

City of Independence, Missouri
Historic City of the Trails



For the Fiscal Year Ended

June 30, 2007

*Comprehensive Annual
Financial Report*

CITY OF INDEPENDENCE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007



Mayor
Don B. Reimal

City Council

Marcie Gragg	District #1
Will Swoffer	District #2
Renee Paluka - White	District #3
Jim Page	District #4
Lucy Young	At-large
Jim Schultz	At-large

City Manager

Robert Heacock

Prepared by the Department of Finance

James C. Harlow, Director of Finance and Administration



CITY OF INDEPENDENCE, MISSOURI

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CITY OF INDEPENDENCE, MISSOURI

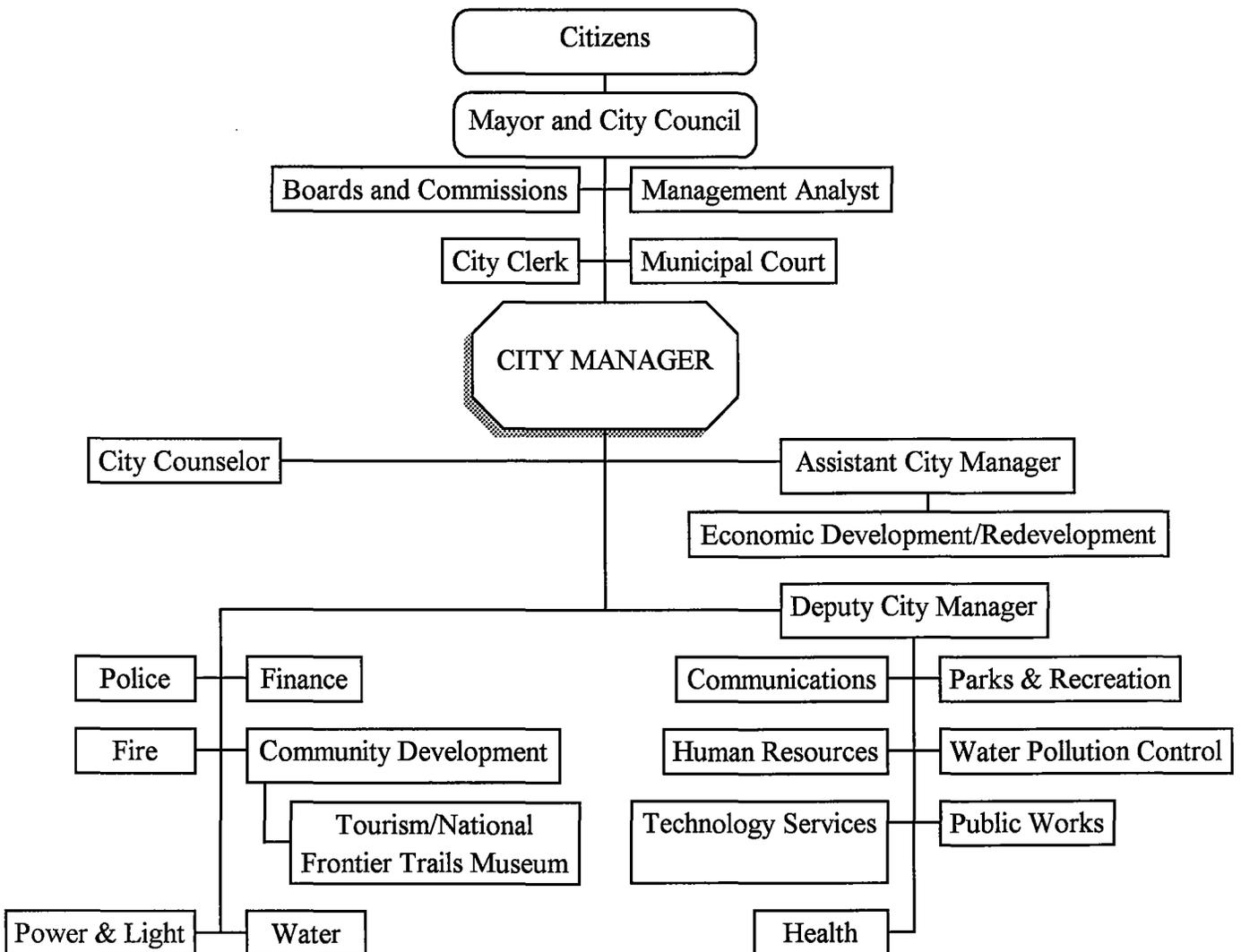
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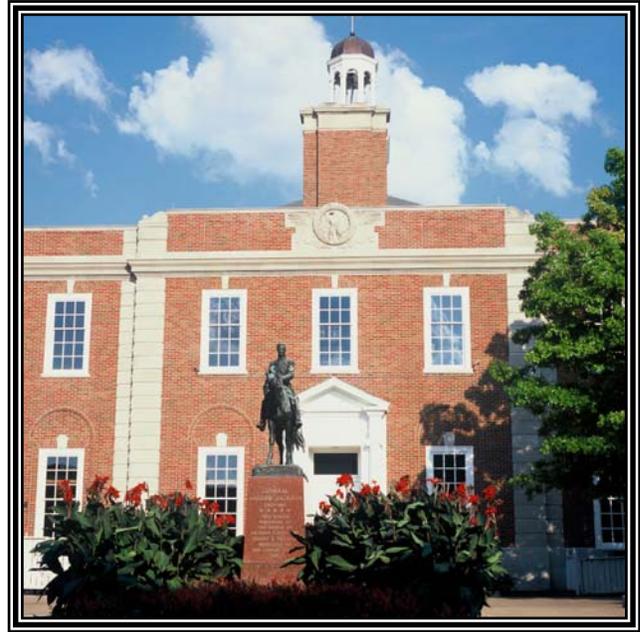
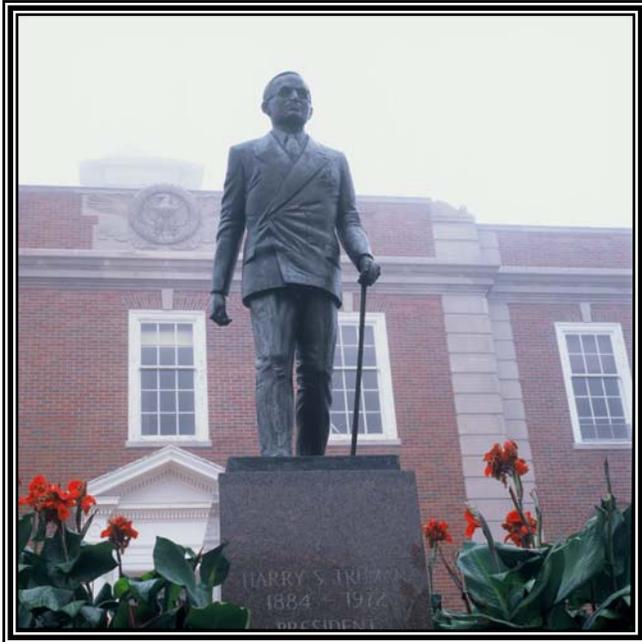
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City of Independence, Missouri Organizational Chart





Jackson County Courthouse on
The Independence Square

Upper lefthand corner Harry S Truman statue
East side of Courthouse

Lower lefthand corner Andrew Jackson statue
West side of Courthouse

Pictures courtesy of Herb Webb

City of Independence

111 EAST MAPLE • P.O. BOX 1019 • INDEPENDENCE, MISSOURI 64051-0519

www.ci.independence.mo.us • (816) 325-7000



November 1, 2007

Honorable Mayor, Members of the City Council, and Citizens of the City of Independence, Missouri

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 2007. This report is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter.

The responsibility for accuracy, completeness and fairness of the data presented, including all disclosures, rests with the City. We believe the report, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and the results of the City, on a Government-wide and Fund basis. It is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

This report was prepared by the City's Finance Department staff in accordance with general accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

The City of Independence's financial statements, as required by the Charter, have been audited by Cochran Head Vick & Co., P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Independence for fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Independence's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Independence was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the City of Independence's separately issued Single Audit Report.

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

Profile of the City

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 has a rich history as The Queen City of the Trails and former home of Harry S Truman, 33rd President of the United States. Independence is the fourth largest city in Missouri with an estimated population of 116,359. The City of Independence was presented the All American City award for 2001 by the National Civic League. *Working Woman* magazine named Independence one of the ten best districts for children and families because of the availability of school-based care with its 21st Century Community Learning Centers. Patricia Schultz included several tourism attractions in Independence in her recent travel book, *"1,000 Places to See in the United States and Canada Before You Die."*

Its central location in the "Heart of America" offers residents and businesses unique location advantages and means that traveling, shipping, receiving and communications are more economical because of shorter distances to most parts of the country. Situated along major highways (I-70, I-35, & I-29) and rail routes, access to Independence from all parts of the nation, as well as, Canada and Mexico is excellent. The City's 78 square miles accommodate its residents and numerous businesses with 32 square miles of mixed-use land in eastern Independence available for development.

The City of Independence is home to Lake City Army Ammunition Plant, the largest small-caliber ammunition manufacturing plant in the world. Lake City is the largest employer in Independence and has added more than 1,000 jobs in the last four years. Independence is home to the Harry S Truman Presidential Museum & Library, one of only twelve in the nation. There are six major industrial and business parks in Independence. A large portion of the manufacturing, warehousing and office space is located underground in three separate, sub-surface business parks. This area has over 750 acres of mixed-use business parks with over 32 million square feet of industrial space, underground warehousing, and a cold storage facility with 1.2 million square feet.

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 districts is conducted as a unit, while elections for mayor and two at-large seats are conducted two years later. The Council appoints a City Manager to serve as the chief administrative officer of the City.

The City of Independence provides a comprehensive range of municipal services normally associated with a municipality, including police and fire protection, public works services, public health services, parks and recreation facilities, general administrative services and a trials history museum. The City also provides electric, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities. .

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 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 Audit and Finance Committee, comprised of three members of the Council, acts in an advisory capacity to the 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.

The annual budget serves as the foundation for the City of Independence's financial planning and control. The appropriated budget is prepared by fund, function (e.g. public safety), and department (police). Department heads may make transfers of appropriations within their department. Transfers of appropriations between departments, however, require approval of the City Council. Budget-to-actual comparisons for the General and Special Revenue Funds, which are required for each individual governmental fund for which an appropriated annual budget has been adopted, are included in this report.

Purchase orders and contracts are encumbered prior to their release to vendors. Any item, which would result in expenditures in excess of a department's budget, is not released until alternative sources of payment are made available. Open encumbrances as of June 30, 2007, are reported as reservations of fund balances since the City intends to honor the purchase orders and contracts.

Factors Affecting Financial Condition

Local economy. The City is continuing to experience growth on the eastern side of town. A new I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21st Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of the fastest growing area in the Kansas City metropolitan area. This area is home of the new 440,000 square-foot Centerpoint Medical Center with an adjoining 200,000 square-foot medical office/outpatient center.

Long-term financial planning. The City of Independence prepares a five-year financial projection of our financial condition, which includes capital outlay projections as well as a six-year Capital Improvements Program (CIP). The CIP includes proposed budgets for constructing, maintaining, upgrading, and replacing the City's physical infrastructures. The fiscal year 2007-2008 budget includes projects totaling an estimated \$100 million on capital projects. In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated. Many of the streets improvements, parks improvements and storm water projects are funded by the voter approved street, parks, and storm water sales taxes.

The City's policy is to maintain an undesignated fund balance level in the General Fund equal to 5% of annual revenues. Unreserved, undesignated fund balance in the General Fund falls below the policy guidelines set by the Council for budgetary and planning purposes

Major initiatives. Federal funding for the extension of the Little Blue Parkway has been secured. This extension is in an area that covers 32 square miles with plans to add an additional 20,000 residents by 2020. Construction is underway for the addition of the Falls at Crackerneck, a project that covers approximately 200 acres and will include a 160,000 square-foot Bass Pro retail store, restaurant, hotel, and three adjoining commercial areas providing 350,000 square feet of retail shops and will create 300 new jobs. Plans also include 80 acres of a city-owned park with walking trails and 18-acre lake and 70-foot waterfall. The Bass Pro retail store is scheduled to open in January 2008.

Cash management policies and practices. 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 is to always assure the return on principal. To maximize investment earnings, the City consolidates cash balances of all funds except for certain restricted funds. Idle cash during the year was invested in U.S. agencies and certificates of deposit. The average yield on investments was 4.95 percent.

Risk management. During the fiscal year, the City renewed all major insurance policies (property, boiler and machinery, general liability, automobile liability, public official's liability and law enforcement liability.) Significant attention is being given to cost control in the area of health insurance.

Awards and Acknowledgements

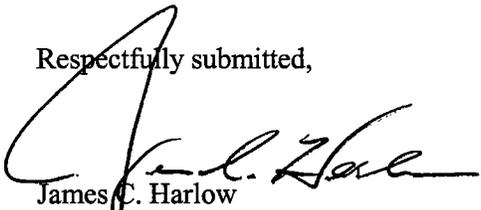
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate 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 CAFR 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, 2006. 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

The preparation of this report would not have been possible without the efficient and dedicated services of several members of the Finance Department. I wish to express my appreciation to all members of the department especially our Controller, Paulette Holst, who assisted and contributed to the preparation of this report. I would also like to thank the firm of Cochran Head Vick & Co., P. C. 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, 2006

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



President

Executive Director

Memorial Wall located by the Truman-Memorial Building On West Maple Street



Picture courtesy of Herbert Webb



Independent Auditors' Report

10034 NW Ambassador Dr.
Kansas City, MO 64153
(816) 584-9955
Fax (816) 584-9958

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Independence, Missouri, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Other Offices

3717 North Oak Trafficway
Kansas City, MO 64116
(816) 453-7014
(816) 453-7016 FAX

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

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

317 W. Young
Warrensburg, MO 64093
(660) 747-9125
(660)747-9490 FAX

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and schedules of funding progress, which appear as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 25, 2007

Cochran Head Vick & Co P

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

This section of the City of Independence's comprehensive annual financial report presents our review of the City's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

The City's total net assets increased over \$44.0 million. \$32.8 million or 74.6% was from the City's 'governmental-type activities' and the balance were from 'business-type activities'.

Sales tax revenue decreased by \$26,054. The lack of growth in revenue from sales tax can mostly be attributed to two factors. The first and probably the most significant is the slow economy that has generally been felt throughout the country. The second is the retail competition that is developing within the trade area of the City. Wal-Mart has recently opened super centers in Blue Springs to our east and Kansas City at our southwest border.

The State authorized legislation that is intended to settle the dispute between cell phone providers and local jurisdictions concerning franchise fees was implemented on July 1, 2006. It was subsequently over-turned by the Missouri Supreme Court in August. The City's Code allowed for this possibility and the business license fee reverted to the pre-July 1st rate of 9.08%. Currently cities are working with individual providers to reach settlements and avoid continued litigation.

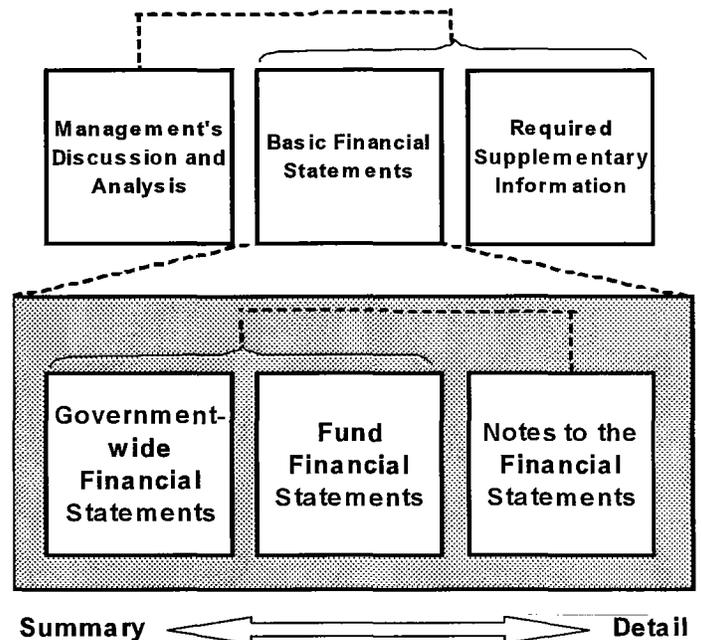
Site work continues on the tax increment financing project for a retail development of almost 700,000 square feet that includes a Bass Pro Shops Outdoor World store and theme hotel. This store is scheduled to open by late January 2008.

Centerpoint hospital and an associated medical office building opened during the year. This is the new \$250,000,000 state of the art medical center that consolidated the two medical facilities in the City.

The City has entered into a memorandum of understanding with Global Enterprises to develop and operate a multi-purpose events center in the southeast part of the City. The events center's primary tenant will be a Central Hockey League team. This project will require establishing a community improvement district and a sales tax in the district.

The City in cooperation with the Kansas City Area Transportation Authority opened a transit center at the corner of Noland and Truman Roads.

Figure MD-1
Required Components of City of Independence's Annual Financial Report



CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

Overview Of The Financial Statements

This annual report consists of four parts, management's discussion and analysis, the basic financial statements, required supplementary information, and a supplemental section that presents combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements:
 - The governmental funds statements tell how general government services, like public safety, were financed in the short-term, as well as, what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like a business, such as the electric, water and sanitary sewer systems.
 - Fiduciary fund statements provide information about financial relationships for which the City acts solely as a trustee or agent for the benefit of others, to whom the underlying resources belong, such as the Seniors Travel Fund, and Flexible Benefit Plan Fund.

The financial statements also include notes that provide additional explanatory information to the financial statements. The statements are followed by a section of required supplementary information, which explains and supports the information in the financial statements. Figure MD-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure MD-2
Major Features of the City of Independence's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses: electric, water, and sanitary sewer	Instances in which the City is the trustee or agent for someone else's resources
Required financial Statements	* Statement of net assets * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net assets * Statement of revenues, expenses, and changes in net assets * Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure MD-2 summarizes the components of the City's financial statements, including the portion of the City government, which each covers and the types of information each contain. The remainder of this section explains the structure and content of each of the statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. The term "Net assets" refers to the difference between the City's assets and liabilities and is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To further assess the overall health of the City additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads, should be considered.

The government-wide financial statements of the City can be divided into two categories:

- Governmental activities – Most of the City's basic services are included here, such as the police, fire, public works, and parks departments, as well as, general administration. Property taxes, sales taxes, and state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's electric, water, and sanitary sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by the City's Charter, State Statutes, and bond covenants.

The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

The City has three kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds – Business operations for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - We use internal service funds to report activities that provide supplies and services for the City's other programs and activities. The City has three internal service funds. These are the self-funded health insurance fund, central garage fund, and the pharmacy benefit fund.
- Fiduciary funds – Periodically, the City may be responsible for other assets that have been given to the City under the terms of a trust agreement initiated by an outside third party. Generally these funds are limited in use for the benefit of the designated trust beneficiary. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Currently, the City is the trustee, or fiduciary, for the following funds: Vaile Mansion/Anderson Trust Fund, Susie Paxton Block Trust Fund, Seniors Travel Fund, and the Flexible Benefit Plan Fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The following Table (MD-1) reflects the condensed Statement of Net Assets:

Table MD-1
City of Independence's Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 47,556,469	44,030,055	82,448,428	88,078,459	130,004,897	132,108,514
Capital assets	220,757,782	184,284,767	321,772,908	304,223,793	542,530,690	488,508,560
Total assets	<u>268,314,251</u>	<u>228,314,822</u>	<u>404,221,336</u>	<u>392,302,252</u>	<u>672,535,587</u>	<u>620,617,074</u>
Long-term obligations	38,753,026	32,805,845	63,215,539	65,519,111	101,968,565	98,324,956
Other liabilities	9,277,673	8,060,558	12,933,600	9,899,819	22,211,273	17,960,377
Total liabilities	<u>48,030,699</u>	<u>40,866,403</u>	<u>76,149,139</u>	<u>75,418,930</u>	<u>124,179,838</u>	<u>116,285,333</u>
Net assets						
Invested in capital assets, net of related debt	195,251,671	165,333,646	267,330,916	246,080,008	462,582,587	411,413,654
Restricted	28,164,683	25,262,407	731,101	731,652	28,895,784	25,994,059
Unrestricted	(3,132,802)	(3,147,634)	60,010,180	70,071,662	56,877,378	66,924,028
Total net assets	<u>\$ 220,283,552</u>	<u>187,448,419</u>	<u>328,072,197</u>	<u>316,883,322</u>	<u>548,355,749</u>	<u>504,331,741</u>

(Amounts for 2006 have been restated.)

The City's combined net assets increased 8.7% to \$548.4 million from \$504.3 million. Net assets of the City's governmental activities increased 17.5% to \$220.3 million. Governmental assets increased \$40 million and liabilities increased \$7.2 million. Governmental long-term obligations increased \$5.9 million. The increase in long term obligations in the governmental activities is due to debt issued for Parks and Streets projects.

Total unrestricted net assets were \$56.9 million with the business-type activities being \$60 million. The City's unrestricted net assets (deficit) for governmental activities were (\$3.1) million.

Unrestricted net assets for business activities were \$60 million and decreased \$10.1 million from the previous year. Net assets invested in capital assets, net of related debt were \$267.3 million and increased \$21.3 million from the previous year.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
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Changes In Net Assets

The following Table (MD-2) reflects the revenues and expenses from the City's activities:

Table MD-2
City of Independence's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$ 15,098,737	14,719,971	135,936,348	130,955,239	151,035,085	145,675,210
Operating grants and contributions	9,957,178	9,199,332	-	-	9,957,178	9,199,332
Capital grants and contributions	23,963,312	27,299,227	5,562,049	2,964,925	29,525,361	30,264,152
General revenues						
Property taxes	6,952,380	6,895,323	-	-	6,952,380	6,895,323
Sales taxes	37,728,799	37,754,853	-	-	37,728,799	37,754,853
Other taxes	8,244,536	7,667,782	-	-	8,244,536	7,667,782
Interest	1,785,111	1,385,126	2,532,853	2,449,623	4,317,964	3,834,749
Other	589,469	714,149	47,953	436,132	637,422	1,150,281
Total revenues	104,319,522	105,635,763	144,079,203	136,805,919	248,398,725	242,441,682
Expenses						
Administrative services	7,749,779	7,363,102	-	-	7,749,779	7,363,102
Public works	13,231,006	12,817,343	-	-	13,231,006	12,817,343
Public safety	38,253,819	36,796,996	-	-	38,253,819	36,796,996
Culture & recreation	6,965,260	5,161,139	-	-	6,965,260	5,161,139
Community development	4,096,835	3,809,726	-	-	4,096,835	3,809,726
Health & welfare	2,898,542	2,638,369	-	-	2,898,542	2,638,369
Electric	-	-	89,265,988	84,564,657	89,265,988	84,564,657
Water	-	-	17,723,114	17,097,507	17,723,114	17,097,507
Sanitary sewer	-	-	12,721,171	12,236,654	12,721,171	12,236,654
Storm water	2,193,290	1,641,992	-	-	2,193,290	1,641,992
General government	8,225,760	6,678,208	-	-	8,225,760	6,678,208
Interest	1,050,153	991,856	-	-	1,050,153	991,856
Total expenses	84,664,444	77,898,731	119,710,273	113,898,818	204,374,717	191,797,549
Excess (deficiency) of revenues or expenses before special item and transfers	19,655,078	27,737,032	24,368,930	22,907,101	44,024,008	50,644,133
Transfers - In (Out)	13,180,055	13,167,930	(13,180,055)	(13,167,930)	-	-
Increase in net assets	32,835,133	40,904,962	11,188,875	9,739,171	44,024,008	50,644,133
Net assets, beginning of year	187,448,419	146,543,457	316,883,322	307,144,151	504,331,741	453,687,608
Net assets, end of year	\$220,283,552	\$187,448,419	\$328,072,197	\$316,883,322	\$548,355,749	\$504,331,741

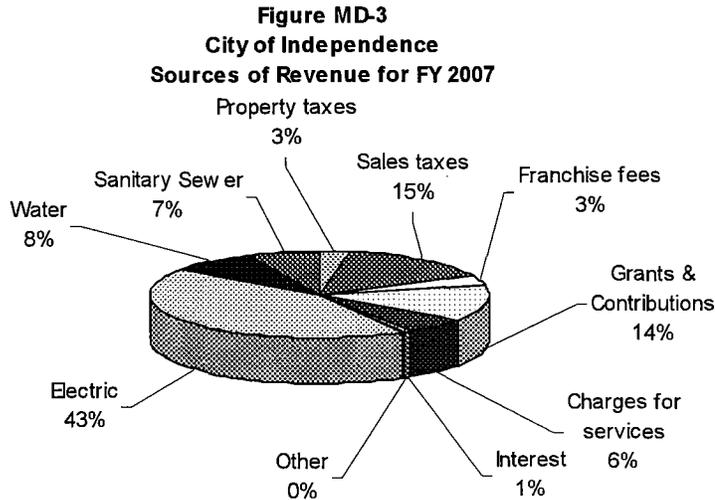
Total revenues increased 2.5% or \$6.0 million and Governmental revenues decreased 1.2% or \$1.3 million. This increase can be attributed mostly to the increase in charges for services. Of significance is the slow growth of taxes, particularly the decrease in sales tax. This is a reflection of the general economy and retail competition.

Total expenses increased 6.6% or \$12.6 million and Governmental expenses increased 8.7% or \$6.8 million. This increase can be attributed to costs associated with electric production and capital projects. The change in the business-type activities is attributable to normal operations; some of the changes are related to the effect of weather on electric and water sales.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

Revenues

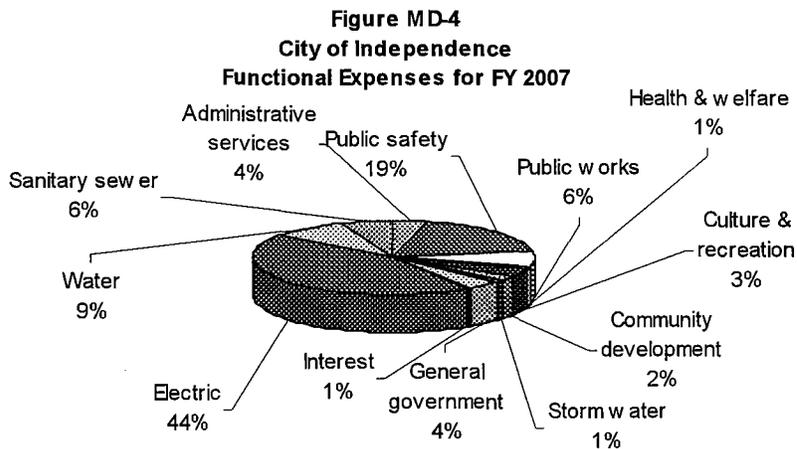
For the fiscal year ending June 30, 2007 revenues totaled \$248.4 million. Of this amount charges for services (governmental and business type) was \$151.0 million or 60.8% of the total. Revenue from business-type activities represents \$144.1 million or 58.0% of the total City revenues (Figure MD-3).



Revenues from governmental activities were \$104.3 million. Sales taxes, the largest governmental category, were \$37.7 million or 36.2%. All taxes represent \$52.9 million or 50.7% of governmental revenue. Operating and capital grants were \$33.9 million or 32.5% of governmental revenues. Charges for services at \$15.1 million were 14.5% of the total.

Expenses

For the fiscal year ending June 30, 2007 expenses totaled \$204.4 million. Of this amount the electric utility was \$89.3 million or 43.7% of the total. Business-type expenses represent \$119.7 million or 58.6% of the total City expenses (Figure MD-4).



CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

Expenses from governmental activities were \$84.7 million. Public safety expenses, the largest governmental category, were \$38.3 million or 45.2% of the total. Public Works is the next largest category at \$13.2 million, which is 15.6% of the total.

Governmental Activities

Table MD-3
Net Cost of City of Independence's Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Administrative services	\$ 7,749,779	7,363,102	2,009,351	1,780,742
Public works	13,231,006	12,817,343	1,196,009	(5,749,084)
Public safety	38,253,819	36,796,996	29,942,094	23,918,073
Culture & Recreation	6,965,260	5,161,139	5,296,377	3,862,454
Community development	4,096,835	3,809,726	(264,779)	121,030
Health & Welfare	2,898,542	2,638,369	1,615,782	1,638,417
Storm water	2,193,290	1,641,992	35,897	1,420,121
General government and interest on long-term debt	9,275,913	7,670,064	(682,553)	569,698
Total	<u>\$ 84,664,444</u>	<u>77,898,731</u>	<u>39,148,178</u>	<u>27,561,451</u>

As noted in Table MD-3 expenses from governmental activities for fiscal year 2007 were \$84.7 million. However, the net costs of these services were \$39.1 million. The difference represents direct revenues received from charges for services of \$15.1 million, operating grants and contributions of \$10.0 million, and capital grants and contributions of \$20.5 million. Taxes and other revenues of \$58.8 million were collected to cover these net costs.

Business-type Activities

Revenues of the City's business-type activities increased \$7.3 million or 5.3% and expenses increased \$5.8 million or 5.1%. This change is primarily the result of increased customer consumption caused by growth and weather conditions. Fluctuations in weather for both the electric and water utilities impact both the revenues and expenses of these utilities.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$33.5 million. The fund balance of the General Fund decreased \$1,050,347 during fiscal year 2007. The unreserved, undesignated portion of the General Fund's fund balance decreased \$1,269,738. Fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

While position vacancies continued to be managed with the intent of controlling termination and recruitment costs, overtime cost exceeded budgeted amounts for police and snow removal.

