

COMPREHENSIVE ANNUAL FINANCIAL REPORT



June 30, 1999

CITY OF INDEPENDENCE, MISSOURI

Comprehensive Annual Financial Report

For the Fiscal Year July 1, 1998
Through June 30, 1999

Mayor

Rondell F. Stewart

City Council

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

City Manager

Larry N. Blick

Prepared by the Department of Finance

James C. Harlow, Director of Finance and Administration



CITY OF INDEPENDENCE, MISSOURI

Table of Contents

	Page	
INTRODUCTION SECTION		
<i>Organizational Chart</i>	1	
<i>Letter of Transmittal</i>	2	
<i>GFOA Certificate of Achievement</i>	15	
FINANCIAL SECTION		
<i>Independent Auditors' Report</i>	16	
		Exhibit
<i>General Purpose Financial Statements:</i>		
Combined Balance Sheet – All Fund Types and Account Groups	A	17
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds	B	19
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – General and Special Revenue Fund Types	C	20
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances – All Proprietary Fund Types and Nonexpendable Trust Fund	D	21
Combined Statement of Cash Flows – All Proprietary Fund Types and Nonexpendable Trust Fund	E	22
Notes to General Purpose Financial Statements		24
		Schedule
<i>Combining and Individual Fund and Account Group Financial Statements and Schedules:</i>		
Governmental Fund Types:		
General Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis)	1	55
Special Revenue Funds:		
Combining Balance Sheet	2	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	3	62
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis):		
Community Development Grant Act Fund	4	63
Tourism Fund	5	64
Independence Square Benefit District Fund	6	65
Rental Rehabilitation Fund	7	66
Street Improvement Sales Tax Fund	8	67
Parks Improvement Sales Tax Fund	9	68

CITY OF INDEPENDENCE, MISSOURI

Table of Contents, Continued

	Schedule	Pag
Capital Projects Funds:		
Combining Balance Sheet	10	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	11	70
Proprietary Fund Types:		
Enterprise Funds:		
Combining Balance Sheet	12	71
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	13	73
Combining Statement of Cash Flows	14	74
Power and Light Fund:		
Schedule of Operating Expenses	15	75
Schedule of Changes in Fixed Assets	16	77
Schedule of Operating Statistics	17	78
Water Fund:		
Schedule of Operating Expenses	18	79
Schedule of Changes in Fixed Assets	19	81
Schedule of Operating Statistics	20	82
Sanitary Sewer Fund:		
Schedule of Changes in Fixed Assets	21	83
Schedule of Operating Statistics	22	84
Storm Water Fund:		
Schedule of Changes in Fixed Assets	23	85
Internal Service Funds:		
Combining Balance Sheet	24	86
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	25	87
Combining Statement of Cash Flows	26	88
Fiduciary Fund Types:		
Trust and Agency Funds:		
Combining Balance Sheet	27	89
Expendable Trust Fund:		
Combining Statement of Revenue, Expenses, and Changes in Fund Balance	28	90
Agency Fund:		
Statement of Changes in Assets and Liabilities	29	91
Account Groups:		
General Fixed Assets:		
Schedule of General Fixed Assets by Source	30	92
Schedule of General Fixed Assets by Function and Activity	31	93
Schedule of Changes in General Fixed Assets by Function and Activity	32	94
General Long-term Debt:		
Schedule of General Long-term Debt	33	95

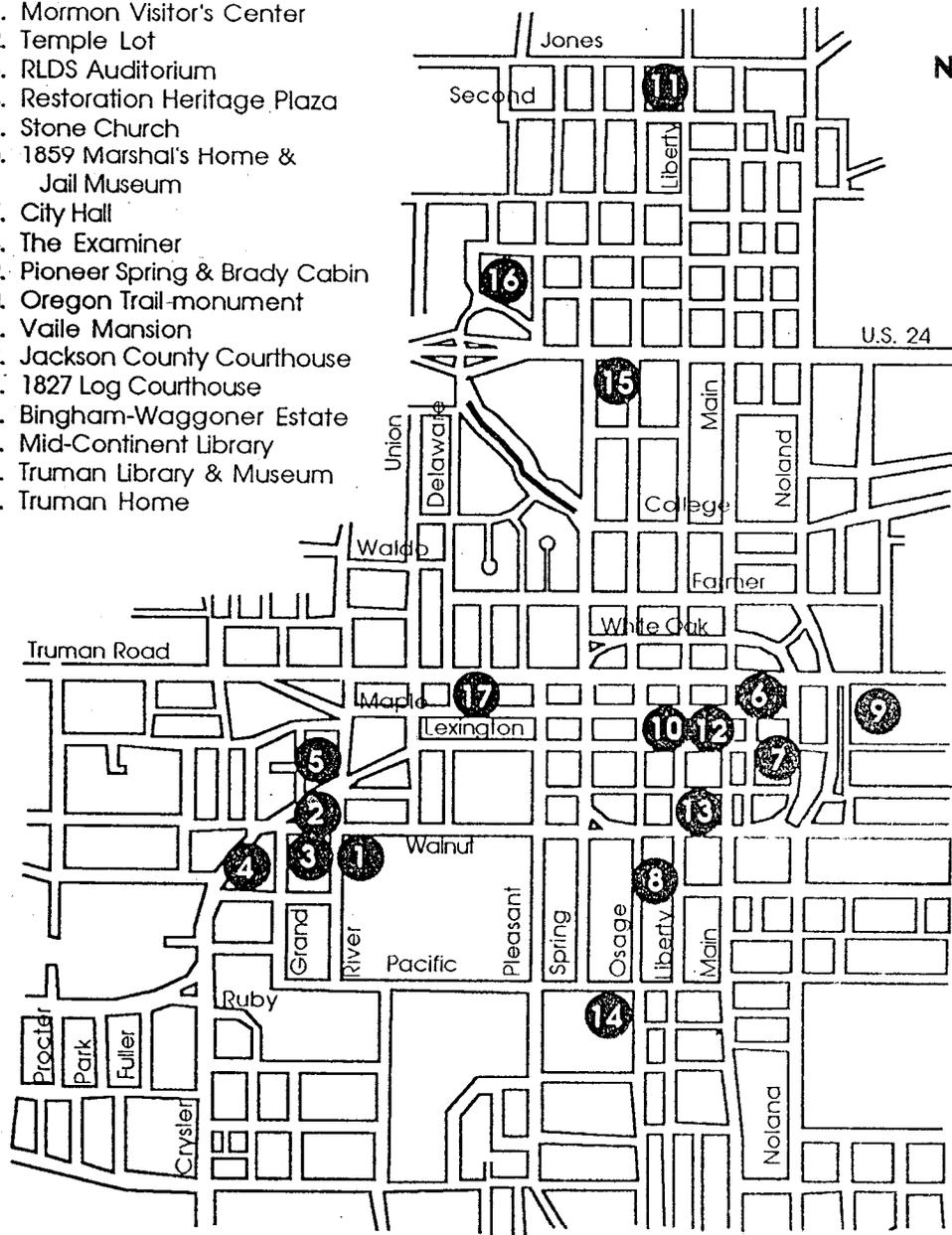
CITY OF INDEPENDENCE, MISSOURI

Table of Contents, Continued

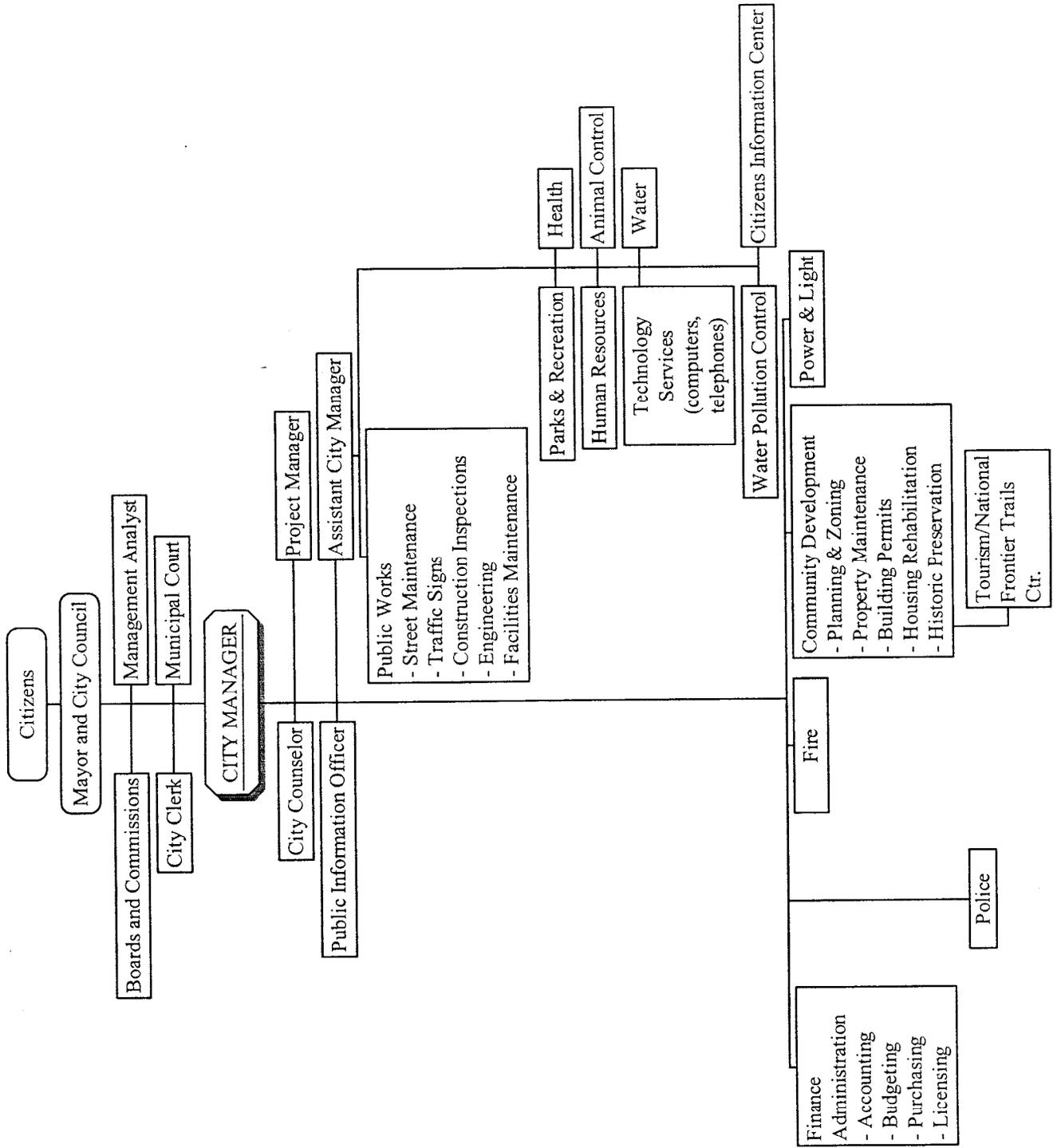
	Table	Page
STATISTICAL SECTION (Unaudited)		
General Governmental Expenditures by Function	1	96
General Governmental Revenue by Source	2	97
General Fund, Public Health, and Recreation, Debt Service – Property Tax Levies and Collections	3	98
Assessed and Estimated Actual Values of Taxable Property	4	99
Property Tax Rates – All Direct and Overlapping Governments	5	100
Special Assessment Collections	6	101
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	7	102
Computation of Legal Debt Margin	8	103
Computation of Direct and Overlapping Debt	9	104
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	10	105
Revenue Bond Coverage:		
Power & Light Revenue Bonds	11	106
Water Revenue Bonds	12	107
Sanitary Sewer Revenue Bonds	13	108
Demographic Statistics	14	109
Construction Permits	15	110
Principal Property Taxpayers	16	111
Miscellaneous Statistical Data	17	112
Schedule of Insurance	18	113

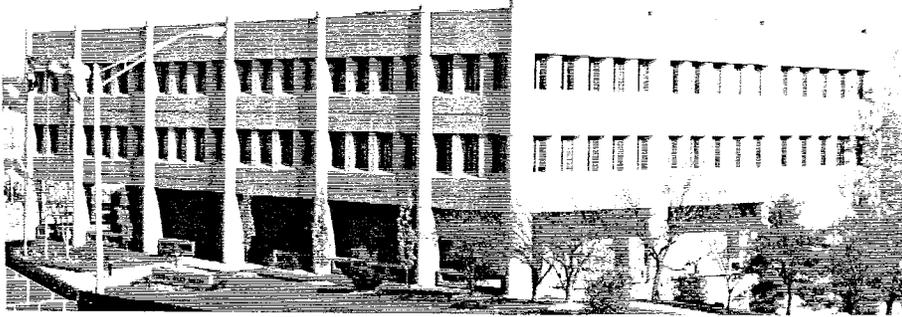
Historic Independence

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

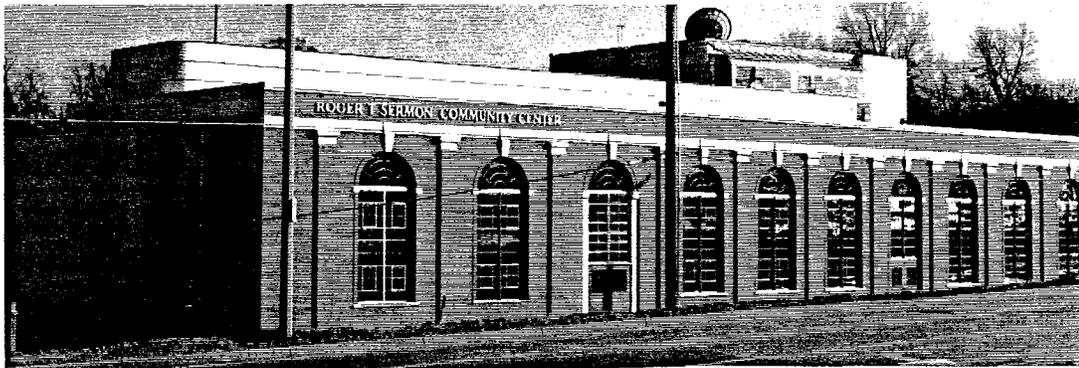


INTRODUCTORY

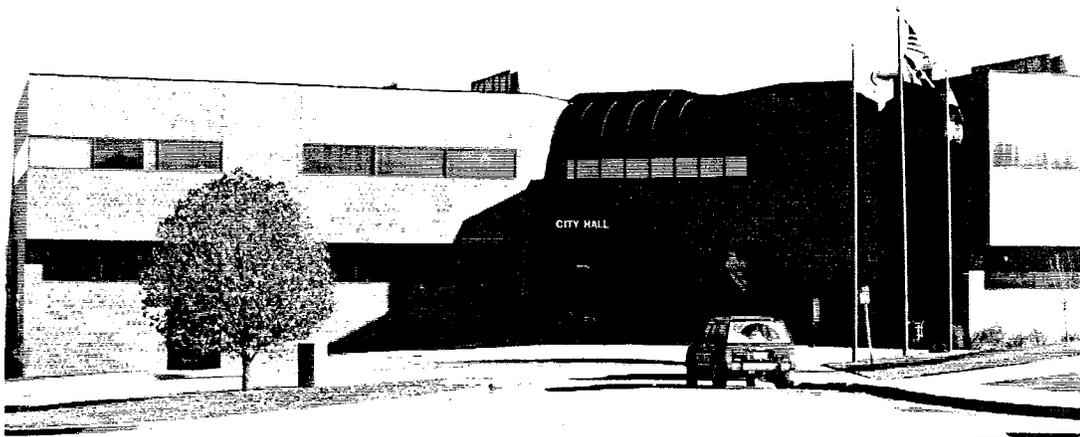




*Police Building
223 N. Memorial Dr.*



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



*City Hall
111 E. Maple St.*



City of Independence

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

November 8, 1999

AN EQUAL OPPORTUNITY EMPLOYER

HONORABLE MAYOR, COUNCIL AND CITY MANAGER:

The Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 1999, is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter. The General Purpose Financial Statements contained herein have been audited by independent auditors as required by Article 2, Section 2.26 of the Charter.

