

Financial Section



COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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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, 2014, 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, whether due to fraud or error.

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, 2014, 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 the schedules 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 basic 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 February 25, 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.



Kansas City, Missouri
February 25, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014

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, 2014. 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 \$58,332,673 (net position). Of this amount, \$2,976,116 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During FY 2014, the City's net position decreased by \$1,365,647 from the City's "governmental activities" and decreased by \$216,632 from the City's "business-type activities."
- The City's debt obligations decreased by \$1,650,662 during the current fiscal year as \$970,000 of general obligation debt, \$375,000 in certificates of participation and \$200,000 of the TIF loan were retired. In addition, new developer agreements were approved for \$91,063 and retirements and other adjustments were processed on developer agreements for \$196,725.

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.

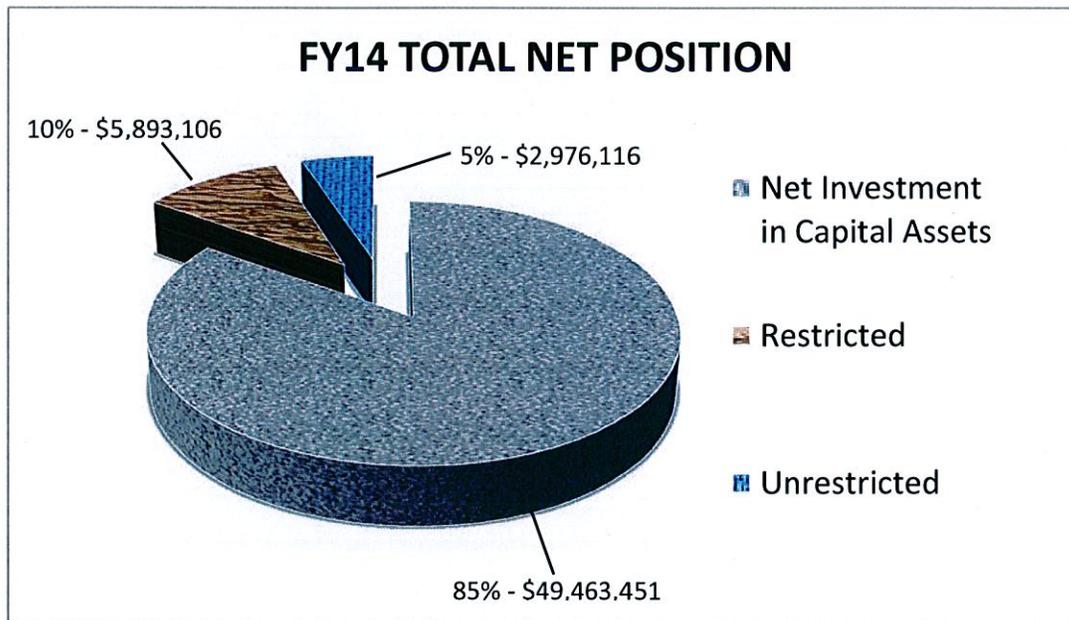
Other information. In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary, pension, and other post-employment obligation information. The combining statements for the non-major funds are presented 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, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 15,092,392	\$ 19,303,390	\$ 4,920,324	\$ 4,995,529	\$ 20,012,716	\$ 24,298,919
Capital assets	48,705,310	47,023,635	9,934,858	9,965,069	58,640,168	56,988,704
Total assets	63,797,702	66,327,025	14,855,182	14,960,598	78,652,884	81,287,623
Deferred outflows	613,694	662,790	-	-	613,694	662,790
Long-term liabilities outstanding	15,717,284	17,307,524	12,874	14,604	15,730,158	17,322,128
Other liabilities	4,573,660	4,196,192	630,087	517,141	5,203,747	4,713,333
Total liabilities	20,290,944	21,503,716	642,961	531,745	20,933,905	22,035,461
Net position:						
Net investment in capital assets	39,528,593	38,951,104	9,934,858	9,965,069	49,463,451	48,916,173
Restricted	5,893,106	7,131,232	-	-	5,893,106	7,131,232
Unrestricted	(1,301,247)	(596,237)	4,277,363	4,463,784	2,976,116	3,867,547
Total net position	\$ 44,120,452	\$ 45,486,099	\$ 14,212,221	\$ 14,428,853	\$ 58,332,673	\$ 59,914,952



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 is negative, primarily due to the City's issuance of the Tax Increment Finance bonds related to the Gateway Commons and deferred revenue from various developer reimbursements.