Sales tax revenue continued to reflect the direction with the economy and be affected by retail development in other communities within our primary trade area.

Mild weather during both the summer and winter periods' impacted natural gas, electric, and water franchise taxes and payments in-lieu of taxes.

The fund balance of the Street Improvements Fund was a deficit of \$301,883. The increase in the deficit is due to increased capital project expenditures. The Fund has a receivable from other governments in the amount of \$2.8 million. Operating capital, for projects that have matching agreements from other governmental units, is primarily provided by other City funds.

General Fund Budgetary Highlights

Resources available for appropriation increased \$133 thousand from the original estimate. Actual revenues at the end of the year were less than projected by \$1.3 million. The largest negative variance was in the area of Taxes, accounting for \$1.5 million of the revenue decrease. The largest positive variance was in the area of Charges for Services, accounting for \$383.7 thousand of the revenue increase.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$2.0million in the General Fund. These budget amendments generally fall into the following categories:

- Re-appropriation of \$1.3 million that is designated by Council action.
- Approval of new grants or the extension of current grants that was not previously included in the approved budget. These adjustments generally also include offsetting revenues.
- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.
- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

Actual expenditures, including encumbrances, were \$1.9 million less than the amount appropriated, representing operating savings of 2.9%. This was largely the result of an intentional under-spending of the budget by means of delaying capital expenditures and the filling of vacant positions to offset projected declining revenues and fund balance reserves.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, the City had invested \$542.5 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets increased \$54.0 million or 11.1% during the period.

Table MD-4
City of Independence's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2006	2007	2006	2007	2006	2006-2007
Land & land imp	\$ 19,150,530	18,893,941	5,443,122	5,443,122	24,593,652	24,337,063	1.1%
Buildings & Improvements	43,834,902	28,409,276	-	-	43,834,902	28,409,276	54.3%
Office furniture & equipment	55,172	21,735	-	-	55,172	21,735	153.8%
Computer equipment	778,185	413,194	-	-	778,185	413,194	88.3%
Mobile equipment	7,989,271	7,085,351	-	-	7,989,271	7,085,351	12.8%
Other equipment	2,008,444	1,312,394	26,014	26,014	2,034,458	1,338,408	52.0%
Infrastructure	88,382,589	74,894,400	286,666,231	274,750,652	375,048,820	349,645,052	7.3%
Construction in progress	58,558,689	53,254,476	29,637,541	24,004,005	88,196,230	77,258,481	14.2%
Total	\$ 220,757,782	184,284,767	321,772,908	304,223,793	542,530,690	488,508,560	11.1%

The budget for fiscal year 2008 projects the City will spend an additional \$25 million for capital projects.

Additional information regarding capital assets can be found in the 'Notes to Financial Statements', section (6), of this report.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2007

Debt Administration

Table MD-5
City of Independence's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2006-2007</u>
Loans Payable	\$ 23,870,529	18,590,023	55,548,038	59,361,323	79,418,567	77,951,346	1.88%
Capital lease obligations	712,483	737,370	-	-	712,483	737,370	-3.38%
Neighborhood Improvemt District	923,099	982,044	-	-	923,099	982,044	-6.00%
Total	<u>\$ 25,506,111</u>	<u>20,309,437</u>	<u>55,548,038</u>	<u>59,361,323</u>	<u>81,054,149</u>	<u>79,670,760</u>	1.74%

The City at the end of fiscal year 2007 had a total of \$81.0 million of outstanding obligations. This was an increase of \$1.4 million or 1.7% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$55.5 million or 68.5% are obligations of the business-type activities.

Additional information regarding debt can be found in the 'Notes to Financial Statements', section (7), of this report.

Economic Factors

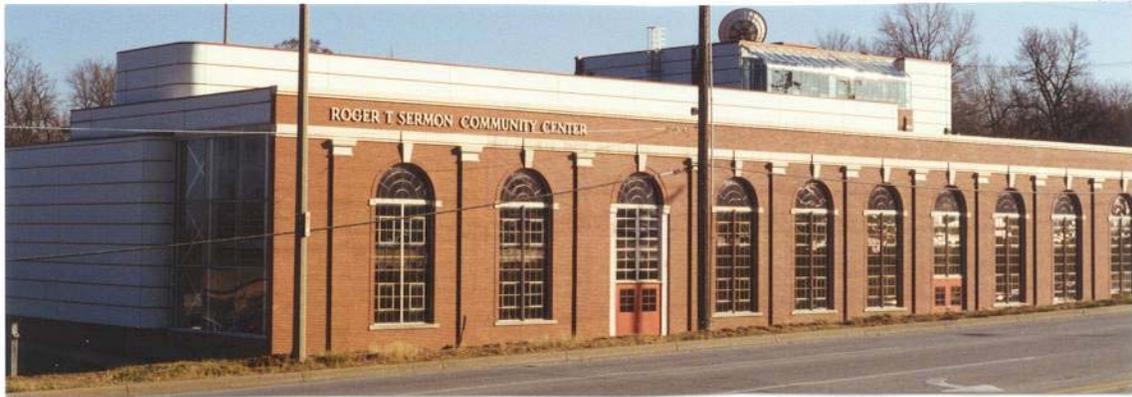
In the last five years the City, as a community, lost 515 jobs, with current total employment at 56,855 jobs. Unemployment by mid-2007 was 5.0%, and while this is lower than Jackson County at 5.4% and it is greater than the State at 4.9%. As with most of the rest of the country the City's unemployment rate has remained steady during the last two years. Median income for 2007 is estimated to be \$43,747, compared to \$45,077 for the State as a whole.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customer, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to James C. Harlow, Director of Finance & Administration, City of Independence, P.O. Box 1019, Independence, MO 64051.



Police Building, 223 N. Memorial Dr.



Roger T. Sermon Community Center, 201 N. Dodgion



City Hall, 111 E. Maple St.

CITY OF INDEPENDENCE, MISSOURI

Statement of Net Assets

June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tax Increment Financing
Assets:				
Current assets:				
Pooled cash and investments	\$ 30,445,356	39,899,427	70,344,783	3,935,087
Receivables:				
Taxes	5,708,718	—	5,708,718	171,368
Accounts	234,825	10,370,581	10,605,406	30
Unbilled revenue	—	10,497,417	10,497,417	—
Special assessment principal and accrued interest	2,118,066	68,196	2,186,262	—
Accrued interest	235,912	720,584	956,496	—
Other	—	124,108	124,108	—
Internal balances	(1,223,267)	1,223,267	—	—
Due from component unit	1,321,488	—	1,321,488	—
Due from other governments	4,598,244	328,295	4,926,539	319,443
Inventory	90,526	13,432,480	13,523,006	—
Prepaid items	—	4,702	4,702	—
Restricted cash and investments	311,673	1,619,201	1,930,874	—
Total current assets	<u>43,841,541</u>	<u>78,288,258</u>	<u>122,129,799</u>	<u>4,425,928</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	77,520,712	35,080,663	112,601,375	—
Depreciable, net	143,237,070	286,692,245	429,929,315	—
Deferred debt issue costs	276,861	1,106,046	1,382,907	1,293,825
Other deferred charges	—	2,323,023	2,323,023	—
Restricted cash and investments	3,438,067	731,101	4,169,168	71,892,933
Total noncurrent assets	<u>224,472,710</u>	<u>325,933,078</u>	<u>550,405,788</u>	<u>73,186,758</u>
Total assets	<u>\$ 268,314,251</u>	<u>404,221,336</u>	<u>672,535,587</u>	<u>77,612,686</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts and contracts payable	\$ 4,922,267	9,902,974	14,825,241	—
Accrued items	2,070,055	626,608	2,696,663	1,955,357
Other current liabilities	616,620	129,821	746,441	—
Due to primary government	—	—	—	1,321,488
Unearned revenue	237,048	—	237,048	—
Current portion of long-term obligations	8,403,640	6,600,822	15,004,462	3,358,375
Medical self-insurance claims	1,215,829	—	1,215,829	—
Liabilities payable from restricted assets	215,854	1,794,336	2,010,190	—
Total current liabilities	<u>17,681,313</u>	<u>19,054,561</u>	<u>36,735,874</u>	<u>6,635,220</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	30,349,386	56,614,717	86,964,103	163,545,712
Advances for construction	—	479,861	479,861	—
Total noncurrent liabilities	<u>30,349,386</u>	<u>57,094,578</u>	<u>87,443,964</u>	<u>163,545,712</u>
Total liabilities	<u>48,030,699</u>	<u>76,149,139</u>	<u>124,179,838</u>	<u>170,180,932</u>
Net assets:				
Invested in capital assets, net of related debt	195,251,671	267,330,916	462,582,587	—
Restricted for:				
Capital projects	144,191	—	144,191	—
Special revenue	26,622,675	—	26,622,675	—
Debt service	1,388,147	731,101	2,119,248	—
Permanently restricted	9,670	—	9,670	—
Unrestricted (deficit)	(3,132,802)	60,010,180	56,877,378	(92,568,246)
Total net assets (deficit)	<u>220,283,552</u>	<u>328,072,197</u>	<u>548,355,749</u>	<u>(92,568,246)</u>
Total liabilities and net assets (deficit)	<u>\$ 268,314,251</u>	<u>404,221,336</u>	<u>672,535,587</u>	<u>77,612,686</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Activities

Year ended June 30, 2007

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
Administrative services	\$ 7,749,779	5,696,158	44,270	—	(2,009,351)
Public safety	38,253,819	4,202,328	1,593,055	2,516,342	(29,942,094)
Public works	13,231,006	1,338,479	4,924,933	9,274,546	2,306,952
Health and welfare	2,898,542	723,574	559,186	—	(1,615,782)
Culture and recreation	6,965,260	845,560	333,323	490,000	(5,296,377)
Community development	4,096,835	2,292,638	2,068,976	—	264,779
Storm water	2,193,290	—	433,435	1,723,958	(35,897)
General government	8,225,760	—	—	9,958,466	1,732,706
Interest on long-term debt	1,050,153	—	—	—	(1,050,153)
Total governmental activities	<u>84,664,444</u>	<u>15,098,737</u>	<u>9,957,178</u>	<u>23,963,312</u>	<u>(35,645,217)</u>
Business-type activities:					
Power and light	89,265,988	103,133,249	—	2,628,123	16,495,384
Water	17,723,114	17,744,404	—	1,701,567	1,722,857
Sewer	12,721,171	15,058,695	—	1,232,359	3,569,883
Total business-type activities	<u>119,710,273</u>	<u>135,936,348</u>	<u>—</u>	<u>5,562,049</u>	<u>21,788,124</u>
Total primary government	<u>\$ 204,374,717</u>	<u>151,035,085</u>	<u>9,957,178</u>	<u>29,525,361</u>	<u>(13,857,093)</u>
Component unit:					
Tax increment financing	\$ <u>35,880,839</u>	<u>—</u>	<u>—</u>	<u>645,599</u>	<u>(35,235,240)</u>
		Governmental Activities	Business-Type Activities	Total	Component Unit
Changes in net assets:					
Net (expense) revenue	\$	(35,645,217)	21,788,124	(13,857,093)	(35,235,240)
General revenues:					
Property taxes		6,952,380	—	6,952,380	—
Sales and use taxes		37,728,799	—	37,728,799	7,829,337
Franchise taxes		8,209,734	—	8,209,734	—
Financial institutions tax		34,802	—	34,802	—
Investment earnings		1,785,111	2,532,853	4,317,964	3,631,948
Miscellaneous		589,469	47,953	637,422	115,816
Transfers in (out)		13,180,055	(13,180,055)	—	—
Total general revenue and transfers		<u>68,480,350</u>	<u>(10,599,249)</u>	<u>57,881,101</u>	<u>11,577,101</u>
Change in net assets		32,835,133	11,188,875	44,024,008	(23,658,139)
Net assets (deficit), beginning (as restated)		<u>187,448,419</u>	<u>316,883,322</u>	<u>504,331,741</u>	<u>(68,910,107)</u>
Net assets (deficit), ending	\$	<u>220,283,552</u>	<u>328,072,197</u>	<u>548,355,749</u>	<u>(92,568,246)</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Balance Sheet
Governmental Funds
June 30, 2007

Assets	General	Street Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 1,778,274	—	23,524,348	25,302,622
Receivables:				
Taxes	2,831,246	—	2,877,472	5,708,718
Accounts	139,747	10,496	16,847	167,090
Special assessment principal and accrued interest	386,510	433,532	1,298,024	2,118,066
Accrued interest	21,396	—	208,510	229,906
Due from other funds	3,731,049	—	1,438,535	5,169,584
Due from component unit	—	1,304,988	16,500	1,321,488
Due from other governments	838,166	2,826,158	933,920	4,598,244
Restricted assets	439,988	—	3,309,752	3,749,740
Total assets	\$ 10,166,376	4,575,174	33,623,908	48,365,458
Liabilities and Fund Balances				
Liabilities:				
Accounts and contracts payable	\$ 613,850	951,089	3,274,319	4,839,258
Due to other funds	—	3,422,379	1,692,179	5,114,558
Accrued items	1,625,224	—	83,103	1,708,327
Other current liabilities	590,240	—	26,380	616,620
Deferred revenue	386,510	503,589	1,465,015	2,355,114
Liabilities payable from restricted assets:				
Deposits and court bonds	215,854	—	—	215,854
Total liabilities	3,431,678	4,877,057	6,540,996	14,849,731
Fund balances:				
Reserved for:				
Encumbrances	942,874	1,526,657	9,316,039	11,785,570
Domestic violence	13,617	—	—	13,617
Other purposes	1,244,202	—	85,739	1,329,941
Unreserved, reported in:				
General fund	4,534,005	—	—	4,534,005
Special revenue funds	—	—	17,620,241	17,620,241
Debt service fund	—	—	82,229	82,229
Capital projects funds	—	(1,828,540)	(31,006)	(1,859,546)
Permanent funds	—	—	9,670	9,670
Total fund balance (deficit)	6,734,698	(301,883)	27,082,912	33,515,727
Total liabilities and fund balance	\$ 10,166,376	4,575,174	33,623,908	48,365,458

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

June 30, 2007

Fund balances – total governmental funds	\$ 33,515,727
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	350,245,258
Less accumulated depreciation	<u>(129,583,655)</u>
	220,661,603
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid	(354,230)
Adjustment of deferred revenue	2,118,066
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets	2,745,696
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	
Loans payable/NID payable	(24,789,000)
Capital lease obligations	(712,484)
Compensated absences	(13,174,061)
Discounts (premiums)	<u>(4,626)</u>
	(38,680,171)
Deferred debt costs	<u>276,861</u>
Net assets of governmental activities (exhibit 1)	<u>\$ 220,283,552</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2007

	General	Street Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 32,261,435	—	20,629,478	52,890,913
Licenses and permits	4,300,683	—	1,171,509	5,472,192
Intergovernmental	5,654,002	5,074,123	5,806,308	16,534,433
Charges for services	1,858,887	22,316	706,580	2,587,783
Interfund charges for support services	3,105,514	—	—	3,105,514
Fines, forfeitures, and court costs	3,900,967	—	—	3,900,967
Investment income	344,679	—	1,243,679	1,588,358
Reimbursements from component unit	—	3,502,961	—	3,502,961
Other	412,410	165,264	221,906	799,580
Total revenues	<u>51,838,577</u>	<u>8,764,664</u>	<u>29,779,460</u>	<u>90,382,701</u>
Expenditures:				
Current:				
Administrative services	7,548,694	—	44,269	7,592,963
Public safety	35,247,021	—	4,446,626	39,693,647
Public works	7,173,004	—	—	7,173,004
Health and welfare	2,342,813	—	493,136	2,835,949
Culture and recreation	2,031,166	—	3,067,660	5,098,826
Community development	2,656,755	—	1,525,599	4,182,354
Storm water	306,150	—	1,232,707	1,538,857
General government	7,294,544	—	287,680	7,582,224
Capital outlay	981,730	10,248,912	20,505,996	31,736,638
Debt service:				
Principal	347,394	—	2,909,000	3,256,394
Interest and fiscal agent fees	68,792	—	932,514	1,001,306
Total expenditures	<u>65,998,063</u>	<u>10,248,912</u>	<u>35,445,187</u>	<u>111,692,162</u>
Deficiency of revenues over expenditures	<u>(14,159,486)</u>	<u>(1,484,248)</u>	<u>(5,665,727)</u>	<u>(21,309,461)</u>
Other financing sources (uses):				
Proceeds from capital leases/bond issuance	144,129	—	8,255,000	8,399,129
Reoffering premium/original issue discount	—	—	78,680	78,680
Transfers in – utility payments in lieu of taxes	13,039,463	—	—	13,039,463
Transfers in	—	1,371,761	730,538	2,102,299
Transfers out	(125,287)	—	(1,836,420)	(1,961,707)
Sale of property, plant, and equipment	50,834	—	—	50,834
Total other financing sources	<u>13,109,139</u>	<u>1,371,761</u>	<u>7,227,798</u>	<u>21,708,698</u>
Net change in fund balances	<u>(1,050,347)</u>	<u>(112,487)</u>	<u>1,562,071</u>	<u>399,237</u>
Fund balances (deficit), beginning, as restated	7,785,045	(189,396)	25,520,841	33,116,490
Fund balances (deficit), ending	<u>\$ 6,734,698</u>	<u>(301,883)</u>	<u>27,082,912</u>	<u>33,515,727</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities

Year ended June 30, 2007

Net change in fund balances – total governmental funds	\$ 399,237
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	33,196,639
Depreciation expense	(9,574,024)
Donated assets	13,569,692
	<u>37,192,307</u>
 The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the assets and depreciation is removed from the capital assets account in the statement of net assets and offset against the proceeds, resulting in a gain on the sale of capital assets in the statement of activities. More revenue is reported in the governmental funds than gain in the statement of activities.	
Book value of assets disposed	(718,743)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	54,681
 Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Proceeds from debt issuance	(8,399,129)
Reoffering premium/original issue discount	(78,680)
Principal payments	3,256,394
Debt issuance costs amortization	14,103
Debt premiums and discounts amortizations	67,342
	<u>(5,139,970)</u>
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Compensated absences	(738,564)
Accrued interest	(48,847)
	<u>(787,411)</u>
 Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net expense of the internal service funds is reported with the governmental activities	1,835,032
 Change in net assets of governmental activities (Exhibit 2)	\$ <u><u>32,835,133</u></u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Balance Sheet

Proprietary Funds

June 30, 2007

Assets	Enterprise funds				Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Total	
Current assets:					
Pooled cash and investments	\$ 24,044,022	6,584,459	9,270,946	39,899,427	5,142,734
Receivables:					
Accounts (net of allowance of \$877,889)	6,894,164	1,668,927	1,807,490	10,370,581	67,735
Unbilled revenue	8,637,707	863,681	996,029	10,497,417	—
Special assessment principal and accrued interest	4,676	—	63,520	68,196	—
Accrued interest	485,390	139,434	95,760	720,584	6,006
Other	—	124,108	—	124,108	—
Due from other funds	9,983	6,008	3,983	19,974	—
Due from other governments	328,295	—	—	328,295	—
Inventory	12,774,205	594,830	63,445	13,432,480	90,526
Prepaid items	4,702	—	—	4,702	—
Restricted cash and investments	1,101,623	297,556	220,022	1,619,201	—
Total current assets	<u>54,284,767</u>	<u>10,279,003</u>	<u>12,521,195</u>	<u>77,084,965</u>	<u>5,307,001</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable	27,278,539	4,279,880	3,522,244	35,080,663	93,979
Depreciable, net	127,574,115	97,316,697	61,801,433	286,692,245	2,200
Deferred debt issue costs	281,864	824,182	—	1,106,046	—
Other deferred charges	77,750	2,245,273	—	2,323,023	—
Restricted cash and investments	231,101	500,000	—	731,101	—
Total noncurrent assets	<u>155,443,369</u>	<u>105,166,032</u>	<u>65,323,677</u>	<u>325,933,078</u>	<u>96,179</u>
Total assets	<u>\$ 209,728,136</u>	<u>115,445,035</u>	<u>77,844,872</u>	<u>403,018,043</u>	<u>5,403,180</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts and contracts payable	\$ 8,671,711	914,564	316,699	9,902,974	83,009
Due to other funds	—	—	—	—	75,000
Accrued items	335,714	79,541	211,353	626,608	7,498
Other current liabilities	100,000	—	29,821	129,821	—
Current portion of long-term obligations	3,201,345	3,133,010	266,467	6,600,822	29,535
Medical self-insurance claims	—	—	—	—	1,215,829
Liabilities payable from restricted assets	1,025,161	577,920	191,255	1,794,336	—
Total current liabilities	<u>13,333,931</u>	<u>4,705,035</u>	<u>1,015,595</u>	<u>19,054,561</u>	<u>1,410,871</u>
Noncurrent liabilities:					
Revenue bonds payable	12,933,038	38,350,000	—	51,283,038	—
Compensated absences – long-term	3,010,740	896,288	588,947	4,495,975	43,320
Other long-term obligations	—	835,704	—	835,704	—
Advances for construction	354,449	125,412	—	479,861	—
Total noncurrent liabilities	<u>16,298,227</u>	<u>40,207,404</u>	<u>588,947</u>	<u>57,094,578</u>	<u>43,320</u>
Total liabilities	<u>29,632,158</u>	<u>44,912,439</u>	<u>1,604,542</u>	<u>76,149,139</u>	<u>1,454,191</u>
Net assets:					
Invested in capital assets, net of related debt	140,136,480	61,870,759	65,323,677	267,330,916	96,179
Restricted for:					
Debt service	231,101	500,000	—	731,101	—
Unrestricted	39,728,397	8,161,837	10,916,653	58,806,887	3,852,810
Total net assets	<u>180,095,978</u>	<u>70,532,596</u>	<u>76,240,330</u>	<u>326,868,904</u>	<u>3,948,989</u>
Total liabilities and net assets	<u>\$ 209,728,136</u>	<u>115,445,035</u>	<u>77,844,872</u>	<u>403,018,043</u>	<u>5,403,180</u>
Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds				1,203,293	
Net assets of business-type activities				<u>\$ 328,072,197</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2007

	<u>Enterprise funds</u>			<u>Total</u>	<u>Internal Service Funds</u>
	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>		
Operating revenues:					
Charges for services	\$ 101,840,755	17,392,058	14,918,036	134,150,849	14,761,552
Miscellaneous	1,292,494	352,346	140,659	1,785,499	—
Total operating revenues	<u>103,133,249</u>	<u>17,744,404</u>	<u>15,058,695</u>	<u>135,936,348</u>	<u>14,761,552</u>
Operating expenses:					
Personal services	14,429,332	6,204,951	4,326,029	24,960,312	633,877
Other services	11,940,792	3,251,272	5,924,517	21,116,581	11,371,019
Supplies	48,500,700	1,354,438	543,723	50,398,861	902,035
Capital Outlay	2,685	30,333	—	33,018	—
Other expenses	5,549,796	2,507,386	90,298	8,147,480	—
Depreciation and amortization	9,429,199	2,388,295	2,321,143	14,138,637	550
Total operating expenses	<u>89,852,504</u>	<u>15,736,675</u>	<u>13,205,710</u>	<u>118,794,889</u>	<u>12,907,481</u>
Operating income	<u>13,280,745</u>	<u>2,007,729</u>	<u>1,852,985</u>	<u>17,141,459</u>	<u>1,854,071</u>
Nonoperating revenues (expenses):					
Interest revenue	1,683,827	404,633	444,393	2,532,853	196,753
Miscellaneous revenue	496,722	1,632,683	16,190	2,145,595	698,060
Interest expense	(1,040,238)	(2,014,033)	—	(3,054,271)	—
Inter-Local agreement	—	(872,607)	—	(872,607)	—
Total nonoperating revenue (expenses)	<u>1,140,311</u>	<u>(849,324)</u>	<u>460,583</u>	<u>751,570</u>	<u>894,813</u>
Income before contributions and transfers	<u>14,421,056</u>	<u>1,158,405</u>	<u>2,313,568</u>	<u>17,893,029</u>	<u>2,748,884</u>
Capital contributions	2,628,123	1,701,567	1,232,359	5,562,049	—
Transfers out – utility payments in lieu of taxes	(9,950,729)	(1,651,501)	(1,437,233)	(13,039,463)	—
Transfers in	—	—	105,357	105,357	—
Transfers out	(81,983)	(81,983)	(81,983)	(245,949)	—
Change in net assets	<u>7,016,467</u>	<u>1,126,488</u>	<u>2,132,068</u>	<u>10,275,023</u>	<u>2,748,884</u>
Total net assets:					
Beginning of the year	<u>173,079,511</u>	<u>69,406,108</u>	<u>74,108,262</u>	<u>1,200,105</u>	<u>1,200,105</u>
End of the year	<u>\$ 180,095,978</u>	<u>70,532,596</u>	<u>76,240,330</u>	<u>3,948,989</u>	<u>3,948,989</u>
Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds				<u>913,852</u>	
Change in net assets of business-type activities.				<u>\$ 11,188,875</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2007

	Enterprise funds			Internal Service Funds	
	Power and Light	Water	Sanitary Sewer		Total
Cash flows from operations:					
Receipts from customers and others	\$ 101,820,356	20,192,435	15,312,802	137,325,593	15,448,509
Payments to suppliers	(66,906,940)	(7,945,561)	(6,575,525)	(81,428,026)	(12,403,388)
Payments to employees	(14,407,210)	(6,169,598)	(4,240,928)	(24,817,736)	(621,566)
Net cash provided by operating activities	20,506,206	6,077,276	4,496,349	31,079,831	2,423,555
Cash flows from noncapital financing activities:					
Transfers in/(out)	(81,983)	(81,983)	23,374	(140,592)	—
Transfers out – payments in lieu of taxes	(9,950,729)	(1,651,501)	(1,437,233)	(13,039,463)	—
Advances to other funds	—	4,643,987	—	4,643,987	—
Net cash provided by (used in) noncapital financing activities	(10,032,712)	2,910,503	(1,413,859)	(8,536,068)	—
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(18,350,777)	(3,458,450)	(3,340,442)	(25,149,669)	—
Interest paid on revenue bonds and equipment contracts	(785,533)	(1,937,091)	—	(2,722,624)	—
Debt expense paid on revenue bonds	—	(12,900)	—	(12,900)	—
Disposal costs from disposition of equipment	(836,642)	(935,333)	—	(1,771,975)	—
Redemption of revenue bonds	(1,995,000)	(2,040,000)	—	(4,035,000)	—
Interest received on special assessment	—	—	126	126	—
Net cash used in capital and related financing activities	(21,967,952)	(8,383,774)	(3,340,316)	(33,692,042)	—
Cash flows from investing activities:					
Purchases of investments	(34,397,830)	(7,899,135)	133,377	(42,163,588)	(1,726,799)
Proceeds from sales and maturities of investments	35,899,258	8,019,676	—	43,918,934	1,721,260
Interest on investments	1,834,164	439,746	546,920	2,820,830	198,480
Adjustment to market value	—	—	(3,520)	(3,520)	—
Net cash provided by (used in) investing activities	3,335,592	560,287	676,777	4,572,656	192,941
Net increase (decrease) in cash and cash equivalents	(8,158,866)	1,164,292	418,951	(6,575,623)	2,616,496
Cash and cash equivalents at beginning of year	1,104,065	287,687	866,519	2,258,271	2,280,611
Cash and cash equivalents at end of year	(7,054,801)	1,451,979	1,285,470	(4,317,352)	4,897,107
Investments with original maturities greater than 90 days	32,431,546	5,930,036	8,205,498	46,567,080	245,627
Pooled cash and investments	\$ 25,376,745	7,382,015	9,490,968	42,249,728	5,142,734
Noncash capital and related financing activities:					
Contributed capital	\$ 1,348,775	1,701,567	1,232,359	4,282,701	—
Components of cash and short-term investments at end of fiscal year:					
Unrestricted assets	\$ 24,044,022	6,584,459	9,270,946	39,899,427	5,142,734
Restricted assets	1,332,724	797,556	220,022	2,350,302	—
Total pooled cash and investments	\$ 25,376,746	7,382,015	9,490,968	42,249,729	5,142,734
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 13,280,745	2,007,729	1,852,985	17,141,459	1,854,071
Adjustments not affecting cash:					
Depreciation and amortization	9,429,199	2,388,295	2,321,143	14,138,637	550
Nonoperating revenues	496,722	1,632,683	16,190	2,145,595	698,060
Nonoperating expenses	—	(872,607)	—	(872,607)	—
Change in assets and liabilities:					
Accounts receivable	(240,312)	150,717	(226,157)	(315,752)	(11,107)
Inventory	(4,840,251)	21,826	(4,995)	(4,823,420)	(65,960)
Prepaid items	78,025	—	—	78,025	—
Unbilled revenue	(1,571,827)	150,474	(33,761)	(1,455,114)	—
Due from FEMA/SEMA	(89,793)	—	—	(89,793)	—
Special assessments receivable	—	—	4,119	4,119	—
Other deferred charges	21,750	—	—	21,750	—
Accounts and contracts payable	3,801,122	(467,883)	(15,919)	3,317,320	33,871
Internal balances	92,317	—	493,716	586,033	75,000
Accrued liabilities	20,244	(128,924)	9,370	(99,310)	401
Other current liabilities	—	(236,712)	(17,562)	(254,274)	(173,273)
Customer deposits	26,387	11,330	9,735	47,452	—
Compensated absences	1,878	33,583	87,485	122,946	11,942
Inter-Local agreement	—	1,386,765	—	1,386,765	—
Total adjustments	7,225,461	4,069,547	2,643,364	13,938,372	569,484
Net cash provided by operating activities	\$ 20,506,206	6,077,276	4,496,349	31,079,831	2,423,555

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Pooled cash and investments	\$ 61,282	84,774
Accrued interest receivable	—	493
Total assets	<u>61,282</u>	<u>85,267</u>
Liabilities:		
Accounts and contracts payable	47	1,594
Funds held in escrow	—	49,697
Flexible benefit payable	—	33,976
Total liabilities	<u>47</u>	<u>\$ 85,267</u>
Net assets:		
Held in trust	<u>\$ 61,235</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 Year ended June 30, 2007

	<u>Private- Purpose Trust Funds</u>
Additions:	
Charges for services	\$ 19,150
Interest	2,582
Other	970
Total additions	<u>22,702</u>
Deductions:	
Capital outlay	<u>23,667</u>
Total deductions	<u>23,667</u>
Change in net assets	(965)
Net assets, beginning	<u>62,200</u>
Net assets, ending	<u>\$ 61,235</u>

See accompanying notes to financial statements.