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

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

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

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

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

The first part of the **Financial Section** includes the Auditor's Report and the General Purpose Financial Statements (GPFS). The Auditor's report discloses the opinion of the independent auditors with regard to the presentation of the financial statements and internal control. The GPFS are the "combined" financial statements of the City and the notes to these financial statements. These basic combined financial statements and notes are designed to provide an overview of the City's financial position and results of operations. The

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

remainder of the Financial Section presents "combining" and "individual" fund statements and schedules which focus on individual funds rather than fund types.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The City of Independence is organized as a constitutional charter city under the Missouri statutes utilizing the Council-Manager form of government. In accordance with the charter, the registered voters within the City elect a mayor and six council members to serve four-year terms as representatives on the City Council. An election for four district seats is conducted as a unit, while elections for mayor and two at-large council seats are conducted two years later. The Council appoints a City Manager to serve as the administrative officer of the City.

The City has experienced an increase in population since 1940 when the Bureau of the Census reported a population of 16,066. The largest growth period occurred in the 1960's when the population increased from 62,328 to 111,630, an increase of 79.1%. During the 1970's, the City's population grew by only .1%. During the same time, Kansas City's population decreased 11.7%. The City's Community Development Department estimates the current population to be 116,155 representing a modest increase from the 1990 Census report of 112,301.

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

The median income per household in the City rose from \$6,031 in 1960 to \$35,270 in 1996. The median age is thirty-seven. The median value of housing is \$56,000 compared to \$58,400 in Jackson County and \$59,000 in the State of Missouri. The 1999 unemployment rate for the City was 2.9% compared with 3.7% for 1998. Personal income is derived from several major sources: services (25%), manufacturing (23%), retail and wholesale trade (21%), transportation and public utilities (12%), government (13%), and construction (6%).

Historically, the character of the City has been viewed as predominantly residential. In recent years, industrial expansion in the City has accompanied the growth in population. The City has several industrial sites which have been set aside to assure orderly development in light of the anticipated increase in industrial activity. The labor force in the Kansas City Metropolitan Area encompasses a wide variety of skills and occupations: technical, sales, and administrative support occupations (31.4%); managerial and professional specialty occupations (27.2%); operators, fabricators, and laborers (13.8%); service, craft, and repair occupations (26.8%); and farming (0.7%).

MAJOR INITIATIVES

The City continued its program of neighborhood revitalization which unites the City, businesses, schools, churches and citizens in an effort to improve the appearance and quality of our neighborhood. Neighborhoods will develop their own programs including incentives for self-help, housing improvements, code enforcement, enhanced public service, and a greater sense of community awareness. To assist in this, a City supported home rehabilitation loan program was implemented.

In harmony with both the City's Vision Statement and Strategic Goals, the City conducted extensive management and supervisory training sessions.

FINANCIAL INFORMATION

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

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

The Audit and Finance Committee, comprised of three members of the City Council, acts in an advisory capacity to the City Council and reviews financial information for appropriateness, reliability, clarity,

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

Program	1998-99	% of Total	1997-98	Increase or Decrease	
				Amount	Percent
General Property Taxes	\$ 5,186,790	9.4%	\$ 4,933,787	\$ 253,003	5.1%
Sales Tax	16,314,978	29.5%	12,612,418	3,702,560	29.4%
Other Local Taxes	14,985,289	27.1%	14,727,467	257,822	1.8%
Licenses & Permits	2,476,897	4.5%	2,325,055	151,842	6.5%
Grants	8,874,403	16.0%	7,647,165	1,227,238	16.0%
Charges for Services	759,449	1.4%	637,404	122,045	19.1%
Support Services	3,070,849	5.6%	2,749,077	321,772	11.7%
Fines	2,666,064	4.8%	2,409,688	256,376	10.6%
Interest	257,496	0.5%	425,876	(168,380)	-39.5%
Other Sources	711,581	1.3%	536,192	175,389	32.7%
Total	\$55,303,796	100.0%	\$49,004,129	\$ 6,299,667	12.9%

Federal, State and Local Grant Programs - The City's grant revenue from federal, state and county governmental units was \$10,946,838 during the year ended June 30, 1999, an increase of \$1,686,672 or 18.2% from the fiscal year 1998 amount of \$9,260,166. Public Safety revenue increased primarily due to increases in Federal funding of the Narcotics Control Assistance Program and Jackson County DARE funding. Shared revenues had increases in motor vehicle fees and sales taxes. Transportation revenue increased during the current fiscal year due to increased activity in Federal road improvement projects. Health revenues increased primarily due to increases in Federal funding of the Emergency Shelter and Maternal and Child Health Programs. Non-programmed revenues increased \$335,800 due to increased spending related to the Community Development Block Grant Act.

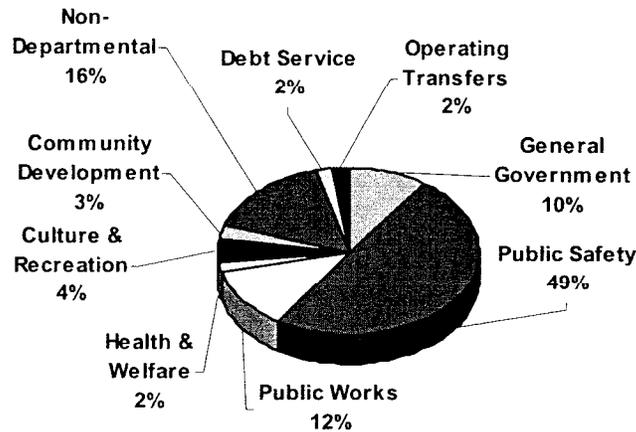
Federal, State & Local Grant Programs
Comparison of Last Five Fiscal Years

Program Identity	1998-99	1997-98	1996-97	1995-96	1994-95
Public Safety	\$1,877,957	\$1,343,007	\$977,732	\$751,740	\$628,915
Transportation	1,754,267	1,657,640	275,765	759,489	278,605
Health, Environmental	893,138	300,117	544,802	906,875	745,932
Non-Programmed	1,876,792	1,540,992	776,212	1,132,137	914,375
Shared Revenues	4,544,684	4,418,410	4,363,297	4,149,924	4,091,377
Total	\$10,946,838	\$9,260,166	\$6,937,808	\$7,700,165	\$6,659,204

**City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999**

General operating activities of the City, totaling \$57,835,123 for fiscal year 1998-99, are recorded as expenditures and operating transfers as follows: General Fund \$51,921,689 and Special Revenue Funds \$5,913,434, and are shown in the following graphs and tables classified by program and major character.

**Comparison of Expenditures By Program
1998-99**

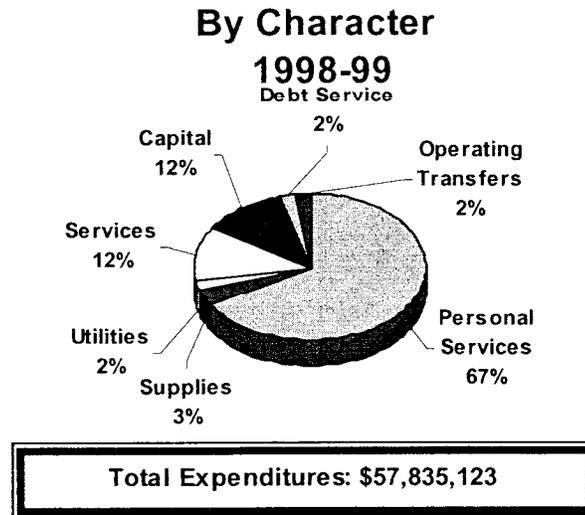


Total Expenditures \$57,835,123

Program	1998-99	% of Total	1997-98	Increase or Decrease	
				Amount	Percent
General Government	\$ 5,628,079	9.7%	\$ 5,354,047	\$ - 274,032	5.1%
Public Safety	28,603,191	49.5%	24,506,016	4,097,175	16.7%
Public Works	6,847,093	11.8%	5,374,067	1,473,026	27.4%
Health & Welfare	1,214,950	2.1%	1,089,234	125,716	11.5%
Culture & Recreation	2,480,903	4.3%	2,008,489	472,414	23.5%
Community Development	1,500,797	2.6%	3,667,406	(2,166,609)	-59.1%
Non-Departmental	9,106,887	15.7%	4,915,430	4,191,457	85.3%
Debt Service	1,191,593	2.1%	870,483	321,110	36.9%
Operating Transfers	1,261,630	2.2%	950,880	310,750	32.7%
Total	\$ 57,835,123	100.0%	\$ 48,736,052	\$ 9,099,071	18.7%

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

As in prior years, Public Safety Programs, consisting of the Police and Fire Departments received the largest portion of the operating funds to finance their activities. The activities of these departments comprised 55.1% of the General Fund and 49.5% of the General and Special Revenue funds combined. Non-Departmental, Public Works, General Government, and Culture and Recreation follow as major uses of governmental type operating funds.



Character	1998-99	% of Total	1997-98	Increase or Decrease	
				Amount	Percent
Personal Services	\$ 38,589,001	66.7%	\$ 35,198,552	\$ 3,390,449	9.6%
Supplies	1,940,097	3.4%	1,791,758	148,339	8.3%
Utilities	1,249,046	2.2%	1,249,218	(172)	0.0%
Services	6,833,278	11.8%	6,622,859	210,419	3.2%
Capital	6,770,478	11.7%	2,052,302	4,718,176	229.9%
Debt Service	1,191,593	2.1%	870,483	321,110	36.9%
Operating Transfers	1,261,630	2.2%	950,880	310,750	32.7%
Total	\$ 57,835,123	100.0%	\$ 48,736,052	\$ 9,099,071	18.7%

Proprietary Operations - Enterprise Funds, which are the Power & Light, Water, Sanitary Sewer and Storm Water, are used to finance and account for the acquisition, operation and maintenance of City utility facilities and services which are intended to be entirely or predominately self-supporting from user charges and for which periodic net income measurement is deemed necessary. The operations are accounted for in a way

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

that shows a profit or loss comparable to private enterprises. Operations are funded by current revenues. Construction is funded principally by revenue bond proceeds, federal and state grants, municipal and private contributions and current revenues.

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

The City purchased the Missouri Water Company on March 31, 1986. This utility has been in existence since 1884 and provides direct retail service to more than 45,243 customers living in Independence and eastern Jackson County as well as eleven cities and public water districts. Sales to these wholesale customers represents approximately 49.4% of volume of water sold and 27.1% of total operating revenue.

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

Sanitary sewer service rates were increased with an effective date of July 1, 1998. The City's rate structure consists of a volume charge for each one hundred cubic feet of water consumption. Charges for sanitary sewer service are assessed on the actual water consumption of commercial and industrial accounts and the average monthly water consumption during the winter months for residential accounts.

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

	1998-99	1997-98	1996-97	1995-96
Gross Revenues	\$ 69,173,245	\$ 67,552,096	\$ 61,774,504	\$ 62,980,774
Net Income	9,224,098	8,151,345	5,501,792	4,967,941
Additions				
Depreciation	6,140,639	6,297,786	6,625,074	6,771,981
Non-Operating Expense	6,488,426	6,191,101	5,794,607	5,841,686
Interest Expense	1,251,342	2,145,766	2,228,462	2,276,757
Income Available for Debt Service	23,104,505	22,785,998	20,149,935	19,858,365
Annual Debt Service	\$ 3,095,463	\$ 3,249,615	\$ 3,253,240	\$ 3,251,559
Coverage	7.46	7.01	6.19	6.11

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

Water Fund

	1998-99	1997-98	1996-97	1995-96
Gross Revenues	\$ 15,400,654	\$ 15,814,097	\$ 15,342,158	\$ 15,798,683
Net Income	1,494,787	3,317,490	2,501,107	1,804,052
Additions				
Depreciation	1,678,760	1,641,578	1,614,059	1,563,339
Non-Operating Expense	1,041,049	1,122,540	1,094,706	1,174,146
Interest Expense	1,521,275	1,569,740	1,585,010	1,627,583
Income Available for Debt Service	<u>5,735,871</u>	<u>7,651,348</u>	<u>6,794,882</u>	<u>6,169,120</u>
Annual Debt Service	\$ 2,410,313	\$ 2,355,705	\$ 2,307,884	\$ 2,290,965
Coverage	2.38	3.25	2.94	2.69

Sanitary Sewer Fund

	1998-99	1997-98	1996-97	1995-96
Gross Revenues	\$ 13,208,379	\$ 12,397,234	\$ 11,949,809	\$ 10,030,225
Net Income	1,818,117	1,961,130	1,327,302	28,074
Additions				
Depreciation	1,703,877	1,719,123	1,706,275	1,722,170
Non-Operating Expense	1,073,229	1,017,257	990,096	873,224
Interest Expense	108,296	-	1,383	-
Income Available for Debt Service	<u>4,703,519</u>	<u>4,697,510</u>	<u>4,025,056</u>	<u>2,623,468</u>
Annual Debt Service	\$ -	\$ -	\$ -	\$ -
Coverage	N/A	N/A	N/A	N/A

Storm Water Fund

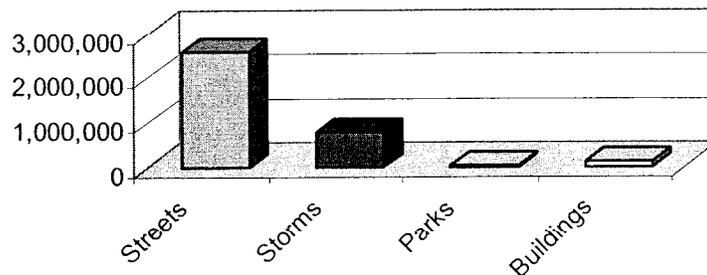
	1998-99	1997-98	1996-97	1995-96
Gross Revenues	\$ -	\$ -	\$ -	\$ -
Net Income	(180,737)	(24,368)	(283,653)	(283,653)
Additions				
Depreciation	180,737	24,368	26,149	26,149
Non-Operating Expense	-	-	-	-
Interest Expense	-	-	47,081	47,081
Income Available for Debt Service	<u>-</u>	<u>-</u>	<u>(210,423)</u>	<u>(210,423)</u>
Annual Debt Service	\$ -	\$ -	\$ -	\$ -
Coverage	N/A	N/A	N/A	N/A

**City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999**

The other proprietary funds are the Central Garage Fund and Stay-Well Health Care Fund. The garage had experienced several years of deficit operations.

