

CITY OF HARRISONVILLE, MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
(AS REISSUED)  
FISCAL YEAR ENDED DECEMBER 31, 2011

Prepared by: Mike Tholen  
Director of Finance

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P.O. Box 367, 300 East Pearl Street- Harrisonville, Missouri 64701

May 14, 2012

**Honorable Mayor and Members of the Board of Aldermen:**

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrisonville, Missouri for the fiscal year ended December 31, 2011. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a Government-wide and a fund basis.

The City of Harrisonville Finance Department prepares the year end trial balances and supporting schedules, and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP and that audit resulted in an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the Financial Section of the CAFR.

Following the independent auditors' report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provide an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of Harrisonville and along with the introductory section, provide context to the report.

**Profile of the City of Harrisonville**

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the state of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Col. H. W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich local history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center, with US 71 (soon to become Interstate 49) and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville is a Fourth Class city organized under Missouri statutes, and is governed by a Mayor and 8-member Board of Aldermen, two from each of the four wards. The Mayor and Board appoint a City Administrator to serve as the chief administrative officer of the city, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

### **Factors affecting financial conditions**

Local economy - Overall retail sales are recovering to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains stalled in the nationwide slump, economic development continues to focus on the creation and expansion of employment opportunities. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

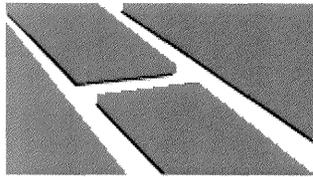
Long-term financial planning - The City of Harrisonville prepares a five-year Capital Improvement Plan (CIP) for constructing, maintaining and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Alderman's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains low compared to historical averages, but the security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department, with special recognition to our Accounting Specialist, Debra Goss. The City's independent audit firm of Dana F. Cole & Company, LLP was instrumental in the preparation of this report, and highly professional in their dealings with our staff. I would also like to thank Mayor Wood, the Board of Aldermen, and City Administrator Keith Moody for their continued interest in and support of the maintenance of the financial health of our City.

Respectfully submitted,

Michael E. Tholen  
Director of Finance

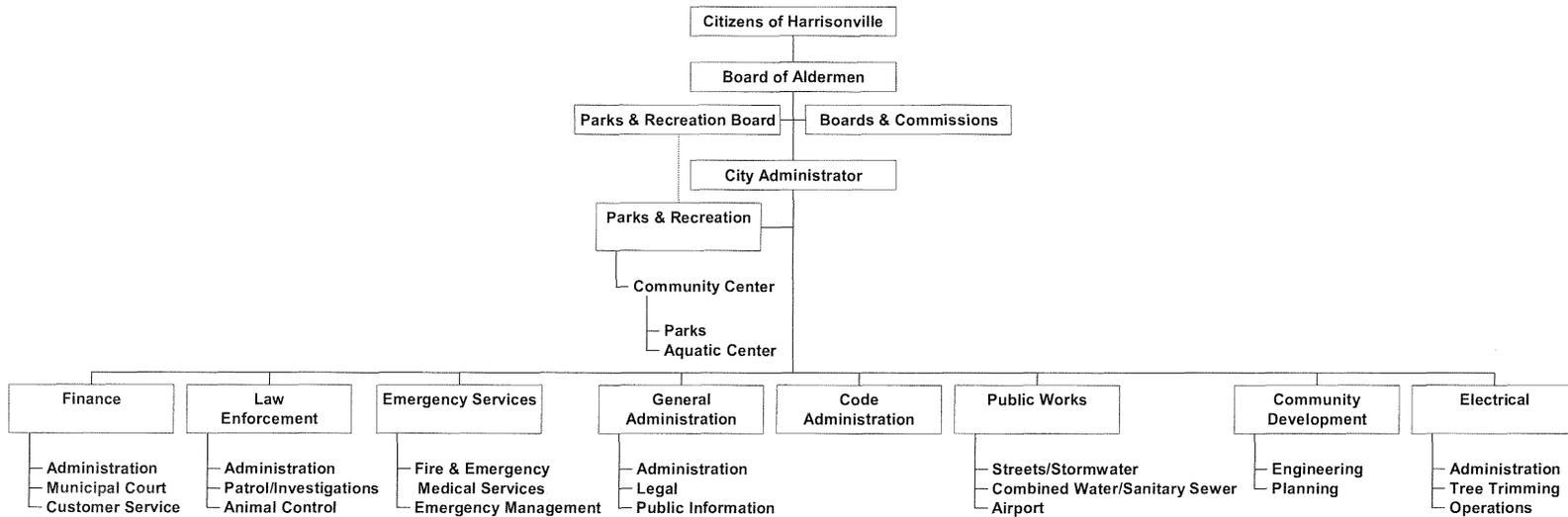


City of

# Harrisonville

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CITY OF HARRISONVILLE, MISSOURI  
PRINCIPAL OFFICIALS  
DECEMBER 31, 2011

MAYOR AND BOARD OF ALDERMEN

Kevin Wood	Mayor
Allison Licht (Light)	Alderman Ward I
Doug Meyer	Alderman Ward I
Morris Coburn	Alderman Ward II
Donna Pfautsch	Alderman Ward II
David Dickerson	Alderman Ward III
Bret Reece	Alderman Ward III
Bill Mollenhour	Alderman Ward IV
Ivan Stull	Alderman Ward IV

ADMINISTRATOR AND DEPARTMENT HEADS

Keith Moody	City Administrator
Ted Martin	City Engineer
Steve Rauscher	Director of Codes Enforcement
Jerry Gibbs	Director of Public Works and Water/Sewer Superintendent
Keith Thomas	Electric Superintendent
Rodney Jacobs	Street Superintendent
Chris Deal	Director of Parks and Recreation
Rick DeLuca	Director of Community Development
Kim Hubbard	City Clerk
Mike Tholen	Director of Finance
John Hofer	Chief of Police
Larry Francis	Fire Chief and Director of Emergency Management
Steven E. Mauer	City Attorney
Kevin Anderson	Municipal Judge
Joseph Cambiano	City Prosecuting Attorney

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the Board of Aldermen  
City of Harrisonville, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Harrisonville, Missouri's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We revised the Schedule of Expenditures of Federal Awards to include CFDA Number 20.205 and also adjusted the financial statements to report a grant receivable for the same amount. These changes were audited on July 7, 2014, which resulted in the dual-dating of our audit report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 14, 2012, on our consideration of the City of Harrisonville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisonville, Missouri's basic financial statements. The other supplemental information, pages 59 to 69, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the basic financial statements. The other supplemental information, pages 59 to 69, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisonville, Missouri's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Dana F Cole + Company, LLP

Overland Park, Kansas  
May 14, 2012, except for additional reporting of a  
grant receivable and its inclusion on the Schedule  
of Expenditures of Federal Awards as to which  
date is July 7, 2014

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Harrisonville, Missouri has prepared financial statements in accordance with GASB 34 guidelines since 2003. This section of the report is intended to provide a summary of the City's financial condition and outlook, and should be considered along with the transmittal letter and financial statements in any evaluation of the City's financial condition.

**Fiscal Year Highlights**

Harrisonville continues to be a financially stable community, although the economic slump has affected our residents. Property tax revenues decreased in FY 2011 because of lower personal property tax valuations, but overall net assets have increased. Harrisonville's central location in the county and its status as a full-service city help maintain that stability and allow for many forward-looking investments:

In 2011, the City completed a major water/sewer/stormwater/street project in an older section of town, using accumulated reserves from the General and Water/Sewer Funds. The City also continued work on the wastewater treatment plant upgrades, which are funded by revenue bonds issued in 2009 and a \$3,000,000 ARRA grant.

The City also began design work on a new Police station to replace the current cramped and aged facility. This, too, is undertaken using existing reserves, as voters are reluctant to take on additional tax or debt burden at this time, even as they acknowledge the need to replace the facility. Construction should begin in mid-2012.

These statements include the Towne Center TIF expenditures, which impact the net assets of the City. The anchor tenant opened in spring 2007. One additional padsite has been occupied, and a hotel has been opened on the south end. The two remaining padsites are still open for development. The City budgeted and contributed General Funds to help meet the debt service schedule in 2011, but will need additional development to continue to service the debt without impacting other City funds.

The collection of sales tax revenues increased in 2011, compared to earlier years. While recovering from the downturn, the revenue from existing sales taxes has shown little overall growth in recent years. This could be an area of concern if continued over time since the sales tax is the largest single revenue source to the General Fund, and forms the basis of debt service payments for the Community Center. Sales tax revenues mirror national and regional economic trends, which are largely outside the City's control, but are important to both our community and our revenue stream. These trends are closely monitored by City staff for their effect on both present and projected expenditure plans.

The City's business-type activities (utility funds) showed stable sales and usage, reflecting the community growth patterns. Utility customer and load growth is a key indicator of community financial health, as the number of residents is tied directly to available revenues and demands for city services. Prior to FY 2011, the City revised its administrative charge schedule, which will result in lower utility rates and reduced transfers to the General Fund.

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**The Comprehensive Annual Financial Report**

This comprehensive annual financial report consists of seven parts:

- Introductory section which includes the transmittal letter,
- Management's discussion and analysis (this part),
- Basic financial statements and accompanying notes,
- Required supplemental information,
- Other supplemental information,
- Statistical information, and
- Accompanying information, which includes Federal Fund compliance review.

In prior years, the principal focus of local governmental financial statements was to summarize fund-type information on a current financial resource basis. This current accounting model presents information in two ways. The government-wide financial statements provide both short- and long-term information about the City's overall financial status. These are prepared on a full accrual basis to present information in a format more familiar to corporate accounting users. Fund financial statements are still included to provide useful information on individual parts of the government.

**Government-Wide Financial Statements**

The basic financial statements include two government-wide financial statements: the statement of net assets and the statement of activities. These statements can be found on pages 14 through 16. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector.

The City is divided into the following activities:

- Governmental activities - All of the City's basic services are considered governmental activities, including public safety, public works, general administration and parks. These activities are supported primarily with general revenue such as sales and property taxes, fines and permit fees.

- Business-type activities - The City's enterprise activities are included here. These operations charge a fee for services that is intended to recover the cost of operations.

**Fund Financial Statements**

Another major section of the basic financial statements is the fund financial statements, found on pages 17 to 27, along with their explanatory notes on pages 28 through 54. The fund financial statements provide detailed information about each of the City's most significant funds, called "major funds." All other funds are summarized and presented in a single column called "nonmajor."

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Harrisonville currently has two kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds. These statements are prepared on a modified accrual basis, meaning they measure current financial resources and uses. Capital assets and other long-lived assets, along with any long-term liabilities are not presented in the governmental fund statements, but additional information about them is provided at the bottom of the statements, and in the notes.

Proprietary funds - These statements include business-type enterprise funds. The statements for these funds are presented on the accrual basis and include all assets and liabilities, both current and long-term. This is the same basis used on the government-wide financial statements.

**Statement of Net Assets**

The following table summarizes the combined statement of net assets as of December 31, 2011, compared with the same information for the fiscal year ending December 31, 2010:

<b>City of Harrisonville's Net Assets</b>						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>ASSETS</b>						
Current and other assets	20,076,881	21,189,290	10,106,999	8,956,189	30,183,880	30,145,479
Capital assets	<u>22,742,202</u>	<u>22,073,794</u>	<u>34,321,543</u>	<u>30,451,550</u>	<u>57,063,745</u>	<u>52,525,344</u>
<b>TOTAL ASSETS</b>	<u>42,819,083</u>	<u>43,263,084</u>	<u>44,428,542</u>	<u>39,407,739</u>	<u>87,247,625</u>	<u>82,670,823</u>
<b>LIABILITIES</b>						
Other liabilities	880,359	1,913,893	1,344,082	2,989,165	2,224,441	4,903,058
Long-term liabilities	<u>26,183,181</u>	<u>25,576,322</u>	<u>12,323,350</u>	<u>8,605,583</u>	<u>38,506,531</u>	<u>34,181,905</u>
<b>TOTAL LIABILITIES</b>	<u>27,063,540</u>	<u>27,490,215</u>	<u>13,667,432</u>	<u>11,594,748</u>	<u>40,730,972</u>	<u>39,084,963</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	13,911,126	12,728,792	22,603,002	21,441,550	36,514,128	34,170,342
Restricted	2,662,683	2,184,248	2,557,484	2,054,861	5,220,167	4,239,109
Unrestricted	<u>(818,266)</u>	<u>859,829</u>	<u>5,600,624</u>	<u>4,316,580</u>	<u>4,782,358</u>	<u>5,176,409</u>
<b>TOTAL NET ASSETS</b>	<u>15,755,543</u>	<u>15,772,869</u>	<u>30,761,110</u>	<u>27,812,991</u>	<u>46,516,653</u>	<u>43,585,860</u>

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The summary reveals the overall balance in the City between governmental assets and business-type assets. The governmental activities capital assets includes the value of the community center, while the long-term obligations and restricted assets in the same column reveals the offsetting debt, final construction obligations, and financing reserves, as well as the debt associated with the Towne Center TIF.

**Statement of Activities**

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2011, compared with the same information for the fiscal year ending December 31, 2010:

**City of Harrisonville's Statement of Activities**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>REVENUES</b>						
Program revenues						
Charges for services	4,521,705	4,505,902	16,294,563	16,695,017	20,816,268	21,200,919
Operating grants and contributions	939,601	218,541			939,601	218,541
Capital grants and contributions	508,546	320,525	982,687	2,017,313	1,491,233	2,337,838
General revenues						
Taxes	6,776,932	6,848,360			6,776,932	6,848,360
Investment earnings	33,593	37,719	227,646	228,550	261,239	266,269
Transfers	(490,485)		490,485			
Other miscellaneous revenues	320,148	351,344			320,148	351,344
Total revenues	<u>12,610,040</u>	<u>12,282,391</u>	<u>17,995,381</u>	<u>18,940,880</u>	<u>30,605,421</u>	<u>31,223,271</u>
<b>EXPENSES</b>						
General Government	1,974,816	1,787,553			1,974,816	1,787,553
Administration of Justice	2,663,787	2,643,954			2,663,787	2,643,954
Street	1,217,982	1,398,582			1,217,982	1,398,582
Economic Development	191,704	179,210			191,704	179,210
Animal control	162,758	143,878			162,758	143,878
Airport	321,968	331,203			321,968	331,203
Emergency Services	2,489,922	2,237,316			2,489,922	2,237,316
Park	529,697	530,106			529,697	530,106
Community Center	1,450,404	1,367,488			1,450,404	1,367,488
Towne Center TIF	10,187	18,726			10,187	18,726
CDBG Pass-through	753,740				753,740	
Interest on long-term debt	860,401	873,168			860,401	873,168
Electric			10,637,961	11,029,794	10,637,961	11,029,794
Water/Sewer			3,652,972	4,214,590	3,652,972	4,214,590

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**City of Harrisonville's Statement of Activities (Continued)**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
EXPENSES (Continued)						
Aquatic Center			289,610	229,978	289,610	229,978
Refuse			466,719	452,778	466,719	452,778
Total expenses	<u>12,627,366</u>	<u>11,511,184</u>	<u>15,047,262</u>	<u>15,927,140</u>	<u>27,674,628</u>	<u>27,438,324</u>
CHANGE IN NET ASSETS	(17,326)	771,207	2,948,119	3,013,740	2,930,793	3,784,947
NET ASSETS, beginning of year	<u>15,772,869</u>	<u>15,001,662</u>	<u>27,812,991</u>	<u>24,799,251</u>	<u>43,585,860</u>	<u>39,800,913</u>
NET ASSETS, end of year	<u>15,755,543</u>	<u>15,772,869</u>	<u>30,761,110</u>	<u>27,812,991</u>	<u>46,516,653</u>	<u>43,585,860</u>

This summary shows that approximately 67% of program revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sanitary Sewer Utilities. Program revenues overall decreased 2.5% in 2011 from 2010 with the largest cuts stemming from lower capital grants. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues generated for the General Fund and the Community Center. Total tax revenue from all sources decreased 1.4% primarily due to extraordinary franchise tax revenue in 2010.

