

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



June 30, 1997

**CITY OF INDEPENDENCE, MISSOURI**

Comprehensive Annual Financial Report

For The Fiscal Year July 1, 1996  
Through June 30, 1997

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*Mayor*

Rondell F. Stewart

*City Council*

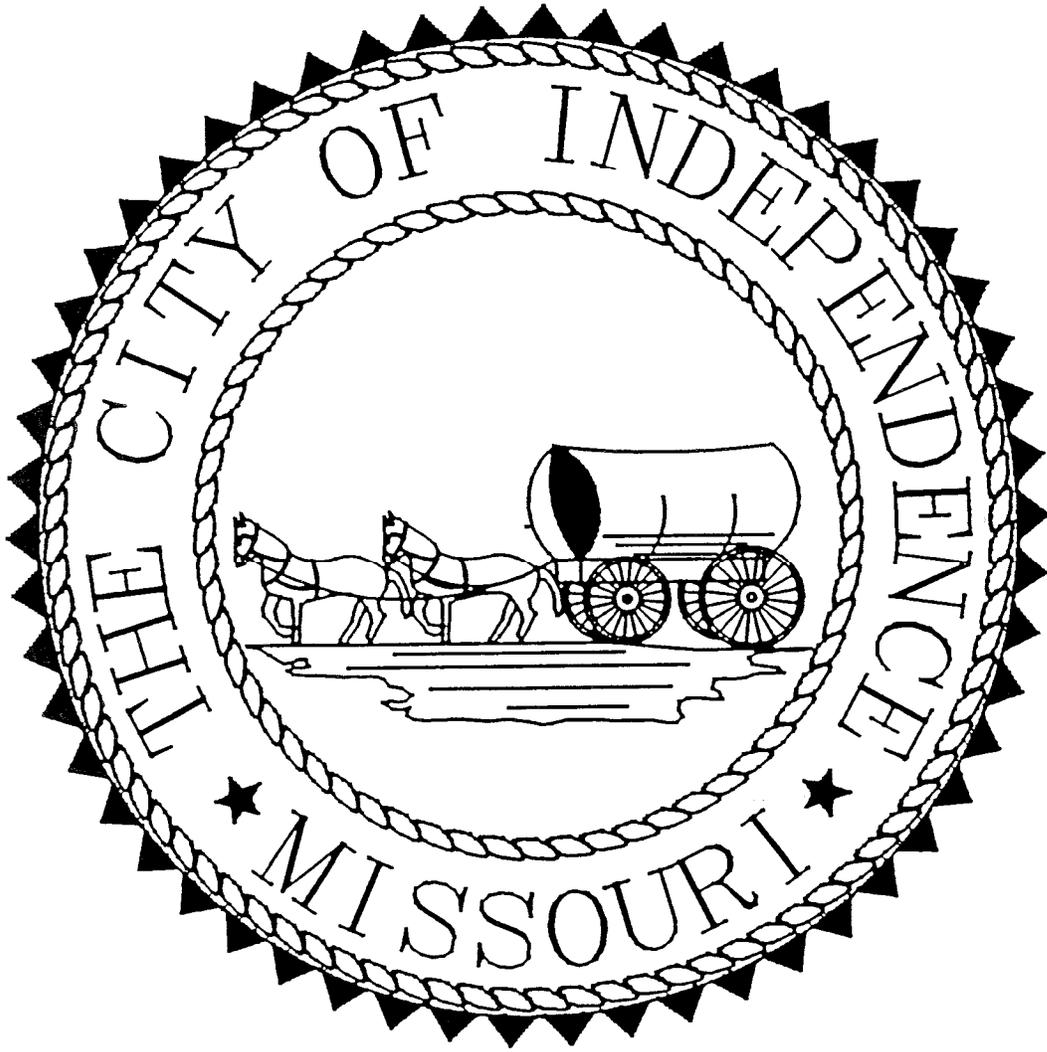
Don Reimal	District #1
John Perkins	District #2
Al Van Iten	District #3
William Baker	District #4
Mark Swope	At-large
William McDonald	At-large

*City Manager*

Larry N. Blick

*Prepared by the Department of Finance*

*James C. Harlow, Director of Finance and Administration*



CITY OF INDEPENDENCE, MISSOURI

Comprehensive Annual Financial Report

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# CITY OF INDEPENDENCE, MISSOURI

## Comprehensive Annual Financial Report

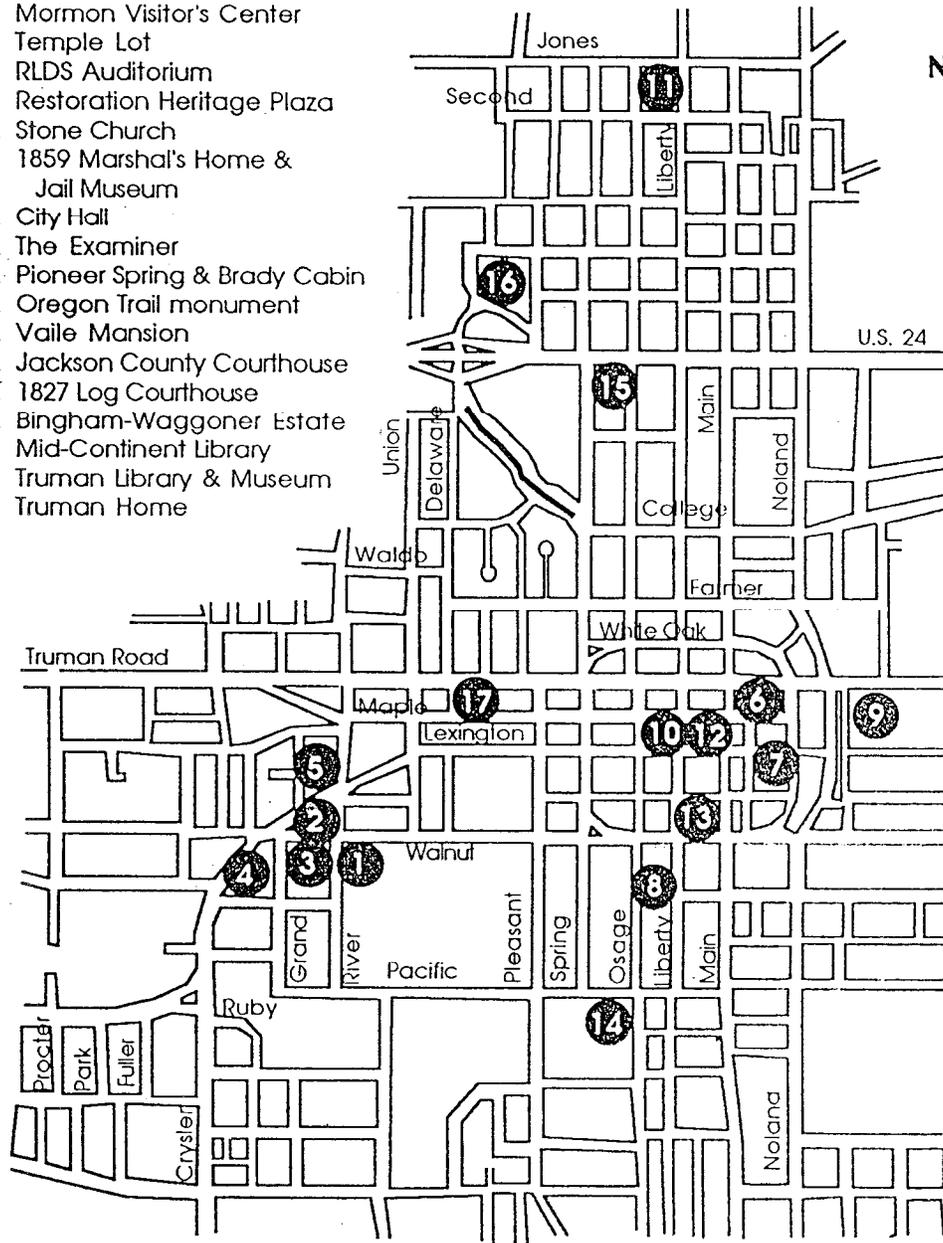
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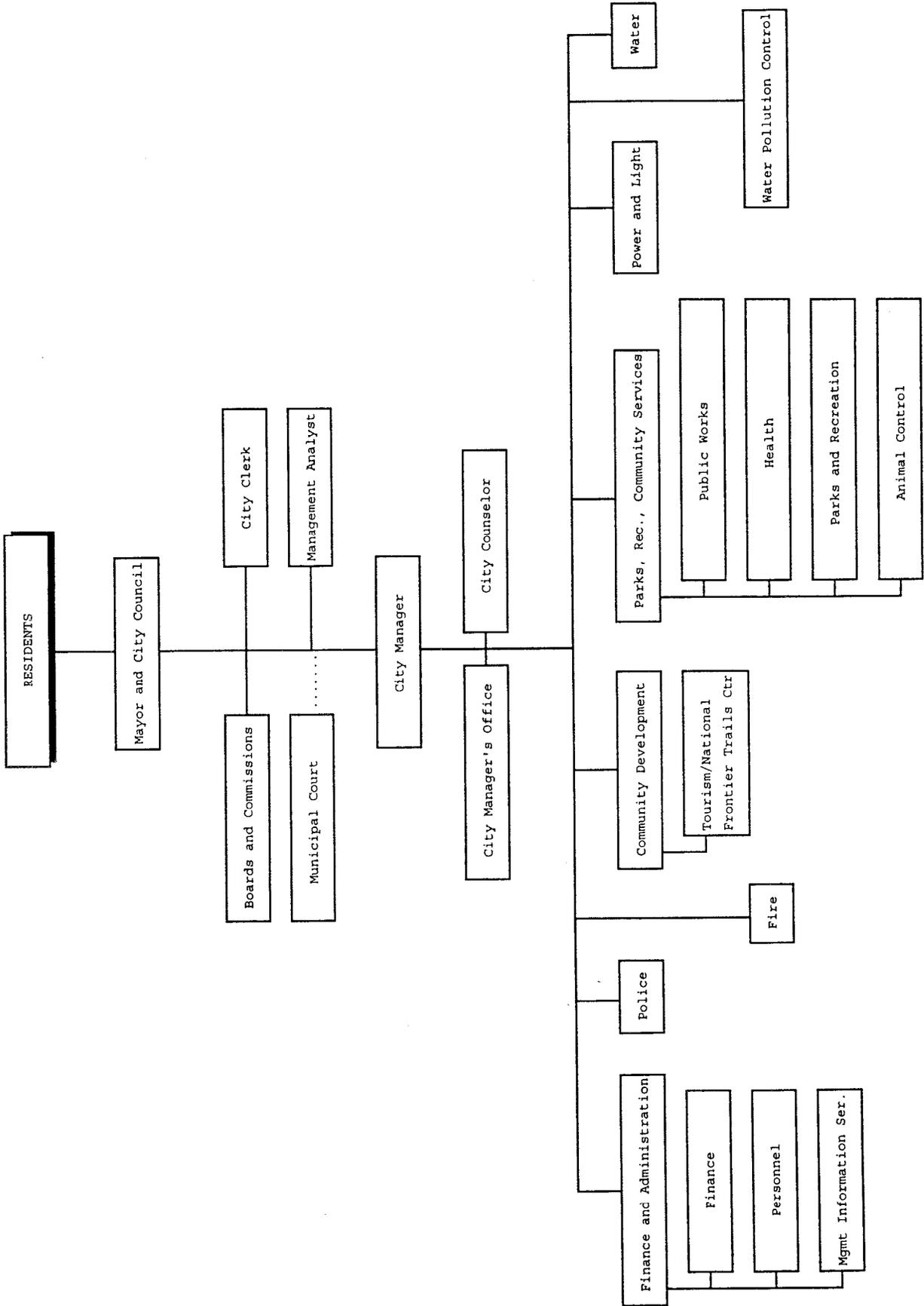
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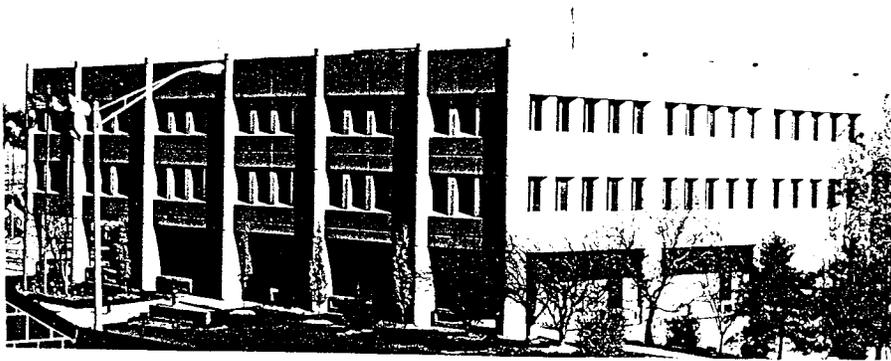
# Historic Independence

1. Mormon Visitor's Center
2. Temple Lot
3. RLDS Auditorium
4. Restoration Heritage Plaza
5. Stone Church
6. 1859 Marshal's Home & Jail Museum
7. City Hall
8. The Examiner
9. Pioneer Spring & Brady Cabin
10. Oregon Trail monument
11. Vaile Mansion
12. Jackson County Courthouse
13. 1827 Log Courthouse
14. Bingham-Waggoner Estate
15. Mid-Continent Library
16. Truman Library & Museum
17. Truman Home

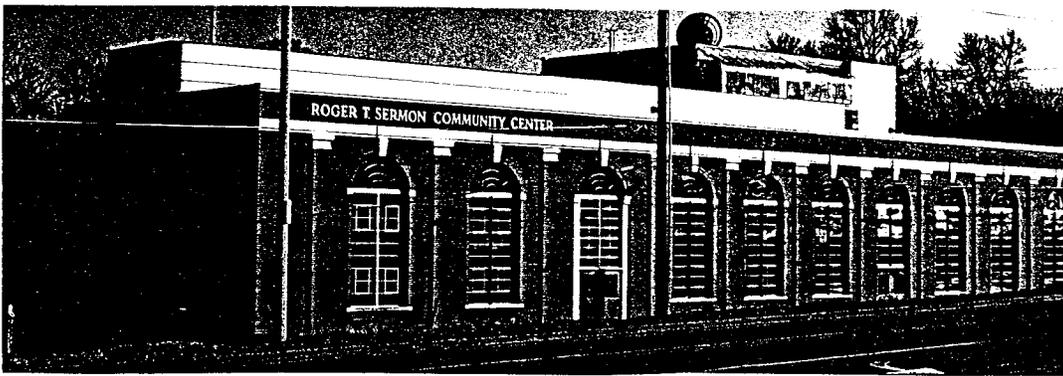


## INTRODUCTORY

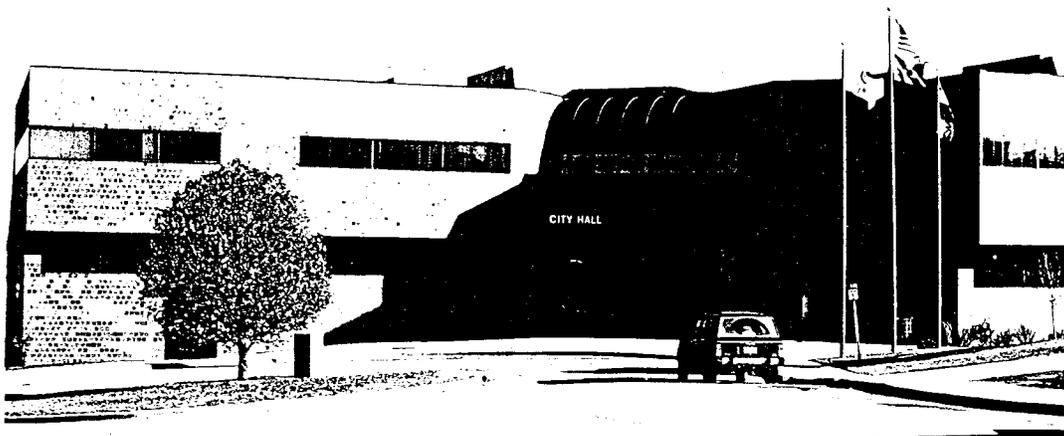




*Police Building  
223 N. Memorial Dr.*



*Roger T. Sermon Community Center  
201 N. Dodgion*



*City Hall  
111 E. Maple St.*



# City of Independence

111 EAST MAPLE • P.O. BOX 1019 • INDEPENDENCE, MISSOURI 64051-0519 • (816) 325-7000

*AN EQUAL OPPORTUNITY EMPLOYER*

October 31, 1997

## **HONORABLE MAYOR, CITY COUNCIL AND CITY MANAGER:**

The Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 1997, is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter. The General Purpose Financial Statements contained herein have been audited by independent auditors as required by Article 2, Section 2.26 of the Charter.

Finance Department staff prepared this CAFR following objectives of financial reporting outlined by the Governmental Accounting Standards Board. The CAFR's role is to assist in making economic, social and political decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance-related laws and regulations; and,
- Assisting in evaluating the efficiency and effectiveness of City operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures, rests with the City.

The CAFR, which consists of three parts, is organized to facilitate understanding by the non-financially oriented reader as well as provide all necessary information for the most sophisticated financial observer.

The Introductory Section is designed to introduce the reader to the report and includes this transmittal letter, the City's organizational chart, a list of principal officials, and the Certificate of Achievement for Excellence in Financial Reporting for the previous year's CAFR. The transmittal letter is formatted to explain in simplified narrative terms the fiscal position represented in the financial statements, schedules, notes and statistical tables.

The first part of the Financial Section includes the General Purpose Financial Statements (GPFS). The GPFS are the "combined" financial statements of the City and the notes to these financial statements. These basic combined financial statements and notes are designed to provide an overview of the City's financial position and results of operations. The remainder of the Financial Section presents "combining" and "individual" fund statements and schedules which focus on individual funds rather than fund types.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. This section is designed to provide the user with a broader and more complete understanding of the City and its financial affairs than is possible from only the financial statements and supporting schedule presentations included in the financial section. It also provides information that is useful to potential investors in the City's general obligation and revenue bonds.

For purposes of preparing this CAFR, all entities which are controlled by, or dependent on, the City are included. Determination of whether an entity is controlled by, or dependent on, the City is made on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, or the City's obligation to fund any deficit that may occur. There are no other entities which are either controlled by, or dependent on, the City of Independence that meet these criteria and should, therefore, be included as part of this report. Major services provided by the City include public safety, public works, recreation, health, as well as electric, water and sanitary sewer utilities. Educational services are provided by various school districts, all of which are separate governmental entities.

## **ECONOMIC CONDITION AND OUTLOOK**

Incorporated in 1849, the City of Independence is the county seat of Jackson County and borders on the eastern edge of Kansas City, Missouri. Independence is the fourth largest city in Missouri and offers residents and businesses unique location advantages. Its central location in the "Heart of America" means that traveling, shipping, receiving and communications are more economical because of shorter distances to most parts of the country. Situated along major highway and rail routes, access to Independence from all parts of the nation is excellent. The City's 78 square miles accommodate its residents and numerous businesses with 28 square miles of industrial land available for future growth and development.

The City of Independence is organized as a constitutional charter city under the Missouri statutes utilizing the Council-Manager form of government. In accordance with the charter, the registered voters within the

City elect a mayor and six council members to serve four-year terms as representatives on the City Council. An election for four district seats is conducted as a unit, while elections for mayor and two at-large council seats are conducted two years later. The Council appoints a City Manager to serve as the chief administrative officer of the City.

The City has experienced an increase in population since 1940 when the Bureau of the Census reported a population of 16,066. The largest growth period occurred in the 1960's when the population increased from 62,328 to 111,630, an increase of 79.1%. During the 1970's, the City's population grew by only .1%. During the same time period, Kansas City's population decreased 11.7%. The City's Planning Department estimates the current population to be 115,531 representing a modest increase from the 1990 Census report of 112,301.

The median income per household in the City rose from \$6,031 in 1960 to \$27,415 in 1985. The average per capita income in the City rose from \$2,118 in 1960 to \$9,055 in 1980 and to \$11,010 in 1985 compared to \$14,641 for the United States. In 1980, the per capita income for Jackson County was ranked second in the State after St. Louis County. The 1997 unemployment rate for the City was 3.3% compared with 4.2% for 1996. Personal income is derived from several major sources: services (25%), manufacturing (23%), retail and wholesale trade (21%), transportation and public utilities (12%), government (13%), and construction (6%).

Historically, the character of the City has been viewed as predominantly residential. In recent years, industrial expansion in the City has accompanied the growth in population. The City has several industrial sites which have been set aside to assure orderly development in light of the anticipated increase in industrial activity. The labor force in the Kansas City Metropolitan Area encompasses a wide variety of skills and occupations: technical, sales, and administrative support occupations (35%); managerial and professional specialty occupations (25%); operators, fabricators, and laborers (16%); service, craft, and repair occupations (23%); and farming (1%).

### **MAJOR INITIATIVES**

The City continued its program of neighborhood revitalization which unites the City, businesses, schools, churches and citizens in an effort to improve the appearance and quality of our neighborhood.

Neighborhoods will develop their own programs including incentives for self-help, housing improvements, code enforcement, enhanced public service, and a greater sense of community awareness.

In harmony with both the City's Vision Statement and Strategic Goals, The City conducted extensive management and supervisory training sessions in "21st Century Supervision", Continuous Process Improvement, Teambuilding, Conflict Management and Participatory Management. Efforts continue to define and implement the Pay for Performance program initiated in fiscal 1994/95.

A healthy economy and sound fiscal management have enabled the City to continue upgrading its fleet of vehicles with the addition of one more new pumper (making a total of six new pumpers) and over 70 new vehicles totaling over \$1,500,000.

The Power & Light Department undertook numerous rehabilitation projects including overhaul of substation J, Units 1 & 2, renovation of the Blue Valley coal handling system, implementation of a high volume call answering system, and implementation of a power surge protection service. In addition, a 27 square mile area of Independence formerly served by KCP & L was acquired. The Blue Valley Power Plant was operated year around for the first time in over a decade.

The Water Department purchased approximately 41 acres of land to develop an additional well field area. They utilized information from the USGS "Groundwater Flow Study" to prepare bid documents in anticipation of the installation of 66 early warning monitoring wells to protect the well field. Work was started on the remodelling of the Water Department Administration Building in order to consolidate the customer service staff in a new "Utilities Customer Service Center". The center will be completed during fiscal 97/98.

The Law Department entered into a contract with Thomas McGee L.C. for the handling of worker's compensation claims. It is anticipated this will accomplish reduced claim costs as well as other benefits.

The Water Pollution Control Department completed many rehabilitation projects including: a large scale sewer line project (over 8,000 feet) using trenchless technology; Colonel Drive pump station beautification and wet well expansion; hypochlorination system; pumping station transformer relocation; and gravity thickener drive rehabilitaiton. The Department also participated in the start-up of the marketing of the Kansas City Regional Household Hazardous Waste Facility. A series of rate increases have given the

department the capability to properly meet the ever increasing requirements, both in terms of environmental issues and volume of material processed.

A new financial and human resources system utilizing state-of-the-art database technology with totally interactive communication between all the various systems was purchased from JDEdwards World Solutions. Many staff members from the Finance, Human Resources, and Management Information Services departments, as well as other City employees serving on functional teams have worked very hard during this year to do all the very complex set-up and training required by the system. The "go live" date is scheduled for January 1, 1998.

### **FINANCIAL INFORMATION**

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

In addition to the independent audit and the internal control system, the Charter provides that the City Council appoints a Management Analyst. The Management Analyst performs such duties as directed by the Council. These duties include the periodic review of all departments and the preparation of an annual report to the Council. The Finance Department and Management Analyst work cooperatively with the independent auditors in performing their annual audit.

The Audit and Finance Committee, comprised of three members of the City Council, acts in an advisory capacity to the City Council and reviews financial information for appropriateness, reliability, clarity, timeliness and compliance with generally accepted accounting principles and legal requirements. In addition, this committee reviews the audit functions and adequacy of internal control systems.

Budgetary control is maintained at the department level. Purchase orders and contracts are encumbered prior to their release to vendors. Any items which would result in expenditures in excess of departmental budgets are not released until alternative sources of payment are made available. Open encumbrances as of June 30, 1997, are reported as reservations of fund balances since the City intends to honor the purchase orders and contracts.

The City's accounting records for general governmental operations (governmental funds), agency funds and expendable trust funds are maintained on a modified accrual basis, with revenues being recognized when measurable and available, and expenditures being recorded when the liability is incurred. The City's accounting records for proprietary funds and non-expendable trust funds are maintained on the accrual basis. The accrual basis recognizes revenues when earned and expenses are recorded when the liability is incurred.

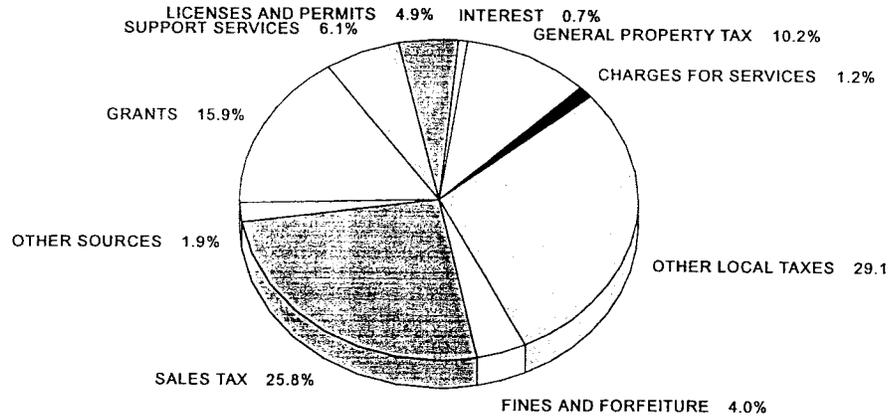
**General Governmental Functions** - Revenue and other financing sources of the General Fund for 1996-97 total \$45,704,930. This compares with \$43,358,308 in the 1995-96 year and is an increase of \$2,346,622 or 5.4%. Revenues and operating transfers of the Special Revenue Funds totaled \$1,593,228. The total of the City's general operating revenues and other sources was \$47,298,158.

The largest source of revenue is other local taxes (cigarette tax, franchise tax, utility payments in lieu of taxes and gasoline tax) which decreased \$109,717 or 0.8% from the prior fiscal year. Sales Tax revenue increased 3.7% from \$11,775,155 to \$12,209,743. Licenses and permits increased by \$408,655. Intergovernmental revenues reflect an increase of \$826,307 with a continued increase in grant activity. Charges for services for 1996-97 amounted to \$567,026, an increase of \$77,489 over last year. Fines and forfeitures reflect an increase of 18.8% over last year. Interest revenues increased 15.9% primarily due to more money being available for investing. Other sources of revenue reflected a decrease from the previous year of \$562,392 or 38.2%.

The following graph and table illustrate a comparison of major revenue and other financial sources for the General and Special Revenue Funds for the last two fiscal years.

(Graph appears on following page)

**COMPARISON OF REVENUE SOURCES  
1996-97**



Total Sources: \$47,298,158

Program	<u>1996-97</u>	% of Total <u>1996-97</u>	<u>1995-96</u>	<u>Increase or Decrease</u>	
				<u>Amount</u>	<u>Percent</u>
General Property Taxes	\$4,840,453	10.6%	\$4,503,875	\$336,578	7.5%
Sales Tax	12,209,743	26.8%	11,775,155	434,588	3.7%
Other Local Taxes	13,779,033	30.3%	13,888,750	(109,717)	-0.8%
Licenses and Permits	2,299,681	5.1%	1,891,026	408,655	21.6%
Grants	7,541,534	16.6%	6,715,227	826,307	12.3%
Charges for Services	567,026	1.2%	489,537	77,489	15.8%
Support Services	2,895,953	6.4%	2,828,007	67,946	2.4%
Fines and Forfeitures	1,903,081	4.2%	1,602,145	300,936	18.8%
Interest	352,240	0.8%	303,844	48,396	15.9%
Other Sources	909,414	2.0%	1,471,806	(562,392)	-38.2%
Total	<u>\$47,298,158</u>	<u>104.0%</u>	<u>\$45,469,372</u>	<u>\$1,828,786</u>	4.0%

**Federal, State and Local Grant Programs**--The City's grant revenue from federal, state and county governmental units was \$6,937,808 during the year ended June 30, 1997, a decrease of \$762,307 or 9.9% from the fiscal year 1996 amount of \$7,700,165. Public Safety revenue increased primarily due to increases in Federal funding of the Narcotics Control Assistance Program and Jackson County DARE funding. Shared revenues had increases in motor vehicle fees and sales taxes. Transportation revenue increased during the current fiscal year due to increased activity in Federal road improvement projects.

Non-programmed revenues decreased \$355,925 due to decreased spending related to the Community Development Block Grant Act.

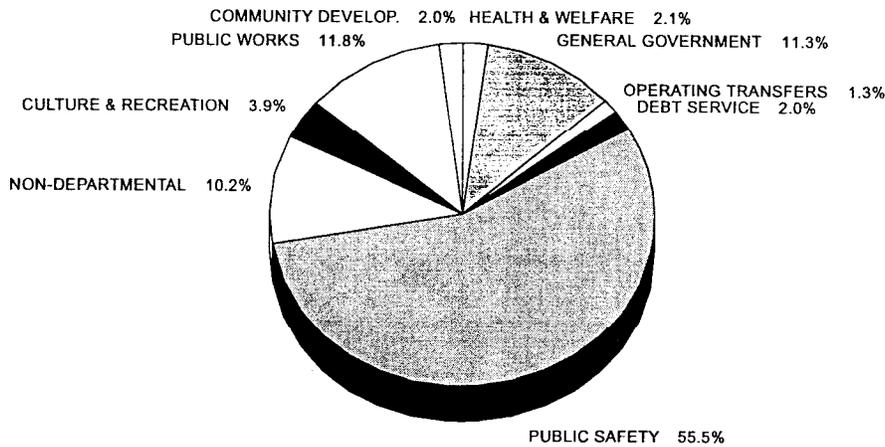
**Federal, State & Local Grant Programs**  
**COMPARISON OF LAST 5 FISCAL YEARS**

<b>Program Identity</b>	<b>Funding</b>				
	<b><u>1996-97</u></b>	<b><u>1995-96</u></b>	<b><u>1994-95</u></b>	<b><u>1993-94</u></b>	<b><u>1992-93</u></b>
Public Safety	\$977,732	\$751,740	\$628,915	\$569,686	\$652,325
Transportation	275,765	759,489	278,605	386,556	1,273,444
Health, Env & Labor	544,802	906,875	745,932	517,804	590,474
Non-Programmed	776,212	1,132,137	914,375	1,341,200	743,831
Shared Revenues	<u>4,363,297</u>	<u>4,149,924</u>	<u>4,091,377</u>	<u>3,413,782</u>	<u>3,063,298</u>
Total	<u>\$6,937,808</u>	<u>\$7,700,165</u>	<u>\$6,659,204</u>	<u>\$6,229,028</u>	<u>\$6,323,372</u>

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General operating activities of the City, totaling \$45,482,795 for fiscal year 1996-97, are recorded as expenditures and operating transfers as follows: General Fund \$43,964,550 and Special Revenue Funds \$1,518,245, and are shown in the following graphs and tables classified by program and major character.

