

CITY OF SUNSET HILLS, MISSOURI

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010***

CITY OF SUNSET HILLS, MISSOURI

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INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members
of the Board of Aldermen
CITY OF SUNSET HILLS, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the City of Sunset Hills, Missouri, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the City of Sunset Hills, Missouri, as of June 30, 2010, and the respective changes in the financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 28 through 30 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 State 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.

Botz, Deal & Company
May 24, 2011

**CITY OF SUNSET HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

The discussion and analysis of the City of Sunset Hills' financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2010. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City ended the year with \$19,950,917 in net assets.
- A new aquatic center and community center were completed and furnished in 2010 at a total cost of \$8,623,359.

REPORT LAYOUT

The report consists of the Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first group of statements is highly condensed and presents a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, parks and recreation, pool, municipal courts and general government administration. The City currently does not have any business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

The Statement of Net Assets focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. The Statement of Net Assets reflects capital assets including infrastructure and long-term liabilities and reports governmental activities on the accrual basis of accounting.

The Statement of Activities focuses gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Non-major". Budgetary comparisons for the General Fund and major special revenue funds are presented as required supplementary information. A budgetary comparison is presented for the General Fund, County Road Fund, and the Storm Water/Parks Fund.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

THE CITY AS A WHOLE

Government-wide Financial Analysis

The City's combined net assets were \$19,950,917 as of December 31, 2010. This analysis focuses on the net assets (Table 1) and changes in general revenues and significant expenses (table 2) of the City's governmental activities.

The City's net assets consist of its investment in capital assets (e.g., land, buildings and improvements, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding and unrestricted balances. 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.

Table 1

	2010	2009	Increase (Decrease)
Current and other assets	\$ 14,993,477	\$ 22,285,180	\$ (7,291,703)
Capital assets	20,436,846	12,029,817	8,407,029
Total assets	<u>35,430,323</u>	<u>34,314,997</u>	<u>1,115,326</u>
Current and other liabilities	967,746	482,353	485,393
Long-term liabilities	14,511,660	14,676,563	(164,903)
Total liabilities	<u>15,479,406</u>	<u>15,158,916</u>	<u>320,490</u>
Net assets:			
Invested in capital assets, net of related debt	11,016,796	9,569,208	1,447,588
Restricted	3,705,845	3,740,690	(34,845)
Unrestricted	5,228,276	5,846,183	(617,907)
Total net assets	<u>\$ 19,950,917</u>	<u>\$ 19,156,081</u>	<u>\$ 794,836</u>

The \$7.3 million decrease in current assets and the \$8.4 million increase in capital assets is a result of using proceeds of previously issued long-term debt for capital improvements. Net assets increased by \$794,836 as a result of revenues exceeding expenses during 2010 as reflected in the following table.

Government-wide Financial Analysis - continued

Table 2

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for service	\$ 1,546,561	\$ 1,477,162	\$ 69,399
Capital grants and contributions	26,119	1,217,116	(1,190,997)
General revenues:			
Taxes	6,970,840	7,594,764	(623,924)
Interest income	57,525	91,224	(33,699)
Gain (loss) on disposal of assets	2,810	(11,358)	14,168
Miscellaneous	17,053	9,681	7,372
Total revenues	<u>8,620,908</u>	<u>10,378,589</u>	<u>(1,757,681)</u>
Expenses:			
General government	551,657	569,930	(18,273)
Public works	1,804,568	2,316,201	(511,633)
Public safety	2,937,465	2,806,918	130,547
Municipal court	174,327	173,593	734
Park and recreation	1,325,886	1,937,099	(611,213)
Pool	429,388	201,345	228,043
Interest and fiscal charges	602,781	185,769	417,012
Total expenses	<u>7,826,072</u>	<u>8,190,855</u>	<u>(364,783)</u>
Increase in net assets	794,836	2,187,734	(1,392,898)
Net assets, beginning of year	19,156,081	16,968,347	2,187,734
Net assets, end of year	<u>\$ 19,950,917</u>	<u>\$ 19,156,081</u>	<u>\$ 794,836</u>

Total revenues for 2010 was down from total revenues in 2009. There was a decrease of \$1,190,997 in capital grants and contributions for 2010 over fiscal year 2009. The decrease is attributed to the City receiving recovery act funds from the federal government for road improvements in 2009. There was a decrease in tax revenue of \$623,924 for 2010 over fiscal year 2009. The decrease can be attributed to a decrease of \$446,000 in sales taxes and \$203,000 in utility taxes. These decreases were somewhat offset by increases in franchise and other taxes.

