

CITY OF SUNSET HILLS, MISSOURI

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009***

CITY OF SUNSET HILLS, MISSOURI

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Statement Of Net Assets	9
Statement Of Activities	10
Balance Sheet - Governmental Funds	11
Reconciliation Of The Statement Of Net Assets Of Governmental Funds To The Balance Sheet	12
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances - All Governmental Fund Types	13
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	14
Statement Of Fiduciary Assets And Liabilities - Agency Fund	15
Notes To Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule:	
General Fund	28
County Road Fund	29
Storm Water/ Parks Fund	30

INDEPENDENT AUDITORS' REPORT



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

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Sunset Hills, Missouri, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of City of Sunset Hills, Missouri, as of June 30, 2009, and the respective changes in the financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2010, on our consideration of City of Sunset Hills, Missouri, 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 28 through 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sunset Hills, Missouri's basic financial statements. The combining balance sheet and the combining schedule of revenues, expenditures and changes in fund balance for nonmajor funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, and accordingly, we express no opinion on them.

Botz, Seal & Company

June 2, 2010

**CITY OF SUNSET HILLS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

The discussion and analysis of the City of Sunset Hills' financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2009. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City ended the year with \$19,156,081 in net assets.
- Improvements to Old Gravois Road were completed in 2009 totaling \$1,301,695. W. Watson Road Bridge and Baalbek Bridge were also improved at a cost of \$796,681 for both projects.
- Capital asset additions totaled \$2,428,105.

REPORT LAYOUT

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

Basic Financial Statements

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

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

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

Basic Financial Statements - continued

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

THE CITY AS A WHOLE

Government-wide Financial Analysis

The City's combined net assets were \$19,156,081 as of December 31, 2009. This analysis focuses on the net assets (table 1) and changes in general revenues and significant expenses (table 2) of the City's governmental activities.

The City's net assets consist of its investment in capital assets (e.g., land, buildings and improvements, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding and unrestricted balances. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1

	2009	2008	Increase (Decrease)
Current and other assets	\$ 22,285,180	\$ 9,046,774	\$ 13,238,406
Capital assets	12,029,817	9,843,349	2,186,468
Total assets	<u>34,314,997</u>	<u>18,890,123</u>	<u>15,424,874</u>
Current and other liabilities	482,353	1,076,776	(594,423)
Long-term liabilities	14,676,563	845,000	13,831,563
Total liabilities	<u>15,158,916</u>	<u>1,921,776</u>	<u>13,237,140</u>
Net assets:			
Invested in capital assets, net of related debt	9,569,208	8,998,349	570,859
Restricted	3,740,690	1,867,578	1,873,112
Unrestricted	5,846,183	6,102,420	(256,237)
Total net assets	<u>\$ 19,156,081</u>	<u>\$ 16,968,347</u>	<u>\$ 2,187,734</u>

During 2009, the City added over \$2,500,000 of capital assets; however, this increase was in part due to the award of federal funds and was offset by approximately \$500,000 in depreciation. The \$13.2 million increase in current assets is a result of the issuance of long-term debt for the purpose of capital improvements and is effectively offset by the \$13.8 million increase in long-term liabilities. Revenues exceeded expenses during 2009 as reflected in the following table.

Government-wide Financial Analysis - continued

Table 2

	2009	2008	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for service	\$ 1,477,162	\$ 1,438,604	\$ 38,558
Capital grants and contributions	1,217,116	31,469	1,185,647
General revenues:			
Taxes	7,594,764	8,423,464	(828,700)
Interest income	91,224	224,379	(133,155)
Loss on disposal of assets	(11,358)	(6,435)	(4,923)
Miscellaneous	9,681	5,567	4,114
Total revenues	<u>10,375,589</u>	<u>10,117,048</u>	<u>258,541</u>
Expenses:			
General government	569,930	542,904	27,026
Public works	2,316,201	3,394,209	(1,078,008)
Public safety	2,806,918	2,745,896	61,022
Municipal court	173,593	145,018	28,575
Park and recreation	1,937,099	1,288,640	648,459
Pool	201,345	178,573	22,772
Interest and fiscal charges	185,769	41,280	144,489
Total expenses	<u>8,190,855</u>	<u>8,336,520</u>	<u>(145,665)</u>
Increase in net assets	2,187,734	1,780,528	407,206
Net assets, beginning of year	16,968,347	15,187,819	1,780,528
Net assets, end of year	<u>\$ 19,156,081</u>	<u>\$ 16,968,347</u>	<u>\$ 2,187,734</u>

Total revenues for 2009 exceeded total expenditures. There was an increase of \$1,185,647 in capital grants and contributions program revenue for 2009 over fiscal year 2008. The increase is attributed to the municipality receiving recovery act funds from the federal government for road improvements. There was a decrease in tax revenue of \$828,700 for 2009 over fiscal year 2008. The decrease can be attributed to a decrease of \$73,000 in sales taxes, \$708,500 in utility taxes and \$47,000 in property, franchise, and other taxes.