The City's combined net position decreased from \$59.9 million to \$58.3 million primarily by not incurring any forgiveness of indebtedness from developer agreements which occurred during the previous fiscal year and from less sales tax received during the current fiscal year. The City's unrestricted net position for governmental activities was negative by \$1,301,247. However, total unrestricted net position was positive by \$2,976,116 including the business-type activities.

The largest portion of the City's net position (84.8%) 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 (10.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (5.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position decreased by \$1,582,279 during FY 2014. The governmental activities net assets decreased by \$1,365,647 while the business-type activities decreased by \$216,632.

Changes in Net Position

The following table reflects the revenues and expenses from the City's activities for the year ended September 30, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 4,470,648	\$ 4,398,242	\$ 3,110,213	\$ 2,876,113	\$ 7,580,861	\$ 7,274,355
Operating grants and contributions	1,316,315	1,171,743	-	-	1,316,315	1,171,743
Capital grants and contributions	297,125	381,657	-	-	297,125	381,657
General revenues						
Property taxes	3,812,834	4,201,221	-	-	3,812,834	4,201,221
Intergovernmental activity taxes	503,010	595,934	-	-	503,010	595,934
Sales and use taxes	5,723,795	6,178,561	-	-	5,723,795	6,178,561
Franchise and other taxes	3,779,115	3,691,528	-	-	3,779,115	3,691,528
Other revenue	1,193,313	2,203,303	38,150	4,902	1,231,463	2,208,205
Total revenues	<u>21,096,155</u>	<u>22,822,189</u>	<u>3,148,363</u>	<u>2,881,015</u>	<u>24,244,518</u>	<u>25,703,204</u>
Expenses:						
General government	3,649,755	3,653,698	-	-	3,649,755	3,653,698
Public safety	9,647,287	9,141,085	-	-	9,647,287	9,141,085
Community development	1,587,282	1,914,661	-	-	1,587,282	1,914,661
Public works	4,445,248	4,536,309	-	-	4,445,248	4,536,309
Culture and recreation	2,783,340	2,812,750	-	-	2,783,340	2,812,750
Interest on long-term debt	608,290	633,993	-	-	608,290	633,993
Sanitary Sewer	-	-	3,105,595	3,043,968	3,105,595	3,043,968
Total expenses	<u>22,721,202</u>	<u>22,692,496</u>	<u>3,105,595</u>	<u>3,043,968</u>	<u>25,826,797</u>	<u>25,736,464</u>
Increase in net position before transfers	(1,625,047)	129,693	42,768	(162,953)	(1,582,279)	(33,260)
Transfers	259,400	220,500	(259,400)	(220,500)	-	-
Increase in net position	(1,365,647)	350,193	(216,632)	(383,453)	(1,582,279)	(33,260)
Net position, beginning	45,486,099	45,135,906	14,428,853	14,812,306	59,914,952	59,948,212
Net position, ending	<u>\$ 44,120,452</u>	<u>\$ 45,486,099</u>	<u>\$ 14,212,221</u>	<u>\$ 14,428,853</u>	<u>\$ 58,332,673</u>	<u>\$ 59,914,952</u>