Public Improvement Programs - The following graph and table summarize the City's public improvement program for fiscal year 1998-99. The City accomplished this program through the use of City personnel and outside contractors.

Public Improvement Expenditures 1998-99



	Appropriation Balance 6/30/98	Appropriations	Expenditures	Appropriation Balance 6/30/99
Streets	\$ 5,064,429	2,177,638	2,593,471	4,648,596
Storms	370,156	801,390	758,727	412,819
Parks	-	325,000	11,158	313,842
Buildings	277,606	1,593,070	97,642	1,773,034
Total	<u>5,712,191</u>	<u>4,897,098</u>	<u>3,460,998</u>	<u>7,148,291</u>

Sales Tax for Streets & Parks Improvements - In August 1998, a half-cent sales tax was approved for streets and parks improvements with three-eighths going to streets and one-eight going to parks. This tax, which will expire in five years, will be used to improve streets, bridges and parks. Revenues in the Street Improvements Sales Tax Fund for 1998-99 totaled \$1,972,319. Revenues in the Parks Improvement Sales Tax Fund totaled \$657,904.

Debt Administration - As of June 30, 1999, there were no outstanding general obligation bonds, and outstanding revenue bonds totaled \$64,387,790. A detail listing of the City's debt can be found in the Notes to the General Purpose Financial Statements section of this report. The City's current legal debt margin for general obligation bonds is \$193,019,621.

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

General Obligation Bonds - The General Obligation Bonds of the City were defeased in fiscal year 1993/94 and the debt service levy was eliminated. The ratio of net general bonded debt to assessed valuation of property for tax purposes and the amount of bonded debt per capita are useful to management, residents and investors as indicators of the City's financial status. These ratios at the close of fiscal year 1998-99 were as follows:

	<u>Direct</u>	<u>Overlapping</u>	<u>Total</u>
Gross Bonded Debt	\$ -	\$67,508,699	\$67,508,699
Less: Available Debt Service Funds	-	608,219	608,219
Net Bonded Debt	<u>\$ -</u>	<u>\$66,900,480</u>	<u>\$66,900,480</u>
Assessed Value January 1, 1999	965,098,107		
Ratio of Debt to Assessed Value	N/A	6.9%	6.9%
Population	116,155		
Debt per Capita	N/A	\$575.96	\$575.96

Revenue Bonds - In 1986 the City purchased the water utility that serves the City and a large portion of eastern Jackson County. To accomplish this acquisition, the City issued \$47,500,000 of revenue bonds. These revenue bonds were originally issued on March 27, 1986 as variable rate bonds with the interest rate being adjusted every seven days. On June 3, 1987, the bonds were re-offered with flexible interest rates and maturity dates ranging from one to 270 days. These bonds were converted to fixed interest rates and the principal outstanding was reduced by \$6,050,000 on January 6, 1999. As of June 30, 1999, the total principal balance of the Water Revenue Bonds was \$36,000,000.

On September 2, 1998, the City issued \$23,520,000 in Electric Utility Refunding Revenue Bonds. This transaction resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$3,948,898. As of June 30, 1999, the total principal balance of the Electric Utility Revenue Bonds was \$28,387,790.

Tax Increment Financing (TIF) - Two new TIF agreements are being considered at the current time. The Drumm Farm Golf Course, a golf course and housing subdivision, has been approved by the TIF Commission and it awaiting City Council consideration. The Eastland Center is a retail and office center and is in the early stages of the approval process.

Financial Software - The financial software from the JDEdwards World Solutions Company was successfully implemented on July 1, 1998.

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

Cash Management - The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, the primary concern is to always assure the return of principal.

A three-year banking service agreement was signed and went into effect on November 1, 1995. This agreement invested substantially all excess cash in an interest-bearing Account (formerly a SUPER NOW account) earning at a rate equal to the 91-day United States Treasury Note. In an effort to minimize exposure to potential unnecessary "year 2000" issues and concerns, the banking services agreement was extended by mutual consent through November 1, 2001.

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

PROSPECTS FOR THE FUTURE

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

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

OTHER INFORMATION

Y2K - Technology Services has been working on the Y2K issue for more than three years. All computer applications, personal computers and the Local Area Networks (LAN) are compliant. All efforts have been made to eliminate problems associated with Y2K.

Independent Audit - The financial statements for the fiscal year ending June 30, 1999, as required by the Charter, were audited by KPMG, LLP and their opinion is included in this report. The audit was conducted in such a manner as to enable the auditors to form an opinion on the general purpose financial statements taken as a whole. KPMG, LLP has issued an unqualified opinion on these financial statements. An unqualified opinion is the best opinion which an organization can receive on its financial statements from an independent Certified Public Accountant. It indicates that the auditors' examination has allowed them to conclude that the general purpose financial statements are fairly stated in all material respects. Their audit

City of Independence, Missouri
Comprehensive Annual Financial Report
June 30, 1999

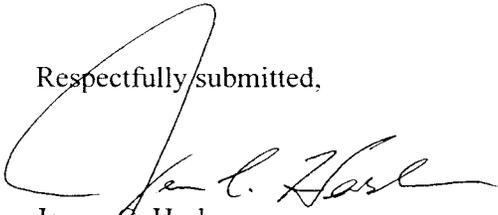
was made in accordance with generally accepted auditing standards and applicable regulations pertaining to single audits of governmental units.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City is also the recipient of GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning July 1, 1998. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award

Acknowledgments - The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated services of several members of the Finance Department. I would also like to thank the firm of KPMG, 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, 1998

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.



Douglas R. Ellsworth
President

Jeffrey L. Essler
Executive Director

FINANCIAL

REPORT OF INDEPENDENT AUDITORS



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

Independent Auditors' Report

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

We have audited the general purpose financial statements of the City of Independence, Missouri (the City) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Independence, Missouri as of June 30, 1999 and the results of its operations and the cash flows of its Proprietary Fund Types and Nonexpendable Trust Fund for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 1999 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

The schedules of funding progress and employer contributions and the Year 2000 information in footnotes 12 and 19, respectively, are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules of funding progress and employer contributions certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules. We were unable to apply certain of these limited procedures to the Year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the City is or will become Year 2000 compliant, that the City's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become Year 2000 compliant.

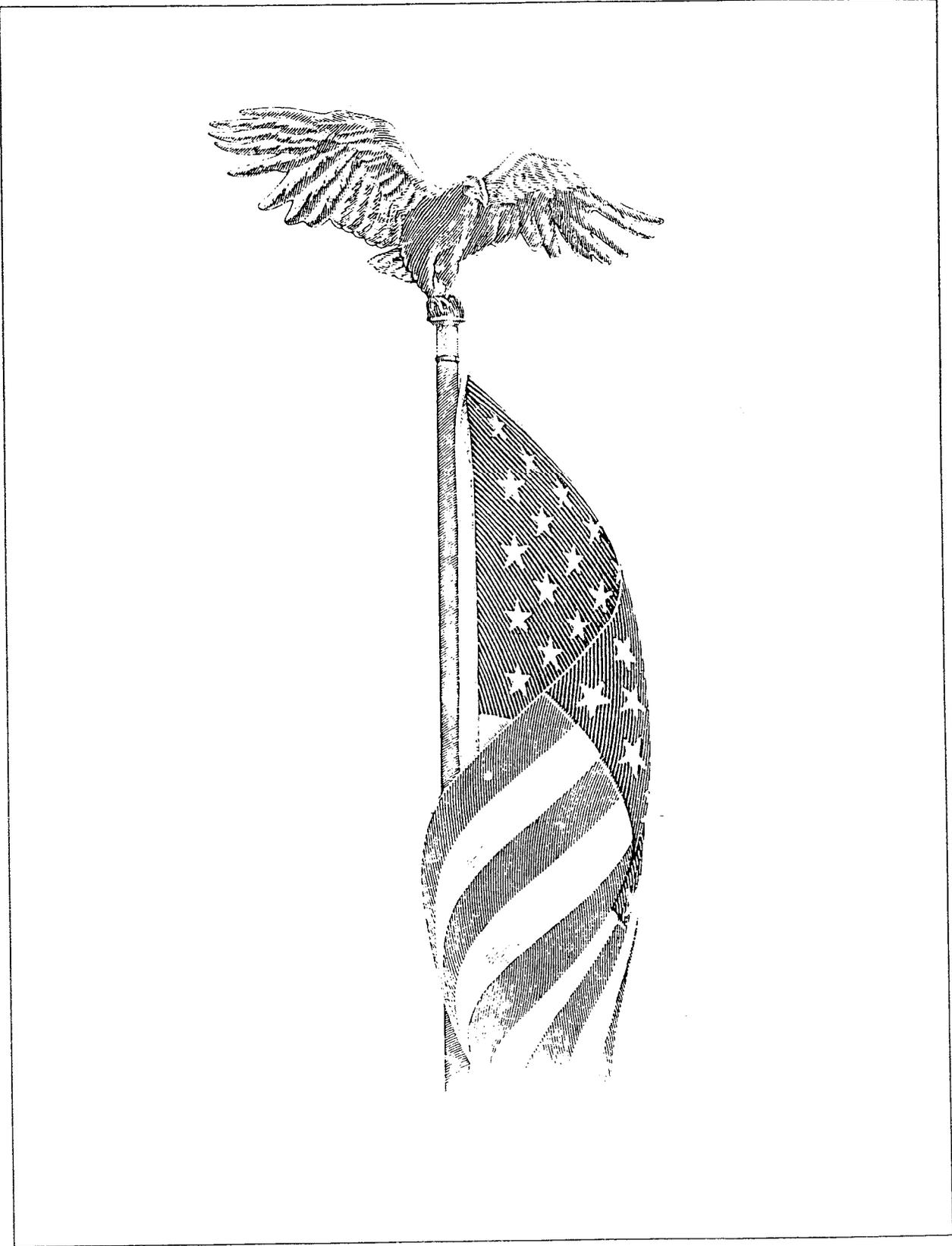
KPMG LLP

October 1, 1999



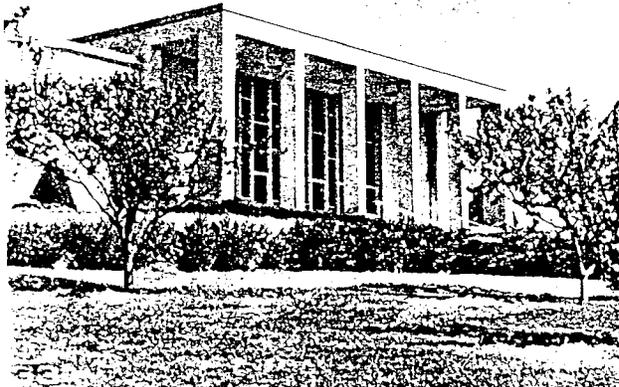
GENERAL PURPOSE FINANCIAL STATEMENTS

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





Harry Truman



CITY OF INDEPENDENCE, MISSOURI

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 1999

With Comparative Totals For June 30, 1998

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals	
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Long-term Debt	(Memorandum Only) 1999	1998	
Assets and Other Debits										
Pooled cash and investments (note 3)	\$ 5,524,575	1,245,753	42,402,590	4,526,933	161,486	—	—	54,621,572	47,366,623	
Receivables:										
Taxes	1,915,451	700,882	—	—	—	—	—	2,616,333	2,047,023	
Accounts (net of allowance of \$443,838) (note 1D)	—	—	11,640,501	—	—	—	—	11,640,501	12,745,975	
Special assessment principal and accrued interest	468,221	—	204,201	—	—	—	—	810,799	641,137	
Accrued interest	44,606	—	1,117,448	21,654	496	—	—	1,184,204	1,458,665	
Other	118,745	—	—	—	—	—	—	290,769	233,767	
Due from other funds (note 6)	15,484	126,875	1,039,752	105	—	—	—	2,435,694	2,332,057	
Due from other governments (note 5)	920,461	196,003	—	—	—	—	—	4,568,522	3,662,413	
Due from employees	—	—	—	—	7,267	—	—	7,267	—	
Inventory	—	—	8,314,613	105,050	—	—	—	8,419,663	6,328,807	
Prepaid items	—	—	40,963	—	—	—	—	40,963	87,585	
Restricted assets (notes 3 and 8)	348,365	—	28,278,741	—	—	—	—	35,424,217	41,015,999	
Property, plant, and equipment, net (note 7)	—	—	219,180,235	133,619	—	35,812,525	—	255,126,379	243,981,126	
Advance to other funds (note 6)	—	—	25,000	—	—	—	—	25,000	368,285	
Deferred debt issue costs	—	—	2,836,245	—	—	—	—	2,836,245	3,062,380	
Prepaid employee benefits (note 13)	—	—	2,050,856	—	—	—	—	2,050,856	2,479,214	
Other deferred charges	—	—	128,830	—	—	—	—	128,830	264,331	
Amount to be provided for retirement of general long-term debt	—	—	—	—	—	—	27,741,797	27,741,797	21,101,243	
Total assets and other debits	<u>\$ 9,355,908</u>	<u>2,269,513</u>	<u>317,259,975</u>	<u>4,787,361</u>	<u>169,249</u>	<u>35,812,525</u>	<u>27,741,797</u>	<u>409,969,611</u>	<u>389,176,630</u>	

(Continued)