### Comparison of Expenditures By Program 1996-97



**Total Expenditures: \$45,482,795**

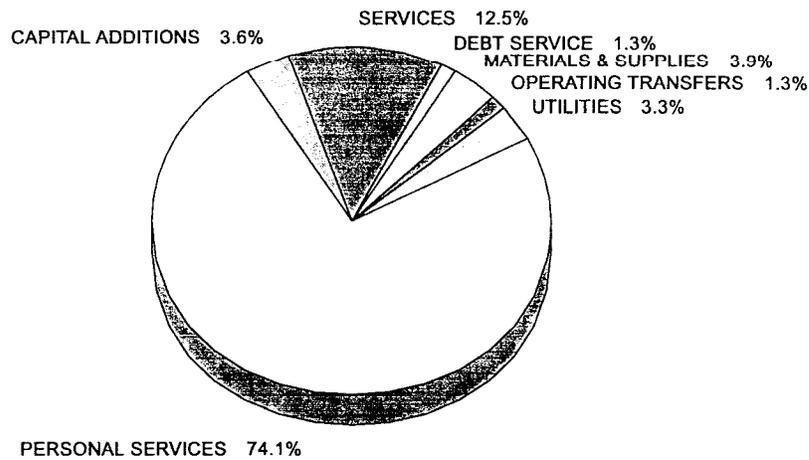
Program	1996-97	% of Total 1996-97	1995-96	Increase or Decrease	
				Amount	Percent
General Government	\$5,119,322	11.3%	\$5,135,501	(\$16,179)	-0.3%
Public Safety	25,234,599	55.5%	24,002,906	1,231,693	5.1%
Public Works	5,346,312	11.8%	5,532,316	(186,004)	-3.4%
Health and Welfare	948,268	2.1%	991,262	(42,994)	-4.3%
Culture and Recreation	1,762,330	3.9%	1,683,247	79,083	4.7%
Community Development	925,282	2.0%	1,379,783	(454,501)	-32.9%
Non-Departmental	4,640,616	10.2%	4,435,609	205,007	4.6%
Debt Service	897,767	2.0%	815,779	81,988	10.1%
Operating Transfers	608,299	1.3%	906,564	(298,265)	-32.9%
<b>Total</b>	<b>\$45,482,795</b>	<b>100.0%</b>	<b>\$44,882,967</b>	<b>\$599,828</b>	<b>1.3%</b>

As in prior years, Public Safety Programs which include the Police, Fire and Community Development Departments received the largest portion of the operating funds to finance their activities. The activities of these departments comprised 57.4% of the General Fund and 55.5% of the General and Special Revenue funds combined. Public Works, General Government, Non-Departmental, and Culture and Recreation follow as major uses of governmental type operating funds.

**EXPENDITURES AND OTHER FINANCING USES - GENERAL,  
SPECIAL REVENUES, AND DEBT SERVICE FUNDS**

---

**BY CHARACTER  
1996-97**



Total Expenditures: \$45,482,795

Character	1996-97	% of Total		Increase or Decrease	
		1996-97	1995-96	Amount	Percent
Personal Services	\$33,449,494	73.5%	\$31,909,219	\$1,540,275	4.8%
Material & Supplies	1,739,286	3.8%	1,609,092	130,194	8.1%
Utilities	1,506,605	3.3%	1,335,231	171,374	12.8%
Services	5,662,469	12.4%	5,445,401	217,068	4.0%
Capital Additions	1,618,875	3.6%	2,861,681	(1,242,806)	-43.4%
Debt Service	897,767	2.0%	815,779	81,988	10.1%
Operating Transfers	608,299	1.3%	906,564	(298,265)	-32.9%
Total	<u>\$45,482,795</u>	<u>100.0%</u>	<u>\$44,882,967</u>	<u>\$599,828</u>	1.3%

Proprietary Operations--Enterprise Funds, which are the Power & Light, Water, Sanitary Sewer and Storm Water, are used to finance and account for the acquisition, operation and maintenance of City utility facilities and services which are intended to be entirely or predominately self-supporting from user charges and for which periodic net income measurement is deemed necessary. The operations are accounted for in such a manner as to show a profit or loss comparable to private enterprises. Operations are funded by current revenues. Construction is funded principally by revenue bond proceeds, federal and state grants, municipal and private contributions and current revenues.

Electric rates were last increased by 5.29% on July 1, 1989.

The City purchased the Missouri Water Company on March 31, 1986. This utility has been in existence since 1884 and provides direct retail service to more than 44,000 customers living in Independence and eastern Jackson County as well as eleven cities and public water districts. Sales to wholesale customer represents approximately 28% of the total water sold by the City.

Water rates were last increased in October 1990. The rate structure increased the average quarterly residential customer bill, based on 1,500 cubic feet of consumption, \$1.12 or 4.4%. An average commercial customer's monthly bill, based on 2,500 cubic feet of consumption, increased \$1.47 or 3.8%. Charges to wholesale customers were not increased at that time.

Sanitary sewer service rates were increased effective date of July 1, 1996. The City's rate structure consists of a volume charge for each one hundred cubic feet of water consumption. Charges for sanitary sewer service are assessed on the actual water consumption of commercial and industrial accounts and the average monthly water consumption during the winter months for residential accounts. A rate increase was approved and went into effect on July 1, 1997.

A Storm Water user fee/charge has not been established. Accordingly the Fund does not generate operating revenues although revenue alternatives are regularly considered and evaluated. Storm Water expenditures were originally appropriated in the Storm Water Fund. A subsequent ordinance reappropriated those funds in the General Fund where they are shown in this report. Fiscal 1997/98 appropriations have been located in the General Fund.

Comparative data for the City's Power & Light, Water, Sanitary Sewer and Storm Water Funds for the past four fiscal years are presented in the following tabulation:

### Power & Light Fund

	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
Gross Revenues	<u>\$61,774,504</u>	<u>\$62,980,774</u>	<u>\$58,461,474</u>	<u>\$58,427,772</u>
Net Income	5,501,792	4,967,941	3,915,889	4,086,903
Additions:				
Depreciation	6,625,074	6,771,981	5,459,434	5,358,155
Non-operating expenses	82,114	69,109	(216,956)	421,870
Interest expense	<u>2,228,462</u>	<u>2,276,757</u>	<u>2,350,928</u>	<u>2,370,419</u>
Income available for debt service	<u>14,437,442</u>	<u>14,085,788</u>	<u>11,509,295</u>	<u>12,237,347</u>
Annual debt service	<u>\$3,253,240</u>	<u>\$3,251,559</u>	<u>\$3,261,335</u>	<u>\$3,259,893</u>
Coverage	<u>4.44</u>	<u>4.33</u>	<u>3.53</u>	<u>3.75</u>

### Water Fund

	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
Gross Revenues	<u>\$15,342,158</u>	<u>\$15,798,683</u>	<u>\$14,678,604</u>	<u>\$13,615,001</u>
Net Income	2,501,107	1,804,052	3,272,364	2,966,428
Additions:				
Depreciation	1,614,059	1,563,339	1,444,391	1,397,559
Non-operating expenses	178,315	263,272	(313,738)	(191,406)
Interest expense	<u>1,585,010</u>	<u>1,627,583</u>	<u>1,700,996</u>	<u>1,413,083</u>
Income available for debt service	<u>5,878,491</u>	<u>5,258,246</u>	<u>6,104,013</u>	<u>5,585,664</u>
Annual debt service	<u>\$2,307,884</u>	<u>\$2,290,965</u>	<u>\$2,306,007</u>	<u>\$1,745,287</u>
Coverage	<u>2.55</u>	<u>2.30</u>	<u>2.65</u>	<u>3.20</u>

### Sanitary Sewer Fund

	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
Gross Revenues	<u>\$11,949,809</u>	<u>\$10,030,225</u>	<u>\$8,318,756</u>	<u>\$7,634,369</u>
Net Income	1,327,302	28,074	(791,541)	(2,691,687)
Additions:				
Depreciation	1,706,275	1,722,170	1,696,049	1,499,368
Non-operating expenses	0	0	(80,014)	198,586
Interest expense	1,383	0	0	0
Income available for debt service	<u>\$3,034,960</u>	<u>\$1,750,244</u>	<u>\$824,494</u>	<u>(\$993,733)</u>
Annual debt service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Coverage	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

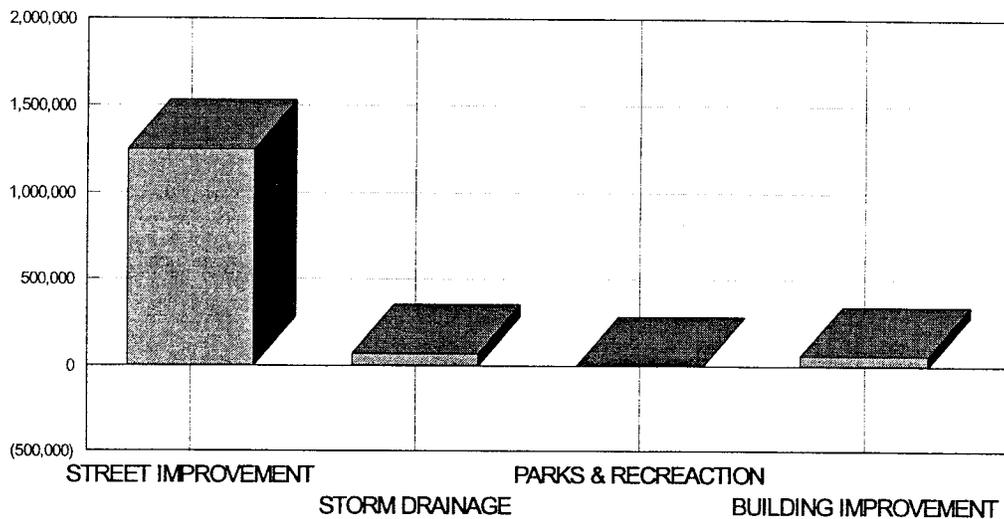
### Storm Water Fund

	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
Gross Revenues	0	0	0	0
Net Income	( <u>\$283,653</u> )	( <u>\$283,653</u> )	( <u>\$263,106</u> )	<u>\$118,729</u>
Additions:				
Depreciation	26,149	26,149	10,011	1,047
Non-operating expenses	0	0	(6,079)	0
Interest expense	47,081	47,081	0	0
Income available for debt service	( <u>\$210,423</u> )	( <u>\$210,423</u> )	( <u>\$259,174</u> )	<u>\$119,776</u>
Annual debt service	0	0	0	0
Coverage	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**Public Improvement Programs**--The following graph and table summarize the City's public improvement program for fiscal year 1996-97. The City accomplished this program through the use of City personnel and outside contractors.

### Public Improvement Expenditures

Fiscal 1996-97



**Total Expenditures: \$1,378,645**

**Debt Administration**--As of June 30, 1997, there were no outstanding general obligation bonds, and outstanding revenue bonds totaled \$77,705,000. A detail listing of the City's debt can be found in the Notes to the General Purpose Financial Statements section of this report. The City's current legal debt margin for general obligation bonds is \$177,069,709.

### General Obligation Bonds

The General Obligation Bonds of the City were defeased in fiscal year 1993/94 and the debt service levy was eliminated. The ratio of net general bonded debt to assessed valuation of property for tax purposes and the amount of bonded debt per capita are useful to management, residents and investors as indicators of the City's financial status. These ratios at the close of fiscal year 1996-97 were as follows:

	<b>Direct</b>	<b>Overlapping</b>	<b>Total</b>
Gross Bonded Debt	\$ 0	\$32,275,849	\$32,275,849
Less: Available Debt Service Funds	<u>0</u>	<u>1,266,901</u>	<u>1,266,901</u>
Net Bonded Debt	<u>\$ 0</u>	<u>\$31,008,948</u>	<u>\$31,008,948</u>
Assessed Value January 1, 1997	\$885,348,546		
Ratio of Debt to Assessed Value	-	3.5%	3.5%

	<b>Appropriation Balance 06/30/96</b>	<b>1996-97</b>		<b>Appropriation Balance 06/30/96</b>
		<b>Appropriations</b>	<b>Expenditures</b>	
Street Improvement	\$1,351,141	\$3,379,661	\$1,248,316	\$3,482,486
Storm Drainage	370737	150000	70758	449,979
Building Improvement	261220	296800	61759	496,261
Parks and Recreation	<u>6583</u>	<u>0</u>	<u>-2188</u>	<u>8,771</u>
Totals	<u>\$1,989,681</u>	<u>\$3,826,461</u>	<u>\$1,378,645</u>	<u>\$4,437,497</u>
Population	115,531			
Debt Per Capita	-		\$268.40	\$268.40

Since January 1, 1985, assessed value as a percentage of the estimated market value of property has been 32% for commercial and industrial, 19% for residential and 12% for agricultural property.

## **Revenue Bonds**

In 1986 the City purchased the water utility that serves the City and a large portion of eastern Jackson County. To accomplish this acquisition, the City issued \$47,500,000 of revenue bonds. These revenue bonds were originally issued on March 27, 1986 as variable rate bonds with the interest rate being adjusted every seven days. On June 3, 1987, the bonds were re-offered with flexible interest rates and maturity dates ranging from 1 to 270 days. These bonds are subject to conversion at the City's option to a fixed rate, although this has not been financially prudent to this date. The bonds were originally secured for both principal and interest by an irrevocable Letter of Credit issued by The Sumitomo Trust & Banking Co., Ltd. Currently the letter of credit is currently established with Westduetsche Landesbank Girozentrale (WestLB). This agreement went into effect on December 1, 1995 and expires December 15, 2000 and has substantially the same terms as the previous letter of credit with Sumitomo. Lehman Brothers Inc. serves as remarketing agent. As of June 30, 1997 the total principal balance of the Water Revenue Bonds was \$43,750,000.

During July 1993, the City issued \$8,590,000 of Series 1993 Electric Utility Refunding Revenue Bonds. These bonds were issued to refund the Series 1989A Electric Utility Revenue Bonds totaling \$7,535,000. Savings in interest as a result of the refunding will be approximately \$1.2 million over the life of the bonds. As of June 30, 1997 the total principal balance of the Electric Utility Revenue Bonds was \$32,160,000.

**Tax Increment Financing (TIF)** - Two new TIF agreements were entered into. The Recovery Sales Outlet submitted and received approval for their redevelopment plan with estimated project costs of \$21,536,016 and approximately 557,500 square feet of retail/commercial space. The Bolger Square TIF Redevelopment Plan was also submitted and approved with estimated project costs of \$32,357,000 and 234,000 square feet of estimated retail/commercial space and off-site improvements.

**Financial Software** - As indicated in last year's report, financial software from the JDEdwards World Solutions Company was acquired. This fiscal year has seen staff from many City departments working together in a major effort of training for, installing, and implementing the many functions of this software. The process has proven much more complex than was originally estimated, and live implementation is scheduled for January 1, 1998.

**Cash Management** - The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting to ensure the most efficient and profitable use of the City's cash

resources. While efforts are made to maximize the return on the City's investment dollar, the primary concern in achieving this goal is to always assure the return of principal.

A three year banking service agreement was signed and went into effect on November 1, 1995. This agreement invested substantially all excess cash in an Interest Bearing Account (formerly a SUPER NOW account) earning at a rate equal to the 91 day United States Treasury Note.

**Risk Administration**--During the fiscal year, the City renewed all major insurance policies (property, boiler and machinery, general liability, automobile liability, public officials liability and law enforcement liability.) With the assistance of a risk management consultant, all major liability coverage insurance policies were put up for bid and subsequently awarded. Significant attention is being given to cost control in the are of health insurance.

#### **PROSPECTS FOR THE FUTURE**

The City, for the last several years, has been improving its infrastructure of roads, bridges, sidewalks, storm sewers and buildings primarily through the use of intergovernmental revenues. Due to improving current economic conditions, Independence has experienced some growth in its revenue. However, the modest improvement does not eliminate the need to closely monitor and control upward pressure on costs.

A particular concern is the lack of growth in the resources that support the basic governmental services accounted for in the General Fund. The cost of providing services and the demand for greater levels of service have increased faster than the growth in revenues which support the services. This problem is not unique to the City of Independence in that many other units of government are experiencing the same difficulty.

#### **OTHER INFORMATION**

**Independent Audit** - The financial statements for the fiscal year ending June 30, 1997, as required by the Charter, were examined by KPMG Peat Marwick LLP and their opinion is included in this report. The audit was conducted in such a manner as to enable the auditors to form an opinion on the general purpose financial statements taken as a whole. KPMG Peat Marwick LLP has issued an unqualified opinion on these financial statements. An unqualified opinion is the best opinion which an organization can receive on its financial statements from an independent Certified Public Accountant. It indicates that the auditors'

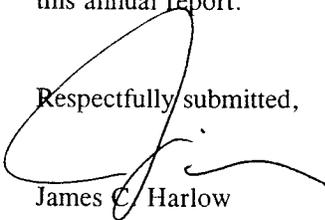
examination has allowed them to conclude that the general purpose financial statements are fairly stated in all material respects. Their audit was made in accordance with generally accepted auditing standards and applicable regulations pertaining to single audits of governmental units.

**Awards** - 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 Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City is also the recipient of GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning July 1, 1996. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award

**Acknowledgments**--The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated services of several members of the Finance Department. I would also like to thank the firm of KPMG Peat Marwick LLP for their assistance and patience in the preparation of this annual report.

Respectfully submitted,



James C. Harlow

Director of Finance and Administration

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Independence,  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1996

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.



*Arthur R. Lynch*  
President

*Jeffrey L. Esser*  
Executive Director

## FINANCIAL

**REPORT OF  
INDEPENDENT AUDITORS**

1000 Walnut, Suite 1600  
P.O. Box 13127  
Kansas City, MO 64199

**Independent Auditors' Report**

The Honorable Mayor and Members  
of the City Council  
City of Independence, Missouri:

We have audited the general purpose financial statements of the City of Independence, Missouri as of and for the year ended June 30, 1997, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Independence, Missouri as of June 30, 1997 and the results of its operations and the cash flows of its Proprietary Fund Types and Nonexpendable Trust Fund for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 1997 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 grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Independence, Missouri. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

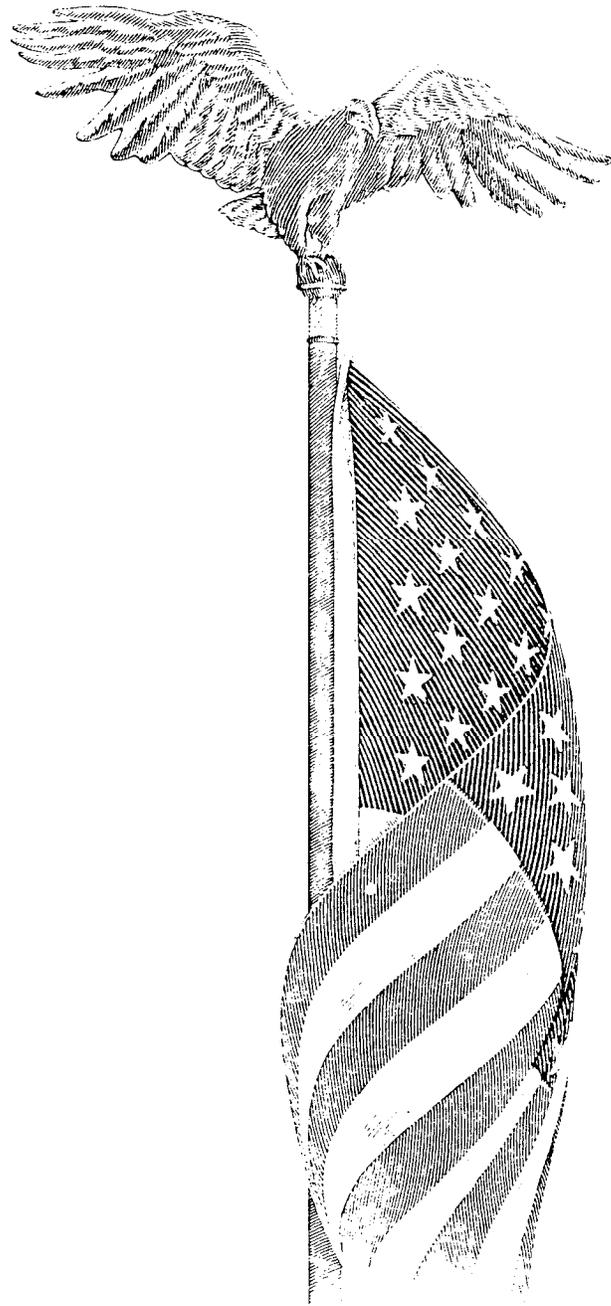
*KPMG Peat Marwick LLP*

October 8, 1997

# GENERAL PURPOSE

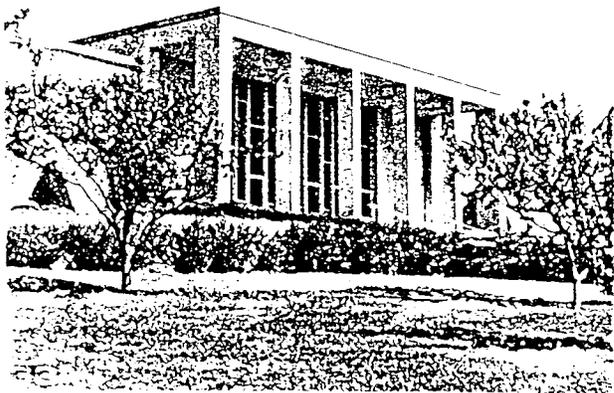
## FINANCIAL STATEMENTS

The general purpose financial statements, or "liftable" statements, are intended to provide an overview of the financial position and results of operations for the City as a whole. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns are used for each fund type and account group. The notes to the general purpose financial statements form an integral part of the general purpose financial statements and contain the "Summary of Significant Accounting Policies" and other notes necessary for adequate disclosure.





*Harry Truman*



**CITY OF INDEPENDENCE, MISSOURI**

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1997  
With Comparative Totals For June 30, 1996

Exhibit A

Assets and Other Debits	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	(Memorandum Only)		1997	1996
									1997	1996		
Pooled cash and investments (note 3)	\$ 6,225,543	353,955	529,960	30,980,702	3,289,312	126,672	-	-	-	41,506,144	33,967,598	
Receivables:												
Taxes	2,299,893	36,762	-	-	-	-	-	-	-	2,336,655	1,854,911	
Accounts (net of allowance of \$433,627) (note 1D)	439,835	-	-	11,225,255	-	-	-	-	-	11,225,255	11,408,080	
Special assessment principal and accrued interest	79,315	-	36,813	296,830	-	-	-	-	-	773,478	740,366	
Accrued interest	127,300	-	-	770,570	21,653	498	-	-	-	872,036	765,487	
Other	8,300	-	10,030	-	-	-	-	-	-	137,330	143,045	
Due from other funds (note 6)	788,643	19,054	475,539	1,032,990	285,354	-	-	-	-	1,821,237	1,902,831	
Due from other governments (note 5)	-	33,914	2,418,705	-	-	-	-	-	-	3,241,262	2,963,562	
Inventory	-	-	-	8,081,504	98,286	-	-	-	-	8,179,790	8,150,763	
Prepaid items	-	-	-	38,325	-	-	-	-	-	38,325	35,157	
Restricted assets (notes 3, 8 and 12)	689,339	-	1,264,231	35,928,249	-	9,941,795	-	-	-	47,823,614	46,925,130	
Property, plant and equipment, net (note 7)	-	-	-	202,134,164	125,240	-	-	-	-	236,194,844	231,925,447	
Advance to other funds (note 6)	-	-	-	694,292	-	-	33,935,440	-	-	694,292	1,002,916	
Deferred debt issue costs	-	-	-	3,167,812	-	-	-	-	-	3,167,812	3,272,575	
Prepaid employee benefits (note 14)	-	-	-	2,263,861	-	-	-	-	-	2,263,861	2,693,592	
Other deferred charges	-	-	-	242,166	-	-	-	-	-	242,166	223,777	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	21,059,017	-	21,059,017	21,599,621	
<b>Total assets and other debits</b>	<b>\$ 10,658,168</b>	<b>443,685</b>	<b>4,735,278</b>	<b>296,856,720</b>	<b>3,819,845</b>	<b>10,068,965</b>	<b>33,935,440</b>	<b>21,059,017</b>	<b>381,577,118</b>	<b>369,582,858</b>		

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Combined Balance Sheet - All Fund Types and Account Groups, Continued

Exhibit A (Cont'd.)

Liabilities, Fund Equity and Other Credits	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only) 1997
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Long-term Debt	Totals		
									1997	1996	
Accounts and contracts payable	\$ 1,155,871	65,803	37,194	5,762,185	39,494	5,545	-	-	-	7,066,092	6,409,651
Due to other funds (note 6)	204,516	25,390	270,279	1,031,694	285,480	3,878	-	-	-	1,821,237	1,902,831
Accrued items	675,452	8,327	-	403,010	7,754	-	-	-	-	1,094,543	1,470,049
Compensated absences - current	-	-	-	1,219,584	20,589	-	-	-	-	1,240,173	1,172,224
Other current liabilities	109,767	-	204,516	121,439	-	-	-	-	-	435,722	454,644
Deferred revenue (note 21)	963,892	-	2,305,276	-	-	-	-	-	-	3,269,168	1,925,619
Employee benefits payable (note 14)	-	-	-	-	2,168,225	-	-	5,203,456	-	7,371,681	8,120,856
Medical self-insurance claims (note 16)	-	-	-	-	493,000	-	-	-	-	493,000	705,000
Liabilities payable from restricted assets:											
Deposits and court bonds	112,690	-	-	935,069	-	-	-	-	-	1,047,759	944,877
Interest on long-term debt	-	-	-	302,233	-	-	-	-	-	302,233	340,736
Current maturities on revenue bonds (note 8)	-	-	-	1,915,000	-	-	-	-	-	1,915,000	1,795,000
Current maturities on certificates of participation (note 8)	-	-	-	150,686	-	-	-	-	-	150,686	140,173
Deferred compensation benefits payable (note 12)	-	-	-	-	-	9,941,795	-	-	-	9,941,795	8,122,716
Revenue bonds payable (note 8)	-	-	-	73,995,000	-	-	-	-	-	73,995,000	75,910,000
Certificates of participation (note 8)	-	-	-	161,199	-	-	-	133,115	-	294,314	504,827
General obligation/TIF bonds payable (note 8)	-	-	-	-	-	-	-	5,000,000	-	5,000,000	5,115,000
Capital lease obligations (note 8)	-	-	-	-	-	-	-	2,334,285	-	2,334,285	2,463,951
Compensated absences - long-term (note 8)	-	-	-	3,086,637	49,961	-	-	8,079,879	-	11,216,477	10,623,370
Advances for construction (note 9)	-	-	-	145,540	-	-	-	-	-	145,540	134,778
Advances from other funds (note 6)	-	-	-	386,010	-	-	-	308,282	-	694,292	1,002,916
<b>Total liabilities</b>	<b>3,222,188</b>	<b>99,520</b>	<b>2,817,265</b>	<b>89,615,286</b>	<b>3,064,503</b>	<b>9,951,218</b>	<b>-</b>	<b>21,059,017</b>	<b>-</b>	<b>129,828,997</b>	<b>129,264,218</b>
Fund equity and other credits:											
Investment in general fixed assets	-	-	-	-	-	-	33,935,440	-	-	33,935,440	33,537,822
Contributed capital (note 10)	-	-	-	43,880,992	-	-	-	-	-	43,880,992	44,488,140
Retained earnings:											
Reserved (note 8)	-	-	-	5,625,000	-	-	-	-	-	5,625,000	5,625,000
Unreserved	-	-	-	157,735,442	755,342	-	-	-	-	158,490,784	146,994,264
Fund balances (notes 20 and 21):											
Reserved	2,110,169	249,584	1,551,697	-	-	68,724	-	-	-	3,980,174	2,952,700
Unreserved:											
Designated	1,235,070	36,174	1,264,231	-	-	38,878	-	-	-	2,574,353	3,274,888
Undesignated	4,090,741	58,407	(897,915)	-	-	10,145	-	-	-	3,261,378	3,456,826
<b>Total fund equity and other credits</b>	<b>7,435,980</b>	<b>344,165</b>	<b>1,918,013</b>	<b>207,241,434</b>	<b>755,342</b>	<b>117,747</b>	<b>33,935,440</b>	<b>-</b>	<b>-</b>	<b>251,748,121</b>	<b>240,318,640</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 10,658,168</b>	<b>443,685</b>	<b>4,735,278</b>	<b>296,856,720</b>	<b>3,819,845</b>	<b>10,068,965</b>	<b>33,935,440</b>	<b>21,059,017</b>	<b>-</b>	<b>381,577,118</b>	<b>369,582,858</b>

See accompanying notes to general purpose financial statements.