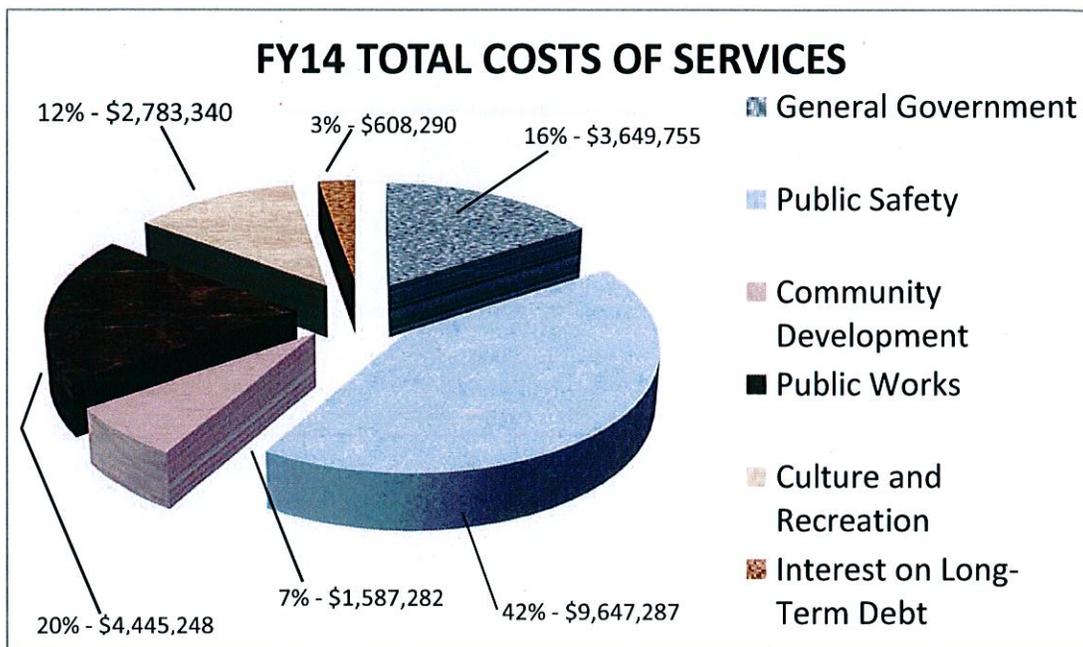
Governmental Activities

Governmental activities decreased the City's net position by \$1,365,647. Sales and use taxes, the largest governmental category, were \$5,723,795 or 27.1% of total revenues from governmental activities. For the fiscal year ended September 30, 2014 revenues totaled \$24,244,518 (governmental and business-type). Revenues from governmental activities totaled \$21,096,155 or 87.0% of the total City revenues. With the exception of charges for services, operating grants and contributions, and franchise and other taxes taxes which increased slightly, all other revenues including property taxes, intergovernmental activity taxes, and sales and use taxes decreased from the previous fiscal year. Expenses from governmental activities totaled \$22,721,202 or 88.0% of the total City expenses. Expenses increased slightly by \$90,333 or 0.4% during FY 2014.

Certain revenues are generated that are specific to governmental program activity. These totaled \$6,084,088. The following table shows expenses and net costs of services of the governmental activities for the fiscal year ended September 30, 2014 and 2013:

Net Cost of City of Grandview Governmental Activities

	Total Costs of Service		Net Costs of Service	
	2014	2013	2014	2013
General government	\$ 3,649,755	\$ 3,653,698	\$ 1,036,241	\$ 1,316,802
Public safety	9,647,287	9,141,085	8,542,552	7,947,799
Community development	1,587,282	1,914,661	1,468,910	1,768,329
Public works	4,445,248	4,536,309	3,170,380	3,225,392
Culture and recreation	2,783,340	2,812,750	1,810,741	1,848,539
Interest on long-term debt	608,290	633,993	608,290	633,993
Total	\$ 22,721,202	\$ 22,692,496	\$ 16,637,114	\$ 16,740,854



As previously noted, expenses from governmental activities totaled \$22,721,202. However, net costs of these services were \$16,637,114. The difference represents direct revenues received from charges for services of \$4,470,648, operating grants & contributions of \$1,316,315, and capital grants and contributions of \$297,125. Taxes and other revenues of \$15,271,467 were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net position by \$216,632 which included net transfers out of \$259,400. Operating revenues increased by \$234,100 primarily due to a sewer rate increase of 8%, and expenses slightly increased by \$61,627 due to additional 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, 2014 was \$4,560,648 or 30.5% of actual expenditures. The fund balance decreased \$851,876 from the previous year's balance which was due to the excess of expenditures over revenues of \$895,623, net operating transfers in of \$24,400, and gain on sale of capital assets of \$19,347. Total general fund revenues increased by 1.3% and general fund expenditures increased by 2.6%. 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 \$1,047,609, a decrease of \$52,216 or 4.7% which primarily resulted from less sales tax revenues and grant reimbursements received than street construction project costs incurred during FY 2014.

The Capital Improvement Sales Tax Fund ended the year with a fund balance of \$1,207,480, a decrease of \$850,454 or 41.3% which is primarily due to less sales taxes and grant reimbursements received than capital outlay costs including various equipment acquisitions during FY 2014.

The Economic Development Enhancement Fund accounts for the proceeds of a transient guest tax that became effective on January 1, 2012 and is to be used for promoting tourism in the City which includes festivals, publications, and public outreach. In addition, various project costs were incurred that are expected to be reimbursed by the developer, thus creating a negative fund balance of \$135,552.

