

CITY OF
SUGAR CREEK,
MISSOURI

Comprehensive Annual Financial Report

Year Ended September 30, 2010

CITY OF SUGAR CREEK, MISSOURI
Comprehensive Annual Financial Report
Year Ended September 30, 2010

Prepared by

Linda R. Martinovich

City Treasurer – Finance Officer

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CITY OF SUGAR CREEK, MISSOURI

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

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CITY OF SUGAR CREEK, MISSOURI

Principal Officials

Mayor

Honorable Stanley J. Salva

Board of Aldermen

*Honorable Dennis R. Onka
Honorable Stanley J. Sagehorn
Honorable Joseph D. Kenney
Honorable Lorcan H. Doyle*

City Administrator

Ronald P. Martinovich

City Clerk

Jana Olivarez Dickerson

City Treasurer / Finance Officer

Linda R. Martinovich

City Attorney

C. Robert Buckley

Building Official

Paul E. Loving

City Marshall

Herbert M. Soule

Deputy Fire Chief

Patrick C. Casey

Public Works Director

Ed Layton

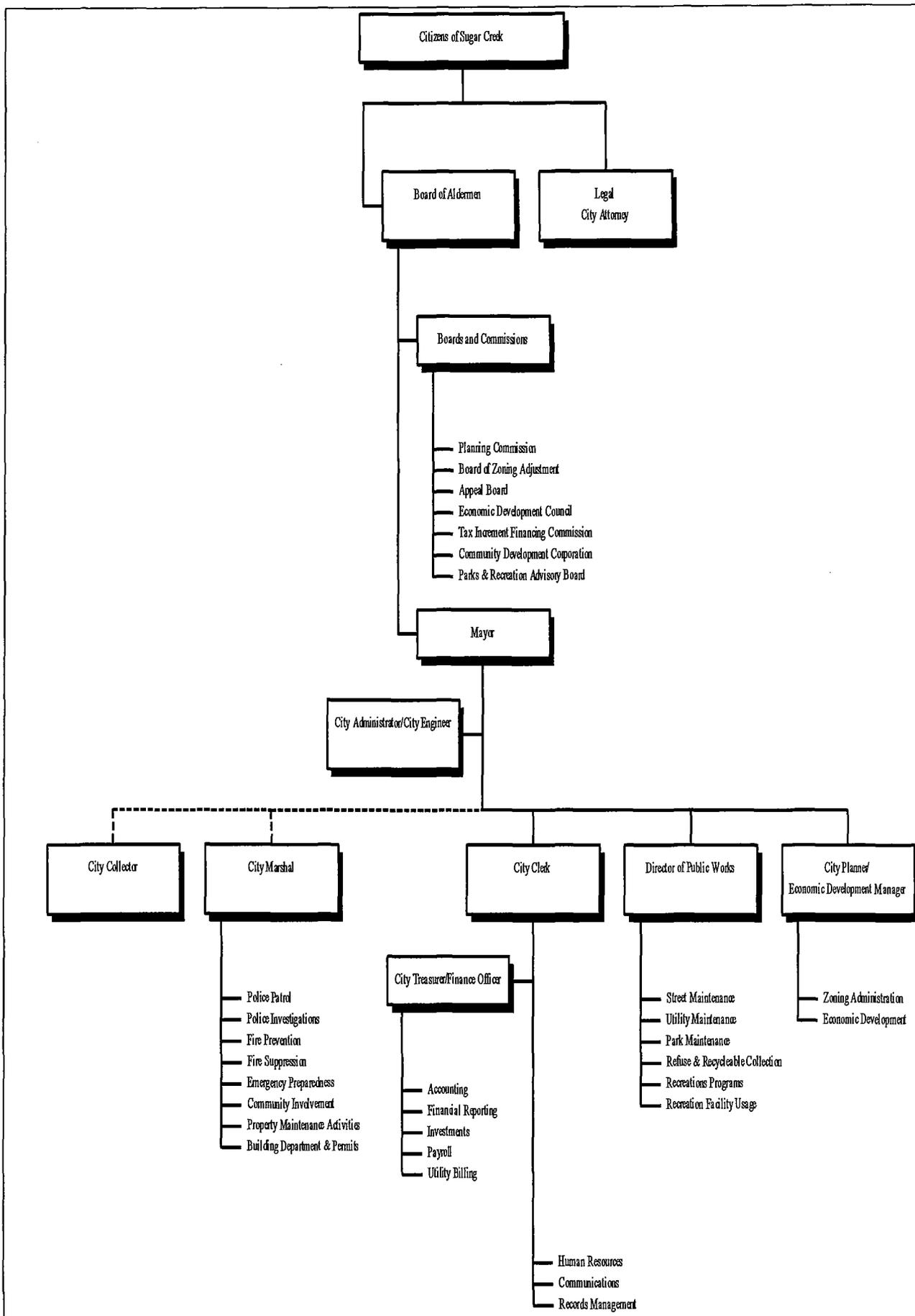
Independent Certified Public Accountants

Cochran Head Vick & Co., P.C.

CITY OF SUGAR CREEK, MISSOURI

Organizational Chart

September 30, 2010





City of Sugar Creek

103 South Sterling – Sugar Creek, Missouri 64054

August 25, 2011

To the Honorable Mayor, Members of the Board of Aldermen,
and the Citizens of the City of Sugar Creek, Missouri:

The Comprehensive Annual Financial Report of the City of Sugar Creek for the year ended September 30, 2010 is hereby submitted for your information. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Sugar Creek's MD&A can be found in the Financial Section immediately following the report of the independent auditors.

The City was required to undergo an audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and by the U.S. Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on compliance and on internal controls over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards and in compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, and a schedule of findings and questioned costs are included in a separately issued report.

In fulfilling its responsibilities for reliable financial statements, management depends on the City's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of streets and infrastructure; and recreational activities and cultural events.

Administrative Offices
816-252-4400
FAX: 252-7082

Police & Fire Departments
816-252-7058
FAX: 461-3493

Public Works Department
816-252-4413
FAX: 252-8843

Parks & Recreation Department
816-252-4413
FAX: 252-8843

Primary City Governance

The City of Sugar Creek, Missouri was incorporated in November 1920 and is a suburban community of the Fourth Class. Sugar Creek's boundaries are located in Jackson County and within the Kansas City Metropolitan Statistical Area. As of the 2000 Census, the population of the City Sugar Creek is 3,839. The City's land area has grown to 10.88 square miles.

The City of Sugar Creek is governed by a Board of Aldermen - City Administrator form of Government. Registered voters elect four individuals, two each in two separate wards, who serve two year staggered terms as their representatives on the Board of Aldermen. The Board of Aldermen is responsible, for passing ordinances, adopting the annual budget, appointing committees, and hiring the City's department heads, except for the City Marshal who is elected for a four-year term. The Mayor is also elected to a two-year term and is responsible for carrying out the policies and ordinances adopted by the Board of Aldermen.

Local Economic Overview, and Outlook

The City's current economic environment is stable; however, starting in the last quarter of the 2008 fiscal year and continuing through the third quarter of calendar year 2010, sales tax receipts, and gross receipts tax, have remained lower than prior years due to the downward turn in the economy. Electrical franchise fees have also been lower for certain months. It is believed this condition is directly related to a decline in construction activity. The construction industry anticipates a gradual increase of activity during the construction season of 2011. The City is continuing to work on development of Industrial and Commercial property.

The City completed property acquisition for Phase 1 of Sugarland Center during 2008. The real-estate required to implement Phase 1 was sold to JLP Sugarland Inc. during fiscal year 2009. The City has not been able to issue Tax Increment Financing Bonds enabling the project to advance forward due to the current economic conditions. During fiscal year 2010, several alternatives were explored in an effort to implement Phase I of the retail center. As discussed in Note 9(C) to the Basic Financial Statements, the City has terminated the tax increment financing development agreement. The City still intends to implement the retail center project and continues to explore different alternatives.

The Courtney Ridge Recycling and Disposal Facility is one of the City's top revenues sources. During 2008, the disposal volume declined due to economic conditions causing a decrease in gross receipt tax revenues. This condition continued through fiscal year 2009. The decline in revenue from the facility is attributed to an increase in recycling and waste materials being diverted from the Courtney Ridge disposal facility.

The City has been working on formation of an Enhanced Enterprise Zone (EEZ) for several years. The EEZ is located on either side of Sterling Ave starting at the southern corporate limits and extending to North to Norledge Ave. The new economic development tool was approved by the Missouri Department of Economic Development June 22, 2009. The City was not successful in meeting the State's criteria for formation of a new enhanced enterprise zone overlaid over the bluffs at Sugar Creek. The City plans to revisit this activity during 2011 after the State of Missouri completes their activity creating a new program entitled "Compete Missouri".

Based upon previous studies and Board of Aldermen approvals the focus has been to locate a Wellness Center on Sterling Ave North of Lexington Ave. The City has been working to acquire property and during 2008, the City received notification the US Postal Service was willing to sell their building to the City for inclusion into the wellness center plan. WNB developed a preliminary floor plan for the Postal Service building which included fitness, cardio equipment, offices, a studio and outdoor splash pad. The advancement of this plan was halted during 2009, because the City received notification from the Postal Service indicating they are reevaluating whether to execute the property sale to the City. Additionally, Bluffs at Sugar Creek funds originally allocated to cover construction costs for the Wellness Center were used to purchase land for Sugarland Center and not available until repaid. These circumstances have placed the Wellness Center project on hold and the City is working to identify alternate methods to implement the project. During the later part of 2010 the City issued a Letter of Intent to the United States Postal Service indicating the continued interest to purchase their building. The United States Postal Service approved the purchase price and is currently completing a discontinuance Study and Note Study before the building acquisition will be completed.

During the 2009 fiscal year the Board of Aldermen approved an escrow agreement that pledged the special sales taxes towards a loan that was obtained for public costs associated with Sugarland Center. The multi-year escrow agreement will cease once the permanent financing for the project is issued or until the escrowed amount of funds equals the public loan principal.

During the last quarter of 2007 an initiative petition placed a ballot question before the voters of Missouri which was passed in November 2008 and resulted in a cap of 13 being placed on the number of Missouri Riverboat Gaming licenses in the State of Missouri. The City's Casino project is still market feasible and dependent upon the State Legislature removing the license cap before the project can advance forward. The City renewed the property option agreement for the property for an additional 36 months. During March 2009 Wild Rose Entertainment terminated their agreement with the City. The Missouri Gaming Commission announced a gaming license would be available in July 2010 and the City submitted a notice of Interest in April 2010. A formal application for a Missouri River Boat Gaming License was filed by Paragon Gaming. There were three finalists for one license position and the Sugar Creek project was not selected for priority investigation. During 2011, the City will evaluate next steps regarding a future project.

Financial Controls

Accounting records for the City's general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when measurable and available and expenditures being recorded when the liability is incurred. The City's accounting records for proprietary funds are maintained on the accrual basis.

The City maintains specific budget controls. The objective of these budget controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Aldermen. Activities of the general fund, special revenue funds, capital projects funds, debt service and proprietary funds are included in the annual appropriated budget. The legal level of budgetary control, which is the level expenditures cannot legally exceed the appropriated amount, is established at the fund total; however transfers between line items within a fund are allowed.

Cash Management Policies and Practices

The primary objectives, in priority order, of the City's investment activities encompass safety, liquidity and yield. Investments are undertaken in a competitive manner and are subject to restrictions imposed by the Constitution and laws of the State of Missouri and City ordinances. The city may invest monies in

- Obligations of the State of Missouri
- United States Treasury Securities
- United States Government Instrumentality Obligations
- Forward Delivery Agreements
- Repurchase Agreements
- Collateralized Public Deposits

Risk Management

The City has been a member of an insurance pool now called Midwest Public Risk (MPR) a not for profit corporation consisting of cities and counties that was incorporated in 1984. The City contracts with MPR for workers' compensation claims, property and casualty coverage, and employees' health and dental coverage. As a public entity risk retention pool operating as a common risk management and insurance program the organization assist the City with loss control activity, job injury prevention measures and wellness programs. The responsibilities of risk management are currently one of the essential functions of the Chief of Police.

Independent Audit

The firm of Cochran, Head Vick & Co. P.C. audits the City's financial statements. Auditing standards generally accepted in the United States of America and Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the financial statements and combining and individual fund statements and schedules are included in the financial section of the report.

Awards

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a government for its comprehensive annual financial report (CAFR) if certain conditions are met. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must also satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The City was awarded the certificate for the sixteenth consecutive year for its 2009 CAFR. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Finance Department.

We would also like to thank Cochran, Head, Vick & Co., P.C. for its assistance in making this report possible. Due credit should be given to the Mayor and Board for their interest and support in planning and conducting the operations of the city in a responsible and progressive manner.

Respectfully submitted,



Ronald P. Martinovich
City Administrator



Linda R. Martinovich
City Treasurer-Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sugar Creek
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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1251 NW Briarcliff Pkwy
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Kansas City, MO 64116
(816) 584-9955
Fax (816) 584-9958

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Board of Alderman
City of Sugar Creek, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sugar Creek, Missouri as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 *Governmental 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sugar Creek, Missouri, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9(C) to the basic financial statements, the City entered into a settlement agreement to terminate a tax increment financing agreement related to the Sugarland development project. The City has incurred significant costs and may incur additional costs related to the Sugarland development project.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Other Offices

1333 Meadowlark Lane
Kansas City, KS 66102
(913) 287-4433
(913) 287-0010 FAX

6700 Antioch Rd, Suite 460
Merriam, Kansas 66204
(913) 378-1100
(913) 378-1177 FAX

400 Jules Street
Suite 415
St. Joseph, MO 64501
(816) 364-1118
(816) 364-6144 FAX

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

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

August 25, 2011

Codrin Herd Vick @E PC

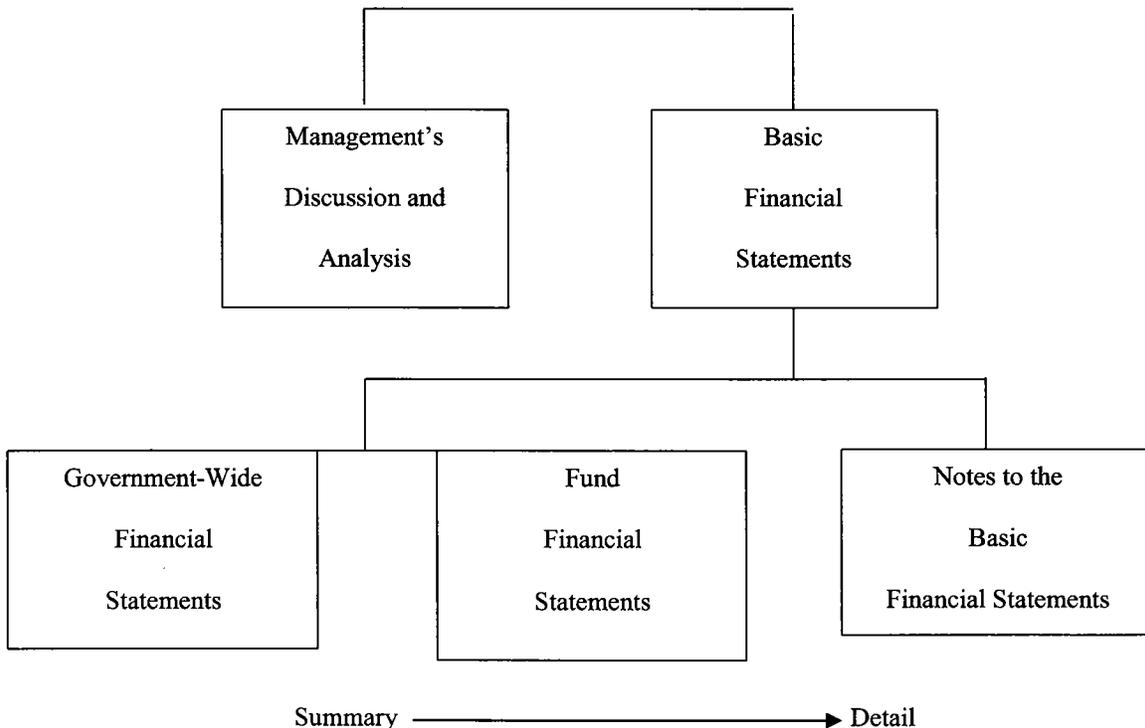
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Sugar Creek's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets of the City of Sugar Creek exceeded its liabilities at the close of the September 30, 2010 fiscal year by \$13,358,733 (Net assets). Of this amount, \$1,001,331 (unrestricted net assets) may be used to meet government's ongoing obligations to citizens and creditors in accordance with City fund designations and fiscal policies. The assets of the City of Sugar Creek exceeded its liabilities at the close of the September 30, 2009 fiscal year by \$14,767,474 (net assets). Of this amount \$2,752,944 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Sugar Creek's governmental funds reported combined ending fund balances of \$8,163,155 an increase of \$1,568,710 in comparison with the prior year. Approximately 73 percent of the fund balance, \$5,941,604, is available for spending at the government's discretion (unreserved fund balance). As of the close of the September 30, 2009 fiscal year, the City of Sugar Creek's governmental funds reported combined ending fund balances of \$6,594,445 with approximately 62 percent of this amount, \$4,083,816, available for use within the City's designation and policies (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,739,450 or 66 percent of the total General Fund expenditures for 2010. For September 30, 2009, unreserved fund balance for the General Fund was \$2,372,443, or 58 percent of total General Fund expenditures.