Combined Statement of Revenues, Expenditures and Changes in Fund  
Balances - All Governmental Fund Types and Expendable Trust Funds

Year Ended June 30, 1997

With Comparative Totals For Year Ended June 30, 1996

	Governmental Fund Types			Fiduciary Fund Types	Totals	
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)	
					1997	1996
Revenues:						
Taxes (note 4)	\$ 23,751,363	415,090	1,684,144	—	25,850,597	23,933,536
Licenses and permits	2,299,681	—	—	—	2,299,681	1,891,026
Intergovernmental (note 5)	5,503,293	1,159,483	275,032	—	6,937,808	7,700,165
Utility payments in lieu of taxes (note 6)	7,541,534	—	—	—	7,541,534	7,484,262
Charges for services	567,026	—	2,794	14,421	584,241	509,566
Interfund charges for support services (note 6)	2,895,953	—	—	—	2,895,953	2,828,007
Fines, forfeitures and court costs	1,903,081	—	—	—	1,903,081	1,602,145
Interest	333,698	18,542	147,176	4,456	503,872	548,212
Sale of property, plant and equipment	50,266	—	—	—	50,266	58,494
Other (note 6)	357,828	113	71,754	20,000	449,695	387,082
<b>Total revenues</b>	<b>45,203,723</b>	<b>1,593,228</b>	<b>2,180,900</b>	<b>38,877</b>	<b>49,016,728</b>	<b>46,942,495</b>
Expenditures:						
Current:						
General government	5,113,322	6,000	—	—	5,119,322	5,135,501
Public safety	25,234,599	—	—	—	25,234,599	24,002,906
Public works	5,346,312	—	—	—	5,346,312	5,532,316
Health and welfare	948,268	—	—	—	948,268	991,262
Culture and recreation	1,395,560	366,770	—	—	1,762,330	1,683,247
Community development	—	925,282	—	—	925,282	1,379,783
Nondepartmental	3,802,327	19,346	—	—	3,821,673	3,560,491
Capital outlay	818,943	—	3,734,981	15,168	4,569,092	4,875,049
Debt service:						
Principal (note 8)	751,156	—	115,000	—	866,156	618,688
Interest and fiscal agent fees	146,611	—	447,563	—	594,174	197,091
<b>Total expenditures</b>	<b>43,557,098</b>	<b>1,317,398</b>	<b>4,297,544</b>	<b>15,168</b>	<b>49,187,208</b>	<b>47,976,334</b>
Excess (deficiency) of revenues over expenditures	1,646,625	275,830	(2,116,644)	23,709	(170,480)	(1,033,839)
Other financing sources (uses):						
Proceeds from capital leases (note 8)	419,069	—	—	—	419,069	979,502
Operating transfers in (note 6)	82,138	—	438,484	—	520,622	951,854
Operating transfers out (note 6)	(407,452)	(200,847)	(23,926)	—	(632,225)	(994,721)
<b>Total other financing sources (uses)</b>	<b>93,755</b>	<b>(200,847)</b>	<b>414,558</b>	<b>—</b>	<b>307,466</b>	<b>936,635</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,740,380	74,983	(1,702,086)	23,709	136,986	(97,204)
Fund balances, July 1	5,695,600	269,182	3,620,099	83,893	9,668,774	9,765,978
Fund balances, June 30	\$ 7,435,980	344,165	1,918,013	107,602	9,805,760	9,668,774

See accompanying notes to general purpose financial statements.

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual (Budget Basis) -  
General and Special Revenue Fund Types

Year Ended June 30, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 22,689,410	23,751,363	1,061,953	358,000	415,090	57,090
Licenses and permits	2,109,300	2,299,681	190,381	-	-	-
Intergovernmental	6,379,118	5,503,293	(875,825)	1,531,000	1,159,767	(371,233)
Utility payments in lieu of taxes	7,708,425	7,541,534	(166,891)	-	-	-
Charges for services	537,414	567,026	29,612	-	-	-
Interfund charges for support services	2,781,290	2,895,953	114,663	-	-	-
Fines, forfeitures and court costs	1,596,759	1,903,081	306,322	-	-	-
Interest	159,000	333,698	174,698	12,500	18,258	5,758
Sale of property, plant and equipment	5,000	50,266	45,266	-	-	-
Other	300,985	357,828	56,843	-	113	113
<b>Total revenues</b>	<b>44,266,701</b>	<b>45,203,723</b>	<b>937,022</b>	<b>1,901,500</b>	<b>1,593,228</b>	<b>(308,272)</b>
<b>Expenditures and encumbrances:</b>						
Current:						
General government	5,523,863	5,224,504	299,359	6,000	6,000	-
Public safety	26,609,184	25,804,811	804,373	-	-	-
Public works	5,292,930	5,230,203	62,727	-	-	-
Health and welfare	1,063,074	949,976	113,098	-	-	-
Water pollution	295,013	286,849	8,164	-	-	-
Culture and recreation	1,424,597	1,396,763	27,834	373,000	366,770	6,230
Other	5,205,418	5,728,635	(523,217)	1,601,663	943,950	657,713
<b>Total expenditures and encumbrances</b>	<b>45,414,079</b>	<b>44,621,741</b>	<b>792,338</b>	<b>1,980,663</b>	<b>1,316,720</b>	<b>663,943</b>
<b>Other financing sources (uses):</b>						
Proceeds from capital leases	419,069	419,069	-	-	-	-
Operating transfers in	60,927	82,138	21,211	-	-	-
Operating transfers out	(202,728)	(407,452)	(204,724)	-	(200,847)	(200,847)
<b>Total other financing sources (uses)</b>	<b>277,268</b>	<b>93,755</b>	<b>(183,513)</b>	<b>-</b>	<b>(200,847)</b>	<b>(200,847)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses</b>	<b>\$ (870,110)</b>	<b>675,737</b>	<b>1,545,847</b>	<b>(79,163)</b>	<b>75,661</b>	<b>154,824</b>
Fund balances, July 1		5,695,600			269,182	
Encumbrances, current year outstanding		2,042,097			249,584	
Encumbrances, prior year outstanding		(43,991)			(44,061)	
Encumbrances, prior year		(1,341,706)			(360,475)	
Encumbrances, prior year expired		408,243			154,274	
<b>Fund balances, June 30</b>	<b>\$</b>	<b>7,435,980</b>			<b>344,165</b>	

See accompanying notes to general purpose financial statements.

Combined Statement of Revenues, Expenses and Changes in  
Retained Earnings/Fund Balances - All Proprietary Fund  
Types and Nonexpendable Trust Funds

Year Ended June 30, 1997

With Comparative Totals For Year Ended June 30, 1996

	Proprietary Fund Types		Non- expendable Trust	Totals (Memorandum Only)	
	Enterprise	Internal Service		1997	1996
Operating revenues:					
Sale of electric energy	\$ 59,195,387	-	-	59,195,387	60,469,936
Sale of water	13,924,171	-	-	13,924,171	13,855,197
Sanitary sewerage charges	11,583,645	-	-	11,583,645	9,768,495
Repairs and maintenance charges	-	1,139,143	-	1,139,143	1,031,810
Premiums	-	5,930,295	-	5,930,295	4,582,919
Reinsurance reimbursements	-	118,497	-	118,497	197,258
Interest income	-	-	505	505	528
Other operating revenue	289,576	-	-	289,576	838,601
<b>Total operating revenues</b>	<b>84,992,779</b>	<b>7,187,935</b>	<b>505</b>	<b>92,181,219</b>	<b>90,744,744</b>
Operating expenses:					
Electric utility plant operations	41,624,569	-	-	41,624,569	43,122,409
Water system operations	8,547,113	-	-	8,547,113	9,617,293
Sewer system operations	7,924,753	-	-	7,924,753	7,406,757
Storm water operations	2,689	-	-	2,689	165,423
Public works	-	1,190,990	-	1,190,990	1,042,721
Health care plan expenses	-	5,402,684	-	5,402,684	5,924,804
Depreciation and amortization	9,970,182	9,680	-	9,979,862	10,119,571
Payments to General Fund in lieu of taxes (note 6)	7,541,534	-	-	7,541,534	7,484,262
Other	77,309	-	-	77,309	74,822
<b>Total operating expenses</b>	<b>75,688,149</b>	<b>6,603,354</b>	<b>-</b>	<b>82,291,503</b>	<b>84,958,062</b>
<b>Operating income</b>	<b>9,304,630</b>	<b>584,581</b>	<b>505</b>	<b>9,889,716</b>	<b>5,786,682</b>
Nonoperating revenues (expenses):					
Interest income	4,073,692	201,547	-	4,275,239	4,090,461
Interest expense	(3,871,592)	-	-	(3,871,592)	(3,951,421)
Other	35,825	-	-	35,825	-
Administrative fees for revenue bonds and certificates of participation (note 8)	(155,666)	-	-	(155,666)	(240,697)
Amortization of debt issue costs	(104,763)	-	-	(104,763)	(91,684)
	(22,504)	201,547	-	179,043	(193,341)
<b>Income before operating transfers</b>	<b>9,282,126</b>	<b>786,128</b>	<b>505</b>	<b>10,068,759</b>	<b>5,593,341</b>
Operating transfers in (note 6)	58,875	52,728	-	111,603	52,728
Operating transfers out	-	-	-	-	(9,861)
<b>Net income</b>	<b>9,341,001</b>	<b>838,856</b>	<b>505</b>	<b>10,180,362</b>	<b>5,636,208</b>
Add credit arising from transfer of depreciation on contributed assets to contributed capital (note 10)	1,316,663	-	-	1,316,663	1,316,265
<b>Transferred to retained earnings</b>	<b>10,657,664</b>	<b>838,856</b>	<b>505</b>	<b>11,497,025</b>	<b>6,952,473</b>
<b>Retained earnings/fund balance, July 1</b>	<b>152,702,778</b>	<b>(83,514)</b>	<b>9,640</b>	<b>152,628,904</b>	<b>145,676,431</b>
<b>Retained earnings/fund balance, June 30</b>	<b>\$ 163,360,442</b>	<b>755,342</b>	<b>10,145</b>	<b>164,125,929</b>	<b>152,628,904</b>

See accompanying notes to general purpose financial statements.

Combined Statement of Cash Flows - All Proprietary  
Fund Types and Nonexpendable Trust Funds

Year Ended June 30, 1997  
With Comparative Totals For Year Ended June 30, 1996

	Proprietary Fund Types		Non- expendable Trust	Totals (Memorandum Only)	
	Enterprise	Internal Service		1997	1996
Operating activities:					
Operating income	\$ 9,304,630	584,581	505	9,889,716	5,786,682
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	9,970,182	9,680	-	9,979,862	10,119,571
Interest on investments	-	-	(505)	(505)	
Changes in assets and liabilities:					
Accounts receivable and unbilled revenue	151,667	-	-	151,667	(1,510,499)
Inventory	(7,003)	(22,024)	-	(29,027)	315,436
Due from other funds	(63,270)	(67,642)	-	(130,912)	(64,297)
Prepaid items and other	(2,168)	-	-	(2,168)	9,396
Accounts and contracts payable	974,675	10,864	-	985,539	623,354
Accrued expenses	(529,887)	614	-	(529,273)	563,106
Compensated absences	294,501	3,073	-	297,574	46,636
Customer deposits	86,654	-	-	86,654	(229,156)
Deferred credits - advances for construction	10,762	-	-	10,762	64,799
Employee benefits payable	-	(261,351)	-	(261,351)	(244,320)
Deferred charges	72,008	-	-	72,008	526,536
Advance to other funds	308,624	-	-	308,624	674,018
Due to other funds	64,654	68,517	-	133,171	329,282
Other current liabilities	12,061	(212,000)	-	(199,939)	269,106
Net cash provided by operating activities	20,648,090	114,312	-	20,762,402	17,279,650
Capital and related financing activities:					
Principal paid on lease participation certificates (note 8)	(140,173)	-	-	(140,173)	(133,164)
Principal paid on revenue bonds (note 8)	(1,795,000)	-	-	(1,795,000)	(1,680,000)
Additions of property, plant and equipment	(13,388,112)	(9,844)	-	(13,397,956)	(12,806,493)
Administrative fees for revenue bonds and certificates of participation	(155,666)	-	-	(155,666)	(240,697)
Advances from other funds	(147,746)	-	-	(147,746)	527,040
Interest paid on debt	(3,908,712)	-	-	(3,908,712)	(3,951,059)
Contributions (note 10)	709,515	-	-	709,515	836,725
Net cash used in capital and related financing activities	(18,825,894)	(9,844)	-	(18,835,738)	(17,447,648)
Noncapital financing activities:					
Operating transfers in	58,875	52,728	-	111,603	52,728
Operating transfers out	-	-	-	-	(9,861)
Net cash provided by noncapital financing activities	58,875	52,728	-	111,603	42,867
Net cash provided by investing activities - interest and dividends on investments	3,997,130	204,549	505	4,202,184	4,007,993
Net increase in cash and cash equivalents	5,878,201	361,745	505	6,240,451	3,882,862
Cash and cash equivalents, July 1	61,030,750	2,927,567	9,640	63,967,957	60,085,095
Cash and cash equivalents, June 30	\$ 66,908,951	3,289,312	10,145	70,208,408	63,967,957

Combined Statement of Cash Flows - All Proprietary  
Fund Types and Nonexpendable Trust Funds, Continued

	Proprietary Fund Types		Non- expendable Trust	Totals (Memorandum Only)	
	Enterprise	Internal Service		1997	1996
Components of cash and cash equivalents at end of year:					
Unrestricted	\$ 30,980,702	3,289,312	10,145	34,280,159	27,850,551
Restricted	35,928,249	—	—	35,928,249	36,117,406
	<u>\$ 66,908,951</u>	<u>3,289,312</u>	<u>10,145</u>	<u>70,208,408</u>	<u>63,967,957</u>
Composition of Fiduciary Fund Types, cash and investments:					
Waggoner Memorial (Nonexpendable Trust Fund)			\$ 10,145		9,640
Miscellaneous (Expendable Trust Fund)			107,737		84,151
Flexible Benefits Plan (Agency Fund)			<u>8,790</u>		<u>16,006</u>
			<u>\$ 126,672</u>		<u>109,797</u>

See accompanying notes to general purpose financial statements.

**NOTES TO THE  
GENERAL PURPOSE  
FINANCIAL STATEMENTS**

The Notes to the General Purpose Financial Statements include a summary of accounting policies followed and items of information used by the City that are judged to be most appropriate for full disclosure in the preparation of the financial statements.

# CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1997

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## (1) Summary of Significant Accounting Policies

The City of Independence, Missouri (the City) was incorporated in 1849 and covers an area of approximately 79 square miles in Jackson County, Missouri. The City is a charter city and operates under the City Council/City Manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to more than 113,000 residents in many areas, including law enforcement, fire protection, electrical, water and sewer services, community enrichment and development, recreation and various social services. Elementary, secondary and junior college education services are provided by various school districts, all of which are separate governmental entities.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. The following is a summary of the more significant accounting and reporting policies and practices of the City.

### (A) *The Financial Reporting Entity*

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's financial accountability for the potential component unit. An entity is considered a component unit if the primary government officials appoint a voting majority of the component unit's governing body and the primary government is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the primary government, it may be considered a component unit. The City has no component units.

The Tax Increment Financing Commission (TIF) is governed by a nine-member board of which six members are appointed by the City Council. The remaining three members are appointed by the respective taxing districts' boards. The TIF is legally separate from the City, has no budget or financial operations and its sole function is to advise the City concerning the use of TIF as a method for the City to finance redevelopment projects. These activities are included in the accompanying general purpose financial statements as part of the Tax Increment Financing (Capital Projects) Fund.

### (B) *Basis of Presentation*

The accounts of the City are organized on the basis of funds and account groups, 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, fund equities, revenues and expenditures or expenses. The various funds are grouped by type in the accompanying general purpose financial statements. The following fund types and account groups are used by the City:

#### *GOVERNMENTAL FUND TYPES*

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are reported in Governmental Funds. These funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The following are the City's Governmental Fund Types:

(Continued)

## CITY OF INDEPENDENCE, MISSOURI

### Notes to General Purpose Financial Statements

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

Special Revenue Funds - are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated to finance particular functions or activities of the City.

Capital Projects Funds - are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

#### *PROPRIETARY FUND TYPES*

Proprietary Funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is on determination of net income. The following are the City's Proprietary Fund Types:

Enterprise Funds - are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the periodic determination of net income or loss is deemed appropriate.

Internal Service Funds - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

#### *FIDUCIARY FUND TYPES*

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units and/or other funds.

Trust Funds - include Nonexpendable and Expendable Trust Funds. The City's Nonexpendable Trust Fund is the Waggoner Memorial Trust Fund and is accounted for in essentially the same manner as Proprietary Funds. The City's Expendable Trust Fund consists of the Miscellaneous Expendable Trust Fund and is accounted for in essentially the same manner as Governmental Funds.

Agency Funds - include the Deferred Compensation Plan Fund to account for the City's deferred compensation plans and the Flexible Benefits Plan used to account for contributions made by employees to the City's cafeteria plan.

#### *ACCOUNT GROUPS*

General Fixed Assets Account Group - is established to account for all fixed assets of the City, other than those accounted for in the Proprietary Funds.

General Long-term Debt Account Group - is established to account for all long-term indebtedness of the City, except that accounted for in the Proprietary Funds.

(Continued)

## CITY OF INDEPENDENCE, MISSOURI

### Notes to General Purpose Financial Statements

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#### *(C) Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Funds and Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by all Governmental Fund Types, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers real estate taxes as available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are real estate taxes, utility franchise taxes, special assessments, interest and certain state and federal grants and entitlements. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received in cash.

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. In the other, monies are virtually unrestricted as to purposes of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are recognized as revenues at the time of receipt or earlier if they meet the available and measurable criteria.

The accrual basis of accounting is utilized by the Proprietary and Nonexpendable Trust Fund Types. Under this basis of accounting, revenues are recognized when earned (including unbilled revenue) and expenses are recorded when liabilities are incurred, if measurable. In reporting the financial activity of its Proprietary Funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedure.

(Continued)

# CITY OF INDEPENDENCE, MISSOURI

## Notes to General Purpose Financial Statements

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Special assessments recorded in the Governmental Fund Types are recorded as deferred revenue in the year the assessments are levied and recognized as revenue in equal annual amounts over the period that the assessment is billed. Annual installments not yet collected are reflected as special assessments receivable.

### **(D) Accounts Receivable**

Accounts receivable result primarily from sales of electricity, water and sewer services accounted for in the Power and Light, Water and Sanitary Sewer (Enterprise) Funds, respectively. An estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year. Accounts receivable for Enterprise Funds at June 30, 1997 include billed receivables, net of allowance for uncollectible accounts, and unbilled receivables of \$5,324,824 and \$5,900,431, respectively.

### **(E) Inventory**

Inventory of the Enterprise Funds consists of the coal supply and electric and water utility materials and is valued at the lower of average cost or market. Inventory of the Internal Service Fund consists of vehicle and equipment parts and materials and is valued at the lower of cost (first-in, first-out) or market.

### **(F) Prepaid Items**

Payments made for services that will benefit periods beyond June 30, 1997 are recorded as prepaid items.

### **(G) Property, Plant and Equipment**

Property, plant and equipment owned by the Proprietary Funds are stated at cost or estimated historical cost. For property acquired from another utility, the difference between the net cost of plant assets recorded by the selling entity and the purchase price is recorded as an acquisition adjustment. Contributions of fixed assets received from federal, state or local sources are recorded as assets and contributed capital at fair market value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation has been provided over the estimated useful lives using the composite method. Depreciation on utility vehicles and heavy equipment is charged to clearing accounts and redistributed to various operating, construction and other accounts. The estimated useful lives are as follows:

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	Years
Power and Light Fund:	
Production plant	25-45
Transmission plant	28-40
Distribution plant	25-40
Transportation equipment	7
General plant	19-40

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

	Years
Water Fund:	
Source of supply	15-50
Pumping	20-50
Water treatment	40-50
Transmission and distribution system	20-100
General plant	5-50
Acquisition adjustment	30
Nonutility property	10
Sanitary Sewer Fund:	
Equipment	5-25
Sewer system	40-100
Plant	25

Fully depreciated fixed assets are included in the property, plant and equipment accounts until their disposal. Units retired plus the cost of removal, less salvage, are charged against accumulated depreciation with no gain or loss recognized. Depreciation of plant and equipment acquired through contributions is recorded as an expense and a reduction of contributed capital.

The interest cost of borrowed funds used to finance construction projects is capitalized when it is material.

***(H) General Fixed Assets***

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at historical cost in the General Fixed Assets Account Group. Contributed general fixed assets are recorded at fair market value at the time donated.

Certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, have not been capitalized. Such assets are immovable and of value only to the City; therefore, the purposes of stewardship for capital expenditures are satisfied without recording these assets.

No depreciation is provided on general fixed assets and interest has not been capitalized.

***(I) Interfund Transactions***

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying general purpose financial statements generally reflect such transactions as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

***(J) Deferred Charges***

Revenue bond issuance costs and related refunding costs and losses arising from the issuance of debt in the Proprietary Funds are capitalized and amortized over the period the related debt is outstanding. Organization costs are being amortized over five years. Other deferred charges consist of preliminary engineering and other survey charges for proposed additions to the enterprise utility plants, which are recorded as deferred charges until the City Council decides whether the project should be pursued. If the project is abandoned, the charges are expensed. If the project is constructed, the charges are capitalized upon completion.

(Continued)

## CITY OF INDEPENDENCE, MISSOURI

### Notes to General Purpose Financial Statements

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#### ***(K) Encumbrances***

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the Governmental Fund Types and Expendable Trust Funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities.

#### ***(L) Deferred Revenue***

The City has reported as deferred revenue certain taxes, special assessments and other receivables which have been deemed to be measurable but not available.

#### ***(M) Medical Self-insurance Claims***

Medical self-insurance claims payable include a provision for incurred but not reported claims. This liability has been estimated based upon studies of the City's claim experience.

#### ***(N) Compensated Absences***

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated without limitation. Upon termination, compensation for accrued sick leave is paid up to the equivalent of six months' regular earnings at the employee's current rate of pay and compensation for vacation is paid up to a maximum of four hundred hours.

Vested or accumulated vacation and sick leave for employees of Governmental Funds is recorded as an expenditure in the period it is used and considered payable from current financial resources. At June 30, 1997, the amount of compensated absences expected to be liquidated with expendable available financial resources was not material to the Governmental Funds and is thus recorded in the General Long-term Debt Account Group (see footnote 8). The estimated value of leave earned by employees, which may be used in subsequent years and is therefore payable from future resources, is recorded in the General Long-term Debt Account Group. No expenditure is reported for these amounts. Vested or accumulated vacation and sick leave of Proprietary Funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

#### ***(O) Capital Leases***

Property, plant and equipment financed by capital leases are reflected as assets and corresponding liabilities of the Enterprise Funds, and the related depreciation expense is provided on the same basis as assets financed with other resources. General fixed assets financed by capital leases are reported as assets and corresponding liabilities in the account groups, and their acquisition is reported as an expenditure and other financing source in the Governmental Funds.

#### ***(P) Reserves***

Reserves are reported in the various funds to indicate that a portion of the fund balance/retained earnings is restricted by law or contract for a specific purpose. Designations of unreserved fund balances in Governmental Funds indicate City management's plans for use of financial resources in a future period.

(Continued)

# CITY OF INDEPENDENCE, MISSOURI

## Notes to General Purpose Financial Statements

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### *(Q) "Memorandum Only" Total Columns*

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the combined totals, and the totals do not present consolidated information.

### *(R) Statement of Cash Flows*

The Proprietary Fund's investments maintained in the City's pooled investments are readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. Accordingly, for purposes of the statement of cash flows, these investments are considered cash equivalents.

### *(S) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **(2) Budgets and Budgetary Accounting**

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

- Prior to May 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 27, the City Council adopts the budget. If the City Council fails to adopt the budget on or before that date, the budget, as submitted or amended, goes into effect.
- The City Manager is authorized to transfer budgeted amounts between divisions of a department within any fund; however, any revisions that alter the total appropriations within any fund, or that transfer appropriations between departments, must be approved by the City Council. The 1996-1997 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for all funds; however, there is no requirement to report on the budget. Therefore, the general purpose financial statements include a comparison of budget to actual only for the Governmental Funds. Annual operating budgets are not prepared for Capital Projects Funds although budgets on a project basis are prepared. Therefore, these funds have been omitted from the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis).

(Continued)

# CITY OF INDEPENDENCE, MISSOURI

## Notes to General Purpose Financial Statements

The City's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - General and Special Revenue Fund Types is prepared on this basis. Certain reclassifications between budgeted revenues and transfers have been made to facilitate the comparison with actual operations.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds does not include encumbrances outstanding at year-end as expenditures because encumbrances are reported as reservations of fund balances in accordance with generally accepted accounting principles for the modified accrual basis of accounting. Adjustments necessary to convert the results of operations under the modified accrual basis to the budget basis are included as reconciling items on the budget basis statement.

### (3) Deposits and Investments

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

The City maintains a cash and investment pool which is available for use by most funds. Substantially all excess cash is invested in U. S. treasury securities and money market funds. Each fund type's portion of this pool is displayed on the combined balance sheet as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Only Enterprise Funds with overdrawn balances are charged for interest. Cash and investments are held separately by some of the City's funds. The deposits and investments of the deferred compensation plan monies are held separately from those of other City funds with outside entities in investment pools not evidenced by securities that exist in physical or book entry form. Additionally, certain restricted assets related to bond ordinances and indentures and capital lease certificates are held in escrow by financial institutions' trust departments. All deposits and investments are carried at cost except for the deferred compensation pooled investments, which are carried at market value.

The carrying values of deposits and investments are summarized as follows:

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Investments:	
Short-term investments held in trust	\$ 120,390
U. S. treasury securities	62,973,883
Deferred compensation pooled investments	9,941,795
<hr/>	
Total investments	73,036,068
Deposits	16,286,915
Petty cash	6,775
<hr/>	
	\$ 89,329,758

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(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

Deposits and investments of the City are reflected in the general purpose financial statements as follows:

	Carrying Amount
Cash and pooled investments	\$ 41,506,144
Restricted assets	47,823,614
<b>Total</b>	<b>\$ 89,329,758</b>

Deposits - At June 30, 1997, the carrying amount of the City's deposits was \$16,286,915 and the bank balance was \$16,025,910. Of the bank balance, \$200,091 was covered by federal depository insurance (FDIC), \$14,730,415 was covered by collateral held at the Federal Reserve under joint custody agreements and \$1,095,404 was uncollateralized.

Investments - The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name; (2) uninsured and unregistered for which the securities are held by the bank's trust department or agent in the City's name; or (3) uninsured and unregistered for which the securities are held by the bank or by its trust department or agent, but not in the City's name. At June 30, 1997, the City's investments in U. S. treasury securities, having market values of approximately \$57,326,589, of \$57,406,858 were classified as category (1) above and \$5,567,025 are classified as category (2) above. The deferred compensation pooled investments in mutual fund shares have a market value of \$9,941,795. The short-term investments held in trust have an approximate market value of \$120,390.

**(4) Tax Revenue and Taxes Receivable**

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 1997 is as follows:

	General	Special Revenue	Capital Projects
Real estate tax	\$ 4,761,036	18,436	1,284,395
Railroad utilities tax	60,981	-	-
Cigarette tax	472,758	-	-
Transient guest tax	-	396,654	-
Sales tax	12,209,743	-	399,749
Franchise tax	6,246,845	-	-
	<b>\$ 23,751,363</b>	<b>415,090</b>	<b>1,684,144</b>

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property for which taxes are unpaid. Jackson County bills and collects all real estate taxes for the City and charges a 1.5% commission on all taxes collected.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

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Assessed values are established by the Clay and Jackson County Assessors, subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 1996 on which the fiscal 1997 levy was based, was \$626,705,921. In the year ended June 30, 1997, the City collected 91.12% of real estate taxes which were levied in that period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to \$.40 per \$100 of assessed valuation for public health and recreation and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended June 30, 1996 are as follows:

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Fund	Levy
General	\$ .53
Public Health and Recreation	.24
	<hr/> \$ .77

Taxes receivable on the accompanying balance sheet represent real estate tax, franchise tax, transient guest tax and sales tax which have been recorded as revenue and/or deferred revenue.