Liabilities, Fund Equity, and Other Credits	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Long-term Debt	(Memorandum Only)		
									1999	1998	
Accounts and contracts payable	\$ 1,543,226	238,347	529,363	5,045,721	47,205	3,805	—	—	7,407,667	8,340,573	
Due to other funds (note 6)	—	126,875	1,253,478	1,031,694	—	23,647	—	—	2,435,694	2,332,057	
Accrued items	837,963	10,576	—	1,511,077	7,622	—	—	—	2,367,238	1,809,215	
Compensated absences – current	—	—	—	1,375,439	1,478	—	—	—	1,376,917	1,335,402	
Other current liabilities	230,953	—	2,293,406	199,627	—	11,572	—	—	2,735,558	1,116,603	
Deferred revenue	468,221	—	502,480	—	—	—	—	—	970,701	1,303,334	
Note payable	—	2,529,000	—	—	—	—	—	—	2,529,000	—	
Employee benefits payable (notes 8 and 13)	—	—	—	—	1,618,482	—	—	4,259,464	5,877,946	6,683,112	
Medical self-insurance claims (note 15)	—	—	—	—	419,000	—	—	—	419,000	534,000	
Liabilities payable from restricted assets:											
Deposits and court bonds	123,365	—	—	1,007,379	—	—	—	—	1,130,744	1,060,086	
Interest on long-term debt	—	—	—	383,727	—	—	—	—	383,727	345,274	
Current maturities on revenue bonds (note 8)	—	—	—	2,385,000	—	—	—	—	2,385,000	2,105,000	
Current maturities on loan payable (note 8)	—	—	—	495,000	—	—	—	—	495,000	—	
Deferred compensation benefits payable	—	—	—	—	—	—	—	—	—	—	
Revenue bonds payable (note 8)	—	—	—	62,002,790	—	—	—	—	62,002,790	71,890,000	
Loan payable (note 8)	—	—	—	1,640,000	—	—	—	—	1,640,000	—	
Certificates of participation (note 8)	—	—	—	—	—	—	—	—	—	230,000	
General obligation/TIF bonds payable (note 8)	—	—	—	—	—	—	—	4,740,000	4,740,000	4,875,000	
TIF loan payable (note 8)	—	—	—	—	—	—	—	7,240,000	7,240,000	—	
Capital lease obligations (note 8)	—	—	—	—	—	—	—	1,495,200	1,495,200	1,829,472	
Compensated absences – long-term (note 8)	—	—	—	3,629,096	66,216	—	—	10,007,133	13,702,445	12,173,907	
Advances for construction (note 9)	—	—	—	414,545	—	—	—	—	414,545	302,790	
Advances from other funds (note 6)	—	—	—	25,000	—	—	—	—	25,000	368,285	
Use tax payable	—	—	—	—	—	—	—	—	—	1,039,755	
Total liabilities	3,203,728	2,904,798	4,578,727	81,146,095	2,160,003	39,024	—	27,741,797	121,774,172	119,673,865	
Fund equity and other credits:											
Investment in general fixed assets	—	—	—	—	—	—	35,812,525	—	35,812,525	35,000,025	
Contributed capital (note 10)	—	—	—	44,394,443	—	—	—	—	44,394,443	43,394,688	
Retained earnings:											
Reserved (note 8)	—	—	—	500,000	—	—	—	—	500,000	5,625,000	
Unreserved	—	—	—	191,219,437	2,627,358	—	—	—	193,846,795	173,977,195	
Fund balances (notes 17 and 18):											
Reserved	1,067,199	1,471,881	4,998,922	—	—	380	—	—	7,538,382	5,851,279	
Unreserved:											
Designated	1,839,249	—	6,797,111	—	—	127,763	—	—	8,764,123	3,134,784	
Undesignated	3,245,732	(2,107,166)	(3,801,477)	—	—	2,082	—	—	(2,660,829)	2,519,794	
Total fund equity and other credits	6,152,180	(635,285)	7,994,556	236,113,880	2,627,358	130,225	35,812,525	—	288,195,439	269,502,765	
Total liabilities, fund equity, and other credits	\$ 9,355,908	2,269,513	12,573,283	317,259,975	4,787,361	169,249	35,812,525	27,741,797	409,969,611	389,176,630	

See accompanying notes to general purpose financial statements

CITY OF INDEPENDENCE, MISSOURI

Combined Statement of Revenues, Expenditures, and Changes in Fund
Balances – All Governmental Fund Types and Expendable Trust FundsYear Ended June 30, 1999
With Comparative Totals For Year Ended June 30, 1998

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)	
					1999	1998
Revenues:						
Taxes (note 4)	\$ 25,103,812	3,064,402	3,764,198	—	31,932,412	28,676,729
Licenses and permits	2,476,897	—	—	—	2,476,897	2,325,055
Intergovernmental (note 5)	6,946,278	1,928,125	2,039,069	—	10,913,472	9,260,166
Utility payments in lieu of taxes (note 6)	8,318,843	—	—	—	8,318,843	7,995,774
Charges for services	759,449	—	36,581	19,507	815,537	652,381
Interfund charges for support services (note 6)	3,070,849	—	—	—	3,070,849	2,749,077
Fines, forfeitures, and court costs	2,666,064	—	—	—	2,666,064	2,409,688
Interest	234,685	22,811	167,760	5,300	430,556	608,123
Sale of property, plant, and equipment	44,245	—	—	—	44,245	64,279
Other (note 6)	249,902	349	8,515	8,194	266,960	448,323
Total revenues	49,871,024	5,015,687	6,016,123	33,001	60,935,835	55,189,595
Expenditures:						
Current:						
General government	5,628,079	—	—	—	5,628,079	5,354,047
Public safety	28,603,191	—	—	—	28,603,191	24,506,015
Public works	6,847,093	—	—	—	6,847,093	5,374,067
Health and welfare	1,214,950	—	—	—	1,214,950	1,089,234
Culture and recreation	1,682,491	798,412	—	—	2,480,903	2,008,489
Community development	—	1,500,797	—	—	1,500,797	3,667,407
Nondepartmental	5,073,638	20,983	—	—	5,094,621	4,106,742
Capital outlay	839,429	3,172,837	9,245,587	24,274	13,282,127	5,998,892
Debt service:						
Principal (note 8)	815,267	—	135,000	—	950,267	844,289
Interest and fiscal agent fees	376,326	—	426,563	—	802,889	588,694
Total expenditures	51,080,464	5,493,029	9,807,150	24,274	66,404,917	53,537,876
Excess (deficiency) of revenues over expenditures	(1,209,440)	(477,342)	(3,791,027)	8,727	(5,469,082)	1,651,719
Other financing sources (uses):						
Proceeds from capital leases	254,074	—	—	—	254,074	—
Proceeds from bond issuance	—	—	7,240,000	—	7,240,000	—
Operating transfers in (note 6)	163,011	—	1,208,902	—	1,371,913	866,738
Operating transfers out (note 6)	(841,225)	(420,405)	—	—	(1,261,630)	(1,082,329)
Total other financing sources (uses)	(424,140)	(420,405)	8,448,902	—	7,604,357	(215,591)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,633,580)	(897,747)	4,657,875	8,727	2,135,275	1,436,128
Fund balances, July 1	7,785,760	262,462	3,336,681	110,340	11,495,243	9,805,760
Fund balances, June 30	\$ 6,152,180	(635,285)	7,994,556	119,067	13,630,518	11,241,888

See accompanying notes to general purpose financial statements.

CITY OF INDEPENDENCE, MISSOURI

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

Year Ended June 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance– Favorable (Unfavorable)	Budget	Actual	Variance– Favorable (Unfavorable)
Revenues:						
Taxes	\$ 25,221,238	25,103,812	(117,426)	428,760	3,064,403	2,635,643
Licenses and permits	2,392,531	2,476,897	84,366	—	—	—
Intergovernmental	6,840,646	6,946,278	105,632	1,536,176	1,928,125	391,949
Utility payments in lieu of taxes	8,141,408	8,318,843	177,435	—	—	—
Charges for services	744,652	759,449	14,797	—	—	—
Interfund charges for support services	3,070,900	3,070,849	(51)	—	—	—
Fines, forfeitures, and court costs	2,251,890	2,666,064	414,174	—	—	—
Interest	319,500	234,685	(84,815)	12,000	22,811	10,811
Sale of property, plant, and equipment	—	44,245	44,245	—	—	—
Other	277,154	249,902	(27,252)	—	349	349
Total revenues	49,259,919	49,871,024	611,105	1,976,936	5,015,688	3,038,752
Expenditures – current:						
General government	5,892,599	5,824,686	67,913	95,000	19,615	75,385
Public safety	26,413,911	26,413,910	1	—	—	—
Public works	5,930,176	5,930,175	1	—	—	—
Health and welfare	1,247,880	1,247,880	—	—	—	—
Water pollution	305,964	305,964	—	—	—	—
Community development	2,368,807	2,343,839	24,968	2,722,393	2,136,074	586,319
Culture and recreation	1,680,221	1,680,221	—	497,707	496,576	1,131
Acquisition of capital leases	440,600	440,599	1	—	—	—
Capital outlay	—	—	—	4,349,000	4,217,654	131,346
Other	5,934,642	5,437,738	496,904	—	—	—
Total expenditures	50,214,800	49,625,012	589,788	7,664,100	6,869,919	794,181
Excess of revenues over(under) expenditures	(954,881)	246,012	1,200,893	(5,687,164)	(1,854,231)	3,832,933
Other financing sources (uses):						
Proceeds from capital leases	267,319	254,074	(13,245)	—	—	—
Operating transfers in	90,927	163,011	72,084	—	—	—
Operating transfers out	(1,127,728)	(841,226)	286,502	—	(420,405)	(420,405)
Total other financing sources (uses)	(769,482)	(424,141)	345,341	—	(420,405)	(420,405)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (1,724,363)	(178,129)	1,546,234	(5,687,164)	(2,274,636)	3,412,528
Fund balances, July 1		7,785,760			262,462	
Encumbrances, outstanding		1,059,615			1,471,881	
Encumbrances, prior year outstanding		(89,414)			(1,350)	
Encumbrances, prior year		(2,711,298)			(214,666)	
Encumbrances, prior year expired		285,646			121,024	
Fund balances, June 30		\$ 6,152,180			(635,285)	

See accompanying notes to general purpose financial statements.

CITY OF INDEPENDENCE, MISSOURI

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

Year Ended June 30, 1999

With Comparative Totals For Year Ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Type	Totals	
	Enterprise	Internal Service	Non- expendable Trust	(Memorandum Only)	
				1999	1998
Operating revenues:					
Sale of electric energy	\$ 66,343,685	—	—	66,343,685	64,559,582
Sale of water	14,048,642	—	—	14,048,642	14,292,785
Sanitary sewerage charges	12,626,408	—	—	12,626,408	12,014,198
Repairs and maintenance charges	—	1,272,081	—	1,272,081	1,237,044
Premiums	—	6,556,846	—	6,556,846	6,042,863
Interest income	—	—	544	544	469
Other operating revenue	358,864	—	—	358,864	566,275
Total operating revenues	93,377,599	7,828,927	544	101,207,070	98,713,216
Operating expenses:					
Electric utility plant operations	46,068,740	—	—	46,068,740	44,766,098
Water system operations	9,664,783	—	—	9,664,783	8,162,749
Sewer system operations	8,504,860	—	—	8,504,860	7,699,724
Public works	—	1,105,292	—	1,105,292	1,098,041
Health care plan expenses	—	5,738,617	—	5,738,617	5,858,287
Depreciation and amortization	9,704,013	7,646	—	9,711,659	9,691,886
Payments to General Fund in lieu of taxes (note 6)	8,318,843	—	—	8,318,843	7,995,774
Other	56,496	—	—	56,496	77,079
Total operating expenses	82,317,735	6,851,555	—	89,169,290	85,349,638
Operating income	11,059,864	977,372	544	12,037,780	13,363,578
Nonoperating revenues (expenses):					
Interest income	4,266,450	222,361	—	4,488,811	4,581,147
Interest expense	(2,880,913)	—	—	(2,880,913)	(3,715,506)
Other	138,229	—	—	138,229	1,719
Administrative fees for revenue bonds and certificates of participation (note 8)	(89,655)	—	—	(89,655)	(152,486)
Amortization of debt issue costs	(137,710)	—	—	(137,710)	(105,411)
	1,296,401	222,361	—	1,518,762	609,463
Income before operating transfers	12,356,265	1,199,733	544	13,556,542	13,973,041
Operating transfers in (note 6)	—	52,728	—	52,728	215,739
Operating transfers out (note 6)	—	(163,011)	—	(163,011)	(148)
Net income	12,356,265	1,089,450	544	13,446,259	14,188,632
Add credit arising from transfer of depreciation on contributed assets to contributed capital (note 10)	1,298,886	—	—	1,298,886	1,298,248
Transferred to retained earnings	13,655,151	1,089,450	544	14,745,145	15,486,880
Retained earnings/fund balance, July 1	178,064,286	1,537,908	10,614	179,612,808	164,125,929
Retained earnings/fund balance, June 30	\$ 191,719,437	2,627,358	11,158	194,357,953	179,612,809

See accompanying notes to general purpose financial statements.