Overview of the Financial Statements - Required Components – Figure 1



The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The Statement of Net Assets and the Statement of Activities (on pages 18 and 19) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 20. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities reports information about the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is that the format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, including general administration, public safety, streets and public works, economic development, health and welfare, and parks and recreation. Taxes, (sales, property, gross receipts taxes and franchise fees) charges for services, fines, and state and federal grants finance most of these activities.
- Business-type activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sanitary sewer and sanitation funds are reported here.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements begin on page 20 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City establishes other funds to help it control and manage money for particular purposes (BP Reuse, Capital Improvement, Revolving Improvement, Debt Service and the Combined Sales Tax funds). The City uses two types of funds to manage its resources: governmental and proprietary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.
- **Proprietary funds**—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's water, sanitary sewer and sanitation, enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Government-Wide Financial Analysis

Our analysis below focuses on net assets (Figure 2) and changes in net assets (Figure 3) of the governmental and business-type activities.

Figure 2
Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 9,510,830	\$ 9,736,275	\$ 1,073,312	\$ 1,022,931	\$ 10,584,142	\$ 10,759,206
Capital assets	9,724,390	8,929,298	1,103,752	904,596	10,828,142	9,833,894
Total assets	19,235,220	18,665,573	2,177,064	1,927,527	21,412,284	20,593,100
Other liabilities	1,175,341	648,854	195,754	194,929	1,371,095	843,783
Long-term debt	6,679,899	4,977,931	2,557	3,912	6,682,456	4,981,843
Total liabilities	7,855,240	5,626,785	198,311	198,841	8,053,551	5,825,626
Net assets:						
Investment in capital assets	7,652,024	7,110,615	1,103,752	904,596	8,755,776	8,015,211
Restricted	3,601,626	3,999,319	-	-	3,601,626	3,999,319
Unrestricted	126,330	1,928,854	875,001	824,090	1,001,331	2,752,944
Total net assets	\$ 11,379,980	\$ 13,038,788	\$ 1,978,753	\$ 1,728,686	\$ 13,358,733	\$ 14,767,474

Net assets may serve over time as a useful indicator of a government's financial position. The City of Sugar Creek's assets exceeded liabilities by \$13,358,733 at the close of fiscal year ended September 30, 2010. Of this total, \$3,601,626 is restricted; \$369,235 is for debt service, \$1,641,457 for Capital Improvements, and \$1,590,934 for the BP reuse and funding agreements.

For the year ended September 30, 2010, net assets of the City changed as follows:

Figure 3
Statement of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 348,394	\$ 312,397	\$ 988,476	\$ 912,561	\$ 1,336,870	\$ 1,224,958
Operating grants and contributions	130,988	91,923	-	-	130,988	91,923
Capital grants and contributions	2,306,471	29,352	-	-	2,306,471	29,352
General revenues:						
Property taxes	636,343	644,084	-	-	636,343	644,084
Sales tax	721,092	625,473	-	-	721,092	625,473
Gross receipts tax	909,744	942,316	-	-	909,744	942,316
Franchise tax	1,446,007	1,378,238	-	-	1,446,007	1,378,238
Other taxes	54,962	44,304	-	-	54,962	44,304
Intergovernmental	187,696	301,809	-	-	187,696	301,809
Contractual agreements	141,942	155,602	-	-	141,942	155,602
Unrestricted investment earnings	32,386	72,965	16,175	27,699	48,561	100,664
Miscellaneous	63,806	29,897	-	-	63,806	29,897
Total revenues	6,979,831	4,628,360	1,004,651	940,260	7,984,482	5,568,620
Expenses:						
General administration	1,284,854	1,350,687	-	-	1,284,854	1,350,687
Public safety	1,988,248	1,014,227	-	-	1,988,248	1,014,227
Streets and public works	2,549,047	1,164,936	-	-	2,549,047	1,164,936
Economic development	35,849	3,077,439	-	-	35,849	3,077,439
Health and welfare	1,100	6,774	-	-	1,100	6,774
Parks and recreation	261,170	345,374	-	-	261,170	345,374
Interest on long-term debt	265,869	106,906	-	-	265,869	106,906
Water	-	-	194,390	192,704	194,390	192,704
Sanitary sewer	-	-	595,176	558,313	595,176	558,313
Sanitation	-	-	211,824	206,746	211,824	206,746
Total expenses	6,386,137	7,066,343	1,001,390	957,763	7,387,527	8,024,106
Change in net assets before transfers	593,694	(2,437,983)	3,261	(17,503)	596,955	(2,455,486)
Transfers	(246,806)	-	246,806	-	-	-
Special item	(2,005,696)	-	-	-	(2,005,696)	-
Change in net assets	(1,658,808)	(2,437,983)	250,067	(17,503)	(1,408,741)	(2,455,486)
Net assets, beginning of year	13,038,788	15,476,771	1,728,686	1,746,189	14,767,474	17,222,960
Net assets, end of year	\$ 11,379,980	\$ 13,038,788	\$ 1,978,753	\$ 1,728,686	\$ 13,358,733	\$ 14,767,474

The City's net assets decreased \$1,408,741 during the 2010 fiscal year. Of the total, governmental activities net assets decreased \$1,658,808 and business-type net assets increased by \$250,067. The decrease in governmental activities net assets is primarily related to the termination of the tax increment financing (TIF) agreement as discussed in Note 9(C) in the Notes to the Basic Financial Statements. Capital grants include receiving funds for the Cops Grant, Labenite Grant and the Lewis and Clark Expressway. The cost of Preliminary design for the Lewis and Clark Expressway was paid with the federal grant funds. This expense is shown under Streets and Public Works. The increase in net asset for the business-type assets is due to new water line at Labenite Park and a new sewer line on Kentucky Avenue. The sanitation fund net assets increased by \$13,181.

The City's Funds

The City of Sugar Creek's governmental funds reported combined ending fund balances of \$8,163,155, an increase of \$1,568,710. The primary reason for this increase is the receipt of the last BP payment required by the funding agreement. Of the total governmental fund balances \$5,941,604 is unrestricted and available for use within the City's designation and policies. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is reserved for property held for redevelopment \$1,128,719, debt service \$369,235, capital projects \$527,634 and other various purposes \$195,963.

The general fund is the main operating fund of the City of Sugar Creek. At the end of the current year, unreserved fund balance of the general fund was \$2,739,450 while total fund balance reached \$2,935,413. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 66 percent of total general fund expenditures, while total fund balance represents 71 percent of that same amount.

The fund balance of the general fund decreased during 2010 by \$129,713. The City's revenues did increase due to rate increase by Kansas City Power and Light. The city also received a settlement agreement payment from AT & T for back taxes on telephone landlines. However, the city's cost for health insurances and heating and cooling repairs at the new police and fire station attributes to the City's expenditures exceeding revenues.

The Board of Aldermen passed an agreement to complete preliminary design of the Lewis and Clark Expressway between Sterling Ave. and Interstate 435 and Front Street. The cost of design was paid out of state gas tax fund. The City received federal funds and has agreements with the City of Independence and the City of Kansas City to fund the local match requirement. The City transferred funds from the Capital Improvement Fund to cover their cost of design.

The Reuse Agreement Fund accounts for funds to be used in accordance with the BP Reuse Agreement as discussed in more detail in Note 6 to the basic financial statements. The fund balance increased by \$2,119,162. The Reuse Agreement Fund was used to pay for contractual services for the Sugarland Center redevelopment project located at 24 Highway and Sterling.

The Sugarland TIF Fund incurred \$330,636 in economic development expenditures related to the payment of uncertified project costs. The City has terminated the TIF agreement; see Note 9(C) in the Notes to the Basic Financial Statements.

Certificates of participation (COP) totaling \$2,690,000 were issued in 2009 to fund various City projects. Two debt service payments were made on the COP's debt in fiscal 2010.

The Sales Tax Funds for Capital Improvement, Parks and Recreation, and Storm Water Improvements experienced an increase in sales tax revenues during 2010. Capital improvement fund paid for a dump truck of \$36,700 and repair of the gym roof of \$12,179. The Parks and Recreation fund funds electrical improvements at Kaw Park of \$19,850 and the installation of a mini shelter house of \$10,465. The City completed storm water improvements at Anderson and Gant and various other city locations at a cost of \$9,017.

General Fund Budgetary Highlights

On a budgetary basis, the General Fund is the main operating fund of the City of Sugar Creek. The Fund balance decreased \$129,713 over the prior year. During the year there was a \$141,000 increase in appropriations between the original and final amended budget. Following are the components of the increase:

- \$59,000 allocated to the public works department
- \$82,000 allocated to public safety

These increases were primarily funded from the fund reserves.

Capital Asset and Debt Administration

Capital Assets

At the end of September 30, 2010 the city had over \$10.8 million invested in capital assets including land, buildings, equipment, vehicles, infrastructure, and water and sewer lines net of accumulated depreciation. (See table below) This represents a net increase of \$994,248 over last year. See Note 8 to basic financial statements for more information and detail on the City's capital assets

Capital assets, net of accumulated depreciation

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,914,337	\$ 1,914,337	\$ -	\$ -	\$ 1,914,337	\$ 1,914,337
Buildings and improvements	4,607,781	4,735,032	-	-	4,607,781	4,735,032
Construction in progress	1,025,692	-	-	-	1,025,692	-
Equipment and vehicles	785,421	789,619	156,880	171,447	942,301	961,066
Office equipment	142,486	161,017	-	-	142,486	161,017
Infrastructure	1,248,673	1,329,293	-	-	1,248,673	1,329,293
Sewer and water lines	-	-	946,872	733,149	946,872	733,149
Total	\$ 9,724,390	\$ 8,929,298	\$ 1,103,752	\$ 904,596	\$ 10,828,142	\$ 9,833,894

The governmental activities capital assets activities include engineering cost for preliminary design for the Lewis and Clark Highway. The City's portion of the cost is shown as construction in progress of \$1,025,692. The City purchased a new dump truck, police vehicles, police video camera, fire gear, a video camera for the Willow lot, a hydro walk mower and various park equipment. The city sold a dump truck, brush chipper, fire department pickup and police vehicles

The City spent \$146,806 to install a water line at LaBenite Park and sewer improvements were made on Anderson and on Kentucky Ave. These improvements increased business-type capital assets for 2010.

Long-term Obligations

The City issued \$2,690,000 Certificates of Participation financing in May, 2009. The proceeds were used to reimburse the Reuse Agreement Fund for costs related to the City's public safety facility. Certain funds in the Reuse Agreement Fund have been made available for the Sugarland development project (see Note 9 (C)). The City implemented Governmental Accounting Standards Board (GASB) Statement No. 45 which requires accounting and financial reporting by employers for postemployment benefits. See Note 9 to the basic financial statements for more information and detail on the City's long-term obligations.

	Outstanding Obligations					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Compensated absences	\$ 137,366	\$ 128,188	2,497	3,136	\$ 139,863	\$ 131,324
Other post-employment benefits	38,776	21,727	60	776	38,836	22,503
Certificates of Participation	2,600,000	2,690,000	-	-	2,600,000	2,690,000
Discount on issuance	(71,357)	(74,415)	-	-	(71,357)	(74,415)
Developer agreement - LaFarge	1,606,989	1,617,963	-	-	1,606,989	1,617,963
Sugarland - See Note 9(C)	2,368,125	594,468	-	-	2,368,125	594,468
Total	\$ 6,679,899	\$ 4,977,931	\$ 2,557	\$ 3,912	\$ 6,682,456	\$ 4,981,843

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As discussed in Note 9(C) to the basic financial statements, the City is a party to certain agreements related to the termination and settlement of the Sugarland Developer Agreement.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 the Finance Office at 103 S. Sterling Sugar Creek, Missouri.

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BASIC FINANCIAL STATEMENTS

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Exhibit A

City of Sugar Creek, Missouri
Statement of Net Assets
September 30, 2010

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Pooled cash and investments	\$ 4,752,386	\$ 548,250	\$ 5,300,636
Receivables:			
Taxes	571,867	-	571,867
Special assessments	3,744	16,974	20,718
Contractual agreements	-	88,333	88,333
Accounts and other	77,999	282,614	360,613
Accrued interest	10,580	4,950	15,530
Due from other governments	547,775	-	547,775
Internal balances	75,200	(75,200)	-
Prepays, deposits, and other assets	120,763	9,651	130,414
Restricted assets:			
Cash and investments	2,100,374	69,542	2,169,916
Notes receivable	-	128,198	128,198
Property held for redevelopment	1,128,719	-	1,128,719
Unamortized bond issue costs	121,423	-	121,423
Capital assets:			
Not being depreciated	2,940,029	-	2,940,029
Being depreciated, net of depreciation	6,784,361	1,103,752	7,888,113
Total assets	<u>19,235,220</u>	<u>2,177,064</u>	<u>21,412,284</u>
Liabilities			
Accounts payable	1,004,145	121,217	1,125,362
Accrued payroll and benefits	77,782	6,315	84,097
Accrued interest	78,541	-	78,541
Payable from restricted assets:			
Police unclaimed money	2,242	-	2,242
Customer deposits	3,350	68,222	71,572
Municipal court bonds	9,281	-	9,281
Long term debt:			
Due within one year	173,157	2,497	175,654
Due in more than one year	6,506,742	60	6,506,802
Total liabilities	<u>7,855,240</u>	<u>198,311</u>	<u>8,053,551</u>
Net Assets			
Invested in capital assets, net of related debt	7,652,024	1,103,752	8,755,776
Restricted :			
Debt service	369,235	-	369,235
Capital improvements	1,641,457	-	1,641,457
BP Reuse and Funding agreements	1,590,934	-	1,590,934
Unrestricted	126,330	875,001	1,001,331
Total net assets	<u>\$ 11,379,980</u>	<u>\$ 1,978,753</u>	<u>\$ 13,358,733</u>

