CITY OF HARRISONVILLE, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2010

Prepared by: Mike Tholen
Director of Finance

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City of
Harrisonville est. 1836

P.O. Box 367, 300 East Pearl Street - Harrisonville, Missouri 64701 p. (816) 380-8900 f. (816) 380-8906

May 27, 2011

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrisonville, Missouri for the fiscal year ended December 31, 2010. This report is required under RSMo. 105.145 and is submitted for your information and review.

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

The City of Harrisonville Finance Department prepares the year end trial balances and supporting schedules, and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP and that audit resulted in an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2010 are fairly presented in conformity with generally accepted accounting principles. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditor's Report" at the beginning of the Financial Section of the CAFR.

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

Profile of the City of Harrisonville

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

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

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

Factors affecting financial conditions

Local economy – Overall retail sales remain static, but were aided by the opening of several smaller ancillary tenants and fast food restaurants in a new commercial district on the west side of the City. While housing remains stalled in the nationwide slump, economic development continues to focus on the creation and expansion of employment opportunities. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

Long-term financial planning - The City of Harrisonville prepares a five-year Capital Improvement Plan (CIP) for constructing, maintaining and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Alderman's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes. That policy will be modified to meet the upcoming reporting requirements of GASB 54.

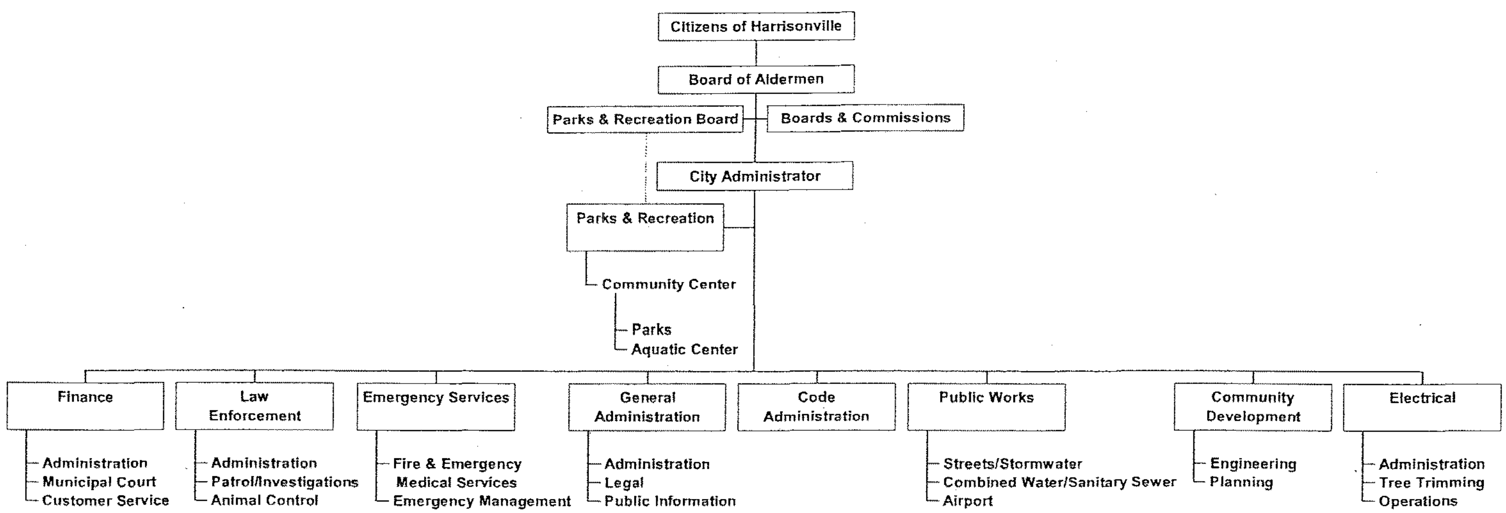
Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield is down significantly, but the security of the investment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

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

Respectfully submitted,

Michael E. Tholen
Director of Finance

City of
Harrisonville
est. 1836



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CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2010

MAYOR AND BOARD OF ALDERMEN

Kevin Wood	Mayor
Allison Licht (Light)	Alderman Ward I
Lane Hammonds	Alderman Ward I
Morris Coburn	Alderman Ward II
Dorothy Young	Alderman Ward II
David Dickerson	Alderman Ward III
Bret Reece	Alderman Ward III
Bill Mollenhour	Alderman Ward IV
Ivan Stull	Alderman Ward IV

ADMINISTRATOR AND DEPARTMENT HEADS

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

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Harrisonville Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

FINANCIAL SECTION

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DANA F. COLE & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Harrisonville, Missouri's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued our report dated May 27, 2011, on our consideration of the City of Harrisonville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 8 through 14 and 52 through 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information on pages 56 through 66, statistical schedules on pages 67 through 86, and the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Dana F. Cole + Company, LLP

Overland Park, Kansas
May 27, 2011

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fiscal Year Highlights

Harrisonville continues to be a financially stable community, although the economic slump has affected our residents. Property tax revenues increased in FY 2010 because of higher valuations, and overall net assets are increased. Harrisonville's central location in the county and its status as a full-service city help maintain that stability and allow for many forward-looking investments:

In 2010, the engineering of a new water supply connection was put on hold while the City re-evaluated its future needs. The City also continued work on the wastewater treatment plant upgrades, which are funded by revenue bonds issued in 2009 and a $3,000,000 ARRA grant.

These statements include the Towne Center TIF expenditures, which impact the net assets of the City. The anchor tenant opened in spring 2007. One additional padsite has been occupied, and a hotel has been opened on the south end. The two remaining padsites are still open for development. The City contributed General Funds to help meet the debt service schedule in 2010, but will need additional development to continue to service the debt without impacting other City funds.

Voters in 2009 approved a one-eighth percent public safety sales tax to support additional police patrol. The tax became effective October 1, 2009, and the first additional officers began their duties in January, 2010. Voters also approved a one-quarter percent public safety sales tax to support a fulltime fire department, and that tax was also effective October 1, 2009. The City began 24-hour fire coverage July 1, 2009, and formally merged the operations of the Fire Department and the EMS fund January 1, 2010. Both the Police Department and the Emergency Services Department are now fully staffed and operational.

The collection of sales tax revenues increased in 2010, compared to earlier years, due to the above-mentioned public safety sales taxes. The revenue from existing sales taxes has shown little overall growth in recent years, which is an area of concern if continued over time since the sales tax is the largest single revenue source to the General Fund, and forms the basis of debt service payments for the Community Center. Sales tax revenues mirror national and regional economic trends, which are largely outside the City's control, but are important to both our community and our revenue stream. These trends are closely monitored by City staff for their effect on both present and projected expenditure plans.

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

The Comprehensive Annual Financial Report

This comprehensive annual financial report consists of seven parts:

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

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

Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements: the statement of net assets and the statement of activities. These statements can be found on pages 15 and 16. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector.

The City is divided into the following activities:

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

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

Fund Financial Statements

Another major section of the basic financial statements is the fund financial statements, found on pages 17 to 26, along with their explanatory notes on pages 27 through 51. The fund financial statements provide detailed information about each of the City's most significant funds, called "major funds." All other funds are summarized and presented in a single column called "nonmajor."

The City of Harrisonville currently has two kinds of funds:

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

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

Statement of Net Assets

The following table summarizes the combined statement of net assets as of December 31, 2010, compared with the same information for the fiscal year ending December 31, 2009:

City of Harrisonville's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	21,189,290	21,650,602	8,956,189	9,210,382	30,145,479	30,860,984
Capital assets	22,073,794	21,266,331	30,451,550	26,821,269	52,525,344	48,087,600
TOTAL ASSETS	43,263,084	42,916,933	39,407,739	36,031,651	82,670,823	78,948,584
LIABILITIES						
Other liabilities	1,913,893	1,481,569	2,989,165	2,085,874	4,903,058	3,567,443
Long-term liabilities	25,576,322	26,433,702	8,605,583	9,146,526	34,181,905	35,580,228
TOTAL LIABILITIES	27,490,215	27,915,271	11,594,748	11,232,400	39,084,963	39,147,671
NET ASSETS						
Invested in capital assets, net of related debt	12,728,792	11,264,304	21,441,550	17,241,269	34,170,342	28,505,573
Restricted	2,184,248	2,180,313	2,054,861	2,044,493	4,239,109	4,224,806
Unrestricted	859,829	1,557,045	4,316,580	5,513,489	5,176,409	7,070,534
TOTAL NET ASSETS	15,772,869	15,001,662	27,812,991	24,799,251	43,585,860	39,800,913

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

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2010, compared with the same information for the fiscal year ending December 31, 2009:

City of Harrisonville's Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues						
Charges for services	4,505,902	4,091,809	16,695,017	16,771,195	21,200,919	20,863,004
Operating grants and contributions	218,541	36,610			218,541	36,610
Capital grants and contributions	320,525		2,017,313		2,337,838	
General revenues						
Taxes	6,848,360	6,125,616			6,848,360	6,125,616
Investment earnings	37,719	118,459	228,550	294,050	266,269	412,509
Other miscellaneous revenues	351,344	458,050			351,344	458,050
Total revenues	12,282,391	10,830,544	18,940,880	17,065,245	31,223,271	27,895,789
EXPENSES						
General Government	1,787,553	1,794,612			1,787,553	1,794,612
Administration of Justice	2,643,954	2,592,948			2,643,954	2,592,948
Fire and emergency		367,525				367,525
Street	1,398,582	1,258,830			1,398,582	1,258,830
Economic Development	179,210	155,637			179,210	155,637
Animal control	143,878	143,313			143,878	143,313
Airport	331,203	347,264			331,203	347,264
Emergency Services	2,237,316	2,017,191			2,237,316	2,017,191
Park	530,106	470,549			530,106	470,549
Community Center	1,367,488	1,413,738			1,367,488	1,413,738
Towne Center TIF	18,726	15,923			18,726	15,923
Interest on long-term debt	873,168	902,258			873,168	902,258
Electric			11,029,794	10,820,766	11,029,794	10,820,766
Water/Sewer			4,214,590	4,031,290	4,214,590	4,031,290