CITY OF INDEPENDENCE, MISSOURI

Combined Statement of Cash Flows – All Proprietary
Fund Types and Nonexpendable Trust FundYear Ended June 30, 1999
With Comparative Totals For Year Ended June 30, 1998

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Non-expendable Trust	(Memorandum Only)	
				1999	1998
Operating activities:					
Operating income	\$ 11,059,864	977,372	544	12,037,780	13,363,578
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	9,704,013	7,646	—	9,711,659	9,691,886
Interest on investments	—	—	(544)	(544)	(469)
Changes in assets and liabilities:					
Accounts receivable and unbilled revenue	(996,670)	—	—	(996,670)	(1,451,167)
Inventory	2,120,496	(780)	—	2,119,716	1,850,983
Due from other funds	533	175	—	708	283,386
Prepaid items and other	(46,532)	—	—	(46,532)	(49,260)
Accounts and contracts payable	(1,363,062)	21,835	—	(1,341,227)	632,474
Accrued expenses	373,521	173	—	373,694	734,241
Compensated absences	353,285	(8,102)	—	345,183	97,821
Customer deposits	49,748	—	—	49,748	22,562
Advances for construction	111,755	—	—	111,755	157,250
Employee benefits payable	—	(282,986)	—	(282,986)	(266,757)
Deferred charges	511,285	—	—	511,285	(132,086)
Advance to other funds	343,285	—	—	343,285	326,007
Due to other funds	—	(96)	—	(96)	(285,384)
Other current liabilities	—	(115,000)	—	(115,000)	71,721
Net cash provided by operating activities	22,221,521	600,237	—	22,821,758	25,046,786
Capital and related financing activities:					
Principal paid on lease participation certificates (note 8)	(161,199)	—	—	(161,199)	(150,686)
Proceeds from refunding/revenue bonds	26,130,000	—	—	26,130,000	—
Payment to escrow agent	(23,774,878)	—	—	(23,774,878)	—
Principal paid on revenue bonds and note payable (note 8)	(8,515,000)	—	—	(8,515,000)	(1,915,000)
Payment of bond issue/remarketing costs	(1,341,095)	—	—	(1,341,095)	—
Deferred Charge on refunding	(2,251,329)	—	—	(2,251,329)	—
Additions of property, plant, and equipment	(20,354,519)	(23,675)	—	(20,378,194)	(16,278,856)
Administrative fees for revenue bonds and certificates of participation	—	—	—	—	(152,486)
Advances from other funds	(185,165)	—	—	(185,165)	(175,845)
Interest paid on debt	(2,723,341)	—	—	(2,723,341)	(3,658,430)
Contributions (note 10)	2,898,641	—	—	2,898,641	811,944
Net cash used in capital and related financing activities	(30,277,885)	(23,675)	—	(30,301,560)	(21,519,359)
Noncapital financing activities:					
Other revenue	138,229	—	—	138,229	—
Operating transfers in	—	52,728	—	52,728	215,739
Operating transfers out	—	(163,011)	—	(163,011)	(148)
Net cash provided by (used in) noncapital financing activities	138,229	(110,283)	—	27,946	215,591
Net cash provided by investing activities – interest and dividends on investments	4,498,792	222,360	544	4,721,696	3,998,756
Net increase (decrease) in cash and cash equivalents	(3,419,343)	688,639	544	(2,730,160)	7,741,774
Cash and cash equivalents, July 1	74,100,674	3,838,294	10,614	77,949,582	70,208,408
Cash and cash equivalents, June 30	\$ 70,681,331	4,526,933	11,158	75,219,422	77,950,182

(Continued)

CITY OF INDEPENDENCE, MISSOURI

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

Year Ended June 30, 1999
With Comparative Totals For Year Ended June 30, 1998

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- expendable Trust</u>	<u>(Memorandum Only)</u>	
				<u>1999</u>	<u>1998</u>
Components of cash and cash equivalents at end of year:					
Unrestricted	\$ 42,402,590	4,526,933	11,158	46,940,681	39,254,917
Restricted	<u>28,278,741</u>	<u>—</u>	<u>—</u>	<u>28,278,741</u>	<u>38,695,265</u>
	\$ <u>70,681,331</u>	<u>4,526,933</u>	<u>11,158</u>	<u>75,219,422</u>	<u>77,950,182</u>
Composition of Fiduciary Fund Types, cash, and investments:					
Waggoner Memorial (Nonexpendable Trust Fund)			\$ 11,158		10,614
Miscellaneous (Expendable Trust Fund)			133,948		114,522
Flexible Benefits Plan (Agency Fund)			<u>16,380</u>		<u>8,922</u>
			\$ <u>161,486</u>		<u>134,058</u>

See accompanying notes to general purpose financial statements.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

The notes to the general purpose financial statements include a summary of accounting policies followed and items of information used by the City that are judged to be most appropriate for full disclosure in the preparation of the general purpose financial statements.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the City conform to generally accepted accounting principles (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. 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 the only, criteria 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.

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

(B) Basis of Presentation

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

GOVERNMENTAL FUND TYPES

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

- *General Fund* – is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.
- *Special Revenue Funds* – are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources which are designated to finance particular functions or activities of the City.
- *Capital Projects Funds* – are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds and Nonexpendable Trust Funds.

PROPRIETARY FUND TYPES

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

- *Enterprise Funds* – are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the periodic determination of net income or loss is deemed appropriate.
- *Internal Service Funds* – are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

FIDUCIARY FUND TYPES

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

- *Trust Funds* – include Nonexpendable and Expendable Trust Funds. The City's Nonexpendable Trust Fund is the Waggoner Memorial Trust Fund and is accounted for in essentially the same manner as Proprietary Funds. The City's Expendable Trust Fund consists of the Miscellaneous Expendable Trust Fund and is accounted for in essentially the same manner as Governmental Funds.
- *Agency Fund* – includes the Flexible Benefits Plan used to account for contributions made by employees to the City's cafeteria plan.

ACCOUNT GROUPS

- *General Fixed Assets Account Group* – is established to account for all fixed assets of the City, other than those accounted for in the Proprietary Funds.
- *General Long-term Debt Account Group* – is established to account for all long-term indebtedness of the City, except that accounted for in the Proprietary Funds.

(C) Basis of Accounting

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

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

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

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

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

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

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

(D) *Accounts Receivable*

Accounts receivable result primarily from sales of electricity, water, and sewer services accounted for in the Power and Light, Water and Sanitary Sewer (Enterprise) Funds, respectively. An estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year. Accounts receivable for Enterprise Funds at June 30, 1999 include billed receivables, net of allowance for uncollectible accounts, and unbilled revenues of \$11,640,501.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(E) Inventory

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

(F) Property, Plant, and Equipment

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

	<u>Years</u>
Power and Light Fund:	
Production plant	25-45
Transmission plant	28-40
Distribution plant	25-40
Transportation equipment	7
General plant	19-40
Water Fund:	
Source of supply	15-50
Pumping	20-50
Water treatment	40-50
Transmission and distribution system	20-100
General plant	5-50
Acquisition adjustment	30
Nonutility property	10
Sanitary Sewer Fund:	
Equipment	5-25
Sewer system	40-100
Plant	25

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

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

(G) General Fixed Assets

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

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

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

(H) Deferred Charges

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

(I) Encumbrances

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

(J) Compensated Absences

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

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

(K) Capital Leases

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

(L) Reserves

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

(M) "Memorandum Only" Total Columns

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

(N) Statement of Cash Flows

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(O) Use of Estimates

The preparation of general purpose 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 general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(P) Investments

All investments (excluding short-term investments held in trust) are stated at fair value. The fair value of marketable securities is based on quotations which are generally obtained from National Securities Exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or National Pricing Services.

(2) Budgets and Budgetary Accounting

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

- Prior to May 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 27, the City Council adopts the budget. If the City Council fails to adopt the budget on or before that date, the budget, as submitted or amended, goes into effect.
- The City Manager is authorized to transfer budgeted amounts between divisions of a department within any fund; however, any revisions that alter the total appropriations within any fund, or that transfer appropriations between departments, must be approved by the City Council. The 1998-1999 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for all funds; however, there is no requirement to report on the budget. Therefore, the general purpose financial statements include a comparison of budget to actual only for the General and Special Revenue Governmental Funds. Annual operating budgets are not prepared for Capital Projects Funds although budgets on a project basis are prepared. Therefore, these funds have been omitted from the combined statement of revenues, expenditures, and changes in fund balance – budget and actual (budget basis).

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The City's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures. The combined statement of revenues, expenditures, and changes in fund balances – budget and actual (budget basis) – general and special revenue fund types is prepared on this basis. Certain reclassifications between budgeted revenues and transfers have been made to facilitate the comparison with actual operations.

The combined statement of revenues, expenditures, and changes in fund balances – all governmental fund types and expendable trust funds does not include encumbrances outstanding at year-end as expenditures because encumbrances are reported as reservations of fund balances in accordance with 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 budget basis statement.

(3) Deposits and Investments

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

The City maintains a cash and investment pool which is available for use by most funds. Substantially all excess cash is invested in U. S. treasury securities and money market funds. Each fund type's portion of this pool is displayed on the combined balance sheet as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Only Enterprise Funds with overdrawn balances are charged for interest. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets related to bond ordinances and indentures and capital lease certificates are held in escrow by financial institutions' trust departments. All deposits and investments are carried at fair value.

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

Investments:	
Short-term investments held in trust	\$ 5,408,030
U. S. treasury securities	<u>70,769,607</u>
Total investments	76,177,637
Deposits	13,859,052
Petty cash	<u>9,100</u>
	<u>\$ 90,045,789</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

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

	<u>Carrying Amount</u>
Cash and pooled investments	\$ 54,621,572
Restricted assets	<u>35,424,217</u>
Total	<u>\$ 90,045,789</u>

Deposits – At June 30, 1999, the carrying amount of the City’s deposits was \$13,859,052 and the bank balance was \$14,131,656. Of the bank balance, \$100,000 was covered by federal depository insurance (FDIC) and \$14,031,656 was covered by collateral held at the Federal Reserve under joint custody agreements.

Investments – The City’s investments are categorized as either (1) insured and registered for which the securities are held by the City or its agent in the City’s name, (2) uninsured and unregistered for which the securities are held by the bank’s trust department or agent in the City’s name, or (3) uninsured and unregistered for which the securities are held by the bank or by its trust department or agent, but not in the City’s name. At June 30, 1999, the City’s investments in U. S. treasury securities of \$70,769,607 were classified as category (2) above. Short-term investments held in trust represent money markets or mutual funds which are not subject to categorization.

(4) Tax Revenue

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 1999 is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Real estate tax	\$ 5,127,032	20,467	1,600,062
Railroad utilities tax	39,291	—	—
Cigarette tax	579,968	—	—
Transient guest tax	—	424,286	—
Sales tax	13,695,329	2,619,649	2,164,136
Franchise tax	<u>5,662,192</u>	<u>—</u>	<u>—</u>
	<u>\$ 25,103,812</u>	<u>3,064,402</u>	<u>3,764,198</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

Notes to General Purpose Financial Statements

June 30, 1999

Assessed values are established by the Clay and Jackson County Assessors, subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 1998, on which the fiscal 1999 levy was based, was \$673,202,209. In the year ended June 30, 1999, the City collected 96.52% of real estate taxes which were levied in that period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to \$.40 per \$100 of assessed valuation for public health and recreation and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended June 30, 1999 were \$.52 for the General Fund, \$.24 for Public Health and Recreation, and \$.47 for the Independence Square Benefit District Fund.

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

The City has passed ordinances to establish TIFs. The establishment of these districts allows the City to provide public improvements to encourage developers to construct and make new investments within blighted, conservation, or economic areas. Through the use of a TIF district, the City can utilize one-half of the incremental County and City sales taxes, plus the taxes generated by the incremental increase in property values from the date the TIFs were established, and the combined levies of all taxing jurisdictions for infrastructure improvements. Tax revenues (real estate and sales taxes) available to the TIFs for the year ended June 30, 1999 were \$3,764,198 and were included as tax revenue in the Tax Increment Financing (Capital Projects) Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(5) Intergovernmental Revenue and Receivables

Intergovernmental revenue during fiscal year 1999 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Fund</u>
Federal:				
Department of Health and Human Services:				
Senior Nutrition Site	\$ 25,371	—	—	—
Maternal and Child Health	89,261	—	—	—
Emergency Management Assistance	27,985	—	—	—
Damage Survey Report	25,007	—	—	33,366
Other	30,958	—	—	—
Department of Housing and Urban Development:				
Community Development Block Grant	—	1,355,269	—	—
Emergency Shelter Grant	155,300	—	—	—
Home Improvement Grant	—	521,523	—	—
Department of Transportation:				
Highway Planning and Construction	5,307	—	1,129,689	—
Urban Mass Transportation Operating Assistance	9,684	—	—	—
State and Community Highway Safety	94,763	—	—	—
Department of Justice:				
Community Oriented Policing Services (COPS)	194,476	—	—	—
Office of National Drug Control Policy	172,187	—	—	—
Drug Enforcement Administration	24,878	—	—	—
Office of Justice Programs	390,273	—	—	—
Violence Against Women Grant	139,506	—	—	—
Other	26,242	—	—	—
Total federal	<u>1,411,198</u>	<u>1,876,792</u>	<u>1,129,689</u>	<u>33,366</u>
State:				
Department of Health and Human Services	103,052	—	—	—
Department of Revenue:				
Motor vehicle fuel tax	3,144,975	—	—	—
Motor vehicle sales tax	799,527	—	—	—
Motor vehicle fees	582,033	—	—	—
Financial institutions tax	18,149	—	—	—
Department of Natural Resources	66,422	—	299,793	—
Department of Public Safety	4,095	—	—	—
Department of Tourism	—	51,333	—	—
Total state	<u>4,718,253</u>	<u>51,333</u>	<u>299,793</u>	<u>—</u>
Local:				
Jackson County Anti-Drug Tax	334,095	—	—	—
Jackson County Funding of D.A.R.E. Program	469,457	—	—	—
Jackson County Urban Road System	—	—	609,587	—
Jackson County United Way	10,275	—	—	—
National Trust for Historic Preservation	3,000	—	—	—
Total local	<u>816,827</u>	<u>—</u>	<u>609,587</u>	<u>—</u>
Total	<u>\$ 6,946,278</u>	<u>1,928,125</u>	<u>2,039,069</u>	<u>33,366</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

Amounts due from other governments at June 30, 1999 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General:				
Department of Health and Human Services:				
Public Health Nursing	\$ 10,106	17,109	—	27,215
MARC Senior Nutrition Site	2,083	—	—	2,083
Department of Housing and Urban Development – Emergency Shelter Grant	75,000	—	—	75,000
Department of Transportation – State and Community Highway Safety	24,429	—	—	24,429
Department of Justice – COPS	13,770	—	—	13,770
Kansas City Area Transportation Authority – Urban Mass Transportation Operating Assistance	2,529	—	—	2,529
Department of Revenue:				
Motor vehicle fuel tax	—	550,000	—	550,000
Motor vehicle sales tax	—	82,435	—	82,435
Motor vehicle license fees	—	143,000	—	143,000
	<u>127,917</u>	<u>792,544</u>	<u>—</u>	<u>920,461</u>
Special Revenue:				
Department of Housing and Urban Development – Community Development Block Grant	154,007	—	—	154,007
Rental Rehabilitation	41,996	—	—	41,996
	<u>196,003</u>	<u>—</u>	<u>—</u>	<u>196,003</u>
Capital Projects:				
Department of Transportation – Highway Planning and Construction	980,205	—	—	980,205
Department of Natural Resources	—	297,939	—	297,939
Jackson County – Urban Road System	—	—	989,030	989,030
Tax Increment Financing Projects	—	—	1,184,884	1,184,884
	<u>980,205</u>	<u>297,939</u>	<u>2,173,914</u>	<u>3,452,058</u>
Total	\$ <u>1,304,125</u>	<u>1,090,483</u>	<u>2,173,914</u>	<u>4,568,522</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(6) Interfund Transactions

(A) Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 1999 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General	\$ 15,484	—
Special Revenue:		
Community Development Grant Act	—	110,780
Rental Rehabilitation	—	16,095
Tourism	126,875	—
	<u>126,875</u>	<u>126,875</u>
Capital Projects:		
Street Improvements	—	768,335
Buildings and Other Improvements	—	188,121
Tax Increment	1,253,478	—
Storm Drainage	—	293,199
Park Improvements	—	3,823
	<u>1,253,478</u>	<u>1,253,478</u>
Enterprise:		
Power and Light	3,714	—
Water	1,272	—
Sanitary Sewer	1,034,766	—
Storm Water	—	1,031,694
	<u>1,039,752</u>	<u>1,031,694</u>
Internal Service – Central Garage	<u>105</u>	—
Trust and Agency – Flexible Benefit Plan	<u>—</u>	<u>23,647</u>
	<u>\$ 2,435,694</u>	<u>2,435,694</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(B) Interfund Advances

Interfund advances receivable and payable balances at June 30, 1999 were as follows:

		<u>Receivable</u>	<u>Payable</u>
Enterprise:			
Sanitary Sewer	\$	25,000	—
Storm Water		<u>—</u>	<u>25,000</u>
	\$	<u>25,000</u>	<u>25,000</u>

(C) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 1999 were as follows:

		<u>Interfund Charges</u>	<u>Rent</u>
Tourism	\$	10,000	5,695
Power and Light Fund		1,250,840	45,596
Sanitary Sewer Fund		712,281	42,690
Water Fund		<u>1,097,728</u>	<u>26,636</u>
	\$	<u>3,070,849</u>	<u>120,617</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 (recorded as operating expenses) to the Water Fund (recorded as income) during fiscal year 1999 as follows:

Sanitary Sewer Fund	\$	253,219
Power and Light Fund		<u>618,979</u>
	\$	<u>872,198</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(D) Payments in Lieu of Taxes

The payments of \$6,404,789, \$855,160, and \$1,058,894 in fiscal year 1999 by the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively, to the General Fund in lieu of taxes represent franchise taxes and real estate taxes on plant in service. The franchise tax rate, established by City ordinance at 9.08%, is applied to gross billed operating revenues less amounts written off to arrive at the franchise tax due the General Fund. Real estate taxes are charged at a set amount.