Total program expenses for 2011 are \$27,674,628 with the majority, \$15,047,262, stemming from business-type activities. Governmental activities expenditures increased 9.7% from the previous fiscal year due to a CDBG pass-through grant, while the total of business-type activity spending decreased 5.5%. Utility revenues and expenses were reduced in 2011 as a result of the revised administrative fee structure, and this also reflects capital investments in the city utility systems. Public safety expenses, at \$5,153,709, totaled approximately 41% of the governmental activities, while the electric utility expenses comprise the majority of the business-type expenses.

The total net assets of the City increased 6.7% in 2011.

**Fund Statements**

The City of Harrisonville fund statements can be found on pages 17 through 27 of the financial statements. Governmental funds ended the year with an overall decrease in net assets and the business-type funds showed an increase, and the overall City posted an increase in net assets.

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Budget Variances**

There is one area of significant difference between the original adopted budget and the final approved budget for the City's General Fund in FY 2011. It is in capital projects, which reflects the amount of unfinished capital work from 2010 which was reappropriated into the 2011 budget, as well as several newly authorized construction projects and equipment purchases. All budget amendments are reviewed and approved by the Board of Aldermen.

**Capital Assets**

**City of Harrisonville Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	890,750	887,285	1,588,031	1,588,031	2,478,781	2,475,316
Buildings	21,161,576	21,129,636	16,431,247	16,419,347	37,592,823	37,548,983
Machinery and equipment	5,739,569	5,542,037			5,739,569	5,542,037
Equipment and transmission			27,321,199	26,820,813	27,321,199	26,820,813
Streets	4,856,178	3,274,538			4,856,178	3,274,538
Construction-in-progress	<u>1,192,513</u>	<u>1,409,179</u>	<u>9,562,914</u>	<u>5,325,998</u>	<u>10,755,427</u>	<u>6,735,177</u>
	33,840,586	32,242,675	54,903,391	50,154,189	88,743,977	82,396,864
Less accumulated depreciation	<u>11,098,384</u>	<u>10,168,881</u>	<u>20,671,848</u>	<u>19,702,639</u>	<u>31,770,232</u>	<u>29,871,520</u>
Total	<u><u>22,742,202</u></u>	<u><u>22,073,794</u></u>	<u><u>34,231,543</u></u>	<u><u>30,451,550</u></u>	<u><u>56,973,745</u></u>	<u><u>52,525,344</u></u>

Major Capital Asset Events FY 2011

Over \$1,400,000 in water and sewer line improvements.

\$2,800,000 in upgrades to the Wastewater Treatment Plant.

Street overlay, sidewalk and curb reconstruction programs were completed in excess of \$772,000.

Several stormwater control projects totaling over \$286,000 were completed.

Over \$134,000 of electrical distribution system upgrades.

CITY OF HARRISONVILLE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Debt Administration**

The City of Harrisonville issued \$4,300,000 in Wastewater Revenue Bonds in 2009, out of \$7,000,000 authorized. These bonds are utilized under the Missouri Department of Natural Resources State Revolving Fund, and drawdown of those funds began in late 2010. No bonded debt was authorized during fiscal year 2011, and only the normal scheduled payments were made. Details of the existing debt obligations of the City are discussed in Note 6 to the financial statements.

The City continues to have no general obligation debt.

**Economic Outlook**

The City of Harrisonville, Missouri continues to benefit from a relatively stable economic situation, and shows some signs of progress. Overall employment has remained steady, as has sales tax collection. Some new retail development is still under way, and marketing efforts continue to keep Harrisonville in the minds of potential commercial and industrial customers. The Board of Aldermen and city staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends in order to forestall any major problems.

**Financial Contact**

These financial statements are designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Any questions or request for additional information should be directed to the Director of Finance, 300 E. Pearl Street, Harrisonville, Missouri 64701.

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BASIC FINANCIAL STATEMENTS

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CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash	145,187	680,292	825,479	176,967
Investments	5,570,496	4,121,334	9,691,830	
Accounts receivable, net of allow- ance for doubtful accounts	626,049	2,140,857	2,766,906	
Grants receivable	136,922		136,922	
Taxes receivable	1,068,474		1,068,474	158,895
Accrued interest receivable	14,280		14,280	
Inventories	86,229	624,898	711,127	
Prepaid expenses	163,752	56,853	220,605	
Bond cost, net of amortization	386,923	109,322	496,245	
Restricted cash	756,484	126,331	882,815	114,448
Restricted investments	1,458,399	2,051,153	3,509,552	
Due from other funds		195,959	195,959	
Due from component unit	9,663,686		9,663,686	
Capital assets				
Land	890,750	1,588,031	2,478,781	
Construction-in-progress	1,192,513	9,652,914	10,845,427	
Other capital assets, net of accumulated depreciation	<u>20,658,939</u>	<u>23,080,598</u>	<u>43,739,537</u>	
<b>TOTAL ASSETS</b>	<u>42,819,083</u>	<u>44,428,542</u>	<u>87,247,625</u>	<u>450,310</u>
<b>LIABILITIES</b>				
Accounts payable	104,987	646,946	751,933	90,009
Accrued expenses	480,134	36,278	516,412	
Unearned revenue	89,922	70,477	160,399	
Liabilities payable from restricted assets	9,357		9,357	
Meter deposits		590,381	590,381	
Due to other funds	195,959		195,959	
Due to primary government				9,663,686
Due to developers				5,326,059
Noncurrent liabilities				
Due within one year	1,086,088	911,352	1,997,440	
Due in more than one year	<u>25,097,093</u>	<u>11,411,998</u>	<u>36,509,091</u>	
<b>TOTAL LIABILITIES</b>	<u>27,063,540</u>	<u>13,667,432</u>	<u>40,730,972</u>	<u>15,079,754</u>

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	13,911,126	22,603,002	36,514,128	
Restricted for:				
Capital improvements	239,297	530,487	769,784	
Debt service	2,309,756	2,026,997	4,336,753	
Other purposes	113,630		113,630	
Unrestricted	(818,266)	5,600,624	4,782,358	(14,629,444)
TOTAL NET ASSETS	<u>15,755,543</u>	<u>30,761,110</u>	<u>46,516,653</u>	<u>(14,629,444)</u>

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

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Operating		Primary Government			
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
General Government	1,974,816	1,985,007	153,555	163,746		163,746	
Administration of Justice	2,663,787	239,292		(2,424,495)		(2,424,495)	
Street	1,217,982			(1,217,982)		(1,217,982)	
Economic Development	191,704			(191,704)		(191,704)	
Animal Control	162,758			(162,758)		(162,758)	
Airport	321,968		423,327	101,359		101,359	
Emergency Services	2,489,922	1,423,372		(1,066,550)		(1,066,550)	
Park	529,697	24,015	29,056	(391,407)		(391,407)	
Community Center	1,450,404	850,019		(600,385)		(600,385)	
Towne Center Project	10,187			(10,187)		(10,187)	
CDBG pass-through expenses	753,740		756,990	3,250		3,250	
Interest on long-term debt	860,401			(860,401)		(860,401)	
Total governmental activities	<u>12,627,366</u>	<u>4,521,705</u>	<u>939,601</u>	<u>(6,657,514)</u>		<u>(6,657,514)</u>	
Business-type activities							
Electric	10,637,961	11,200,157			562,196	562,196	
Water/Sewer	3,652,972	4,458,249		982,687	1,787,964	1,787,964	
Aquatic Center	289,610	166,394			(123,216)	(123,216)	
Refuse	466,719	469,763			3,044	3,044	
Total business-type activities	<u>15,047,262</u>	<u>16,294,563</u>		<u>982,687</u>	<u>2,229,988</u>	<u>2,229,988</u>	
Total primary government	<u>27,674,628</u>	<u>20,816,268</u>	<u>939,601</u>	<u>1,491,233</u>	<u>(6,657,514)</u>	<u>2,229,988</u>	<u>(4,427,526)</u>
Market Place Component Unit	<u>442,603</u>						<u>(442,603)</u>
General revenues							
Taxes							
Property tax				816,771		816,771	
Local sales tax				4,186,070		4,186,070	346,003
Franchise taxes				1,622,045		1,622,045	
Other taxes				152,046		152,046	130,495
Investment earnings				33,593	227,646	261,239	79
Transfers in (out)				(490,485)	490,485		
Other miscellaneous revenues				320,148		320,148	
Total general revenues				<u>6,640,188</u>	<u>718,131</u>	<u>7,358,319</u>	<u>476,577</u>
CHANGE IN NET ASSETS				(17,326)	2,948,119	2,930,793	33,974
NET ASSETS, beginning of year				<u>15,772,869</u>	<u>27,812,991</u>	<u>43,585,860</u>	<u>(14,663,418)</u>
NET ASSETS, end of year				<u>15,755,543</u>	<u>30,761,110</u>	<u>46,516,653</u>	<u>(14,629,444)</u>

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

CITY OF HARRISONVILLE, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	General Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
ASSETS						
Cash	82,277			50	62,860	145,187
Investments	4,845,883	426,676			297,937	5,570,496
Accrued interest receivable	14,280					14,280
Accounts receivable		45,532		545,430	35,087	626,049
Grants receivable	51,703				85,219	136,922
Taxes receivable	650,560		177,492		240,422	1,068,474
Due from other funds	174,138	270,744	107,734		2,504	555,120
Due from component unit	275,000					275,000
Inventories	50,052			36,177		86,229
Prepaid insurance	87,659	11,636		29,885	7,498	136,678
Prepaid sales tax remittance					27,074	27,074
Restricted cash	10,368		726,963		19,153	756,484
Restricted investments	<u>112,619</u>	<u>1,279,145</u>			<u>66,635</u>	<u>1,458,399</u>
<b>TOTAL ASSETS</b>	<u><b>6,354,539</b></u>	<u><b>2,033,733</b></u>	<u><b>1,012,189</b></u>	<u><b>611,542</b></u>	<u><b>844,389</b></u>	<u><b>10,856,392</b></u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	54,059	11,738		13,674	25,516	104,987
Due to other funds				569,384	181,695	751,079
Accrued expenses	59,419	6,073		25,956		91,448
Deferred revenue	49,905	28,724			11,293	89,922
Liabilities payable from restricted assets	9,357					9,357
<b>Total liabilities</b>	<u><b>172,740</b></u>	<u><b>46,535</b></u>		<u><b>609,014</b></u>	<u><b>218,504</b></u>	<u><b>1,046,793</b></u>
FUND BALANCES						
Nonspendable	137,711	11,636		66,062	34,572	249,981
Restricted	113,630	1,451,076	1,012,189		85,788	2,662,683
Assigned		524,486			540,095	1,064,581
Unassigned	5,930,458			(63,534)	(34,570)	5,832,354
<b>Total fund balances</b>	<u><b>6,181,799</b></u>	<u><b>1,987,198</b></u>	<u><b>1,012,189</b></u>	<u><b>2,528</b></u>	<u><b>625,885</b></u>	<u><b>9,809,599</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>6,354,539</b></u>	<u><b>2,033,733</b></u>	<u><b>1,012,189</b></u>	<u><b>611,542</b></u>	<u><b>844,389</b></u>	<u><b>10,856,392</b></u>

CITY OF HARRISONVILLE, MISSOURI  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

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

Fund balance - total governmental funds		9,809,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	33,840,583	
Less accumulated depreciation	<u>(11,098,381)</u>	
		22,742,202
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Certificates of participation	(8,530,000)	
Tax increment revenue bonds	(8,030,000)	
Tax increment note payable	(9,000,000)	
Promissory note payable	(171,931)	
Accrued interest payable	(388,686)	
Capital lease payable	<u>(301,076)</u>	
		(26,421,693)
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements.		
Bond discount	151,754	
Bond cost, net of amortization	<u>386,923</u>	
		538,677
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(301,928)
Assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Due from component unit for note payable and accrued interest	<u>9,388,686</u>	
		<u>9,388,686</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>15,755,543</u>

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

CITY OF HARRISONVILLE, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2011

	General Fund	Community Center	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	609,619		144,267		137,956	891,842
Sales	2,266,474		312,959		1,606,637	4,186,070
Franchise	1,607,081				14,964	1,622,045
Other	128,031				24,015	152,046
Licenses, fees and permits	162,417					162,417
Charges for services	1,846,605	850,019		1,423,372		4,119,996
Grants	1,333,872				114,275	1,448,147
Fines and forfeitures	239,292					239,292
Interest	28,699	1,389	97		3,408	33,593
Proceeds from the sale of assets					33,726	33,726
Miscellaneous	248,257	11,457		34,294	9,121	303,129
Total revenues	<u>8,470,347</u>	<u>862,865</u>	<u>457,323</u>	<u>1,457,666</u>	<u>1,944,102</u>	<u>13,192,303</u>
EXPENDITURES						
Current						
General Government	1,875,373					1,875,373
Administration of Justice	2,554,360					2,554,360
Street	962,085					962,085
Economic Development	176,936					176,936
Animal Control	156,002					156,002
Airport	180,079					180,079
Emergency Services				2,324,734		2,324,734
Park					462,593	462,593
Community Center		1,151,513				1,151,513
Towne Center Project			10,187			10,187
CDBG pass-through expenses	753,740					753,740

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2011

	General Fund	Community Center	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
EXPENDITURES (Continued)						
Debt service						
Principal	33,926		220,000		480,000	733,926
Interest	19,108		377,719		423,810	820,637
Capital outlay	<u>1,533,528</u>	<u>19,684</u>		<u>119,204</u>	<u>164,594</u>	<u>1,837,010</u>
Total expenditures	<u>8,245,137</u>	<u>1,171,197</u>	<u>607,906</u>	<u>2,443,938</u>	<u>1,530,997</u>	<u>13,999,175</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>225,210</u>	<u>(308,332)</u>	<u>(150,583)</u>	<u>(986,272)</u>	<u>413,105</u>	<u>(806,872)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	227,474	157,587	188,182	833,858	1,273,335	2,680,436
Proceeds of long-term debt		171,931				171,931
Transfers out	<u>(1,574,835)</u>				<u>(1,596,086)</u>	<u>(3,170,921)</u>
Total other financing sources (uses)	<u>(1,347,361)</u>	<u>329,518</u>	<u>188,182</u>	<u>833,858</u>	<u>(322,751)</u>	<u>(318,554)</u>
NET CHANGE IN FUND BALANCES	(1,122,151)	21,186	37,599	(152,414)	90,354	(1,125,426)
FUND BALANCES, January 1, 2011	<u>7,303,950</u>	<u>1,966,012</u>	<u>974,590</u>	<u>154,942</u>	<u>535,531</u>	<u>10,935,025</u>
FUND BALANCES, December 31, 2011	<u>6,181,799</u>	<u>1,987,198</u>	<u>1,012,189</u>	<u>2,528</u>	<u>625,885</u>	<u>9,809,599</u>

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

CITY OF HARRISONVILLE, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

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

Net change in fund balances - total governmental funds		(1,125,426)
--	--	-------------

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. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	1,837,010	
Depreciation	<u>(1,151,895)</u>	685,115

Governmental funds report the proceeds from the disposal of assets as revenues. However, in the statement of activities, the revenues are reported less the amount of nondepreciated cost. This is the amount by which the cost exceeded any proceeds.

Cost	(239,099)	
Accumulated depreciation	<u>222,392</u>	(16,707)

The issuance of long-term debt (e.g., bonds, loan, leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Bond principal payments	700,000	
Proceeds of long-term debt	(171,931)	
Capital lease payments	33,926	
Amortization of premiums and discounts	<u>(39,764)</u>	522,231

CITY OF HARRISONVILLE, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011

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

    Compensated absences (7,468)

Deferred revenues previously recognized in the statement of activities that are reported as revenues in the governmental funds in the current year.