*The Oasis
Water Park*



CITY OF INDEPENDENCE, MISSOURI

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June 30, 2007

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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 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 accounting principles generally accepted in the United States of America (GAAP) 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. Component units are separate legal entities for which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City 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 City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its component unit, the Tax Increment Financing (TIF) Commission of the City of Independence, Missouri (the Commission). The Commission is considered to be a discretely presented component unit and is presented in a separate column on the government-wide financial statements to emphasize that it is a separate entity from the City.

The Commission is governed by an 11-member board, of which six members are appointed by the City Council. The remaining five members (two from the county, two from the local school district and one from other taxing jurisdictions) are appointed by the respective taxing districts' boards. Financial transactions of the Commission are processed by the Finance Department of the City on the Commission's behalf. No separate financial statements are issued by the Commission.

(b) *Basis of Presentation*

Government-wide Statements. The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations of internal charges and interfund balances have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

CITY OF INDEPENDENCE, MISSOURI

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The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or functions and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

Street Improvements Fund – This fund is used to account for major street improvement construction projects.

The City reports the following major enterprise funds:

Power and Light Fund – This fund accounts for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.

Water Fund – This fund accounts for the acquisition, operation, and maintenance of the City's water utility facilities and services.

Sanitary Sewer Fund – This fund accounts for the acquisition, operation, and maintenance of the City's sanitary sewer utility facilities and services.

The City reports the following fund types of nonmajor funds:

Special Revenue Funds – These funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds – These funds account for the expenditures and relating financing sources of major City projects.

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June 30, 2007

Debt Service Funds – These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Permanent Funds – These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Internal Service Funds – These funds account for the costs of fleet maintenance, the Staywell healthcare program, Pharmacy Benefit plan, and other benefits provided to other departments on a cost-reimbursement basis.

Trust Funds – These funds account for monies held in trust by the City for preservation and maintenance of the Vaile Mansion.

Agency Funds – These funds account for monies held on behalf of the Flexible Benefits Plan for contributions made by employees to the City's cafeteria plan, monies held for the Susie Paxton Block Distinguished Public Service Award, and monies held for the Seniors Travel Program.

(c) ***Basis of Accounting***

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues related to exchange transactions are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental activities, business-type activities and all enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual under this definition. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are

CITY OF INDEPENDENCE, MISSOURI

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June 30, 2007

reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

Agency Funds. Agency funds only have Assets and Liability accounts and the accrual basis of accounting is used to recognize receivables and payables within these accounts. Agency funds do not have operating accounts such as Revenues and Expenses so therefore a measurement focus does not apply to these funds.

Under the terms of grant agreements, the City funds programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

(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.

(e) Investments

Investments with original maturities of less than one year are reported at amortized cost, which approximates fair value. Investments with original maturities of greater than one year are recorded at fair value.

(f) Inventory

Inventory of the enterprise funds consists of the coal supply and electric, water and sanitary sewer utility materials and is valued at average cost. Inventory of the Internal Service Fund consists of vehicle and equipment parts and materials and is valued at the lower of cost or market. The City determines the cost of its inventories using a first in, first out (FIFO) cost-flow assumption.

(g) Prepaid Items

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

(h) Interfund Activity

The City has the following types of interfund activity:

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

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

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

(i) **Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets 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 capital assets received from federal, state, or local sources are recorded as assets and contributed capital at fair 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 and straight-line methods. 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:

	<u>Years</u>
Governmental activities:	
Buildings and improvements	20-40
Improvements other than buildings	20
Roads	20
Bridges	40
Drainage systems	35
Office equipment and furniture	7
Mobile equipment – vehicles	5
Mobile equipment – heavy equipment	10
Fire trucks	15
Other equipment	10
Computer equipment	5

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

	Years
Business-type activities:	
Power and Light Fund:	
Production plant	25-45
Transmission plant	28-40
Distribution plant	25-40
Transportation equipment	7
General plant	19-40
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 capital assets are included in the capital assets accounts until their disposal. For business-type activities, units retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized.

Property, plant, and equipment financed by capital leases are reflected as assets and corresponding liabilities, and the related depreciation expense is provided on the same basis as assets financed with other resources. General capital assets financed by capital leases are reported as expenditures and other financing sources in the governmental funds.

(j) Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(k) *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 400 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(l) *Fund Balances*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative City plans that are subject to change. Detailed information on the City's reservations and designations of fund balance may be found at Note 14 in the financial statements.

(m) *Permanent Fund*

The City receives from time to time endowments from outside donors. The nature of these endowments is that the principal of the gift is to remain intact and the interest is to be spent on certain activities of the City. These donations are accounted for in the Permanent Fund. During the year ended June 30, 2007, the Permanent Fund had \$9,670 net appreciation on assets available for expenditure which is reported as unreserved fund balance. The State of Missouri requires that recipients of endowment gift maintain the original principal intact at the original donation value. During the year ended June 30, 2007 the principal balance of the Permanent Fund was transferred to a non-expendable endowment held and administered by the Truman Heartland Community Foundation.

(n) *Net Assets*

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(o) Statement of Cash Flows

For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, are considered cash equivalents.

(p) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Reclassifications of Account Balances

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. These reclassifications had no net effect on the City's net assets or changes there in for the current year.

(r) New Accounting Pronouncements

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes accounting and financial reporting standards for employers that participate in a defined benefit "other postemployment benefit" (OPEB) plan. Specifically, the City will be required to measure and disclose an amount for annual OPEB cost on the accrual basis for health and insurance benefits that will be provided to retired City employees in future years. The City also is required to record a net OPEB obligation which is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan, including the OPEB liability or asset at transition, if any. The City is currently evaluating the impact of adopting Statement No. 45, but cannot determine the impact that this standard will have on the financial statements when adopted. The City will implement Statement No. 45 beginning with the year ended June 30, 2008.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(2) Deposits and Investments

At June 30, 2007, the carrying values of deposits and investments are summarized as follows:

Investments:	
Short-term investments held in trust	\$ 75,437,001
U.S. government securities	26,652
U.S. agency securities	<u>60,596,797</u>
Total investments	136,060,450
Deposits and repurchase obligations	16,346,356
Petty cash	<u>12,095</u>
Total	<u><u>\$ 152,418,901</u></u>

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

	Government-wide statement of net assets	Fiduciary funds statement of net assets	Primary Government Total	Component Unit	Grand Total
Pooled cash and investments	\$ 70,344,783	\$ 146,056	\$ 70,490,839	\$ 3,935,087	\$ 74,425,926
Restricted cash and investments	<u>6,100,042</u>	-	6,100,042	71,892,933	<u>77,992,975</u>
	<u><u>\$ 76,444,825</u></u>	<u><u>\$ 146,056</u></u>	<u><u>\$ 76,590,881</u></u>	<u><u>\$ 75,828,020</u></u>	<u><u>\$152,418,901</u></u>

Investment Policy

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 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 of Missouri.

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's portion of this pool is displayed 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. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

Credit Risk

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to Certificates of Deposit and Bonds or other obligations of the United States. Presented below is the actual rating by Moody's Investor Service as of year end for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating As of June 30, 2007</u>
Federal Home Loan Mortgage Corporation	\$ 21,754,433	AAA
Federal National Mortgage Association	24,192,695	AAA
Federal Home Loan Bank	14,983,149	AAA
U.S. Treasury Bond	26,652	Exempt from rating requirement
Total	<u>\$ 60,956,929</u>	

Custodial Credit Risk

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

At June 30, 2007, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of June 30, 2007.

Interest Rate Risk

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2007, all of the City's securities had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of \$26,652 that will mature in 2027.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of June 30, 2007, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage</u>
Fed. Home Loan Mtg.	U.S. agency securities	\$ 21,754,433	36%
Fed. Natl. Mtg.	U.S. agency securities	24,192,695	40%
Fed. Home Loan Banks	U.S. agency securities	14,983,149	25%

(3) Tax Revenue

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 2007 is as follows:

	<u>General</u>	<u>Nonmajor governmental funds</u>
Real estate tax	\$ 6,890,826	\$ 22,051
Railroad utilities tax	39,502	-
Cigarette tax	567,039	-
Transient guest tax	-	1,020,663
Sales tax	16,554,334	19,586,764
Franchise tax	8,209,734	-
	<u>\$ 32,261,435</u>	<u>\$ 20,629,478</u>

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% to 1.6% commission on all taxes collected.

Assessed values are established by the Clay and Jackson County assessors, subject to review by the Jackson County 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, 2006, on which the fiscal 2007 levy was based, was \$1,319,902,510.

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 \$0.40 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, 2007 were \$0.4507 for the General Fund, \$0.2122 for Public Health and Recreation, and \$0.4422 for the Independence Square Benefit District Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(4) **Intergovernmental Revenue and Receivables**

Intergovernmental revenue during fiscal year 2007 consisted of the following:

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Federal				
Department of Agriculture	\$ -	\$ -	\$ 350	\$ 350
Department of Housing & Urban Development				
Community Development Block Grant	-	-	1,122,874	1,122,874
Emergency Shelter Grant	-	-	69,821	69,821
Home Investment Partnership	-	-	790,433	790,433
Department of Justice	-	-	575,736	575,736
Department of Transportation	25,393	3,257,658	279,531	3,562,582
US Secret Service	-	-	9,595	9,595
Environmental Protection Agency	-	-	32,083	32,083
Department of Health & Human Services	25,850	-	380,844	406,694
Department of Homeland Security	-	-	1,853,012	1,853,012
Total Federal	<u>51,243</u>	<u>3,257,658</u>	<u>5,114,279</u>	<u>8,423,180</u>
State & Local				
Department of Health & Human Services	-	-	114,065	114,065
Department of Revenue				
Motor Vehicle Fuel Tax	3,268,531	-	-	3,268,531
Motor Vehicle Sales Tax	877,793	-	-	877,793
Motor Vehicle Fees	768,240	-	-	768,240
Financial Institutions Tax	34,802	-	-	34,802
Division of Tourism	-	-	169,122	169,122
Department of Public Safety	-	-	26,511	26,511
Missouri Highway and Transportation Commission	-	-	3,631	3,631
Missouri State Safety Center	-	-	10,988	10,988
Department of Natural Resources	-	-	324,684	324,684
Department of Transportation	-	184,730	-	184,730
Jackson County Anti Drug Tax	300,120	-	-	300,120
Jackson County DARE	353,273	-	-	353,273
Jackson County Urban Road System	-	1,631,735	-	1,631,735
Mid America Regional council	-	-	700	700
Healthcare Foundation of Greater Kansas City	-	-	42,328	42,328
Total State & Local	<u>5,602,759</u>	<u>1,816,465</u>	<u>692,029</u>	<u>8,111,253</u>
Grand Total	<u>\$ 5,654,002</u>	<u>\$ 5,074,123</u>	<u>\$ 5,806,308</u>	<u>\$ 16,534,433</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

Amounts due from other governments at June 30, 2007 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund:				
Department of Health & Human Services	\$ 29,559	\$ -	\$ -	\$ 29,559
Department of Revenue				
Motor Vehicle Fuel Tax	-	555,000	-	555,000
Motor Vehicle Sales Tax	-	75,000	-	75,000
Motor Vehicle License Fees	-	176,000	-	176,000
39th St Transportation Development District	-	-	2,607	2,607
	<u>29,559</u>	<u>806,000</u>	<u>2,607</u>	<u>838,166</u>
Street Improvements Fund:				
Department of Transportation	1,541,264	184,730	-	1,725,994
Jackson County Urban Road System	-	-	1,100,164	1,100,164
	<u>1,541,264</u>	<u>184,730</u>	<u>1,100,164</u>	<u>2,826,158</u>
Nonmajor Governmental Funds:				
Department of Agriculture	350	-	-	350
Department of Justice	208,695	-	-	208,695
Department of Transportation	103,688	15,134	-	118,823
US Secret Service	2,053	-	-	2,053
Environmental Protection Agency	33,063	-	-	33,063
Department of Health & Human Services	38,682	-	-	38,682
Department of Homeland Security	24,772	-	-	24,772
Department of Housing & Urban Development				
Community Development Block Grant	182,215	-	-	182,215
Home Investment Partnership	205,404	-	-	205,404
Missouri Division of Tourism	-	119,863	-	119,863
	<u>798,922</u>	<u>134,997</u>	<u>-</u>	<u>933,920</u>
Totals	\$ <u><u>2,369,745</u></u>	\$ <u><u>1,125,727</u></u>	\$ <u><u>1,102,771</u></u>	\$ <u><u>4,598,244</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(5) Interfund Activity

(a) Interfund Balances

Interfund balances at June 30, 2007 consisted of the following:

	<u>Due from Street Improvements</u>	<u>Due from nonmajor governmental</u>	<u>Total Governmental Activities</u>	<u>Due from internal service fund</u>	<u>Total</u>
Due to:					
Governmental activities:					
General Fund	2,000,000	\$ 1,656,049	\$ 3,656,049	\$ 75,000	\$ 3,731,049
Nonmajor governmental	<u>1,422,379</u>	<u>16,156</u>	<u>1,438,535</u>	<u>—</u>	<u>1,438,535</u>
Total governmental activities	<u>3,422,379</u>	<u>1,672,205</u>	<u>5,094,584</u>	<u>75,000</u>	<u>5,169,584</u>
Business-type activities:					
Power and Light Fund	—	9,983	9,983	—	9,983
Water Fund	—	6,008	6,008	—	6,008
Sanitary Sewer Fund	<u>—</u>	<u>3,983</u>	<u>3,983</u>	<u>—</u>	<u>3,983</u>
Total business-type activities	<u>—</u>	<u>19,974</u>	<u>19,974</u>	<u>—</u>	<u>19,974</u>
Total	<u>\$ 3,422,379</u>	<u>\$ 1,692,179</u>	<u>\$ 5,114,558</u>	<u>\$ 75,000</u>	<u>\$ 5,189,558</u>

Interfund payables and receivables represent loans between funds for operating purposes.

(b) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 2007 were as follows:

	<u>Interfund charges</u>	<u>Rent</u>
Nonmajor governmental funds	\$ 35,000	\$ 12,862
Power and Light Fund	1,680,563	49,682
Sanitary Sewer Fund	508,673	12,195
Water Fund	<u>881,278</u>	<u>26,540</u>
	<u>\$ 3,105,514</u>	<u>\$ 101,279</u>

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2007 as follows:

Sanitary Sewer Fund	\$ 224,474
Power and Light Fund	<u>1,077,472</u>
	<u>\$ 1,301,946</u>

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2007 as follows:

Sanitary Sewer Fund	\$ 120,564
Water Fund	<u>675,132</u>
	<u>\$ 795,696</u>

(c) Payments in Lieu of Taxes

The payments in lieu of taxes of \$9,950,729, \$1,651,501 and \$1,437,233 in fiscal year 2007 by the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively, to the General Fund approximate 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.

(d) Interfund Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following:

	<u>Transfer from</u>					<u>Total</u>
	<u>General</u>	<u>Power and Light</u>	<u>Sanitary Sewer</u>	<u>Water</u>	<u>Nonmajor Governmental</u>	
Transfers to:						
Street Improvements	\$ 145	\$ -	\$ -	\$ -	\$ 1,371,616	\$ 1,371,761
Sanitary Sewer Fund	105,357	-	-	-	-	105,357
Nonmajor governmental	19,785	81,983	81,983	81,983	464,804	730,538
Total Primary Government	<u>\$ 125,287</u>	<u>\$ 81,983</u>	<u>\$ 81,983</u>	<u>\$ 81,983</u>	<u>\$ 1,836,420</u>	<u>\$ 2,207,656</u>

- (1) Transfers are the result of payment for capital project expenditures.
- (2) Transfers between the General Fund, Power and Light Fund, Sanitary Sewer Fund, Water Fund, represent matching funds required by a federal grant.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(6) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 18,684,739	\$ 964,962	\$ (687,678)	\$ 18,962,023
Construction work in progress	<u>53,254,476</u>	<u>39,651,258</u>	<u>(34,347,045)</u>	<u>58,558,689</u>
Total nondepreciable capital assets	<u>71,939,215</u>	<u>40,616,220</u>	<u>(35,034,723)</u>	<u>77,520,712</u>
Depreciable capital assets:				
Land improvements	255,647	-	-	255,647
Buildings	13,071,535	872,628	-	13,944,163
Building improvements	9,458,530	2,712,893	-	12,171,423
Improvements other than buildings	14,665,388	13,853,174	-	28,518,562
Office furniture and equipment	879,553	45,787	(93,459)	831,881
Computer equipment	930,231	537,112	(16,268)	1,451,075
Mobile equipment	17,678,845	2,538,149	(621,898)	19,595,096
Other equipment	3,072,551	1,018,541	(26,379)	4,064,713
Infrastructure	<u>173,169,758</u>	<u>18,962,690</u>	<u>-</u>	<u>192,132,448</u>
Total depreciable capital assets	<u>233,182,038</u>	<u>40,540,974</u>	<u>(758,004)</u>	<u>272,965,008</u>
Less accumulated depreciation for:				
Land improvements	(46,445)	(20,695)	-	(67,140)
Buildings	(6,078,242)	(361,037)	-	(6,439,279)
Building improvements	(1,591,016)	(524,197)	-	(2,115,213)
Improvements other than buildings	(1,116,919)	(1,127,835)	-	(2,244,754)
Office furniture and equipment	(857,818)	(12,350)	93,459	(776,709)
Computer equipment	(517,037)	(172,121)	16,268	(672,890)
Mobile equipment	(10,593,494)	(1,603,163)	590,832	(11,605,825)
Other equipment	(1,760,157)	(322,491)	26,379	(2,056,269)
Infrastructure	<u>(98,275,358)</u>	<u>(5,474,501)</u>	<u>-</u>	<u>(103,749,859)</u>
Total accumulated depreciation	<u>(120,836,486)</u>	<u>(9,618,390)</u>	<u>726,938</u>	<u>(129,727,938)</u>
Total depreciable capital assets, net	<u>112,345,552</u>	<u>30,922,584</u>	<u>(31,066)</u>	<u>143,237,070</u>
Governmental activities capital assets, net	<u>\$ 184,284,767</u>	<u>\$ 71,538,804</u>	<u>\$ (35,065,789)</u>	<u>\$ 220,757,782</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

Depreciation expense was charged to functions as follows:

General government	\$	279,475
Public safety		1,880,920
Public works		5,356,866
Health and welfare		57,854
Culture and recreation		1,327,748
Community development		68,360
Storm water		<u>646,617</u>
Total		9,617,840

In addition, depreciation on capital assets held by the City's
Central Garage Fund is charged to the various functions
based on their usage of the assets

		550
Total depreciation expense	\$	<u><u>9,618,390</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>
Business-type activities:				
Power and Light Fund:				
Nondepreciable capital assets:				
Land	\$ 2,948,206	\$ -	\$ -	\$ 2,948,206
Construction in progress	12,364,881	28,020,933	(16,055,481)	24,330,333
Total nondepreciable capital assets	15,313,087	28,020,933	(16,055,481)	27,278,539
Depreciable capital assets:				
Acquisition adjustment	2,755,568	-	-	2,755,568
Production plant	144,971,891	333,072	-	145,304,963
Transmission plant	21,862,715	703,488	(6,585)	22,559,618
Distribution plant	101,144,438	7,689,274	(766,880)	108,066,832
General plant	17,071,470	944,153	(165,525)	17,850,098
Total depreciable capital assets	287,806,082	9,669,987	(938,990)	296,537,079
Less accumulated depreciation:				
Acquisition adjustment	(2,755,568)	-	-	(2,755,568)
Production plant	(97,666,854)	(4,933,777)	-	(102,600,631)
Transmission plant	(11,179,962)	(608,825)	10,394	(11,778,393)
Distribution plant	(36,104,008)	(3,363,202)	1,599,713	(37,867,497)
General plant	(13,008,644)	(1,117,756)	165,525	(13,960,875)
Total accumulated depreciation	(160,715,036)	(10,023,560)	1,775,632	(168,962,964)
Total depreciable capital assets, net	127,091,046	(353,573)	836,642	127,574,115
Total power and light capital assets	142,404,133	27,667,360	(15,218,839)	154,852,654

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
Water Fund:				
Nondepreciable capital assets:				
Land	\$ 2,164,725	\$ -	\$ -	\$ 2,164,725
Construction in progress	<u>1,375,253</u>	<u>4,455,421</u>	<u>(3,715,519)</u>	<u>2,115,155</u>
Total nondepreciable capital assets	3,539,978	4,455,421	(3,715,519)	4,279,880
Depreciable capital assets:				
Acquisition adjustment	12,547,766	-	-	12,547,766
Nonutility property	40,014	-	-	40,014
Source of supply	7,129,326	-	-	7,129,326
Pumping plant	15,537,565	114,646	(1,261,394)	14,390,817
Treatment plant	22,235,528	237,870	(216,850)	22,256,548
Transmission plant	60,273,452	3,824,759	(369,402)	63,728,809
General plant	<u>5,806,686</u>	<u>466,809</u>	<u>(302,712)</u>	<u>5,970,783</u>
Total depreciable capital assets	123,570,337	4,644,084	(2,150,358)	126,064,063
Less accumulated depreciation:				
Acquisition adjustment	(8,923,191)	(371,752)	-	(9,294,943)
Nonutility property	(14,000)	-	-	(14,000)
Source of supply	<u>(3,948,280)</u>	<u>(391,581)</u>	-	<u>(4,339,861)</u>
Pumping plant	(1,507,701)	(286,994)	1,261,394	(533,301)
Treatment plant	(4,384,894)	(456,595)	216,848	(4,624,641)
Transmission plant	(6,936,324)	(726,592)	391,985	(7,270,931)
General plant	<u>(2,648,282)</u>	<u>(339,272)</u>	<u>317,865</u>	<u>(2,669,689)</u>
Total accumulated depreciation	<u>(28,362,672)</u>	<u>(2,572,786)</u>	<u>2,188,092</u>	<u>(28,747,366)</u>
Total depreciable capital assets, net	<u>95,207,665</u>	<u>2,071,298</u>	<u>37,734</u>	<u>97,316,697</u>
Total water capital assets	<u>98,747,643</u>	<u>6,526,719</u>	<u>(3,677,785)</u>	<u>101,596,577</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>
Sanitary Sewer Fund:				
Nondepreciable capital assets:				
Land	\$ 330,191	\$ -	\$ -	\$ 330,191
Construction in progress	<u>10,263,871</u>	<u>3,192,554</u>	<u>(10,264,372)</u>	<u>3,192,053</u>
Total nondepreciable capital assets	10,594,062	3,192,554	(10,264,372)	3,522,244
Depreciable capital assets:				
Nonutility property	46,368	-	-	46,368
Collection plant	72,455,927	10,156,272	(920)	82,611,279
Pumping plant	4,951,402	82,104	-	5,033,506
Treatment plant	14,009,977	1,223,630	(23,308)	15,210,299
General plant	<u>3,990,054</u>	<u>230,187</u>	<u>(172,750)</u>	<u>4,047,491</u>
Total depreciable capital assets	95,453,728	11,692,193	(196,978)	106,948,943
Less accumulated depreciation:				
Nonutility property	(46,368)	-	-	(46,368)
Collection plant	(19,386,393)	(914,596)	920	(20,300,069)
Pumping plant	(5,170,305)	(220,673)	-	(5,390,978)
Treatment plant	(14,034,532)	(875,751)	23,308	(14,886,975)
General plant	<u>(4,338,174)</u>	<u>(310,123)</u>	<u>125,177</u>	<u>(4,523,120)</u>
Total accumulated depreciation	<u>(42,975,772)</u>	<u>(2,321,143)</u>	<u>149,405</u>	<u>(45,147,510)</u>
Total depreciable capital assets, net	<u>52,477,956</u>	<u>9,371,050</u>	<u>(47,573)</u>	<u>61,801,433</u>
Total sewer capital assets	<u>63,072,018</u>	<u>12,563,604</u>	<u>(10,311,945)</u>	<u>65,323,677</u>
Total business-type activities capital assets	<u>\$ 304,223,794</u>	<u>\$ 46,757,683</u>	<u>\$(29,208,569)</u>	<u>\$ 321,772,908</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 9,429,199
Water	2,388,295
Sanitary sewer	<u>2,321,143</u>
Total business-type activities depreciation expense	<u>\$ 14,138,637</u>

Depreciation charged to Power and Light and Water funds are different because certain depreciation related to utility vehicles and heavy equipment are charged to clearing accounts and redistributed to various operating, construction, and other capital accounts.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(7) Long-Term Obligations

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, 2007:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 18,424,489	\$ 8,255,000	\$ 3,028,378	\$ 23,651,111	\$ 3,156,625
Capital lease obligations	737,370	144,129	169,016	712,483	136,600
Neighborhood Improvement District	983,000	-	59,000	924,000	59,000
Premium (discount), net	164,578	78,680	24,741	218,517	-
Total loans and notes payable	<u>20,309,437</u>	<u>8,477,809</u>	<u>3,281,135</u>	<u>25,506,111</u>	<u>3,352,225</u>
Other liabilities:					
Compensated absences	<u>12,496,408</u>	<u>5,494,619</u>	<u>4,744,112</u>	<u>13,246,915</u>	<u>5,051,415</u>
	<u>\$ 32,805,845</u>	<u>\$ 13,972,428</u>	<u>\$ 8,025,247</u>	<u>\$ 38,753,026</u>	<u>\$ 8,403,640</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
Business-type activities:					
Power and Light Fund:					
Revenue bonds	\$ 18,520,000	\$ -	\$ 1,995,000	\$ 16,525,000	\$ 2,065,000
Less deferred amount on refunding	<u>(1,748,677)</u>	<u>-</u>	<u>(221,715)</u>	<u>(1,526,962)</u>	<u>-</u>
Total revenue bonds	<u>16,771,323</u>	<u>-</u>	<u>1,773,285</u>	<u>14,998,038</u>	<u>2,065,000</u>
Compensated absences	<u>4,145,207</u>	<u>1,728,989</u>	<u>1,727,111</u>	<u>4,147,085</u>	<u>1,136,345</u>
Total Power and Light Fund	<u>20,916,530</u>	<u>1,728,989</u>	<u>3,500,396</u>	<u>19,145,123</u>	<u>3,201,345</u>
Water Fund:					
Revenue bonds	42,590,000	-	2,040,000	40,550,000	2,200,000
Compensated absences	1,244,653	548,049	514,465	1,278,237	381,949
Other long-term obligations	-	1,581,868	195,103	1,386,765	551,061
Total Water Fund	<u>43,834,653</u>	<u>2,129,917</u>	<u>2,749,568</u>	<u>43,215,002</u>	<u>3,133,010</u>
Sanitary Sewer Fund:					
Compensated absences	767,928	401,125	313,639	855,414	266,467
Total Sanitary Sewer Fund	<u>767,928</u>	<u>401,125</u>	<u>313,639</u>	<u>855,414</u>	<u>266,467</u>
Total business-type activities	<u>\$ 65,519,111</u>	<u>\$ 4,260,031</u>	<u>\$ 6,563,603</u>	<u>\$ 63,215,539</u>	<u>\$ 6,600,822</u>

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
Discretely-presented component unit:					
TIF loans	\$ 126,985,000	\$ 65,475,000	\$ 42,030,000	\$ 150,430,000	\$ 3,290,000
Loans payable	280,512	-	66,622	213,890	68,375
Premium (discount), net	(1,305,261)	(400,292)	327,116	(1,378,437)	-
Deferred amount on refunding	<u>-</u>	<u>(934,702)</u>	<u>10,421</u>	<u>(924,281)</u>	<u>-</u>
	<u>125,960,251</u>	<u>64,140,006</u>	<u>42,434,159</u>	<u>148,341,172</u>	<u>3,358,375</u>
Developer obligations	<u>13,262,729</u>	<u>6,856,837</u>	<u>1,556,651</u>	<u>18,562,915</u>	<u>-</u>
	<u>\$ 139,222,980</u>	<u>\$ 70,996,843</u>	<u>\$ 43,990,810</u>	<u>\$ 166,904,087</u>	<u>\$ 3,358,375</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

Debt service requirements on long-term debt with schedules maturities at June 30, 2007 are as follows:

	Governmental activities					
	Loans payable		NID Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	3,156,625	\$ 1,023,587	\$ 59,000	\$ 1,551	3,215,625	\$ 1,025,138
2009	7,064,872	895,084	64,000	1,608	7,128,872	896,691
2010	2,834,614	602,522	64,000	1,615	2,898,614	604,137
2011	2,755,000	468,614	69,000	1,659	2,824,000	470,273
2012	2,870,000	347,503	69,000	1,578	2,939,000	349,081
2013-2017	4,970,000	377,588	231,000	5,853	5,201,000	383,440
2018-2022	-	-	348,000	9,216	348,000	9,216
2023-2024	-	-	20,000	588	20,000	588
	<u>\$ 23,651,111</u>	<u>\$ 3,714,897</u>	<u>\$ 924,000</u>	<u>\$ 23,666</u>	<u>\$ 24,575,111</u>	<u>\$ 3,738,562</u>

	Business-type activities					
	Power and Light		Water		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,065,000	\$ 708,218	\$ 2,200,000	\$ 1,852,685	\$ 4,265,000	\$ 2,560,903
2009	2,155,000	628,693	2,380,000	1,760,459	4,535,000	2,389,151
2010	2,245,000	541,363	2,525,000	1,660,033	4,770,000	2,201,396
2011	2,345,000	445,838	2,765,000	1,548,508	5,110,000	1,994,345
2012	2,455,000	344,238	2,950,000	1,424,270	5,405,000	1,768,508
2013-2017	5,260,000	358,300	20,195,000	4,628,910	25,455,000	4,987,210
2018-2022	-	-	4,370,000	1,341,788	4,370,000	1,341,788
2023-2025	-	-	3,165,000	242,375	3,165,000	242,375
	<u>\$ 16,525,000</u>	<u>\$ 3,026,648</u>	<u>\$ 40,550,000</u>	<u>\$ 14,459,027</u>	<u>\$ 57,075,000</u>	<u>\$ 17,485,674</u>

	Discretely-presented component unit					
	TIF loans		Loans payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 3,290,000	\$ 7,561,608	\$ 68,375	\$ 9,204	\$ 3,358,375	\$ 7,570,812
2009	4,680,000	7,739,359	70,128	6,333	4,750,128	7,745,692
2010	4,610,000	7,518,441	75,387	3,317	4,685,387	7,521,758
2011	5,210,000	7,314,973	-	-	5,210,000	7,314,973
2012	5,415,000	6,978,266	-	-	5,415,000	6,978,266
2013-2017	30,940,000	30,760,526	-	-	30,940,000	30,760,526
2018-2022	45,070,000	21,090,390	-	-	45,070,000	21,090,390
2023-2028	51,215,000	9,567,444	-	-	51,215,000	9,567,444
	<u>\$ 150,430,000</u>	<u>\$ 98,531,008</u>	<u>\$ 213,890</u>	<u>\$ 18,854</u>	<u>\$ 150,643,890</u>	<u>\$ 98,549,862</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(a) Governmental activities

(1) Loans Payable

On June 1, 2000, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$530,000, due in annual installments of \$40,000 to \$65,000 through June 1, 2010 and bearing interest at 5.00% to 6.25%. The proceeds of the bond issuance are to be used for improvements, renovations, and other upgrades to various buildings owned by the City.