The General Debt Service Fund ended the year with a fund balance of \$1,127,699, a decrease of \$10,938 or 1.0% due to less property tax revenues received than debt expenditures incurred during FY 2014.

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 \$1,147,823, an increase of \$11,234 or 1.0% which is primarily due to less disbursements made for debt service and various taxing districts than tax revenues received and net operating transfers in during FY 2014.

General Fund Budgetary Highlights

The final General Fund expenditure budget increased by \$99,246 over the previous fiscal year. The budget increase primarily affected personal services and purchased services. The supplies budget remained essentially unchanged and the general fund capital outlay expenditure budget was insignificant. There was an increase of budgeted transfers to other funds of \$295,000 for a net increase in budgeted expenditures and transfers out for FY 2014 of 2.6%. Budgeted revenues were 1.1% less than the prior fiscal year, including an increase in budgeted transfers from other funds of \$43,900.

Actual general fund revenues including transfers in were \$105,920 or 0.7% more than budgeted which was primarily due to increased fine and forfeitures which more than made up for significant tax revenue budget shortfalls. Actual expenditures and transfers out were \$62,831 or 0.4% less than budgeted.

General fund budget amendments of \$825,000 including transfers were processed during the fiscal year.

Capital Asset and Debt Administration

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2014, is \$58,640,168 (net of accumulated depreciation). The investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities and infrastructure. Capital assets increased by \$1,621,464 during FY 2014.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,510	\$ 3,365	\$ -	\$ -	\$ 3,510	\$ 3,365
Construction in process	-	2,919	-	-	-	2,919
Buildings	11,297	9,000	-	-	11,297	9,000
Improvements	5,325	2,839	-	-	5,325	2,839
Machinery and equipment	2,881	2,678	261	260	3,142	2,938
Infrastructure	25,692	26,223	9,674	9,705	35,366	35,928
Total	<u>\$ 48,705</u>	<u>\$ 47,024</u>	<u>\$ 9,935</u>	<u>\$ 9,965</u>	<u>\$ 58,640</u>	<u>\$ 56,989</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:

- Valley Park Renovation and Improvements totaling \$961,889.
- Replacement of Two Ambulances totaling \$407,819.
- Street Overlay and Slurry Seal Program totaling \$389,429.
- Tails and Trails Dog Park totaling \$337,814.
- Completion of Parks and Public Works Maintenance Facility totaling \$323,030.
- Mapleview Park Renovations and Improvements totaling \$261,080.
- Byars Road Trail Project totaling \$243,304.
- Farmer's Market totaling \$194,395.
- SCBA Fill Station and Accessories totaling \$177,350.
- New Curb and Sidewalk totaling \$167,624.
- Southview Park Renovations and Improvements totaling \$161,205.
- Mapleview and River Oaks Park Shelter Houses totaling \$158,335.
- Sewer Relining Project totaling \$147,500.
- Main Street Corridor Project (Phase IV) totaling \$122,692.
- Land Acquisition totaling \$118,672.
- Main Street Corridor (Phase VII) Project totaling \$117,866.
- Police Vehicle Replacement totaling \$102,940.
- South Haven Road Storm Sewer Project totaling \$98,994.
- City Hall Restroom Renovation totaling \$95,380.
- 155th Street Widening Project totaling \$92,866.

Future capital events include the following:

- Connection totaling \$2,930,000.
- Main Street Corridor (Phase IV) totaling \$2,660,000.
- Outdoor Aquatics / Splash Park at Meadowmere Park totaling \$2,650,000.
- MO150 Police Department Radio System Upgrade totaling \$1,700,000.
- Fire Department Pumper Replacement and Ladder Truck Refurbishment totaling \$1,000,000.
- Police Department Entrance Improvements totaling \$450,000.
- Street Overlay and Slurry Seal Program totaling \$446,250.
- Main Street Corridor (Phase VII) Project totaling \$350,000.
- Fire Station Upgrades totaling \$300,000.
- Police Vehicle Replacement totaling \$175,000.
- Curb Replacement Program totaling \$128,750
- Sanitary Sewer Infiltration Rehabilitation totaling \$125,000.
- Police Digital Video Recorder System Replacement totaling \$120,000.
- Public Works Vehicle and Equipment Replacement totaling \$120,000.
- New Curb Construction Program totaling \$100,000.
- Sanitary Sewer Re-Linings totaling \$100,000.
- Storm Drainage Improvements totaling \$100,000.
- Sewer Equipment Replacement totaling \$82,500.
- New Playground Equipment at Freedom Park totaling \$80,000.
- New Sidewalk Construction and Replacement Program totaling \$75,000.

