Statement of Revenues,
Expenditures and Changes in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2013

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

Net change in fund balances - total governmental funds	\$ (773,959)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay costs in excess of capitalization threshold	1,508,106
Net book value on disposal of capital assets	(90,527)
Depreciation	(3,075,829)

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

Charges of service	110,080
Tax revenues	(1,861)
Miscellaneous	(59,755)

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items.

Development agreement obligations incurred	(251,442)
Payments on developer agreements	202,651
Principal payments on long-term debt	1,535,000
Forgiveness of indebtedness	1,338,032
Premiums and discounts, net	(18,899)
Changes in accrued interest expense	4,130

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	(27,827)
Change in net pension obligation	44,526
Change in OPEB obligation	(40,836)

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

	(51,397)
Change in net position of governmental activities	\$ 350,193

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

CITY OF GRANDVIEW, MISSOURI
Statement of Net Position
Proprietary Funds
September 30, 2013

	<u>Enterprise Fund Sanitary Sewer</u>	<u>Governmental Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and investments	\$ 4,586,896	\$ 189,595
Receivables, net:		
Accounts	212,893	-
Unbilled services	188,760	-
Accrued interest	6,980	424
Total current assets	<u>4,995,529</u>	<u>190,019</u>
Noncurrent assets:		
Depreciable capital assets, net	<u>9,965,069</u>	<u>-</u>
Total noncurrent assets	<u>9,965,069</u>	<u>-</u>
Total assets	<u>14,960,598</u>	<u>190,019</u>
LIABILITIES		
Current liabilities:		
Accounts payable	463,256	15,039
Accrued liabilities	16,336	22,731
Compensated absences	<u>37,549</u>	<u>-</u>
Total current liabilities:	<u>517,141</u>	<u>37,770</u>
Noncurrent liabilities		
Net pension obligation	5,716	-
OPEB obligation	<u>8,888</u>	<u>-</u>
Total noncurrent liabilities	<u>14,604</u>	<u>-</u>
Total liabilities	<u>531,745</u>	<u>37,770</u>
NET POSITION		
Net investment in capital assets	9,965,069	-
Unrestricted	<u>4,463,784</u>	<u>152,249</u>
Total net position	<u>\$ 14,428,853</u>	<u>\$ 152,249</u>

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

CITY OF GRANDVIEW, MISSOURI
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2013

	<u>Enterprise Fund Sanitary Sewer</u>	<u>Governmental Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ 2,876,113	\$ -
Total operating revenues	<u>2,876,113</u>	<u>-</u>
Operating expenses:		
Services operation and maintenance	991,037	-
Sewer treatment charges	1,791,266	-
Depreciation and amortization	261,665	-
Other	-	56,498
Total operating expenses	<u>3,043,968</u>	<u>56,498</u>
Operating (loss)	<u>(167,855)</u>	<u>(56,498)</u>
Nonoperating revenues:		
Investment earnings	4,002	-
Other income	900	5,101
Total nonoperating revenues	<u>4,902</u>	<u>5,101</u>
Income (loss) before transfers	<u>(162,953)</u>	<u>(51,397)</u>
Transfers out	<u>(220,500)</u>	<u>-</u>
Change in net position	<u>(383,453)</u>	<u>(51,397)</u>
Net position, beginning of year	<u>14,812,306</u>	<u>203,646</u>
Net position, end of year	<u>\$ 14,428,853</u>	<u>\$ 152,249</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
For the Year Ended September 30, 2013

	Enterprise Fund Sanitary Sewer	Governmental Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 2,825,008	\$ 5,101
Payments to suppliers for goods and services	(2,109,849)	(34,874)
Payments to employees for services and benefits	(595,399)	-
Net cash provided (used) in operating activities	119,760	(29,773)
Cash flows from noncapital financing activities:		
Transfers out	(220,500)	-
Net cash used in noncapital financing activities	(220,500)	-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(152,919)	-
Net cash used in capital and related financing activities	(152,919)	-
Cash flows from investing activities:		
Interest received	20,555	705
Net cash provided by investing activities	20,555	705
Net (decrease) in cash and cash equivalents	(233,104)	(29,068)
Cash and cash equivalents, beginning of year	4,820,000	218,663
Cash and cash equivalents, end of year	\$ 4,586,896	\$ 189,595
Reconciliation of operating loss to net cash provided (used) in operating activities:		
Operating loss	\$ (167,855)	\$ (56,498)
Adjustments to reconcile operating loss to net cash provided (used) in operations:		
Depreciation and amortization	261,665	-
Nonoperating revenues	900	5,101
Changes in assets and liabilities:		
Receivables	(52,005)	-
Accounts payable	77,323	15,001
Accrued expenses and deposits	(268)	6,623
Net cash provided (used) in operating activities	\$ 119,760	\$ (29,773)