The City has passed ordinances to establish TIFs. The establishment of these districts allows the City to provide public improvements to encourage developers to construct and make new investments within blighted, conservation or economic areas. Through the use of a TIF district, the City can utilize one-half of the incremental County and City sales taxes, plus the taxes generated by the incremental increase in property values from the date the TIFs were established and the combined levies of all taxing jurisdictions for infrastructure improvements. Tax revenues (real estate and sales taxes) available to the TIFs for the year ended June 30, 1997 were \$1,684,144 and were included as tax revenue in the Tax Increment Financing (Capital Projects) Fund.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(5) Intergovernmental Revenue and Receivables**

Intergovernmental revenue during fiscal year 1997 consisted of the following:

	General Fund	Special Revenue Funds	Capital Projects Funds
Federal:			
Department of Health and Human Services:			
Public Health Nursing	\$ 76,102	-	-
Multi-County Health Educator	1,040	-	-
Senior Nutrition Site	25,000	-	-
Federal Emergency Management Agency -			
Emergency Management Assistance	45,025	-	-
Department of Housing and Urban Development:			
Community Development Block Grant	-	748,858	-
Emergency Shelter Grant	12,544	-	-
Homeless Challenge Grant	33,002	-	-
Rental Rehabilitation	-	14,033	-
HOME Program	-	369,238	-
Department of Transportation:			
Highway Planning and Construction	4,500	-	108,064
Urban Mass Transportation Operating Assistance	15,651	-	-
State and Community Highway Safety	47,999	-	-
Department of Justice:			
Bureau of Justice Assistance	143,821	-	-
Community Oriented Policing Services (COPS)	240,383	-	-
Department of Veteran's Affairs	7,497	-	-
Department of Interior	7,283	-	-
<b>Total federal</b>	<b>659,847</b>	<b>1,132,129</b>	<b>108,064</b>
State:			
Missouri Division of Tourism	-	27,354	-
Department of Health	7,500	-	-
Department of Revenue:			
Motor vehicle fuel tax	3,119,439	-	-
Motor vehicle sales tax	673,516	-	-
Motor vehicle fees	539,534	-	-
Financial institutions tax	24,240	-	-
Department of Natural Resources	35,071	-	9,183
<b>Total state</b>	<b>4,399,300</b>	<b>27,354</b>	<b>9,183</b>
Local:			
Jackson County Drug Task Force	410,472	-	-
Jackson County Funding of D.A.R.E. Program	33,674	-	-
Jackson County Urban Road System	-	-	157,785
<b>Total local</b>	<b>444,146</b>	<b>-</b>	<b>157,785</b>
<b>Total</b>	<b>\$ 5,503,293</b>	<b>1,159,483</b>	<b>275,032</b>

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

Amounts due from other governments at June 30, 1997 are as follows:

	Federal	State	Local	Total
<b>General:</b>				
Department of Health and Human Services:				
Public Health Nursing	\$ 8,969	-	-	8,969
MARC Senior Nutrition Site	6,250	-	-	6,250
Department of Transportation - State and				
Community Highway Safety	3,342	-	-	3,342
Federal Emergency Management Agency	12,177	-	-	12,177
Department of Housing and Urban				
Development - Homeless Challenge Grant	21,272	-	-	21,272
Kansas City Area Transportation				
Authority - Urban Mass Transportation				
Operating Assistance	2,989	-	-	2,989
Department of Revenue:				
Motor vehicle fuel tax	-	535,000	-	535,000
Motor vehicle sales tax	-	64,644	-	64,644
Motor vehicle license fee	-	134,000	-	134,000
	54,999	733,644	-	788,643
<b>Special Revenue:</b>				
Department of Housing and Urban				
Development - Community				
Development Block Grant	13,660	-	-	13,660
Rental Rehabilitation	20,254	-	-	20,254
	33,914	-	-	33,914
<b>Capital Projects:</b>				
Department of Transportation - Highway				
Planning and Construction	104,824	-	15,766	120,590
Department of Natural Resources	-	244,571	-	244,571
Jackson County:				
Urban Road System	-	-	1,166,564	1,166,564
Tax Increment Financing Projects	-	-	886,980	886,980
	104,824	244,571	2,069,310	2,418,705
<b>Total</b>	<b>\$ 193,737</b>	<b>978,215</b>	<b>2,069,310</b>	<b>3,241,262</b>

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(6) Interfund Transactions**

**(A) Interfund Receivables and Payables**

Interfund receivable and payable balances at June 30, 1997 were as follows:

	Receivable	Payable
General	\$ 8,300	204,516
Special Revenue:		
Community Development Grant Act	360	7,190
Rental Rehabilitation	-	18,200
Tourism	18,694	-
	19,054	25,390
Capital Projects:		
Street improvements	270,635	-
Buildings and other improvements	6	30,207
Tax increment	204,516	-
Storm drainage	382	236,249
Park improvements	-	3,823
	475,539	270,279
Enterprise:		
Power and Light	529	-
Water	1,031,848	-
Sanitary Sewer	613	-
Storm Water	-	1,031,694
	1,032,990	1,031,694
Internal Service:		
Central Garage	102	285,480
Employee Benefits	285,252	-
	285,354	285,480
Trust and Agency:		
Flexible Benefit Plan	-	3,878
	\$ 1,821,237	1,821,237

(Continued)

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

**(B) Interfund Advances**

Interfund advances receivable and payable balances at June 30, 1997 were as follows:

	Receivable	Payable
General Long-term Debt Account Group	\$ -	308,282
Enterprise:		
Water	669,292	-
Sanitary Sewer	25,000	19,878
Storm Water	-	25,000
Power and Light	-	341,132
	694,292	386,010
	\$ 694,292	694,292

**(C) Interfund Charges for Support Services**

Interfund charges for support services and rent paid to the General Fund during fiscal year 1997 were as follows:

	Interfund Charges	Rent
Tourism	\$ 10,000	5,737
Power and Light Fund	1,252,870	51,055
Water Fund	738,256	67,889
Sanitary Sewer Fund	759,840	26,956
Central Garage Fund	134,987	3,354
	\$ 2,895,953	154,991

Rent charges, which consist of leased office space, are included in other revenue of the General Fund.

Interfund charges for customer service support services and telephone operators were paid (recorded as operating expenses) to the Water Fund (recorded as income) during fiscal year 1997 as follows:

	Telephone Operations/ Customer Service
General Fund	\$ 15,696
Sanitary Sewer Fund	161,439
Power and Light Fund	509,785
Central Garage Fund	350
	\$ 687,270

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

In addition, interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 1997 by the Water Fund in the amount of \$589,775.

**(D) Payments in Lieu of Taxes**

The payments of \$5,712,493, \$990,096 and \$838,945 in fiscal year 1997 by the Power and Light, Sanitary Sewer and Water (Enterprise) Funds, respectively, to the General Fund in lieu of taxes represent franchise taxes and real estate taxes on plant in service. The franchise tax rate, established by City ordinance at 9.08%, is applied to gross billed operating revenues less amounts written off to arrive at the franchise tax due the General Fund. Real estate taxes are charged at a set amount.

**(E) Interfund Operating Transfers**

Interfund operating transfers for fiscal year 1997 were as follows:

	Transfer To	Transfer From
General	\$ 82,138	407,452
Special Revenue - Community Development Grant Act	-	200,847
Capital Projects:		
Street improvements	368,067	21,210
Buildings and other improvements	8,843	-
Storm drainage	61,574	-
Park improvements	-	2,188
Revolving public improvements	-	528
	438,484	23,926
Enterprise - Sanitary Sewer	58,875	-
Internal Service - Employee Benefit Fund	52,728	-
<b>Total operating transfers</b>	<b>\$ 632,225</b>	<b>632,225</b>

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(7) Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Land	\$ 8,209,380	-	-	8,209,380
Buildings	9,293,847	-	-	9,293,847
Improvements other than buildings	1,871,530	1,470	14,415	1,858,585
Office furniture and equipment	2,495,550	301,661	203,105	2,594,106
Mobile equipment	9,264,443	1,556,612	1,059,006	9,762,049
Other equipment	2,398,072	76,667	257,266	2,217,473
	\$ 33,532,822	1,936,410	1,533,792	33,935,440

A summary of property, plant and equipment of the Enterprise and Internal Service Fund Types at June 30, 1997 is as follows:

	Enterprise	Internal Service
Land	\$ 330,191	93,979
Building and improvements	10,917,047	141,187
Sanitary sewer lines	44,642,471	-
Production	112,670,609	-
Treatment plant	11,415,362	-
Transmission and distribution equipment	114,133,522	-
General plant	17,328,908	-
Plant and sewer system	7,007,014	-
Furniture and equipment	2,920,129	163,622
Acquisition adjustment	15,303,335	-
Construction in progress	12,749,590	-
Nonutility property	40,014	-
	349,458,192	398,788
Less accumulated depreciation	147,324,028	273,548
	\$ 202,134,164	125,240

The acquisition adjustment represents primarily the excess of the purchase price over the net cost of plant assets as carried on the books of the selling entity for water utility assets acquired by the City.

Construction in progress at June 30, 1997 represents improvements to and expansion of the City's sanitary sewer system, water utility system, storm water utility system and renovation of the electrical utility system.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(8) Long-term Debt**

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "City purposes" not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric or other light and plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

The following is a summary of changes in long-term debt of the City for the year ended June 30, 1997:

*General Long-term Debt Account Group*

	Tax Increment Financing Bonds	Capital Lease Obligations	Certificates of Participation General Long-term Debt Account Group	Advance From Water Fund General Long-term Debt Account Group	Employee Benefits Payable (note 14)	Compensated Absences
Balance, June 30, 1996	\$ 5,115,000	2,463,951	192,942	450,876	5,691,280	7,685,572
Increase	-	419,069	-	-	-	394,307
Retired	115,000	548,735	59,827	142,594	487,824	-
Balance, June 30, 1997	\$ 5,000,000	2,334,285	133,115	308,282	5,203,456	8,079,879

*Proprietary Funds*

	Revenue Bonds	Certificates of Participation Enterprise Fund (Water)	Compensated Absences
Balance, June 30, 1996	\$ 77,705,000	452,058	2,942,798
Increase	-	-	193,800
Retired	1,795,000	140,173	-
Balance, June 30, 1997	\$ 75,910,000	311,885	3,136,598

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(A) Revenue Bonds**

Revenue bonds payable at June 30, 1997 are comprised of the following individual issues:

Power and Light Fund:		
\$910,000 1989A Electric Utility Refunding Bonds, \$250,000 due June 1, 1998, interest at 6.90% to 7.00%		\$ 250,000
\$28,295,000 1989B Electric Utility Refunding Bonds, due in annual installments of \$765,000 to \$8,285,000 through June 1, 2014, interest at 6.9% to 7.20%, callable at par after December 1, 1998		23,720,000
\$8,590,000 1993 Electric Utility Refunding Revenue Bonds, due in annual installments of \$100,000 to \$1,950,000 through June 1, 2014, interest at 4.5% to 7.5%, callable 4.5% at par after June 1, 2002		8,190,000
Water Fund:		
\$47,500,000 Variable Rate Demand Water Utility Revenue Bonds - Series 1986, principal due in annual installments of \$800,000 to \$5,850,000 through November 1, 2016, interest at approximately 3.5%, variable, callable at par		43,750,000
		<b>\$ 75,910,000</b>

The annual requirements to pay principal and interest (at 6%) on revenue bonds payable at June 30, 1997 (excluding the Variable Rate Demand Water Utility Revenue Bonds) are as follows:

Fiscal year ending:	Principal	Revenue Bonds	
		Interest	Total
1998	\$ 1,115,000	2,134,615	3,249,615
1999	1,205,000	2,056,065	3,261,065
2000	1,290,000	1,969,765	3,259,765
2001	1,370,000	1,834,410	3,204,410
2002	1,465,000	1,745,235	3,210,235
2003-2014	25,715,000	12,440,840	38,155,840
	<b>\$ 32,160,000</b>	<b>22,180,930</b>	<b>54,340,930</b>

On March 27, 1986, the City issued \$47,500,000 of Variable Rate Demand Water Utility Revenue Bonds - Series 1986, maturing serially through November 1, 2016. The proceeds of the bonds were to be used for the purpose of paying all or part of the cost of purchasing and making improvements to a water utility. These bonds are subject to conversion by the City to variable rate, money market municipal rate or fixed rate obligations. At June 30, 1997, the bonds were money market rate bonds with an average interest rate of 3.5%.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on each mandatory repurchase date, unless the bondholder has elected to retain such bond or any portion thereof (with certain limitations), by delivery of a notice of waiver of repurchases to the City as remarketing agent. The remarketing agent is authorized to use its best efforts to sell any repurchased bonds at a price equal to 100% of the principal amount by adjusting the maturity from one to 270 days and the interest rate.

Under an irrevocable letter of credit issued by the Westdeutsche Landesbank Girozentrale, New York Branch (West LB), the trustee or the remarketing agent is entitled to draw an amount from West LB sufficient to pay for the purchase of any bonds delivered to it, including interest. The letter of credit is valid through December 13, 2000.

If the remarketing agent is unable to resell any of the bonds that are tendered, the City has the ability to exercise their letter of credit at an interest rate (10.5% at June 30, 1997) equal to the greater of the prime lending rate plus 2%, or the federal funds lending rate plus 2.5%, with a maximum rate of 14%. If the letter of credit were to be exercised because the entire issue of the demand bonds was tendered and not resold at June 30, 1997, the City would be required to pay a total of \$46,808,306 through March 5, 1998, including interest of \$3,058,306, assuming an interest rate of 10.5% at June 30, 1997.

The City is required to pay to West LB an annual commitment fee for the letter of credit of .2% per annum of the sum of \$43,750,000 plus sixty-five days of interest at an interest rate of 14% (the maximum interest rate on the bonds). The letter of credit fee to West LB amounted to \$90,073 during fiscal year 1997. Additionally, the remarketing agent receives an annual fee of 1/8 of 1% of the outstanding principal amount of the bonds and, when applicable, conversion fees may be required. All of these fees have been included in administrative fees for revenue bonds in the Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types and Nonexpendable Trust Funds.

The annual requirements to pay principal under the mandatory sinking fund redemption at June 30, 1997 are as follows:

	Demand Revenue Bonds Principal
Fiscal year ending:	
1998	\$ 800,000
1999	900,000
2000	1,000,000
2001	1,050,000
2002	1,150,000
2003-2017	38,850,000
	\$ 43,750,000

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

The power and light revenue bond ordinance and the water revenue bond indenture require that the systems be accounted for in separate Enterprise Funds. They also require that after sufficient current assets have been set aside to operate the systems, all remaining monies held in the funds be segregated and restricted in separate special reserves and accounts in the following sequences:

<u>Account</u>	<u>Restriction</u>
(a) Principal and Interest	For the monthly accumulation of monies to meet the maturing revenue bond principal and interest requirements.
(b) Reserve	For the accumulation of revenue bond reserves over thirty-six months until the minimum required balance of \$4,625,000 is obtained.
(c) Depreciation and Emergency	For the accumulation of monies over sixty months to finance emergency repairs and system improvements until the maximum required balance of \$1,000,000 is obtained. The City has elected to accelerate the reserve accumulation and has restricted all maximum requirements.
(d) Construction	For recording unexpended bond proceeds to be used to finance construction.

Surplus account monies are reflected as unrestricted cash. The required reserves are reported in the accompanying combined balance sheet as restricted assets (cash and investments consisting of certificates of deposit and United States treasury notes are carried at cost, which approximates market) and reservations of retained earnings as follows:

Account	Enterprise Funds	
	Restricted Assets	Reserved Retained Earnings
Principal and interest	\$ 939,373	-
Reserve for revenue bond retirement	4,625,000	4,625,000
Depreciation account and emergency	1,000,000	1,000,000
<b>Total revenue bond reserves</b>	<b>6,564,373</b>	<b>5,625,000</b>
Certificates of participation escrow account (note 8B)	297,868	-
Customer deposits	935,069	-
Assets restricted in excess of minimum requirements	2,187,500	-
Capital improvements (see next paragraph)	20,687,439	-
Operations (see next paragraph)	5,256,000	-
<b>Total</b>	<b>\$ 35,928,249</b>	<b>5,625,000</b>

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

The City established the capital improvements account in the Power and Light Fund to account for unexpended monies appropriated for capital improvements. The operations account provides for paying current expenses in the event current revenues prove insufficient.

The various bond ordinances and indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverages. The City is in compliance with all such financial limitations and restrictions.

Restricted assets in the General Fund of \$689,339 at June 30, 1997 consist of cash on deposit for a workers' compensation bond (note 16), collateral for lease purchase agreement, certificates of participation principal and interest, and municipal court bond deposits.

***(B) Capital Lease Certificates of Participation***

On September 1, 1989, the City entered a lease-purchase agreement to pay for the cost of enlarging and improving the waterworks system and acquiring certain fire fighting, police and administrative equipment. The transaction was structured to allow for the sale of \$2,175,000 of certificates of participation, which are recorded as liabilities of the Water Fund and General Fund. At June 30, 1997, assets purchased with the proceeds of the certificates of participation are pledged as collateral and have a net book value of \$1,915,193.

The City has restricted certain accounts under the provisions of the certificates of participation in the Water Fund and General Fund. At June 30, 1997, these accounts totaled \$360,686 including \$150,686 for principal and \$210,000 of additional reserve required by the lease agreement.

Annual requirements to pay principal and interest on these certificates at June 30, 1997 are as follows:

	General Long-term Debt Account Group		Enterprise Fund		Total
	Principal	Interest	Principal	Interest	
1998	\$ 64,314	9,052	150,686	21,208	245,260
1999	68,801	4,678	161,199	10,962	245,640
	\$ 133,115	13,730	311,885	32,170	490,900

***(C) Advance From Water Fund***

The General, Power and Light and Sanitary Sewer Funds received advances in the prior year from the Water Fund to purchase computer equipment. The liability for the advances was recorded in the respective funds and the General Long-term Debt Account Group. Governmental Fund Types will pay for the General Fixed Assets Account Group's share of the equipment.

(Continued)

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

**(D) Tax Increment Revenue Bonds**

On November 1, 1994, the City issued \$5,115,000 in Tax Increment Revenue Bonds - Series 1994, due in annual installments of \$115,000 to \$515,000 through April 1, 2015 and bearing interest at 8.75%. The proceeds of the bonds are to be used for reimbursement of costs related to redevelopment.

Restricted assets in the Capital Projects Funds of \$1,264,231 consist of unexpended proceeds of the Tax Increment Revenue Bonds, Series 1994.

**(E) Capital Leases**

Capital leases payable at June 30, 1996 are comprised of the following:

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\$783,223 CHICORP lease, interest at 6.85%, monthly installments through April 1, 2006. A lease utilized for Johnson Controls contract to renovate the HVAC of City Hall. No restrictions	\$ 675,850
\$383,000 Nodaway Bank lease, interest at 7.0% - 1992, semiannual installments through January 15, 1999. A lease utilized to purchase a fire pumper truck. No restrictions. First lien rights are held by lessor until lease obligation is fulfilled	128,852
\$613,270 Emergency One, interest at 5.59% - 1995, annual installments through May 15, 2000. A lease utilized to purchase two fire pumper trucks. No restrictions. First lien rights are held by lessor until lease obligation is fulfilled	324,537
IBM Corporation (CAD System), interest at 5.89% - 1996, monthly installments through March 15, 2000. A lease utilized to purchase and upgrade an IBM AS400 along with dispatching software. First lien rights are held by lessor until lease obligation is fulfilled	250,281
\$470,000 First National Bank of Louisburg, interest at 5.25% - 1995, semiannual installments through December 1, 2001. A lease utilized to purchase two fire pumper trucks, various rescue equipment and three passenger vehicles for the Fire Department. Monies held by lessor were to be invested in permitted investments as directed by the City until disbursed. First lien rights are held by lessor until lease obligation is fulfilled	325,000
\$419,069 First National Bank of Louisburg, interest at 5.75% - 1996, semiannual installments through October 1, 2005. A lease utilized to purchase a fire truck, three vehicles, various rescue equipment, a pick-up truck and a telephone system	419,069
IBM (AS400) at 4.592%, monthly installments through December 15, 2000. A lease utilized to purchase two AS400 computers from IBM Corporation. First lien rights are held by lessor until lease obligation is fulfilled	210,696
	<hr/>
	\$ 2,334,285

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Assets acquired through capital leases in the General Fixed Assets Account Group amounted to \$3,289,074 as of June 30, 1996.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 1996 were as follows:

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	General Long-term Debt
Year ending June 30,	
1997	\$ 634,191
1998	643,121
1999	500,585
2000	252,209
2001	572,923
Thereafter	197,306
	2,800,335
Less imputed interest	466,050
Present value of minimum lease payments	\$ 2,334,285

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***(F) Defeasance of Debt***

In prior years, the City defeased certain power and light revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's general purpose financial statements. Outstanding revenue bonds in the amount of \$7,535,000 were removed from the Power and Light Enterprise Fund in connection with an in-substance defeasance.

**(9) Advances for Construction**

As new additions to the water distribution system are constructed, the Water (Enterprise) Fund requires the developer or wholesaler to advance the estimated cost of the water main extension or improvement. Upon project completion, any excess of the advance over the project cost is refunded to the developer or wholesaler or vice versa. The advances for construction at June 30, 1997 were \$145,540.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(10) Contributed Capital**

The sources and composition of contributed capital at June 30, 1997 are as follows:

	Enterprise Funds			
	Power and Light	Water	Sanitary Sewer	Total
Federal and state grants	\$ -	130,163	25,058,991	25,189,154
Contributions from municipality, developers and special assessments	1,519,482	13,066,566	27,855,256	42,441,304
	1,519,482	13,196,729	52,914,247	67,630,458
Less accumulated depreciation	459,172	1,242,657	22,047,636	23,749,465
<b>Total contributed capital</b>	<b>\$ 1,060,310</b>	<b>11,954,072</b>	<b>30,866,611</b>	<b>43,880,993</b>

A reconciliation of contributed capital for the year ended June 30, 1997 is as follows:

	Enterprise Funds			
	Power and Light	Water	Sanitary Sewer	Total
Balance, July 1, 1996	\$ 1,064,943	11,550,004	31,873,193	44,488,140
Contributions	52,557	580,951	76,007	709,515
Depreciation transferred	57,191	176,883	1,082,589	1,316,663
<b>Balance, June 30, 1997</b>	<b>\$ 1,060,309</b>	<b>11,954,072</b>	<b>30,866,611</b>	<b>43,880,992</b>

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

**(11) Segments of Enterprise Activities**

The City maintains four Enterprise Funds, the operations of which are financed primarily by user charges. Additional financial data for these funds as of and for the year ended June 30, 1997 is as follows:

	Power and Light Fund	Water Fund	Sanitary Sewer Fund	Storm Water Fund	Total
<b>Assets:</b>					
Current assets	\$ 26,704,039	18,019,238	7,702,899	-	52,426,176
Restricted assets	27,391,744	8,436,782	99,723	-	35,928,249
Property, plant and equipment, net	99,463,396	61,997,180	40,442,025	231,563	202,134,164
Other	4,474,041	1,311,432	582,658	-	6,368,131
	\$ 158,033,220	89,764,632	48,827,305	231,563	296,856,720
<b>Liabilities and equity:</b>					
Current liabilities	\$ 5,221,471	999,528	1,285,219	1,031,694	8,537,912
Liabilities payable from restricted assets	1,970,389	1,232,876	99,723	-	3,302,988
Long-term liabilities	33,324,665	43,838,373	440,808	25,000	77,628,846
Deferred credits	-	145,540	-	-	145,540
Fund equity	117,516,695	43,548,315	47,001,555	(825,131)	207,241,434
	\$ 158,033,220	89,764,632	48,827,305	231,563	296,856,720
Working capital	\$ 21,482,568	17,019,710	6,417,680	(1,031,694)	43,888,264
Operating revenues	\$ 59,362,519	13,924,171	11,648,106	-	84,934,796
Operating expenses:					
Depreciation and amortization	6,625,074	1,614,059	1,706,275	24,774	9,970,182
Other	47,337,062	9,405,684	8,914,849	2,389	65,659,984
Operating income (loss)	5,400,383	2,904,428	1,026,982	(27,163)	9,304,630
Nonoperating revenues (expenses)	101,409	(403,321)	300,320	(20,912)	(22,504)
Operating transfers in, net	-	-	58,875	-	58,875
Net income (loss)	\$ 5,501,792	2,501,107	1,386,177	(48,075)	9,341,001
Acquisition of property, plant and equipment, net	\$ 10,068,154	1,758,237	1,148,245	-	12,974,636
Contributed capital:					
Contributions	\$ 52,558	580,952	76,006	-	709,516
Transfer of depreciation	57,191	176,883	1,082,589	-	1,316,663
Net increase (decrease)	\$ (4,633)	404,069	(1,006,583)	-	(607,147)

(Continued)

**(12) Deferred Compensation Plan**

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The supplemental retirement plans, which are administered by two carriers, are available to all City employees who qualify under the plans' terms and permits employees 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.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plans are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets carried in the Agency Fund, totaling \$9,941,795 at June 30, 1997, to satisfy the claims of general creditors in the future.

**(13) Employee Retirement System**

*Plan Description*

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

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

*Funding Policy*

The City of Independence's full-time employees do not contribute to the pension plan. The political subdivision is required by State Statute to contribute at an actuarially determined rate; the current rate is 8.0% (general), 7.4% (police) and 14.1% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by State Statute.

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**

Notes to General Purpose Financial Statements

***Annual Pension Cost***

For 1997, the political subdivision's annual pension cost of \$3,473,819 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 1995 and/or 1996 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, before retirement and 4.0% per year, compounded annually, after retirement, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.0% per year, depending on age, attributable to seniority/merit, and (d) pre and postretirement mortality based on the 1984 Group Annuity Mortality table set back no years for men and six years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 1997 was fifteen years.

***Three-year Trend Information***

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 1995	\$ 3,779,536	100%	-
June 30, 1996	3,659,666	100	-
June 30, 1997	3,473,819	100	-

***Total of Funding Progress***

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b) - (a) Unfunded Accrued Liability (UAL)	(a)/(b) Funded Ratio	(b) Annual Covered Payroll	(b)-(a)/(c) UAL as a Percentage of Covered Payroll
02/28/95	\$ 63,788,511	67,925,797	4,137,286	94%	\$ 35,294,015	12%
02/28/96	67,210,828	69,857,011	2,646,183	96	36,906,637	7
02/28/97	73,938,880	74,953,646	1,014,766	99	38,395,251	3

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 29, 1996 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

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**(14) Reimbursement of Employee Contributions to LAGERS**

Missouri State Statutes provide for a governing body of a political subdivision to elect to have the accumulated contributions made by its current employees refunded to them upon its majority vote. If elected, the political subdivision has the option of reimbursing LAGERS in full up front or making periodic payments over a fifteen-year period.

Effective March 1993, the City Council voted to refund the contributions of the City's current employees and to reimburse LAGERS over a fifteen-year period. The amount of the annual reimbursement to LAGERS from the City is approximately \$681,000; however, this figure will be adjusted annually based on changes in actuarial assumptions. Reimbursement will be made from the following funds:

- General,
- Tourism,
- Community Development Grant Act,
- Power and Light,
- Water, and
- Sanitary Sewer.

Amounts actually reimbursed over the fifteen-year period are reported as expenditures/expenses of each fund for the year in which they are paid to LAGERS.

A separate Internal Service Fund entitled "Employee Benefits" was established to account for the increased cost ensuing from the refund of contributions to employees. The City's Enterprise Funds (listed above) provided an actuarially determined initial contribution of \$3,237,699 to the fund which prepaid the entire portion of their obligation. The Employee Benefits Fund is remitting these monies to LAGERS over fifteen years with a balance of \$2,263,861 at June 30, 1997. The Governmental Funds contribute actuarially determined amounts based on annual payroll contributions to the fund. At June 30, 1997, \$5,203,456 is recorded in the General Long-term Debt Account Group for the Governmental Fund Type's portion of the LAGERS' reimbursement of employee contributions.

**(15) Postretirement Health Benefits**

In addition to the pension benefits described in note 13, the City provides postretirement health care benefits, in accordance with City resolutions, to all retiring employees meeting the service criteria. Expenditures for postretirement health care benefits are recognized as retirees report their claims. During 1997, expenditures of approximately \$1,359,714 were recognized for postretirement health care. The City has approximately 364 participants currently eligible to receive benefits.

**(16) Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. As a result, there are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries and various other matters and complaints arising in the ordinary course of City activities. The City is entitled to the defense of sovereign and official immunity against tort action that provides immunity except in two areas, motor vehicles and the condition of property of governmental entities. The City carries commercial property, boiler and machinery, life and flood insurance and settlements have not exceeded insurance coverage for each of the past three fiscal years.

(Continued)

# CITY OF INDEPENDENCE, MISSOURI

## Notes to General Purpose Financial Statements

The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM). MOPERM is a body corporate and politic created by the Missouri General Assembly to provide liability protection to participating public entities, their officials and employees. The City pays annual premiums to MOPERM for law enforcement liability, general liability, public official errors and omission liability and automobile liability insurance coverage. The agreement with MOPERM provides that MOPERM will be self-sustaining through member premiums. MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MOPERM has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MOPERM had no deficiencies in any of the past three fiscal years.

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to \$10,000,000 per accident, covers specific medical claims in excess of \$500,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain an escrow account in the amount of \$225,000. This amount is reflected as restricted assets and designated fund balance of the General Fund. Workers' compensation liabilities were immaterial at June 30, 1997.

The City offers its employees a contributory self-insurance health care plan. An excess coverage insurance policy covers the portion of specific claims in excess of \$125,000 and aggregate claims in excess of \$6,082,427. The portion of premiums paid by the City totaling \$5,930,295 are reflected as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Claims incurred but not reported are accrued as a liability in the Internal Service Fund.

The claims liability of \$493,000 reported in the Staywell Healthcare Fund at June 30, 1997 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

	Medical Claims Payable	
	1997	1996
Beginning of year	\$ 705,000	453,050
Incurred	4,780,426	5,523,723
Paid	(4,992,426)	(5,271,773)
End of year	\$ 493,000	705,000

### (17) Commitments

#### *Construction Commitments*

At June 30, 1997, the City had commitments of approximately \$14,186,394 to complete construction contracts. Of this amount, \$12,625,927 relates to the Enterprise Funds primarily for work-in-process relating to rehabilitation of the electric utility system.

(Continued)

## CITY OF INDEPENDENCE, MISSOURI

### Notes to General Purpose Financial Statements

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#### *Purchase Capacity and Transmission Service Agreements*

On August 21, 1985, the City Council approved a Firm Power Service Purchase Agreement with the MidAmerican Energy Company, Inc. (MidAmerican) and a Capacity Purchase and Transmission Service Agreement with the Kansas City Power & Light Company (KCPL). Starting June 1, 1996, the MidAmerican Agreement (as amended by Amendment No. 2, March 1996, and Amendment No. 3, December 1996) calls for the purchase of annual electric generating capacity averaging 37.5 Mw through May 31, 1997, 35.0 Mw through May 31, 1998 and 32.5 Mw each year through May 31, 2000. The MidAmerican electric power is transmitted by MidAmerican over a 345 Kv transmission line jointly owned and operated by several other utility companies to the KCPL 345 Kv transmission interface and is delivered to the City by KCPL through its 161 Kv transmission system. Starting June 1, 1996, the KCPL Agreement, as amended by Amendment No. 6, calls for the City purchase of 60 Mw of electric generating capacity and associated energy each year through May 31, 2000 and 90 megawatt of electric generating capacity and associated energy for the year ending May 31, 2001. The KCPL Agreement also provides for the transmission wheeling of the MidAmerican purchased power into the Independence electric system. Starting June 1, 1997 and for the twelve months ending May 31, 1998, the KCPL monthly transmission charge for MidAmerican power averages \$35,700 per month. Minimum power scheduling of energy under the KCPL Agreement Amendment No. 6 is one-third of the City's maximum hours scheduled megawatts for any other hourly period during a day's period. The KCPL Agreement provided for the establishment of two new 161 Kv interconnections with the City. The City paid \$2,477,000 to KCPL for the completion of the portion of the two interconnections located within KCPL's service territory. The first interconnection was completed in June 1987. The second interconnection was completed in March 1992.

The rates for the purchase of electric energy capacity from MidAmerican and KCPL are based on fixed capacity demand charges and variable energy charges which take into consideration such items as actual kilowatt hours purchased, fuel costs and costs of production. The delivered cost of capacity and energy under the two Agreements, including all demand, transmission and energy charges, totaled \$18,169,058 for fiscal year 1997. The projected annual cost of those Agreements for fiscal year 1998 is estimated at approximately \$18,252,783.

The KCPL Agreement, as amended, also provides for the sale of up to 55 Mw starting June 1, 1996 through May 31, 2000. During the twelve months ending May 31, 1997, the City sold 55 Mw of reserve generation capacity to KCPL for a total of \$891,000. The reserve capacity sale to KCPL is on an annual basis and is renewable each contract year at KCPL's option. As of June 30, 1997, KCPL has renewed its option to purchase the reserve capacity for the contract year starting June 1, 1997 and ending May 31, 1998 at the capacity amount of 55 Mw.