(E) Interfund Operating Transfers

Interfund operating transfers for fiscal year 1999 were as follows:

	<u>Transfer To</u>	<u>Transfer From</u>
General	\$ 163,011	841,225
Special Revenue:		
Community Development Block Grant Act	—	380,405
Tourism		<u>40,000</u>
	<u>—</u>	420,405
Capital Projects:		
Street Improvements	663,667	—
Buildings and Other Improvements	47,867	—
Storm Drainage	486,210	—
Park Improvements	<u>11,158</u>	<u>—</u>
	<u>1,208,902</u>	—
Internal Service:		
Employee Benefit Fund	52,728	—
Central Garage	<u>—</u>	<u>163,011</u>
	<u>52,728</u>	<u>163,011</u>
Total operating transfers	\$ <u>1,424,641</u>	<u>1,424,641</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(7) Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$ 8,209,380	—	—	8,209,380
Buildings	9,293,847	—	—	9,293,847
Improvements other than buildings	1,858,585	—	—	1,858,585
Office furniture and equipment	2,765,457	1,242,439	1,066,623	2,941,273
Mobile equipment	10,201,862	1,117,775	570,648	10,748,989
Other equipment	2,670,894	89,557	—	2,760,451
	<u>\$ 35,000,025</u>	<u>2,449,771</u>	<u>1,637,271</u>	<u>35,812,525</u>

A summary of property, plant, and equipment of the Enterprise and Internal Service Fund Types at June 30, 1999 is as follows:

	Enterprise	Internal Service
Land	\$ —	93,979
Building and improvements	—	141,187
Sanitary sewer lines	52,891,192	—
Production	123,453,683	—
Treatment plant	23,255,533	—
Transmission and distribution equipment	122,308,363	—
General plant	23,085,868	—
Plant and sewer system	—	—
Furniture and equipment	—	184,643
Acquisition adjustment	15,303,335	—
Construction in progress	23,152,638	—
Nonutility property	86,382	—
	<u>383,536,994</u>	<u>419,809</u>
Less accumulated depreciation	<u>164,356,759</u>	<u>286,190</u>
	<u>\$ 219,180,235</u>	<u>133,619</u>

Construction in progress at June 30, 1999 represents improvements to and expansion of the City's sanitary sewer system, water utility system, storm water utility system, and renovation of the electrical utility system.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(8) Long-term Debt

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

The following is a summary of changes in long term debt of the City for the year ended June 30, 1999:

General Long-term Debt Account Group

	<u>TIF Bonds</u>	<u>TIF Loan</u>	<u>Capital Lease Obligations</u>	<u>Certificates of Participation General Long-term Debt Account Group</u>	<u>Advance From Water Fund General Long-term Debt Account Group</u>	<u>Employee Benefits Payable (Note 13)</u>	<u>Compen- sated Absences</u>	<u>Use Tax Payable</u>
Balance, June 30, 1998	\$ 4,875,000	—	1,829,472	68,801	158,120	4,781,644	8,782,263	605,943
Increase	—	7,240,000	254,074	—	—	—	1,224,870	—
Retired	(135,000)	—	(588,346)	(68,801)	(158,120)	(522,180)	—	(605,943)
Balance, June 30, 1999	<u>\$ 4,740,000</u>	<u>7,240,000</u>	<u>1,495,200</u>	<u>—</u>	<u>—</u>	<u>4,259,464</u>	<u>10,007,133</u>	<u>—</u>

Proprietary Funds

	<u>Revenue Bonds</u>	<u>Loan Payable</u>	<u>Certificates of Participation Enterprise Fund (Water)</u>	<u>Compen- sated Absences</u>
Balance, June 30, 1998	\$ 73,995,000	—	161,199	3,339,091
Refunded	(22,955,000)	—	—	—
Increase	23,520,000	2,610,000	—	290,005
Retired	(8,040,000)	(475,000)	(161,199)	—
Deferred loss	(2,132,210)	—	—	—
Balance, June 30, 1999	<u>\$ 64,387,790</u>	<u>2,135,000</u>	<u>—</u>	<u>3,629,096</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(A) Revenue Bonds

Revenue bonds payable at June 30, 1999 are comprised of the following individual issues:

Power and Light Fund:		
\$23,520,000 1998 Electric Utility Refunding Bonds, due in annual installments of \$700,000 to \$2,040,000 through June 1, 2014, interest at 4.0 to 4.8%, callable at par after June 1, 2003		\$ 22,820,000
Less: deferred loss on refunding		(2,132,210)
\$8,590,000 1993 Electric Utility Refunding Revenue Bonds, due in annual installments of \$100,000 to \$1,950,000 through June 1, 2014, interest at 4.5% to 7.5%, callable 4.5% at par after June 1, 2002		7,700,000
Water Fund:		
\$36,000,000 1986 Water Utility Remarketing Bonds, principal due in annual installments of \$850,000 to \$5,010,000 through June 30, 2017, interest at approximately 3.25% to 5.0%		<u>36,000,000</u>
		<u>\$ 64,387,790</u>

The annual requirements to pay principal and interest on revenue bonds payable at June 30, 1999 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Revenue Bonds</u>	
		<u>Interest</u>	<u>Total</u>
2000	\$ 2,385,000	2,967,080	5,352,080
2001	2,495,000	2,860,556	5,355,556
2002	2,660,000	2,759,120	5,419,120
2003	2,810,000	2,649,206	5,459,206
2004	2,920,000	2,530,046	5,450,046
2005-2015	<u>53,250,000</u>	<u>17,447,341</u>	<u>70,697,341</u>
	<u>\$ 66,520,000</u>	<u>31,213,349</u>	<u>97,733,349</u>

On September 1, 1998, the City issued \$23,520,000 of revenue bonds with interest rates ranging from 4.0% to 4.8% to advance refund \$22,955,000 of outstanding 1989B Series bonds with interest rates ranging from 6.9% to 7.2%. The net proceeds of \$22,983,597 (after payment of \$536,325 in underwriting fees, insurance, and other issuance costs) plus an additional \$791,281 of sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989B Series bonds. As a result, the 1989B Series bonds are considered to be defeased and the liability for those bonds has been removed from the Power and Light Enterprise Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,251,329. This difference, reported in the accompanying general purpose financial statements as a deduction from bonds payable, is being charged to operations through the year 2017 using the straight-line method. The City completed the advance refunding to reduce its total debt service payments over the next eighteen years by \$5,460,482 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,948,898.

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

<u>Account</u>	<u>Restriction</u>
(a) Principal and Interest	For the monthly accumulation of monies to meet the maturing revenue bond principal and interest requirements.
(b) Depreciation and Emergency (Water only)	For the accumulation of monies over sixty months to finance emergency repairs and system improvements until the maximum required balance of \$500,000 is obtained. The City has elected to accelerate the reserve accumulation and has restricted all maximum requirements.
(c) Construction	For recording unexpended bond proceeds to be used to finance construction.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

Surplus account monies are reflected as unrestricted cash. The required reserves are reported in the accompanying combined balance sheet as restricted assets and reservations of retained earnings as follows:

Account	Enterprise Funds	
	Restricted Assets	Reserved Retained Earnings
Principal and interest	\$ 243,313	—
Depreciation and emergency	500,000	500,000
Total revenue bond reserves	743,313	500,000
Customer deposits	1,007,379	—
Assets restricted in excess of minimum requirements	500,000	—
Capital improvements (see next paragraph)	20,772,049	—
Operations (see next paragraph)	5,256,000	—
Total	\$ 28,278,741	500,000

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

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

Restricted assets in the General Fund of \$348,365 at June 30, 1999 consist of cash on deposit for a workers' compensation bond (note 15) and municipal court bond deposits.

(B) Tax Increment Financing

On November 1, 1994, the City issued \$5,115,000 in Tax Increment Financing Revenue Bonds – Series 1994, due in annual installments of \$115,000 to \$515,000 through April 1, 2015 and bearing interest at 8.75%.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The annual requirements to pay principal and interest on TIF bonds payable at June 30, 1999 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 145,000	414,750	559,750
2001	160,000	402,062	562,062
2002	175,000	388,062	563,062
2003	190,000	372,750	562,750
2004	205,000	356,124	561,124
2005-2015	<u>3,865,000</u>	<u>2,300,490</u>	<u>6,165,490</u>
	<u>\$ 4,740,000</u>	<u>4,234,238</u>	<u>8,974,238</u>

The annual requirements to pay principal and interest on the TIF loan payable at June 30, 1999 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 270,000	355,064	625,064
2001	385,000	340,888	725,888
2002	480,000	325,045	805,045
2003	510,000	304,844	814,844
2004	555,000	283,424	838,424
2005-2011	<u>5,040,000</u>	<u>1,092,824</u>	<u>6,132,824</u>
	<u>\$ 7,240,000</u>	<u>2,702,089</u>	<u>9,942,089</u>

Restricted assets in the Capital Projects Funds of \$6,797,111 consist of funds available for debt service relating to the Tax Increment Financing Revenue Bonds, – Series 1994 and TIF loan payable.

(C) Sanitary Sewer Loan Payable

On July 1, 1998, the City entered into a loan payable with the Missouri Development Finance Board in the amount of \$2,610,000, due in annual installments of \$235,000 to \$290,000 through June 30, 2003, with interest at 4.75% to 5.00%. The payments will be funded by annual appropriations.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The annual requirements to pay principal and interest on the sanitary sewer loan payable at June 30, 1999 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2000	\$ 495,000	98,394	593,394
2001	520,000	74,644	594,644
2002	545,000	49,250	594,250
2003	<u>575,000</u>	<u>21,625</u>	<u>596,625</u>
	<u>\$ 2,135,000</u>	<u>243,913</u>	<u>2,378,913</u>

(D) Capital Lease Obligations

Capital leases payable at June 30, 1999 are comprised of the following:

CHICORP lease, interest at 6.85%, monthly installments through April 1, 2006. A lease utilized to renovate the HVAC of City Hall Emergency One, interest at 5.59% annual installments through May 15, 2000. A lease utilized to purchase two fire pumper trucks	\$ 569,229
IBM, interest at 5.89%, monthly installments through March 15, 2000. A lease utilized to purchase and upgrade an IBM AS400	114,114
First National Bank of Louisburg, interest at 5.25%, semiannual installments through December 1, 2001. A lease utilized to purchase two fire pumper trucks and various equipment for the Fire Department	72,283
First National Bank of Louisburg, interest at 5.75%, semiannual installments through October 1, 2005. A lease utilized to purchase a fire truck, vehicles, rescue equipment, and a telephone system	175,000
IBM at 4.592%, monthly installments through December 15, 2000. A lease utilized to purchase two AS400 computers	317,750
Kansas State Bank of Manhattan, interest at 6%, annual installments through July 13, 2003. A lease to purchase a Daewoo DH Excavator	44,092
Deere Credit, Inc., interest at 5.75%, annual installments through August 20, 2002. A lease to purchase a John Deere 672CH motor grader	97,326
	<u>105,406</u>
	<u>\$ 1,495,200</u>

Assets acquired through capital leases in the General Fixed Assets Account Group amounted to \$3,552,648 as of June 30, 1999.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 1999 were as follows:

<u>Year ending June 30,</u>	<u>General Long-term Debt</u>
2000	\$ 559,026
2001	310,649
2002	223,450
2003	219,830
2004	162,943
Thereafter	<u>283,981</u>
	1,759,879
Less imputed interest	<u>264,679</u>
Present value of minimum lease payments	<u>\$ 1,495,200</u>

(9) Advances for Construction

As new additions to the water distribution system are constructed, the Water (Enterprise) Fund requires the developer or wholesaler to advance the estimated cost of the water main extension or improvement. Upon project completion, any excess of the advance over the project cost is refunded to the developer or wholesaler or vice versa. The advances for construction at June 30, 1999 were \$414,545.