(75,071)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

(17,326)

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

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Total
<b>ASSETS</b>				
Current Assets				
Cash	459,652	111,789	108,851	680,292
Investments	2,060,890	2,060,444		4,121,334
Accounts receivable	1,484,957	584,881	71,019	2,140,857
Due from other funds		195,959		195,959
Inventories	480,155	144,743		624,898
Prepaid insurance	22,653	31,453	2,747	56,853
Total current assets	<u>4,508,307</u>	<u>3,129,269</u>	<u>182,617</u>	<u>7,820,193</u>
Noncurrent Assets				
Restricted cash	23,754	90,380	12,197	126,331
Restricted investments	657,713	1,255,150	138,290	2,051,153
Bond cost, net of amortization	38,776	70,546		109,322
Capital assets				
Land	99,716	1,488,315		1,588,031
Construction-in-progress		9,652,914		9,652,914
Other capital assets, net of accumulated depreciation	<u>5,343,445</u>	<u>16,745,350</u>	<u>991,803</u>	<u>23,080,598</u>
Total noncurrent assets	<u>6,163,404</u>	<u>29,302,655</u>	<u>1,142,290</u>	<u>36,608,349</u>
<b>TOTAL ASSETS</b>	<u>10,671,711</u>	<u>32,431,924</u>	<u>1,324,907</u>	<u>44,428,542</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	615,414	31,492	40	646,946
Accrued expenses	22,629	13,649		36,278
Deferred revenue	70,477			70,477
Meter deposits	590,381			590,381
Current portion of long-term obligations	207,149	704,203		911,352
Total current liabilities	<u>1,506,050</u>	<u>749,344</u>	<u>40</u>	<u>2,255,434</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	<u>1,705,119</u>	<u>9,706,879</u>		<u>11,411,998</u>
<b>TOTAL LIABILITIES</b>	<u>3,211,169</u>	<u>10,456,223</u>	<u>40</u>	<u>13,667,432</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,553,161	18,058,038	991,803	22,603,002
Restricted for:				
Debt service	681,467	1,345,530		2,026,997
Capital improvements		380,000	150,487	530,487
Unrestricted	<u>3,225,914</u>	<u>2,192,133</u>	<u>182,577</u>	<u>5,600,624</u>
<b>TOTAL NET ASSETS</b>	<u>7,460,542</u>	<u>21,975,701</u>	<u>1,324,867</u>	<u>30,761,110</u>

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

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2011

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	<u>11,200,157</u>	<u>4,458,249</u>	<u>636,157</u>	<u>16,294,563</u>
EXPENSES				
Production		1,251,683		1,251,683
Distribution	7,977,582	588,496		8,566,078
Administration	2,303,475	799,559	661,444	3,764,478
Depreciation	<u>263,637</u>	<u>656,609</u>	<u>94,885</u>	<u>1,015,131</u>
Total expenses	<u>10,544,694</u>	<u>3,296,347</u>	<u>756,329</u>	<u>14,597,370</u>
INCOME (LOSS) FROM OPERATIONS	<u>655,463</u>	<u>1,161,902</u>	<u>(120,172)</u>	<u>1,697,193</u>
NONOPERATING INCOME (EXPENSE)				
Transfers in		448,597	41,888	490,485
Interest income	9,854	216,182	1,610	227,646
Interest expense	<u>(93,267)</u>	<u>(356,625)</u>	<u>          </u>	<u>(449,892)</u>
Total nonoperating income (expense)	<u>(83,413)</u>	<u>308,154</u>	<u>43,498</u>	<u>268,239</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	572,050	1,470,056	(76,674)	1,965,432
Capital grants and contributions	<u>          </u>	<u>982,687</u>	<u>          </u>	<u>982,687</u>
CHANGE IN NET ASSETS	572,050	2,452,743	(76,674)	2,948,119
TOTAL NET ASSETS, January 1, 2011	<u>6,888,492</u>	<u>19,522,958</u>	<u>1,401,541</u>	<u>27,812,991</u>
TOTAL NET ASSETS, December 31, 2011	<u>7,460,542</u>	<u>21,975,701</u>	<u>1,324,867</u>	<u>30,761,110</u>

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

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2011

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	11,262,197	5,014,329	635,259	16,911,785
Cash payments to suppliers	(9,803,519)	(2,735,288)	(592,083)	(13,130,890)
Cash payments to employees	<u>(533,211)</u>	<u>(849,656)</u>	<u>(68,428)</u>	<u>(1,451,295)</u>
Net cash provided by (used in) operating activities	<u>925,467</u>	<u>1,429,385</u>	<u>(25,252)</u>	<u>2,329,600</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due from other funds		(195,959)		(195,959)
Transfers in		<u>448,597</u>	<u>41,888</u>	<u>490,485</u>
Net cash provided by noncapital financing activities		<u>252,638</u>	<u>41,888</u>	<u>294,526</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(140,130)	(4,733,095)	(11,900)	(4,885,125)
Capital grants and contributions		982,687		982,687
Proceeds from long-term debt		3,709,866		3,709,866
Payments of long-term debt	(175,000)	(495,700)		(670,700)
Interest paid on bonds	<u>(87,723)</u>	<u>(356,625)</u>		<u>(444,348)</u>
Net cash used in capital and related financing activities	<u>(402,853)</u>	<u>(892,867)</u>	<u>(11,900)</u>	<u>(1,307,620)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net investment activity	(750,878)	(1,477,782)	61,519	(2,167,141)
Interest on investments	<u>9,854</u>	<u>220,469</u>	<u>1,610</u>	<u>231,933</u>
Net cash provided by (used in) investing activities	<u>(741,024)</u>	<u>(1,257,313)</u>	<u>63,129</u>	<u>(1,935,208)</u>
NET INCREASE (DECREASE) IN CASH	(218,410)	(468,157)	67,865	(618,702)
CASH, January 1, 2011	<u>701,816</u>	<u>670,326</u>	<u>53,183</u>	<u>1,425,325</u>
CASH, December 31, 2011	<u>483,406</u>	<u>202,169</u>	<u>121,048</u>	<u>806,623</u>

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2011

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
ALLOCATION OF CASH				
Unrestricted	459,652	111,789	108,851	680,292
Restricted	<u>23,754</u>	<u>90,380</u>	<u>12,197</u>	<u>126,331</u>
	<u>483,406</u>	<u>202,169</u>	<u>121,048</u>	<u>806,623</u>
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Income (loss) from operations	<u>655,463</u>	<u>1,161,902</u>	<u>(120,172)</u>	<u>1,697,193</u>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	263,637	656,609	94,885	1,015,131
Bond premium discount		(11,554)		(11,554)
(Increase) Decrease in assets:				
Accounts receivable	27,841	(38,372)	(898)	(11,429)
Grants receivable		594,452		594,452
Inventories	5,713	(16,590)		(10,877)
Prepaid expenses	5,023	6,803	1,022	12,848
Increase (Decrease) in liabilities:				
Accounts payable	(71,679)	(927,133)	(89)	(998,901)
Accrued expenses	(2,279)	(1,337)		(3,616)
Compensated absences	7,549	4,605		12,154
Deferred revenue	(5,364)			(5,364)
Meter deposits payable	<u>39,563</u>			<u>39,563</u>
Total adjustments	<u>270,004</u>	<u>267,483</u>	<u>94,920</u>	<u>632,407</u>
Net cash provided by (used in) operating activities	<u>925,467</u>	<u>1,429,385</u>	<u>(25,252)</u>	<u>2,329,600</u>

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

CITY OF HARRISONVILLE, MISSOURI  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2011

	Agency Fund
ASSETS	
Cash and cash equivalents	87,889
Investments	905,194
Taxes receivable	<u>91,070</u>
TOTAL ASSETS	<u>1,084,153</u>
LIABILITIES	
Deposits	1,081,479
Accounts payable	<u>2,674</u>
TOTAL LIABILITIES	<u>1,084,153</u>
NET ASSETS	<u>                    </u>

See accompanying notes to financial statements.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harrisonville, Missouri have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

Harrisonville, Missouri is a fourth class city in which citizens elect the mayor at large and eight council members by wards. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service and special financing relationships. Component units are reported in the City's financial statements as follows:

Blended Component Units

Towne Center TIF Fund

This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Discretely Presented Component Unit

Market Place TIF District

This District accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City except the fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Center Fund - This fund is responsible for the operations of the City's Community Center. The fund is financed by charges for services.

Towne Center TIF Fund - This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Emergency Services Fund - This fund is responsible for the operations of the City's emergency services. The fund is financed by taxes and emergency service revenues.

The government reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operations and capital outlay to maintain this service.

Water and Sewer Fund - The Water and Sewer Fund accounts for the billing and collection of charges for water and sanitary sewer services to the residents of the City and a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Additionally, the government reports the following funds:

Governmental Funds

Park Fund - The Park Fund is primarily used for the maintenance of the City's parks. The fund is financed by property and license fees.

Sales Tax Fund - The Sales Tax Fund is used to accumulate revenues from a special sales tax for capital improvements.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, the principal and interest for the 2003 Certificates of Participation.

Proprietary Funds

Aquatic Center Fund - The Aquatic Center Fund is used to account for the operations of the Aquatic Center.

Refuse Fund - The Refuse Fund is used to account for the provision of refuse collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Agency Fund

This fund accounts for the City's fiduciary responsibility to track receipts and disbursements associated with the Highway 71/291 Partners in Progress TDD.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using 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 with the current period or soon enough thereafter to

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB) in accounting and reporting for proprietary activities issued on or before November 30, 1989, unless the pronouncements conflict with applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement No. 20. No pronouncements of the FASB issued after November 30, 1989 have been adopted.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu-of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. BUDGETS

Budgets for the City are prepared and adopted on the cash basis of accounting for all governmental and proprietary funds. The City Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The City Council approved amendments to the budget during the year. The actual results of operations are presented in comparison to the budgets on the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all governmental fund types. All governmental funds have a legally adopted annual budget. Appropriations lapse at year end, but may be re-appropriated in the following year.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND INVESTMENTS

For the purpose of the statement of cash flows, the City considers all highly liquid investments (including restricted assets except for those held by trustees) with a maturity of three months or less when purchased to be cash equivalents, along with demand deposits and certificates of deposit. As of December 31, 2011, the City had no cash equivalents.

The City's investment policies are structured to conform to Missouri Statute 30.270. The City is authorized to invest in U.S. Treasury Obligations, U.S. Government Agency Securities and Instruments of Government Sponsored Corporations, Certificates of Deposit at Commercial Banks and S & L Associations, and Repurchase Agreements. Investments are reported at fair value.

F. RESTRICTED CASH AND INVESTMENTS

Certain cash and investment accounts are restricted for construction projects, debt service, and compliance with bond covenants. Assets are also restricted in the proprietary funds for refunding customer meter deposits.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations for both Governmental and Proprietary Funds.

H. PREPAIDS AND INVENTORIES

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Inventories, consisting of materials and supplies, are valued at lower of cost or market. Cost is determined using first-in, first-out (FIFO) basis.

I. CAPITAL ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities be recorded and depreciated in the government-wide financial statements.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. CAPITAL ASSETS (Continued)

Capital assets, including infrastructure are defined as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year.

Capital assets are stated at cost or at estimated fair value at time of donation. The accounting for property, plant and equipment and accumulated depreciation in the Electric and the Water/Sewer Funds are recorded at cost less retirements in the manner prescribed by the Federal Power Commission and/or the National Association of Railroad and Utility Commissioners.

The City's policy is to capitalize interest on proprietary funds and construction projects until substantially completed. Major expenditures for property and those which substantially increased useful lives are capitalized. Maintenance, repairs and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

General infrastructure assets acquired prior to January 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method over the following estimated useful lives:

Buildings and processing facilities	15 - 55 years
Machinery and equipment	5 - 20 years
Transmission lines and mains	50 years

J. COMPENSATED ABSENCES

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The amount of accrued vacation benefits included in the government-wide financial statements, related to governmental activities, for the year ended December 31, 2011 is \$301,928. Business-type activity funds reported accrued vacation benefits for the year ended December 31, 2011 of \$98,600.

K. LONG-TERM OBLIGATIONS, BOND DISCOUNTS/PREMIUMS, AND AMORTIZATION OF BOND COSTS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. LONG-TERM OBLIGATIONS, BOND DISCOUNTS/PREMIUMS, AND AMORTIZATION OF BOND COSTS (Continued)

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

L. NET ASSETS

Government-Wide Statements

Net assets are displayed in three components:

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

Restricted net assets consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or through constitutional provision or enabling legislation.

Unrestricted net assets do not meet the definition of "restricted."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either by external groups such as creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. NET ASSETS (Continued)

Fund Statements (Continued)

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to the City Administrator through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The more significant estimates in the financial statements are allowance for bad debts, depreciation, and accrued liabilities.

N. CAPITALIZATION OF INTEREST

Net interest cost on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for proprietary fund types. Interest is not capitalized for governmental fund types within the fund financial statements.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. REVENUES

Billings for utility services are rendered on a monthly basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 2. CASH AND INVESTMENTS

Cash

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at 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, 2011, all of the City's deposits with financial institutions were fully insured or collateralized.

Investments

The City's investments at December 31, 2011 are summarized below:

Investment	Unrestricted	Restricted
Investments held by trustee (Bond Reserves)		
Money market funds		2,186,042
Fixed income securities		114,870
Certificates of deposit	3,270,275	533,725
Federal Farm Credit Bank (AAA)	771,261	
Federal Home Loan Bank (AAA)	3,247,132	674,915
Federal Home Loan Mortgage Corporation (AAA)	250,440	
Federal National Mortgage Association (AAA)	<u>2,152,722</u>	
	<u>9,691,830</u>	<u>3,509,552</u>
Maturities		
Less than six months	3,412,395	2,670,635
Six months to one year	4,047,084	619,928
Over one year	<u>2,232,351</u>	<u>218,989</u>
	<u>9,691,830</u>	<u>3,509,552</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than two years without prior approval of the Board of Aldermen.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Investments will be limited to the instruments listed below, unless approved by the Board of Aldermen.

Investment Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities	
Instruments of Government Sponsored Corporations	100%
Certificates of Deposit	
Commercial Banks	50%
Savings and Loan Associations	50%

NOTE 3. ACCOUNTS RECEIVABLE/TAXES RECEIVABLE

	Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Governmental Activities</u>				
General		650,560		650,560
Ambulance	2,095,430		(1,550,000)	545,430
Community Center	52,394		(6,862)	45,532
Park		79,983		79,983
Towne Center TIF		177,492		177,492
Sales tax	35,087	160,439		195,526
Total governmental activities	<u>2,182,911</u>	<u>1,068,474</u>	<u>(1,556,862)</u>	<u>1,694,523</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. ACCOUNTS RECEIVABLE/TAXES RECEIVABLE (Continued)

	Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Business-Type Activities</u>				
Electric	1,716,957		(232,000)	1,484,957
Water/Sewer	697,881		(113,000)	584,881
Refuse	88,019		(17,000)	71,019
Total business-type activities	<u>2,502,857</u>	<u>                    </u>	<u>(362,000)</u>	<u>2,140,857</u>

NOTE 4. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2011 was as follows:

Real estate	94,424,728
Personal property	<u>23,546,390</u>
	<u>117,971,118</u>

The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2011 was as follows:

General operating	0.5501
Park	<u>0.1245</u>
	<u>0.6746</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions and Transfers	Retirements and Transfers	Balance December 31, 2011
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	887,285	3,465		890,750
Construction-in-progress	<u>1,409,179</u>	<u>513,492</u>	<u>(730,158)</u>	<u>1,192,513</u>
Total capital assets, not being depreciated	<u>2,296,464</u>	<u>516,957</u>	<u>(730,158)</u>	<u>2,083,263</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2011	Additions and Transfers	Retirements and Transfers	Balance December 31, 2011
<u>Governmental Activities (Continued)</u>				
Capital assets, being depreciated				
Buildings and improvements	21,129,636	31,940		21,161,576
Streets	3,274,538	1,581,640		4,856,178
Machinery and equipment	<u>5,542,037</u>	<u>436,631</u>	<u>(239,099)</u>	<u>5,739,569</u>
Total capital assets, being depreciated	<u>29,946,211</u>	<u>2,050,211</u>	<u>(239,099)</u>	<u>31,757,323</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,800,394)	(630,434)		(5,430,828)
Streets	(934,655)	(202,765)		(1,137,420)
Machinery and equipment	<u>(4,433,832)</u>	<u>(318,696)</u>	<u>222,392</u>	<u>(4,530,136)</u>
Total accumulated depreciation	<u>(10,168,881)</u>	<u>(1,151,895)</u>	<u>222,392</u>	<u>(11,098,384)</u>
Total capital assets, being depreciated, net	<u>19,777,330</u>	<u>898,316</u>	<u>(16,707)</u>	<u>20,658,939</u>
Governmental activities capital assets, net	<u>22,073,794</u>	<u>1,415,273</u>	<u>(746,865)</u>	<u>22,742,202</u>
<u>Business-Type Activities -     Electric Fund</u>				
Capital assets, not being depreciated				
Land	<u>99,716</u>			<u>99,716</u>
Capital assets, being depreciated				
Buildings and improvements	3,701,257			3,701,257
Equipment and transmission lines	<u>8,084,876</u>	<u>140,124</u>	<u>(10,000)</u>	<u>8,215,000</u>
Total capital assets, being depreciated	<u>11,786,133</u>	<u>140,124</u>	<u>(10,000)</u>	<u>11,916,257</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2011	Additions and Transfers	Retirements and Transfers	Balance December 31, 2011
<u>Business-Type Activities -</u>				
<u>Electric Fund (Continued)</u>				
Less accumulated depreciation for:				
Buildings and improvements	(1,841,751)	(68,232)		(1,909,983)
Equipment and transmission lines	<u>(4,477,429)</u>	<u>(195,400)</u>	<u>10,000</u>	<u>(4,662,829)</u>
Total accumulated depreciation	<u>(6,319,180)</u>	<u>(263,632)</u>	<u>10,000</u>	<u>(6,572,812)</u>
 Total capital assets, being depreciated, net	 <u>5,466,953</u>	 <u>(123,508)</u>	 <u>                    </u>	 <u>5,343,445</u>
 Business-type activities - Electric Fund capital assets, net	 <u>5,566,669</u>	 <u>(123,508)</u>	 <u>                    </u>	 <u>5,443,161</u>
<u>Business-Type Activities -</u>				
<u>Water/Sewer Fund</u>				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	<u>5,325,998</u>	<u>4,326,916</u>		<u>9,652,914</u>
Total capital assets, not being depreciated	<u>6,814,313</u>	<u>4,326,916</u>		<u>11,141,229</u>
Capital assets, being depreciated				
Buildings and improvements	10,745,992			10,745,992
Equipment and transmission lines	<u>18,697,470</u>	<u>406,179</u>	<u>(35,917)</u>	<u>19,067,732</u>
Total capital assets, being depreciated	<u>29,443,462</u>	<u>406,179</u>	<u>(35,917)</u>	<u>29,813,724</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,728,750)	(223,986)		(6,952,736)
Equipment and transmission lines	<u>(5,718,932)</u>	<u>(432,623)</u>	<u>35,917</u>	<u>(6,115,638)</u>
Total accumulated depreciation	<u>(12,447,682)</u>	<u>(656,609)</u>	<u>35,917</u>	<u>(13,068,374)</u>
 Total capital assets, being depreciated, net	 <u>16,995,780</u>	 <u>(250,430)</u>	 <u>                    </u>	 <u>16,745,350</u>
 Business-type activities - Water/ Sewer Fund capital assets, net	 <u>23,810,093</u>	 <u>4,076,486</u>	 <u>                    </u>	 <u>27,886,579</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2011	Additions and Transfers	Retirements and Transfers	Balance December 31, 2011
<u>Business-Type Activities -</u>				
<u>    Aquatic Center</u>				
Capital assets, being depreciated				
Buildings and improvements	1,972,098	11,900		1,983,998
Equipment	<u>38,467</u>			<u>38,467</u>
Total capital assets, being depreciated	<u>2,010,565</u>	<u>11,900</u>		<u>2,022,465</u>
Less accumulated depreciation for:				
Buildings and improvements	(919,807)	(93,489)		(1,013,296)
Equipment	<u>(15,970)</u>	<u>(1,396)</u>		<u>(17,366)</u>
Total accumulated depreciation	<u>(935,777)</u>	<u>(94,885)</u>		<u>(1,030,662)</u>
Business-type activities - Aquatic Center capital assets, net	<u>1,074,788</u>	<u>(82,985)</u>		<u>991,803</u>

The following table summarizes the depreciation by function for the year ended December 31, 2011:

	Governmental Activities	Business-Type Activities
General Government	93,008	
Administration of Justice	109,427	
Street	255,897	
Economic Development	14,768	
Animal Control	6,756	
Airport	141,889	
Emergency services	158,897	
Park	71,938	
Community Center	299,315	
Electric		284,344
Water and Sewer		653,167
Aquatic Center		90,499
	<u>1,151,895</u>	<u>1,028,010</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2011 consisted of the following:

	Balance January 1, 2011	Addi- tions	Retire- ments	Balance December 31, 2011	Due in One Year
Capital lease obligations	335,002		(33,926)	301,076	35,940
Tax Increment Revenue Bonds	8,250,000		(220,000)	8,030,000	245,000
Tax Increment Revenue Note	9,000,000			9,000,000	
Promissory Note		171,931		171,931	12,705
Certificates of Participation	9,010,000		(480,000)	8,530,000	500,000
Compensated absences	294,460	301,928	(294,460)	301,928	301,928
Less: note discount	(161,239)		9,485	(151,754)	(9,485)
Total governmental debt	<u>26,728,223</u>	<u>473,859</u>	<u>(1,018,901)</u>	<u>26,183,181</u>	<u>1,086,088</u>

Compensated Absences

Compensated absences are payable upon separation from employment which could occur at any time and are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

General	238,017
Park	17,231
Community Center	13,173
Ambulance	<u>33,507</u>
	<u>301,928</u>

Capital Lease Obligations

The City has entered into a capital lease agreement for the purchase of airport hangers. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under the capital lease described above amounted to \$596,729 as of December 31, 2011.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Lease Obligations (Continued)

Future minimum lease payments under capital leases together with the present value of net minimum lease payments consist of the following:

Year Ending December 31,		
2012		53,034
2013		53,034
2014		53,034
2015		53,034
2016		53,034
Thereafter		<u>106,068</u>
Total minimum lease payments		371,238
Less amount representing interest		<u>70,162</u>
Present value of future minimum lease payments		<u><u>301,076</u></u>

Tax Increment Revenue Bonds

June 1, 2007, the City issued \$8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment Financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for the bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in-lieu-of taxes and, subject to annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The Bonds do not constitute a general obligation of the City of Harrisonville. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.0%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are:

Year Ending December 31,		
	Principal	Interest
2012	245,000	366,719
2013	265,000	354,469
2014	300,000	341,219
2015	300,000	328,469
2016	335,000	315,719
2017 - 2021	1,970,000	1,342,315
2022 - 2026	2,685,000	827,965
2027 - 2028	<u>1,930,000</u>	<u>150,082</u>
	<u><u>8,030,000</u></u>	<u><u>4,026,957</u></u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Note

On December 18, 2009, the City issued \$9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City, Harrisonville MP, LLC, The Harrisonville Market Place Transportation Development District A (TDD A), and The Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in-lieu-of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of this Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this note was adjusted to 4.75% with payments due annually. The restructured note does not call for regular principal payments and no balloon payment is disclosed on the note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Annual interest payments applicable to the full balance of the TIF notes are \$427,500. The principal due for the year ended 2012 or thereafter is \$9,000,000.

Certificates of Participation

In August 2003, \$12,835,000 of insured Certificates of Participation were issued for the purpose of financing the acquisition of land and the construction and equipping and furnishing of the new community center facility, renovating and improving the City's existing City Hall building and its fire station and emergency medical services facility and to acquire an aerial ladder fire truck. Rental payments are due December 1 of each year with interest payments due June 1 and December 1. The final payment is due December 1, 2022. Rental payments are payable solely from amounts which may, but are not required to be, appropriated annually by the City. The City has not pledged general tax revenues, funds or moneys to pay this obligation.

The base lease between the City as lessor and Commerce Bank, N.A. as lessee and trustee transfers a leasehold interest in certain real estate held by the City to the trustee. The term of the base lease is August 1, 2003 through December 1, 2022, or the date the Certificates have been paid in full, whichever is earlier.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Certificates of Participation (Continued)

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2012	500,000	402,590
2013	525,000	382,590
2014	550,000	361,065
2015	580,000	337,965
2016	625,000	313,025
2017 - 2021	3,620,000	1,092,150
2022	<u>2,130,000</u>	<u>106,500</u>
	<u>8,530,000</u>	<u>2,995,885</u>

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received \$171,931 to assist with upcoming costs for these expenses in the Community Center. The note bears interest at 2% and requires annual payments based on annual energy savings audits to be conducted by Siemens Industry. The payment is calculated to be one-half of the annual energy savings, which is approximately \$16,000 for the Community Center and is expected to be repaid within fifteen years.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2012	12,705	3,439
2013	12,959	3,185
2014	13,219	2,925
2015	13,483	2,661
2016	13,753	2,391
2017 - 2021	73,000	7,720
2022 - 2026	<u>32,812</u>	<u>1,033</u>
	<u>171,931</u>	<u>23,354</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities

Changes in the debt for the year ended December 31, 2011 consisted of the following:

	Balance January 1, 2011	Addi- tions	Retire- ments	Balance December 31, 2011	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	3,035,000		(195,000)	2,840,000	200,000
2003 Waterworks and Sewerage Revenue Bonds	2,570,000		(135,000)	2,435,000	140,000
2005 Waterworks and Sewerage Revenue Bonds	1,340,000		(75,000)	1,265,000	75,000
2007 Electric System Refunding Revenue Bonds	2,065,000		(175,000)	1,890,000	175,000
2010 Waterworks and Sewerage Revenue Bonds	49,375	3,329,866	(90,700)	3,288,541	184,100
Promissory Note		380,000		380,000	28,334
Compensated absences	<u>86,446</u>	<u>98,600</u>	<u>(86,446)</u>	<u>98,600</u>	<u>98,600</u>
	9,145,821	3,808,466	(757,146)	12,197,141	901,034
Add: Bond premium	148,880		(11,554)	137,326	11,554
Less: Bond discount	<u>(12,353)</u>		<u>1,236</u>	<u>(11,117)</u>	<u>(1,236)</u>
Total business-type activities debt	<u>9,282,348</u>	<u>3,808,466</u>	<u>(767,464)</u>	<u>12,323,350</u>	<u>911,352</u>

Compensated Absences

Compensated absences are payable upon separation from employment which could occur at any time and are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

Electric	33,385
Water/Sewer	<u>65,215</u>
	<u>98,600</u>

Revenue Bonds

October 23, 2002, the City issued \$4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). \$3,660,000 of the bonds were issued for the purpose of extending and improving the City's combined waterworks and sewerage system and \$710,000 of the bonds were issued to refund a prior issue of bonds of the City.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% to 5.0%.

April 1, 2003, the City issued \$3,295,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on January 1 through the maturity date of January 1, 2024. The interest rate on this issue ranges from 2.0% to 5.25%.

August 15, 2004, the City issued \$1,475,000 in Combined Waterworks and Sewerage System Refunding Revenue Bonds to provide funds to refund a portion of the City's outstanding Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 1996 in the original principal amount of \$3,870,000, dated May 1, 1996 and to pay the costs of issuance of the Bonds. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on March 1 and September 1. Principal is due each year on September 1 through the maturity date of September 1, 2009. The interest rate on this issue ranges from 2.5% to 3.25%.

May 19, 2005, the City issued \$1,710,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2025. The interest rate on this issue ranges from 3.0% to 5.0%.

September 1, 2007, the City issued \$2,730,000 in Electric System Refunding Revenue Bonds for the purpose of providing funds to refund outstanding Series 1999 Electric System Revenue Bonds. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2020. The interest rate on this issue ranges from 4.0% to 4.5%.

March 2010, the City issued the Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of \$4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011 and maturing on July 1, 2030. As of December 31, 2011, the City has drawn down \$3,288,541 on this bond.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

Aggregate annual principal and interest payments applicable to the revenue bonds are:

Year Ending December 31,	Principal	Interest
2012	774,100	479,019
2013	822,800	460,296
2014	836,600	430,551
2015	850,400	397,911
2016	874,400	386,484
2017 - 2021	4,638,600	1,378,488
2022 - 2026	2,819,300	499,473
2027 - 2030	<u>102,341</u>	<u>39,948</u>
	<u>11,718,541</u>	<u>4,072,170</u>

As of December 31, 2011, the sinking funds and the reserve funds were adequately funded and the City was in compliance with its rate covenants for all bonds.

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received \$380,000 to assist with upcoming costs for these expenses in the Water/Sewer facilities. The note bears interest at 2% and requires annual payments based on annual energy savings audits to be conducted by Siemens Industry. The payment is calculated to be one-half of the annual energy savings, which is approximately \$36,000 for the Water/Sewer facilities and is expected to be repaid within fifteen years.

Aggregate annual principal and interest payments applicable to the promissory note are:

Year Ending December 31,	Principal	Interest
2012	28,334	7,600
2013	28,901	7,033
2014	29,479	6,455
2015	30,068	5,866
2016	30,670	5,264
2017 - 2021	162,799	16,871
2022 - 2026	<u>69,749</u>	<u>2,099</u>
	<u>380,000</u>	<u>51,188</u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2011 were as follows:

	Transfers out:		
	General	Sales Tax	Total
Transfers in:			
General		227,474	227,474
Community Center		157,587	157,587
Town Center TIF	188,182		188,182
Water/Sewer	448,597		448,597
Emergency Services		833,858	833,858
Nonmajor proprietary funds	41,888		41,888
Nonmajor governmental funds	896,168	377,167	1,273,335
Total	1,574,835	1,596,086	3,170,921

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. INTERFUND BALANCES

	Due from:		
	Emergency	Nonmajor	Total
Due to:			
Water/Sewer	195,959		195,959
General	174,138		174,138
Community Center	196,783	73,961	270,744
Town Center TIF		107,734	107,734
Nonmajor governmental funds	2,504		2,504
Total	569,384	181,695	751,079

The balance of \$751,079 due to the Water/Sewer, General, Community Center, Towne Center TIF and various nonmajor funds from the Emergency Services and Park Funds are a result of the Funds having a negative claim on the City's pooled cash accounts. Governmental fund balances are not included in the government-wide statement of net assets.

NOTE 9. PENSION PLAN

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement, disability and death

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Plan Description (Continued)

benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rates are 14.7% for police, 11.2% for general and 14.8% for fire of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Annual Pension Cost

For 2011, the City's annual pension cost of \$699,594 was greater than the required and actual contribution by \$67,178 for an accumulated net pension obligation of \$109,797. The required contribution was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2010 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; (c) additional projected salary increases, ranging from 0% to 6.0% per year, depending on age and division, attributable to seniority/merit; and (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division. The amortization period as of February 28, 2010 was 30 years for the General division, 22 years for the Police division and 30 years for the Fire division.

Note: The below 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, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual variations, please contact the LAGERS office in Jefferson City.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/09	474,205	100.0%	- 0 -
06/30/10	583,818	92.7%	42,619
06/30/11	699,594	90.4%	109,797

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)
02/28/09	8,405,558	10,515,593	2,110,035
02/28/10	9,150,219	11,307,123	2,156,904
02/28/11	9,201,007	11,717,760	2,516,753

Actuarial Valuation Date	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percent of Covered Payroll
02/28/09	80%	4,704,779	44.8%
02/28/10	81%	5,131,408	42.0%
02/28/11	79%	5,290,056	47.6%

NOTE 10. 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. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment options is made by the participants.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS

As of December 31, 2011, the City had outstanding commitments totaling \$1,775,775 for various contracts, which includes \$1,011,459 for the improvements at the wastewater treatment plant (SRF/ARRA project) and \$764,316 for the energy savings equipment and installation project.

NOTE 12. MAJOR SUPPLIERS

During the year ended December 31, 2011, the City relied upon two vendors for the generation and transmission of all electricity purchased for resale totaling \$7,561,154 and \$416,428, respectively. Accounts payable of \$598,522 for generation is included in the December 31, 2011 financial statements.

NOTE 13. LEASES RECEIVABLE

On June 13, 2005, the City entered into an agreement with Sprint Spectrum L.P., to the right to install, maintain and operate the radio communications equipment, antennas and appurtenances located on a portion of the City's water tower. This lease agreement is for five years and shall automatically be extended for two additional five year terms unless Sprint Spectrum L.P. provides written notice to the City at least six months prior to the end of the then current lease term; and for an additional two five year terms after that unless either the City or Sprint Spectrum LP terminates provides written notice to the other party at least six months prior to the end of the current lease term. If at the end of the second five-year extension term this agreement has not been terminated, the agreement shall continue for additional one-year terms. The lease calls for annual rental increases of 3% annually. This lease was extended for the first additional five year term in the year ending December 31, 2010. This agreement provided lease income of \$19,817 for the year ended December 31, 2011.