City of Harrisonville's Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
EXPENSES (Continued)						
Aquatic Center			229,978	252,734	229,978	252,734
Refuse			452,778	416,592	452,778	416,592
Total expenses	11,511,184	11,479,788	15,927,140	15,521,382	27,438,324	27,001,170
CHANGE IN NET ASSETS	771,207	(649,244)	3,013,740	1,543,863	3,784,947	894,619
NET ASSETS, beginning of year	15,001,662	15,650,906	24,799,251	23,255,388	39,800,913	38,906,294
NET ASSETS, end of year	15,772,869	15,001,662	27,812,991	24,799,251	43,585,860	39,800,913

This summary shows that almost all program revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sanitary Sewer Utilities. Program revenues overall increased 1.6% in 2010 over 2009, with the majority coming in charges for service in the Emergency Services fund.. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues generated for the General Fund and the Community Center. Total tax revenue from all sources increased 11.8%, primarily due to new public safety sales tax revenues.

Total program expenses for 2010 are $27,438,324 with the majority, $15,927,140, stemming from business-type activities. Governmental activities expenditures increased 0.3% from the previous fiscal year, while the total of business-type activity spending increased 2.6%. In addition to load growth and normal increases in operating expenses, this also reflects capital investments in the city utility systems. Public safety expenses, at $4,881,270, totaled approximately 42% of the governmental activities, while the electric utility expenses comprise the majority of the business-type expenses.

The total net assets of the City increased 9.5% in 2009.

Fund Statements

The City of Harrisonville fund statements can be found on pages 17 through 26 of the financial statements. Governmental funds ended the year with an overall increase in net assets, business-type funds showed an increase, and the overall City posted an increase in net assets.

Budget Variances

There is one area of significant difference between the original adopted budget and the final approved budget for the City's General Fund in FY 2010. It is in capital projects, which reflects the amount of unfinished capital work from 2009 which was reappropriated into the 2010 budget, as well as several newly authorized construction projects and equipment purchases. All budget amendments are reviewed and approved by the Board of Aldermen.

Capital Assets

City of Harrisonville Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	887,285	837,057	1,588,031	1,588,031	2,475,316	2,425,088
Buildings	21,129,636	20,544,521	16,419,347	16,312,716	37,548,983	36,857,237
Machinery and equipment	5,542,037	5,606,746			5,542,037	5,606,746
Equipment and transmission			26,820,813	25,577,012	26,820,813	25,577,012
Streets	3,274,538	3,189,080			3,274,538	3,189,080
Construction in progress	1,409,179	376,907	5,325,998	2,116,568	6,735,177	2,493,475
	32,242,675	30,554,311	50,154,189	45,594,327	82,396,864	76,148,638
Less accumulated depreciation	10,168,881	9,287,980	19,702,639	18,773,058	29,871,520	28,061,038
Total	22,073,794	21,266,331	30,451,550	26,821,269	52,525,344	48,087,600

Major Capital Asset Events FY 2010

Over $236,000 in water and sewer line improvements.

Street overlay, sidewalk and curb reconstruction programs were completed in excess of $941,000.

Several stormwater control projects totaling over $643,000 were completed.

Over $546,000 of electrical distribution system upgrades.

Debt Administration

Harrisonville voters authorized $7,000,000 in Wastewater Revenue bonds in 2009; however, the City was subsequently awarded a matching grant to defray a large part of the expenses, As a result, the City has issued $4,300,000 in revenue bonds in 2009. These bonds are utilized under the Missouri Department of Natural Resources State Revolving Fund, and drawdown of those funds began in late 2010. No bonded debt was authorized during fiscal year 2010, and only the normal scheduled payments were made. Details of the existing debt obligations of the City are discussed in Note 5 to the financial statements.

The City continues to have no general obligation debt.

Economic Outlook

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

Financial Contact

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

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BASIC FINANCIAL STATEMENTS

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CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash	245,179	1,180,149	1,425,328	140,946
Investments	6,812,638	2,195,659	9,008,297	
Accounts receivable, net of allowance for doubtful accounts	553,760	2,129,428	2,683,188	
Grants receivable	57,373	594,452	651,825	
Taxes receivable	962,143		962,143	177,260
Accrued interest receivable	932		932	
Inventories	84,758	614,021	698,779	
Prepaid insurance	164,396	69,701	234,097	
Bond cost, net of amortization	417,202	117,918	535,120	
Restricted cash	756,523	245,176	1,001,699	123,455
Restricted investments	1,454,386	1,809,685	3,264,071	
Due from component unit	9,680,000		9,680,000	
Capital assets				
Land	887,285	1,588,031	2,475,316	
Construction-in-progress	1,409,179	5,325,998	6,735,177	
Other capital assets, net of accumulated depreciation	19,777,330	23,537,521	43,314,851	
TOTAL ASSETS	43,263,084	39,407,739	82,670,823	441,661
LIABILITIES				
Accounts payable	250,705	1,645,847	1,896,552	99,020
Accrued expenses	488,366	39,894	528,260	
Unearned revenue	16,319	75,841	92,160	
Liabilities payable from restricted assets	6,602		6,602	
Meter deposits		550,818	550,818	
Due to primary government				9,680,000
Due to developers				5,326,059
Noncurrent liabilities				
Due within one year	1,151,901	676,765	1,828,666	
Due in more than one year	25,576,322	8,605,583	34,181,905	
TOTAL LIABILITIES	27,490,215	11,594,748	39,084,963	15,105,079
NET ASSETS				
Invested in capital assets, net of related debt	12,728,792	21,441,550	34,170,342	
Restricted for:				
Capital improvements	175,241	148,451	323,692	
Debt service	2,006,108	1,906,410	3,912,518	
Other purposes	2,899		2,899	
Unrestricted	859,829	4,316,580	5,176,409	(14,663,418)
TOTAL NET ASSETS	15,772,869	27,812,991	43,585,860	(14,663,418)

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

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Functions/programs								
Primary government								
Governmental activities								
General Government	1,787,553	2,024,687	218,541	320,525	776,200		776,200	
Administration of Justice	2,643,954	226,217			(2,417,737)		(2,417,737)	
Street	1,398,582				(1,398,582)		(1,398,582)	
Economic Development	179,210				(179,210)		(179,210)	
Animal Control	143,878				(143,878)		(143,878)	
Airport	331,203				(331,203)		(331,203)	
Emergency Services	2,237,316	1,362,127			(875,189)		(875,189)	
Park	530,106	22,609			(507,497)		(507,497)	
Community Center	1,367,488	870,262			(497,226)		(497,226)	
Towne Center Project	18,726				(18,726)		(18,726)	
Interest on long-term debt	873,168				(873,168)		(873,168)	
Total governmental activities	11,511,184	4,505,902	218,541	320,525	(6,466,216)		(6,466,216)	
Business-type activities								
Electric	11,029,794	11,529,975				500,181	500,181	
Water/Sewer	4,214,590	4,588,165		2,017,313		2,390,888	2,390,888	
Aquatic Center	229,978	125,450				(104,528)	(104,528)	
Refuse	452,778	451,427				(1,351)	(1,351)	
Total business-type activities	15,927,140	16,695,017		2,017,313		2,785,190	2,785,190	
Total primary government	27,438,324	21,200,919	218,541	2,337,838	(6,466,216)	2,785,190	(3,681,026)	
Market Place Component Unit	566,502							(566,502)
General revenues								
Taxes								
Property tax					896,169		896,169	
Local sales tax					3,978,397		3,978,397	276,644
Franchise taxes					1,762,577		1,762,577	
Other taxes					211,217		211,217	133,559
Investment earnings					37,719	228,550	266,269	76
Other miscellaneous revenues					351,344		351,344	
Total general revenues					7,237,423	228,550	7,465,973	410,279
CHANGE IN NET ASSETS					771,207	3,013,740	3,784,947	(156,223)
NET ASSETS, beginning of year					15,001,662	24,799,251	39,800,913	(14,507,195)
NET ASSETS, end of year					15,772,869	27,812,991	43,585,860	(14,663,418)

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

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
ASSETS						
Cash	245,129			50		245,179
Investments	5,967,828	500,236			344,574	6,812,638
Accrued interest receivable	932					932
Accounts receivable		19,616		500,914	33,230	553,760
Grants receivable	16,900				40,473	57,373
Taxes receivable	592,343		179,000		190,800	962,143
Due from other funds	171,554	202,182	68,827		48,466	491,029
Due from component unit	275,000					275,000
Inventories	65,235			19,523		84,758
Prepaid insurance	98,599	17,483		39,085	9,229	164,396
Restricted cash	9,469		726,963		20,091	756,523
Restricted investments	109,838	1,279,145			65,403	1,454,386
TOTAL ASSETS	7,552,827	2,018,662	974,790	559,572	752,266	11,858,117
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	131,412	21,795	200	24,310	72,988	250,705
Due to other funds				364,816	126,213	491,029
Accrued expenses	49,646	14,535		15,504	3,681	83,366
Deferred revenue	61,217	16,320			13,853	91,390
Liabilities payable from restricted assets	6,602					6,602
Total liabilities	248,877	52,650	200	404,630	216,735	923,092
FUND BALANCES						
Reserved for:						
Prepaid items	98,599	17,483		39,085	9,229	164,396
Debt service			974,590			974,590
Other purposes	2,867				67,072	69,939
Unreserved	7,202,484	1,948,529		115,857		9,266,870
Unreserved, reported in nonmajor:						
Special revenue funds					459,230	459,230
Total fund balances	7,303,950	1,966,012	974,590	154,942	535,531	10,935,025
TOTAL LIABILITIES AND FUND BALANCES	7,552,827	2,018,662	974,790	559,572	752,266	11,858,117