On August 1, 2001, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,635,000, due in annual installments of \$160,000 to \$215,000 through June 1, 2010, and bearing interest at 4.20% to 4.40%. The proceeds of the bond issuance are to be used for improvements, renovations, and other upgrades to various buildings owned by the City, software for the Fire Department, and additional funding for Hartman Heritage Tax Increment Financing Project. The portion of the loan payable related to the Hartman Heritage Tax Increment Financing Project is included in the liabilities of the discretely presented component unit. Restricted assets in the General Fund of \$224,134 consist of funds available for costs related to this debt.

On May 1, 2004, the City refinanced a loan payable with the Missouri Development Finance Board in the amount of \$1,245,000, due in annual installments of \$230,000 to \$270,000 through June 1, 2009, and bearing interest at 2.25% to 4.25%. The proceeds will be used for the restoration of the Truman Memorial Building.

On May 26, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$4,970,000, due in semiannual installments of \$590,000 to \$665,000 through April 1, 2009, and bearing interest at 3.25% to 4.00%. The proceeds of the bond issuance are to be used for street projects.

On February 1, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$6,175,000, due in annual installments of \$300,000 to \$450,000 through February 1, 2013, and bearing interest at 3.00% to 5.00%. The proceeds of the bond issuance are to be used for the aquatics facilities project.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$8,225,000, due in annual installments of \$670,000 to \$1,010,000 through March 1, 2015, and bearing interest at 4.00% to 5.25%. The proceeds of the bond issuance are to be used for public safety facilities projects.

On December 12, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$5,485,000, due in annual installments of \$1,010,000 to \$1,190,000 through April 1, 2013, and bearing interest at 4.25%. The proceeds of the bond issuance are to be used for park projects.

On December 12, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$2,770,000 due in one annual installment due April 1, 2009, and bearing interest at 4.25%. The proceeds of the bond issuance are to be used for street projects.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(2) Neighborhood Improvement District

The Neighborhood Improvement District Bonds constitute a valid and legally binding indebtedness of the City, payable as to both principal and interest from special assessments to be assessed on certain real property within the District which will be benefited by the improvements and, if not so paid, from moneys in the Bond Reserve Fund and, to the extent required, from first available moneys in the City's general fund or other legally available fund. The full faith and credit of the City are irrevocably pledged for the prompt payment, when due, of the principal and interest on the Bonds; provided, however, the City is not obligated nor authorized to levy taxes for the purpose of paying principal of or interest on the Bonds and the taxing power of the City is not pledged to the payment of the Bonds.

On May 15, 2004, the City issued \$995,000 Neighborhood Improvement Bonds for Noland Road and Englewood Improvements, due in annual installments of \$55,000 to \$85,000 through March 1, 2019 and bearing interest at 4.5% to 5.75%.

On August 17, 2004, the City issued \$111,000 Neighborhood Improvement Bonds for the Fall Drive Sanitary Sewer Project, due in annual installments of \$5,000 to \$6,000 through March 1, 2024 and bearing interest at 5.375% to 5.5%.

(3) Capital Lease Obligations

Capital leases payable at June 30, 2007 are comprised of the following:

Governmental funds:

Emergency One, Inc, interest at 6.31%, annual installments through October 2007; a lease to purchase an Emergency One Model V803 Commercial Pumper Fire Apparatus	\$ 21,549
IBM Corporation, interest at 2.64% to 6.10%, monthly installments through 2008 for computer equipment	2,474
Sun Trust Leasing, interest at 4.19%, annual installments through July 2013; a lease to purchase a fire truck	555,685
IBM Corporation, interest at 4.057%, due in monthly installments through April 1, 2010 for computer equipment	<u>132,776</u>
	<u>\$ 712,484</u>

The cumulative amount of assets acquired under the capital leases described above amounted to \$2,186,283 as of June 30, 2007.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

Year ending June 30:		
2008	\$	165,747
2009		144,340
2010		135,823
2011		93,234
2012		93,234
2013 - 2014		186,468
		818,846
Less imputed interest		(106,362)
Present value of minimum lease payments	\$	712,484

(b) Business-type Activities

(1) Revenue Bonds

Revenue bonds payable at June 30, 2007 are comprised of the following individual issues:

Power and light fund:

\$23,520,000 1998 Electric Utility Refunding Bonds, due in annual installments of \$700,000 to \$2,040,000 through June 1, 2014, interest at 4.0% to 4.8%, callable at par after June 1, 2003	\$ 12,490,000
\$5,975,000 2003 Electric Utility Refunding Revenue Bonds, due in annual installments of \$435,000 to \$660,000 through June 1, 2014, interest at 2.0% to 3.65%	4,035,000
Less deferred amount on refunding	(1,526,962)
Total power and light fund	14,998,038

Water fund:

\$36,000,000 1986 Water Utility Remarketing Bonds, principal due in annual installments of \$850,000 to \$5,010,000 through June 30, 2017, interest at approximately 3.25% to 5.0%	26,755,000
\$14,785,000 2004 Missouri Development Finance Board Infrastructure Facilities Revenue bonds, principal due in annual installments of \$490,000 to \$1,105,000 from November 1, 2005 through November 1, 2024, interest approximately 3.375% to 5.0%	13,795,000
Total water fund	40,550,000
Total revenue bonds	\$ 55,548,038

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

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>
Principal and interest	For the monthly accumulation of monies to meet the maturing revenue bond principal-and-interest requirements
Depreciation and emergency (water only)	For the accumulation of \$500,000 to finance emergency repairs and system improvements

Surplus account monies are reflected as unrestricted cash. The required reserves are reported in the accompanying statement of net assets as restricted assets as follows:

<u>Account</u>	<u>Enterprise funds</u>		
	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>
Principal and interest	\$ 231,101	\$ -	\$ -
Depreciation and emergency	-	500,000	-
Total revenue bond reserves	231,101	500,000	-
Customer deposits	966,143	261,803	191,255
Workers' compensation	135,480	35,753	28,767
Total	<u>\$ 1,332,724</u>	<u>\$ 797,556</u>	<u>\$ 220,022</u>

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 \$439,988 at June 30, 2007 consist of cash on deposit for a debt service reserve (note 14) and for municipal court bond deposits.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(2) Other Obligations

The City entered into an agreement to pay \$1,581,868 to two of its wholesale water customers to settle a dispute. The remaining future obligations as of June 30, 2007 are as follows:

Year ending June 30:

2008	\$	551,061
2009		563,785
2010		271,919
		<u>1,386,765</u>

(c) Discretely-presented component unit

(1) Tax Increment Financing Loans

The City's tax increment financing loan indebtedness is recorded as a liability of the TIF Commission to match revenue streams to the related debt for which they have been pledged. The obligation of the City and the Commission to pay principal and interest on these bonds is limited solely to the tax increment financing (TIF) revenues generated from each project. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such bond payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in bond payments during the next fiscal year.

The following is a description of the individual TIF loans payable:

On June 1, 1999, the City entered into a \$7,240,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$270,000 to \$835,000 through June 1, 2011 and bearing interest at 4.0% to 5.25%. The proceeds of the loan are to be used for costs related to redevelopment of Bolger Square.

On April 1, 2000, the City issued an \$11,850,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$120,000 to \$1,235,000 through April 1, 2021 and bearing interest at 5.1% to 6.0%. The proceeds of the loan are to be used for costs related to redevelopment of Hartman Heritage area. This loan payable was refunded during the 2006-2007 fiscal year, see note on advance refunding below.

On May 1, 2000, the City issued a \$5,595,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$275,000 to \$800,000 through April 1, 2012 and bearing interest at 5.15% to 5.75%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

On November 1, 2000, the City issued a \$12,815,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$120,000 to \$1,235,000 through April 1, 2020 and bearing interest at 5.37% to 6%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On August 1, 2001, the City issued a \$10,230,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$165,000 to \$1,865,000 through April 1, 2023 and bearing interest at 4.375% to 5.25%. The proceeds of the loan are to be used for costs related to the redevelopment of the Santa Fe area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On November 1, 2001, the City issued a \$1,425,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$15,000 to \$160,000 through April 1, 2021 and bearing interest at 2.4% to 5.25%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On November 1, 2002, the City issued a \$3,480,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$75,000 to \$845,000 through April 1, 2012 and bearing interest at 3.5% to 5.13%. The proceeds of the loan are to be used for costs related to the redevelopment of the Eastland Center area. This loan payable was refunded during the 2006-2007 fiscal year see note on advance refunding below.

On September 1, 2003, the City issued a \$8,715,000 loan payable with the Missouri Development Finance Board, due in annual installments of \$135,000 to \$2,675,000 through April 1, 2021 and bearing interest at 2.0% to 5.0%. The proceeds of the loan are to be used for costs related to the redevelopment of the Hartman Heritage area.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,030,000, due in annual installments of \$50,000 to \$85,000 through March 1, 2020, and bearing interest at 3.00% to 4.50%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On February 25, 2005, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$11,325,000, due in annual installments of \$185,000 to \$1,270,000 through March 1, 2026, and bearing interest at 4.00% to 5.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

On March 30, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$48,370,000 due in annual installments of \$340,000 to \$8,225,000 through March 1, 2026, and bearing interest at 5.30% to 6.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

On March 30, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$12,790,000 due in annual installments of \$3,500,000 to \$5,385,000 beginning March 1, 2026 through March 1, 2028, and bearing interest at 5.00%. The proceeds of the loan are to be used for the Crackerneck Creek Tax Increment Financing Project.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

On May 17, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$1,590,000, due in annual installments of \$70,000 to \$170,000 through March 1, 2020, and bearing interest at 4.00% to 4.625%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On December 1, 2006, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$4,980,000, due in annual installments of \$120,000 to \$445,000 through April 1, 2028, and bearing interest at 4.00% to 4.25%. The proceeds of the loan are to be used for the HCA – Center Point Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$19,390,000, due in annual installments of \$815,000 to \$2,570,000 through April 1, 2022, and bearing interest at 4.00% to 5.00%. The proceeds of the loan were used to refund the loans for the Eastland Center area Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$10,330,000, due in annual installments of \$555,000 to \$1,060,000 through April 1, 2020, and bearing interest at 4.00% to 5.00%. The proceeds of the loan were used to refund the loan for the Hartman Heritage Center Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$10,060,000, due in annual installments of \$385,000 to \$1,795,000 through April 1, 2023, and bearing interest at 5.41% to 6.096%. The proceeds of the loan were used to refund the loan for the Santa Fe Tax Increment Financing Project.

On May 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$995,000, due in annual installments of \$70,000 to \$80,000 through April 1, 2020, and bearing interest at 4.00% to 4.50%. The proceeds of the loan are to be used for the Drumm Farm Tax Increment Financing Project.

On June 1, 2007, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$19,720,000, due in annual installments of \$425,000 to \$2,670,000 through April 1, 2028, and bearing interest at 4.75% to 5.125%. The proceeds of the loan are to be used for the HCA – Center Point Tax Increment Financing Project.

Restricted assets held by the Commission of \$71,892,933 consist of funds available for costs related to the redevelopment of the Bolger Square, Crackerneck Creek, Drumm Farm, Hartman Heritage, Sante Fe, Eastland Center, and HCA areas.

(a) Advance Refunding

On May 1, 2007, the City entered into a loan payable with the Missouri Department of Finance Board for the Eastland Center, Hartman Heritage Center, and Sante Fe Redevelopment projects in the amounts of \$19,390,000, \$10,330,000, and \$10,060,000 respectively; of Refunding TIF loans with interest rates ranging from 4.00% to 6.096% to advance refund \$19,230,000, \$9,975,000, and \$9,640,000 of outstanding loan payables, with interest rates ranging from 2.4% to 6.0%. The net proceeds of \$40,031,039 were deposited in a trust with an escrow agent to provide for all future debt service payments on the refunded loans payable. As a result, the loans payable are considered defeased and the related liability for these loans has been removed from the long-term debt.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$934,702. This amount is reported as a deduction from TIF loans payable and is amortized over the remaining life of the refunded debt using the straight-line method. The City completed this advance refunding to reduce its debt service payments by \$81,250 and to obtain an economic gain of \$156,875.

The reduction to the debt service payments and economic gain amounts were as follows:

	Difference of Reacquisition Price & Carrying Value of Old Debt	Debt Service	Economic Gain (Loss)
Eastland Center	\$ 305,931	\$ 838,190	\$ 693,931
Hartman Heritage Center	172,328	500,517	417,503
Santa Fe Redevelopment	456,443	(1,257,457)	(954,559)
	\$ 934,702	\$ 81,250	\$ 156,875

Due to contributions for debt service payments by the developer it was necessary to convert the obligations payable for the Santa Fe project from tax-exempt to taxable. This change resulted in the increase to debt service payments and economic loss shown above for the Santa Fe project.

(2) Developer Obligations

These obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the Commission. These developer obligations are limited to the amount of incremental taxes received attributable to each respective project; any deficiencies are solely the responsibility of the developer and do not constitute an obligation of the Commission or of the City.

(3) Bass Pro Lease

On October 18, 2004, the City approved the Crackerneck Creek Tax Increment Financing (TIF) Plan. The Crackerneck Creek TIF Plan provides for the development and construction of a proposed 350,000 square foot commercial retail center. The Crackerneck Creek Project (the Project) is scheduled to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. Other than the Bass Pro Store none of the retail space is leased as of June 30, 2007.

As part of the Project, the City has entered into the Lease Agreement (as amended from time to time, the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City will own a 160,000 square foot Bass Pro retail store (the "Bass Pro Store") and will lease the Bass Pro Store to Bass Pro under the terms and conditions as contained in the Bass Pro Lease. Under the Bass Pro Lease the City is obligated to make \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The proceeds of the Series 2006B and 2006C Bonds have been used to fund other costs related to the development of the site. The Bass Pro Store will be located on an approximate 20-acre parcel owned by the City.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

The initial term of the Bass Pro Lease is 20 years. Bass Pro has various renewal options under the lease agreement. During the initial 20 year term, Bass Pro is required to pay the City "Percentage Rent" rent equal to 2% of "Gross Sales" as defined in the Bass Pro Lease except that the "Minimum Percentage Rent" will not be less than of \$1,000,000 during each year of the initial term. During any of the nine one-year renewal options, Bass Pro will pay rent equal to \$10 per year provided the TIF bond financing provided by the City in a maximum of \$35,000,000 has been paid in full, or until the expiration of the third one year renewal option (whichever occurs first), Bass Pro shall be obligated to pay \$1,000,000 per year to the City. During any of the three five year renewal options, Bass Pro will pay rent equal to 1% of "Gross Sales" as defined in the lease agreement. .

Under the Bass Pro Lease, Bass Pro has the option to purchase the Bass Pro Store at the expiration of the 20 year initial term and at the expiration of any renewal option for a purchase price equal to 90% of the fair market value thereof as a determined by an appraisal.

The total amount of all bonds to be issued by the Board for this project is expected to be approximately \$90,000,000. Proceeds of the bonds will fund reimbursable redevelopment project costs that are currently estimated to be approximately \$73,600,000, plus all financing costs, capitalized interest, credit enhancement costs, if any, and adequate reserves.

Construction on the Bass Pro building has commenced. The City delivered the Pad to Bass Pro concurrently with the delivery of the Bonds. Under the terms of the lease, Bass Pro must begin payments of rent to the City at the end of the Construction Period (a period of 455 days subsequent to delivery of the Pad) which occurred on June 28, 2007.

Also under the Lease the City is required to construct an approximate 15-acre lake and an additional wilderness habitat area of approximately 15 acres. The City park will include a waterfall and present a unique natural setting. The City is obligated to complete the lake and park no later than the opening of the Bass Pro Store. The City is also responsible for constructing and making available to Bass Pro 600 parking spaces adjacent to the Bass Pro Store.

A summary of the minimum rental payments due for this operating lease are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 1,000,000
2009	1,000,000
2010	1,000,000
2011	1,000,000
2012	1,000,000
2013-2017	5,000,000
2018-2022	5,000,000
2023-2027	5,000,000
Total	<u><u>\$ 20,000,000</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(8) Advances for Construction

As new developments are constructed, the Power and Light (Enterprise) Fund requires a nonrefundable cash payment from a customer or developer to be paid toward the cost of extending the distribution system, installation of street lights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2007 were \$354,449.

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, 2007 were \$125,412.

(9) Employee Retirement System

Plan Description

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

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

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by Missouri state statute to contribute at an actuarially determined rate; the current rate is 9.0% (general), 9.1% (police), and 14.2% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

Annual Pension Cost

Schedule of Employer Contributions:

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Fiscal year ending:			
June 30, 2005	\$ 4,849,276	100	—
June 30, 2006	5,432,144	100	—
June 30, 2007	5,736,388	100	—

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

For 2007, the City's annual pension cost of \$5,736,388 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included:

- (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually;
- (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation;
- (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit;
- (d) preretirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and women; and
- (e) postretirement mortality based on the 1971 Group Annuity Mortality table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

See Exhibit 11 for Schedule of Funding Progress and Employer Contributions for the years ended 2007, 2006, and 2005.

(10) Post-employment Health Benefits

In addition to the pension benefits described in note 9, the City provides post-employment healthcare benefits to all retiring employees meeting the service criteria. Expenditures for post-employment healthcare benefits are recognized as retirees report their claims. During fiscal year 2007, expenditures of approximately \$4,001,328 were recognized for post-employment healthcare. The City has approximately 557 participants currently eligible to receive benefits.

(11) 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.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

for law enforcement liability, general liability, public official errors and omissions 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 occurrence, covers medical claims in excess of \$750,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of \$2,020,000 and an escrow account in the amount of \$200,000. This amount is reflected as restricted assets in the Power and Light, Water, and Sanitary Sewer Funds. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the various funds with worker's compensation expenditures.

The City offers its employees a contributory self-insurance healthcare plan. An excess coverage insurance policy covers the portion of specific claims in excess of \$225,000 and aggregate claims in excess of \$14,500,000. The City's share of the premiums for this employee benefit was approximately \$10,802,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Estimated but not incurred medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

Effective January 1, 2007, the City provided participants of the Coventry HMO health care plan with a contributory self-funded prescription plan. FMH Benefits Services administers this benefit as well as being the third party administrator for the Staywell Health Care Plan. Medco is the pharmacy benefits manager of this program as well as for the Staywell Health Care Plan. The City's share of premiums for this employee benefit was approximately \$232,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the self-funded Pharmacy Benefit Plan (internal service fund).

Changes in the balances of the workers' compensation and health care claims liability during the last two years are as follows:

	Workers' Compensation Claims		Medical Claims	
	2006	2007	2006	2007
Beginning of year	\$ 250,600	\$ 227,635	\$ 1,119,765	\$ 1,389,102
Incurred	1,665,750	1,294,738	11,240,694	10,615,954
Paid	(1,688,715)	(1,336,066)	(10,971,357)	(10,789,227)
End of year	<u>\$ 227,635</u>	<u>\$ 186,307</u>	<u>\$ 1,389,102</u>	<u>\$ 1,215,829</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(12) Commitments

Construction Commitments

At June 30, 2007, the City had commitments of approximately \$17,265,590 to complete construction contracts. Of this amount, \$8,270,598 relates to the enterprise funds.

Purchase/Sales of Capacity and Energy

The City purchases a portion of its power capacity and energy needs under a capacity purchase agreement with Kansas City Power & Light Company (KCPL). Under the agreement, the City purchases 90 MW of capacity and energy for a term through May 31, 2011 at contract-specified pricing for the capacity and associated energy, although the City has the right to reduce or terminate the capacity and energy purchase at any time after June 1, 2007. The annual minimum payment obligations (capacity charges only including the cost of transmission) under the agreement are approximately \$8,600,000. The delivered cost of capacity and energy under the agreement, including all demand energy, environmental emission allowance, and SPP transmission charges, totaled approximately \$23,340,000 for 643,765 megawatt-hours of delivered energy during fiscal year 2007.

In July 1997, the City became a participant to the Western Systems Power Pool Agreement (WSPP Agreement). The WSPP Agreement provides for short-term electric power transactions by and among its members. Transactions under the WSPP Agreement are executed under rate schedules that allow for market-based pricing. Membership of the WSPP Agreement has expanded from the original experimental eleven western United States electric utilities to over 250 members that are located throughout the entire United States and parts of Canada and include investor-owned electric utilities, municipalities, cooperatives, state and federal public power systems and power marketers. Under the WSPP Agreement, the City makes short term power purchases and sales with KCPL, Aquila Inc., Associated Electric Cooperative Inc., and other utilities and power marketers. During fiscal year 2007, the cost of purchases was approximately \$10,102,000 for 140,984 megawatt-hours of wholesale energy. The City sold 15,758 megawatt-hours of wholesale energy for approximately \$666,000.

In January 2004, the City entered into a participation power agreement with Omaha Public Power District (OPPD). Under this agreement, the City will purchase an 8.33% share (approximately 55 megawatts) of a new nominal 663 megawatt coal-fired baseload generating unit to be built at OPPD's existing Nebraska City power station site. The agreement provides that OPPD will be the owner/operator of the unit and OPPD will sell the City's share of the output on a cost-based approach. OPPD will issue tax-exempt bonds to pay for the construction of the unit and the City will be obligated to pay its appropriate share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel and renewals and replacements of the unit. The unit is currently scheduled to begin commercial operation prior to May 1, 2009. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2009.

In June 2006, the City entered into a unit power purchase agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Under this agreement, the City will purchase a 50% share (approximately 50 megawatts) of MJMEUC's ownership share of a new nominal 850 megawatt Iatan 2 coal-fired generating unit to be built at KCPL's existing power station site in Weston, Missouri. The

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

agreement provides that KCPL will be the owner/operator of the unit. MJMEUC will sell the City's share of the output on a cost-based approach. The City will be responsible for payment of its share of the fixed operation and maintenance costs, the variable operating costs including fuel, renewals and replacements of the unit and related administrative costs incurred by MJMEUC. The unit is currently scheduled to begin commercial operation in 2010. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2010.

Cooperative Agreement – Jackson County

The City and Jackson County, Missouri have entered into a cooperative agreement of approximately \$4,000,000 to obtain funding under the County's County Urban Road System (CURS) program to be used in conjunction with federal monies to facilitate the maintenance and upkeep of the City's infrastructure. As of June 30, 2007, the City has requested reimbursement from the County of approximately \$3.14 million related to construction project cost reimbursements under this agreement.

Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

(13) Deficits

The accumulated deficit in the Street Improvements Fund, in the amount of \$301,883, will be eliminated by future revenues or transfers. The accumulated deficit in the Parks Sales Tax Fund, in the amount of \$84,396, will be eliminated by future revenues or transfers. The accumulated deficit in the Storm Drainage Fund, in the amount of \$16,155, will be eliminated by future revenues or transfers. The accumulated deficit in the Pharmacy Benefit Plan Fund, in the amount of \$104,227, will be eliminated by future revenues or transfers. The accumulated deficit in the Sterling Village TIF fund, in the amount of \$114, will be eliminated by future tax increment financing revenues.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2007

(14) Fund Equity

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

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>Street Improvements</u>	<u>Nonmajor</u>	
Fund balances:				
Reserved for:				
Encumbrances	\$ 942,874	\$ 1,526,657	\$ 9,316,039	\$ 11,785,570
Debt service	224,134	-	85,739	309,873
Protested revenues	1,020,068	-	-	1,020,068
Domestic violence	13,617	-	-	13,617
Total fund balances reserved	<u>2,200,693</u>	<u>1,526,657</u>	<u>9,401,778</u>	<u>13,129,128</u>
Unreserved:				
Designated for:				
Police equipment	70,938	-	-	70,938
Capital projects	242,191	-	4,088,450	4,330,641
Strategic goal	426,138	-	-	426,138
TIF distribution	710,447	-	-	710,447
Amoco settlement	54,500	-	-	54,500
Debt service	900,000	-	-	900,000
Total fund balances designated	<u>2,404,214</u>	<u>-</u>	<u>4,088,450</u>	<u>6,492,664</u>
Undesignated	<u>2,129,791</u>	<u>(1,828,540)</u>	<u>13,592,684</u>	<u>13,893,935</u>
Total fund equity	<u>\$ 6,734,698</u>	<u>\$ (301,883)</u>	<u>\$ 27,082,912</u>	<u>\$ 33,515,727</u>

(15) Prior Period Adjustment

For the year ended June 30, 2007, management determined that the following adjustments were to be made to the opening net assets/fund balances:

A summary of these changes is described below:

	<u>Governmental Activities (Exhibit 2)</u>	<u>Governmental Funds (Exhibit 4)</u>	<u>Discretely Presented Component Unit (Exhibit 2)</u>
Beginning net assets (deficit), as originally reported	\$ 186,567,169	\$ 32,235,240	\$ (68,028,857)
Reimbursable project costs	<u>881,250</u>	<u>881,250</u>	<u>(881,250)</u>
Beginning net assets (deficit), as restated	<u>\$ 187,448,419</u>	<u>\$ 33,116,490</u>	<u>\$ (68,910,107)</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Budgetary Comparison Schedules

Year ended June 30, 2007

(1) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the accompanying government-wide 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 2006-2007 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 financial statements include a comparison of budget to actual only for the General, Tourism, Community Development Block Grant, Rental Rehabilitation, Street Improvement Sales Tax, Park Sales Tax, Stormwater Sales Tax, Police Public Safety Sales Tax, Fire Public Safety Sales Tax and Grant Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

The City's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures. The budgetary comparison schedules are prepared on this basis. Certain reclassifications between budgeted revenues and transfers have been made to facilitate the comparison with actual operations.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

General Fund

Year ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 33,196,427	33,196,427	32,261,435	(934,992)
Licenses and permits	4,449,138	4,449,138	4,300,683	(148,455)
Grants – federal and state	25,393	25,393	26,242	849
State and county shared revenue	5,615,828	5,615,828	5,627,760	11,932
Charges for current services	1,436,377	1,475,180	1,858,887	383,707
Interfund charges for support services	4,023,410	4,023,410	3,900,967	(122,443)
Fines and forfeitures	3,016,112	3,016,112	3,105,514	89,402
Other revenue	747,300	841,452	807,923	(33,529)
Total revenues	52,509,985	52,642,940	51,889,411	(753,529)
Other financing sources:				
Payments in lieu of taxes	13,604,018	13,604,018	13,039,463	(564,555)
Total other financing sources	13,604,018	13,604,018	13,039,463	(564,555)
Total revenues and other financing sources	66,114,003	66,246,958	64,928,874	(1,318,084)
Expenditures:				
City Council	398,130	414,654	414,291	363
City Clerk	429,447	429,447	429,212	235
City Manager	1,036,031	1,006,817	977,758	29,059
National Frontier Trails Center	345,967	352,120	350,460	1,660
Technology services	1,659,908	1,672,008	1,671,953	55
Municipal court	669,958	678,762	678,680	82
Law	728,888	728,888	691,371	37,517
Finance	1,720,182	1,814,966	1,814,785	181
Human resources	548,235	548,235	535,098	13,137
Community development	2,605,129	2,622,358	2,589,947	32,411
Police	20,158,488	21,279,620	21,279,620	5,000
Fire	13,996,503	13,898,504	14,174,304	(275,800)
Health	2,266,260	2,420,432	2,411,687	8,745
Public works	6,959,349	7,156,528	7,155,956	572
Water pollution control	298,891	305,591	305,565	26
Parks and recreation	1,981,302	2,030,581	2,030,565	16
General government	8,185,189	7,371,345	6,641,041	730,304
City Council strategic goals	350,000	958,368	532,230	426,138
Capital outlay	1,243,100	1,891,393	967,436	923,957
Total expenditures	65,580,957	67,580,617	65,646,959	1,933,658
Other financing uses – transfers out	142,357	167,357	125,287	42,070
Total expenditures and other financing uses	65,723,314	67,747,974	65,772,246	1,975,728
Excess of revenue and other financing sources over (under) expenditures and other financing uses	\$ 390,689	(1,501,016)	(843,372)	657,644
Undesignated fund balance at beginning of year			3,399,529	
Cancellation of prior year encumbrances			108,076	
Decrease in other fund balance components during the year			(534,442)	
Undesignated fund balance at end of year			\$ 2,129,791	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2007

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds does not include encumbrances outstanding at year-end as expenditures because encumbrances are reported as reservations of fund balances in accordance with GAAP 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 following budget-basis statement:

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 64,928,874
Basis differences – budget to GAAP:	
None	—
	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>64,928,874</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 65,646,959
Basis differences – budget to GAAP:	
Capital lease	144,129
Outstanding encumbrances at year-end charged to the current year’s budget	(759,073)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	<u>966,048</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	\$ <u>65,998,063</u>

CITY OF INDEPENDENCE, MISSOURI

Schedule of Funding Progress

Retirement Plan

Schedule of Funding Progress:

<u>Actuarial valuation date</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Entry-age actuarial accrued liability</u>	<u>(b) – (a) Unfunded (assets in excess of) accrued liability (UAL)</u>	<u>(a)/(b) Funded ratio</u>	<u>(c) Annual covered payroll</u>	<u>(b) – (a)/(c) UAL as a percentage of covered payroll</u>
February 29, 2005	\$ 133,798,865	\$ 132,721,528	\$ (1,077,337)	101%	\$ 52,038,918	-2%
February 28, 2006	143,965,379	140,859,132	(3,106,247)	102%	55,394,891	-6%
February 28, 2007	158,403,238	148,892,342	(9,510,896)	106%	57,504,095	-17%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2007 annual valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS's office in Jefferson City at P.O. Box 1665 Jefferson City, Missouri 65102 or telephone 1-800-447-4334.

