

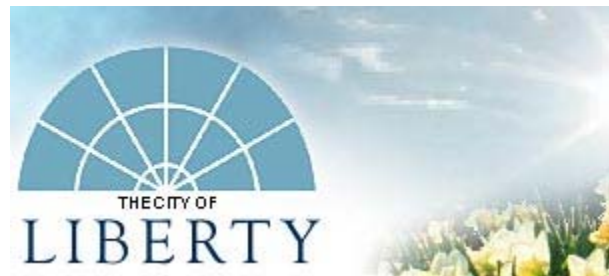


CITY OF LIBERTY, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended December 31, 2010

CITY OF LIBERTY, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010



*Report prepared and submitted by the
Department of Finance*

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Introductory Section



June 27, 2011

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Liberty, Missouri:

Management Responsibility

The Comprehensive Annual Financial Report (CAFR) of the City of Liberty, Missouri (the City), for the fiscal year ended December 31, 2010, is hereby submitted for your review. This report was prepared by the Finance Department in close cooperation with the external auditor, RubinBrown LLP. The responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. Management's Discussion and Analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Financial Reporting Entity

This report is prepared in accordance with accounting principles generally in conformance with the standards of financial reporting set forth by the Governmental Accounting Standards Board (GASB), and the guidelines recommended by the Government Finance Officers Association (GFOA). This financial report includes all the funds of the City. The City provides a full range of services including police and fire protection; emergency medical services; water and sanitation services; traffic regulation and municipal court services; construction and maintenance of highways, streets, and bridges; recreational activities, and cultural events.

The Liberty, Missouri Public Facilities Authority is included in this report as a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations due to the level of control exercised by the City.

Accounting Controls

Management of the City is responsible for establishing and maintaining an internal control designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, equities, revenues and expenditures or expenses. The various funds are grouped by type in the basic financial statements.

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

Budgetary Controls

The city administrator and the assistant city administrator/finance director are responsible for the annual preparation of a budget for the upcoming fiscal year based on estimated revenues and projected service level needs. The major focus of the budget is preparation of a financing plan based on available resources. The revenue forecast identifies the various revenue sources to be used in funding municipal services and forecasts the amount of revenue to be produced. City service levels are then established based on the revenue forecast.

The formal budget document is reviewed by the City Council and is formally adopted by the passage of a budget ordinance each December with the budget to become effective on January 1 of the next year. Once adopted, the finance department monitors the budget on a monthly basis. Operating budgets are monitored on a department level basis. Under this form of budget control, an individual division or department may exceed budgeted amounts for that division or department so long as the fund as a whole does not exceed budgeted funds. Any expenditure that will cause a fund to exceed the total fund budget must be approved by the City Council through a budget amendment ordinance.

Capital budgets are monitored on a project basis. Any expenditure, which would cause a project to exceed budgeted amounts, must be approved by the City Council through a budget amendment ordinance.

Government Structure

Liberty was first settled in 1822 and in 1829 presented a petition to the Clay County Court requesting incorporation so that the citizens could be self-governing. On May 7, 2004 Liberty celebrated the 175th anniversary of that incorporation.

In 1851, Liberty was incorporated as a special charter city. That charter was amended in 1861 and, with few exceptions, provides the form of government enjoyed today. The City has operated under a council-administrator form of government since 1964.

Policymaking and legislative authority are vested in the City Council, which consists of a mayor and an eight-member council. The City Council is responsible for, among other things, passing ordinances, adopting the annual budget, appointing committees, hiring the City administrator, and approving the appointment of department heads. The Council also has the power by state statute to extend its corporate limits by annexation, which is done when deemed appropriate by the Council. The Council is elected on a nonpartisan basis. Council members are elected to four-year staggered terms with four council members elected every two years. The City is divided into four council wards, with two members in each ward. One Council member from each ward is up for election every two years. The Mayor is elected to a two-year term. The City Council meets on the second and fourth Mondays of each month in regular session and on the first and third Mondays in “study or work session”.

The City administrator is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and, subject to confirmation by the Council, appointing the heads of the various City departments.

Economic Condition And Outlook

The City of Liberty is a suburb, 15 miles northeast of downtown Kansas City, Missouri, encompassing approximately 29 square miles and has a population of about 30,000 people. In the first century of its existence, the City experienced moderate growth and development. In recent years Liberty has become part of the mainstream of urban expansion along the Interstate-35 corridor running north and south along the west boundaries of Liberty, as well as the Highway 152 corridor to the west. Highway 291 is another main north/south corridor through the City. Additional demographic and economic information is included in the Statistical Section of this report.

The City of Liberty is home to William Jewell College. Founded in 1849 as the first four-year men’s college west of the Mississippi when a charter was granted by the Missouri legislature, it is now a nationally recognized co-ed, liberal arts college. The regional area is served by Liberty Hospital, which has emerged as a major health care provider in the metropolitan Kansas City area since its inception in the 1970s. The Liberty School District, recipient of numerous awards for excellence, serves 85 square miles of Clay County, which includes the entire City of Liberty, as well as sections of Kansas City North.

In 2009, *Money Magazine* named Liberty as one of the nation’s best places to live. Twenty-ninth on their list of America’s best small towns, *Money Magazine* commented on Liberty’s clean, tree-lined college town atmosphere, historical districts and buildings listed on the National Register of Historic places.

In addition to more than 120 businesses located in the downtown area, including both retail and other businesses, Liberty has six shopping centers, located along major highways within the City. Other area industry consists of printing, metal fabrication, auto parts and paperboard manufacturing, industrial wholesale and retail distribution. The 10 principal employers within the City are listed in the Statistical Section of this report.

Due to the recent economic downturn, residential and commercial construction has seen a significant decline from historical patterns as reflected in the decrease of building permits issued in 2010. However, retail development and construction has continued to experience moderate additions. Initiated in earlier years through a tax incremental financing plan, the City has three major retail project areas (The Liberty Triangle, Roger's Plaza and Blue Jay Crossing) that are continuing to build out. 2010 saw the relocation and expansion of an 80,520 square foot regional grocery store (Hy-Vee) in the Triangle. The construction of a 45,000 square foot Dick's Sporting Goods store is under way, with opening scheduled in late fall. Roger's Plaza added an 83 room, 45,966 square foot hotel with a water theme park, as well as an urgent care medical facility. Building permit activity for the past 10 years is detailed in the Statistical Section.

Binding economic development, the City has previously developed and continues to implement a number of economic planning tools as resources allow. The Blueprint for Liberty Future Land Use Plan provides the direction for the growth and development of the community. The Plan identifies the major goals and policies of the City Council relative to City services and infrastructure required to meet the demands of a growing city, while ensuring quality development and maintaining Liberty's special community character. The comprehensive Plan addresses future land use, major street planning, parks and open space, and storm water management. The Plan was amended in June 2006 to include the South Liberty Parkway Corridor Study. This study has components that will assist the City as it considers future roadway projects, land use proposals, or economic development throughout the corridor. Also included is the Public Utilities/Facilities Plan, which identifies the system requirements for sanitary sewer, water distribution and fire protection services

Long-Term Financial Planning

Fiscal Year 2010 proved to be a challenging year on the economic front. While the City did experience a small turnaround on revenue declines and believe we are seeing a much welcomed leveling off, the strains and uncertainty of the economy still continue to impact major revenue categories such as property tax, sales tax, motor vehicle tax, and licenses, permits and fees. To address this ongoing financial challenge, the City again focused on cost containment efforts to continue to meet fiscal priorities and service requirements to its residents and prepare the City for long-term financial health and stability. These cost containment efforts began in 2008, continued in 2009 and were further implemented during the budget process for fiscal year 2010. Vacant positions were carefully evaluated and approved and filled only when essential; employee salaries were frozen; benefit plans were changed to planned studies were deferred; contractual expenditures were controlled; and capital purchases were deferred when possible.

Due to the need to treat the 2010 fiscal condition as an ongoing interactive process, staff developed and shared forecasts with the Budget Committee on a regular basis. This committee was formed in 2009 to better facilitate elected official communication and coordination. A multitude of meetings and work sessions were held with the Budget Committee/City Council during 2010 keep Council informed on revenue trends and to partner with Council on prioritizing any additionally required expenditure adjustments that might have been required. The City is continuing these processes in fiscal year 2011.

The City of Liberty has a number of forecasting tools for long-term financial planning. Capital/infrastructure financial forecasting is segmented into near-term (3 to 5 years) and long-term models. Utility enterprise operating requirements are supported by a four-year utility forecasting model, developed by consultants, used to establish annual user rate assessments. Work has begun on a five-year General Fund model and that tool will be finalized in 2012 and be an important operating tool in the future. Further, staff and the Budget Committee have begun work on fund balance and debt level policies that will provide Council direction on these important operating elements.

Major Initiatives

The City continues to work with its community partners at The Liberty Chamber and the Local Partnership for Community Growth to make long-term investments for the public good. Complementing these efforts, the City's Economic Development Manager has focused on business development and retention. The City is making efforts to position itself in the expanding field of science and technology development, with priority on animal health sciences and has approved selective tax incentive policies to assist in these endeavors.

Other Information

Independent Audit

City policy requires an annual audit to be made of financial statements of the various funds and account groups. The independent certified public accounting firm of RubinBrown LLP audited the financial statements contained in this report for the year ended December 31, 2010. The auditor's report on the basic financial statements is included in the financial section of this report.

Certificate Of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Liberty, Missouri for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. The Certificate of Achievement of Excellence in Financial Reporting recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards established by the GFOA. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

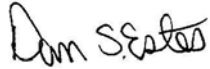
A Certificate of Achievement is valid for a period of one year only. The City of Liberty, Missouri has received a Certificate of Achievement consecutively since December 1986. We believe our current report continues to conform to the Certificate of Achievement program requirements and is being submitted to the GFOA for review.

The Honorable Mayor, Members of the
City Council and Citizens
City of Liberty, Missouri

ACKNOWLEDGMENTS

The services of a competent and dedicated finance department staff are responsible for preparing, reviewing and editing this report. Appreciation also is extended to the Mayor, City Council, City Administrator, and other City staff for contributing to sound financial planning and economic restraint throughout the year.

Respectfully submitted,



Dan Estes
Assistant City Administrator/Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Liberty
Missouri

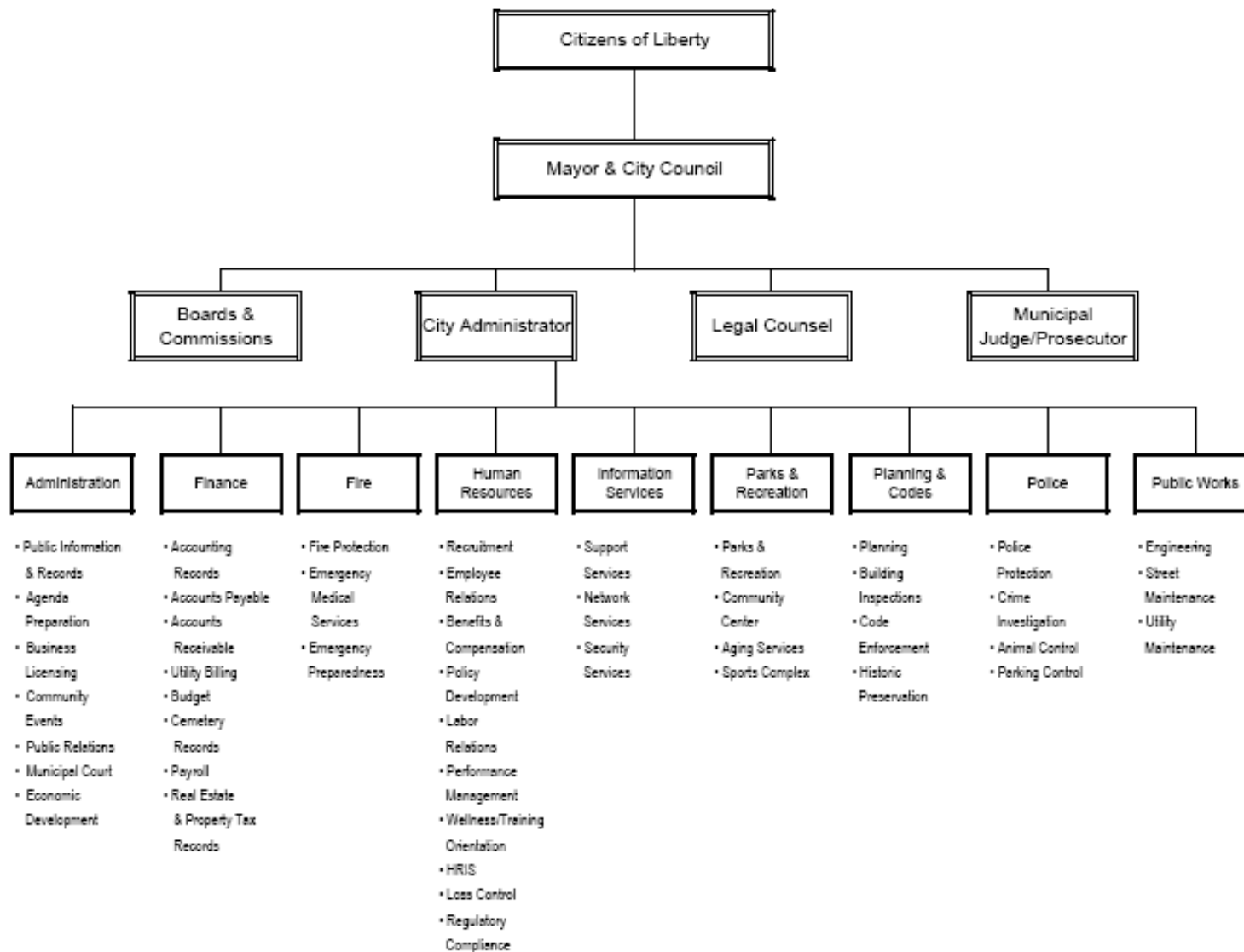
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.



President

Executive Director



CITY OF LIBERTY, MISSOURI

LIST OF PRINCIPAL OFFICIALS

Elected Officials

Title	Name
Mayor	Greg Canuteson
Council Member, First Ward	Paul M. Jenness
Council Member, First Ward	Harold A. Phillips
Council Member, Second Ward	Greg Duncan
Council Member, Second Ward	Jeff Moore
Council Member, Third Ward	Lyndell W. Brenton
Council Member, Third Ward	Jeff Watt
Council Member, Fourth Ward	Fred Foster
Council Member, Fourth Ward	S. Nick King

Appointed Officials

Municipal Court Judge	Thomas C. Capps
Municipal Prosecutor	Thomas C. McGiffin
City Administrator	Curtis C. Wenson
Assistant City Administrator/Finance Director	Dan Estes
Deputy City Clerk	Janet Pittman
Fire Chief	Gary W. Birch
Human Resources Director	Amy Brusven
Informational Services Director	Tony Sage
Parks and Recreation Director	Dennis Dovel
Police Chief	Craig L. Knouse
Public Works Director	Steven P. Hansen
Development Director	Steve W. Anderson

Financial Section



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& Business Consultants

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Independent Auditors' Report

The Honorable Mayor and Members of the
City Council of City of Liberty, Missouri
Liberty, Missouri

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 27, 2011 on our consideration of the City's internal control over financial reporting and 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, budgetary comparison information and the schedules of funding progress, as listed in the table of contents, 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 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 combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, for the year ended December 31, 2010, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

RubinBrown LLP

Overland Park, Kansas
June 27, 2011

Management's Discussion And Analysis

CITY OF LIBERTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

We offer those interested in the financial statements for the City of Liberty, Missouri (the City) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$76,211,137 (net assets). Of the assets that may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net assets), the City had a deficit amount of \$15,979,842. This is predominately due to the recording of certain Tax Incremental Financing (TIF) debt obligations in which the City must record the debt liability, but has no offsetting assets.
- The City's total net assets decreased by \$3,055,633. Of this amount, a negative \$4,060,927 was from the City's "governmental activities" and a positive \$1,005,294 was from the "business-type activities".
- As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,840,145; an increase of \$206,360 in comparison with the prior year.
- Approximately \$8,360,327 (61%) of the combined governmental fund balances of \$13,840,145 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$2,497,862 or 16.3% percent of total General Fund expenditures.
- The City had debt service retirements totaling \$8,399,831 during the current fiscal year. Total debt service increased by \$235,855 (.005%) in 2010 in all categories of City held debt due to the issuance of TIF bonds and refinancing of Special Obligation bonds.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net assets and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both government and business type activities are included in this analysis of government-wide financial statements.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, cemetery maintenance, and community development and improvement. The business-type activities of the City include water, sewer and sanitation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity, the Liberty Missouri Public Facilities Authority (PFA), for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. The PFA, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included because of its significant operational or financial relationship with the City.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a total of 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks Fund, Capital Sales Tax Fund, Transportation Sales Tax Fund and Liberty TIF Fund, all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains three enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund as these are considered to be major funds of the City. Data from the other enterprise fund, the Sanitation Fund, is in a single presentation as it is the only non-major fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund: Agency Fund.

Notes To Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary comparison schedules.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$76,211,137 at the close of the fiscal year ended December 31, 2010. The following table reflects a condensed statement of net assets.

Net Assets

	Governmental Activities 2010	Business-Type Activities 2010	Total 2010	Governmental Activities 2009	Business-Type Activities 2009	Total 2009
Current assets	\$ 15,941,555	\$ 3,553,262	\$ 19,494,817	\$ 14,492,510	\$ 2,698,235	\$ 17,190,745
Noncurrent assets	56,255,597	63,338,278	119,593,875	59,688,989	65,019,273	124,708,262
Total Assets	72,197,152	66,891,540	139,088,692	74,181,499	67,717,508	141,899,007
Current liabilities	10,828,205	3,048,034	13,876,239	12,801,844	2,976,226	15,778,070
Noncurrent liabilities	30,038,514	18,962,802	49,001,316	25,988,283	20,865,872	46,854,155
Total Liabilities	40,866,719	22,010,836	62,877,555	38,790,127	23,842,098	62,632,225
Net assets:						
Invested in capital assets, net of related debt	39,600,922	39,560,719	79,161,641	37,716,660	39,436,429	77,153,089
Restricted	6,656,505	6,372,833	13,029,338	6,603,720	6,511,688	13,115,408
Unrestricted	(14,926,994)	(1,052,848)	(15,979,842)	(8,929,008)	(2,072,707)	(11,001,715)
Total Net Assets	\$ 31,330,433	\$ 44,880,704	\$ 76,211,137	\$ 35,391,372	\$ 43,875,410	\$ 79,266,782

At the end of the current and prior fiscal years, the City is able to report a positive balance in the sum of all three categories of net assets for the government as a whole. There was one fund, the PFA Construction Fund, which did not have a positive balance in net assets due to a current, temporary loan from the General Fund. The PFA Construction Fund is a capital fund used to construct the Sports Complex. This fund makes a yearly payment to the General Fund until the loan is paid in full.

The City's combined net assets decreased from \$79.3 million to \$76.2 million as a result of an increase in expenditures. An additional portion of the City's net assets of \$13.0 million or 16.5% represents resources that are subject to external restrictions on how they may be used. The total unrestricted net assets resulted in a deficit of \$15.9 million (-21%). This is predominately due to the recording of certain Tax Incremental Financing (TIF) debt obligations in which the City must record the debt liability, but has no offsetting assets.

By far, the largest portion of the City's net assets, \$79,161,641 (1.03%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (Continued)

The City's \$76.2 million in net assets is comprised of \$79.1 million invested in capital assets, net of related debt; \$13.0 million in restricted assets to be used for capital projects, debt service and other purposes; and a deficit of \$15.9 million in unrestricted net assets. Total net assets decreased \$3.0 million or 3.8% during the current fiscal year.

The following table reflects the changes in net assets of the City's activities for the years ending December 31, 2010 and 2009:

City of Liberty's Changes In Net Assets

	Governmental Activities 2010	Business-Type Activities 2010	Total 2010	Governmental Activities 2009	Business-Type Activities 2009	Total 2009
Revenues:						
Program revenues:						
Charges for services	\$ 5,563,585	\$ 11,601,497	\$ 17,165,082	\$ 6,636,006	\$ 10,231,035	\$ 16,867,041
Operating grants and contributions	359,560	—	359,560	414,473	—	414,473
Capital grants and contributions	2,069,324	68,998	2,138,322	2,452,265	474,814	2,927,079
General revenues:						
Property taxes	6,177,644	—	6,177,644	5,497,483	—	5,497,483
Franchise taxes	4,385,343	—	4,385,343	3,844,459	—	3,844,459
Sales taxes	8,446,974	—	8,446,974	7,995,060	—	7,995,060
Other taxes	1,235,186	—	1,235,186	1,362,775	—	1,362,775
Investment earnings	59,471	190,170	249,641	157,135	244,619	401,754
Other	725,288	—	725,288	590,848	—	590,848
Total Revenues	29,022,375	11,860,665	40,883,040	28,950,504	10,950,468	39,900,972
Expenses:						
General government	4,098,088	—	4,098,088	3,315,775	—	3,315,775
Community development and improvement	6,213,788	—	6,213,788	1,335,337	—	1,335,337
Public works	6,381,711	—	6,381,711	3,541,594	—	3,541,594
Culture and recreation	5,846,413	—	5,846,413	6,584,138	—	6,584,138
Cemetery maintenance	31,920	—	31,920	40,370	—	40,370
Public safety	8,755,802	—	8,755,802	8,654,817	—	8,654,817
Interest on long-term debt	1,755,580	—	1,755,580	1,535,865	—	1,535,865
Water	—	4,084,298	4,084,298	—	3,887,962	3,887,962
Sewer	—	5,530,579	5,530,579	—	5,314,243	5,314,243
Sanitation	—	1,240,494	1,240,494	—	1,437,803	1,437,803
Total Expenses	33,083,302	10,855,371	43,938,673	25,007,896	10,640,008	35,647,904
Increase In Net Assets Before Transfers	(4,060,927)	1,005,294	(3,055,633)	3,942,608	310,460	4,253,068
Transfers	—	—	—	(676,467)	676,467	—
Increase In Net Assets	(4,060,927)	1,005,294	(3,055,633)	3,266,141	986,927	4,253,068
Net assets, beginning	35,391,360	43,875,410	79,266,770	32,125,231	42,888,483	75,013,714
Net assets, ending	\$ 31,330,433	\$ 44,880,704	\$ 76,211,137	\$ 35,391,372	\$ 43,875,410	\$ 79,266,782

CITY OF LIBERTY, MISSOURI

Management’s Discussion and Analysis (*Continued*)

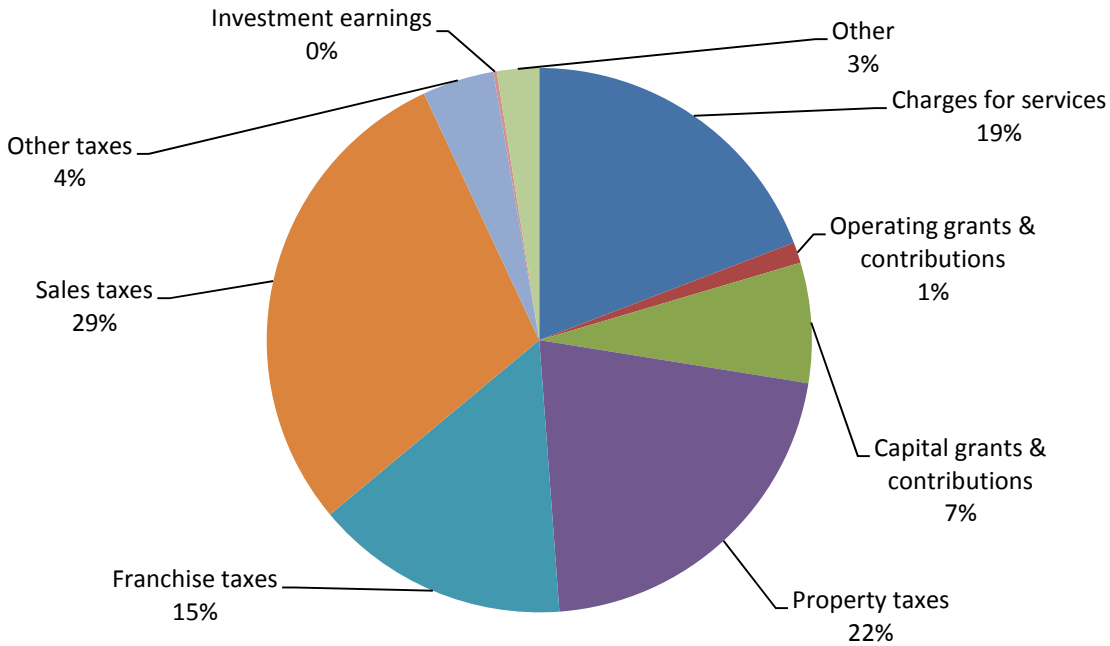
Governmental Activities

Governmental activities decreased the City’s net assets by \$4,060,927 thereby accounting for 132% of the total decrease in the net assets of the City. Although governmental assets decreased, there were several revenue items that contributed a slight increase in revenue. Property taxes totaled \$6.1 million which was an increase of approximately \$681,000 over the prior year. This growth was a direct result of stable real estate valuations in the City.