(10) Contributed Capital

The sources and composition of contributed capital at June 30, 1999 are as follows:

	<u>Enterprise Funds</u>			
	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Total</u>
Federal and state grants	\$ —	130,163	25,058,991	25,189,154
Contributions from municipality, developers, and special assessments	<u>1,714,588</u>	<u>14,793,683</u>	<u>28,060,541</u>	<u>44,568,812</u>
	1,714,588	14,923,846	53,119,532	69,757,966
Less accumulated depreciation	<u>(578,320)</u>	<u>(1,620,112)</u>	<u>(23,165,091)</u>	<u>(25,363,523)</u>
Total contributed capital	<u>\$ 1,136,268</u>	<u>13,303,734</u>	<u>29,954,441</u>	<u>44,394,443</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

A reconciliation of contributed capital for the year ended June 30, 1999 is as follows:

	Enterprise Funds			
	Power and Light	Water	Sanitary Sewer	Total
Balance, July 1, 1998	\$ 1,110,750	12,309,389	29,974,549	43,394,688
Contributions	86,528	1,187,943	1,024,170	2,298,641
Depreciation transferred	<u>(61,010)</u>	<u>(193,598)</u>	<u>(1,044,278)</u>	<u>(1,298,886)</u>
Balance June 30, 1999	<u>\$ 1,136,268</u>	<u>13,303,734</u>	<u>29,954,441</u>	<u>44,394,443</u>

(11) Segments of Enterprise Activities

The City maintains four Enterprise Funds, the operations of which are financed primarily by user charges. Additional financial data for these funds as of and for the year ended June 30, 1999 is as follows:

	Power and Light Fund	Water Fund	Sanitary Sewer Fund	Storm Water Fund	Total
Assets:					
Current assets	\$ 29,926,774	23,528,884	11,304,410	—	64,760,068
Restricted assets	27,476,520	678,637	123,584	—	28,278,741
Property, plant, and equipment, net	111,578,390	63,522,609	44,052,778	26,458	219,180,235
Other	<u>3,051,410</u>	<u>1,541,581</u>	<u>447,940</u>	<u>—</u>	<u>5,040,931</u>
	<u>\$ 172,033,094</u>	<u>89,271,711</u>	<u>55,928,712</u>	<u>26,458</u>	<u>317,259,975</u>
Liabilities and equity:					
Current liabilities	\$ 5,434,852	1,485,211	1,211,801	1,031,694	9,163,558
Liabilities payable from restricted assets	2,355,555	1,296,967	618,584	—	4,271,106
Long-term liabilities	29,155,442	35,987,279	2,129,165	25,000	67,296,886
Deferred credits	—	414,545	—	—	414,545
Fund equity	<u>135,087,245</u>	<u>50,087,709</u>	<u>51,969,162</u>	<u>(1,030,236)</u>	<u>236,113,880</u>
	<u>\$ 172,033,094</u>	<u>89,271,711</u>	<u>55,928,712</u>	<u>26,458</u>	<u>317,259,975</u>
Working capital (deficit)	<u>\$ 24,491,922</u>	<u>22,043,673</u>	<u>10,092,609</u>	<u>(1,031,694)</u>	<u>55,596,510</u>
Operating revenues	\$ 66,617,397	14,110,109	12,650,093	—	93,377,599
Operating expenses:					
Depreciation and amortization	6,140,639	1,678,760	1,703,877	180,737	9,704,013
Other	<u>52,473,529</u>	<u>10,576,439</u>	<u>9,563,754</u>	<u>—</u>	<u>72,613,722</u>
Operating income (loss)	8,003,229	1,854,910	1,382,462	(180,737)	11,059,864
Nonoperating revenues (expenses)	<u>1,220,869</u>	<u>(360,123)</u>	<u>435,655</u>	<u>—</u>	<u>1,296,401</u>
Net income (loss)	<u>\$ 9,224,098</u>	<u>1,494,787</u>	<u>1,818,117</u>	<u>(180,737)</u>	<u>12,356,265</u>
Acquisition of property, plant, and equipment, net	<u>\$ 13,635,265</u>	<u>3,825,710</u>	<u>2,893,544</u>	<u>—</u>	<u>20,354,519</u>
Contributed capital:					
Contributions	\$ 86,528	1,187,942	1,024,170	—	2,298,640
Transfer of depreciation	<u>61,010</u>	<u>193,598</u>	<u>1,044,278</u>	<u>—</u>	<u>1,298,886</u>
Net increase (decrease)	<u>\$ 25,518</u>	<u>994,344</u>	<u>(20,108)</u>	<u>—</u>	<u>999,754</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(12) Employee Retirement System

Plan Description

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

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

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by Missouri State Statute to contribute at an actuarially determined rate; the current rate is 8.2% (general), 7.2% (police), and 14.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri State Statute.

Annual Pension Cost

For 1999, the City's annual pension cost of \$3,929,148 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 1995 and/or 1996 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, before retirement and 4.0% per year, compounded annually, after retirement; (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 4.0% per year, depending on age, attributable to seniority/merit; and (d) pre and postretirement mortality based on the 1984 Group Annuity Mortality table set back no years for men and six years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 1998 was fifteen years.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

*Required Supplemental Information (Unaudited)
Schedule of Contributions*

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1997	\$ 3,473,819	100 %	\$ ---
June 30, 1998	3,728,732	100	---
June 30, 1999	<u>3,929,148</u>	<u>100</u>	<u>---</u>

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Liability</u>	<u>(b) - (a) Unfunded Accrued Liability (UAL)</u>	<u>(a)/(b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>(b)-(a)/(c) UAL as a Percentage of Covered Payroll</u>
02/28/97	\$ 73,938,880	74,953,646	1,014,766	99 %	\$ 38,395,251	3 %
02/28/98	82,600,634	79,757,633	(2,843,001)	104	39,430,308	N/A
02/28/99	<u>91,438,251</u>	<u>87,994,995</u>	<u>(3,443,256)</u>	<u>104</u>	<u>42,681,231</u>	<u>N/A</u>

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

(13) Reimbursement of Employee Contributions to LAGERS

As allowed by Missouri State Statutes, the City refunded the accumulated contributions of the City's employees and elected to reimburse LAGERS over a fifteen-year period ending 2008. The amount of the annual reimbursement to LAGERS from the City is approximately \$522,000; however, this figure will be adjusted annually based on changes in actuarial assumptions. Amounts reimbursed are reported as expenditures/expenses of each fund for the year in which they are paid to LAGERS. Reimbursement will be made from the following funds:

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

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

A separate Internal Service Fund entitled "Employee Benefits" was established to account for the increased cost ensuing from the refund of contributions to employees. The City's Enterprise Funds (listed above) provided an actuarially determined initial contribution of \$3,237,699 to the fund which prepaid the entire portion of their obligation. The Employee Benefits Fund is remitting these monies to LAGERS over fifteen years and has a balance of \$1,618,481 at June 30, 1999. The Governmental Funds contribute actuarially determined amounts based on annual payroll contributions. At June 30, 1999, \$4,259,464 is recorded in the General Long-term Debt Account Group for the Governmental Funds portion.

(14) Postretirement Health Benefits

In addition to the pension benefits described in note 13, the City provides postretirement health care benefits to all retiring employees meeting the service criteria. Expenditures for postretirement health care benefits are recognized as retirees report their claims. During 1999, expenditures of approximately \$1,693,600 were recognized for postretirement health care. The City has approximately 415 participants currently eligible to receive benefits.

(15) Risk Management

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

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

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to \$10,000,000 per accident, covers specific medical claims in excess of \$500,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain an escrow account in the amount of \$225,000. This amount is reflected as restricted assets and designated fund balance of the General Fund. Workers' compensation liabilities were immaterial at June 30, 1999.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The City offers its employees a contributory self-insurance health care plan. An excess coverage insurance policy covers the portion of specific claims in excess of \$125,000 and aggregate claims in excess of \$6,771,266. The portion of premiums paid by the City totaling \$6,556,846 are reflected as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Claims incurred but not reported are accrued as a liability in the Internal Service Fund.

The claims liability of \$419,000 reported in the Staywell Health Care Fund at June 30, 1999 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

	Medical Claims Payable	
	<u>1999</u>	<u>1998</u>
Beginning of year	\$ 534,000	493,000
Incurred	4,784,584	4,301,978
Paid	<u>(4,899,584)</u>	<u>(4,260,978)</u>
End of year	<u>\$ 419,000</u>	<u>534,000</u>

(16) Commitments

Construction Commitments

At June 30, 1999, the City had commitments of approximately \$18,603,372 to complete construction contracts. Of this amount, \$13,589,885 relates to the Enterprise Funds.

Purchase Capacity and Transmission Service Agreements

On August 21, 1985, the City Council approved a Firm Power Service Purchase Agreement with the MidAmerican Energy Company, Inc. (MidAmerican) and a Capacity Purchase and Transmission Service Agreement with the Kansas City Power & Light Company (KCPL). The MidAmerican Agreement (as amended) calls for the purchase of annual electric generating capacity averaging 32.5 megawatt (Mw) through May 31, 2000. The KCPL Agreement (as amended) calls for the City purchase of 60 Mw of electric generating capacity and associated energy each year through May 31, 2000 and 90 Mw of electric generating capacity and associated energy for the year ending May 31, 2001. The KCPL Agreement also provides for the transmission wheeling of the MidAmerican purchased power into the Independence electric system. Minimum power scheduling of energy under the KCPL Agreement is one-third of the City's maximum hours scheduled megawatts for any other hourly period during a day's period.

The rates for the purchase of electric energy capacity from MidAmerican and KCPL are based on fixed capacity demand charges and variable energy charges which take into consideration such items as actual kilowatt hours purchased, fuel costs, and costs of production. The delivered cost of capacity and energy under the two Agreements, including all demand, transmission, and energy charges, totaled \$17,873,109 for fiscal year 1999. The projected annual cost of those Agreements for fiscal year 2000 is estimated at approximately \$19,323,000.

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

The KCPL Agreement, as amended, also provides for the sale of up to 55 Mw annually through May 31, 2000. During the twelve months ending May 31, 1999, the City sold 55 Mw of reserve generation capacity to KCPL for a total of \$891,000. In November 1997, KCPL exercised its option to purchase the reserve capacity for the contract years starting June 1, 1998 and ending May 31, 2000 at the capacity amount of 55 Mw and for the contract year starting June 1, 2000 and ending May 31, 2001 at the capacity of 30 Mw. In May 1999 and in accordance with the provisions of Addendum A, the City exercised its option to purchase 90 Mw from KCPL for each year during the four year period ending May 31, 2005 at the same rates of the current contract.

(17) Deficits

The accumulated deficits in the amounts of \$3,943 in the Community Development Grant Act and \$1,200,518 in the Street Improvement Sales Tax (Special Revenue) Funds; \$1,020 in the Buildings and Other Improvements and \$3,823 in the Park Improvements (Capital Projects) Funds; \$1,030,236 in the Storm Water (Enterprise) Fund; and \$5,107 in the Truman Memorial Building Restoration (Expendable Trust) Fund will be eliminated by future revenues or operating transfers.

(18) Fund Equity

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

	Governmental Fund Types			Fiduciary Fund Types
	General	Special Revenue	Capital Projects	Trust and Agency
Fund balances:				
Reserved for:				
Encumbrances	\$ 1,059,615	1,471,881	4,998,922	380
Domestic violence	7,584	—	—	—
Total fund balances reserved	1,067,199	1,471,881	4,998,922	380
Unreserved:				
Designated for:				
Police equipment	116,852	—	—	—
Charitable contributions	—	—	—	122,763
Workers' compensation (note 15)	225,000	—	—	—
Capital projects	1,117,589	—	6,797,111	5,000
TIF Distribution	88,536	—	—	—
Strategic goal	291,272	—	—	—
Total fund balances designated	1,839,249	—	6,797,111	127,763
Undesignated	3,245,732	(2,107,166)	(3,801,477)	2,082
Total fund equity	\$ 6,152,180	(635,285)	7,994,556	130,225

CITY OF INDEPENDENCE, MISSOURI

Notes to General Purpose Financial Statements

June 30, 1999

(19) Year 2000 – Required Supplementary Information (Unaudited)

The Year 2000 (Y2K) issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the City as early as fiscal year 1999.

The City is making every effort to correct known Y2K problems.

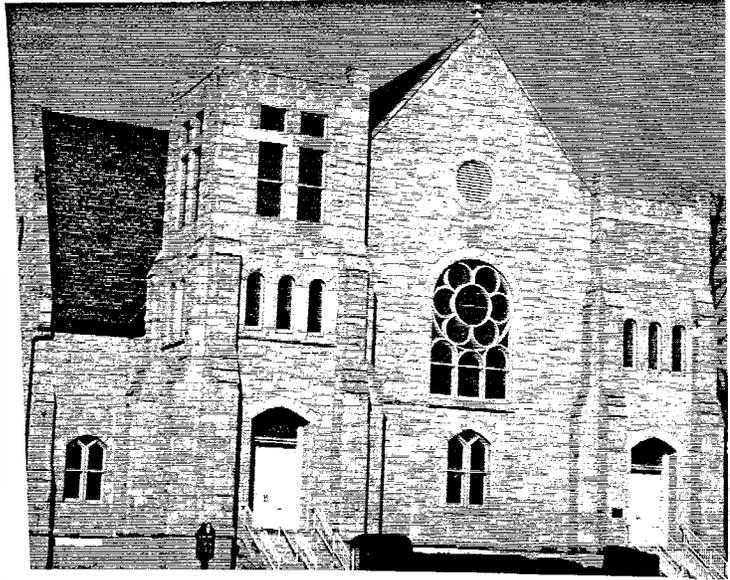
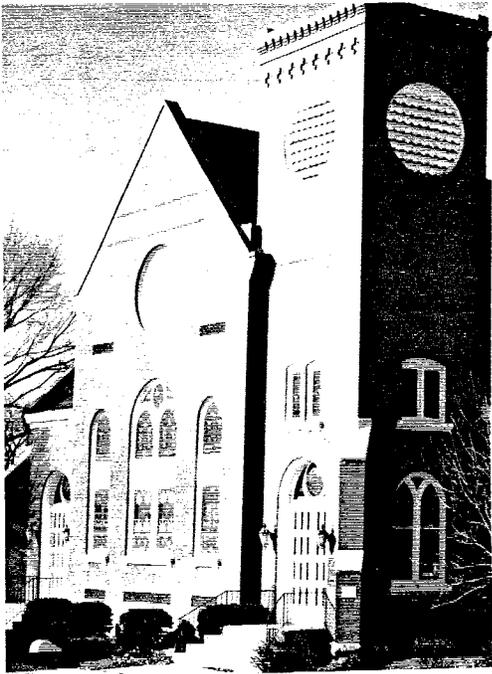
Technology Services has been working on the Y2K issue for more than three years. All computer applications are now compliant. This includes the financial software and utility billing/customer information software. All of the fourteen Local Area Networks (LAN) are compliant. As the LANs have been upgraded, personal computer operating systems and internal components have been accessed and upgraded. All personal computers that have upgradable BIOS chips have been upgraded. Work on 100% of the personal computers is complete. Amounts committed to Y2K efforts at June 30, 1999 are immaterial.

All City utilities are now Y2K compliant. The pumps, valves, and switches that are controlled by computers at the Utilities can be manipulated manually should their computers not respond. The Police and Fire dispatch system has been upgraded to be Y2K compliant. Southwestern Bell indicates that the 9-1-1 system is already Y2K compliant. The radio equipment, police building security system, and dispatch voice recording system have been deemed by the vendors to be Y2K compliant. The term compliant is defined by the City to mean that the phases of awareness, assessment, remediation, validation, and testing are complete.

The City has met with its primary bank, which is Commerce Bank. They are aware of the problem and are taking proper remediation steps.

The City is making these efforts with the intention of, at the very least, minimizing Y2K problems, and hopefully, eliminating the effect of Y2K completely.

