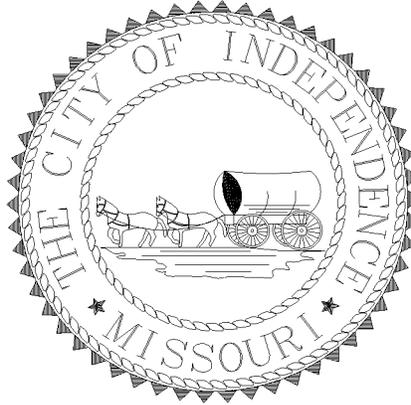


CITY OF INDEPENDENCE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012



Mayor
Don B. Reimal

City Council

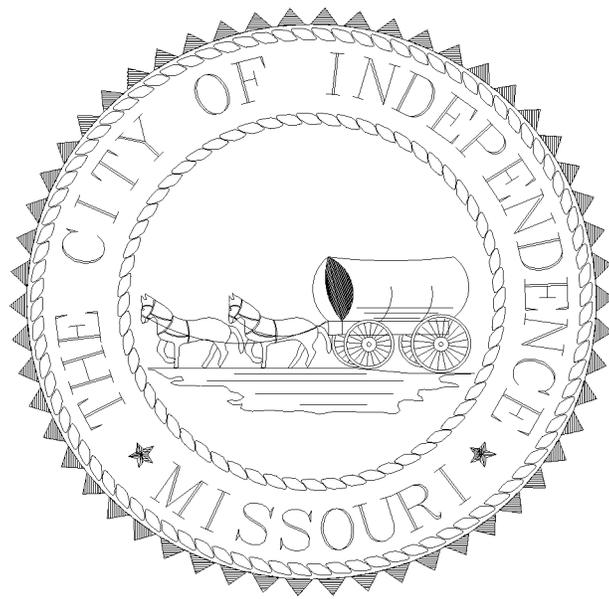
Marcie Gragg	District #1
Curt Dougherty	District #2
Myron Paris	District #3
Eileen N. Weir	District #4
Jim Schultz	At-large
Vacant	At-large

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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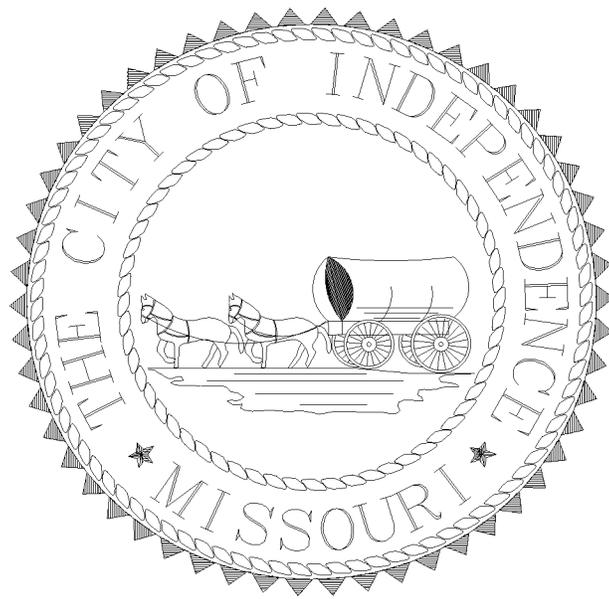
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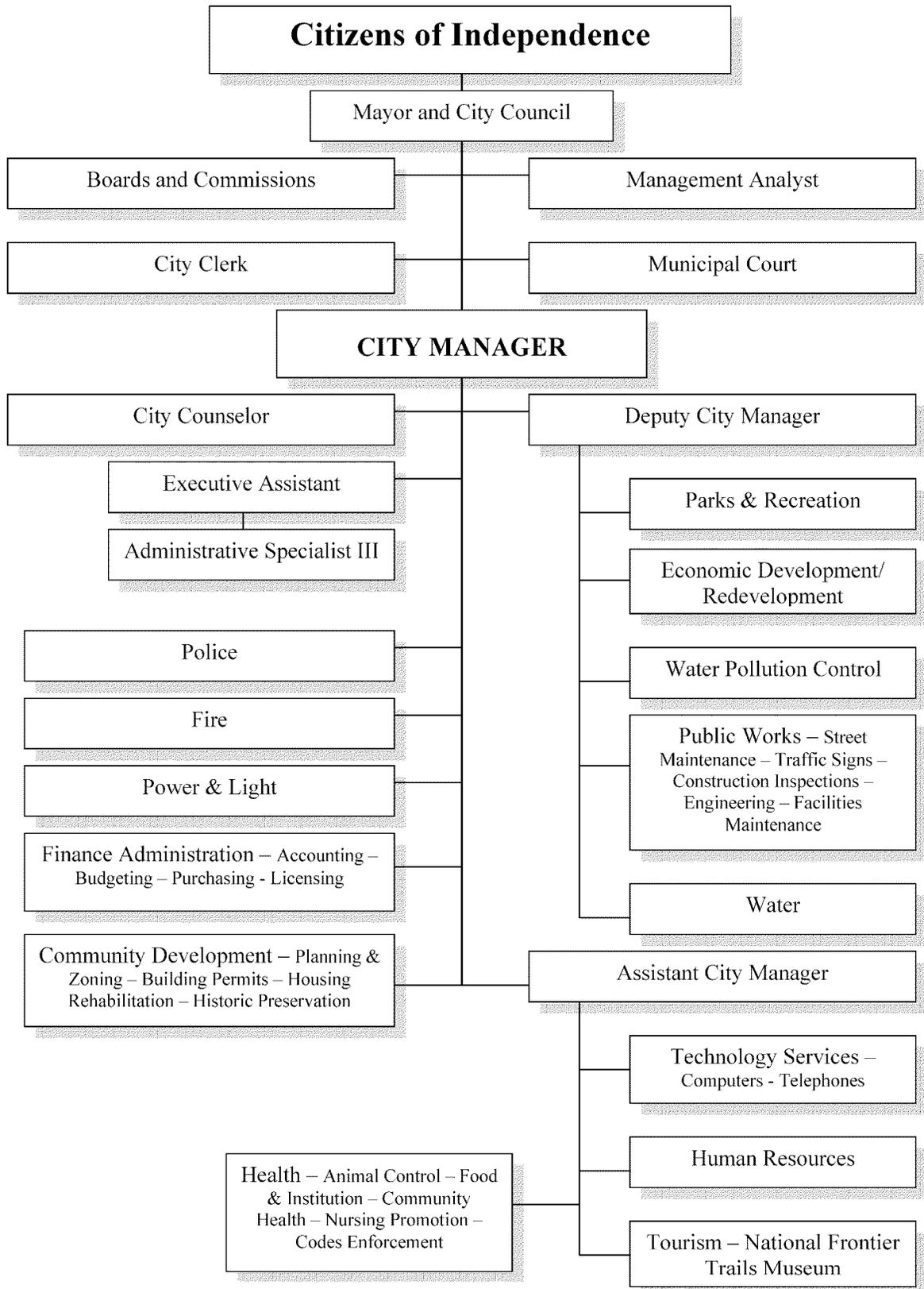
CITY OF INDEPENDENCE, MISSOURI

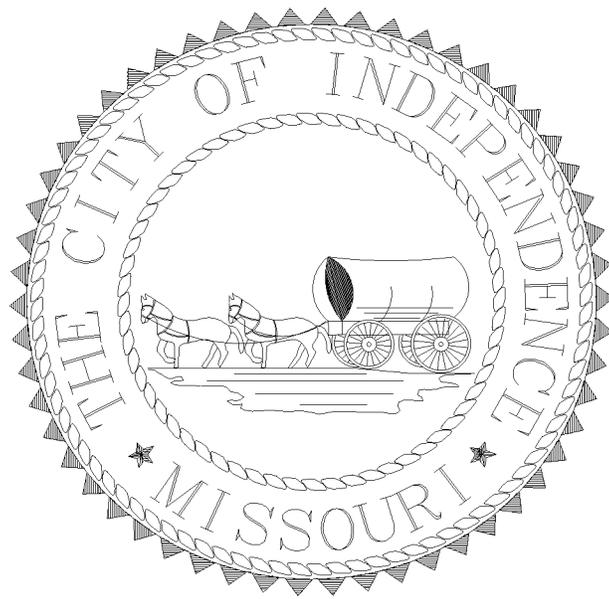
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City of Independence

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

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



October 16, 2012

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, 2012. 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 generally 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. The independent audit was conducted by McGladrey LLP. 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, 2012 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, 2012, 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.

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 appoint 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.

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 117,213.

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." National Geographic Traveler, September 2010, included Independence's Santa-Cali-Gon Days, an annual festival celebrating the start of the Santa Fe, California, and Oregon Trails, as one of "our pick of travel-worthy events." The Kansas City Convention and Visitors Association awarded Independence the "Best Day Trip" award for 2010 and 2011 based on votes received from visitors outside of the state. Independence was also named "Best Day Tour from Kansas City" for the second year in a row by the readers of AAA Midwest Traveler magazine. The City of Independence (www.independencemo.org) has been ranked tenth in its population category (75,000 - 124,999) in the 11th annual Digital Cities Survey conducted by the Center for Digital Government (www.centerdigitalgov.com) and Digital Communities magazine. This is the tenth year in a row Independence has been ranked as one of the most technology-advanced cities in America. Only one other city, Roanoke, VA, has been ranked in each of the past ten years.

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 interstate 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 encompasses 458 buildings on 3,935 acres. Independence is home to the Harry S Truman Presidential Museum & Library, one of only thirteen 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 trails 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 evaluating the City as a reporting entity, management has considered all potential component units. Determination of whether an entity is controlled by, or dependent on, the City is made on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, or the City's obligation to fund any deficit that may occur. As allowed by accounting principles generally accepted in the United States of America, the City has included the Tax Increment Financing (TIF) Commission, Independence Events Center Management Corporation (IECMC), Events Center Community Improvement District (CID) and the Crackerneck Creek Transportation Development District's (TDD) activities in its financial statements as blended component units.

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, 2012, are reported as committed and assigned fund balance since the City intends to honor the purchase orders and contracts.

Local economy

The City is continuing to experience growth on the eastern side of town. The 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 a fast growing commercial area. This area is home to the Independence Events Center which includes an arena with 5,800 seats for sports with additional seating for concerts and a community ice rink. The Events Center is home to the Central Hockey League franchise the Missouri Mavericks and Major Indoor Soccer League the Comets. The Comets recently signed a five year lease with the Events Center. The Events Center opened in November 2009 providing approximately 120 new jobs.

The following table sets forth average annual unemployment figures for Independence and Jackson County, compared to the State of Missouri.

Year	City of Independence Unemployment Rate	Jackson County Unemployment Rate	Statewide Unemployment Rate
2012*	7.8%	8.2%	7.5%
2011	8.8%	9.6%	8.6%
2010	10.0%	10.7%	9.4%
2009	9.7%	10.3%	9.4%
2008	6.2%	6.7%	5.9%

Source: MERICO MO Economic Research and Information Center/MO Dept. of Economic Development
 * Average Estimated through July 2012

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 budget for fiscal year 2012-2013 includes projects totaling an estimated \$66.3 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 unassigned fund balance level in the General Fund equal to 5% of annual revenues. Unassigned fund balance in the General Fund does not fall within the policy guidelines set by the Council for budgetary and planning purposes.

Relevant financial policies

It is the City of Independence's policy to restore the unassigned fund balance through revenue allocations or expenditure reductions when it falls below the 5% of annual revenues. The City Manager has not funded vacant positions whenever possible in an effort to reduce salary and benefit costs. In addition, each department has been asked to reduce expenditures in an effort to reduce costs. The unassigned fund balance as of June 30, 2012 was 2.5% of the General Fund revenues. This is a slight decrease from 3.1% last year.

Major initiatives

Development of the Little Blue Parkway, a new thoroughfare connecting the eastern portion of the City to the north-eastern portion is nearing completion. This roadway will eventually link four major highways and covers 32 square miles with plans to add an additional 20,000 residents and 5,000 new jobs by 2020.

The Neighborhood Stabilization Program has brought a number of private and public entities together to redevelop Northwest Independence as a vibrant community. Development incentives, school redistricting, and tax abatements have combined to encourage construction of new housing, rehabilitation of existing housing, and redevelopment of commercial nodes. Additional infrastructure investments by both the City and Missouri Department of Transportation have improved access and enhanced property values. The City anticipates that population will continue to rebound in this geographic area over the next five to ten years.

Awards and Acknowledgements

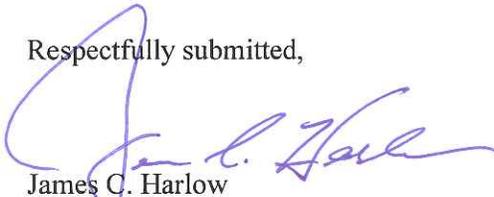
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate 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, 2011. 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 and Senior Accountant, Nancy Cooper, who assisted and contributed to the preparation of this report. I also would like to thank the firm of McGladrey LLP for their assistance and patience in the preparation of this annual report.

Respectfully submitted,



James C. Harlow
Director of Finance and Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Independence
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Linda C. Dawson

President

Jeffrey R. Egan

Executive Director



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Independence, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Independence Events Center Management Corporation (IECMC), which is a blended component unit presented within the Events Center Fund, a major enterprise fund of the City. The financial statements of IECMC, which comprise 1 percent of total assets and 3 percent of total revenues of the business-type activities and represent 2 percent of total assets and 62 percent of total revenues of the Events Center major enterprise fund, were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for IECMC are based solely on the report of the other auditor.

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. The financial statements of the IECMC, a blended component unit presented within the Events Center major enterprise fund, were not audited in accordance with *Government Auditing Standards*. 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, on our consideration of the City of Independence, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As explained in Note 1(a) to the basic financial statements, the City adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34*, which changed its presentation of the Tax Increment Financing (TIF) Commission from a discretely presented component unit to a blended component unit and major governmental fund, and restated beginning net assets of the governmental activities. It also changed the presentation of the Crackneck Creek Transportation Development District and Events Center Community Improvement District from being previously excluded from the financial reporting entity to blended component units reported within the TIF Debt Service major governmental fund and Events Center major enterprise fund, respectively, as well as restating beginning net assets of the governmental activities, business-type activities, Events Center major enterprise fund and beginning fund balance of the TIF Debt Service major governmental fund. As described in Note 16, and in Finding 12-II-A of our consideration of the City's internal control over financial reporting referenced above, the City restated beginning net assets of the business-type activities and Events Center Fund to correct the recording of goodwill.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10 through 20, and Budgetary Comparison Schedules on pages 82 through 84, and Schedules of Funding Progress on page 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Independence, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying introductory, statistical sections and other schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on the supplementary information referred to above.

McGladrey LLP

Kansas City, Missouri
October 15, 2012

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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 \$12.4 million. The City's 'governmental-type activities' had an increase of \$9.3 million and the 'business-type activities' had an increase of \$3.0 million.

Sales tax revenue increased by \$809,679. Again this year 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 continues to develop within the trade area of the City. Blue Springs and Lee's Summit continue to expand their retail shopping opportunities.

The economy has continued to impact development in the 39th Street and I-70 commercial area of the City. This lack of growth has significantly impacted the Falls at Crackerneck tax increment financing project. Since retail shopping has not occurred as originally expected the General Fund has had to fund the debt service gap on the bonds issued to for public improvements in this project.

Revenues of the General Fund were also significantly impacted by the combined impact of extremely low cost of natural gas and weather. As a result of the low cost of fuel and a very mild winter revenues from the franchise tax on natural gas sales within the City were \$2.4 million less than originally projected. Weather has also impacted revenues from sales of electricity and water.

Rate studies have occurred for each of the three utilities: electric, water, and sanitary sewer. The City has continued the authorization of multi-year rate increases for electric, water, and sanitary sewer service.

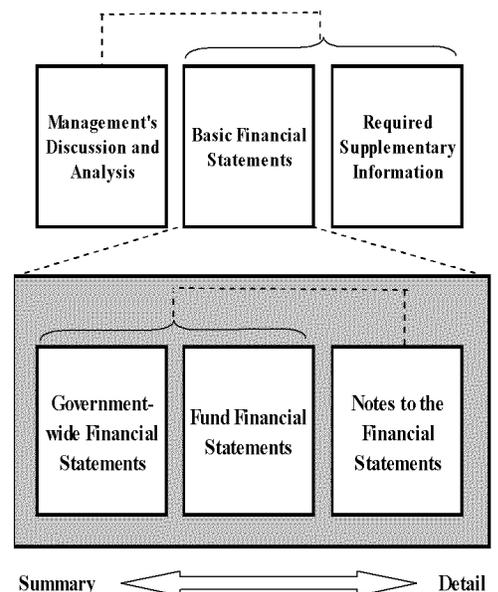
The Independence Events Center opened in the southeast part of the City during November 2009. This project allowed for the establishment of a community improvement district and a sales tax in the district to finance the obligations issued to construct the events center. The events center's primary tenant is the Mavericks a member of the Central Hockey League (CHL). A second tenant with a multi-year lease is the Comets of the Major Indoor Soccer League (MISL). During 2011 the City established the Independence Events Center Management Corporation and assumed the operation of the events center. The Management Corporation is operating the events center with staff from a prior operator.

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 an optional 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.

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



CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2012

- 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 system, water system, sanitary sewer system, and the events center.
 - 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.

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.

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

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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 system, water system, sanitary sewer system, and events center 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.

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.

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- 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-term 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.
 - The City uses 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 workers' compensation 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.

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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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 61,449,341	64,967,923	113,892,843	104,921,391	175,342,184	169,889,314
Capital assets	343,170,328	333,612,682	492,432,749	443,898,901	835,603,077	777,511,583
Total assets	<u>404,619,669</u>	<u>398,580,605</u>	<u>606,325,592</u>	<u>548,820,292</u>	<u>1,010,945,261</u>	<u>947,400,897</u>
Long-term obligations	260,122,568	261,625,518	268,149,490	216,180,344	528,272,058	477,805,862
Other liabilities	12,615,839	14,417,231	14,316,921	11,813,969	26,932,760	26,231,200
Total liabilities	<u>272,738,407</u>	<u>276,042,749</u>	<u>282,466,411</u>	<u>227,994,313</u>	<u>555,204,818</u>	<u>504,037,062</u>
Net assets						
Invested in capital assets, net of related debt	334,320,197	321,072,648	262,631,937	272,062,890	596,952,134	593,135,538
Restricted	17,220,970	16,381,515	14,629,418	10,283,917	31,850,388	26,665,432
Unrestricted (deficit)	(219,659,905)	(214,916,307)	46,597,826	38,479,172	(173,062,079)	(176,437,135)
Total net assets	<u>\$ 131,881,262</u>	<u>122,537,856</u>	<u>323,859,181</u>	<u>320,825,979</u>	<u>455,740,443</u>	<u>443,363,835</u>

The amounts from 2011 have been restated, and additional information can be found in the 'Notes to Financial Statements'.

The City's combined net assets increased 2.8% to \$455.7 million from \$443.4 million. Net assets of the City's governmental activities increased 7.6% to \$131.9 million. Governmental assets increased \$6.0 million and liabilities decreased \$3.3 million. Long-term obligations for Governmental activities decreased \$1.5 million and Business-type activities increased \$52.0 million. The increase in long term obligations for Business-type activities is the result of issuing obligations for electric system improvements. Other factors include an increase in the amount reported for other post employment benefits, and the net pension obligation for the LAGERS retirement program.

Total unrestricted net assets (deficit) were (\$173.1) million with the Business-type activities being \$46.6 million. The City's unrestricted net assets (deficit) for Governmental activities were (\$219.7) million.

Unrestricted net assets for Business-type activities were \$46.6 million and increased \$8.1 million from the previous year. Net assets invested in capital assets, net of related debt were \$262.6 million and decreased \$9.4 million from the previous year.

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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	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 15,574,641	15,537,545	187,612,122	170,895,196	203,186,763	186,432,741
Operating grants and contributions	12,487,041	13,517,593	5,000	4,813,612	12,492,041	18,331,205
Capital grants and contributions	14,465,335	12,820,119	1,122,019	4,012,182	15,587,354	16,832,301
General revenues						
Property taxes	8,652,704	8,307,337	—	—	8,652,704	8,307,337
Sales taxes	39,836,686	39,158,470	3,506,061	3,374,598	43,342,747	42,533,068
Intergovernmental activity taxes	9,534,652	9,902,207	—	—	9,534,652	9,902,207
Other taxes	10,936,586	10,724,624	—	—	10,936,586	10,724,624
Interest	228,812	237,134	28,936	181,265	257,748	418,399
Other	397,567	1,079,391	2,212,916	679,868	2,610,483	1,759,259
Total revenues	<u>112,114,024</u>	<u>111,284,420</u>	<u>194,487,054</u>	<u>183,956,721</u>	<u>306,601,078</u>	<u>295,241,141</u>
Expenses						
Administrative services	8,344,371	9,305,826	—	—	8,344,371	9,305,826
Public works	15,562,839	13,647,390	—	—	15,562,839	13,647,390
Public safety	53,836,564	53,067,764	—	—	53,836,564	53,067,764
Culture & recreation	8,476,301	7,947,692	—	—	8,476,301	7,947,692
Community development	5,128,323	7,032,272	—	—	5,128,323	7,032,272
Health & welfare	3,575,162	3,732,795	—	—	3,575,162	3,732,795
Electric	—	—	124,533,699	113,956,212	124,533,699	113,956,212
Water	—	—	20,563,502	20,239,748	20,563,502	20,239,748
Sanitary sewer	—	—	16,157,412	16,304,874	16,157,412	16,304,874
Events center	—	—	12,869,289	17,692,112	12,869,289	17,692,112
Storm water	2,765,629	2,876,073	—	—	2,765,629	2,876,073
General government	9,293,399	9,366,479	—	—	9,293,399	9,366,479
Tax increment financing	2,992,581	3,096,226	—	—	2,992,581	3,096,226
Interest	10,125,399	10,949,579	—	—	10,125,399	10,949,579
Total expenses	<u>120,100,568</u>	<u>121,022,096</u>	<u>174,123,902</u>	<u>168,192,946</u>	<u>294,224,470</u>	<u>289,215,042</u>
Excess (deficiency) of revenues over expenses before transfers	(7,986,544)	(9,737,676)	20,363,152	15,763,775	12,376,608	6,026,099
Transfers - In (Out)	17,329,950	16,201,380	(17,329,950)	(16,201,380)	—	—
Change in net assets	9,343,406	6,463,704	3,033,202	(437,605)	12,376,608	6,026,099
Net assets, beginning of year, as restated	122,537,856	116,074,152	320,825,979	321,263,584	443,363,835	437,337,736
Net assets, end of year	<u>\$ 131,881,262</u>	<u>122,537,856</u>	<u>323,859,181</u>	<u>320,825,979</u>	<u>455,740,443</u>	<u>443,363,835</u>

The amounts from 2011 have been restated, and additional information can be found in the 'Notes to Financial Statements'.

Total revenues increased 3.8% or \$11.4 million, Business-type activities increased 5.7% or \$10.5 million, and Governmental revenues increased 0.7% or \$829,604. There is a small increase in operating and capital grants and contributions for Governmental activities. Of significance is the small increase from sales taxes. This is a reflection of the economy and retail competition. The revenue for intergovernmental activity is the result of including special allocation funds for tax increment financing as blended component units. The increase in charges for services for Business-type activities is the result of rate increases and more favorable weather conditions.

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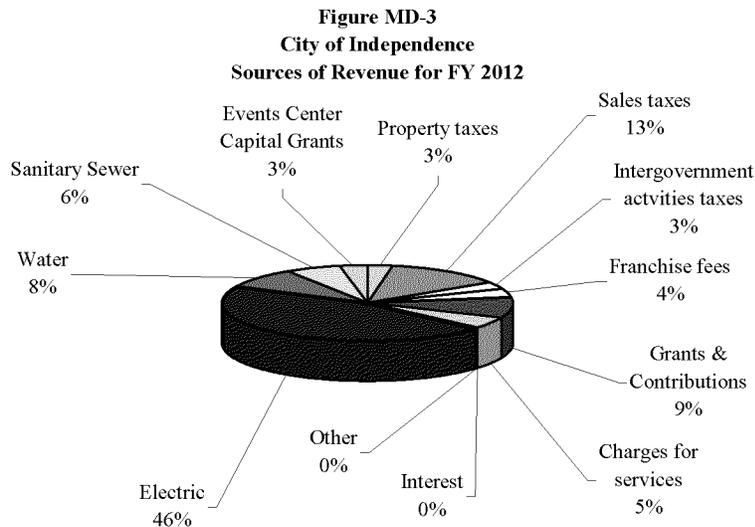
Total expenses increased 1.7% or \$5.0 million, Governmental expenses decreased 0.8% or \$921,528 million and Business-type expenses increased 3.5% or \$5.9 million.

Included with the Governmental expenses are costs associated with debt service payments for the blended component units. Revenues in the Falls at Crackerneck TIF special allocation fund were insufficient to pay all the debt service on the outstanding obligations and the developer indicated they were not able to fund the deficit. The City has appropriated and set aside \$4.6 million during FY 2012-13 for debt service on the Falls at Crackerneck obligations. Letters requesting reimbursement for these debt service shortfalls have been sent to the developer.

The change in the Business-type expenses is attributable to normal operations; some of the changes are related to the effect of weather on electric and water sales. The transfers out of the Business Type Activities and in to the Governmental Activities represents the payment in-lieu of taxes that would be paid and received if they operated as private utilities.

Revenues

For the fiscal year ending June 30, 2012 revenues totaled \$306.6 million. Of this amount charges for services (Governmental and Business-type) was \$203.2 million or 66.3% of the total. Revenue from Business-type activities represents \$194.5 million or 63.4% of the total City revenues (Figure MD-3).



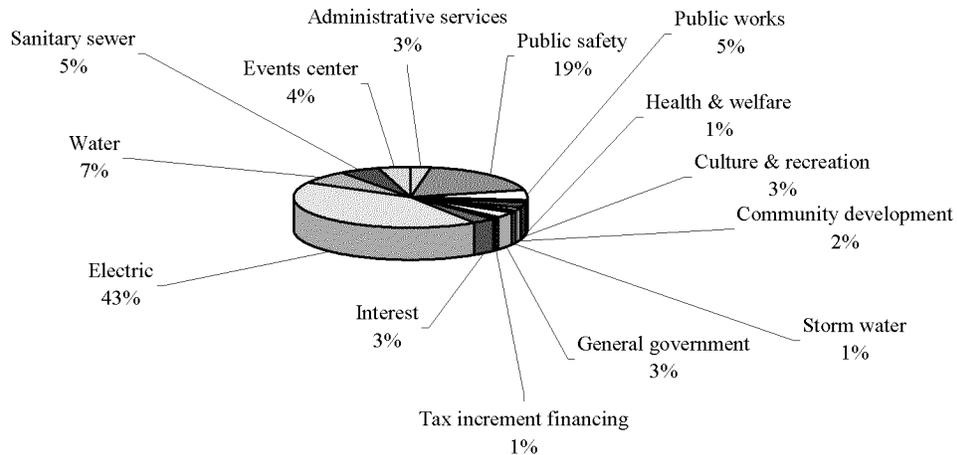
Revenues from Governmental activities were \$112.1 million. Sales taxes, the largest Governmental category, were \$39.8 million or 35.5%. All taxes represent \$68.9 million or 61.5% of Governmental revenue. Operating and capital grants were \$27.0 million or 24.0% of Governmental revenues. Charges for services at \$15.6 million were 13.9% of the total.

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Expenses

For the fiscal year ending June 30, 2012 expenses totaled \$294.2 million. Of this amount the electric utility was \$124.5 million or 42.3% of the total. Business-type expenses represent \$174.1 million or 59.2% of the total City expenses (Figure MD-4).

Figure MD-4
City of Independence
Functional Expenses for FY 2012



Expenses from Governmental activities were \$120.1 million. Public safety expenses, the largest Governmental category, were \$53.8 million or 44.8% of the total. Public Works is the next largest category at \$15.6 million, which is 13.0% 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	
	2012	2011	2012	2011
Administrative services	\$ 8,344,371	9,305,826	625,477	2,821,955
Public works	15,562,839	13,647,390	(1,369,468)	(2,007,348)
Public safety	53,836,564	53,067,764	44,235,383	44,006,023
Culture & Recreation	8,476,301	7,947,692	7,412,102	6,189,318
Community development	5,128,323	7,032,272	1,212,549	1,539,461
Health & Welfare	3,575,162	3,732,795	2,125,947	2,160,159
Storm water	2,765,629	2,876,073	2,765,629	2,791,661
General government and interest on long-term debt	19,418,798	9,992,257	17,573,351	9,453,784
Tax increment financing	2,992,581	13,420,027	2,992,581	4,482,215
Total	\$ 120,100,568	121,022,096	77,573,551	71,437,228

The amounts from 2011 have been restated, and additional information can be found in the 'Notes to Financial Statements'.

As noted in Table MD-3 expenses from Governmental activities for fiscal year 2012 were \$120.1 million. However, the net costs of these services were \$77.6 million. The difference represents direct revenues received

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from charges for services of \$15.6 million, operating grants and contributions of \$12.5 million, and capital grants and contributions of \$14.5 million. Taxes and other revenues of \$69.6 million were collected to cover these net costs.

Business-type Activities

Revenues of the City's Business-type activities increased \$10.5 million or 5.7% and expenses increased \$5.9 million. This change in revenues is primarily the result of scheduled rate increases and favorable weather conditions for both the electric and water utilities. Fluctuations in weather for the electric and water utilities impact both the revenues and expenses of these utilities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its Governmental funds reported a combined fund balance of \$43.0 million. The fund balance of the General Fund decreased \$1.4 million during fiscal year 2012. The unassigned portion of the General Fund's fund balance decreased \$470,633. Fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

Position vacancies continued to be managed with the intent of controlling termination and recruitment costs.