Additionally, the City saw a growth in franchise fees 14.1% and sales taxes 5.7%, but a decline of 16.2 % in charges for services offset the increased revenues. The decline in charges for services was due to some one-time revenues received in 2009. The increase in franchise fee is the result of electrical company rate increases and a warm summer. Retail sales are showing stabilization and improvement due to new businesses opening in 2010.

Governmental activities expenses increased \$8 million or 32% for the fiscal year 2010 when compared to fiscal year 2009. The increase was due to reimbursements for TIF development of \$4.8 million in the community development and improvement category and \$2.8 million in expenditures for a sewer rehabilitation project in the public works category.

The following table reflects the revenues by source for the City’s governmental activities for the year ended December 31, 2010.



CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (Continued)

Total governmental activities' revenue for the fiscal year was \$29,022,375. The largest single revenue source for the City was sales taxes of \$8,446,974 (29%). Sales taxes increased by \$451,914 (5.65%) from 2009. The increase was due to several factors. First and foremost was an increase in motor vehicle sales in the area. Other increases in sales included building improvement businesses, domestic utilities sales, and the addition of new businesses in the TIF districts.

Franchise fees account for 15% of the governmental activities' revenue and increased \$540,884 (14%) over 2009 receipts. The reason for this increase was due to increased sales for domestic utilities caused by increased rates and inclement weather.

The 2010 General Fund budget did not include fee increases. Revenue received from charges for services decreased by \$1,072,421. This revenue decreased because some one-time charges were paid in 2009 from the Shoal Creek TIF.

Operating grants, capital grants and contributions decreased by \$437,854 compared to the prior year. This was due to no capital contributions in 2010.

Certain revenues are generated that are specific to governmental program activities (operating grants and contributions). These totaled \$359,560 in 2010 and \$414,473 in 2009; a decrease of \$54,913.

The following table shows expenditures and program revenues of the governmental activities for the years ended December 31, 2010 and 2009:

Net Cost Of Governmental Activities

	Total Cost Of Service		Net Cost Of Service	
	2010	2009	2010	2009
General government	\$ 4,098,088	\$ 3,315,775	\$ (3,675,932)	\$ (2,806,794)
Community development and improvement	6,213,788	1,335,337	(6,213,788)	(1,335,337)
Public works	6,381,711	3,541,594	(3,977,525)	211,491
Culture and recreation	5,846,413	6,584,138	(2,299,264)	(3,048,747)
Cemetery maintenance	31,920	40,370	(3,569)	(2,971)
Public safety	8,755,802	8,654,817	(7,165,175)	(6,986,929)
Interest on long-term debt	1,755,580	1,535,865	(1,755,580)	(1,535,865)
Total	\$ 33,083,302	\$ 25,007,896	\$ (25,090,833)	\$ (15,505,152)

Expenditures from governmental activities totaled \$33,083,302; however, net costs of these services were \$25,090,833. The difference of \$7.9 million represents direct revenues received from charges for services (\$5.6 million), operating grants and contributions (\$0.3 million), and capital grants and contributions (\$2.0 million). Taxes and other revenues of \$21.0 million were collected to cover these net costs.

CITY OF LIBERTY, MISSOURI

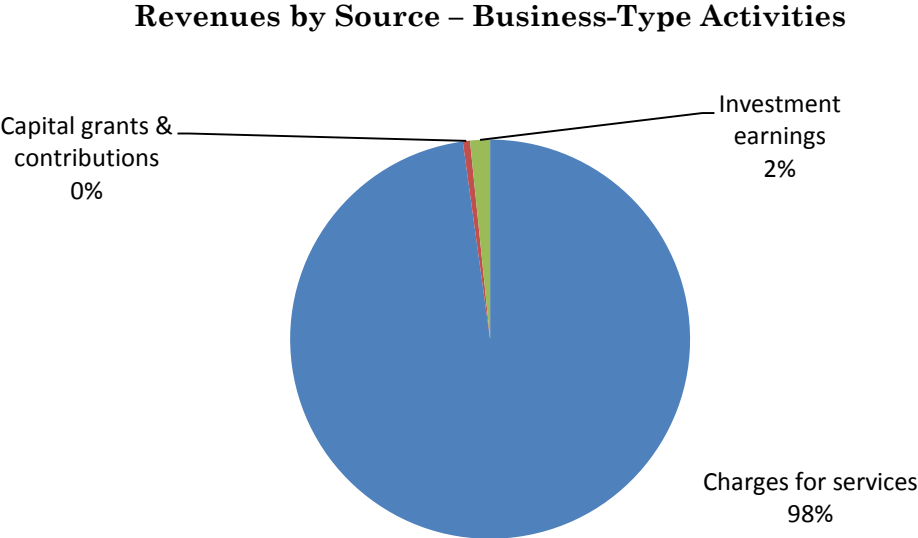
Management’s Discussion and Analysis (*Continued*)

Business-Type Activities

Business-type activities increased the city’s net assets by \$1,005,294, which improved the decline in the government’s net assets. Key elements of this increase are as follows:

- The Water Fund recorded an increase of \$605,670 (2.3%) in net assets for the year. Revenues from user fees increased 16% with a City implemented 12.5% water rate increase at the beginning of the year and a 3% increase in water usage from consumers. Operating expenses increased 6.9% over 2009 expenses, due to increased water plant operation costs and some water tower and well field maintenance costs. The Water Fund’s operating income was \$966,892 in 2010, a 156% increase over operating income of \$378,349 in 2009.
- The Sewer Fund recorded an increase of \$349,073 (1.9%) in net assets for the year. Compared to the previous year, this was an increase of \$750,346 (15.2%) in charges for services and was due primarily to a 18% customer rate increase implemented at the beginning of the year. Expenses increased \$332,807 or 7%. Although the City strived to keep expenses down in this fund, costs for sewer treatment supplied by Kansas City, Missouri increased 9.7% in the fiscal year. Operating income at December 31, 2010 was \$640,922 which is a 187% increase over the \$223,383 operating income in 2009.
- The Sanitation Fund recorded an increase in net assets of \$50,551 for the year. Revenues of \$1,289,414 decreased over the 2009 revenues of \$1,427,468. Expenses for 2010 decreased \$197,309 or 13.7% over expenses for 2009. The decrease in both revenue and expenses was due to a reduced new contract for sanitation services.

The following table reflects the revenues by source for the City’s business-type activities for the year ended December 31, 2010:



CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Total business-type activities' revenue for fiscal year 2010 was \$11,860,665 with charges for services (98%) being the major revenue source. All revenue, with the exception of \$190,170 received from investment earnings, was generated for specific business-type activity expenses. In the previous year, revenue for business-type activities was \$10,950,468 with all but \$244,619 generated for specific business-type activity expenses. This increase was due to rate adjustments. The total revenue increased by \$910,197 and total expenses increased by \$215,363 as compared to 2009.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2010, the City's governmental funds reported combined ending fund balances of \$13,840,145, an increase of \$206,360 from the previous year. Approximately 60.4% of this total amount (\$8,360,327) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$815,416); 2) to pay debt service (\$3,283,546); and 3) for a variety of other purposes (\$1,380,856).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,497,862, while total fund balance was \$3,187,268. This represents an increase of \$721,065 over the previous fiscal year fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.3% of total General Fund expenditures, while total fund balance represents 20.8% of total General Fund expenditures.

The City recognizes the need for a fund balance that can adequately absorb any downturn in economic events to avoid changes and reductions in service levels. The City has a fiscal policy that calls for an annual review of fund balance. While a fund balance of at least 15% of annual expenditures is desirable, other financial circumstances may cause the rate to vary.

The Park Fund had a fund balance of \$18,719 at December 31, 2010. This represents an increase of \$335,736 over the previous year fund balance. The increase was due to a reduction in expenditures of 19.3%. Expenditures were higher in 2009 due to the replacement of the roof and HVAC unit at the Community Center.

The Capital Sales Tax Fund balance was \$4,194,921 at the 2010 fiscal year end; a decrease of \$919,483 over fiscal year 2009. This decrease was due to an increase of capital projects which included the sewer rehabilitation grant.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The Transportation Sales Tax Fund, the primary source for large road infrastructure projects, recorded an ending fund balance of \$903,829; an increase of \$320,119 from the previous year's ending balance. Although revenues for 2010 totaled \$1,925,341 or 25.7% higher than 2009, the general fund made a one-time transfer of funds to cover expenditures. The major expenditure for this fund is the payback of general obligation bonds for the construction of South Liberty Parkway Phase I. The transportation sales tax is the primary revenue source for this fund. In November of 2008, citizens voted to increase the transportation sales tax from a quarter-cent to a half-cent.

The Liberty TIF Fund has a fund balance of \$3,722,698 at year end 2010 which is a decline (6.2%) from the 2009 balance of \$3,969,808. Revenues increased to \$2,075,623 from 2009 revenues of \$1,332,862. This is due primarily to additions of new businesses in the Triangle and Blue Jay Crossing TIF areas. It is anticipated that the fund balance will vary from year to year depending on revenue inflows and developer reimbursements.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year were \$1,083,642; those for the Sewer Fund were a deficit of \$2,429,772; and those for the Sanitation Fund were \$293,282. The total growth in net assets over 2009 was \$605,670 for the Water Fund, \$349,073 for the Sewer Fund, and \$50,551 for the Sanitation Fund.

In 2009, the City engaged a consulting firm to review the Water and Sewer Funds. The consulting firm together with the City Council Budget Committee, worked with staff on fiscal matters concerning the Water and Sewer Funds. Over the past three years the Water and Sewer Funds have not met bond requirements which have put demands on the General Fund that could, if not addressed, impair future general governmental activities. It is understood by Council and staff that a five-step action program would be implemented over this and the next four years to correct problems. The steps include:

1. Achieve 100% bond coverage
2. Secure funding for infrastructure rehabilitation backlog
3. Comply with 120% bond covenant requirement
4. Implement depreciation component in rates for needed repairs
5. Maintain 45-day reserve balance for emergencies

This step approach will require a multi-year commitment by the City. Focus will be on setting appropriate user rates and finding operating efficiencies to reduce expenses.

The output of this multi-year commitment has been positive as shown in the improvement of net assets. In addition and as indicated in the accompanying footnotes, the City is able to report that required bond coverage levels were met in 2010.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and the final amended budget can be summarized as follows:

The final expenditure budget for the General Fund was \$15,586,894; an increase from the original budget of \$14,949,771. Differences are mainly due to the booking of lease-purchase transactions during 2010. Expenditures in total were \$264,723 or 1.7% under final budget. The public works category was over budget by 9.5% or \$199,537 due to increased costs in electric bills and storm water improvements.

Actual revenue for the General Fund was \$15,144,184 which is over the budgeted amount of \$14,180,326 by 6.8% or \$963,858. Revenue from taxes was 10.3% or \$1,119,025 over the budgeted amount of \$10,889,800. This is due to increases in sales tax revenues and franchise fees. Charges for services are under budget by 7.8% or \$148,047 caused by a reduction in net ambulance billing revenues and some of the permitting fees. In addition, the City received a one-time payment of \$560,845 in cellular franchise fees that had been paid under protest, but was settled in 2010 on a statewide basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$107,199,521 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and systems, improvements, vehicles, machinery and equipment, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was 3.3% (a 4.2% decrease for governmental activities and a 2.4% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following acquisitions:

- New phone system citywide totaling \$284,551
- Ambulance for fire services totaling \$138,023
- Access bus for senior service totaling \$50,478
- Nashua water tower improvements totaling \$139,356

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (Continued)

City of Liberty's Capital Assets

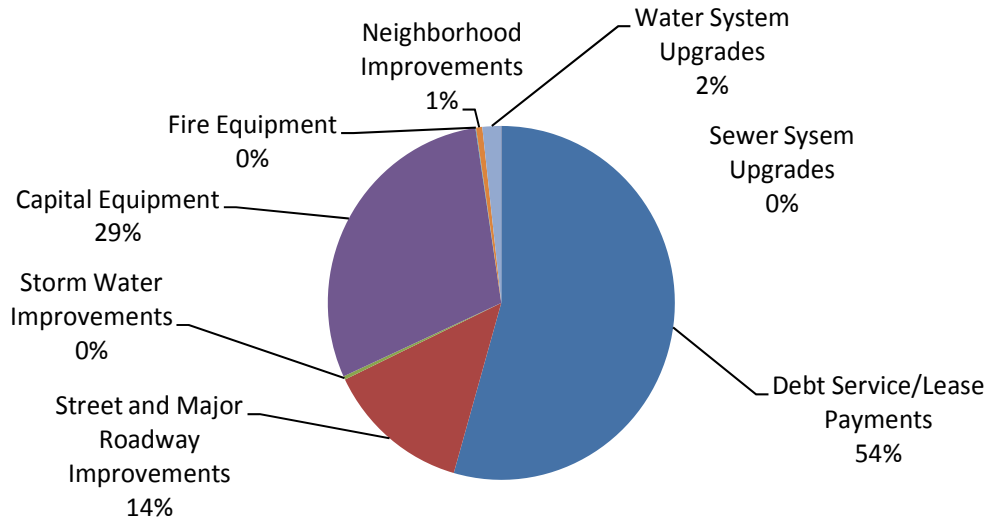
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,886,906	\$ 1,886,906	\$ 840,677	\$ 840,677	\$ 2,727,583	\$ 2,727,583
Construction-in-progress	3,868,794	6,135,678	309,111	6,881,738	4,177,905	13,017,416
Buildings and system	13,082,919	13,076,708	10,217,073	10,217,073	23,299,992	23,293,781
Vehicles	3,747,036	3,558,535	1,305,953	1,305,953	5,052,989	4,864,488
Improvements other than buildings	9,973,801	9,958,639	194,143	194,143	10,167,944	10,152,782
Machinery and equipment	8,581,082	8,664,575	9,260,524	9,042,811	17,841,606	17,707,386
Infrastructure	34,901,075	32,202,085	57,787,195	51,273,650	92,688,270	83,475,735
Accumulated depreciation	(25,444,110)	(22,689,405)	(23,312,658)	(21,717,546)	(48,756,768)	(44,406,951)
Total	\$ 50,597,503	\$ 52,793,721	\$ 56,602,018	\$ 58,038,499	\$ 107,199,521	\$ 110,832,220

These capital assets are funded by traditional bond financing, impact fees, and user charges. Additional information on the City's capital assets can be found in Note 3 of this report.

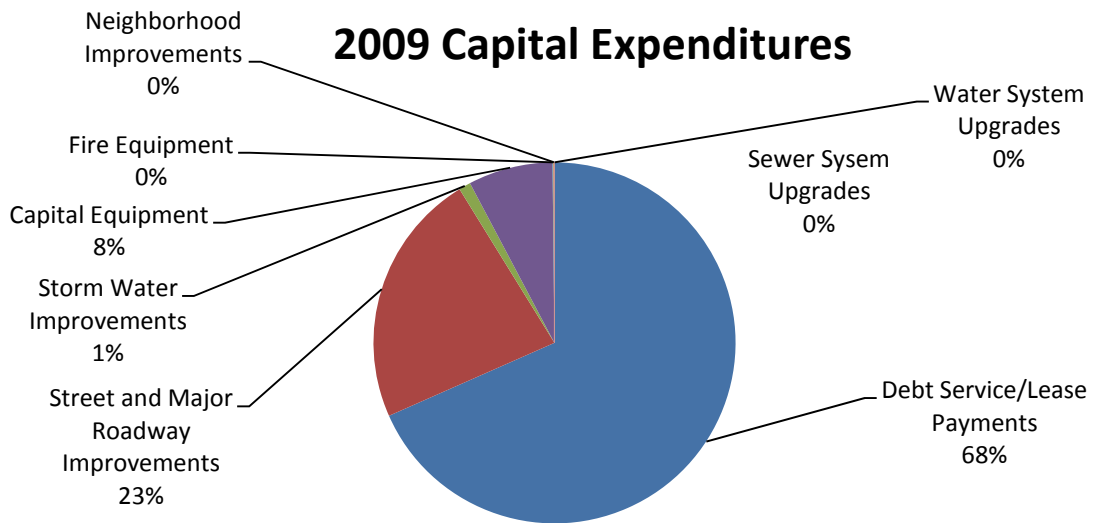
Other major capital asset expenditures during 2010 and 2009 include:

Function/Program	2010	2009
Debt Service/Lease Payments	\$ 5,675,615	\$ 5,292,048
Street and Major Roadway Improvements	1,401,422	1,765,991
Storm Water Improvements	33,456	81,846
Capital Equipment	3,068,026	585,419
Fire Equipment	5,750	5,610
Neighborhood Improvements	60,101	8,274
Water System Upgrades	182,431	-
Sewer Sysem Upgrades	1,234	-
	\$ 10,428,035	\$ 7,739,188

2010 Capital Expenditures



2009 Capital Expenditures



Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$52,281,286. Of this amount, \$8,085,000 comprises debt backed by the full faith and credit of the government. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (Continued)

City of Liberty's Outstanding Debt, General Obligation And Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Special assessment						
bonds	\$ 2,685,000	\$ 2,440,000	\$ —	\$ —	\$ 2,685,000	\$ 2,440,000
Capital leases	375,355	147,641	—	—	375,355	147,641
General obligation						
bonds	8,085,000	9,530,000	—	—	8,085,000	9,530,000
TIF bonds	18,305,000	14,570,000	—	—	18,305,000	14,570,000
MDNR loan payable	74,890	84,249	—	—	74,890	84,249
SRF bonds	—	—	5,320,000	5,545,000	5,320,000	5,545,000
SRF note payable	—	—	3,831,041	3,988,541	3,831,041	3,988,541
Revenue bonds	2,120,000	2,855,000	11,485,000	12,885,000	13,605,000	15,740,000
Total	\$ 31,645,245	\$ 29,626,890	\$ 20,636,041	\$ 22,418,541	\$ 52,281,286	\$ 52,045,431

The City's total debt increased by \$235,855 (.4%) during the current fiscal year. The City issued new debt in fiscal year 2010 consisting of special obligation bonds to refinance the Clay County Health Center relocation and TIF revenue bonds for Roger's Plaza Project. Additional information on the City's long-term debt can be found in Note 4 of this report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Based on 2010 end-of-year activity, it is anticipated the City will see its core General Fund revenues increase in 2011 although combined revenues will decrease. Combined revenues for fiscal year 2011 are projected to total \$15.1 million inclusive of transfers in. This represents a decrease of \$900,000 or 5.6% over prior year results of \$16.0 million, also inclusive of transfers in. The City is expected to experience an increase in sales tax activity, partially offset by reduced fees for services and flat real estate/property tax revenues. Year 2011 will see a decline in transfers from the Fire Sales Tax Fund in the amount of \$415,000. The decline in the 2011 transfer is due to the retention of resources in the Fire Sales Tax Fund to allow for capital equipment and building maintenance and will not have an impact on any fire department staffing levels within the General Fund. In addition, the receipt of telecom settlement charges of \$564,000 shown in 2010 will not repeat itself in future years.

General Fund expenditures are projected to total \$15.1 million compared to the 2010 close-out of \$15.6 million. This represents a 3.9% decrease. Employee salary and fringe benefit costs are budgeted approximately \$295,866 higher at \$11.1 million when compared to the 2010 close-out of \$10.8 million. This is due to a 1% increase in LAGERS, the City retirement program, along with two IT positions and two Police positions being added back into the budget. All other vacant positions were held open in 2011. Fixed operating expenses increased 6.9% in the 2011 budget due to increases for fuel, election costs, and City utilities such as gas and electricity. Capital expenditures decreased 58.7% in the General Fund due to Public Works equipment being funded from the Capital Sales Tax Fund.

Based on programmed actions for 2011, the City anticipates a balanced General Fund budget, with undesignated, unreserved fund balance being maintained at 2010 levels. The City will continue to react to ongoing changes in the local economy and respond accordingly.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

A substantial amount of work and review underpins the 2011 Water and Sewer budgets. The City Council decided in 2010 that it was appropriate to secure advice and guidance from knowledgeable Liberty residents in the form of a taskforce. The taskforce met for a 12-week period and offered recommendations to the City Council. Some of the recommendations accepted by council were to address aging water meters, repair and replace existing infrastructure, and take over water treatment operations of the water plant. Based on recommended action items from the taskforce, the Budget Committee did not believe it was prudent at the time to implement any rate adjustments. Many revenue/cost unknowns needed to have a better definition prior to the issuance of 2011 rate recommendations. Additional conversations on certain Water capital and operating expenses will be further discussed in January 2011 and at that time water rate adjustments will be addressed. As to the Sewer Fund, it is hoped that some unknowns relative to Kansas City, Missouri sewer treatment charges will be more clearly defined during the first quarter of 2011. The Budget Committee will address possible rate adjustments for the Sewer Fund in April/May 2011.