Expenditures were down approximately \$365,000 or 4.4% from the prior year. The decrease reflects an effort by the municipality to offset declining tax revenue due to economic conditions.

Governmental Funds

The following table presents the amount of revenues from various sources for all governmental funds on the modified accrual basis of accounting.

Table 3

	Fiscal Year Ending 2010	Fiscal Year Ending 2009	Increase (Decrease)	Percentage Change	
Taxes	\$ 6,984,753	\$ 7,569,018	\$ (584,265)	(7.7)	%
Licenses and permits	716,389	835,364	(118,975)	(14.2)	
Fines and court costs	354,469	394,110	(39,641)	(10.1)	
Investment income	57,525	91,224	(33,699)	(36.9)	
Charges for service	475,703	247,688	228,015	92.1	
Grants	26,119	1,217,116	(1,190,997)	(97.9)	
Miscellaneous	20,662	12,831	7,831	61.0	
Total general revenues	\$ <u>8,635,620</u>	\$ <u>10,367,351</u>	\$ <u>(1,731,731)</u>		

Approximately 80% of the revenue in the governmental funds comes from taxes, which include property tax, sales tax, utility gross receipt tax, and cigarette tax. Grant revenues decreased more than \$1 million from the prior year, which in part is the result of receiving awards of federal recovery funds for road improvements in 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2010, the City had \$23,922,415 invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, and roads. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of \$8,422,611 or 54.3% over the prior fiscal year.

Table 4

	2010	2009
Land	\$ 1,494,521	\$ 1,494,521
Construction in progress	567,414	290,702
Land improvements	1,241,588	1,880,728
Buildings and improvements	12,880,117	4,677,928
Vehicles and equipment	2,572,555	1,989,705
Infrastructure	5,166,220	5,166,220
Total	\$ <u>23,922,415</u>	\$ <u>15,499,804</u>

The most significant changes to capital assets this fiscal year related to the new aquatic facility and the new community center building. In addition, equipment was added to furnish these two new facilities. More detailed information on the City's capital assets is presented in the notes to the financial statements.

DEBT

At year-end, the City had \$14,685,000 in outstanding debt compared to \$14,860,000 at the end of the prior fiscal year. The decrease was due to the City making required scheduled debt payments during the year.

Table 5

	2010	2009
Sales Tax Refunding Revenue Bonds	\$ 655,000	\$ 750,000
Certificate of Participation	14,030,000	14,110,000
Total Debt	<u>\$ 14,685,000</u>	<u>\$ 14,860,000</u>

During the fiscal year, the City made principal payments totaling \$175,000. More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2010, the governmental funds of the City reported a combined fund balance of \$13,928,310. This ending balance includes a decrease in fund balance of \$146,587 in the City's General Fund. It is the City's policy to have the fund balance in the General Fund equal to at least 50% of revenues. At December 31, 2010, the unreserved fund balance in the General Fund was 98% of revenues compared to 81% the previous year.

General Fund Budgetary Highlights

The City prepares its budget on a cash basis.

For 2010, actual expenditures in the General Fund on a budgetary basis were \$6,346,052 compared to the budget amount of \$6,889,495.

For 2010, actual revenues in the General Fund on a budgetary basis were \$6,928,021 compared to the budget amount of \$7,304,556.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2011 General Fund budget includes a 6.6% increase in revenues and a 13.7% increase in expenditures in comparison to the 2010 final budget. The increase in revenue and expenditures can be attributed to the parks department for the new community center and public works for grants awarded for storm water control projects.