Expenditures were down \$145,665 or 1.7% from last year. The decrease reflects an effort by the municipality to offset declining tax revenue due to economic conditions and decrease in property values.

Governmental Funds

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

Table 3

	Fiscal Year Ending 2009	Fiscal Year Ending 2008	Increase (Decrease)	Percentage Change	
Taxes	\$ 7,569,018	\$ 8,453,416	\$ (884,398)	(10.5)	%
Licenses and permits	835,364	750,728	84,636	11.3	
Fines and court costs	394,110	369,792	24,318	6.6	
Investment income	91,224	224,379	(133,155)	(59.3)	
Charges for service	247,688	318,084	(70,396)	(22.1)	
Grants	1,217,116	-	1,217,116	100.0	
Miscellaneous	12,831	63,233	(50,402)	(79.7)	
Total general revenues	\$ <u>10,367,351</u>	\$ <u>10,179,632</u>	\$ <u>186,719</u>		

Approximately 73% of the revenue in the governmental funds comes from taxes, which include property tax, sales tax, utility gross receipt tax, and cigarette tax. Tax revenues decreased more than \$1 million from last year, which in part is the result of a settlement with wireless telephone companies, in which the city received a one-time settlement payment in 2008. Grant revenue increased more than \$1 million due to awards of federal recovery funds for road improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2009, the City had \$15,499,804 invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, and roads. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of \$2,589,902 or 20.1% over the prior fiscal year.

Table 4

	2009	2008
Land	\$ 1,494,521	\$ 1,494,521
Construction in progress	290,702	-
Land improvements	1,880,728	1,781,692
Buildings and improvements	4,677,928	4,716,505
Vehicles and equipment	1,989,705	1,849,340
Infrastructure	5,166,220	3,067,844
Total	\$ <u>15,499,804</u>	\$ <u>12,909,902</u>

The most significant addition to capital assets this fiscal year related to the addition of infrastructure. More detailed information on the City's capital assets is presented in the notes to the financial statements.

DEBT

At year-end, the City had \$14,860,000 in outstanding debt compared to \$845,000 at the end of the prior fiscal year. The increase was due to the City issuing \$14,110,000 in certificates of participation during the year.

Table 5

	2009	2008
Sales Tax Refunding Revenue Bonds	\$ 750,000	\$ 845,000
Certificate of Participation	14,110,000	-
Total Debt	\$ <u>14,860,000</u>	\$ <u>845,000</u>

During the fiscal year, the City made principal payments totaling \$95,000. More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2009, the governmental funds of the City reported a combined fund balance of \$21,685,286. This ending balance includes an increase in fund balance of \$394,908 in the City's General Fund. It is the City's policy to have a General Fund balance of at least 50% of revenues. At December 31, 2009 the Unreserved General Fund Balance was 81% of revenues compared to 80% the previous year.

General Fund Budgetary Highlights

The City prepares its budget on a cash basis.

For 2009, actual expenditures in the General Fund on a budgetary basis were \$7,722,368 compared to the budget amount of \$8,558,083.

For 2009, actual revenues in the General Fund on a budgetary basis were \$7,270,579 as compared to the budget amount of \$8,337,047.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2010 General Fund budget includes a 22.3% decrease in revenues and a 22.5% decrease in expenditures in comparison to the 2009 final budget. The decrease in revenue and expenditures can be attributed to a decrease in federal grant receipts due to the conclusion of recovery act aid as well as the offsetting expenditure.