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

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Amounts reported for governmental activities in the statement of net assets are different because:		
Fund balance - total governmental funds		10,935,025
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	32,242,675	
Less accumulated depreciation	(10,168,881)	
		22,073,794
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Certificates of participation	(9,010,000)	
Tax increment revenue bonds	(8,250,000)	
Tax increment note payable	(9,000,000)	
Accrued interest payable	(405,000)	
Capital lease payable	(335,002)	
		(27,000,002)
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements.		
Bond discount	161,239	
Bond cost, net of amortization	417,203	
		578,442
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(294,460)
Assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Taxes receivable	75,070	
Due from component unit	9,405,000	
		9,480,070
NET ASSETS OF GOVERNMENTAL ACTIVITIES		15,772,869

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

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General Fund	Community Center	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	639,491		139,047		144,717	923,255
Sales	2,187,527		251,556		1,539,314	3,978,397
Franchise	1,762,577					1,762,577
Other	195,816				15,401	211,217
Licenses, fees and permits	193,055					193,055
Charges for services	1,831,632	870,262		1,362,127	22,609	4,086,630
Grants	493,202				45,864	539,066
Fines and forfeitures	226,217					226,217
Interest	34,139	412	61		3,107	37,719
Miscellaneous	296,023	25,582		17,554	12,424	351,583
Total revenues	7,859,679	896,256	390,664	1,379,681	1,783,436	12,309,716
EXPENDITURES						
Current						
General Government	1,686,829					1,686,829
Administration of Justice	2,529,476					2,529,476
Street	1,139,023					1,139,023
Economic Development	164,220					164,220
Animal Control	137,122					137,122
Airport	219,903					219,903
Emergency Services				2,087,034		2,087,034
Park					462,220	462,220
Community Center		1,066,878				1,066,878
Towne Center Project			18,726			18,726

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General Fund	Community Center	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
EXPENDITURES (Continued)						
Debt service						
Principal			200,000		625,000	825,000
Interest			387,719		445,685	833,404
Capital outlay	1,810,035	31,237		30,646	66,285	1,938,203
Total expenditures	7,686,608	1,098,115	606,445	2,117,680	1,599,190	13,108,038
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	173,071	(201,859)	(215,781)	(737,999)	184,246	(798,322)
OTHER FINANCING SOURCES (USES)						
Transfers in	218,781	790,458	233,859	1,167,360	1,368,830	3,779,288
Transfers out	(1,389,595)			(48,288)	(2,341,405)	(3,779,288)
Total other financing sources (uses)	(1,170,814)	790,458	233,859	1,119,072	(972,575)	
NET CHANGE IN FUND BALANCES	(997,743)	588,599	18,078	381,073	(788,329)	(798,322)
FUND BALANCES (DEFICIT), January 1, 2010	8,301,693	1,377,413	956,512	(226,131)	1,323,860	11,733,347
FUND BALANCES, December 31, 2010	7,303,950	1,966,012	974,590	154,942	535,531	10,935,025

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

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		(798,322)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	1,938,203	
Depreciation	(1,130,740)	
		807,463
The issuance of long-term debt (e.g., bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Bond principal payments	825,000	
Capital lease payments	32,025	
Amortization of premiums and discounts	(39,764)	
		817,261
Some expenses in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(28,109)
Deferred revenues previously recognized in the statement of activities that are reported as revenues in the governmental funds in the current year.		(27,086)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		771,207

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

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Total
ASSETS				
Current Assets				
Cash	552,198	576,749	51,202	1,180,149
Investments	1,436,200	706,120	53,339	2,195,659
Accounts receivable	1,512,798	546,509	70,121	2,129,428
Grants receivable		594,452		594,452
Inventories	485,868	128,153		614,021
Prepaid insurance	27,676	38,256	3,769	69,701
Total current assets	4,014,740	2,590,239	178,431	6,783,410
Noncurrent Assets				
Restricted cash	149,618	93,577	1,981	245,176
Restricted investments	531,523	1,131,692	146,470	1,809,685
Bond cost, net of amortization	43,085	74,833		117,918
Capital assets				
Land	99,716	1,488,315		1,588,031
Construction-in-progress		5,325,998		5,325,998
Other capital assets, net of accumulated depreciation	5,466,953	16,995,780	1,074,788	23,537,521
Total noncurrent assets	6,290,895	25,110,195	1,223,239	32,624,329
TOTAL ASSETS	10,305,635	27,700,434	1,401,670	39,407,739
LIABILITIES				
Current Liabilities				
Accounts payable	687,093	958,625	129	1,645,847
Accrued expenses	24,908	14,986		39,894
Deferred revenue	75,841			75,841
Meter deposits	550,818			550,818
Current portion of long-term obligations	199,601	477,164		676,765
Total current liabilities	1,538,261	1,450,775	129	2,989,165
Noncurrent liabilities				
Noncurrent portion of long-term obligations	1,878,882	6,726,701		8,605,583
TOTAL LIABILITIES	3,417,143	8,177,476	129	11,594,748
NET ASSETS				
Invested in capital assets, net of related debt	3,501,669	16,865,093	1,074,788	21,441,550
Restricted for:				
Debt service	681,141	1,225,269		1,906,410
Capital improvements			148,451	148,451
Unrestricted	2,705,682	1,432,596	178,302	4,316,580
TOTAL NET ASSETS	6,888,492	19,522,958	1,401,541	27,812,991

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

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	11,529,975	4,588,165	576,877	16,695,017
EXPENSES				
Production		1,441,136		1,441,136
Distribution	7,921,692	720,728		8,642,420
Administration	2,723,491	1,036,395	592,257	4,352,143
Depreciation	284,344	653,167	90,499	1,028,010
Total expenses	10,929,527	3,851,426	682,756	15,463,709
INCOME (LOSS) FROM OPERATIONS	600,448	736,739	(105,879)	1,231,308
NONOPERATING INCOME (EXPENSE)				
Interest income	6,069	221,584	897	228,550
Interest expense	(100,267)	(363,164)		(463,431)
Total nonoperating income (expense)	(94,198)	(141,580)	897	(234,881)
INCOME (LOSS) BEFORE CONTRIBUTIONS	506,250	595,159	(104,982)	996,427
Capital grants and contributions		2,017,313		2,017,313
CHANGE IN NET ASSETS	506,250	2,612,472	(104,982)	3,013,740
TOTAL NET ASSETS, January 1, 2010	6,382,242	16,910,486	1,506,523	24,799,251
TOTAL NET ASSETS, December 31, 2010	6,888,492	19,522,958	1,401,541	27,812,991

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

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	11,623,383	4,063,033	581,350	16,267,766
Cash payments to suppliers	(10,161,059)	(1,416,523)	(533,697)	(12,111,279)
Cash payments to employees	(519,984)	(840,166)	(59,053)	(1,419,203)
Net cash provided by (used in) operating activities	942,340	1,806,344	(11,400)	2,737,284
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(551,179)	(4,029,953)	(77,159)	(4,658,291)
Capital grants and contributions		2,017,313		2,017,313
Payment on bonds payable	(175,000)	(395,000)		(570,000)
Interest paid on bonds	(94,724)	(361,346)		(456,070)
Net cash used in capital and related financing activities	(820,903)	(2,768,986)	(77,159)	(3,667,048)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment activity	46,420	1,217,952	(68,856)	1,195,516
Interest on investments	6,069	221,584	897	228,550
Net cash provided by (used in) investing activities	52,489	1,439,536	(67,959)	1,424,066
NET INCREASE (DECREASE) IN CASH	173,926	476,894	(156,518)	494,302
CASH, January 1, 2010	527,890	193,432	209,701	931,023
CASH, December 31, 2010	701,816	670,326	53,183	1,425,325
ALLOCATION OF CASH				
Unrestricted	552,198	576,749	51,202	1,180,149
Restricted	149,618	93,577	1,981	245,176
	701,816	670,326	53,183	1,425,325

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Income (loss) from operations	600,448	736,739	(105,879)	1,231,308
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	284,344	653,167	90,499	1,028,010
Bond premium discount		(11,554)		(11,554)
(Increase) Decrease in assets:				
Accounts receivable	96,520	69,320	4,473	170,313
Grants receivable		(594,452)		(594,452)
Inventories	(11,972)	25,441		13,469
Prepaid expenses	(4,710)	12,148	(539)	6,899
Increase (Decrease) in liabilities:				
Accounts payable	(21,621)	909,834	46	888,259
Accrued expenses	2,149	4,603		6,752
Compensated absences	294	1,098		1,392
Deferred revenue	(10,689)			(10,689)
Meter deposits payable	7,577			7,577
Total adjustments	341,892	1,069,605	94,479	1,505,976
Net cash provided by (used in) operating activities	942,340	1,806,344	(11,400)	2,737,284

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

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Agency Fund
ASSETS	
Cash and cash equivalents	207,140
Investments	501,174
Taxes receivable	88,311
TOTAL ASSETS	796,625
LIABILITIES	
Deposits	793,976
Accounts payable	2,649
TOTAL LIABILITIES	796,625
NET ASSETS	

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

<u>Blended Component Units</u>

<u>Towne Center TIF Fund</u>

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

<u>Discretely Presented Component Unit</u>

<u>Market Place TIF District</u>

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

<u>Agency Fund</u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following funds:

Governmental Funds

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

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

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

Proprietary Funds

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

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

Agency Fund

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

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

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

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. BUDGETS

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

E. CASH AND INVESTMENTS

For the purpose of the statement of cash flows, the City considers all highly liquid investments (including restricted assets except for those held by trustees) with a maturity of three months or less when purchased to be cash equivalents, along with demand deposits and certificates of deposit. As of December 31, 2010, the City had no cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND INVESTMENTS (Continued)

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

F. RESTRICTED CASH AND INVESTMENTS

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

G. PREPAIDS AND INVENTORIES

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

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

H. CAPITAL ASSETS

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. CAPITAL ASSETS (Continued)

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

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

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

I. COMPENSATED ABSENCES

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The amount of accrued vacation benefits included in the government-wide financial statements, related to governmental activities, for the year ended December 31, 2010 is $294,460. Business-type activity funds reported accrued vacation benefits for the year ended December 31, 2010 of $86,446.