The 2011 budget includes roadway and storm water projects, police, public works and park vehicles and equipment purchases. Increases in budgeted parks expenditures are due to the operation, maintenance and staffing of the new community center and aquatics facility.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact:

Laura Rider
Finance Officer
City of Sunset Hills, Missouri Finance Department
3939 South Lindbergh Boulevard
Sunset Hills, Missouri 63127

CITY OF SUNSET HILLS, MISSOURI

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,395,580
Taxes receivable:	
Property	438,670
Other	906,416
Cash and investments - restricted	5,091,610
Interest receivable	7,433
Prepaid expenses	3,920
Bond issuance costs	149,848
Capital assets - net	
Nondepreciable	2,061,935
Depreciable	18,374,911
TOTAL ASSETS	<u><u>35,430,323</u></u>
LIABILITIES	
Accounts payable	384,786
Accrued wages and vacation	185,175
Deposits payable	5,912
Accrued interest payable	146,700
Other liabilities	46,583
Deferred revenue - business licenses	198,590
Noncurrent liabilities:	
Due in one year	650,000
Due in more than one year	13,861,660
TOTAL LIABILITIES	<u><u>15,479,406</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	11,016,796
Restricted:	
Debt Service	1,097,869
Storm water and parks	1,334,879
Capital projects	1,273,097
Unrestricted	5,228,276
TOTAL NET ASSETS	<u><u>\$ 19,950,917</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General government	\$ 551,657	\$ 691,927	\$ -	\$ 140,270
Public works	1,804,568	34,141	-	(1,770,427)
Public safety	2,937,465	363,186	4,619	(2,569,660)
Municipal court	174,327	-	-	(174,327)
Parks and recreation	1,325,886	190,119	21,500	(1,114,267)
Pool	429,388	267,188	-	(162,200)
Interest and fiscal charges	602,781	-	-	(602,781)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7,826,072	\$ 1,546,561	\$ 26,119	(6,253,392)
Taxes:				
Sales				4,078,646
Utility				1,894,432
Property				554,078
Franchise				103,658
Other				340,026
Interest income				57,525
Gain on the disposal of capital assets				2,810
Other miscellaneous revenue				17,053
TOTAL GENERAL REVENUES				7,048,228
CHANGE IN NET ASSETS				794,836
NET ASSETS - BEGINNING OF YEAR				19,156,081
NET ASSETS - END OF YEAR				\$ 19,950,917

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Capital Projects Fund	County Road Fund	Storm Water/ Parks Fund	Non-major Debt Service Fund	Total
ASSETS AND OTHER DEBITS						
Cash and investments	\$ 5,946,844	\$ 771,003	\$ 163,028	\$ 1,514,705	\$ -	\$ 8,395,580
Taxes receivable:						
Property	97,244	156,043	185,383	-	-	438,670
Other	722,893	-	-	183,523	-	906,416
Cash and investments - restricted	-	-	-	3,993,741	1,097,869	5,091,610
Interest receivable	7,433	-	-	-	-	7,433
Prepaid expenses	3,920	-	-	-	-	3,920
Due from/(to) other funds	10	(10)	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 6,778,344	\$ 927,036	\$ 348,411	\$ 5,691,969	\$ 1,097,869	\$ 14,843,629
LIABILITIES						
Account payable	\$ 21,437	\$ -	\$ -	\$ 363,349	\$ -	\$ 384,786
Accrued wages and vacation	185,175	-	-	-	-	185,175
Deposits payable	3,562	2,350	-	-	-	5,912
Other liabilities	46,583	-	-	-	-	46,583
Deferred revenue	230,975	-	61,888	-	-	292,863
TOTAL LIABILITIES	487,732	2,350	61,888	363,349	-	915,319
FUND BALANCES:						
Fund balances:						
Reserved for prepaid items	3,920	-	-	-	-	3,920
Reserved for restricted activities	67,685	-	-	-	-	67,685
Unreserved:						
General fund	6,219,007	-	-	-	-	6,219,007
Capital projects fund	-	924,686	-	-	-	924,686
Park and storm water fund	-	-	-	5,328,620	-	5,328,620
Debt service fund	-	-	-	-	1,097,869	1,097,869
County road fund	-	-	286,523	-	-	286,523
TOTAL FUND BALANCES	6,290,612	924,686	286,523	5,328,620	1,097,869	13,928,310
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,778,344	\$ 927,036	\$ 348,411	\$ 5,691,969	\$ 1,097,869	\$ 14,843,629