The 2010 budget includes roadway and storm water projects, police, public works and park vehicle and equipment purchases. In 2010, the Certificates of Participation Notes that were issued in 2009 will fund the construction of a new aquatic facility and community center.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 7,373,514
Taxes receivable:	
Property	489,904
Other	918,757
Grants receivable	581,556
Cash and investments - restricted	12,747,144
Interest receivable	11,239
Bond issuance costs	163,066
Capital assets - net	
Nondepreciable	1,785,223
Depreciable	10,244,594
TOTAL ASSETS	34,314,997
 LIABILITIES	
Accounts payable	16,287
Accrued wages and vacation	106,478
Deposits payable	5,912
Accrued interest payable	153,711
Other liabilities	37,552
Deferred revenue - business licenses	162,413
Noncurrent liabilities:	
Due in one year	175,000
Due in more than one year	14,501,563
TOTAL LIABILITIES	15,158,916
 NET ASSETS	
Invested in capital assets, net of related debt	9,569,208
Restricted:	
Debt Service	1,097,753
Storm water and parks	1,313,756
Capital projects	1,329,181
Unrestricted	5,846,183
TOTAL NET ASSETS	\$ 19,156,081

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

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change in Net Assets</u>
		<u>Charges for</u> <u>Service</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities				
General government	\$ 569,930	\$ 816,209	\$ -	\$ 246,279
Public works	2,316,201	26,651	1,192,987	(1,096,563)
Public safety	2,806,918	403,615	6,950	(2,396,353)
Municipal court	173,593	-	-	(173,593)
Parks and recreation	1,937,099	122,813	17,179	(1,797,107)
Pool	201,345	107,874	-	(93,471)
Interest and fiscal charges	185,769	-	-	(185,769)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 8,190,855</u>	<u>\$ 1,477,162</u>	<u>\$ 1,217,116</u>	<u>(5,496,577)</u>
Taxes:				
Sales				4,524,341
Utility				2,097,515
Property				573,289
Franchise				90,517
Other				309,102
Interest income				91,224
Loss on the disposal of capital assets				(11,358)
Other miscellaneous revenue				9,681
TOTAL GENERAL REVENUES				<u>7,684,311</u>
				CHANGE IN NET ASSETS 2,187,734
				NET ASSETS - BEGINNING OF YEAR <u>16,968,347</u>
				NET ASSETS - END OF YEAR <u>\$ 19,156,081</u>

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

CITY OF SUNSET HILLS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund	Capital Projects Fund	County Road Fund	Storm Water/ Parks Fund	Nonmajor Debt Service Fund	Total
ASSETS AND OTHER DEBITS						
Cash and investments	\$ 5,368,443	\$ 733,949	\$ 149,058	\$ 1,122,064	\$ -	\$ 7,373,514
Taxes receivable:						
Property	112,375	163,375	214,154	-	-	489,904
Other	727,065	-	-	191,692	-	918,757
Grants receivable	581,556	-	-	-	-	581,556
Cash and investments - restricted	-	-	-	11,649,391	\$ 1,097,753	12,747,144
Interest receivable	11,239	-	-	-	-	11,239
TOTAL ASSETS	\$ 6,800,678	\$ 897,324	\$ 363,212	\$ 12,963,147	\$ 1,097,753	\$ 22,122,114
LIABILITIES						
Account payable	\$ 16,287	\$ -	\$ -	\$ -	\$ -	\$ 16,287
Accrued wages and vacation	106,478	-	-	-	-	106,478
Deposits payable	3,562	2,350	-	-	-	5,912
Other liabilities	37,552	-	-	-	-	37,552
Deferred revenue	199,604	-	70,995	-	-	270,599
TOTAL LIABILITIES	363,483	2,350	70,995	-	-	436,828
FUND BALANCES:						
Fund balances:						
Reserved	72,539	-	-	-	-	72,539
Unreserved:						
General fund	6,364,656	-	-	-	-	6,364,656
Capital projects fund	-	894,974	-	-	-	894,974
Park and storm water fund	-	-	-	12,963,147	-	12,963,147
Debt service fund	-	-	-	-	1,097,753	1,097,753
County road fund	-	-	292,217	-	-	292,217
TOTAL FUND BALANCES	6,437,195	894,974	292,217	12,963,147	1,097,753	21,685,286
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,800,678	\$ 897,324	\$ 363,212	\$ 12,963,147	\$ 1,097,753	\$ 22,122,114

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

CITY OF SUNSET HILLS, MISSOURI
 RECONCILIATION OF THE STATEMENT OF NET ASSETS
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
 AS OF DECEMBER 31, 2009