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

Mild weather during the winter period and the cost of fuel impacted natural gas and electric franchise taxes and payments in-lieu of taxes.

The fund balance of the Street Improvements Fund was a deficit of \$427,998. The increase in the deficit from the prior year is due to increased expenditures over revenues. The Fund has a receivable from other governments in the amount of \$1.6 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 \$159,427 from the original estimate. Actual revenues at the end of the year were less than projected by \$2.1 million. The largest variance was in the area of taxes and payments in lieu of taxes, accounting for \$1.5 million of the revenue variance. A large variance also occurred in the area of revenues from fines and forfeitures, accounting for \$0.4 million.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$1.0 million in the General Fund. These budget amendments generally fall into the following categories:

- 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.

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- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.
- Increase of appropriations for the revenue shortfall on the Falls at Crackerneck obligations at \$3.6 million.

Actual expenditures, including encumbrances, were \$2.1 million less than the amount appropriated, representing operating savings of 3.0%. 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 2012, the City had invested \$835.6 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets increased \$58.1 million or 7.5% during the period.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
	2012	2011	2012	2011	2012	2011	2011-2012
Land & land imp	\$ 37,430,767	36,682,736	11,353,346	11,244,437	48,784,113	47,927,173	1.79%
Buildings & Improvements	70,149,970	73,238,344	—	—	70,149,970	73,238,344	-4.22%
Office furniture & equipment	59,404	56,183	—	—	59,404	56,183	5.73%
Computer equipment	542,845	533,235	—	—	542,845	533,235	1.80%
Mobile equipment	5,788,152	6,613,633	—	—	5,788,152	6,613,633	-12.48%
Other equipment	3,328,387	2,822,751	11,527,639	8,512,569	14,856,026	11,335,320	31.06%
Infrastructure	185,469,790	127,796,921	446,020,403	382,284,379	631,490,193	510,081,300	23.80%
Construction in progress	40,401,013	85,868,879	23,531,361	41,857,516	63,932,374	127,726,395	-49.95%
Total	<u>\$ 343,170,328</u>	<u>333,612,682</u>	<u>492,432,749</u>	<u>443,898,901</u>	<u>835,603,077</u>	<u>777,511,583</u>	7.47%

The budget for fiscal year 2013 projects the City will spend an additional \$66.4 million for capital projects. The largest category at \$53 million is improvements to the City's sanitary sewer system.

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

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Debt Administration

Table MD-5
City of Independence's Outstanding Debt

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2012	2011	2012	2011	2012	2011	Change
							2011-2012
Loans and bonds payable	\$ 8,280,302	11,580,656	242,738,974	195,970,016	251,019,276	207,550,672	20.94%
TIF loans payable	172,511,731	180,450,590	—	—	172,511,731	180,450,590	-4.40%
Capital lease obligations	1,642,764	292,063	—	21,353	1,642,764	313,416	424.15%
Neighborhood Improvment District	598,369	667,315	—	—	598,369	667,315	-10.33%
Total	\$ 183,033,166	192,990,624	242,738,974	195,991,369	425,772,140	388,981,993	9.46%

The amounts from 2011 have been restated, and additional information can be found in the 'Notes to Financial Statements'.

The City at the end of fiscal year 2012 had a total of \$425.8 million of outstanding obligations. This was an increase of \$36.8 million or 9.5% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$242.7 million or 57.0% are obligations of the Business-type activities.

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

Economic Factors

In the last five years the City, as a community, lost 1,245 jobs, with current total employment at 57,969 jobs. Unemployment by mid-2012 was 7.8%; this is lower than Jackson County at 8.2% and higher than the State at 7.5%. As with most of the rest of the country the City's unemployment rate has increased during the last two years. Average household income for 2012 is estimated to be \$52,108, compared to \$58,652 for the State as a whole.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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.

CITY OF INDEPENDENCE, MISSOURI

Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Pooled cash and investments	\$ 23,073,466	31,688,747	54,762,213
Receivables:			
Taxes	8,622,379	538,010	9,160,389
Accounts	606,982	14,072,140	14,679,122
Unbilled revenue	—	15,242,754	15,242,754
Special assessment principal	1,999,223	186,890	2,186,113
Internal balances	(31,062)	31,062	—
Due from other governments	3,679,617	176,948	3,856,565
Sales tax bond	—	1,570	1,570
Inventory	20,185	13,531,632	13,551,817
Prepaid items	236,219	419,765	655,984
Restricted cash and investments	209,708	2,953,946	3,163,654
Total current assets	<u>38,416,717</u>	<u>78,843,464</u>	<u>117,260,181</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	70,615,197	34,884,707	105,499,904
Depreciable, net	272,555,131	457,548,042	730,103,173
Goodwill	—	999,203	999,203
Deferred debt issue costs	1,729,212	7,577,929	9,307,141
Other deferred charges	—	660,945	660,945
Restricted cash and investments	21,303,412	25,811,302	47,114,714
Total noncurrent assets	<u>366,202,952</u>	<u>527,482,128</u>	<u>893,685,080</u>
Total assets	<u>\$ 404,619,669</u>	<u>606,325,592</u>	<u>1,010,945,261</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts and contracts payable	\$ 620,449	5,992,007	6,612,456
Accrued items	5,859,324	2,383,055	8,242,379
Other current liabilities	479,537	321,293	800,830
Due to other governments	129,971	—	129,971
Unearned revenue	378,185	372,835	751,020
Current portion of long-term obligations	19,153,047	9,874,832	29,027,879
Self-insurance claims payable	3,150,753	—	3,150,753
Liabilities payable from restricted assets	209,709	4,815,784	5,025,493
Total current liabilities	<u>29,980,975</u>	<u>23,759,806</u>	<u>53,740,781</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	204,159,907	240,905,257	445,065,164
Self-insurance claims payable	1,787,911	—	1,787,911
Other post-employment benefits	33,531,945	15,523,404	49,055,349
Net pension obligation	3,277,669	1,845,997	5,123,666
Unearned revenue	—	311,789	311,789
Advances for construction	—	120,158	120,158
Total noncurrent liabilities	<u>242,757,432</u>	<u>258,706,605</u>	<u>501,464,037</u>
Total liabilities	<u>272,738,407</u>	<u>282,466,411</u>	<u>555,204,818</u>
Net assets:			
Invested in capital assets, net of related debt	334,320,197	262,631,937	596,952,134
Restricted for:			
Public safety	3,978,737	—	3,978,737
Public works	6,212,960	—	6,212,960
Culture and recreation	323,000	—	323,000
Storm water	6,424,309	—	6,424,309
General government	27,901	—	27,901
Debt service	254,063	12,574,715	12,828,778
Worker's compensation escrow	—	200,000	200,000
Dogwood SPP escrow	—	24,600	24,600
Community improvement district	—	1,830,103	1,830,103
Unrestricted (deficit)	<u>(219,659,905)</u>	<u>46,597,826</u>	<u>(173,062,079)</u>
Total net assets (deficit)	<u>131,881,262</u>	<u>323,859,181</u>	<u>455,740,443</u>
Total liabilities and net assets (deficit)	<u>\$ 404,619,669</u>	<u>606,325,592</u>	<u>1,010,945,261</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Activities

Year ended June 30, 2012

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
Administrative services	\$ 8,344,371	6,676,240	84,688	957,966	(625,477)
Public safety	53,836,564	4,829,421	3,546,709	1,225,051	(44,235,383)
Public works	15,562,839	398,071	4,251,918	12,282,318	1,369,468
Health and welfare	3,575,162	817,774	631,441	—	(2,125,947)
Culture and recreation	8,476,301	871,799	192,400	—	(7,412,102)
Community development	5,128,323	968,438	2,947,336	—	(1,212,549)
Storm water	2,765,629	—	—	—	(2,765,629)
General government	9,293,399	1,012,898	832,549	—	(7,447,952)
Tax increment financing	2,992,581	—	—	—	(2,992,581)
Interest on long-term debt	10,125,399	—	—	—	(10,125,399)
Total governmental activities	<u>120,100,568</u>	<u>15,574,641</u>	<u>12,487,041</u>	<u>14,465,335</u>	<u>(77,573,551)</u>
Business-type activities:					
Power and light	124,533,699	139,878,341	—	154,564	15,499,206
Water	20,563,502	24,635,637	—	931,206	5,003,341
Sewer	16,157,412	18,233,724	—	36,249	2,112,561
Events center	12,869,289	4,864,420	5,000	—	(7,999,869)
Total business-type activities	<u>174,123,902</u>	<u>187,612,122</u>	<u>5,000</u>	<u>1,122,019</u>	<u>14,615,239</u>
Total primary government	<u>\$ 294,224,470</u>	<u>203,186,763</u>	<u>12,492,041</u>	<u>15,587,354</u>	<u>(62,958,312)</u>
			Governmental Activities	Business-Type Activities	Total
Changes in net assets:					
Net (expense) revenue			\$ (77,573,551)	14,615,239	(62,958,312)
General revenues:					
Taxes					
Property taxes			8,652,704	—	8,652,704
Sales and use taxes			39,836,686	3,506,061	43,342,747
Intergovernmental activity taxes			9,534,652	—	9,534,652
Franchise taxes			10,914,940	—	10,914,940
Financial institutions tax			21,646	—	21,646
Investment earnings			228,812	28,936	257,748
Miscellaneous			397,567	2,212,916	2,610,483
Transfers in (out)			17,329,950	(17,329,950)	—
Total general revenues and transfers			<u>86,916,957</u>	<u>(11,582,037)</u>	<u>75,334,920</u>
Change in net assets			9,343,406	3,033,202	12,376,608
Net assets (deficit), beginning as restated			<u>122,537,856</u>	<u>320,825,979</u>	<u>443,363,835</u>
Net assets (deficit), ending			<u>\$ 131,881,262</u>	<u>323,859,181</u>	<u>455,740,443</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Balance Sheet
 Governmental Funds
 June 30, 2012

Assets	General	Street Improvements	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 174,792	—	5,746,053	8,814,341	14,735,186
Receivables:					
Taxes	4,502,532	—	1,070,495	3,049,352	8,622,379
Accounts, net	176,124	—	71,947	12,755	260,826
Special assessment principal	753,497	479,761	—	765,965	1,999,223
Due from other funds	2,259,017	9,709	658,060	6,835,456	9,762,242
Due from other governments	744,560	1,565,090	507,820	862,147	3,679,617
Restricted assets	209,709	—	20,136,425	1,166,986	21,513,120
Total assets	<u>\$ 8,820,231</u>	<u>2,054,560</u>	<u>28,190,800</u>	<u>21,507,002</u>	<u>60,572,593</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts and contracts payable	\$ 232,268	19,747	4,621	332,343	588,979
Due to other funds	—	1,880,143	883,058	6,599,696	9,362,897
Due to other governments	—	—	129,971	—	129,971
Accrued items	2,824,026	—	—	164,096	2,988,122
Other current liabilities	452,446	—	—	27,091	479,537
Deferred revenue	1,638,613	582,668	442,173	1,142,150	3,805,604
Liabilities payable from restricted assets:					
Deposits and court bonds	209,709	—	—	—	209,709
Total liabilities	<u>5,357,062</u>	<u>2,482,558</u>	<u>1,459,823</u>	<u>8,265,376</u>	<u>17,564,819</u>
Fund balances:					
Restricted	584,917	—	26,731,159	17,646,996	44,963,072
Committed	453,285	—	—	1,404,187	1,857,472
Assigned	593,561	—	—	—	593,561
Unassigned	1,831,406	(427,998)	(182)	(5,809,557)	(4,406,331)
Total fund balance (deficit)	<u>3,463,169</u>	<u>(427,998)</u>	<u>26,730,977</u>	<u>13,241,626</u>	<u>43,007,774</u>
Total liabilities and fund balance	<u>\$ 8,820,231</u>	<u>2,054,560</u>	<u>28,190,800</u>	<u>21,507,002</u>	<u>60,572,593</u>

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, 2012

Fund balances – total governmental funds	\$ 43,007,774
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	531,813,946
Less accumulated depreciation	<u>(188,771,648)</u>
	343,042,298
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid	(2,835,795)
Adjustment of deferred revenue	3,427,419
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	3,045,082
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	(183,994,000)
Capital lease obligations	(1,642,764)
Compensated absences	(15,686,487)
Discounts (premiums)	1,764,277
Deferred refunding	839,321
Other post-employment benefits	(33,133,811)
Net pension obligation	(3,241,308)
Unreimbursed certified costs - TIF	<u>(24,439,956)</u>
	(259,534,728)
Deferred debt costs	<u>1,729,212</u>
Net assets of governmental activities (Exhibit 1)	<u>\$ 131,881,262</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, 2012

	General	Street Improvements	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 34,998,813	—	12,940,175	20,498,044	68,437,032
Licenses and permits	3,006,945	—	—	312,551	3,319,496
Intergovernmental	5,232,949	12,158,162	—	6,736,617	24,127,728
Charges for services	2,236,653	9,680	—	848,707	3,095,040
Interfund charges for support services	3,791,444	—	—	—	3,791,444
Fines, forfeitures, and court costs	4,329,537	—	—	—	4,329,537
Investment income	90,552	256	116,900	6,876	214,584
Developer contributions	—	—	832,549	—	832,549
Other	733,112	—	1,189,923	533,531	2,456,566
Total revenues	<u>54,420,005</u>	<u>12,168,098</u>	<u>15,079,547</u>	<u>28,936,326</u>	<u>110,603,976</u>
Expenditures:					
Current:					
Administrative services	7,302,234	—	—	29,912	7,332,146
Public safety	40,955,277	—	—	4,502,654	45,457,931
Public works	5,191,326	—	—	—	5,191,326
Health and welfare	2,426,393	—	—	628,969	3,055,362
Culture and recreation	2,027,859	—	—	4,177,604	6,205,463
Community development	2,416,213	—	—	2,461,391	4,877,604
Storm water	—	—	—	1,581,460	1,581,460
General government	7,970,905	—	—	372,645	8,343,550
Tax increment financing	—	—	2,992,581	—	2,992,581
Capital outlay	119,101	15,214,923	—	9,363,904	24,697,928
Debt service:					
Principal	133,999	—	9,462,068	3,339,000	12,935,067
Interest and fiscal agent fees	12,683	—	9,748,050	522,299	10,283,032
Debt issuance costs	—	—	258,358	—	258,358
Total expenditures	<u>68,555,990</u>	<u>15,214,923</u>	<u>22,461,057</u>	<u>26,979,838</u>	<u>133,211,808</u>
Excess (deficiency) of revenues over expenditures	<u>(14,135,985)</u>	<u>(3,046,825)</u>	<u>(7,381,510)</u>	<u>1,956,488</u>	<u>(22,607,832)</u>
Other financing sources (uses):					
Debt issuance	143,533	—	7,210,000	1,341,167	8,694,700
Original issue discount	—	—	(99,950)	—	(99,950)
Payment to refunded loans escrow agent	—	—	(6,426,286)	—	(6,426,286)
Transfers in – utility payments in lieu of taxes	17,329,950	—	—	—	17,329,950
Transfers in	—	2,965,639	5,057,630	423,229	8,446,498
Transfers out	(4,699,281)	—	(1,194,551)	(2,552,666)	(8,446,498)
Total other financing sources	<u>12,774,202</u>	<u>2,965,639</u>	<u>4,546,843</u>	<u>(788,270)</u>	<u>19,498,414</u>
Net change in fund balances	<u>(1,361,783)</u>	<u>(81,186)</u>	<u>(2,834,667)</u>	<u>1,168,218</u>	<u>(3,109,418)</u>
Fund balances (deficit), beginning, as restated	<u>4,824,952</u>	<u>(346,812)</u>	<u>29,565,644</u>	<u>12,073,408</u>	<u>46,117,192</u>
Fund balances (deficit), ending	<u>\$ 3,463,169</u>	<u>(427,998)</u>	<u>26,730,977</u>	<u>13,241,626</u>	<u>43,007,774</u>

See accompanying notes to financial statements.

Exhibit 4.1

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, 2012

Net change in fund balances – total governmental funds	\$ (3,109,418)
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	25,494,726
Depreciation expense	(15,800,162)
Donated assets	(69,651)
	<u>9,624,913</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	(71,473)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	537,225
 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	(7,210,000)
Reoffering premium/original issue discount	99,950
Payment to refunded loans escrow agent	6,426,286
Principal payments	12,935,067
Debt issuance costs amortization	73,005
Debt premiums, discounts & deferred refunding amortizations	(193,681)
Capital lease proceeds	(1,484,700)
	<u>10,645,927</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	538,369
Accrued interest	157,633
Other post-employment benefits	(8,471,377)
LAGERS net pension obligation	(1,133,785)
Unreimbursed certified costs - TIF	(591)
	<u>(8,909,751)</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:	<u>625,983</u>
 Change in net assets of governmental activities (Exhibit 2)	<u>\$ 9,343,406</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Exhibit 5

Balance Sheet
Proprietary Funds
June 30, 2012

Assets	Enterprise funds					Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center	Total	
Current assets:						
Pooled cash and investments	\$ 22,333,925	3,036,476	4,154,958	2,163,388	31,688,747	8,338,280
Receivables:						
Taxes	—	—	—	538,010	538,010	—
Accounts (net of allowance of \$1,075,959)	10,463,216	2,167,154	1,397,781	43,989	14,072,140	346,156
Unbilled revenue	12,548,515	1,661,067	1,033,172	—	15,242,754	—
Special assessment principal	184,829	—	2,061	—	186,890	—
Due from other governments	56,159	—	120,789	—	176,948	—
Sales tax bond	—	—	—	1,570	1,570	—
Inventory	12,759,050	682,004	55,221	35,357	13,531,632	20,185
Prepaid items	281,935	—	—	137,830	419,765	236,219
Restricted cash and investments	1,961,051	539,109	453,786	—	2,953,946	—
Total current assets	60,588,680	8,085,810	7,217,768	2,920,144	78,812,402	8,940,840
Noncurrent assets:						
Capital assets:						
Nondepreciable	16,863,819	2,423,315	9,801,258	5,796,315	34,884,707	93,979
Depreciable, net	219,369,744	108,191,677	65,871,020	64,115,601	457,548,042	34,051
Goodwill	—	—	—	999,203	999,203	—
Deferred debt issue costs	3,142,544	1,098,374	—	3,337,011	7,577,929	—
Other deferred charges	—	660,945	—	—	660,945	—
Restricted cash and investments	14,419,419	4,265,682	—	7,126,201	25,811,302	—
Total noncurrent assets	253,795,526	116,639,993	75,672,278	81,374,331	527,482,128	128,030
Total assets	\$ 314,384,206	124,725,803	82,890,046	84,294,475	606,294,530	9,068,870
Liabilities and Net Assets						
Current liabilities:						
Accounts and contracts payable	\$ 4,314,871	155,762	1,418,698	102,676	5,992,007	31,470
Due to other funds	—	—	—	399,345	399,345	—
Accrued items	1,404,631	500,469	430,036	47,919	2,383,055	35,407
Other current liabilities	252,338	27,643	32,452	8,860	321,293	—
Deferred revenue	—	—	—	372,835	372,835	—
Current portion of long-term obligations	5,620,094	3,602,073	327,665	325,000	9,874,832	51,402
Self-insurance claims payable	—	—	—	—	—	3,150,753
Liabilities payable from restricted assets	2,257,344	846,282	425,019	1,287,139	4,815,784	—
Total current liabilities	13,849,278	5,132,229	2,633,870	2,543,774	24,159,151	3,269,032
Noncurrent liabilities:						
Revenue bonds payable	111,933,574	40,295,002	—	83,363,823	235,592,399	—
Compensated absences – long-term	3,610,541	989,994	712,323	—	5,312,858	101,943
Other post employment benefits	8,950,900	3,685,254	2,887,250	—	15,523,404	398,134
Net pension obligation	1,276,430	340,403	229,164	—	1,845,997	36,361
Deferred revenue	—	—	—	311,789	311,789	—
Self-insurance claims payable	—	—	—	—	—	1,787,911
Advances for construction	33,716	86,442	—	—	120,158	—
Total noncurrent liabilities	125,805,161	45,397,095	3,828,737	83,675,612	258,706,605	2,324,349
Total liabilities	139,654,439	50,529,324	6,462,607	86,219,386	282,865,756	5,593,381
Net assets:						
Invested in capital assets, net of related debt	122,827,536	70,905,672	75,672,278	(6,773,549)	262,631,937	128,030
Restricted for:						
Debt service/capital outlay	11,951,872	500,000	—	122,843	12,574,715	—
Workers compensation escrow	135,480	35,753	28,767	—	200,000	—
Dogwood SPP escrow	24,600	—	—	—	24,600	—
Community improvement district	—	—	—	1,830,103	1,830,103	—
Unrestricted	39,790,279	2,755,054	726,394	2,895,692	46,167,419	3,347,459
Total net assets (deficit)	174,729,767	74,196,479	76,427,439	(1,924,911)	323,428,774	3,475,489
Total liabilities and net assets	\$ 314,384,206	124,725,803	82,890,046	84,294,475	606,294,530	9,068,870
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					430,407	
Net assets of business-type activities					\$ 323,859,181	

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, 2012

	Enterprise funds				Total	Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center		
Operating revenues:						
Charges for services	\$ 137,628,083	24,262,435	18,045,422	4,864,420	184,800,360	24,101,537
Sales tax	—	—	—	3,506,061	3,506,061	—
Miscellaneous	2,250,258	373,202	188,302	—	2,811,762	—
Total operating revenues	<u>139,878,341</u>	<u>24,635,637</u>	<u>18,233,724</u>	<u>8,370,481</u>	<u>191,118,183</u>	<u>24,101,537</u>
Operating expenses:						
Personal services	23,095,642	7,525,260	5,629,945	—	36,250,847	855,351
Other services	16,460,430	4,399,301	7,502,512	527,642	28,889,885	22,174,437
Supplies	59,373,325	1,716,702	685,119	32,425	61,807,571	1,206,378
Capital outlay	—	16,004	—	—	16,004	468
Other expenses	8,130,011	2,701,271	103,696	5,134,287	16,069,265	—
Depreciation and amortization	15,766,098	3,182,920	2,717,682	1,890,072	23,556,772	3,785
Total operating expenses	<u>122,825,506</u>	<u>19,541,458</u>	<u>16,638,954</u>	<u>7,584,426</u>	<u>166,590,344</u>	<u>24,240,419</u>
Operating income (loss)	<u>17,052,835</u>	<u>5,094,179</u>	<u>1,594,770</u>	<u>786,055</u>	<u>24,527,839</u>	<u>(138,882)</u>
Nonoperating revenues (expenses):						
Interest revenue	11,926	3,348	2,721	10,941	28,936	14,228
Miscellaneous revenue	1,107,104	1,744,716	1,023,889	816,565	4,692,274	1,355,451
Interest expense	(3,219,378)	(2,113,457)	(32)	(5,284,863)	(10,617,730)	—
Total nonoperating revenue (expenses)	<u>(2,100,348)</u>	<u>(365,393)</u>	<u>1,026,578</u>	<u>(4,457,357)</u>	<u>(5,896,520)</u>	<u>1,369,679</u>
Income (loss) before contributions and transfers	<u>14,952,487</u>	<u>4,728,786</u>	<u>2,621,348</u>	<u>(3,671,302)</u>	<u>18,631,319</u>	<u>1,230,797</u>
Capital contributions	154,564	931,206	36,249	5,000	1,127,019	—
Transfers out – utility payments in lieu of taxes	(13,145,463)	(2,328,111)	(1,856,376)	—	(17,329,950)	—
Change in net assets	<u>1,961,588</u>	<u>3,331,881</u>	<u>801,221</u>	<u>(3,666,302)</u>	<u>2,428,388</u>	<u>1,230,797</u>
Total net assets (deficit):						
Beginning of the year, as restated	<u>172,768,179</u>	<u>70,864,598</u>	<u>75,626,218</u>	<u>1,741,391</u>		<u>2,244,692</u>
End of the year	<u>\$ 174,729,767</u>	<u>74,196,479</u>	<u>76,427,439</u>	<u>(1,924,911)</u>		<u>3,475,489</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>604,814</u>	
Change in net assets of business-type activities.					<u>\$ 3,033,202</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2012

	Enterprise funds				Internal Service Funds	
	Power and Light	Water	Sanitary Sewer	Events Center		Total
Cash flows from operations:						
Receipts from customers and others	\$ 137,706,345	25,633,785	18,038,508	9,722,944	191,101,582	25,347,060
Payments to suppliers	(82,953,346)	(9,049,315)	(7,149,481)	(5,898,047)	(105,050,189)	(23,688,143)
Payments to employees	(19,521,642)	(6,650,995)	(4,740,214)	—	(30,912,851)	(734,437)
Payments to other funds	—	—	—	13,733	13,733	—
Net cash provided by operating activities	35,231,357	9,933,475	6,148,813	3,838,630	55,152,275	924,480
Cash flows from noncapital financing activities:						
Transfers out – payments in lieu of taxes	(13,145,463)	(2,328,111)	(1,856,376)	—	(17,329,950)	—
Non-operating revenues	—	—	—	(127,642)	(127,642)	—
Advances to/from) other funds	5,511,924	66,596	—	—	5,578,520	—
Net cash (used in) noncapital financing activities	(7,633,539)	(2,261,515)	(1,856,376)	(127,642)	(11,879,072)	—
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(59,451,637)	(3,045,374)	(6,690,175)	(18,262)	(69,205,448)	(7,991)
Capital Lease Payable	(13,346)	—	—	—	(13,346)	—
Interest paid on revenue bonds and equipment contracts	(3,042,435)	(2,088,965)	—	(5,256,214)	(10,387,614)	—
Debt expense paid on revenue bonds	(1,332,011)	—	—	—	(1,332,011)	—
Disposal costs from disposition of equipment	(380,920)	—	—	—	(380,920)	—
Proceeds from bond issue	56,159,636	—	—	11,815,000	67,974,636	—
Redemption of revenue bonds	(5,090,000)	(2,965,000)	—	(13,031,177)	(21,086,177)	—
Interest received on special assessment	(10)	—	(6)	—	(16)	—
Net cash (used in) capital and related financing activities	(13,150,723)	(8,099,339)	(6,690,181)	(6,490,653)	(34,430,896)	(7,991)
Cash flows from investing activities:						
Interest on investments	11,936	3,348	2,727	10,941	28,952	14,228
Net cash provided by investing activities	11,936	3,348	2,727	10,941	28,952	14,228
Net increase (decrease) in cash and cash equivalents	14,459,031	(424,031)	(2,395,017)	(2,768,724)	8,871,259	930,717
Cash and cash equivalents at beginning of year	24,255,364	8,265,298	7,003,761	12,058,313	51,582,736	7,407,563
Cash and cash equivalents at end of year	\$ 38,714,395	7,841,267	4,608,744	9,289,589	60,453,995	8,338,280
Noncash capital and related financing activities:						
Contributed capital	\$ 154,564	931,206	36,249	5,000	1,127,019	—
Components of cash and short-term investments at end of fiscal year:						
Unrestricted assets	\$ 22,333,925	3,036,476	4,154,958	2,163,388	31,688,747	8,338,280
Restricted assets	16,380,470	4,804,791	453,786	7,126,201	28,765,248	—
Total pooled cash and investments	\$ 38,714,395	7,841,267	4,608,744	9,289,589	60,453,995	8,338,280
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 17,052,835	5,094,179	1,594,770	786,055	24,527,839	(138,882)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	15,766,098	3,182,920	2,717,682	1,890,072	23,556,772	3,785
Miscellaneous revenue	1,107,104	1,744,716	23,889	816,565	3,692,274	1,355,451
Change in assets and liabilities:						
Accounts receivable	(286,060)	(320,394)	(58,033)	(429,033)	(1,093,520)	(109,928)
Inventory	180,409	(25,041)	(6,323)	7,203	156,248	23,180
Prepaid items and other assets	(141,834)	—	—	(62,361)	(204,195)	(77,047)
Unbilled revenue	(3,099,508)	(430,741)	(44,946)	—	(3,575,195)	—
Due from other governments	93,000	—	(120,789)	733,554	705,765	—
Special assessments receivable	13,468	—	4,663	—	18,131	—
Accounts and contracts payable	970,017	(297,918)	1,050,671	24,944	1,747,714	(3,750)
Internal balances	—	—	—	13,733	13,733	—
Accrued and other liabilities	101,736	111,489	45,063	(140,221)	118,067	(24,494)
Other post-employment benefits & net pension obligation	2,869,634	1,075,803	871,362	—	4,816,799	118,840
Self-insurance claims payable	—	—	—	—	—	(221,312)
Deferred revenue	—	—	—	231,377	231,377	—
Customer deposits	234,919	—	66,075	(33,258)	267,736	—
Compensated absences	369,539	(201,538)	4,729	—	172,730	(1,363)
Total adjustments	18,178,522	4,839,296	4,554,043	3,052,575	30,624,436	1,063,362
Net cash provided (used) by operating activities	\$ 35,231,357	9,933,475	6,148,813	3,838,630	55,152,275	924,480

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Pooled cash and investments	\$ 26,195	160,420
Accrued interest receivable	—	492
Total assets	<u>26,195</u>	<u>160,912</u>
Liabilities:		
Accounts and contracts payable	66	8,023
Funds held in escrow	1,060	70,698
Flexible benefit payable	—	82,191
Total liabilities	<u>1,126</u>	<u>\$ 160,912</u>
Net assets:		
Held in trust	<u>\$ 25,069</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 Year ended June 30, 2012

	<u>Private- Purpose Trust Funds</u>
Additions:	
Charges for services	\$ 18,540
Interest	11
Other	2
Total additions	<u>18,553</u>
Deductions:	
Capital outlay	<u>21,292</u>
Total deductions	<u>21,292</u>
Change in net assets	(2,739)
Net assets, beginning	<u>27,808</u>
Net assets, ending	<u><u>\$ 25,069</u></u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

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CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(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) which includes the Independence Events Center Management Corporation (Corporation) as a blended component unit. The Corporation performs management functions for the City's Events Center, a propriety fund. Financial statements for the Corporation may be obtained by writing to the City Clerk, City of Independence, P. O. Box 1019, Independence, MO 64051.