CITY OF INDEPENDENCE, MISSOURI

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism – This fund is used to account for expenditures for tourism that 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 that are financed by a special property tax levy on those businesses which are benefited.

Community Development Grant Act – This fund is used to account for all projects that are funded by the Federal Community Development Block Grant.

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

Street Improvement Sales Tax – This fund is used to account for all street projects that are funded by the three-eighths cent street improvement sales tax.

Park Improvement Sales Tax Fund – This fund accounts for all park projects that are funded by the one-quarter cent park improvement sales tax.

Storm Water Sales Tax – This fund is used to account for all storm water projects that are funded by the one-fourth cent storm water sales tax.

Police Sales Tax – This fund is used to account for receipts and expenditures of the City's sales tax for police protection services.

Fire Sales Tax – This fund is used to account for receipts and expenditures of the City's sales tax for fire protection services.

License Surcharge – This fund is used to account for street improvements funded by an excise tax that is based on increased traffic flow relating to new development.

Grant Fund – This fund is used to account for expenditures that are funded by grants.

Capital Projects Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary funds or trust funds.

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

Building and Other Improvements – This fund is used to account for the acquisition, construction, and improvement of nonproprietary 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 parkland.

CITY OF INDEPENDENCE, MISSOURI

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

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

Debt Service Fund

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2007

Assets	Special Revenue (Exhibit 14)	Capital Projects (Exhibit 27)	Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 23,447,799	66,878	9,670	1	23,524,348
Receivables:					
Taxes	2,877,472	—	—	—	2,877,472
Accounts	16,235	612	—	—	16,847
Special assessment principal and accrued interest	—	—	—	1,298,024	1,298,024
Accrued interest	208,510	—	—	—	208,510
Due from other funds	1,438,535	—	—	—	1,438,535
Due from component unit	16,500	—	—	—	16,500
Due from other governments	933,920	—	—	—	933,920
Restricted assets	3,215,752	—	—	94,000	3,309,752
Total assets	<u>\$ 32,154,723</u>	<u>67,490</u>	<u>9,670</u>	<u>1,392,025</u>	<u>33,623,908</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts and contracts payable	\$ 3,235,527	38,792	—	—	3,274,319
Due to other funds	1,664,251	16,156	—	11,772	1,692,179
Accrued items	83,103	—	—	—	83,103
Other current liabilities	26,380	—	—	—	26,380
Deferred revenue	166,991	—	—	1,298,024	1,465,015
Total liabilities	<u>5,176,252</u>	<u>54,948</u>	<u>—</u>	<u>1,309,796</u>	<u>6,540,996</u>
Fund balances:					
Reserved for:					
Encumbrances	9,272,491	43,548	—	—	9,316,039
Other purposes	85,739	—	—	—	85,739
Unreserved, reported in:					
Special revenue funds	17,620,241	—	—	—	17,620,241
Debt service funds	—	—	—	82,229	82,229
Capital projects funds	—	(31,006)	—	—	(31,006)
Permanent fund	—	—	9,670	—	9,670
Total fund balances	<u>26,978,471</u>	<u>12,542</u>	<u>9,670</u>	<u>82,229</u>	<u>27,082,912</u>
Total liabilities and fund balances	<u>\$ 32,154,723</u>	<u>67,490</u>	<u>9,670</u>	<u>1,392,025</u>	<u>33,623,908</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Governmental Funds

Year ended June 30, 2007

	Special Revenue (Exhibit 15)	Capital Projects (Exhibit 28)	Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 20,629,478	—	—	—	20,629,478
Licenses and permits	1,171,509	—	—	—	1,171,509
Intergovernmental	4,022,553	1,783,755	—	—	5,806,308
Charges for services	603,581	—	—	102,999	706,580
Investment income	1,238,073	1,333	450	3,823	1,243,679
Other	221,906	—	—	—	221,906
Total revenues	<u>27,887,100</u>	<u>1,785,088</u>	<u>450</u>	<u>106,822</u>	<u>29,779,460</u>
Expenditures:					
Current:					
Administrative services	44,269	—	—	—	44,269
Public safety	4,446,626	—	—	—	4,446,626
Health and welfare	493,136	—	—	—	493,136
Culture and recreation	3,067,660	—	—	—	3,067,660
Community development	1,525,599	—	—	—	1,525,599
Storm water	1,232,707	—	—	—	1,232,707
General government	281,646	—	5,000	1,034	287,680
Capital outlay	17,991,703	2,514,293	—	—	20,505,996
Debt service:					
Principal	2,850,000	—	—	59,000	2,909,000
Interest and fiscal agent fees	881,655	—	—	50,859	932,514
Total expenditures	<u>32,815,001</u>	<u>2,514,293</u>	<u>5,000</u>	<u>110,893</u>	<u>35,445,187</u>
Excess (deficiency) of revenues over expenditures	<u>(4,927,901)</u>	<u>(729,205)</u>	<u>(4,550)</u>	<u>(4,071)</u>	<u>(5,665,727)</u>
Other financing sources (uses):					
Proceeds from capital leases/bond issuance	8,255,000	—	—	—	8,255,000
Reoffering premium/original issue discount	78,680	—	—	—	78,680
Transfers in	—	730,538	—	—	730,538
Transfers out	(1,836,420)	—	—	—	(1,836,420)
Total other financing sources (uses)	<u>6,497,260</u>	<u>730,538</u>	<u>—</u>	<u>—</u>	<u>7,227,798</u>
Net change in fund balances	1,569,359	1,333	(4,550)	(4,071)	1,562,071
Fund balances (deficit), beginning	25,409,112	11,209	14,220	86,300	25,520,841
Fund balances, ending	<u>\$ 26,978,471</u>	<u>12,542</u>	<u>9,670</u>	<u>82,229</u>	<u>27,082,912</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Special Revenue Funds

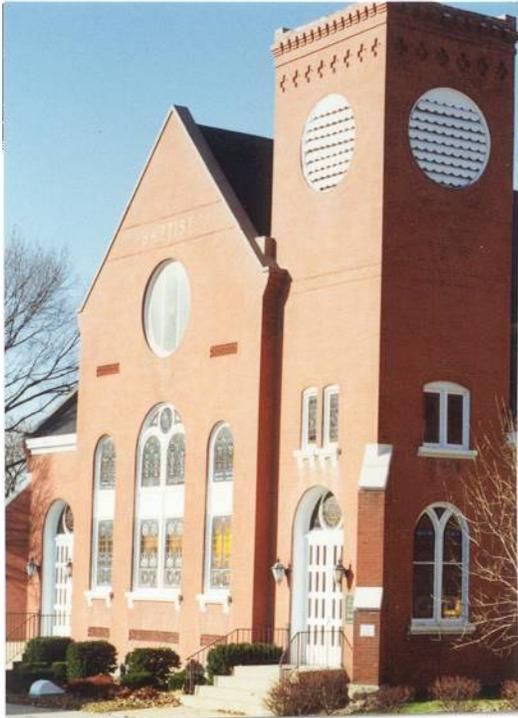
June 30, 2007

Assets	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 25)	License Surcharge	Grants	Total
Pooled cash and investments	\$ 1,378,870	23,962	—	—	18,647,267	3,397,700	—	23,447,799
Receivables:								
Taxes	90,000	471	—	—	2,787,001	—	—	2,877,472
Accounts	—	—	—	—	—	—	16,235	16,235
Accrued interest	—	—	—	—	175,055	33,455	—	208,510
Due from other funds	—	—	—	—	1,438,535	—	—	1,438,535
Due from component unit	—	—	—	—	16,500	—	—	16,500
Due from other governments	119,861	—	182,216	205,405	—	—	426,438	933,920
Restricted assets	—	—	—	—	3,215,752	—	—	3,215,752
Total assets	<u>\$ 1,588,731</u>	<u>24,433</u>	<u>182,216</u>	<u>205,405</u>	<u>26,280,110</u>	<u>3,431,155</u>	<u>442,673</u>	<u>32,154,723</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts and contracts payable	\$ 178,922	—	425	10,621	2,990,969	—	54,590	3,235,527
Due to other funds	—	—	172,746	165,594	1,032,957	—	292,954	1,664,251
Accrued items	8,784	—	7,745	2,806	39,811	—	23,957	83,103
Other current liabilities	—	—	—	26,380	—	—	—	26,380
Deferred revenue	—	—	—	—	95,819	—	71,172	166,991
Total liabilities	<u>187,706</u>	<u>—</u>	<u>180,916</u>	<u>205,401</u>	<u>4,159,556</u>	<u>—</u>	<u>442,673</u>	<u>5,176,252</u>
Fund balances:								
Reserved for:								
Encumbrances	156,563	—	115,735	106,832	8,662,154	—	231,207	9,272,491
Other purposes	—	—	—	—	85,739	—	—	85,739
Unreserved, reported in:								
Special revenue funds	1,244,462	24,433	(114,435)	(106,828)	13,372,661	3,431,155	(231,207)	17,620,241
Total fund balances	<u>1,401,025</u>	<u>24,433</u>	<u>1,300</u>	<u>4</u>	<u>22,120,554</u>	<u>3,431,155</u>	<u>—</u>	<u>26,978,471</u>
Total liabilities and fund balances	<u>\$ 1,588,731</u>	<u>24,433</u>	<u>182,216</u>	<u>205,405</u>	<u>26,280,110</u>	<u>3,431,155</u>	<u>442,673</u>	<u>32,154,723</u>

CITY OF INDEPENDENCE, MISSOURI
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year ended June 30, 2007

	<u>Tourism</u>	<u>Independence Square Benefit District</u>	<u>Community Development Grant Act</u>	<u>Rental Rehabilitation</u>	<u>Combined Sales Tax Funds (Exhibit 26)</u>	<u>License Surcharge</u>	<u>Grants</u>	<u>Total</u>
Revenues:								
Taxes	\$ 1,020,664	22,052	—	—	19,586,762	—	—	20,629,478
Licenses and permits	—	—	—	—	—	1,171,509	—	1,171,509
Intergovernmental	169,122	—	1,122,874	790,434	324,684	—	1,615,439	4,022,553
Charges for services	1,165	—	1,300	—	514,750	—	86,366	603,581
Investment income	53,966	820	—	—	1,012,955	170,544	(212)	1,238,073
Other	7,553	—	—	—	212,770	—	1,583	221,906
Total revenues	<u>1,252,470</u>	<u>22,872</u>	<u>1,124,174</u>	<u>790,434</u>	<u>21,651,921</u>	<u>1,342,053</u>	<u>1,703,176</u>	<u>27,887,100</u>
Expenditures:								
Current:								
Administrative services	—	—	—	—	—	—	44,269	44,269
Public safety	—	—	—	—	3,427,396	—	1,019,230	4,446,626
Health and welfare	—	—	—	—	—	—	493,136	493,136
Culture and recreation	992,212	—	—	—	2,075,448	—	—	3,067,660
Community development	—	—	735,168	790,431	—	—	—	1,525,599
Storm water	—	—	—	—	1,232,707	—	—	1,232,707
General government	—	—	—	—	134,592	—	147,054	281,646
Capital outlay	—	353	—	—	17,991,350	—	—	17,991,703
Debt service:								
Principal	—	—	—	—	2,850,000	—	—	2,850,000
Interest and fiscal agent fees	—	—	3	3	881,649	—	—	881,655
Total expenditures	<u>992,212</u>	<u>353</u>	<u>735,171</u>	<u>790,434</u>	<u>28,593,142</u>	<u>—</u>	<u>1,703,689</u>	<u>32,815,001</u>
Excess (deficiency) of revenues over expenditures	<u>260,258</u>	<u>22,519</u>	<u>389,003</u>	<u>—</u>	<u>(6,941,221)</u>	<u>1,342,053</u>	<u>(513)</u>	<u>(4,927,901)</u>
Other financing sources (uses):								
Proceeds from bond issuance	—	—	—	—	8,255,000	—	—	8,255,000
Reoffering premium/original issue discount	—	—	—	—	78,680	—	—	78,680
Transfers out	—	—	(387,703)	—	(258,521)	(1,190,196)	—	(1,836,420)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(387,703)</u>	<u>—</u>	<u>8,075,159</u>	<u>(1,190,196)</u>	<u>—</u>	<u>6,497,260</u>
Net change in fund balances	<u>260,258</u>	<u>22,519</u>	<u>1,300</u>	<u>—</u>	<u>1,133,938</u>	<u>151,857</u>	<u>(513)</u>	<u>1,569,359</u>
Fund balances, beginning	<u>1,140,767</u>	<u>1,914</u>	<u>—</u>	<u>4</u>	<u>20,986,616</u>	<u>3,279,298</u>	<u>513</u>	<u>25,409,112</u>
Fund balances, ending	<u>\$ 1,401,025</u>	<u>24,433</u>	<u>1,300</u>	<u>4</u>	<u>22,120,554</u>	<u>3,431,155</u>	<u>—</u>	<u>26,978,471</u>

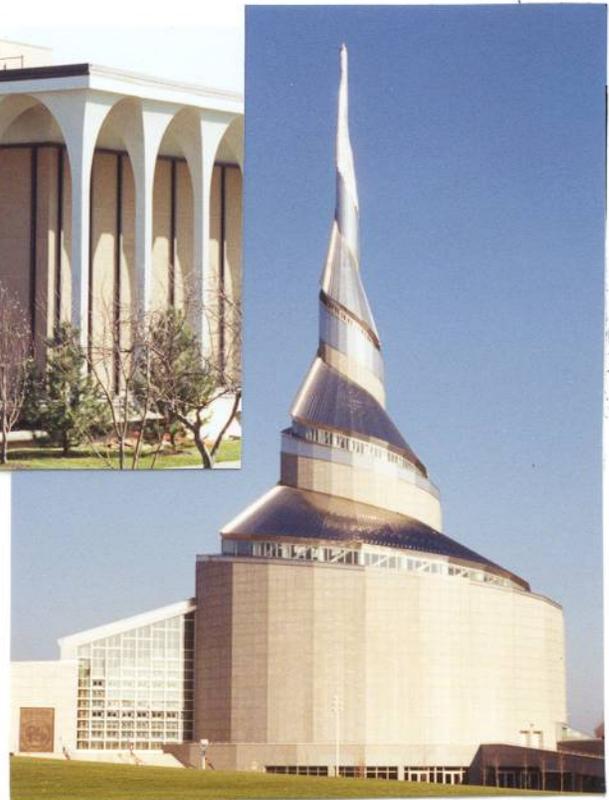
*Below: First Baptist Church
500 W. Truman Road*



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



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



*Right: RLDS Temple
River and Walnut*

CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

Tourism Fund

Year ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Transient guest taxes	\$ 968,000	968,000	1,020,664	52,664
Interest	—	24,000	53,966	29,966
Grants – federal, state, and local	—	171,463	169,122	(2,341)
Other revenue	30,000	6,000	8,718	2,718
Total revenues	998,000	1,169,463	1,252,470	83,007
Expenditures:				
Tourism	891,646	1,063,109	1,059,592	3,517
Total expenditures	891,646	1,063,109	1,059,592	3,517
Excess of revenues over (under) expenditures	\$ <u>106,354</u>	<u>106,354</u>	192,878	<u>86,524</u>
Undesignated fund balance at beginning of year			638,590	
Cancellation of prior year encumbrances			19,215	
Change in other fund balance components during the year (1)			(125,711)	
Undesignated fund balance at end of year			\$ <u>724,972</u>	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Tourism Fund

Year ended June 30, 2007

	<u>Tourism Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,252,470
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,252,470</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,059,592
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(140,730)
fiscal year (1)	<u>73,350</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 992,212</u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Community Development Block Grant Fund
 Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
Revenues:				
Federal grant - CDBG	\$ 776,034	776,034	1,124,174	348,140
Total revenues	<u>776,034</u>	<u>776,034</u>	<u>1,124,174</u>	<u>348,140</u>
Expenditures:				
CDBG administration	213,700	277,257	140,354	136,903
CDBG expenditures	—	840,540	546,659	293,881
Public facilities and improvements	—	1,891	—	1,891
Commercial facade program	—	308,388	163,893	144,495
Total expenditures	<u>213,700</u>	<u>1,428,076</u>	<u>850,906</u>	<u>577,170</u>
Other financing uses:				
Transfers out	—	150,000	387,703	(237,703)
Total other financing uses	<u>—</u>	<u>150,000</u>	<u>387,703</u>	<u>(237,703)</u>
Total expenditures and other uses	<u>213,700</u>	<u>1,578,076</u>	<u>1,238,609</u>	<u>339,467</u>
Excess of revenues over (under)				
expenditures and other				
financing uses	\$ <u>562,334</u>	<u>(802,042)</u>	<u>(114,435)</u>	<u>687,607</u>
Undesignated fund balance at beginning of year			(392,994)	
Change in other fund balance				
components during the year			392,994	
Undesignated fund balance at end of year			<u>\$ (114,435)</u>	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Community Development Block Grant Fund
 Year ended June 30, 2007

	<u>Community Development Block Grant</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,124,174
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>1,124,174</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 850,906
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	<u>(115,735)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>735,171</u>
 (1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Rental Rehabilitation
 Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
HOME program grant	\$ 456,644	456,644	790,434	333,790
Total revenues	456,644	456,644	790,434	333,790
Expenditures:				
HOME administration	46,404	49,864	47,288	2,576
Multi family housing	—	500,625	407,321	93,304
Single family housing	—	524,083	342,174	181,909
Community housing development	—	271,912	100,483	171,429
Total expenditures	46,404	1,346,484	897,266	449,218
Excess of revenues over (under) expenditures	\$ 410,240	(889,840)	(106,832)	783,008
Undesignated fund balance (deficit) at beginning of year			(205,307)	
Change in other fund balance components during the year (1)			205,312	
Undesignated fund balance (deficit) at end of year			\$ (106,827)	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI
Budgetary Basis Reconciliation Schedule
Rental Rehabilitation
Year ended June 30, 2007

	<u>Rental Rehabilitation</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 790,434
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>790,434</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 897,266
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	<u>(106,832)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>790,434</u></u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Street Improvements Sales Tax Fund
 Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
			<u>(Budget Basis)</u>	<u>Budget</u>
Revenues:				
Sales taxes	\$ 6,147,787	6,147,787	5,839,961	(307,826)
Interest	400,000	400,000	181,951	(218,049)
Total revenues	<u>6,547,787</u>	<u>6,547,787</u>	<u>6,021,912</u>	<u>(525,875)</u>
Other Financing sources:				
Proceeds from bond issuance	—	—	2,770,000	2,770,000
Reoffering premium/original issue discount	—	—	19,335	19,335
Total other financing sources	<u>—</u>	<u>—</u>	<u>2,789,335</u>	<u>2,789,335</u>
Total revenues and other financing sources	<u>6,547,787</u>	<u>6,547,787</u>	<u>8,811,247</u>	<u>2,263,460</u>
Expenditures:				
General Government	13,125	13,125	64,173	(51,048)
Capital outlay	15,053,000	15,888,845	8,372,650	7,516,195
Debt service	—	—	1,388,329	(1,388,329)
Total expenditures	<u>15,066,125</u>	<u>15,901,970</u>	<u>9,825,152</u>	<u>6,076,818</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (8,518,338)</u>	<u>(9,354,183)</u>	<u>(1,013,905)</u>	<u>8,340,278</u>
Undesignated fund balance (deficit) at beginning of year			(1,196,650)	
Change in other fund balance components during the year (1)			2,101,195	
Undesignated fund balance (deficit) at end of year			<u>\$ (109,360)</u>	

(1) This amount represents transactions included in the Excess of Revenues and Other Financing sources over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI
Budgetary Basis Reconciliation Schedule
Street Improvements Sales Tax Fund
Year ended June 30, 2007

	<u>Streets Improvements Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 6,021,912
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 6,021,912</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 9,825,152
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	—
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>—</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 9,825,152</u>
 (1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Park Improvements Sales Tax Fund
 Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
			<u>(Budget Basis)</u>	<u>Budget</u>
Revenues:				
Sales taxes	\$ 3,977,802	3,977,802	3,892,971	(84,831)
Public health and recreation	—	91,500	52,320	(39,180)
Adventure Oasis Water Park	575,000	587,500	462,430	(125,070)
Other revenue	127,500	78,500	168,509	90,009
Total revenues	<u>4,680,302</u>	<u>4,735,302</u>	<u>4,576,230</u>	<u>(159,072)</u>
Other financing sources:				
Proceeds from bond issuance	4,695,000	4,695,000	5,485,000	790,000
Reoffering premium/original issue discount	—	—	59,345	59,345
Total other financing sources	<u>4,695,000</u>	<u>4,695,000</u>	<u>5,544,345</u>	<u>849,345</u>
Total revenues and other financing sources	<u>9,375,302</u>	<u>9,430,302</u>	<u>10,120,575</u>	<u>690,273</u>
Expenditures:				
Culture and recreation	1,965,529	2,260,460	2,011,715	248,745
General government	—	8,750	77,427	(68,677)
Capital outlay	8,616,082	8,614,749	6,948,415	1,666,334
Debt service	1,206,839	1,206,839	1,282,244	(75,405)
Total expenditures	<u>11,788,450</u>	<u>12,090,798</u>	<u>10,319,801</u>	<u>1,770,997</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (2,413,148)</u>	<u>(2,660,496)</u>	<u>(199,226)</u>	<u>2,461,270</u>
Undesignated fund balance (deficit) at beginning of year			(1,510,742)	
Cancellation of prior year encumbrances			28,915	
Change in other fund balance components during the year (1)			238,582	
Undesignated fund balance (deficit) at end of year			<u>\$ (1,442,471)</u>	

(1) This amount represents transactions included in the Excess of Revenues and Other Financing sources over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Park Improvements Sales Tax Fund

Year ended June 30, 2007

	Park Improvements Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,576,230
Basis differences – budget to GAAP:	
None	<u> </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,576,230</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 10,319,801
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(163,040)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	219,765
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 10,376,526</u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
Budgetary Comparison Schedule
Storm Water Sales Tax Fund
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
			<u>(Budget Basis)</u>	<u>Budget</u>
Revenues:				
Sales taxes	\$ 3,977,802	3,977,802	3,895,405	(82,397)
Grants - federal, state and local	—	—	324,684	324,684
Interest	490,000	490,000	431,463	(58,537)
Other revenue	—	—	108,782	108,782
Total revenues	<u>4,467,802</u>	<u>4,467,802</u>	<u>4,760,334</u>	<u>292,532</u>
Expenditures:				
Storm water				
Administration	313,791	299,731	158,750	140,981
Maintenance	1,208,682	994,858	933,681	61,177
Permit completion	153,700	185,550	146,619	38,931
Capital outlay	6,079,228	6,524,505	1,670,944	4,853,561
Total expenditures	<u>7,755,401</u>	<u>8,004,644</u>	<u>2,909,994</u>	<u>5,094,650</u>
Excess of revenues over (under) expenditures	<u>\$ (3,287,599)</u>	<u>(3,536,842)</u>	<u>1,850,340</u>	<u>5,387,182</u>
Undesignated fund balance at beginning of year			8,180,693	
Cancellation of prior year encumbrances			9,098	
Change in other fund balance components during the year (1)			33,002	
Undesignated fund balance at end of year			<u>\$ 10,073,133</u>	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2007

	<u>Storm Water Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,760,334
Basis differences – budget to GAAP:	
None	<u> —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,760,334</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,909,994
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(132,454)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	126,111
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,903,651</u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Police Public Safety Sales Tax Fund
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 2,100,523	2,100,523	2,066,938	(33,585)
Investment income	145,000	145,000	141,200	(3,800)
Other revenue	—	—	3,436	3,436
Total revenues	<u>2,245,523</u>	<u>2,245,523</u>	<u>2,211,574</u>	<u>(33,949)</u>
Expenditures:				
Public safety				
Communications	1,013,058	1,013,058	27,571	985,487
Facilities	934,000	934,000	522,594	411,406
Equipment	2,070,290	2,073,850	893,717	1,180,133
Debt service	514,763	514,763	512,692	2,071
Total expenditures	<u>4,532,111</u>	<u>4,535,671</u>	<u>1,956,574</u>	<u>2,579,097</u>
Other financing uses:				
Transfers out/capital outlay	122,531	122,531	122,519	12
Total other financing uses	<u>122,531</u>	<u>122,531</u>	<u>122,519</u>	<u>12</u>
Total expenditures and other financing uses	<u>4,654,642</u>	<u>4,658,202</u>	<u>2,079,093</u>	<u>2,579,109</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (2,409,119)</u>	<u>(2,412,679)</u>	<u>132,481</u>	<u>2,545,160</u>
Undesignated fund balance at beginning of year			2,196,647	
Cancellation of prior year encumbrances			20,011	
Change in other fund balance components during the year (1)			8	
Undesignated Fund Balance at end of year			<u>\$ 2,349,147</u>	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Police Public Safety Sales Tax Fund

Year ended June 30, 2007

	<u>Police Public Safety Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,211,574
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,211,574</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,956,574
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(364,881)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	1,349,497
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,941,190</u>

- (1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Fire Public Safety Sales Tax Fund
 Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Sales taxes	\$ 3,977,802	3,977,802	3,891,487	(86,315)
Other revenue	211,000	211,000	190,384	(20,616)
Total revenues	<u>4,188,802</u>	<u>4,188,802</u>	<u>4,081,871</u>	<u>(106,931)</u>
Expenditures:				
Public safety	1,444,494	1,444,494	838,093	606,401
Capital outlay	5,935,373	5,935,373	999,341	4,936,032
Debt service	553,113	553,113	549,713	3,400
Total expenditures	<u>7,932,980</u>	<u>7,932,980</u>	<u>2,387,147</u>	<u>5,545,833</u>
Other financing uses:				
Transfers out/capital outlay	136,002	136,002	136,002	—
Total other financing uses	<u>136,002</u>	<u>136,002</u>	<u>136,002</u>	<u>—</u>
Total expenditures and other financing uses	<u>8,068,982</u>	<u>8,068,982</u>	<u>2,523,149</u>	<u>5,545,833</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (3,880,180)</u>	<u>(3,880,180)</u>	<u>1,558,722</u>	<u>5,438,902</u>
Undesignated fund balance at beginning of year			2,986,952	
Change in other fund balance components during the year (1)			(1,977,459)	
Undesignated fund balance at end of year			<u>\$ 2,568,215</u>	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures and Other Financing Uses amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Fire Public Safety Sales Tax Fund

Year ended June 30, 2007

	Fire Public Safety Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,081,871
Basis differences – budget to GAAP:	
None	<u> </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>4,081,871</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,387,147
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(443,346)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	602,822
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,546,623</u>