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
**RECONCILIATION OF THE STATEMENT OF NET ASSETS
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
 AS OF DECEMBER 31, 2010**

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

Total fund balance per balance sheet	\$ 13,928,310
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,436,846
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	94,273
Bond issuance costs are amortized over the life of the bonds on the statement of net assets and are expensed as incurred in the funds.	149,848
Certificates of participation discounts are reported as other financing sources in the governmental funds. These amounts, net of accumulated amortization, are deferred and reported with the related debt in the statement of net assets.	173,340
Interest payable recorded in the statement of net assets does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(146,700)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,685,000)</u>
Net assets of governmental activities	<u><u>\$ 19,950,917</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Fund	Capital Projects Fund	County Road Fund	Storm Water/ Parks Fund	Non-major Debt Service Fund	Total
REVENUES						
Taxes	\$4,741,419	\$ 858,866	\$ 374,306	\$ 1,010,162	\$ -	\$ 6,984,753
Licenses	716,389	-	-	-	-	716,389
Fines and court costs	354,469	-	-	-	-	354,469
Investment income	44,162	-	-	13,245	118	57,525
Charges for service	475,703	-	-	-	-	475,703
Grants	26,119	-	-	-	-	26,119
Miscellaneous	10,763	-	-	9,899	-	20,662
TOTAL REVENUES	<u>6,369,024</u>	<u>858,866</u>	<u>374,306</u>	<u>1,033,306</u>	<u>118</u>	<u>8,635,620</u>
EXPENDITURES						
Current:						
General government	405,216	78,933	-	-	-	484,149
Public works	1,057,654	73,090	-	-	-	1,130,744
Public safety	2,215,945	114,333	-	-	-	2,330,278
Municipal court	150,059	-	-	-	-	150,059
Parks and recreation	890,112	64,357	-	2,242	-	956,711
Pool	261,297	-	-	-	-	261,297
Non-departmental	909,435	-	-	-	-	909,435
Capital outlay	625,893	373,900	380,000	8,028,654	-	9,408,447
Debt service:						
Principal, interest and fiscal charges	-	287	-	-	761,190	761,477
TOTAL EXPENDITURES	<u>6,515,611</u>	<u>704,900</u>	<u>380,000</u>	<u>8,030,896</u>	<u>761,190</u>	<u>16,392,597</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,587)	153,966	(5,694)	(6,997,590)	(761,072)	(7,756,977)
OTHER FINANCING SOURCES (USES)						
Operating transfer in (out)	-	(124,253)	-	(636,937)	761,190	-
NET CHANGE IN FUND BALANCE	(146,587)	29,713	(5,694)	(7,634,527)	118	(7,756,977)
FUND BALANCES - BEGINNING OF YEAR	<u>6,437,199</u>	<u>894,973</u>	<u>292,217</u>	<u>12,963,147</u>	<u>1,097,751</u>	<u>21,685,287</u>
FUND BALANCES - END OF YEAR	<u>\$6,290,612</u>	<u>\$ 924,686</u>	<u>\$ 286,523</u>	<u>\$ 5,328,620</u>	<u>\$ 1,097,869</u>	<u>\$13,928,310</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010**

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

Change in fund balance-total governmental funds	\$ (7,756,977)
Revenues that do not provide current financial resources are not included in the fund financial statements.	(13,913)
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.	9,156,258
The proceeds from the disposal of capital assets is revenue in the governmental funds.	(799)
The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.	(748,429)
Interest is reported as an expenditure when due in the governmental funds but is accrued in the statement of activities.	7,011
Debt issue costs and discounts are amortized over the life of the bonds on the statement of activities.	(23,315)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	175,000
Change in net assets of governmental activities	\$ 794,836

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and investments

\$ 94,813

NET ASSETS

CURRENT LIABILITIES

Funds held in escrow

\$ 94,813

The accompanying notes are an integral part of these financial statements.