During 2011-12, the Events Center Community Improvement District (CID) and Crackerneck Creek Transportation Development District (TDD) were added to the financial statements of the City as blended component units. The TDD and CID account for the taxes that are collected within these districts, and they provide services exclusively for the City as the taxes collected by these districts are utilized to repay outstanding debt. The TDD is governed by a 5-member board, appointed by property owners within the district. The City as a property owner appoints three members which are City employees. The CID is governed by a 5-member board, of which three are City employees appointed by the City Council. The CID is reported as a blended component unit in the Events Center fund and the TDD is reported as a blended component unit in the TIF Debt Service fund. Financial statements for the TDD and CID may be obtained by writing to the City Clerk, City of Independence, P. O. Box 1019, Independence, MO 64051.

During 2011-12, the presentation of the Tax Increment Financing (TIF) Commission of the City of Independence, Missouri (the Commission) was changed from a discretely presented component unit in a separate column on the government-wide financial statements to a blended component unit under the Debt Service Fund category of the City because the outstanding debt of the TIF commission is expected to be repaid from payments in lieu of taxes and economic activity taxes collected by the City. The Commission

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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. However, interfund activity between governmental and enterprise funds has not been eliminated. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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 function 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 non-major 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange 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. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

Tax Increment Financing Debt Service Fund – This fund is used to account for the financing of finance redevelopment project expenses through payments in lieu of taxes and economic activity taxes.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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.

Events Center Fund – This fund accounts for the acquisition and maintenance of the City’s events center facility. This fund also includes the operational activities which are managed by the Corporation and the activity of the Events Center CID.

The City reports the following fund types of non-major 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 related financing sources of major City projects.

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.

Internal Service Funds – These funds account for the costs of fleet maintenance, the Staywell Healthcare program, Workers’ Compensation fund, 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 Private-Purpose Trust Fund Financial Statements. The government-wide, proprietary and private-purpose trust 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. Non-exchange 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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

In accounting and reporting for proprietary fund activities, the City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The City has elected not to follow FASB guidance subsequent to November 30, 1989. Proprietary funds distinguish operating revenues and expenses from non-operating 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 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.

(d) Accounts Receivable

Accounts receivable result primarily from sales of electricity, water and sewer services accounted for in the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year. Accounts receivable are expressed net of allowances for doubtful accounts. Allowances for doubtful accounts are based on historical collection trends for the related receivables.

(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, based on quoted market prices.

(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 fuel and vehicle and equipment parts and materials and is valued at the lower of cost or market. Inventory of the Events Center consists of merchandise available for sale, valued at cost.

(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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(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.

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. The payments in lieu of taxes that the enterprise funds pay to the general fund are handled as transfers out for the enterprise funds and transfers in for the general fund.

(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 a capital contribution at fair value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City's business-type activities during the fiscal year was \$11,559,392. Of this amount, \$941,662 was included as part of the cost of the capital assets under construction in connection with power and light, water, and events center projects.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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

	<u>Years</u>
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
Machinery and equipment	7-25
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
Machinery and equipment	5-22
Sanitary Sewer Fund:	
Equipment	5-25
Sewer system	40-100
Plant	25
Machinery and equipment	5-20
Events Center Fund:	
Buildings and improvements	20-40
Improvements other than buildings	20
Machinery and equipment	4-20

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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, a method which approximates the effective interest 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 and any related premiums or discounts are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(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' for General Fund employees and nine months for Firefighters of regular earnings at the employee's current rate of pay and compensation for vacation is paid up to a maximum of 400 hours for General Fund employees and 780 hours for 24 hour shift Firefighters.

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 the following fund balance classifications:

Non-Spendable – consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – consists of amounts where constraints are placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed – consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

changes the specified amounts by use of the same formal action that it employed to previously commit the funds.

Assigned – consists of amounts which are constrained by City management’s intent for these to be used for a specific purpose but are neither formally restricted by external sources nor committed by City Council action. The Fund Balance Policy authorizes the City Manager to assign amounts for a specific purpose in this category. Likewise, the City Manager has the authority to take necessary actions to un-assign amounts in this category. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.

Unassigned – consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. The General Funds is the only fund that would report a positive amount in unassigned fund balances.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The City has a minimum Unassigned Fund Balance policy for the General Fund equal to 5% of annual revenues. If the fund balance falls below this target level of 5% then the City will strive to restore the Unassigned Fund Balance through revenue allocations or expenditure reductions back to the target level over a five (5) year period.

Detailed information on the City’s governmental fund balance classifications may be found in Note 15 in the notes to the financial statements.

(m) 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. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds of \$21,209,412 for governmental activities, \$2,467,547 for Power and Light, \$3,765,682 for Water and \$7,003,358 for the Events Center.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation consists of \$1,482,059 for the License Surcharge; \$4,591,176 for the Street Sales Tax; \$6,424,309 for Storm Water Sales Tax; \$3,978,737 for Public Safety Sales Tax; and \$12,828,778 for debt service.

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, 2012

(n) 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.

(o) 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.

(p) New Accounting Pronouncements

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The City is currently evaluating the impact of adopting Statement No. 60. The City will implement GASB No. 60 beginning with the year ended June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

The City is currently evaluating the impact of adopting Statement No. 62. The City will implement GASB No. 62 beginning with the year ended June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City is currently evaluating the impact of adopting Statement No. 63. The City will implement GASB No. 63 beginning with the year ended June 30, 2013.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City will implement GASB No. 65 beginning with the year ended June 30, 2014.

CITY OF INDEPENDENCE, MISSOURI

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In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – an Amendment of Statements No. 10 and No. 62*. This statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The City will implement GASB No. 66 beginning with the year ended June 30, 2014.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. This statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The City will implement GASB No. 67 beginning with the year ended June 30, 2014.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – and Amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The City will implement GASB No. 68 beginning with the year ended June 30, 2015.

(2) Deposits and Investments

At June 30, 2012, the carrying values of deposits and investments are summarized as follows:

Investments:

Short-term investments held in trust (bond reserves):

Federal Home Loan Mortgage Corporation	\$	20,598,604
Federal National Mortgage Association		19,294,265
Money Market		5,719,681
U.S. Treasury Bill		200,000

Investment pool:

U.S. Treasury Bond		26,652
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Total investments 45,839,202

Deposits and repurchase obligations 59,378,663

Petty cash 9,331

Total \$ 105,227,196

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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
Pooled cash and investments	\$ 54,762,213	186,615	54,948,828
Restricted cash and investments	50,278,368	—	50,278,368
	<u>\$ 105,040,581</u>	<u>186,615</u>	<u>105,227,196</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. Government 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 funds with overdrawn balances (cash and investments) 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.

Credit Risk/Concentration of 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. The City's investment policy does not specify maximum or minimum investment concentrations by investment type. The credit rating and concentration of the City's investment in debt securities are as follows:

<u>Issuer</u>	<u>Moody's Credit Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Mortgage Corporation	AAA	45.15%
Federal National Mortgage Association	AAA	42.29%

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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, 2012, 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, 2012.

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, 2012, 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.

(3) Tax Revenue

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 2012 is as follows:

	General	TIF Debt Service	Nonmajor Governmental Funds	Total
Real estate tax	\$ 7,302,884	7,354,436	24,515	14,681,835
Railroad utilities tax	35,226	—	—	35,226
Cigarette tax	454,745	—	—	454,745
Transient guest tax	—	—	1,219,340	1,219,340
Sales tax	16,291,018	5,585,739	19,254,189	41,130,946
Franchise tax	10,914,940	—	—	10,914,940
	<u>\$ 34,998,813</u>	<u>12,940,175</u>	<u>20,498,044</u>	<u>68,437,032</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.

CITY OF INDEPENDENCE, MISSOURI

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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, 2011, on which the fiscal 2012 levy was based, was \$1,287,127,388.

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, 2012 were \$0.4924 for the General Fund, \$0.2312 for Public Health and Recreation, and \$0.5596 for the Independence Square Benefit District Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(4) Intergovernmental Revenue and Receivables

Intergovernmental revenue during fiscal year 2012 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	\$ —	—	8,894	8,894
Department of Commerce	—	—	809,781	809,781
Department of Housing & Urban Development				
Community Development Block Grant	—	—	915,561	915,561
Neighborhood Stabilization Program	—	—	1,255,247	1,255,247
Emergency Shelter Grant	—	—	142,334	142,334
Home Investment Partnership	—	—	181,770	181,770
Department of Justice	—	—	1,012,543	1,012,543
Department of Transportation	25,393	12,158,162	364,532	12,548,087
Department of Energy	—	—	485,765	485,765
Department of Health & Human Services	25,000	—	318,129	343,129
Corporation for National & Community Service	—	—	229,689	229,689
Executive Office of the President	—	—	118,614	118,614
Department of Homeland Security	785	—	350,858	351,643
US Postal Inspection Service	—	—	703	703
Total Federal	<u>51,178</u>	<u>12,158,162</u>	<u>6,194,420</u>	<u>18,403,760</u>
State & Local				
Department of Agriculture	—	—	2,000	2,000
Department of Health & Human Services	—	—	70,584	70,584
Department of Revenue				
Motor Vehicle Fuel Tax	3,053,163	—	—	3,053,163
Motor Vehicle Sales Tax	709,407	—	—	709,407
Motor Vehicle Fees	489,348	—	—	489,348
Financial Institutions Tax	21,646	—	—	21,646
Division of Highway Safety	—	—	15,033	15,033
Division of Tourism	—	—	87,621	87,621
Department of Public Safety	—	—	18,246	18,246
Mid America Regional Council	—	—	298,726	298,726
Jackson County Anti Drug Tax	612,418	—	—	612,418
Jackson County DARE	295,789	—	—	295,789
Healthcare Foundation of Greater Kansas City	—	—	24	24
American Society for the Prevention of Cruelty to Animals	—	—	27,285	27,285
General Mills	—	—	4,149	4,149
Fireman's Fund Heritage Grant	—	—	6,029	6,029
US Soccer Foundation	—	—	12,500	12,500
Total State & Local	<u>5,181,771</u>	<u>—</u>	<u>542,197</u>	<u>5,723,968</u>
Grand Total	<u>\$ 5,232,949</u>	<u>12,158,162</u>	<u>6,736,617</u>	<u>24,127,728</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

Amounts due from other governments at June 30, 2012 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund:				
Department of Health & Human Services	\$ 4,167	—	—	4,167
Department of Transportation	25,393	—	—	25,393
Department of Revenue				
Motor Vehicle Fuel Tax	—	525,000	—	525,000
Motor Vehicle Sales Tax	—	65,000	—	65,000
Motor Vehicle License Fees	—	125,000	—	125,000
	<u>29,560</u>	<u>715,000</u>	<u>—</u>	<u>744,560</u>
Street Improvements Fund:				
Department of Transportation	1,565,090	—	—	1,565,090
	<u>1,565,090</u>	<u>—</u>	<u>—</u>	<u>1,565,090</u>
TIF Debt Service Fund:				
State Sales Tax	—	110,000	—	110,000
County Sales Tax	—	—	360,947	360,947
39th St Transportation Development District	—	—	36,873	36,873
	<u>—</u>	<u>110,000</u>	<u>397,820</u>	<u>507,820</u>
Nonmajor Governmental Funds:				
Department of Agriculture	1,290	—	—	1,290
Department of Justice	333,426	—	—	333,426
Department of Transportation	74,243	—	—	74,243
Department of Health & Human Services	56,557	—	—	56,557
Department of Homeland Security	116,609	—	—	116,609
Department of Housing & Urban Development	150,952	—	—	150,952
Executive Office of the President	82,460	—	—	82,460
Missouri State Safety Center	—	608	—	608
Missouri Department of Health	—	6,858	—	6,858
Missouri Division of Highway Safety	—	1,960	—	1,960
Missouri Division of Tourism	—	36,481	—	36,481
United States Postal Service	703	—	—	703
	<u>816,240</u>	<u>45,907</u>	<u>—</u>	<u>862,147</u>
Totals	\$ <u>2,410,890</u>	<u>870,907</u>	<u>397,820</u>	<u>3,679,617</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(5) Interfund Activity

(a) Interfund Balances

Interfund balances at June 30, 2012, consisted of the following:

	<u>Due from Street Improvements</u>	<u>Due From TIF Debt Service</u>	<u>Due from Nonmajor Governmental</u>	<u>Due from Events Center</u>	<u>Total</u>
Due to:					
Governmental activities:					
General Fund	\$ 1,880,143	99,871	266,987	12,016	2,259,017
Street Improvements	—	9,709	—	—	9,709
TIF Debt Service	—	658,060	—	—	658,060
Nonmajor governmental	—	115,418	6,332,709	387,329	6,835,456
Total governmental activities	<u>1,880,143</u>	<u>883,058</u>	<u>6,599,696</u>	<u>399,345</u>	<u>9,762,242</u>
Total	<u>\$ 1,880,143</u>	<u>883,058</u>	<u>6,599,696</u>	<u>399,345</u>	<u>9,762,242</u>

Interfund payables and receivables represent loans between funds for operating purposes, short-term negative balances and pending reimbursements.

(b) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 2012 were as follows:

	<u>Interfund Charges</u>	<u>Rent</u>
Nonmajor governmental funds	\$ 144,005	\$ 18,200
Power and Light Fund	1,890,821	56,100
Sanitary Sewer Fund	798,443	21,000
Water Fund	958,175	33,100
	<u>\$ 3,791,444</u>	<u>\$ 128,400</u>

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

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2012 as follows:

Sanitary Sewer Fund	\$ 214,096
Power and Light Fund	<u>1,125,057</u>
	<u>\$ 1,339,153</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2012 as follows:

Sanitary Sewer Fund	\$	191,829
Water Fund		<u>948,376</u>
	\$	<u><u>1,140,205</u></u>

(c) Payments in Lieu of Taxes

The payments in lieu of taxes of \$13,145,463, \$2,328,111 and \$1,856,376 in fiscal year 2012 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, 2012, consisted of the following:

	<u>Transfer Out</u>			
	<u>General</u>	<u>Tax Increment Financing</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers In:				
Street Improvements	\$ —	1,194,551	1,771,088	2,965,639
Tax Increment Financing	4,636,010	—	421,620	5,057,630
Nonmajor governmental	63,271	—	359,958	423,229
Total Primary Government	\$ <u><u>4,699,281</u></u>	<u><u>1,194,551</u></u>	<u><u>2,552,666</u></u>	<u><u>8,446,498</u></u>

Transfers are the result of reimbursements for capital projects and general operations.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(6) Capital Assets

Capital asset activity for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 30,118,108	96,076	—	30,214,184
Construction work in progress	<u>85,868,879</u>	<u>24,344,891</u>	<u>(69,812,757)</u>	<u>40,401,013</u>
Total nondepreciable capital assets	<u>115,986,987</u>	<u>24,440,967</u>	<u>(69,812,757)</u>	<u>70,615,197</u>
Depreciable capital assets:				
Land improvements	7,443,360	1,019,316	—	8,462,676
Buildings	49,649,381	176,241	—	49,825,622
Building improvements	15,268,736	163,545	—	15,432,281
Improvements other than buildings	32,029,672	152,990	—	32,182,662
Office furniture and equipment	519,647	23,474	(5,314)	537,807
Computer equipment	1,921,297	238,977	—	2,160,274
Mobile equipment	21,901,752	468,049	(498,740)	21,871,061
Other equipment	6,139,528	1,095,858	(99,536)	7,135,850
Infrastructure	<u>256,407,127</u>	<u>67,466,406</u>	<u>—</u>	<u>323,873,533</u>
Total depreciable capital assets	<u>391,280,500</u>	<u>70,804,856</u>	<u>(603,590)</u>	<u>461,481,766</u>
Less accumulated depreciation for:				
Land improvements	(878,732)	(367,361)	—	(1,246,093)
Buildings	(10,605,937)	(1,239,627)	—	(11,845,564)
Building improvements	(4,710,429)	(765,220)	—	(5,475,649)
Improvements other than buildings	(8,393,079)	(1,576,303)	—	(9,969,382)
Office furniture and equipment	(463,464)	(20,253)	5,314	(478,403)
Computer equipment	(1,388,062)	(229,367)	—	(1,617,429)
Mobile equipment	(15,288,119)	(1,269,040)	474,250	(16,082,909)
Other equipment	(3,316,777)	(543,239)	52,553	(3,807,463)
Infrastructure	<u>(128,610,206)</u>	<u>(9,793,537)</u>	<u>—</u>	<u>(138,403,743)</u>
Total accumulated depreciation	<u>(173,654,805)</u>	<u>(15,803,947)</u>	<u>532,117</u>	<u>(188,926,635)</u>
Total depreciable capital assets, net	<u>217,625,695</u>	<u>55,000,909</u>	<u>(71,473)</u>	<u>272,555,131</u>
Governmental activities capital assets, net	\$ <u><u>333,612,682</u></u>	<u><u>79,441,876</u></u>	<u><u>(69,884,230)</u></u>	<u><u>343,170,328</u></u>

CITY OF INDEPENDENCE, MISSOURI

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June 30, 2012

Depreciation expense was charged to functions as follows:

Administrative services	\$	301,126
Public safety		2,564,930
Public works		9,026,950
Health and welfare		103,152
Culture and recreation		1,608,833
Community development		71,820
Storm water		1,188,804
General government		934,547
Total		<u>15,800,162</u>

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

Total depreciation expense	\$	<u>3,785</u>
		<u><u>15,803,947</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Business-type activities:				
Power and Light Fund:				
Nondepreciable capital assets:				
Land	\$ 2,953,206	108,909	—	3,062,115
Construction in progress	36,727,548	13,152,417	(36,078,261)	13,801,704
Total nondepreciable capital assets	39,680,754	13,261,326	(36,078,261)	16,863,819
Depreciable capital assets:				
Infrastructure:				
Production plant	169,679,498	60,833,392	(3,166,055)	227,346,835
Transmission plant	27,827,649	9,797,658	(406,237)	37,219,070
Distribution plant	136,847,019	7,704,598	(648,873)	143,902,744
General plant	6,084,335	13,647		6,097,982
Other	2,755,568	—	—	2,755,568
Total infrastructure	343,194,069	78,349,295	(4,221,165)	417,322,199
Machinery and equipment	14,764,470	5,033,249	(368,807)	19,428,912
Total depreciable capital assets	357,958,539	83,382,544	(4,589,972)	436,751,111
Less accumulated depreciation:				
Infrastructure	(192,050,889)	(15,410,785)	4,602,087	(202,859,588)
Machinery and equipment	(13,963,323)	(927,262)	368,806	(14,521,779)
Total accumulated depreciation	(206,014,212)	(16,338,047)	4,970,893	(217,381,367)
Total depreciable capital assets, net	151,944,327	67,044,496	380,921	219,369,744
Total power and light capital assets	\$ 191,625,081	80,305,822	(35,697,340)	236,233,563

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Water Fund:				
Nondepreciable capital assets:	\$			
Land	2,164,725	—	—	2,164,725
Construction in progress	2,514,868	4,006,944	(6,263,222)	258,590
Total nondepreciable capital assets	4,679,593	4,006,944	(6,263,222)	2,423,315
Depreciable capital assets:				
Infrastructure:				
Nonutility property	40,014	—	—	40,014
Source of supply	7,517,024	318,497	—	7,835,521
Pumping plant	15,088,585	202,176	(14,450)	15,276,311
Treatment plant	23,046,740	137,296	(48,373)	23,135,663
Transmission plant	77,375,203	5,614,395	(87,216)	82,902,382
General plant	1,905,450	8,268	(619)	1,913,099
Other	12,547,766	—	—	12,547,766
Total infrastructure	137,520,782	6,280,632	(150,658)	143,650,756
Machinery and equipment	6,459,877	19,899	(140,096)	6,339,680
Total depreciable capital assets	143,980,659	6,300,531	(290,754)	149,990,436
Less accumulated depreciation:				
Infrastructure	(35,632,300)	(2,858,259)	155,831	(38,334,728)
Machinery and equipment	(3,198,561)	(406,225)	140,755	(3,464,031)
Total accumulated depreciation	(38,830,861)	(3,264,484)	296,586	(41,798,759)
Total depreciable capital assets, net	105,149,798	3,036,047	5,832	108,191,677
Total water capital assets	\$ 109,829,391	7,042,991	(6,257,390)	110,614,992

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Sanitary Sewer Fund:				
Nondepreciable capital assets:				
Land	\$ 330,191	—	—	330,191
Construction in progress	2,615,100	7,582,852	(726,885)	9,471,067
Total nondepreciable capital assets	2,945,291	7,582,852	(726,885)	9,801,258
Depreciable capital assets:				
Infrastructure:				
Nonutility property	46,368	—	—	46,368
Collection plant	96,057,787	832,239	—	96,890,026
Pumping plant	5,325,151	—	—	5,325,151
Treatment plant	12,892,361	—	—	12,892,361
General plant	1,591,994	—	—	1,591,994
Total infrastructure	115,913,661	832,239	—	116,745,900
Machinery and equipment	6,290,905	80,732	(29,582)	6,342,055
Total depreciable capital assets	122,204,566	912,971	(29,582)	123,087,955
Less accumulated depreciation:				
Infrastructure	(49,514,618)	(2,217,291)	—	(51,731,909)
Machinery and equipment	(4,969,536)	(531,440)	15,950	(5,485,026)
Total accumulated depreciation	(54,484,154)	(2,748,731)	15,950	(57,216,935)
Total depreciable capital assets, net	67,720,412	(1,835,760)	(13,632)	65,871,020
Total sewer capital assets	70,665,703	5,747,092	(740,517)	75,672,278
Events Center:				
Nondepreciable capital assets:				
Land	5,796,315	—	—	5,796,315
Construction in progress	—	—	—	—
Total nondepreciable capital assets	5,796,315	—	—	5,796,315
Depreciable capital assets:				
Infrastructure	65,568,073	13,378	—	65,581,451
Machinery and equipment	3,546,046	9,884	—	3,555,930
Total depreciable capital assets	69,114,119	23,262	—	69,137,381
Less accumulated depreciation:				
Infrastructure	(2,714,399)	(1,639,279)	—	(4,353,678)
Machinery and equipment	(417,309)	(250,793)	—	(668,102)
Total accumulated depreciation	(3,131,708)	(1,890,072)	—	(5,021,780)
Total depreciable capital assets, net	65,982,411	(1,866,810)	—	64,115,601
Total events center capital assets	71,778,726	(1,866,810)	—	69,911,916
Total business-type activities capital assets	\$ 443,898,901	91,229,095	(42,695,247)	492,432,749

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 15,766,098
Water	3,182,920
Sanitary sewer	2,717,682
Events center	<u>1,890,072</u>
Total business-type activities depreciation expense	<u>\$ 23,556,772</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. As of June 30, 2012 the difference for Power and Light is \$571,949 and the difference for Water is \$81,564.

Under accounting practices promulgated in the utility industry by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC), for business-type activities, units are retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(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, 2012:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 11,465,000	—	3,270,000	8,195,000	3,410,000
TIF loans	182,970,000	7,210,000	14,980,000	175,200,000	8,110,000
Capital lease obligations	292,063	1,484,700	133,999	1,642,764	232,463
Neighborhood Improvement					
District (NID)	668,000	—	69,000	599,000	70,000
Premium (discount), net	(1,730,270)	(99,950)	(65,943)	(1,764,277)	2,065
Deferred amount on refunding	(674,169)	(245,027)	(79,875)	(839,321)	—
Total loans and notes payable	<u>192,990,624</u>	<u>8,349,723</u>	<u>18,307,181</u>	<u>183,033,166</u>	<u>11,824,528</u>
Other liabilities:					
Compensated absences	16,379,564	6,017,299	6,557,031	15,839,832	6,321,229
Other post-employment benefits	24,954,484	8,577,461	—	33,531,945	—
Net pension obligation	2,131,128	1,146,541	—	3,277,669	—
TIF developer obligations	25,169,718	591	730,353	24,439,956	1,007,290
Total other liabilities	<u>68,634,894</u>	<u>15,741,892</u>	<u>7,287,384</u>	<u>77,089,402</u>	<u>7,328,519</u>
Total Governmental Activities	<u>\$ 261,625,518</u>	<u>24,091,615</u>	<u>25,594,565</u>	<u>260,122,568</u>	<u>19,153,047</u>

The compensated absences, other post-employment benefits and pension obligation liabilities attributable to governmental activities will be liquidated primarily by the General Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

	<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	\$ 64,530,000	55,185,000	5,090,000	114,625,000	3,940,000
Premium on bonds payable	840,222	974,636	35,131	1,779,727	—
Less deferred amount on refunding	(798,286)	(164,111)	(431,244)	(531,153)	—
Total revenue bonds	<u>64,571,936</u>	<u>55,995,525</u>	<u>4,693,887</u>	<u>115,873,574</u>	<u>3,940,000</u>
Capital lease obligations	13,346	—	13,346	—	—
Compensated absences	4,921,095	2,718,351	2,348,811	5,290,635	1,680,094
Other post-employment benefits	6,569,362	2,381,538	—	8,950,900	—
Net pension obligation	788,334	488,096	—	1,276,430	—
Total Power and Light Fund	<u>76,864,073</u>	<u>61,583,510</u>	<u>7,056,044</u>	<u>131,391,539</u>	<u>5,620,094</u>
Water Fund:					
Revenue bonds	46,210,000	—	2,965,000	43,245,000	3,180,000
Premium on bonds payable	629,943	—	118,114	511,829	—
Less deferred amount on refunding	(346,863)	—	(65,036)	(281,827)	—
Total revenue bonds	<u>46,493,080</u>	<u>—</u>	<u>3,018,078</u>	<u>43,475,002</u>	<u>3,180,000</u>
Capital lease obligations	5,872	—	5,872	—	—
Compensated absences	1,680,019	256,953	524,905	1,412,067	422,073
Other post-employment benefits	2,722,515	962,739	—	3,685,254	—
Net pension obligation	227,339	113,064	—	340,403	—
Total Water Fund	<u>51,128,825</u>	<u>1,332,756</u>	<u>3,548,855</u>	<u>48,912,726</u>	<u>3,602,073</u>
Sanitary Sewer Fund:					
Capital lease obligations	2,135	—	2,135	—	—
Compensated absences	1,035,259	440,421	435,692	1,039,988	327,665
Other post-employment benefits	2,096,223	791,654	627	2,887,250	—
Net pension obligation	148,829	80,335	—	229,164	—
Total Sanitary Sewer Fund	<u>3,282,446</u>	<u>1,312,410</u>	<u>438,454</u>	<u>4,156,402</u>	<u>327,665</u>
Events Center Fund:					
Revenue bonds	84,905,000	11,815,000	11,065,000	85,655,000	325,000
Less deferred amount on refunding	—	(2,010,718)	(44,541)	(1,966,177)	—
Total Events Center Fund	<u>84,905,000</u>	<u>9,804,282</u>	<u>11,020,459</u>	<u>83,688,823</u>	<u>325,000</u>
Total business-type activities	\$ <u>216,180,344</u>	<u>74,032,958</u>	<u>22,063,812</u>	<u>268,149,490</u>	<u>9,874,832</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

Debt service requirements on long-term debt with schedules maturities at June 30, 2012 are as follows:

Governmental Activities								
	Loans Payable		NID Payable		TIF Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,410,000	341,056	70,000	31,312	8,110,000	9,034,057	11,590,000	9,406,425
2014	1,390,000	204,344	75,000	27,774	8,595,000	8,674,037	10,060,000	8,906,155
2015	1,450,000	139,856	75,000	23,987	9,175,000	8,283,939	10,700,000	8,447,782
2016	460,000	69,694	80,000	20,212	9,735,000	7,858,461	10,275,000	7,948,367
2017	475,000	52,153	81,000	15,999	10,315,000	7,386,679	10,871,000	7,454,831
2018 - 2022	1,010,000	44,006	198,000	24,927	63,695,000	28,460,705	64,903,000	28,529,639
2023 - 2027	—	—	20,000	1,880	57,075,000	12,069,282	57,095,000	12,071,162
2028	—	—	—	—	8,500,000	414,431	8,500,000	414,431
	<u>\$ 8,195,000</u>	<u>851,108</u>	<u>599,000</u>	<u>146,091</u>	<u>175,200,000</u>	<u>82,181,591</u>	<u>175,494,000</u>	<u>82,764,360</u>

Business-type Activities								
	Power and Light		Water		Events Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,940,000	5,952,750	3,180,000	2,760,713	325,000	4,532,288	7,445,000	13,245,751
2014	4,830,000	5,427,032	3,395,000	2,508,448	355,000	4,522,788	8,580,000	12,458,268
2015	2,965,000	5,249,832	3,655,000	2,220,258	355,000	4,512,319	6,975,000	11,982,409
2016	3,080,000	5,134,894	3,955,000	1,904,623	360,000	4,501,459	7,395,000	11,540,976
2017	3,205,000	5,011,694	4,005,000	1,530,108	440,000	4,490,288	7,650,000	11,032,089
2018 - 2022	16,585,000	22,703,970	7,180,000	5,810,469	4,015,000	22,077,675	27,780,000	50,592,114
2023 - 2027	19,695,000	18,315,295	9,215,000	3,777,809	8,060,000	20,653,538	36,970,000	42,746,643
2028 - 2032	23,195,000	13,047,496	8,660,000	862,872	21,325,000	17,575,631	53,180,000	31,485,999
2033 - 2037	37,130,000	6,184,511	—	—	36,050,000	10,263,638	73,180,000	16,448,149
2038	—	—	—	—	14,370,000	820,838	14,370,000	820,838
	<u>\$ 114,625,000</u>	<u>87,027,474</u>	<u>43,245,000</u>	<u>21,375,301</u>	<u>85,655,000</u>	<u>93,950,461</u>	<u>243,525,000</u>	<u>202,353,234</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(a) Governmental activities

(1) Loans Payable – Missouri Development Finance Board

Governmental activities loans payable at June 30, 2012 are comprised of the following:

\$6,175,000 Series 2005 (Aquatics Facilities Project) annual installments of \$300,000 to \$450,000 through 2013; interest at 3.00% to 5.00%.	\$ 890,000
\$8,225,000 Series 2005 (Public Safety Facilities Projects) annual installments of \$670,000 to \$1,010,000 through 2015; interest at 4.00% to 5.25%.	2,890,000
\$5,485,000 Series 2006 (Park Projects) annual installments of \$1,010,000 to \$1,190,000 through 2013; interest at 4.25%.	1,190,000
\$4,020,000 Series 2009 (Streets Projects) annual installments of \$395,000 to \$515,000 through 2018; interest at 3.50% to 4.375%.	3,225,000
Total Governmental Activities Loans Payable	<u>\$ 8,195,000</u>

(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 monies 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.