The 2011 Park Department budget was developed with no expansion of services in mind. Although property tax and sales tax receipts have stayed relatively stagnant, program and membership fees are experiencing a minor decline. The department has been able to continue to streamline operation expenses to maintain a balanced budget. The Parks and Recreation Department's 2011 proposed budget reflects a 1.9% decrease in revenue and a .7% decrease in expenses with no fee increases.

All of these factors were considered in preparing the City's budget for the 2011 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Dan Estes, Assistant City Administrator/Finance Director, City of Liberty, P.O. Box 159, Liberty, Missouri 64069.

Basic Financial Statements

CITY OF LIBERTY, MISSOURI

STATEMENT OF NET ASSETS

Page 1 Of 2

December 31, 2010

	Governmental Activities	Business-Type Activity	Total
Assets			
Current Assets			
Cash and investments	\$ 10,849,644	\$ 1,687,229	\$ 12,536,873
Receivables:			
Taxes	3,229,424	—	3,229,424
Special assessments	—	17,130	17,130
Accounts	778,099	1,639,425	2,417,524
Accrued interest	17,009	6,610	23,619
Due from other governments	267,139	—	267,139
Inventory	21,974	128,424	150,398
Prepaid expenses	538,606	74,444	613,050
Restricted assets:			
Cash and investments	238,768	—	238,768
Accrued interest	892	—	892
Total Current Assets	15,941,555	3,553,262	19,494,817
Noncurrent Assets			
Restricted assets:			
Cash and investments	4,691,711	6,372,833	11,064,544
Special assessment receivable	204,515	—	204,515
Bond issuance costs	462,752	282,943	745,695
Bond discounts and deferral on refunding	299,116	80,484	379,600
Capital assets:			
Nondepreciable:			
Land	1,886,906	840,677	2,727,583
Construction in progress	3,868,794	309,111	4,177,905
Depreciable:			
Buildings and system	13,082,919	10,217,073	23,299,992
Improvements other than buildings	9,973,801	194,143	10,167,944
Vehicles	3,747,036	1,305,953	5,052,989
Machinery and equipment	8,581,082	9,260,524	17,841,606
Infrastructure	34,901,075	57,787,195	92,688,270
Less: Accumulated depreciation	(25,444,110)	(23,312,658)	(48,756,768)
Total Noncurrent Assets	56,255,597	63,338,278	119,593,875
Total Assets	72,197,152	66,891,540	139,088,692

CITY OF LIBERTY, MISSOURI

STATEMENT OF NET ASSETS

Page 2 Of 2

December 31, 2010

	Governmental Activities	Business-Type Activity	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 1,328,669	\$ 742,737	\$ 2,071,406
Deposits	125,929	—	125,929
Compensated absences	472,912	19,705	492,617
Accrued interest payable	519,547	281,537	801,084
Unearned revenue	5,338,523	144,919	5,483,442
Current maturities of capital leases	127,949	—	127,949
Current maturities of long-term debt	2,905,000	1,859,136	4,764,136
MDNR loan payable	9,676	—	9,676
Total Current Liabilities	10,828,205	3,048,034	13,876,239
Noncurrent Liabilities			
Bond premium	280,452	147,647	428,099
Compensated absences	918,005	38,250	956,255
Net pension obligation	109,037	—	109,037
Other post employment benefits	128,400	—	128,400
Capital lease obligation	247,406	—	247,406
Special assessment bonds	210,000	—	210,000
Special obligation bonds	2,395,000	—	2,395,000
General obligation bonds	6,500,000	—	6,500,000
Leasehold revenue bonds	1,345,000	—	1,345,000
TIF bonds	17,840,000	—	17,840,000
MDNR loan payable	65,214	—	65,214
SRF note payable	—	3,661,905	3,661,905
SRF bonds	—	5,085,000	5,085,000
Revenue bonds payable	—	10,030,000	10,030,000
Total Noncurrent Liabilities	30,038,514	18,962,802	49,001,316
Total Liabilities	40,866,719	22,010,836	62,877,555
Net Assets			
Invested in capital assets, net of related debt	39,600,922	39,560,719	79,161,641
Restricted for:			
Expendable:			
Debt service	3,283,546	6,282,288	9,565,834
Capital improvements	384,427	—	384,427
Parks	246,443	—	246,443
TIF projects	1,311,856	—	1,311,856
Transportation	903,829	—	903,829
Fire	115,743	—	115,743
Kansas City sewer line	—	90,545	90,545
Nonexpendable:			
Cemetary trust corpus	410,661	—	410,661
Unrestricted	(14,926,994)	(1,052,848)	(15,979,842)
Total Net Assets	\$ 31,330,433	\$ 44,880,704	\$ 76,211,137

CITY OF LIBERTY, MISSOURI
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services And Sales	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 4,098,088	\$ 416,234	\$ 5,922	\$ —	\$ (3,675,932)	\$ —	\$ (3,675,932)
Community development and improvement	6,213,788	—	—	—	(6,213,788)	—	(6,213,788)
Public works	6,381,711	101,212	233,650	2,069,324	(3,977,525)	—	(3,977,525)
Culture and recreation	5,846,413	3,445,210	101,939	—	(2,299,264)	—	(2,299,264)
Cemetery maintenance	31,920	28,351	—	—	(3,569)	—	(3,569)
Public safety	8,755,802	1,572,578	18,049	—	(7,165,175)	—	(7,165,175)
Interest on long-term debt	1,755,580	—	—	—	(1,755,580)	—	(1,755,580)
Total Governmental Activities	33,083,302	5,563,585	359,560	2,069,324	(25,090,833)	—	(25,090,833)
Business-Type Activities							
Water	4,084,298	4,609,913	—	68,998	—	594,613	594,613
Sewer	5,530,579	5,702,170	—	—	—	171,591	171,591
Sanitation	1,240,494	1,289,414	—	—	—	48,920	48,920
Total Business-Type Activities	10,855,371	11,601,497	—	68,998	—	815,124	815,124
Total Primary Government	\$ 43,938,673	\$ 17,165,082	\$ 359,560	\$ 2,138,322	(25,090,833)	815,124	(24,275,709)
General Revenues:							
Taxes:							
Property tax					6,177,644	—	6,177,644
Franchise taxes					4,385,343	—	4,385,343
Sales taxes					8,446,974	—	8,446,974
Other taxes					1,235,186	—	1,235,186
Investment income					59,471	190,170	249,641
Miscellaneous					725,288	—	725,288
Total General Revenues And Transfers					21,029,906	190,170	21,220,076
Change In Net Assets					(4,060,927)	1,005,294	(3,055,633)
Net Assets - Beginning Of Year					35,391,360	43,875,410	79,266,770
Net Assets - End Of Year					\$ 31,330,433	\$ 44,880,704	\$ 76,211,137

CITY OF LIBERTY, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2010

	General	Parks	Capital Sales Tax	Transportation Sales Tax	Liberty TIF	Nonmajor Governmental Funds	Total
Assets							
Cash and investments	\$ 4,376,195	\$ 1,281,802	\$ 3,375,788	\$ 625,281	\$ 545,118	\$ 645,460	\$ 10,849,644
Receivables, net of allowance for uncollectibles:							
Taxes	2,187,280	115,581	288,584	288,653	60,742	288,584	3,229,424
Accounts	496,815	9,697	233,279	—	477	37,831	778,099
Special assessment	—	—	—	—	—	204,515	204,515
Accrued interest	7,089	1,997	5,647	178	830	1,268	17,009
Due from other funds	342,249	54	595,000	—	—	669	937,972
Due from other governments	230,326	36,338	475	—	—	—	267,139
Inventory	21,974	—	—	—	—	—	21,974
Prepaid items	387,923	46,100	104,583	—	—	—	538,606
Restricted assets:							
Cash and investments	—	—	383,742	—	3,491,796	66,348	3,941,886
Investments	—	—	—	—	—	988,593	988,593
Accrued interest	—	—	685	4	—	203	892
Total Assets	\$ 8,049,851	\$ 1,491,569	\$ 4,987,783	\$ 914,116	\$ 4,098,963	\$ 2,233,471	\$ 21,775,753
Liabilities And Fund Balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 633,929	\$ 120,097	\$ 432,811	\$ 10,287	\$ 17,393	\$ 114,152	\$ 1,328,669
Deposits	125,929	—	—	—	—	—	125,929
Due to other funds	—	595,000	—	—	240,878	102,094	937,972
Deferred and unearned revenue	4,102,725	757,753	360,051	—	117,994	204,515	5,543,038
Total Liabilities	4,862,583	1,472,850	792,862	10,287	376,265	420,761	7,935,608
Fund Balances							
Reserved for:							
Encumbrances	279,509	—	183,088	348,008	4,811	—	815,416
Debt service	—	—	—	—	2,410,842	872,704	3,283,546
Prepaid items	387,923	46,100	104,583	—	—	—	538,606
Park development	—	—	—	—	—	8,159	8,159
Roadway development	—	—	17,029	—	—	—	17,029
Capital improvements	—	—	384,427	—	—	—	384,427
Inventory	21,974	—	—	—	—	—	21,974
Trust corpus	—	—	—	—	—	410,661	410,661
Unreserved:							
Designated for:							
Emergencies	100,000	—	—	—	—	—	100,000
Undesignated, reported in:							
General Fund	2,397,862	—	—	—	—	—	2,397,862
Special Revenue Funds	—	(27,381)	—	—	—	164,774	137,393
Capital Projects Fund	—	—	3,505,794	555,821	1,307,045	356,412	5,725,072
Total Fund Balances	3,187,268	18,719	4,194,921	903,829	3,722,698	1,812,710	13,840,145
Total Liabilities And Fund Balances	\$ 8,049,851	\$ 1,491,569	\$ 4,987,783	\$ 914,116	\$ 4,098,963	\$ 2,233,471	\$ 21,775,753

CITY OF LIBERTY, MISSOURI

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2010

Total Fund Balance - Governmental Funds \$ 13,840,145

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	1,886,906
Construction in progress	3,868,794
Buildings and system	13,082,919
Improvements other than buildings	9,973,801
Vehicles	3,747,036
Machinery and equipment	8,581,082
Infrastructure	34,901,075
Accumulated depreciation	(25,444,110)

Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are deferred in the funds 204,515

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Current:

Compensated absences	(472,912)
Accrued interest payable	(519,547)
Capital lease obligations	(127,949)
Leasehold revenue bonds	(775,000)
General obligation bonds	(1,585,000)
TIF bonds	(495,000)
MDNR loan payable	(9,676)
Special assessment bonds	(80,000)

Noncurrent:

Compensated absences	(918,005)
Net pension obligation	(109,037)
Other post employment benefits	(128,400)
Bond issuance costs	462,752
Bond discounts and deferral on refunding	299,116
Bond premium	(280,452)
Capital lease obligations	(247,406)
Leasehold revenue bonds	(1,345,000)
General obligation bonds	(6,500,000)
TIF bonds	(17,810,000)
MDNR loan payable	(65,214)
Special assessment bonds	(210,000)
Special obligation bonds	(2,395,000)

Total Net Assets - Governmental Activities \$ 31,330,433

CITY OF LIBERTY, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2010**

	General	Parks	Capital Sales Tax	Transportation Sales Tax	Liberty TIF	Nonmajor Governmental Funds	Total
Revenues							
Taxes	\$ 12,008,825	\$ 744,964	\$ 1,942,954	\$ 1,924,999	\$ 2,068,760	\$ 1,464,386	\$ 20,154,888
Intergovernmental	359,560	—	2,159,583	—	—	—	2,519,143
Charges for services	1,743,898	2,583,187	—	—	—	48,016	4,375,101
Licenses and permits	316,961	—	—	—	—	—	316,961
Investment earnings	17,341	5,195	15,862	342	6,386	14,345	59,471
Lease	—	—	—	—	—	862,023	862,023
Miscellaneous	697,599	11,540	32	—	477	93,682	803,330
Total Revenues	15,144,184	3,344,886	4,118,431	1,925,341	2,075,623	2,482,452	29,090,917
Expenditures							
Current:							
General government	3,123,013	—	51,015	—	—	12,648	3,186,676
Community development and improvement	788,443	—	—	47,339	5,069,588	—	5,905,370
Public works	2,305,295	—	3,752,039	—	8,799	—	6,066,133
Culture and recreation	237,434	3,428,829	663,601	—	—	198,640	4,528,504
Cemetery maintenance	—	—	—	—	—	31,920	31,920
Public safety	8,205,531	—	—	—	4,759	38,281	8,248,571
Capital outlay	479,978	—	438,462	51,474	—	40,053	1,009,967
Debt service:							
Principal retirement	171,691	10,640	130,000	1,445,000	1,975,000	815,000	4,547,331
Interest and fiscal charges	10,786	1,316	2,797	476,409	1,013,592	134,877	1,639,777
Bond issuance costs	—	—	—	—	229,126	—	229,126
Total Expenditures	15,322,171	3,440,785	5,037,914	2,020,222	8,300,864	1,271,419	35,393,375
Revenues Over (Under) Expenditures	(177,987)	(95,899)	(919,483)	(94,881)	(6,225,241)	1,211,033	(6,302,458)
Other Financing Sources (Uses)							
Issuance of long-term debt	—	—	—	—	8,105,000	—	8,105,000
Payments to refunding escrow agent	—	—	—	—	(2,111,400)	—	(2,111,400)
Capital lease	473,052	57,635	—	—	—	—	530,687
Bond discount	—	—	—	—	(15,469)	—	(15,469)
Transfers in	841,000	450,000	—	415,000	—	11,821	1,717,821
Transfers out	(415,000)	(76,000)	—	—	—	(1,226,821)	(1,717,821)
Total Other Financing Sources (Uses)	899,052	431,635	—	415,000	5,978,131	(1,215,000)	6,508,818
Net Change In Fund Balances	721,065	335,736	(919,483)	320,119	(247,110)	(3,967)	206,360
Fund Balances - Beginning Of Year	2,466,203	(317,017)	5,114,404	583,710	3,969,808	1,816,677	13,633,785
Fund Balances - End Of Year	\$ 3,187,268	\$ 18,719	\$ 4,194,921	\$ 903,829	\$ 3,722,698	\$ 1,812,710	\$ 13,840,145

CITY OF LIBERTY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2010

Net Change In Fund Balances - Total Governmental Funds \$ 206,360

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

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. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:

Capital outlay	1,118,307
Depreciation:	
General government	(494,370)
Public safety	(369,358)
Public works	(982,145)
Culture and recreation	(1,234,230)
Loss on disposal of capital assets	(234,422)

Special assessment revenues in the statement of activities that do not provide current financial resources are not reported in the funds (77,896)

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

Changes in compensated absences:	
General government	(5,954)
Public safety	32,688
Public works	5,300
Culture and recreation	(15,756)
Changes in net pension obligation	(109,037)
Changes in other post employment benefits	(52,400)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

Principal payments on long-term debt	4,547,331
Issuance of long-term debt	(8,105,000)
Payments to refunding escrow agent	2,111,400
Capital lease	(530,687)
Issuance costs	229,126
Bond discounts	15,469
Amortization of issuance costs and bond discounts	(99,296)
Amortization of bond premiums	53,192
Change in accrued interest	(69,549)

Change In Net Assets Of Governmental Activities \$ (4,060,927)

CITY OF LIBERTY, MISSOURI

STATEMENT OF NET ASSETS ENTERPRISE FUNDS December 31, 2010

	Water	Sewer	Sanitation (Nonmajor)	Total
Assets				
Current Assets:				
Cash and investments	\$ 530,814	\$ 798,554	\$ 357,861	\$ 1,687,229
Receivables:				
Special assessments	—	17,130	—	17,130
Accounts	556,476	998,628	84,471	1,639,575
Accrued interest	3,920	2,061	629	6,610
Inventory	123,447	4,977	—	128,424
Prepays	22,452	51,842	—	74,294
Total Current Assets	1,237,109	1,873,192	442,961	3,553,262
Noncurrent Assets:				
Restricted assets, cash and investments	1,613,124	4,759,709	—	6,372,833
Bond issuance costs	56,980	225,963	—	282,943
Bond discounts and deferral on refunding	80,484	—	—	80,484
Capital assets:				
Land	795,677	45,000	—	840,677
Construction in progress	4,009	305,102	—	309,111
Buildings and systems	9,004,014	1,213,059	—	10,217,073
Improvements other than buildings	143,116	51,027	—	194,143
Vehicles	740,420	565,533	—	1,305,953
Machinery and equipment	5,415,903	3,844,621	—	9,260,524
Infrastructure	29,825,485	27,961,710	—	57,787,195
Accumulated depreciation	(15,424,305)	(7,888,353)	—	(23,312,658)
Total Noncurrent Assets	32,254,907	31,083,371	—	63,338,278
Total Assets	33,492,016	32,956,563	442,961	66,891,540
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	109,967	483,677	149,093	742,737
Compensated absences	9,183	10,323	199	19,705
Accrued interest payable	73,472	208,065	—	281,537
Unearned revenue	—	144,919	—	144,919
Current maturities of long-term debt	1,130,000	729,136	—	1,859,136
Total Current Liabilities	1,322,622	1,576,120	149,292	3,048,034
Noncurrent Liabilities:				
Compensated absences	17,825	20,038	387	38,250
Bond premium	18,683	128,964	—	147,647
SRF note payable	—	3,661,905	—	3,661,905
SRF bonds, noncurrent portion	—	5,085,000	—	5,085,000
Revenue bonds payable, noncurrent portion	5,485,000	4,545,000	—	10,030,000
Total Noncurrent Liabilities	5,521,508	13,440,907	387	18,962,802
Total Liabilities	6,844,130	15,017,027	149,679	22,010,836
Net Assets				
Invested in capital assets, net of related debt	23,951,120	15,609,599	—	39,560,719
Restricted for:				
Debt service	1,613,124	4,669,164	—	6,282,288
Kansas City sewer line	—	90,545	—	90,545
Unrestricted	1,083,642	(2,429,772)	293,282	(1,052,848)
Total Net Assets	\$ 26,647,886	\$ 17,939,536	\$ 293,282	\$ 44,880,704

CITY OF LIBERTY, MISSOURI

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
For The Year Ended December 31, 2010**

	Water	Sewer	Sanitation (Nonmajor)	Total
Operating Revenues				
Charges for services	\$ 4,678,911	\$ 5,702,170	\$ 1,289,414	\$ 11,670,495
Operating Expenses				
Pumping and treatment	1,859,223	3,485,101	—	5,344,324
Distribution and transmission	488,838	389,224	—	878,062
General and administrative	306,545	346,472	—	653,017
Sanitation	—	—	1,240,494	1,240,494
Depreciation	924,710	707,748	—	1,632,458
Total Operating Expenses	3,712,019	5,061,248	1,240,494	10,013,761
Operating Income	966,892	640,922	48,920	1,656,734
Nonoperating Revenues (Expenses)				
Investment earnings	11,057	177,482	1,631	190,170
Interest expense	(372,279)	(469,331)	—	(841,610)
Total Nonoperating Revenues (Expenses)	(361,222)	(291,849)	1,631	(651,440)
Change In Net Assets	605,670	349,073	50,551	1,005,294
Net Assets - Beginning Of Year	26,042,216	17,590,463	242,731	43,875,410
Net Assets - End Of Year	\$ 26,647,886	\$ 17,939,536	\$ 293,282	\$ 44,880,704

CITY OF LIBERTY, MISSOURI

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For The Year Ended December 31, 2010

	Water	Sewer	Sanitation (Nonmajor)	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 4,540,769	\$ 5,639,951	\$ 1,291,163	\$ 11,471,883
Payments to suppliers	(2,353,422)	(4,024,858)	(1,248,348)	(7,626,628)
Payments to employees	(428,068)	(322,711)	(13,652)	(764,431)
Net Cash Provided By Operating Activities	1,759,279	1,292,382	29,163	3,080,824
Cash Flows From Capital And Related Financing Activities				
Purchase of capital assets	(182,430)	(13,547)	—	(195,977)
Interest payments	(339,052)	(484,581)	—	(823,633)
Principal payments on debt	(1,090,000)	(692,500)	—	(1,782,500)
Net Cash Used In Capital And Related Financing Activities	(1,611,482)	(1,190,628)	—	(2,802,110)
Cash Flows Provided By Investing Activities				
Interest and dividends received	11,409	177,676	1,632	190,717
Increase In Cash And Cash Equivalents	159,206	279,430	30,795	469,431
Cash And Cash Equivalents - Beginning Of Year	1,984,732	5,278,833	327,066	7,590,631
Cash And Cash Equivalents - End Of Year	\$ 2,143,938	\$ 5,558,263	\$ 357,861	\$ 8,060,062
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 966,892	\$ 640,922	\$ 48,920	\$ 1,656,734
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	924,710	707,748	—	1,632,458
Amortization	29,030	13,779	—	42,809
Changes in assets and liabilities:				
Receivables	(138,142)	(62,219)	1,749	(198,612)
Inventory and other prepayments	(37,003)	(11,673)	—	(48,676)
Accounts payable and accrued expenses	30,222	12,288	(22,092)	20,418
Compensated absences	(16,430)	(8,463)	586	(24,307)
Net Cash Provided By Operating Activities	\$ 1,759,279	\$ 1,292,382	\$ 29,163	\$ 3,080,824

CITY OF LIBERTY, MISSOURI

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2010**

Assets

Cash and cash equivalents	\$ 46,959
Accrued interest	59
	<hr/>
	\$ 47,018
	<hr/> <hr/>

Liabilities

Protested taxes	\$ 7,816
Due to other entities	39,202
	<hr/>
	\$ 47,018
	<hr/> <hr/>

CITY OF LIBERTY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

1. Summary Of Significant Accounting Policies

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

Nature Of Operations

The City of Liberty, Missouri (the City) was incorporated in 1829 and covers an area of approximately 29 square miles in the northeast threshold of the Kansas City region. The City is a Special Charter City that operates under the Mayor-Council-Administrator form of government. The City provides services to its residents in many areas, including law enforcement, fire protection, water and sewer services, community enrichment and development and various social services.

Reporting Entity

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards (the Codification), the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, the City is presented as a primary government and is financially accountable for the Liberty, Missouri Public Facilities Authority (PFA), a blended component unit.

Liberty, Missouri Public Facilities Authority (PFA): The PFA, a not-for-profit corporation, was incorporated under the laws of the State of Missouri. The PFA was established to acquire and construct facilities within the City of Liberty, Missouri, which are approved by the City Council for the benefit of the City and its citizens.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Board of Directors of the PFA is comprised of seven members, five of which are approved by the City Council. The Mayor and Park Board President also serve as members of the board. The activities of the PFA include the financing through issuance of bonds and the construction of various facilities. The PFA has entered into an 11-year lease, renewable annually, for Liberty's Sports Complex. The PFA also has entered into a 20-year lease, renewable annually, for the Community Center. The City has an option to buy these facilities once the bonds are retired. Financial information for the PFA is recorded in the Public Facilities Authority Fund (a debt service fund) and the PFA Construction Fund (a capital projects fund). Although it is legally separate from the City, the PFA is reported as if it were part of the primary government because its sole purpose is to finance and construct facilities for the City.