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

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

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

K. NET ASSETS

Net assets are displayed in three components:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. NET ASSETS (Continued)

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

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

L. USE OF ESTIMATES

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

M. CAPITALIZATION OF INTEREST

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

NOTE 2. CASH AND INVESTMENTS

Cash

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2010, all of the City's deposits with financial institutions were fully insured or collateralized.

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments

The City's investments at December 31, 2010 are summarized below:

Investment	Unrestricted	Restricted
Investments held by trustee (Bond Reserves)		
Money market funds		2,068,398
Fixed income securities		114,181
Certificates of deposit	2,165,713	
Federal Farm Credit Bank (AAA)	410,330	
Federal Home Loan Bank (AAA)	4,116,069	531,522
Federal Home Loan Mortgage Corporation (AAA)	1,402,324	549,970
Federal National Mortgage Association (AAA)	913,861	
	9,008,297	3,264,071
Maturities		
Less than six months	3,377,341	2,281,836
Six months to one year	4,827,501	982,235
Over one year	803,455	
	9,008,297	3,264,071

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

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

NOTE 3. ACCOUNTS RECEIVABLE/TAXES RECEIVABLE

	Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
Governmental Activities				
General		592,343		592,343
Ambulance	1,800,914		(1,300,000)	500,914
Community Center	39,616		(20,000)	19,616
Park		43,992		43,992
Towne Center TIF		179,000		179,000
Sales tax	33,230	146,808		180,038
Total governmental activities	1,873,760	962,143	(1,320,000)	1,515,903
Business-Type Activities				
Electric	1,712,798		(200,000)	1,512,798
Water/Sewer	646,509		(100,000)	546,509
Refuse	85,121		(15,000)	70,121
Total business-type activities	2,444,428		(315,000)	2,129,428

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions and Transfers	Retirements and Transfers	Balance December 31, 2010
Governmental Activities				
Capital assets, not being depreciated				
Land	837,057	50,228		887,285
Construction-in-progress	376,907	1,032,272		1,409,179
Total capital assets, not being depreciated	1,213,964	1,082,500		2,296,464
Capital assets, being depreciated				
Buildings and improvements	20,544,521	585,115		21,129,636
Streets	3,189,080	85,458		3,274,538
Machinery and equipment	5,606,746	185,130	(249,839)	5,542,037
Total capital assets, being depreciated	29,340,347	855,703	(249,839)	29,946,211

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (Continued)

	Balance January 1, 2010	Additions and Transfers	Retirements and Transfers	Balance December 31, 2010
Governmental Activities (Continued)				
Less accumulated depreciation for:				
Buildings and improvements	(4,175,208)	(625,186)		(4,800,394)
Streets	(746,403)	(188,252)		(934,655)
Machinery and equipment	(4,366,369)	(317,302)	249,839	(4,433,832)
Total accumulated depreciation	(9,287,980)	(1,130,740)	249,839	(10,168,881)
Total capital assets, being depreciated, net	20,052,367	(275,037)		19,777,330
Governmental activities capital assets, net	21,266,331	807,463		22,073,794
Business-Type Activities - Electric Fund				
Capital assets, not being depreciated				
Land	99,716			99,716
Construction-in-progress	91,396	(91,396)		
Total capital assets, not being depreciated	191,112	(91,396)		99,716
Capital assets, being depreciated				
Buildings and improvements	3,701,257			3,701,257
Equipment and transmission lines	7,504,813	642,575	(62,512)	8,084,876
Total capital assets, being depreciated	11,206,070	642,575	(62,512)	11,786,133
Less accumulated depreciation for:				
Buildings and improvements	(1,773,509)	(68,242)		(1,841,751)
Equipment and transmission lines	(4,323,839)	(216,102)	62,512	(4,477,429)
Total accumulated depreciation	(6,097,348)	(284,344)	62,512	(6,319,180)
Total capital assets, being depreciated, net	5,108,722	358,231		5,466,953
Business-type activities - Electric Fund capital assets, net	5,299,834	266,835		5,566,669

NOTE 4. CAPITAL ASSETS (Continued)

	Balance January 1, 2010	Additions and Transfers	Retirements and Transfers	Balance December 31, 2010
Business-Type Activities - Water/Sewer Fund				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	2,025,172	3,300,826		5,325,998
Total capital assets, not being depreciated	3,513,487	3,300,826		6,814,313
Capital assets, being depreciated				
Buildings and improvements	10,716,520	29,472		10,745,992
Equipment and transmission lines	18,033,732	699,655	(35,917)	18,697,470
Total capital assets, being depreciated	28,750,252	729,127	(35,917)	29,443,462
Less accumulated depreciation for:				
Buildings and improvements	(6,499,057)	(229,693)		(6,728,750)
Equipment and transmission lines	(5,331,375)	(423,474)	35,917	(5,718,932)
Total accumulated depreciation	(11,830,432)	(653,167)	35,917	(12,447,682)
Total capital assets, being depreciated, net	16,919,820	75,960		16,995,780
Business-type activities - Water/ Sewer Fund capital assets, net	20,433,307	3,376,786		23,810,093
Business-Type Activities - Aquatic Center				
Capital assets, being depreciated				
Buildings and improvements	1,894,939	77,159		1,972,098
Equipment	38,467			38,467
Total capital assets, being depreciated	1,933,406	77,159		2,010,565
Less accumulated depreciation for:				
Buildings and improvements	(830,920)	(88,887)		(919,807)
Equipment	(14,358)	(1,612)		(15,970)
Total accumulated depreciation	(845,278)	(90,499)		(935,777)
Business-type activities - Aquatic Center capital assets, net	1,088,128	(13,340)		1,074,788

NOTE 4. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended December 31, 2010:

	Governmental Activities	Business-Type Activities
General Government	77,878	
Administration of Justice	114,478	
Street	259,559	
Economic Development	14,990	
Animal Contraol	6,756	
Airport	143,325	
Emergency services	148,726	
Park	65,165	
Community Center	299,863	
Electric		284,344
Water and Sewer		653,167
Aquatic Center		90,499
	1,130,740	1,028,010

NOTE 5. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2010 consisted of the following:

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Due in One Year
Capital lease obligations	367,027		(32,025)	335,002	33,926
Tax Increment Revenue Bonds	8,450,000	(200,000)		8,250,000	220,000
Tax Increment Revenue Note	9,000,000			9,000,000	133,000
Certificates of Participation	9,635,000	(625,000)		9,010,000	480,000
Compensated absences	266,351	294,460	(266,351)	294,460	294,460
Less: note discount	(170,724)		9,485	(161,239)	(9,485)
Total governmental debt	27,547,654	(530,540)	(288,891)	26,728,223	1,151,901

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Compensated Absences

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

General	231,582
Park	22,065
Community Center	13,597
Ambulance	27,216
	294,460

Capital Lease Obligations

The City has entered into a capital lease agreement for the purchase of airport hangers. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under the capital lease described above amounted to $596,729 as of December 31, 2010.

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

Year Ending December 31,	
2011	53,034
2012	53,034
2013	53,034
2014	53,034
2015	53,034
Thereafter	159,102
Total minimum lease payments	424,272
Less amount representing interest	89,270
Present value of future minimum lease payments	335,002

Tax Increment Revenue Bonds

June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment Financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for the

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Bonds (Continued)

bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in-lieu-of taxes and, subject to annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The Bonds do not constitute a general obligation of the City of Harrisonville. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.0%.

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

Year Ending December 31,	Principal	Interest
2011	220,000	377,719
2012	245,000	366,719
2013	265,000	354,469
2014	300,000	341,219
2015	300,000	328,469
2016 - 2020	1,855,000	1,424,942
2021 - 2025	2,555,000	944,963
2026 - 2028	2,510,000	266,169
	8,250,000	4,404,669

Tax Increment Revenue Note

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

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

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Note (Continued)

From the date of this Note until March 31, 2015, the applicable interest rate on the unpaid principal balance of this Note shall be 6% per annum. On April 1, 2015, 2020, and 2025 the Note Rate shall be adjusted to an amount equal to 350 basis points plus the five-year swap rate for a fixed rate payer in return for receiving three-month LIBOR as reported in the Federal Reserve Statistical Release.

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

Year Ending December 31,	Principal	Interest
2011	133,000	540,000
2012	278,000	532,020
2013	294,000	515,340
2014	310,000	497,700
2015	327,000	479,100
2016 - 2020	1,946,000	2,076,900
2021 - 2025	2,592,000	1,421,700
2026 - 2030	3,120,000	538,620
	9,000,000	6,601,380

The above interest amounts are estimated based on 6% interest over the life of the note and the actual interest amounts due could vary based on the scheduled interest rate adjustments as described above.