Neighborhood Improvement District bonds payable at June 30, 2012 are comprised of the following:

\$995,000 Series 2004 (Noland Road and Englewood Improvements) annual installments of \$55,000 to \$85,000 through 2019; interest at 4.50% to 5.75%	\$ 520,000
\$111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of \$5,000 to \$6,000 through 2024; interest at 5.375% to 5.50%	79,000
Total Neighborhood Improvement District	<u>\$ 599,000</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(3) Capital Lease Obligations

Capital leases payable at June 30, 2012 are comprised of the following:

Sun Trust Leasing (fire truck) annual installments of \$64,437 to \$89,484 through 2013; interest at 4.19%	\$	175,370
Missouri Development Finance Board (IBM computer) monthly installments of \$2,868 to \$3,111 through 2016; interest at 2.04%		126,227
Motorola Solutions (radio equipment) semi-annual installments of \$56,700 to \$78,539 through 2022; interest at 3.4593%		1,341,167
Total Capital Lease Obligations	\$	<u><u>1,642,764</u></u>

The cumulative amount of assets acquired under the capital leases described above amounted to \$788,673 as of June 30, 2012.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Year ending June 30:		
2013	\$	287,309
2014		290,426
2015		197,192
2016		181,610
2017		159,794
2018 - 2022		798,971
		<u>1,915,302</u>
Less imputed interest		<u>(272,539)</u>
Present value of minimum lease payments	\$	<u><u>1,642,764</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(4) Blended Component Unit

(a) Tax Increment Financing Loans and Developer Obligations

The City's tax increment financing loan (TIF loans) 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, and in certain instances an annual appropriation pledge from the City.

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay \$257.4 million in tax increment financing loans (TIF Loans) issued at various dates beginning in 1999 to finance redevelopment projects within each of the respective TIF plans. The loans are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF loans. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such loan payments from any other sources of its revenues. However, the City has appropriated funds sufficient to make all payments required by the bonds for the next fiscal year. During this fiscal year, the City's general fund paid \$4,142,859 in debt service payments for the Crackerneck Creek development. The City has appropriated \$4,571,206 from the General Fund for the Crackerneck Creek development debt service payments due in fiscal year 2012-13.

Developer 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. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City.

At June 30, 2012, total principal and interest remaining on the loans was \$257.4 million and the outstanding developer obligations was \$24.4 million. The loans are scheduled to mature at varying amounts through 2028 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF loans and developer obligations totaled \$18.3 million. Incremental revenues from the City included \$3.3 million in sales taxes and \$.8 million in property taxes. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues and other sources from other taxing districts and governmental entities, City and developer contributions, cash reserves, and debt trust funds.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

Missouri Development Finance Board Loans Payable

\$1,030,000 Series 2005 B (Drumm Farm TIF) annual installments of \$50,000 to \$90,000 through 2020; interest at 3.00% to 4.50%	\$ 625,000
\$11,325,000 Series 2005 C (Crackerneck Creek TIF) annual installments of \$185,000 to \$1,270,000 through 2026; interest at 4.00% to 5.00%	10,175,000
\$48,370,000 Series 2006 A&B (Crackerneck Creek TIF) annual installments of \$340,000 to \$8,225,000 through 2026; interest at 5.30% to 6.00%	44,855,000
\$12,790,000 Series 2006 C (Crackerneck Creek TIF) annual installments of \$3,500,000 to \$5,385,000 through 2026; interest at 5.00%	12,790,000
\$1,590,000 Series 2006 (Drumm Farm TIF) annual installments of \$70,000 to \$170,000 through 2020; interest at 4.00% to 4.625%	1,085,000
\$4,980,000 Series 2006 F (HCA - Centerpoint TIF) annual installments of \$120,000 to \$445,000 through 2028; interest at 4.00% to 4.25%	4,445,000
\$19,390,000 Series 2007 A (Eastland Center TIF) annual installments of \$815,000 to \$2,570,000 through 2022; interest at 4.00% to 5.00%	12,765,000
\$10,330,000 Series 2007 B (Hartman Heritage TIF) annual installments of \$555,000 to \$1,060,000 through 2020; interest at 4.00% to 5.00%	7,295,000
\$10,060,000 Series 2007 C (Santa Fe TIF) annual installments of \$385,000 to \$1,795,000 through 2023; interest at 5.41% to 6.096%	7,990,000
\$995,000 Series 2007 D (Drumm Farm TIF) annual installments of \$70,000 to \$80,000 through 2020; interest at 4.00% to 4.50%	625,000
\$19,720,000 Series 2007 E (HCA - Centerpoint TIF) annual installments of \$425,000 to \$2,670,000 through 2028; interest at 4.75% to 5.125%	17,750,000
\$5,035,000 Series 2008 A (Crackerneck Creek TIF) annual installments of \$280,000 to \$925,000 through 2017; interest at 4.30% to 5.70%	3,595,000
\$7,920,000 Series 2008 B (Crackerneck Creek TIF) annual installments of \$615,000 to \$1,635,000 through 2025; interest at 4.00% to 5.125%	7,920,000
\$8,000,000 Series 2008 C (Eastland Center TIF) annual installments of \$370,000 to \$2,515,000 through 2022; interest at 4.00% to 5.125%	7,630,000
\$1,230,000 Series 2008 E (Drumm Farm TIF) annual installments of \$30,000 to \$420,000 through 2022; interest at 3.250% to 5.00%	1,110,000

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

\$13,315,000 Series 2008 F (HCA - Centerpoint TIF) annual installments of \$195,000 to \$1,940,000 through 2027; interest at 4.000% to 6.000%	11,750,000
\$4,600,000 Series 2008 G (Eastland Center TIF) annual installments of \$120,000 to \$885,000 through 2022; interest at 4.00% to 5.25%	3,905,000
\$3,220,000 Series 2009 B (Eastland Center TIF) annual installments of \$135,000 to \$480,000 through 2022; interest at 4.00% to 5.500%	2,765,000
\$3,630,000 Series 2009 J (Eastland Center TIF) annual installments of \$110,000 to \$835,000 through 2022; interest at 3.00% to 4.50%	3,040,000
\$4,130,000 Series 2009 H (Crackerneck Creek TIF) one installment of \$4,130,000 through 2026; interest at 7.250%	4,130,000
\$2,325,000 Series 2009 I (HCA - Centerpoint TIF) annual installments of \$65,000 to \$525,000; interest at 3.00% to 5.00%	2,120,000
\$6,720,000 Series 2011 B (Hartman Heritage TIF) annual installments of \$365,000 to \$1,815,000; interest at 2.000% to 4.125%	6,345,000
\$490,000 Series 2011 C (HCA - Centerpoint TIF) annual installments of \$50,000 to \$165,000; interest at 2.000% to 3.000%	490,000
Total Discretely Presented Component Unit	<u>\$ 175,200,000</u>

Restricted assets held by the Commission of \$20,136,425 consist of funds available for costs related to the redevelopment of the Santa Fe, Hartman Heritage, Eastland Center, Crackerneck Creek and HCA areas.

(1) Tax Increment Financing Advance Refunding

On November 22, 2011, the City entered into a loan payable through the Missouri Development Finance Board of \$6,720,000 with interest rates ranging from 2.000% to 4.125%, to advance refund \$7,120,000 of the outstanding 2003 Hartman Heritage TIF loan payable, with interest rates ranging from 2.00% to 5.00%. The acquisition of the new refunding loan carried a discount of \$99,051 and resulted in a deferred amount on refunding of \$245,027. Both items will be amortized over the life of the bonds. This advance refunding was undertaken to reduce the total debt service payments by \$283,608 which resulted in an economic gain of \$226,056.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(b) 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 450,000 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. In January 2010, a 55,000 square foot Hobby Lobby opened and in late 2009 a 23,000 square foot Mardel opened. During early 2011, an 8,000 square foot Cheddar's Restaurant opened. The City and the developer remain in discussions regarding securing additional retail and hotel development for the project. However, no additional agreements exist requiring any retailers to open for business in the Crackerneck Creek Redevelopment Area other than Bass Pro.

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 150,000 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, 2006C, 2008A, and 2008B Bonds have been used to fund other costs related to the development of the site. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City.

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 determined by an appraisal.

The total amount of all bonds to be issued by the City for this project is expected to be approximately \$110,000,000. 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.

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. Construction on the Bass Pro building is completed, and the Bass Pro store opened in February 2008.

Also under the Lease the City constructed an approximate 15-acre lake and an additional wilderness habitat area of approximately 15 acres. The City park includes a waterfall and presents a unique natural setting. The City also constructed 600 parking spaces adjacent to the Bass Pro Store.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

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

Calendar Year		Amount
2012	\$	1,000,000
2013		1,000,000
2014		1,000,000
2015		1,000,000
2016		1,000,000
2017-2021		5,000,000
2022-2026		5,000,000
Total	\$	15,000,000

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(b) Business-type Activities

(1) Revenue Bonds

Revenue bonds payable at June 30, 2012 are comprised of the following individual issues:

Power and Light Fund:

\$31,415,000 Series 2009 D annual installments of \$810,000 to \$4,125,000 through 2034; interest at 3.75% to 5.75%	\$ 31,415,000
\$33,645,000 Series 2010 B annual installments of \$600,000 to \$4,030,000 through 2035; interest at 2.00% to 5.250%	28,025,000
\$55,185,000 Series 2012 A annual installments of \$150,000 to \$11,900,000 through 2037; interest at 2.00% to 5.00%	55,185,000
Less deferred amount on refunding	(531,153)
Total Power and Light fund	<u>114,093,847</u>

Water Fund:

\$14,785,000 Series 2004 annual installments of \$490,000 to \$1,105,000 through 2025; interest at 3.054% to 5.00%	10,990,000
\$17,520,000 Series 2009 C annual installments of \$505,000 to \$4,205,000 through 2029; interest at 4.00% to 5.75%	17,520,000
\$19,310,000 Series 2009 E annual installments of \$2,210,000 to \$3,245,000 through 2016; interest at 3.00% to 4.00%	14,735,000
Less deferred amount on refunding	(281,827)
Total Water Fund	<u>42,963,173</u>

Events Center Fund:

\$12,325,000 Series 2008 D semi-annual installments of \$30,000 to \$410,000 through 2038; interest at 4.00% to 5.75%	11,795,000
\$15,190,000 Series 2009 A semi-annual installments of \$5,000 to \$2,035,000 through 2038; interest at 6.125% to 6.750%	15,190,000
\$44,045,000 Series 2009 F annual installments of \$100,000 to \$9,365,000 through 2038; interest at 5.00% to 6.25%	44,045,000
\$2,950,000 Series 2010 A annual installments of \$70,000 to \$485,000 through 2038; interest at 4.50% to 5.75%	2,950,000
\$11,815,000 Series 2011 A annual installments of \$70,000 to \$1,585,000 through 2038; interest at 2.00% to 5.50%	11,675,000
Less deferred amount on refunding	(1,966,177)
Total Events Center Fund	<u>83,688,823</u>
Total revenue bonds	<u>\$ 240,745,843</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

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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 above required reserves and other 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>	<u>Events Center</u>
Principal and interest	\$ 11,951,872	—	—	122,843
Depreciation and emergency	—	500,000	—	—
Bond reserve and project accounts	2,467,547	3,765,682	—	7,003,358
Total revenue bond reserves	14,419,419	4,265,682	—	7,126,201
Customer deposits	1,800,971	503,356	425,019	—
Purchase of Dogwood Plant	24,600	—	—	—
Workers' compensation	135,480	35,753	28,767	—
Total	\$ <u>16,380,470</u>	<u>4,804,791</u>	<u>453,786</u>	<u>7,126,201</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 coverage. The City is in compliance with all such financial limitations and restrictions.

(a) Advance Refunding

On 04/05/12, the City issued revenue bonds through the Missouri Development Finance Board of \$55,185,000 with interest rates ranging from 2% to 5%, of this amount \$1,420,000 was used to advance refund \$1,270,000 of the outstanding 2003 Power & Light revenue bonds, with interest rates ranging from 3.45% to 3.65%. The acquisition of the new refunding bonds carried a premium of \$974,635 and resulted in a deferred amount on refunding of \$164,111. Both items will be amortized over the life of the bonds. This advance refunding was undertaken to reduce the total debt service payments by \$9,445 which resulted in an economic gain of \$3,147.

CITY OF INDEPENDENCE, MISSOURI

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On November 15, 2011, the City issued revenue bonds through the Missouri Development Finance Board of \$11,815,000 with interest rates ranging from 2.00% to 5.50%, to provide funding to advance refund \$10,725,000 of outstanding 2008 Events Center Project revenue bonds with interest rates ranging from 6.75% to 7.00%. The acquisition of the new refunding bonds resulted in a deferred amount on refunding of \$2,010,718 and will be amortized over the life of the bonds. This advance refunding was undertaken to reduce the total debt service payments by \$1,081,284 which resulted in an economic gain of \$539,617.

(b) Pledged Revenues

The Power and Light and Water Bonds are secured by a pledge of revenues, net of specified operating expenses to repay revenue bonds issued. The pledged revenue information for June 30, 2012 is as follows:

<u>Date Issued</u>	<u>Description</u>	<u>Purpose of Debt</u>	<u>Revenue Pledged</u>	<u>Term of Commitment</u>	<u>Principal & Interest Remaining</u>	<u>Principal & Interest 2011-2012</u>	<u>Net Available Revenues 2011-2012</u>
03/2009	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2034	\$ 51,771,531	1,608,025	
11/2010	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2035	41,756,900	4,593,138	
03/2012	Power and Light Revenue Bonds	Electric System - Dogwood	Appropriated Revenues	through 2037	108,124,037	-	
					<u>\$ 201,652,468</u>	<u>6,201,163</u>	<u>36,800,523</u>
06/2004	Water Revenue Bonds	Water System Improvements	Appropriated Revenues	through 2025	\$ 14,868,013	1,149,095	
03/2009	Water Revenue Bonds	Water System Improvements	Appropriated Revenues	through 2030	31,146,300	951,863	
10/2009	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2017	16,270,925	2,960,383	
					<u>\$ 62,285,238</u>	<u>5,061,341</u>	<u>11,161,402</u>

(2) Events Center Bonds

The Events Center Bonds (Bonds) are secured by a pledge of certain community improvement district sales taxes (CID sales taxes) and related Tax Increment Financing (TIF) revenues generated within the Independence Events Center Community Improvement District (District) boundaries. In addition, the Bonds include an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient funds to meet the scheduled debt service requirements of the Bonds should the CID sales taxes and TIF revenues not be sufficient to do so. For the year ended June 30, 2012, District revenues paid to the City for debt service totaled \$5,457,356. The remaining debt service amounts of \$15,428 were funded from capitalized interest funds that were established at the time the Bonds were issued. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in payments during the next fiscal year.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

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(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, 2012, were \$33,716.

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, 2012, were \$86,442.

(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

Effective November 1, 2009, the City's LAGERS benefit program changed from LT-8(65) to L-6 with employees contributing 4% of gross salaries and wages. The City is required by Missouri state statute to contribute at an actuarially determined rate; the current rate is 10.3% (General), 11.5% (Police), and 12.1% (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.

As of February 29, 2012, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$210,700,773. The actuarial value of assets was \$125,863,329 which results in an unfunded accrued liability (UAL) of \$84,837,444 and a funded ratio of 60%. The covered payroll (annual payroll of active employees covered by the plan) was \$65,208,725 which results in a ratio of the UAL to the covered payroll of 130%.

The schedule of funding progress (Exhibit 11), presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

The number of retirees and beneficiaries receiving LAGERS benefits, as of February 29, 2012, which is the effective date of the current LAGERS actuarial valuation, is 841. There have been no significant changes in the number of covered participants since that date.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

Annual Pension Cost & Net Pension Obligation

The City's annual pension cost and net pension obligation as of June 30, 2012 are as follows:

Annual required contribution	\$ 9,035,315
Interest on net pension obligation	238,933
Adjustment to annual required contribution	<u>(181,819)</u>
Annual pension cost	<u>9,092,429</u>
Actual contributions	<u>7,264,393</u>
Increase in net pension obligation	<u>1,828,036</u>
Beginning net pension obligation	<u>3,295,630</u>
Ending net pension obligation	\$ <u><u>5,123,666</u></u>

The City's annual pension cost (APC), the percentage of APC contributed to the plan, and the net pension obligation for the fiscal year ending June 30, 2012 is as follows:

	<u>Annual Pension Cost (APC)</u>		<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
Fiscal year ending:					
June 30, 2010	\$ 5,502,058	%	100.0	\$	—
June 30, 2011	10,047,652		67.2		3,295,630
June 30, 2012	9,092,429		79.9		5,123,666

For 2012, the City's annual pension cost of \$9,092,429 was not equal to the required and actual contribution which resulted in an increase to the Net Pension Obligation of \$1,828,036 resulting in an ending Net Pension Obligation balance of \$5,123,666. The required contribution was determined as part of the February 28, 2010 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 7.25% per year, compounded annually;
- (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation;
- (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit;
- (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table, set back 0 years for men and women; and

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- (e) post-retirement mortality based on the 1994 Group Annuity Mortality table, set back 0 years for men and women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2010 was 30 years.

See Exhibit 11 for Schedule of Funding Progress for the years ended 2012, 2011, and 2010.

(10) Post-Employment Health Benefits

In addition to the pension benefits described in Note (9), the City provides post-employment healthcare benefits to all retired employees meeting the service criteria for this benefit. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in a future year when it actually will be paid. Under the guidelines of GASB Statement No. 45, the City recognizes the cost of post-employment healthcare benefits in the year when the employee services are provided, reports the accumulated liability from prior years, and provides additional information useful to assess potential demands on the City's future cash flows. Recognition of the liability that has accumulated from prior year's service will be phased in over 30 years, commencing with the initial liability recorded in 2007-08.

Plan Description

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS). The various benefit plan options offered by the City collectively operate as a single-employer defined benefit healthcare plan and are the same as provided to active City employees. Coverage is available for the lifetime of the retiree and their spouses upon payment of required retiree contribution premiums which includes an adjustment when the retiree becomes eligible to participate in the Medicare program. The contribution requirement for plan members is split between the retiree and the City at percentages that are comparable to active City employees and may be amended at any time by the City Council.

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2011, which is the effective date of the current OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

Active Employees	1,067
Retirees & covered spouses of retirees	<u>988</u>
Total Participants	2,055

Funding Policy

The City pays for the employer portion of eligible retiree healthcare claims, administrative fees and retiree premiums of the participants in the plan on a pay-as-you-go basis from general operating assets of the City. As noted earlier, retirees are required to make contributions to the plan at the same level as required for

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active employees until the retirees become Medicare eligible and then the contributions are modified to reflect the inclusion of Medicare participation in the payment of eligible healthcare costs.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$	19,459,020
Interest on net OPEB obligation		1,453,541
Adjustment to annual required contribution		<u>(1,586,796)</u>
Annual OPEB cost (expense)		19,325,765
Less: Employer contributions		<u>(6,613,000)</u>
Increase in net OPEB obligation		12,712,765
Net OPEB obligation – July 1, 2011		<u>36,342,584</u>
Net OPEB obligation – June 30, 2012	\$	<u><u>49,055,349</u></u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2012 is as follows:

		Annual OPEB Cost		Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
Fiscal year ending:						
June 30, 2010	\$	14,947,974	%	38.65	\$	27,072,757
June 30, 2011		14,935,773		37.94		36,342,584
June 30, 2012		19,325,765		34.22		49,055,349

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Funded Status and Funding Progress

As of January 1, 2011, which is the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$246.3 million dollars. There are no assets set aside for funding the plan as of that date, thus, the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$65.4 million which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 377 percent.

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

Actuarial Methods and Assumptions

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

The entry age normal (level percent of pay) cost method is used in the January 1, 2011 actuarial valuation. At this valuation date, the annual cost accruals (individual normal cost for each participant) are determined as a level percentage of pay for each year from entry age until expected retirement. The sum of these individual normal costs for all active participants whose attained ages are under the assumed retirement age is the normal cost for the initial plan year. The excess of all normal costs falling due prior to the initial valuation date, accumulated with interest over the plan assets, represents the initial unfunded actuarial accrued liability.

The actuarial assumptions include a 4.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment return on the City's investments. Because the plan is unfunded, reference to the expected long-term investment returns, which tend to be short-term in nature (such as certificates of deposit and United State agencies securities), were considered in the selection of the 4.0 percent rate. The actuarial assumptions for healthcare cost trend is a growth factor of 8.5 percent for the first year and then declining by one half of one percent (0.5%) per year until 5.25 percent is reached. The 5.25 percent growth is used on a go-forward basis. The actuarial assumptions include a 3.25 percent rate for general inflation. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

CITY OF INDEPENDENCE, MISSOURI

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(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). The Missouri General Assembly created MOPERM to provide liability protection to participating public entities, their officials, and employees. The City pays annual premiums to MOPERM for law enforcement liability, general liability, public official errors and omissions liability, automobile liability, and medical malpractice 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 purchases excess liability insurance coverage from OneBeacon Insurance Company to provide additional liability insurance coverage above MOPERM's coverage limits for claims that are not subject to the State's Sovereign Immunity Statute.

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to \$3,000,000 per occurrence for workers' compensation claims in excess of \$1,000,000 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 \$2,320,000 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 City's Workers' Compensation Fund.

The City offers its employees and retirees a contributory self-insurance healthcare plans (Staywell Open Access Plan or Staywell In-Network Plan). An excess coverage insurance policy covers the portion of specific claims in excess of \$250,000 and aggregate claims in excess of \$27,130,176 for the open access plan and for the in-network plan. The City's share of the premiums for this employee benefit was approximately \$15,798,211. 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. Incurred but not reported medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

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

	Claims Payable			
	Workers' Compensation		Staywell	
	2011	2012	2011	2012
Beginning of year	\$ 2,908,592	2,902,508	3,256,076	2,285,676
Current year claims and changes in estimates	1,544,048	1,070,329	20,518,089	21,197,983
Claims payments	<u>(1,550,132)</u>	<u>(1,291,641)</u>	<u>(21,488,489)</u>	<u>(21,226,191)</u>
End of year	\$ <u>2,902,508</u>	<u>2,681,196</u>	<u>2,285,676</u>	<u>2,257,468</u>

(12) Commitments

Construction Commitments

At June 30, 2012, the City had commitments of approximately \$15.5 million to complete construction contracts. Of this amount, \$8.8 million relates to the enterprise funds.

Purchase/Sales of Capacity and Energy

The City purchases a portion of its power supply needs under three long-term purchase agreements – a participation power agreement with Omaha Public Power District (OPPD), a participation power agreement with Missouri Joint Municipal Electric Utility Commission (MJMEUC), and a renewable energy purchase agreement with Smoky Hills Wind Project II, LLC (Smoky Hills).

In January 2004, the City entered into a participation power agreement with OPPD. Under this agreement, the City purchases an 8.33% share (approximately 57 megawatts) of a 682 megawatt coal-fired baseload generating unit at OPPD's existing Nebraska City power station site (Nebraska City Unit 2). The agreement provides that OPPD is the owner/operator of the unit and OPPD sells the City's share of the output on a cost-based approach. OPPD issued tax-exempt bonds to pay for the construction of the unit and the City is obligated to pay its proportionate 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 began commercial operation on 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. The future minimum payments (City's portion of the debt service) are \$170,000,000 through the year 2049. During fiscal year 2012, the delivered cost of capacity and energy under the agreement, including all demand, energy, transmission costs, and debt service was approximately \$17,100,000 for 402,750 megawatt-hours of wholesale energy. For fiscal year 2013, the projected costs under the agreement are estimated to be approximately \$17,600,000.

As part of this participation power agreement, the City also entered into a Transmission Facilities Cost Agreement with OPPD. Under this agreement, the cost of new and upgraded transmission facilities needed

CITY OF INDEPENDENCE, MISSOURI

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for the interconnection of the Nebraska City Unit 2 and the delivery of power to the City are included in the amount of tax-exempt bonds issued by OPPD. The agreement provides that the allocated amount to the City \$4,339,061 for OPPD transmission system improvements would be credited to the City on the transmission service billings from OPPD for delivery of the energy from the Nebraska City Unit 2. As of June 30, 2012, the remaining credit amount was \$1,031,287.

In June 2006, the City entered into a unit power purchase agreement with the MJMEUC. Under this agreement, the City purchases a 50% share (approximately 50 megawatts) of MJMEUC's 100 MW ownership share of the nominal 850 megawatt Iatan 2 coal-fired generating unit located at Kansas City Power & Light Company's (KCPL) existing power station site in Weston, Missouri. The agreement provides that MJMEUC sells the City's share of the output on a cost-based approach. MJMEUC issued tax-exempt bonds to pay for its share of the construction of the unit and the City is obligated to pay its share of the debt service on the bonds, 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 began commercial operations on December 31, 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. The future minimum payments (City's portion of the debt service) are approximately \$255,900,000 through the year 2039. During fiscal year 2012, the delivered cost of capacity and energy under the agreement, including all demand, energy, transmission costs, and debt service was approximately \$19,300,000 for 307,181 megawatt-hours of wholesale energy. For fiscal year 2013, the projected costs under the agreement are estimated to be approximately \$21,800,000.

In August 2008, the City entered into a renewable energy purchase agreement with Smoky Hills. Under this agreement, the City purchases a 10.10% share (15 megawatts) of a 148.5 megawatt wind farm generation project located in north-central Kansas. The agreement provides that the City will purchase its share of the energy output of the Smoky Hills project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on December 8, 2008 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2012, the cost of the energy purchases including transmission costs was approximately \$2,900,000 for 58,786 megawatt-hours of wholesale energy.

Dogwood Energy Facility

On April 5, 2012, pursuant to an Asset Purchase Agreement with Dogwood Energy, LLC, the City purchased a 12.3% undivided interest (approximately 75 MW) in the Dogwood Energy Facility – a nominal 610 megawatt natural gas-fired combined cycle generating plant located in Pleasant Hill, Missouri. The Facility was originally developed as a joint venture between Aquila, Inc. and Calpine Corporation. The facility (originally named Aries) was placed into commercial operation in two phases: first as a peaking facility during the summer of 2001 and then as a combined cycle plant on February 27, 2002. In addition to the City, Kansas Power Pool (KPP) and the Missouri Joint Municipal Electric Utility Commission (MJMEUC) also purchased 7.0% and 8.2% shares respectively of the Dogwood Energy Facility in the first half of 2012. Dogwood Energy, LLC maintains the remaining ownership share (72.5%) in the facility.

Each of the owners has entered into certain project agreements that provide for the joint ownership and operation of the Dogwood Facility. Under the project agreements, each of the owners are responsible for their respective share of the fixed operation and maintenance costs, the variable operating costs including

CITY OF INDEPENDENCE, MISSOURI

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fuel, and renewals and replacements of the facility. In addition, the owners share in any revenues from sales of unused capacity and energy in the facility.

The plant had a value of \$53,785,771 with \$6,049,771 accumulated depreciation, making the net purchase price \$47,736,000. An operating reserve account was established in the amount of \$430,500 for working capital and \$61,500 for SPP credit. Prepaid operating expenses as of June 30, 2012 were \$132,369 and depreciation expense was \$355,442.

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 other 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 deficits of \$325,091 in the Street Improvements Fund, \$5,793,402 in the Parks Sales Tax Fund, \$16,155 in the Storm Drainage Fund, \$503,899 in the Workers' Compensation Fund and \$1,862,113 in the Events Center Fund, will be eliminated by future revenues or transfers.

(14) Subsequent Events

The City evaluated subsequent events through October 15, 2012, the date the financial statements were available to be issued.

Subsequent to year end, the City approved the issuance of the following bonds and loans payable through the Missouri Development Finance Board.

\$37,035,000 Series 2012 B revenue bonds for the Sanitary Sewer System Project.

\$68,945,000 Series 2012 C advance refunding bonds for the Events Center Project.

\$12,050,000 Series 2012 D advance refunding loan payable for the Centerpoint TIF Project.