Separately issued financial statements are not prepared for the PFA. The PFA has a December 31 year-end.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated from these statements. 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 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 included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City’s major governmental funds:

General Fund: The General 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.

Parks Fund: This fund is a special revenue fund used to account for the maintenance and improvement of all City park facilities and the development and supervision of various recreation programs.

Capital Sales Tax Fund: This fund is a capital projects fund used to account for general governmental capital expenditures within the City. The City deposits 42% of the one-cent City sales tax and a ½ cent capital improvement sales tax into this fund for these projects.

Transportation Sales Tax Fund: This fund is a capital projects fund and was established in 2001 to account for the construction of new roads required by development growth. It is funded by a transportation sales tax. In November 2008, citizens voted to increase this tax from a quarter cent to a half cent which will sunset in December 2030.

Liberty TIF Fund: This fund is a capital projects fund. The Liberty TIF Fund was established to track the redevelopment of land between I-35, M-291 and 152 Hwy, I-35 and M-291 at A Hwy, and development along South Liberty Parkway. A \$7,795,000 bond was issued in late 2004 to pay for infrastructure costs of Phase One, Project A. A \$7,840,000 bond was issued in 2007 to pay for infrastructure costs for the 2007 Series Projects located in the Liberty Triangle. A \$5,710,000 bond was issued in 2010 to pay for infrastructure costs for the Roger’s Plaza Project located in the Liberty Triangle. A \$2,070,000 Special Obligation Bond was issued in 2007 for relocation of the Clay County Health Center from the Liberty Triangle. A \$2,395,000 Special Obligation Bond was issued in 2010 to refund the Clay County Health Center 2007 Series Special Obligation Bonds. The bonds will be paid from tax increment financing of increased revenue from sales tax and property tax.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Cemetery Fund: This fund is used for general maintenance of the municipal cemeteries. Revenues are derived from the sale of lots, burial permits and contributions from nonexpendable cemetery trust funds generated by investment earnings.

Police Training Fund: This fund reflects the revenue earned from the \$2 charge added to each moving violation issued by the Police Department. By law, the revenues must be used to finance the training of Police Department personnel.

Debt Service Funds: These funds are used to account for the servicing of the general long-term debt of the City.

Special Assessment Neighborhood Improvement Fund: To account for the payment of principal and interest on special assessment debt. This fund was established in 1994.

Public Facilities Authority Fund: This fund is used to account for the payment of principal and interest on leasehold revenue bonds.

Capital Projects Funds: These funds are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

Parks Capital Fund: This fund is used to account for the operating and capital needs of the parks system. It is funded by the 1/4 cent park sales tax approved by voters in August 2000.

PFA Construction Fund: This fund was established in 1999 to account for the acquisition of funds and the construction of a Sports Complex for the City. It is funded by the transfer of bond proceeds from the Public Facilities Authority Debt Service Fund.

Fire Sales Tax Fund: This fund was established in 2001 to account for the operating and capital needs of the fire department. It is funded by a 1/4 cent sales tax approved by voters in August 2000.

Cable Reserve Fund: This fund was established to maintain and purchase capital equipment for the cable system. It is funded by a pass through fee from the cable franchise holder.

Limited Capital Fund: This fund was established to account for certain capital needs of the governmental departments. It is funded from the General Fund reserves.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Permanent Funds: Are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support programs of the City.

Fairview Cemetery Trust Fund: To account for trust funds given to the City for the development and maintenance of the City's Fairview Cemetery. The principal is nonexpendable. Interest on trust funds invested is transferred to the Cemetery Fund and used for maintenance of the cemetery.

Mt. Memorial Cemetery Trust Fund: This fund is similar to the Fairview Cemetery Trust Fund, except that it is for the benefit of the City's Mt. Memorial Cemetery.

Frank Hughes Memorial Trust Fund: This fund is similar to the Cemetery Trust funds in that the principal is nonexpendable. Interest on the trust funds invested is transferred to the Parks Maintenance Fund to be used for maintenance and repairs to the Frank Hughes Library.

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with the Codification, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict the Codification or GASB pronouncements and not to apply FASB pronouncements issued subsequent to November 30, 1989.

The following are the City's major enterprise funds:

Water Fund: Accounts for the cost of production, treatment and distribution of water throughout the City. Revenues are derived from charges to customers.

Sewer Fund: Accounts for cost of collection and treatment of wastewater. Effective August 1998, the City's system was connected with the Kansas City, Missouri sewerage system. Revenues are derived from charges to customers.

The other enterprise fund of the City is considered nonmajor and is as follows:

Sanitation Fund: Accounts for administering the contractual agreements with a trash hauler for the proper collection of trash and garbage throughout the City and its disposition.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fiduciary Fund Types: Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

Agency Funds: These are used to account for assets that the City holds for others in an agency capacity. The City has the following agency funds:

Tax Escrow Fund: To account for taxes paid under protest. The monies remain in this fund until final disposition of the protest.

Preservation And Development Fund: To account for contributions received by other entities for renovations of downtown and historic districts.

Triangle CID Sales Tax Fund: To account for sales tax paid with the Community Improvement District established as a separate entity that provides payment of the TIF debt.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the following year for which they are levied. 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 the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of sales tax which is 90 days. 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.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2010 levy plus any uncollected amounts from the 2009 levy. Property taxes that are not available for current year operations are shown as deferred revenue. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each September 1 on the assessed value as of the prior January 1. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid.

Taxes receivable represent property, sales and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes.

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

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash And Investments

The City maintains a cash and investment pool to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

Statement Of Cash Flows

For purposes of the statement of cash flows for proprietary funds, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Accounts Receivable And Unbilled Usage

Accounts receivable and unbilled usage results primarily from miscellaneous services provided to citizens in the governmental funds. Water, sewer and sanitation services are accounted for in the Water, Sewer and Sanitation Funds when billed. Unbilled usage for service consumed between periodic scheduled billing dates is recognized as revenue in the period in which service is provided. All are net of an allowance for uncollectibles.

Inventory And Prepaids

Inventory consists of materials and supplies held for consumption and are stated at cost, determined by the first-in, first-out method. Inventories of the governmental fund types are accounted for under the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements under the consumption method.

Capital Assets

Land, buildings, improvements, vehicles, machinery and equipment and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide and enterprise fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives for each capital asset type are as follows:

Buildings and systems	20 - 50 years
Improvements other than buildings	20 years
Vehicles	3 - 15 years
Machinery and equipment	5 - 20 years
Infrastructure	65 years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to the City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Deferred And Unearned Revenues

In addition, governmental funds report deferred revenue for amounts due, which are measurable, but not available. Unearned revenue in the statement of net assets and proprietary funds represents property tax levied for future fiscal years and receipts where the City has not met all eligibility requirements imposed by the provider.

Interfund Transactions

Transactions among the City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the City government are accounted for as revenues and expenditures or expenses in the funds involved.

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

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Those that are longer-term in nature are reported as advances to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Compensated Absences

Employees earn annual leave and can accumulate unused leave up to a maximum accumulation of 30 days. At termination, employees are paid for accumulated annual leave.

Employees earn one day of sick leave for each month worked and can accumulate unused sick leave up to a maximum of 120 days. At retirement, employees are reimbursed for 50% of unused sick leave, up to a maximum of 60 days.

For proprietary fund types and the government-wide statements, these accumulations are recorded as expenses and liabilities in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave that is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted consist of restrictions related to capital improvements, parks, transportation, TIF projects, debt service, fire, Kansas City sewer line and trust corpus.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Bond Discount, Premium And Issuance Costs

In the government-wide financial statements and the fund financial statements for proprietary fund types, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments are reported as debt service expenditures.

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

2. Deposits And Investments

As of December 31, 2010, the City had the following investments and maturities:

Investment Type	Amount	Investment Maturities (In Years)			
		Less Than 1	1-3	3-5	More Than 5
Federal Farm Credit Bank	\$ 2,000,000	\$ 2,000,000	\$ —	\$ —	\$ —
Federal National Mortgage Association	1,998,535	498,535	1,500,000	—	—
Federal Home Loan Mortgage Corporation	4,248,103	3,247,123	1,000,980	—	—
Federal Home Loan Bank Repurchase Agreements	3,249,810	2,499,998	749,812	—	—
Money Market Funds	1,692,313	1,692,313	—	—	—
Fidelity Treasury	4,368,004	4,368,004	—	—	—
Interest in State of Missouri					
SRF Program Investment Pool	3,831,041	—	—	—	3,831,041
	\$ 21,387,806	\$ 14,305,973	\$ 3,250,792	\$ —	\$ 3,831,041

Authorized Investments

Missouri State Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of state and local government entities, certificates of deposit and repurchase agreements. It is the City's policy to follow state statutes.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to three years, with the exception of funds invested in accordance with bond or other financing agreements.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Credit Risk

Generally, credit risk is the risk the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy relating to credit risk. As of December 31, 2010, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Company</u>	<u>Rating</u>	<u>Company</u>
Federal Farm Credit Bank	Aaa	Moody's	AAA	Standard & Poor's
Federal National Mortgage Association	Aaa	Moody's	AAA	Standard & Poor's
Federal Home Loan Mortgage Corporation	Aaa	Moody's	AAA	Standard & Poor's
Federal Home Loan Bank Repurchase Agreements	Not Rated		AAA	Standard & Poor's
Money Market Funds			Not Rated	
Fidelity Treasury	Not Rated		Not Rated	
Interest in State of Missouri SRF Program Investment Pool	Not Rated		Not Rated	

Concentration Of Credit Risk

The City's investment policy is to apply the prudent-person rule: investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. In addition, with the exception of U.S. Treasury securities, government pools collateralized by U.S. Treasury securities and repurchase agreements, it is the City's policy that no more than 50% of the City's total investment portfolio be deposited in a single financial institution/primary dealer. More than 5% of the City's portfolio is invested in Federal Farm Credit Bank (9.4%); Federal National Mortgage Association (9.3%); Federal Home Loan Mortgage Corporation (19.9%); Federal Home Loan Bank (15.2%); Repurchase Agreements (7.9%); and Interest in State of Missouri SRF Program Investment Pool (17.9%).

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment that are in the possession of another party. The City's investment policy requires all collateral securities pledged to be held by the City or a designated independent third-party custodian with whom the City has a current custodial agreement and requires the custodian holds the securities as pledged to the City in an account in the City's name.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

A summary of deposits and investments, along with financial statement classifications, is as follows:

Deposits	\$ 2,499,338
Investments	<u>21,387,806</u>
	<u>\$ 23,887,144</u>
Cash and investments	\$ 12,536,873
Restricted assets:	
Cash and cash equivalents	5,197,034
Investments	6,106,278
Agency fund, cash and cash equivalents	<u>46,959</u>
	<u>\$ 23,887,144</u>

The City's investments during the year did not vary substantially from those at year end in amounts or level of risk.

3. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2010:

	Balance - January 1, 2010	Additions	Retirements	Balance - December 31, 2010
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,886,906	\$ —	\$ —	\$ 1,886,906
Construction in progress	6,135,678	432,106	2,698,990	3,868,794
Total capital assets, not being depreciated	<u>8,022,584</u>	<u>432,106</u>	<u>2,698,990</u>	<u>5,755,700</u>
Capital assets being depreciated:				
Buildings and system	13,076,708	6,211	—	13,082,919
Improvements other than buildings	9,958,639	15,162	—	9,973,801
Vehicles	3,558,535	188,501	—	3,747,036
Machinery and equipment	8,664,575	476,327	559,820	8,581,082
Infrastructure	32,202,085	2,698,990	—	34,901,075
Total capital assets being depreciated	<u>67,460,542</u>	<u>3,385,191</u>	<u>559,820</u>	<u>70,285,913</u>
Less: Accumulated depreciation for:				
Buildings and system	4,025,894	304,894	—	4,330,788
Improvements other than buildings	4,731,709	434,006	—	5,165,715
Vehicles	2,320,426	237,325	—	2,557,751
Machinery and equipment	5,634,709	428,551	325,398	5,737,862
Infrastructure	5,976,667	1,675,327	—	7,651,994
Total accumulated depreciation	<u>22,689,405</u>	<u>3,080,103</u>	<u>325,398</u>	<u>25,444,110</u>
Total capital assets being depreciated, net	<u>44,771,137</u>	<u>305,088</u>	<u>234,422</u>	<u>44,841,803</u>
Governmental activities capital assets, net	<u>\$ 52,793,721</u>	<u>\$ 737,194</u>	<u>\$ 2,933,412</u>	<u>\$ 50,597,503</u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - January 1, 2010	Additions	Retirements	Balance - December 31, 2010
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 840,677	\$ —	\$ —	\$ 840,677
Construction in progress	6,881,738	1,234	6,573,861	309,111
Total capital assets, not being depreciated	7,722,415	1,234	6,573,861	1,149,788
Capital assets being depreciated:				
Buildings and system	10,217,073	—	—	10,217,073
Improvements other than buildings	194,143	—	—	194,143
Vehicles	1,305,953	—	—	1,305,953
Machinery and equipment	9,042,811	255,059	37,346	9,260,524
Infrastructure	51,273,650	6,513,545	—	57,787,195
Total capital assets being depreciated	72,033,630	6,768,604	37,346	78,764,888
Less: Accumulated depreciation for:				
Buildings and system	2,633,283	204,342	—	2,837,625
Improvements other than buildings	155,601	7,825	—	163,426
Vehicles	667,512	84,746	—	752,258
Machinery and equipment	4,603,847	212,225	37,346	4,778,726
Infrastructure	13,657,303	1,123,320	—	14,780,623
Total accumulated depreciation	21,717,546	1,632,458	37,346	23,312,658
Total capital assets being depreciated, net	50,316,084	5,136,146	—	55,452,230
Business-type activities capital assets, net	\$ 58,038,499	\$ 5,137,380	\$ 6,573,861	\$ 56,602,018

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

Governmental Activities	
General government	\$ 494,370
Public safety	369,358
Culture and recreation	1,234,230
Public works	982,145
	<u>\$ 3,080,103</u>

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

Business-Type Activities	
Water	\$ 924,710
Sewer	707,748
	<u>\$ 1,632,458</u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

4. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

	Balance - January 1, 2010	Additions	Retirements	Balance - December 31, 2010	Due Within One Year
Governmental Activities					
Special assessment bonds	\$ 370,000	\$ —	\$ 80,000	\$ 290,000	\$ 80,000
Special obligation bonds	2,070,000	2,395,000	2,070,000	2,395,000	—
Capital leases	147,641	530,686	302,972	375,355	127,949
General obligation bonds	9,530,000	—	1,445,000	8,085,000	1,585,000
Leasehold revenue bonds	2,855,000	—	735,000	2,120,000	775,000
TIF bonds	14,570,000	5,710,000	1,975,000	18,305,000	465,000
MDNR loan payable	84,249	—	9,359	74,890	9,676
Net pension obligation	—	109,037	—	109,037	—
Other post employment benefits	76,000	52,400	—	128,400	—
Compensated absences	1,407,195	1,037,343	1,053,621	1,390,917	472,912
	<u>\$ 31,110,085</u>	<u>\$ 9,834,466</u>	<u>\$ 7,670,952</u>	<u>\$ 33,273,599</u>	<u>\$ 3,515,537</u>
Business-Type Activities					
Revenue bonds	\$ 12,885,000	\$ —	\$ 1,400,000	\$ 11,485,000	\$ 1,455,000
SRF bonds	5,545,000	—	225,000	5,320,000	235,000
SRF note payable	3,988,541	—	157,500	3,831,041	169,136
Compensated absences	82,262	68,370	92,677	57,955	19,705
	<u>\$ 22,500,803</u>	<u>\$ 68,370</u>	<u>\$ 1,875,177</u>	<u>\$ 20,693,996</u>	<u>\$ 1,878,841</u>

The accrued compensated absences attributable to the governmental activities are generally liquidated by the General Fund.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Long-term debt (including the current portions) of the City is as follows:

Governmental Activities:		
General obligation bonds:		
2001 Roadway and Transportation Improvement Projects Bonds, 2.6% - 4.6%, due in varying amounts through 2011	\$	1,585,000
2005 Roadway and Transportation Improvement Projects Bonds, 4%, due in varying amounts through 2016		6,500,000
Special assessment bonds:		
2002 Neighborhood Improvement District Refunding Bonds, 3.65% - 5.5%, due in varying amounts through 2014		290,000
Special obligation bonds:		
2010 Clay County Health Center Relocation Project Refunding Bonds, 2% - 4.35%, due in varying amounts through 2032		2,395,000
Leasehold revenue bonds:		
2003 Community Center Refunding Guaranteed Leasehold Revenue Bonds, 3.875% - 4.5%, due in varying amounts through 2013		1,480,000
1999 Liberty Sports Complex Leasehold Revenue bonds, 4.4% - 5.35%, due in varying amounts through 2011		640,000
MDNR loan payable		74,890
Tax increment revenue bonds:		
2004 Liberty Triangle Project Tax Increment Revenue Bonds, 4% - 5.875%, due in varying amounts through 2026		6,580,000
2007 Liberty Triangle Project Tax Increment Revenue Bonds, 5% - 5.875%, due in varying amounts through 2029		6,015,000
2010 Roger's Plaza Project Tax Increment Revenue Bonds, 6.75%, due in varying amounts through 2030		5,710,000
Compensated absences		1,390,917
Net pension obligation		109,037
Other post employment benefits		128,400
Capital leases		
Lease purchase of fitness equipment, 4.25% due in monthly installments of \$1,708 through 2013		46,995
Lease purchase of an ambulance, 3.43% due in semi-annual installments of \$24,333 through 2012		93,299
Lease purchase of an access bus, 3.44% due in semi-annual installments of \$8,776 through 2012		33,644
Lease purchase of phone system, 5.08% due in annual installments of \$56,910 through 2014		201,417
Total Governmental Activities	\$	<u><u>33,273,599</u></u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities:	
Revenue bonds:	
2005 Waterworks Refunding Revenue Bonds, 4%, due in varying amounts through 2012	\$ 1,700,000
2005 A Sewer System Revenue Bonds, 3.00% - 4.25%, due in varying amounts through 2025	4,870,000
2002 City of Liberty, Missouri Waterworks Revenue Bonds, 2.25% - 4.8%, due in varying amounts through 2016	4,915,000
2005 State Revolving Fund Program Bonds, 3.25% - 5.25%, due in varying amounts through 2026	5,320,000
SRF Note Payable related to 70% reserve funding as part of the Missouri State Revolving Fund Program, noninterest bearing, due in varying amounts through 2026	3,831,041
Compensated absences	<u>57,955</u>
Total Business-Type Activities	<u>\$ 20,693,996</u>

Special Obligation Bonds: During the fiscal year ended December 31, 2010, the City issued Special Obligation Refunding Bonds, Series 2010 in the amount of \$2,395,000 with an interest rate of 2.0% to 4.35%. The bond proceeds are being used to currently refund \$2,070,000 of the Series 2007 bond issuance with an interest rate of 4.0%. A \$213,000 reserve was established at the time of the bond sale. The net proceeds of \$2,111,400, after payment of \$52,426 of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for the future payment of principal and interest of the aforementioned Series 2007 bonds. As a result, the Series 2007 bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The Series 2007 bonds that were defeased were also paid in full by the escrow agent during 2010.

As a result of the refunding, the City increased its total debt service requirements by \$1,641,829 which resulted in an economic loss of \$457,319. Discounts of \$15,469 were capitalized and will be amortized over 22 years. The Series 2007 bonds were originally used to fund the Clay County Health Center Relocation Project.

State Revolving Fund Program Bonds: The City has issued \$6,180,000 of State Revolving Fund Program Bonds. In conjunction with this issuance, the City entered into an agreement with the Missouri Department of Natural Resources whereby the state of Missouri will advance monies to establish a reserve fund in an amount up to 70% of the outstanding bonds. This reserve fund will serve as collateral on the State Revolving Fund Program Bonds in the event of default and interest earnings on the reserve fund will be used to reduce the City's interest payment on the outstanding bonds. As of December 31, 2010, the reserve fund has approximately \$3,831,041.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Leasehold Revenue Bonds: The Leasehold Revenue Bonds Series 2003, issued to finance improvements to the Community Center and to refund the Series 1993 bonds and the Leasehold Revenue Bonds Series 1999, issued to construct a Sports Complex, require the City to establish various trust funds in the name of the Public Facilities Authority. Assets of these funds consist of cash and investments and are reported in the accompanying governmental fund balance sheet and statement of net assets as restricted accounts as follows:

	Debt Service - Public Facilities Authority Restricted Assets
Bond Fund, Sports Complex	\$ 657,120
Bond Fund, 2003 Community Center	12
Bond Reserve Fund, 2003 Community Center	<u>229,500</u>
	<u>\$ 886,632</u>

The monies in the Bond Fund Account (consisting mainly of lease rental payments paid by the City) shall be expended for the payment of principal and interest on the bonds.