Certificates of Participation

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

The base lease between the City as lessor and Commerce Bank, N.A. as lessee and trustee transfers a leasehold interest in certain real estate held by the City to the trustee. The term of the base lease is August 1, 2003 through December 1, 2042, or the date the Certificates have been paid in full, whichever is earlier.

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Certificates of Participation (Continued)

Future minimum lease payments are as follows:

Year Ending December 31,	Rental Payment	Interest
2011	480,000	421,310
2012	500,000	402,590
2013	525,000	382,590
2014	550,000	361,065
2015	580,000	337,965
2016 - 2020	3,440,000	1,258,425
2021 - 2022	2,935,000	253,250
	9,010,000	3,417,195

Business-Type Activities

Changes in the debt for the year ended December 31, 2010 consisted of the following:

	Balance December 31, 2009	Additions	Retirements	Balance December 31, 2010	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	3,225,000		(190,000)	3,035,000	195,000
2003 Waterworks and Sewerage Revenue Bonds	2,700,000		(130,000)	2,570,000	135,000
2005 Waterworks and Sewerage Revenue Bonds	1,415,000		(75,000)	1,340,000	75,000
2007 Electric System Refunding Revenue Bonds	2,240,000		(175,000)	2,065,000	175,000
2010 Waterworks and Sewerage Revenue Bonds		49,375		49,375	
Compensated absences	85,054	86,446	(85,054)	86,446	86,446
	9,665,054	135,821	(655,054)	9,145,821	666,446
Add: Bond premium	160,434		(11,554)	148,880	11,554
Less: Bond discount	(13,589)		1,236	(12,353)	(1,235)
Total business-type activities debt	9,811,899	135,821	(665,372)	9,282,348	676,765

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Compensated Absences

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

Electric	25,836
Water/Sewer	60,610
	86,446

Revenue Bonds

October 23, 2002, the City issued $4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). $3,660,000 of the bonds were issued for the purpose of extending and improving the City's combined waterworks and sewerage system and $710,000 of the bonds were issued to refund a prior issue of bonds of the City. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% to 5.0%.

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

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

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

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

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

March 2010, the City issued The Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of $4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011 and maturing on July 1, 2030. As of December 31, 2010, the City has dawn down $49,375 on this bond.

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

Year Ending December 31,	Principal	Interest
2011	580,000	433,174
2012	590,000	408,191
2013	635,000	382,383
2014	645,000	352,713
2015	655,000	321,082
2016 - 2020	3,685,000	1,089,583
2021 - 2025	2,269,375	247,300
	9,059,375	3,234,426

As of December 31, 2010, the sinking funds and the reserve funds were adequately funded and the City was in compliance with its rate covenants for all bonds.

NOTE 6. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2010 was as follows:

Real estate	94,022,248
Personal property	25,241,452
	119,263,700

NOTE 6. PROPERTY TAXES (Continued)

The tax levy per $100 of assessed valuation of tangible property for the calendar year 2010 was as follows:

General operating	0.5422
Park	0.1227
	0.6649

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

NOTE 7. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2010 were as follows:

	Transfers out:			
	General	Sales Tax	Emergency Services	Total
Transfers in:				
General		218,781		218,781
Community Center		790,458		790,458
Town Center TIF Fund	233,859			233,859
Debt Service	132,837	894,560	48,288	1,075,685
Emergency Services		144,461		144,461
Nonmajor Funds	1,022,899	293,145		1,316,044
Total	1,389,595	2,341,405	48,288	3,779,288

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

NOTE 8. INTERFUND BALANCES

	Due from:		
	Ambulance	Park	Total
Due to:			
General	171,554		171,554
Community Center	193,262	8,920	202,182
Town Center TIF		68,827	68,827
Nonmajor funds		48,466	48,466
Total	364,816	126,213	491,029

The balance of $491,029 due to the General, Community Center, and various nonmajor funds from the Ambulance and Park Funds are a result of the Funds having a negative claim on the City's pooled cash accounts. Interfund balances are not included in the government-wide statement of net assets.

NOTE 9. PENSION PLAN

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rates are 13.7% for police, 10.2% for general and 13.8% for fire of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Annual Pension Cost

For 2010, the City's annual pension cost of $583,818 was greater than the required and actual contribution by $42,619. The required contribution was determined as part of the February 29, 2008 and February 29, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases, ranging from 0% to 6.0% per year, depending on age and division, attributable to seniority/merit; and (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 30 years.

NOTE 9. PENSION PLAN (Continued)

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/08	442,600	100.0%	- 0 -
06/30/09	474,205	100.0%	- 0 -
06/30/10	583,813	92.7%	42,619

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)
02/29/08	10,183,355	10,201,208	17,853
02/28/09	8,405,558	10,515,593	2,110,035
02/28/10	9,150,219	11,307,123	2,156,904

Actuarial Valuation Date	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percent of Covered Payroll
02/29/08	100%	4,784,933	0.4%
02/28/09	80%	4,709,779	44.8%
02/28/10	81%	5,131,408	42.0%

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

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred

NOTE 10. DEFERRED COMPENSATION PLAN (Continued)

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

NOTE 11. COMMITMENTS

As of December 31, 2010, the City had outstanding commitments totaling $4,884,443 for various contracts, which includes $3,928,632 for the improvements at the wastewater treatment plant (SRF/ARRA project).

NOTE 12. MAJOR SUPPLIERS

During the year ended December 31, 2010, the City relied upon two vendors for the generation and transmission of all electricity purchased for resale totaling $7,488,756 and $432,936, respectively. Accounts payable of $633,741 for generation and $36,495 for transmission are included in the December 31, 2010 financial statements.

NOTE 13. LEASES RECEIVABLE

On June 13, 2005, the City entered into an agreement with Sprint Spectrum L.P., to the right to install, maintain and operate the radio communications equipment, antennas and appurtenances located on a portion of the City's water tower. This lease agreement is for five years and shall automatically be extended for two additional five year terms unless Sprint Spectrum L.P. provides written notice to the City at least six months prior to the end of the then current lease term; and for an additional two five year terms after that unless either the City or Sprint Spectrum LP terminates provides written notice to the other party at least six months prior to the end of then current lease term. If at the end of the second five-year extension term this agreement has not been terminated, the agreement shall continue for additional one-year terms. The lease calls for annual rental increases of 3% annually. This lease was extended for the first additional five year term in the year ending December 31, 2010. This agreement provided lease income of $19,239 for the year ended December 31, 2010.

On July 15, 2005, the City entered into an agreement with Verizon Wireless LLC to the right to construct, operate and maintain a communications facility, including required antennas and equipment structures on a portion of the City's water tower. On September 11, 2008, this agreement was amended to increase the number of antennas and to amend the additional extension terms. The lease agreement is for five years and shall automatically be extended for four (5) year terms unless written notice is provided at least six months prior to the end of the then current lease term. If at the end of the fourth (5) year extension term this agreement has not been terminated, the agreement shall continue for additional one year terms until such time that proper notice is given by either party. This lease calls for annual rental increases of 3% annually. This lease was extended for the first additional five year term in the year ending December 31, 2010. This agreement provided lease income of $19,768 for the year ended December 31, 2010.

NOTE 13. LEASES RECEIVABLE (Continued)

The following is a schedule by years of minimum future rentals on the noncancellable operating leases as described above as of December 31, 2010:

Year Ending December 31,	
2011	40,178
2012	41,383
2013	42,624
2014	43,903
2015	20,422
	188,510

NOTE 14. SELF-INSURANCE

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

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

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

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

NOTE 15. RISK MANAGEMENT

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

NOTE 16. WATER PURCHASE AGREEMENT

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

Based on the agreement, the City of Harrisonville is to submit monthly payments over a twenty-year term to the City of Kansas City, Missouri for $19,543. This payment is calculated for the future value of estimated construction costs incurred for transmission main, pump station, and elevated tank. During the year ending December 31, 2010, the City of Harrisonville provided the City of Kansas City, Missouri $234,516, which includes payments for prior periods. The City is current with its payments as of December 31, 2010.

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

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

Year Ending December 31,	
2011	234,516
2012	234,516
2013	234,516
2014	234,516
2015	234,516
2016 - 2020	1,172,580
2021 - 2025	1,172,580
2026 - 2029	508,118
	4,025,858

NOTE 17. SUBSEQUENT EVENTS

The City is extending and improving its combined waterworks and sewerage system for an estimated project cost of $7,470,200. Primary funding for this project is expected to be made from federal awards from the Missouri Department of Natural Resources. These awards include a grant in the amount of $3,000,000 (as made possible by the American Recovery and Reinvestment Act of 2009) and a bond issuance of $4,300,000 from State Revolving Funds.

NOTE 17. SUBSEQUENT EVENTS (Continued)

Remaining project costs are to be matched from City resources. At December 31, 2010, $4,034,626 in expenditures for the project has been incurred and one reimbursement has been received by the City for project costs which applies to the grant and loan equally totaling $2,845,723. The City expects to request additional reimbursements for costs later in 2011 as the construction on the project continues.

The bonds call for particular covenants of the City, of which, the City is expecting to comply with. Construction on the project is expected to be completed by December 31, 2011.