\$3,965,000 Series 2012 E advance refunding loan payable for the Eastland Center TIF Project.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

(15) Fund Equity

Fund balances at year-end are as follows:

	Governmental Funds				Total
	General	Street Improvements	TIF Debt Service	Nonmajor	
Fund balances:					
Restricted for:	\$				
Protested revenues	65,702	—	—	—	65,702
Police equipment	519,215	—	—	—	519,215
Tourism	—	—	—	909,805	909,805
Independence square benefit district	—	—	—	27,054	27,054
Grants	—	—	—	1,330	1,330
License surcharge	—	—	—	1,482,059	1,482,059
Street sales tax	—	—	—	4,567,572	4,567,572
Storm water sales tax	—	—	—	6,568,451	6,568,451
Police sales tax	—	—	—	2,161,899	2,161,899
Fire sales tax	—	—	—	1,846,225	1,846,225
Debt service fund	—	—	—	82,601	82,601
TIF debt service	—	—	26,731,159	—	26,731,159
Total fund balances restricted	<u>584,917</u>	<u>—</u>	<u>26,731,159</u>	<u>17,646,996</u>	<u>44,963,072</u>
Committed for:					
Domestic violence	13,650	—	—	—	13,650
Capital projects	48,581	—	—	1,404,187	1,452,768
Strategic goals	281,630	—	—	—	281,630
Vandalism reward	3,000	—	—	—	3,000
Economic development	106,424	—	—	—	106,424
Total fund balances committed	<u>453,285</u>	<u>—</u>	<u>—</u>	<u>1,404,187</u>	<u>1,857,472</u>
Assigned for:					
General government	88,311	—	—	—	88,311
Public safety	214,043	—	—	—	214,043
Public works	120,647	—	—	—	120,647
Health and welfare	141,684	—	—	—	141,684
Culture and recreation	2,946	—	—	—	2,946
Community development	25,930	—	—	—	25,930
Total fund balances assigned	<u>593,561</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>593,561</u>
Unassigned	<u>1,831,406</u>	<u>(427,998)</u>	<u>(182)</u>	<u>(5,809,557)</u>	<u>(4,406,331)</u>
Total fund equity	<u>\$ 3,463,169</u>	<u>(427,998)</u>	<u>26,730,977</u>	<u>13,241,626</u>	<u>43,007,774</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Totals above include encumbrances as follows: General Fund \$923,623, Street Improvements Fund \$4,327,737, TIF Debt Service Fund \$63 and Non-major Funds \$5,382,156.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2012

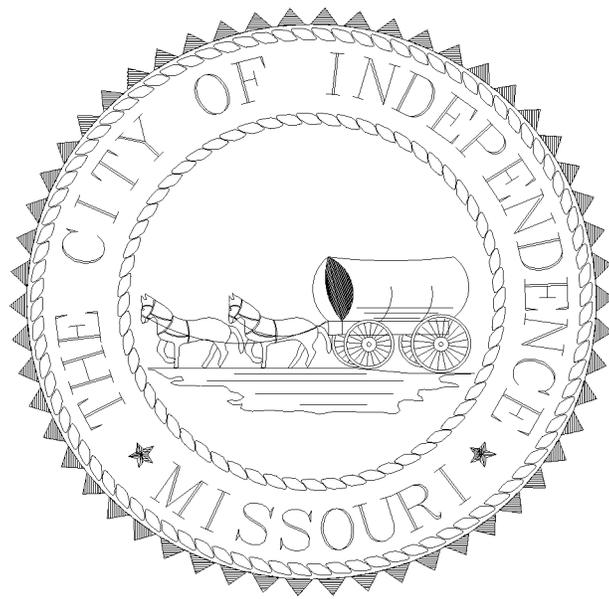
(16) Prior Period Adjustment

In fiscal year 2012, the City adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34*. The adoption of this statement resulted in a change in the reporting for the TIF Commission from a discretely presented component unit to a blended component unit of the City. It also resulted in the Independence Events Center Community Improvement District and Crackerneck Creek Transportation Development District, being included as blended component units of the Events Center Enterprise fund, and the TIF Commission blended component unit, respectively.

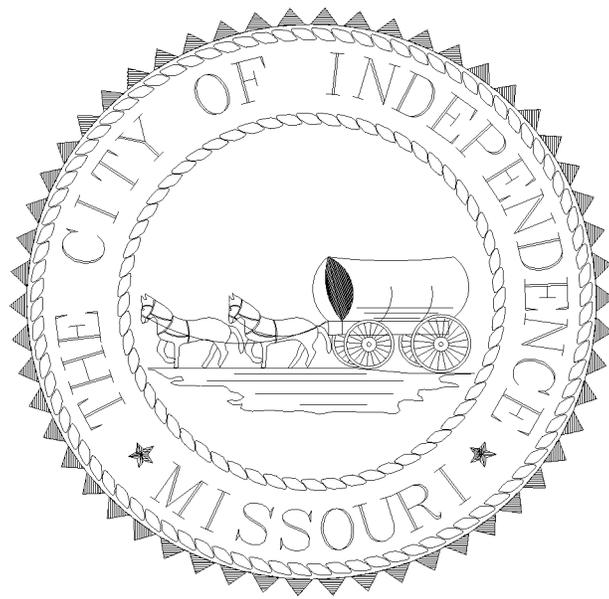
During the fiscal year ended June 30, 2012, the City determined that goodwill of \$999,203 in the Events Center enterprise fund was not properly reported for the year ended June 30, 2011. Management has revised the business-type activities and the Events Center enterprise fund net asset balances as of June 30, 2011 to correct this error.

For the year ended June 30, 2012, management determined that the following adjustments were to be made to the opening net asset/fund balances:

	<u>Governmental Activities (Ex. 2)</u>	<u>Business-Type Activities (Ex. 2)</u>	<u>TIF Debt Service Fund (Ex. 4)</u>	<u>Events Center Fund (Ex. 6)</u>
Beginning net assets (deficit), as originally reported	\$ 295,642,628	315,966,552	—	(3,118,036)
Change in financial reporting entity per implementation of GASB 61	(173,104,772)	3,860,224	29,565,644	3,860,224
Increase in goodwill	—	999,203	—	999,203
Beginning net assets, as restated	<u>\$ 122,537,856</u>	<u>320,825,979</u>	<u>29,565,644</u>	<u>1,741,391</u>



**Required
Supplementary
Information**



CITY OF INDEPENDENCE, MISSOURI

Notes to Budgetary Comparison Schedules

Year ended June 30, 2012

(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 2008-2009 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 most 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 Improvements Sales Tax, Storm Water 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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Taxes	\$ 36,243,520	36,243,520	34,998,814	(1,244,706)
Licenses and permits	3,353,927	3,353,927	3,006,945	(346,982)
Grants – federal and state	25,393	25,393	26,178	785
State and county shared revenue	5,399,291	5,399,291	5,206,771	(192,520)
Charges for current services	1,933,869	1,961,726	2,236,653	274,927
Interfund charges for support services	3,943,428	3,943,428	3,791,444	(151,984)
Fines and forfeitures	4,716,854	4,716,854	4,329,537	(387,317)
Other revenue	584,249	577,868	823,663	245,795
Total revenues	56,200,531	56,222,007	54,420,005	(1,802,002)
Other financing sources:				
Proceeds from capital leases	—	149,593	143,533	(6,060)
Payments in lieu of taxes	17,620,123	17,620,123	17,329,950	(290,173)
Total other financing sources	17,620,123	17,769,716	17,473,483	(296,233)
Total revenues and other financing sources	73,820,654	73,991,723	71,893,488	(2,098,235)
Expenditures:				
City Council	409,522	409,522	374,989	34,533
City Clerk	366,678	366,678	326,377	40,301
City Manager	838,697	936,772	936,770	2
National Frontier Trails Center	372,833	372,833	324,548	48,285
Technology services	1,716,104	1,716,104	1,650,858	65,246
Municipal court	751,614	756,959	747,759	9,200
Law	764,018	764,018	727,684	36,334
Finance	1,873,956	1,873,956	1,819,555	54,401
Human resources	408,934	429,517	429,515	2
Community development	2,545,018	2,545,018	2,429,773	115,245
Police	24,885,849	25,221,182	25,126,483	94,699
Fire	15,749,223	16,238,143	16,237,861	282
Health	2,558,732	2,571,113	2,519,483	51,630
Public works	5,684,843	5,684,843	5,126,539	558,304
Parks and recreation	1,939,556	2,015,223	2,015,219	4
General government	8,187,370	7,920,892	7,769,548	151,344
City Council strategic goals	250,000	448,027	236,802	211,225
Capital outlay	374,848	374,848	75,968	298,880
Total expenditures	69,677,795	70,645,648	68,875,731	1,769,917
Other financing uses:				
Payments to component unit	4,142,859	4,636,010	4,636,010	—
Transfers out	—	—	63,271	(63,271)
Total expenditures and other financing uses	73,820,654	75,281,658	73,575,012	1,706,646
Excess of revenue and other financing sources over (under) expenditures and other financing uses	\$ —	(1,289,935)	(1,681,524)	(391,589)
Unassigned fund balance at beginning of year			2,302,039	
Cancellation of prior year encumbrances			145,532	
Change in other fund balance components during the year			1,065,359	
Unassigned fund balance at end of year			\$ 1,831,406	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2012

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	\$ 71,893,488
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>\$ 71,893,488</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 68,875,731
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget	(815,483)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	<u>495,742</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	<u>\$ 68,555,990</u>

CITY OF INDEPENDENCE, MISSOURI
 Schedule of Funding Progress
 Retirement Plan and Other Post Employment Plan

Schedule of Funding Progress:

LAGERS Retirement Plan

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry-Age Actuarial Accrued Liability	(b) – (a) Unfunded (assets in excess of) Accrued Liability (UAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b) – (a)/(c) UAL as a Percentage of Covered Payroll
Retirement Plan-						
February 28, 2010	\$ 135,669,752	\$ 204,912,339	\$ 69,242,587	66%	\$ 65,625,583	106%
February 28, 2011	137,468,939	220,918,979	83,450,040	62%	68,136,107	122%
February 29, 2012	125,863,329	210,700,773	84,837,444	60%	65,208,725	130%

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, 2011 annual valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS' office in Jefferson City at P.O. Box 1665 Jefferson City, Missouri 65102 or telephone 1-800-447-4334.

Other Post Employment Benefits

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) – (a) Unfunded Actuarial Accrued Liability (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b) – (a)/(c) UAAL as a Percentage of Covered Payroll
January 1, 2007	\$ —	\$ 156,700,731	\$ 156,700,731	0%	\$ 54,887,375	285%
January 1, 2009	—	198,767,219	198,767,219	0%	61,350,244	324%
January 1, 2011	—	246,341,296	246,341,296	0%	65,353,754	377%

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.

CITY OF INDEPENDENCE, MISSOURI

Park Improvements – This fund is used to account for the acquisition and construction of the City's parkland.

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, 2012

Assets	Special Revenue (Exhibit 14)	Capital Projects (Exhibit 27)	Debt Service Fund	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 8,580,920	233,421	—	8,814,341
Receivables:				
Taxes	3,049,352	—	—	3,049,352
Accounts	12,755	—	—	12,755
Special assessment principal and accrued interest	—	—	765,965	765,965
Due from other funds	6,835,456	—	—	6,835,456
Due from other governments	752,810	109,337	—	862,147
Restricted assets	—	1,072,986	94,000	1,166,986
Total assets	<u>\$ 19,231,293</u>	<u>1,415,744</u>	<u>859,965</u>	<u>21,507,002</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts and contracts payable	\$ 332,343	—	—	332,343
Due to other funds	6,560,585	27,712	11,399	6,599,696
Accrued items	164,096	—	—	164,096
Other current liabilities	27,091	—	—	27,091
Deferred revenue	376,185	—	765,965	1,142,150
Total liabilities	<u>7,460,300</u>	<u>27,712</u>	<u>777,364</u>	<u>8,265,376</u>
Fund balances:				
Restricted	17,564,395	—	82,601	17,646,996
Committed	—	1,404,187	—	1,404,187
Unassigned	(5,793,402)	(16,155)	—	(5,809,557)
Total fund balances	<u>11,770,993</u>	<u>1,388,032</u>	<u>82,601</u>	<u>13,241,626</u>
Total liabilities and fund balances	<u>\$ 19,231,293</u>	<u>1,415,744</u>	<u>859,965</u>	<u>21,507,002</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Governmental Funds

Year ended June 30, 2012

	Special Revenue (Exhibit 15)	Capital Projects (Exhibit 28)	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 20,498,044	—	—	20,498,044
Licenses and permits	312,551	—	—	312,551
Intergovernmental	6,437,891	298,726	—	6,736,617
Charges for services	743,606	—	105,101	848,707
Investment income	6,358	185	333	6,876
Other	327,714	205,817	—	533,531
Total revenues	<u>28,326,164</u>	<u>504,728</u>	<u>105,434</u>	<u>28,936,326</u>
Expenditures:				
Current:				
Administrative services	29,912	—	—	29,912
Public safety	4,502,654	—	—	4,502,654
Health and welfare	628,969	—	—	628,969
Culture and recreation	4,177,604	—	—	4,177,604
Community development	2,461,391	—	—	2,461,391
Storm water	1,581,460	—	—	1,581,460
General government	371,591	—	1,054	372,645
Capital outlay	8,062,125	1,301,779	—	9,363,904
Debt service:				
Principal	3,270,000	—	69,000	3,339,000
Interest and fiscal agent fees	487,545	—	34,754	522,299
Total expenditures	<u>25,573,251</u>	<u>1,301,779</u>	<u>104,808</u>	<u>26,979,838</u>
Excess (deficiency) of revenues over expenditures	<u>2,752,913</u>	<u>(797,051)</u>	<u>626</u>	<u>1,956,488</u>
Other financing sources (uses):				
Proceeds from capital leases/bond issuance	—	1,341,167	—	1,341,167
Transfers in	—	423,229	—	423,229
Transfers out	(2,552,666)	—	—	(2,552,666)
Total other financing sources (uses)	<u>(2,552,666)</u>	<u>1,764,396</u>	<u>—</u>	<u>(788,270)</u>
Net change in fund balances	200,247	967,345	626	1,168,218
Fund balances, beginning	11,570,746	420,687	81,975	12,073,408
Fund balances, ending	<u>\$ 11,770,993</u>	<u>1,388,032</u>	<u>82,601</u>	<u>13,241,626</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2012

Assets	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 25)	License Surecharge	Grants	Total
Pooled cash and investments	\$ 239,205	23,722	4,609	8,337	6,822,988	1,482,059	—	8,580,920
Receivables:								
Taxes	100,000	3,332	—	—	2,946,020	—	—	3,049,352
Accounts	—	—	—	—	—	—	12,755	12,755
Due from other funds	559,803	—	—	—	6,275,653	—	—	6,835,456
Due from other governments	36,481	—	60,320	18,413	—	—	637,596	752,810
Total assets	\$ 935,489	27,054	64,929	26,750	16,044,661	1,482,059	650,351	19,231,293
Liabilities and Fund Balances								
Liabilities:								
Accounts and contracts payable	\$ 8,868	—	—	—	272,670	—	50,805	332,343
Due to other funds	—	—	54,776	—	6,316,555	—	189,254	6,560,585
Accrued items	16,816	—	8,830	—	104,343	—	34,107	164,096
Other current liabilities	—	—	—	26,743	348	—	—	27,091
Deferred revenue	—	—	—	—	—	—	376,185	376,185
Total liabilities	25,684	—	63,606	26,743	6,693,916	—	650,351	7,460,300
Fund balances:								
Restricted	909,805	27,054	1,323	7	15,144,147	1,482,059	—	17,564,395
Unassigned	—	—	—	—	(5,793,402)	—	—	(5,793,402)
Total fund balances	909,805	27,054	1,323	7	9,350,745	1,482,059	—	11,770,993
Total liabilities and fund balances	\$ 935,489	27,054	64,929	26,750	16,044,661	1,482,059	650,351	19,231,293

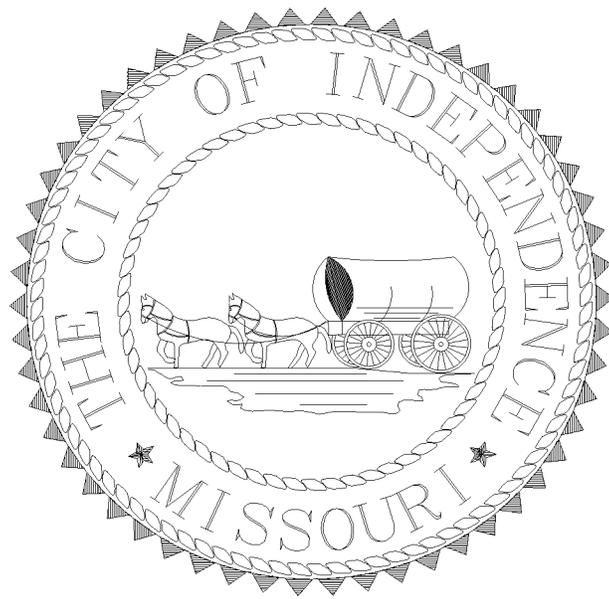
CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Special Revenue Funds

Year ended June 30, 2012

	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 26)	License Surcharge	Grants	Total
Revenues:								
Taxes	\$ 1,219,340	24,515	—	—	19,254,189	—	—	20,498,044
Licenses and permits	—	—	—	—	—	312,551	—	312,551
Intergovernmental	87,621	—	915,561	181,770	—	—	5,252,939	6,437,891
Charges for services	—	—	—	—	629,013	—	114,593	743,606
Investment income	391	232	—	—	4,790	770	175	6,358
Other	20,288	—	—	—	190,375	—	117,051	327,714
Total revenues	1,327,640	24,747	915,561	181,770	20,078,367	313,321	5,484,758	28,326,164
Expenditures:								
Current:								
Administrative services	—	—	—	—	—	—	29,912	29,912
Public safety	—	—	—	—	1,748,253	—	2,754,401	4,502,654
Health and welfare	—	—	—	—	—	—	628,969	628,969
Culture and recreation	1,731,275	—	—	—	2,433,829	—	12,500	4,177,604
Community development	—	—	573,808	181,770	—	—	1,705,813	2,461,391
Storm water	—	—	—	—	1,581,460	—	—	1,581,460
General government	—	—	—	—	18,428	—	353,163	371,591
Capital outlay	—	25,723	—	—	8,036,402	—	—	8,062,125
Debt service:								
Principal	—	—	—	—	3,270,000	—	—	3,270,000
Interest and fiscal agent fees	—	—	—	—	487,545	—	—	487,545
Total expenditures	1,731,275	25,723	573,808	181,770	17,575,917	—	5,484,758	25,573,251
Excess (deficiency) of revenues over expenditures	(403,635)	(976)	341,753	—	2,502,450	313,321	—	2,752,913
Other financing sources (uses):								
Transfers out	(30,000)	—	(341,753)	—	(671,923)	(1,508,990)	—	(2,552,666)
Net change in fund balances	(433,635)	(976)	—	—	1,830,527	(1,195,669)	—	200,247
Fund balances, beginning	1,343,440	28,030	1,323	7	7,520,218	2,677,728	—	11,570,746
Fund balances, ending	\$ 909,805	27,054	1,323	7	9,350,745	1,482,059	—	11,770,993



CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

Tourism Fund

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Transient guest taxes	\$ 1,250,000	1,250,000	1,219,340	(30,660)
Interest	2,200	2,200	391	(1,809)
Grants – federal, state, and local	—	170,650	87,621	(83,029)
Other revenue	35,000	35,000	20,288	(14,712)
Total revenues	<u>1,287,200</u>	<u>1,457,850</u>	<u>1,327,640</u>	<u>(130,210)</u>
Expenditures:				
Tourism	<u>1,375,508</u>	<u>1,734,380</u>	<u>1,734,250</u>	<u>130</u>
Total expenditures	<u>1,375,508</u>	<u>1,734,380</u>	<u>1,734,250</u>	<u>130</u>
Other financing uses – transfers out	<u>—</u>	<u>30,000</u>	<u>30,000</u>	<u>—</u>
Total other financing uses	<u>—</u>	<u>30,000</u>	<u>30,000</u>	<u>—</u>
Total expenditures and other uses	<u>1,375,508</u>	<u>1,764,380</u>	<u>1,764,250</u>	<u>130</u>
Excess of revenues over (under) expenditures	\$ <u>(88,308)</u>	<u>(306,530)</u>	(436,610)	<u>(130,340)</u>
Restricted fund balance at beginning of year			1,343,440	
Cancellation of prior year encumbrances			5,294	
Increase (Decrease) in Prior Year Encumbrances			(2,319)	
Restricted fund balance at end of year			<u>\$ 909,805</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Tourism Fund

Year ended June 30, 2012

	<u>Tourism Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,327,640
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>\$ 1,327,640</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,734,250
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(36,215)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>33,240</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,731,275</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grant - CDBG	\$ 775,000	775,000	915,561	140,561
Total revenues	<u>775,000</u>	<u>775,000</u>	<u>915,561</u>	<u>140,561</u>
Expenditures:				
CDBG administration	155,000	136,615	136,615	—
CDBG expenditures	620,000	620,430	458,409	162,021
Commercial facade program	—	136,650	61,485	75,165
Total expenditures	<u>775,000</u>	<u>893,695</u>	<u>656,509</u>	<u>237,186</u>
Other financing uses:				
Transfers out	—	162,500	341,752	(179,252)
Total other financing uses	<u>—</u>	<u>162,500</u>	<u>341,752</u>	<u>(179,252)</u>
Total expenditures and other uses	<u>775,000</u>	<u>1,056,195</u>	<u>998,261</u>	<u>57,934</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>—</u>	<u>(281,195)</u>	<u>(82,700)</u>	<u>198,495</u>
Restricted fund balance (deficit) at beginning of year			1,323	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			82,700	
Restricted fund balance (deficit) at end of year			<u>\$ 1,323</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.

Exhibit 17.1

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Community Development Block Grant Fund

Year ended June 30, 2012

	Community Development Block Grant
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 915,561
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>\$ 915,561</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 656,509
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(82,701)
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>\$ 573,808</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
 Rental Rehabilitation
 Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
HOME program grant	\$ 464,717	464,717	181,770	(282,947)
Total revenues	<u>464,717</u>	<u>464,717</u>	<u>181,770</u>	<u>(282,947)</u>
Other financing sources:				
HOME administration	46,472	38,716	26,059	12,657
Multi family housing	185,302	219,828	138,000	81,828
First Time Home Buyers	140,000	142,592	33,067	109,525
Community housing development	92,643	156,089	114,083	42,006
Total expenditures	<u>464,417</u>	<u>557,225</u>	<u>311,209</u>	<u>246,016</u>
Excess of revenues over (under) expenditures	\$ <u>300</u>	<u>(92,508)</u>	(129,439)	<u>(36,931)</u>
Restricted fund balance (deficit) at beginning of year			7	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			129,439	
Restricted fund balance (deficit) at end of year			<u>7</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

Rental Rehabilitation

Year ended June 30, 2012

	<u>Rental Rehabilitation</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 181,770
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>\$ 181,770</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 311,209
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(129,439)
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>\$ 181,770</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, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 7,409,246	7,409,246	7,640,274	231,028
Interest	200	200	918	718
Other revenue	—	—	69,595	69,595
Total revenues	<u>7,409,446</u>	<u>7,409,446</u>	<u>7,710,787</u>	<u>301,341</u>
Other Financing sources:				
General Government	7,000	—	12,285	(12,285)
Capital outlay	6,105,000	6,598,461	4,416,211	2,182,250
Debt service	537,531	—	534,531	(534,531)
Total expenditures	<u>6,649,531</u>	<u>6,598,461</u>	<u>4,963,027</u>	<u>1,635,434</u>
Other financing uses:				
- Transfers out	967,280	2,184,538	671,923	1,512,615
Total other financing uses	<u>967,280</u>	<u>2,184,538</u>	<u>671,923</u>	<u>1,512,615</u>
Total expenditures and other financing uses	<u>7,616,811</u>	<u>8,782,999</u>	<u>5,634,950</u>	<u>3,148,049</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (207,365)</u>	<u>(1,373,553)</u>	<u>2,075,837</u>	<u>3,449,390</u>
Restricted fund balance (deficit) at beginning of year			2,491,735	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			—	
Restricted fund balance (deficit) at end of year			<u>\$ 4,567,572</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, 2012

	Streets Improvements Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 7,710,787
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>\$ 7,710,787</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,963,027
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><u>\$ 4,963,027</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
 Park Improvements Sales Tax Fund
 Year ended June 30, 2012

	<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	\$ 3,704,624	3,704,624	3,832,077	127,453
Public health and recreation	—	53,500	57,869	4,369
Adventure Oasis Water Park	460,000	460,000	517,197	57,197
Other revenue	127,000	74,035	67,275	(6,760)
Total revenues	<u>4,291,624</u>	<u>4,292,159</u>	<u>4,474,418</u>	<u>182,259</u>
Expenditures:				
Culture and recreation	2,357,748	2,466,153	2,469,922	(3,769)
General government	4,000	4,000	6,143	(2,143)
Capital outlay	550,000	861,085	658,752	202,333
Debt service	2,163,778	2,163,778	2,162,488	1,290
Total expenditures	<u>5,075,526</u>	<u>5,495,016</u>	<u>5,297,305</u>	<u>197,711</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (783,902)</u>	<u>(1,202,857)</u>	(822,887)	<u>379,970</u>
Restricted fund balance (deficit) at beginning of year			(5,006,608)	
Cancellation of prior year encumbrances			29,562	
Increase (Decrease) in Prior Year Encumbrances			6,531	
Restricted fund balance (deficit) at end of year			<u>\$ (5,793,402)</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, 2012

	Park Improvements Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,474,418
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>\$ 4,474,418</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 5,297,305
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(172,464)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>136,371</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 5,261,212</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
 Storm Water Sales Tax Fund
 Year Ended June 30, 2012

	<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:				
Sales taxes	\$ 3,704,624	3,704,624	3,832,155	127,531
Interest	10,500	10,500	2,638	(7,862)
Other revenue	—	—	19,530	19,530
Total revenues	<u>3,715,124</u>	<u>3,715,124</u>	<u>3,854,323</u>	<u>139,199</u>
Expenditures:				
Storm water				
Administration	303,548	303,548	128,260	175,288
Maintenance	1,478,171	1,478,171	1,160,193	317,978
Permit completion	349,175	349,175	273,350	75,825
General government	—	7,135,814	2,961,439	4,174,375
Capital outlay	2,432,700	—	—	—
Total expenditures	<u>4,563,594</u>	<u>9,266,708</u>	<u>4,523,242</u>	<u>4,743,466</u>
Excess of revenues over (under) expenditures	<u>\$ (848,470)</u>	<u>(5,551,584)</u>	<u>(668,919)</u>	<u>4,882,665</u>
Restricted fund balance at beginning of year			7,257,027	
Cancellation of prior year encumbrances			2,100	
Increase (Decrease) in Prior Year				
Encumbrances			(21,757)	
Restricted fund balance at end of year			<u>\$ 6,568,451</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, 2012

	<u>Storm Water Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 3,854,323
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>3,854,323</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,523,242
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(112,340)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>131,997</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>4,542,899</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
 Police Public Safety Sales Tax Fund
 Year Ended June 30, 2012

	<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	\$ 1,970,708	1,970,708	2,032,892	62,184
Investment income	2,100	2,100	722	(1,378)
Other revenue	—	—	69,811	69,811
Total revenues	<u>1,972,808</u>	<u>1,972,808</u>	<u>2,103,425</u>	<u>130,617</u>
Expenditures:				
Public safety				
Communications	276,308	237,790	219,726	18,064
Facilities	1,296,712	1,186,877	92,893	1,093,984
Equipment	1,297,326	1,445,679	1,099,737	345,942
General Government	—	—	—	—
Debt service	515,113	515,113	513,038	2,075
Total expenditures	<u>3,385,459</u>	<u>3,385,459</u>	<u>1,925,394</u>	<u>1,460,065</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (1,412,651)</u>	<u>(1,412,651)</u>	178,031	<u>1,590,682</u>
Restricted fund balance at beginning of year			1,967,871	
Cancellation of prior year encumbrances			—	
			32,744	
Increase (Decrease) in Prior Year Encumbrances			(16,747)	
Restricted Fund Balance at end of year			<u>\$ 2,161,899</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, 2012

	Police Public Safety Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,103,425
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>\$ 2,103,425</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,925,394
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(139,208)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u> 123,211</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 1,909,397</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
 Fire Public Safety Sales Tax Fund
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 1,852,312	1,852,312	1,916,791	64,479
Other revenue	2,000	2,000	18,623	16,623
Total revenues	<u>1,854,312</u>	<u>1,854,312</u>	<u>1,935,414</u>	<u>81,102</u>
Expenditures:				
Public safety	1,605,500	1,605,500	1,550,889	54,611
Debt service	552,213	552,213	548,813	3,400
Total expenditures	<u>2,157,713</u>	<u>2,157,713</u>	<u>2,099,702</u>	<u>58,011</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (303,401)</u>	<u>(303,401)</u>	(164,288)	<u>139,113</u>
Restricted fund balance at beginning of year			810,193	
Cancellation of prior year encumbrances			2,180	
Increase (Decrease) in Prior Year Encumbrances			1,198,140	
Restricted fund balance at end of year			<u>\$ 1,846,225</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, 2012

	Fire Public Safety Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,935,414
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>\$ 1,935,414</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,099,702
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(1,238,863)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u> 38,543</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 899,382</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
 Grants Fund
 Year Ended June 30, 2012

	<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	\$ 1,367,166	10,057,638	5,252,939	(4,804,699)
Charges for current services	63,453	116,683	114,593	(2,090)
Interest income and other revenue	—	259,981	117,226	(142,755)
Total revenues	<u>1,430,619</u>	<u>10,434,302</u>	<u>5,484,758</u>	<u>(4,949,544)</u>
Expenditures:				
Law department	26,407	76,612	29,912	46,700
Police department	713,211	3,948,300	2,648,863	1,299,437
Fire department	50,990	409,426	326,998	82,428
Health department	640,011	1,278,192	702,365	575,827
Community development	—	4,544,440	2,371,365	2,173,075
Culture and recreation	—	17,278	12,500	4,778
General Government	—	460,054	401,295	58,759
Total expenditures	<u>1,430,619</u>	<u>10,734,302</u>	<u>6,493,298</u>	<u>4,241,004</u>
Excess of revenues over (under) expenditures	<u>\$ —</u>	<u>(300,000)</u>	(1,008,540)	<u>(708,540)</u>
Restricted fund balance (deficit) at beginning of year			—	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			1,008,540	
Restricted fund balance (deficit) at end of year			<u>\$ —</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, 2012