On July 15, 2005, the City entered into an agreement with Verizon Wireless LLC to the right to construct, operate and maintain a communications facility, including required antennas and equipment structures on a portion of the City's water tower. On September 11, 2008, this agreement was amended to increase the number of antennas and to amend the additional extension terms. The lease agreement is for five years and shall automatically be extended for four (5) year terms unless written notice is provided at least six months prior to the end of the then current lease term. If at the end of the fourth (5) year extension term this agreement has not been terminated, the agreement shall continue for additional one year terms until such time that proper notice is given by either party. This lease calls for annual rental increases of 3% annually. This lease was extended for the first additional five year term in the year ending December 31, 2010. This agreement provided lease income of \$29,056 for the year ended December 31, 2011.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. LEASES RECEIVABLE (Continued)

The following is a schedule by years of minimum future rentals on the noncancellable operating leases as described above as of December 31, 2011:

Year Ending December 31,	
2012	44,259
2013	45,587
2014	46,955
2015	26,335
	<u>163,136</u>

NOTE 14. SELF-INSURANCE

The City is a member of the MPR (Midwest Public Risk), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MARCIT operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability and worker's compensation. The City participates in the worker's compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest bearing deposits, U.S. Treasury, and U.S. governmental agency obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year, and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment.

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

NOTE 15. RISK MANAGEMENT

In its normal course of business, the City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three years.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 16. WATER PURCHASE AGREEMENT

The City and the City of Kansas City, Missouri, have entered into an agreement to construct a transmission main, pump station, elevated tank, and metering/regulating facility for the purpose of future water purchases at a maximum rate consumption of 5.0 million gallons per day.

Based on the agreement, the City of Harrisonville is to submit monthly payments over a twenty-year term to the City of Kansas City, Missouri for \$19,543. This payment is calculated for the future value of estimated construction costs incurred for transmission main, pump station, and elevated tank. During the year ending December 31, 2011, the City of Harrisonville provided the City of Kansas City, Missouri \$234,516.

The construction of the metering/regulating facility (meter vault) is to be paid solely from the City of Harrisonville for an estimated cost of \$60,000. The costs of construction for the transmission main, pump station, and elevated tank will be shared between both Cities. The estimated share of costs for the City of Harrisonville is \$3,159,184. After completion of the project, the transmission main, pump station, and elevated tank will be owned by the City of Kansas City, Missouri. The City of Kansas City, Missouri will be responsible for the operation and maintenance of said property. All payments made by the City of Harrisonville are accounted for as an intangible asset. After completion of the project, these costs will be amortized over the estimated life of the property. The project is expected to be completed by 2013.

The following is a schedule by years of future payments on the agreement as described above:

Year Ending December 31,	
2012	234,516
2013	234,516
2014	234,516
2015	234,516
2016	234,516
2017 - 2021	1,172,580
2022 - 2026	1,172,580
2027 - 2029	<u>273,602</u>
	<u>3,791,342</u>

NOTE 17. SUBSEQUENT EVENTS

The City received a reimbursement from the Missouri Department of Transportation in the amount of \$85,219 on August 24, 2012, for costs associated with construction of a trail project.

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 14, 2012, the date the financial statements were available to be issued, and through July 7, 2014, the date the financial statements were reissued for inclusion of the above paragraph.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HARRISONVILLE, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011

	General Fund			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	4,920,143	5,005,143	4,541,676	(463,467)
Licenses, fees and permits	151,700	150,200	162,417	12,217
Charges for services	1,992,728	2,069,920	1,846,605	(223,315)
Grants	617,000	1,513,852	1,299,069	(214,783)
Fines and forfeitures	272,050	272,050	239,292	(32,758)
Interest	50,000	15,000	15,351	351
Miscellaneous	458,500	87,500	248,257	160,757
<b>TOTAL REVENUES</b>	<u>8,462,121</u>	<u>9,113,665</u>	<u>8,352,667</u>	<u>(760,998)</u>
<b>EXPENDITURES</b>				
General Government				
Mayor and Board	165,175	165,175	136,833	28,342
Finance	1,348,857	951,502	845,872	105,630
Administration	581,295	666,467	649,861	16,606
Codes enforcement	364,385	365,385	344,473	20,912
Property management	158,893	143,893	107,300	36,593
Total General Government	<u>2,618,605</u>	<u>2,292,422</u>	<u>2,084,339</u>	<u>208,083</u>
Administration of Justice				
Administration and dispatch	630,840	640,440	501,701	138,739
Patrol	1,973,285	2,009,358	1,882,395	126,963
Total Administration of Justice	<u>2,604,125</u>	<u>2,649,798</u>	<u>2,384,096</u>	<u>265,702</u>
Street	976,245	985,487	962,085	23,402
Economic Development	180,420	180,420	176,936	3,484
Animal Control	176,545	193,492	156,002	37,490
Airport	244,525	263,325	233,113	30,212
CDBG pass-through expenses		769,252	753,740	15,512
Capital outlay	2,511,500	3,751,507	1,533,528	2,217,979
<b>TOTAL EXPENDITURES</b>	<u>9,311,965</u>	<u>11,085,703</u>	<u>8,283,839</u>	<u>2,801,864</u>

CITY OF HARRISONVILLE, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2011

	General Fund			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(849,844)</u>	<u>(1,972,038)</u>	<u>68,828</u>	<u>2,040,866</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			227,474	227,474
Transfers out	<u>(1,262,157)</u>	<u>(1,615,754)</u>	<u>(1,574,835)</u>	<u>40,919</u>
Total other financing sources (uses)	<u>(1,262,157)</u>	<u>(1,615,754)</u>	<u>(1,347,361)</u>	<u>268,393</u>
NET CHANGE IN FUND BALANCES	<u>(2,112,001)</u>	<u>(3,587,792)</u>	<u>(1,278,533)</u>	<u>2,309,259</u>
FUND BALANCE, beginning of year			<u>6,778,818</u>	
FUND BALANCE, end of year, budget basis			5,500,285	
Accrual adjustments			<u>681,514</u>	
FUND BALANCE, end of year, fund basis			<u>6,181,799</u>	

CITY OF HARRISONVILLE, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED DECEMBER 31, 2011

	Community Center				Emergency Services Fund			
	Budget		Actual	Variance Positive (Negative)	Budget		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Charges for services	933,022	883,867	836,507	(47,360)	1,723,250	2,045,178	1,787,088	(258,090)
Interest	7,000	7,000	1,389	(5,611)				
Miscellaneous	44,025	24,025	11,457	(12,568)	5,700	5,700	34,294	28,594
<b>TOTAL REVENUES</b>	<u>984,047</u>	<u>914,892</u>	<u>849,353</u>	<u>(65,539)</u>	<u>1,728,950</u>	<u>2,050,878</u>	<u>1,821,382</u>	<u>(229,496)</u>
EXPENDITURES								
Community Center	1,234,385	1,224,865	1,164,185	60,680				
Emergency Services					2,521,561	2,760,061	2,740,604	19,457
Capital outlay	20,000	20,000	19,684	316	138,400	138,400	119,204	19,196
<b>TOTAL EXPENDITURES</b>	<u>1,254,385</u>	<u>1,244,865</u>	<u>1,183,869</u>	<u>60,996</u>	<u>2,659,961</u>	<u>2,898,461</u>	<u>2,859,808</u>	<u>38,653</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(270,338)</u>	<u>(329,973)</u>	<u>(334,516)</u>	<u>(4,543)</u>	<u>(931,011)</u>	<u>(847,583)</u>	<u>(1,038,426)</u>	<u>(190,843)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	199,923	199,923	157,587	(42,336)	453,011	358,011	833,858	475,847
Proceeds of long-term debt			171,931	171,931				
Total other financing sources (uses)	<u>199,923</u>	<u>199,923</u>	<u>329,518</u>	<u>129,595</u>	<u>453,011</u>	<u>358,011</u>	<u>833,858</u>	<u>475,847</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(70,415)</u>	<u>(130,050)</u>	<u>(4,998)</u>	<u>125,052</u>	<u>(478,000)</u>	<u>(489,572)</u>	<u>(204,568)</u>	<u>285,004</u>
FUND BALANCE (DEFICIT), beginning of year			1,981,563				(364,766)	
FUND BALANCE (DEFICIT), end of year, budget basis			1,976,565				(569,334)	
Accrual adjustments			<u>10,633</u>				<u>571,862</u>	
FUND BALANCE, end of year, fund basis			<u>1,987,198</u>				<u>2,528</u>	

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1. BUDGETARY INFORMATION

An annual budget prepared under the cash basis of accounting is adopted in December prior to the beginning of each fiscal year for all revenues and expenditures of the General Fund of the City. The primary basis of budgetary control is at the department level. Departments may not legally exceed their total appropriation without the Board of Aldermen approval. A review of the current year's budget is made by the departments in December of each year and interdepartmental transfers are made with Board of Aldermen approval. Any remaining unencumbered appropriations lapse at fiscal year end unless reappropriated by the Board of Aldermen. Any increase in appropriations during the fiscal year must be approved by the Board of Aldermen.

NOTE 2. REAPPROPRIATIONS

It is the City's policy to reappropriate monies in the next fiscal year for projects or activities which were authorized in the previous year but not completed. The statements for 2011 show the General Fund with expenditures under budget in the amount of \$2,786,352, but the Board of Aldermen authorized the reappropriation of \$2,334,863 into the 2012 budget, primarily for incomplete capital projects of \$2,278,438 and the rest for operating purposes.

OTHER SUPPLEMENTARY INFORMATION

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CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2011

	Park Fund	Sales Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
ASSETS				
Cash		62,860		62,860
Investments		297,937		297,937
Accounts receivable		35,087		35,087
Grants receivable	85,219			85,219
Taxes receivable	79,983	160,439		240,422
Due from other funds			2,504	2,504
Prepaid insurance	7,498			7,498
Prepaid sales tax remittance		27,074		27,074
Restricted cash	731	18,422		19,153
Restricted investments	<u>66,635</u>			<u>66,635</u>
 TOTAL ASSETS	 <u>240,066</u>	 <u>601,819</u>	 <u>2,504</u>	 <u>844,389</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenue	11,293			11,293
Due to other funds	181,695			181,695
Accounts payable	<u>6,784</u>	<u>18,732</u>		<u>25,516</u>
Total liabilities	<u>199,772</u>	<u>18,732</u>		<u>218,504</u>
FUND BALANCES (DEFICIT)				
Nonspendable	7,498	27,074		34,572
Restricted	67,366	18,422		85,788
Assigned		537,591	2,504	540,095
Unassigned (deficit)	<u>(34,570)</u>			<u>(34,570)</u>
Total fund balances (deficit)	<u>40,294</u>	<u>583,087</u>	<u>2,504</u>	<u>625,885</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>240,066</u>	 <u>601,819</u>	 <u>2,504</u>	 <u>844,389</u>

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2011

	Park Fund	Sales Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	137,956			137,956
Sales		1,606,637		1,606,637
Other	14,964			14,964
Charges for services	24,015			24,015
Grants	114,275			114,275
Interest	325	3,081	2	3,408
Proceeds from sale of assets	33,726			33,726
Miscellaneous	9,121			9,121
Total revenues	<u>334,382</u>	<u>1,609,718</u>	<u>2</u>	<u>1,944,102</u>
<b>EXPENDITURES</b>				
Park	462,593			462,593
Debt service				
Principal			480,000	480,000
Interest			423,810	423,810
Capital outlay	164,594			164,594
Total expenditures	<u>627,187</u>		<u>903,810</u>	<u>1,530,997</u>
REVENUES OVER (UNDER) EXPENDI- TURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(292,805)</u>	<u>1,609,718</u>	<u>(903,808)</u>	<u>413,105</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	372,025		901,310	1,273,335
Transfers out		(1,596,086)		(1,596,086)
Total other financing sources (uses)	<u>372,025</u>	<u>(1,596,086)</u>	<u>901,310</u>	<u>(322,751)</u>
NET CHANGE IN FUND BALANCES	79,220	13,632	(2,498)	90,354
FUND BALANCES (DEFICIT), January 1, 2011	<u>(38,926)</u>	<u>569,455</u>	<u>5,002</u>	<u>535,531</u>
FUND BALANCES, December 31, 2011	<u>40,294</u>	<u>583,087</u>	<u>2,504</u>	<u>625,885</u>

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash	77,957	30,894	108,851
Accounts receivable		71,019	71,019
Prepaid insurance	<u>2,747</u>	<u>          </u>	<u>2,747</u>
Total current assets	<u>80,704</u>	<u>101,913</u>	<u>182,617</u>
Noncurrent Assets			
Restricted cash	12,197		12,197
Restricted investments	138,290		138,290
Property and equipment	<u>991,803</u>	<u>          </u>	<u>991,803</u>
Total noncurrent assets	<u>1,142,290</u>	<u>          </u>	<u>1,142,290</u>
TOTAL ASSETS	<u>1,222,994</u>	<u>101,913</u>	<u>1,324,907</u>
LIABILITIES			
Current Liabilities			
Accounts payable	<u>40</u>	<u>          </u>	<u>40</u>
NET ASSETS			
Invested in capital assets, net of related debt	991,803		991,803
Restricted for:			
Capital improvements	150,487		150,487
Unrestricted	<u>80,664</u>	<u>101,913</u>	<u>182,577</u>
TOTAL NET ASSETS	<u>1,222,954</u>	<u>101,913</u>	<u>1,324,867</u>

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2011

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	<u>166,394</u>	<u>469,763</u>	<u>636,157</u>
EXPENSES			
Administration	194,725	466,719	661,444
Depreciation	<u>94,885</u>	<u>          </u>	<u>94,885</u>
Total expenses	<u>289,610</u>	<u>466,719</u>	<u>756,329</u>
INCOME (LOSS) FROM OPERATIONS	<u>(123,216)</u>	<u>3,044</u>	<u>(120,172)</u>
NONOPERATING REVENUES			
Transfers in	41,888		41,888
Interest income	<u>1,589</u>	<u>21</u>	<u>1,610</u>
Total nonoperating revenues	<u>43,477</u>	<u>21</u>	<u>43,498</u>
CHANGE IN NET ASSETS	(79,739)	3,065	(76,674)
TOTAL NET ASSETS, January 1, 2011	<u>1,302,693</u>	<u>98,848</u>	<u>1,401,541</u>
TOTAL NET ASSETS, December 31, 2011	<u>1,222,954</u>	<u>101,913</u>	<u>1,324,867</u>

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2011

	Aquatic Center Fund	Refuse Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	166,394	468,865	635,259
Cash payments to suppliers	(125,364)	(466,719)	(592,083)
Cash payments to employees	<u>(68,428)</u>	<u>          </u>	<u>(68,428)</u>
Net cash provided by (used in) operating activities	<u>(27,398)</u>	<u>2,146</u>	<u>(25,252)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	<u>41,888</u>	<u>          </u>	<u>41,888</u>
Net cash provided by noncapital financing activities	<u>41,888</u>	<u>          </u>	<u>41,888</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	<u>(11,900)</u>	<u>          </u>	<u>(11,900)</u>
Net cash used in capital and related financing activities	<u>(11,900)</u>	<u>          </u>	<u>(11,900)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	1,589	21	1,610
Net investment activity	<u>61,519</u>	<u>          </u>	<u>61,519</u>
Net cash provided by investing activities	<u>63,108</u>	<u>21</u>	<u>63,129</u>
<b>NET INCREASE IN CASH</b>	<b>65,698</b>	<b>2,167</b>	<b>67,865</b>
CASH, January 1, 2011	<u>24,456</u>	<u>28,727</u>	<u>53,183</u>
CASH, December 31, 2011	<u>90,154</u>	<u>30,894</u>	<u>121,048</u>
<b>ALLOCATION OF CASH</b>			
Unrestricted	77,957	30,894	108,851
Restricted	<u>12,197</u>	<u>          </u>	<u>12,197</u>
	<u>90,154</u>	<u>30,894</u>	<u>121,048</u>