The Combined Waterworks and Sewerage System Revenue Bonds Series 2010 (the "Bonds") can be drawn on for a maximum principal amount of $4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. As of December 31, 2010, the City has drawn down $49,375 of these bonds. Principal payments are due each January 1 and July 1, commencing July 1, 2011 and maturing on July 1, 2030. Expected aggregate annual principal payments applicable to the bonds, if such funding totals $4,300,000, are as follows:

Year Ending December 31,	
2011	90,700
2012	184,100
2013	187,800
2014	191,600
2015	195,400
2016 - 2020	1,037,700
2021 - 2025	1,146,400
2026 - 2030	1,266,300
	4,300,000

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 27, 2011, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	4,990,754	4,990,754	4,657,666	(333,088)
Licenses, fees and permits	107,400	107,400	190,055	82,655
Charges for services	1,861,985	1,829,385	1,831,632	2,247
Grants	897,410	1,767,310	479,302	(1,288,008)
Fines and forfeitures	272,050	272,050	226,217	(45,833)
Interest	125,000	35,000	34,139	(861)
Miscellaneous	539,100	653,100	203,274	(449,826)
TOTAL REVENUES	8,793,699	9,654,999	7,622,285	(2,032,714)
EXPENDITURES				
General Government				
Mayor and Board	227,479	238,204	156,311	81,893
Finance	866,107	866,107	814,869	51,238
Administration	435,383	464,973	422,427	42,546
Public Works	176,925	176,925	163,979	12,946
Codes enforcement	290,875	290,875	297,749	(6,874)
Property management	83,715	88,915	72,408	16,507
Total General Government	2,080,484	2,125,999	1,927,743	198,256
Administration of Justice				
Municipal court	212,445	210,445	155,050	55,395
Legal	120,000	170,000	127,001	42,999
Police	442,467	442,467	454,257	(11,790)
Police Department patrol/investment	1,892,845	1,918,053	1,762,138	155,915
Total Administration of Justice	2,667,757	2,740,965	2,498,446	242,519
Street	898,934	898,934	814,009	84,925
Economic Development	172,715	173,070	162,786	10,284
Animal Control	174,400	170,337	133,473	36,864
Airport	272,124	245,924	207,743	38,181
Capital outlay	2,091,045	4,206,389	1,810,035	2,396,354
TOTAL EXPENDITURES	8,357,459	10,561,618	7,554,235	3,007,383

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	General Fund			
	Budget			Variance Positive (Negative)
	Original	Final	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	436,240	(906,619)	68,050	974,669
OTHER FINANCING SOURCES (USES)				
Transfers in			218,781	218,781
Transfers out	(749,611)	(1,389,794)	(1,389,595)	199
Total other financing sources (uses)	(749,611)	(1,389,794)	(1,170,814)	218,980
NET CHANGE IN FUND BALANCES	(313,371)	(2,296,413)	(1,102,764)	1,193,649
FUND BALANCE, beginning of year			8,301,693	
FUND BALANCE, end of year, budget basis			7,198,929	
Accrual adjustments			105,021	
FUND BALANCE, end of year, fund basis			7,303,950	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010

	Community Center				Emergency Services Fund			
	Budget			Variance	Budget			Variance
	Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)
REVENUES								
Charges for services	891,024	859,444	859,061	(383)	1,985,000	1,985,000	1,041,788	(943,212)
Interest	7,000	7,000	412	(6,588)				
Miscellaneous	29,844	36,424	25,582	(10,842)	25,500	25,500	17,554	(7,946)
TOTAL REVENUES	927,868	902,868	885,055	(17,813)	2,010,500	2,010,500	1,059,342	(951,158)
EXPENDITURES								
Community center	1,080,886	1,081,600	1,027,913	53,687				
Emergency services					2,255,062	2,255,062	1,787,035	468,027
Capital outlay	44,201	15,851	31,237	(15,386)	78,850	78,850	30,646	48,204
TOTAL EXPENDITURES	1,125,087	1,097,451	1,059,150	38,301	2,333,912	2,333,912	1,817,681	516,231
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(197,219)	(194,583)	(174,095)	20,488	(323,412)	(323,412)	(758,339)	(434,927)
OTHER FINANCING SOURCES (USES)								
Transfers in	273,940	273,940	790,458	516,518	323,412	323,412	1,167,360	843,948
Transfers out							(48,288)	(48,288)
Total other financing sources (uses)	273,940	273,940	790,458	516,518	323,412	323,412	1,119,072	795,660
NET CHANGE IN FUND BALANCES	76,721	79,357	616,363	537,006			360,733	360,733
FUND BALANCE (DEFICIT), beginning of year			1,377,413				(226,131)	
FUND BALANCE, end of year, budget basis			1,993,776				134,602	
Accrual adjustments			(27,764)				20,340	
FUND BALANCE, end of year, fund basis			1,966,012				154,942	

CITY OF HARRISONVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. BUDGETARY INFORMATION

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

NOTE 2. REAPPROPRIATIONS

It is the City's policy to reappropriate monies in the next fiscal year for projects or activities which were authorized in the previous year but not completed. The statements for 2010 show the General Fund with expenditures under budget in the amount of $3,007,383, but the Board of Aldermen authorized the reappropriation of $1,557,326 into the 2011 budget, primarily for incomplete capital projects.

OTHER SUPPLEMENTARY INFORMATION

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CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	Park Fund	Sales Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
ASSETS				
Cash				
Investments		344,574		344,574
Accounts receivable		33,230		33,230
Grants receivable	40,473			40,473
Taxes receivable	43,992	146,808		190,800
Due from other funds		43,464	5,002	48,466
Prepaid insurance	9,229			9,229
Restricted cash	1,669	18,422		20,091
Restricted investments	65,403			65,403
TOTAL ASSETS	160,766	586,498	5,002	752,266
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenue	13,853			13,853
Due to other funds	126,213			126,213
Accounts payable	55,945	17,043		72,988
Accrued salaries	3,681			3,681
Total liabilities	199,692	17,043		216,735
FUND BALANCES (DEFICIT)				
Reserved for:				
Prepaid items	9,229			9,229
Other purposes	67,072			67,072
Unreserved	(115,227)	569,455	5,002	459,230
Total fund balances (deficit)	(38,926)	569,455	5,002	535,531
TOTAL LIABILITIES AND FUND BALANCES	160,766	586,498	5,002	752,266

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2010

	Park Fund	Sales Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes				
Property	144,717			144,717
Sales		1,539,314		1,539,314
Other	15,401			15,401
Charges for services	22,609			22,609
Grants	45,864			45,864
Interest	495	2,610	2	3,107
Miscellaneous	12,424			12,424
Total revenues	241,510	1,541,924	2	1,783,436
EXPENDITURES				
Park	462,220			462,220
Debt service				
Principal			625,000	625,000
Interest			445,685	445,685
Capital outlay	66,285			66,285
Total expenditures	528,505		1,070,685	1,599,190
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(286,995)	1,541,924	(1,070,683)	184,246
OTHER FINANCING SOURCES (USES)				
Transfers in	293,145		1,075,685	1,368,830
Transfers out		(2,341,405)		(2,341,405)
Total other financing sources (uses)	293,145	(2,341,405)	1,075,685	(972,575)
NET CHANGE IN FUND BALANCES	6,150	(799,481)	5,002	(788,329)
FUND BALANCES (DEFICIT), January 1, 2010	(45,076)	1,368,936		1,323,860
FUND BALANCES (DEFICIT), December 31, 2010	(38,926)	569,455	5,002	535,531

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash	22,475	28,727	51,202
Investments	53,339		53,339
Accounts receivable		70,121	70,121
Prepaid insurance	3,769		3,769
Total current assets	79,583	98,848	178,431
Noncurrent Assets			
Restricted cash	1,981		1,981
Restricted investments	146,470		146,470
Property and equipment	1,074,788		1,074,788
Total noncurrent assets	1,223,239		1,223,239
TOTAL ASSETS	1,302,822	98,848	1,401,670
LIABILITIES			
Current Liabilities			
Accounts payable	129		129
NET ASSETS			
Invested in capital assets, net of related debt	1,074,788		1,074,788
Restricted for:			
Capital improvements	148,451		148,451
Unrestricted	79,454	98,848	178,302
TOTAL NET ASSETS	1,302,693	98,848	1,401,541

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2010

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	125,450	451,427	576,877
EXPENSES			
Administration	139,479	452,778	592,257
Depreciation	90,499		90,499
Total expenses	229,978	452,778	682,756
LOSS FROM OPERATIONS	(104,528)	(1,351)	(105,879)
NONOPERATING REVENUES (EXPENSES)			
Interest income	879	18	897
CHANGE IN NET ASSETS	(103,649)	(1,333)	(104,982)
TOTAL NET ASSETS, January 1, 2010	1,406,342	100,181	1,506,523
TOTAL NET ASSETS, December 31, 2010	1,302,693	98,848	1,401,541

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	125,450	455,900	581,350
Cash payments to suppliers	(80,919)	(452,778)	(533,697)
Cash payments to employees	(59,053)		(59,053)
Net cash provided by (used in) operating activities	(14,522)	3,122	(11,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(77,159)		(77,159)
Net cash used in capital and related financing activities	(77,159)		(77,159)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	879	18	897
Net investment activity	(68,856)		(68,856)
Net cash provided by (used in) investing activities	(67,977)	18	(67,959)
NET INCREASE (DECREASE) IN CASH	(159,658)	3,140	(156,518)
CASH, January 1, 2010	184,114	25,587	209,701
CASH, December 31, 2010	24,456	28,727	53,183
ALLOCATION OF CASH			
Unrestricted	22,475	28,727	51,202
Restricted	1,981		1,981
	24,456	28,727	53,183