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

Total fund balance per balance sheet	\$ 21,685,286
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,029,817
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	108,186
Bond issuance costs are amortized over the life of the bonds on the statement of net assets and are expensed as incurred in the funds.	163,066
Certificates of participation discounts are reported as other financing sources in the governmental funds. These amounts, net of accumulated amortization, are deferred and reported with the related debt in the statement of net assets.	183,437
Interest payable recorded in the statement of net assets that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(153,711)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(14,860,000)</u>
Net assets of governmental activities	<u><u>\$ 19,156,081</u></u>

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

CITY OF SUNSET HILLS, MISSOURI

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Capital Projects Fund	County Road Fund	Storm Water/ Parks Fund	Nonmajor Debt Service Fund	Total
REVENUES						
Taxes	\$ 5,047,999	\$ 901,376	\$ 359,918	\$ 1,259,725	\$ -	\$ 7,569,018
Licenses	835,364	-	-	-	-	835,364
Fines and court costs	394,110	-	-	-	-	394,110
Investment income	89,012	1,573	-	615	24	91,224
Charges for service	247,688	-	-	-	-	247,688
Grants	1,217,116	-	-	-	-	1,217,116
Miscellaneous	12,831	-	-	-	-	12,831
TOTAL REVENUES	<u>7,844,120</u>	<u>902,949</u>	<u>359,918</u>	<u>1,260,340</u>	<u>24</u>	<u>10,367,351</u>
EXPENDITURES						
Current:						
General government	436,172	70,240	-	-	-	506,412
Public works	1,030,845	99,411	-	-	-	1,130,256
Public safety	2,124,038	91,655	-	-	-	2,215,693
Municipal court	147,461	-	-	-	-	147,461
Parks and recreation	749,895	64,325	-	127,355	-	941,575
Pool	166,332	-	-	-	-	166,332
Non-departmental	821,622	-	-	-	-	821,622
Capital outlay	2,257,379	399,254	544,482	1,202,952	-	4,404,067
Debt service:						
Principal, interest and fiscal charges	-	287	-	-	127,637	127,924
TOTAL EXPENDITURES	<u>7,733,744</u>	<u>725,172</u>	<u>544,482</u>	<u>1,330,307</u>	<u>127,637</u>	<u>10,461,342</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	110,376	177,777	(184,564)	(69,967)	(127,613)	(93,991)
OTHER FINANCING SOURCES (USES)						
Operating transfer in (out)	284,532	(127,637)	-	(1,382,261)	1,225,366	-
Certificates of participation issued	-	-	-	14,110,000	-	14,110,000
Discount on certificates of participation	-	-	-	(186,803)	-	(186,803)
NET CHANGE IN FUND BALANCE	394,908	50,140	(184,564)	12,470,969	1,097,753	13,829,206
FUND BALANCES - BEGINNING OF YEAR	<u>6,042,287</u>	<u>844,834</u>	<u>476,781</u>	<u>492,178</u>	<u>-</u>	<u>7,856,080</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,437,195</u>	<u>\$ 894,974</u>	<u>\$ 292,217</u>	<u>\$ 12,963,147</u>	<u>\$ 1,097,753</u>	<u>\$ 21,685,286</u>

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

CITY OF SUNSET HILLS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

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

Change in fund balance-total governmental funds	\$ 13,829,206
Revenues that do not provide current financial resources are not included in the fund financial statements.	25,746
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.	2,698,129
The proceeds from the disposal of capital assets is revenue in the governmental funds.	(14,508)
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(497,152)
Interest is reported as an expenditure when due in the governmental funds but is accrued in the statement of activities.	(140,850)
Debt issue costs and discounts are amortized over the life of the bonds on the statement of activities.	(11,995)
Long-term debt proceeds are reported as an increase to fund balance in the governmental funds. In the statement of net assets the issuance of debt increases liabilities and has no effect on net assets.	(14,110,000)
Debt issuance costs are expensed in the governmental funds but are capitalized and amortized over the life of the debt in the statement of activities.	127,355
Debt discounts are recorded as an other financing use for governmental funds but are amortized over the life of the debt in the statement of activities.	186,803
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	95,000
Change in net assets of governmental activities	<u>\$ 2,187,734</u>

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

CITY OF SUNSET HILLS, MISSOURI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash and investments