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2011

	Aquatic Center Fund	Refuse Fund	Total
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities			
Income (Loss) from operations	<u>(123,216)</u>	<u>3,044</u>	<u>(120,172)</u>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	94,885		94,885
(Increase) Decrease in:			
Accounts receivable		(898)	(898)
Prepaid expenses	1,022		1,022
Increase (Decrease) in:			
Accounts payable	<u>(89)</u>		<u>(89)</u>
Total adjustments	<u>95,818</u>	<u>(898)</u>	<u>94,920</u>
Net cash provided by (used in) operating activities	<u><u>(27,398)</u></u>	<u><u>2,146</u></u>	<u><u>(25,252)</u></u>

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2011

	Park Fund				Sales Tax Fund			
	Budget		Actual	Variance Positive (Negative)	Budget		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	151,036	151,036	114,369	(36,667)	1,750,000	1,750,000	1,565,764	(184,236)
Charges for services	25,320	22,320	24,015	1,695				
Grants		143,508	69,529	(73,979)				
Interest	1,200	1,200	325	(875)	5,000	5,000	3,081	(1,919)
Proceeds from the sale of assets			33,726	33,726				
Miscellaneous			9,121	9,121				
Total revenues	<u>177,556</u>	<u>318,064</u>	<u>251,085</u>	<u>(66,979)</u>	<u>1,755,000</u>	<u>1,755,000</u>	<u>1,568,845</u>	<u>(186,155)</u>
EXPENDITURES								
Park	465,081	463,581	513,704	(50,123)				
Capital outlay	84,500	252,465	164,594	87,871				
Total expenditures	<u>549,581</u>	<u>716,046</u>	<u>678,298</u>	<u>37,748</u>				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(372,025)</u>	<u>(397,982)</u>	<u>(427,213)</u>	<u>(29,231)</u>	<u>1,755,000</u>	<u>1,755,000</u>	<u>1,568,845</u>	<u>(186,155)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in			372,025	372,025				
Transfers out					(1,750,000)	(1,750,000)	(1,596,086)	153,914
Total other financing sources (uses)			<u>372,025</u>	<u>372,025</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,596,086)</u>	<u>153,914</u>
NET CHANGE IN FUND BALANCES	<u>(372,025)</u>	<u>(397,982)</u>	<u>(55,188)</u>	<u>342,794</u>	<u>5,000</u>	<u>5,000</u>	<u>(27,241)</u>	<u>(32,241)</u>
FUND BALANCE (DEFICIT), beginning of year			(59,141)				406,460	
FUND BALANCE (DEFICIT), end of year, budget basis			(114,329)				379,219	
Accrual adjustments			<u>154,623</u>				<u>203,868</u>	
FUND BALANCE, end of year, fund basis			<u>40,294</u>				<u>583,087</u>	

CITY OF HARRISONVILLE, MISSOURI  
NONMAJOR SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2011

		Total			
		Budget		Actual	Variance Positive (Negative)
		Original	Final		
REVENUES					
	Taxes	1,901,036	1,901,036	1,680,133	(220,903)
	Charges for services	25,320	22,320	24,015	1,695
	Grants		143,508	69,529	(73,979)
	Interest	6,200	6,200	3,406	(2,794)
	Proceeds from the sale of assets			33,726	33,726
	Miscellaneous			9,121	9,121
	Total revenues	<u>1,932,556</u>	<u>2,073,064</u>	<u>1,819,930</u>	<u>(253,134)</u>
EXPENDITURES					
	Park	465,081	463,581	513,704	(50,123)
	Capital outlay	84,500	252,465	164,594	87,871
	Total expenditures	<u>549,581</u>	<u>716,046</u>	<u>678,298</u>	<u>37,748</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>1,382,975</u>	<u>1,357,018</u>	<u>1,141,632</u>	<u>(215,386)</u>
OTHER FINANCING SOURCES (USES)					
	Transfers in			372,025	372,025
	Transfers out	(1,750,000)	(1,750,000)	(1,596,086)	153,914
	Total other financing sources (uses)	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,224,061)</u>	<u>525,939</u>
NET CHANGE IN FUND BALANCES		<u>(367,025)</u>	<u>(392,982)</u>	(82,429)	<u>310,553</u>
FUND BALANCE, beginning of the year				347,319	
FUND BALANCE, end of year, budget basis				264,890	
Accrual adjustments				358,491	
FUND BALANCE, end of year, fund basis				<u>623,381</u>	

CITY OF HARRISONVILLE, MISSOURI  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Interest	<u>2,500</u>	<u>2,500</u>	<u>2</u>	<u>(2,498)</u>
EXPENDITURES				
Debt Service				
Principal	480,000	480,000	480,000	
Interest	<u>423,810</u>	<u>423,810</u>	<u>423,810</u>	
Total expenditures	<u>903,810</u>	<u>903,810</u>	<u>903,810</u>	
EXCESS OF REVENUES UNDER EXPENDITURES	(901,310)	(901,310)	(903,808)	(2,498)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>901,310</u>	<u>901,310</u>	<u>901,310</u>	
NET CHANGE IN FUND BALANCES	<u>          </u>	<u>          </u>	(2,498)	<u>(2,498)</u>
FUND BALANCE, beginning of year			<u>5,002</u>	
FUND BALANCE, end of year, fund basis			<u>2,504</u>	

CITY OF HARRISONVILLE, MISSOURI  
ALL PROPRIETARY FUNDS  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2011

	Electric Fund				Water/Sewer Fund				Aquatic Center Fund			
	Budget		Actual	Actual Over (Under) Budget	Budget		Actual	Actual Over (Under) Budget	Budget		Actual	Actual Over (Under) Budget
	Original	Final			Original	Final			Original	Final		
REVENUES												
Charges for services	11,881,092	11,786,092	11,262,197	(523,895)	4,574,125	4,414,125	5,014,329	600,204	160,575	163,575	166,394	2,819
Grants						982,687	982,687					
Total revenues	<u>11,881,092</u>	<u>11,786,092</u>	<u>11,262,197</u>	<u>(523,895)</u>	<u>4,574,125</u>	<u>5,396,812</u>	<u>5,997,016</u>	<u>600,204</u>	<u>160,575</u>	<u>163,575</u>	<u>166,394</u>	<u>2,819</u>
EXPENSES												
Production					1,333,945	1,322,209	1,465,715	(143,506)				
Distribution	8,126,400	8,126,400	7,977,582	148,818	652,625	635,115	588,496	46,619				
Administration	2,331,460	2,339,960	2,359,146	(19,186)	1,048,169	1,050,269	799,559	250,710	212,002	213,002	193,792	19,210
Capital outlay	871,200	838,462	140,130	698,332	819,050	2,232,528	5,660,228	(3,427,700)	12,000	12,000	11,900	100
Total expenses	<u>11,329,060</u>	<u>11,304,822</u>	<u>10,476,858</u>	<u>827,964</u>	<u>3,853,789</u>	<u>5,240,121</u>	<u>8,513,998</u>	<u>(3,273,877)</u>	<u>224,002</u>	<u>225,002</u>	<u>205,692</u>	<u>19,310</u>
INCOME (LOSS) FROM OPERATIONS	<u>552,032</u>	<u>481,270</u>	<u>785,339</u>	<u>304,069</u>	<u>720,336</u>	<u>156,691</u>	<u>(2,516,982)</u>	<u>(2,673,673)</u>	<u>(63,427)</u>	<u>(61,427)</u>	<u>(39,298)</u>	<u>22,129</u>
OTHER INCOME (EXPENSE)												
Transfers in						448,597	448,597		41,888	41,888	41,888	
Interest income	25,000	6,000	9,854	3,854	35,000	8,000	220,469	212,469	1,100	1,100	1,589	489
Proceeds of long-term debt						4,300,000	3,709,866	(590,134)				
Payments of long-term debt	(175,000)	(175,000)	(175,000)		(495,700)	(495,700)	(495,700)					
Interest expense	(88,603)	(88,603)	(87,723)	880	(345,020)	(345,020)	(356,625)	(11,605)				
Total other income (expense)	<u>(238,603)</u>	<u>(257,603)</u>	<u>(252,869)</u>	<u>4,734</u>	<u>(805,720)</u>	<u>3,915,877</u>	<u>3,526,607</u>	<u>(389,270)</u>	<u>42,988</u>	<u>42,988</u>	<u>43,477</u>	<u>489</u>
REVENUES OVER (UNDER) EXPENSES	<u>313,429</u>	<u>223,667</u>	<u>532,470</u>	<u>308,803</u>	<u>(85,384)</u>	<u>4,072,568</u>	<u>1,009,625</u>	<u>(3,062,943)</u>	<u>(20,439)</u>	<u>(18,439)</u>	<u>4,179</u>	<u>22,618</u>
NET ASSETS, January 1, 2011			<u>2,669,539</u>				2,508,138				<u>224,265</u>	
NET ASSETS, December 31, 2011, budget basis			3,202,009				3,517,763				228,444	
Accrual adjustments			<u>4,258,533</u>				<u>18,457,938</u>				<u>994,510</u>	
NET ASSETS, December 31, 2011			<u>7,460,542</u>				<u>21,975,701</u>				<u>1,222,954</u>	

In the Water/Sewer Fund, capital outlay expenditures budgeted in the prior year were \$6,478,000 with an encumbered amount of \$6,636,800. The remaining encumbrance moving into 2011 was \$3,936,253.

CITY OF HARRISONVILLE, MISSOURI  
 ALL PROPRIETARY FUNDS  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED DECEMBER 31, 2011

	Refuse Fund				Total			
	Budget		Actual	Actual Over (Under) Budget	Budget		Actual	Actual Over (Under) Budget
	Original	Final			Original	Final		
REVENUES								
Charges for services	467,505	467,505	468,865	1,360	17,083,297	16,831,297	16,911,785	80,488
Grants						982,687	982,687	
Total revenues	<u>467,505</u>	<u>467,505</u>	<u>468,865</u>	<u>1,360</u>	<u>17,083,297</u>	<u>17,813,984</u>	<u>17,894,472</u>	<u>80,488</u>
EXPENSES								
Production					1,333,945	1,322,209	1,465,715	(143,506)
Distribution					8,779,025	8,761,515	8,566,078	195,437
Administration	467,504	467,504	466,719	785	4,059,135	4,070,735	3,819,216	251,519
Capital outlay					1,702,250	3,082,990	5,812,258	(2,729,268)
Total expenses	<u>467,504</u>	<u>467,504</u>	<u>466,719</u>	<u>785</u>	<u>15,874,355</u>	<u>17,237,449</u>	<u>19,663,267</u>	<u>(2,425,818)</u>
INCOME (LOSS) FROM OPERATIONS	<u>1</u>	<u>1</u>	<u>2,146</u>	<u>2,145</u>	<u>1,208,942</u>	<u>576,535</u>	<u>(1,768,795)</u>	<u>(2,345,330)</u>
OTHER INCOME (EXPENSE)								
Transfers in					41,888		490,485	490,485
Interest income	100	100	21	(79)	61,200	15,200	231,933	216,733
Proceeds of long-term debt						4,300,000	3,709,866	(590,134)
Payments of long-term debt					(670,700)	(670,700)	(670,700)	
Interest expense					(433,623)	(433,623)	(444,348)	(10,725)
Total other income (expense)	<u>100</u>	<u>100</u>	<u>21</u>	<u>(79)</u>	<u>(1,001,235)</u>	<u>3,210,877</u>	<u>3,317,236</u>	<u>106,359</u>
REVENUES OVER (UNDER) (EXPENSES)	<u>101</u>	<u>101</u>	<u>2,167</u>	<u>2,066</u>	<u>207,707</u>	<u>3,787,412</u>	<u>1,548,441</u>	<u>(2,238,971)</u>
NET ASSETS, January 1, 2011			<u>28,727</u>				<u>5,430,669</u>	
NET ASSETS, December 31, 2011, budget basis			30,894				6,979,110	
Accrual adjustments			<u>71,019</u>				<u>23,782,000</u>	
NET ASSETS, December 31, 2011			<u>101,913</u>				<u>30,761,110</u>	

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STATISTICAL SECTION  
(Unaudited)

This part of the City of Harrisonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	70 - 75
Revenue Capacity These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	76 - 81
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	82 - 84
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	85 - 87
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	88 - 89

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City fully implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information includes information beginning in that year. The City implemented GASB Statement No. 54 in 2011; schedules that include governmental fund balance classifications for years prior to 2011 are presented on pre-GASB 54 format.

Information presented in this section is required by GASB 44 to include current year plus nine years of subsequent data. In most cases, the City has not presented nine years of subsequent data as it is not readily available or has not been tracked by the City in the past.

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CITY OF HARRISONVILLE, MISSOURI  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	9,204,560	10,365,100	2,781,772	9,633,168	10,352,096	10,653,678	11,264,304	12,728,792	13,911,126
Restricted		4,604,770	9,074,255	2,163,749	2,914,819	2,959,767	2,180,313	2,184,248	2,662,683
Unrestricted	<u>7,453,120</u>	<u>3,560,840</u>	<u>8,433,882</u>	<u>2,713,047</u>	<u>1,268,017</u>	<u>1,823,309</u>	<u>1,557,045</u>	<u>859,829</u>	<u>(818,266)</u>
Total governmental activities net assets	<u>16,657,680</u>	<u>18,530,710</u>	<u>20,289,909</u>	<u>14,509,964</u>	<u>14,534,932</u>	<u>15,436,754</u>	<u>15,001,662</u>	<u>15,772,869</u>	<u>15,755,543</u>
Business-type activities									
Invested in capital assets, net of related debt	7,570,235	11,707,657	11,926,787	14,601,242	15,296,549	15,656,284	17,241,269	21,441,550	22,603,002
Restricted	7,827,300	4,472,772	5,062,744	2,106,963	1,947,727	2,131,131	2,044,493	2,054,861	2,557,484
Unrestricted	<u>2,560,926</u>	<u>1,872,470</u>	<u>1,462,099</u>	<u>3,436,005</u>	<u>4,757,742</u>	<u>5,467,973</u>	<u>5,513,489</u>	<u>4,316,580</u>	<u>5,600,624</u>
Total business-type activities net assets	<u>17,958,461</u>	<u>18,052,899</u>	<u>18,451,630</u>	<u>20,144,210</u>	<u>22,002,018</u>	<u>23,255,388</u>	<u>24,799,251</u>	<u>27,812,991</u>	<u>30,761,110</u>
Primary government									
Invested in capital assets, net of related debt	16,774,795	22,072,757	14,708,559	24,234,410	25,648,645	26,309,962	28,505,573	34,170,342	36,514,128
Restricted	7,827,300	9,077,542	14,136,999	4,270,712	4,862,546	5,090,898	4,224,806	4,239,109	5,220,167
Unrestricted	<u>10,014,046</u>	<u>5,433,310</u>	<u>9,895,981</u>	<u>6,149,052</u>	<u>6,025,759</u>	<u>7,291,282</u>	<u>7,070,534</u>	<u>5,176,409</u>	<u>4,782,358</u>
Total primary government net assets	<u>34,616,141</u>	<u>36,583,609</u>	<u>38,741,539</u>	<u>34,654,174</u>	<u>36,536,950</u>	<u>38,692,142</u>	<u>39,800,913</u>	<u>43,585,860</u>	<u>46,516,653</u>

CITY OF HARRISONVILLE, MISSOURI  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS

		Fiscal Year								
		2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES</b>										
Governmental activities										
	General Government	1,239,192	1,367,852	1,493,889	1,603,302	1,710,746	1,774,334	1,794,612	1,787,553	1,974,816
	Administration of Justice	2,023,094	2,069,482	2,107,865	2,285,891	2,461,933	2,816,808	2,592,948	2,643,954	2,663,787
	Fire and Emergency	487,334	566,472	508,970	601,405	575,410	588,701	367,525		
	Street	824,475	661,579	775,628	1,158,699	1,104,687	1,157,618	1,258,830	1,398,582	1,217,982
	Economic Development	127,729	175,428	146,492	219,247	177,994	201,947	155,637	179,210	191,704
	Animal Control	124,290	123,536	126,134	125,710	151,092	156,545	143,313	143,878	162,758
	Airport	265,250	286,368	317,388	304,269	325,579	391,387	347,264	331,203	321,968
	Ambulance	1,009,100	1,212,598	1,111,446	1,727,803	950,069	945,798	2,017,191	2,237,316	2,489,922
	Park	461,456	448,005	384,071	412,841	452,080	466,886	470,549	530,106	529,697
	Community Center		56,253	1,008,296	1,271,835	1,289,607	1,277,944	1,413,738	1,367,488	1,450,404
	Towne Center Project				5,990,284	1,074,469	5,678	15,923	18,726	10,187
	CDBG pass-through expenses									753,740
	Interest on long-term debt	183,775	30,375	515,560	529,657	1,169,186	919,217	902,258	873,168	860,401
	<b>Total governmental activities expenses</b>	<u>6,745,695</u>	<u>6,997,948</u>	<u>8,495,739</u>	<u>16,230,943</u>	<u>11,442,852</u>	<u>10,702,863</u>	<u>11,479,788</u>	<u>11,511,184</u>	<u>12,627,366</u>
Business-type activities										
	Electric	7,014,723	7,920,827	9,399,627	10,493,071	11,320,839	11,171,665	10,820,766	11,029,794	10,637,961
	Water and Sewer	2,870,247	3,302,385	3,380,979	3,673,566	3,908,279	4,245,705	4,031,290	4,214,590	3,652,972
	Aquatic Center	260,106	244,723	212,027	205,686	204,045	233,572	252,734	229,978	289,610
	Refuse	367,971	395,955	468,035	381,763	388,345	367,444	416,592	452,778	466,719
	<b>Total business-type activities expenses</b>	<u>10,513,047</u>	<u>11,863,890</u>	<u>13,460,668</u>	<u>14,754,086</u>	<u>15,821,508</u>	<u>16,018,386</u>	<u>15,521,382</u>	<u>15,927,140</u>	<u>15,047,262</u>
	<b>Total primary government expenses</b>	<u>17,258,742</u>	<u>18,861,838</u>	<u>21,956,407</u>	<u>30,985,029</u>	<u>27,264,360</u>	<u>26,721,249</u>	<u>27,001,170</u>	<u>27,438,324</u>	<u>27,674,628</u>
<b>PROGRAM REVENUES</b>										
Governmental activities										
Charges for services										
	General Government	1,563,715	1,693,836	1,683,963	1,849,033	1,922,835	2,269,442	1,943,791	2,024,687	1,985,007
	Administration of Justice	317,111	264,794	266,771	259,829	253,109	248,580	235,958	226,217	239,292
	Ambulance	897,502	972,945	809,767	823,444	874,553	981,217	1,104,773	1,362,127	1,423,372
	Park	40,783	38,973	11,570	13,192	28,503	25,313	23,276	22,609	24,015
	Community Center			639,621	822,254	807,219	750,617	784,011	870,262	850,019
	Operating grants and contributions	86,770	111,019	548,062	250,797	632,643	184,774	36,610	218,541	939,601
	Capital grants and contributions								320,525	508,546
	<b>Total governmental activities program revenues</b>	<u>2,905,881</u>	<u>3,081,567</u>	<u>3,959,754</u>	<u>4,018,549</u>	<u>4,518,862</u>	<u>4,459,943</u>	<u>4,128,419</u>	<u>5,044,968</u>	<u>5,969,852</u>
Business-type activities										
Charges for services										
	Electric	7,053,349	7,434,758	9,236,930	11,278,076	12,185,598	11,712,338	11,355,377	11,529,975	11,200,157
	Water and Sewer	3,584,958	3,627,557	3,823,889	4,277,089	4,503,439	4,651,353	4,866,050	4,588,165	4,458,249

CITY OF HARRISONVILLE, MISSOURI  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>PROGRAM REVENUES</b>									
Business-type activities (Continued)									
Charges for services (Continued)									
Aquatic Center	182,536	138,370	127,512	141,807	135,088	133,344	125,189	125,450	166,394
Refuse	377,066	433,625	414,649	386,359	398,383	399,814	424,579	451,427	469,763
Capital grants and contributions								2,017,313	982,687
Total business-type activities program revenues	<u>11,197,909</u>	<u>11,634,310</u>	<u>13,602,980</u>	<u>16,083,331</u>	<u>17,222,508</u>	<u>16,896,849</u>	<u>16,771,195</u>	<u>18,712,330</u>	<u>17,277,250</u>
Total primary government program revenues	<u>14,103,790</u>	<u>14,715,877</u>	<u>17,562,734</u>	<u>20,101,880</u>	<u>21,741,370</u>	<u>21,356,792</u>	<u>20,899,614</u>	<u>23,757,298</u>	<u>23,247,102</u>
<b>NET (EXPENSE) REVENUE</b>									
Governmental activities	(3,839,814)	(3,916,381)	(4,535,985)	(12,212,394)	(6,923,990)	(6,242,920)	(7,351,369)	(6,466,216)	(6,657,514)
Business-type activities	684,862	(229,580)	142,312	1,329,245	1,401,000	878,463	1,249,813	2,785,190	2,229,988
Total primary government net expense	<u>(3,154,952)</u>	<u>(4,145,961)</u>	<u>(4,393,673)</u>	<u>(10,883,149)</u>	<u>(5,522,990)</u>	<u>(5,364,457)</u>	<u>(6,101,556)</u>	<u>(3,681,026)</u>	<u>(4,427,526)</u>
<b>GENERAL REVENUES AND OTHER</b>									
<b>CHANGES IN NET ASSETS</b>									
Governmental activities									
Taxes	5,011,887	5,051,726	5,629,641						
Property taxes				745,358	867,421	906,279	864,193	896,169	816,771
Sales taxes				3,234,247	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070
Franchise taxes				1,360,063	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045
Other taxes				153,767	161,988	152,724	215,065	211,217	152,046
Unrestricted investment earnings	123,496	162,454	304,196	630,951	649,256	313,661	118,459	37,719	33,593
Miscellaneous	479,440	605,554	361,347	308,063	260,722	196,470	458,050	351,344	320,148
Transfers	(9,148)	(30,323)							(490,485)
Total governmental activities	<u>5,605,675</u>	<u>5,789,411</u>	<u>6,295,184</u>	<u>6,432,449</u>	<u>6,948,958</u>	<u>7,144,742</u>	<u>6,702,125</u>	<u>7,237,423</u>	<u>6,640,188</u>
Business-type activities									
Unrestricted investment earnings	278,297	293,695	260,171	363,335	456,808	374,907	294,050	228,550	227,646
Miscellaneous			(3,752)						
Transfers	9,148	30,323							490,485
Total business-type activities	<u>287,445</u>	<u>324,018</u>	<u>256,419</u>	<u>363,335</u>	<u>456,808</u>	<u>374,907</u>	<u>294,050</u>	<u>228,550</u>	<u>718,131</u>
Total primary government	<u>5,893,120</u>	<u>6,113,429</u>	<u>6,551,603</u>	<u>6,795,784</u>	<u>7,405,766</u>	<u>7,519,649</u>	<u>6,996,175</u>	<u>7,465,973</u>	<u>7,358,319</u>
<b>CHANGE IN NET ASSETS</b>									
Governmental activities	1,765,861	1,873,030	1,759,199	(5,779,945)	24,968	901,822	(649,244)	771,207	(17,326)
Business-type activities	972,307	94,438	398,731	1,692,580	1,857,808	1,253,370	1,543,863	3,013,740	2,948,119
Total primary government	<u>2,738,168</u>	<u>1,967,468</u>	<u>2,157,930</u>	<u>(4,087,365)</u>	<u>1,882,776</u>	<u>2,155,192</u>	<u>894,619</u>	<u>3,784,947</u>	<u>2,930,793</u>

CITY OF HARRISONVILLE, MISSOURI  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST NINE FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND									
Nonspendable									137,711
Restricted									113,630
Unassigned									5,930,458
Reserved	96,031	96,836	98,729	145,388	120,742	134,148	122,118	101,466	
Unreserved	<u>4,460,635</u>	<u>5,354,289</u>	<u>5,907,713</u>	<u>6,889,715</u>	<u>7,585,851</u>	<u>8,203,393</u>	<u>8,179,575</u>	<u>7,202,484</u>	
Total General Fund	<u>4,556,666</u>	<u>5,451,125</u>	<u>6,006,442</u>	<u>7,035,103</u>	<u>7,706,593</u>	<u>8,337,541</u>	<u>8,301,693</u>	<u>7,303,950</u>	<u>6,181,799</u>
ALL OTHER GOVERNMENTAL FUNDS									
Nonspendable									112,270
Restricted									2,549,053
Assigned									1,064,581
Unassigned									(98,104)
Reserved	13,021,963	4,488,718	8,975,526	3,145,133	1,150,442	1,020,234	1,081,070	1,107,459	
Unreserved, reported in:									
Special revenue funds	<u>1,753,096</u>	<u>1,986,099</u>	<u>1,951,151</u>	<u>1,367,780</u>	<u>3,380,010</u>	<u>3,532,205</u>	<u>2,350,584</u>	<u>2,523,616</u>	
Total all other governmental funds	<u>14,775,059</u>	<u>6,474,817</u>	<u>10,926,677</u>	<u>4,512,913</u>	<u>4,530,452</u>	<u>4,552,439</u>	<u>3,431,654</u>	<u>3,631,075</u>	<u>3,627,800</u>

CITY OF HARRISONVILLE, MISSOURI  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL  
 LAST NINE FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES									
Taxes	5,150,857	5,218,302	5,655,312						
Property				838,427	848,607	911,262	874,222	923,255	891,842
Sales				3,234,247	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070
Franchise				1,360,063	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045
Other				153,767	156,076	152,724	215,065	211,217	152,046
Licenses, fees and permits	175,018	218,957	168,712	177,356	225,187	411,668	140,049	193,055	162,417
Fines and forfeitures	317,111	264,794	266,771	259,829	253,109	248,580	235,958	226,217	239,292
Charges for services	2,326,982	2,486,797	2,976,209	3,330,567	3,407,923	3,614,921	3,715,802	4,086,630	4,119,996
Grants	86,770	111,019	548,062	250,797	632,643	184,774	36,610	539,066	1,448,147
Investment earnings	123,496	162,454	304,196	630,951	649,256	313,661	118,459	37,719	33,593
Miscellaneous	479,440	300,271	361,347	308,063	260,722	196,470	458,050	351,583	336,855
Total revenues	<u>8,659,674</u>	<u>8,762,594</u>	<u>10,280,609</u>	<u>10,544,067</u>	<u>11,443,094</u>	<u>11,609,668</u>	<u>10,840,573</u>	<u>12,309,716</u>	<u>13,192,303</u>
EXPENDITURES									
General Government	1,162,419	1,272,272	1,397,997	1,431,657	1,615,486	1,675,957	1,705,939	1,686,829	1,875,373
Administration of Justice	1,920,966	1,963,411	2,009,591	2,089,362	2,374,198	2,720,316	2,481,177	2,529,476	2,554,360
Fire and Emergency	402,584	493,252	436,963	468,515	494,272	514,913	305,195		
Street	722,383	523,318	605,250	919,331	860,268	888,273	986,420	1,139,023	962,085
Economic Development	124,763	174,691	140,205	202,192	161,770	186,738	140,428	164,220	176,936
Animal Control	122,572	120,403	123,001	114,109	145,331	149,789	136,557	137,122	156,002
Airport	157,181	219,711	220,636	209,147	222,207	275,850	232,654	219,903	180,079
Ambulance	945,909	1,112,618	1,022,975	1,631,773	865,527	859,740	1,914,395	2,087,034	2,324,734
Park	389,963	373,674	308,696	318,377	378,458	396,746	395,146	462,220	462,593
Community Center		56,253	840,759	965,729	994,485	979,138	1,112,725	1,066,878	1,151,513
Towne Center Project			34,300	5,955,984	1,248,099	5,678	15,923	18,726	10,187
CDBG pass-through expenses									753,740
Capital outlay	1,463,657	8,864,084	4,003,841	589,934	1,254,285	849,141	1,142,304	1,938,203	1,837,010
Debt service									
Principal	49,983	450,000	500,000	525,000	7,410,000	575,000	780,000	825,000	733,926
Interest and fiscal fees	183,775	534,407	515,560	508,060	1,165,574	879,454	862,495	833,404	820,637
Total expenditures	<u>7,646,155</u>	<u>16,158,094</u>	<u>12,159,774</u>	<u>15,929,170</u>	<u>19,189,960</u>	<u>10,956,733</u>	<u>12,211,358</u>	<u>13,108,038</u>	<u>13,999,175</u>

CITY OF HARRISONVILLE, MISSOURI  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL  
 LAST NINE FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,013,519</u>	<u>(7,395,500)</u>	<u>(1,879,165)</u>	<u>(5,385,103)</u>	<u>(7,746,866)</u>	<u>652,935</u>	<u>(1,370,785)</u>	<u>(798,322)</u>	<u>(806,872)</u>
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of assets		444,783							
Proceeds of long-term debt	12,835,000		6,886,342		8,435,895				171,931
Transfers in	973,095	1,642,286	1,170,714	1,236,060	1,307,535	1,343,412	1,425,335	3,779,288	2,680,436
Transfers out	<u>(982,243)</u>	<u>(1,672,609)</u>	<u>(1,170,714)</u>	<u>(1,236,060)</u>	<u>(1,307,535)</u>	<u>(1,343,412)</u>	<u>(1,425,335)</u>	<u>(3,779,288)</u>	<u>(3,170,921)</u>
Total other financing sources (uses)	<u>12,825,852</u>	<u>414,460</u>	<u>6,886,342</u>		<u>8,435,895</u>				<u>(318,554)</u>
NET CHANGES IN FUND BALANCES	13,839,371	(6,981,040)	5,007,177	(5,385,103)	689,029	652,935	(1,370,785)	(798,322)	(1,125,426)
DEBT SERVICE AS A PER- CENTAGE OF NONCAPITAL EXPENDITURES	3.8%	13.5%	8.4%	6.7%	47.8%	14.4%	14.8%	14.8%	12.8%

CITY OF HARRISONVILLE, MISSOURI  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

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Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	73,732,234	22,772,888	96,505,122	0.75
2003	81,770,408	25,139,884	106,910,292	0.75
2004	83,590,337	25,542,567	109,132,904	0.75
2005	90,182,211	24,702,214	114,884,425	0.75
2006	92,956,701	24,305,736	117,262,437	0.75
2007	91,927,554	23,243,342	115,170,896	0.77
2008	93,646,146	21,440,771	115,086,917	0.78
2009	93,250,444	25,538,774	118,789,218	0.66
2010	94,022,248	25,241,452	119,263,700	0.66
2011	94,424,728	23,546,390	117,971,118	0.67

Source: Cass County Assessor's Office

Note: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the "Market Value." Those percentages are 32 for commercial, 19 for residential, and 12 for agriculture.

Tax rates are per \$100 of assessed value.