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

	Aquatic Center Fund	Refuse Fund	Total
Reconciliation of Loss From Operations to Net Cash Provided by (Used in) Operating Activities			
Loss from operations	(104,528)	(1,351)	(105,879)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	90,499		90,499
(Increase) Decrease in:			
Accounts receivable		4,473	4,473
Prepaid expenses	(539)		(539)
Increase (Decrease) in:			
Accounts payable	46		46
Total adjustments	90,006	4,473	94,479
Net cash provided by (used in) operating activities	(14,522)	3,122	(11,400)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2010

	Park Fund				Sales Tax Fund			
	Budget Original	Budget Final	Actual	Variance Positive (Negative)	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES								
Taxes	150,454	150,454	129,979	(20,475)	1,000,000	1,750,000	1,534,859	(215,141)
Charges for services	26,194	26,244	22,609	(3,635)				
Grants		148,900	5,391	(143,509)				
Interest	1,200	1,200	495	(705)	11,000	11,000	2,610	(8,390)
Miscellaneous		8,075	12,424	4,349				
Total revenues	177,848	334,873	170,898	(163,975)	1,011,000	1,761,000	1,537,469	(223,531)
EXPENDITURES								
Park	410,866	425,366	409,525	15,841				
Capital outlay	59,960	229,271	66,285	162,986				
Total expenditures	470,826	654,637	475,810	178,827				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(292,978)	(319,764)	(304,912)	14,852	1,011,000	1,761,000	1,537,469	(223,531)
OTHER FINANCING SOURCES (USES)								
Transfers in	293,145	293,145	293,145					
Transfers out					(1,161,000)	(1,911,000)	(2,341,405)	(430,405)
Total other financing sources (uses)	293,145	293,145	293,145		(1,161,000)	(1,911,000)	(2,341,405)	(430,405)
NET CHANGE IN FUND BALANCES	167	(26,619)	(11,767)	14,852	(150,000)	(150,000)	(803,936)	(653,936)
FUND BALANCE (DEFICIT), beginning of year			(45,076)				1,368,936	
FUND BALANCE (DEFICIT), end of year, budget basis			(56,843)				565,000	
Accrual adjustments			17,917				4,455	
FUND BALANCE (DEFICIT), end of year, fund basis			(38,926)				569,455	

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2010

	Total			
	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES				
Taxes	1,150,454	1,900,454	1,664,838	(235,616)
Charges for services	26,194	26,244	22,609	(3,635)
Grants		148,900	5,391	(143,509)
Interest	12,200	12,200	3,105	(9,095)
Miscellaneous		8,075	12,424	4,349
Total revenues	1,188,848	2,095,873	1,708,367	(387,506)
EXPENDITURES				
Park	410,866	425,366	409,525	15,841
Capital outlay	59,960	229,271	66,285	162,986
Total expenditures	470,826	654,637	475,810	178,827
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	718,022	1,441,236	1,232,557	(208,679)
OTHER FINANCING SOURCES (USES)				
Transfers in	293,145	293,145	293,145	
Transfers out	(1,161,000)	(1,911,000)	(2,341,405)	(430,405)
Total other financing sources (uses)	(867,855)	(1,617,855)	(2,048,260)	(430,405)
NET CHANGE IN FUND BALANCES	(149,833)	(176,619)	(815,703)	(639,084)
FUND BALANCE, beginning of the year			1,323,860	
FUND BALANCE (DEFICIT), end of year, budget basis			508,157	
Accrual adjustments			22,372	
FUND BALANCE (DEFICIT), end of year, fund basis			530,529	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2010

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES				
Interest	2,500	2,500	2	(2,498)
EXPENDITURES				
Debt Service				
Principal	625,000	625,000	625,000	
Interest	445,685	445,685	445,685	
Total expenditures	1,070,685	1,070,685	1,070,685	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,068,185)	(1,068,185)	(1,070,683)	(2,498)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,068,185	1,068,185	1,075,685	7,500
NET CHANGE IN FUND BALANCES			5,002	5,002
FUND BALANCE, beginning of year				
FUND BALANCE, end of year, budget basis			5,002	
Accrual adjustments				
FUND BALANCE, end of year, fund basis			5,002	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2010

	Electric Fund				Water/Sewer Fund				Aquatic Center Fund			
	Budget Original	Budget Final	Actual	Actual Over (Under) Budget	Budget Original	Budget Final	Actual	Actual Over (Under) Budget	Budget Original	Budget Final	Actual	Actual Over (Under) Budget
REVENUES												
Charges for services	12,828,021	12,828,021	11,623,383	(1,204,638)	4,974,779	4,974,779	4,657,485	(317,294)	146,290	121,630	125,450	3,820
Grants					6,216,000	7,300,000	1,422,861	(5,877,139)				
Total revenues	12,828,021	12,828,021	11,623,383	(1,204,638)	11,190,779	12,274,779	6,080,346	(6,194,433)	146,290	121,630	125,450	3,820
EXPENSES												
Production					1,286,226	1,286,226	1,406,360	(120,134)				
Distribution	8,636,400	8,636,400	7,251,456	1,384,944	409,690	409,690	409,936	(246)				
Administration	2,714,545	2,714,545	3,429,587	(715,042)	1,516,282	1,516,282	440,393	1,075,889	157,323	163,525	139,972	23,553
Capital outlay	891,800	1,510,978	551,179	959,799	7,317,425	8,582,198	4,029,953	4,552,245	80,000	80,000	77,159	2,841
Total expenses	12,242,745	12,861,923	11,232,222	1,629,701	10,529,623	11,794,396	6,286,642	5,507,754	237,323	243,525	217,131	26,394
INCOME (LOSS) FROM OPERATIONS	585,276	(33,902)	391,161	425,063	661,156	480,383	(206,296)	(686,679)	(91,033)	(121,895)	(91,681)	30,214
OTHER INCOME (EXPENSE)												
Interest income	25,000	25,000	6,069	(18,931)	35,000	35,000	221,584	186,584	6,000	6,000	879	(5,121)
Bond principal payment	(175,000)	(175,000)	(175,000)		(395,000)	(395,000)	(395,000)					
Interest expense	(98,603)	(98,603)	(94,724)	3,879	(360,818)	(360,818)	(361,346)	(528)				
Total other income (expense)	(248,603)	(248,603)	(263,655)	(15,052)	(720,818)	(720,818)	(534,762)	186,056	6,000	6,000	879	(5,121)
REVENUES OVER (UNDER) EXPENSES	336,673	(282,505)	127,506	410,011	(59,662)	(240,435)	(741,058)	(500,623)	(85,033)	(115,895)	(90,802)	25,093
NET ASSETS, January 1, 2010			6,382,242				16,910,486				1,406,342	
NET ASSETS, December 31, 2010, budget basis			6,509,748				16,169,428				1,315,540	
Accrual adjustments			378,744				3,353,530				(12,847)	
NET ASSETS, December 31, 2010			6,888,492				19,522,958				1,302,693	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2010

	Refuse Fund				Total			
	Budget Original	Budget Final	Actual	Actual Over (Under) Budget	Budget Original	Budget Final	Actual	Actual Over (Under) Budget
REVENUES								
Charges for services	437,316	437,316	455,900	18,584	18,386,406	18,361,746	16,862,218	(1,499,528)
Grants					6,216,000	7,300,000	1,422,861	(5,877,139)
Total revenues	437,316	437,316	455,900	18,584	24,602,406	25,661,746	18,285,079	(7,376,667)
EXPENSES								
Production					1,286,226	1,286,226	1,406,360	(120,134)
Distribution					9,046,090	9,046,090	7,661,392	1,384,698
Administration	437,316	437,316	452,778	(15,462)	4,825,466	4,831,668	4,462,730	368,938
Capital outlay					8,289,225	10,173,176	4,658,291	5,514,885
Total expenses	437,316	437,316	452,778	(15,462)	23,447,007	25,337,160	18,188,773	7,148,387
INCOME (LOSS) FROM OPERATIONS			3,122	3,122	1,155,399	324,586	96,306	(228,280)
OTHER INCOME (EXPENSE)								
Interest income	100	100	18	(82)	66,100	66,100	228,550	162,450
Bond principal payment					(570,000)	(570,000)	(570,000)	
Interest expense					(459,421)	(459,421)	(456,070)	3,351
Total other income (expense)	100	100	18	(82)	(963,321)	(963,321)	(797,520)	165,801
REVENUES OVER (UNDER) (EXPENSES)	100	100	3,140	3,040	192,078	(638,735)	(701,214)	(62,479)
NET ASSETS, January 1, 2010			100,181				24,799,251	
NET ASSETS, December 31, 2010, budget basis			103,321				24,098,037	
Accrual adjustments			(4,473)				3,714,954	
NET ASSETS, December 31, 2010			98,848				27,812,991	

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STATISTICAL SECTION
(Unaudited)

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

Contents	Page

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City fully implemented GASB Statement No. 34 in fiscal 2003 schedules presenting government-wide information beginning in that year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2001	74,251,884	22,603,806	96,855,690	0.75
2002	73,732,234	22,772,888	96,505,122	0.75
2003	81,770,408	25,139,884	106,910,292	0.75
2004	83,590,337	25,542,567	109,132,904	0.75
2005	90,182,211	24,702,214	114,884,425	0.75
2006	92,956,701	24,305,736	117,262,437	0.75
2007	91,927,554	23,243,342	115,170,896	0.77
2008	93,646,146	21,440,771	115,086,917	0.78
2009	93,250,444	25,538,774	118,789,218	0.66
2010	94,022,248	25,241,452	119,263,700	0.66

Source: Cass County Assessor's Office

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

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

Tax rates are per $100 of assessed value.