- (1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Grants Fund
 Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants and other shared revenue	\$ 1,066,167	3,158,056	1,615,439	(1,542,617)
Charges for current services	28,657	86,366	86,366	—
Interest income and other revenue	—	1,861	1,371	(490)
Total revenues	<u>1,094,824</u>	<u>3,246,283</u>	<u>1,703,176</u>	<u>(1,543,107)</u>
Expenditures:				
Law department	47,624	101,322	44,269	57,053
Police department	467,796	2,083,038	1,140,595	942,443
Fire department	43,000	91,588	69,257	22,331
Health department	536,404	786,280	502,696	283,584
Community development	—	184,687	178,078	6,609
Total expenditures	<u>1,094,824</u>	<u>3,246,915</u>	<u>1,934,895</u>	<u>1,312,020</u>
Excess of revenues over (under) expenditures	<u>\$ —</u>	<u>(632)</u>	<u>(231,719)</u>	<u>(231,087)</u>
Undesignated fund balance (deficit) at beginning of year			(122,647)	
Change in other fund balance components during the year (1)			123,159	
Undesignated fund balance (deficit) at end of year			<u>\$ (231,207)</u>	

(1) This amount represents transactions included in the Excess of Revenues over (under) Expenditures amount listed above that affected Fund Balance components other than the Undesignated Fund Balance or transactions that were recorded directly from the Undesignated Fund Balance account to other Fund Balance component accounts.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2007

	<u>Grants</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,703,176
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,703,176</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,934,895
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(231,206)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>—</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,703,689</u></u>

- (1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Sales Tax Funds

June 30, 2007

Assets	Street Sales Tax	Parks Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 14)
Pooled cash and investments	\$ 521,284	1	10,434,814	2,509,489	5,181,679	18,647,267
Receivables:						
Taxes	833,193	555,795	555,934	286,383	555,696	2,787,001
Accrued interest	10,937	—	131,977	—	32,141	175,055
Due from other funds	1,422,379	—	16,156	—	—	1,438,535
Restricted assets	1,694,612	1,425,209	95,819	54	58	3,215,752
Advance to component unit	—	16,500	—	—	—	16,500
Total assets	<u>\$ 4,482,405</u>	<u>1,997,505</u>	<u>11,234,700</u>	<u>2,795,926</u>	<u>5,769,574</u>	<u>26,280,110</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ 1,374,302	1,022,915	114,334	43,511	435,907	2,990,969
Due to other funds	—	1,032,957	—	—	—	1,032,957
Accrued items	—	26,029	13,782	—	—	39,811
Deferred revenue	—	—	95,819	—	—	95,819
Total liabilities	<u>1,374,302</u>	<u>2,081,901</u>	<u>223,935</u>	<u>43,511</u>	<u>435,907</u>	<u>4,159,556</u>
Fund balances:						
Reserved for:						
Encumbrances	3,195,351	1,294,561	1,003,635	403,214	2,765,393	8,662,154
Other purposes	22,113	63,514	—	54	58	85,739
Unreserved, reported in:						
Special revenue funds	(109,361)	(1,442,471)	10,007,130	2,349,147	2,568,216	13,372,661
Total fund balances	<u>3,108,103</u>	<u>(84,396)</u>	<u>11,010,765</u>	<u>2,752,415</u>	<u>5,333,667</u>	<u>22,120,554</u>
Total liabilities and fund balances	<u>\$ 4,482,405</u>	<u>1,997,505</u>	<u>11,234,700</u>	<u>2,795,926</u>	<u>5,769,574</u>	<u>26,280,110</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Sales Tax Funds
Year ended June 30, 2007

	<u>Street Sales Tax</u>	<u>Park Improvements Sales Tax</u>	<u>Storm Water Sales Tax</u>	<u>Police Sales Tax</u>	<u>Fire Sales Tax</u>	<u>Total (Exhibit 15)</u>
Revenues:						
Taxes	\$ 5,839,961	3,892,971	3,895,405	2,066,938	3,891,487	19,586,762
Intergovernmental	—	—	324,684	—	—	324,684
Charges for services	—	514,750	—	—	—	514,750
Investment income	181,951	67,957	431,463	141,200	190,384	1,012,955
Other	—	100,552	108,782	3,436	—	212,770
Total revenues	<u>6,021,912</u>	<u>4,576,230</u>	<u>4,760,334</u>	<u>2,211,574</u>	<u>4,081,871</u>	<u>21,651,921</u>
Expenditures:						
Current:						
Public safety	—	—	—	2,429,827	997,569	3,427,396
Culture and recreation	—	2,075,448	—	—	—	2,075,448
Storm water	—	—	1,232,707	—	—	1,232,707
General government	64,173	70,419	—	—	—	134,592
Capital outlay	8,372,650	6,948,415	1,670,944	—	999,341	17,991,350
Debt service:						
Principal	1,210,000	945,000	—	335,000	360,000	2,850,000
Interest and fiscal agent fees	178,329	337,244	—	176,363	189,713	881,649
Total expenditures	<u>9,825,152</u>	<u>10,376,526</u>	<u>2,903,651</u>	<u>2,941,190</u>	<u>2,546,623</u>	<u>28,593,142</u>
Excess (deficiency) of revenues over expenditures	<u>(3,803,240)</u>	<u>(5,800,296)</u>	<u>1,856,683</u>	<u>(729,616)</u>	<u>1,535,248</u>	<u>(6,941,221)</u>
Other financing sources (uses):						
Proceeds from bond issuance	2,770,000	5,485,000	—	—	—	8,255,000
Reoffering premium/original issue discount	19,335	59,345	—	—	—	78,680
Transfers out	—	—	—	(122,519)	(136,002)	(258,521)
Total other financing sources (uses)	<u>2,789,335</u>	<u>5,544,345</u>	<u>—</u>	<u>(122,519)</u>	<u>(136,002)</u>	<u>8,075,159</u>
Net change in fund balances	<u>(1,013,905)</u>	<u>(255,951)</u>	<u>1,856,683</u>	<u>(852,135)</u>	<u>1,399,246</u>	<u>1,133,938</u>
Fund balances, beginning	<u>4,122,008</u>	<u>171,555</u>	<u>9,154,082</u>	<u>3,604,550</u>	<u>3,934,421</u>	<u>20,986,616</u>
Fund balances, ending	<u>\$ 3,108,103</u>	<u>(84,396)</u>	<u>11,010,765</u>	<u>2,752,415</u>	<u>5,333,667</u>	<u>22,120,554</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

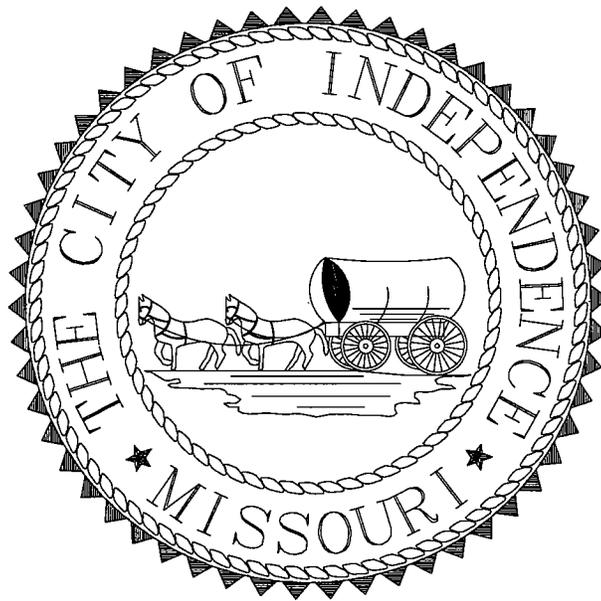
Nonmajor Capital Projects Funds

June 30, 2007

Assets	<u>Revolving Public Improvements</u>	<u>Buildings and Other Improvements</u>	<u>Storm Drainage</u>	<u>Park Improvements</u>	<u>Total (Exhibit 12)</u>
Pooled cash and investments	\$ 19,000	38,330	1	9,547	66,878
Receivables:					
Accounts	—	612	—	—	612
Total assets	<u>\$ 19,000</u>	<u>38,942</u>	<u>1</u>	<u>9,547</u>	<u>67,490</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts and contracts payable	\$ —	38,792	—	—	38,792
Due to other funds	—	—	16,156	—	16,156
Total liabilities	<u>—</u>	<u>38,792</u>	<u>16,156</u>	<u>—</u>	<u>54,948</u>
Fund balances (deficit):					
Reserved for:					
Encumbrances	—	12,428	—	31,120	43,548
Unreserved, reported in:					
Capital projects funds	19,000	(12,278)	(16,155)	(21,573)	(31,006)
Total fund balances (deficit)	<u>19,000</u>	<u>150</u>	<u>(16,155)</u>	<u>9,547</u>	<u>12,542</u>
Total liabilities and fund balances	<u>\$ 19,000</u>	<u>38,942</u>	<u>1</u>	<u>9,547</u>	<u>67,490</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Nonmajor Capital Projects Funds
Year ended June 30, 2007

	<u>Revolving Public Improvements</u>	<u>Buildings and Other Improvements</u>	<u>Storm Drainage</u>	<u>Park Improvements</u>	<u>Total (Exhibit 13)</u>
Revenues:					
Intergovernmental	\$ —	1,783,755	—	—	1,783,755
Investment income	<u>787</u>	<u>150</u>	<u>—</u>	<u>396</u>	<u>1,333</u>
Total revenues	<u>787</u>	<u>1,783,905</u>	<u>—</u>	<u>396</u>	<u>1,785,088</u>
Expenditures:					
Capital outlay	<u>—</u>	<u>2,514,293</u>	<u>—</u>	<u>—</u>	<u>2,514,293</u>
Total expenditures	<u>—</u>	<u>2,514,293</u>	<u>—</u>	<u>—</u>	<u>2,514,293</u>
Excess (deficiency) of revenues over expenditures	<u>787</u>	<u>(730,388)</u>	<u>—</u>	<u>396</u>	<u>(729,205)</u>
Other financing sources (uses):					
Transfers in	<u>—</u>	<u>730,538</u>	<u>—</u>	<u>—</u>	<u>730,538</u>
Total other financing sources (uses)	<u>—</u>	<u>730,538</u>	<u>—</u>	<u>—</u>	<u>730,538</u>
Net change in fund balances	<u>787</u>	<u>150</u>	<u>—</u>	<u>396</u>	<u>1,333</u>
Fund balances (deficit), beginning	<u>18,213</u>	<u>—</u>	<u>(16,155)</u>	<u>9,151</u>	<u>11,209</u>
Fund balances (deficit), ending	<u>\$ 19,000</u>	<u>150</u>	<u>(16,155)</u>	<u>9,547</u>	<u>12,542</u>



CITY OF INDEPENDENCE, MISSOURI

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 governmental 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.

Pharmacy Benefit Plan – This fund is used to account for the costs of the City's self-insured pharmacy/prescription plan.

Staywell Health Care – This fund is used to account for the costs of the City's self-insured healthcare plan.

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Net Assets

Internal Service Funds

June 30, 2007

	<u>Central Garage</u>	<u>Pharmacy Benefit Plan</u>	<u>Staywell Health Care</u>	<u>Total (Exhibit 5)</u>
Assets:				
Current assets:				
Pooled cash and investments	\$ 126,382	1,550	5,014,802	5,142,734
Accounts receivable	9,046	7,000	51,689	67,735
Accrued interest receivable	—	—	6,006	6,006
Inventory	90,526	—	—	90,526
Total current assets	<u>225,954</u>	<u>8,550</u>	<u>5,072,497</u>	<u>5,307,001</u>
Noncurrent assets:				
Property, plant, and equipment:				
Land	93,979	—	—	93,979
Depreciable property, plant, and equipment	146,481	—	—	146,481
Less accumulated depreciation	(144,281)	—	—	(144,281)
Total noncurrent assets	<u>96,179</u>	<u>—</u>	<u>—</u>	<u>96,179</u>
Total assets	<u>\$ 322,133</u>	<u>8,550</u>	<u>5,072,497</u>	<u>5,403,180</u>
Liabilities:				
Current liabilities:				
Accounts and contracts payable	\$ 45,232	37,777	—	83,009
Due to other funds	—	75,000	—	75,000
Accrued liabilities	7,498	—	—	7,498
Compensated absences – current	29,535	—	—	29,535
Medical self-insurance claims	—	—	1,215,829	1,215,829
Total current liabilities	<u>82,265</u>	<u>112,777</u>	<u>1,215,829</u>	<u>1,410,871</u>
Noncurrent liabilities:				
Compensated absences – long-term	43,320	—	—	43,320
Total liabilities	<u>125,585</u>	<u>112,777</u>	<u>1,215,829</u>	<u>1,454,191</u>
Net assets:				
Invested in capital assets, net of related debt	96,179	—	—	96,179
Unrestricted	100,369	(104,227)	3,856,668	3,852,810
Total net assets	<u>196,548</u>	<u>(104,227)</u>	<u>3,856,668</u>	<u>3,948,989</u>
Total liabilities and net assets	<u>\$ 322,133</u>	<u>8,550</u>	<u>5,072,497</u>	<u>5,403,180</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

Year ended June 30, 2007

	<u>Central Garage</u>	<u>Pharmacy Benefit Plan</u>	<u>Staywell Health Care</u>	<u>Total (Exhibit 6)</u>
Operating revenues:				
Charges for services	\$ 1,930,884	270,216	12,560,452	14,761,552
Total operating revenues	<u>1,930,884</u>	<u>270,216</u>	<u>12,560,452</u>	<u>14,761,552</u>
Operating expenses:				
Personal services	633,877	—	—	633,877
Other services	358,451	382,318	10,630,250	11,371,019
Supplies	902,035	—	—	902,035
Depreciation and amortization	550	—	—	550
Total operating expenses	<u>1,894,913</u>	<u>382,318</u>	<u>10,630,250</u>	<u>12,907,481</u>
Operating income (loss)	<u>35,971</u>	<u>(112,102)</u>	<u>1,930,202</u>	<u>1,854,071</u>
Nonoperating revenues:				
Interest revenue	4,901	875	190,977	196,753
Miscellaneous revenue	50,419	7,000	640,641	698,060
Total nonoperating revenue	<u>55,320</u>	<u>7,875</u>	<u>831,618</u>	<u>894,813</u>
Change in net assets	91,291	(104,227)	2,761,820	2,748,884
Total net assets:				
Beginning of the period	<u>105,257</u>	<u>—</u>	<u>1,094,848</u>	<u>1,200,105</u>
End of the period	<u>\$ 196,548</u>	<u>(104,227)</u>	<u>3,856,668</u>	<u>3,948,989</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2007

	Internal Service Funds			Total (Exhibit 7)
	Central Garage	Pharmacy Benefit Plan	Staywell Health Care	
Cash flows from operations:				
Receipts from customers	\$ 1,980,368	270,216	13,197,925	15,448,509
Payments to suppliers	(1,330,322)	(269,541)	(10,803,525)	(12,403,388)
Payments to employees	(621,566)	—	—	(621,566)
Net cash provided by operating activities	28,480	675	2,394,400	2,423,555
Cash flows from investing activities:				
Purchases of investments	—	—	(1,726,799)	(1,726,799)
Proceeds from sales and maturities of investments	—	—	1,721,260	1,721,260
Interest on investments	4,900	875	192,705	198,480
Net cash provided by investing activities	4,900	875	187,166	192,941
Net increase in cash and cash equivalents	33,380	1,550	2,581,566	2,616,496
Cash and cash equivalents at beginning of year	93,003	—	2,187,608	2,280,611
Cash and cash equivalents at end of year	126,383	1,550	4,769,174	4,897,107
Investments with original maturities greater than 90 days	—	—	245,627	245,627
Pooled cash and investments	\$ 126,383	1,550	5,014,801	5,142,734
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 35,971	(112,102)	1,930,202	1,854,071
Adjustments not affecting cash:				
Depreciation and amortization	550	—	—	550
Nonoperating Revenues	50,420	7,000	640,640	698,060
Change in assets and liabilities:				
Accounts receivable	(938)	(7,000)	(3,169)	(11,107)
Inventory	(65,960)	—	—	(65,960)
Accounts and contracts payable	(3,906)	37,777	—	33,871
Internal balances	—	75,000	—	75,000
Accrued liabilities	401	—	—	401
Other current liabilities	—	—	(173,273)	(173,273)
Compensated absences	11,942	—	—	11,942
Total adjustments	(7,491)	112,777	464,198	569,484
Net cash provided by operating activities	\$ 28,480	675	2,394,400	2,423,555

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year ended June 30, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007 (Exhibit 8)</u>
Flexible Benefit Plan:				
Assets:				
Pooled cash and investments	\$ 11,499	77,129	54,652	33,976
Liabilities:				
Flexible benefit payable	\$ 11,499	507,891	485,414	33,976
Susie Block Trust:				
Assets:				
Pooled cash and investments	\$ 30,746	1,524	636	31,634
Accrued interest receivable	494	1,324	1,325	493
	\$ 31,240	2,848	1,961	32,127
Liabilities:				
Funds held in escrow	\$ 31,240	1,523	636	32,127
Seniors Travel Programs:				
Assets:				
Pooled cash and investments	\$ 18,532	63,836	63,204	19,164
Liabilities:				
Accounts and contracts payable	\$ 25	62,512	60,943	1,594
Funds held in escrow	18,507	59,960	60,897	17,570
	\$ 18,532	122,472	121,840	19,164
All Agency Funds:				
Assets:				
Pooled cash and investments	\$ 60,777	142,489	118,492	84,774
Accrued interest receivable	494	1,324	1,325	493
	\$ 61,271	143,813	119,817	85,267
Liabilities:				
Flexible benefit payable	\$ 11,499	507,891	485,414	33,976
Accounts and contracts payable	25	62,512	60,943	1,594
Funds held in escrow	49,747	61,483	61,533	49,697
	\$ 61,271	631,886	607,890	85,267

CITY OF INDEPENDENCE, MISSOURI
Combining Balance Sheet
Component Unit - Tax Increment Financing
June 30, 2007

Assets	Midtown Truman	RSO	Bolger Square	Sante Fe	Sterling Village	Hartman Heritage	Drumm Farm
Pooled cash and investments	\$ 858,933	35,084	683,036	90,592	1	321,684	651,714
Receivables:							
Taxes	127	12,376	17,000	1,779	—	24,000	19,586
Accounts	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	924,836	—
Due from other governments	510	12,484	49,098	9,855	—	48,291	1,972
Restricted assets	—	—	854,272	1,024,215	—	1,995,204	31,053
Total assets	\$ 859,570	59,944	1,603,406	1,126,441	1	3,314,015	704,325
Liabilities and Fund Balances							
Liabilities:							
Due to other funds	—	—	—	—	115	—	—
Due to primary government	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	115	—	—
Fund balances:							
Reserved for:							
Encumbrances	—	—	—	540	—	—	—
Other purposes	—	—	854,272	1,024,215	—	1,995,204	31,053
Unreserved, reported in:							
Capital projects funds	859,570	59,944	749,134	101,686	(114)	1,318,811	673,272
Total fund balances (deficit)	859,570	59,944	1,603,406	1,126,441	(114)	3,314,015	704,325
Total liabilities and fund balances	\$ 859,570	59,944	1,603,406	1,126,441	1	3,314,015	704,325

Eastland Center	North Independence	Mount Washington	Hy-Vee	Noland Rd Auto Plaza	Crackerneck Creek	Cornerstone Apartments	HCA	TIF App Fees	Total
885,762	12,097	95,429	52,018	14,552	—	36,048	191,959	6,178	3,935,087
64,000	3,600	900	28,000	—	—	—	—	—	171,368
—	—	—	—	—	—	—	—	30	30
151,450	6,189	507	39,087	—	—	—	—	115	924,951
2,050,825	—	—	—	—	43,956,392	—	21,980,972	—	319,443
3,152,037	21,886	96,836	119,105	14,552	43,956,392	36,048	22,172,931	6,323	71,892,933
—	—	—	—	—	—	—	—	—	—
809,408	—	—	—	—	924,836	—	—	—	924,951
809,408	—	—	—	—	30,137	—	481,943	—	1,321,488
—	—	—	—	—	954,973	—	481,943	—	2,246,439
—	—	—	—	—	2,000	—	—	6,678	9,218
2,050,825	—	—	—	—	43,956,392	—	21,980,972	—	71,892,933
291,804	21,886	96,836	119,105	14,552	(956,973)	36,048	(289,984)	(355)	3,095,222
2,342,629	21,886	96,836	119,105	14,552	43,001,419	36,048	21,690,988	6,323	74,997,373
3,152,037	21,886	96,836	119,105	14,552	43,956,392	36,048	22,172,931	6,323	

Amounts reported in the government-wide statements are different because:

Unreimbursed certified costs are reported as liabilities and expense at the government-wide level, but not at the fund statement level	(18,562,915)
Interest on long-term debt is not accrued in component unit funds, but rather is recognized as an expenditure when due	(1,955,357)
Long term liabilities, including TIF loans payable are not due and payable in the current period and therefore are not reported in the funds, net of unamortized premiums/discounts	
TIF loans and obligations payable	(148,341,172)
Unamortized issuance costs on TIF loans payable	1,293,825
Net assets (deficit) of component unit	\$ (92,568,246)

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Component Unit - Tax Increment Financing
Year ended June 30, 2007

	<u>Midtown Truman</u>	<u>RSO</u>	<u>Bolger Square</u>	<u>Sante Fe</u>	<u>Sterling Village</u>	<u>Hartman Heritage</u>	<u>Drumm Farm</u>
Revenues:							
Taxes	\$ 251,241	132,425	1,169,338	12,979	8,101	1,618,896	306,176
Investment income	32,839	1,121	96,592	104,986	82	197,444	29,949
Developer contributions	—	—	—	645,599	—	—	—
Other	—	—	—	115,816	—	—	—
Total revenues	<u>284,080</u>	<u>133,546</u>	<u>1,265,930</u>	<u>879,380</u>	<u>8,183</u>	<u>1,816,340</u>	<u>336,125</u>
Expenditures:							
Capital outlay	5,367	4,511	29,873	8,149	8,162	53,794	11,239
Debt service:							
Principal	89,112	185,100	1,285,000	225,000	—	666,622	642,988
Interest and fiscal agent fees	—	—	159,908	575,989	—	1,081,406	531,407
Total expenditures	<u>94,479</u>	<u>189,611</u>	<u>1,474,781</u>	<u>809,138</u>	<u>8,162</u>	<u>1,801,822</u>	<u>1,185,634</u>
Excess (deficiency) of revenues over expenditures	<u>189,601</u>	<u>(56,065)</u>	<u>(208,851)</u>	<u>70,242</u>	<u>21</u>	<u>14,518</u>	<u>(849,509)</u>
Other financing sources:							
Proceeds from bond issuance	—	—	—	—	—	—	995,000
Reoffering premium/original issue discount	—	—	—	(176,050)	—	(102,659)	(26,061)
Refunding bond issuance	—	—	—	10,060,000	—	10,330,000	—
Payment to refunded loans escrow agent	—	—	—	(9,881,140)	—	(10,296,478)	—
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,810</u>	<u>—</u>	<u>(69,137)</u>	<u>968,939</u>
Net change in fund balances	<u>189,601</u>	<u>(56,065)</u>	<u>(208,851)</u>	<u>73,052</u>	<u>21</u>	<u>(54,619)</u>	<u>119,430</u>
Fund balances (deficit), beginning, as restated	669,969	116,009	1,812,257	1,053,389	(135)	3,368,634	584,895
Fund balances (deficit), ending	<u>\$ 859,570</u>	<u>59,944</u>	<u>1,603,406</u>	<u>1,126,441</u>	<u>(114)</u>	<u>3,314,015</u>	<u>704,325</u>

Eastland Center	North Independence	Mount Washington	Hy-Vee	Noland Rd Auto Plaza	Crackerneck Creek	Cornerstone Apartments	HCA	TIF App Fees	Total
3,141,480	81,715	89,763	627,586	12,410	—	287,499	89,728	—	7,829,337
275,552	1,041	2,884	6,804	712	2,698,110	12,647	170,870	315	3,631,948
—	—	—	—	—	—	—	—	—	645,599
—	—	—	—	—	—	—	—	—	115,816
<u>3,417,032</u>	<u>82,756</u>	<u>92,647</u>	<u>634,390</u>	<u>13,122</u>	<u>2,698,110</u>	<u>300,146</u>	<u>260,598</u>	<u>315</u>	<u>12,222,700</u>
2,520,300	1,545	1,883	12,485	32,622	15,512,046	5,152	2,047,654	4,810	20,259,592
950,000	14,137	—	407,897	—	—	342,417	—	—	4,808,273
1,238,733	56,614	—	217,868	—	3,886,135	205,167	381,260	—	8,334,487
<u>4,709,033</u>	<u>72,296</u>	<u>1,883</u>	<u>638,250</u>	<u>32,622</u>	<u>19,398,181</u>	<u>552,736</u>	<u>2,428,914</u>	<u>4,810</u>	<u>33,402,352</u>
(1,292,001)	10,460	90,764	(3,860)	(19,500)	(16,700,071)	(252,590)	(2,168,316)	(4,495)	(21,179,652)
—	—	—	—	—	—	—	24,700,000	—	25,695,000
168,948	—	—	—	—	—	—	(264,470)	—	(400,292)
19,390,000	—	—	—	—	—	—	—	—	39,780,000
(19,853,421)	—	—	—	—	—	—	—	—	(40,031,039)
<u>(294,473)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,435,530</u>	<u>—</u>	<u>25,043,669</u>
(1,586,474)	10,460	90,764	(3,860)	(19,500)	(16,700,071)	(252,590)	22,267,214	(4,495)	3,864,017
3,929,103	11,426	6,072	122,965	34,052	59,701,490	288,638	(576,226)	10,818	71,133,356
<u>2,342,629</u>	<u>21,886</u>	<u>96,836</u>	<u>119,105</u>	<u>14,552</u>	<u>43,001,419</u>	<u>36,048</u>	<u>21,690,988</u>	<u>6,323</u>	<u>74,997,373</u>

Amounts reported in the government-wide statements are different because:

Change in fund balances \$ 3,864,017

Unreimbursed certified costs are reported as liabilities and expenses at the government-wide level (6,856,837)

Bond proceeds provide current financial resources in Tax Increment Financing funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in Tax Increment Financing funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded net assets.

Also, Tax Increment Financing funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in statement of long-term debt and related items.

Loan proceeds	(65,475,000)
Reoffering premium/original issue discount	400,292
Payment to refunded bond escrow agent	40,031,039
Principal payments	4,808,273
Amortizations of discounts & premiums	(156,697)
	<u>(20,392,093)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the Tax Increment Financing funds.