Debt Administration

As of September 30, 2014, the City had \$16,746,494 of outstanding obligations from governmental activities. This was a decrease of \$1,650,662 from the previous fiscal year. The City had no outstanding debt from business-type activities.

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

	Governmental Activities	
	2014	2013
Governmental G.O. Bonds	\$2,660	\$3,630
Certificates of Participation	7,270	7,645
TIF Loan	4,290	4,490
Developer Agreements	2,526	2,632
Total	\$16,746	\$18,397

During FY 2014, \$970,000 of general obligation debt, \$375,000 in certificates of participation and \$200,000 of the TIF Loan were retired. In addition, new developer agreements were approved for \$91,063 and retirements and other adjustments were processed on developer agreements for \$196,725.

As of September 30, 2014, the City's total issued General Obligation (G.O.) Bonded Debt was \$2,660,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$50,082,993. This, less our outstanding debt, and available cash leaves a legal debt margin of \$48,550,692, which is 96.9% of the City's total bonding capacity.

The City's most recent General Obligation Bonds have been rated AA- from Standards & Poor and the Certificates of Participation have been rated Aa3 by Moody's Investors Service. Bonds so rated are judged to be of upper grade. Factors contributing to the 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 increase in projected revenues and a moderate decrease in expenditures. Budgeted revenues including transfers have been increased by \$384,800 or 2.7 % and budgeted expenditures including transfers reflect an overall decrease of \$592,024 or 3.8%.

For FY 2015, 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 reflect moderate increases for community center memberships, ambulance service, title searches, and special assessment administrative fees, while the business-type activities reflect an increase of 8% for the City's sanitary sewer system.

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 Cemal Umut Gungor, Director of Finance, City of Grandview, 1200 Main Street, Grandview, MO 64030.

CITY OF GRANDVIEW, MISSOURI
Statement of Net Position
September 30, 2014

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 10,177,692	\$ 4,514,366	\$ 14,692,058
Receivables:			
Accounts	981,699	395,144	1,376,843
Property taxes	216,417	-	216,417
Other taxes	1,870,287	-	1,870,287
Accrued interest	32,680	10,814	43,494
Due from other governments	290,670	-	290,670
Prepaid items	358,924	-	358,924
Restricted assets:			
Cash and investments	708,443	-	708,443
Accrued interest	5,917	-	5,917
Loan receivable	449,663	-	449,663
Capital assets:			
Nondepreciable	4,273,675	-	4,273,675
Depreciable, net	44,431,635	9,934,858	54,366,493
Total assets	<u>63,797,702</u>	<u>14,855,182</u>	<u>78,652,884</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	613,694	-	613,694
Total deferred outflows of resources	<u>613,694</u>	<u>-</u>	<u>613,694</u>
LIABILITIES			
Accounts payable	1,379,390	576,369	1,955,759
Accrued liabilities	537,436	19,418	556,854
Unearned revenue	52,242	-	52,242
Liabilities payable from restricted assets:			
Accrued interest payable	68,853	-	68,853
Deposits due others	125,536	-	125,536
Long-term liabilities:			
Due within one year	2,410,203	34,300	2,444,503
Due in more than one year	15,717,284	12,874	15,730,158
Total liabilities	<u>20,290,944</u>	<u>642,961</u>	<u>20,933,905</u>
NET POSITION			
Net investment in capital assets	39,528,593	9,934,858	49,463,451
Restricted :			
Debt service	2,367,087	-	2,367,087
Capital projects	2,255,089	-	2,255,089
Cultural and recreation	1,116,695	-	1,116,695
Other purposes	154,235	-	154,235
Unrestricted (deficit)	(1,301,247)	4,277,363	2,976,116
Total net position	<u>\$ 44,120,452</u>	<u>\$ 14,212,221</u>	<u>\$ 58,332,673</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Primary Government			
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 3,649,755	\$ 2,613,514	\$ -	\$ -	\$ (1,036,241)	\$ -	\$ (1,036,241)	
Public safety	9,647,287	713,386	391,349	-	(8,542,552)	-	(8,542,552)	
Community development	1,587,282	118,372	-	-	(1,468,910)	-	(1,468,910)	
Public works	4,445,248	52,777	924,966	297,125	(3,170,380)	-	(3,170,380)	
Culture and recreation	2,783,340	972,599	-	-	(1,810,741)	-	(1,810,741)	
Interest on long-term debt	608,290	-	-	-	(608,290)	-	(608,290)	
Total governmental activities	22,721,202	4,470,648	1,316,315	297,125	(16,637,114)	-	(16,637,114)	
Business-type activities								
Sanitary sewer	3,105,595	3,110,213	-	-	-	4,618	4,618	
Total primary government	\$ 25,826,797	\$ 7,580,861	\$ 1,316,315	\$ 297,125	(16,637,114)	4,618	(16,632,496)	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					2,492,105	-	2,492,105	
Property taxes, levied for debt service					1,000,523	-	1,000,523	
Property taxes, levied for recreation					320,206	-	320,206	
Intergovernmental activity taxes					503,010	-	503,010	
Sales and use taxes					5,723,795	-	5,723,795	
Franchise and business taxes					3,779,115	-	3,779,115	
Intergovernmental not restricted to a specific purpose					163,221	-	163,221	
Investment earnings					110,657	37,837	148,494	
Miscellaneous					919,435	313	919,748	
Transfers					259,400	(259,400)	-	
Total general revenues and transfers					15,271,467	(221,250)	15,050,217	
Change in net position					(1,365,647)	(216,632)	(1,582,279)	
Net position, beginning of year					45,486,099	14,428,853	59,914,952	
Net position, end of year					\$ 44,120,452	\$ 14,212,221	\$ 58,332,673	