CITY OF HARRISONVILLE, MISSOURI  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST EIGHT FISCAL YEARS

Fiscal Year Ended December 31,	City Direct Rates				Overlapping Rates			Total Direct and Overlapping
	General Fund	Ambulance Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	
2004	0.5129	0.1161	0.1161	0.7451	0.03	5.58	5.61	6.36
2005	0.5129	0.1161	0.1161	0.7451	0.03	6.00	6.03	6.78
2006	0.5129	0.1161	0.1161	0.7451	0.03	6.04	6.07	6.82
2007	0.5278	0.1195	0.1195	0.7668	0.03	6.04	6.07	6.84
2008	0.5358	0.1213	0.1213	0.7784	0.03	6.19	6.22	7.00
2009	0.5422	0.0000	0.1227	0.6649	0.03	6.19	6.22	6.88
2010	0.5422	0.0000	0.1227	0.6649	0.03	6.20	6.23	6.89
2011	0.5501	0.0000	0.1245	0.6746	0.03	6.20	6.23	6.90

Source: Cass County Collector

Note: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

CITY OF HARRISONVILLE, MISSOURI  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2003		
	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation
Church & Dwight/USA Detergents	6,601,360	1	5.60	4,808,819	1	4.50
Wal-Mart	3,340,180	2	2.83	3,253,980	2	3.04
Harrisonville MP II LLC	1,992,520	3	1.69			
Sutherlands Lumber Co.	1,624,010	4	1.38			
Harrisonville MP LLC	1,377,660	5	1.17			
Mill-Walk Mall	1,373,200	6	1.16	1,447,390	3	1.35
Universal Forest Products	1,128,000	7	0.96	923,815	6	0.86
Harrisonville Crossings Properties	930,640	8	0.79			
H.V. Hotel Investment LLC	746,450	9	0.63			
AHG, Inc.	660,260	10	0.56	1,084,810	5	1.10
Crown Properties, LC				574,420	8	0.54
Eaglepicher Pharmaceutical				1,267,660	4	1.19
CHEP USA				670,115	7	0.63
Vista Productions				563,780	9	0.53
Camden Regency Healthcare				527,850	10	0.49
<b>TOTALS</b>	<u>19,774,280</u>		<u>16.58</u>	<u>15,122,639</u>		<u>13.86</u>

Data provided by the Cass County Collector

CITY OF HARRISONVILLE, MISSOURI  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST NINE FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2003	806,103	699,505	86.78	80,082	779,587	96.71	208,632	25.88
2004	813,143	618,866	76.11	59,899	678,765	83.47	343,010	42.18
2005	856,078	767,070	89.60	52,999	820,069	95.79	379,019	44.27
2006	873,722	806,434	92.30	52,926	859,360	98.36	103,845	11.89
2007	883,130	728,365	82.48	79,768	808,133	91.51	24,077	2.73
2008	895,837	858,631	95.85	19,441	878,072	98.02	22,087	2.47
2009	789,830	763,896	96.72	16,587	780,483	98.82	33,796	4.28
2010	792,984	721,512	90.99	9,515	731,027	92.19	72,313	9.12
2011	795,833	746,929	93.85	13,051	759,980	95.49	61,198	7.69

NOTES: Amounts relating to railroad and utility property taxes are not included above.

Taxes paid under protest are held by the respective County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent tax collections.

CITY OF HARRISONVILLE, MISSOURI  
 DIRECT AND OVERLAPPING  
 SALES TAX RATES  
 LAST NINE FISCAL YEARS

Fiscal Year	City Rate	Cass County	State	Total
2003	1.500	1.250	4.225	6.975
2004	1.500	1.250	4.225	6.975
2005	1.500	1.250	4.225	6.975
2006	1.500	1.250	4.225	6.975
2007	1.500	1.250	4.225	6.975
2008	1.500	1.250	4.225	6.975
2009	1.875	1.250	4.225	7.350
2010	1.875	1.250	4.225	7.350
2011	1.875	1.250	4.225	7.350

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI  
TAXABLE RETAIL SALES  
LAST NINE CALENDAR YEARS  
(in thousands of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL RETAIL SALES	<u>172,140</u>	<u>177,596</u>	<u>188,185</u>	<u>189,753</u>	<u>199,144</u>	<u>200,585</u>	<u>198,251</u>	<u>192,046</u>	<u>201,671</u>

Note: This report does not breakout taxable sales by retail category as some detail information is considered confidential by state law.

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita	
	Certificates of Participation	Revenue Bonds	Promissory Note	Capital Lease Payable	Revenue Bonds				Promissory Note
2003	12,835,000			524,823	12,520,000	25,879,823	0.15	2,668	
2004	12,385,000			502,164	11,730,000	24,617,164	0.13	2,462	
2005	11,885,000			478,160	12,685,000	25,048,160	0.13	2,444	
2006	11,360,000			452,732	11,860,000	23,672,732	0.12	2,287	
2007	10,810,000	8,630,000		425,794	11,175,000	31,040,794	0.15	2,985	
2008	10,235,000	8,630,000		397,257	10,290,000	29,552,257	0.15	2,842	
2009	9,635,000	17,450,000		367,027	9,580,000	37,032,027	0.18	3,561	
2010	9,010,000	17,250,000		335,002	9,059,375	35,654,377	0.18	3,428	
2011	8,530,000	17,030,000	171,931	301,076	11,718,541	380,000	38,131,548	0.17	3,806

CITY OF HARRISONVILLE, MISSOURI  
 COMPUTATION OF LEGAL DEBT MARGIN  
 DECEMBER 31, 2011  
 (UNAUDITED)

	General Obligation Bonds		Total
	Ordinary (1)	Additional (2)	
Assessed valuation	117,971,118	_____	117,971,118
Constitutional debt limit	11,797,111	11,797,111	23,594,222
Less general obligation bonds payable	11,797,111	11,797,111	23,594,222
Cash and securities available for retirement	11,797,111	11,797,111	23,594,222

- (1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.
  
- (2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm systems, and purchasing or construction waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI  
 COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT  
 DECEMBER 31, 2011

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	26,285,000	65%	17,085,250
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds	_____	0%	_____
Total direct and estimated overlapping debt	<u>26,285,000</u>		<u>17,085,250</u>

(1) On the basis of assessed valuation.

NOTE: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Lease purchase agreements are not included in this schedule but have been included in the past. This change accounts for the significant difference among this year and previous years' schedules.

CITY OF HARRISONVILLE, MISSOURI  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2002	9,410	166,557,000	17,700	2,328	3.70%
2003	9,700	175,570,000	18,100	2,409	4.00%
2004	10,000	185,000,000	18,500	2,442	4.00%
2005	10,250	194,750,000	19,000	2,436	4.30%
2006	10,350	201,825,000	19,500	2,507	4.30%
2007	10,400	205,920,000	19,800	2,500	4.30%
2008	10,400	201,040,000	19,331	2,504	6.10%
2009	10,400	201,040,000	19,331	2,580	10.00%
2010	10,400	201,040,000	19,331	2,580	10.00%
2011	10,019	218,915,150	21,850	2,580	7.90%

Data Sources:

- 1 Bureau of Census and City estimates
- 2 KCADC and City estimates
- 3 School District

CITY OF HARRISONVILLE, MISSOURI  
 PRINCIPAL EMPLOYERS  
 THIS FISCAL YEAR AND THREE YEARS AGO

Employer	2011			2008	
	Employees	Rank	% of Total Employment	Employees	Rank
Wal-Mart Distribution Center	775	1	25.01%	775	1
Wal-Mart	397	3	12.81%	390	2
Cass R-IX Schools	386	4	12.46%	367	3
Cass Medical Center	412	2	13.29%	330	4
Cass County Government	285	5	9.20%	285	5
City of Harrisonville	214	7	6.91%	225	6
Casco Area Workshop	200	8	6.45%	220	7
Church & Dwight Co., Inc.	231	6	7.45%	208	8
Crown Care Center	101	9	3.26%	101	9
Family Center	98	10	3.16%	98	10
Total Employment	3,099			2,999	

Source: Harrisonville Area Chamber of Commerce and Economic Development

CITY OF HARRISONVILLE, MISSOURI  
 SCHEDULE OF PROPERTY VALUE, CONSTRUCTION PERMITS ISSUED  
 AND TOTAL DOLLARS ON DEPOSIT AT YEAR END  
 WITH LOCAL BANKS AND SAVINGS AND LOANS  
 LAST TEN YEARS

Year	Construction Permits and Value (1) and (2)				Total Year End Deposits at Local Banks (Thousands)	Total Property Value (3)
	Residential		Commercial			
	Number	Value	Number	Value		
December 2001	303	8,212,999	125	38,440,405	253,651	96,855,690
December 2002	318	12,259,290	130	3,957,351	242,804	96,505,122
December 2003	285	6,649,324	130	9,240,581	226,089	106,910,292
December 2004	316	13,415,449	144	13,083,218	237,597	109,132,904
December 2005	355	7,176,302	189	3,676,090	286,990	114,894,425
December 2006	400	5,132,062	267	9,475,391	249,989	117,262,437
December 2007	861	6,049,296	154	14,936,040	339,313	115,170,896
December 2008	319	3,054,774	93	59,978,221	277,759	115,086,917
December 2009	245	1,672,246	68	1,180,815	295,081	118,789,218
December 2010	276	1,283,561	95	18,650,228	317,327	119,263,700
December 2011	318	1,403,626	98	3,392,188	329,770	117,971,118

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

CITY OF HARRISONVILLE, MISSOURI  
 CAPITAL ASSET STATISTICS  
 BY FUNCTION/PROGRAM  
 LAST SIX FISCAL YEARS

Function/Program	Fiscal Year					
	2006	2007	2008	2009	2010	2011
<b>Police</b>						
Patrol units	23	23	23	23	23	20
Police stations	1	1	1	1	1	1
<b>Fire</b>						
Fire stations	1	1	1	1	1	1
Fire hydrants	660	660	670	678	678	678
<b>Streets</b>						
Miles	69	69	69	69	69	69
Street lights	900	900	900	900	900	900
Miles of storm sewers	9	9	9	9	9	9
<b>Parks</b>						
Parks	6	6	6	6	6	6
Acreage	250	250	250	250	250	250
Golf courses	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4
Community centers	7	7	7	7	7	7
<b>Sewer</b>						
Sanitary sewer (miles)	54.0	54.0	54.0	54.0	54.0	54.0
Plant capacity (mgd)	1.3	1.3	1.5	1.5	2.0	2.0
Treatment plants	1	1	1	1	1	1
Service connections	4,079	4,094	4,102	4,084	4,071	4,037
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
<b>Water</b>						
Miles of water mains	56	56	56	56	56	56
Service connections	4,152	3,984	3,992	3,978	3,966	3,923
Daily average consumption in gallons	1,300,000	1,300,000	1,300,000	950,000	950,000	950,000

Source: City Department Heads

CITY OF HARRISONVILLE, MISSOURI  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
 BY FUNCTION/PROGRAM  
 LAST SIX FISCAL YEARS

Function/Program	Fiscal Year					
	2006	2007	2008	2009	2010	2011
General Government						
Management	5	5	5	5	5	4
Finance	7	7	8	7	6	7
Codes	4	4	4	4	4	4
Community Development	2	2	1	2	2	2
Police						
Officers	20	20	20	21	23	25
Civilians	6	6	5	6	6	6
Animal control	2	2	1	2	2	2
Court	1	1	1	1	1	1
Fire/EMS						
Firefighters/Director	5	5	5	1	1	1
Firefighters/Paramedics/EMT's	4	2	3	19	17	15
Clerk	1	1	1	1	1	1
Public Works						
Engineering	1	1	1	1	1	1
Streets	8	8	8	8	7	7
Electric	9	9	9	9	8	8
Water	13	13	13	13	13	12
Wastewater	4	5	5	4	4	4
Airport	1	1	1	1	1	1
Community Center/Parks	<u>10</u>	<u>9</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>
Total	<u>103</u>	<u>101</u>	<u>102</u>	<u>116</u>	<u>113</u>	<u>111</u>

Source: Jan Harper, City of Harrisonville

CITY OF HARRISONVILLE, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<u>Environmental Protection Agency</u>			
Pass-through Missouri Department of Natural Resources			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	C295365-05	66.458	<u>2,900,444</u>
<u>Department of Transportation</u>			
Pass-through Missouri Department of Transportation			
Airport Improvement Program	09-110C-1	20.106	332,258
Highway Planning and Construction		20.205	85,219
State and Community Highway Safety		20.600	2,613
Alcohol Impaired Driving Countermeasures Incentive Grants I		20.601	<u>1,363</u>
			<u>421,453</u>
<u>Department of Homeland Security</u>			
Pass-through Missouri Department of Public Safety			
Disaster Grants - Public Assistance	1961-DR-MO	97.036	<u>1,363</u>
<u>Department of Housing and Urban Development</u>			
Pass-through Missouri Department of Economic Development			
Community Development Block Grants	2008-DI-34	14.228	<u>753,740</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>4,077,000</b></u>

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Harrisonville, Missouri and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. SUBRECIPIENTS

The City of Harrisonville, Missouri provided no federal awards to subrecipients.

NOTE 3. PURPOSES OF FEDERAL PROGRAMS

A brief description of the purpose of each federal program follows:

Capitalization Grants for Clean Water State Revolving Funds (66.458)

To create State Revolving Funds (SRF's) through a program of capitalization grants to States which will provide a long-term source of State financing for construction of wastewater treatment facilities and implementation of other water quality management activities. The capitalization grant that is deposited in the State's SRF is used to provide loans and other types of financial assistance, but not grants, to local communities and intermunicipal and interstate agencies. The capitalization grant that is deposited from funds available under the American Recovery and Reinvestment Act of 2009 are considered grants and not loans to local communities.

Airport Improvement Program (20.106)

To assist sponsors, owners, or operators of public-use airports in the development of a nationwide system of airports adequate to meet the needs of civil aeronautics. The purpose of the law includes the investment in transportation, environmental protection, and airport infrastructure that will provide long-term economic benefits.

Highway Planning and Construction (20.205)

To assist State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS) and to provide for other special purposes.

State and Community Highway Safety (20.600)

To provide a coordinated national highway safety program to reduce traffic crashes, deaths, injuries, and property damage.

CITY OF HARRISONVILLE, MISSOURI  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2011

NOTE 3. PURPOSES OF FEDERAL PROGRAMS (Continued)

Alcohol Impaired Driving Countermeasures Incentive Grants I (20.601)

To encourage States to adopt effective programs to reduce crashes resulting from persons driving while under the influence of alcohol.

Disaster Grants - Public Assistance (97.036)

To assist State and local governments in responding to and recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures and the repair, restoration, reconstruction or replacement of public facilities or infrastructure damaged or destroyed.

Community Development Block Grants (14.228)

The primary objective of this program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low- and moderate-income. Each activity funded must meet one of the program's National Objectives by: Benefiting low- and moderate-income families; aiding in the prevention or elimination of slums or blight; or meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

NOTE 4. LOCAL GOVERNMENT CONTRIBUTIONS

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the schedule of expenditures of federal awards.

NOTE 5. ADDITIONAL AUDITS

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy, efficiency and program results which may result in disallowed costs to the City. However, City management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2011.

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DANA F. COLE & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the Board of Aldermen  
City of Harrisonville, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2011, which collectively comprise the City of Harrisonville, Missouri's basic financial statements and have issued our report thereon dated May 14, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrisonville, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item 2011-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harrisonville, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The City of Harrisonville, Missouri's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Harrisonville, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dana F Cole + Company, LLP

Overland Park, Kansas  
May 14, 2012 and July 7, 2014, as reissued

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor  
and Members of the Board of Aldermen  
City of Harrisonville, Missouri

Compliance

We have audited the City of Harrisonville, Missouri's compliance with the types of compliance requirements described in the OMB Circular A-133 "Compliance Supplement" that could have a direct and material effect on each of the City of Harrisonville, Missouri's major federal programs for the year ended December 31, 2011. The City of Harrisonville, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Harrisonville, Missouri's management. Our responsibility is to express an opinion on the City of Harrisonville, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Harrisonville, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Harrisonville, Missouri's compliance with those requirements.

In our opinion, the City of Harrisonville, Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2011.

## Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing body, administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dana J Cole + Company, LLP

Overland Park, Kansas  
May 14, 2012 and July 7, 2014, as reissued

CITY OF HARRISONVILLE, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 2011

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified:  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses:  Yes  No

Noncompliance matter to the financial statements disclosed:  Yes  No

Federal Awards

Internal control over major programs:

Material weakness identified:  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses::  Yes  No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:  Yes  No

Identification of major programs:

	CFDA No.
Capitalization Grants for Clean Water ARRA - State Revolving Funds	66.458
Airport Improvement Program	20.106
Community Development Block Grants	14.228

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee?  Yes  No

CITY OF HARRISONVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011

SECTION II. FINANCIAL STATEMENT FINDINGS

2011-1 RELIANCE UPON THE AUDITOR

Condition

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors.

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements in conformity with accounting principles generally accepted in the United States of America and the schedule of expenditures of federal awards.

Questioned Costs

None.

Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements among other procedures as considered necessary by management.

Management's Response

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytic procedures among other procedures necessary to complete the Management Discussion and Analysis.

CITY OF HARRISONVILLE, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF HARRISONVILLE, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2011

The prior audit findings are as follows:

FINANCIAL STATEMENT FINDINGS

2010-1 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2011-1.