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

CITY OF GRANDVIEW, MISSOURI
Statement of Assets and Liabilities -
Fiduciary Funds
September 30, 2013

Assets	Agency Funds
Cash and investments	<u>\$ 84,467</u>
Total assets	<u><u>\$ 84,467</u></u>
Liabilities	
Due to other governments	<u>\$ 84,467</u>
Total liabilities	<u><u>\$ 84,467</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, 2013

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 position 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, 2013

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 capital project 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 capital project 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, 2013

Fiduciary Funds

Agency Funds – These funds account for sales taxes collected by the City on behalf of the Jackson County Tax Fund which accounts for property taxes collected and remitted to Jackson County, Missouri, the 71/150 Highway Transportation Development District, and the Grandview Crossing Community Improvement District. 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 reconciliations 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 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 60 days 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 when all other eligibility requirements have been met and the amount is received within the 60 day availability period.

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.

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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 economic resource measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. Revenues are recognized when they are earned and 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.

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. 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 the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized over the policy periods.

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 position because they are maintained in separate bank or trust accounts and their use is restricted by applicable debt covenants. Restricted assets in the General Fund consist of amounts held for court and performance bonds.

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

In addition, all regular 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.

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All regular 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 his/her disability or 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. 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 debt proceeds were used to acquire or improve assets 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 outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes, ambulance billings and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Transfers

Permanent re-allocations 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.

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Fund Balances

Governmental funds 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 Ordinances passed by 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 pursuant to the City’s GASB 54 policy passed by the Board of Aldermen. 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.

Net Position

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

Net Investment in Capital Assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

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. Budgeted expenditures cannot exceed budgeted revenues and unencumbered positive fund balances as required by Section 67.010 RSMo. Actual expenditures exceeded budgetary appropriations in the Law Enforcement Block Grant Fund by \$140.

Missouri Revised Statutes

RSMo section 302.341 requires the City to annually calculate the percentage of its general revenue that comes from traffic violations. Any such revenues that exceed 30% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines and forfeitures, which includes traffic violations and other additional items, in the amount of \$1,317,275. This amount is approximately 8% of total general revenues of \$16,870,547 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2013 is as follows:

Deposits	\$ 6,161,516
Investments	13,508,861
Petty Cash	<u>6,600</u>
Total	<u>\$ 19,676,977</u>

CITY OF GRANDVIEW, MISSOURI
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These carrying values are reflected on the financial statements as follows:

Government-wide:	
Deposits and investments	\$ 18,840,802
Restricted assets	751,708
	19,592,510
Agency fund:	
Deposits and investments	84,467
Total	\$ 19,676,977

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. 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.

The carrying amount, maturity segment, and ratings for the City's investments at September 30, 2013 are as follows:

	Investment Maturity		Rating
	Under one year	One to five years	
<u>Pooled investments</u>			
Federal Home Loan Bank	\$ -	\$ 1,964,200	Aaa
Federal Farm Credit Bank	-	2,476,500	Aaa
Federal National Mortgage Association	-	5,490,454	Aaa
Federal Home Loan Mortgage Corporation	-	2,994,800	Aaa
<u>Restricted investments</u>			
Gateway Commons TIF Fund:			
Financial Square Treasury Money Market Fund	582,907	-	AAAm
	\$ 582,907	\$ 12,925,954	

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.

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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, 2013, 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, 2013, 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 limits investment maturities to five years as a means of managing its exposure to fair value losses arising from changes in interest rates. To minimize the risk of loss, the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

The U.S. Government agency obligations above have maturity dates ranging from April 22, 2016 to September 13, 2018.

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 2013 were as follows:

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	General Debt Service	TIF Fund	Nonmajor Governmental Funds	Total
Property tax	\$ 2,713,238	\$ -	\$ -	\$ 1,059,298	\$ -	\$ 338,926	\$ 4,111,462
Sales tax	2,512,243	1,152,625	1,256,106	-	111,377	1,146,210	6,178,561
Intergovernmental activity taxes	-	-	-	-	687,554	-	687,554
Franchise tax	3,521,045	-	-	-	-	-	3,521,045
Transient guest tax	-	-	-	-	-	80,880	80,880
Cigarette tax	89,603	-	-	-	-	-	89,603
Total	\$ 8,836,129	\$ 1,152,625	\$ 1,256,106	\$ 1,059,298	\$ 798,931	\$ 1,566,016	\$ 14,669,105

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The City's property tax is levied each September 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, 2012, on which the fiscal 2013 levy was based, was \$260,383,084.