See accompanying notes to the basic financial statements

City of Sugar Creek, Missouri
Statement of Activities
For the Year Ended September 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities							
General administration	\$ 1,284,854	\$ 149,805	\$ -	\$ -	\$ (1,135,049)	\$ -	\$ (1,135,049)
Public safety	1,988,248	179,980	73,388	-	(1,734,880)	-	(1,734,880)
Streets and public works	2,549,047	75	-	2,306,471	(242,501)	-	(242,501)
Economic development	35,849	-	-	-	(35,849)	-	(35,849)
Health and welfare	1,100	-	-	-	(1,100)	-	(1,100)
Parks and recreation	261,170	18,534	57,600	-	(185,036)	-	(185,036)
Interest on long-term debt	265,869	-	-	-	(265,869)	-	(265,869)
Total governmental activities	6,386,137	348,394	130,988	2,306,471	(3,600,284)	-	(3,600,284)
Business-type activities							
Water	194,390	239,175	-	-	-	44,785	44,785
Sanitary sewer	595,176	524,723	-	-	-	(70,453)	(70,453)
Sanitation	211,824	224,578	-	-	-	12,754	12,754
Total business-type activities	1,001,390	988,476	-	-	-	(12,914)	(12,914)
Total primary government	\$ 7,387,527	\$ 1,336,870	\$ 130,988	\$ 2,306,471	(3,600,284)	(12,914)	(3,613,198)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					636,343	-	636,343
Sales taxes					721,092	-	721,092
Gross receipts taxes					909,744	-	909,744
Franchise taxes					1,446,007	-	1,446,007
Other taxes					54,962	-	54,962
Grants and contributions not restricted to specific programs					187,696	-	187,696
Contractual agreements					141,942	-	141,942
Unrestricted investment earnings					32,386	16,175	48,561
Miscellaneous					63,806	-	63,806
Transfers					(246,806)	246,806	-
Special item					(2,005,696)	-	(2,005,696)
Total general revenues, transfers, and special item					1,941,476	262,981	2,204,457
Change in net assets					(1,658,808)	250,067	(1,408,741)
Net assets, beginning of year					13,038,788	1,728,686	14,767,474
Net assets, end of year					\$ 11,379,980	\$ 1,978,753	\$ 13,358,733

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See accompanying notes to the basic financial statements

Exhibit B

CITY OF SUGAR CREEK, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2010

	General	Reuse Agreement	State Gasoline Tax	(See Note 9) Sugarland TIF	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ 2,314,151	\$ 377,546	\$ 252,781	\$ -	\$ 1,807,908	\$ 4,752,386
Receivables:						
Taxes	512,313	-	-	-	59,554	571,867
Special assessments	-	-	-	-	3,744	3,744
Accrued interest	1,306	6,242	-	-	3,032	10,580
Other	77,999	-	-	-	-	77,999
Due from other governments	85,927	-	438,663	-	23,185	547,775
Due from other funds	75,200	-	-	-	9,450	84,650
Prepays, deposits and other assets	120,763	-	-	-	-	120,763
Restricted assets:						
Cash and investments	9,281	1,249,432	-	-	841,661	2,100,374
Property held for redevelopment	-	-	-	1,128,719	-	1,128,719
Total Assets	\$ 3,196,940	\$ 1,633,220	\$ 691,444	\$ 1,128,719	\$ 2,748,534	\$ 9,398,857
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 61,802	\$ 42,286	\$ 486,857	\$ 401,403	\$ 11,797	\$ 1,004,145
Accrued liabilities	77,782	-	-	-	-	77,782
Payable from restricted assets:						
Police unclaimed money	2,242	-	-	-	-	2,242
Customer deposits	3,350	-	-	-	-	3,350
Municipal court bonds	9,281	-	-	-	-	9,281
Due to other funds	4,991	-	-	-	4,459	9,450
Deferred revenue	102,079	-	23,629	-	3,744	129,452
Total Liabilities	261,527	42,286	510,486	401,403	20,000	1,235,702
Fund balances:						
Reserved for:						
Prepays	120,763	-	-	-	-	120,763
Advances to other funds	75,200	-	-	-	-	75,200
Property held for redevelopment	-	-	-	1,128,719	-	1,128,719
Debt service	-	-	-	-	369,235	369,235
Capital projects	-	-	-	-	527,634	527,634
Unreserved (deficit), reported in:						
General fund	2,739,450	-	-	-	-	2,739,450
Special revenue funds	-	1,590,934	180,958	-	1,667,473	3,439,365
Capital projects funds	-	-	-	(401,403)	164,192	(237,211)
Total fund balances	2,935,413	1,590,934	180,958	727,316	2,728,534	8,163,155
Total liabilities and fund balances	\$ 3,196,940	\$ 1,633,220	\$ 691,444	\$ 1,128,719	\$ 2,748,534	\$ 9,398,857

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds
September 30, 2010

Fund balances of governmental funds	\$ 8,163,155
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	9,724,390
Long-term liabilities for items such as bonds and other obligations are not current obligations and, therefore, not recorded in the governmental fund statements.	
Long-term liabilities	(6,679,899)
Unamortized bond issue costs	121,423
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	129,452
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	(78,541)
Net assets of governmental activities	<u>\$ 11,379,980</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2010

	General	Reuse Agreement	State Gasoline Tax	(See Note 9) Sugarland TIF	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 3,352,394	\$ -	\$ -	\$ -	\$ 492,143	\$ 3,844,537
Intergovernmental	73,388	-	2,444,192	-	73,634	2,591,214
Charges for services	30,858	-	-	-	-	30,858
Rentals	52,564	-	-	-	-	52,564
Fines and forfeitures	163,740	-	-	-	-	163,740
Payments in lieu of tax	25,008	-	-	-	-	25,008
Contractual agreements	141,908	2,260,034	-	-	-	2,401,942
Licenses and permits	101,231	-	-	-	-	101,231
Interest	16,251	6,646	30	-	9,459	32,386
Other	63,806	-	-	-	-	63,806
Total Revenues	4,021,148	2,266,680	2,444,222	-	575,236	9,307,286
Expenditures:						
Current:						
General administration	1,234,471	-	-	-	11,706	1,246,177
Public safety	1,830,692	-	-	-	-	1,830,692
Streets and public works	829,522	-	2,608,070	-	49,490	3,487,082
Economic development (see Note 9)	-	35,849	-	330,636	-	366,485
Health and welfare	-	-	-	-	1,100	1,100
Parks and recreation	256,176	-	-	-	32,057	288,233
Debt service:						
Principal	-	-	-	-	100,974	100,974
Interest and fiscal charges	-	-	-	-	269,624	269,624
Total Expenditures	4,150,861	35,849	2,608,070	330,636	464,951	7,590,367
Excess of Revenues Over (Under) Expenditures	(129,713)	2,230,831	(163,848)	(330,636)	110,285	1,716,919
Other financing sources (uses):						
Transfers in (see Note 9)	-	290,780	237,829	330,636	267,163	1,126,408
Transfers out	-	(402,449)	-	-	(970,765)	(1,373,214)
Total Other Financing Sources (Uses)	-	(111,669)	237,829	330,636	(703,602)	(246,806)
Special item	-	-	-	98,597	-	98,597
Net change in fund balances	(129,713)	2,119,162	73,981	98,597	(593,317)	1,568,710
Fund balances (deficit), beginning of year	3,065,126	(528,228)	106,977	628,719	3,321,851	6,594,445
Fund balances, end of year	\$ 2,935,413	\$ 1,590,934	\$ 180,958	\$ 727,316	\$ 2,728,534	\$ 8,163,155

See accompanying notes to the basic financial statements

**CITY OF SUGAR CREEK, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended September 30, 2010**

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

Net change in fund balances - total governmental funds		\$ 1,568,710
<p>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.</p>		
Capital outlay costs in excess of capitalization threshold		1,227,623
Depreciation		(432,531)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.</p>		
Other revenues		(2,327,455)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.</p>		
Changes in long-term debt, net		100,974
Developer obligations, net		330,636
Changes in unamortized bond issue costs		(5,204)
Changes in unamortized bond issuance discount		(3,058)
Changes in accrued interest expense		12,017
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences and other post employment benefits payable		(26,227)
Economic development - speical item:		
Assumption of long-term debt	\$ (2,368,125)	
Adjustment to developer obligations, net	263,832	
		(2,104,293)
Change in net assets of governmental activities		\$ (1,658,808)

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Water	Sanitary Sewer	Sanitation	Totals
Assets				
Current assets:				
Pooled cash and investments	\$ 108,833	\$ 378,589	\$ 60,828	\$ 548,250
Receivables, net:				
Accounts	33,883	195,995	52,736	282,614
Contractual agreements	-	88,333	-	88,333
Special assessments	-	3,126	-	3,126
Accrued interest	288	4,560	102	4,950
Prepaid expenses	1,667	4,651	3,333	9,651
Restricted cash and investments	68,222	1,320	-	69,542
Notes receivable	-	59,406	-	59,406
Total current assets	<u>212,893</u>	<u>735,980</u>	<u>116,999</u>	<u>1,065,872</u>
Noncurrent assets:				
Receivables, net:				
Special assessments	-	13,848	-	13,848
Notes receivable	-	68,792	-	68,792
Capital assets, net of depreciation	213,583	806,702	83,467	1,103,752
Total noncurrent assets	<u>213,583</u>	<u>889,342</u>	<u>83,467</u>	<u>1,186,392</u>
Total assets	<u>426,476</u>	<u>1,625,322</u>	<u>200,466</u>	<u>2,252,264</u>
Liabilities				
Current liabilities:				
Accounts payable	7,513	111,478	2,226	121,217
Accrued liabilities	1,409	1,456	3,450	6,315
Compensated absences	-	-	2,497	2,497
Current liabilities (payable from restricted assets):				
Deposits	68,222	-	-	68,222
Total current liabilities:	<u>77,144</u>	<u>112,934</u>	<u>8,173</u>	<u>198,251</u>
Long-term liabilities:				
Due to other funds	-	75,200	-	75,200
Other post employment benefits	-	-	60	60
Total long-term liabilities:	<u>-</u>	<u>75,200</u>	<u>60</u>	<u>75,260</u>
Total liabilities	<u>77,144</u>	<u>188,134</u>	<u>8,233</u>	<u>273,511</u>
Net assets				
Invested in capital assets	213,583	806,702	83,467	1,103,752
Unrestricted	135,749	630,486	108,766	875,001
Total net assets	<u>\$ 349,332</u>	<u>\$ 1,437,188</u>	<u>\$ 192,233</u>	<u>\$ 1,978,753</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2010

	Water	Sanitary Sewer	Sanitation	Totals
Operating revenues:				
Charges for services	\$ 239,175	\$ 524,723	\$ 224,578	\$ 988,476
Total operating revenues	<u>239,175</u>	<u>524,723</u>	<u>224,578</u>	<u>988,476</u>
Operating expenses:				
Personal services	85,926	42,061	177,013	305,000
Contractual services	5,558	528,068	10,552	544,178
Materials and supplies	14,144	5,170	10,219	29,533
Cost of water purchased	73,719	-	-	73,719
Depreciation	14,919	19,877	14,040	48,836
Other	124	-	-	124
Total operating expenses	<u>194,390</u>	<u>595,176</u>	<u>211,824</u>	<u>1,001,390</u>
Operating income (loss)	<u>44,785</u>	<u>(70,453)</u>	<u>12,754</u>	<u>(12,914)</u>
Nonoperating revenues:				
Interest income	757	14,991	427	16,175
Total nonoperating revenues	<u>757</u>	<u>14,991</u>	<u>427</u>	<u>16,175</u>
Income before transfers	45,542	(55,462)	13,181	3,261
Transfers in	<u>146,806</u>	<u>100,000</u>	<u>-</u>	<u>246,806</u>
Change in net assets	192,348	44,538	13,181	250,067
Total net assets, beginning of year	156,984	1,392,650	179,052	1,728,686
Total net assets, end of year	<u>\$ 349,332</u>	<u>\$ 1,437,188</u>	<u>\$ 192,233</u>	<u>\$ 1,978,753</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2010

	Water	Sanitary Sewer	Sanitation	Totals
Cash flows provided by (used in) operating activities:				
Receipts from customers	\$ 241,463	\$ 450,454	\$ 221,203	\$ 913,120
Payments to suppliers	(93,885)	(537,200)	(18,263)	(649,348)
Payments to employees	(86,305)	(41,380)	(178,144)	(305,829)
Net cash provided by (used in) operating activities	61,273	(128,126)	24,796	(42,057)
Cash Flows Provided by (used in) Noncapital Financing Activities:				
Transfers in (out)	146,806	100,000	-	246,806
Interfund advances	-	(100,000)	(50,000)	(150,000)
Negative cash balance implicitly financed	-	94,028	13,307	107,335
Net Cash Flows Provided by (used in) Noncapital Financing Activities	146,806	94,028	(36,693)	204,141
Cash flows provided by (used in) investing activities:				
Interest received	695	17,836	518	19,049
Purchases of certificates of deposit	(218,927)	(583,704)	(102,207)	(904,838)
Maturity of certificates of deposit	220,462	544,172	100,492	865,126
Reimbursements from developers	-	55,004	-	55,004
Net cash flows provided by (used in) investing activities	2,230	33,308	(1,197)	34,341
Cash flows provided by (used in) capital and related financing activities:				
Purchases of capital assets	(156,139)	(91,853)	-	(247,992)
Special assessments received	-	3,003	-	3,003
Net cash flows provided by (used in) capital and related financing activities	(156,139)	(88,850)	-	(244,989)
Net change in cash and equivalents	54,170	(89,640)	(13,094)	(48,564)
Cash and equivalents, beginning of year	21,920	89,640	13,094	124,654
Cash and equivalents, end of year	76,090	-	-	76,090
Long-term certificates of deposit	100,965	379,909	60,828	541,702
Total cash and investments reported on the Statement of Net Assets	\$ 177,055	\$ 379,909	\$ 60,828	\$ 617,792
Cash and investments reported on the Statement of Net Assets:				
Pooled cash and investments	\$ 108,833	\$ 378,589	\$ 60,828	\$ 548,250
Restricted cash and investments	68,222	1,320	-	69,542
Total cash and investments	\$ 177,055	\$ 379,909	\$ 60,828	\$ 617,792
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 44,785	\$ (70,453)	\$ 12,754	\$ (12,914)
Adjustments to reconcile operating loss to net cash used by operations:				
Depreciation	14,919	19,877	14,040	48,836
Change in compensated absences and other post employment benefit obligations	-	-	(1,355)	(1,355)
Changes in:				
Receivables	(1,999)	(74,269)	(3,375)	(79,643)
Prepaid expenses and deposits	1,040	426	728	2,194
Accounts payable	(1,380)	(4,388)	1,780	(3,988)
Accrued liabilities	(379)	681	224	526
Customer deposits	4,287	-	-	4,287
Net cash provided by (used in) operating activities	\$ 61,273	\$ (128,126)	\$ 24,796	\$ (42,057)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements include a summary of accounting policies followed and other information provided by the City of Sugar Creek, Missouri, judged to be most appropriate for full disclosure in the preparation of the basic financial statements.

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CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

(1) Summary of Significant Accounting Policies

The City of Sugar Creek, Missouri (the City) was incorporated on November 15, 1920 under an order of the Jackson County Circuit Court. The City is a fourth class city and operates under a Mayor-Board of Aldermen form of government. The City Administrator is the chief administrative officer of the City. The City provides services to nearly 4,000 residents in many areas, including law enforcement and fire protection, water, sewer and sanitation services, community enrichment and development, and various social services.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

In evaluating the City's financial reporting entity, management has considered all potential component units. The accompanying basic financial statements present the City and the component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has determined that there are no component units related to the City that should be accounted for in the City's financial statements.

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide financial statements

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund financial statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

The following are the City's major governmental funds:

The General Fund – the general operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

The Reuse Agreement Fund – used to account for the City's reuse agreement with BP Products of North America, Inc.

State Gasoline Tax Fund – used to account for the City's share of motor vehicle fuel, sales and license tax revenues.

Sugarland TIF – used to account for the tax increment financing revenues and the related obligations related to the Sugarland TIF redevelopment project.