	<u>Grants</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 5,484,758
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>5,484,758</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 6,493,298
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(1,008,540)
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>5,484,758</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, 2012

Assets	Street Sales Tax	Parks Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 14)
Pooled cash and investments	\$ 3,404,434	—	—	1,854,276	1,564,278	6,822,988
Receivables:						
Taxes	1,160,761	591,956	591,957	305,235	296,111	2,946,020
Due from other funds	46,167	23,084	6,183,318	11,542	11,542	6,275,653
Total assets	<u>\$ 4,611,362</u>	<u>615,040</u>	<u>6,775,275</u>	<u>2,171,053</u>	<u>1,871,931</u>	<u>16,044,661</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ 43,790	33,899	160,121	9,154	25,706	272,670
Due to other funds	—	6,316,555	—	—	—	6,316,555
Accrued items	—	57,640	46,703	—	—	104,343
Other current liabilities	—	348	—	—	—	348
Total liabilities	<u>43,790</u>	<u>6,408,442</u>	<u>206,824</u>	<u>9,154</u>	<u>25,706</u>	<u>6,693,916</u>
Fund balances:						
Restricted	4,567,572	—	6,568,451	2,161,899	1,846,225	15,144,147
Unassigned	—	(5,793,402)	—	—	—	(5,793,402)
Total fund balances (deficit)	<u>4,567,572</u>	<u>(5,793,402)</u>	<u>6,568,451</u>	<u>2,161,899</u>	<u>1,846,225</u>	<u>9,350,745</u>
Total liabilities and fund balances	<u>\$ 4,611,362</u>	<u>615,040</u>	<u>6,775,275</u>	<u>2,171,053</u>	<u>1,871,931</u>	<u>16,044,661</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Sales Tax Funds
Year ended June 30, 2012

	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 15)
Revenues:						
Taxes	\$ 7,640,274	3,832,077	3,832,155	2,032,892	1,916,791	19,254,189
Charges for services	—	627,613	—	—	1,400	629,013
Investment income	918	—	2,638	722	512	4,790
Other	69,595	14,728	19,530	69,811	16,711	190,375
Total revenues	<u>7,710,787</u>	<u>4,474,418</u>	<u>3,854,323</u>	<u>2,103,425</u>	<u>1,935,414</u>	<u>20,078,367</u>
Expenditures:						
Current:						
Public safety	—	—	—	1,397,684	350,569	1,748,253
Culture and recreation	—	2,433,829	—	—	—	2,433,829
Storm water	—	—	1,581,460	—	—	1,581,460
General government	12,285	6,143	—	—	—	18,428
Capital outlay	4,416,211	658,752	2,961,439	—	—	8,036,402
Debt service:						
Principal	400,000	2,000,000	—	420,000	450,000	3,270,000
Interest and fiscal agent fees	134,531	162,488	—	91,713	98,813	487,545
Total expenditures	<u>4,963,027</u>	<u>5,261,212</u>	<u>4,542,899</u>	<u>1,909,397</u>	<u>899,382</u>	<u>17,575,917</u>
Excess (deficiency) of revenues over expenditures	<u>2,747,760</u>	<u>(786,794)</u>	<u>(688,576)</u>	<u>194,028</u>	<u>1,036,032</u>	<u>2,502,450</u>
Other financing sources (uses):						
Transfers out	<u>(671,923)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(671,923)</u>
Total other financing sources (uses)	<u>(671,923)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(671,923)</u>
Net change in fund balances	2,075,837	(786,794)	(688,576)	194,028	1,036,032	1,830,527
Fund balances (deficit), beginning	2,491,735	(5,006,608)	7,257,027	1,967,871	810,193	7,520,218
Fund balances (deficit), ending	<u>\$ 4,567,572</u>	<u>(5,793,402)</u>	<u>6,568,451</u>	<u>2,161,899</u>	<u>1,846,225</u>	<u>9,350,745</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2012

Assets	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 12)
Pooled cash and investments	\$ 19,758	—	—	213,663	233,421
Receivables:					
Due from other governments	—	—	—	109,337	109,337
Restricted assets	—	1,072,986	—	—	1,072,986
Total assets	<u>\$ 19,758</u>	<u>1,072,986</u>	<u>—</u>	<u>323,000</u>	<u>1,415,744</u>
Liabilities and Fund Balances					
Liabilities:					
Due to other funds	\$ —	11,557	16,155	—	27,712
Total liabilities	<u>—</u>	<u>11,557</u>	<u>16,155</u>	<u>—</u>	<u>27,712</u>
Fund balances (deficit):					
Committed	19,758	1,061,429	—	323,000	1,404,187
Unassigned	—	—	(16,155)	—	(16,155)
Total fund balances (deficit)	<u>19,758</u>	<u>1,061,429</u>	<u>(16,155)</u>	<u>323,000</u>	<u>1,388,032</u>
Total liabilities and fund balances	<u>\$ 19,758</u>	<u>1,072,986</u>	<u>—</u>	<u>323,000</u>	<u>1,415,744</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Nonmajor Capital Projects Funds

Year ended June 30, 2012

	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 13)
Revenues:					
Intergovernmental	\$ —	298,726	—	—	298,726
Investment income	8	73	—	104	185
Other	—	205,817	—	—	205,817
Total revenues	<u>8</u>	<u>504,616</u>	<u>—</u>	<u>104</u>	<u>504,728</u>
Expenditures:					
Capital outlay	—	1,207,275	—	94,504	1,301,779
Total expenditures	<u>—</u>	<u>1,207,275</u>	<u>—</u>	<u>94,504</u>	<u>1,301,779</u>
Excess (deficiency) of revenues over expenditures	<u>8</u>	<u>(702,659)</u>	<u>—</u>	<u>(94,400)</u>	<u>(797,051)</u>
Other financing sources:					
Proceeds from capital leases/bond issuance	—	1,341,167	—	—	1,341,167
Transfers in	—	423,229	—	—	423,229
Total other financing sources	<u>—</u>	<u>1,764,396</u>	<u>—</u>	<u>—</u>	<u>1,764,396</u>
Net change in fund balances	8	1,061,737	—	(94,400)	967,345
Fund balances (deficit), beginning	19,750	(308)	(16,155)	417,400	420,687
Fund balances (deficit), ending	<u>\$ 19,758</u>	<u>1,061,429</u>	<u>(16,155)</u>	<u>323,000</u>	<u>1,388,032</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Balance Sheet
Component Unit - Tax Increment Financing
June 30, 2012

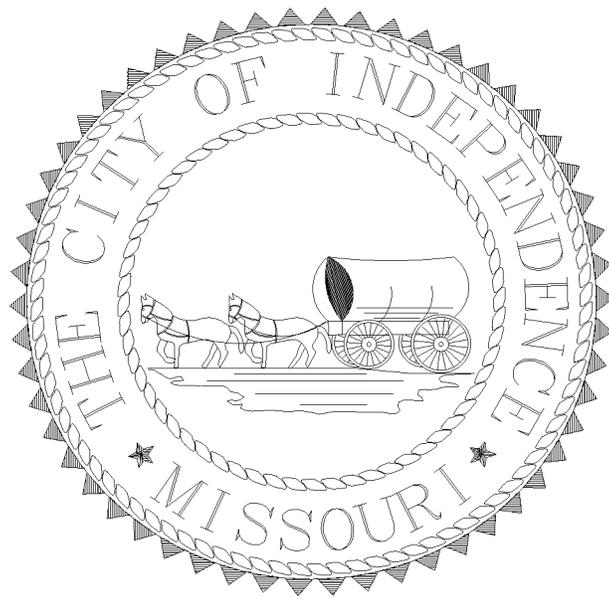
Assets	Midtown Truman	RSO	Sante Fe	Hartman Heritage	Drumm Farm	Eastland Center
Pooled cash and investments	\$ 112,510	36,638	—	—	881,225	2,720,056
Receivables:						
Taxes	4,911	—	889	554,137	10,633	160,464
Accounts	18,514	—	—	—	—	—
Due from other funds	—	—	—	—	—	658,060
Due from other governments	99	19,672	3,979	48,243	1,744	254,174
Restricted assets	—	—	953,606	1,038,600	—	5,015,819
Total assets	<u>\$ 136,034</u>	<u>56,310</u>	<u>958,474</u>	<u>1,640,980</u>	<u>893,602</u>	<u>8,808,573</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ —	—	—	—	—	—
Due to other funds	—	—	616,180	41,698	—	—
Due to other governments	—	—	—	—	—	—
Deferred revenues	4,911	—	51	180,909	1,047	22,964
Total liabilities	<u>4,911</u>	<u>—</u>	<u>616,231</u>	<u>222,607</u>	<u>1,047</u>	<u>22,964</u>
Fund balances:						
Restricted	131,123	56,310	342,243	1,418,373	892,555	8,785,609
Unassigned	—	—	—	—	—	—
Total fund balances	<u>131,123</u>	<u>56,310</u>	<u>342,243</u>	<u>1,418,373</u>	<u>892,555</u>	<u>8,785,609</u>
Total liabilities and fund balances	<u>\$ 136,034</u>	<u>56,310</u>	<u>958,474</u>	<u>1,640,980</u>	<u>893,602</u>	<u>8,808,573</u>

North Independence	Mount Washington	Hy-Vee	Noland Rd Auto Plaza	Crackerneck Creek	Old Landfill	Cornerstone Apartments	Trinity	HCA	TIF App Fees	Total
2,299	38,553	344,101	—	308,609	4,882	489,433	21,808	785,385	554	5,746,053
3,057	—	—	—	95,970	231,934	—	5,700	2,800	—	1,070,495
—	—	—	—	53,433	—	—	—	—	—	71,947
—	—	—	—	—	—	—	—	—	—	658,060
1,163	70	—	—	163,366	2,183	—	10,051	3,076	—	507,820
—	—	—	—	9,394,227	—	—	—	3,734,173	—	20,136,425
<u>6,519</u>	<u>38,623</u>	<u>344,101</u>	<u>—</u>	<u>10,015,605</u>	<u>238,999</u>	<u>489,433</u>	<u>37,559</u>	<u>4,525,434</u>	<u>554</u>	<u>28,190,800</u>
—	—	—	—	4,621	—	—	—	—	—	4,621
—	—	214,130	182	1,159	—	—	—	9,709	—	883,058
—	—	129,971	—	—	—	—	—	—	—	129,971
357	—	—	—	—	231,934	—	—	—	—	442,173
<u>357</u>	<u>—</u>	<u>344,101</u>	<u>182</u>	<u>5,780</u>	<u>231,934</u>	<u>—</u>	<u>—</u>	<u>9,709</u>	<u>—</u>	<u>1,459,823</u>
6,162	38,623	—	—	10,009,825	7,065	489,433	37,559	4,515,725	554	26,731,159
—	—	—	(182)	—	—	—	—	—	—	(182)
<u>6,162</u>	<u>38,623</u>	<u>—</u>	<u>(182)</u>	<u>10,009,825</u>	<u>7,065</u>	<u>489,433</u>	<u>37,559</u>	<u>4,515,725</u>	<u>554</u>	<u>26,730,977</u>
<u>6,519</u>	<u>38,623</u>	<u>344,101</u>	<u>—</u>	<u>10,015,605</u>	<u>238,999</u>	<u>489,433</u>	<u>37,559</u>	<u>4,525,434</u>	<u>554</u>	<u>28,190,800</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Component Unit - Tax Increment Financing
Year ended June 30, 2012

	Midtown Truman	RSO	Sante Fe	Sterling Village	Hartman Heritage	Drumm Farm	Eastland Center	North Independence
Revenues:								
Taxes	\$ —	140,418	17,428	14,041	1,239,700	505,342	4,713,702	49,735
Intergovernmental	—	—	—	—	—	—	—	—
Investment income	14,352	394	1,045	28	27,646	11,335	48,779	66
Developer contributions	—	—	832,549	—	—	—	—	—
Other	—	—	114,649	126	—	—	62,250	—
Total revenues	14,352	140,812	965,671	14,195	1,267,346	516,677	4,824,731	49,801
Expenditures:								
Tax increment financing	31,205	1,649	5,355	20,008	95,204	19,592	626,849	1,068
Debt service:								
Principal	591	—	450,000	91,326	1,936,714	270,000	2,370,000	—
Interest and fiscal agent fees	—	130,500	500,803	—	617,014	167,475	1,509,138	53,000
Debt issuance costs	—	—	—	—	189,266	—	—	—
Total expenditures	31,796	132,149	956,158	111,334	2,838,198	457,067	4,505,987	54,068
Excess (deficiency) of revenues over expenditures	(17,444)	8,663	9,513	(97,139)	(1,570,852)	59,610	318,744	(4,267)
Other financing sources:								
Issuance of debt	—	—	—	—	6,720,000	—	—	—
Reoffering premium/original issue discount	—	—	—	—	(99,051)	—	—	—
Payment to refunded loans escrow agent	—	—	—	—	(6,426,286)	—	—	—
Transfers in	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	(539,344)	—
Total other financing sources	—	—	—	—	194,663	—	(539,344)	—
Net change in fund balances	(17,444)	8,663	9,513	(97,139)	(1,376,189)	59,610	(220,600)	(4,267)
Fund balances, beginning, as restated	148,567	47,647	332,730	97,139	2,794,562	832,945	9,006,209	10,429
Fund balances, ending	\$ 131,123	56,310	342,243	—	1,418,373	892,555	8,785,609	6,162

Mount Washington	Hy-Vee	Noland Rd Auto Plaza	Crackerneck Creek	Old Landfill	Cornerstone Apartments	Trinity	HCA	TIF App Fees	Total
1,461	645,206	10,265	1,462,596	—	373,883	259,850	3,506,548	—	12,940,175
—	—	—	—	—	—	—	—	—	—
1,072	81	—	7,493	—	155	9	4,444	1	116,900
—	—	—	—	—	—	—	—	—	832,549
—	—	—	1,012,898	—	—	—	—	—	1,189,923
2,533	645,287	10,265	2,482,987	—	374,038	259,859	3,510,992	1	15,079,547
147	359,960	205	1,158,896	52,165	7,479	20,149	589,693	2,957	2,992,581
—	433,057	1,800	2,490,000	—	—	203,580	1,215,000	—	9,462,068
—	21,882	8,531	4,776,892	95,000	—	23,729	1,844,086	—	9,748,050
—	—	—	—	—	—	—	69,092	—	258,358
147	814,899	10,536	8,425,788	147,165	7,479	247,458	3,717,871	2,957	22,461,057
2,386	(169,612)	(271)	(5,942,801)	(147,165)	366,559	12,401	(206,879)	(2,956)	(7,381,510)
—	—	—	—	—	—	—	490,000	—	7,210,000
—	—	—	—	—	—	—	(899)	—	(99,950)
—	—	—	—	—	—	—	—	—	(6,426,286)
—	—	—	5,057,630	—	—	—	—	—	5,057,630
—	—	—	—	—	—	—	(655,207)	—	(1,194,551)
—	—	—	5,057,630	—	—	—	(166,106)	—	4,546,843
2,386	(169,612)	(271)	(885,171)	(147,165)	366,559	12,401	(372,985)	(2,956)	(2,834,667)
36,237	169,612	89	10,894,996	154,230	122,874	25,158	4,888,710	3,510	29,565,644
38,623	—	(182)	10,009,825	7,065	489,433	37,559	4,515,725	554	26,730,977



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.

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

Workers’ Compensation – This fund is used to account for the costs of the City’s self-insured Worker’s Compensation claims and administration plan.

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Net Assets

Internal Service Funds

June 30, 2012

	Central Garage	Staywell Health Care	Workers' Compensation	Total (Exhibit 5)
Assets:				
Current assets:				
Pooled cash and investments	\$ 506,616	5,884,884	1,946,780	8,338,280
Accounts receivable	4,982	270,474	70,700	346,156
Inventory	20,185	—	—	20,185
Prepaid items	—	—	236,219	236,219
Total current assets	531,783	6,155,358	2,253,699	8,940,840
Noncurrent assets:				
Capital assets:				
Land	93,979	—	—	93,979
Depreciable property, plant, and equipment	189,040	—	—	189,040
Less accumulated depreciation	(154,989)	—	—	(154,989)
Total noncurrent assets	128,030	—	—	128,030
Total assets	\$ 659,813	6,155,358	2,253,699	9,068,870
Liabilities:				
Current liabilities:				
Accounts and contracts payable	\$ 29,997	—	1,473	31,470
Accrued liabilities	31,900	—	3,507	35,407
Compensated absences – current	37,882	—	13,520	51,402
Self-insurance claims payable	—	2,257,468	893,285	3,150,753
Total current liabilities	99,779	2,257,468	911,785	3,269,032
Noncurrent liabilities:				
Compensated absences – long-term	71,296	—	30,647	101,943
Other post employment benefits	375,697	—	22,437	398,134
Net pension obligation	28,890	—	7,471	36,361
Self-insurance claims payable	—	—	1,787,911	1,787,911
Total noncurrent liabilities	475,883	—	1,848,466	2,324,349
Total liabilities	575,662	2,257,468	2,760,251	5,593,381
Net assets:				
Invested in capital assets	128,030	—	—	128,030
Unrestricted	(43,879)	3,897,890	(506,552)	3,347,459
Total net assets (deficit)	84,151	3,897,890	(506,552)	3,475,489
Total liabilities and net assets	\$ 659,813	6,155,358	2,253,699	9,068,870

CITY OF INDEPENDENCE, MISSOURI

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

Internal Service Funds

Year ended June 30, 2012

	<u>Central Garage</u>	<u>Staywell Health Care</u>	<u>Workers' Compensation</u>	<u>Total (Exhibit 6)</u>
Operating revenues:				
Charges for services	\$ 2,208,679	19,677,885	2,214,973	24,101,537
Total operating revenues	<u>2,208,679</u>	<u>19,677,885</u>	<u>2,214,973</u>	<u>24,101,537</u>
Operating expenses:				
Personal services	707,770	—	147,581	855,351
Other services	366,164	20,476,676	1,331,597	22,174,437
Supplies	1,199,705	—	6,673	1,206,378
Capital outlay	468	—	—	468
Depreciation and amortization	3,785	—	—	3,785
Total operating expenses	<u>2,277,892</u>	<u>20,476,676</u>	<u>1,485,851</u>	<u>24,240,419</u>
Operating income (loss)	<u>(69,213)</u>	<u>(798,791)</u>	<u>729,122</u>	<u>(138,882)</u>
Nonoperating revenues:				
Interest revenue	189	12,947	1,092	14,228
Miscellaneous revenue	65,299	1,290,127	25	1,355,451
Total nonoperating revenue	<u>65,488</u>	<u>1,303,074</u>	<u>1,117</u>	<u>1,369,679</u>
Change in net assets	<u>(3,725)</u>	<u>504,283</u>	<u>730,239</u>	<u>1,230,797</u>
Total net assets:				
Beginning of the year (deficit)	<u>87,876</u>	<u>3,393,607</u>	<u>(1,236,791)</u>	<u>2,244,692</u>
End of the year (deficit)	<u>\$ 84,151</u>	<u>3,897,890</u>	<u>(506,552)</u>	<u>3,475,489</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2012

	Internal Service Funds			
	Central Garage	Staywell Health Care	Workers' Compensation	Total (Exhibit 7)
Cash flows from operations:				
Receipts from customers	\$ 2,278,000	20,854,062	2,214,998	25,347,060
Payments to suppliers	(1,548,380)	(20,504,884)	(1,634,879)	(23,688,143)
Payments to employees	(599,215)	—	(135,222)	(734,437)
Net cash provided (used) by operating activities	130,405	349,178	444,897	924,480
Cash flows from noncapital financing activities:				
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(7,991)	—	—	(7,991)
Net cash provided by (used in) capital and related financing activities	(7,991)	—	—	(7,991)
Cash flows from investing activities:				
Interest on investments	189	12,947	1,092	14,228
Net cash provided by investing activities	189	12,947	1,092	14,228
Net increase in cash and cash equivalents	122,603	362,125	445,989	930,717
Cash and cash equivalents at beginning of year	384,013	5,522,759	1,500,791	7,407,563
Cash and cash equivalents at end of year	\$ 506,616	5,884,884	1,946,780	8,338,280
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (69,213)	(798,791)	729,122	(138,882)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,785	—	—	3,785
Miscellaneous revenue	65,299	1,290,127	25	1,355,451
Change in assets and liabilities:				
Accounts receivable	4,022	(113,950)	—	(109,928)
Inventory	23,180	—	—	23,180
Prepaid items	—	—	(77,047)	(77,047)
Accounts and contracts payable	(5,223)	—	1,473	(3,750)
Accrued liabilities	3,437	(28,208)	277	(24,494)
Other post-employment benefits	106,735	—	12,105	118,840
Self-insurance claims payable	—	—	(221,312)	(221,312)
Compensated absences	(1,617)	—	254	(1,363)
Total adjustments	199,618	1,147,969	(284,225)	1,063,362
Net cash provided (used) by operating activities	\$ 130,405	349,178	444,897	924,480

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012 (Exhibit 8)
Flexible Benefit Plan:				
Assets:				
Pooled cash and investments	\$ 72,655	175,909	166,373	82,191
Imprest bank accounts	5,372	—	5,372	—
	<u>\$ 78,027</u>	<u>175,909</u>	<u>171,745</u>	<u>82,191</u>
Liabilities:				
Flexible benefit payable	\$ 78,027	646,690	642,526	82,191
	<u>\$ 78,027</u>	<u>646,690</u>	<u>642,526</u>	<u>82,191</u>
Susie Block Trust:				
Assets:				
Pooled cash and investments	\$ 31,795	1,327	1,342	31,780
Accrued interest receivable	491	1,326	1,325	492
	<u>\$ 32,286</u>	<u>2,653</u>	<u>2,667</u>	<u>32,272</u>
Liabilities:				
Funds held in escrow	\$ 32,286	1,328	1,342	32,272
	<u>\$ 32,286</u>	<u>1,328</u>	<u>1,342</u>	<u>32,272</u>
Seniors Travel Programs:				
Assets:				
Pooled cash and investments	\$ 37,597	69,100	60,248	46,449
Liabilities:				
Accounts and contracts payable	\$ 6,094	54,919	52,990	8,023
Funds held in escrow	31,503	69,340	62,417	38,426
	<u>\$ 37,597</u>	<u>124,259</u>	<u>115,407</u>	<u>46,449</u>
All Agency Funds:				
Assets:				
Pooled cash and investments	\$ 142,047	246,336	227,963	160,420
Imprest bank accounts	5,372	—	5,372	—
Accrued interest receivable	491	1,326	1,325	492
	<u>\$ 147,910</u>	<u>247,662</u>	<u>234,660</u>	<u>160,912</u>
Liabilities:				
Flexible benefit payable	\$ 78,027	646,690	642,526	82,191
Accounts and contracts payable	6,094	54,919	52,990	8,023
Funds held in escrow	63,789	70,668	63,759	70,698
	<u>\$ 147,910</u>	<u>772,277</u>	<u>759,275</u>	<u>160,912</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2012 and 2011

	2012			2011		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Coal			\$ 9,339,336			4,864,787
Gas			1,727,403			1,316,695
Oil			239,525			234,959
Total production fuel			<u>11,306,264</u>			<u>6,416,441</u>
Purchased power:						
Purchased energy			21,816,440			23,125,594
Purchased capacity (net)			21,793,559			19,791,592
Border customers			55,720			73,370
Control and dispatching			1,729,948			1,549,486
Total purchased power			<u>45,395,666</u>			<u>44,540,042</u>
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 781,914	702,181	1,484,095	660,148	646,916	1,307,064
Steam	1,036,832	3,027,292	4,064,123	821,069	5,247,658	6,068,727
Electric	927,923	1,000,814	1,928,737	781,655	794,320	1,575,975
Structures and improvements	—	221,091	221,091	—	382,399	382,399
Allowance	9,980	—	9,980	5,835	—	5,835
Miscellaneous	1,326,105	658,706	1,984,811	1,376,992	534,365	1,911,357
	<u>4,082,754</u>	<u>5,610,084</u>	<u>9,692,838</u>	<u>3,645,699</u>	<u>7,605,659</u>	<u>11,251,358</u>
Missouri City Station:						
Supervision and engineering	161,274	12,466	173,740	136,893	32,076	168,969
Steam	365,569	1,433,632	1,799,201	386,238	883,164	1,269,402
Electric	375,615	280,194	655,809	398,284	247,837	646,121
Structures and improvements	—	76,110	76,110	—	334,938	334,938
Miscellaneous	529,583	254,905	784,488	438,170	262,192	700,361
	<u>1,432,041</u>	<u>2,057,307</u>	<u>3,489,348</u>	<u>1,359,584</u>	<u>1,760,206</u>	<u>3,119,791</u>
Combustion Turbine Station:						
Supervision and engineering	372,113	41,276	413,389	—	3,983	3,983
Generation expenses	5,003	323,959	328,961	48	199,677	199,725
Structures and improvements	—	9,120	9,120	—	35,938	35,938
Miscellaneous	19,234	86,539	105,773	55,758	31,986	87,744
	<u>396,349</u>	<u>460,894</u>	<u>857,243</u>	<u>55,805</u>	<u>271,585</u>	<u>327,390</u>
Total production (other)	<u>\$ 5,911,144</u>	<u>8,128,284</u>	<u>14,039,429</u>	<u>5,061,089</u>	<u>9,637,450</u>	<u>14,698,538</u>
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 288,803	22,608	311,411	292,489	18,346	310,836
Overhead expenses	90,213	4,010	94,224	104,440	4,879	109,319
Station expenses	14,105	456,963	471,068	18,149	352,370	370,519
Wheeling charges	3,673,682	—	3,673,682	3,442,488	—	3,442,488
Underground line expense	1,024	36,283	37,307	480	6,657	7,137
Structures and improvements	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—
Total transmission	<u>4,067,828</u>	<u>519,864</u>	<u>4,587,692</u>	<u>3,858,047</u>	<u>382,254</u>	<u>4,240,300</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2012 and 2011

	2012			2011		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Distribution:						
Supervision and engineering	\$ 171,278	68,360	239,638	146,946	55,040	201,986
Overhead lines	1,132,486	3,511,240	4,643,726	1,243,898	3,518,578	4,762,477
Station expenses	73,220	817,872	891,092	5,882	646,693	652,575
Street lights and traffic signals	300,569	633,553	934,122	248,447	672,653	921,100
Meters	221,506	542,711	764,217	226,070	590,547	816,616
Customer installations	413	—	413	97	—	97
Underground lines	1,152,138	527,441	1,679,579	1,396,348	531,309	1,927,656
Dispatching communication	853,427	—	853,427	820,839	—	820,839
Line transformers	—	115,098	115,098	—	115,738	115,738
Miscellaneous	563,278	517,343	1,080,621	548,117	494,000	1,042,117
Total distribution	<u>4,468,316</u>	<u>6,733,617</u>	<u>11,201,932</u>	<u>4,636,644</u>	<u>6,624,558</u>	<u>11,261,202</u>
Total transmission and distribution	<u>\$ 8,536,143</u>	<u>7,253,481</u>	<u>15,789,624</u>	<u>8,494,690</u>	<u>7,006,812</u>	<u>15,501,502</u>
Customer service:						
Supervision			\$ 131,529			250,969
Meter reading			632,958			677,256
Customer records and collections			2,223,789			1,755,383
Provisions for doubtful accounts			906,237			808,186
Miscellaneous			166,181			226,564
Total customer service			<u>4,060,694</u>			<u>3,718,358</u>
General and administrative:						
Salaries			1,451,975			1,297,678
Office supplies			697,537			717,451
Insurance			1,204,445			1,052,201
Injuries and damage			846,406			792,144
Employee benefits			7,709,462			7,093,147
Outside services			2,242,237			2,198,081
Miscellaneous			1,240,842			1,367,339
Administrative expenses – transfers			(75,408)			(66,465)
Total general and administrative			<u>15,317,496</u>			<u>14,451,574</u>
Depreciation and amortization			15,766,098			13,133,201
Payroll taxes			1,150,236			1,080,679
Total operating expenses			<u>\$ 122,825,506</u>			<u>113,540,336</u>

CITY OF INDEPENDENCE, MISSOURI
Schedule of Operating Statistics – Power and Light Fund
Year ended June 30, 2012

	Number of customers		Revenue	KWH
	Beginning of year	End of year		
Sale of electric energy:				
Metered:				
Residential	51,204	51,157	\$ 70,057,547	516,589,721
Small general services	2,995	2,995	3,780,477	22,622,081
General services – space heating	3	3	1,965	18,813
Large general services	1,698	1,687	40,112,832	335,202,624
Large general services – prime voltage	6	6	1,191,092	10,952,016
Large general services – space heating	2	2	14,033	115,785
Total electric general services	103	106	5,709,209	59,707,625
Schools, churches, and hospitals	285	287	5,133,545	41,325,387
Schools, churches, and hospitals, all electric	11	11	476,803	4,742,384
Large power services	3	3	2,124,116	22,322,400
Combined interruptible services	1	2	2,076,911	24,885,600
Sewer pumping	6	6	195,626	1,513,564
City traffic signals	64	63	72,839	104,259
Wholesale (border customers)	2	2	150,573	3,357,519
Wholesale (interchange)	—	—	1,757,981	77,238,000
	<u>56,383</u>	<u>56,330</u>	132,855,549	1,120,697,778
Unmetered:				
Private security lighting	1,661	1,700	371,611	1,527,468
City public street lighting	11,962	12,058	1,315,824	10,402,513
	<u>13,623</u>	<u>13,758</u>	1,687,435	11,929,981
Change in unbilled revenue			3,099,507	17,019,888
Other operating revenue			2,195,600	—
EVTC			40,249	—
Total operating revenue and total energy sales			<u>\$ 139,878,341</u>	<u>1,149,647,647</u>
Net generation				271,459,616
Wholesale power purchased				930,007,305
Unintentional interchange				—
Net generation and power purchased				<u>1,201,466,921</u>
Retail energy sales				1,146,290,128
Wholesale (border customers) sales				3,357,519
Power and light usage (building and substations)				<u>1,235,397</u>
Net disposition				<u>1,150,883,044</u>
Transmission and distribution operating losses				<u>\$ 50,583,877</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Water Fund
Years ended June 30, 2012 and 2011