#### **(18) Federal Assistance**

The City has received financial assistance from various federal agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority, or by independent public accountants, under the Single Audit Act, the purpose of which is to ensure compliance with terms and conditions specified in these agreements. Management does not believe that any liability for reimbursement will have a materially adverse effect upon the financial condition of the City.

(Continued)

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

**(19) Deficits**

The accumulated deficits in the amounts of \$21,274 in the Building and Other Improvements and \$3,823 in the Park Improvements (Capital Projects) Funds, \$179,650 in the Central Garage (Internal Service) Fund and \$825,131 in the Storm Water (Enterprise) Fund will be eliminated by future revenues or operating transfers.

**(20) Fund Equity**

Reserved and designated fund balances at year-end are as follows:

	Governmental Fund Types			Fiduciary Fund Types	Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Trust and Agency	1997	1996
Fund balances:						
Reserved for:						
Encumbrances	\$ 2,042,097	249,584	1,551,697	68,724	3,912,102	2,885,268
Certificates of participation	62,818	-	-	-	62,818	62,818
Domestic violence	5,254	-	-	-	5,254	4,614
<b>Total fund balances reserved</b>	<b>2,110,169</b>	<b>249,584</b>	<b>1,551,697</b>	<b>68,724</b>	<b>3,980,174</b>	<b>2,952,700</b>
Unreserved:						
Designated for:						
Police equipment	16,958	-	-	-	16,958	11,562
Charitable contributions	-	-	-	38,878	38,878	83,893
Workers' compensation (note 16)	225,000	-	-	-	225,000	150,000
Capital projects	460,813	-	1,264,231	-	1,725,044	2,464,440
Working capital	-	36,174	-	-	36,174	36,174
Equipment replacement	-	-	-	-	-	186,869
Strategic goal	343,856	-	-	-	343,856	341,950
Use tax (note 21)	188,443	-	-	-	188,443	-
<b>Total fund balances designated</b>	<b>1,235,070</b>	<b>36,174</b>	<b>1,264,231</b>	<b>38,878</b>	<b>2,574,353</b>	<b>3,274,888</b>
<b>Undesignated</b>	<b>4,090,741</b>	<b>58,407</b>	<b>(897,915)</b>	<b>10,145</b>	<b>3,261,378</b>	<b>3,450,826</b>
<b>Total fund equity</b>	<b>\$ 7,435,980</b>	<b>344,165</b>	<b>1,918,013</b>	<b>117,747</b>	<b>9,815,905</b>	<b>9,678,414</b>

(Continued)

## CITY OF INDEPENDENCE, MISSOURI

### Notes to General Purpose Financial Statements

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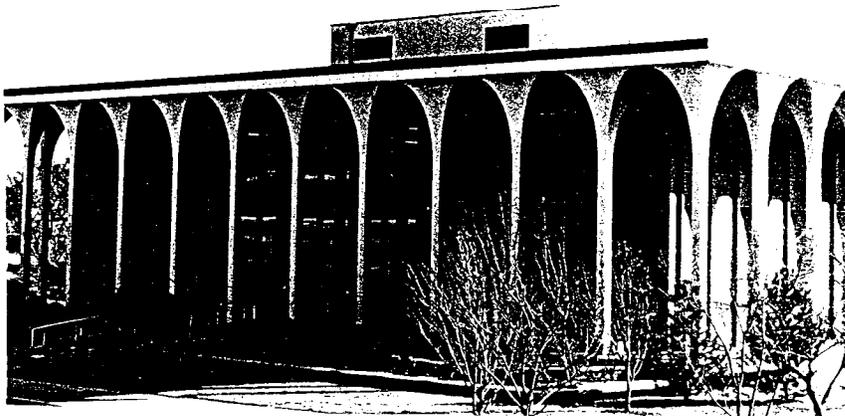
#### (21) Use Tax

In March 1996, the Missouri Supreme Court, in the case of *Associated Industries of Missouri vs. Department of Revenue*, held that the local use tax was unconstitutional and void because "it cannot be imposed evenly in all jurisdictions. The Court did not mention the issue of refunds of the taxes collected to date. However, the City may be required to refund up to approximately \$2,464,300 in use taxes received through year-end. As such, the local use tax collected in 1996 amounting to \$524,057 is recorded in the General Fund as deferred revenue. Revenue collected and recognized in previous years amounting to \$1,940,229 was recorded as revenue in the General Fund. Although the City has deferred use tax revenue received during the fiscal year ended 1996, litigation has been filed challenging any requirement of cities to repay these monies. The City has a designated fund balance in the amount of \$188,443 for expected repayment of the local use tax.

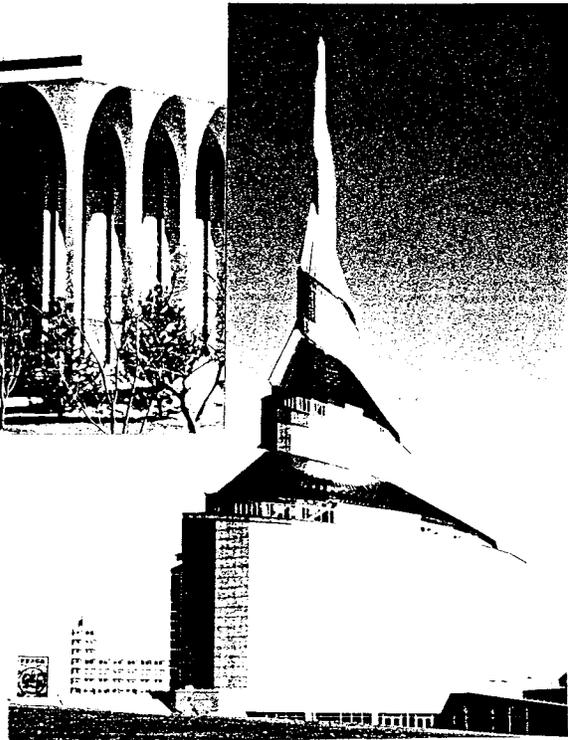
*Below: First Baptist Church  
500 W. Truman Road*



*Above: Stone Church, 1888  
1012 W. Lexington*



*Above: Mormon Visitor's Center  
931 W. Walnut*

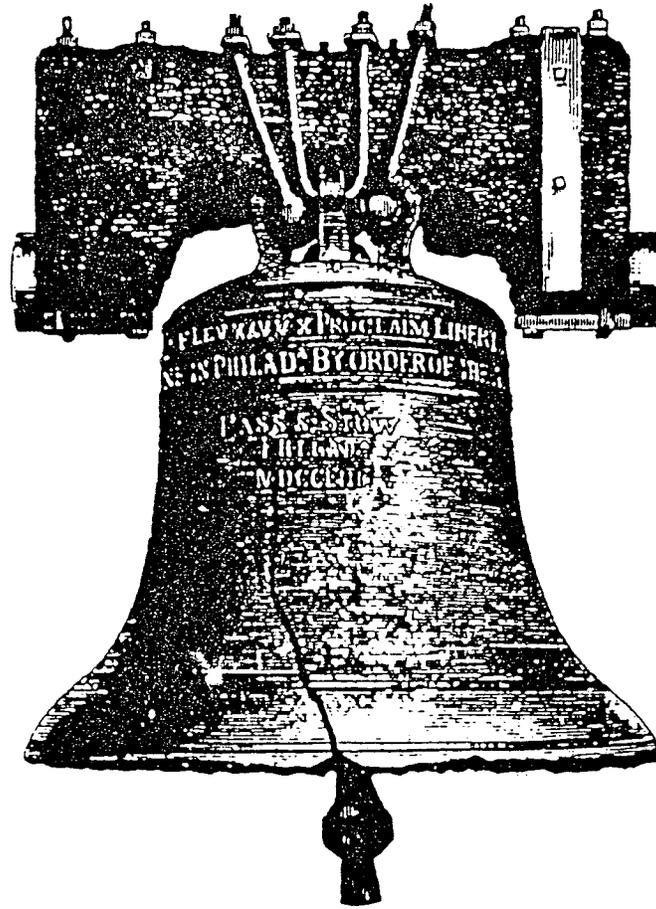


*Right: RLDS Temple  
River and Walnut*

# **ADDITIONAL INFORMATION**

## **COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES**

The financial statements of individual funds and account groups contain data beyond what is included in the general financial statements. This data is presented to provide additional financial information in order to better inform the users of the general purpose financial statements.



## **GENERAL FUND**

The General Fund is used to account for all revenues and expenditures not accounted for in other funds. The essential character of this fund is determined by the commitments from appropriated resources. Functions financed from the General Fund include: General Government; Public Safety; Public Works; Health and Welfare; and Culture and Recreation. The General Fund operates in accordance with a formal budget.

## General Fund

Schedule of Revenues and Expenditures -  
Budget and Actual (Budget Basis)

Year Ended June 30, 1997

With Comparative Actual Figures For Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Real estate taxes, including penalties	\$ 4,622,310	4,761,036	138,726	4,428,377
Railroad and utilities tax	58,600	60,981	2,381	56,733
Cigarette tax	490,000	472,758	(17,242)	513,102
Sales tax	12,412,500	12,209,743	(202,757)	11,775,155
<b>Franchise tax:</b>				
Water	18,000	16,029	(1,971)	16,643
Gas	2,500,000	3,450,882	950,882	2,914,581
Electricity	334,000	334,305	305	352,710
Telephone	1,954,000	2,114,445	160,445	1,927,309
Cable television	300,000	331,184	31,184	313,897
<b>Total taxes</b>	<b>22,689,410</b>	<b>23,751,363</b>	<b>1,061,953</b>	<b>22,298,507</b>
<b>Licenses and permits:</b>				
Motor vehicle licenses	440,000	419,139	(20,861)	327,772
<b>Business licenses:</b>				
Occupation licenses	870,000	955,674	85,674	907,331
Liquor licenses	60,000	72,040	12,040	70,495
Building permits	560,000	653,815	93,815	443,205
Loading zone permits	-	80	80	80
Nursing home permits	300	525	225	50
Food handlers' permits	42,000	46,240	4,240	44,766
Planning examinations and licenses	35,000	29,098	(5,902)	39,833
Other	102,000	123,070	21,070	57,494
<b>Total licenses and permits</b>	<b>2,109,300</b>	<b>2,299,681</b>	<b>190,381</b>	<b>1,891,026</b>
<b>Intergovernmental:</b>				
<b>Federal grants:</b>				
Civil Defense Program	35,000	45,025	10,025	36,002
Public Health Nursing	82,280	76,102	(6,178)	90,246
I-70 Enforcement	3,750	834	(2,916)	21,138
Dial-A-Ride	13,000	15,651	2,651	10,066
Other	616,873	522,235	(94,638)	254,106
<b>Total federal grants</b>	<b>\$ 750,903</b>	<b>659,847</b>	<b>(91,056)</b>	<b>411,558</b>

## General Fund

Schedule of Revenues and Expenditures -  
Budget and Actual (Budget Basis), Continued

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
State grants:				
Department of Health	\$ -	7,500	7,500	-
Department of Revenue:				
Motor vehicle fuel tax	3,046,400	3,119,439	73,039	2,693,228
Motor vehicle sales tax	700,000	673,516	(26,484)	657,690
Motor vehicles fees	520,000	539,534	19,534	516,396
Financial institutions tax	30,000	24,240	(5,760)	28,504
Department of Natural Resources	-	35,071	35,071	18,172
Other	321,003	-	(321,003)	-
Total state grants	4,617,403	4,399,300	(218,103)	3,913,990
Local grants:				
Jackson County	943,356	410,472	(532,884)	691,633
MARC	67,456	33,674	(33,782)	-
Total local grants	1,010,812	444,146	(566,666)	691,633
Total intergovernmental	6,379,118	5,503,293	(875,825)	5,017,181
Utility payments in lieu of tax:				
Power and light	5,862,340	5,712,493	(149,847)	5,772,577
Sanitary sewer	938,423	990,096	51,673	846,443
Water	907,662	838,945	(68,717)	865,242
Total utility payments in lieu of tax	\$ 7,708,425	7,541,534	(166,891)	7,484,262

## General Fund

Schedule of Revenues and Expenditures -  
Budget and Actual (Budget Basis), Continued

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Charges for services:				
General government:				
Planning and zoning fees	\$ 7,000	23,043	16,043	9,772
Board of adjustment fees	1,900	250	(1,650)	2,243
Sale of police and fire reports	52,500	50,137	(2,363)	49,291
Sale of maps, books and plans	3,400	3,794	394	5,370
Computer service charges	55,000	47,998	(7,002)	36,250
Public safety - other police and fire charges	77,193	64,910	(12,283)	29,949
Health:				
Animal shelter charges	63,000	60,656	(2,344)	57,390
Animal ID tags	1,000	566	(434)	230
Spay/neuter fees	-	-	-	12,431
Cemetery:				
Sale of cemetery lots	30,000	40,890	10,890	27,156
Sale of monument bases	10,000	13,155	3,155	11,550
Cemetery service	53,000	54,180	1,180	54,668
Public health and recreation:				
Park concessions	14,000	11,646	(2,354)	6,506
Arts and crafts fees	18,221	22,066	3,845	21,173
Dickinson pool admissions	10,000	3,566	(6,434)	7,131
Sermon Community Center	12,400	10,495	(1,905)	11,947
Recreation rentals	22,000	21,480	(520)	25,987
National Frontier Trail Center:				
Admissions	30,000	28,307	(1,693)	25,873
Gift shop	35,000	34,241	(759)	32,736
Miscellaneous charges:				
Excavation repair charges	-	-	-	(114)
Sale of street signs	800	1,416	616	1,408
Special assessments	21,000	72,197	51,197	44,091
Other charges	20,000	2,033	(17,967)	16,499
Total charges for services	537,414	567,026	29,612	489,537
Interfund charges for support services	2,781,290	2,895,953	114,663	2,828,007
Fines, forfeitures and court costs:				
Fines and forfeitures	1,320,000	1,563,216	243,216	1,318,664
Court costs	276,759	339,865	63,106	283,481
Total fines, forfeitures and court costs	\$ 1,596,759	1,903,081	306,322	1,602,145

## General Fund

Schedule of Revenues and Expenditures -  
Budget and Actual (Budget Basis), Continued

	1997			1996 Actual
	Budget	Actual	Variance - Favorable (Unfavorable)	
Interest	\$ 159,000	333,698	174,698	289,342
Other:				
Sale of land	—	100	100	—
Sale of fixed assets	5,000	50,166	45,166	58,494
Rents	155,260	157,991	2,731	188,216
Damage claims	20,000	20,631	631	25,636
Miscellaneous nonoperating revenue	125,725	179,206	53,481	147,467
Total other	305,985	408,094	102,109	419,813
Total revenues	44,266,701	45,203,723	937,022	42,319,820
Expenditures:				
General government:				
City Council	361,083	332,638	28,445	309,670
City Clerk	353,588	350,938	2,650	333,320
City Manager	361,117	346,695	14,422	322,974
Management Information Services	1,611,251	1,368,149	243,102	1,471,716
Municipal Court	469,012	465,677	3,335	449,684
Law Department	579,230	573,979	5,251	760,434
Finance Department:				
Administration	206,760	200,845	5,915	198,725
Accounting	500,274	515,082	(14,808)	495,817
Licensing	139,728	135,626	4,102	133,851
Purchasing	313,851	310,845	3,006	301,301
Central services	23,180	21,306	1,874	25,397
Total Finance Department	1,183,793	1,183,704	89	1,155,091
Personnel Department	302,872	302,843	29	267,933
National Frontier Trails Center	301,917	299,881	2,036	275,534
Total general government	\$ 5,523,863	5,224,504	299,359	5,346,356

## General Fund

Schedule of Revenues and Expenditures -  
Budget and Actual (Budget Basis), Continued

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Public safety:				
Police Department:				
Administration	\$ 1,255,540	1,280,529	(24,989)	1,152,530
Operations	8,781,221	8,580,651	200,570	7,834,288
Support services	4,039,673	3,963,566	76,107	3,598,313
<b>Total Police Department</b>	<b>14,076,434</b>	<b>13,824,746</b>	<b>251,688</b>	<b>12,585,131</b>
Fire Department:				
Administration	426,734	419,519	7,215	280,199
Suppression	9,147,036	8,669,542	477,494	8,735,947
Fire prevention	405,377	417,746	(12,369)	444,499
Maintenance	390,922	363,343	27,579	391,768
<b>Total Fire Department</b>	<b>10,370,069</b>	<b>9,870,150</b>	<b>499,919</b>	<b>9,852,413</b>
Community Development:				
Planning and permits	582,442	214,365	368,077	771,630
Inspection	395,484	748,909	(353,425)	643,183
Administration	1,045,515	1,027,344	18,171	322,360
Historic preservation	139,240	119,297	19,943	96,468
<b>Total Community Development</b>	<b>2,162,681</b>	<b>2,109,915</b>	<b>52,766</b>	<b>1,833,641</b>
<b>Total public safety</b>	<b>26,609,184</b>	<b>25,804,811</b>	<b>804,373</b>	<b>24,271,185</b>
Public works:				
Engineering:				
Administration	319,756	312,468	7,288	206,328
Engineering	1,825,774	1,902,506	(76,732)	1,812,217
<b>Total engineering</b>	<b>2,145,530</b>	<b>2,214,974</b>	<b>(69,444)</b>	<b>2,018,545</b>
Maintenance:				
Administration	-	1,733	(1,733)	1,718
Street maintenance	3,147,400	3,013,496	133,904	2,911,326
<b>Total maintenance</b>	<b>3,147,400</b>	<b>3,015,229</b>	<b>132,171</b>	<b>2,913,044</b>
<b>Total public works</b>	<b>\$ 5,292,930</b>	<b>5,230,203</b>	<b>62,727</b>	<b>4,931,589</b>

(Continued)

## General Fund

Schedule of Revenues and Expenditures -  
Budget and Actual (Budget Basis), Continued

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Health and welfare - Health Department:				
General services	\$ 702,778	593,281	109,497	650,150
Animal control	360,296	356,695	3,601	338,634
<b>Total health and welfare</b>	<b>1,063,074</b>	<b>949,976</b>	<b>113,098</b>	<b>988,784</b>
Water pollution	295,013	286,849	8,164	-
Culture and recreation	1,424,597	1,396,763	27,834	1,372,618
Other	5,205,418	5,728,635	(523,217)	5,222,536
<b>Total expenditures</b>	<b>45,414,079</b>	<b>44,621,741</b>	<b>792,338</b>	<b>42,133,068</b>
Excess of revenues over (under) expenditures	(1,147,378)	581,982	1,729,360	186,752
Other financing sources (uses):				
Proceeds from capital leases	419,069	419,069	-	979,502
Operating transfers in	60,927	82,138	21,211	58,986
Operating transfers out	(202,728)	(407,452)	(204,724)	(578,417)
<b>Total other financing sources (uses)</b>	<b>277,268</b>	<b>93,755</b>	<b>(183,513)</b>	<b>460,071</b>
Excess of revenues and other sources over (under) expenditures and other uses	\$ <u>(870,110)</u>	675,737	<u>1,545,847</u>	646,823
Fund balance, July 1		5,695,600		5,177,816
Encumbrances, current year outstanding		2,042,097		1,341,706
Encumbrances, prior year outstanding		(43,991)		(17,932)
Encumbrances, prior year		(1,341,706)		(1,564,536)
Encumbrances, prior year expired		408,243		111,723
<b>Fund balance, June 30</b>	<b>\$</b>	<b><u>7,435,980</u></b>		<b><u>5,695,600</u></b>

See accompanying independent auditors' report.



*Truman Home  
219 N. Delaware*

*Vail Mansion, 1881  
1500 N. Liberty  
30 rooms, Victorian style*



*World War I Memorial Building*

## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for resources allocated by law or contractual agreement for specific purposes. These funds derive their revenue from special taxes or allocated revenue sources and continue in existence as long as governmental resources are allocated for their specific purposes.

## COMMUNITY DEVELOPMENT GRANT ACT

This fund is used to account for all projects which are funded by the Federal Community Development Block Grants.

## TOURISM

This fund is used to account for expenditures for tourism which are financed out of the Transient Guest Tax.

## INDEPENDENCE SQUARE BENEFIT DISTRICT

This fund is used to account for expenditures to improve the City's downtown business district which are financed by a special property tax levy on those businesses which are benefitted.

## RENTAL REHABILITATION

This fund is used to account for expenditures to improve rental property within the City which are funded by state and federal grants.

## All Special Revenue Funds

## Combining Balance Sheet

June 30, 1997

With Comparative Totals For June 30, 1996

Assets and Other Debits	Community Development Grant Act	Tourism	Independence Square Benefit District	Rental Rehabilitation	Totals	
					1997	1996
Pooled cash and investments	\$ -	353,188	767	-	353,955	163,510
Receivable:						
Taxes	-	35,500	1,262	-	36,762	36,640
Due from other funds	360	18,694	-	-	19,054	91,437
Due from other governments	13,660	-	-	20,254	33,914	125,796
<b>Total assets and other debits</b>	<b>\$ 14,020</b>	<b>407,382</b>	<b>2,029</b>	<b>20,254</b>	<b>443,685</b>	<b>417,383</b>
<b>Liabilities and Fund Balances</b>						
Accounts payable	\$ 3,457	61,656	-	690	65,803	31,838
Due to other funds	7,190	-	-	18,200	25,390	103,532
Accrued expenses	3,373	4,060	-	894	8,327	8,731
Deferred revenue	-	-	-	-	-	4,100
<b>Total liabilities</b>	<b>14,020</b>	<b>65,716</b>	<b>-</b>	<b>19,784</b>	<b>99,520</b>	<b>148,201</b>
Fund balances:						
Reserved for encumbrances	108,988	11,375	-	129,221	249,584	360,475
Unreserved:						
Designed for working capital	-	36,174	-	-	36,174	36,174
Undesignated	(108,988)	294,117	2,029	(128,751)	58,407	(127,467)
<b>Total fund balances</b>	<b>-</b>	<b>341,666</b>	<b>2,029</b>	<b>470</b>	<b>344,165</b>	<b>269,182</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,020</b>	<b>407,382</b>	<b>2,029</b>	<b>20,254</b>	<b>443,685</b>	<b>417,383</b>

See accompanying independent auditors' report.

## All Special Revenue Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 1997

With Comparative Totals for June 30, 1996

	Community Development Grant Act	Tourism	Independence Square Benefit District	Rental Rehabilitation	Totals	
					1997	1996
Revenues:						
Taxes:						
Real estate tax	\$ —	—	18,436	—	18,436	18,765
Transient guest tax	—	396,654	—	—	396,654	366,246
Total taxes	—	396,654	18,436	—	415,090	385,011
Intergovernmental	748,858	27,354	—	383,271	1,159,483	1,698,046
Interest	—	18,258	284	—	18,542	14,502
Other	—	113	—	—	113	3,644
Total revenues	748,858	442,379	18,720	383,271	1,593,228	2,101,203
Expenditures:						
General government - finance	6,000	—	—	—	6,000	2,500
Culture and recreation	—	366,770	—	—	366,770	313,271
Community development	542,011	—	—	383,271	925,282	1,379,783
Other	—	—	18,668	678	19,346	18,742
Total expenditures	548,011	366,770	18,668	383,949	1,317,398	1,714,296
Excess of revenues over (under) expenditures	200,847	75,609	52	(678)	275,830	386,907
Other financing sources (uses):						
Operating transfers in	—	—	—	—	—	9,861
Operating transfers out	(200,847)	—	—	—	(200,847)	(328,147)
Excess (deficiency) of revenues and other sources over expen- ditures and other uses	—	75,609	52	(678)	74,983	68,621
Fund balance, July 1	—	266,057	1,977	1,148	269,182	200,561
Fund balance, June 30	\$ —	341,666	2,029	470	344,165	269,182

See accompanying independent auditors' report.

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis) -  
Community Development Grant Act Fund

Year Ended June 30, 1997

With Comparative Actual Figures For Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Intergovernmental	\$ 1,094,000	748,858	(345,142)	1,131,532
Other	—	—	—	2,917
<b>Total revenues</b>	<b>1,094,000</b>	<b>748,858</b>	<b>(345,142)</b>	<b>1,134,449</b>
Expenditures:				
General government - finance	6,000	6,000	—	2,500
Community development program	1,129,153	542,011	587,142	832,184
<b>Total expenditures</b>	<b>1,135,153</b>	<b>548,011</b>	<b>587,142</b>	<b>834,684</b>
Excess of revenues over (under) expenditures	(41,153)	200,847	242,000	299,765
Other financing sources (uses):				
Operating transfers in	—	—	—	9,861
Operating transfers out	—	(200,847)	(200,847)	(328,147)
Excess (deficiency) of revenues and other sources over expendi- tures and other uses	\$ <u>(41,153)</u>	—	<u>41,153</u>	(18,521)
Fund balance, July 1		—		—
Encumbrances incurred and outstanding, current year		108,988		134,182
Encumbrances, prior year		(134,182)		(195,964)
Encumbrances, prior year expired		<u>25,194</u>		<u>80,303</u>
Fund balance, June 30		\$ <u>—</u>		<u>—</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule 5

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis) -  
Tourism Fund

Year Ended June 30, 1997  
With Comparative Actual Figures For Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Transient guest tax	\$ 358,000	396,654	38,654	366,246
Interest	12,500	18,258	5,758	13,637
Intergovernmental	-	27,354	27,354	605
Other	-	113	113	727
Total revenues	370,500	442,379	71,879	381,215
Expenditures - culture and recreation - historic preservation	373,000	366,770	6,230	325,541
Excess (deficiency) of revenues over expenditures	\$ <u>(2,500)</u>	75,609	<u>78,109</u>	55,674
Fund balance, July 1		266,057		198,113
Encumbrances incurred and outstanding, current year		11,375		12,270
Encumbrances, prior year outstanding		(710)		-
Encumbrances, prior year		(12,270)		(7,340)
Encumbrances, prior year expired		<u>1,605</u>		<u>7,340</u>
Fund balance, June 30		\$ <u>341,666</u>		<u>266,057</u>

See accompanying independent auditors' report.

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis) -  
Independence Square Benefit District Fund

Year Ended June 30, 1997

With Comparative Actual Figures For Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ -	18,436	18,436	18,765
Interest	-	284	284	312
Total revenues	--	18,720	18,720	19,077
Expenditures - community development	24,124	18,668	5,456	18,742
Excess (deficiency) of revenues over expenditures	\$ <u>(24,124)</u>	52	<u>24,176</u>	335
Fund balance, July 1		<u>1,977</u>		<u>1,642</u>
Fund balance, June 30		\$ <u>2,029</u>		<u>1,977</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule 7

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis) -  
Rental Rehabilitation Fund

Year Ended June 30, 1997

With Comparative Actual Figures For Year Ended June 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Intergovernmental	\$ 437,000	383,271	(53,729)	565,909
Interest	-	-	-	553
Total revenues	437,000	383,271	(53,729)	566,462
Expenditures - community development rental rehabilitation	448,386	383,271	65,115	602,666
Excess (deficiency) of revenues over expenditures	\$ <u>(11,386)</u>	-	<u>11,386</u>	(36,204)
Fund balance, July 1		1,148		806
Encumbrances incurred and outstanding, current year		129,221		214,023
Encumbrances, prior year outstanding		(43,351)		(18,443)
Encumbrances, prior year		(214,023)		(209,277)
Encumbrances, prior year expired		127,475		50,243
Fund balance, June 30		\$ <u>470</u>		<u>1,148</u>

See accompanying independent auditors' report.

## **CAPITAL PROJECT FUNDS**

Capital Project Funds are used to account for all receipts and expenditures for the acquisition and construction of capital facilities by the City except those financed by the Proprietary Funds or Trust Funds. Capital facilities are defined as major facilities with an estimated useful life in excess of one year.

## STREET IMPROVEMENTS

This fund is used to account for construction projects financed by the 1974 Street Bond issue, interest derived thereon, and state and federal grants.

## TAX INCREMENT FINANCING

This fund is used to account for activity in association with Tax Increment Financing agreements entered into by City. Revenues are the result of additional, or incremental, revenues generated by the development area and disbursements are the return of these monies in fulfillment of the obligation established by the agreement.

## BUILDING AND OTHER IMPROVEMENTS

This fund is used to account for the acquisition, construction, and improvement of non-proprietary or trust fund buildings and facilities of the City.

## STORM DRAINAGE

This fund is used to account for the acquisition and construction of the City's infrastructure to control the run off surface water.

## PARK IMPROVEMENTS

This fund is used to account for the acquisition and construction of the City's park land.

## REVOLVING PUBLIC IMPROVEMENTS

This fund, which is legally mandated by City Charter, is used to account for the cost of public work or improvements funded by special assessments.

CITY OF INDEPENDENCE, MISSOURI

All Capital Projects Funds

Combining Balance Sheet

June 30, 1997  
With Comparative Totals For June 30, 1996

	Assets						Totals	
	Street Improvements	Tax Increment Financing	Buildings and Other Improvements	Storm Drainage	Park Improvements	Revolving Public Improvements	1997	1996
Pooled cash and investments	\$ 322,505	25,373	-	-	-	182,082	529,960	1,071,221
Receivables:								
Special assessment principal and accrued interest	-	-	-	-	-	36,813	36,813	39,775
Other	-	30	10,000	-	-	10,030	10,030	7,800
Restricted cash	-	1,264,231	-	-	-	-	1,264,231	1,994,298
Due from other funds	270,635	204,516	6	382	-	-	475,539	606,374
Due from other governments	1,287,153	886,981	-	244,571	-	-	2,418,705	1,806,086
Total assets	\$ 1,880,293	2,381,131	10,006	244,953	-	218,895	4,735,278	5,525,554
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts and contracts payable	\$ 30,617	-	1,073	5,504	-	-	37,194	199,520
Due to other funds	-	-	30,207	236,249	3,823	-	270,279	358,662
Other current liabilities	-	204,516	-	-	-	-	204,516	263,012
Deferred revenue	1,381,482	886,981	-	-	-	36,813	2,305,276	1,084,261
Total liabilities	1,412,099	1,091,497	31,280	241,753	3,823	36,813	2,817,265	1,905,455
Fund balances:								
Reserved for encumbrances	1,181,882	-	358,861	10,954	-	-	1,551,697	1,183,837
Unreserved:								
Designated for capital projects	-	1,264,231	-	-	-	-	1,264,231	1,994,298
Undesignated	(713,688)	25,403	(380,135)	(7,754)	(3,823)	182,082	(897,915)	442,714
Total fund balances	468,194	1,289,634	(21,274)	3,200	(3,823)	182,082	1,918,013	3,620,099
Total liabilities and fund balances	\$ 1,880,293	2,381,131	10,006	244,953	-	218,895	4,735,278	5,525,554

**NOTE:** The negative unreserved, undesignated fund balance in the Street Improvements Fund arises because the reserve for encumbrances include purchase orders issued for services which will be paid for by expenditure-driven grants. Revenues for these grants cannot be recognized until the expenditures are made. These grants amount to \$713,027 and, if recorded, would reduce the negative undesignated fund balance to \$661.