\$ 99,512

NET ASSETS

CURRENT LIABILITIES

Funds held in escrow

\$ 99,512

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

CITY OF SUNSET HILLS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

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

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

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

B. **BASIC FINANCIAL STATEMENTS - continued**

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

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

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

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

D. **CAPITAL ASSETS**

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

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

D. **CAPITAL ASSETS** - continued

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

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

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

E. **ESTIMATES**

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

F. **INTERFUND TRANSACTIONS**

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

G. **COMPENSATED ABSENCES**

The City has adopted a formal personnel policy with policies in effect that relate to vacation and sick pay. City employees are allowed to carry forward vacation days past their anniversary date. In the event of termination, an employee is paid for accumulated vacation days. Therefore, vacation liability of \$96,123 has been accrued in the general fund. At December 31, 2009, employees had accumulated sick leave of \$403,774. Employees are not paid for accumulated sick leave upon termination; accordingly, the related potential liability has not been recorded.

H. **LONG-TERM LIABILITIES**

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

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

I. **NET ASSETS AND FUND EQUITY**

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

When both restricted sources are available for use, it is the government policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$3,548,998 of restricted net assets, all of which is restricted by enabling legislation.

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

J. **INVESTMENTS**

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

2. **BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

All appropriations lapse at fiscal year end.

3. CASH AND TEMPORARY INVESTMENTS

The City’s bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City’s cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2009, the carrying amount of the City’s bank deposits totaled \$6,515,263 with bank balances of \$7,120,594. The bank balance was covered by federal depository insurance or collateralized by securities held by the pledging financial institution in the City’s name.

4. PROPERTY TAX

The City’s property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2009, upon which the 2009 levy was based on an assessed value for real, personal and public utility property of \$390,812,283. The City’s tax rate was levied at the following rates per \$100 of assessed valuation for the General Fund:

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

5. INVESTMENTS

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

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

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

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

5. INVESTMENTS - continued

Investment Type	Fair Value	0-2 Years	3 - 5 Years	6 - 10 Years	Rating
Repurchase Agreements	\$ 1,189,430	\$ 1,189,430	\$ -	\$ -	N/A
U.S. Government Agency Securities	13,605,395	11,169,131	2,184,028	252,236	N/A
	<u>\$ 14,794,825</u>	<u>\$ 12,358,561</u>	<u>\$ 2,184,028</u>	<u>\$ 252,236</u>	

6. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2009 is as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,494,521	\$ -	\$ -	\$ 1,494,521
Construction in progress	-	290,702	-	290,702
Total capital assets, not being depreciated	<u>1,494,521</u>	<u>290,702</u>	<u>-</u>	<u>1,785,223</u>
Capital assets, being depreciated:				
Land improvements	1,781,692	99,036	-	1,880,728
Buildings and improvements	4,716,505	23,500	(62,077)	4,677,928
Vehicles and equipment	1,849,340	306,229	(165,864)	1,989,705
Infrastructure	3,067,844	2,098,376	-	5,166,220
Total capital assets, being depreciated	<u>11,415,381</u>	<u>2,527,141</u>	<u>(227,941)</u>	<u>13,714,581</u>
Less accumulated depreciation for:				
Land improvements	(829,409)	(62,018)	49,999	(841,428)
Buildings and improvements	(1,168,784)	(118,468)	-	(1,287,252)
Vehicles and equipment	(848,005)	(243,952)	93,718	(998,239)
Infrastructure	(220,355)	(122,713)	-	(343,068)
Total accumulated depreciation	<u>(3,066,553)</u>	<u>(547,151)</u>	<u>143,717</u>	<u>(3,469,987)</u>
Total capital assets, being depreciated, net	<u>8,348,828</u>	<u>1,979,990</u>	<u>(84,224)</u>	<u>10,244,594</u>
Total governmental activities	<u>\$ 9,843,349</u>	<u>\$ 2,270,692</u>	<u>(84,224)</u>	<u>\$ 12,029,817</u>

6. **CAPITAL ASSETS** - continued

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

Governmental activities:	
General government	\$ 13,330
Public works	253,608
Public safety	134,454
Municipal court	960
Parks and recreation	86,192
Pool	<u>8,608</u>
Total depreciation expense- governmental activities	<u>\$ 497,152</u>

7. **LONG-TERM DEBT**

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

Annual debt service payments are as follows:

SALES TAX REFUNDING REVENUE BONDS			
YEAR	PRINCIPAL	INTEREST	TOTAL
2010	\$ 95,000	\$ 29,252	124,252
2011	100,000	25,655	125,655
2012	105,000	21,680	126,680
2013	105,000	17,415	122,415
2014	110,000	12,913	122,913
2015	115,000	7,988	122,988
2016	120,000	2,700	122,700
Total	<u>\$ 750,000</u>	<u>\$ 117,603</u>	<u>\$ 867,603</u>

Certificate of Participation Notes Series 2009 - were issued totaling \$14,110,000 to fund capital improvements at interest rates ranging from 2% to 4.7%. Principal and interest are provided from proceeds of a storm water control and local park improvements tax levy. The indentures require a reserve balance of \$1,097,729. The actual balance of the reserve fund was \$1,097,753 at December 31, 2009.

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

Maturities required on these certificates are as follows:

CERTIFICATES OF PARTICIPATION				
YEAR	PRINCIPAL	INTEREST	TOTAL	
2010	\$ 80,000	\$ 556,940	636,940	
2011	550,000	540,002	1,090,002	
2012	560,000	526,102	1,086,102	
2013	580,000	511,177	1,091,177	
2014	590,000	496,539	1,086,539	
2015	605,000	479,351	1,084,351	
2016	625,000	460,120	1,085,120	
2017	645,000	438,676	1,083,676	
2018	670,000	414,826	1,084,826	
2019	695,000	388,364	1,083,364	
2020	720,000	360,064	1,080,064	
2021	750,000	330,664	1,080,664	
2022	780,000	299,479	1,079,479	
2023	810,000	266,081	1,076,081	
2024	845,000	230,490	1,075,490	
2025	885,000	192,420	1,077,420	
2026	925,000	151,685	1,076,685	
2027	965,000	108,326	1,073,326	
2028	1,830,000	43,002	1,873,002	
Total	\$ <u>14,110,000</u>	\$ <u>6,794,308</u>	\$ <u>20,904,308</u>	

Long-term liability activity for the year ended December 31, 2009, was as follows:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Governmental activities:					
Sales Tax Refunding					
Revenue Bonds	\$ 845,000	\$ -	\$ (95,000)	\$ 750,000	\$ 95,000
Certificates of Participation	-	14,110,000	-	14,110,000	80,000
Discount on Certificate of Participation	-	(186,803)	3,366	(183,437)	-
Total Long Term Debt	\$ <u>845,000</u>	\$ <u>13,923,197</u>	\$ <u>(91,644)</u>	\$ <u>14,676,563</u>	\$ <u>175,000</u>

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

Legal Debt Margin - Under Article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City, by vote of 2/3 of the qualified electors voting thereon, may incur general obligation indebtedness for City purposes in an amount not to exceed 5% of the assessed valuation of taxable tangible property within the City ascertained by the last completed assessment for state or county purposes. A computation of the legal debt margin at December 31, 2009, follows:

Assessed valuation (January 1, 2009)	\$390,812,283
Debt limit - 5% of assessed value	19,540,614
Total debt applicable to debt limit	-
Legal debt margin	<u>\$ 19,540,614</u>

8. **INTERFUND TRANSACTIONS**

The following transfers were made during the fiscal year ending December 31, 2009:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ 284,532	\$ -
Capital Projects Fund	-	127,637
Storm Water/Parks Fund	-	1,382,261
Debt Service Fund	1,225,366	-

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

9. **RISK MANAGEMENT**

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

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

10. **RETIREMENT PLAN**

Plan Description - The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple - employer public retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

10. RETIREMENT PLAN - continued

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status - The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 5.0% (general) and 3.7% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

For 2009, the City's annual pension cost of \$144,559, was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; and (d) pre-retirement mortality based on the RP-2000 combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The amortization period at February 28, 2009 was 15 years.

Three year trend information follows:

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$144,372	100%	\$ -
2008	147,375	100	-
2009	144,559	100	-

Schedule of funding progress follows:

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value Of Assets</u>	<u>(b) Entry Age Actuarial Value Of Assets</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
2/28/2007	\$6,219,193	\$5,208,655	\$(1,010,538)	119%	\$2,526,810	- %
2/29/2008	6,985,037	5,616,486	(1,368,551)	124	2,656,547	-
2/28/2009	5,658,041	5,931,518	273,477	95	2,967,109	9

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

11. **DEFERRED COMPENSATION PLAN**

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

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

12. **RESERVED FUND BALANCE**

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

Police training	\$ 21,901
Concessions	15,538
Traffic assessment fee	<u>35,100</u>
Total	<u>\$ 72,539</u>

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

Expenditures in the Stormwater/Park Fund of \$1,330,307 exceeded appropriations of \$350,384 by \$979,923. Additional funds were available due to the issuance of certificates of participation. Proceeds from the issuance of certificates of participation and related expenditures were not included in the annual budget.

14. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 2, 2010, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 5,348,448	\$ 5,348,448	\$ 5,048,515	\$ (299,933)
Licenses and permits	886,500	886,500	835,364	(51,136)
Fines and court costs	368,650	368,650	394,110	25,460
Investment income	155,000	155,000	96,513	(58,487)
Charges for service	265,500	265,500	247,688	(17,812)
Grants	1,289,949	1,289,949	635,560	(654,389)
Miscellaneous	23,000	23,000	12,829	(10,171)
TOTAL REVENUE	<u>8,337,047</u>	<u>8,337,047</u>	<u>7,270,579</u>	<u>(1,066,468)</u>
EXPENDITURES				
Current:				
General government	456,553	478,894	436,340	42,554
Public works	1,279,032	1,279,032	1,025,819	253,213
Public safety	2,224,345	2,224,345	2,118,691	105,654
Municipal court	156,719	156,719	147,267	9,452
Parks and recreation	982,830	982,830	748,918	233,912
Pool	197,709	197,709	166,332	31,377
Non-departmental	1,076,093	1,076,093	821,622	254,471
Capital outlay	2,020,442	2,162,461	2,257,379	(94,918)
TOTAL EXPENDITURES	<u>8,393,723</u>	<u>8,558,083</u>	<u>7,722,368</u>	<u>835,715</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(56,676)	(221,036)	(451,789)	(230,753)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	284,532	(284,532)
NET CHANGES IN FUND BALANCE	(56,676)	(221,036)	(167,257)	<u>\$ (515,285)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>5,532,138</u>	<u>5,532,138</u>	<u>5,532,138</u>	
FUND BALANCES - END OF YEAR	<u>\$ 5,475,462</u>	<u>\$ 5,311,102</u>	<u>\$ 5,364,881</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 5,364,881	
Adjustments to the budget basis:				
Revenue			1,232,631	
Expenditures			<u>(160,317)</u>	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 6,437,195</u>	

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 305,000	\$ 305,000	\$ 374,763	\$ 69,763
EXPENDITURES				
Capital outlay	547,000	547,000	544,482	2,518
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(242,000)	(242,000)	(169,719)	\$ 145,845
FUND BALANCE - BEGINNING OF YEAR	318,777	318,777	318,777	
FUND BALANCE - END OF YEAR	\$ 76,777	\$ 76,777	\$ 149,058	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 149,058	
Adjustments to the budget basis:				
Revenue			143,159	
Expenditures			-	
FUND BALANCE - END OF YEAR - GAAP BASIS			\$ 292,217	

CITY OF SUNSET HILLS, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STORM WATER/ PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		BUDGETARY BASIS ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 1,232,200	\$ 1,232,200	\$ 1,099,502	\$ (132,698)
Investment income	-	-	615	615
TOTAL REVENUE	<u>1,232,200</u>	<u>1,232,200</u>	<u>1,100,117</u>	<u>(132,083)</u>
EXPENDITURES				
Parks and recreation	-	-	127,355	(127,355)
Capital outlay	350,384	460,709	1,202,952	(742,243)
TOTAL EXPENDITURES	<u>350,384</u>	<u>460,709</u>	<u>1,330,307</u>	<u>(869,598)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,382,261)	1,382,261
Issuance of certificates of participation	-	-	14,110,000	(14,110,000)
Discount on certificates of participation	-	-	(186,803)	186,803
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>12,540,936</u>	<u>(12,727,739)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	881,816	771,491	12,310,746	<u>\$ (11,990,224)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>460,709</u>	<u>460,709</u>	<u>460,709</u>	
FUND BALANCE - END OF YEAR	<u>\$ 1,342,525</u>	<u>\$ 1,232,200</u>	<u>\$ 12,771,455</u>	
FUND BALANCE - END OF YEAR - BUDGET BASIS			\$ 12,771,455	
Adjustments to the budget basis:				
Revenue			191,692	
Expenditures			-	
FUND BALANCE - END OF YEAR - GAAP BASIS			<u>\$ 12,963,147</u>	