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, 2014

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	Economic Development Enhancement	General Debt Service	Tax Increment Financing Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 4,116,169	\$ 1,100,034	\$ 1,181,705	\$ 7,318	\$ 1,113,449	\$ 66,469	\$ 2,435,273	\$ 10,020,417
Receivables:								
Accounts	734,829	-	-	245,840	-	-	1,030	981,699
Property Taxes	142,677	-	-	-	52,974	-	20,766	216,417
Sales and franchise taxes	960,460	300,099	293,059	-	-	151,504	165,165	1,870,287
Accrued interest	9,542	4,542	2,881	249	2,700	-	12,213	32,127
Due from other funds	15,216	-	-	-	-	-	-	15,216
Due from other governments	174,400	-	-	-	-	116,270	-	290,670
Prepays, deposits and other assets	334,555	-	-	-	-	-	24,369	358,924
Restricted assets:								
Cash and investments	125,536	-	-	-	-	582,907	-	708,443
Accrued interest	-	-	-	-	-	5,917	-	5,917
TIF loan receivable	-	-	-	-	-	449,663	-	449,663
Total assets	\$ 6,613,384	\$ 1,404,675	\$ 1,477,645	\$ 253,407	\$ 1,169,123	\$ 1,372,730	\$ 2,658,816	\$ 14,949,780
LIABILITIES								
Accounts payable	\$ 683,504	\$ 357,066	\$ 150,165	\$ 127,273	\$ 218	\$ 7,887	\$ 53,246	\$ 1,379,359
Accrued liabilities	469,660	-	-	2,450	-	-	35,326	507,436
Court and performance bonds	125,536	-	-	-	-	-	-	125,536
Due to other funds	-	-	-	-	-	263	14,953	15,216
Other liabilities	2,475	-	-	20,000	-	-	29,767	52,242
Total liabilities	1,281,175	357,066	150,165	149,723	218	8,150	133,292	2,079,789
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - taxes	110,796	-	-	-	41,206	116,270	12,980	281,252
Unavailable revenue - ambulance billings	507,139	-	-	-	-	-	-	507,139
Unavailable revenue - developer reimbursements	-	-	120,000	239,236	-	100,487	-	459,723
Unavailable revenue - other	153,626	-	-	-	-	-	-	153,626
Total deferred inflows of resources	771,561	-	120,000	239,236	41,206	216,757	12,980	1,401,740
FUND BALANCES								
Nonspendable	334,555	-	-	-	-	-	24,369	358,924
Restricted	-	1,047,609	1,207,480	-	1,127,699	1,147,823	1,631,101	6,161,712
Committed	12,257	-	-	-	-	-	31,526	43,783
Assigned	22,800	-	-	-	-	-	825,629	848,429
Unassigned (deficit)	4,191,036	-	-	(135,552)	-	-	(81)	4,055,403
Total fund balances	4,560,648	1,047,609	1,207,480	(135,552)	1,127,699	1,147,823	2,512,544	11,468,251
Total liabilities, deferred inflows of resources and fund balances	\$ 6,613,384	\$ 1,404,675	\$ 1,477,645	\$ 253,407	\$ 1,169,123	\$ 1,372,730	\$ 2,658,816	\$ 14,949,780