CITY OF SUNSET HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sunset Hills, Missouri, (the City) was incorporated in June 1957. The City operates under a Mayor-Board of Alderman form of government. The City's major operations include police protection, street maintenance and improvements, parks and recreation and general administrative services. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below:

A. REPORTING ENTITY

The City applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all the City's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued
- B. **BASIC FINANCIAL STATEMENTS** - continued

Statement of Net Assets - The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The City reports capital assets in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The net assets of the City are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. The City has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward.

The government-wide financial statements report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, the Capital Projects Fund, Storm Water/ Parks Fund, and the County Road Fund. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

- C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City records revenue for fines and court cost when paid, as they are not measurable or estimable before then.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued**

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The City in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental funds financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The City reports the following major governmental funds:

The General Fund - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

Capital Projects Fund - The City uses this fund to account for sales tax revenue designated for capital projects.

County Road Fund - The City uses this fund to account for property taxes collected for road projects.

Storm Water/Parks Fund - The City uses this fund to account for taxes collected for storm water and parks projects.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$50,000 or more are also capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

D. **CAPITAL ASSETS - continued**

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	15 - 50 years
Land improvements	15 - 50 years
Vehicles and equipment	2 - 30 years
Infrastructure	10 - 50 years

The government-wide financial statements do not reflect those infrastructure assets completed prior to January 1, 2004.

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

G. **COMPENSATED ABSENCES**

The City has adopted a formal personnel policy with policies in effect that relate to vacation and sick pay. City employees are allowed to carry forward vacation days past their anniversary date. In the event of termination, an employee is paid for accumulated vacation days. Therefore, vacation liability of \$114,401 has been accrued in the general fund. At December 31, 2010, employees had accumulated sick leave of \$404,474. Employees are not paid for accumulated sick leave upon termination; accordingly, the related potential liability has not been recorded.

H. **LONG-TERM LIABILITIES**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and issuance costs are included in interest expense.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

I. **NET ASSETS AND FUND EQUITY**

In government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net assets are considered unrestricted.

When both restricted sources are available for use, it is the government policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$3,705,845 of restricted net assets, all of which is restricted by enabling legislation.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. **INVESTMENTS**

The City is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, and money market funds fully insured and/or collateralized. The City's investments are carried at fair value.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The City adopts an annual operating budget on a cash basis for all governmental funds except the Debt Service Fund.

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

- Each department head submits a budget to the finance committee for the September board meeting.
- The finance committee presents two readings to the Board of Aldermen.
- The budget is adopted by the Board of Aldermen in December.
- The finance committee approves budget transfers as required during the year.
- A motion from the Board of Aldermen is required to amend the budget.

All appropriations lapse at fiscal year-end.

3. CASH AND TEMPORARY INVESTMENTS

The City's bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2010, the carrying amount of the City's bank deposits totaled \$9,996,262 with bank balances of \$10,374,405. The bank balance was covered by federal depository insurance or collateralized by securities held by the pledging financial institution in the City's name.

4. PROPERTY TAX

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2010, upon which the 2010 levy was based on an assessed value for real, personal and public utility property of \$357,784,954. The City's tax rate was levied at the following rates per \$100 of assessed valuation for the General Fund:

	<u>RATE</u>
Residential	\$.054
Agricultural	.060
Commercial	.055
Personal	.060

5. INVESTMENTS

The City has established and approved an Investment Policy Statement to apply to all financial assets of the City. The policy does not address credit risk or custodial credit risk. In addition, the policy allows for the investment debt proceeds held by bond trustees, to be invested in accordance with the bond documents.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2010, the City had the following concentrations exceeding five percent of total investments:

	<u>Investment Fair Value</u>	<u>Percent of Portfolio</u>
Federal Home Loan Mtg. Corp.	\$ 252,236	12.4%
Federal National Mtg. Assn.	432,228	7.2
Federated Treasury Obligations Fund #702	2,592,302	74.2

As a means of limiting its exposure to fair value losses from rising interest rates, the City's investment policy limits its investment allocation as follows:

<u>Investment Classification</u>	<u>Maturity Range</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Short-term	0-2 years	50%	100%
Intermediate	3-5 years	0	50
Long-term	5-10 years	0	25