PROPRIETARY FUNDS

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The following are the City's major proprietary funds:

The Water Utility Fund – accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The Sewer Utility Fund – accounts for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The Sanitation Fund – accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

C. Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year-end and available to pay obligations of the current period). This includes property taxes, investment earnings and state-levied locally shared taxes (including motor vehicle fees). The City records property tax receivables at the time the lien attaches to the property. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets and statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

In reporting the financial activity of its business-type activities and enterprise funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedures. For enterprise funds, the City also has the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

D. Cash and Investments

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, investment pools and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third party and must be of the kind prescribed by State Statutes and approved by the State.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet or statement of net assets as "pooled cash and investments". The City's cash and investments are primarily considered to be cash on hand, amounts in demand deposits, and certificates of deposits. Interest earned on demand deposits is recorded in the General Fund. Interest income earned on certificates of deposit is allocated to the various funds on the basis of average month-end balances.

For purposes of the statement of cash flows, short-term investments and certificates of deposit with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

E. Accounts Receivable

Accounts receivable result primarily from miscellaneous services provided to citizens accounted for in the Governmental Funds, and from water, sewer, and sanitation services accounted for in their respective Proprietary Fund.

F. Prepaid Items

Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements using the consumption method.

G. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, street lights, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Fully depreciated capital assets are included in their respective accounts until their disposal.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 – 40 years
Machinery and equipment	5 – 10 years
Automobiles	5 – 15 years
Infrastructure	50 years
Sewer and water systems	30 – 70 years

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

H. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Vacation days are required to be taken within the current or following calendar year in which earned. In the event of retirement or termination, an employee is paid for unused vacation days.

City employees are eligible to receive payment for accumulated sick leave only upon retirement. In the event of retirement, an employee is paid for unused sick days up to the maximum of 30 days. The amount of sick leave, which will be utilized or paid in future years, does not vest until retirement.

Vested or accumulation vacation and sick time is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation and sick time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation and sick pay are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

I. Deferred Revenue

Deferred revenue consists primarily of certain special assessments and other items that are considered measurable, but not available to meet the current financial needs of the governmental unit.

J. Interfund Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

K. Net Asset Classifications

In the government-wide statements, equity is shown as net assets and classified into three components:

- (1) Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net assets – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

L. Expenditures in Excess of Budgeted Appropriations

In violation of the budget ordinance, actual expenditures including transfers out exceeded budgeted appropriations in the Public Health Fund by \$2,541.

M. Use of Estimates

The preparation of the basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

A summary of the City’s significant policies relating to cash and investments can be found in Note 1. A reconciliation of cash and investments with the Government-wide Statement of Net Assets is as follows:

Cash on hand	\$	750
Demand deposits		1,719,071
Certificates of deposits		5,486,631
Restricted cash equivalents held in trust		264,100
	<u>\$</u>	<u>7,470,552</u>
		Government-wide statement of net assets
		<hr/>
Pooled cash and investments	\$	5,300,636
Restricted cash and investments		2,169,916
	<u>\$</u>	<u>7,470,552</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the city will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize deposits with securities held by the financial institution's agent and in the City's name.

As of September 30, 2010, all of the City's deposits were insured with Federal depository insurance, with the remaining uninsured balance collateralized by securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of September 30, 2010.

(3) Tax Revenues and Taxes Receivable

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. The assessed value of local property at January 1, 2009, was \$46,485,204.

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City's property tax levies per \$100 of assessed valuation for the year in which the revenues were earned were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 1.00
Public Health	0.13
	<u>\$ 1.13</u>

Tax revenue for the year consisted of the following:

	<u>General Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Franchise taxes	\$ 1,519,196	\$ 3,200	\$ 1,522,396
Gross receipts taxes	909,744	-	909,744
Property taxes	540,913	104,136	645,049
Sales and use taxes	336,285	384,807	721,092
Other taxes	46,256	-	46,256
	<u>\$ 3,352,394</u>	<u>\$ 492,143</u>	<u>\$ 3,844,537</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Taxes receivable represent property, sales, gross receipts, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes. Taxes receivable consisted of the following at September 30, 2010:

	General Fund	Other Nonmajor Funds	Total
Franchise taxes	\$ 158,809	\$ -	\$ 158,809
Gross receipts taxes	249,840	-	249,840
Property taxes	54,858	10,767	65,625
Sales and use taxes	48,806	48,787	97,593
	<u>\$ 512,313</u>	<u>\$ 59,554</u>	<u>\$ 571,867</u>

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

	General Fund	State Gasoline Tax	Other Nonmajor Funds	Total
Grants - Federal, State and Local State:	\$ 73,388	\$ 2,297,538	\$ 57,600	\$ 2,428,526
Motor vehicle sales tax	-	21,702	-	21,702
Motor vehicle fuel tax	-	107,979	-	107,979
Motor vehicle license and title transfer fees	-	16,973	-	16,973
Local:				
Tax increment financing revenues	-	-	16,034	16,034
Total Intergovernmental Revenue	<u>\$ 73,388</u>	<u>\$ 2,444,192</u>	<u>\$ 73,634</u>	<u>\$ 2,591,214</u>

Amounts due from other governments at September 30, 2010, were as follows:

	General Fund	State Gasoline Tax	Other Nonmajor Funds	Total
Grants - Federal and State State:	\$ 85,927	\$ 389,486	\$ -	\$ 475,413
Motor vehicle sales tax	-	4,021	-	4,021
Motor vehicle fuel tax	-	18,661	-	18,661
Motor vehicle license and title transfer fees	-	2,865	-	2,865
County:				
Tax increment financing revenues	-	-	23,185	23,185
County Urban Road System	-	23,630	-	23,630
Total due from other governments	<u>\$ 85,927</u>	<u>\$ 438,663</u>	<u>\$ 23,185</u>	<u>\$ 547,775</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

(5) Notes Receivable

In prior years, the City expended approximately \$591,000 for the development of its portion of the Mill Creek Sewer System to encourage economic development. The City has engaged in efforts to be reimbursed for these costs from the beneficiaries of the sewer lines. The City has entered into reimbursement agreements with certain users of the sewer system totaling \$572,435. Amounts have been received in the form of cash and notes receivable. The notes are payable in ten annual equal installments and includes interest at 8%. The City is actively negotiating agreements from other beneficiaries. These agreements, if any, will be recognized in the year formalized.

A summary of notes receivable activity for the year ending September 30, 2010, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes Receivable	<u>\$ 183,202</u>	<u>\$ -</u>	<u>\$ 55,004</u>	<u>\$ 128,198</u>	<u>\$ 59,406</u>

The scheduled maturities for these notes receivable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 59,407	\$ 10,255	\$ 69,662
2012	37,521	5,504	43,025
2013	<u>31,270</u>	<u>2,502</u>	<u>33,772</u>
Total	<u>\$ 128,198</u>	<u>\$ 18,261</u>	<u>\$ 146,459</u>

(6) Contractual Agreement – Reuse Agreement

In 2002, the City entered into an agreement with BP Products North America, Inc. (BP) to make the site of the former Amoco refinery available for reuse by the City. Under the agreement, BP will make certain infrastructure improvements to the approximate 300 acre former site of the refinery and then lease (\$1 per year for 99 years) the site to the City to be used for the development of a business park. In addition, BP will provide the City with \$11.3 million in funding to assist with the development of the business park. In 2007, the agreement was amended. The amendment restricts the use of funds to construction of site infrastructure, buildings and improvements as well as related maintenance, provided however, that either (a) up to 25% of the funds may be used for construction of buildings and infrastructure along Sterling Avenue and Cement City Road, or (b) if the City utilizes at least \$3.3 million for the construction of a Public Safety Campus on the leased properties, any remaining funds may be used for construction of a community center or retail development and infrastructure along Sterling Avenue. During 2010, the City received \$2,260,000 from BP, which represented the final payment due under this agreement.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

(7) Interfund Activity

Transfers between funds for the year ended September 30, 2010 were as follows:

	<u>Transfers Out</u>		
	<u>Reuse</u>	<u>Other</u>	
	<u>Agreement</u>	<u>Governmental</u>	<u>Total</u>
		<u>Funds</u>	
Transfers In:			
Governmental activities:			
Reuse Agreement	\$ -	\$ 290,780	\$ 290,780
State Gasdine Tax	-	237,829	237,829
Sugarland TIF	330,636	-	330,636
Other Governmental Funds	<u>71,813</u>	<u>195,350</u>	<u>267,163</u>
Total governmental activities	<u>402,449</u>	<u>723,959</u>	<u>1,126,408</u>
Business-type activities:			
Water Fund	-	146,806	146,806
Sanitary Sewer Fund	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total business-type activities	<u>-</u>	<u>246,806</u>	<u>246,806</u>
Total	<u>\$ 402,449</u>	<u>\$ 970,765</u>	<u>\$ 1,373,214</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to debt service funds as debt service payments become due, and (3) to fund certain Sugarland development project costs. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

Amount due to/due from other funds as of September 30, 2010 were as follows:

	<u>Due to:</u>		
	<u>General</u>	<u>Nonmajor</u>	
	<u>Fund</u>	<u>Governmental</u>	<u>Total</u>
Due from:			
Governmental activities:			
General Fund	\$ -	\$ 4,991	\$ 4,991
Nonmajor governmental	-	4,459	4,459
Total governmental activities	<u>-</u>	<u>9,450</u>	<u>9,450</u>
Business-type activities:			
Sanitary Sewer Fund	<u>75,200</u>	<u>-</u>	<u>75,200</u>
Total business-type activities	<u>75,200</u>	<u>-</u>	<u>75,200</u>
Total	<u>\$ 75,200</u>	<u>\$ 9,450</u>	<u>\$ 84,650</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Interfund balances regarding the Sanitary Sewer Fund were used to pay for certain capital outlay expenses in prior years. Other interfund balances represent certain taxes collected by the General Fund and sales tax funds that are payable to the Lafarge TIF fund to service the related TIF developer obligation.

(8) Capital Assets

A summary of the changes in capital assets for the year is as follows:

	September 30, 2009	Additions	Retirements	September 30, 2010
Governmental activities:				
Capital assets, not being depreciated				
Land and land rights	\$ 1,914,337	\$ -	\$ -	\$ 1,914,337
Construction in progress	-	1,025,692	-	1,025,692
Total capital assets, not being depreciated	1,914,337	1,025,692	-	2,940,029
Capital assets, being depreciated				
Buildings	5,846,553	48,199	-	5,894,752
Equipment and vehicles	2,649,170	143,690	83,624	2,709,236
Office equipment	429,336	10,042	-	439,378
Infrastructure	4,030,977	-	-	4,030,977
Total capital assets being depreciated	12,956,036	201,931	83,624	13,074,343
Less accumulated depreciation for:				
Buildings	(1,111,521)	(175,450)	-	(1,286,971)
Equipment and vehicles	(1,859,551)	(147,888)	(83,624)	(1,923,815)
Office equipment	(268,319)	(28,573)	-	(296,892)
Infrastructure	(2,701,684)	(80,620)	-	(2,782,304)
Total accumulated depreciation	(5,941,075)	(432,531)	(83,624)	(6,289,982)
Total capital assets being depreciated, net	7,014,961			6,784,361
Governmental activities capital assets, net	\$ 8,929,298			\$ 9,724,390

	September 30, 2009	Additions	Retirements	September 30, 2010
Business-type activities:				
Capital assets, being depreciated				
Equipment and vehicles	\$ 650,517	\$ 9,336	\$ -	\$ 659,853
Sewer and water lines	2,189,838	238,656	-	2,428,494
Total capital assets being depreciated	2,840,355	247,992	-	3,088,347
Less accumulated depreciation for:				
Equipment and vehicles	(479,070)	(23,903)	-	(502,973)
Sewer and water lines	(1,456,689)	(24,933)	-	(1,481,622)
Total accumulated depreciation	(1,935,759)	(48,836)	-	(1,984,595)
Total capital assets being depreciated, net	904,596			1,103,752
Business-type activities capital assets, net	\$ 904,596			\$ 1,103,752

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental activities	
General administration	\$ 10,799
Public safety	227,187
Streets and public works	174,537
Parks and recreation	20,008
Total depreciation expense for governmental activities	\$ 432,531
Business-type activities	
Water	\$ 14,919
Sewer	19,877
Sanitation	14,040
Total depreciation expense for business-type activities	\$ 48,836

(9) Long Term Debt

A summary of the changes in long term debt is as follows:

	September 30, 2009	Additions	Adjustments/ Retirements	September 30, 2010	Due Within One Year
Governmental Activities:					
* Compensated absences	\$ 128,188	\$ 163,762	\$ 154,584	\$ 137,366	\$ 97,034
* Other post employment benefits	21,727	17,240	191	38,776	-
Certificates of participation	2,690,000	-	90,000	2,600,000	55,000
Discount on issuance	(74,415)	-	(3,058)	(71,357)	(3,058)
Developer agreement - LaFarge TIF	1,617,963	-	10,974	1,606,989	24,181
Subtotal	4,383,463	181,002	252,691	4,311,774	173,157
Sugarland TIF: (See Note 9 C)					
Outside consultant certified reimbursable costs	1,123,206	-	1,123,206	-	-
City certified reimbursable costs	728,492	-	728,492	-	-
City payments of reimbursable costs	(653,867)	(231,412)	(885,279)	-	-
City payments of debt service principal and interest	(603,363)	(99,224)	(702,587)	-	-
Sugarland obligation	-	2,368,125	-	2,368,125	-
Sugarland TIF total	594,468	2,037,489	263,832	2,368,125	-
Total	\$ 4,977,931	\$ 2,218,491	\$ 516,523	\$ 6,679,899	\$ 173,157
Business-type Activates:					
Compensated absences	\$ 3,136	\$ 4,994	\$ 5,633	\$ 2,497	\$ 2,497
Other post employment benefits	776	93	809	60	-
Total	\$ 3,912	\$ 5,087	\$ 6,442	\$ 2,557	\$ 2,497

* Primarily liquidated by the General fund in prior years.

A. Certificates of Participation

During fiscal year 2009, the City issued \$2,690,000 Certificates of Participation for the purpose of reimbursing the Reuse Agreement Fund for costs related to the City's public safety facility. Certain funds in the Reuse Agreement Fund have been made available for the Sugarland project. Principal and interest payments are due semi-annually beginning on February 1, 2010 through February 1, 2034 with principal payments ranging from \$55,000 to \$440,000, and interest rates ranging from 3.75% to 6.0%.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

B. Developer Agreement – LaFarge TIF

During fiscal year 2003, the City entered into a tax increment financing (TIF) agreement to redevelop several structures, including the conversion of an elementary school into an office building, the improvement of an existing ready-mix concrete plant, the addition of sub-surface mining operations, and the construction of related infrastructure necessary to adequately serve the redevelopment area. The City's obligation to repay the related costs of this agreement will be repaid over a period of 23 years, with interest accruing at the rate of 5.9%. This obligation is a special limited obligation of the City, payable only to the extent of available tax increment financing revenues subject to annual appropriations.

At September 30, 2010, the total obligation under this agreement was \$1,606,989. The obligation is payable to the extent incremental taxes are available for a period not to exceed 23 years. For the current year, principal and interest payments related to the developer agreement totaled \$100,685. Incremental revenues from the City were \$86,075 in sales taxes, property taxes, and franchise taxes. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from other taxing districts and governmental entities.

C. Developer Agreement – Sugarland TIF

During fiscal year 2007, The City entered into a tax increment financing (TIF) agreement for the construction of commercial, retail, and restaurant space, as well as a mixed use, high density residential project consisting of approximately 80 units. The project Developer's reimbursable project costs are to be funded with payments in lieu of taxes (PILOTS), economic activity taxes (EATS), Community Improvement District (CID) sales taxes (if established), or the proceeds of TIF bonds.