The Bond Reserve Fund Account is available to pay principal and interest in the event of a deficiency in the Bond Fund Account. In addition, monies in the Bond Reserve Fund shall be used to pay and retire the last outstanding bonds unless such bonds and all interest thereon are otherwise paid.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Waterworks Refunding Revenue Bonds and Sewer System Revenue Bonds require the following accounts, consisting of cash and investments and are reported in the accompanying statement of net assets as restricted accounts as follows:

	<u>Restricted Assets</u>
Water:	
Bond reserve account	\$ 1,213,124
Depreciation and replacement account	400,000
	<u>\$ 1,613,124</u>
Sewer:	
Bond reserve account	\$ 570,565 ⁽¹⁾
Depreciation and replacement account	96,000
	<u>\$ 666,565</u>
Sewer, Shoal Creek upgrade	<u>\$ 7,936</u>
Sewer, Kansas City sewer line	<u>\$ 96,682</u>
Sewer:	
SRF reserve account	\$ 3,831,041
SRF trustee interest account	39,979
SRF trustee rebate account	2
SRF trustee principal	117,504
	<u>\$ 3,988,526</u>

In addition, these bonds have a rate covenant as follows:

- The City, in accordance with and subject to applicable legal requirements, will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce revenues sufficient to:
 - Pay the costs of the operation and maintenance of the system,
 - Pay the principal of and interest on the bonds as and when the same become due at the maturity thereof or any interest payment date.
 - Enable the City to have in each fiscal year net revenues available for debt service not less than 120% of the amount required to be paid in such fiscal year on account of both principal of and interest on all system revenue bonds at the time outstanding. The City is in compliance with this covenant for both the Water and Sewer Fund.
 - Maintain a Debt Service Reserve Account of not less than \$571,818 for the Sewer Fund. As of December 31, 2010, this amount is \$570,565, which is in violation of the covenant.⁽¹⁾
 - Provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the system as provided in the bond ordinance.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

Annual debt service requirements to service all outstanding indebtedness as of December 31, 2010 are as follows:

For The Years Ended December 31,	Debt Service General Obligation Bonds		Debt Service Special Assessment Bonds		Debt Service Special Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,585,000	\$ 344,805	\$ 80,000	\$ 10,781	\$ —	\$ 88,279
2012	700,000	294,350	85,000	7,325	55,000	88,525
2013	1,400,000	248,850	85,000	3,659	60,000	87,425
2014	1,470,000	180,600	40,000	900	70,000	86,225
2015	1,530,000	106,925	—	—	75,000	84,825
2016-2020	1,400,000	35,000	—	—	435,000	388,987
2021-2025	—	—	—	—	555,000	310,569
2026-2030	—	—	—	—	700,000	190,800
2031-2032	—	—	—	—	445,000	32,594
	\$ 8,085,000	\$ 1,210,530	\$ 290,000	\$ 22,665	\$ 2,395,000	\$ 1,358,229

For The Years Ended December 31,	Debt Service Leasehold Revenue Bonds		Enterprise Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 775,000	\$ 78,119	\$ 1,455,000	\$ 483,366
2012	140,000	55,944	1,240,000	425,810
2013	145,000	50,509	1,600,000	376,135
2014	150,000	44,325	1,950,000	300,710
2015	160,000	37,350	1,630,000	222,450
2016-2020	750,000	61,650	1,980,000	506,300
2021-2025	—	—	1,630,000	196,140
	\$ 2,120,000	\$ 327,897	\$ 11,485,000	\$ 2,510,911

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

For The Years Ended December 31,	Debt Service Capital Leases		Debt Service Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 127,949	\$ 15,695	\$ 465,000	\$ 1,079,988
2012	133,279	10,346	505,000	1,059,462
2013	59,969	5,455	555,000	1,031,469
2014	54,158	2,752	610,000	1,000,137
2015	—	—	660,000	966,288
2016-2020	—	—	4,010,000	4,212,678
2021-2025	—	—	5,920,000	2,791,481
2026-2030	—	—	5,580,000	836,616
	\$ 375,355	\$ 34,248	\$ 18,305,000	\$ 12,978,119

For The Years Ended December 31,	Debt Service MDNR Loan Payable		Enterprise SRF Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 9,676	\$ 2,446	\$ 235,000	\$ 246,385
2012	10,004	2,118	245,000	236,398
2013	10,343	1,779	255,000	224,147
2014	10,693	1,429	265,000	213,948
2015	11,055	1,067	275,000	203,347
2016-2020	23,119	1,176	1,580,000	827,813
2021-2025	—	—	2,005,000	342,338
2026	—	—	460,000	21,160
	\$ 74,890	\$ 10,015	\$ 5,320,000	\$ 2,315,536

For The Years Ended December 31,	Enterprise SRF Note Payable	
	Principal	Interest
2011	\$ 169,136	\$ —
2012	182,753	—
2013	179,974	—
2014	185,500	—
2015	192,500	—
2016-2020	1,173,240	—
2021-2025	1,425,938	—
2026	322,000	—
	\$ 3,831,041	\$ —

Pledges Of Revenue On Outstanding Debt

Utility revenues pledged: The City has pledged future water customer revenues, net of specified operating expenses, to repay two debt issues originally totaling \$12,040,000 in water system revenue bonds. Series 2002 were issued May 2002 in the amount of \$6,000,000. Series 2005 were issued October 2005 in the amount of \$6,040,000. Proceeds from the 2002 series bonds were used to complete the water treatment plant expansion. Proceeds from the 2005 issue were used to refund the 1998 issue, reducing the interest rate to 4% for the remaining seven years of the bonds. The bonds are payable solely from water customer net revenues and are payable through 2012 for the 2005 issue and 2016 for the 2002 issue. Annual principal and interest payments on the bonds currently require 75% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,651,290. Principal and interest paid for the current year and total customer net revenues were \$1,427,643 and \$1,902,659 respectively. During 2008 and 2009 the City worked with a rate consultant to develop rates that are appropriate.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay two debt issues totaling \$12,475,000 in sewer system revenue bonds. Series 2005A were issued August 2005 in the amount of \$6,295,000. State Revolving Fund Bonds were issued November 2005 in the amount of \$6,180,000. Proceeds from the 2005A series bonds were used to refund the 1995 bond issue and provide additional funding for the completion of the Rush Creek Project. Proceeds from the State Revolving Fund bonds were used to construct the Rush Creek Project. The bonds are payable solely from the sewer customer net revenues and are payable through 2026. Annual principal and interest payments on the bonds currently require 65% of net revenues. The total principal and interest remaining to be paid on the bonds is \$12,734,716. Principal and interest paid for the current year and total customer net revenues were \$991,420 and \$1,526,152, respectively. During 2008 and 2009 the City worked with a rate consultant to develop rates that are appropriate.

TIF revenues pledged: The City has pledged a portion of future payments in lieu of taxes (PILOTS) and Economic Activity Tax (EATS) revenues to repay \$7,795,000 in Tax Increment Revenue Bonds issued in December 2004. The bonds were used to finance Project A of the Liberty Triangle Redevelopment Plan. The bonds are payable solely from the incremental property and sales taxes generated by increased development in the TIF district. Incremental PILOTS and EATS were projected to produce \$18,486,690 over the life of the bonds. Total principal and interest remaining on the bonds is \$10,344,919, payable through 2026. For the current year, principal and interest paid and total incremental PILOTS and EATS revenues were \$665,103 and \$663,799, respectively.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City has pledged a portion of future PILOTS and EATS revenues to repay \$7,840,000 in Tax Increment Revenue Bonds issued in October 2007. The bonds were used to finance Projects B-2, C-3 and D-1 (The Series 2007 Projects), of the Liberty Triangle Redevelopment Plan. The bonds are payable solely from the incremental property, sales taxes, and CID sales tax generated by increased development in the TIF district. Incremental PILOTS, EATS and CID sales tax were projected to produce \$16,606,938 over the life of the bonds. Total principal and interest remaining on the bonds is \$10,091,794 payable through 2029. For the current year, principal and interest paid and total incremental PILOTS, EATS and CID revenues were \$2,115,838 and \$531,339, respectively.

The City has pledged a portion of future PILOTS and EATS revenues to repay \$5,710,000 in Tax Increment Revenue Bonds issued in May 2010. The bonds were used to finance the Roger's Plaza Project. The bonds are payable solely from the incremental property, sales taxes, and CID sales tax generated by increased development in the TIF district. Incremental PILOTS, EATS and CID sales tax were projected to produce \$13,172,019 over the life of the bonds. Total principal and interest remaining on the bonds is \$10,846,406 payable through 2030. For the current year, principal and interest paid was \$157,382. No incremental PILOTS, EATS, and CID revenues were collected.

Pledged revenue in connection with blended component unit debt, Public Facilities Authority: The City has pledged as security for bonds issued by the Liberty, Missouri Public Facilities Authority, a portion of the City's capital sales tax. The bonds issued by Liberty, Missouri Public Facilities Authority in the amount of \$5,525,000 in 1999 for the purpose of constructing Fountain Bluff Sports Complex are payable through 2011. The City has committed to appropriate each year, from the capital sales tax, amounts sufficient to cover the principal and interest requirements on the Liberty Missouri Public Facilities Authority debt. The Liberty Missouri Public Facilities Authority has pledged as sole security for the bonds the appropriation from the City. Total principal and interest remaining on the debt is \$657,120. For the current year, principal and interest paid by the Liberty Missouri Public Facilities Authority and the total capital sales tax recognized by the City were \$655,273 and \$1,448,169, respectively.

The City has pledged as security for bonds issued by the Liberty, Missouri Public Facilities Authority, a portion of the City's parks capital sales tax. The bonds issued by Liberty, Missouri Public Facilities Authority in the amount of \$3,640,000 in 2003 for the purpose of refinancing the 1993 issue and expanding the Liberty Community Center are payable through 2018. The City has committed to appropriate each year, from the parks capital sales tax, amount sufficient to cover the principal and interest requirements on the Liberty Missouri Public Facilities Authority debt. The Liberty Missouri Public Facilities Authority has pledged as sole security for the bonds the appropriation from the City. Total principal and interest remaining on the debt is \$1,790,777. For the current year, principal and interest paid by the Liberty Missouri Public Facilities Authority and the total parks capital sales tax recognized by the City were \$195,623 and \$723,883, respectively.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

5. Interfund Transactions

Interfund receivables and payable balances as of year end were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental activities:		
General	\$ 342,249	\$ —
Parks	54	595,000
Capital sales tax	595,000	—
Liberty TIF	—	240,878
Nonmajor governmental funds	669	102,094
	<u>\$ 937,972</u>	<u>\$ 937,972</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers for the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities		
General	\$ 841,000	\$ 415,000
Parks	450,000	76,000
Transportation sales tax	415,000	—
Nonmajor governmental funds	11,821	1,226,821
	<u>\$ 1,717,821</u>	<u>\$ 1,717,821</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. Defined Benefit 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 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 RSM0,70,600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

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 Status

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 5.5% (general), 7.7% (police) and 12.1% (fire) of annual covered payroll. The governing body of the political subdivision determines the contribution requirements of plan members. State statute establishes the contribution provisions of the political subdivision.

Annual Pension Cost

Annual required contribution	\$ 795,891
Interest on net pension obligation	—
Adjustment to annual required contribution	—
Annual pension cost	<u>795,891</u>
Actual contributions	<u>686,854</u>
Increase in net pension obligation	109,037
Net pension obligation - beginning of year	—
Net pension obligation - end of year	<u><u>\$ 109,037</u></u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

The required contribution was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2010 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from zero to 6% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back zero years for men and zero years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2008 and February 28, 2009 was 15 years and 30 years, respectively.

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2010	\$ 795,891	86%	\$ 109,037
6/30/2009	697,595	100%	—
6/30/2008	710,901	100%	—

Funding Status And Funding Progress

As of February 28, 2010, the most recent actuarial valuation date, the City's participation in LAGERS was 81% funded. The actuarial accrued liability for benefits was \$17,286,044 and the actuarial value of assets was \$14,051,208, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,234,836. The covered payroll was \$9,510,295, and the ratio of the UAAL to the covered payroll was 34%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these new requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

8. Commitments And Contingent Liabilities

A summary of outstanding commitments on uncompleted construction contracts is as follows:

Capital projects:	
Capital Projects Fund	\$ 170,027
Roadway Development Fund	348,008
Sewer Fund	168,421
	<hr/>
	\$ 686,456
	<hr/>

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2010, significant amounts of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

9. Risk Management

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

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City is a member of Midwest Public Risk (MPR) a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool and covers medical and dental, workers' compensation and property and casualty claims for its members. The City maintains only workers' compensation and property and casualty coverage through MPR. MPR has been established as assessable pools and accounting records are maintained for each year of coverage on a policy-year basis. The City pays annual premiums to MPR for each coverage. The agreement with MPR provides that MPR will be self-sustained through member premiums. MPR has the authority to assess members for deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for excess revenues over expenses relating to any single plan year. MPR has not had deficiencies in any of the past three fiscal years. The City purchases commercial insurance for medical, dental, short-term disability and life insurance.

The City is self-insured for unemployment claims and accounts for the activity in the General Fund. Changes in the City's unemployment claims liability amounts in 2010 and 2009 were:

<u>Year</u>	<u>Beginning Of Year Liability</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claims Payments</u>	<u>Balance Year Ended</u>
2010	\$ 7,393	\$ 11,642	\$ —	\$ 19,035
2009	22,579	—	15,186	7,393

10. Other Post Employment Benefits

Program Description

In addition to providing the pension benefits described above, the City provides employees that retire under the plan, at the same time they end their service to the City, the opportunity for continuation of medical and dental insurance coverage offered through BlueCross BlueShield as part of a single employer defined benefit OPEB plan.

Retirees who elect to continue coverage in the medical and dental plans offered through BlueCross BlueShield are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. A stand-alone financial report is not available regarding the OPEB benefits provides.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

Funding Policy

The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. As of December 31, 2010, the City has not set aside assets in trust to pay future benefits and has not established a plan or equivalent arrangement that contains an irrevocable transfer of assets dedicated to providing benefits to retirees. Since no trust fund has been established for funding the OPEB obligation related to the implicit rate subsidy, the entire OPEB obligation is classified as unfunded. A schedule of funding progress is included as required supplementary information.

Annual OPEB Costs And Net OPEB Obligation

The City's annual OPEB cost and net OPEB obligation for the year ended December 31, 2010 are as follows:

For The Year Ended December 31,	Net OPEB Obligation Beginning Of Year	Annual Required Contribution	Interest On OPEB Obligation	Adjustment To Annual Required Contribution	Annual OPEB Cost	Actual Contribution	Net OPEB Obligation End Of Year
2010	\$ 76,000	\$ 123,700	\$ 3,000	\$ (2,500)	\$ 124,200	\$ 71,800	\$ 128,400
2009	41,700	98,100	—	—	98,100	63,800	76,000
2008	—	98,100	—	—	98,100	56,400	41,700

For The Year Ended December 31,	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 123,700	58%	\$ 128,400
2009	98,100	65%	76,000
2008	98,100	57%	41,700

As of December 31, 2010, the funded status of the plan is as follows:

Actuarial Accrued Liability	\$ 1,344,400
Actuarial Value Of Assets	—
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,344,400</u>
Funded Ratio	0%
Covered Payroll	\$ 14,148,000
UAAL As Percentage Of Covered Payroll	9.5%

Actuarial Methods And Assumptions

The population valued is based on a closed group. Only current employees and retirees as of the valuation date are considered; no provision is made for future new hires.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

As of the December 31, 2010 actuarial valuation (most recent available), the liabilities were computed using the projected unit credit cost method with a closed 30-year level dollar amortization of the unfunded actuarial accrued liability. The actuarial assumptions utilized a 4% discount rate and a medical and dental inflation rate of 7.7% and 5%, respectively. The City is only required to get an actuarial valuation on a bi-annual basis.

11. Fund Balance Deficits

As December 31, 2010, the following funds had a fund balance deficit:

PFA Construction Fund	\$ 69,026
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Required Supplementary Information

CITY OF LIBERTY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2010**

	Budget		Actual	Variance
	Original	Final		With Final Budget (Over) Under
Revenues				
Taxes	\$ 10,889,800	\$ 10,889,800	\$ 12,008,825	\$ (1,119,025)
Intergovernmental	355,500	355,500	359,560	(4,060)
Charges for services	1,891,945	1,891,945	1,743,898	148,047
Licenses and permits	315,200	315,200	316,961	(1,761)
Investment earnings	55,000	55,000	17,341	37,659
Miscellaneous	548,831	672,881	697,599	(24,718)
Total Revenues	14,056,276	14,180,326	15,144,184	(963,858)
Expenditures				
Current:				
General government	3,253,643	3,333,393	3,123,013	210,380
Community development and improvement	807,868	823,068	788,443	34,625
Public works	2,036,658	2,105,758	2,305,295	(199,537)
Culture and recreation	256,268	256,268	237,434	18,834
Public safety	8,442,714	8,442,714	8,205,531	237,183
Capital outlay	50,000	523,073	479,978	43,095
Debt service:				
Principal retirement	95,380	95,380	171,691	(76,311)
Interest and fiscal charges	7,240	7,240	10,786	(3,546)
Total Expenditures	14,949,771	15,586,894	15,322,171	264,723
Revenues Under Expenditures	(893,495)	(1,406,568)	(177,987)	(1,228,581)
Other Financing Sources				
Capital lease	—	—	473,052	(473,052)
Transfers in	855,000	855,000	841,000	14,000
Transfers out	—	(415,000)	(415,000)	—
Total Other Financing Sources (Uses)	855,000	440,000	899,052	(459,052)
Net Change In Fund Balances	\$ (38,495)	\$ (966,568)	721,065	\$ (1,687,633)
Fund Balances - Beginning Of Year			2,466,203	
Fund Balances - End Of Year			\$ 3,187,268	

CITY OF LIBERTY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PARKS FUND
For The Year Ended December 31, 2010**

	Budget		Actual	Variance With
	Original	Final		Final Budget (Over) Under
Revenues				
Taxes	\$ 717,770	\$ 717,770	\$ 744,964	\$ (27,194)
Charges for services	2,660,790	2,660,790	2,583,187	77,603
Investment earnings	6,700	6,700	5,195	1,505
Miscellaneous	850	850	11,540	(10,690)
Total Revenues	3,386,110	3,386,110	3,344,886	41,224
Expenditures				
Current:				
Culture and recreation	3,661,826	3,661,826	3,428,829	232,997
Debt service:				
Principal retirement	—	—	10,640	(10,640)
Interest and fiscal charges	—	—	1,316	(1,316)
Total Expenditures	3,661,826	3,661,826	3,440,785	221,041
Revenues Under Expenditures	(275,716)	(275,716)	(95,899)	(179,817)
Other Financing Sources (Uses)				
Capital lease	—	—	57,635	(57,635)
Transfers in	450,000	450,000	450,000	—
Transfers out	(76,000)	(76,000)	(76,000)	—
Total Other Financing Sources (Uses)	374,000	374,000	431,635	(57,635)
Net Change In Fund Balances	\$ 98,284	\$ 98,284	335,736	\$ (237,452)
Fund Balances - Beginning Of Year			(317,017)	
Fund Balances - End Of Year			\$ 18,719	

CITY OF LIBERTY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON INFORMATION December 31, 2010

Budgetary Data

A legally adopted annual budget is prepared for governmental fund types, except for the PFA Construction and Blue Jay Crossing Capital Projects Funds, by the City Administrator and presented to City Council each year prior to the beginning of the year. This budget is officially adopted by the City Council each December through the passage of an ordinance, and all budget amendments are approved by the City Council. This budget uses the modified accrual basis of accounting. The City's legal level of budgetary control is at the fund level. Any expenditure that will cause a fund to exceed the total fund budget must be approved in advance by the City Council through a budget amendment ordinance. A review of the budget is done annually as part of the budget preparation process and any revisions needed are presented to the City Council for supplemental appropriation. Unencumbered appropriations lapse at year end.

CITY OF LIBERTY, MISSOURI

ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

LAGERS

Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Entry Age Actuarial Accrued Liability (b)	(Overfunded)/ Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL As A Percentage Of Covered Payroll [(b-a)/c]
2/28/2005	\$ 13,909,229	\$ 14,337,783	\$ 428,554	97%	\$ 8,534,370	5.02%
2/28/2006	14,315,378	14,497,122	181,744	99%	8,766,267	2.07%
2/28/2007	15,877,050	16,049,507	172,457	99%	9,166,503	1.88%
2/29/2008	17,983,401	17,210,734	(772,667)	104%	9,808,325	—
2/28/2009	14,329,334	17,450,360	3,121,026	82%	9,986,136	31%
2/28/2010	14,051,208	17,286,044	3,234,836	81%	9,510,295	34%

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

Schedule Of Employer Contributions

Year End	Annual Required Contribution (ARC) (a)	Total Contribution (b)	Percentage Of ARC Contributed (b/a)
12/31/2005	\$ 608,109	\$ 608,109	100%
12/31/2006	692,723	692,723	100%
12/31/2007	704,412	704,412	100%
12/31/2008	710,901	710,901	100%
12/31/2009	697,595	697,595	100%
12/31/2010	795,891	686,854	86%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated.

CITY OF LIBERTY, MISSOURI

ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION (Continued)

Other Post Employment Benefits

Schedule Of Funding Progress

Actuarial Valuation Date*	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
1/1/2008	\$ —	\$ 1,011,000	\$ 1,011,000	0%	\$ 14,982,000	7%
12/31/2010	—	1,344,000	1,344,000	0%	14,148,000	9%

* The information presented in this required supplementary schedule was determined as part of the actuarial valuation at the date indicated, which is the most recent valuation available. The City is only required to get an actuarial valuation on a bi-annual basis.