5. **INVESTMENTS** - continued

Interest Rate Risk: Information about the sensitivity of the fair values of the City's investment (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>0 - 2 Years</u>	<u>3 - 5 Years</u>	<u>6 - 10 Years</u>	<u>Rating</u>
U.S. Government Agency Securities	\$ 3,490,928	\$ 2,722,970	\$ 512,009	\$ 255,949	AAA

6. **CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended December 31, 2010 is as follows:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>TRANSFERS AND ADDITIONS</u>	<u>TRANSFERS AND DELETIONS</u>	<u>BALANCE, END OF YEAR</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,494,521	\$ -	\$ -	\$ 1,494,521
Construction in progress	290,702	567,414	(290,702)	567,414
Total capital assets, not being depreciated	<u>1,785,223</u>	<u>567,414</u>	<u>(290,702)</u>	<u>2,061,935</u>
Capital assets, being depreciated:				
Land improvements	1,880,728	10,860	(650,000)	1,241,588
Buildings and improvements	4,677,928	8,202,189	-	12,880,117
Vehicles and equipment	1,989,705	680,396	(97,546)	2,572,555
Infrastructure	5,166,220	-	-	5,166,220
Total capital assets, being depreciated	<u>13,714,581</u>	<u>8,893,445</u>	<u>(747,546)</u>	<u>21,860,480</u>
Less accumulated depreciation for:				
Land improvements	(941,426)	(61,171)	650,000	(352,597)
Buildings and improvements	(1,287,252)	(250,485)	-	(1,537,737)
Vehicles and equipment	(898,241)	(246,058)	82,847	(1,061,452)
Infrastructure	(343,068)	(190,715)	-	(533,783)
Total accumulated depreciation	<u>(3,469,987)</u>	<u>(748,429)</u>	<u>732,847</u>	<u>(3,485,569)</u>
Total capital assets, being depreciated, net	<u>10,244,594</u>	<u>8,145,016</u>	<u>(14,699)</u>	<u>18,374,911</u>
Total governmental activities	\$ <u>12,029,817</u>	\$ <u>8,712,430</u>	\$ <u>(305,401)</u>	\$ <u>20,436,846</u>

6. **CAPITAL ASSETS - continued**

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:	
General government	\$ 12,484
Public works	336,915
Public safety	146,706
Municipal court	960
Parks and recreation	123,231
Pool	<u>128,133</u>
Total depreciation expense - governmental activities	<u>\$ 748,429</u>

7. **LONG-TERM DEBT**

Sales Tax Refunding Revenue Bonds Series 2004 - were issued to refund outstanding Sales Tax Revenue Bonds Series 1996. Principal and interest are provided from proceeds of a sales tax levy. The bonds were issued with annual installments of \$105,574 to \$129,300 through February 15, 2016 bearing interest at 2.0% to 4.5%.

Annual debt service payments are as follows:

YEAR	SALES TAX REFUNDING REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2011	\$ 100,000	\$ 25,655	\$ 125,655
2012	105,000	21,680	126,680
2013	105,000	17,415	122,415
2014	110,000	12,913	122,913
2015	115,000	7,988	122,988
2016	120,000	2,700	122,700
Total	<u>\$ 655,000</u>	<u>\$ 88,351</u>	<u>\$ 743,351</u>

Certificate of Participation Notes Series 2009 - were issued totaling \$14,110,000 to fund capital improvements at interest rates ranging from 2% to 4.7%. Principal and interest payments are provided from proceeds of a storm water control and local park improvements tax levy. The indentures require a reserve balance of \$1,097,729. The actual balance of the reserve fund was \$1,097,869 at December 31, 2010.

7. **LONG-TERM DEBT** - continued

Certificate of Participation Notes Series 2009 - continued

Payments required on these certificates are as follows:

YEAR	CERTIFICATES OF PARTICIPATION		
	PRINCIPAL	INTEREST	TOTAL
2011	\$ 550,000	\$ 540,002	\$ 1,090,002
2012	560,000	526,102	1,086,102
2013	580,000	511,177	1,091,177
2014	590,000	496,539	1,086,539
2015	605,000	479,351	1,084,351
2016	625,000	460,120	1,085,120
2017	645,000	438,676	1,083,676
2018	670,000	414,826	1,084,826
2019	695,000	388,364	1,083,364
2020	720,000	360,064	1,080,064
2021	750,000	330,664	1,080,664
2022	780,000	299,479	1,079,479
2023	810,000	266,081	1,076,081
2024	845,000	230,490	1,075,490
2025	885,000	192,420	1,077,420
2026	925,000	151,685	1,076,685
2027	965,000	108,326	1,073,326
2028	1,830,000	43,002	1,873,002
Total	\$ <u>14,030,000</u>	\$ <u>6,237,368</u>	\$ <u>20,267,368</u>