In addition to the funding described in the preceding paragraph, the City has pledged up to one-half of the additional amount of City sales tax revenues derived from City sales taxes imposed within the Redevelopment Area that are above the amount of City sales tax revenues that are captured as Economic Activity Taxes.

The City has also pledged "City Interim Funds" to assist with acquisition of property and costs associated with the public improvements. City Interim Funds are to be paid from City sales taxes, provided the use is limited to public purposes for which the taxes are authorized by law, as well as from "other sources". City supplemental TIF revenues and City Interim Funds will only be paid to the extent there is a shortfall in amounts otherwise available pursuant to the agreement. In no event shall the sales tax portion of the City Interim Funds, subject to annual appropriation, exceed \$270,000 in any fiscal year. In no event shall the "other sources" portion of the City Interim Funds in total exceed \$5,000,000, unless approved by the Board of Aldermen. This portion of the City Interim Funds is to be used for the acquisition of property associated with the redevelopment. Through September 30, 2010 the City funding provided from "other sources" has been made by transfers from the Reuse Agreement fund.

In connection with the TIF agreement, the City entered into a sales tax pledge escrow agreement (pledge agreement), as amended, whereby the \$270,000 sales tax portion or other sources of the City's Interim Funds was pledged as collateral security for a \$2,000,000 public bridge loan obtained by the Developer in relation to the redevelopment project. In accordance with this agreement the City paid \$540,000 during fiscal year 2009 into an escrow fund which represented the City Interim Funds for 2008 and 2009. Future annual payments of actual sales taxes collected or an amount not to exceed \$270,000 are due under this agreement each December 15th, beginning on December 15, 2010 until the loan is repaid.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Under the pledge escrow agreement, amounts paid by the City totaling \$540,000 were applied against the outstanding public bridge loan balance and related interest in accordance with the collateral agreement. In addition, the City paid interest on the outstanding private loan balance on behalf of the Developer totaling \$162,587 as of September 30, 2010. In accordance with the pledge escrow agreement, the City paid \$258,068 on December 15, 2010 that was applied against the outstanding bridge loan balances and related interest at that date. Accordingly, the actual outstanding balance of the public and private bridge loans at September 30, 2010 was \$2,368,125.

In previous years, the City and its consultant certified reimbursable project costs under the Sugarland TIF totaling \$1,851,698. In connection with these costs the city has made cumulative reimbursement payments of \$885,279. In addition the City has made debt service payments on behalf of the Developer totaling \$702,587.

As of September 30, 2010 and through the report date, August 25, 2011, no PILOTS, EATS, CID taxes, and City supplemental TIF funds have been collected. In addition the City has been unable to issue any TIF bonds as originally contemplated in the agreement.

Subsequent Settlement Agreement

Subsequent to year end, the City and JLP Sugarland, Inc. Sugarland, LLC, and Jeffrey L. Peterson (collectively the "Developer") entered into a Settlement Agreement to terminate the relationship created by the TIF agreement. Principal terms of the Agreement, signed by the City on July 25, 2011, include the following:

1. The Developer shall convey title to all real property owned by the Developer within the Redevelopment Area to the City by warranty deed, subject to a lien on the property held as collateral by the Bank of Kansas City (the Bank).
2. Prior to, or at the Closing, the City shall enter into a loan agreement with the Bank of Kansas City to provide for the refinancing of the remaining balance on the Project Loans in the amount of \$2,287,585. The loan agreement shall provide that upon the City entering into said agreement, JLP Sugarland, Inc. Sugarland, LLC, Jeffrey L. Peterson and officers, directors, partners, predecessors successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions shall receive a full release in form and substance acceptable to JLP Sugarland, Inc., LLC and Jeffrey L. Peterson, from the Bank of Kansas City for the Project Loans and all other liability to the Bank of Kansas City associated with the Project.
3. The City will assume responsibility for the payment of certain project vendors at a cost of \$201,403. The City will provide the Developer with a release and waiver of claims from each vendor.
4. The Developer shall be responsible for paying or otherwise satisfying all other vendors for work on the project. The City shall deposit \$200,000 in an escrow account to assist the Developer in meeting this responsibility. The Developer shall provide the City with lien waivers and/or releases from said vendors and shall assign all rights in the ownership of and will provide all existing work product from such vendors to the City. The \$200,000 provided by the City in the escrow account will be released to the Developer upon receipt of such lien waivers and/or releases and work product.
5. The Developer shall relinquish any rights it may have under any and all existing leases associated with the Project.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

In accordance with Governmental Accounting Standards dealing with the recording of subsequent events, including guidance provided by GASB 56, the impact of the Settlement Agreement is reflected in the City's September 30, 2010 financial statements as a Special Item as follows:

Special Item	
Land held for redevelopment (received from the developer)	\$ 500,000
Amounts payable (payable to the vendors and developer)	(401,403)
Governmental fund total	98,597
Developer bank notes at July 25, 2011	(2,287,585)
Developer bank notes balance adjustment to September 30, 2010	(80,540)
Reimbursable project costs (prior to payments by the City)	1,851,698
City payments:	
Reimbursable project costs	(885,279)
Debt service	(702,587)
Government-wide reconciling total	(2,104,293)
Government-wide total	\$ (2,005,696)

As of the report date, August 25, 2011, the City has not entered into a formal agreement with the Bank. The City is reviewing various alternatives related to the refinancing of the obligations assumed upon the signing of the Settlement Agreement.

Property Held for Redevelopment

During 2007 and 2008, the City acquired various properties associated with the implementation of the Sugarland TIF redevelopment plan totaling approximately \$5.6 million. In accordance with the redevelopment agreement, the majority of the properties acquired were conveyed to the Developer. The agreement provided that in the event the Developer fails to perform its obligations under the redevelopment plan and/or the City and Developer agree to abandon the project, the City shall have an unconditional right to repurchase the properties at an amount equal to the amount that the Developer paid (approximately \$479,000) the City plus any reasonable costs incurred by the Developer related to work actually performed on the properties. The Developer had pledged certain property as collateral for the developer bridge loans discussed above.

However, as part of the Settlement agreement, the Developer shall convey title to all real property owned by the Developer within the Redevelopment Area to the City by warranty deed, subject to the lien of the bank of Kansas City. City management, based on information provided by outside sources, has estimated that the fair value of the conveyed property to be approximately \$500,000.

A summary of the changes in property held for redevelopment for the year is as follows:

	Beginning	Additions	Reductions	Ending
Property Held for Redevelopment	\$ 628,719	\$ 500,000	\$ -	\$ 1,128,719

The City is attempting to secure a new developer to purchase said property and develop a financing package in an effort to satisfy the outstanding Bank loans and complete the development project.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

D. Future Debt Service Requirements

The estimated annual payments required to retire the Certificates of Participation and Developer Agreement - LaFarge TIF is as follows:

	Certificates of Participation		Developer Agreement - LaFarge TIF		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 55,000	\$ 142,594	\$ 24,181	\$ 137,726	\$ 79,181	\$ 280,320
2012	55,000	140,531	68,521	93,387	123,521	233,918
2013	60,000	138,375	72,564	89,344	132,564	227,719
2014	60,000	136,125	76,845	85,063	136,845	221,188
2015	60,000	133,875	81,379	80,529	141,379	214,404
2016-2020	360,000	620,500	484,839	324,701	844,839	945,201
2021-2025	450,000	514,625	645,771	163,769	1,095,771	678,394
2026-2030	605,000	363,750	152,889	9,019	757,889	372,769
2031-2034	895,000	134,250	-	-	895,000	134,250
Totals	\$ 2,600,000	\$ 2,324,625	\$ 1,606,989	\$ 983,538	\$ 4,206,989	\$ 3,308,163

(10) Cooperative Agreement – Wastewater Treatment System

The City participates with the City of Independence, Missouri and other political subdivisions through a Cooperative Agreement for Reciprocal Sewer Services for the operation of the Rock Creek Wastewater Treatment Plant. Each participating political subdivision pays its share of operating, maintenance, and certain replacement costs as prescribed in the agreement. For the year ended September 30, 2010, the City's portion of the shared costs was \$427,527.

(11) Employees Retirement System

A. Plan Description

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

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

B. Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required by State Statute to contribute at an actuarially determined rate; the current rate is 4.6% (general), 0.4% (police), and 0.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. State Statute establishes the contribution provisions of the City.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Annual Pension Cost

For 2010, the City's annual pension cost of \$64,691 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 4.0% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit; (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 payroll on an open basis. The amortization period at February 28, 2010 was fifteen years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 88,405	100%	\$ -
6/30/2009	73,932	100%	-
6/30/2010	64,691	100%	-

Funded Status and Funding Progress

As of February 28, 2010, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$5,095,562. The actuarial value of assets was \$5,559,192, which results in an excess funding of the actuarial accrued liability (AAL) of \$463,630 and a funded ratio of 109 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$2,185,867, which results in a ratio of the excess funding of the AAL to the covered payroll of 21 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(12) Other Post Employment Benefits

A. Plan Description

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from City employment. The City provides retiree healthcare benefits through Midwest Public Risk (MPR), which is a risk pool comprised of approximately 115 entity members. It has been determined that MPR functions as an agent multiple-employer plan. The plan does not issue separate financial statements.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

The City requires the retirees to pay 125% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed issue; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

	Governmental Activities	Business- Type Activities	Total Primary Government
Annual required contribution	\$ 17,444	\$ 100	\$ 17,544
Interest on net OPEB obligation	1,249	45	1,294
Adjustment to annual required contribution	(1,453)	(52)	(1,505)
Annual OPEB cost (expense)	<u>17,240</u>	<u>93</u>	<u>17,333</u>
Less: Net employer contributions	191	809	1,000
Increase (decrease) in net OPEB obligation	<u>17,049</u>	<u>(716)</u>	<u>16,333</u>
Net OPEB obligation - September 30, 2009	21,727	776	22,503
Net OPEB obligation - September 30, 2010	<u>\$ 38,776</u>	<u>\$ 60</u>	<u>\$ 38,836</u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2010 is as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities:				
	9/30/2010	\$ 17,240	1.11%	\$ 38,776
Business-Type Activities:				
	9/30/2010	\$ 93	0.00%	\$ 60

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

Funded Status and Funding Progress

As of July 1, 2009, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$83,181. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,153,047, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 3.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method is used in the July 1, 2009 actuarial valuation. The actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the initial plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 5.75 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 10.0 percent for the first year and then declining by 0.5 percent per year until 5.5 percent is reached. The 5.5 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

(13) Commitments and Contingencies

A. Insurance

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

The City is a member of the Midwest Public Risk (MPR), formerly Mid-America Regional Council Insurance Trust, a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool to cover health and dental, workers' compensation, and property and casualty claims for its members. MPR has been established as assessable pools and accounting records are maintained for each line of coverage on a policy-year basis. The City pays annual premiums to MPR for all coverage. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2010

revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. The City continues to carry commercial insurance for employee life insurance. The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

B. Federal and State Grants

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

C. Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

D. Conduit Debt

In a prior year, the City issued Taxable Industrial Development Revenue Bonds (bonds) for the purpose of providing funds to purchase, construct, install, and equip a cement manufacturing facility, a subordinate limestone mining facility, and certain transportation and distribution improvements (the Project). In 2003, the City issued \$150,000,000 Taxable Industrial Revenue Bonds to refund the previous bonds. Along with the issuance of the refunding bonds, the City amended the existing development and lease agreement with LaFarge Corporation to develop and lease the project. The amended project lease payments are equal to the principal and interest on the bonds plus an additional lease payment of \$50,000 per year beginning in 2004 plus certain payments in lieu of taxes. The bonds and the interest are limited obligations of the City payable solely out of the payments, revenues, and receipts derived by the City from the lease agreement. As the City is only contingently liable for repayment, the bond and the related lease are not recorded on the City's books.

As of September 30, 2010, the aggregate principal amount payable on the bonds was \$150,000,000.

E. Real Estate Purchase Option

In a prior year, the City entered into an agreement which gives them the option to purchase 284 acres of land near the Missouri River for future development. The option required an initial down payment of \$10,000, with additional payments due monthly. During 2010, the City amended the agreement to modify the payment schedule to keep the option open. Under the amended agreement, the City is required to make monthly payments beginning in June 2011 if the option has not been exercised. The amended agreement expires February 2012. The City may terminate this option contract at any time during the option period. Unless canceled by the City, total remaining payments under this agreement are \$63,000 as of September 30, 2010.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements
September 30, 2010

F. Lewis and Clark Expressway

During fiscal year 2009, the City entered into agreements with the Missouri Department of Transportation, Kansas City, Missouri, and Independence, Missouri for preliminary design costs related to the construction of the Lewis and Clark Expressway Project (the project). Under these agreements, the Missouri Department of Transportation is providing 80% of the related costs through federal grant funding. The remaining local costs are split 40% to the City of Kansas City, 40% to the City of Sugar Creek, and 20% to the City of Independence. The City of Sugar Creek is responsible for administering the project and making all payments on the contracts. During the year ended September 30, 2010, expenditures related to the project totaled \$2,424,465. Reimbursements from the Missouri Department of Transportation, the City of Kansas City, and the City of Independence totaled \$2,297,538. As of September 30, 2010, the City has outstanding commitments of approximately \$500,000 related to contracts on the project.

14. Subsequent Events

The City evaluated subsequent events through August 25, 2011, the date the financial statements were available to be issued. Significant events (see Note 9(C) for further details) were identified that required adjustment to or disclosure in the financial statements.

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CITY OF SUGAR CREEK, MISSOURI

Required Supplementary Information
September 30, 2010

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Reuse Agreement Fund
- Schedule of Funding Progress

Budgetary Process

The City prepares an annual operating budget for all Governmental Fund Types using the modified accrual basis of accounting and does not utilize encumbrance accounting. The reported budgetary data represent the final approved budget after amendments as adopted by the Board of Aldermen. The Board of Aldermen utilizes the following procedures in establishing the budgetary data reflected in the general purpose financial statements:

- (1) Prior to September 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (4) The legal level of control for the budget is at the fund level, and City management cannot amend the budget without the approval of the Board of Aldermen. However, the City Finance Director has the authority to transfer budgeted amounts between departments within any fund. The Board of Aldermen must approve any revision that alters the total budgeted expenditures of any fund. Unexpended appropriations lapse at year-end.