Supplementary Information

**Combining And Individual Fund
Financial Statements And Schedules**

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010**

	Special Revenue	Capital Projects	Debt Service	Permanent	Total
Assets					
Cash and investments	\$ 160,823	\$ 70,267	\$ 8,219	\$ 406,151	\$ 645,460
Receivables, net of allowance for uncollectibles:					
Taxes	—	288,584	—	—	288,584
Accounts	4,344	4,807	24,170	4,510	37,831
Special assessment	—	—	204,515	—	204,515
Accrued interest	288	239	18	723	1,268
Due from other funds	669	—	—	—	669
Restricted assets:					
Cash and investments	—	—	66,348	—	66,348
Investments	—	101,961	886,632	—	988,593
Accrued interest	—	84	119	—	203
Total Assets	\$ 166,124	\$ 465,942	\$ 1,190,021	\$ 411,384	\$ 2,233,471

Liabilities And Fund Balances

Liabilities					
Accounts payable and accrued liabilities	\$ 1,350	\$ —	\$ 112,802	\$ —	\$ 114,152
Due to other funds	—	101,371	—	723	102,094
Deferred and unearned revenue	—	—	204,515	—	204,515
Total Liabilities	1,350	101,371	317,317	723	420,761
Fund Balances					
Reserved for:					
Debt service	—	—	872,704	—	872,704
Park development	—	8,159	—	—	8,159
Trust corpus	—	—	—	410,661	410,661
Unreserved:					
Undesignated, reported in:					
Special Revenue Funds	164,774	—	—	—	164,774
Capital Projects Fund	—	356,412	—	—	356,412
Total Fund Balances	164,774	364,571	872,704	410,661	1,812,710
Total Liabilities And Fund Balances	\$ 166,124	\$ 465,942	\$ 1,190,021	\$ 411,384	\$ 2,233,471

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR
SPECIAL REVENUE FUNDS
December 31, 2010**

	<u>Cemetery</u>	<u>Police Training</u>	<u>Total</u>
Assets			
Cash and investments	\$ 117,260	\$ 43,563	\$ 160,823
Receivables, net of allowance for uncollectibles:			
Accounts	4,344	—	4,344
Accrued interest	206	82	288
Due from other funds	669	—	669
Total Assets	\$ 122,479	\$ 43,645	\$ 166,124

Liabilities And Fund Balances

Liabilities			
Accounts payable and accrued liabilities	\$ 1,228	\$ 122	\$ 1,350
Fund Balances			
Undesignated, reported in:			
Special Revenue Funds	121,251	43,523	164,774
Total Liabilities And Fund Balances	\$ 122,479	\$ 43,645	\$ 166,124

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2010**

	Parks Capital	PFA Constru- ction	Fire Sales Tax	Cable Reserve	Limited Capital	Total
Assets						
Cash and investments	\$ —	\$ —	\$ —	\$ 69,945	\$ 322	\$ 70,267
Receivables, net of allowance for uncollectibles:						
Taxes	144,292	—	144,292	—	—	288,584
Accounts	—	—	—	1,343	3,464	4,807
Accrued interest	106	—	10	123	—	239
Restricted assets:						
Investments	101,961	—	—	—	—	101,961
Accrued interest	84	—	—	—	—	84
Total Assets	\$ 246,443	\$ —	\$ 144,302	\$ 71,411	\$ 3,786	\$ 465,942

Liabilities And Fund Balances

Liabilities

Due to other funds	\$ —	\$ 69,026	\$ 28,559	\$ —	\$ 3,786	\$ 101,371
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Fund Balances

Reserved for:						
Park development	8,159	—	—	—	—	8,159
Unreserved:						
Undesignated, reported in:						
Capital Projects Fund	238,284	(69,026)	115,743	71,411	—	356,412
Total Fund Balances	246,443	(69,026)	115,743	71,411	—	364,571

Total Liabilities And Fund Balances	\$ 246,443	\$ —	\$ 144,302	\$ 71,411	\$ 3,786	\$ 465,942
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CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2010**

	Special Assessment Neighborhood Improvement	Public Facilities Authority	Total
Assets			
Cash and investments	\$ —	\$ 8,219	\$ 8,219
Receivables, net of allowance for uncollectibles:			
Accounts	24,170	—	24,170
Special assessment	204,515	—	204,515
Accrued interest	18	—	18
Restricted assets:			
Cash and investments	66,348	—	66,348
Investments	—	886,632	886,632
Accrued interest	119	—	119
Total Assets	\$ 295,170	\$ 894,851	\$ 1,190,021
Liabilities And Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ —	\$ 112,802	\$ 112,802
Deferred and unearned revenue	204,515	—	204,515
Total Liabilities	204,515	112,802	317,317
Fund Balances			
Reserved for:			
Debt service	90,655	782,049	872,704
Total Liabilities And Fund Balances	\$ 295,170	\$ 894,851	\$ 1,190,021

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
December 31, 2010**

	Frank Hughes Memorial Trust	Mt. Memorial Cemetery Trust	Fairview Cemetery Trust	Total
Assets				
Cash and investments	\$ 30,000	\$ 33,755	\$ 342,396	\$ 406,151
Receivables, net of allowance for uncollectibles:				
Accounts	—	—	4,510	4,510
Accrued interest	54	60	609	723
Total Assets	\$ 30,054	\$ 33,815	\$ 347,515	\$ 411,384

Liabilities And Fund Balances

Liabilities				
Due to other funds	\$ 54	\$ 60	\$ 609	\$ 723
Fund Balances				
Reserved for:				
Trust corpus	30,000	33,755	346,906	410,661
Total Liabilities And Fund Balances	\$ 30,054	\$ 33,815	\$ 347,515	\$ 411,384

CITY OF LIBERTY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2010

	Special Revenue	Capital Projects	Debt Service	Permanent	Total
Revenues					
Taxes	\$ —	\$ 1,464,386	\$ —	\$ —	\$ 1,464,386
Charges for services	48,016	—	—	—	48,016
Investment earnings	800	846	10,732	1,967	14,345
Lease	—	—	862,023	—	862,023
Miscellaneous	11,475	—	78,382	3,825	93,682
Total Revenues	60,291	1,465,232	951,137	5,792	2,482,452
Expenditures					
Current:					
General government	—	6,502	6,000	146	12,648
Culture and recreation	—	198,420	220	—	198,640
Cemetery maintenance	31,920	—	—	—	31,920
Public safety	32,531	5,750	—	—	38,281
Capital outlay	—	40,053	—	—	40,053
Debt service:					
Principal retirement	—	—	815,000	—	815,000
Interest and fiscal charges	—	—	134,877	—	134,877
Total Expenditures	64,451	250,725	956,097	146	1,271,419
Revenues Over (Under) Expenditures	(4,160)	1,214,507	(4,960)	5,646	1,211,033
Other Financing Sources (Uses)					
Transfers in	1,821	10,000	—	—	11,821
Transfers out	—	(1,225,000)	—	(1,821)	(1,226,821)
Total Other Financing Sources (Uses)	1,821	(1,215,000)	—	(1,821)	(1,215,000)
Net Change In Fund Balances	(2,339)	(493)	(4,960)	3,825	(3,967)
Fund Balances - Beginning Of Year	167,113	365,064	877,664	406,836	1,816,677
Fund Balances - End Of Year	\$ 164,774	\$ 364,571	\$ 872,704	\$ 410,661	\$ 1,812,710

CITY OF LIBERTY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS For The Year Ended December 31, 2010

	<u>Cemetery</u>	<u>Police Training</u>	<u>Total</u>
Revenues			
Charges for services	\$ 28,351	\$ 19,665	\$ 48,016
Investment earnings	563	237	800
Miscellaneous	11,475	—	11,475
Total Revenues	40,389	19,902	60,291
Expenditures			
Cemetery maintenance	31,920	—	31,920
Public safety	—	32,531	32,531
Total Expenditures	31,920	32,531	64,451
Revenues Over (Under) Expenditures	8,469	(12,629)	(4,160)
Other Financing Sources			
Transfers in	1,821	—	1,821
Net Change In Fund Balances	10,290	(12,629)	(2,339)
Fund Balances - Beginning Of Year	110,961	56,152	167,113
Fund Balances - End Of Year	\$ 121,251	\$ 43,523	\$ 164,774

CITY OF LIBERTY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
For The Year Ended December 31, 2010**

	Parks Capital	PFA Constru- ction	Fire Sales Tax	Cable Reserve	Limited Capital	Total
Revenues						
Taxes	\$ 723,883	\$ —	\$ 723,881	\$ 16,622	\$ —	\$ 1,464,386
Investment earnings	474	—	46	326	—	846
Total Revenues	724,357	—	723,927	16,948	—	1,465,232
Expenditures						
Current:						
General government	—	—	—	6,502	—	6,502
Culture and recreation	198,420	—	—	—	—	198,420
Public safety	—	—	5,750	—	—	5,750
Capital outlay	40,053	—	—	—	—	40,053
Total Expenditures	238,473	—	5,750	6,502	—	250,725
Revenues Over Expenditures	485,884	—	718,177	10,446	—	1,214,507
Other Financing Sources (Uses)						
Transfers in	—	10,000	—	—	—	10,000
Transfers out	(450,000)	—	(775,000)	—	—	(1,225,000)
Total Other Financing Sources (Uses)	(450,000)	10,000	(775,000)	—	—	(1,215,000)
Net Change In Fund Balances	35,884	10,000	(56,823)	10,446	—	(493)
Fund Balances - Beginning Of Year	210,559	(79,026)	172,566	60,965	—	365,064
Fund Balances - End Of Year	\$ 246,443	\$ (69,026)	\$ 115,743	\$ 71,411	\$ —	\$ 364,571

CITY OF LIBERTY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2010

	Special Assessment Neighborhood Improvement	Public Facilities Authority	Total
Revenues			
Investment earnings	\$ 10,651	\$ 81	\$ 10,732
Lease	—	862,023	862,023
Miscellaneous	78,382	—	78,382
Total Revenues	89,033	862,104	951,137
Expenditures			
Current:			
Culture and recreation	—	220	220
Debt service:			
Principal retirement	80,000	735,000	815,000
Interest and fiscal charges	13,981	120,896	134,877
Total Expenditures	93,981	862,116	956,097
Net Change In Fund Balances	(4,948)	(12)	(4,960)
Fund Balances - Beginning Of Year	95,603	782,061	877,664
Fund Balances - End Of Year	\$ 90,655	\$ 782,049	\$ 872,704

CITY OF LIBERTY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS For The Year Ended December 31, 2010

	Frank Hughes Memorial Trust	Mt. Memorial Cemetery Trust	Fairview Cemetery Trust	Total
Revenues				
Investment earnings	\$ 146	\$ 165	\$ 1,656	\$ 1,967
Miscellaneous	—	—	3,825	3,825
Total Revenues	146	165	5,481	5,792
Expenditures				
Current:				
General government	146	—	—	146
Revenues Over Expenditures	—	165	5,481	5,646
Other Financing Uses				
Transfers out	—	(165)	(1,656)	(1,821)
Net Change In Fund Balances	—	—	3,825	3,825
Fund Balances - Beginning Of Year	30,000	33,755	343,081	406,836
Fund Balances - End Of Year	\$ 30,000	\$ 33,755	\$ 346,906	\$ 410,661

CITY OF LIBERTY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL SALES TAX FUND For The Year Ended December 31, 2010

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 1,942,973	\$ 1,942,954	\$ 19
Intergovernmental	1,119,200	2,159,583	(1,040,383)
Investment earnings	20,000	15,862	4,138
Miscellaneous	—	32	(32)
Total Revenues	3,082,173	4,118,431	(1,036,258)
Expenditures			
Current:			
General government	56,000	51,015	4,985
Public works	3,877,137	3,752,039	125,098
Culture and recreation	658,000	663,601	(5,601)
Capital outlay	530,082	438,462	91,620
Debt service:			
Principal retirement	132,677	130,000	2,677
Interest and fiscal charges	—	2,797	(2,797)
Total Expenditures	5,253,896	5,037,914	215,982
Net Change In Fund Balances	<u>\$ (2,171,723)</u>	(919,483)	<u>\$ (1,252,240)</u>
Fund Balances - Beginning Of Year		<u>5,114,404</u>	
Fund Balances - End Of Year		<u>\$ 4,194,921</u>	

CITY OF LIBERTY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION SALES TAX FUND For The Year Ended December 31, 2010

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>With</u> <u>Final Budget -</u> <u>(Over) Under</u>
Revenues			
Taxes	\$ 1,916,703	\$ 1,924,999	\$ (8,296)
Investment earnings	—	342	(342)
Total Revenues	<u>1,916,703</u>	<u>1,925,341</u>	<u>(8,638)</u>
Expenditures			
Current:			
Capital outlay	399,545	51,474	348,071
Debt service:			
Principal retirement	1,445,000	1,445,000	—
Interest and fiscal charges	476,411	476,409	2
Total Expenditures	<u>2,371,461</u>	<u>2,020,222</u>	<u>351,239</u>
Net Change In Fund Balances	<u>\$ (454,758)</u>	<u>320,119</u>	<u>\$ (774,877)</u>
Fund Balances - Beginning Of Year		<u>583,710</u>	
Fund Balances - End Of Year		<u>\$ 903,829</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
LIBERTY TIF FUND**

For The Year Ended December 31, 2010

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 2,279,000	\$ 2,068,760	\$ 210,240
Investment earnings	—	6,386	(6,386)
Total Revenues	2,279,000	2,075,623	203,377
Expenditures			
Current:			
Community development and improvement	5,079,965	5,069,588	10,377
Public works	9,000	8,799	201
Public safety	1,600	4,759	(3,159)
Capital outlay	8,045	—	8,045
Debt service:			
Principal retirement	2,075,000	1,975,000	100,000
Interest and fiscal charges	1,003,741	1,013,592	(9,851)
Bond issuance costs	241,260	229,126	12,134
Total Expenditures	8,418,611	8,300,864	117,747
Revenues Over (Under) Expenditures	(6,139,611)	(6,225,241)	85,630
Other Financing Sources (Uses)			
Issuance of long-term debt	7,447,600	8,105,000	(657,400)
Payments to refunding escrow agent	(2,152,800)	(2,111,400)	(41,400)
Bond discount	(1,500)	(15,469)	13,969
Transfers in	(411,000)	—	(411,000)
Transfers out	(83,600)	—	(83,600)
Total Other Financing Sources (Uses)	4,798,700	5,978,131	(1,179,431)
Net Change In Fund Balances	\$ (1,340,911)	(247,110)	\$ (1,093,801)
Fund Balances - Beginning Of Year		3,969,808	
Fund Balances - End Of Year		\$ 3,722,698	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CEMETERY FUND
For The Year Ended December 31, 2010**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Charges for services	\$ 36,000	\$ 28,351	\$ 7,649
Investment earnings	1,600	563	1,037
Miscellaneous	8,000	11,475	(3,475)
Total Revenues	45,600	40,389	5,211
Expenditures			
Current:			
Cemetery maintenance	42,500	31,920	10,580
Revenues Over Expenditures	3,100	8,469	(5,369)
Other Financing Sources (Uses)			
Transfers in	6,000	1,821	4,179
Net Change In Fund Balances	<u>\$ 9,100</u>	10,290	<u>\$ (1,190)</u>
Fund Balances - Beginning Of Year		<u>110,961</u>	
Fund Balances - End Of Year		<u>\$ 121,251</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - POLICE TRAINING FUND
For The Year Ended December 31, 2010**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Charges for services	\$ 21,000	\$ 19,665	\$ 1,335
Investment earnings	800	237	563
Total Revenues	21,800	19,902	1,898
Expenditures			
Current:			
Public safety	32,600	32,531	69
Net Change In Fund Balances	<u>\$ (10,800)</u>	<u>(12,629)</u>	<u>\$ 1,829</u>
Fund Balances - Beginning Of Year		<u>56,152</u>	
Fund Balances - End Of Year		<u>\$ 43,523</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PARKS CAPITAL FUND
For The Year Ended December 31, 2010**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 697,294	\$ 723,883	\$ (26,589)
Investment earnings	—	474	(474)
Total Revenues	697,294	724,357	(27,063)
Expenditures			
Current:			
Culture and recreation	200,256	198,420	1,836
Capital outlay	40,053	40,053	—
Total Expenditures	240,309	238,473	1,836
Revenues Over (Under) Expenditures	456,985	485,884	(28,899)
Other Financing Sources (Uses)			
Transfers out	(450,000)	(450,000)	—
Net Change In Fund Balances	\$ 6,985	35,884	\$ (28,899)
Fund Balances - Beginning Of Year		210,559	
Fund Balances - End Of Year		\$ 246,443	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FIRE SALES TAX FUND
For The Year Ended December 31, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - (Over) Under</u>
Revenues			
Taxes	\$ 697,294	\$ 723,881	\$ (26,587)
Investment earnings	—	46	(46)
Total Revenues	<u>697,294</u>	<u>723,927</u>	<u>(26,633)</u>
Expenditures			
Current:			
Public safety	36,203	5,750	30,453
Revenues Over (Under) Expenditures	661,091	718,177	(57,086)
Other Financing Sources (Uses)			
Transfers out	(775,000)	(775,000)	—
Net Change In Fund Balances	<u>\$ (113,909)</u>	<u>(56,823)</u>	<u>\$ (57,086)</u>
Fund Balances - Beginning Of Year		<u>172,566</u>	
Fund Balances - End Of Year		<u>\$ 115,743</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CABLE RESERVE FUND
For The Year Ended December 31, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - (Over) Under</u>
Revenues			
Taxes	\$ 18,100	\$ 16,622	\$ 1,478
Investment earnings	500	326	174
Total Revenues	18,600	16,948	1,652
Expenditures			
Current:			
General government	10,000	6,502	3,498
Net Change In Fund Balances	<u>\$ 8,600</u>	10,446	<u>\$ (1,846)</u>
Fund Balances - Beginning Of Year		<u>60,965</u>	
Fund Balances - End Of Year		<u>\$ 71,411</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SPECIAL ASSESSMENT
NEIGHBORHOOD IMPROVEMENT FUND
For The Year Ended December 31, 2010**

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>With</u> <u>Final Budget -</u> <u>(Over) Under</u>
Revenues			
Investment earnings	\$ 11,431	\$ 10,651	\$ 780
Miscellaneous	77,899	78,382	(483)
Total Revenues	<u>89,330</u>	<u>89,033</u>	<u>297</u>
Expenditures			
Current:			
Debt service:			
Principal retirement	80,000	80,000	—
Interest and fiscal charges	14,242	13,981	261
Total Expenditures	<u>94,242</u>	<u>93,981</u>	<u>261</u>
Net Change In Fund Balances	<u>\$ (4,912)</u>	<u>(4,948)</u>	<u>\$ 36</u>
Fund Balances - Beginning Of Year		<u>95,603</u>	
Fund Balances - End Of Year		<u>\$ 90,655</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
PUBLIC FACILITIES AUTHORITY FUND
For The Year Ended December 31, 2010**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Investment earnings	\$ 150	\$ 81	\$ 69
Lease	858,000	862,023	(4,023)
Total Revenues	858,150	862,104	(3,954)
Expenditures			
Current:			
General government	6,000	6,000	—
Culture and recreation	250	220	30
Debt service:			
Principal retirement	735,000	735,000	—
Interest and fiscal charges	121,010	120,896	114
Total Expenditures	862,260	862,116	144
Net Change In Fund Balances	\$ (4,110)	(12)	\$ (4,098)
Fund Balances - Beginning Of Year	782,061		
Fund Balances - End Of Year	\$ 782,049		

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
FRANK HUGHES MEMORIAL TRUST FUND
For The Year Ended December 31, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - (Over) Under</u>
Revenues			
Investment earnings	\$ 850	\$ 146	\$ 704
Expenditures			
Current:			
General government	850	146	704
Net Change In Fund Balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
Fund Balances - Beginning Of Year		<u>30,000</u>	
Fund Balances - End Of Year		<u>\$ 30,000</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
MT. MEMORIAL CEMETERY TRUST FUND
For The Year Ended December 31, 2010**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Investment earnings	\$ 500	\$ 165	\$ 335
Other Financing Uses			
Transfers out	(500)	(165)	335
Net Change In Fund Balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
Fund Balances - Beginning Of Year		<u>33,755</u>	
Fund Balances - End Of Year		<u>\$ 33,755</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
FAIRVIEW CEMETERY TRUST FUND
For The Year Ended December 31, 2010**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Investment earnings	\$ 5,500	\$ 1,656	\$ 3,844
Miscellaneous	—	3,825	(3,825)
Total Revenues	5,500	5,481	19
Revenues Over Expenditures	5,500	5,481	19
Other Financing Sources (Uses)			
Transfers out	(5,500)	(1,656)	3,844
Net Change In Fund Balances	<u>\$ —</u>	3,825	<u>\$ (3,825)</u>
Fund Balances - Beginning Of Year		<u>343,081</u>	
Fund Balances - End Of Year		<u>\$ 346,906</u>	

CITY OF LIBERTY, MISSOURI

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

Page 1 Of 2

For The Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
Tax Escrow Fund				
Assets				
Cash and cash equivalents	\$ 7,286	\$ 530	\$ —	\$ 7,816
Accrued interest	15	—	15	—
Total Assets	\$ 7,301	\$ 530	\$ 15	\$ 7,816
Liabilities				
Protested taxes	\$ 7,301	\$ 515	\$ —	\$ 7,816
Preservation And Development Fund				
Assets				
Cash and cash equivalents	\$ 32,230	\$ 607	\$ —	\$ 32,837
Accrued interest	68	—	9	59
Total Assets	\$ 32,298	\$ 607	\$ 9	\$ 32,896
Liabilities				
Due to other entities	\$ 32,298	\$ 598	\$ —	\$ 32,896
Triangle CID Sales Tax Fund				
Assets				
Cash and cash equivalents	\$ 45,145	\$ —	\$ 47,838	\$ 2,407
Accrued sales tax	24,295	—	24,295	—
Accrued interest	—	—	—	—
Total Assets	\$ 69,440	\$ —	\$ 72,133	\$ 2,407
Liabilities				
Due to other entities	\$ 69,440	\$ —	\$ 67,033	\$ 2,407

CITY OF LIBERTY, MISSOURI

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

Page 2 Of 2

For The Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
Roger's Plaza CID				
Assets				
Cash and cash equivalents	\$ —	\$ 3,315	\$ —	\$ 3,315
Total Assets	\$ —	\$ 3,315	\$ —	\$ 3,315
Liabilities				
Due to other entities	\$ —	\$ 3,315	\$ —	\$ 3,315
Blue Jay Crossing CID				
Assets				
Cash and cash equivalents	\$ 12	\$ 572	\$ —	\$ 584
Total Assets	\$ 12	\$ 572	\$ —	\$ 584
Liabilities				
Due to other entities	\$ 12	\$ 572	\$ —	\$ 584
Total				
Assets				
Cash and cash equivalents	\$ 84,673	\$ 5,024	\$ 47,838	\$ 46,959
Accrued sales tax	24,295	—	24,295	—
Accrued interest	83	—	24	59
Total Assets	\$ 109,051	\$ 5,024	\$ 72,157	\$ 47,018
Liabilities				
Protested taxes	\$ 7,301	\$ 515	\$ —	\$ 7,816
Due to other entities	101,750	4,485	67,033	39,202
Total Liabilities	\$ 109,051	\$ 5,000	\$ 67,033	\$ 47,018

Statistical Section

CITY OF LIBERTY, MISSOURI
Statistical Section
December 31, 2010

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

Contents

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	89 - 96
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property and sales tax.	97 - 100
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	101 - 104
Demographic And Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	105 - 106
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	107 - 111

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

CITY OF LIBERTY, MISSOURI

NET ASSETS BY COMPONENT

	2004	2005	2006	2007	2008	2009	2010
Governmental activities:							
Invested in capital assets, net of related debt	\$ 17,653,062	\$ 25,727,620	\$ 30,606,456	\$ 32,693,499	\$ 36,347,646	\$ 37,716,660	\$ 39,600,922
Restricted	13,246,736	13,205,216	11,099,463	11,341,861	7,603,657	6,603,720	6,656,505
Unrestricted	2,981,309	2,176,847	1,049,219	1,415,824	(11,826,072)	(8,929,008)	(14,926,994)
Total Governmental Activities Net Assets	\$ 33,881,107	\$ 41,109,683	\$ 42,755,138	\$ 45,451,184	\$ 32,125,231	\$ 35,391,372	\$ 31,330,433
Business-type activities:							
Invested in capital assets, net of related debt	\$ 33,436,650	\$ 33,208,056	\$ 36,632,860	\$ 38,090,982	\$ 39,218,958	\$ 39,436,429	\$ 39,560,719
Restricted	2,441,079	2,341,553	2,601,005	2,699,150	6,854,108	6,511,688	6,372,833
Unrestricted	3,785,425	6,053,855	4,142,409	2,552,583	(3,184,583)	(2,072,707)	(1,052,848)
Total Business-Type Activities Net Assets	\$ 39,663,154	\$ 41,603,464	\$ 43,376,274	\$ 43,342,715	\$ 42,888,483	\$ 43,875,410	\$ 44,880,704
Primary government:							
Invested in capital assets, net of related debt	\$ 51,089,712	\$ 58,935,676	\$ 67,239,316	\$ 70,784,481	\$ 75,566,604	\$ 77,153,089	\$ 79,161,641
Restricted	15,687,815	15,546,769	13,700,468	14,041,011	14,457,765	13,115,408	13,029,338
Unrestricted	6,766,734	8,230,702	5,191,628	3,968,407	(15,010,655)	(11,001,715)	(15,979,842)
Total Primary Government Net Assets	\$ 73,544,261	\$ 82,713,147	\$ 86,131,412	\$ 88,793,899	\$ 75,013,714	\$ 79,266,782	\$ 76,211,137