See accompanying independent auditors' report.

**CITY OF INDEPENDENCE, MISSOURI**

Schedule 9

All Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 1997  
With Comparative Totals For June 30, 1996

	Street Improvements	Tax Increment Financing	Buildings and Other Improvements	Storm Drainage	Park Improvements	Revolving Public Improvements	Totals	
							1997	1996
Revenues:								
Taxes	\$ -	1,684,144	-	-	-	-	1,684,144	1,250,018
Intergovernmental	259,280	-	6,568	9,184	-	-	275,032	984,938
Charges for services	-	-	-	-	-	2,794	2,794	4,865
Interest	54,517	82,637	-	-	-	10,022	147,176	239,899
Other	-	-	69,566	-	2,188	-	71,754	17,904
Total revenues	313,797	1,766,781	76,134	9,184	2,188	12,816	2,180,900	2,497,624
Expenditures:								
Capital outlay	1,252,639	2,349,825	61,759	70,758	-	-	3,734,981	3,987,238
Debt service - interest	-	447,563	-	-	-	-	447,563	-
Debt service - principal	-	115,000	-	-	-	-	115,000	-
Total expenditures	1,252,639	2,912,388	61,759	70,758	-	-	4,297,544	3,987,238
Excess (deficiency) of revenues over expenditures	(938,842)	(1,145,607)	14,375	(61,574)	2,188	12,816	(2,116,644)	(1,489,614)
Other financing sources (uses):								
Operating transfers in	368,067	-	8,843	61,574	-	-	438,484	883,007
Operating transfers out	(21,210)	-	-	-	(2,188)	(528)	(23,926)	(88,157)
Total other financing sources (uses)	346,857	-	8,843	61,574	(2,188)	(528)	414,558	794,850
Excess (deficiency) of revenues and other sources over expenditures and other uses	(591,985)	(1,145,607)	23,218	-	-	12,288	(1,702,086)	(694,764)
Fund balance (deficit), July 1	1,060,179	2,435,241	(44,492)	3,200	(3,823)	169,794	3,620,099	4,314,863
Fund balance (deficit), June 30	\$ 468,194	1,289,634	(21,274)	3,200	(3,823)	182,082	1,918,013	3,620,099

See accompanying independent auditors' report.

## **ENTERPRISE FUNDS**

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-- where the intent of the government's council is that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

## POWER AND LIGHT

This fund is used to account for the provision of electrical services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and future acquisitions.

## WATER

This fund is used to account for the pumping, transmission and distribution of water to the residents and businesses in the City and areas outside the City limits as well as wholesale customers operating in surrounding communities and districts in Eastern Jackson County. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service.

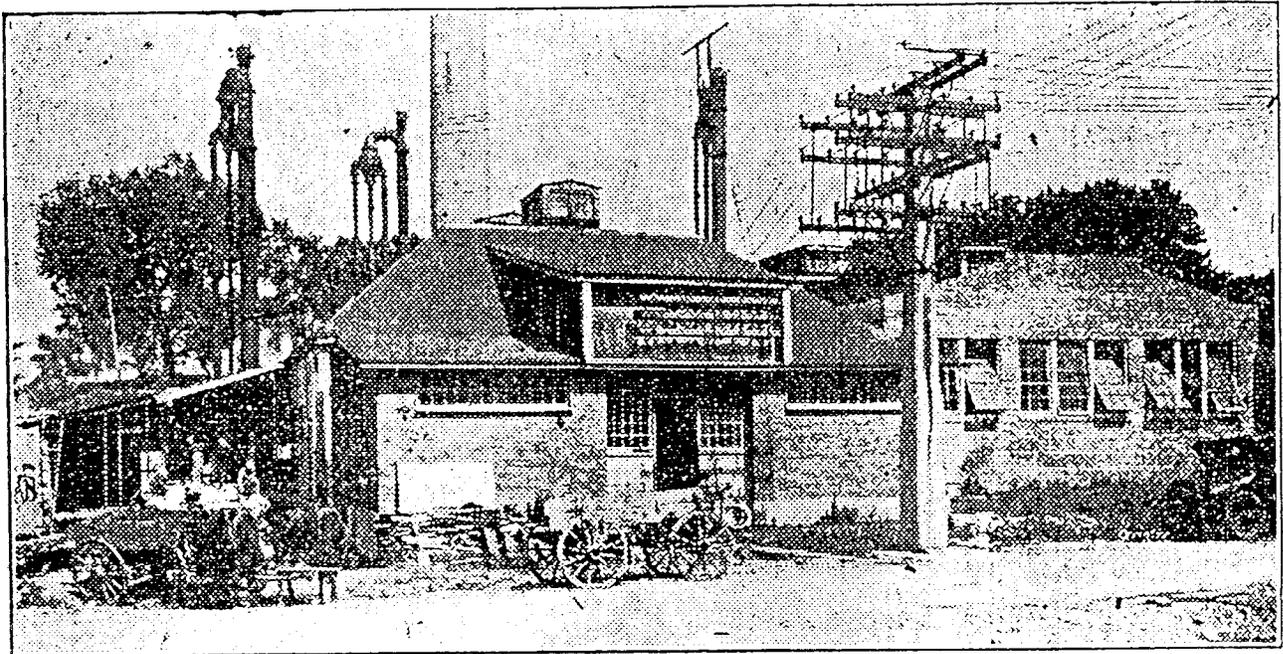
## SANITARY SEWER

This fund is used to account for the disposal of waste water and industrial waste for most residents and businesses in the City and areas outside the City limits. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service.

## STORM WATER

This fund is used to account for the collection and conveyance of storm water runoff generated in the City and areas outside the city limits. Due to the absence of a revenue source to fund this activity, all expenditures necessary to provide such services are now being appropriated and accounted for in the General Fund, including but not limited to, administration, operations, maintenance, financing.

# THE CITY LIGHT PLANT IN 1925



## NEW RATES

Effective February 1, 1930

# CITY LIGHT DEPARTMENT

### RESIDENCE RATE

1st	-----	30-KWH @ .06 $\frac{1}{2}$
2nd	-----	30-KWH @ .05 $\frac{1}{2}$
All over	-----	60-KWH @ .05
Minimum Charge	-----	.75

### COMBINATION RATE

Bills are based on 5-KWH per room. The following is figured on a 5-room house:

1st	-----	25-KWH @ .06 $\frac{1}{2}$
2nd	-----	25-KWH @ .04 $\frac{1}{2}$
All over	-----	50-KWH @ .02 $\frac{1}{2}$
Minimum Charge	-----	.75

### COMMERCIAL LIGHTING

RATES are as follows:

1st	-----	150-KWH @ .06 $\frac{1}{2}$
2nd	-----	150-KWH @ .05 $\frac{1}{2}$
All over	-----	300-KWH @ .05
Minimum Charge	-----	.75

### POWER RATES

1st	-----	250-KWH @ .05
2nd	-----	250-KWH @ .04
Next	-----	2000-KWH @ .03
Next	-----	2500-KWH @ .02 $\frac{1}{2}$
All over	-----	5000-KWH @ .02

Minimum Charge

1st	10 Horse-power	-----	\$1.00 Each
All over	-----	-----	.75 Each

**CITY OF INDEPENDENCE, MISSOURI**

Schedule 10

All Enterprise Funds

Combining Balance Sheet

June 30, 1997  
With Comparative Totals For June 30, 1996

	Assets					Totals	
	Power and Light	Water	Sanitary Sewer	Storm Water	1997	1996	
Current assets:							
Pooled assets and investments	\$ 11,268,994	13,861,882	5,849,826	-	30,980,702	24,913,344	
Receivables:							
Accounts (net of allowance of \$433,627)	3,369,023	1,110,705	845,096	-	5,324,824	5,854,756	
Unbilled revenue	4,458,837	750,799	650,795	-	5,900,431	5,553,324	
Special assessment principal and accrued interest	-	278,346	18,484	-	296,830	387,390	
Accrued interest	418,247	291,464	60,859	-	770,570	694,008	
Total receivables	8,246,107	2,431,314	1,615,234	-	12,292,655	12,489,478	
Due from other funds	529	1,031,848	613	-	1,032,990	970,020	
Inventory, at average cost	7,156,984	687,294	237,226	-	8,081,504	8,074,501	
Prepaid expenses and other current assets	31,425	6,900	-	-	38,325	36,157	
Total current assets	26,704,039	18,019,238	7,702,899	-	52,426,176	46,483,500	
Restricted assets	27,391,744	8,436,782	99,723	-	35,928,249	36,117,406	
Property, plant and equipment:							
Utility plant in service	192,419,923	62,906,220	65,588,460	339,855	321,254,458	313,900,048	
Acquisition adjustment	2,755,569	12,547,766	-	-	15,303,335	15,303,335	
Construction in progress	9,974,461	564,152	2,210,976	-	12,749,589	7,240,159	
Nonutility property	-	104,442	46,368	-	150,810	40,014	
Less accumulated depreciation	205,149,953	76,122,580	67,845,804	339,855	349,458,192	336,483,556	*
Net property, plant and equipment	105,686,557	14,125,400	27,403,779	108,292	147,324,028	138,215,007	
Advances to other funds	99,463,396	61,997,180	40,442,025	231,563	202,134,164	198,268,549	
Deferred charges:							
Deferred debt issue costs	-	669,292	25,000	-	694,292	1,002,916	
Prepaid employee benefits	2,717,171	450,641	-	-	3,167,812	3,272,575	
Preliminary survey charges and other	1,756,870	191,499	315,492	-	2,263,861	2,699,592	
Total assets	\$ 158,033,220	89,764,632	48,827,305	231,563	296,856,720	288,068,315	

(Continued)

CITY OF INDEPENDENCE, MISSOURI

All Enterprise Funds

Combining Balance Sheet, Continued

Schedule 10 (Cont'd.)

	Liabilities and Fund Equity					Totals	
		Power and Light	Water	Sanitary Sewer	Storm Water	1997	1996
<b>Current liabilities:</b>							
Accounts and contracts payable	\$ 4,202,787	471,582	-	1,087,816	-	5,762,185	4,787,510
Accrued expenses	209,373	159,044	-	34,593	-	403,010	932,897
Compensated absences	809,311	247,463	-	162,810	-	1,219,584	1,151,503
Due to other funds	-	-	-	-	1,031,694	1,031,694	967,040
Other current liabilities	-	121,439	-	-	-	121,439	109,378
<b>Total current liabilities</b>	<b>5,221,471</b>	<b>999,528</b>	<b>1,031,694</b>	<b>1,285,219</b>	<b>-</b>	<b>8,537,912</b>	<b>7,948,328</b>
<b>Liabilities payable from restricted assets:</b>							
Customer deposits	677,504	157,842	-	99,723	-	935,069	848,415
Interest on long-term debt	177,885	124,348	-	-	-	302,233	340,736
Current maturities of revenue bonds	1,115,000	800,000	-	-	-	1,915,000	1,795,000
Current maturities of certificates of participation	-	150,686	-	-	-	150,686	140,173
<b>Total liabilities payable from restricted assets</b>	<b>1,970,389</b>	<b>1,232,876</b>	<b>-</b>	<b>99,723</b>	<b>-</b>	<b>3,302,988</b>	<b>3,124,324</b>
<b>Long-term liabilities:</b>							
Revenue bonds payable	31,045,000	42,950,000	-	-	-	73,995,000	75,910,000
Certificates of participation	-	161,199	-	-	-	161,199	311,885
Compensated absences	1,938,533	727,174	-	420,930	-	3,086,637	2,896,042
Advances from other funds	341,132	-	-	19,878	25,000	386,010	552,040
<b>Total long-term liabilities</b>	<b>33,324,665</b>	<b>43,838,373</b>	<b>25,000</b>	<b>440,808</b>	<b>25,000</b>	<b>77,628,846</b>	<b>79,669,967</b>
Deferred credits - advances for construction	-	145,540	-	-	-	145,540	134,778
<b>Total liabilities</b>	<b>40,516,525</b>	<b>46,216,317</b>	<b>1,056,694</b>	<b>1,825,750</b>	<b>1,056,694</b>	<b>89,615,286</b>	<b>90,877,397</b>
<b>Fund equity:</b>							
Contributed capital	1,060,309	11,954,072	-	30,866,611	-	43,880,992	44,488,140
Retained earnings:							
Reserved for revenue bond retirement	-	4,625,000	-	-	-	4,625,000	4,625,000
Reserved for depreciation and emergency	500,000	500,000	-	-	-	1,000,000	1,000,000
Unreserved	115,956,386	26,469,243	(825,131)	16,134,944	(825,131)	157,735,442	147,077,778
<b>Total retained earnings (deficit)</b>	<b>116,456,386</b>	<b>31,594,243</b>	<b>(825,131)</b>	<b>16,134,944</b>	<b>(825,131)</b>	<b>163,360,442</b>	<b>152,702,778</b>
<b>Total fund equity</b>	<b>117,516,695</b>	<b>43,548,315</b>	<b>(825,131)</b>	<b>47,001,555</b>	<b>(825,131)</b>	<b>207,241,434</b>	<b>197,190,918</b>
<b>Total liabilities and fund equity</b>	<b>\$ 158,033,220</b>	<b>89,764,632</b>	<b>231,563</b>	<b>48,827,305</b>	<b>231,563</b>	<b>296,856,720</b>	<b>288,068,315</b>

See accompanying independent auditors' report.

## All Enterprise Funds

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Year Ended June 30, 1997

With Comparative Totals For Year Ended June 30, 1996

	Power and Light	Water	Sanitary Sewer	Storm Water	Totals	
					1997	1996
Operating revenues:						
Sale of electric energy	\$ 59,195,387	-	-	-	59,195,387	60,469,936
Sale of water	-	13,924,171	-	-	13,924,171	13,855,197
Sanitary sewerage charges	-	-	11,583,645	-	11,583,645	9,768,495
Other operating revenue	167,132	57,983	64,461	-	289,576	838,601
<b>Total operating revenues</b>	<b>59,362,519</b>	<b>13,982,154</b>	<b>11,648,106</b>	<b>-</b>	<b>84,992,779</b>	<b>84,932,229</b>
Operating expenses:						
Fuel purchases	3,071,115	-	-	-	3,071,115	2,599,006
Purchased power	18,342,001	-	-	-	18,342,001	21,862,427
Production	5,613,145	2,747,347	-	-	8,360,492	7,927,928
Transmission and distribution	7,420,796	2,188,011	-	-	9,608,807	9,427,076
Customer service	2,079,791	836,837	-	-	2,916,628	2,987,634
General and administrative	4,435,114	2,539,441	1,915,288	309	8,890,152	8,807,497
Sewerage pumping and treatment	-	-	2,022,503	-	2,022,503	1,989,865
Maintenance	-	-	1,162,666	2,080	1,164,746	1,150,485
Intermunicipal agreements	-	-	2,669,865	-	2,669,865	2,583,901
Depreciation and amortization	6,625,074	1,614,059	1,706,275	24,774	9,970,182	10,083,639
Payroll taxes	662,607	235,777	154,431	-	1,052,815	976,063
Payments to General Fund in lieu of taxes	5,712,493	838,945	990,096	-	7,541,534	7,484,262
Other	-	77,309	-	-	77,309	74,822
<b>Total operating expenses</b>	<b>53,962,136</b>	<b>11,077,726</b>	<b>10,621,124</b>	<b>27,163</b>	<b>75,688,149</b>	<b>77,954,605</b>
<b>Operating income (loss)</b>	<b>5,400,383</b>	<b>2,904,428</b>	<b>1,026,982</b>	<b>(27,163)</b>	<b>9,304,630</b>	<b>6,977,624</b>
Nonoperating revenues (expenses):						
Interest income	2,411,985	1,360,004	301,703	-	4,073,692	3,877,453
Interest expense	(2,228,462)	(1,585,010)	(1,383)	(56,737)	(3,871,592)	(3,951,421)
Other	-	-	-	35,825	35,825	-
Administrative fees for revenue bonds and certificates of participation	(660)	(155,006)	-	-	(155,666)	(240,697)
Amortization of debt issue costs	(81,454)	(23,309)	-	-	(104,763)	(91,684)
<b>Total nonoperating revenues (expenses)</b>	<b>101,409</b>	<b>(403,321)</b>	<b>300,320</b>	<b>(20,912)</b>	<b>(22,504)</b>	<b>(406,349)</b>
<b>Income (loss) before operating transfers</b>	<b>5,501,792</b>	<b>2,501,107</b>	<b>1,327,302</b>	<b>(48,075)</b>	<b>9,282,126</b>	<b>6,571,275</b>
Operating transfers in	-	-	58,875	-	58,875	-
Operating transfers out	-	-	-	-	-	(9,861)
<b>Net income (loss)</b>	<b>5,501,792</b>	<b>2,501,107</b>	<b>1,386,177</b>	<b>(48,075)</b>	<b>9,341,001</b>	<b>6,561,414</b>
Add credit arising from transfer of depreciation on contributed assets to contributed capital	57,191	176,883	1,082,589	-	1,316,663	1,316,265
<b>Transferred to retained earnings</b>	<b>5,558,983</b>	<b>2,677,990</b>	<b>2,468,766</b>	<b>(48,075)</b>	<b>10,657,664</b>	<b>7,877,679</b>
<b>Retained earnings, July 1</b>	<b>110,897,403</b>	<b>28,916,253</b>	<b>13,666,178</b>	<b>(777,056)</b>	<b>152,702,778</b>	<b>144,825,099</b>
<b>Retained earnings, June 30</b>	<b>\$ 116,456,386</b>	<b>31,594,243</b>	<b>16,134,944</b>	<b>(825,131)</b>	<b>163,360,442</b>	<b>152,702,778</b>

See accompanying independent auditors' report.

## All Enterprise Funds

## Combining Statement of Cash Flows

Year Ended June 30, 1997

	Power and Light	Water	Sanitary Sewer	Storm Water	Total 1997
Operating activities:					
Operating income (loss)	\$ 5,400,383	2,904,428	1,026,982	(27,163)	9,304,630
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,625,074	1,614,059	1,706,275	24,774	9,970,182
Changes in assets and liabilities:					
Receivables	504,250	(94,751)	(257,832)	—	151,667
Inventory	76,882	(24,482)	(59,403)	—	(7,003)
Due from other funds	804	(1,031,095)	967,021	—	(63,270)
Prepaid expenses and other current assets	(6,190)	4,022	—	—	(2,168)
Accounts and contracts payable	671,649	(190,248)	496,929	(3,655)	974,675
Accrued expenses	44,347	10,011	(582,372)	(1,873)	(529,887)
Compensated absences	244,541	22,141	27,819	—	294,501
Other current liabilities	—	12,061	—	—	12,061
Customer deposits	48,566	20,962	17,126	—	86,654
Deferred credits - advances for construction	—	10,762	—	—	10,762
Deferred charges	(172,667)	229,830	14,845	—	72,008
Advance to other funds	—	308,624	—	—	308,624
Due to other funds	—	—	—	64,654	64,654
<b>Net cash provided by operating activities</b>	<b>13,437,639</b>	<b>3,796,324</b>	<b>3,357,390</b>	<b>56,737</b>	<b>20,648,090</b>
Capital and related financing activities:					
Principal paid on lease participation certificates	—	(140,173)	—	—	(140,173)
Principal paid on revenue bonds	(1,045,000)	(750,000)	—	—	(1,795,000)
Additions of property, plant and equipment	(10,164,580)	(1,924,300)	(1,299,232)	—	(13,388,112)
Interest paid on debt	(2,234,597)	(1,617,378)	—	(56,737)	(3,908,712)
Advances from other funds	(156,888)	—	9,142	—	(147,746)
Administrative fees for revenue bonds	(660)	(155,006)	—	—	(155,666)
Contributions	52,557	580,952	76,006	—	709,515
<b>Net cash used in capital and related financing activities</b>	<b>(13,549,168)</b>	<b>(4,005,905)</b>	<b>(1,214,084)</b>	<b>(56,737)</b>	<b>(18,825,894)</b>
Noncash financing activities - operating transfers in from other funds	—	—	58,875	—	58,875
Investing activities - interest and dividends on investments	2,416,107	1,303,117	277,906	—	3,997,130
Net increase in cash and cash equivalents	2,304,578	1,093,536	2,480,087	—	5,878,201
Cash and cash equivalents, July 1	36,356,160	21,205,128	3,469,462	—	61,030,750
Cash and cash equivalents, June 30	\$ 38,660,738	22,298,664	5,949,549	—	66,908,951
Components of cash and short-term investments at end of fiscal year:					
Unrestricted	\$ 11,268,994	13,861,882	5,849,826	—	30,980,702
Restricted	27,391,744	8,436,782	99,723	—	35,928,249
	\$ 38,660,738	22,298,664	5,949,549	—	66,908,951

See accompanying independent auditors' report.

## Schedule of Operating Expenses - Power and Light Fund

Years Ended June 30, 1997 and 1996

	1997			1996		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Fuel purchases:						
Coal			\$ 2,407,033			1,589,629
Gas			639,100			927,170
Oil			24,982			82,207
Total fuel purchases			3,071,115			2,599,006
Purchased power:						
Purchased energy			10,023,145			11,175,890
Purchased capacity (net)			7,730,000			10,041,081
Border customers			28,680			29,797
Control and dispatching			560,176			615,659
Total purchased power			18,342,001			21,862,427
Production:						
Blue Valley Station:						
Supervision and engineering	\$ 306,271	340,896	647,167	207,250	381,097	588,347
Steam	437,812	1,695,974	2,133,786	297,903	934,362	1,232,265
Electric	437,592	199,814	637,406	295,762	146,838	442,600
Structures and improvements	—	92,480	92,480	—	262,547	262,547
Miscellaneous	778,668	829,109	1,607,777	601,299	717,121	1,318,420
	1,960,343	3,158,273	5,118,616	1,402,214	2,441,965	3,844,179
Missouri City Station:						
Supervision and engineering	—	1,075	1,075	9,492	3,171	12,663
Steam	96,548	6,969	103,517	110,021	46,389	156,410
Electric	103,675	31,644	135,319	115,563	17,839	133,402
Structures and improvements	—	12,451	12,451	—	11,403	11,403
Miscellaneous	49,815	71,222	121,037	48,979	117,549	166,528
	250,038	123,361	373,399	284,055	196,351	480,406
Combustion Turbine Station:						
Supervision and engineering	—	8,760	8,760	—	523	523
Generation expenses	655	64,059	64,714	562	137,763	138,325
Structures and improvements	—	37,349	37,349	3,927	37,961	41,888
Miscellaneous	9,598	709	10,307	—	4,268	4,268
	10,253	110,877	121,130	4,489	180,515	185,004
Total production	\$ 2,220,634	3,392,511	5,613,145	1,690,758	2,818,831	4,509,589
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 130,440	9,619	140,059	118,874	10,599	129,473
Overhead expenses	43,120	2,254	45,374	5,262	1,642	6,904
Station expenses	16,038	186,780	202,818	16,251	100,720	116,971
Wheeling charges	1,152,600	—	1,152,600	1,809,547	3,571	1,813,118
Structures and improvements	—	8,731	8,731	—	—	—
Miscellaneous	341	—	341	3,682	67	3,749
Total transmission	\$ 1,342,539	207,384	1,549,923	1,953,616	116,599	2,070,215

(Continued)

## Schedule of Operating Expenses - Power and Light Fund, Continued

	1997			1996		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Distributions:						
Supervision and engineering	\$ 90,085	28,704	118,789	78,803	31,491	110,294
Overhead lines	458,027	1,835,331	2,293,358	608,178	2,020,311	2,628,489
Station expenses	173,741	37,306	211,047	178,966	129,182	308,148
Street lights and traffic signals	108,901	357,815	466,716	183,166	304,101	487,267
Meters	152,409	296,250	448,659	145,695	323,583	469,278
Customer installations	8,425	-	8,425	5,426	5,259	10,685
Underground lines	276,567	222,993	499,560	286,274	218,137	504,411
Communication equipment	467,772	232,273	700,045	433,088	97,051	530,139
Miscellaneous	317,506	806,451	1,123,957	397,249	112,956	510,205
<b>Total distributions</b>	<b>2,053,433</b>	<b>3,817,123</b>	<b>5,870,556</b>	<b>2,316,845</b>	<b>3,242,071</b>	<b>5,558,916</b>
<b>Total transmission and distributions</b>	<b>\$ 3,395,972</b>	<b>4,024,507</b>	<b>7,420,479</b>	<b>4,270,461</b>	<b>3,358,670</b>	<b>7,629,131</b>
Customer service:						
Supervision			\$ 120,370			87,341
Meter reading			533,999			458,875
Customer records and collections			1,046,159			1,030,900
Provisions for doubtful accounts			261,151			321,997
Miscellaneous			118,112			120,342
<b>Total customer service</b>			<b>2,079,791</b>			<b>2,019,455</b>
General and administrative:						
Salaries			545,590			429,543
Office supplies			228,169			198,442
Insurance			350,975			343,818
Injuries and damage			94,505			147,975
Employee benefits			1,990,692			1,761,992
Rent			-			-
Outside services			1,008,673			815,397
Miscellaneous			342,681			304,706
Administrative expenses-transfers			(125,854)			(82,824)
<b>Total general and administrative</b>			<b>4,435,431</b>			<b>3,919,049</b>
Depreciation and amortization			6,625,074			6,771,981
Payroll taxes			662,607			583,752
Payments to General Fund in lieu of taxes			5,712,493			5,772,577
<b>Total operating expense</b>			<b>\$ 53,962,136</b>			<b>55,666,967</b>

See accompanying independent auditors' report.

## Schedule of Changes in Fixed Assets - Power and Light Fund

Year Ended June 30, 1997

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Property, plant and equipment:				
Production plant	\$ 99,616,842	2,586,285	—	102,203,127
Transmission plant	21,805,281	4,602	—	21,809,883
Distribution plant	52,350,690	2,669,618	513,050	54,507,258
General plant	13,404,969	550,682	55,996	13,899,655
Utility plant in service	187,177,782	5,811,187	569,046	192,419,923
Acquisition adjustment	2,755,569	—	—	2,755,569
Construction in progress	5,148,448	13,135,240	8,309,227	9,974,461
	195,081,799	18,946,427	8,878,273	205,149,953
Total accumulated depreciation	99,503,242	6,985,576	802,261	105,686,557
Net property, plant and equipment	\$ 95,578,557	11,960,851	8,076,012	99,463,396

Depreciation and amortization for the years ended 1997 and 1996 were allocated as follows:

	<u>1997</u>	<u>1996</u>
Expense	\$ 6,625,076	6,771,981
Capitalized as construction in progress and other	<u>360,500</u>	<u>508,163</u>
	\$ <u>6,985,576</u>	<u>7,280,144</u>

See accompanying independent auditors' report.

## Schedule of Operating Statistics - Power and Light Fund

Year Ended June 30, 1997

	Number of Customers		Revenue	KWH
	Beginning of Year	End of Year		
Sale of electric energy:				
Residential	45,714	45,921	\$ 29,793,329	400,088,831
Small general services	2,513	2,522	2,242,899	20,912,925
General services-space heating	3	3	883	24,356
Large general services	1,699	1,730	17,585,484	289,366,239
Large general services-prime voltage	14	13	920,975	16,690,220
Total electric general services	39	42	1,931,065	36,325,393
Schools, churches and hospitals	263	265	1,708,942	26,539,387
Schools, churches and hospitals, all electric	3	3	50,140	976,122
Large power services	4	5	1,520,773	37,099,500
Interruptible services	1	1	452,097	11,536,464
Sewer pumping	6	6	258,638	3,719,093
City traffic signals	56	56	62,936	627,120
Wholesale (border customers)	2	2	58,338	2,259,441
Wholesale (interchange)	2	2	42,197	1,690,000
Capacity sale	-	-	891,000	-
	<u>50,319</u>	<u>50,571</u>	57,519,696	847,855,091
Power and Light Fund usage - substations and buildings	-	-	-	1,892,185
City usage - unmetered	<u>11,543</u>	<u>11,863</u>	804,555	9,510,051
Increase in unbilled revenue			154,939	(1,488,336)
Other operating revenue			<u>883,329</u>	-
Total operating revenue			<u>\$ 59,362,519</u>	<u>857,768,991</u>
Gross generation				158,008,000
Less plant usage				<u>(24,840,984)</u>
Net generation				133,167,016
Wholesale power purchased				787,134,849
Unintentional interchange				<u>381,000</u>
Net generation and power purchased				<u>920,682,865</u>
Retail energy sales				851,927,365
Wholesale (border customers) sales				3,949,441
Power and light usage (building and substations)				<u>1,892,185</u>
Net disposition				<u>857,768,991</u>
Transmission and distribution operating losses				<u>62,913,874</u>

See accompanying independent auditors' report.