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CITY OF SUGAR CREEK, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
Year Ended September 30, 2010

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 3,287,569	\$ 3,435,369	\$ 3,352,394	\$ (82,975)
Intergovernmental revenues	45,676	45,676	73,388	27,712
Rentals	60,000	60,000	52,564	(7,436)
Fines and forfeitures	157,875	157,875	163,740	5,865
Payment in lieu of taxes	25,008	25,008	25,008	-
Contractual agreements	125,600	130,800	141,908	11,108
Licenses, permits, and fees	90,295	90,295	101,231	10,936
Interest	20,900	20,900	16,251	(4,649)
Charges for services	28,350	39,350	30,858	(8,492)
Other	161,910	167,910	63,806	(104,104)
Total Revenues	4,003,183	4,173,183	4,021,148	(152,035)
Expenditures:				
General administration	1,252,221	1,264,221	1,234,471	29,750
Public safety	1,814,155	1,884,155	1,830,692	53,463
Streets and public works	783,575	842,575	829,522	13,053
Parks and recreation	238,763	238,763	256,176	(17,413)
Total Expenditures	4,088,714	4,229,714	4,150,861	78,853
Excess of Revenues Over (Under) Expenditures	(85,531)	(56,531)	(129,713)	(73,182)
Other Financing Sources (Uses):				
Transfers out	(60,000)	(60,000)	-	60,000
Total Other Financing Sources (Uses)	(60,000)	(60,000)	-	60,000
Change in fund balance	\$ (145,531)	\$ (116,531)	(129,713)	\$ (13,182)
Fund Balances, Beginning of Year			3,065,126	
Fund Balances, End of Year			\$ 2,935,413	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF SUGAR CREEK, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Reuse Agreement Fund
Year Ended September 30, 2010

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Contractual agreements	\$ 2,260,060	\$ 2,260,060	\$ 2,260,034	\$ (26)
Interest	500	500	6,646	6,146
Total Revenues	<u>2,260,560</u>	<u>2,260,560</u>	<u>2,266,680</u>	<u>6,120</u>
Expenditures:				
Economic development	49,500	49,500	35,849	13,651
Total Expenditures	<u>49,500</u>	<u>49,500</u>	<u>35,849</u>	<u>13,651</u>
Excess of Revenues Over (Under) Expenditures	<u>2,211,060</u>	<u>2,211,060</u>	<u>2,230,831</u>	<u>19,771</u>
Other Financing Sources (Uses):				
Transfers in	366,460	636,460	290,780	(345,680)
Transfers out	(407,940)	(692,940)	(402,449)	290,491
Total Other Financing Sources (Uses)	<u>(41,480)</u>	<u>(56,480)</u>	<u>(111,669)</u>	<u>(55,189)</u>
Change in fund balance	<u>\$ 2,169,580</u>	<u>\$ 2,154,580</u>	2,119,162	<u>\$ (35,418)</u>
Fund Balances (Deficit), Beginning of Year			<u>(528,228)</u>	
Fund Balances, End of Year			<u>\$ 1,590,934</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF SUGAR CREEK, MISSOURI
State Gasoline Tax Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$ 149,000	\$ 2,763,500	\$ 2,444,192	\$ (319,308)
Interest	500	500	30	(470)
Total Revenues	<u>149,500</u>	<u>2,764,000</u>	<u>2,444,222</u>	<u>(319,778)</u>
Expenditures:				
Streets and public works	409,879	3,313,879	2,608,070	705,809
Total Expenditures	<u>409,879</u>	<u>3,313,879</u>	<u>2,608,070</u>	<u>705,809</u>
Excess of Revenues Over (Under) Expenditures	(260,379)	(549,879)	(163,848)	386,031
Other financing (uses):				
Transfers in	237,829	475,658	237,829	(237,829)
Change in fund balance	<u>\$ (22,550)</u>	<u>\$ (74,221)</u>	73,981	<u>\$ 148,202</u>
Fund Balance, Beginning of Year			<u>106,977</u>	
Fund Balance, End of Year			<u>\$ 180,958</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

City of Sugar Creek, Missouri
 Required Supplementary Information
 Schedules of Funding Progress
 Year Ended September 30, 2010

Employees Retirement System

Fiscal year	Actuarial valuation date	(a) Actuarial value of assets	(b) Entry age actuarial accrued liability	(b) - (a) Unfunded (assets in excess of) accrued liability (UAL)	(a)/(b) Funded ratio	(c) annual covered payroll	(b)-(a)/(c) UAL as a percentage of covered payroll
9/30/2008	2/29/2008	\$ 6,273,432	\$ 4,670,199	\$ (1,603,233)	134%	\$ 2,152,685	-74%
9/30/2009	2/28/2009	5,269,909	4,836,292	(433,617)	109%	2,225,132	-19%
9/30/2010	2/28/2010	5,559,192	5,095,562	(463,630)	109%	2,185,867	-21%

The above assets and actuarial liability do not include 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 LAGERS office in Jefferson City.

Other Post Employment Benefits

Fiscal year	Actuarial valuation date	(a) Actuarial value of assets	(b) Entry age actuarial accrued liability	(b) - (a) Unfunded accrued liability (UAL)	(a)/(b) Funded ratio	(c) annual covered payroll	(b)-(a)/(c) UAL as a percentage of covered payroll
9/30/2009	7/1/2007	\$ -	\$ 150,496	\$ 150,496	0%	\$ 1,941,032	8%
9/30/2010	7/1/2009	-	83,181	83,181	0%	2,153,047	4%

**COMBINING INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NON-MAJOR FUNDS

Special Revenue Funds are used to account for specific revenues, which are legally restricted to expenditure for particular purposes.

Public Health Fund – used to account for property tax levied for public health purposes including sanitary sewer maintenance.

Capital Improvement Sales Tax Fund – used to account for the City's ½ cent sales tax for capital improvements.

Park Improvement Sales Tax Fund – used to account for the City's ¼ cent sales tax for park improvements.

Stormwater Sales Tax Fund – used to account for the City's ¼ cent sales tax for stormwater improvements.

Capital Project Funds account for resources used for the acquisition and/or construction of capital facilities, except facilities accounted for in Enterprise Funds.

Capital Improvement Fund – used to account for major capital improvement projects.

Revolving Improvement Fund – used to account for special assessments on City and resident properties.

Debt Service Fund account for resources used for the repayment of debt.

Certificates of Participation – used to account for activity related to the Series 2009 Certificates of Participation.

Debt Service Fund – Lafarge TIF – used to account for the tax increment financing revenues and the related TIF obligation to Lafarge.

CITY OF SUGAR CREEK, MISSOURI
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2010

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Totals
	Public Health	Combined	Capital Improvement	Revolving Improvement	Certificates of Participation	Lafarge TIF	
		Sales Tax Funds					
Assets							
Pooled cash and equivalents	\$ 721,381	\$ 899,971	\$ 54,871	\$ 109,112	\$ -	\$ 22,573	\$ 1,807,908
Receivables:							
Taxes	10,767	48,787	-	-	-	-	59,554
Special assessments	-	-	-	3,744	-	-	3,744
Accrued interest	2,460	363	-	209	-	-	3,032
Due from other governments	-	-	-	-	-	23,185	23,185
Due from other funds	-	-	-	-	-	9,450	9,450
Restricted Assets - cash and cash equivalents	-	-	-	-	841,661	-	841,661
Total Assets	\$ 734,608	\$ 949,121	\$ 54,871	\$ 113,065	\$ 841,661	\$ 55,208	\$ 2,748,534
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ 11,797	\$ -	\$ -	\$ -	\$ -	\$ 11,797
Due to other funds	-	4,459	-	-	-	-	4,459
Deferred revenue	-	-	-	3,744	-	-	3,744
Total Liabilities	-	16,256	-	3,744	-	-	20,000
Fund balances:							
Reserved for:							
Debt service	-	-	-	-	314,027	55,208	369,235
Capital Projects	-	-	-	-	527,634	-	527,634
Unreserved							
Special Revenue	734,608	932,865	-	-	-	-	1,667,473
Capital Projects	-	-	54,871	109,321	-	-	164,192
Total Fund Balances	734,608	932,865	54,871	109,321	841,661	55,208	2,728,534
Total Liabilities and Fund Balances	\$ 734,608	\$ 949,121	\$ 54,871	\$ 113,065	\$ 841,661	\$ 55,208	\$ 2,748,534

CITY OF SUGAR CREEK, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended September 30, 2010

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Totals
	Public Health	Combined Sales Tax Funds	Capital Improvement	Revolving Improvement	Certificates of Participation	Lafarge TIF	
Revenues:							
Taxes	\$ 71,757	\$ 334,310	\$ -	\$ -	\$ -	\$ 86,076	\$ 492,143
Intergovernmental	-	57,600	-	-	-	16,034	73,634
Interest	5,230	2,373	238	349	1,126	143	9,459
	<u>76,987</u>	<u>394,283</u>	<u>238</u>	<u>349</u>	<u>1,126</u>	<u>102,253</u>	<u>575,236</u>
Expenditures:							
Current:							
General administration	1,126	9,058	-	-	1,004	518	11,706
Streets and public works	-	49,490	-	-	-	-	49,490
Health and welfare	1,100	-	-	-	-	-	1,100
Parks and recreation	-	32,057	-	-	-	-	32,057
Debt service:							
Principal	-	-	-	-	90,000	10,974	100,974
Interest and fiscal charges	-	-	-	-	179,913	89,711	269,624
	<u>2,226</u>	<u>90,605</u>	<u>-</u>	<u>-</u>	<u>270,917</u>	<u>101,203</u>	<u>464,951</u>
Excess of Revenues Over (Under) Expenditures	74,761	303,678	238	349	(269,791)	1,050	110,285
Other Financing Sources (uses):							
Transfers in	-	-	-	-	267,163	-	267,163
Transfers out	(100,000)	(342,156)	(237,829)	-	(290,780)	-	(970,765)
	<u>(100,000)</u>	<u>(342,156)</u>	<u>(237,829)</u>	<u>-</u>	<u>(23,617)</u>	<u>-</u>	<u>(703,602)</u>
Net change in fund balance	(25,239)	(38,478)	(237,591)	349	(293,408)	1,050	(593,317)
Fund Balances, Beginning of Year	759,847	971,343	292,462	108,972	1,135,069	54,158	3,321,851
Fund Balances, End of Year	<u>\$ 734,608</u>	<u>\$ 932,865</u>	<u>\$ 54,871</u>	<u>\$ 109,321</u>	<u>\$ 841,661</u>	<u>\$ 55,208</u>	<u>\$ 2,728,534</u>

CITY OF SUGAR CREEK, MISSOURI
Combining Balance Sheet - Non-major Sales Tax Funds
September 30, 2010

	Capital Improvement Sales Tax	Parks and Recreation Sales Tax	Stormwater Sales Tax	Totals
Assets				
Pooled cash and equivalents	\$ 436,981	\$ 191,178	\$ 271,812	\$ 899,971
Receivables:				
Taxes	24,393	12,197	12,197	48,787
Accrued interest	130	4	229	363
Total Assets	\$ 461,504	\$ 203,379	\$ 284,238	\$ 949,121
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 2,780	\$ 9,017	\$ 11,797
Due to other funds	2,229	1,115	1,115	4,459
Total Liabilities	2,229	3,895	10,132	16,256
Fund balances:				
Unreserved	459,275	199,484	274,106	932,865
Total Fund Balances	459,275	199,484	274,106	932,865
Total Liabilities and Fund Balances	\$ 461,504	\$ 203,379	\$ 284,238	\$ 949,121

CITY OF SUGAR CREEK, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Sales Tax Funds
Year Ended September 30, 2010

	Capital Improvement Sales Tax	Parks and Recreation Sales Tax	Stormwater Sales Tax	Totals
Revenues:				
Taxes	\$ 167,304	\$ 83,653	\$ 83,353	\$ 334,310
Intergovernmental	-	57,600	-	57,600
Interest	1,171	401	801	2,373
	<u>168,475</u>	<u>141,654</u>	<u>84,154</u>	<u>394,283</u>
Expenditures:				
Current:				
General administration	-	-	9,058	9,058
Streets and public works	49,490	-	-	49,490
Parks and recreation	-	32,057	-	32,057
	<u>49,490</u>	<u>32,057</u>	<u>9,058</u>	<u>90,605</u>
Excess of Revenues Over (Under) Expenditures	118,985	109,597	75,096	303,678
Other financing sources (uses):				
Transfers out	<u>(195,350)</u>	<u>(146,806)</u>	-	<u>(342,156)</u>
	<u>(195,350)</u>	<u>(146,806)</u>	-	<u>(342,156)</u>
Net change in fund balance	(76,365)	(37,209)	75,096	(38,478)
Fund Balances, Beginning of Year	<u>535,640</u>	<u>236,693</u>	<u>199,010</u>	<u>971,343</u>
Fund Balances, End of Year	<u>\$ 459,275</u>	<u>\$ 199,484</u>	<u>\$ 274,106</u>	<u>\$ 932,865</u>

CITY OF SUGAR CREEK, MISSOURI
Public Health Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 66,369	\$ 74,869	\$ 71,757	\$ (3,112)
Interest	4,050	4,050	5,230	1,180
Total Revenues	<u>70,419</u>	<u>78,919</u>	<u>76,987</u>	<u>(1,932)</u>
Expenditures:				
General administration	1,185	1,185	1,126	59
Health and welfare	70,500	70,500	1,100	69,400
Total Expenditures	<u>71,685</u>	<u>71,685</u>	<u>2,226</u>	<u>69,459</u>
Excess of Revenues Over Expenditures	(1,266)	7,234	74,761	67,527
Other financing (uses):				
Transfers out	<u>-</u>	<u>(28,000)</u>	<u>(100,000)</u>	<u>(72,000)</u>
Change in fund balance	<u>\$ (1,266)</u>	<u>\$ (20,766)</u>	(25,239)	<u>\$ (4,473)</u>
Fund Balance, Beginning of Year			<u>759,847</u>	
Fund Balance, End of Year			<u>\$ 734,608</u>	

CITY OF SUGAR CREEK, MISSOURI
Capital Improvement Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 105,120	\$ 146,120	\$ 167,304	\$ 21,184
Interest	650	650	1,171	521
Total Revenues	<u>105,770</u>	<u>146,770</u>	<u>168,475</u>	<u>21,705</u>
Expenditures:				
Streets and public works	450	38,450	49,490	(11,040)
Total Expenditures	<u>450</u>	<u>38,450</u>	<u>49,490</u>	<u>(11,040)</u>
Excess of Revenues Over Expenditures	105,320	108,320	118,985	10,665
Other financing (uses):				
Transfers out	<u>(195,350)</u>	<u>(465,350)</u>	<u>(195,350)</u>	<u>270,000</u>
Change in fund balance	<u>\$ (90,030)</u>	<u>\$ (357,030)</u>	(76,365)	<u>\$ 280,665</u>
Fund Balance, Beginning of Year			<u>535,640</u>	
Fund Balance, End of Year			<u>\$ 459,275</u>	

CITY OF SUGAR CREEK, MISSOURI
Parks and Recreation Sales Tax
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 52,000	\$ 72,000	\$ 83,653	\$ 11,653
Intergovernmental	57,000	57,000	57,600	600
Interest	1,600	1,600	401	(1,199)
Total Revenues	<u>110,600</u>	<u>130,600</u>	<u>141,654</u>	<u>11,054</u>
Expenditures:				
Parks and recreation	<u>340,030</u>	<u>340,030</u>	<u>32,057</u>	<u>307,973</u>
Total Expenditures	<u>340,030</u>	<u>340,030</u>	<u>32,057</u>	<u>307,973</u>
Excess of Revenues Over Expenditures	<u>(229,430)</u>	<u>(209,430)</u>	<u>109,597</u>	<u>319,027</u>
Other Financing Sources (Uses):				
Transfers in	60,000	60,000	-	(60,000)
Transfers out	-	-	(146,806)	(146,806)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(146,806)</u>	<u>(206,806)</u>
Change in fund balance	<u>\$ (169,430)</u>	<u>\$ (149,430)</u>	(37,209)	<u>\$ 112,221</u>
Fund Balance, Beginning of Year			<u>236,693</u>	
Fund Balance, End of Year			<u>\$ 199,484</u>	

CITY OF SUGAR CREEK, MISSOURI
Stormwater Sales Tax
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 52,000	\$ 72,000	\$ 83,353	\$ 11,353
Interest	2,300	2,300	801	(1,499)
Total Revenues	<u>54,300</u>	<u>74,300</u>	<u>84,154</u>	<u>9,854</u>
Expenditures:				
General administration	<u>10,075</u>	<u>10,075</u>	<u>9,058</u>	<u>1,017</u>
Excess of Revenues Over Expenditures	<u>\$ 44,225</u>	<u>\$ 64,225</u>	75,096	<u>\$ 10,871</u>
Fund Balance, Beginning of Year			<u>199,010</u>	
Fund Balance, End of Year			<u>\$ 274,106</u>	

CITY OF SUGAR CREEK, MISSOURI
Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 500	\$ 500	\$ 238	\$ (262)
Total Revenues	<u>500</u>	<u>500</u>	<u>238</u>	<u>(262)</u>
Expenditures:	-	-	-	-
Excess of Revenues Over Expenditures	500	500	238	(262)
Other financing (uses):				
Transfers out	<u>(237,829)</u>	<u>(237,829)</u>	<u>(237,829)</u>	-
Change in fund balance	<u>\$ (237,329)</u>	<u>\$ (237,329)</u>	(237,591)	<u>\$ (262)</u>
Fund Balance, Beginning of Year			<u>292,462</u>	
Fund Balance, End of Year			<u>\$ 54,871</u>	