	2012			2011		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 24,196	—	24,196	24,845	—	24,845
Labor and expenses	369,097	—	369,097	324,149	—	324,149
Structures and improvements	—	38,337	38,337	—	40,582	40,582
Miscellaneous	—	262,846	262,846	—	240,034	240,034
Total source of supply	<u>393,293</u>	<u>301,183</u>	<u>694,476</u>	<u>348,994</u>	<u>280,616</u>	<u>629,610</u>
Power and pumping:						
Supervision and engineering	36,041	16,744	52,785	37,177	24,773	61,950
Fuel/power purchased	1,681,641	—	1,681,641	1,607,254	—	1,607,254
Labor and expenses	253,021	—	253,021	219,634	—	219,634
Structures and improvements	—	10,967	10,967	—	12,176	12,176
Miscellaneous	—	10,384	10,384	—	4,739	4,739
Total power and pumping	<u>1,970,703</u>	<u>38,095</u>	<u>2,008,798</u>	<u>1,864,065</u>	<u>41,688</u>	<u>1,905,753</u>
Water treatment:						
Supervision and engineering	42,551	18,840	61,391	43,626	18,987	62,613
Chemicals	1,296,301	—	1,296,301	1,236,913	—	1,236,913
Labor and expenses	602,151	—	602,151	563,774	—	563,774
Structures and improvements	—	52,164	52,164	—	58,069	58,069
Miscellaneous	—	322,751	322,751	—	286,216	286,216
Total water treatment	<u>1,941,003</u>	<u>393,755</u>	<u>2,334,758</u>	<u>1,844,313</u>	<u>363,272</u>	<u>2,207,585</u>
Total production	<u>\$ 4,304,999</u>	<u>733,033</u>	<u>5,038,032</u>	<u>4,057,372</u>	<u>685,576</u>	<u>4,742,948</u>
Transmission and distribution:						
Supervision and engineering	\$ 103,044	62,775	165,819	90,251	71,114	161,365
Storage facilities	20,075	57,656	77,731	19,290	46,914	66,204
Transmission and distribution lines	666,794	1,025,321	1,692,115	638,458	850,609	1,489,067
Meters	48,632	81,335	129,967	423,514	106,823	530,337
Customer installations	95,419	—	95,419	79,867	—	79,867
Services	—	130,338	130,338	—	109,234	109,234
Hydrants	—	69,499	69,499	—	86,550	86,550
Miscellaneous	650,869	211,795	862,664	756,326	196,628	952,954
Total transmission and distribution	<u>\$ 1,584,833</u>	<u>1,638,719</u>	<u>3,223,552</u>	<u>2,007,706</u>	<u>1,467,872</u>	<u>3,475,578</u>
Customer service:						
Customer accounting paid and collecting:						
Supervision			\$ 142,262			171,732
Meter reading			974,710			610,289
Customer records			590,684			(61,995)
Provision for uncollectible amounts			101,272			110,710
Total customer accounting paid and collecting			1,808,928			830,736
Sales promotion:						
Expenses			24,168			27,025
Total customer service			1,833,096			857,761
General and administrative:						
Salaries			643,308			568,415
Office supplies and expense			339,401			290,076
Injuries and damages			566,145			498,834
Employee benefits			1,751,422			2,021,288
Outside services			1,004,946			1,048,522
Miscellaneous			250,550			232,243
Total general and administrative			4,555,772			4,659,378
Depreciation and amortization			3,182,920			3,040,456
Payroll taxes			307,821			354,530
Other			60,433			77,211
Total operating expenses			18,201,626			17,207,862
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						
			1,339,832			1,840,449
			<u>\$ 19,541,458</u>			<u>19,048,311</u>

CITY OF INDEPENDENCE, MISSOURI
Schedule of Operating Statistics – Water Fund
Year ended June 30, 2012

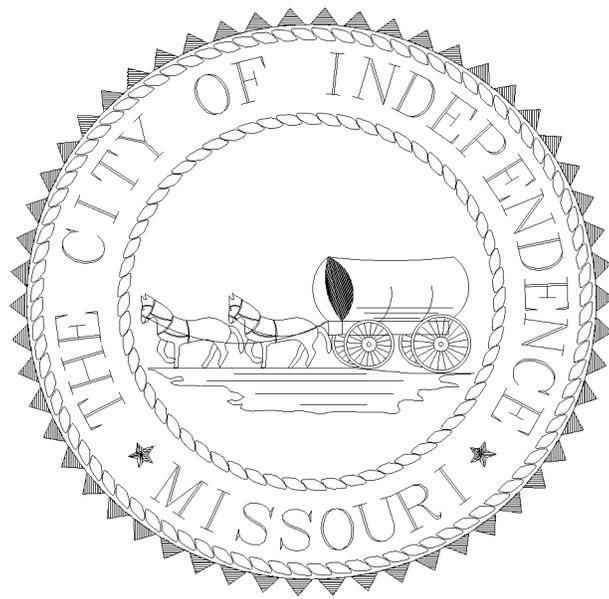
	<u>Number of customers</u>			<u>Revenue</u>	<u>MGS*</u>
	<u>Beginning of year</u>	<u>End of year</u>			
Sale of water:					
Residential	44,518	44,520	\$	11,699,971	2,989,311
Commercial	3,098	3,097		3,325,167	926,281
Industrial	6	6		479,477	213,274
Public authority	72	75		256,729	69,931
Resale	13	13		7,153,628	4,911,657
Private fire protection	382	434		127,606	—
Public fire protection	—	—		789,116	—
	<u>48,089</u>	<u>48,145</u>		<u>23,831,694</u>	<u>9,110,454</u>
Change in unbilled revenue				430,741	
Other operating revenue				<u>373,202</u>	
Total operating revenue			\$	<u>24,635,637</u>	
Thousands of gallons pumped:					
Courtney Bend Plant					10,604,134
Less total sales					<u>9,110,454</u>
Unaccounted for water					<u>1,493,680</u>

* Thousand gallons sold.

CITY OF INDEPENDENCE, MISSOURI
 Schedule of Operating Statistics – Sanitary Sewer Fund
 Year ended June 30, 2012

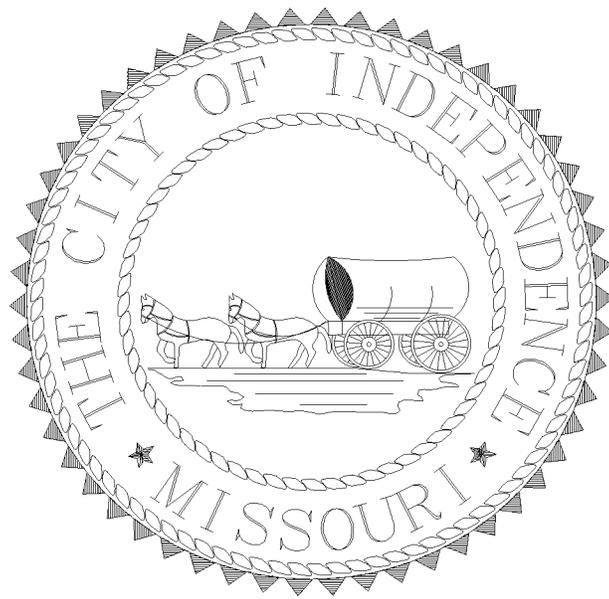
	<u>Number of customers</u>			<u>Revenue</u>	<u>CCF*</u>
	<u>Beginning of year</u>	<u>End of year</u>			
Sale of sanitary sewer services:					
Residential	40,579	40,572	\$	10,460,524	2,683,006
Commercial:					
Base	3,483	3,481		4,023,611	1,490,229
Surcharge	—	—		1,076,228	—
Contract waste treatment	16	14		254,877	—
Regulatory Compliance				1,595,871	
Intermunicipal agreements:					
Sugar Creek	—	—		524,383	—
Kansas City	—	—		73,295	—
	<u>44,078</u>	<u>44,067</u>		<u>18,008,789</u>	<u>4,173,235</u>
Other operating revenue				179,989	
Change in unbilled revenue				44,946	
Total operating revenue			\$	<u>18,233,724</u>	

* Hundred cubic feet.



STATISTICAL DATA

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



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.

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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.

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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.

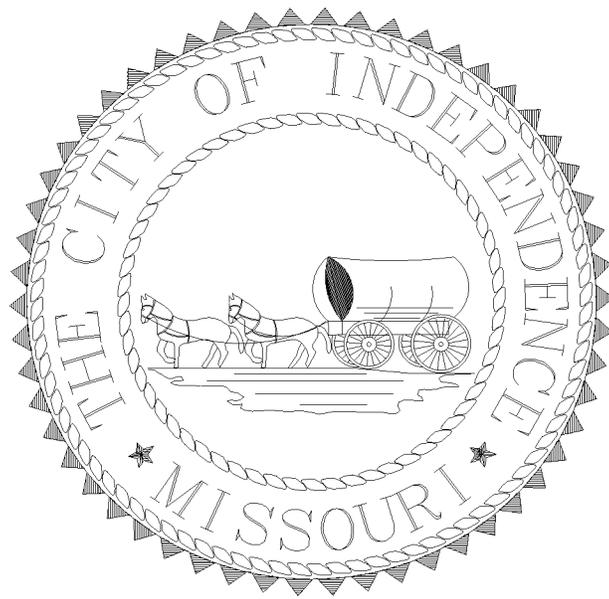


Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 75,199,757	86,613,728	102,014,271	165,333,646	195,251,671	233,350,380	289,028,019	305,569,028	321,072,648	334,320,197
Restricted	8,932,132	12,415,044	26,147,417	25,262,407	28,164,683	25,270,518	13,473,723	16,889,552	16,273,115	17,220,970
Unrestricted	(43,181,083)	(98,877,412)	(5,732,346)	(4,028,884)	(3,132,802)	44,101,211	(10,487,249)	(23,784,298)	(41,705,135)	(219,639,905)
Total governmental activities net assets	\$ 40,950,826	\$ 50,151,360	\$ 122,409,342	\$ 186,567,169	\$ 220,285,552	\$ 254,210,777	\$ 294,016,493	\$ 298,674,282	\$ 295,642,628	\$ 131,881,262
Business-type activities										
Invested in capital assets, net of related debt	\$ 210,181,962	212,840,200	233,908,193	246,080,008	267,330,916	285,931,913	281,280,070	279,970,114	272,062,890	262,631,937
Restricted	500,000	500,000	500,000	731,652	731,101	5,216,672	3,691,325	3,692,885	6,423,693	14,629,418
Unrestricted	78,252,510	85,443,314	72,143,939	70,071,662	60,010,180	31,311,367	29,929,091	32,197,583	37,479,969	46,597,826
Total business-type activities net assets	\$ 288,934,472	\$ 298,783,514	\$ 306,552,132	\$ 316,883,322	\$ 328,072,197	\$ 322,459,952	\$ 314,901,386	\$ 315,860,582	\$ 315,966,552	\$ 323,859,181
Primary government										
Invested in capital assets, net of related debt	\$ 285,381,719	299,453,928	335,922,464	411,413,654	462,582,587	519,282,293	570,308,089	585,539,142	593,135,538	596,957,134
Restricted	9,432,152	12,915,044	26,647,417	25,994,059	28,895,784	30,487,190	19,167,048	20,582,437	22,698,808	31,850,388
Unrestricted	35,071,427	36,565,902	66,391,593	66,042,778	56,877,378	26,801,246	19,442,742	8,413,285	(4,225,166)	(173,662,079)
Total primary government net assets	\$ 329,885,298	\$ 348,934,874	\$ 428,961,474	\$ 503,450,491	\$ 548,355,749	\$ 576,570,729	\$ 608,917,879	\$ 614,534,864	\$ 611,609,180	\$ 453,746,443

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: GASB 34 Retroactive Infrastructure was added in the 2007 fiscal year.

Note: The new Workers' Compensation Internal Service Fund was added in the 2008 fiscal year.

Note: In 2011 the Events Center LLC was added as a blended component unit under the business-type activities.

Note: In 2012 the Events Center Community Improvement District was added as a blended component unit under the governmental activities.

Note: In 2012 the Crackmeek Creek Transportation Development District was added as a blended component unit under the governmental activities.

Table 2

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Administrative services	6,846,123	6,808,416	7,148,065	7,363,102	7,749,779	8,487,120	8,216,824	9,172,736	9,305,826	8,344,371
Public safety	33,028,116	32,987,626	35,069,866	36,796,996	38,253,819	44,390,164	47,972,502	49,861,503	53,067,764	53,836,564
Public works	6,686,542	6,196,849	6,889,773	12,817,343	13,231,006	13,013,430	13,687,890	13,687,890	13,647,390	15,562,839
Health and welfare	2,376,921	2,524,823	2,421,255	2,638,369	2,898,542	3,287,200	3,599,725	3,607,469	3,732,795	3,575,162
Culture and recreation	3,861,827	4,069,244	4,247,735	5,161,139	6,963,260	7,813,486	8,135,903	7,604,501	7,947,692	8,476,301
Community development	3,319,609	3,471,030	3,372,610	3,809,726	4,096,835	4,381,932	4,003,876	4,386,689	7,032,272	5,128,323
Storm water	1,081,513	1,043,573	1,493,534	1,641,992	2,193,290	2,270,858	2,445,470	2,569,381	2,876,073	2,765,629
General government	11,149,913	15,012,715	6,266,060	6,678,208	8,225,760	7,921,217	8,374,983	9,421,062	9,366,479	9,293,399
Tax increment financing	—	—	—	—	—	—	—	—	—	2,992,581
Debt service component unit	—	—	—	—	—	—	—	—	7,709,611	—
Interest on long-term debt	2,955,628	3,237,213	536,124	991,856	1,050,153	1,073,318	891,473	640,902	625,778	10,125,399
Total governmental activities expenses	71,306,192	75,351,489	67,445,022	77,898,731	84,664,444	92,638,725	96,838,368	100,952,133	115,311,680	120,100,568
Business-type activities:										
Power and light	65,841,126	71,641,843	73,531,757	84,564,657	89,265,988	101,665,442	101,097,606	105,486,932	113,956,212	124,533,699
Water	15,297,405	15,352,095	16,394,488	17,097,507	17,723,114	19,131,054	20,230,295	20,324,005	20,239,748	20,563,502
Sewer	11,535,324	11,381,487	11,995,774	12,236,654	12,721,171	14,451,363	15,233,127	15,268,389	16,304,874	16,157,412
Events center	92,673,855	98,375,425	101,922,019	113,898,818	119,710,273	135,426,891	1,888,027	4,862,017	13,764,087	12,869,289
Total business-type activities expenses	163,980,047	173,726,914	169,367,041	191,797,549	204,374,717	228,065,616	235,307,423	246,893,476	279,576,601	294,224,470
Program Revenues										
Governmental activities:										
Changes for services:										
Administrative services	5,063,353	5,117,112	5,067,474	5,512,413	5,696,158	5,905,973	6,247,933	6,276,153	6,453,890	6,676,240
Public safety	3,758,528	3,618,327	3,841,471	4,588,766	4,202,328	4,202,059	4,432,454	4,867,364	4,943,734	4,829,421
Public works	649,768	1,916,080	802,206	1,003,761	1,338,479	739,643	449,172	462,490	437,032	398,071
Health and welfare	321,312	487,956	482,601	435,775	723,574	791,825	776,194	819,659	732,116	817,774
Culture and recreation	153,669	252,814	619,630	975,889	845,360	925,880	842,523	771,890	796,820	871,799
Community development	2,019,153	2,068,279	2,050,172	2,203,367	2,292,638	1,949,275	1,174,512	1,242,376	1,167,853	968,438
Storm water	(16,212)	—	—	—	—	645	—	—	—	—
General government	20,000	15,000	—	—	—	—	—	—	—	1,012,898
Operating grants and contributions	8,818,594	9,181,339	9,336,061	9,199,332	9,957,178	8,902,787	8,223,227	9,182,959	13,517,593	12,487,041
Capital grants and contributions	1,221,356	957,411	7,242,924	26,417,977	23,963,312	27,772,386	41,557,506	11,912,031	12,598,018	14,465,335
Total governmental activities program revenues	22,009,521	23,614,318	29,442,559	50,337,280	49,019,227	51,190,473	63,701,521	35,534,922	40,647,056	42,527,017
Business-type activities:										
Changes for services:										
Power and light	77,276,647	81,333,414	82,592,294	98,278,354	103,133,249	107,619,947	105,064,847	114,744,814	126,755,826	139,878,341
Water	15,937,835	16,610,572	17,080,050	18,312,720	17,744,404	18,114,183	18,007,799	20,134,421	22,203,258	24,635,637
Sewer	12,753,946	13,320,317	13,975,780	14,364,165	15,058,695	15,283,055	15,347,894	15,263,586	17,061,489	18,233,724
Events center	—	—	—	—	—	—	—	—	4,874,623	8,370,481
Operating grants and contributions	256	—	—	—	—	—	—	—	4,813,612	5,000
Capital grants and contributions	847,188	4,031,475	3,491,383	2,964,925	5,562,049	4,363,127	3,396,999	7,760,380	4,012,182	5,000
Total business-type activities program revenues	106,815,872	115,295,778	117,139,507	133,920,164	141,498,397	145,380,312	142,417,539	157,993,201	179,720,990	192,245,202
Total primary government program revenues	128,825,393	138,910,096	146,582,046	184,257,444	190,517,624	196,570,785	206,119,060	193,438,123	220,368,046	234,772,219

Table 2

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue	\$ (49,296,671)	\$ (51,737,171)	\$ (38,002,483)	\$ (27,361,451)	\$ (35,645,217)	\$ (41,448,252)	\$ (33,136,847)	\$ (65,417,211)	\$ (74,664,624)	\$ (77,573,551)
Governmental activities	14,142,017	16,920,333	15,217,488	20,021,346	21,788,124	9,933,421	3,948,484	11,961,858	15,456,069	18,121,300
Business-type activities	(35,154,654)	(34,816,818)	(22,784,995)	(7,540,105)	(13,857,093)	(31,494,831)	(29,188,363)	(53,453,353)	(59,208,555)	(59,452,251)
Total primary government net expense	\$ (20,994,637)	\$ (17,896,485)	\$ (7,567,507)	\$ (7,518,759)	\$ (12,068,969)	\$ (21,561,832)	\$ (25,239,879)	\$ (41,491,495)	\$ (44,108,486)	\$ (41,331,951)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes	\$ 6,104,668	\$ 6,458,742	\$ 6,564,690	\$ 6,895,323	\$ 6,952,380	\$ 7,067,966	\$ 7,963,698	\$ 7,276,215	\$ 7,458,788	\$ 8,632,704
Property taxes	34,286,925	35,423,399	33,295,203	37,754,853	37,728,799	38,086,941	37,333,520	36,021,505	36,030,316	39,836,686
Sales and use taxes	6,718,262	7,241,437	7,500,356	7,645,601	8,209,734	16,519,852	13,138,965	11,823,113	10,696,214	10,914,940
Intergovernmental activity taxes	32,412	29,000	37,149	22,181	34,802	31,960	44,195	15,669	28,410	21,646
Franchise taxes	404,173	583,364	922,701	1,385,126	1,785,111	1,476,448	605,453	197,476	138,471	228,812
Financial institutions tax	535,932	1,646,836	1,143,207	714,149	589,469	348,143	438,354	466,775	1,079,391	397,567
Investment earnings	9,333,977	9,554,727	10,038,823	13,167,930	13,180,055	14,181,015	13,398,378	14,274,247	16,201,380	17,329,950
Miscellaneous	57,416,349	60,937,705	59,477,407	67,383,163	68,480,350	77,712,325	72,942,563	70,075,000	71,632,970	86,916,957
Transfers	822,222	709,029	1,567,536	2,449,623	2,532,853	1,850,519	485,895	69,869	171,413	28,936
Business-type activities:	1,526,891	1,774,387	1,022,417	436,132	47,953	37,982	1,405,433	609,962	679,868	2,212,916
Investment earnings	(9,333,977)	(9,554,727)	(10,038,823)	(13,167,930)	(13,180,055)	(14,181,015)	(13,398,378)	(14,274,247)	(16,201,380)	(17,329,950)
Miscellaneous	(6,984,864)	(7,071,311)	(7,448,870)	(10,282,175)	(10,599,249)	(12,292,514)	(11,599,050)	(13,594,416)	(15,350,099)	(15,088,098)
Transfers	50,431,485	53,866,394	52,028,537	57,302,988	57,881,101	65,419,811	61,435,513	56,480,584	56,282,871	71,828,859
Total primary government	\$ 8,119,678	\$ 9,200,334	\$ 21,474,924	\$ 40,023,712	\$ 32,835,133	\$ 36,264,073	\$ 39,805,716	\$ 4,657,789	\$ (3,031,654)	\$ 9,343,406
Changes in Net Assets										
Governmental activities	7,157,153	9,849,042	7,768,618	9,739,171	11,188,875	(2,339,093)	(7,538,566)	(1,632,538)	105,970	3,033,202
Business-type activities	15,276,831	19,049,576	29,243,542	49,762,883	44,024,008	33,924,980	32,247,150	3,025,231	(2,925,684)	12,376,608
Total primary government	\$ 22,433,984	\$ 28,898,618	\$ 37,012,160	\$ 59,502,054	\$ 55,212,883	\$ 28,339,093	\$ (4,291,416)	\$ 1,607,557	\$ (2,819,714)	\$ 15,409,810

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: GASB 34 Retroactive Infrastructure was added in the 2007 fiscal year.

Note: The new Workers' Compensation Internal Service Fund was added in the 2008 fiscal year.

Note: In 2011 the Events Center LLC was added as a blended component unit under the business-type activities.

Note: In 2012 the Events Center Community Improvement District was added as a blended component unit under the business-type activities.

Note: In 2012 the Crackerneck Creek Transportation Development District was added as a blended component unit under the governmental activities.

Table 3

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009			
General Fund										
Reserved	\$ 2,035,038	1,651,092	1,650,890	1,756,039	2,200,693	1,265,717	1,319,086			
Unreserved	2,924,267	3,515,412	3,196,765	6,029,006	4,534,005	8,062,100	5,739,682			
Total General Fund	\$ 4,959,305	\$ 5,166,504	\$ 4,847,655	\$ 7,785,045	\$ 6,734,698	\$ 9,327,817	\$ 7,058,768			
All other governmental funds										
Reserved	\$ 11,092,566	15,656,867	18,110,669	20,786,620	10,928,435	41,091,787	19,583,280			
Unreserved, reported in:										
Special revenue funds	6,324,381	8,619,880	17,461,153	14,250,375	17,620,241	12,648,957	5,357,555			
Capital project funds	4,508,288	2,476,752	(3,837,893)	(10,687,320)	(1,859,546)	(29,245,744)	(10,675,562)			
Debt service funds	—	92,704	92,278	86,300	82,229	71,068	56,553			
Permanent funds	13,160	13,274	13,616	14,220	9,670	—	—			
Total all other governmental funds	\$ 21,938,395	\$ 26,859,477	\$ 31,839,823	\$ 24,450,195	\$ 26,781,029	\$ 24,566,068	\$ 14,321,826			
General Fund										
2010		2011	2012							
Nonspendable	\$ —	—	—							
Restricted	236,365	442,556	584,917							
Committed	2,277,479	1,413,292	453,285							
Assigned	662,881	667,065	593,561							
Unassigned	2,012,374	2,302,039	1,831,406							
Total	\$ 5,189,099	\$ 4,824,952	\$ 3,463,169							
All other governmental funds										
Nonspendable	\$ —	—	—							
Restricted	17,329,836	16,659,329	44,378,155							
Committed	440,243	437,150	1,404,187							
Assigned	(5,118,794)	(5,369,883)	(6,237,737)							
Unassigned	12,651,285	11,726,596	39,544,605							

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2011 GASB 54 was implemented which changes the Fund Balance classifications. 2010 has been restated for the new categories as well.

Note: In 2012 the Crackmeck Creek Transportation Development District was added as a blended component unit under the governmental activities.

Table 4

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	47,109,855	49,123,780	47,360,251	52,295,777	52,890,913	58,474,761	55,131,682	55,953,427	59,053,886	68,437,032
Licenses, fees and permits	4,315,628	4,951,856	4,670,617	5,073,944	5,073,192	4,642,719	3,695,971	3,483,767	3,426,859	3,319,496
Intergovernmental	9,902,274	10,091,764	13,013,181	21,762,714	16,534,433	10,862,317	19,131,915	16,921,164	24,785,082	24,127,728
Changes for services	1,519,823	1,569,283	2,023,297	2,926,800	2,587,783	2,784,144	2,579,317	3,015,294	3,095,040	3,095,040
Interfund charges for support services	2,704,534	2,767,631	2,700,215	2,919,682	3,105,514	3,222,006	3,389,629	3,880,384	3,743,875	3,791,444
Fines, forfeitures, and court costs	3,502,074	3,219,276	3,521,377	4,023,981	3,900,967	3,724,608	4,009,673	4,510,754	4,398,111	4,329,537
Investment earnings	381,436	571,402	901,209	1,309,569	1,588,358	1,197,790	1,659,337	165,939	124,223	214,584
Reimbursements from component unit	—	—	—	—	—	—	—	—	—	—
Developer contributions	—	—	—	—	3,502,961	11,413,444	12,274,171	3,792,466	581,524	—
Other	649,613	1,619,995	1,260,113	493,127	799,580	740,435	924,092	816,818	1,115,938	832,549
Total revenues	70,085,237	73,914,987	75,430,260	90,835,594	90,382,701	97,062,624	101,826,754	91,984,036	100,244,792	110,503,075
Expenditures										
Administrative services	6,542,594	6,593,368	6,618,488	6,897,346	7,592,963	7,460,421	7,728,128	7,867,425	7,862,603	7,332,146
Public safety	32,088,292	32,271,567	35,462,979	38,976,460	39,693,647	40,950,718	40,956,235	45,150,437	48,037,112	45,457,931
Public works	6,251,537	6,035,389	5,930,041	6,586,771	7,173,004	7,173,709	6,719,666	6,413,379	6,159,868	5,191,326
Health and welfare	2,800,201	2,955,294	2,419,833	2,614,557	2,835,949	2,875,392	3,150,172	3,226,705	3,277,614	3,055,362
Culture and recreation	3,552,903	3,752,185	4,048,187	4,628,228	5,098,826	5,800,784	5,942,029	6,160,686	5,995,558	6,205,463
Community development	3,242,153	3,446,574	3,278,951	3,712,454	4,182,354	4,090,318	3,657,531	4,119,818	6,730,888	4,877,604
Storm water	990,671	820,703	1,180,789	1,141,595	1,538,857	1,388,856	1,542,289	1,618,148	1,772,387	1,581,460
General government	6,147,462	6,964,846	7,148,583	6,678,208	7,582,224	7,612,540	7,486,977	8,541,586	8,507,142	8,343,550
Tax increment financing	—	—	—	—	—	—	—	—	—	2,992,581
Capital outlay	17,123,501	20,481,873	21,040,394	33,296,700	31,736,638	28,561,029	42,442,528	26,346,981	22,527,627	24,697,928
Debt Service	—	—	—	—	—	—	—	—	—	—
Principal	2,164,932	3,554,106	1,019,196	3,230,099	3,256,394	3,378,132	7,277,755	3,465,682	2,963,391	12,935,067
Debt service component unit	—	—	—	—	—	—	—	—	—	—
Interest	2,933,752	3,153,530	246,458	996,600	1,001,306	1,114,072	977,116	814,620	3,566,752	10,283,032
Debt issuance costs	—	—	—	—	—	—	—	—	—	258,358
Total expenditures	83,337,998	89,469,435	88,393,899	108,759,018	111,692,162	110,405,971	127,880,426	113,875,467	118,001,806	133,211,808
Excess of revenues over (under) expenditures	(13,252,761)	(15,554,448)	(12,943,639)	(17,923,424)	(21,309,461)	(13,343,347)	(26,053,672)	(21,891,431)	(17,757,014)	(22,708,733)
Other Financing Sources (Uses)										
Transfers in	1,817,327	651,553	222,429	1,724,648	2,102,299	1,266,294	3,897,938	3,069,619	2,499,761	8,446,498
Transfers out	(1,870,055)	(809,637)	(362,921)	(1,181,579)	(1,961,707)	(1,371,651)	(4,003,295)	(3,020,619)	(2,461,566)	(8,446,498)
Issuance of debt	3,516,885	11,096,464	20,748,448	—	8,477,809	100,695	101,734	4,020,000	—	8,694,700
Premiums/Discounts on debt issued	—	—	—	—	—	—	—	18,402	—	(99,950)
Payment to refunded loans escrow agent	—	—	—	—	—	—	—	—	—	(6,426,286)
Transfers in - utility payments in lieu of taxes	9,386,705	9,712,812	10,179,317	12,624,861	13,039,463	13,702,586	13,503,735	14,225,247	16,211,380	17,329,950
Payments to component unit	—	—	—	—	—	—	—	—	—	—
Payments to capital assets	11,109	31,557	56,379	303,255	50,834	23,581	40,269	38,572	218,603	100,901
Total other financing sources (uses)	12,861,971	20,682,729	30,843,652	13,471,185	21,708,698	13,721,505	13,540,281	18,351,221	16,468,178	19,599,315
Net change in fund balances	(390,790)	5,128,281	17,900,013	(4,452,239)	399,237	378,158	(12,513,291)	(3,540,210)	(1,288,836)	(3,109,418)
Debt service as a percentage of non capital expenditures	7.18%	8.80%	1.95%	5.76%	5.42%	5.63%	9.73%	5.04%	7.67%	21.58%

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: For 2011 the Debt service as a percentage of non capital expenditures includes the debt service payment for the component unit

Note: In 2012 the Crackmeek Creek Transportation Development District was added as a blended component unit under the governmental activities.