Long-term liability activity for the year ended December 31, 2010, was as follows:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	WITHIN ONE YEAR
Governmental activities:					
Sales Tax Refunding Revenue Bonds	\$ 750,000	\$ -	\$ (95,000)	\$ 655,000	\$ 100,000
Certificates of Participation	14,110,000	-	(80,000)	14,030,000	550,000
Discount on Certificate of Participation	(183,437)	-	10,097	(173,340)	-
Total Long Term Debt	\$ <u>14,676,563</u>	\$ <u>-</u>	\$ <u>(164,903)</u>	\$ <u>14,511,660</u>	\$ <u>650,000</u>

7. **LONG-TERM DEBT - continued**

Legal Debt Margin - Under Article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City, by vote of 2/3 of the qualified electors voting thereon, may incur general obligation indebtedness for City purposes in an amount not to exceed 5% of the assessed valuation of taxable tangible property within the City ascertained by the last completed assessment for state or county purposes. A computation of the legal debt margin at December 31, 2010, follows:

Assessed valuation (January 1, 2009)	\$357,784,954
Debt limit - 5% of assessed value	17,889,248
Total debt applicable to debt limit	-
Legal debt margin	<u>\$ 17,889,248</u>

8. **INTERFUND TRANSACTIONS**

The following transfers were made during the fiscal year ending December 31, 2010:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
Capital Projects Fund	\$ -	\$ 124,253
Storm Water/Parks Fund	-	636,937
Debt Service Fund	761,190	-

Transfers were made into the Debt Service Fund. The transfers provided funds to retire bonds, establish debt service reserve, and pay issuance costs.

9. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to tort; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City purchases commercial insurance to cover risks related to building and other City property, crimes, business, travel, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

10. **RETIREMENT PLAN**

Plan Description - The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public 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 the Internal Revenue Code Section 401a and it is tax exempt.

10. **RETIREMENT PLAN - continued**

Plan Description - continued

LAGERS 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 Status - The City's full-time employees do not contribute to the pension plan. The June 30th statutorily required contributions rates are 6.0% (general) and 4.7% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) - The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$	223,646
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		<u>223,646</u>
Actual contributions		<u>159,236</u>
Increase (decrease) in NPO		64,410
NPO beginning of year		-
NPO end of year	\$	<u><u>64,410</u></u>

The annual required contribution (ARC) was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuations using the entry of age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; and (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven 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 payrolls on an open basis. The amortization period at February 28, 2009 was 30 years for the General division and 30 years for the Police division.

Three year trend information follows:

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$144,104	100%	\$ -
2009	144,559	100	-
2010	223,646	71.2	64,410

10. **RETIREMENT PLAN - continued**

Schedule of funding progress follows:

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Entry Age Actuarial Value Of Assets	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL As A Percentage Of Covered Payroll
2/29/2008	\$6,985,037	\$5,616,486	\$(1,368,551)	124%	\$2,656,547	-%
2/28/2009	5,658,041	5,931,518	273,477	95	2,967,109	9
2/28/2010	6,176,773	6,693,046	516,273	92	3,299,293	16

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

11. **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City makes no contribution to the Plan.

ING Life Insurance and Annuity Company administers the City's Deferred Compensation Plan. The City does not have significant administrative involvement in the Plan. With the adoption of Governmental Accounting Standards Board (GASB) No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" the City's Deferred Compensation Plan is not included in the basic financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

12. **RESERVED FUND BALANCE**

Fund balance in the General Fund are reserved for the following purposes:

Police training	\$ 13,263
Concessions	19,322
Traffic assessment	<u>35,100</u>
Total	<u>\$ 67,685</u>

13. **BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Expenditures in the Stormwater/Park Fund of \$8,030,896 exceeded appropriations of \$-0- by \$8,030,896. Additional funds were available due to the issuance of certificates of participation in 2009. Expenditures related to the 2009 issuance of certificates of participation were not included in the annual budget.

14. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 24, 2011, the date the financial statements were available to be issued.

15. **FUTURE ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund type Definitions (GASB 54), establishes standards for the policies and disclosures for fund balance among other things. GASB 54 will be effective for the City for the year ending December 31, 2011.

The City, however, has not yet completed its assessment of these statements or the potential impact on its financial position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 4,755,878	\$ 4,755,878	\$ 4,770,413	\$ 14,535
Licenses and permits	869,250	869,250	716,389	(152,861)
Fines and court costs	395,000	395,000	354,469	(40,531)
Investment income	115,000	115,000	43,527	(71,473)
Charges for service	329,795	573,458	424,785	(148,673)
Grants	-	581,556	607,675	26,119
Miscellaneous	14,000	14,000	10,763	(3,237)
TOTAL REVENUES	<u>6,478,923</u>	<u>7,304,142</u>	<u>6,928,021</u>	<u>(376,121)</u>
EXPENDITURES				
Current:				
General government	439,014	439,014	400,638	38,376
Public works	1,175,838	1,175,838	1,038,744	137,094
Public safety	2,185,718	2,185,718	2,161,599	24,119
Municipal court	153,709	153,709	150,059	3,650
Parks and recreation	906,362	1,098,271	798,387	299,884
Pool	199,500	259,500	261,297	(1,797)
Non-departmental	947,491	947,491	909,435	38,056
Capital outlay	629,954	629,954	625,893	4,061
TOTAL EXPENDITURES	<u>6,637,586</u>	<u>6,889,495</u>	<u>6,346,052</u>	<u>543,443</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(158,663)	414,647	581,969	<u>\$ 167,322</u>
FUND BALANCES - BEGINNING OF YEAR	<u>5,364,881</u>	<u>5,364,881</u>	<u>5,364,881</u>	
FUND BALANCES - END OF YEAR	<u>\$ 5,206,218</u>	<u>\$ 5,779,528</u>	<u>\$ 5,946,850</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 5,946,850	
Adjustments to the budget basis:				
Revenues			596,599	
Expenditures			<u>(252,837)</u>	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 6,290,612</u>	

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE				
Taxes	\$ 305,000	\$ 305,000	\$ 393,969	\$ 88,969
EXPENDITURES				
Capital outlay	380,000	380,000	380,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(75,000)	(75,000)	13,969	\$ 88,969
FUND BALANCE - BEGINNING OF YEAR	149,058	149,058	149,058	
FUND BALANCE - END OF YEAR	\$ 74,058	\$ 74,058	\$ 163,027	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 163,027	
Adjustments to the budget basis:				
Revenue			123,496	
Expenditures			-	
FUND BALANCE - END OF YEAR - GAAP BASIS			\$ 286,523	

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STORM WATER/ PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,150,000	\$ 1,150,000	\$ 1,018,331	\$ (131,669)
Investment income	-	-	13,245	13,245
Miscellaneous	-	-	9,899	9,899
TOTAL REVENUES	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,041,475</u>	<u>(108,525)</u>
EXPENDITURES				
Parks and recreation	-	6,150	2,242	3,908
Capital outlay	-	-	8,028,654	(8,028,654)
TOTAL EXPENDITURES	<u>-</u>	<u>6,150</u>	<u>8,030,896</u>	<u>(8,024,746)</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	(638,940)	(638,940)	(636,937)	(2,003)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	511,060	504,910	(7,626,358)	<u>\$ 7,914,218</u>
FUND BALANCE - BEGINNING OF YEAR	<u>12,771,455</u>	<u>12,771,455</u>	<u>12,771,455</u>	
FUND BALANCE - END OF YEAR	<u>\$ 13,282,515</u>	<u>\$ 13,276,365</u>	<u>\$ 5,145,097</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 5,145,097	
Adjustments to the budget basis:				
Revenues			183,523	
Expenditures			-	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 5,328,620</u>	