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, 2013, were as follows:

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

The City has passed ordinances to establish fifteen 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% levy on all receipts and is for the purpose of street maintenance. The capital improvement sales tax revenues result from a 1/2% 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% 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.

CITY OF GRANDVIEW, MISSOURI
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4. Intergovernmental Revenue

Intergovernmental revenues during fiscal year 2013 consisted of the following:

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	Non-major Governmental Funds	Total
Federal:					
Department of Justice	\$ 8,681	\$ -	\$ -	\$ 12,000	\$ 20,681
Highway safety	24,966	-	-	-	24,966
Department of Transportation	87,096	188,680	192,977	-	468,753
State:					
Motor vehicle fuel tax	618,208	-	-	-	618,208
Motor vehicle sales tax	160,789	-	-	-	160,789
Vehicle registration fees	102,384	-	-	-	102,384
Financial institution tax	11,044	-	-	-	11,044
Real replacement tax	130,994	-	-	-	130,994
Local:					
Drug task force tax	157,618	-	-	-	157,618
Total	\$ 1,301,780	\$ 188,680	\$ 192,977	\$ 12,000	\$ 1,695,437

Due from other governments at September 30, 2013 consists of state vehicle fuel and sales taxes, state vehicle registration fees, intergovernmental activity taxes, and grants.

5. Capital Assets

Changes in capital asset activity for 2013 are as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
Business-type activities:				
Capital assets, being depreciated				
Sewer lines	\$ 14,241,789	\$ 54,720	\$ -	\$ 14,296,509
Vehicles and equipment	752,097	98,199	(15,828)	834,468
Total capital assets, being depreciated	14,993,886	152,919	(15,828)	15,130,977
Less accumulated depreciation for:				
Sewer lines	4,413,244	178,023	-	4,591,267
Vehicles and equipment	506,827	83,642	(15,828)	574,641
Total accumulated depreciation	4,920,071	261,665	(15,828)	5,165,908
Total capital assets, being depreciated, net	10,073,815	(108,746)	-	9,965,069
Total business-type activities capital assets, net	\$ 10,073,815	\$ (108,746)	\$ -	\$ 9,965,069

CITY OF GRANDVIEW, MISSOURI
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	<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	\$ 3,219,918	\$ 155,604	\$ (11,070)	\$ 3,364,452
Construction in progress	2,899,630	298,968	(279,708)	2,918,890
Infrastructure in progress	<u>1,597,646</u>	<u>76,883</u>	<u>(1,516,609)</u>	<u>157,920</u>
Total capital assets, not being depreciated	<u>7,717,194</u>	<u>531,455</u>	<u>(1,807,387)</u>	<u>6,441,262</u>
Capital assets, being depreciated				
Buildings	17,294,995	-	(457,465)	16,837,530
Improvements, other than buildings	5,615,364	13,416	(382,581)	5,246,199
Furniture, fixtures, vehicles and equipment	11,045,237	799,430	(1,751,118)	10,093,549
Infrastructure	<u>49,014,694</u>	<u>1,971,192</u>	<u>-</u>	<u>50,985,886</u>
Total capital assets, being depreciated	<u>82,970,290</u>	<u>2,784,038</u>	<u>(2,591,164)</u>	<u>83,163,164</u>
Less accumulated depreciation for:				
Buildings	7,695,333	604,525	(462,712)	7,837,146
Improvements, other than buildings	2,482,047	275,651	(350,356)	2,407,342
Furniture, fixtures, vehicles and equipment	8,273,958	828,849	(1,687,569)	7,415,238
Infrastructure	<u>23,554,261</u>	<u>1,366,804</u>	<u>-</u>	<u>24,921,065</u>
Total accumulated depreciation	<u>42,005,599</u>	<u>3,075,829</u>	<u>(2,500,637)</u>	<u>42,580,791</u>
Total capital assets, being depreciated, net	<u>40,964,691</u>	<u>(291,791)</u>	<u>(90,527)</u>	<u>40,582,373</u>
Total governmental activities capital assets, net	<u>\$ 48,681,885</u>	<u>\$ 239,664</u>	<u>\$ (1,897,914)</u>	<u>\$ 47,023,635</u>