Accrued interest (273,226)

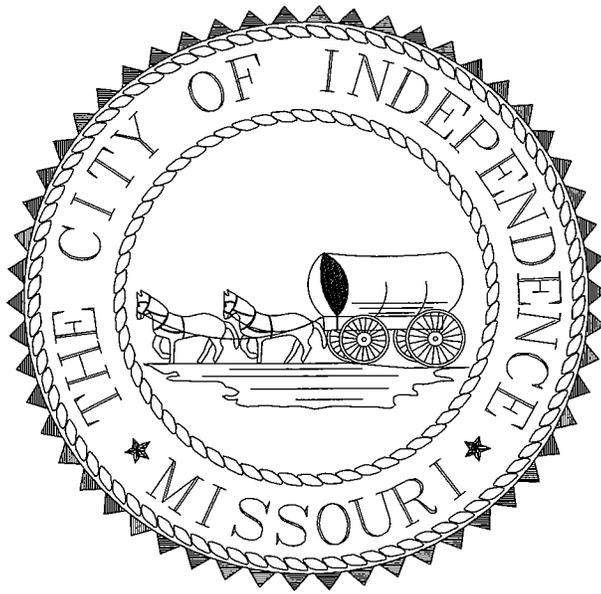
Change in net assets of Tax Increment Financing funds \$ (23,658,139)

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2007 and 2006

	2007			2006		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Coal			\$ 12,622,306			11,570,449
Gas			954,560			1,162,206
Oil			258,367			340,946
Total production fuel			<u>13,835,233</u>			<u>13,073,601</u>
Purchased power:						
Purchased energy			24,837,788			21,370,750
Purchased capacity (net)			7,570,000			7,430,000
Border customers			25,301			27,555
Control and dispatching			732,995			707,200
Total purchased power			<u>33,166,084</u>			<u>29,535,505</u>
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 537,061	560,579	1,097,640	513,343	662,538	1,175,881
Steam	753,929	2,561,813	3,315,742	720,001	2,637,791	3,357,792
Electric	731,897	1,017,536	1,749,433	701,830	505,519	1,207,349
Structures and improvements	—	65,623	65,623	—	96,261	96,261
Allowance	127,606	—	127,606	—	—	—
Miscellaneous	1,314,493	399,346	1,713,839	904,129	371,835	1,275,964
	<u>3,464,986</u>	<u>4,604,897</u>	<u>8,069,883</u>	<u>2,839,303</u>	<u>4,273,944</u>	<u>7,113,247</u>
Missouri City Station:						
Supervision and engineering	42,739	19,528	62,267	38,642	67,429	106,071
Steam	348,196	772,702	1,120,898	370,893	1,436,840	1,807,733
Electric	357,850	93,684	451,534	376,918	177,614	554,532
Structures and improvements	—	71,624	71,624	—	37,717	37,717
Miscellaneous	361,105	199,376	560,481	381,951	174,861	556,812
	<u>1,109,890</u>	<u>1,156,914</u>	<u>2,266,804</u>	<u>1,168,404</u>	<u>1,894,461</u>	<u>3,062,865</u>
Combustion Turbine Station:						
Supervision and engineering	7	3,396	3,403	—	3,602	3,602
Generation expenses	—	70,868	70,868	—	91,992	91,992
Structures and improvements	—	24,510	24,510	—	66,004	66,004
Miscellaneous	15,445	62,412	77,857	11,589	33,256	44,845
	<u>15,452</u>	<u>161,186</u>	<u>176,638</u>	<u>11,589</u>	<u>194,854</u>	<u>206,443</u>
Total production (other)	<u>\$ 4,590,328</u>	<u>5,922,997</u>	<u>10,513,325</u>	<u>4,019,296</u>	<u>6,363,259</u>	<u>10,382,555</u>
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 163,773	17,308	181,081	148,778	16,901	165,679
Overhead expenses	35,742	2,015	37,757	21,579	—	21,579
Station expenses	13,414	197,849	211,263	24,526	147,251	171,777
Wheeling charges	1,238,314	—	1,238,314	1,205,483	—	1,205,483
Underground line expense	—	6,511	6,511	—	—	—
Miscellaneous	1,271	—	1,271	347	—	347
Total transmission	<u>1,452,514</u>	<u>223,683</u>	<u>1,676,197</u>	<u>1,400,713</u>	<u>164,152</u>	<u>1,564,865</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2007 and 2006

	<u>2007</u>			<u>2006</u>		
	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
Distribution:						
Supervision and engineering	\$ 89,147	51,930	141,077	72,094	43,687	115,781
Overhead lines	822,660	2,593,735	3,416,395	736,325	2,629,242	3,365,567
Station expenses	214,058	394,745	608,803	211,618	359,740	571,358
Street lights and traffic signals	240,341	482,928	723,269	163,635	403,352	566,987
Meters	174,909	651,826	826,735	174,454	666,902	841,356
Customer installations	1,817	—	1,817	895	—	895
Underground lines	765,826	609,300	1,375,126	618,127	526,954	1,145,081
Dispatching communication	711,237	—	711,237	653,431	—	653,431
Line transformers	86,711	—	86,711	—	129,556	129,556
Miscellaneous	532,988	147,425	680,413	588,146	119,313	707,459
Total distribution	<u>3,639,694</u>	<u>4,931,889</u>	<u>8,571,583</u>	<u>3,218,725</u>	<u>4,878,746</u>	<u>8,097,471</u>
Total transmission and distribution	<u>\$ 5,092,208</u>	<u>5,155,572</u>	<u>10,247,780</u>	<u>4,619,438</u>	<u>5,042,898</u>	<u>9,662,336</u>
Customer service:						
Supervision			\$ 215,582			236,095
Meter reading			546,361			639,315
Customer records and collections			1,498,331			1,416,847
Provisions for doubtful accounts			666,385			566,899
Miscellaneous			39,925			113,724
Total customer service			<u>2,966,584</u>			<u>2,972,880</u>
General and administrative:						
Salaries			734,886			884,108
Office supplies			517,742			562,907
Insurance			876,643			888,007
Injuries and damage			383,154			502,123
Employee benefits			3,904,850			3,597,333
Outside services			1,516,695			1,419,752
Miscellaneous			923,913			1,089,413
Administrative expenses – transfers			(53,593)			(60,227)
Total general and administrative			<u>8,804,290</u>			<u>8,883,416</u>
Depreciation and amortization			9,429,199			9,192,811
Payroll taxes			890,009			859,184
Total operating expenses			<u>\$ 89,852,504</u>			<u>84,562,288</u>



CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Power and Light Fund

Year ended June 30, 2007

	Number of customers		Revenue	KWH
	Beginning of year	End of year		
Sale of electric energy:				
Metered:				
Residential	51,317	51,431	\$ 52,186,688	533,364,366
Small general services	3,012	3,037	3,754,103	31,300,328
General services – space heating	1	2	1,605	32,798
Large general services	1,614	1,630	29,878,644	353,348,828
Large general services – prime voltage	10	10	1,446,941	19,662,520
Large general services – space heating	2	2	8,861	91,569
Total electric general services	86	89	3,723,916	52,015,610
Schools, churches, and hospitals	282	285	3,770,417	42,512,812
Schools, churches, and hospitals, all electric	7	7	258,609	3,481,905
Large power services	6	6	2,850,399	44,685,720
Sewer pumping	6	6	152,654	1,618,656
City traffic signals	58	58	62,048	274,096
Wholesale (border customers)	—	—	130,281	6,402,194
Wholesale (interchange)	—	—	665,680	15,758,000
	<u>56,401</u>	<u>56,563</u>	<u>98,890,846</u>	<u>1,104,549,402</u>
Unmetered:				
Private security lighting	1,564	1,588	284,913	1,387,613
City public street lighting	11,225	11,489	1,152,741	9,248,468
	<u>12,789</u>	<u>13,077</u>	<u>1,437,654</u>	<u>10,636,081</u>
Increase in unbilled revenue			1,571,828	3,747,587
Other operating revenue			1,232,921	
Total operating revenue and total energy sales			<u>\$ 103,133,249</u>	<u>1,118,933,070</u>
Net generation				394,541,596
Wholesale power purchased				786,117,786
Unintentional interchange				(27,000)
Net generation and power purchased				<u>1,180,632,382</u>
Retail energy sales				1,096,772,876
Wholesale (border customers) sales				22,160,194
Power and light usage (building and substations)				1,425,761
Net disposition				<u>1,120,358,831</u>
Transmission and distribution operating losses				<u>\$ 60,273,551</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Water Fund
Years ended June 30, 2007 and 2006

	2007			2006		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 23,033	—	23,033	22,936	—	22,936
Labor and expenses	211,547	—	211,547	213,086	—	213,086
Structures and improvements	—	124,040	124,040	—	220,469	220,469
Miscellaneous	—	98,141	98,141	—	368,764	368,764
Total source of supply	234,580	222,181	456,761	236,022	589,233	825,255
Power and pumping:						
Supervision and engineering	34,052	11,676	45,728	33,047	10,104	43,151
Fuel/power purchased	1,322,086	—	1,322,086	1,273,337	—	1,273,337
Labor and expenses	153,022	—	153,022	158,719	—	158,719
Structures and improvements	—	6,773	6,773	—	6,155	6,155
Miscellaneous	—	19,781	19,781	—	13,064	13,064
Total power and pumping	1,509,160	38,230	1,547,390	1,465,103	29,323	1,494,426
Water treatment:						
Supervision and engineering	41,594	16,777	58,371	38,732	16,110	54,842
Chemicals	849,139	—	849,139	840,001	—	840,001
Labor and expenses	531,415	—	531,415	520,557	—	520,557
Structures and improvements	—	177,817	177,817	—	21,175	21,175
Miscellaneous	—	239,910	239,910	—	245,543	245,543
Total water treatment	1,422,148	434,504	1,856,652	1,399,290	282,828	1,682,118
Total production	\$ 3,165,888	694,915	3,860,803	3,100,415	901,384	4,001,799
Transmission and distribution:						
Supervision and engineering	\$ 82,823	54,987	137,810	78,653	51,862	130,515
Storage facilities	15,586	49,868	65,454	14,599	44,179	58,778
Transmission and distribution lines	616,840	658,592	1,275,432	621,227	871,403	1,492,630
Meters	244,094	134,429	378,523	217,496	134,368	351,864
Customer installations	77,794	—	77,794	70,746	—	70,746
Services	—	205,625	205,625	—	238,108	238,108
Hydrants	—	61,105	61,105	—	62,275	62,275
Miscellaneous	498,316	105,842	604,158	421,622	95,300	516,922
Total transmission and distribution	\$ 1,535,453	1,270,448	2,805,901	1,424,343	1,497,495	2,921,838
Customer service:						
Customer accounting paid and collecting:						
Supervision	—	\$ 143,076	—	—	—	140,454
Meter reading	—	—	698,574	—	—	688,979
Customer records	—	—	91,511	—	—	48,920
Provision for uncollectible amounts	—	—	80,860	—	—	51,296
Total customer accounting paid and collecting	—	—	1,014,021	—	—	929,649
Sales promotion:						
Expenses	—	—	32,474	—	—	37,216
Total customer service	—	—	1,046,495	—	—	966,865
General and administrative:						
Salaries	—	—	452,440	—	—	506,890
Office supplies and expense	—	—	286,465	—	—	339,736
Injuries and damages	—	—	467,381	—	—	709,429
Employee benefits	—	—	1,567,553	—	—	1,433,023
Outside services	—	—	983,710	—	—	947,177
Miscellaneous	—	—	192,758	—	—	172,305
Total general and administrative	—	—	3,950,307	—	—	4,108,560
Depreciation and amortization	—	—	2,388,295	—	—	2,119,896
Payroll taxes	—	—	313,998	—	—	301,881
Other	—	—	63,043	—	—	85,269
Total operating expenses	—	—	14,428,842	—	—	14,506,108
Certain amounts are presented as a reduction of operating expenses, whereas they are included as miscellaneous revenue in the statement of revenues, expenses, and changes in fund net assets						
	—	—	1,307,833	—	—	1,172,341
	—	—	\$ 15,736,675	—	—	15,678,449

CITY OF INDEPENDENCE, MISSOURI
 Schedule of Operating Statistics – Water Fund
 Year ended June 30, 2007

	<u>Number of customers</u>				
	<u>Beginning of year</u>	<u>End of year</u>			
Sale of water:					
Residential	44,742	44,836	\$	8,657,593	3,286,570
Commercial	3,027	3,067		2,347,234	974,695
Industrial	8	8		367,863	275,179
Public authority	66	69		228,957	94,745
Resale	13	13		5,232,779	4,764,000
Private fire protection	354	365		66,558	—
Public fire protection	—	—		641,548	—
	<u>48,210</u>	<u>48,358</u>		17,542,532	<u>9,395,189</u>
Decrease in unbilled revenue				(150,474)	
Other operating revenue				<u>352,346</u>	
Total operating revenue			\$	<u>17,744,404</u>	
Thousands of gallons pumped:					
Courtney Bend Plant					10,852,778
Less total sales					<u>9,395,189</u>
Unaccounted for water					<u>1,457,589</u>

* Thousand gallons sold.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2007

	<u>Number of customers</u>		<u>Revenue</u>	<u>CCF*</u>
	<u>Beginning of year</u>	<u>End of year</u>		
Sale of sanitary sewer services:				
Residential	40,767	40,832	\$ 9,584,113	3,012,448
Commercial:				
Base	3,523	3,519	4,004,546	1,738,329
Surcharge	—	—	581,344	—
Contract waste treatment	14	14	253,867	—
Intermunicipal agreements:				
Sugar Creek	—	—	84,032	—
Kansas City	—	—	378,862	—
	<u>44,304</u>	<u>44,365</u>	14,886,764	<u>4,750,777</u>
Other operating revenue			138,170	
Increase in unbilled revenue			33,761	
Total operating revenue			<u>\$ 15,058,695</u>	

* Hundred cubic feet.

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

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

1 - 4

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

5 - 15

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

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Demographic and Economic Information

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

21 - 22

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

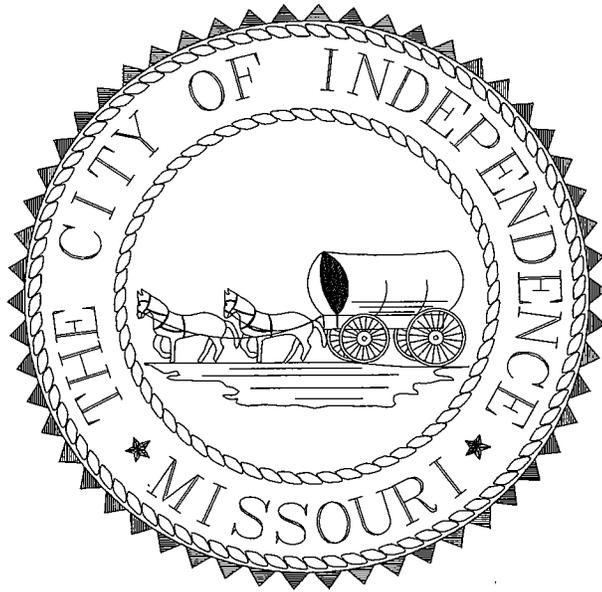


Table 1

City of Independence, Missouri
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 64,450,833	75,199,757	86,613,728	102,014,271	165,333,646	195,251,671
Restricted	5,523,788	8,932,152	12,415,044	26,147,417	25,262,407	28,164,683
Unrestricted	(37,143,473)	(43,181,083)	(48,877,412)	(5,752,346)	(4,028,884)	(3,132,802)
Total governmental activities net assets	\$ 32,831,148	40,950,826	50,151,360	122,409,342	186,567,169	220,283,552
Business-type activities						
Invested in capital assets, net of related debt	205,396,875	210,181,962	212,840,200	233,908,193	246,080,008	267,330,916
Restricted	500,000	500,000	500,000	500,000	731,652	731,101
Unrestricted	75,880,444	78,252,510	85,443,314	72,143,939	70,071,662	60,010,180
Total business-type activities net assets	\$ 281,777,319	288,934,472	298,783,514	306,552,132	316,883,322	328,072,197
Primary government						
Invested in capital assets, net of related debt	\$ 269,847,708	285,381,719	299,453,928	335,922,464	411,413,654	462,582,587
Restricted	6,023,788	9,432,152	12,915,044	26,647,417	25,994,059	28,895,784
Unrestricted	38,736,971	35,071,427	36,565,902	66,391,593	66,042,778	56,877,378
Total primary government net assets	\$ 314,608,467	329,885,298	348,934,874	428,961,474	503,450,491	548,355,749

Note: GASB 34 was implemented in the 2002 fiscal year, so only six fiscal years are shown.

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

City of Independence, Missouri
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
Administrative services	\$ 6,840,135	6,846,123	6,808,416	7,148,065	7,363,102	7,749,779
Public safety	31,837,122	33,028,116	32,987,626	35,069,866	36,796,996	38,253,819
Public works	6,842,096	6,686,542	6,196,849	6,889,773	12,817,343	13,231,006
Health and welfare	2,267,210	2,376,921	2,524,823	2,421,255	2,638,369	2,898,542
Culture and recreation	3,279,161	3,861,827	4,069,244	4,247,735	5,161,139	6,965,260
Community development	3,554,250	3,319,609	3,471,030	3,372,610	3,809,726	4,096,835
Storm water	846,628	1,081,513	1,043,573	1,493,534	1,641,992	2,193,290
General government	25,247,320	11,149,913	15,012,715	6,266,060	6,678,208	8,225,760
Interest on long-term debt	2,874,711	2,955,628	3,237,213	536,124	991,856	1,050,153
Total governmental activities expenses	83,588,633	71,306,192	75,351,489	67,445,022	77,898,731	84,664,444
Business-type activities:						
Power and light	60,903,841	65,841,126	71,641,843	73,531,757	84,564,657	89,265,988
Water	14,581,301	15,297,405	15,352,095	16,394,488	17,097,507	17,723,114
Sewer	11,021,666	11,535,324	11,381,487	11,995,774	12,236,654	12,721,171
Total business-type activities expenses	86,506,808	92,673,855	98,375,425	101,922,019	113,898,818	119,710,273
Total primary government expenses	\$ 170,095,441	163,980,047	173,726,914	169,367,041	191,797,549	204,374,717
Program Revenues						
Governmental activities:						
Charges for services:						
Administrative services	\$ 5,146,121	5,063,353	5,117,112	5,067,474	5,512,413	5,696,158
Public safety	3,420,032	3,758,528	3,618,327	3,841,471	4,588,766	4,202,328
Public works	640,648	649,768	1,916,080	802,206	1,003,761	1,338,479
Health and welfare	99,427	321,312	487,956	482,601	435,775	723,574
Culture and recreation	325,980	153,669	252,814	619,630	975,889	845,560
Community development	1,625,139	2,019,153	2,068,279	2,050,172	2,203,367	2,292,638
Storm water	33,114	(16,212)	-	-	-	-
General government	20,000	20,000	15,000	-	-	-
Operating grants and contributions	14,058,454	8,818,594	9,181,339	9,336,061	9,199,332	9,957,178
Capital grants and contributions	2,020,559	1,221,356	957,411	7,242,924	26,417,977	23,963,312
Total governmental activities program revenues	27,389,474	22,009,521	23,614,318	29,442,539	50,337,280	49,019,227
Business-type activities:						
Charges for services:						
Power and light	72,278,837	77,276,647	81,333,414	82,592,294	98,278,354	103,133,249
Water	15,224,354	15,937,835	16,610,572	17,080,050	18,312,720	17,744,404
Sewer	12,652,848	12,753,946	13,320,317	13,975,780	14,364,165	15,058,695
Operating grants and contributions	12,345	256	-	-	-	-
Capital grants and contributions	1,856,784	847,188	4,031,475	3,491,383	2,964,925	5,562,049
Total business-type activities program revenues	102,025,168	106,815,872	115,295,778	117,139,507	133,920,164	141,498,397
Total primary government program revenues	\$ 129,414,642	128,825,393	138,910,096	146,582,046	184,257,444	190,517,624

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Net (expense)/revenue						
Governmental activities	\$ (56,199,159)	(49,296,671)	(51,737,171)	(38,002,483)	(27,561,451)	(35,645,217)
Business-type activities	15,518,360	14,142,017	16,920,353	15,217,488	20,021,346	21,788,124
Total primary government net expense	\$ <u>(40,680,799)</u>	<u>(35,154,654)</u>	<u>(34,816,818)</u>	<u>(22,784,995)</u>	<u>(7,540,105)</u>	<u>(13,857,093)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 6,020,217	6,104,668	6,458,742	6,564,690	6,895,323	6,952,380
Sales and use taxes	33,144,312	34,286,925	35,423,599	33,295,203	37,754,853	37,728,799
Franchise taxes	6,545,093	6,718,262	7,241,437	7,500,356	7,645,601	8,209,734
Financial institutions tax	31,592	32,412	29,000	37,149	22,181	34,802
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	782,241	404,173	583,364	922,701	1,385,126	1,785,111
Miscellaneous	1,356,305	535,932	1,646,836	1,143,207	714,149	589,469
Payments to component unit	-	-	-	(24,722)	-	-
Transfers	8,661,735	9,333,977	9,554,727	10,038,823	13,167,930	13,180,055
Total governmental activities	<u>56,541,495</u>	<u>57,416,349</u>	<u>60,937,705</u>	<u>59,477,407</u>	<u>67,585,163</u>	<u>68,480,350</u>
Business-type activities:						
Investment earnings	2,539,975	822,222	709,029	1,567,536	2,449,623	2,532,853
Miscellaneous	1,297,923	1,526,891	1,774,387	1,022,417	436,132	47,953
Transfers	(8,661,735)	(9,333,977)	(9,554,727)	(10,038,823)	(13,167,930)	(13,180,055)
Total business-type activities	<u>(4,823,837)</u>	<u>(6,984,864)</u>	<u>(7,071,311)</u>	<u>(7,448,870)</u>	<u>(10,282,175)</u>	<u>(10,599,249)</u>
Total primary government	\$ <u>51,717,658</u>	<u>50,431,485</u>	<u>53,866,394</u>	<u>52,028,537</u>	<u>57,302,988</u>	<u>57,881,101</u>
Changes in Net Assets						
Governmental activities	\$ 342,336	8,119,678	9,200,534	21,474,924	40,023,712	32,835,133
Business-type activities	10,694,523	7,157,153	9,849,042	7,768,618	9,739,171	11,188,875
Total primary government	\$ <u>11,036,859</u>	<u>15,276,831</u>	<u>19,049,576</u>	<u>29,243,542</u>	<u>49,762,883</u>	<u>44,024,008</u>

Note: GASB 34 was implemented in the 2002 fiscal year, so only six fiscal years are shown.

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

Table 3

City of Independence, Missouri
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 2,781,988	1,067,199	1,560,069	1,920,726	2,781,944	2,035,038	1,651,092	1,650,890	1,756,039	2,200,693
Unreserved	5,003,772	5,084,981	4,669,292	6,048,286	4,312,262	2,924,267	3,515,412	3,196,765	6,029,006	4,534,005
Total General Fund	\$ 7,785,760	6,152,180	6,229,361	7,969,012	7,094,206	4,959,305	5,166,504	4,847,655	7,785,045	6,734,698
All other governmental funds										
Reserved	\$ 3,069,291	6,470,803	5,242,826	8,128,170	13,698,370	11,092,566	15,656,867	18,110,669	20,786,620	10,928,435
Unreserved, reported in:										
Special revenue funds	47,796	(2,107,166)	(1,329,923)	615,397	2,377,668	6,324,381	8,619,880	17,461,153	14,250,375	17,620,241
Capital project funds	482,056	2,995,634	14,793,222	11,055,378	4,105,280	4,508,288	2,476,752	(3,837,893)	(10,687,320)	(1,859,546)
Debt service funds	-	-	-	-	-	-	92,704	92,278	86,300	82,229
Permanent funds	10,614	11,158	11,770	12,606	12,966	13,160	13,274	13,616	14,220	9,670
Total all other governmental funds	\$ 3,609,757	7,370,429	18,717,895	19,811,551	20,194,284	21,938,395	26,859,477	31,839,823	24,450,195	26,781,029

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

City of Independence, Missouri
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 28,676,729	31,932,412	38,199,482	43,719,249	45,709,622	47,109,855	49,123,780	47,360,251	52,295,777	52,890,913
Licenses, fees and permits	2,325,055	2,476,897	2,928,678	3,532,316	3,957,533	4,315,628	4,951,856	4,670,617	5,073,944	5,472,192
Intergovernmental	9,260,166	10,913,472	13,815,850	10,643,440	16,012,619	9,902,274	10,091,764	13,013,181	21,762,714	16,534,433
Charges for services	652,381	815,537	1,377,717	1,682,455	1,494,189	1,519,823	1,569,283	2,023,297	2,926,800	2,587,783
Interfund charges for support services	2,749,077	3,070,849	2,889,644	2,757,884	2,791,637	2,704,534	2,767,631	2,700,215	2,949,682	3,105,514
Fines, forfeitures, and court costs	2,409,688	2,666,064	2,997,092	3,010,798	3,199,906	3,502,074	3,219,276	3,521,377	4,023,981	3,900,967
Investment earnings	608,123	430,556	852,855	1,570,953	757,872	381,436	571,402	901,209	1,309,569	1,588,358
Reimbursements from component unit	-	-	-	-	-	-	-	-	-	3,502,961
Other	448,323	266,960	667,564	561,284	1,337,102	649,613	1,619,995	1,260,113	493,127	799,580
Total revenues	<u>47,129,542</u>	<u>52,572,747</u>	<u>63,728,882</u>	<u>67,478,379</u>	<u>75,260,480</u>	<u>70,085,237</u>	<u>73,914,987</u>	<u>75,450,260</u>	<u>90,835,594</u>	<u>90,382,701</u>
Expenditures										
Administrative services	5,354,047	5,628,079	6,021,065	6,343,908	6,477,775	6,542,594	6,593,368	6,618,488	6,897,346	7,592,963
Public safety	24,506,015	28,603,191	30,360,187	29,136,004	31,290,454	32,088,292	32,271,567	35,462,979	38,976,460	39,693,647
Public works	5,374,067	6,847,093	5,976,941	6,867,407	6,227,171	6,251,537	6,035,389	5,930,041	6,586,771	7,173,004
Health and welfare	1,089,234	1,214,950	1,175,739	1,292,388	2,193,035	2,300,201	2,395,294	2,419,833	2,614,557	2,835,949
Culture and recreation	2,008,489	2,480,903	3,465,943	4,017,361	2,973,715	3,552,903	3,752,185	4,048,187	4,628,228	5,098,826
Community development	3,667,407	1,500,797	1,476,358	4,022,061	3,515,626	3,242,153	3,446,574	3,278,951	3,712,454	4,182,354
Storm water	-	-	-	-	815,654	990,671	820,703	1,180,789	1,141,595	1,538,857
General government	4,106,742	5,094,621	4,204,337	4,750,611	10,794,758	6,147,462	6,964,846	7,148,583	6,678,208	7,582,224
Capital outlay	5,998,892	13,282,127	22,365,404	28,716,658	29,255,681	17,123,501	20,481,873	21,040,394	33,296,700	31,736,638
Debt Service										
Principal	844,289	950,267	3,398,532	3,001,233	1,740,531	2,164,932	3,554,106	1,019,196	3,230,099	3,256,394
Interest	588,694	802,889	1,036,447	1,917,662	2,736,107	2,933,752	3,153,530	246,458	996,600	1,001,306
Total expenditures	<u>53,537,876</u>	<u>66,404,917</u>	<u>79,480,953</u>	<u>90,065,293</u>	<u>98,020,507</u>	<u>83,337,998</u>	<u>89,469,435</u>	<u>88,393,899</u>	<u>108,759,018</u>	<u>111,692,162</u>
Excess of revenues over (under) expenditures	(6,408,334)	(13,832,170)	(15,752,071)	(22,586,914)	(22,760,027)	(13,252,761)	(15,554,448)	(12,943,639)	(17,923,424)	(21,309,461)
Other Financing Sources (Uses)										
Transfers in	866,738	1,371,913	1,696,776	809,418	1,686,134	1,817,327	651,553	222,429	1,724,648	2,102,299
Transfers out	(1,082,329)	(1,261,630)	(1,719,652)	(876,333)	(1,836,219)	(1,870,055)	(809,637)	(362,921)	(1,181,579)	(1,961,707)
Issuance of debt	-	7,484,074	18,663,971	14,940,720	13,437,830	3,516,885	11,096,464	20,748,448	-	8,477,809
Transfers in - utility payments in lieu of taxes	7,995,774	8,318,843	8,430,063	9,507,367	8,811,819	9,386,705	9,712,812	10,179,317	12,624,861	13,039,463
Sale of capital assets	64,279	44,245	63,838	44,659	168,381	11,109	31,537	56,379	303,255	50,834
Total other financing sources (uses)	<u>7,844,462</u>	<u>15,967,445</u>	<u>27,134,996</u>	<u>24,425,831</u>	<u>22,267,945</u>	<u>12,861,971</u>	<u>20,682,729</u>	<u>30,843,652</u>	<u>13,471,185</u>	<u>21,708,698</u>
Net change in fund balances	\$ <u>1,436,128</u>	<u>2,135,275</u>	<u>11,382,925</u>	<u>1,838,917</u>	<u>(492,082)</u>	<u>(390,790)</u>	<u>5,128,281</u>	<u>17,900,013</u>	<u>(4,452,239)</u>	<u>399,237</u>
Debt service as a percentage of non capital expenditures	2.76%	2.74%	6.05%	5.77%	5.37%	7.18%	8.80%	1.95%	5.76%	5.52%

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

Note: The years 1998 - 2001 include the expendable trust funds. The years 2002 - 2007 do not include expendable trust funds, but do include the permanent fund (per GASB 34 requirements).

Note: For 2005 certain amounts have been reclassified.

Table 5

City of Independence, Missouri
Total City Taxable Sales by Category
Last Eight Calendar Years
(in thousands of dollars)

Sales by Retail Category:	Calendar Year							
	1999	2000	2001	2002	2003	2004	2005	2006
Apparel stores	\$ 5,179	6,626	6,790	6,531	6,867	7,895	9,253	10,607
General merchandise	5,279	5,053	4,076	4,196	3,796	3,635	3,371	2,969
Food stores	148,340	152,366	152,067	150,569	147,796	159,198	163,242	165,438
Eating and drinking establishments	44,849	53,051	57,876	70,881	74,365	77,657	83,386	90,409
Home furnishings and appliances	50,137	68,810	65,007	59,892	56,520	49,998	50,102	48,061
Building materials and farm tools	2,534	5,824	7,082	8,091	8,084	8,615	7,667	7,575
Construction/Remodeling	2,429	2,779	2,873	2,939	3,253	3,265	3,177	1,516
Auto dealers and supplies	8,581	9,188	11,341	12,165	12,082	12,081	11,590	11,718
Service stations	28,512	34,679	35,082	40,969	41,741	47,314	51,165	50,665
Other retail stores	70,475	85,501	118,621	121,069	113,820	80,792	109,099	109,890
All other outlets	36,836	43,071	36,625	41,197	46,787	37,885	39,487	44,545
Total	\$ 403,151	466,948	497,440	518,499	515,111	488,335	531,539	543,393

Note: Amounts for 2007 are not provided due to only receiving partial year figures.

Note: Amounts for years prior to 1999 are not available.

Source: Missouri Department of Revenue

City of Independence, Missouri
Sales Tax Rates
Direct and Overlapping Governments
Last Nine Calendar Years
(in percent)

Direct Sales Tax Rate City of Independence	Calendar Year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.000	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
Park Improvements	0.000	0.125	0.125	0.125	0.125	0.125	0.250	0.250	0.250
Storm Water Improvements	0.000	0.000	0.000	0.250	0.250	0.250	0.250	0.250	0.250
Police Public Safety	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.125	0.125
Fire Public Safety	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.250	0.250
Direct Sales Tax Rate City of Independence	1.000	1.500	1.500	1.750	1.750	1.750	1.875	2.250	2.250
Transportation Development District	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125	0.125
Total Direct Sales Tax Rate	1.000	1.500	1.500	1.750	1.875	1.875	2.000	2.375	2.375

Total Local Option Sales Tax Rate	Calendar Year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Mo. State Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Mo. State Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Jackson County	0.875	0.875	0.875	0.875	0.750	0.750	0.750	0.750	1.125
City of Independence	1.000	1.500	1.500	1.750	1.750	1.750	1.875	2.250	2.250
Transportation Development District	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125	0.125
Total Direct and Overlapping Sales Tax Rate	6.100	6.600	6.600	6.850	6.850	6.850	6.975	7.350	7.725

Note: The rate shown for the Transportation Development District is for the 39th Street corridor only.

Note: Amounts for years prior to 1999 are not available.