GASB Statement No. 34 Implemented in Fiscal Year 2004

CITY OF LIBERTY, MISSOURI

CHANGES IN NET ASSETS

Page 1 Of 2

	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Governmental activities:							
General government	\$ 1,920,908	\$ 2,025,212	\$ 2,470,105	\$ 2,307,516	\$ 3,316,763	\$ 3,315,775	\$ 4,098,088
Community development	695,813	809,519	1,128,375	1,100,673	2,057,328	1,335,337	6,213,788
Public works	3,357,185	3,735,164	4,905,388	3,559,623	5,807,510	3,541,594	6,381,711
Culture and recreation	5,129,972	5,072,303	5,245,366	5,700,504	5,872,958	6,584,138	5,846,413
Cemetery maintenance	49,045	43,787	38,527	35,903	37,104	40,370	31,920
Public safety	7,451,964	7,880,751	8,380,805	8,698,281	9,688,707	8,654,817	8,755,802
Interest on long-term debt	773,236	1,293,272	1,366,984	1,345,901	1,642,311	1,535,865	1,755,580
Total Governmental Activities Expenses	19,378,123	20,860,008	23,535,550	22,748,401	28,422,681	25,007,896	33,083,302
Business-type activities:							
Water	3,373,787	3,486,029	3,506,383	4,173,039	4,057,237	3,887,962	4,084,298
Sewer	3,855,233	4,139,694	4,218,863	5,138,788	5,328,147	5,314,243	5,530,579
Sanitation	1,097,480	1,160,099	1,221,536	1,299,474	1,363,000	1,437,803	1,240,494
Total Business-Type Activities Expenses	8,326,500	8,785,822	8,946,782	10,611,301	10,748,384	10,640,008	10,855,371
Total Primary Government Expenses	27,704,623	29,645,830	32,482,332	33,359,702	39,171,065	35,647,904	43,938,673
Program revenue:							
Governmental activities:							
Charges for services							
General government	461,500	437,457	373,149	420,539	370,478	485,778	416,234
Public Works	278,386	166,363	136,738	214,968	280,375	1,067,170	101,212
Culture and recreation	3,152,848	3,318,922	3,350,635	3,477,997	3,715,924	3,423,899	3,445,210
Cemetery maintenance	33,032	45,113	53,793	36,450	34,650	37,399	28,351
Public safety	1,313,619	1,200,923	1,405,930	1,520,423	2,561,983	1,621,760	1,572,578
Operating grants and contributions	322,806	234,643	433,541	600,645	1,481,832	414,473	359,560
Capital grants and contributions	1,044,977	1,496,320	428,486	466,913	762,267	2,452,265	2,069,324
Total Governmental Activities Program Revenue	6,607,168	6,899,741	6,182,272	6,737,935	9,207,509	9,502,744	7,992,469
Business-type activities:							
Charges for services:							
Water	4,179,674	4,469,403	4,217,493	4,150,119	3,821,493	3,851,743	4,609,913
Sewer	4,311,617	4,463,162	4,421,418	4,424,439	4,494,668	4,951,824	5,702,170
Sanitation	1,110,246	1,201,091	1,267,305	1,345,744	1,420,096	1,427,468	1,289,414
Capital grants and contributions:							
Water	165,970	183,649	61,676	48,080	116,611	269,563	68,998
Sewer	232,695	211,443	156,692	22,800	100,026	205,251	—
Total Business-Type Activities Program Revenues	10,001,502	10,528,748	10,124,584	9,991,182	9,952,894	10,705,849	11,670,495
Total Primary Government Program Revenues	16,608,670	17,428,489	16,306,856	16,729,117	19,160,403	20,208,593	19,662,964
Net (expense) revenue:							
Governmental activities	(12,770,955)	(13,960,267)	(17,353,278)	(16,010,466)	(19,215,172)	(15,505,152)	(25,090,833)
Business-type activities	1,675,002	1,742,926	1,177,802	(620,119)	(795,490)	65,841	815,124
Total Primary Government Net Expense	(11,095,953)	(12,217,341)	(16,175,476)	(16,630,585)	(20,010,662)	(15,439,311)	(24,275,709)

CITY OF LIBERTY, MISSOURI

CHANGES IN NET ASSETS

Page 2 Of 2

	2004	2005	2006	2007	2008	2009	2010
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Property taxes	\$ 3,927,978	\$ 4,052,093	\$ 4,454,329	\$ 4,580,046	\$ 4,968,036	\$ 5,497,483	\$ 6,177,644
Franchise taxes	2,356,277	2,492,911	2,567,518	3,075,617	4,327,161	3,844,459	4,385,343
Sales taxes	6,442,538	7,709,037	8,461,337	8,316,447	8,312,753	7,995,060	8,446,974
Other taxes	1,795,691	1,531,505	1,498,315	1,528,764	1,385,860	1,362,775	1,235,186
Investment earnings	253,451	430,554	703,417	873,996	433,980	157,135	59,471
Miscellaneous	509,832	326,531	1,313,817	281,642	740,686	590,848	725,288
Transfers	—	15,000	—	50,000	—	(676,467)	—
Gain on sale of capital assets	—	16,029	—	—	—	—	—
Total Governmental Activities	15,285,767	16,573,660	18,998,733	18,706,512	20,168,476	18,771,293	21,029,906
Business-type activities:							
Investment earnings	96,521	212,384	595,008	569,860	338,239	244,619	190,170
Miscellaneous	—	—	—	66,700	3,019	—	—
Transfers	—	(15,000)	—	(50,000)	—	676,467	—
Total Business-Type Activities	96,521	197,384	595,008	586,560	341,258	921,086	190,170
Total Primary Government	15,382,288	16,771,044	19,593,741	19,293,072	20,509,734	19,692,379	21,220,076
Changes in net assets:							
Governmental activities	2,514,806	2,613,393	1,645,455	2,696,046	953,304	3,266,141	(4,060,927)
Business-type activities	1,771,523	1,940,310	1,772,810	(33,559)	(454,232)	986,927	1,005,294
Total Primary Government	\$ 4,286,329	\$ 4,553,703	\$ 3,418,265	\$ 2,662,487	\$ 499,072	\$ 4,253,068	\$ (3,055,633)

GASB Statement No. 34 implemented in Fiscal Year 2004

CITY OF LIBERTY, MISSOURI

PROGRAM REVENUES BY FUNCTION/PROGRAM

Function / Program	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities:							
General government	\$ 514,402	\$ 440,754	\$ 383,601	\$ 431,878	\$ 385,191	\$ 508,981	\$ 422,156
Community development and improvement	—	—	—	98,346	946,629	—	—
Public works	927,384	1,662,683	754,083	901,131	1,322,205	3,753,085	2,404,186
Culture and recreation	3,629,433	3,434,236	3,466,993	3,595,086	3,857,536	3,535,391	3,547,149
Cemetery maintenance	33,032	45,113	53,793	36,450	34,650	37,399	28,351
Public safety	1,502,917	1,316,955	1,523,802	1,675,044	2,661,298	1,667,888	1,590,627
Total Governmental Activities	6,607,168	6,899,741	6,182,272	6,737,935	9,207,509	9,502,744	7,992,469
Business-type activities:							
Water	4,345,644	4,653,052	4,279,169	4,198,199	3,938,104	4,121,306	4,678,911
Sewer	4,544,312	4,674,605	4,578,110	4,447,239	4,594,694	5,157,075	5,702,170
Sanitation	1,111,546	1,201,091	1,267,305	1,345,744	1,420,096	1,427,468	1,289,414
Total Business-Type Activities	10,001,502	10,528,748	10,124,584	9,991,182	9,952,894	10,705,849	11,670,495
Total Government	\$ 16,608,670	\$ 17,428,489	\$ 16,306,856	\$ 16,729,117	\$ 19,160,403	\$ 20,208,593	\$ 19,662,964

GASB Statement No. 34 implemented in fiscal year 2004.

Source: City records.

CITY OF LIBERTY, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 224,360	\$ 558,277	\$ 1,218,109	\$ 589,686	\$ 475,471	\$ 453,688	\$ 417,101	\$ 402,214	\$ 410,559	\$ 689,406
Unreserved	1,885,806	2,432,146	2,225,153	2,237,902	1,988,685	1,716,601	1,935,964	2,243,914	2,055,644	2,497,862
Total General Fund	\$ 2,110,166	\$ 2,990,423	\$ 3,443,262	\$ 2,827,588	\$ 2,464,156	\$ 2,170,289	\$ 2,353,065	\$ 2,646,128	\$ 2,466,203	\$ 3,187,268
All Other Governmental Funds:										
Reserved	\$ 4,293,410	\$ 12,589,424	\$ 2,495,766	\$ 6,738,349	\$ 8,840,067	\$ 6,015,584	\$ 8,876,787	\$ 7,335,807	\$ 9,287,943	\$ 4,379,751
Unreserved, reported in:										
Special revenue funds	—	—	147,475	105,135	86,461	86,803	212,015	414,893	(197,996)	137,393
Capital projects funds	10,875	12,547	10,818,016	6,475,723	4,260,317	5,006,949	4,535,316	3,599,281	1,670,811	5,725,072
Permanent fund	—	—	357,592	359,817	361,755	44,278	—	404,361	406,836	410,661
Total All Other Government Funds	\$ 4,304,285	\$ 12,601,971	\$ 13,818,849	\$ 13,679,024	\$ 13,548,600	\$ 11,153,614	\$ 13,624,118	\$ 11,754,342	\$ 11,167,594	\$ 10,652,877

Source: City records

CITY OF LIBERTY, MISSOURI

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 1 Of 2

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes	\$ 11,934,852	\$ 12,507,287	\$ 13,873,518	\$ 14,522,484	\$ 15,785,546	\$ 16,981,499	\$ 17,500,874	\$ 18,993,810	\$ 18,608,689	\$ 20,154,888
Intergovernmental	2,050,164	2,099,794	1,228,971	1,034,760	1,148,099	862,027	1,080,660	2,244,099	1,552,867	2,519,143
Licenses and permits	308,625	329,180	—	—	—	—	376,236	370,478	389,111	316,961
Charges for services	2,753,170	2,249,996	4,169,865	4,864,298	4,861,068	4,960,066	4,165,979	4,951,234	5,366,460	4,375,101
Investment earnings	—	—	402,236	253,451	430,554	703,417	873,996	433,980	157,135	59,471
Lease	932,922	947,292	725,982	1,052,819	1,082,937	1,090,410	1,083,859	1,158,108	863,059	862,023
Reimbursement of services provided	579,672	595,209	—	—	—	—	—	—	—	—
Fines and forfeitures	334,778	353,706	—	—	—	—	—	—	—	—
Contributions	20,280	68,025	340,198	15,000	—	—	—	—	—	—
Interest	658,332	392,134	—	—	—	—	—	—	—	—
Special assessments	48,927	90,733	—	—	—	—	—	—	—	—
Miscellaneous	84,051	308,367	329,753	246,087	335,928	1,377,110	1,110,387	849,147	686,123	803,330
Total Revenues	19,705,773	19,941,723	21,070,523	21,988,899	23,644,132	25,974,529	26,191,991	29,000,856	27,623,444	29,090,917
Expenditures:										
General government	2,585,429	2,265,696	1,909,967	2,400,769	2,607,204	2,631,925	2,909,155	3,142,783	2,920,813	3,186,676
Community development and improvement	1,069,191	1,098,031	592,545	701,483	806,345	1,056,563	1,090,028	1,291,386	1,095,806	5,905,370
Public works	—	—	2,235,218	2,150,904	2,300,908	3,929,263	3,131,286	3,957,941	3,693,908	6,066,133
Culture and recreation	2,280,588	2,561,585	3,870,785	4,410,034	4,326,742	4,779,873	4,886,143	5,080,716	4,513,774	4,528,504
Cemetery maintenance	48,297	50,918	54,199	49,045	43,787	38,527	35,903	37,104	40,370	31,920
Public safety	5,708,627	5,982,407	6,467,853	7,119,166	7,535,159	7,753,758	8,154,847	8,466,182	8,245,818	8,248,571
Highway and streets	3,190,215	1,690,940	—	—	—	—	—	—	—	—
Sanitation	776,459	—	—	—	—	—	—	—	—	—
City wide programs	435,031	276,263	—	—	—	—	—	—	—	—
Capital outlay	7,405,325	4,073,305	4,792,594	11,585,816	10,575,983	4,618,392	9,261,303	3,951,534	2,850,274	1,009,967
Debt service:										
Principal	1,242,325	1,676,666	3,252,410	2,070,150	2,104,858	2,399,874	2,521,106	2,959,207	2,768,453	4,547,331
Bond issuance costs	84,559	—	130,437	79,215	108,838	—	241,599	—	—	229,126
Interest	646,538	990,142	912,597	801,321	1,056,123	1,455,207	1,276,769	1,690,716	1,584,434	1,639,777
Total Expenditures	25,472,584	20,665,953	24,218,605	31,367,903	31,465,947	28,663,382	33,508,139	30,577,569	27,713,650	35,393,375
Excess Of Revenues Under Expenditures	(5,766,811)	(724,230)	(3,148,082)	(9,379,004)	(7,821,815)	(2,688,853)	(7,316,148)	(1,576,713)	(90,206)	(6,302,458)

CITY OF LIBERTY, MISSOURI

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 2 Of 2

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses):										
Transfers in	\$ 755,262	\$ 1,183,739	\$ 3,081,079	\$ 2,311,834	\$ 1,041,732	\$ 1,275,453	\$ 1,414,937	\$ 1,550,512	\$ 1,400,432	\$ 1,717,821
Transfers out	(740,000)	(1,000,497)	(3,081,079)	(2,311,834)	(1,026,732)	(1,275,453)	(1,364,937)	(1,550,512)	(2,076,899)	(1,717,821)
Issuance of long-term debt	—	—	3,640,000	7,795,000	6,790,842	—	9,960,560	—	—	8,105,000
Discount on debt issuance	—	—	—	(177,125)	—	—	(48,874)	—	—	(15,469)
Premium on debt issuance	—	—	97,344	—	481,242	—	7,742	—	—	—
Proceeds of refunding bonds	9,852,761	825,000	—	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	(829,281)	—	—	—	—	—	—	—	(2,111,400)
Proceeds from capital leases	—	156,940	—	—	—	—	—	—	—	—
Lease proceeds	—	—	—	—	—	—	—	—	—	—
Capital contributions	—	—	44,675	70,550	—	—	—	—	—	530,687
Proceeds from sale of property	52,250	4,865	—	—	40,875	—	—	—	—	—
Total Other Financing Sources (Uses)	9,920,273	340,766	3,782,019	7,688,425	7,327,959	—	9,969,428	—	(676,467)	6,508,818
Net Changes In Fund Balance	4,153,462	(383,464)	633,937	(1,690,579)	(493,856)	(2,688,853)	2,653,280	(1,576,713)	(766,673)	206,360
Fund balances (deficits), beginning of year	13,793,256	17,946,718	17,563,254	18,197,191	16,506,612	16,012,756	13,323,903	15,977,183	14,400,470	13,633,785
Fund balances (deficits), end of year	\$ 17,946,718	\$ 17,563,254	\$ 18,197,191	\$ 16,506,612	\$ 16,012,756	\$ 13,323,903	\$ 15,977,183	\$ 14,400,470	\$ 13,633,797	\$ 13,840,145
Debt service as a percentage of noncapital expenditures	10.92%	16.07%	22.11%	14.92%	15.65%	16.03%	16.66%	16.76%	17.55%	18.66%

CITY OF LIBERTY, MISSOURI

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Fiscal Year	Property	Local Option Sales Tax	Franchise Fees	Other Tax	Total
2001	\$ 3,488,100	\$ 6,133,600	\$ 2,034,969	\$ 278,183	\$ 11,934,852
2002	3,855,914	6,292,106	2,079,748	279,519	12,507,287
2003	3,803,766	6,546,300	2,190,702	1,332,750	13,873,518
2004	3,927,979	6,442,538	2,373,036	1,778,931	14,522,484
2005	4,052,093	7,709,037	2,492,911	1,531,505	15,785,546
2006	4,454,329	8,461,337	2,567,518	1,498,315	16,981,499
2007	4,580,046	8,316,447	3,075,617	1,528,764	17,500,874
2008	4,968,036	8,312,753	4,327,161	1,385,860	18,993,810
2009	5,497,483	7,995,060	3,844,459	1,362,775	18,699,777
2010	5,058,730	8,763,669	3,958,095	2,112,197	19,892,691
Change					
2001-2010	45.03%	42.88%	94.50%	659.28%	66.68%

Source: City records.

As set out in Section 32.057 of the Missouri Revised State Statutes, it is a violation to make known in any manner the tax returns or departmental records derived from the Missouri Department of Revenue, including sales taxes, franchise fees and other tax sources. Due to the confidentiality of earnings information, the above alternative information is provided to assist the users in understanding these revenue sources, including sales taxes, the City's largest own-source revenue.

CITY OF LIBERTY, MISSOURI

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year	Residential Property Assessed	Residential Property Estimated	Agriculture Property	Commercial/Industrial Property	Personal Property	Railroad Utility Real Property	Railroad Utility Personal Property	Total Taxable Assessed Value	CPI Per Year	Estimated Actual Taxable Value	Taxable Assessed Value As A Percentage Of Actual Taxable Value	Total Direct Tax Rate
2001	\$ 198,128,160	\$ 1,042,779,789	\$ 5,245,167	\$ 184,505,406	\$ 241,696,785	\$ 25,665,550	\$ 11,010,876	\$ 349,405,814	3.3%	\$ 1,510,903,573	23.13%	1.0000
2002	203,994,030	1,073,652,789	4,776,083	185,048,625	251,715,539	25,943,288	10,021,725	358,457,869	1.6%	1,551,158,049	23.11%	0.9898
2003	231,469,200	1,218,258,947	5,579,167	191,721,594	248,994,033	22,876,706	8,654,385	385,834,134	2.2%	1,696,084,832	22.75%	0.9952
2004	239,464,400	1,260,338,947	5,347,083	197,747,344	239,301,536	22,906,685	9,639,300	392,865,815	2.3%	1,735,280,895	22.64%	0.9688
2005	264,174,105	1,390,390,026	4,730,000	222,373,375	262,669,661	21,587,816	9,067,703	432,482,616	3.5%	1,910,818,581	22.63%	0.9783
2006	270,691,280	1,424,690,947	8,289,750	223,826,063	277,210,355	21,219,162	9,431,797	444,692,432	3.5%	1,964,668,074	22.63%	0.9676
2007	284,539,230	1,497,574,895	17,003,500	289,116,406	283,133,318	21,765,597	10,415,657	482,933,053	2.6%	2,130,359,313	22.67%	0.9676
2008	287,785,260	1,514,659,263	19,598,417	299,017,563	290,213,364	20,775,625	10,432,676	491,684,083	3.9%	2,154,696,907	22.82%	0.9358
2009	284,219,490	1,495,892,053	20,043,000	307,905,375	255,701,315	20,762,634	9,755,364	479,399,117	0.1%	2,110,059,741	22.72%	0.9715
2010	285,370,000	1,501,947,368	19,750,583	315,738,344	213,223,100	26,243,916	9,878,818	470,798,026	2.7%	2,086,782,129	22.56%	0.9957

Source: City records

Note: Personal property and real property are taxed. The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. The agriculture value is based upon productivity instead of actual market value.

CITY OF LIBERTY, MISSOURI

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Tax Year Levied	City Direct Rates				Overlapping Rates				
	General Fund	Parks Fund	Debt Service Fund	Total City Tax Rate	School District Tax Rate	County Tax Rate	Hospital Tax Rate	State Tax Rate	Total Tax Rate
2001	0.8413	0.1485	—	0.9898	5.1100	0.6495	0.0968	0.0300	6.8761
2002	0.8459	0.1493	—	0.9952	5.1100	0.6495	0.0968	0.0300	6.8815
2003	0.8235	0.1453	—	0.9688	5.6400	0.6495	0.0968	0.0300	7.3851
2004	0.8316	0.1467	—	0.9783	5.6400	0.6955	0.1265	0.0300	7.4703
2005	0.8225	0.1451	—	0.9676	5.6400	0.6884	0.1265	0.0300	7.4525
2006	0.8225	0.1451	—	0.9676	5.6400	0.6918	0.1269	0.0300	7.4563
2007	0.7955	0.1403	—	0.9358	5.6400	0.9260	0.1343	0.0300	7.6661
2008	0.7955	0.1403	—	0.9358	5.6400	0.9263	0.1349	0.0300	7.6670
2009	0.8259	0.1456	—	0.9715	5.9069	0.9253	0.1444	0.0300	7.9781
2010	0.8465	0.1492	—	0.9957	6.0950	0.9253	0.1500	0.0300	8.1960

Source: Office of Clay County Clerk

Notes:

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners, although the County property tax rates apply to all City property owners; the Hospital rates apply to the property owners within that Authority's geographic boundaries.

CITY OF LIBERTY, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value
Hallmark Cards	\$ 8,683,838	1	1.81%	\$ 9,396,659	2	2.65%
Star Development	4,293,387	2	0.90%			
RR Donnelley	2,738,163	3	0.57%			
Centro Bradley SPE 5 LLC	2,338,340	4	0.49%			
Stone Container Corporation	2,011,376	5	0.42%	1,730,128	6	0.61%
American Central Transport	1,843,879	6	0.38%			
Monmouth Real Estate Inv	1,708,420	7	0.36%	1,617,350	7	
Continental Disc Corp	1,610,436	8	0.34%	2,371,305	3	0.83%
S&D Holding	1,433,540	9	0.30%	1,520,480	9	0.49%
United Rentals	1,192,051	10	0.25%			
Clark Printing	—	—	—	9,497,776	1	3.52%
Ferrell Companies	—	—	—	1,870,862	4	0.62%
Bradley Operating LP	—	—	—	1,779,200	5	0.54%
O'Dell Publishing	—	—	—	1,601,829	8	0.50%
Professional Metals	—	—	—	1,518,128	10	0.47%
Total	\$ 27,853,429		5.81%	\$ 32,903,717		10.69%

Source: City records

CITY OF LIBERTY, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS

Year Ended December 31,	<u>Collected Within the Fiscal Year Of The Levy</u>					<u>Total Collections To Date</u>		Ratio Of Outstanding Taxes To Total Levy
	Current Tax Levy	Current Tax Collections	% Of Current Collections	Delinquent Tax Collections	Total Tax Collections	% Of Total Current Collections*	Outstanding Taxes Receivable	
2001	\$ 3,458,419	\$ 2,954,179	85.42%	\$ 457,954	\$ 3,412,133	98.66%	\$ 588,466	17.02%
2002	3,567,373	2,916,346	81.75%	369,462	3,285,808	92.11%	870,031	24.39%
2003	3,645,889	3,093,990	84.86%	611,009	3,704,999	101.62%	810,921	22.24%
2004	3,737,699	3,443,614	92.13%	625,310	4,068,924	108.86%	538,806	14.42%
2005	4,096,721	3,815,540	93.14%	361,765	4,177,305	101.97%	543,247	13.26%
2006	4,302,844	3,785,934	87.99%	249,853	4,035,787	93.79%	810,304	18.83%
2007	4,519,288	4,064,024	89.93%	481,493	4,545,517	100.58%	784,074	17.35%
2008	4,601,180	4,182,202	90.89%	397,596	4,579,798	99.54%	805,456	17.51%
2009	4,603,135	4,169,701	90.58%	470,683	4,640,383	100.80%	768,208	16.68%
2010	4,592,237	4,168,359	90.77%	593,401	4,761,760	103.69%	598,685	13.04%

Source: City records

Note:

Includes personal property, real estate, and railroad taxes.
The above information presents the information for each period for which it is levied.
A tax levy provides taxes remitted for the following year.