Depreciation expense charged to governmental activity functions are as follows:

General government	\$ 255,208
Public safety	522,711
Community development	695
Public works	1,562,003
Culture and recreation	<u>735,212</u>
Total depreciation expense - governmental activities	<u>\$ 3,075,829</u>

CITY OF GRANDVIEW, MISSOURI
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6. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended September 30, 2013:

	Beginning Balances	Additions	Adjustments/ Retirements	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,590,000	\$ -	\$ 960,000	\$ 3,630,000	\$ 970,000
Certificates of participation	8,050,000	-	405,000	7,645,000	375,000
TIF loan payable	4,660,000	-	170,000	4,490,000	200,000
Developer agreements	3,921,397	251,442	1,540,683	2,632,156	-
Unamortized premium	167,739	-	34,394	133,345	-
Unamortized discount	(56,601)	-	(4,197)	(52,404)	-
*Compensated absences	790,484	853,625	825,798	818,311	818,311
*Net pension obligation	165,830	-	44,526	121,304	-
*OPEB obligation	212,287	40,836	-	253,123	-
Total	\$ 22,501,136	\$ 1,145,903	\$ 3,976,204	\$ 19,670,835	\$ 2,363,311
Business-type activities:					
Compensated absences	\$ 39,043	\$ 41,608	\$ 43,102	\$ 37,549	\$ 37,549
Net pension obligation	7,814	-	2,098	5,716	-
OPEB obligation	7,313	1,575	-	8,888	-
	\$ 54,170	\$ 43,183	\$ 45,200	\$ 52,153	\$ 37,549

* - Primarily liquidated by the General Fund in prior years

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, 2013, the constitutional general obligation debt limit (based on the assessed value at January 1, 2013 of \$247,440,097) was \$49,488,019. General obligation debt subject to the debt limit is \$3,630,000 of bonds outstanding, with \$1,138,637 available in the General Debt Service Fund.

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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, 2013 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%	\$ 50,000
\$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>3,580,000</u>
Total general obligation bonds	<u>\$ 3,630,000</u>

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, 2013, \$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 \$6,383,722. For 2013, principal and interest paid and city and intergovernmental incremental tax revenues were \$408,069 and \$287,508, respectively.

The annual debt service requirements to amortize all debt outstanding as of September 30, 2013 exclusive of developer agreements, unamortized bond issuance premiums and discounts, 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
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	325,000	10,969	240,000	197,544	445,000	241,085
2018	325,000	3,656	260,000	185,044	475,000	224,910
2019-2023	-	-	1,645,000	689,674	2,220,000	691,665
2024-2027	-	-	1,715,000	162,728	3,325,000	376,015
	<u>\$ 3,630,000</u>	<u>\$ 155,400</u>	<u>\$ 4,490,000</u>	<u>\$ 1,893,722</u>	<u>\$ 7,645,000</u>	<u>\$ 2,331,255</u>

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
September 30, 2013

Developer Agreements

The City has three 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.

At September 30, 2013, the amount of outstanding developer agreements was \$2,632,156 and are payable through 2025 to the extent incremental taxes are available. During 2012, the developer for TIF #10 declared bankruptcy and property related to the TIF project that was used as collateral for the developer's bank loan was acquired by a bank. The bank subsequently sold the property to another developer that is not using the property for the original purpose as defined in the TIF agreement. As a result, \$1,338,032 of developer obligations due to the original developer are no longer an obligation of the City and have been adjusted from the developer agreements obligation and reported as forgiveness of indebtedness on the statement of activities.

For 2013, payments on the developer agreements were \$202,651. Incremental revenues were \$278,024 from City and intergovernmental sales and property taxes in the funds that are responsible for these obligations.

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, 2013, there are three outstanding industrial revenue bond issues with a total principal amount of approximately \$21 million.

7. Interfund Activity

Interfund transfers for the year ended September 30, 2013, were as follows:

	Transfers	
	In	Out
General Fund	\$ 382,605	\$ 175,000
TIF Fund	-	27,254
Nonmajor governmental	855,149	815,000
Sanitary Sewer	-	220,500
Total	\$ 1,237,754	\$ 1,237,754

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.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
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8. 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, 2013, the City incurred costs of \$1,379,981 under the provisions of this agreement. Under a similar agreement with Kansas City, Missouri, the City incurred costs of \$417,285.