## Schedule of Operating Expenses - Water Fund

Years Ended June 30, 1997 and 1996

	1997			1996		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 15,217	–	15,217	17,485	141	17,626
Labor and expenses	145,079	–	145,079	193,374	–	193,374
Structures and improvements	–	3,559	3,559	–	3,742	3,742
Miscellaneous	19,586	169,954	189,540	28,463	137,128	165,591
<b>Total source of supply</b>	<b>179,882</b>	<b>173,513</b>	<b>353,395</b>	<b>239,322</b>	<b>141,011</b>	<b>380,333</b>
Power and pumping:						
Supervision and engineering	31,690	14,446	46,136	36,243	19,308	55,551
Fuel/power purchased	947,856	–	947,856	1,071,499	–	1,071,499
Labor and expenses	95,460	–	95,460	94,141	–	94,141
Structures and improvements	–	10,593	10,593	–	11,903	11,903
Miscellaneous	67,423	59,611	127,034	62,105	55,678	117,783
<b>Total power and pumping</b>	<b>1,142,429</b>	<b>84,650</b>	<b>1,227,079</b>	<b>1,263,988</b>	<b>86,889</b>	<b>1,350,877</b>
Water treatment:						
Supervision and engineering	34,183	19,550	53,733	40,942	23,406	64,348
Chemicals	514,317	–	514,317	577,324	–	577,324
Labor and expenses	238,679	–	238,679	240,710	–	240,710
Structures and improvements	–	9,873	9,873	–	1,814	1,814
Miscellaneous	96,191	253,946	350,137	89,340	713,593	802,933
<b>Total water treatment</b>	<b>883,370</b>	<b>283,369</b>	<b>1,166,739</b>	<b>948,316</b>	<b>738,813</b>	<b>1,687,129</b>
<b>Total production</b>	<b>\$ 2,205,681</b>	<b>541,532</b>	<b>2,747,213</b>	<b>2,451,626</b>	<b>966,713</b>	<b>3,418,339</b>
Transmission and distribution:						
Supervision and engineering	53,786	124,886	178,672	74,896	92,556	167,452
Storage facilities	16,109	565,591	581,700	14,790	28,670	43,460
Transmission and distribution lines	302,986	321,983	624,969	279,324	562,009	841,333
Meters	177,826	103,675	281,501	147,844	110,006	257,850
Customer installations	88,789	–	88,789	95,598	–	95,598
Services	–	104,894	104,894	–	129,784	129,784
Hydrants	–	61,894	61,894	–	35,592	35,592
Miscellaneous	195,614	69,978	265,592	159,215	67,661	226,876
<b>Total transmission and distribution</b>	<b>\$ 835,110</b>	<b>1,352,901</b>	<b>2,188,011</b>	<b>771,667</b>	<b>1,026,278</b>	<b>1,797,945</b>

(Continued)

## Schedule of Operating Expenses - Water Fund, Continued

	1997			1996		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Customer service:						
Customer accounting paid and collecting:						
Supervision		\$ 73,907				86,768
Meter reading			614,116			34,023
Customer records			77,765			768,419
Provision for uncollectible amounts			37,726			48,123
Total customer accounting paid and collecting			803,514			937,333
Sales promotion - expenses			33,323			30,846
Total customer service			836,837			968,179
General and administrative:						
Salaries			341,813			370,966
Office supplies and expense			331,068			340,768
Insurance			15,385			15,506
Injuries and damages			111,647			139,060
Employee benefits			780,033			763,870
Outside services			919,712			1,541,148
Miscellaneous			39,783			27,180
Total general and administrative			2,539,441			3,198,498
Depreciation and amortization			1,614,059			1,563,339
Payroll taxes			235,777			234,332
Payments to General Fund in lieu of taxes			838,945			865,242
Other			77,309			57,902
Total operating expenses		\$ 11,077,592				12,103,776

See accompanying independent auditors' report.

## Schedule of Changes in Fixed Assets - Water Fund

Year Ended June 30, 1997

	Balance June 30, 1996	Additions	Deletions	Balance June 1997
Property, plant and equipment:				
Production plant:				
Source of supply	\$ 5,969,191	35,682	748	6,004,125
Pumping plant	4,108,123	386,799	31,561	4,463,361
Water treatment plant	11,281,856	178,201	44,691	11,415,366
Transmission and distribution equipment	36,915,946	948,400	47,974	37,816,372
General plant	3,064,172	367,305	160,053	3,271,424
Utility plant in service	61,339,288	1,916,387	285,027	62,970,648
Acquisition adjustment	12,547,766	—	—	12,547,766
Construction in progress	437,275	126,877	—	564,152
Nonutility property	40,014	—	—	40,014
	74,364,343	2,043,264	285,027	76,122,580
Total accumulated depreciation and amortization	12,677,404	1,739,223	291,227	14,125,400
Net property, plant and equipment	\$ 61,686,939	304,041	(6,200)	61,997,180

Depreciation and amortization for the years ended 1996 and 1995 were allocated as follows:

	1997	1996
Expenses	\$ 1,614,059	1,563,339
Capitalized as construction in progress and other	125,164	132,967
	\$ 1,739,223	1,696,306

See accompanying independent auditors' report.

## Schedule of Operating Statistics - Water Fund

Year Ended June 30, 1996

	Number of Customers		Revenue	MGS*
	Beginning of Year	End of Year		
Sale of water:				
Residential	41,116	41,475	\$ 7,051,338	2,951,813
Commercial	2,679	2,684	1,854,677	859,440
Industrial	8	8	312,844	244,200
Public authority	54	55	124,720	64,113
Resale	13	13	3,756,176	3,992,031
Private fire protection	225	230	39,836	--
Public fire protection	--	--	528,551	--
	<u>44,095</u>	<u>44,465</u>	13,668,142	<u>8,111,597</u>
Increase in unbilled revenue			76,901	
Other operating revenue			<u>179,128</u>	
Total operating revenue			\$ <u>13,924,171</u>	
Thousands of gallons pumped-				
Courtney Bend Plant			9,087,347	
Less total sales			<u>8,111,597</u>	
Unaccounted for water			<u>975,750</u>	

\* Thousand gallons sold

See accompanying independent auditors' report.

## Schedule of Changes in Fixed Assets - Sanitary Sewer Fund

Year Ended June 30, 1997

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Property, plant and equipment:				
Collection plant	\$ 45,460,586	119,257	—	45,579,843
Pumping plant	4,513,822	27,000	2,000	4,538,822
Treatment and disposal plant	11,988,386	322,939	189,828	12,121,497
General plant	3,191,792	222,707	66,201	3,348,298
Utility plant in service	65,154,586	691,903	258,029	65,588,460
Construction in progress	1,496,605	714,371	—	2,210,976
Nonutility property	46,368	—	—	46,368
	66,697,559	1,406,274	258,029	67,845,804
Total accumulated depreciation	25,950,843	1,706,274	253,338	27,403,779
Net property, plant and equipment	\$ 40,746,716	(300,000)	4,691	40,442,025

Depreciation charges for the years ended June 30, 1997 and 1996 were allocated as follows:

	<u>1997</u>	<u>1996</u>
Expense	\$ 1,706,274	1,722,170
Capitalized as construction in progress and other	—	8,515
	<u>\$ 1,706,274</u>	<u>1,730,685</u>

See accompanying independent auditors' report.

## Schedule of Operating Statistics - Sanitary Sewer Fund

Year Ended June 30, 1997

	Number of Customers		Revenue	CCF*
	Beginning of Year	End Year		
Sale of sanitary sewer services:				
Residential	36,137	36,493	\$ 6,861,964	2,750,993
Commercial:				
Base	3,519	3,463	3,060,243	1,744,785
Surcharge	-	-	659,085	-
Contract waste treatment			406,272	-
Intermunicipal agreements:				
Sugar Creek	-	-	321,572	-
Kansas City	-	-	64,627	-
Lee's Summit	-	-	9,295	-
	<u>39,656</u>	<u>39,956</u>	11,383,058	<u>4,495,778</u>
Other operating revenue			149,781	
Increase in unbilled revenue			<u>115,267</u>	
Total operating revenue			<u>\$ 11,648,106</u>	

\* Hundred cubic feet

See accompanying independent auditors' report.

## Schedule of Changes in Fixed Assets - Storm Water Fund

Year Ended June 30, 1997

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Property, plant and equipment:				
General plant	\$ 182,024	157,831	—	339,855
Construction in progress	157,831	—	157,831	—
	\$ 339,855	157,831	157,831	339,855
Accumulated depreciation	\$ 83,518	24,774	—	108,292

Depreciation charges for the years ended June 30, 1997 and 1996 were allocated as follows:

	1997	1996
Expense	\$ 24,774	26,149
Capitalized as construction in progress and other	—	—
	\$ 24,774	26,149

See accompanying independent auditors' report.

# **INTERNAL SERVICE**

## **FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

### CENTRAL GARAGE

This fund is used to account for costs of maintenance of the City's fleet of vehicles and mobile equipment and related charges to other departments.

### STAYWELL HEALTH CARE

This fund is used to account for the costs of the City's self-insured health care plan.

### EMPLOYEE BENEFITS

This fund is used to account for all financial activity associated with the reimbursement to the Missouri Local Government Employees Retirement System (Lagers) for the refunding of employee contributions made to the system.

All Internal Service Funds

Combining Balance Sheet

June 30, 1997

With Comparative Totals For June 30, 1996

Assets	Central Garage	Employee Benefits	Staywell Health Care	Total 1997	Total 1996
Current assets:					
Pooled cash and investments	\$ -	2,064,998	1,224,314	3,289,312	2,927,567
Accrued interest receivable	-	21,653	-	21,653	24,655
Due from other funds	102	285,252	-	285,354	217,712
Inventory, at average cost	98,286	-	-	98,286	76,262
<b>Total current assets</b>	<b>98,388</b>	<b>2,371,903</b>	<b>1,224,314</b>	<b>3,694,605</b>	<b>3,246,196</b>
Property, plant and equipment	398,788	-	-	398,788	388,943
Less accumulated depreciation	273,548	-	-	273,548	263,867
<b>Net property, plant and equipment</b>	<b>125,240</b>	<b>-</b>	<b>-</b>	<b>125,240</b>	<b>125,076</b>
<b>Total assets</b>	<b>\$ 223,628</b>	<b>2,371,903</b>	<b>1,224,314</b>	<b>3,819,845</b>	<b>3,371,272</b>
<b>Liabilities and Fund Equity</b>					
Current liabilities:					
Accounts and contracts payable	\$ 39,494	-	-	39,494	28,630
Due to other funds	285,480	-	-	285,480	216,963
Accrued expenses	7,754	-	-	7,754	7,140
Compensated absences - current	20,589	-	-	20,589	20,721
Other current liabilities - medical self-insurance claims	-	-	493,000	493,000	705,000
<b>Total current liabilities</b>	<b>353,317</b>	<b>-</b>	<b>493,000</b>	<b>846,317</b>	<b>978,454</b>
Employee benefits payable	-	2,168,225	-	2,168,225	2,429,576
Compensated absences - long-term	49,961	-	-	49,961	46,756
<b>Total liabilities</b>	<b>403,278</b>	<b>2,168,225</b>	<b>493,000</b>	<b>3,064,503</b>	<b>3,454,786</b>
Fund equity - retained earnings (deficit)	(179,650)	203,678	731,314	755,342	(83,514)
<b>Total liabilities and fund equity</b>	<b>\$ 223,628</b>	<b>2,371,903</b>	<b>1,224,314</b>	<b>3,819,845</b>	<b>3,371,272</b>

See accompanying independent auditors' report.

## All Internal Service Funds

Combining Statement of Revenues, Expenses and  
Changes in Retained Earnings

Year Ended June 30, 1997

With Comparative Totals For June 30, 1996

	Central Garage	Employee Benefits	Staywell Health Care	Total 1997	Total 1996
Operating revenues:					
Repairs and maintenance charges	\$ 1,139,143	—	—	1,139,143	1,031,810
Premiums	—	—	5,930,295	5,930,295	4,582,919
Reinsurance reimbursements	—	—	118,497	118,497	197,258
<b>Total operating revenues</b>	<b>1,139,143</b>	<b>—</b>	<b>6,048,792</b>	<b>7,187,935</b>	<b>5,811,987</b>
Operating expenses:					
Public works	1,190,990	—	—	1,190,990	1,042,721
Health care plan expenses	—	—	5,402,684	5,402,684	5,924,804
Depreciation and amortization	9,680	—	—	9,680	35,932
<b>Total operating expenses</b>	<b>1,200,670</b>	<b>—</b>	<b>5,402,684</b>	<b>6,603,354</b>	<b>7,003,457</b>
Operating income (loss)	(61,527)	—	646,108	584,581	(1,191,470)
Nonoperating revenues - interest income	—	136,872	64,675	201,547	213,008
Income (loss) before operating transfers	(61,527)	136,872	710,783	786,128	(978,462)
Operating transfers in	—	52,728	—	52,728	52,728
Net income (loss)	(61,527)	189,600	710,783	838,856	(925,734)
Retained earnings (deficit), July 1	(118,123)	14,078	20,531	(83,514)	842,220
Retained earnings (deficit), June 30	\$ (179,650)	203,678	731,314	755,342	(83,514)

See accompanying independent auditors' report.

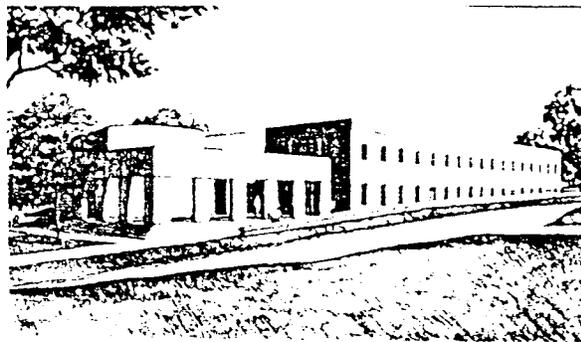
All Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 1996

	Central Garage	Employee Benefits	Staywell Health Care	Total
Operating activities:				
Operating income (loss)	\$ (61,527)	—	646,108	584,581
Adjustments to reconcile operating loss to cash provided by (used in) operating activities:				
Depreciation	9,680	—	—	9,680
Changes in assets and liabilities:				
Inventory	(22,024)	—	—	(22,024)
Due from other funds	647	(68,289)	—	(67,642)
Account and contracts payable	10,864	—	—	10,864
Accrued expenses	614	—	—	614
Due to other funds	68,517	—	—	68,517
Compensated absences	3,073	—	—	3,073
Employee benefits payable	—	(261,351)	—	(261,351)
Other current liabilities - medical self-insurance claims payable	—	—	(212,000)	(212,000)
Net cash provided by (used in) operating activities	9,844	(329,640)	434,108	114,312
Capital and related financing activities - acquisition and construction of capital assets	(9,844)	—	—	(9,844)
Noncapital financing activities - operating transfer in	—	52,728	—	52,728
Investing activities - interest and dividends on investments	—	139,874	64,675	204,549
Net increase (decrease) in cash and cash equivalents	—	(137,038)	498,783	361,745
Cash and cash equivalents, July 1	—	2,202,036	725,531	2,927,567
Cash and cash equivalents, June 30	\$ —	2,064,998	1,224,314	3,289,312

See accompanying independent auditors' report.



*National Frontier Trails Center*



*Oregon Trails Monument, Independence Square*



## **TRUST AND AGENCY FUNDS**

Trust and Agency Funds are established to account for the assets held by the City as trustee, custodian or agent for individuals, governmental entities and private organizations. The City has fiduciary responsibilities for the funds' assets and makes expenditures only in accordance with the purpose for which assets were received.

## NONEXPENDABLE TRUST FUND

### Waggoner Memorial

This fund is used to account for citizen donations, the interest on which is used for maintenance of the Memorial Building.

## EXPENDABLE TRUST FUNDS

### Miscellaneous Expendable Trust

This fund is used to account for small amounts of money such as donations provided the City for specific purposes.

## AGENCY FUND

### Deferred Compensation Plan Fund

This fund is used to account for amounts withheld from employee's salaries and deferred until the future, under employee deferred compensation plans.

### Flexible Benefit Plan

This fund is used to account for contributions made by employees to the City's cafeteria plan for health care, medical and/or dental expenses and dependent care costs.

All Trust and Agency Funds

Combining Balance Sheet

June 30, 1997  
With Comparative Totals For June 30, 1996

	Non-expendable Trust Fund Waggoner Memorial	Expendable Trust Fund Miscellaneous Expendable Trust	Agency Funds			Total 1997	Total 1996
			Deferred Compensation Plan	Flexible Benefits Plan			
<b>Assets and Other Debits</b>							
Pooled cash and investments	\$ 10,145	107,737	--	8,790	126,672	109,797	
Restricted assets	--	--	9,941,795	--	9,941,795	8,122,716	
Accrued interest	--	498	--	--	498	--	
Accounts receivable	--	--	--	--	--	--	
<b>Total assets and other debits</b>	<b>\$ 10,145</b>	<b>108,235</b>	<b>9,941,795</b>	<b>8,790</b>	<b>10,068,965</b>	<b>8,232,513</b>	
<b>Liabilities, Fund Equity and Other Credits</b>							
Liabilities:							
Accounts and contracts payable	\$ --	633	--	4,912	5,545	5,918	
Due to other funds	--	--	--	3,878	3,878	10,346	
Deferred compensation benefits payable	--	--	9,941,795	--	9,941,795	8,122,716	
<b>Total liabilities</b>	<b>--</b>	<b>633</b>	<b>9,941,795</b>	<b>8,790</b>	<b>9,951,218</b>	<b>8,138,980</b>	
Fund balances:							
Reserved for encumbrances	--	68,724	--	--	68,724	--	
Unreserved:							
Designated for charitable contributions	--	38,878	--	--	38,878	83,893	
Undesignated	10,145	--	--	--	10,145	9,640	
<b>Total fund equity and other credits</b>	<b>10,145</b>	<b>107,602</b>	<b>--</b>	<b>--</b>	<b>117,747</b>	<b>93,533</b>	
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 10,145</b>	<b>108,235</b>	<b>9,941,795</b>	<b>8,790</b>	<b>10,068,965</b>	<b>8,232,513</b>	

See accompanying independent auditors' report.

All Agency Funds

Statement of Changes in Assets and Liabilities

Year Ended June 30, 1997

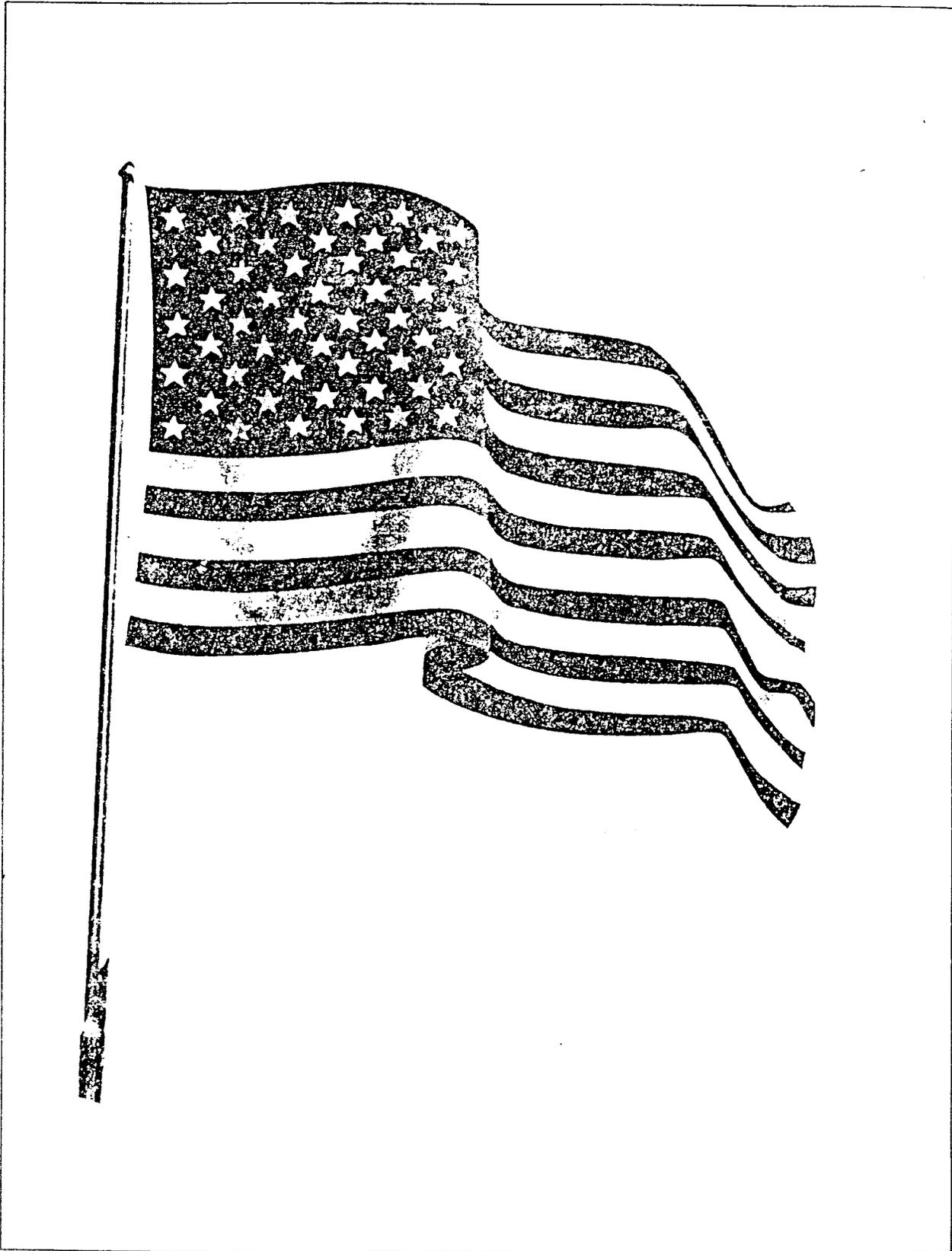
<b>Deferred Compensation Plan Fund</b>	Balance June 30, 1996	Additions	Deductions	Balance June 30, 1997
<b>Assets:</b>				
Restricted assets	\$ 8,122,716	2,151,738	332,659	9,941,795
<b>Liabilities:</b>				
Deferred compensation benefits payable	\$ 8,122,716	2,151,738	332,659	9,941,795
<b>Flexible Benefits Plan Fund</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 16,006	136,700	143,916	8,790
Accounts receivable	-	-	-	-
	\$ 16,006	136,700	143,916	8,790
<b>Liabilities:</b>				
Due to others	\$ 10,346	1,233	7,701	3,878
Due to employees	5,660	137,325	138,073	4,912
	\$ 16,006	138,558	145,774	8,790
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 16,006	136,700	143,916	8,790
Restricted assets	8,122,716	2,151,738	332,659	9,941,795
Accounts receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 8,138,722</b>	<b>2,288,438</b>	<b>476,575</b>	<b>9,950,585</b>
<b>Liabilities:</b>				
Due to others	\$ 10,346	1,233	7,701	3,878
Due to employees	5,660	137,325	138,073	4,912
Deferred compensation benefits payable	8,122,716	2,151,738	332,659	9,941,795
<b>Total liabilities</b>	<b>\$ 8,138,722</b>	<b>2,290,296</b>	<b>478,433</b>	<b>9,950,585</b>

See accompanying independent auditors' report.

# **GENERAL FIXED ASSETS**

## **ACCOUNT GROUP**

The General Fixed Assets Account Group is established to record and account for fixed assets with useful lives of greater than one year acquired for general City purposes. Excluded from this account group are the fixed assets of the Enterprise, Internal Service and Trust and Agency Funds.



## Schedule of General Fixed Assets by Source

June 30, 1997

With Comparative Figures For June 30, 1996

	1997	1996
General fixed assets:		
Land	\$ 8,209,380	8,209,380
Buildings	9,293,847	9,293,847
Improvements other than buildings	1,858,585	1,871,530
Office furniture and equipment	2,594,106	2,495,550
Mobile equipment	9,762,049	9,264,443
Other equipment	2,217,473	2,398,072
	\$ 33,935,440	33,532,822
Investments in general fixed assets:		
Current operations:		
General Fund	\$ 13,051,191	11,954,816
Tourism Fund	51,553	51,553
Federal grants	1,043,638	1,043,638
State grants	528,561	528,561
General obligation bonds	126,794	126,794
Acquired prior to June 30, 1984	19,007,394	19,701,151
Other	126,309	126,309
	\$ 33,935,440	33,532,822

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule 28

Schedule of General Fixed Assets by Function and Activity

June 30, 1997

	Total	Land	Buildings	Improvements Other than Buildings	Office Furniture and Equipment	Mobile Equipment	Other Equipment
<b>General government:</b>							
City Hall	\$ 3,473,835	745,972	1,930,192	797,671	-	-	-
Police Building	2,008,241	255,000	1,753,241	-	-	-	-
City Council	25,488	-	-	-	25,488	-	-
City Clerk	136,011	-	-	-	136,011	-	-
City Manager	23,173	-	-	-	23,173	-	-
National Frontier Trails Center	69,749	-	-	-	59,820	-	9,929
Computer Services	837,996	-	-	1,665	765,764	-	70,567
Municipal Court	8,978	-	-	-	8,978	-	-
Law Department	17,004	-	-	-	17,004	-	-
Finance Department	231,087	-	-	-	220,021	11,066	-
Personnel Department	21,219	-	-	-	21,219	-	-
<b>Total general government</b>	<b>6,852,781</b>	<b>1,000,972</b>	<b>3,683,433</b>	<b>799,336</b>	<b>1,277,478</b>	<b>11,066</b>	<b>80,496</b>
<b>Public safety:</b>							
Police Department	3,233,295	46,423	-	160,905	634,848	1,842,330	548,789
Fire Department	5,738,880	-	1,941,186	52,893	230,749	3,161,905	352,147
Emergency Department	265,060	-	-	44,231	5,312	-	215,517
Planning Department	401,400	-	-	-	137,599	210,659	53,142
<b>Total public safety</b>	<b>9,638,635</b>	<b>46,423</b>	<b>1,941,186</b>	<b>258,029</b>	<b>1,008,508</b>	<b>5,214,894</b>	<b>1,169,595</b>
<b>Public works:</b>							
Engineering	450,047	-	-	-	118,890	256,649	74,508
Maintenance	3,624,494	-	34,004	-	48,449	2,934,801	607,240
Storm sewer	86,882	-	-	14,415	-	72,467	-
<b>Total public works</b>	<b>4,161,423</b>	<b>-</b>	<b>34,004</b>	<b>14,415</b>	<b>167,339</b>	<b>3,263,917</b>	<b>681,748</b>
<b>Health and welfare:</b>							
Health Department	130,264	-	-	-	27,703	63,380	39,181
Animal Control	289,703	-	123,830	7,068	8,800	101,121	48,884
Cemetery	202,816	1,230	-	3,013	2,911	123,784	71,878
<b>Total health and welfare</b>	<b>622,783</b>	<b>1,230</b>	<b>123,830</b>	<b>10,081</b>	<b>39,414</b>	<b>288,285</b>	<b>159,943</b>
<b>Culture and recreation:</b>							
Park maintenance	984,039	25,000	-	-	18,391	845,040	95,608
Recreation	303,323	27,500	60,312	4,662	67,814	112,952	30,083
Tourism	1,359,753	1,036,555	305,342	-	15,162	2,694	-
<b>Total culture and recreation</b>	<b>2,647,115</b>	<b>1,089,055</b>	<b>365,654</b>	<b>4,662</b>	<b>101,367</b>	<b>960,686</b>	<b>125,651</b>
<b>Public use facilities</b>	<b>6,334,259</b>	<b>2,424,657</b>	<b>3,137,540</b>	<b>772,062</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other	3,678,444	3,647,043	8,200	-	-	23,201	-
<b>Total general fixed assets allocated to function</b>	<b>\$ 33,935,440</b>	<b>8,209,380</b>	<b>9,293,847</b>	<b>1,858,585</b>	<b>2,594,106</b>	<b>9,762,049</b>	<b>2,217,473</b>

See accompanying independent auditors' report.

Schedule of Changes in General Fixed Assets by  
Function and Activity

Year Ended June 30, 1997

Function and Activity	General Fixed Assets July 1, 1996	Additions/ Transfers In	Deletions/ Transfers Out	General Fixed Assets June 30, 1997
General government:				
City Hall	\$ 3,473,835	—	—	3,473,835
Police Building	2,008,241	—	—	2,008,241
City Council	26,677	—	1,189	25,488
City Clerk	139,459	—	3,448	136,011
City Manager	27,891	—	4,718	23,173
National Frontier Trails Center	74,476	3,139	7,866	69,749
Computer Services	837,648	28,747	28,399	837,996
Municipal Court	15,714	—	6,736	8,978
Law Department	9,216	9,291	1,503	17,004
Finance Department	254,023	8,420	31,356	231,087
Personnel Department	18,565	4,829	2,175	21,219
<b>Total general government</b>	<b>6,885,745</b>	<b>54,426</b>	<b>87,390</b>	<b>6,852,781</b>
Public safety:				
Police Department	2,989,029	765,401	521,135	3,233,295
Fire Department	5,570,187	469,615	300,922	5,738,880
Emergency Department	280,296	—	15,236	265,060
Planning Department	306,441	140,959	46,000	401,400
<b>Total public safety</b>	<b>9,145,953</b>	<b>1,375,975</b>	<b>883,293</b>	<b>9,638,635</b>
Public works:				
Engineering	413,307	81,016	44,276	450,047
Maintenance	3,873,476	246,253	495,235	3,624,494
Storm sewer	39,542	72,467	25,127	86,882
<b>Total public works</b>	<b>4,326,325</b>	<b>399,736</b>	<b>564,638</b>	<b>4,161,423</b>
Health and welfare:				
Health Department	144,628	15,134	29,498	130,264
Animal Control	246,738	59,544	16,579	289,703
Cemetery	165,192	39,355	1,731	202,816
<b>Total health and welfare</b>	<b>556,558</b>	<b>114,033</b>	<b>47,808</b>	<b>622,783</b>
Culture and recreation:				
Park maintenance	915,325	114,424	45,710	984,039
Recreation	330,330	20,468	47,475	303,323
Tourism	1,359,753	—	—	1,359,753
<b>Total culture and recreation</b>	<b>2,605,408</b>	<b>134,892</b>	<b>93,185</b>	<b>2,647,115</b>
Public use facilities				
Other	6,332,789	1,470	—	6,334,259
	3,680,044	—	1,600	3,678,444
	\$ 33,532,822	2,080,532	1,677,914	33,935,440

See accompanying independent auditors' report.



# **GENERAL LONG-TERM DEBT**

## **ACCOUNT GROUP**

The General Long-Term Debt Account Group reflects the City's liability for general obligation debt outstanding as well as that portion of liabilities for compensated absences of governmental funds which is not expected to be liquidated with expendable available financial resources.