Table 5

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

Sales by Retail Category:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Apparel stores	\$ 108,155	104,131	115,283	122,165	126,307	132,957	125,832	124,168	103,406	109,372
General merchandise	384,132	396,792	411,327	420,186	436,832	430,331	434,782	408,200	388,061	424,435
Food stores	152,718	151,936	166,671	171,641	173,595	170,099	178,747	179,031	166,018	177,019
Eating and drinking establishments	140,552	149,307	170,143	179,418	190,478	194,970	201,085	211,739	207,363	220,458
Home furnishings and appliances	84,984	79,079	85,821	87,789	84,366	80,420	72,902	67,124	54,274	55,222
Building materials and farm tools	20,127	19,595	20,842	23,345	25,578	22,720	19,998	17,213	16,937	14,753
Construction/Renodeling	5,837	5,131	5,432	5,869	2,040	4,724	3,415	3,596	3,317	4,383
Auto dealers and supplies	31,686	31,085	32,284	32,593	33,865	35,314	38,260	36,967	41,703	39,526
Service stations	40,667	43,001	55,475	60,533	61,586	62,430	65,741	68,633	70,891	75,773
Other retail stores	208,466	212,256	186,594	229,869	227,864	222,237	245,406	233,860	219,787	236,382
All other outlets	96,634	105,946	109,023	116,068	121,081	119,236	113,711	119,813	118,046	123,443
Total	\$ 1,273,958	1,298,259	1,358,895	1,449,476	1,483,592	1,475,438	1,499,879	1,470,344	1,389,803	1,480,766

Note: Amounts for 2012 are not provided due to only receiving partial year figures.

Source: Missouri Department of Revenue

Table 6

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Direct Sales Tax Rate City of Independence										
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.375	0.375	0.375	0.375	0.375	0.375	0.500	0.500	0.500	0.500
Park Improvements	0.125	0.125	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Storm Water Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Police Public Safety	0.000	0.000	0.000	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Fire Public Safety	0.000	0.000	0.000	0.250	0.250	0.250	0.125	0.125	0.125	0.125
Direct Sales Tax Rate City of Independence	1.750	1.750	1.875	2.250						
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Total Direct Sales Tax Rate	1.875	1.875	2.000	2.375						
Total Local Option Sales Tax Rate										
State of Missouri	4.000	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	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	0.100
Jackson County	0.750	0.750	0.750	0.750	1.125	1.125	1.125	1.125	1.125	1.250
City of Independence	1.750	1.750	1.875	2.250	2.250	2.250	2.250	2.250	2.250	2.250
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Total Direct and Overlapping Sales Tax Rate	6.850	6.850	6.975	7.350	7.725	7.725	7.725	7.725	7.725	7.850

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

Source: Missouri Department of Revenue

Table 7

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

Fiscal Year Ended June 30,	Real Property			State Assessed	Total	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			Personal Property	Railroads & Utilities				
2003	\$ 680,890,499	1,042,495	236,512,469	4,947,308	923,392,771	246,919,958	489,879	1,170,802,608	0.7500	5,089,915,714	23.00%
2004	692,984,990	1,058,124	240,816,129	5,477,070	940,336,313	257,027,857	378,363	1,197,742,533	0.6930	5,198,811,179	23.04%
2005	774,627,429	1,142,640	256,016,698	5,525,949	1,037,312,716	256,782,138	251,053	1,294,345,907	0.6930	5,675,731,312	22.80%
2006	789,999,343	1,132,567	255,766,766	5,244,739	1,052,143,415	266,654,033	1,105,062	1,319,902,510	0.6630	5,787,206,471	22.81%
2007	826,183,410	1,077,386	289,266,376	4,991,962	1,121,519,134	278,254,929	836,952	1,400,611,015	0.6510	6,115,085,122	22.90%
2008	835,415,560	1,092,071	280,076,363	4,385,286	1,120,969,280	289,243,271	1,720,003	1,411,932,554	0.6560	6,168,940,666	22.89%
2009	774,152,986	1,020,696	255,474,757	3,793,786	1,034,442,225	268,317,482	1,114,259	1,303,873,966	0.7030	5,702,449,660	22.87%
2010	770,979,192	1,085,868	257,788,756	4,145,717	1,033,997,533	263,606,423	1,237,018	1,298,840,974	0.7280	5,680,839,244	22.86%
2011	781,239,728	1,126,981	235,721,480	4,951,250	1,023,039,439	262,875,610	1,242,492	1,287,157,541	0.7236	5,666,580,865	22.71%
2012	781,254,601	1,128,703	236,979,066	4,844,455	1,024,206,825	252,082,951	2,943,813	1,279,233,589	0.7281	5,643,175,957	22.67%

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 ending (June 30) (also taxing year)	City Direct Rates				Overlapping Rates			
	Basic/General Rate	Public Health & Recreation	Debt Service	Total Direct	Metropolitan Junior College	Independence School District	Jackson County	State
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	0.442	0.209	—	0.651	0.217	5.084	1.063	0.030
2008	0.446	0.210	—	0.656	0.213	5.084	1.053	0.030
2009	0.478	0.225	—	0.703	0.214	5.084	1.061	0.030
2010	0.495	0.233	—	0.728	0.227	5.280	1.060	0.030
2011	0.4924	0.2312	—	0.7236	0.2335	5.5800	1.0464	0.0300
2012	0.4950	0.2331	—	0.7281				

Notes:

- (1) Taxes are due November 1, delinquent after December 31. A penalty of 1% per month, up to a maximum of 10% is added for each month of delinquency. Collections are enforced through the attachment and sale of the property. Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.
- (2) 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.
- (3) County Tax Breakdown (see note 5):

Health & Welfare Fund	0.1526
General Fund	0.1487
Road & Bridge Fund	0.1387
Park Fund	0.0898
Mid-Continent Public Library	0.3200
Developmentally Disabled	0.0748
Mental Health	0.1218
Total County	<u>1.0464</u>
- (4) Three other school districts are in the Jackson County portion of the City of Independence. School tax rates for these districts are:

Fort Osage Reorganized #1	5.5000
Blue Springs Reorganized #4	5.7286
Kansas City School District	4.9500
- (5) Tax levy rates are calculated each year by each taxing jurisdiction and then reported to Jackson County who bills and collects the tax revenues from individual tax payers. The County will be issuing the 2012 tax levy rate schedule in November therefore some tax levy rates are not yet available for the current tax year.

Table 9

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

Taxpayer	2012			2003		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group LP	\$ 22,094,332	1	1.73%	\$ 17,060,551	1	1.46%
Cole EDD Mt Independence LLC	8,963,343	2	0.70%			
Sprint	8,867,595	3	0.69%			
Space Center of Kansas City	6,738,787	4	0.53%	8,947,900	3	0.76%
Southern Union Company	5,708,511	5	0.45%	5,325,344	5	0.45%
Unilever Bestfoods NA	5,685,895	6	0.44%			
Comcast Cablevision	5,488,069	7	0.43%	3,691,837	9	0.32%
Centerpoint Medical Center	4,656,394	8	0.36%			
A T & T	4,430,015	9	0.35%			
Mansion Apartment	4,032,764	10	0.32%			
Community Center Two, LLC				9,286,793	2	0.79%
Southwestern Bell				7,747,044	4	0.66%
Bradley Operating LTD PTP				5,104,000	6	0.44%
Noland Fashion Square Partners				5,094,412	7	0.44%
Independence Regional Hospital				4,996,788	8	0.43%
Independence Apartments Association				3,675,082	10	0.31%
Total	\$ 76,665,705		5.99%	\$ 70,929,751		6.06%

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	Amount	Percentage of Levy
2002	\$ 5,973,560	\$ 5,253,285	87.94%	\$	717,626	\$ 5,970,911	99.96%
2003	6,048,256	5,684,526	93.99%		361,404	6,045,930	99.96%
2004	6,330,247	5,729,077	90.50%		598,211	6,327,288	99.95%
2005	6,444,741	6,084,821	94.42%		357,716	6,442,537	99.97%
2006	6,818,619	6,164,479	90.41%		651,159	6,815,638	99.96%
2007	6,905,547	6,557,341	94.96%		343,882	6,901,223	99.94%
2008	7,103,810	6,645,387	93.55%		456,256	7,101,644	99.97%
2009	7,287,258	6,807,203	93.41%		479,610	7,286,813	99.99%
2010	7,232,424	6,883,318	95.17%		290,251	7,173,569	99.19%
2011	7,493,616	7,145,073	95.35%		155,854	7,300,927	97.43%
2012	7,495,895	6,971,357	93.00%		—	6,971,357	93.00%

Source: City of Independence

Table 11

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

Sales by Category:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Power and Light:										
Residential	\$ 40,254,000	42,431,000	41,375,000	50,668,000	53,326,000	55,218,000	52,555,000	56,500,000	64,723,000	71,334,000
Commercial	32,429,000	34,242,000	36,011,000	40,881,000	43,673,000	44,708,000	45,171,000	48,273,000	52,003,000	58,366,000
Industrial	2,019,000	2,139,000	2,504,000	2,649,000	2,891,000	2,999,000	2,904,000	3,085,000	3,292,000	4,462,000
Sold to Other Utilities	809,000	689,000	779,000	1,839,000	796,000	2,081,000	1,765,000	4,039,000	3,077,000	1,909,000
Other	881,000	941,000	1,008,000	1,128,000	1,214,000	1,328,000	1,434,000	1,621,000	1,551,000	1,644,000
Water:										
Residential	8,046,353	8,141,479	7,789,773	8,488,894	8,657,593	8,994,600	9,037,744	9,403,985	10,726,567	11,699,971
Commercial	2,185,099	2,152,295	2,053,011	2,245,526	2,347,234	2,458,013	2,450,246	2,404,953	2,835,271	3,325,167
Industrial	324,228	336,707	331,251	362,537	367,863	308,642	300,577	407,313	450,156	479,477
Public Authority	169,383	174,092	189,489	231,257	228,957	267,428	281,615	297,218	263,137	256,730
Sold to Other Utilities	4,302,002	4,950,287	5,670,010	5,858,904	5,232,779	5,023,444	4,930,608	6,302,495	6,659,302	7,153,628
Other	856,811	934,326	960,563	968,733	1,060,453	1,081,606	1,344,666	1,217,907	1,245,524	1,289,923
Sanitary Sewer:										
Residential	8,144,267	8,570,232	8,834,127	9,196,013	9,584,113	9,854,124	9,841,314	9,733,214	9,873,906	10,460,524
Commercial	3,941,123	3,964,736	4,322,804	4,364,268	4,585,890	4,559,524	4,560,728	4,569,721	4,841,546	5,099,839
Other	643,687	707,755	797,791	774,222	854,930	881,836	906,142	897,895	2,443,875	2,628,416
Total	\$ 105,004,953	110,373,909	112,625,819	129,655,354	134,819,812	139,763,217	137,482,640	148,752,701	163,985,284	180,108,675

Source: City of Independence

Table 12

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

Rates by Category:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$										
Power and Light (per Kwh):										
Residential	0.08	0.08	0.08	0.09	0.10	0.10	0.10	0.11	0.12	0.14
Commercial	0.07	0.07	0.07	0.08	0.09	0.09	0.09	0.10	0.10	0.12
Industrial	0.05	0.05	0.05	0.06	0.06	0.07	0.07	0.07	0.08	0.09
Sold to Other Utilities	0.03	0.03	0.03	0.04	0.04	0.05	0.03	0.03	0.03	0.02
Other	0.10	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.15	0.15
Water (per 1,000 gallons):										
Residential	2.35	2.37	2.49	2.54	2.63	2.80	3.06	3.35	3.61	3.91
Commercial	2.16	2.18	2.27	2.34	2.41	2.52	2.78	3.08	3.33	3.59
Industrial	1.10	1.12	1.14	1.31	1.34	1.44	1.73	1.97	2.23	2.25
Public Authority	1.94	2.02	2.28	2.34	2.42	2.58	2.86	3.11	3.34	3.67
Sold to Other Utilities	1.01	1.02	1.17	1.21	1.10	1.03	1.10	1.23	1.35	1.46
Sanitary Sewer (per 100 cubic feet):										
Residential	2.75	2.77	2.97	3.13	3.18	3.35	3.50	3.40	3.62	3.90
Commercial	2.26	2.34	2.32	2.46	2.64	2.68	2.69	3.08	3.09	3.42
Total	\$ 13.89	14.17	14.98	15.72	16.13	16.84	18.16	19.70	21.05	22.73

Source: City of Independence

Table 13

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

Utility Customer - Power and Light	2012			2003		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 1,910,796	1	1.39%	\$ 959,648	1	1.26%
Centerpoint Medical Center	1,737,519	2	1.26%	—		0.00%
Burd and Fletcher (Combined Accounts)	1,635,516	3	1.19%	583,666	4	0.76%
Simon Property Group LP	1,202,329	4	0.87%	927,942	2	1.21%
Smart Warehouse/Commercial Distributions Center	1,013,584	5	0.74%	843,993	3	1.10%
The Boyer Company	588,966	6	0.43%	—		0.00%
Costco Wholesale Inc.	554,852	7	0.40%	273,418	10	0.36%
City's Rock Creek Sanitary Sewer Plant	542,455	8	0.39%	364,924	6	0.48%
Independence Events Center	524,711	9	0.38%	—		0.00%
Price Chopper (23rd Street)	479,608	10	0.35%	349,270	8	0.46%
Price Chopper (Noland Road)	—		0.00%	357,028	7	0.47%
Independence Regional Health Center				371,639	5	0.49%
Medical Center of Independence				278,192	9	0.36%
Total	\$ 10,190,336		7.40%	\$ 5,309,720		6.95%

Source: City of Independence

Table 14

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

Utility Customer - Water	2012			2003		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 4,078,226	1	16.85%	\$ 1,979,115	1	12.46%
Blue Springs	1,009,940	2	4.17%	1,010,979	2	6.36%
District #2, Jackson County	550,026	3	2.27%	287,374	3	1.81%
District #1, Lafayette County	373,838	4	1.54%	240,941	4	1.52%
Oak Grove	342,635	5	1.42%	224,939	5	1.42%
Grain Valley	266,450	6	1.10%	176,463	6	1.11%
District #15, Jackson County	220,381	7	0.91%	131,269	8	0.83%
Unilever (Thomas J. Lipton Co)	197,411	8	0.82%	132,830	7	0.84%
Lafarge Corporation	154,187	9	0.64%	115,398	9	0.73%
Buckner	144,765	10	0.60%	102,085	10	0.64%
Total	\$ 7,337,859		30.32%	\$ 4,401,393		27.71%

Source: City of Independence

Table 15

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

Utility Customer - Sewer	2012			2003		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 839,132	1	4.61%	\$ 659,068	1	5.18%
AMOCO	229,819	2	1.26%	129,785	2	1.02%
City of Independence, Power & Light	118,244	3	0.65%	74,566	3	0.59%
Centerpoint Medical Center	63,035	4	0.35%	43,117	5	0.34%
Simon Property Group LP	50,604	5	0.28%			
Highland Park Investors	49,169	6	0.27%			
Price Chopper (23rd Street)	18,932	7	0.10%			
Bass Pro	15,021	8	0.08%			
The Boyer Company	12,848	9	0.07%			
Independence Events Center	10,739	10	0.06%	19,005	6	0.15%
Commercial Distributions Center	—		0.00%	46,388	4	0.36%
Independence Regional Health Center	—		0.00%			
Total	\$ 1,407,543		7.74%	\$ 971,929		7.64%

Note: Amounts for customers 7 through 10 are not available for 2003.

Source: City of Independence

Table 16

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

Fiscal Year	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	Loans Payable	Neighborhood Improvement District	Capital Leases	Certificates of Participation		
2003	\$ 52,301,676	\$ —	\$ 1,086,597	\$ —	4.27%	\$ 937.64
2004	59,317,916	995,000	718,955	—	5.15%	1,106.10
2005	(2) 21,498,153	1,039,990	1,015,831	—	3.39%	751.42
2006	(2) 18,590,023	982,044	737,370	—	3.03%	687.10
2007	23,870,529	923,099	712,483	—	3.06%	696.59
2008	20,681,754	864,153	650,673	—	3.48%	788.08
2009	13,586,351	800,207	603,524	—	7.48%	1,695.18
2010	14,366,011	736,261	431,454	—	6.77%	1,572.56
2011	11,580,656	667,315	292,063	—	7.91%	1,784.91
2012	(3) 180,792,033	598,369	1,642,764	—	16.49%	3,635.01

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			
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
2008	63,829,753	—	—	—	86,026,333	3.48%	788.08
2009	178,411,467	—	65,954	—	193,467,503	7.48%	1,695.18
2010	175,035,863	—	43,988	—	190,613,577	6.77%	1,572.56
2011	195,970,016	—	21,353	—	208,531,403	7.91%	1,784.91
2012	243,037,399	—	—	—	426,070,565	16.49%	3,635.01

- Notes:
- (1) See Table 21 for personal income and population data. The 2010 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 discretely presented component unit.
 - (3) In 2012 the Tax Increment Financing funds were added back to the primary government presentation and shown as a blended presented component unit.

Table 17

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		
2003	\$ —	\$ —	\$ —	0.00%	\$ —
2004	—	—	—	0.00%	—
2005	—	—	—	0.00%	—
2006	—	—	—	0.00%	—
2007	—	—	—	0.00%	—
2008	—	—	—	0.00%	—
2009	—	—	—	0.00%	—
2010	—	—	—	0.00%	—
2011	—	—	—	0.00%	—
2012	—	—	—	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, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	
			Estimated Percentage Applicable	Debt
Debt repaid with property taxes				
Blue Springs Reorganized #4 School District	\$ 131,945,000	1.70%	\$	2,243,065
Independence School District	237,866,691	93.76%		223,023,809
Raytown School District	76,589,999	6.00%		4,595,400
Fort Osage Reorganized #1 School District	48,470,000	12.50%		6,058,750
Subtotal, overlapping debt				<u>235,921,024</u>
City direct debt				<u>183,033,166</u>
Total direct and overlapping debt			\$	<u><u>418,954,190</u></u>

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

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 are provided by each governmental entity, and is based on the City's percentage of assessed valuation within the school district.

Table 19

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit (1)	\$ 234,498,374	239,548,507	258,869,181	263,980,502	280,122,203	282,386,511	282,386,511	259,768,195	257,431,508	255,846,718
Total net debt applicable to limit	—	—	948,722	896,700	840,870	790,240	790,240	650,505	585,340	515,768
Legal Debt Margin	\$ 234,498,374	239,548,507	257,920,459	263,083,802	279,281,333	281,596,271	281,596,271	259,117,690	256,846,168	255,330,950

Total net debt applicable to the limit as a percentage of debt limit

	0.000%	0.000%	0.366%	0.340%	0.300%	0.280%	0.280%	0.250%	0.227%	0.202%
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Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value	\$ 1,279,233,589
Debt Limit (20% of assessed value)	255,846,718
General obligation:	
City-Wide	—
Neighborhood Improvement Districts	598,369
Revenue Bonds	243,037,399
Total Bonded Debt	243,635,768
Less:	
Water Utility Bonds	43,475,002
Electric Utility Bonds	115,873,574
Events Center Bonds	83,688,823
Debt Service Fund Balance	82,601
Total net debt applicable to limit	515,768
Legal debt margin	\$ 255,330,950

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 of 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 of 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.

Table 20

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 (2)						
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	784,823	8.95
2008	109,358,222	90,141,975	19,216,247	2,065,000	708,218	6.93
2009	106,810,460	88,778,796	18,031,664	2,155,000	1,157,423	5.44
2010	115,265,625	91,580,614	23,685,011	2,245,000	2,149,388	5.39
2011	127,486,725	98,684,455	28,802,270	2,965,000	2,645,010	5.13
2012	140,997,371	104,196,848	36,800,523	3,820,000	3,042,435	5.36
Water (2)						
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
2008	18,422,122	13,268,938	5,153,184	2,200,000	1,838,014	1.28
2009	18,709,946	13,618,857	5,091,089	2,380,000	2,032,591	1.15
2010	20,224,820	13,386,180	6,838,640	2,525,000	2,413,924	1.38
2011	22,292,691	13,133,820	9,158,871	2,790,000	2,210,141	1.83
2012	25,043,870	13,882,468	11,161,402	2,965,000	2,096,341	2.21
Sanitary Sewer						
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	—	—	—
2008	15,860,966	11,852,963	4,008,003	—	—	—
2009	15,585,793	13,005,365	2,580,428	—	—	—
2010	15,310,352	13,001,081	2,309,271	—	—	—
2011	17,099,048	13,451,850	3,647,198	—	—	—
2012	19,260,332	13,840,938	5,419,394	—	—	—

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, OPEB, and payments in lieu of taxes.

(2) 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

Calendar Year (3)	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
2003	114,345	2,509,987,095	21,951	38.34	16,334	6.00%
2004	114,745	2,465,640,560	21,488	38.55	18,215	6.50%
2005	115,146	2,552,786,820	22,170	38.57	16,278	6.00%
2006	115,953	2,632,249,053	22,701	38.91	14,829	5.30%
2007	116,359	2,651,123,456	22,784	39.22	14,113	5.40%
2008	109,159	2,471,141,442	22,638	39.28	13,550	6.40%
2009	114,128	2,585,569,840	22,655	39.56	16,065	9.80%
2010	121,212	2,817,572,940	23,245	39.81	20,755	10.35%
2011	116,830	2,636,035,290	22,563	38.79	19,505	10.20%
2012	117,213	2,583,374,520	22,040	38.18	24,900	7.80%

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 Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alliant Tech Systems	2,600	1	4.77%	1,750	1	3.14%
Independence School District	2,043	2	3.75%			
Centerpoint Medical Center	1,600	3	2.94%	1,400	2	
City of Independence	1,133	4	2.08%	1,175	3	
Government Employee Hospital	650	5	1.19%	650	4	1.17%
Rosewood Health Center at the Groves	400	6	0.73%	300	7	0.54%
Burd & Fletcher	350	7	0.64%	350	6	0.63%
Jackson County Circuit Court	274	8	0.50%			
Mid-Continent Library	248	9	0.46%			
Unilever	220	10	0.40%			
Southwestern Bell Telephone				290	8	
Sprint				550	5	0.99%
Comcast				200	9	0.36%
Total	9,518		17.47%	6,830	10	0.30%
						12.25%

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

Table 23

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
City council office	11.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
City clerk	7.00	6.50	6.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00
City manager	10.00	8.50	7.00	7.50	10.50	10.50	10.50	9.50	9.50	7.00
National Frontiers Trails Museum	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.75
Technology services	20.00	20.00	20.00	20.00	21.00	21.00	21.00	21.00	21.00	22.00
Municipal court	13.00	13.00	13.00	13.00	13.00	14.00	14.00	14.00	14.00	14.00
Law - General fund	6.00	5.50	5.50	5.75	6.75	6.51	6.50	6.50	6.00	6.25
Law - Grant fund	—	—	0.50	0.50	0.50	0.37	0.25	0.25	0.25	0.25
Finance	25.00	24.00	24.00	25.00	26.00	25.00	24.15	24.15	24.15	22.65
Human resources	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	6.50	6.50
Public Safety										
Police - General fund	275.00	275.00	277.00	281.50	281.50	283.00	290.40	290.40	292.90	274.65
Police - Grant fund	—	—	15.00	12.00	10.00	14.00	15.00	15.00	13.00	14.00
Fire - General fund	174.00	174.00	173.25	173.25	173.25	173.25	173.25	173.25	173.25	173.25
Fire - Grant fund	—	—	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Public Works										
Public Works	87.90	82.00	81.00	82.00	83.00	82.00	82.00	82.00	83.00	79.90
Health and Welfare										
General fund	39.69	39.47	33.50	34.25	34.25	35.25	35.25	35.25	36.00	35.16
Grant fund	—	—	5.50	6.00	7.70	6.25	7.10	5.35	4.95	8.65
Culture and Recreation										
General fund	43.79	42.14	41.70	36.70	35.53	32.65	32.65	33.46	31.71	28.71
Tourism fund	3.41	3.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.66
Park Improvement Sales Tax fund	5.00	8.61	11.59	12.59	17.12	25.29	25.29	23.98	22.48	21.75
Community Development										
General fund	23.00	22.00	22.00	26.00	25.75	26.64	26.05	27.55	27.05	27.30
Community Dev Block Grant fund	3.00	3.00	3.00	3.00	2.50	2.11	2.70	2.00	2.00	2.00
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	—
Storm Water Sales Tax fund	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	13.00
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	1.50
Power and Light	220.00	220.00	220.00	220.00	220.00	220.00	217.00	218.00	222.00	233.00
Water										
City Manager - General fund	1.50	1.50	—	—	—	—	—	—	—	—
Finance - General fund	—	—	1.00	1.00	0.17	0.15	0.85	0.85	0.85	0.85
Water	97.48	97.48	97.48	98.48	97.48	98.50	101.65	101.65	101.65	93.65
Sewer										
Public Works - General fund	—	—	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Pollution Control	72.00	69.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
Central Garage fund										
Central Garage fund	10.00	9.00	9.00	9.00	9.00	10.00	10.00	9.75	9.75	9.75
Worker Compensation Fund										
Worker Compensation Fund	—	—	—	—	—	1.75	1.75	1.75	1.75	2.00
Total	<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>	<u>1,208.88</u>	<u>1,218.00</u>	<u>1,216.30</u>	<u>1,216.90</u>	<u>1,196.93</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
National Frontiers Trails Museum										
Number of visitors to museum	14,963	19,763	17,183	15,986	14,621	15,095	14,900	16,691	15,126	14,123
Public Safety										
Police										
Police Incident Calls	120,668	123,329	128,891	130,242	126,301	122,667	125,899	126,087	100,096	98,282
Traffic Unit Citations Issued	17,796	30,840	31,323	20,257	30,984	31,241	31,969	38,465	19,082	19,977
Fire										
Total Alarms	12,294	13,424	12,895	13,166	13,354	13,130	15,374	16,081	16,931	16,907
Public Education Audience	12,619	14,747	18,363	18,818	18,502	18,830	10,291	38,133	35,243	19,508
Public Works										
Street Overlay (lane miles)	110	104	88	66	26	—	53	63	16	35
Street Patching Jobs	744	575	542	474	3,897	6,822	3,168	6,163	7,181	5,069
Health and Welfare										
Food Handlers Trained	5,186	11,638	9,680	7,696	8,663	10,112	8,850	9,333	7,036	6,582
Flu Shots Given	539	600	431	680	1,118	764	789	7,369	661	422
Animal Control Service Calls	9,230	7,354	6,446	7,294	8,415	6,641	9,314	9,489	6,957	7,499
Culture and Recreation										
Park Shelter Reservations	675	210	214	462	457	646	872	715	730	524
Number of Sermon Center Memberships	1,032	1,056	948	930	1,095	1,500	1,323	1,574	1,577	1,577
Community Development										
Permits Issued	4,693	5,809	5,281	4,792	4,048	4,100	3,782	3,246	4,538	3,177
Tourism										
Site Attendance	334,853	306,407	290,499	295,381	260,342	244,524	230,483	222,104	287,466	374,525
Leisure Visitor Inquiries	44,659	23,172	34,512	44,943	34,116	35,446	33,392	39,925	38,828	50,517
Power and Light										
Average number of monthly customers	54,356	55,195	55,921	56,402	56,562	56,790	56,656	56,585	56,458	56,292
Water										
Number of customers	46,873	47,324	47,461	47,769	48,358	48,350	48,318	47,822	48,089	48,145
Water main breaks	292	239	182	241	271	179	171	202	267	249
Sewer										
Number of customers	42,394	43,434	43,909	44,290	44,351	44,210	44,279	44,232	44,078	44,085
Wastewater Treated (Million Gallons)	2,939	3,032	3,207	2,935	2,348	2,701	3,080	3,249	2,515	2,261

Source: City of Independence

Table 25

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Police stations	3	3	3	3	4	4	4	5	4	3
Vehicles	124	162	90	177	203	206	201	215	166	180
K - 9 Facility	—	—	1	1	1	1	1	1	1	1
Fire										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Fire Training Facilities	—	—	—	—	—	—	1	1	1	1
Vehicles	40	42	41	44	45	42	45	48	47	45
Public Works										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	535	535	535	580	550	564	547	557	565	565
Culture and Recreation										
Park acreage	721	724	724	757	826	728	728	781	730	843
Parks	40	40	42	43	44	42	42	45	43	45
Community Centers	2	3	3	3	3	3	3	3	3	4
Fitness Centers	1	2	2	2	2	2	2	2	2	2
Ball Fields	53	53	53	53	53	54	54	57	54	42
Power and Light										
Power stations	5	5	5	5	5	5	5	5	5	6
Transmission/Distribution Circuits (miles)	794	802	809	817	829	835	840	844	847	859
Maximum daily use (Mwh)	5,401	5,838	5,320	5,064	5,865	5,579	5,472	4,909	5,456	5,780
Water										
Water mains (miles)	697	711	711	729	736	741	742	746	750	757
Fire hydrants	4,061	4,186	4,186	4,401	4,520	4,635	4,679	4,728	4,787	4,854
Maximum daily purpauge (millions of gallons)	42	42	41	44	44	39	38	35	42	42
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	565	582	576	578	590	578	596	597	596	614
Maximum daily capacity of treatment (MGD)	18	18	19	19	18	16	18	18	18	16

Source: City of Independence