9. 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 7.3% (general), 5.6% (police) and 7.2% (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	\$ 662,523
Interest on net pension obligation	12,589
Adjustment to annual required contribution	<u>(179,791)</u>
Annual pension cost	495,321
Actual contributions	<u>541,944</u>
Increase (decrease) in NPO	(46,623)
NPO, beginning of year	<u>173,643</u>
NPO, end of year	<u><u>\$ 127,020</u></u>

CITY OF GRANDVIEW, MISSOURI
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The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 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 75% of 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 years 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 28, 2010 was 30 years for the General division, 2 years for the Police division and 2 years for the Fire division. The amortization period as of February 28, 2011 was 30 years for the General division, 1 year for the Police division and 30 years for the Fire division.

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
2011	\$ 467,707	82.5%	\$ 81,849
2012	577,061	84.1	173,643
2013	495,321	109.4	127,020

Funding Status and Progress

As of February 28, 2013, the most recent actuarial valuation date, the plan was 99% funded. The actuarial accrued liability for benefits was \$16,155,567, and the actuarial value of assets was \$15,953,431, resulting in an unfunded accrued liability of \$202,136. The annual covered payroll (annual payroll of active employees covered by the plan) was \$8,131,526.

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.

10. 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.

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

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

Funding Policy

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

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, 2013, the annual OPEB costs are as follows:

	Governmental Activities	Business- Type Activities	Total
Annual required contribution	\$ 57,895	\$ 2,141	\$ 60,036
Interest on net OPEB obligation	10,614	366	10,980
Adjustment to annual required contribution	(13,152)	(453)	(13,605)
Annual OPEB cost (expense)	<u>55,357</u>	<u>2,054</u>	<u>57,411</u>
Less: Expected net employer contributions	<u>14,521</u>	<u>479</u>	<u>15,000</u>
Increase in net OPEB obligation	40,836	1,575	42,411
Net OPEB obligation, September 30, 2012	<u>212,287</u>	<u>7,313</u>	<u>219,600</u>
Net OPEB obligation, September 30, 2013	<u><u>\$ 253,123</u></u>	<u><u>\$ 8,888</u></u>	<u><u>\$ 262,011</u></u>

CITY OF GRANDVIEW, MISSOURI
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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, 2013 are as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities:				
	9/30/2011	\$ 71,797	22.3%	\$ 170,950
	9/30/2012	55,858	26.0%	212,287
	9/30/2013	55,357	26.2%	253,123
Business-Type Activities:				
	9/30/2011	\$ 2,161	0.9%	\$ 5,726
	9/30/2012	2,066	23.2%	7,313
	9/30/2013	2,054	23.3%	8,888
Total:				
	9/30/2011	\$ 73,958	21.6%	176,676
	9/30/2012	57,924	25.9%	219,600
	9/30/2013	57,411	26.1%	262,011

Funded Status and Funding Progress

As of July 1, 2011, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$418,386. 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 \$7,291,266, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 5.7%.

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 increase or decrease 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.

CITY OF GRANDVIEW, MISSOURI
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September 30, 2013

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return and an annual healthcare cost trend rate, which includes the inflation rate assumption, of 8.5% initially, reduced by decrements to an ultimate rate of 5% after eight years. The UAAL is being amortized on a level-dollar, open-period basis over a period of thirty years.

11. 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.

Encumbrances

Encumbrance accounting is used in the governmental funds by recording purchase orders, contracts and other commitments for the expenditure of funds in order to assure effective budgetary control and accountability. Encumbrances are reported in restricted, committed, or assigned fund balance categories. All appropriations lapse at year-end. The following encumbrances were outstanding at year end:

Fund	Outstanding Encumbrances
General Fund	\$ 126,023
Transportation Sales Tax	121,328
Capital Improvement Sales Tax	1,234,483
Parks and Public Works Projects	591,137
Nonmajor Governmental Funds	85,745
Sanitary Sewer	233,567
Total	\$ 2,392,283

Commitments

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

Project	Authorization	Obligations Since Inception
Byars Road Trail Project	\$ 90,000	\$ 54,190
Farmer's Market Place	500,000	297,302
KCSR Crossing over Blue Ridge Boulevard	450,000	228,099
Main Street (Phase IV)	177,099	103,731
Public Works / Parks Facility	2,660,547	2,505,496
Total	\$ 3,877,646	\$ 3,188,818

CITY OF GRANDVIEW, MISSOURI
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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, 2013. Also, there have been no significant changes in coverage for 2013 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, 2013, 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, 2013 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.