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

Fiscal Year Ended December 31,	City Direct Rates				Overlapping Rates			
	General Fund	Ambulance Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	Total Direct and Overlapping
2003	0.5129	0.1161	0.1161	0.7451	0.03	5.66	5.69	6.44
2004	0.5129	0.1161	0.1161	0.7451	0.03	5.58	5.61	6.36
2005	0.5129	0.1161	0.1161	0.7451	0.03	6.00	6.03	6.78
2006	0.5129	0.1161	0.1161	0.7451	0.03	6.04	6.07	6.82
2007	0.5278	0.1195	0.1195	0.7668	0.03	6.04	6.07	6.84
2008	0.5358	0.1213	0.1213	0.7784	0.03	6.19	6.22	7.00
2009	0.5422	0.0000	0.1227	0.6649	0.03	6.19	6.22	6.88
2010	0.5422	0.0000	0.1227	0.6649	0.03	6.20	6.23	6.89

Source: Cass County Collector

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

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

	2010			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation
Church & Dwight	8,498,500	1	7.13	4,808,819	1	4.50
Wal-Mart	3,330,000	2	2.79	3,253,980	2	3.04
Sutherlands Lumber Co.	1,649,120	3	1.38			
Mill-Walk Mall	1,373,200	5	1.15	1,447,390	3	1.35
Harrisonville MP LLC	1,620,120	4	1.36			
Universal Forest Products	1,053,370	6	0.88	923,815	6	0.86
Harrisonville Crossings Properties	986,850	7	0.83			
AHG, Inc.	839,990	8	0.70	1,084,810	5	1.01
Harrisonville Lodging LLC	746,450	9	0.63			
Ball Foods/Price Chopper	617,570	10	0.52			
Crown Properties, LC				574,420	8	0.54
Eaglepicher Pharmaceutical				1,267,660	4	1.19
CHEP USA				670,115	7	0.63
Vista Productions				563,780	9	0.53
Camden Regency Healthcare				527,850	10	0.49
TOTALS	20,715,170		17.44	15,122,639		14.15

Data provided by the Cass County Collector

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

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

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

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

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

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

Source: Missouri Department of Revenue

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

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

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

Source: Missouri Department of Revenue

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

	Governmental Activities			Business-Type Activities			
Fiscal Year Ended December 31,	Certificates of Participation	Revenue Bonds	Capital Lease Payable	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2003	12,835,000		524,823	12,520,000	25,879,823	0.15	2,668
2004	12,385,000		502,164	11,730,000	24,617,164	0.13	2,462
2005	11,885,000		478,160	12,685,000	25,048,160	0.13	2,444
2006	11,360,000		452,732	11,860,000	23,672,732	0.12	2,287
2007	10,810,000	8,630,000	425,794	11,175,000	31,040,794	0.15	2,985
2008	10,235,000	8,630,000	397,257	10,290,000	29,552,257	0.15	2,842
2009	9,635,000	17,450,000	367,027	9,580,000	37,032,027	0.18	3,561
2010	9,010,000	17,250,000	335,002	9,010,000	35,605,002	0.18	3,424

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2010
(UNAUDITED)

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Assessed valuation	119,263,700		119,263,700
Constitutional debt limit	11,926,370	11,926,370	23,852,740
Less general obligation bonds payable			
	11,926,370	11,926,370	23,852,740
Cash and securities available for retirement			
	11,926,370	11,926,370	23,852,740

(1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.

(2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm systems, and purchasing or construction waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
DECEMBER 31, 2010

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	31,182,830	65%	20,268,840
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds		0%	
Total direct and estimated overlapping debt	31,182,830		20,268,840

(1) On the basis of assessed valuation.

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

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

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

CITY OF HARRISONVILLE, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2001	8,946	152,082,000	17,000	2,324	3.30%
2002	9,410	166,557,000	17,700	2,328	3.70%
2003	9,700	175,570,000	18,100	2,409	4.00%
2004	10,000	185,000,000	18,500	2,442	4.00%
2005	10,250	194,750,000	19,000	2,436	4.30%
2006	10,350	201,825,000	19,500	2,507	4.30%
2007	10,400	205,920,000	19,800	2,500	4.30%
2008	10,400	201,040,000	19,331	2,504	6.10%
2009	10,400	201,040,000	19,331	2,580	10.00%
2010	10,400	201,040,000	19,331	2,580	10.00%

Data Sources:

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

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

	2010			2007	
Employer	Employees	Rank	% of Total Employment	Employees	Rank
Wal-Mart Distribution Center	696	1	12.65%	550	1
Wal-Mart	450	2	8.18%	450	2
Cass R-IX Schools	360	3	6.55%	310	3
Cass Medical Center	350	4	6.36%	215	4
Cass County Government	240	5	4.36%	237	5
City of Harrisonville	240	5	4.36%	200	6
Church & Dwight Co., Inc.	210	7	3.82%	125	8
Casco Area Workshop	210	7	3.82%	200	7
Crown Care Center	145	9	2.64%	120	9
Family Center	77	10	1.40%	100	10
Total Employment	5,500				

Source: Harrisonville Area Chamber of Commerce and Economic Development

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

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

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

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

Function/Program	Fiscal Year 2006	2007	2008	2009	2010
Police					
Patrol units	23	23	23	23	23
Police stations	1	1	1	1	1
Fire					
Fire stations	1	1	1	1	1
Fire hydrants	660	660	670	678	678
Streets					
Miles	69	69	69	69	69
Street lights	900	900	900	900	900
Miles of storm sewers	9	9	9	9	9
Parks					
Parks	6	6	6	6	6
Acreage	250	250	250	250	250
Golf courses	2	2	2	2	2
Swimming pools	2	2	2	2	2
Tennis courts	4	4	4	4	4
Community centers	7	7	7	7	7
Sewer					
Sanitary sewer (miles)	54	54.0	54.0	54.0	54.0
Plant capacity (mgl)	1	1.3	1.5	1.5	2.0
Treatment plants	1	1	1	1	1
Service connections	4,079	4,094	4,102	4,084	4,071
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water					
Miles of water mains	56	56	56	56	56
Service connections	4,152	3,984	3,992	3,978	3,966
Daily average consumption in gallons	1,300,000	1,300,000	1,300,000	950,000	950,000

Source: City Department Heads

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

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

Source: Jan Harper, City of Harrisonville

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Environmental Protection Agency		
Pass-Through Missouri Department of Natural Resources		
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	3,426,853
Department of Transportation		
Pass-Through Missouri Department of Transportation		
State and Community Highway Safety	20.600	4,968
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	7,171
ARRA - Highway Planning and Construction	20.205	280,052
Highway Planning and Construction	20.205	40,473
		332,664
Department of Justice		
Pass-Through Missouri Department of Justice		
Bulletproof Vest Program	16.607	1,558
Justice Assistance Grant Program	16.738	8,436
ARRA - Justice Assistance Grant Program	16.804	14,635
		24,629
TOTAL EXPENDITURES OF FEDERAL AWARDS		3,784,146

CITY OF HARRISONVILLE, MISSOURI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUBRECIPIENTS

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

NOTE 3. PURPOSES OF FEDERAL PROGRAMS

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

Capitalization Grants for Clean Water State Revolving Funds (66.458)

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

State and Community Highway Safety (20.600)

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

Alcohol Impaired Driving Countermeasures Incentive Grants I (20.601)

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

Highway Planning and Construction (20.205)

To assist States in the planning and development of transportation systems.

NOTE 3. PURPOSES OF FEDERAL PROGRAMS (Continued)

Bulletproof Vest Program (16.607)

To protect the lives of law enforcement officers by helping State, local, and tribal law enforcement agencies provide officers with armored vests.

Justice Assistance Grant Program (16.738) and ARRA Funding (16.804)

JAG funds support all components of the criminal justice system from multijurisdictional drug and gang task forces to crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives.

NOTE 4. LOCAL GOVERNMENT CONTRIBUTIONS

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

NOTE 5. ADDITIONAL AUDITS

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy, efficiency and program results which may result in disallowed costs to the City. However, City management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2010.

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DANA F. COLE & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2010, which collectively comprise the City of Harrisonville, Missouri's basic financial statements and have issued our report thereon dated May 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item 2010-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

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

Dana F. Cole + Company, LLP

Overland Park, Kansas
May 27, 2011

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

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

Compliance

We have audited the City of Harrisonville, Missouri's compliance with the types of compliance requirements described in the OMB Circular A-133 "Compliance Supplement" that could have a direct and material effect on each of the City of Harrisonville, Missouri's major federal programs for the year ended December 31, 2010. The City of Harrisonville, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Harrisonville, Missouri's management. Our responsibility is to express an opinion on the City of Harrisonville, Missouri's compliance based on our audit.

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

In our opinion, the City of Harrisonville, Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2010.

Internal Control Over Compliance

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

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

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

Dana F. Cole + Company, LLP

Overland Park, Kansas
May 27, 2011

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified:	___Yes _X_No
Significant deficiencies identified that are not considered to be material weaknesses:	_X_Yes ___No
Noncompliance matter to the financial statements disclosed:	___Yes _X_No

Federal Awards

Internal control over major programs:	
Material weakness identified:	___Yes _X_No
Significant deficiency identified that is not considered to be a material weakness:	___Yes _X_No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	___Yes _X_No
Identification of major programs:	
	CFDA No.
Capitalization Grants for Clean Water	
ARRA - State Revolving Funds	66.458
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as a low-risk auditee?	___Yes _X_No

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

SECTION II. FINANCIAL STATEMENT FINDINGS

2010-1 RELIANCE UPON THE AUDITOR

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

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

Questioned Costs: None.

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

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

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

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF HARRISONVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2010

The prior audit findings are as follows:

FINANCIAL STATEMENT FINDINGS

2009-1 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2010-1.