*Pioneer Spring and Brady Cabin, ca. 1830  
Truman and Noland Roads*



*Blevyn Davis House, Glendale Gardens*

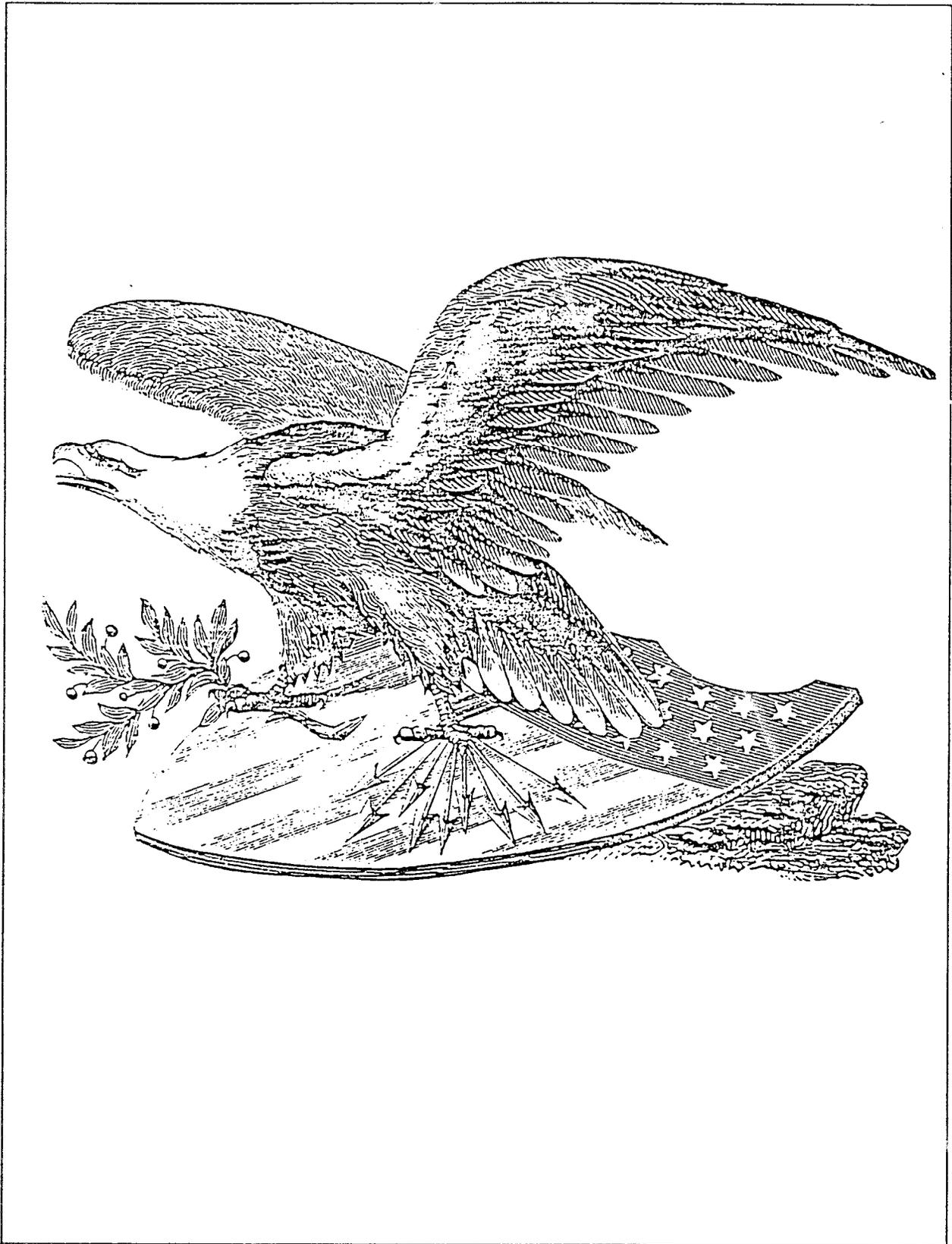
## Schedule of General Long-term Debt

June 30, 1997

With Comparative Figures For June 30, 1996

	1997	1996
Other debts - amount to be provided for retirement of general long-term debt	\$ 21,059,017	21,599,621
TIF bonds payable	\$ 5,000,000	5,115,000
Certificates of participation	133,115	192,942
Capital lease obligations	2,334,285	2,463,951
Accrued vacation	2,300,071	2,181,483
Accrued sick leave	5,779,808	5,504,089
Employee benefits payable	5,203,456	5,691,280
Advance from Water Fund	308,282	450,876
	\$ 21,059,017	21,599,621

See accompanying independent auditors' report.



## STATISTICAL

## STATISTICAL DATA

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

## City of Independence, Missouri

### General Governmental Expenditures by Function

	General Government	Public Safety	Public Works	Health & Welfare	Culture & Recreation	Community Development	Non-Departmental	Debt Service	
1988	32,950,165	4,223,666	16,521,451	4,528,447	1,163,071	1,169,387	329,855	2,195,225	2,819,063
1989	34,344,738	4,446,902	17,195,621	4,727,143	1,061,409	1,468,984	314,322	2,409,469	2,720,883
1990	37,143,366	4,766,848	19,512,772	5,063,061	1,196,241	1,522,406	346,526	2,964,731	1,770,781
1991	40,453,033	6,061,664	20,470,893	5,311,032	1,099,571	1,573,539	485,380	3,001,195	2,449,759
1992	39,547,789	4,385,732	22,020,984	4,721,619	1,138,718	1,585,848	753,764	3,040,927	1,900,197
1993	39,369,718	4,276,566	22,208,616	4,318,668	1,043,937	1,497,064	660,145	3,569,279	1,795,443
1994	40,060,595	4,715,130	22,505,090	4,140,247	1,068,079	1,517,978	1,110,984	3,196,325	1,806,762
1995	43,452,685	6,202,999	24,274,529	4,750,098	883,014	1,642,344	960,911	4,137,601	601,189
1996	\$43,976,403	\$5,135,501	\$24,002,906	\$5,532,316	\$991,262	\$1,683,247	\$1,379,783	\$4,435,609	\$815,779
<b>1997</b>	<b>\$44,874,496</b>	<b>\$5,119,322</b>	<b>\$25,234,599</b>	<b>\$5,346,312</b>	<b>\$948,268</b>	<b>\$1,762,330</b>	<b>\$925,282</b>	<b>\$4,640,616</b>	<b>\$897,767</b>

a) Represents General Fund, Special Revenue Funds and excludes operating transfers.

**City of Independence, Missouri**  
**General Governmental Revenue by Source**

	<i>Total (a)</i>	<i>Taxes &amp; In Lieu of Taxes (b)</i>	<i>License &amp; Permits</i>	<i>Intergovernmental</i>	<i>Charges for Services</i>	<i>Intragovernmental (c)</i>	<i>Fines &amp; Forfeitures</i>	<i>Interest</i>	<i>Other (d)</i>
1988	33,018,743	22,460,393	1,115,371	3,533,815	468,563	2,771,304	1,535,193	688,858	445,245
1989	34,009,288	23,155,323	1,111,406	3,643,610	335,448	3,012,703	1,475,724	726,805	548,269
1990	35,335,926	23,430,369	1,114,088	4,221,455	356,668	3,040,831	1,768,599	595,526	808,390
1991	35,788,258	24,242,056	1,223,120	4,078,391	325,828	2,709,844	1,738,441	378,790	1,091,783
1992	36,795,122	25,208,593	1,400,040	4,599,983	343,618	2,681,998	1,795,543	136,891	628,456
1993	38,822,069	26,459,470	1,550,092	4,986,772	359,767	2,589,027	2,088,736	44,413	743,792
1994	42,313,976	28,313,660	1,757,212	5,971,261	470,900	2,622,480	2,193,204	83,293	901,966
1995	42,613,320	28,731,356	1,728,067	6,277,620	607,956	2,686,712	1,682,239	244,473	654,897
1996	\$44,421,023	\$30,167,780	\$1,891,026	\$6,715,227	\$489,537	\$2,828,007	\$1,602,145	\$303,844	\$423,457
<b>1997</b>	<b>\$46,796,951</b>	<b>\$31,707,987</b>	<b>\$2,299,681</b>	<b>\$6,662,776</b>	<b>\$567,026</b>	<b>\$2,895,953</b>	<b>\$1,903,081</b>	<b>\$352,240</b>	<b>\$408,207</b>

a) Represents General Fund, Special Revenue Funds, and excludes operating transfers.

b) General Property Taxes, Sales Tax and Other Local Taxes.

c) Interfund Charges for Support Services.

d) Includes revenue from Sale of Property, and revenue not included in other categories.

**City of Independence, Missouri**  
**General Fund, Public Health & Recreation, Debt Service**  
**Property Tax Levies and Collections**

Year Ended June 30	Net Current Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Net Current Tax Levy		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Net Current Tax Levy
						Total Tax Collections	Outstanding Delinquent Taxes		
1988	3,866,978	3,682,604	95.23%	118,334	3,800,938	98.29%	223,060	5.77%	
1989	3,925,907	3,696,139	94.15%	171,090	3,867,229	98.51%	196,123	5.00%	
1990	4,054,531	3,677,460	90.70%	210,353	3,887,813	95.89%	262,163	6.47%	
1991	4,077,957	3,835,313	94.05%	186,160	4,021,473	98.61%	320,841	7.87%	
1992	4,264,977	3,990,062	93.55%	298,280	4,288,342	100.55%	583,485	13.68%	
1993	4,302,151	4,083,837	94.93%	262,809	4,346,646	101.03%	487,022	11.32%	
1994	4,389,816	4,137,260	94.25%	226,048	4,363,308	99.40%	419,170	9.55%	
1995	4,388,141	4,233,148	96.47%	303,406	4,536,554	103.38%	270,757	6.17%	
1996	\$4,539,910	\$4,203,803	92.60%	\$169,654	\$4,373,457	96.33%	\$437,210	9.63%	
<b>1997</b>	<b>\$4,724,273</b>	<b>\$4,460,502</b>	<b>94.42%</b>	<b>\$328,281</b>	<b>\$4,788,783</b>	<b>101.37%</b>	<b>\$372,700</b>	<b>7.89%</b>	

## City of Independence, Missouri

### Assessed and Estimated Actual Values of Taxable Property

As of January 1,	Real Property	Railroad & Utilities	Total Assessed Value	Total Fair Market Value	Percentage of Fair Market Value
1988	\$474,300,100	\$10,204,965	\$484,505,065	\$2,139,025,910	22.65%
1989	534,658,930	10,737,698	545,396,628	2,400,125,421	22.72%
1990	533,400,643	11,016,472	544,417,115	2,408,784,039	22.60%
1991	556,593,814	10,558,426	567,152,240	2,528,290,144	22.43%
1992	560,415,355	10,762,026	571,177,381	2,554,017,644	22.36%
1993	571,355,060	11,576,125	582,931,185	2,607,377,068	22.36%
1994	577,338,830	12,043,452	589,382,282	2,638,607,117	22.34%
1995	607,586,620	12,836,118	620,422,738	2,785,963,818	22.27%
1996	613,400,460	13,270,911	626,671,371	2,811,135,555	22.29%
<b>1997</b>	<b>\$657,944,690</b>	<b>\$12,224,657</b>	<b>670,169,347</b>	<b>3,016,248,617</b>	<b>22.22%</b>

*Note: Assessed value is set at 12% for agricultural property, 19% for residential property, and 32% for commercial property of the fair market value.*

## City of Independence, Missouri

### Property Tax Rates - All Direct and Overlapping Governments

For Assessed Valuations As of January 1,		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>CITY TAX RATES: (1)</b>											
General		\$0.510	\$0.500	\$0.500	\$0.500	\$0.510	\$0.510	\$0.520	\$0.520	\$0.530	\$0.520
Public Health & Recreation		0.210	0.210	0.210	0.210	0.220	0.220	0.230	0.230	0.240	0.240
Debt Service		0.120	0.070	0.070	0.060	0.040	0.040	0.000	0.000	0.000	0.000
<b>Total City Tax Rate</b>		<b>0.840</b>	<b>0.780</b>	<b>0.780</b>	<b>0.770</b>	<b>0.770</b>	<b>0.770</b>	<b>0.750</b>	<b>0.750</b>	<b>0.770</b>	<b>0.760</b>
METROPOLITAN JUNIOR COLLEGE											
INDEPENDENCE SCHOOL DISTRICT (3)		3.280	3.200	3.100	3.300	3.380	3.300	3.300	3.350	3.990	4.040
<b>COUNTY TAX RATES: (2)</b>											
County		0.573	0.619	0.613	0.629	0.540	0.540	0.500	0.510	0.500	0.530
Mid-Continent Public Library		0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.330	0.330	0.330
Handicap		0.066	0.066	0.066	0.066	0.080	0.080	0.080	0.080	0.080	0.080
Mental Health		0.033	0.033	0.033	0.130	0.133	0.133	0.133	0.133	0.133	0.133
<b>Total County Tax Rate</b>		<b>0.982</b>	<b>1.028</b>	<b>1.022</b>	<b>1.135</b>	<b>1.063</b>	<b>1.063</b>	<b>1.023</b>	<b>1.053</b>	<b>1.043</b>	<b>1.073</b>
<b>STATE:</b>											
Total Tax Rate For All Overlapping Governments		0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
		\$5.132	\$5.038	\$4.932	\$5.235	\$5.243	\$5.163	\$5.103	\$5.403	\$6.053	\$6.123

(1) The General Fund and Public Health & Recreation Fund levy rates are limited by Missouri Statutes to \$1.00 and \$ .40 per \$100 assessed valuation. There is no limit on the levy rates for General Debt and Interest.

(2) County Tax Breakdown 1997:

Health & Welfare Fund	\$0.15
General Fund	0.16
Road & Bridge Fund	0.09
Park Fund	<u>0.13</u>
	<u>\$0.53</u>

(3) Four other school districts are in the Jackson County portion of the City of Independence. School tax rates for 1997 in these districts are:

Fort Osage Reorganized #1	\$4.38
Raytown Consolidated #2	\$4.38
Kansas City School District	\$4.96
Blue Springs Reorganized #4	\$4.65

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

NOTE 2): Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.

## City of Independence, Missouri

### Special Assessment Collections

<i>Year Ended June 30,</i>	<i>Special Assessment Billings</i>	<i>Assessments Collected (1)</i>	<i>Total Outstanding Assessments</i>
1988	72,383	60,472	283,232
1989	18,829	108,973	193,088
1990	335,697	88,412	440,373
1991	515,986	256,363	699,966
1992	329,974	116,655	913,285
1993	170,334	247,853	835,766
1994	45,734	101,058	780,442
1995	74,248	133,882	720,808
1996	\$139,575	\$120,018	\$740,365
<b>1997</b>	<b>\$66,214</b>	<b>\$33,101</b>	<b>\$773,478</b>

*(1) Includes collection of current, delinquent and deferred special assessments.*

**City of Independence, Missouri**

**Ratio of Net General Bonded Debt to Assessed Value  
and Net Bonded Debt per Capita**

Year Ended June 30,	Estimated Population	Assessed Value	General		Less Debt Service Funds	Net Bonded Debt	Ratio of	
			Obligation Bonded Debt	Net Bonded Debt			Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1988	115,636	600,574,432	7,425,000	928,678	6,496,322	1.1	56.18	
1989	116,092	672,433,483	5,415,000	125,582	5,289,418	0.8	45.56	
1990	112,301	682,409,064	4,370,000	90,305	4,279,695	0.6	38.11	
1991	112,600	711,474,429	3,275,000	88,285	3,186,715	0.4	28.30	
1992	113,165	726,111,617	2,140,000	52,787	2,087,213	0.3	18.44	
1993	113,561	743,446,460	1,090,000	56,452	1,033,548	0.1	\$9.10	
1994	113,802	756,611,010	-	-	-	-	-	
1995	113,761	810,488,004	-	-	-	-	-	
1996	114,931	830,079,209	-	-	-	-	-	
1997	115,531	\$885,348,546	-	-	-	-	-	

## City of Independence, Missouri

### Computation of Legal Debt Margin

June 30, 1997

**Assessed Value at January 1, 1997: \***

Jackson County		\$885,313,341
Clay County		35,205
		<u>\$885,348,546</u>

Constitutional Debt Limit ** (20% of Assessed Value)		\$177,069,709
---	--	---------------

Total Bonded Debt		\$75,910,000
Less:		
Water Utility Bonds	\$43,750,000	
Electric Utility Bonds	<u>32,160,000</u>	
		<u>75,910,000</u>

Total General Obligation Debt		0
Less: Debt Service Fund Balance		<u>0</u>

Applicable Debt Limit		<u>0</u>
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<b>Legal Debt Margin</b>		<b><u>\$177,069,709</u></b>
--------------------------	--	-----------------------------

\* All Tangible Property.

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

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

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

# City of Independence, Missouri

## Computation of Direct and Overlapping Debt

June 30, 1997

<i>Jurisdiction</i>	<i>General Obligation Bond Issues Outstanding</i>	<i>Amount Available Debt Service Funds</i>	<i>Net Debt Outstanding</i>	<i>Percentage Applicable to City of Independence</i>	<i>Amount Applicable to City of Independence</i>
<b>City of Independence</b>	---	---	---	---	---
Jackson County	---	---	---	---	---
Jackson County School Districts:					
Metropolitan Junior College	\$0	---	\$0	0.00%	---
Independence	28,365,000	\$0	28,365,000	99.00%	\$28,081,350
Kansas City	---	---	---	8.20%	---
Blue Springs Reorganized #4	44,270,000	4,528,590	39,741,410	7.00%	2,781,899
Fort Osage Reorganized #1	13,500,000	5,428,000	8,072,000	17.50%	1,412,600
	<u>\$86,135,000</u>	<u>\$9,956,590</u>	<u>\$76,178,410</u>		<u>\$32,275,849</u>

## City of Independence, Missouri

### Ratio of Annual Debt Service Expenditures for General Bonded Debt To Total General Governmental Expenditures

	Year Ended June 30										
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	
Bond Retirements:											
23 Street Right-of-Way	\$20,000	\$20,000	0	0	0	0	0	0	0	0	0
1968 Street	25,000	25,000	0	0	0	0	0	0	0	0	0
1969 Street	200,000	200,000	0	0	0	0	0	0	0	0	0
1974 Street	795,000	835,000	\$875,000	\$920,000	\$965,000	\$1,015,000	\$1,055,000	0	0	0	0
1968 Fire	5,000	5,000	0	0	0	0	0	0	0	0	0
1969 Fire	115,000	115,000	0	0	0	0	0	0	0	0	0
1974 Fire	30,000	30,000	30,000	30,000	35,000	35,000	35,000	0	0	0	0
1968 Sewer	10,000	15,000	0	0	0	0	0	0	0	0	0
1969 Sewer	630,000	630,000	0	0	0	0	0	0	0	0	0
1972 Police Bldg.	125,000	135,000	140,000	145,000	135,000	0	0	0	0	0	0
<b>Total Bond Requirements</b>	<b>\$1,955,000</b>	<b>\$2,010,000</b>	<b>\$1,045,000</b>	<b>\$1,095,000</b>	<b>\$1,135,000</b>	<b>\$1,050,000</b>	<b>\$1,090,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Interest and Agent Fees	\$473,919	\$375,541	\$269,661	\$217,268	\$163,832	\$107,945	\$55,445	\$0	\$0	\$0	\$0
<b>Total Debt Service</b>	<b>\$2,428,919</b>	<b>\$2,385,541</b>	<b>\$1,314,661</b>	<b>\$1,312,268</b>	<b>\$1,298,832</b>	<b>\$1,157,945</b>	<b>\$1,145,445</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total General Governmental Expenditures (a)</b>	<b>\$32,950,165</b>	<b>\$34,344,738</b>	<b>\$37,143,366</b>	<b>\$40,453,033</b>	<b>\$39,547,789</b>	<b>\$39,369,718</b>	<b>\$40,060,595</b>	<b>\$45,452,685</b>	<b>\$43,976,403</b>	<b>\$44,874,496</b>	<b>\$44,874,496</b>
Ratio of Debt Service to General Governmental Expenditures	7.37%	6.95%	3.54%	3.24%	3.28%	2.94%	2.86%	0.00%	0.00%	0.00%	0.00%

(a) Represents General Fund, Special Revenue Funds.

**City of Independence, Missouri**  
**Revenue Bond Coverage - Power & Light Revenue Bonds**

Year Ended June 30,	Gross Revenue	Current Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1988	50,109,888	38,953,811	11,156,077	3,065,000	3,053,970	6,118,970	1.82
1989	53,117,023	40,430,376	12,686,647	0	1,423,541	1,423,541	8.91
1990	55,555,889	41,178,938	14,376,951	600,000	2,890,544	3,490,544	4.12
1991	58,264,687	42,488,834	15,775,853	635,000	2,627,695	3,262,695	4.84
1992	57,909,136	43,921,621	13,987,515	680,000	2,584,515	3,264,515	4.28
1993	54,934,853	44,683,860	10,250,993	725,000	2,538,275	3,263,275	3.14
1994	58,427,772	46,190,425	12,237,347	865,000	2,364,893	3,259,893	3.75
1995	58,461,474	46,953,429	11,508,045	920,000	2,341,335	3,261,335	3.53
1996	\$62,980,774	\$48,894,986	\$14,085,788	\$980,000	\$2,271,559	\$3,251,559	4.33
<b>1997</b>	<b>\$61,774,504</b>	<b>\$47,337,062</b>	<b>\$14,437,442</b>	<b>\$1,045,000</b>	<b>\$2,208,240</b>	<b>\$3,253,240</b>	<b>4.44</b>

(1) Excludes Depreciation, Interest Expense, Amortization and Non-Operating Expense.

**City of Independence, Missouri**  
**Revenue Bond Coverage - Water Revenue Bonds**

Year Ended June 30,	Gross Revenue	Current Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements		
				Principal	Interest	Total Coverage
1988	12,592,150	6,872,650	5,719,500	0	2,355,102	2,355,102 2.43
1989	14,010,373	6,753,003	7,257,370	0	2,939,368	2,939,368 2.47
1990	13,650,415	6,754,808	6,895,607	0	2,856,659	2,856,659 2.41
1991	14,176,412	6,868,874	7,307,538	0	2,549,475	2,549,475 2.87
1992	14,690,187	7,807,551	6,882,636	500,000	1,823,393	2,323,393 2.96
1993	13,951,496	7,557,459	6,394,037	550,000	1,303,142	1,853,142 3.45
1994	13,615,001	8,029,337	5,585,664	600,000	1,145,287	1,745,287 3.20
1995	14,678,604	8,579,006	6,099,598	650,000	1,656,007	2,306,007 2.65
1996	\$15,798,683	\$10,540,437	\$5,258,246	\$700,000	\$1,590,965	\$2,290,965 2.30
<b>1997</b>	<b>\$15,342,158</b>	<b>\$9,463,667</b>	<b>\$5,878,491</b>	<b>\$750,000</b>	<b>\$1,557,884</b>	<b>\$2,307,884 2.55</b>

(1) Excludes Depreciation, Interest Expense, Amortization and Non-Operating Expense.

**City of Independence, Missouri**  
**Revenue Bond Coverage - Sanitary Sewer Revenue Bonds**

Year Ended June 30,	Gross Revenue	Current Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1988	7,561,316	5,945,299	1,616,017	30,000	6,383	36,383	44.42
1989	7,736,591	5,709,526	2,027,065	35,000	3,535	38,535	52.60
1990	8,359,950	5,743,230	2,616,720	---	---	---	---
1991	8,039,293	6,021,411	2,017,882	---	---	---	---
1992	8,226,992	6,958,935	1,268,057	---	---	---	---
1993	8,120,465	7,979,318	141,147	---	---	---	---
1994	7,634,369	8,628,102	(993,733)	---	---	---	---
1995	8,318,756	7,532,096	786,660	---	---	---	---
1996	\$10,030,225	\$8,270,120	\$1,760,105	---	---	---	---
<b>1997</b>	<b>\$11,949,809</b>	<b>\$8,914,849</b>	<b>\$3,034,960</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

(1) Excludes Depreciation, Interest Expense, Amortization and Non-Operating Expense.

**City of Independence, Missouri**  
Demographic Statistics

<i>Year Ended June 30,</i>	<i>Population (1)</i>	<i>Median Household Effective Buying Income (2)</i>	<i>Median Age (2)</i>	<i>School Enrollment</i>	<i>Unem- ployment Rate (3)</i>
1988	115,636	28,604	33.6	16,509	5.40%
1989	116,092	30,963	33.8	16,753	4.70%
1990	112,301	32,428	34.5	15,814	4.30%
1991	112,600	32,173	34.8	15,945	5.40%
1992	113,165	33,641	35.0	15,486	5.70%
1993	113,561	35,000	35.3	15,357	5.80%
1994	113,802	37,782	35.6	15,464	4.50%
1995	113,761	31,634	35.9	16,286	4.20%
1996	114,931	32,999	35.7	15,821	4.20%
<b>1997</b>	<b>115,531</b>	<b>N/A (4)</b>	<b>N/A (4)</b>	<b>15,667</b>	<b>3.30%</b>

*Sources:*

- (1) Statistics provided by City of Independence Planning Department.*
- (2) "Survey of Buying Power", Sales and Marketing Management. 1996 Methodologies for computing "Effective Buying Income" were changed to use money income replacing personal income. Consequently, prior year EBI data is not comparable with the 1996 EBI.*
- (3) Unofficial statistics provided by the State of Missouri Division of Employment Security.*
- (4) The "Survey of Buying Power" (item 2 above) is published in August each year from survey data gathered in the preceding year.*

## City of Independence

### Construction Permits

Year Ended June 30,	Commercial Construction (1)		Residential Construction (1)	
	Number of Permits	Value	Number of Permits	Value
1988	403	\$32,485,181	731	\$25,530,203
1989	485	28,023,113	257	20,076,506
1990	235	21,303,742	204	18,663,997
1991	305	23,003,556	171	14,092,309
1992	362	19,647,711	270	21,702,631
1993	301	18,158,880	307	22,299,100
1994	344	20,983,812	347	32,023,555
1995	335	36,501,212	322	30,979,437
1996	263	21,953,940	324	34,898,729
1997	368	\$41,951,212	255	\$29,628,526

1) Source: City of Independence Community Development Department, calendar year basis..

**City of Independence Missouri**

**Principal Property Taxpayers**

**June 30, 1997**

<i>Taxpayer</i>	<i>Type of Business</i>	<i>1996 Assessed Valuation (1)</i>	<i>Percentage of Total Assessed Valuation</i>
Simon Property Group LP	Retail	\$14,647,130	2.21 %
Southwestern Bell	Utility	8,832,287	1.33
Geospace	Warehouse	5,718,780	0.86
Wild Woodys	Retail	4,976,000	0.75
Noland Fashion Square	Retail	4,560,010	0.69
Galen of Kansas Inc.	Retail	3,102,110	0.47
Independence Apartments Assoc.	Apartments	2,913,650	0.44
Commercial Distribution Center	Warehouse	2,880,000	0.43
KCP & L	Utility	2,875,642	0.43
Southern Union Company	Utility	2,302,640	0.35
Subtotal		<u>52,808,249</u>	<u>7.97</u>
Taxpayers not listed		609,865,475	92.03
<b>TOTAL</b>		<u><b>\$662,673,724</b></u>	<u><b>100.00 %</b></u>

1) Listed values are real estate assessed values which provide the basis for property tax revenue.



**City of Independence, Missouri**

**Schedule of Insurance**

**June 30, 1997**

<i>Description</i>	<i>Policy Number</i>	<i>Termination Date</i>	<i>Risk Covered</i>	<i>Limits</i>	<i>Premium</i>
1. National Union Fire a) All risk property insurance on building and contents. Replacement cost coverage basis.	ST2604412	7-1-98	All risk including property damage, flood, earthquake, transit, expediting, hazardous material cleanup, extra expense and automatic coverage.	\$200,000,000	\$227,250
2. Reliance National b) Boiler and Machinery coverage of listed equipment. Most covered items fall under Power and Light Department.	NZC-0116395	7-1-98	Boiler & Machinery coverage including expediting, ammonia containment, water damage, hazardous materials, business interruption.	\$50,000,000	\$136,350
3. Missouri Public Entity Management Fund. Liability insurance coverage for law enforcement liability, general liability, public official errors and omission liability and automotive liability.	1038	1-01-93	Automobile liability claims Law enforcement liability claims General liability claims Public officials liability claims	\$1,000,000 per occurrence	\$240,256
4. Employers Reinsurance Corporation Excess Worker's Compensation and Employer's Liability Insurance	0550139	4-25-93	Loss by on-the-job injury of employees	\$10,000,000	\$29,000
5. Aetna Casualty & Surety Co.	30S100957981 30S100957982 30S100957980	6-15-93	Public Officials Bonds	\$50,000-City Mgr. \$50,000 Pur. Agnt. \$400,000-Fin. Dir.	\$1,846 (3 year premium)
6. National Union Fire	485-53-47	6-15-93	Public employees blanket bond & 3-D crime policy	\$400,000	\$2,663
7. Pacific Mutual Life Insurance	74865	7-1-98	Reinsurance for Staywell Plan Specific stoploss @ \$125,000 Aggr. Att. Point @ \$6,082,427	See risk covered	\$189,574
8. Nation's Bank		Continuous	Escrow Account-Worker's Compensation	\$225,000	\$350

**City of Independence, Missouri**  
**Schedule of Insurance**  
**June 30, 1997**

<i>Description</i>	<i>Policy Number</i>	<i>Termination Date</i>	<i>Risk Covered</i>	<i>Limits</i>	<i>Premium</i>
9. Group America Employees Life Insurance	907872	Continuous	Life Insurance coverage for each employee. Also covers for accidental death, disability and dismemberment.	\$150,000/person	\$.37/\$1,000 of Annual Salary
10. Staywell Health Care Plan		Continuous	Self-Insured Health Care Plan	Various limits	Cost varies per emp.
11. National Flood Insurance Program	FL2-0347-59221	12/22/97	Flood Insurance coverage for Rock Creek Pumping Station	\$200,000	\$1,557
12. Cigna Healthplan of Kansas City, Inc.		Continuous	Health plan for enrolled employees.	Various limits	Cost varies per emp.
13. Humana Health Care Plan		Continuous	Health plan for enrolled employees.	Various limits	Cost varies per emp.
14. City of Independence Dental Plan		Continuous	Self-insured Dental Plan.	Various limits	Cost varies per emp.
15. Kansas City Dental Care (KCDC)		Continuous	Dental plan for enrolled employees.	Various limits	Cost varies per emp.
16. The Hartford		Continuous	Long term disability insurance.	60% of Individual employees' salary.	\$0.168/100 of annual salaries.