CITY OF SUGAR CREEK, MISSOURI
Revolving Improvement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Special assessments	\$ 1,532	\$ 1,532	\$ -	\$ (1,532)
Interest	-	-	349	349
Total Revenues	<u>1,532</u>	<u>1,532</u>	<u>349</u>	<u>(1,183)</u>
Expenditures:				
General administration	50	50	-	50
Total Expenditures	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>
Excess of Revenues Over Expenditures	<u>\$ 1,482</u>	<u>\$ 1,482</u>	349	<u>\$ (1,133)</u>
Fund Balance, Beginning of Year			<u>108,972</u>	
Fund Balance, End of Year			<u>\$ 109,321</u>	

CITY OF SUGAR CREEK, MISSOURI
Certificates of Participation Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ -	\$ -	\$ 1,126	\$ 1,126
Total Revenues	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>1,126</u>
Expenditures:				
General administration	-	-	1,004	(1,004)
Debt service	195,350	195,350	269,913	(74,563)
Total Expenditures	<u>195,350</u>	<u>195,350</u>	<u>270,917</u>	<u>(75,567)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (195,350)</u>	<u>\$ (195,350)</u>	<u>(269,791)</u>	<u>\$ (74,441)</u>
Other Financing Sources (Uses):				
Transfers in	195,350	270,350	267,163	(3,187)
Transfers out	(366,460)	(447,460)	(290,780)	156,680
Total Other Financing Sources (Uses)	<u>(171,110)</u>	<u>(177,110)</u>	<u>(23,617)</u>	<u>153,493</u>
Change in fund balance	<u>\$ (366,460)</u>	<u>\$ (372,460)</u>	<u>(293,408)</u>	<u>\$ 79,052</u>
Fund Balance, Beginning of Year			<u>1,135,069</u>	
Fund Balance, End of Year			<u>\$ 841,661</u>	

CITY OF SUGAR CREEK, MISSOURI
Lafarge TIF Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 93,200	\$ 93,200	\$ 86,076	\$ (7,124)
Intergovernmental	20,000	20,000	16,034	(3,966)
Interest	-	-	143	143
Total Revenues	<u>113,200</u>	<u>113,200</u>	<u>102,253</u>	<u>(10,947)</u>
Expenditures:				
General government	500	500	518	(18)
Debt service	125,000	140,000	100,685	39,315
Total Expenditures	<u>125,500</u>	<u>140,500</u>	<u>101,203</u>	<u>39,297</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (12,300)</u>	<u>\$ (27,300)</u>	1,050	<u>\$ 28,350</u>
Fund Balance, Beginning of Year			<u>54,158</u>	
Fund Balance, End of Year			<u>\$ 55,208</u>	

CITY OF SUGAR CREEK, MISSOURI
Sugarland TIF Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2010

	2010		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Economic development	407,940	639,940	330,636	309,304
Total Expenditures	<u>407,940</u>	<u>639,940</u>	<u>330,636</u>	<u>309,304</u>
Excess of Revenues Over (Under) Expenditures	<u>(407,940)</u>	<u>(639,940)</u>	<u>(330,636)</u>	<u>309,304</u>
Other Financing Sources (Uses):				
Transfers in	407,940	639,940	330,636	(309,304)
Total Other Financing Sources (Uses)	<u>407,940</u>	<u>639,940</u>	<u>330,636</u>	<u>(309,304)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			<u>628,719</u>	
Special item			<u>98,597</u>	
Fund Balance, End of Year			<u>\$ 727,316</u>	

STATISTICAL SECTION

(Unaudited)

The statistical data "relate to the physical, economic, social, and political characteristics of the City." Its design is to provide "a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the Financial Section

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STATISTICAL SECTION

This part of the City of Sugar Creek'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

Tables

Financial Trends

1 - 4

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5 - 10

These tables contain information to help the reader assess the City's most significant local revenue sources, franchise taxes and property taxes .

Debt Capacity

11 - 14

These tables 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

Demographic and Economic Information

15 - 17

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

17 - 19

These tables 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.

Sources: Unless otherwise noted, the information in these tables are derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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Table 1

City of Sugar Creek
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets	\$ 4,931,451	4,819,322	4,683,107	4,778,611	7,959,443	7,110,615	7,652,024
Restricted	12,680,228	12,658,780	12,811,432	12,962,934	4,083,654	3,999,319	3,601,626
Unrestricted	1,353,232	1,023,244	1,080,320	1,943,643	3,433,674	1,928,854	126,330
Total governmental activities net assets	<u>\$ 18,964,911</u>	<u>18,501,346</u>	<u>18,574,859</u>	<u>19,685,188</u>	<u>15,476,771</u>	<u>13,038,788</u>	<u>11,379,980</u>
Business-type activities	\$						
Invested in capital assets	762,858	870,422	892,075	953,464	947,501	904,596	1,103,752
Unrestricted	942,986	979,691	961,389	833,604	798,688	824,090	875,001
Total business-type activities net assets	<u>\$ 1,705,844</u>	<u>1,850,113</u>	<u>1,853,464</u>	<u>1,787,068</u>	<u>1,746,189</u>	<u>1,728,686</u>	<u>1,978,753</u>
Primary government							
Invested in capital assets	\$ 5,694,309	5,689,744	5,575,182	5,732,075	8,906,944	8,015,211	8,755,776
Restricted	12,680,228	12,658,780	12,811,432	12,962,934	4,083,654	3,999,319	3,601,626
Unrestricted	2,296,218	2,002,935	2,041,709	2,777,247	4,232,362	2,752,944	1,001,331
Total primary government net assets	<u>\$ 20,670,755</u>	<u>20,351,459</u>	<u>20,428,323</u>	<u>21,472,256</u>	<u>17,222,960</u>	<u>14,767,474</u>	<u>13,358,733</u>

Note: GASB 34 was implemented in the 2004 fiscal year, so only 7 fiscal years are shown.

City of Sugar Creek
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General Administration	\$ 1,032,150	1,353,415	1,137,432	1,197,212	1,361,541	1,350,687	1,284,854
Public safety	1,514,973	1,607,577	1,587,582	1,646,199	1,729,300	1,014,227	1,988,248
Public works	2,961,823	1,134,927	946,350	899,069	1,192,799	1,164,936	2,549,047
Health and welfare	2,508	17,866	1,367	23,939	12,504	6,774	1,100
Parks & Recreation	393,254	234,737	272,588	298,354	359,177	345,374	261,170
Community development	2,307,546	267,851	243,450	345,501	5,303,205	3,077,439	35,849
Interest on long-term debt	86,210	100,184	176,859	138,779	126,575	106,906	265,869
Total governmental activities expenses	8,298,464	4,716,557	4,365,628	4,549,053	10,085,101	7,066,343	6,386,137
Business-type activities:							
Water	182,568	224,144	195,438	213,808	216,054	192,704	194,390
Sewer	469,931	522,023	508,135	527,598	539,833	558,313	595,176
Sanitation	192,847	199,262	210,783	206,987	207,788	206,746	211,824
Total business-type activities expenses	845,346	945,429	914,356	948,393	963,675	957,763	1,001,390
Total primary government expenses	\$ 9,143,810	5,661,986	5,279,984	5,497,446	11,048,776	8,024,106	7,387,527
Program Revenues							
Governmental activities:							
Charges for services:							
General Administration	\$ 112,170	136,091	128,730	184,341	170,141	131,274	149,805
Public safety	106,404	117,759	170,845	236,037	161,940	150,986	179,980
Public works	2,088	6,980	2,318	1,079	179	282	75
Parks & Recreation	11,961	8,181	8,214	34,534	13,900	29,855	18,534
Operating grants and contributions	7,730	3,200	15,361	3,288	5,819	91,923	130,988
Capital grants and contributions	35,625	53,883	14,006	-	219,955	29,352	2,306,471
Total governmental activities program revenues	275,978	326,094	339,474	459,279	571,934	433,672	2,785,853
Business-type activities:							
Charges for services:							
Water	159,866	159,858	159,464	159,554	157,638	200,272	239,175
Sewer	419,997	422,131	430,539	440,488	488,509	490,421	524,723
Sanitation	162,642	163,370	218,308	227,594	230,345	221,868	224,578
Capital grants and contributions	-	255,922	26,212	-	-	-	-
Total business-type activities program revenues	742,505	1,001,281	834,523	827,636	876,492	912,561	988,476
Total primary government program revenues	\$ 1,018,483	1,327,375	1,173,997	1,286,915	1,448,426	1,346,233	3,774,329
Net (expense)/revenue							
Governmental activities	\$ (8,022,486)	(4,390,463)	(4,026,154)	(4,089,774)	(9,513,167)	(6,632,671)	(3,600,284)
Business-type activities	(102,841)	55,852	(79,833)	(120,757)	(87,183)	(45,202)	(12,914)
Total primary government net expense	\$ (8,125,327)	(4,334,611)	(4,105,987)	(4,210,531)	(9,600,350)	(6,677,873)	(3,613,198)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 507,639	593,248	609,544	627,680	640,137	644,084	636,343
Sales and use taxes	505,236	794,998	880,323	1,016,163	754,035	625,473	721,092
Gross Receipts Tax	643,264	699,623	633,152	880,986	1,083,598	942,316	909,744
Franchise taxes	1,127,351	1,157,054	1,196,464	1,265,227	1,458,309	1,378,238	1,446,007
Other taxes	97,861	85,785	58,492	70,844	54,343	44,304	54,962
Intergovernmental	303,718	-	-	-	-	-	-
Unrestricted grants and contributions	-	326,585	241,966	454,914	210,094	301,809	187,696
Investment earnings	139,264	202,736	381,885	496,824	316,752	72,965	32,386
Miscellaneous	154,392	30,474	30,848	74,272	198,128	29,897	63,806
Contractual agreements	101,036	72,051	66,993	313,193	445,970	155,602	141,942
Gain on Sale of Capital Assets	-	-	-	-	143,384	-	-
Transfers	-	(35,656)	-	-	-	-	(246,806)
Special Item -Legal settlement	2,834,046	-	-	-	-	-	-
Special Item -Sugarland	-	-	-	-	-	-	(2,005,696)
Total governmental activities	6,413,807	3,926,898	4,099,667	5,200,103	5,304,750	4,194,688	1,941,476
Business-type activities:							
Investment earnings	24,598	52,761	83,184	54,361	46,304	27,699	16,175
Transfers	-	35,656	-	-	-	-	246,806
Total business-type activities	24,598	88,417	83,184	54,361	46,304	27,699	262,981
Total primary government	\$ 6,438,405	4,015,315	4,182,851	5,254,464	5,351,054	4,222,387	2,204,457
Changes in Net Assets							
Governmental activities	\$ (1,608,679)	(463,565)	73,513	1,110,329	(4,208,417)	(2,437,983)	(1,658,808)
Business-type activities	(78,243)	144,269	3,351	(66,396)	(40,879)	(17,503)	250,067
Total primary government	\$ (1,686,922)	(319,296)	76,864	1,043,933	(4,249,296)	(2,455,486)	(1,408,741)

NI GASB 34 was implemented in the 2004 fiscal year, so only seven fiscal years are shown.

City of Sugar Creek
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 696,307	519,189	669,783	665,230	426,373	319,906	299,883	312,446	692,683	195,963
Unreserved	1,835,757	2,039,985	1,766,536	2,337,351	2,251,582	2,133,459	2,307,597	3,037,873	2,372,443	2,739,450
Total General Fund	\$ 2,532,064	2,559,174	2,436,319	3,002,581	2,677,955	2,453,365	2,607,480	3,350,319	3,065,126	2,935,413
All other governmental funds										
Reserved	\$ -	-	2,164,639	4,551,131	5,728,146	6,692,071	6,349,872	1,287,156	1,817,946	2,025,588
Unreserved, reported in:										
Special revenue funds	382,259	412,144	450,071	545,573	533,127	954,723	1,552,008	1,925,803	1,309,939	3,439,365
Capital project funds	163,711	134,567	466,067	162,198	207,527	277,890	360,537	394,875	401,434	(237,211)
Total all other governmental funds	\$ 545,970	546,711	3,080,777	5,258,902	6,468,800	7,924,684	8,262,417	3,607,834	3,529,319	5,227,742

City of Sugar Creek
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 2,137,433	2,265,234	2,473,092	2,821,255	3,287,277	3,376,463	3,806,557	4,103,935	3,549,574	3,844,537
Intergovernmental	411,781	322,068	486,181	339,343	334,022	265,826	434,397	191,868	329,062	2,591,214
Licenses, fees and permits	121,452	180,083	94,213	80,498	106,381	91,943	136,980	124,480	88,798	101,231
Rentals	51,408	50,343	53,812	43,792	44,871	45,704	63,328	51,896	51,643	52,564
Fines, forfeitures, and court costs	122,073	111,187	100,140	106,404	117,759	167,608	231,584	161,070	144,233	163,740
Payment in lieu of taxes	21,595	21,004	21,625	22,213	46,446	37	23,806	24,040	24,280	25,008
Special Assessments	2,571	6,680	2,548	-	2,480	3,694	3,466	355	4,111	-
Contractual agreements	-	-	2,961,000	2,246,036	1,207,051	1,196,993	113,193	3,935,970	255,603	2,401,942
Interest	147,960	90,787	103,768	139,264	202,736	381,885	496,824	316,755	72,965	32,386
Charges for services	10,868	5,453	4,020	1,929	-	4,852	24,098	8,715	27,723	30,858
Reimbursements	109,894	74,240	101,255	18,765	-	-	-	-	-	-
Donations	-	-	1,000	7,730	3,200	5,470	-	-	-	-
Miscellaneous	31,103	61,873	26,226	152,127	30,474	33,640	74,272	197,773	29,827	63,806
Total revenues	<u>3,168,138</u>	<u>3,188,952</u>	<u>6,428,880</u>	<u>5,979,356</u>	<u>5,382,697</u>	<u>5,574,115</u>	<u>5,408,505</u>	<u>9,116,857</u>	<u>4,577,819</u>	<u>9,307,286</u>
Expenditures										
General government	1,199,540	1,167,665	1,494,262	1,012,335	1,321,292	1,131,548	1,262,426	1,373,739	1,365,650	1,246,177
Public safety	1,028,375	1,106,031	1,176,177	1,464,261	1,601,983	1,552,944	1,626,709	5,082,303	1,751,866	1,830,692
Streets and Public works	724,074	703,190	681,779	2,939,033	1,007,843	810,910	763,297	1,033,326	1,352,124	3,487,082
Community development	-	-	150,200	270,698	267,851	243,450	607,364	5,303,205	2,482,971	366,485
Health and welfare	59,453	13,998	54,623	2,508	17,866	1,367	23,939	12,504	6,774	1,100
Parks and recreation	162,236	170,217	357,674	380,180	244,934	272,602	282,922	348,407	346,720	288,233
Debt Service										
Principal	-	-	-	-	-	17,737	188,292	150,822	58,574	100,975
Interest	-	-	-	-	-	312,263	161,708	105,178	191,286	269,623
Total expenditures	<u>3,173,678</u>	<u>3,161,101</u>	<u>3,914,715</u>	<u>6,069,015</u>	<u>4,461,769</u>	<u>4,342,821</u>	<u>4,916,657</u>	<u>13,409,484</u>	<u>7,555,965</u>	<u>7,590,367</u>
Excess of revenues over (under) expenditures	(5,540)	27,851	2,514,165	(89,659)	920,928	1,231,294	491,848	(4,292,627)	(2,978,146)	1,716,919
Other Financing Sources (Uses)										
Special items	-	-	-	2,834,046	-	-	-	-	-	98,597
Sale of Capital Assets	-	-	-	-	-	-	-	380,883	-	-
Transfers in	78,000	-	-	-	150,500	47,779	368,474	8,356,188	2,749,812	1,126,408
Transfers out	(78,000)	-	-	-	(186,156)	(47,779)	(368,474)	(8,356,188)	(2,749,812)	(1,373,214)
Issuance of Certificates of Participation	-	-	-	-	-	-	-	-	2,690,000	-
Original Issue Discount	-	-	-	-	-	-	-	-	(75,562)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,834,046</u>	<u>(35,656)</u>	<u>-</u>	<u>-</u>	<u>380,883</u>	<u>2,614,438</u>	<u>(148,209)</u>
Net change in fund balances	<u>\$ (5,540)</u>	<u>27,851</u>	<u>2,514,165</u>	<u>2,744,387</u>	<u>885,272</u>	<u>1,231,294</u>	<u>491,848</u>	<u>(3,911,744)</u>	<u>(363,708)</u>	<u>1,568,710</u>
Debt service as a percentage of non capital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	7.85%	7.72%	2.63%	4.05%	5.82%