Source: Missouri Department of Revenue

City of Independence, Missouri
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property				Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Agricultural Property	Commercial Property	Total	Personal Property	Railroads & Utilities				
1998	\$ NA	\$ NA	\$ NA	\$ 663,252,770	\$ 220,203,155	\$ 9,949,439	\$ 893,405,364	\$ 0.7600	\$ 3,689,437,915	24.22%
1999	NA	NA	NA	729,733,570	230,747,110	4,617,427	965,098,107	0.7500	4,096,490,672	23.56%
2000	NA	NA	NA	744,308,027	236,853,824	4,984,684	986,146,535	0.7500	4,240,368,802	23.26%
2001	586,564,394	1,074,288	208,300,830	795,939,512	240,711,303	6,135,652	1,042,786,467	0.7500	4,489,104,193	23.23%
2002	599,989,193	1,076,138	214,841,925	815,907,256	256,263,298	5,927,578	1,078,098,132	0.7500	4,626,269,825	23.30%
2003	680,890,499	1,042,495	236,512,469	918,445,463	246,919,958	5,437,187	1,170,802,608	0.7500	5,089,915,714	23.00%
2004	692,984,990	1,058,124	240,816,129	934,859,243	257,027,857	5,855,433	1,197,742,533	0.6930	5,198,811,179	23.04%
2005	774,627,429	1,142,640	256,016,698	1,031,786,767	256,782,138	5,777,002	1,294,345,907	0.6930	5,675,731,312	22.80%
2006	789,999,343	1,132,567	255,766,766	1,046,898,676	266,654,033	6,349,801	1,319,902,510	0.6630	5,787,206,471	22.81%
2007	826,183,410	1,077,386	289,266,376	1,116,527,172	278,254,929	5,828,914	1,400,611,015	0.6630	6,115,085,122	22.90%

Note: The Jackson County Assessor's Office did not start breaking out the Real Property into Residential, Agricultural, and Commercial until 2001.

Note: The assessed value is set at 19% for residential property; 12% for agricultural property; and 32% for commercial property of the estimated fair market value.

Note: The City does not assess taxes on personal property.

Source: Jackson County Assessor's Office and Clay County Assessor's Office.

Table 8

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

Fiscal Year	City Direct Rates (1)				Overlapping Rates (2 & 3)			
	Basic/General Rate	Public Health & Recreation	Debt Service	Total Direct	Metropolitan Junior College	Independence School District	Jackson County	State
1998	\$ 0.520	\$ 0.240	\$ -	\$ 0.760	\$ 0.220	\$ 4.290	\$ 1.073	\$ 0.030
1999	0.510	0.240	-	0.750	0.220	4.290	1.093	0.030
2000	0.510	0.240	-	0.750	0.230	4.460	1.103	0.030
2001	0.510	0.240	-	0.750	0.230	4.460	1.103	0.030
2002	0.510	0.240	-	0.750	0.230	4.990	1.113	0.030
2003	0.510	0.240	-	0.750	0.230	5.190	1.113	0.030
2004	0.471	0.222	-	0.693	0.230	5.190	1.107	0.030
2005	0.471	0.222	-	0.693	0.230	5.190	1.107	0.030
2006	0.451	0.212	-	0.663	0.217	5.084	1.060	0.030
2007	0.451	0.212	-	0.663	0.217	5.084	1.063	0.030

Notes: (1) The General Fund and Public Health & Recreation Fund levy rates are limited by Missouri Statutes to \$1.00 and \$.40 per \$100.00 assessed valuation. There is no limit on the levy rates for General Debt and Interest.

(2) County Tax Breakdown for Current Year:

Health & Welfare Fund	0.156
General Fund	0.156
Road & Bridge Fund	0.138
Park Fund	0.088
Mid-Continent Public Library	0.326
Handicap	0.077
Mental Health	0.123
Total County	<u>1.063</u>

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

Fort Osage Reorganized #1	4.959
Blue Springs Reorganized #4	5.389
Kansas City School District	4.959

Note: Taxes are due November 1, delinquent after December 31. A penalty of 1% per month, up to a maximum of 10% is added for each month of delinquency. Collections are enforced through the attachment and sale of the property. Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.

Table 9

City of Independence, Missouri
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group LP	\$ 19,238,350	1	1.51%	\$ 14,647,130	1	2.19%
DDR MDT Independence Commons LLC	9,611,830	2	0.75%			
Geospace	8,846,690	3	0.69%	7,807,220	2	1.17%
Sprint Spectrum	5,607,925	4	0.44%			
Bradley Operating LTD PTP	5,499,410	5	0.43%			
Burd & Fletcher Co	5,157,954	6	0.41%			
Noland Fashion Square Partners	5,103,999	7	0.40%	6,128,010	3	0.92%
Unilever Bestfoods NA	4,751,475	8	0.37%			
Southern Union Company	4,257,589	9	0.33%	3,413,960	6	0.51%
Mansion Apartments LLC	3,321,200	10	0.26%			
Wild Woodys				4,976,000	4	0.75%
Southwestern Bell				3,860,123	5	0.58%
Independence Apartments Association				3,458,000	7	0.52%
Galen of Kansas City Inc.				3,018,240	8	0.45%
Commercial Distribution Center				2,993,320	9	0.45%
KCP & L				2,414,888	10	0.36%
Total	\$ 71,396,422		5.61%	\$ 52,716,891		7.90%

Source: Jackson County Collection Department

Table 10

City of Independence, Missouri
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 4,984,727	\$ 4,644,002	93.16%	\$ 340,618	\$ 4,984,620	100.00%
1999	5,034,573	4,856,639	96.47%	177,331	5,033,970	99.99%
2000	5,490,069	5,135,996	93.55%	349,922	5,485,918	99.92%
2001	5,569,000	5,253,285	94.33%	315,601	5,568,886	100.00%
2002	5,973,598	5,684,526	95.16%	285,234	5,969,760	99.94%
2003	6,048,517	5,729,077	94.72%	316,074	6,045,151	99.94%
2004	6,331,853	6,084,821	96.10%	237,609	6,322,430	99.85%
2005	6,446,609	6,164,479	95.62%	263,043	6,427,522	99.70%
2006	6,829,053	6,557,341	96.02%	156,403	6,713,744	98.31%
2007	6,930,732	6,645,387	95.88%	-	6,645,387	95.88%

City of Independence, Missouri
Total Utility Sales by Category
Last Ten Fiscal Years

Sales by Category:	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Power and Light:										
Residential	\$ 33,949,000	34,915,000	34,556,000	41,167,000	37,562,000	40,254,000	42,431,000	41,375,000	50,668,000	53,326,000
Commercial	25,454,000	26,133,000	27,053,000	32,622,000	30,760,000	32,429,000	34,242,000	36,011,000	40,881,000	43,673,000
Industrial	2,371,000	2,434,000	1,992,000	2,490,000	2,214,000	2,019,000	2,139,000	2,504,000	2,649,000	2,891,000
Sold to Other Utilities	1,382,000	1,443,000	2,708,000	1,406,000	131,000	809,000	689,000	779,000	1,839,000	796,000
Other	671,000	685,000	715,000	827,000	824,000	881,000	941,000	1,008,000	1,128,000	1,214,000
Water:										
Residential	7,359,247	7,197,098	7,777,844	7,552,382	7,543,113	8,046,353	8,141,479	7,789,773	8,488,894	8,657,593
Commercial	1,925,840	1,888,654	2,014,589	2,032,338	2,025,449	2,185,099	2,152,295	2,053,011	2,245,526	2,347,234
Industrial	238,872	219,180	225,018	215,619	256,478	324,228	336,707	331,251	362,537	367,863
Public Authority	105,014	124,333	123,779	124,919	131,219	169,383	174,092	189,489	231,257	228,957
Sold to Other Utilities	3,854,736	3,801,176	4,131,174	4,165,235	4,378,138	4,302,002	4,950,287	5,670,010	5,858,904	5,232,779
Other	790,902	796,400	817,473	846,602	856,918	856,811	934,326	960,563	968,733	1,060,453
Sewer:										
Residential	7,316,053	7,724,284	7,898,920	8,015,061	8,037,051	8,144,267	8,570,232	8,834,127	9,196,013	9,584,113
Commercial	3,916,617	4,030,709	3,998,924	4,024,645	3,872,212	3,941,123	3,964,736	4,322,804	4,364,268	4,585,890
Other	781,438	871,415	756,543	844,729	728,334	643,687	707,755	797,791	774,222	854,930
Total	\$ 90,115,719	92,263,249	94,768,264	106,333,530	99,319,912	105,004,953	110,373,909	112,625,819	129,655,354	134,819,812

City of Independence, Missouri
Total Utility Rates by Category
Last Ten Fiscal Years

Rates by Category:	Calendar Year										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Power and Light (per Kwh):	\$										
Residential	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.10	
Commercial	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07	0.08	0.09	
Industrial	0.04	0.04	0.04	0.05	0.05	0.05	0.05	0.05	0.06	0.06	
Sold to Other Utilities	0.10	0.08	0.07	0.05	0.02	0.03	0.03	0.03	0.04	0.04	
Other	0.07	0.07	0.08	0.09	0.09	0.10	0.10	0.11	0.12	0.13	
Water (per 1,000 gallons):											
Residential	2.37	2.39	2.34	2.37	2.37	2.35	2.37	2.49	2.54	2.63	
Commercial	2.15	2.16	2.15	2.15	2.17	2.16	2.18	2.27	2.34	2.41	
Industrial	1.19	1.11	1.11	1.15	1.09	1.10	1.12	1.14	1.31	1.34	
Public Authority	1.99	1.96	1.97	1.94	1.97	1.94	2.02	2.28	2.34	2.42	
Sold to Other Utilities	0.94	0.94	0.94	0.94	0.94	1.01	1.02	1.17	1.21	1.10	
Sewer (per 100 cubic feet):											
Residential	2.67	2.80	2.76	2.71	2.75	2.75	2.77	2.97	3.13	3.18	
Commercial	2.21	2.23	2.22	2.08	2.15	2.26	2.34	2.32	2.46	2.64	
Total	\$ <u>13.87</u>	<u>13.93</u>	<u>13.82</u>	<u>13.69</u>	<u>13.74</u>	<u>13.89</u>	<u>14.17</u>	<u>14.98</u>	<u>15.72</u>	<u>16.13</u>	

Table 13

City of Independence, Missouri
Principal Utility Payers -
Power and Light
Current Year and Nine Years Ago

Utility Customer - Power and Light	2007			1998		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 1,436,959	1	1.41%	\$ 800,926	1	1.25%
Simon Properties Group	1,016,115	2	1.00%	793,327	2	1.24%
Commercial Distributions Center	960,920	3	0.94%	632,841	3	0.99%
Burd and Fletcher (5151 Geospace)	777,816	4	0.76%			
Price Chopper (Noland Road)	469,382	5	0.46%			
Independence Regional Health Center	463,120	6	0.45%	342,666	7	0.54%
Price Chopper (23rd Street)	440,434	7	0.43%			
Burd and Fletcher (3000 Geospace)	404,119	8	0.40%			
City's Rock Creek Sanitary Sewer Plant	391,850	9	0.38%	354,995	6	0.56%
Costco Wholesales Inc.	387,244	10	0.38%			
AGCO Material Group				481,678	4	0.75%
Burd and Fletcher				413,818	5	0.65%
Price Chopper				311,589	8	0.49%
Medical Center of Independence				253,444	9	0.40%
RLDS Auditorium				247,280	10	0.39%
Total	\$ <u>6,747,959</u>		<u>6.62%</u>	\$ <u>4,632,564</u>		<u>7.26%</u>

Table 14

City of Independence, Missouri
Principal Utility Payers -
Water
Current Year and Eight Years Ago

Utility Customer - Water	2007			1999		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 2,938,404	1	16.42%	\$ 1,795,794	1	12.80%
Blue Springs	1,368,662	2	7.65%	840,568	2	5.99%
District #1, Lafayette County	321,207	3	1.79%	204,792	4	1.46%
District #2, Jackson County	313,931	4	1.75%	265,737	3	1.89%
Oak Grove	305,270	5	1.71%	208,468	5	1.49%
Grain Valley	219,137	6	1.22%	135,709	6	0.97%
District #15, Jackson County	167,758	7	0.94%	106,188	7	0.76%
Lafarge Corporation	153,429	8	0.86%			
Buckner	141,431	9	0.79%	101,508	9	0.72%
Lipton Tea	130,447	10	0.73%	104,081	8	0.74%
Sugar Creek				65,389	10	0.47%
Total	\$ 6,059,676		33.86%	\$ 3,828,234		27.29%

Table 15

City of Independence, Missouri
Principal Utility Payers -
Sewer
Current Year and Eight Years Ago

Utility Customer - Sewer	2007			1999		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Thomas J. Lipton	\$ 469,393	1	3.12%	\$ 560,640	1	4.44%
AMOCO	166,465	2	1.11%	367,338	2	2.91%
City of Independence, Power & Light	165,058	3	1.10%	223,680	3	1.77%
Independence Regional Health Center	44,169	4	0.29%	44,493	5	0.35%
Simon Properties Group	36,923	5	0.25%	15,009	7	0.12%
Commercial Distribution	28,110	6	0.19%	21,898	6	0.17%
Medical Center of Independence	21,676	7	0.14%			
Price Chopper	17,350	8	0.12%			
Community of Christ	8,130	9	0.05%			
Price Chopper	7,712	10	0.05%			
AGCO				73,471	4	0.58%
Total	\$ 964,986		6.42%	\$ 1,306,529		10.35%

Note: Amounts for customers 7 through 10 are not available for 1999.

Table 16

City of Independence, Missouri
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Loans Payable	Neighborhood Improvement District	Capital Leases	Certificates of Participation			
1998	\$ 4,875,000	\$ -	\$ 1,829,472	\$ 68,801			
1999	11,980,000	-	1,495,200	-			
2000	27,040,000	-	1,700,639	-			
2001	38,550,000	-	2,130,126	-			
2002	50,448,580	-	1,622,013	-			
2003	52,301,676	-	1,086,597	-			
2004	59,317,916	995,000	718,955	-			
2005	(2) 21,498,153	1,039,990	1,015,831	-			
2006	(2) 18,590,023	982,044	737,370	-			
2007	23,870,529	923,099	712,483	-			

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Loans Payable	Capital Leases	Certificates of Participation			
1998	\$ 73,995,000	\$ -	\$ -	\$ 161,199	\$ 80,929,472	Not Available	\$ 698.57
1999	64,387,790	2,135,000	-	-	79,997,990	5.21%	688.72
2000	62,145,731	1,640,000	125,476	-	92,651,846	4.17%	792.80
2001	59,793,673	1,120,000	-	-	101,593,799	4.58%	880.31
2002	57,276,614	575,000	-	-	109,922,207	4.34%	964.68
2003	53,826,179	-	-	-	107,214,452	4.27%	937.64
2004	65,887,893	-	-	-	126,919,764	5.15%	1,106.10
2005	62,969,608	-	-	-	86,523,582	3.39%	751.42
2006	59,361,323	-	-	-	79,670,760	3.03%	687.10
2007	55,548,038	-	-	-	81,054,149	3.06%	696.59

Notes: (1) See Table 21 for personal income and population data. The 2007 ratios are calculated using personal income and population data from table 21 which is an estimate.

(2) In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a component unit.

City of Independence, Missouri
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Less Amounts Available in Debt Service	Total		
1998	\$ -	\$ -	\$ -	0.00%	\$ -
1999	-	-	-	0.00%	-
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-

Notes: (1) See Table 7 for property value data.
(2) See Table 21 for population data.

Note: The City does not have any General Bonded Debt over the past ten fiscal years. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 18

City of Independence, Missouri
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Blue Springs Reorganized #4 School District	\$ 112,875,000	20.00%	\$ 22,575,000
Independence School District	101,530,000	100.00%	101,530,000
Raytown School District	100,450,000	6.00%	6,027,000
Fort Osage Reorganized #1 School District	40,251,000	12.50%	5,031,375
Subtotal, overlapping debt			<u>135,163,375</u>
City direct debt			<u>25,506,111</u>
Total direct and overlapping debt			<u>\$ 160,669,486</u>

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

Note: Information was requested from the Kansas City School District and Jackson County, but no response was received.

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

Table 19

City of Independence, Missouri
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit (1)	\$ 178,681,073	193,019,621	195,585,654	208,557,293	215,035,648	234,498,374	239,548,507	258,869,181	263,980,502	280,122,203
Total net debt applicable to limit	-	-	-	-	-	-	-	948,722	896,700	840,870
Legal Debt Margin	\$ 178,681,073	193,019,621	195,585,654	208,557,293	215,035,648	234,498,374	239,548,507	257,920,459	263,083,802	279,281,333
Total net debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.366%	0.340%	0.300%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	\$ 1,400,611,015
Debt Limit (20% of assessed value)	280,122,203
General obligation:	
City-Wide	-
Neighborhood Improvement Districts	923,099
Revenue Bonds	55,548,038
Total Bonded Debt	56,471,137
Less:	
Water Utility Bonds	40,550,000
Electric Utility Bonds	14,998,038
Debt Service Fund Balance	82,229
Total net debt applicable to limit	840,870
Legal debt margin	\$ 279,281,333

Notes:

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

(1) - 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 for city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

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

City of Independence, Missouri
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest (2)	
Power & Light (3)						
1998	\$ 67,552,096	\$ 44,766,098	\$ 22,785,998	\$ 1,115,000	\$ 2,134,615	\$ 7.01
1999	69,173,245	46,068,740	23,104,505	1,090,000	2,005,463	7.46
2000	70,349,124	50,390,860	19,958,264	1,535,000	1,384,760	6.84
2001	81,965,004	57,618,481	24,346,523	1,595,000	1,308,835	8.38
2002	73,930,488	52,142,313	21,788,175	1,675,000	1,243,860	7.46
2003	77,932,974	56,701,449	21,231,525	1,740,000	1,164,512	7.31
2004	82,265,717	61,851,943	20,413,774	1,745,000	983,448	7.48
2005	84,020,908	64,452,736	19,568,172	1,855,000	921,038	7.05
2006	100,254,630	75,369,477	24,885,153	1,925,000	855,273	8.95
2007	105,313,797	80,423,304	24,890,493	1,995,000	784,223	8.96
Water (2) (3)						
1998	\$ 15,814,097	\$ 8,162,749	\$ 7,651,348	\$ 800,000	\$ 1,555,705	\$ 3.25
1999	15,400,654	9,664,783	5,735,871	900,000	1,510,313	2.38
2000	16,656,302	9,656,336	6,999,966	850,000	1,596,133	2.86
2001	16,267,295	10,018,126	6,249,169	900,000	1,561,920	2.54
2002	16,068,944	10,199,624	5,869,320	985,000	1,527,809	2.34
2003	16,348,365	10,788,334	5,560,031	1,070,000	1,489,510	2.17
2004	16,907,411	10,718,853	6,188,558	1,200,000	1,449,060	2.34
2005	17,928,618	11,096,626	6,831,992	1,285,000	2,014,517	2.07
2006	19,285,620	12,300,943	6,984,677	1,905,000	2,053,730	1.76
2007	18,473,889	12,850,111	5,623,778	2,040,000	1,923,627	1.42
Sanitary Sewer						
1998	\$ 12,397,234	\$ 7,699,724	\$ 4,697,510	\$ -	\$ -	\$ -
1999	13,208,379	8,504,860	4,703,519	-	-	-
2000	13,463,695	8,477,466	4,986,229	-	-	-
2001	13,852,358	8,893,489	4,958,869	-	-	-
2002	13,100,624	8,900,009	4,200,615	-	-	-
2003	12,946,774	9,453,484	3,493,290	-	-	-
2004	13,549,180	9,243,252	4,305,928	-	-	-
2005	14,272,438	10,017,560	4,254,878	-	-	-
2006	14,850,445	10,400,801	4,449,644	-	-	-
2007	15,519,278	10,884,567	4,634,711	-	-	-

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

Notes: (1) Operating expenses excludes depreciation, interest expense, amortization, non-operating expenses, and payments in lieu of taxes.

(2) Interest for the Water Revenue Bonds excludes \$6,050,000 reduction of debt due to remarketing.

(3) Numbers displayed for Power and Light are in accordance with FERC accounting. Numbers displayed for Water are in accordance with NARUC accounting.

Table 21

City of Independence, Missouri
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year (3)</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
1998	115,851	\$ Not Available	Not Available	35.00	16,746	3.70%
1999	116,155	1,534,175,240	13,208	34.40	16,361	2.90%
2000	116,867	2,223,862,143	19,029	37.14	16,361	3.10%
2001	115,407	2,217,545,505	19,215	37.37	15,302	4.20%
2002	113,947	2,535,092,856	22,248	37.68	15,987	5.70%
2003	114,345	2,509,987,095	21,951	38.34	16,334	5.20%
2004	114,745	2,465,640,560	21,488	38.55	18,215	5.15%
2005	115,146	2,552,786,820	22,170	38.57	16,278	6.20%
2006	115,953	2,632,249,053	22,701	38.91	14,829	4.98%
2007	116,359	2,651,123,456	22,784	39.22	14,113	4.90%

Note: The information for 2007 is an estimate.

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

Sources: (1) Information provided by Mid-America Regional Council and Claritas, Inc.
(2) Information provided by school districts.

Table 22

City of Independence, Missouri
Principal Employers
Current Year and Eight Years Ago

Employer	2007			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alliant Tech Systems	2,250	1	3.96%	1,460	1	2.26%
Independence School District	1,800	2	3.17%			
City of Independence	1,176	3	2.07%			
Independence Regional Health Center	1,035	4	1.82%	1,400	2	2.17%
Medical Center of Independence	565	5	0.99%	401	5	0.62%
Government Employee Hospital	550	6	0.97%			
Rosewood Health Center at the Groves	400	7	0.70%	100	9	0.15%
Burd & Fletcher	350	8	0.62%			
Unilever	330	9	0.58%			
Jackson County Circuit Court	274	10	0.48%			
Agco				800	3	1.24%
Southwestern Bell Telephone				725	4	1.12%
Thomas J. Lipton				350	6	0.54%
Sprint Relay Center				248	7	0.38%
The Examiner				100	8	0.15%
Barbour Concrete				85	10	0.13%
Total	8,730		15.37%	5,669		8.78%

Note: The oldest information available is from 8 years ago instead of 9 years ago.

Source: Independence Council for Economic Development and Mid-America Regional Council.

City of Independence, Missouri
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
City council office	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00
City clerk	7.00	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.00	6.00
City manager	9.38	10.50	11.50	11.00	10.00	10.00	8.50	7.00	7.50	10.50
National Frontiers Trails Museum	6.55	6.55	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Technology services	21.00	21.00	21.00	21.00	20.00	20.00	20.00	20.00	20.00	21.00
Municipal court	12.00	12.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Law - General fund	6.00	6.50	6.00	6.00	6.00	6.00	5.50	5.50	5.75	6.75
Law - Grants fund	-	-	-	-	-	-	-	0.50	0.50	0.50
Finance	25.00	25.00	25.00	25.00	25.00	25.00	24.00	24.00	25.00	26.00
Human resources	6.00	6.50	6.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Public Safety										
Police - General fund	260.00	264.00	269.00	275.00	274.00	275.00	275.00	277.00	281.50	281.50
Police - Grants fund	-	-	-	-	-	-	-	15.00	12.00	10.00
Fire - General fund	173.00	174.00	174.00	174.00	174.00	174.00	174.00	173.25	173.25	173.25
Fire - Grants fund	-	-	-	-	-	-	-	0.75	0.75	0.75
Public Works	87.90	87.73	87.90	89.90	88.90	87.90	82.00	81.00	82.00	83.00
Health and Welfare										
General fund	26.74	28.49	28.49	27.24	38.13	39.69	39.47	33.50	34.25	34.25
Grant fund	-	-	-	-	-	-	-	5.50	6.00	7.70
Culture and Recreation										
General fund	39.15	41.10	41.70	41.70	41.70	43.79	42.14	41.70	36.70	35.53
Tourism fund	3.73	3.40	3.40	3.40	3.41	3.41	3.41	4.41	4.41	4.41
Park Improvement Sales Tax fund	-	-	2.99	7.00	5.00	5.00	8.61	11.59	12.59	17.12
Community Development										
General fund	28.00	30.00	31.00	35.00	23.00	23.00	22.00	22.00	26.00	25.75
Community Dev Block Grant fund	4.50	4.50	4.50	3.50	3.00	3.00	3.00	3.00	3.00	2.50
HOME Program fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Storm Water										
Water Poll Control - General Fund	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Storm Water Sales Tax fund	-	-	-	-	9.00	7.00	7.00	8.00	8.00	8.00
Storm Water fund	-	-	-	-	-	-	-	-	-	-
Power and Light										
Technology Services - General Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Power and Light	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00
Water										
City Manager - General fund	-	1.50	1.50	1.50	1.50	1.50	1.50	-	-	-
Finance - General fund	-	-	-	-	-	-	-	1.00	1.00	0.17
Water	101.48	98.48	98.48	98.48	97.48	97.48	97.48	97.48	98.48	97.48
Sewer										
Public Works - General fund	-	-	-	-	-	-	-	1.00	1.00	1.00
Water Pollution Control	72.50	72.50	71.50	73.50	72.00	72.00	69.00	70.00	70.00	70.00
Central Garage fund	10.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00
Total	<u>1,137.93</u>	<u>1,148.75</u>	<u>1,158.46</u>	<u>1,174.72</u>	<u>1,173.62</u>	<u>1,175.27</u>	<u>1,162.61</u>	<u>1,182.18</u>	<u>1,188.18</u>	<u>1,195.66</u>

Source: City of Independence Budget

Table 24

City of Independence, Missouri
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
National Frontiers Trails Museum										
Number of visitors to museum	21,420	19,625	18,015	20,105	16,199	14,963	19,763	17,183	15,986	14,621
Public Safety										
Police										
Police Incident Calls	131,193	126,185	122,325	123,234	125,219	120,668	123,329	128,891	130,242	126,301
Traffic Unit Citations Issued	19,324	18,730	22,048	22,062	23,227	17,796	30,840	31,323	20,257	30,984
Fire										
Total Alarms	11,894	12,486	12,074	12,557	13,141	12,294	13,424	12,895	13,166	13,354
Public Education Audience	16,764	17,643	21,344	22,293	13,828	12,619	14,747	18,363	18,818	18,502
Public Works										
Street Overlay (lane miles)	6	92	110	144	122	110	104	88	66	26
Street Patching Jobs	2,168	2,003	1,951	1,133	1,524	744	575	542	474	3,897
Health and Welfare										
Food Handlers Trained	3,600	4,200	4,262	4,963	4,741	5,186	11,638	9,680	7,696	8,663
Flu Shots Given	722	700	774	450	450	539	600	431	680	1,118
Animal Control Service Calls	9,729	8,455	8,100	8,318	9,336	9,230	7,354	6,446	7,294	8,415
Culture and Recreation										
Park Shelter Reservations	200	230	275	283	671	675	210	214	462	457
Number of Sermon Center Memberships	4,793	800	830	900	1,275	1,032	1,056	948	930	1,095
Community Development										
Permits Issued	4,024	5,500	5,292	4,822	3,984	4,693	5,809	5,281	4,792	4,048
Tourism										
Site Attendance	394,149	338,373	403,560	357,747	432,268	334,853	306,407	290,499	295,381	260,342
Leisure Visitor Inquiries	27,193	29,271	28,540	21,446	42,608	44,659	23,172	34,512	44,943	34,116
Power and Light										
Average number of monthly customers	52,029	52,640	53,135	53,658	53,982	54,356	55,195	55,921	56,402	56,562
Water										
Number of customers	44,877	45,243	45,649	45,945	46,394	46,873	47,324	47,461	47,769	48,358
Water main breaks	191	146	215	294	180	292	239	182	241	271
Sewer										
Number of customers	40,311	40,637	42,194	42,487	42,856	42,394	43,434	43,909	44,290	44,351
Wastewater Treated (Million Gallons)	3,492	4,944	3,241	4,218	3,630	2,939	3,032	3,207	2,935	2,348

City of Independence, Missouri
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Police stations	1	2	2	2	3	3	3	3	3	4
Vehicles	135	137	108	109	151	124	162	90	177	203
K - 9 Facility	-	-	-	-	-	-	-	1	1	1
Fire										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Vehicles	44	42	44	42	40	40	42	41	44	45
Public Works										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	580	600	580	580	532	535	535	535	580	550
Culture and Recreation										
Park acreage	885	724	724	724	721	721	724	724	757	826
Parks	41	41	41	41	40	40	40	42	43	44
Community Centers	2	2	1	1	1	2	3	3	3	3
Fitness Centers	3	1	1	1	1	1	2	2	2	2
Ball Fields	34	32	53	54	53	53	53	53	53	53
Power and Light										
Power stations	5	5	5	5	5	5	5	5	5	5
Transmission/Distribution Circuits (miles)	Not Available	Not Available	650	776	789	794	802	809	817	829
Maximum daily use (Mwh)	4,769	5,258	5,506	5,432	5,395	5,401	5,838	5,320	5,464	5,865
Water										
Water mains (miles)	663	676	683	688	694	697	711	711	729	736
Fire hydrants	3,623	3,753	3,840	3,908	3,996	4,061	4,186	4,186	4,401	4,520
Maximum daily pumpage (millions of gallons)	25	35	37	39	39	42	42	41	44	44
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	510	510	515	515	565	565	582	576	578	590
Maximum daily capacity of treatment (MGD)	19	18	18	18	18	18	18	19	19	18

City of Independence



111 East Maple St., P.O. Box 1019, Independence, Missouri 64051-0519 (816) 325-7000