12. TIF projects

During the year ended September 30, 2013, the City closed TIF projects 2, 7 and 11 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 were paid to Jackson County in the amount of \$274,076, \$72,117, and \$25,662 for TIF projects 2, 7 and 11, respectively, and were shown on the financial statements as payments to taxing districts.

CITY OF GRANDVIEW, MISSOURI
Notes to the Basic Financial Statements
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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	\$ 315,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,736	\$ 335,306
Restricted for:								
Debt service	-	-	-	-	1,138,637	1,136,589	165,672	2,440,898
Transportation projects	-	1,099,825	-	-	-	-	-	1,099,825
Parks & public works projects	-	-	-	2,620,620	-	-	1,179,176	3,799,796
Community redevelopment	-	-	2,057,934	-	-	-	352,795	2,410,729
Law enforcement	-	-	-	-	-	-	18,315	18,315
Committed to:								
Miscellaneous	89,250	-	-	-	-	-	-	89,250
Assigned to:								
Parks & public works projects	-	-	-	-	-	-	27,060	27,060
Community redevelopment	-	-	-	-	-	-	939,333	939,333
Miscellaneous	36,773	-	-	-	-	-	-	36,773
Unassigned:	4,970,931	-	-	-	-	-	(45)	4,970,886
Total fund balances	\$ 5,412,524	\$ 1,099,825	\$ 2,057,934	\$ 2,620,620	\$ 1,138,637	\$ 1,136,589	\$ 2,702,042	\$ 16,168,171

14. Restatement of Prior Period Net Position

As of September 30, 2012, the beginning net position of the governmental activities was restated due to the implementation of the Governmental Accounting Standards Board Statement No. 65 (GASB 65). Under GASB 65, debt issuance costs should be expenses as incurred.

	Governmental Activities
Net Position, beginning of year as previously reported	\$ 45,467,952
Debt issuance costs	(332,046)
Net Position, beginning of year as restated	<u>\$ 45,135,906</u>

15. Subsequent Events

The City evaluated subsequent events through March 14, 2014, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure in the financial statements.

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 9,210,484	\$ 9,210,484	\$ 8,836,129	\$ (374,355)
Licenses and permits	537,000	537,000	561,510	24,510
Intergovernmental	1,449,750	1,449,750	1,301,780	(147,970)
Charges for services	1,365,350	1,365,350	1,463,553	98,203
Fines and forfeitures	1,135,500	1,135,500	1,317,275	181,775
Interest and other	445,000	455,000	397,343	(57,657)
Total Revenues	<u>14,143,084</u>	<u>14,153,084</u>	<u>13,877,590</u>	<u>(275,494)</u>
Expenditures:				
Current:				
General administration	2,963,236	3,211,236	3,260,687	(49,451)
Public safety	8,755,876	8,765,876	8,594,237	171,639
Public works	1,400,229	1,430,229	1,433,582	(3,353)
Community development	688,283	688,283	699,810	(11,527)
Parks and recreation	751,904	751,904	584,796	167,108
Total Expenditures	<u>14,559,528</u>	<u>14,847,528</u>	<u>14,573,112</u>	<u>274,416</u>
Excess of Revenues Over (Under) Expenditures	<u>(416,444)</u>	<u>(694,444)</u>	<u>(695,522)</u>	<u>(1,078)</u>
Other Financing Sources (Uses):				
Transfers in	380,500	380,500	382,605	2,105
Transfers out	-	(175,000)	(175,000)	-
Sale of capital assets	-	-	26,969	26,969
Total Other Financing Sources (Uses)	<u>380,500</u>	<u>205,500</u>	<u>234,574</u>	<u>29,074</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (35,944)</u>	<u>\$ (488,944)</u>	<u>(460,948)</u>	<u>\$ 27,996</u>
Fund Balance, Beginning of Year			<u>5,873,472</u>	
Fund Balance, End of Year			<u>\$ 5,412,524</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
2/28/2011	\$ 15,711,726	\$ 16,167,711	\$ 455,985	97%	\$ 8,621,330	5%
2/29/2012	16,534,066	16,506,433	(27,633)	100%	8,419,649	
2/28/2013	15,953,431	16,155,567	202,136	99%	8,131,526	2%

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%
7/1/2011	-	418,386	418,386	0%	7,291,266	6%

CITY OF GRANDVIEW, MISSOURI
Notes to Required Supplementary Information
September 30, 2013

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.