Table 5

City of Sugar Creek
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Franchise Tax</u>	<u>Gross Receipts Tax</u>	<u>Property Tax</u>	<u>City Sales Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2001	\$ 967,926	\$ 352,163	\$ 469,447	\$ 298,116	\$ 49,781	2,137,433
2002	867,185	564,471	455,327	321,647	56,604	2,265,234
2003	1,021,333	692,851	480,039	226,292	52,577	2,473,092
2004	1,089,468	643,264	507,639	505,236	75,648	2,821,255
2005	1,134,322	678,924	593,248	794,998	85,785	3,287,277
2006	1,171,054	653,851	593,242	908,766	49,550	3,376,463
2007	1,210,885	880,986	627,679	1,016,163	70,844	3,806,557
2008	1,571,821	1,083,598	640,137	754,035	54,344	4,103,935
2009	1,293,395	942,316	644,084	625,473	44,304	3,549,572
2010	1,522,395	909,744	636,343	721,092	54,963	3,844,537

Table 6

City of Sugar Creek
Franchise Tax by Receipt Type
Last Ten Fiscal Years

Receipts by Tax Type	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electrical	\$ 658,431	\$ 639,457	\$ 775,983	\$ 848,334	\$ 874,650	\$ 909,204	\$ 950,601	\$ 974,684	\$ 883,949	\$ 1,056,133
Gas	203,998	119,782	148,336	174,751	177,176	181,380	174,982	185,175	178,556	163,293
Telephone	89,185	92,385	80,470	49,885	66,620	64,944	66,984	394,975	213,536	287,046
Cable	16,313	15,560	16,544	16,498	15,876	15,526	18,318	16,987	17,354	15,923
Total	\$ 967,927	\$ 867,184	\$ 1,021,333	\$ 1,089,468	\$ 1,134,322	\$ 1,171,054	\$ 1,210,885	\$ 1,571,821	\$ 1,293,395	\$ 1,522,395

Source- City Revenue Reports

Table 7

City of Sugar Creek
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Year	Real Property				Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Agricultural Property	Commercial Property	Total	Personal Property	Railroads & Utilities				
2001	2000	\$ N/A	\$ N/A	\$ N/A	\$ 29,451,389	\$ 11,774,796	\$ 1,587,659	\$ 42,813,844	\$ 1.083	\$ 180,565,892	23.71%
2002	2001	15,502,852	63,253	13,948,775	29,514,880	11,467,224	1,502,375	42,484,479	1.092	164,842,018	25.77%
2003	2002	15,535,165	60,510	13,887,802	29,483,477	12,567,192	1,851,345	43,902,014	1.092	169,192,426	25.95%
2004	2003	17,693,744	97,272	14,935,270	32,726,286	11,977,160	2,127,890	46,831,336	1.069	183,225,391	25.56%
2005	2004	17,768,153	96,173	14,870,796	32,735,122	11,920,735	2,319,148	46,975,005	1.069	183,834,614	25.55%
2006	2005	19,088,550	100,795	15,819,337	35,008,682	11,099,688	2,386,293	48,494,663	1.069	191,531,001	25.32%
2007	2006	19,183,709	99,322	16,202,100	35,485,131	11,205,900	2,485,239	49,176,270	1.069	193,843,859	25.37%
2008	2007	19,666,628	105,073	16,792,213	36,563,914	11,848,150	2,505,281	50,917,345	1.069	200,268,876	25.42%
2009	2008	19,456,454	105,133	16,473,897	36,035,484	10,740,398	2,742,896	49,518,778	1.100	195,584,423	25.32%
2010	2009	18,156,818	105,152	15,983,411	34,245,381	10,001,787	2,238,096	46,485,264	1.130	183,416,072	25.34%

Note: The Jackson County Assessor's Office did not start breaking out the Real Property into Residential, Agricultural, and Commercial until 2001. Before Jackson County broke out Residential, Agricultural, and Commercial an average of the % was used to Calculate Total Taxable assessed value. The assessed value is set at 19% for residential property; 12% for agricultural property; and 32% for commercial property of the estimated fair market value.

Source: Jackson County Assessor's Office

City of Sugar Creek
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$100 assessed value)

Fiscal Year	Tax Year	City Direct Rates (1)			Overlapping Rates (2)				Total Direct & Overlapping Rates
		Basic/General Rate	Public Health	Total Direct	Fort Osage School District	Independence School District	Jackson County	State	
2001	2000	\$ 0.953	\$ 0.130	1.083	\$ 4.420	\$ 4.460	\$ 1.1030	\$ 0.030	\$ 11.096
2002	2001	0.962	0.130	1.092	4.410	4.460	1.1030	0.030	11.095
2003	2002	0.962	0.130	1.092	4.359	5.190	1.1067	0.030	11.778
2004	2003	0.941	0.127	1.069	4.359	5.190	1.1067	0.030	11.754
2005	2004	0.941	0.127	1.069	4.959	5.190	1.1067	0.030	12.354
2006	2005	0.941	0.127	1.069	4.959	5.190	1.0598	0.030	12.307
2007	2006	0.941	0.127	1.069	4.912	5.084	1.0523	0.030	12.147
2008	2007	0.941	0.127	1.069	4.910	5.084	1.0610	0.030	12.153
2009	2008	0.970	0.130	1.100	5.381	5.280	1.0596	0.030	12.851
2010	2009	1.000	0.130	1.130	5.381	5.430	1.0596	0.030	13.031

Notes: 1 The General Fund and Public Health Fund levy rates are limited by Missouri Statutes to \$1.00 and \$.13 per \$100.00

2 County Tax Breakdown for Current Year:

Health & Welfare Fund	\$ 0.1556
General Fund	0.1544
Road & Bridge Fund	0.1410
Park Fund	0.0920
Mid-Continent Public Library	0.3200
Handicap	0.0748
Mental Health	0.1218
Total County	\$ <u>1.0596</u>

Note: Taxes are due November 1, delinquent after December 31. A penalty of 1% per month, up to a maximum of 10% is added for each month of delinquency. Collections are enforced through the attachment and sale of the property.

Table 9

City of Sugar Creek
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010			2001		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BP Products/Amoco	\$ 8,472,706	1	18.23%	\$ 1,924,430	2	4.49%
Woodmen of the World Life	6,266,848	2	13.48%	5,600,660	1	13.08%
LaFarge Corporation	2,107,170	3	4.53%	1,124,247	6	2.63%
Kansas City Power & Light	1,788,194	4	3.85%	1,479,142	4	3.45%
Courtney Ridge Landfill	1,716,508	5	3.69%	1,825,991	3	4.26%
APAC Kansas	958,263	6	2.06%	1,154,975	5	2.70%
Davidson Trustee	586,678	7	1.26%	779,742	7	1.82%
Wilson Machinery	355,149	8	0.76%			
Waste Management of MO. Inc	300,190	9	0.65%	467,522	10	1.09%
Love Box Co	286,915	10	0.62%			
Dunn Industries				468,669	9	1.09%
Limpus Quarries				679,576	8	1.59%
Total	\$ <u>22,838,621</u>		<u>49.13%</u>	\$ <u>15,504,954</u>		<u>36.20%</u>

Source: Jackson County Collection Department

Table 10

City of Sugar Creek
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 447,615	\$ 424,165	94.76%	\$ 23,292	\$ 447,457	99.96%
2002	443,164	425,582	96.03%	15,502	441,084	99.53%
2003	470,052	449,429	95.61%	18,144	467,573	99.47%
2004	488,340	452,085	92.58%	33,316	485,401	99.40%
2005	501,923	453,223	90.30%	41,212	494,435	98.51%
2006	502,516	461,075	91.75%	33,440	494,516	98.41%
2007	537,512	516,670	96.12%	16,076	532,746	99.11%
2008	528,766	474,278	89.70%	40,222	514,500	97.30%
2009	530,882	481,679	90.73%	14,702	496,381	93.50%
2010	505,038	486,521	96.33%		486,521	96.33%

Table 11

City of Sugar Creek
Ratios of Outstanding Debt by Type
Last Ten Calendar Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Promissory Notes	Development Agreements	Capital Leases	Certificates of Participation	Revenue Bonds	Capital Leases	Certificate of Participation			
2001	\$ -	-	-	-	\$ -	-	-	\$ -	-	-
2002	-	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	2,690,000	-	-	-	2,690,000	0.003%	759
2010	-	-	-	2,600,000	-	-	-	2,600,000	0.004%	712

Notes: (2) See Table 15 for personal income and population data.

Table 12

City of Sugar Creek
Ratio of General Bonded Debt Outstanding
Last Ten Calendar Years

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service	Total	Percentage of Est Actual Taxable Value of Property (1)	Per Capita (1)
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-

Notes: (1) See Table 15 for personal income and population data.

Table 13

City of Sugar Creek
Direct and Overlapping Governmental Activities Debt
As of September 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Independence School District	\$ 129,780,000	23.00%	\$ 29,849,400
Fort Osage Reorganized #1 School District (as of June 30)	49,831,059	3.00%	1,494,932
Subtotal, overlapping debt			<u>31,344,332</u>
City direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 31,344,332</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Independence. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: The debt outstanding data and applicable percentages provided by each governmental entity.

Table 14

City of Sugar Creek
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit (1)	\$ 8,562,769	8,499,174	8,781,583	9,367,015	9,395,749	9,698,933	9,835,254	10,183,469	9,903,756	9,297,053
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 8,562,769	8,499,174	8,781,583	9,367,015	9,395,749	9,698,933	9,835,254	10,183,469	9,903,756	9,297,053
Total net debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$ 46,485,264
Debt Limit (20% of assessed value)	9,297,053
Total net debt applicable to limit	-
Legal debt margin	\$ <u>9,297,053</u>

Note:

(1) Article 6, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur an indebtedness of city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

Article 6, Section 26(c) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur additional indebtedness of city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

Article 6, Section 26(d) & (e) of the Missouri Constitution provides that any city may become indebted not exceeding in the aggregate an additional 10 percent of the value of the taxable tangible property for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligated indebtedness of the city does not exceed 20 percent of the assessed valuation.

Table 15

City of Sugar Creek
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year (3)</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Household Income Personal Income</u>	<u>Median Per Capita Personal Income</u>	<u>Unemployment Rate (2)</u>
2001	3,764	\$ 60,246,000	\$ 33,470	\$ 16,006	3.40%
2002	4,109	64,762,200	35,979	15,761	3.40%
2003	3,974	66,072,600	36,707	16,626	8.20%
2004	4,005	65,793,600	36,552	16,428	7.70%
2005	3,975	67,586,400	37,548	17,003	6.30%
2006	3,975	68,938,128	38,299	17,343	6.30%
2007	3,544	70,317,000	39,065	19,841	5.90%
2008	3,533	93,232,000	48,094	26,389	7.30%
2009	3,543	86,282,600	46,692	24,353	6.80%
2010	3,652	69,369,740	36,484	18,995	10.10%

Sources: (1) www.city-data.com

Note: (3) The information shown is for calendar years.

Table 16

City of Sugar Creek
Principal Employers
Current Year and Nine Years Ago

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
1 Recovery Sales Corporation	125	1	8.09%	260	1	16.82%
2 LaFarge Corporation	79	2	5.11%	106	2	6.86%
3 Transwood, inc	33	3	2.13%			
4 Menco Royal Inc	32	4	2.07%	42	6	2.72%
5 Midwest Warehousing Services Inc	31	5	2.01%			
6 Wil-Pav Inc	30	6	1.94%	24	8	1.55%
7 Taco Bell	30	6	1.94%			
9 British Petroleum/Formerly Amoco	25	7	1.62%			
9 Love Box	20	8	1.29%	61	5	3.95%
10 Kross Lounge	18	9	1.16%	19	10	1.23%
11 Metcalf Bank/Formerly American Sterling Bank	15	10	0.97%	70	4	4.53%
12 Brothers & Sisters Home Repair	15	10	0.97%			
APAC Missouri Inc				87	3	5.63%
J&N General Contracting				15		0.97%
Jones Wholesale Grocer - Unit 39				30	7	1.94%
Licausi-Styers Co				20	9	1.29%
Piggly Wiggly #30				19	10	1.23%
Total	453		29.30%	753		48.71%

Source: City of Sugar Creek Business License

Table 17

City of Sugar Creek
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Administration	11	10	11	11	11	11	11	11	11	11
Public Safety										
Police	16	15	16	16	15	16	16	16	16	16
Dispatch	4	6	6	6	6	6	6	6	6	6
Firefighters	4	4	4	5	6	6	6	6	6	6
Street and Public Works										
Street Maint.	15	13	14	17	14	16	16	14	14	13
Refuse	3	3	3	3	3	3	3	3	3	3
Community Development	3	3	3	3	1	1	1	2	1	1
Parks and Recreation	1	1	1	1	1	1	1	2	1	1

Source: Various City Departments

Table 18

City of Sugar Creek
Operating Indicators by Function/Program
Last Eight Calendar Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety								
Police								
Physical Arrest	550	727	767	838	1,140	958	795	1116
Traffic violations	1,345	1,142	1,651	1,673	1,861	1017	992	665
Park violations	-	3	-	34	9	10	3	16
Fire								
Number of calls answered	431	474	525	480	536	527	504	482
Number of inspections covered	-	-	-	391	352	179	249	231
Water								
Number of customers	1,002	998	1,000	985	979	981	969	964
Sewer								
Number of customers	1,578	1,573	1,587	1,559	1,549	1529	1508	1509

Note: Information for 2000 through 2002 is not available

Source: Various City Departments

Table 19

City of Sugar Creek
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	10	10	15	15	16	14	10	10
Fire										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Total area (square miles)	9.1	9.5	9.5	9.5	10.88	10.88	10.88	10.88	10.88	10.88
Miles of streets	33	33	33	33	33	33	33	33	33	33
Culture and Recreation										
Park acreage	391.63	391.63	391.63	391.63	391.63	391.63	391.63	391.63	391.63	391.63
Parks	2	2	2	2	2	2	5	5	5	5
Gymnasium	1	1	1	1	1	1	1	1	1	1
Shelter houses	1	1	1	3	3	3	6	6	6	6
Ball Fields	7	7	7	7	7	7	7	9	9	6
Pavilion	1	1	1	1	1	1	1	1	1	1
Walking track	1	1	1	1	1	1	1	1	1	1
Gazebo							1	1	1	1
Water										
Water mains (miles)	19	19	19	19	19	19	19	19	19	19
Fire hydrants	85	85	85	87	87	87	87	97	98	99
Sewer										
Number of treatment plants	-	-	-	1	1	1	1	1	1	1
Sewers mains (miles)	21	21	21	21	21	21	21	21	21	21
Number of service connections	1,573	1,576	1,578	1,573	1,587	1,559	1,549	1,529	1,508	1,509

Source: Various City Departments

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