*For purposes of this schedule, delinquent taxes are not allocated to the year in which they were originally levied.

CITY OF LIBERTY, MISSOURI

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE

Fiscal Year	General Bonded Debt			Other Governmental Activities Debt				Business Type Activities					Total Primary Government	Percentage Of Personal Income	Debt Per Capita
	General Special Assessment Bonds	Percentage Of Actual Taxable Value Of Property	Debt Per Capita	MDNR Loan Payable	Capital Leases	Leasehold Revenue Bonds	TIF Bonds	Loan Payable	State Revolving Fund	Revenue Bonds	Capital Leases				
2001	\$ 10,770,000	0.71%	410	\$ —	\$ 2,426,292	\$ 7,210,000	\$ 625,000	\$ 75,000	\$ —	\$ 12,905,000	\$ —	\$ 34,011,292	6.41%	\$ 1,295	
2002	10,725,000	0.69%	405	—	2,176,546	6,615,000	—	50,000	—	18,070,000	—	37,636,546	6.66%	1,421	
2003	10,200,000	0.60%	390	—	1,764,136	7,940,000	—	1,025,000	—	17,075,000	—	38,004,136	7.07%	1,455	
2004	9,305,000	0.54%	341	—	1,318,986	7,210,000	7,795,000	1,050,843	—	16,025,000	50,865	42,755,694	7.62%	1,568	
2005	14,755,000	0.77%	539	118,341	1,236,629	6,410,000	7,795,000	—	6,180,000	17,975,000	25,843	54,495,813	9.39%	1,991	
2006	13,705,000	0.70%	501	110,527	929,569	5,565,000	7,605,000	—	6,180,000	16,780,000	—	50,875,096	8.77%	1,858	
2007	12,555,000	0.59%	416	102,058	722,491	4,685,000	7,380,000	—	5,975,000	15,525,000	—	46,944,549	8.09%	1,555	
2008	11,290,000	0.53%	374	93,302	427,041	3,560,000	14,955,000	—	5,765,000	14,230,000	—	50,320,343	8.67%	1,667	
2009	11,970,000	0.56%	411	84,249	147,641	2,855,000	14,570,000	—	9,533,541	12,885,000	—	52,045,431	5.77%	1,785	
2010	10,770,000	0.51%	369	74,890	375,355	2,120,000	18,305,000	—	9,151,041	11,485,000	—	52,281,286	6.24%	1,794	

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

CITY OF LIBERTY, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable To City
Overlapping:			
Liberty Hospital District	\$ —	19.55%	\$ —
Liberty School District	158,983,269	39.84%	63,338,934
Clay County	—	13.10%	—
Subtotal, Overlapping Debt			
City Direct Debt	8,375,000	100.00%	<u>8,375,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 71,713,934</u></u>

Sources: Individual Governmental entity and City records

(1) Determined by ratio of assessed value in overlapping unit compared to the value of taxable assessed value the value of taxable assessed value within the corporate limits of the City of Liberty

(2) Individual Governmental entity and City records

Note: Liberty School District's amount is as of 6/30/2010

CITY OF LIBERTY, MISSOURI
LEGAL DEBT MARGIN INFORMATION

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 470,798,026
Debt limit (20% of assessed value)	<u>94,159,605</u>
City Debt applicable to debt limit:	
General obligation bonds	\$ 8,375,000
Special assessment bonds	2,685,000
Less-amount available debt service fund, Special Assessment Neighborhood Improvement Fund	<u>(90,655)</u>
Total net debt applicable to limit	<u>10,969,345</u>
Legal debt margin	<u>\$ 83,190,260</u>

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 69,881,163	\$ 71,691,574	\$ 75,266,085	\$ 76,412,130	\$ 84,671,982	\$ 75,325,156	\$ 96,586,611	\$ 84,976,817	\$ 84,587,251	\$ 94,159,605
Total net debt applicable to limit	<u>10,665,052</u>	<u>10,620,035</u>	<u>9,384,167</u>	<u>9,209,300</u>	<u>14,659,200</u>	<u>13,613,330</u>	<u>14,530,775</u>	<u>13,360,000</u>	<u>11,970,000</u>	<u>10,969,345</u>
Legal debt margin	<u>\$ 59,216,111</u>	<u>\$ 61,071,539</u>	<u>\$ 65,881,918</u>	<u>\$ 67,202,830</u>	<u>\$ 70,012,782</u>	<u>\$ 61,711,826</u>	<u>\$ 82,055,836</u>	<u>\$ 71,616,817</u>	<u>\$ 72,617,251</u>	<u>\$ 83,190,260</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	18.01%	17.39%	14.24%	13.70%	20.94%	22.06%	17.71%	18.65%	16.48%	13.19%

Source: City records

CITY OF LIBERTY, MISSOURI

PLEDGE REVENUE COVERAGE

Waterworks and Sewer System Bonds								
Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenues		Debt Service		Total Debt Payments	Coverage
			Available For Debt Services		Principal	Interest		
2001	\$ 7,278,465	\$ 5,470,663	\$ 1,807,802	\$ 790,000	\$ 683,661	\$ 1,473,661	\$ 1.23	
2002	7,498,977	5,408,161	2,090,817	835,000	868,146	1,703,146	1.23	
2003	9,171,063	5,353,718	3,817,345	995,000	666,048	1,661,048	2.30	
2004	8,587,500	5,603,770	2,983,730	1,050,000	897,730	1,947,730	1.53	
2005	9,136,832	5,887,587	3,249,246	1,095,000	607,451	1,702,451	1.91	
2006	9,228,682	6,151,620	3,077,062	1,195,000	511,803	1,706,803	1.80	
2007	9,196,650	7,063,977	2,132,673	1,460,000	832,942	2,292,942	0.93	
2008	9,196,650	7,048,861	2,147,789	1,038,747	900,681	1,939,428	1.11	
2009	9,752,369	6,774,550	2,977,819	1,565,000	879,507	2,444,507	1.22	
2010	10,569,620	7,140,809	3,428,811	1,625,000	620,792	2,245,792	1.53	

(1) Operating revenue includes interest earnings

(2) Operating expenses excludes interest expense and depreciation expense

CITY OF LIBERTY, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended	Population	Personal Income⁽¹⁾	Per Capita Income⁽¹⁾	Median Age⁽¹⁾	School Enrollment⁽²⁾	Unemployment Rate⁽³⁾
December 31,						
2001	26,783	\$ 668,003,175	24,941	34.0	7,165	2.8%
2002	27,345	718,749,018	26,284	35.4	7,650	3.7%
2003	27,920	739,742,307	26,495	34.9	7,867	4.1%
2004	28,506	780,906,994	27,394	34.8	8,129	4.2%
2005	28,962	810,508,065	27,985	35.0	8,463	4.5%
2006	29,570	858,766,473	29,042	36.4	9,230	4.6%
2007	30,191	883,569,806	29,266	36.7	9,555	4.8%
2008	30,200	888,438,908	29,419	36.5	9,987	5.3%
2009	30,568	901,756,000	29,500	36.2	10,000	5.5%
2010	29,149	837,188,429	28,721	35.1	11,000	7.6%

Sources:

- (1) MARC website
- (2) Liberty Public School District
- (3) US Department of Labor Bureau

CITY OF LIBERTY, MISSOURI

PRINCIPAL EMPLOYERS

Employer	2010			2001		
	Employees	Rank	Percentage Of Total County Employment	Employees	Rank	Percentage Of Total County Employment
Liberty Hospital	1,880	1	1.73%	783	2	0.94%
Liberty School District	1,289	2	1.19%	634	4	0.76%
Hallmark Cards	901	3	0.83%	1,181	1	1.42%
Clay County	506	4	0.47%	460	5	0.55%
RR Donnelley	320	5	0.29%	—	—	—
Ferrell Corp	245	6	0.23%	366	6	0.44%
William Jewell	242	7	0.22%	315	7	0.38%
City of Liberty	199	8	0.18%	169	8	0.20%
Continental Disc	152	9	0.14%	—	—	—
Smurfit	135	10	0.12%	—	—	—
Guys Foods	—	—	—	650	3	0.78%
Price Chopper	—	—	—	50	10	0.06%
HyVee	—	—	—	100	9	0.12%
	5,869		5.40%	4,708		5.67%

Sources: Individual employer records and MARC website

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS

Functions/Program	Full-Time Equivalent Employees as of December 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration										
City Administrator	1	1	1	1	1	1	1	1	1	1
Assistant City Administrator	—	—	1	1	1	1	1	1	1	1
Deputy City Clerk	1	1	1	1	1	1	1	1	1	1
Management Analyst	—	—	—	—	—	1	1	1	1	1
Communication Manager	1	1	1	1	1	1	1	1	1	1
Executive Assistant	—	—	1	1	1	1	1	—	—	—
Court Administrator	1	1	1	1	1	1	1	1	—	1
Municipal Court Technician	2	2	1	1	1	1	1	2	2	2
Assistant to the City Administrator	1	1	1	1	1	—	—	—	—	—
Asst. to the City Administrator HR	—	—	—	—	—	—	—	1	—	—
Management Assistant	—	—	—	—	—	—	—	—	1	—
Administrative Secretary	2	2	—	—	—	—	—	1	1	1
Economic & Business Development Mgr	1	1	—	—	—	—	—	—	—	—
Information Services Director	1	1	1	1	1	1	1	1	1	1
Information Systems Manager	—	—	—	—	—	—	1	—	1	—
Information Systems Specialist III	2	2	2	2	3	3	1	3	1	1
Information Systems Specialist II	1	1	1	1	—	—	—	—	—	—
Information Systems Specialist I	—	—	—	1	—	—	—	—	—	—
Information Support Specialist	—	—	—	—	—	—	—	1	1	1
GIS Specialist II	1	1	1	1	—	—	—	—	—	—
Human Resources										
Human Resources Director	1	1	1	1	1	1	1	—	1	1
Human Resources Manager	—	—	1	1	1	1	1	—	—	—
Administrative Assistant	1	1	1	1	1	1	1	—	—	—
Finance										
Finance Director/Assistant City Administrator	1	1	1	1	1	1	1	1	1	1
Finance Manager	—	—	—	1	2	2	2	2	2	2
Assistant Finance Director	1	1	1	1	—	—	—	—	—	—
Finance Analyst	1	1	1	1	2	2	2	2	1	1
Payroll Specialist	1	1	1	1	1	1	1	1	1	1
Finance Technician	4	4	3	3	3	3	3	3	2	4
Utility Technician	—	—	—	—	—	—	—	—	2	—
Part time Account Clerk	—	—	—	—	—	—	—	—	—	—
Finance Assistant	—	—	1	1	1	1	1	1	—	1
Cashier	—	—	—	—	—	—	—	—	1	—
Receptionist	—	—	1	1	1	1	1	1	1	1
Accountant	1	1	—	—	—	—	—	—	—	—
Meter Service Technician	1	1	1	1	1	1	1	1	1	1
Lead Meter Technician	1	1	1	1	1	1	1	1	1	1
Accounting Manager	1	1	1	1	—	—	—	—	—	—
Administrative Assistant	—	—	1	—	—	—	—	—	—	—
Office Supervisor	1	1	1	—	—	—	—	—	—	—
Fire										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Deputy Fire Chief	1	1	1	1	1	1	1	—	—	—
Administrative Assistant	1	1	1	1	1	1	1	—	—	—
Shift Commanders	3	3	3	3	4	4	4	5	5	5

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS *(Continued)*

	Full-Time Equivalent Employees as of December 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<i>Fire (Continued)</i>										
Training Officer	—	—	1	1	1	1	1	—	—	—
Fire Captain	9	9	9	9	9	8	8	3	3	3
Company Officers	—	—	—	—	—	—	—	—	—	—
Firefighter/Paramedic	22	22	23	22	23	20	20	22	22	22
Firefighter/EMT	9	9	10	11	4	6	6	8	8	8
Fire Prevention Officer	1	1	1	1	—	—	—	—	—	—
<i>Police</i>										
Police Chief	1	1	1	1	1	1	1	1	1	1
Deputy Police Chief	1	1	1	1	1	—	—	—	—	—
Police Captain	1	1	1	1	1	2	2	2	2	2
Police Lieutenant	4	4	5	5	5	6	6	6	6	6
Police Sergeant	6	6	4	4	4	3	3	3	3	3
Detectives	—	—	—	—	—	—	—	—	—	—
Master Police Officer	4	4	3	3	3	—	—	—	—	—
Community Service Officer	—	—	—	—	—	—	—	—	1	1
Police Officer	23	23	24	24	25	27	27	27	26	26
School Resource Officer	—	—	—	—	—	—	—	—	—	—
Communications Supervisor	1	1	1	1	1	1	1	1	1	1
Communications Officer	8	8	9	9	7	8	8	8	7	7
Animal Control Officer	2	2	2	2	2	2	2	1	1	1
Animal Control Shelter Attendant	—	—	—	—	—	—	—	1	1	1
Parking Control Officer	—	—	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Records Technician	3	3	3	3	3	3	3	3	3	3
<i>Public Works</i>										
Public Works Director	1	1	1	1	1	1	1	1	1	1
City Engineer/Assistant Public Works Director	1	1	1	1	1	1	1	1	1	1
Capital Projects Engineer	—	—	—	—	—	—	—	—	1	—
Development Review Engineer	—	—	—	—	—	—	—	—	1	—
Engineer	1	1	2	2	2	2	2	2	—	2
Public Works Superintendent	1	1	1	1	1	1	1	1	1	1
Senior Engineering Technician	—	—	—	—	1	1	1	1	1	1
Engineering Technician	—	—	—	1	1	1	1	1	1	1
Senior Project Inspector	2	2	2	2	2	1	1	1	1	1
Project Inspector	1	1	1	1	1	2	2	2	2	2
Chief Building Official	—	—	—	—	—	—	—	—	—	—
Building Inspection Manager	—	—	—	—	—	—	—	1	1	1
Building Inspector	—	—	—	—	—	—	—	3	3	3
Building Maintenance Technician	2	2	2	1	1	1	1	1	1	1
Administrative Assistant	2	2	2	2	2	1	1	3	3	3
Public Works Maintenance Worker I	6	6	10	11	10	10	10	11	11	11
Public Works Maintenance Supervisor	—	—	2	2	2	1	2	1	1	1
Public Works Maintenance Worker II	9	9	6	6	7	7	7	7	7	7
Mechanic II	1	1	1	1	1	—	—	—	—	—
Clerk	—	—	—	—	—	—	—	—	—	—
City Planner	—	—	—	—	—	—	—	—	2	2
Planner	—	—	—	—	—	—	—	—	1	1
Code Enforcement Officer	—	—	—	—	—	—	—	—	1	1
Part time Officer	—	—	—	—	—	—	—	—	—	—
Executive Assistant	—	—	—	—	—	1	1	1	1	1

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS *(Continued)*

	Full-Time Equivalent Employees as of December 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Development Services										
Development Director	1	1	1	1	1	1	1	1	—	—
Assistant Director of Planning & Development	—	—	—	—	—	1	1	1	—	—
Community Development Manager	1	1	1	1	—	—	—	—	—	—
Planning and Economic Development Manager	—	—	1	1	—	—	—	1	1	1
Planner	1	1	2	2	2	3	3	2	—	—
Chief Building Official	1	1	1	1	1	1	1	1	—	—
Senior Building Inspector	1	1	1	1	2	3	3	3	—	—
Building Inspector	1	1	1	2	1	—	—	—	—	—
Code Enforcement Officer	1	1	1	1	1	1	1	1	—	—
Administrative Assistant	1	1	2	2	2	2	2	2	—	—
Project Manager	—	—	—	—	1	—	—	—	—	—
Historic Preservation Planner	—	—	—	—	1	—	—	—	—	—
Parks & Recreation										
Parks Director	1	1	1	1	1	1	1	1	1	1
Parks & Open Spaces Manager	1	1	1	1	1	1	1	1	1	1
Recreation Coordinator	2	2	3	3	2	6	6	1	1	1
Program Coordinator	—	—	—	—	—	—	—	—	—	—
Parks Crew Chief	3	3	2	2	1	1	1	1	—	1
Parks Maintenance Worker II	3	3	4	3	3	1	1	1	—	—
Parks Maintenance Worker I	4	4	4	5	5	8	8	9	9	9
Administrative Assistant	1	1	1	1	1	1	1	—	1	1
Sports Complex Manager	1	1	1	1	1	1	1	1	1	1
Sports Complex Maintenance Worker	—	—	—	—	—	—	—	—	2	2
Sport Complex Coordinator	—	—	—	—	—	—	—	—	1	1
Athletic Fields Ground Keeper	2	2	2	2	2	2	2	3	—	—
Community Center Manager	1	1	1	1	1	1	1	1	1	1
Facility Rental Supervisor	—	—	—	1	1	1	1	1	1	1
Office Supervisor	1	1	1	1	1	1	1	1	1	1
Account Clerk	—	—	—	—	—	—	—	—	—	—
Office Assistant	1	1	1	1	1	1	1	1	1	1
Custodian	1	1	2	2	2	2	2	2	2	2
Community Center Coordinator	—	—	—	—	—	—	—	—	—	1
Senior Building Supervisor	—	—	—	—	—	—	—	—	—	1
Building Maintenance Technician	1	1	2	2	2	2	2	1	1	1
Theater Coordinator	1	1	1	1	1	1	1	1	1	1
Lead Theater Technician	1	1	1	1	1	1	1	1	1	1
Marketing/Special Events Coordinator	1	1	1	1	1	1	1	1	—	—
Senior Services Coordinator	1	1	1	1	1	1	1	1	1	1
Administrative Secretary	—	—	—	—	—	—	—	—	1	1
Nutrition Site Coordinator	—	—	—	—	—	—	—	—	—	—
Senior Recreation Coordinator	3	3	3	3	4	1	1	1	—	—
Part time Driver	—	—	—	—	—	—	—	—	—	—
Bus Driver	1	1	2	2	2	2	2	2	2	2
Senior Center Technician	1	1	1	1	1	—	—	—	1	1
Parks Supervisor	—	—	1	1	1	—	—	—	1	—
Assistant Parks & Recreation Director	1	1	1	—	—	—	—	—	—	—
Totals City-Wide	196	196	212	214	205	200	200	199	190	190

Source: City records

CITY OF LIBERTY, MISSOURI

OPERATING INDICATORS BY FUNCTION/PROGRAM

Function/Program	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Calls for service	29,515	30,152	31,280	32,438	37,168	42,015	35,970	33,925	37,613	33,333
Adult arrest	**	5,235	4,913	4,980	5,071	4,979	1,473	1,493	1,331	746
Speeding citations only	848	1,696	2,427	2,240	1,769	1,861	1,689	2,303	2,066	1,760
Traffic citations	**	4,999	5,679	5,239	5,248	6,140	5,133	5,223	5,361	5,975
Fire:										
Total fire runs	**	**	**	**	**	2,940	3,070	3,134	2,897	3,366
Total rescue runs	**	**	**	**	**	3,087	3,343	3,235	3,138	3,299
Property loss	**	**	**	**	**	505,850	501,450	637,250	436,300	250,100
Property saved	**	**	**	**	**	2,884,650	1,039,000	6,019,750	3,353,700	11,504,400
Building permits:										
Commercial:										
Total building permits	10	11	13	13	24	18	12	17	8	2
Total value all permits	\$ 15,813,824	\$ 19,058,670	\$ 15,982,839	\$ 17,221,041	\$ 39,569,732	\$ 13,601,096.00	29,333,289	20,960,559	9,873,810	7,149,100
Residential:										
Total building permits	208	220	233	185	162	51	61	36	11	15
Total value all permits	\$ 21,877,549	\$ 23,633,063	\$ 29,725,423	\$ 30,711,938	\$ 23,573,523	\$ 9,515,452	11,572,869	6,632,480	3,365,544	31,824,093
Parks and Recreation:										
Recreation program attendance	**	**	**	**	**	22,250	25,110	13,239	1,733	3,794
Aquatics program attendance	**	**	**	**	**	1,807	3,811	2,163	3,919	4,340
Community Center Memberships	**	**	**	**	**	20,252	20,755	23,384	22,138	17,513
Rentals	**	**	**	**	**	1,843	1,064	994	854	411
Street trees maintained (1)	**	**	**	**	**	741	685	700	625	430

Source: City Records

Note: ** Indicator Not Available

(1) Boundary for trees maintained is I-35 to the West & North M291 Hwy to the South and Highway 33 to the East.

CITY OF LIBERTY, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Transfers Out	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Major Roadway	—	—	—	—	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—	—	—	—	—
Debt Service/Lease Payments	1,236,711	1,413,317	2,101,417	2,681,472	2,828,390	5,823,968	6,365,294	5,838,710	5,292,048	5,675,615
Street and Major Roadway Improvements	1,731,641	1,189,541	1,000,093	3,500,376	8,175,455	2,752,262	2,443,903	2,295,492	1,765,991	1,401,422
Community Center Expansion	—	—	1,959,769	96,771	—	—	—	—	—	—
Remodel Fire Station #1	—	—	562,347	2,691	18,250	—	—	—	—	—
Storm Water Improvements	648,490	471,475	533,233	200,462	835,419	774	28,962	254,845	81,846	33,456
Parks & Recreation	492,046	518,840	380,598	190,134	284,130	174,861	77,983	—	—	—
Capital Equipment	938,919	685,954	333,532	517,868	564,123	194,755	301,889	615,659	585,419	3,068,026
Fire Equipment	—	67,683	145,598	391,495	155,733	523,725	132,949	11,437	5,610	5,750
Sports Complex Construction	4,264,306	474,283	—	—	—	—	—	—	—	—
Neighborhood Improvements	176,149	613,071	—	—	—	310,527	109,110	510,512	8,274	60,101
Water System Upgrades	—	—	—	—	—	1,089,220	981,841	—	—	182,431
Sewer System Upgrades	—	—	—	—	—	6,661,091	1,393,805	—	—	1,234

Source: City records