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, 2014

Fund balances of governmental funds	\$ 11,468,251
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.	48,705,310
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 \$613,694 of deferred amount on refunding reported as a deferred outflow of resources.	(17,513,793)
Certain revenues are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	1,401,740
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.	(68,853)
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.	127,797
Net position of governmental activities	\$ 44,120,452

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, 2014

	General Fund	Transportation Sales Tax	Capital Improvement Sales Tax	Economic Development Enhancement	General Debt Service	Tax		Total Governmental Funds
						Increment Financing Fund	Non-Major Governmental Funds	
REVENUES:								
Taxes	\$ 8,609,310	\$ 1,057,286	\$ 1,164,223	\$ 78,675	\$ 1,034,458	\$ 122,852	\$ 1,382,064	\$ 13,448,868
Intergovernmental activity taxes	-	-	-	-	-	485,972	-	485,972
Licenses and permits	514,517	-	-	-	-	-	-	514,517
Intergovernmental	1,464,488	145,296	151,828	-	-	-	15,048	1,776,660
Charges for services	1,470,598	-	-	-	-	-	956,257	2,426,855
Fines and forfeitures	1,623,627	-	-	-	-	-	-	1,623,627
Investment earnings	43,806	8,713	12,539	7	9,426	-	34,779	109,270
Other	331,974	-	-	94,316	-	85,346	18,844	530,480
Total revenues	14,058,320	1,211,295	1,328,590	172,998	1,043,884	694,170	2,406,992	20,916,249
EXPENDITURES:								
Current:								
General government	3,241,666	-	-	-	17,185	-	-	3,258,851
Public safety	9,012,607	-	-	-	-	-	-	9,012,607
Public works	1,497,308	-	-	-	-	-	-	1,497,308
Community development	674,985	-	74,415	586,216	-	159,807	101	1,495,524
Culture and recreation	527,377	-	-	-	-	-	1,524,851	2,052,228
Capital outlay	-	1,263,511	2,172,901	-	-	-	2,884,202	6,320,614
Debt service:								
Principal retirement	-	-	-	-	970,000	396,725	375,000	1,741,725
Interest and fiscal charges	-	-	-	-	67,637	236,404	280,290	584,331
Total expenditures	14,953,943	1,263,511	2,247,316	586,216	1,054,822	792,936	5,064,444	25,963,188
Excess of revenues over (under) expenditures	(895,623)	(52,216)	(918,726)	(413,218)	(10,938)	(98,766)	(2,657,452)	(5,046,939)
OTHER FINANCING SOURCES (USES):								
Transfers in	424,400	-	-	260,000	-	140,000	650,000	1,474,400
Transfers out	(400,000)	-	-	-	-	(30,000)	(785,000)	(1,215,000)
Insurance recoveries	-	-	68,272	-	-	-	-	68,272
Sale of capital assets	19,347	-	-	-	-	-	-	19,347
Total other financing sources (uses)	43,747	-	68,272	260,000	-	110,000	(135,000)	347,019
Net change in fund balances	(851,876)	(52,216)	(850,454)	(153,218)	(10,938)	11,234	(2,792,452)	(4,699,920)
Fund balances, beginning of year	5,412,524	1,099,825	2,057,934	17,666	1,138,637	1,136,589	5,304,996	16,168,171
Fund balances, end of year	\$ 4,560,648	\$ 1,047,609	\$ 1,207,480	\$ (135,552)	\$ 1,127,699	\$ 1,147,823	\$ 2,512,544	\$ 11,468,251

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, 2014

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

Net change in fund balances - total governmental funds \$ (4,699,920)

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	4,986,652
Net book value on disposal of capital assets	(175,525)
Depreciation	(3,129,452)

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	(94,350)
Tax revenues	(116,086)
Miscellaneous	388,955

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	(91,063)
Payments on developer agreements	196,725
Principal payments on long-term debt	1,545,000
Premiums, discounts and deferred amount on refunding, net	(28,238)
Changes in accrued interest expense	4,279

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	(6,892)
Change in net pension obligation	(72,525)
Change in OPEB obligation	(48,755)

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

(24,452)

Change in net position of governmental activities	\$ (1,365,647)
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The accompanying notes to the basic financial statements are an integral part of this statement

CITY OF GRANDVIEW, MISSOURI
Statement of Net Position
Proprietary Funds
September 30, 2014

	Enterprise Fund Sanitary Sewer	Governmental Internal Service Fund
ASSETS		
Current assets:		
Cash and investments	\$ 4,514,366	\$ 157,275
Receivables, net:		
Accounts	190,101	-
Unbilled services	205,043	-
Accrued interest	10,814	553
Total current assets	4,920,324	157,828
Noncurrent assets:		
Depreciable capital assets, net	9,934,858	-
Total noncurrent assets	9,934,858	-
Total assets	14,855,182	157,828
LIABILITIES		
Current liabilities:		
Accounts payable	576,369	31
Accrued liabilities	19,418	30,000
Compensated absences	34,300	-
Total current liabilities:	630,087	30,031
Noncurrent liabilities		
Net pension obligation	5,032	-
OPEB obligation	7,842	-
Total noncurrent liabilities	12,874	-
Total liabilities	642,961	30,031
NET POSITION		
Investment in capital assets	9,934,858	-
Unrestricted	4,277,363	127,797
Total net position	\$ 14,212,221	\$ 127,797

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, 2014

	<u>Enterprise Fund Sanitary Sewer</u>	<u>Governmental Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ 3,110,213	\$ -
Total operating revenues	<u>3,110,213</u>	<u>-</u>
Operating expenses:		
Services operation and maintenance	1,017,814	-
Sewer treatment charges	1,824,205	-
Depreciation and amortization	263,576	-
Other	-	25,839
Total operating expenses	<u>3,105,595</u>	<u>25,839</u>
Operating income (loss)	<u>4,618</u>	<u>(25,839)</u>
Nonoperating revenues:		
Investment earnings	37,837	1,387
Other income	313	-
Total nonoperating revenues	<u>38,150</u>	<u>1,387</u>
Income (loss) before transfers	<u>42,768</u>	<u>(24,452)</u>
Transfers out	(259,400)	-
Change in net position	<u>(216,632)</u>	<u>(24,452)</u>
Net position, beginning of year	<u>14,428,853</u>	<u>152,249</u>
Net position, end of year	<u>\$ 14,212,221</u>	<u>\$ 127,797</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, 2014

	Enterprise Fund Sanitary Sewer	Governmental Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 3,117,035	\$ -
Payments to suppliers for goods and services	(2,043,753)	(33,578)
Payments to employees for services and benefits	(687,050)	-
Net cash provided by (used in) operating activities	386,232	(33,578)
Cash flows from noncapital financing activities:		
Transfers out	(259,400)	-
Net cash used in noncapital financing activities	(259,400)	-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(233,365)	-
Net cash used in capital and related financing activities	(233,365)	-
Cash flows from investing activities:		
Interest received	34,003	1,258
Net cash provided by investing activities	34,003	1,258
Net (decrease) in cash and cash equivalents	(72,530)	(32,320)
Cash and cash equivalents, beginning of year	4,586,896	189,595
Cash and cash equivalents, end of year	\$ 4,514,366	\$ 157,275
Reconciliation of operating loss to net cash provided (used) in operating activities:		
Operating income (loss)	\$ 4,618	\$ (25,839)
Adjustments to reconcile operating loss to net cash provided by (used in) operations:		
Depreciation and amortization	263,576	-
Nonoperating revenues	313	-
Changes in assets and liabilities:		
Receivables	6,509	-
Accounts payable	108,134	(15,008)
Accrued expenses and deposits	3,082	7,269
Net cash provided (used) in operating activities	\$ 386,232	\$ (33,578)

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, 2014

Assets	<u>Agency Funds</u>
Cash and investments	<u>\$ 103,119</u>
Total assets	<u><u>\$ 103,119</u></u>
Liabilities	
Due to other governments	<u>\$ 103,119</u>
Total liabilities	<u><u>\$ 103,119</u></u>

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