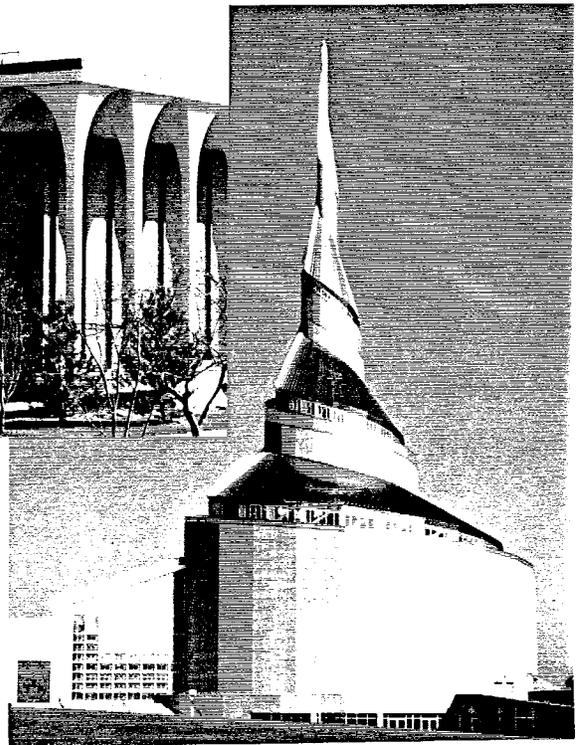
*Below: First Baptist Church
500 W. Truman Road*



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



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

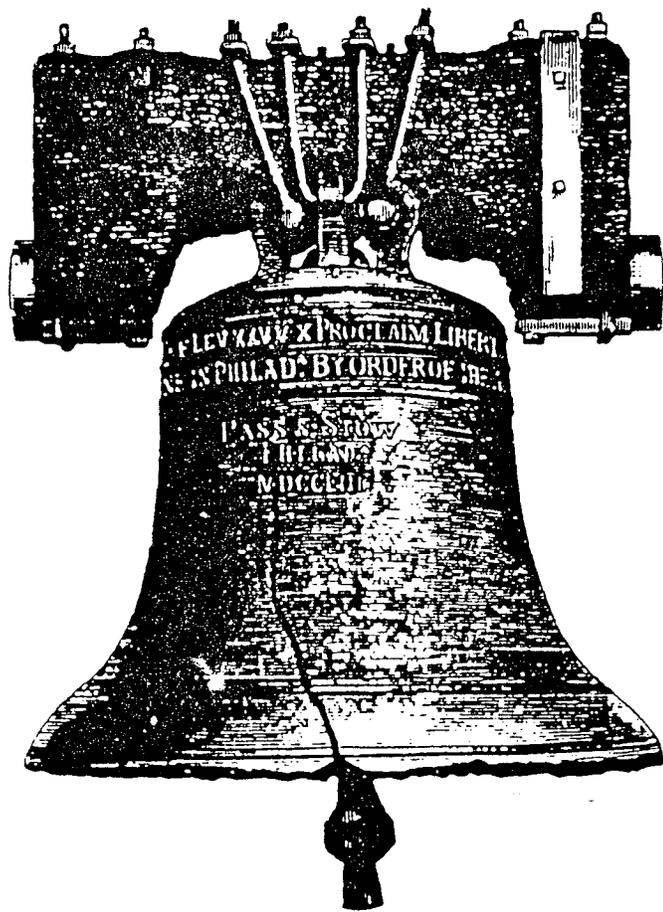


*Right: RLDS Temple
River and Walnut*

ADDITIONAL INFORMATION

Combining and Individual Fund and Account Group Financial Statements and Schedules

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



GENERAL FUND

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

CITY OF INDEPENDENCE, MISSOURI

General Fund

Schedule of Revenues and Expenditures --
Budget and Actual (Budget Basis)Year Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Real estate taxes, including penalties	\$ 5,110,988	5,127,032	16,044	4,858,234
Railroad and utilities tax	63,000	39,291	(23,709)	55,405
Cigarette tax	590,000	579,968	(10,032)	600,206
Sales tax	13,331,000	13,695,329	364,329	12,612,418
Franchise tax:				
Water	18,000	15,546	(2,454)	19,218
Gas	3,230,000	2,775,364	(454,636)	2,858,884
Electricity	140,000	188,301	48,301	226,007
Telephone	2,378,250	2,299,404	(78,846)	2,247,586
Cable television	360,000	383,577	23,577	360,073
Total taxes	25,221,238	25,103,812	(117,426)	23,838,031
Licenses and permits:				
Motor vehicle licenses	415,000	418,567	3,567	425,178
Business licenses:				
Occupation licenses	1,009,400	1,054,169	44,769	972,483
Liquor licenses	72,000	72,381	381	73,242
Building permits	685,182	761,817	76,635	661,375
Food handlers' permits	44,200	37,364	(6,836)	41,098
Planning examinations and licenses	35,000	22,570	(12,430)	44,371
Other	131,749	110,029	(21,720)	107,308
Total licenses and permits	2,392,531	2,476,897	84,366	2,325,055
Intergovernmental:				
Federal grants:				
Civil Defense Program			—	—
Emergency Management Assistance	35,000	27,985	(7,015)	37,038
Public Health Nursing	103,053	195,484	92,431	80,602
I-70 Enforcement	—	—	—	—
Dial-A-Ride	13,000	9,684	(3,316)	9,068
Other	936,367	1,255,727	319,360	791,030
Total federal grants	\$ 1,087,420	1,488,880	401,460	917,738

(Continued)

CITY OF INDEPENDENCE, MISSOURI

General Fund

Schedule of Revenues and Expenditures –
Budget and Actual (Budget Basis), ContinuedYear Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
State grants:				
Department of Health	\$ —	—	—	—
Department of Revenue:				
Motor vehicle fuel tax	3,248,000	3,144,974	(103,026)	3,157,100
Motor vehicle sales tax	800,000	799,527	(473)	743,168
Motor vehicles fees	540,000	582,033	42,033	498,268
Financial institutions tax	24,000	18,149	(5,851)	19,874
Department of Natural Resources	—	19,491	19,491	—
Other	310,230	4,095	(306,135)	3,253
Total state grants	<u>4,922,230</u>	<u>4,568,269</u>	<u>(353,961)</u>	<u>4,421,663</u>
Local grants:				
Jackson County	733,415	803,552	70,137	766,772
MARC	97,581	85,577	(12,004)	—
Total local grants	<u>830,996</u>	<u>889,129</u>	<u>58,133</u>	<u>766,772</u>
Total intergovernmental	<u>6,840,646</u>	<u>6,946,278</u>	<u>105,632</u>	<u>6,106,173</u>
Utility payments in lieu of tax:				
Power and light	6,217,039	6,404,789	187,750	6,108,334
Sanitary sewer	1,035,540	1,058,894	23,354	1,017,109
Water	888,829	855,160	(33,669)	870,331
Total utility payments in lieu of tax	<u>\$ 8,141,408</u>	<u>8,318,843</u>	<u>177,435</u>	<u>7,995,774</u>

(Continued)

CITY OF INDEPENDENCE, MISSOURI

General Fund

Schedule of Revenues and Expenditures –
Budget and Actual (Budget Basis), ContinuedYear Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Charges for services:				
General government:				
Planning and zoning fees	\$ 7,000	34,044	27,044	28,771
Board of adjustment fees	2,000	700	(1,300)	460
Sale of police and fire reports	52,500	51,923	(577)	56,816
Sale of maps, books and plans	4,000	6,363	2,363	5,127
Computer service charges	60,000	26,046	(33,954)	26,708
Public safety – other police and fire charges	93,252	218,505	125,253	97,782
Health:				
Animal shelter charges	65,000	56,463	(8,537)	58,358
Animal ID tags	1,000	820	(180)	220
Cemetery:				
Sale of cemetery lots	74,600	25,110	(49,490)	51,361
Sale of monument bases	10,500	8,439	(2,061)	10,342
Cemetery service	67,000	49,025	(17,975)	51,054
Public health and recreation:				
Park concessions	9,500	5,785	(3,715)	7,931
Arts and crafts fees	23,000	36,177	13,177	26,135
Dickinson pool admissions	—	—	—	—
Sermon Community Center	33,800	12,847	(20,953)	11,278
Recreation rentals	20,500	32,108	11,608	22,223
National Frontier Trail Center:				
Admissions	35,000	29,886	(5,114)	27,444
Gift shop	40,000	34,170	(5,830)	33,788
Miscellaneous charges:				
Sale of street signs	1,000	1,018	18	786
Special assessments	40,000	83,586	43,586	75,487
Solid waste disposal	35,000	37,222	2,222	41,199
Other charges	70,000	9,212	(60,788)	4,134
Total charges for services	744,652	759,449	14,797	637,404
Interfund charges for support services	3,070,900	3,070,849	(51)	2,749,077
Fines, forfeitures, and court costs:				
Fines and forfeitures	1,941,200	2,308,489	367,289	2,009,896
Court costs	268,850	309,721	40,871	398,248
Special warrant collections	41,840	47,854	6,014	1,544
Total fines, forfeitures, and court costs	\$ 2,251,890	2,666,064	414,174	2,409,688

(Continued)

CITY OF INDEPENDENCE, MISSOURI

General Fund

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

Year Ended June 30, 1999

With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Interest	\$ 319,500	234,685	(84,815)	409,085
Other:				
Sale of land	—	—	—	—
Sale of fixed assets	5,000	44,245	39,245	64,279
Rents	110,400	124,137	13,737	132,660
Damage claims	20,000	19,437	(563)	40,754
Contributions and Housing Authority PILOT	15,754	22,008	6,254	1,120
Miscellaneous nonoperating revenue	126,000	84,320	(41,680)	224,206
Total other	277,154	294,147	16,993	463,019
Total revenues	49,259,919	49,871,024	611,105	46,933,306
Expenditures:				
General government:				
City Council	295,294	290,577	4,717	358,705
City Clerk	378,024	378,024	—	362,487
City Manager	618,266	618,265	1	461,643
Technology Services	1,573,868	1,573,867	1	1,488,447
Municipal Court	484,446	433,864	50,582	469,753
Law Department	587,444	577,377	10,067	601,441
Finance Department:				
Administration	231,558	234,219	(2,661)	220,793
Accounting	599,784	595,864	3,920	552,863
Licensing	152,638	153,570	(932)	146,001
Purchasing	333,861	334,188	(327)	317,137
Central services	—	—	—	—
Total Finance Department	1,317,841	1,317,841	—	1,236,794
Personnel Department	325,438	325,438	—	297,528
National Frontier Trails Center	311,978	309,433	2,545	308,551
Total general government	\$ 5,892,599	5,824,686	67,913	5,585,349

(Continued)

CITY OF INDEPENDENCE, MISSOURI

General Fund

Schedule of Revenues and Expenditures –
Budget and Actual (Budget Basis), ContinuedYear Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Public safety:				
Police Department:				
Administration	\$ 1,091,970	747,378	344,592	798,990
Operations	9,830,878	10,206,810	(375,932)	9,412,349
Support services	4,486,742	4,455,401	31,341	4,318,630
Total Police Department	15,409,590	15,409,589	1	14,529,969
Fire Department:				
Administration	260,799	243,449	17,350	236,479
Suppression	9,600,062	9,675,693	(75,631)	8,829,968
Fire prevention	481,096	454,750	26,346	437,719
Training	189,482	194,052	(4,570)	163,197
Maintenance	472,882	436,377	36,505	460,287
Total Fire Department	11,004,321	11,004,321	—	10,127,650
Total public safety	26,413,911	26,413,910	1	24,657,619
Public works:				
Engineering:				
Administration	231,217	267,829	(36,612)	166,785
Engineering	2,162,575	2,129,133	33,442	2,005,975
Total engineering	2,393,792	2,396,962	(3,170)	2,172,760
Maintenance:				
Administration	—	—	—	—
Street maintenance	3,536,384	3,533,213	3,171	3,494,619
Total maintenance	3,536,384	3,533,213	3,171	3,494,619
Total public works	5,930,176	5,930,175	1	5,667,379
Health and welfare – Health Department:				
General services	850,453	848,446	2,007	723,346
Animal control	397,427	399,434	(2,007)	373,923
Total health and welfare	\$ 1,247,880	1,247,880	—	1,097,269

(Continued)

CITY OF INDEPENDENCE, MISSOURI

General Fund

Schedule of Revenues and Expenditures –
Budget and Actual (Budget Basis), ContinuedYear Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Community development:				
Planning and permits	\$ 1,155,411	1,196,118	(40,707)	1,017,593
Inspection	442,431	455,761	(13,330)	424,363
Administration	142,326	144,877	(2,551)	228,043
Code enforcement	507,167	423,232	83,935	433,802
Historic preservation	121,472	123,851	(2,379)	173,193
Total community development	<u>2,368,807</u>	<u>2,343,839</u>	<u>24,968</u>	<u>2,276,994</u>
Water pollution	305,964	305,964	—	229,560
Culture and recreation	1,680,221	1,680,221	—	1,505,546
Acquisition of capital leases	440,600	440,599	1	171,136
Other	5,934,642	5,437,738	496,904	5,529,180
Total expenditures	<u>50,214,800</u>	<u>49,625,012</u>	<u>589,788</u>	<u>46,720,032</u>
Excess of revenues over (under) expenditures	<u>(954,881)</u>	<u>246,012</u>	<u>1,200,893</u>	<u>213,274</u>
Other financing sources (uses):				
Proceeds from capital leases	267,319	254,074	(13,245)	—
Operating transfers in	90,927	163,011	72,084	39,900
Operating transfers out	<u>(1,127,728)</u>	<u>(841,226)</u>	<u>286,502</u>	<u>(797,111)</u>
Total other financing sources (uses)	<u>(769,482)</u>	<u>(424,141)</u>	<u>345,341</u>	<u>(757,211)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (1,724,363)</u>	<u>(178,129)</u>	<u>1,546,234</u>	<u>(543,937)</u>
Fund balance, July 1		7,785,760		7,435,980
Encumbrances, outstanding		1,059,615		2,711,298
Encumbrances, prior year outstanding		(89,414)		(80,733)
Encumbrances, prior year		(2,711,298)		(2,042,097)
Encumbrances, prior year expired		<u>285,646</u>		<u>305,249</u>
Fund balance, June 30		<u>\$ 6,152,180</u>		<u>7,785,760</u>

See accompanying independent auditors' report.

SPECIAL REVENUE FUNDS

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

COMMUNITY DEVELOPMENT GRANT ACT

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

TOURISM

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

INDEPENDENCE SQUARE BENEFIT DISTRICT

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

RENTAL REHABILITATION

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

STREET IMPROVEMENT SALES TAX FUND

This fund is used to account for all street projects which are funded by the 3/8 cents street improvement sales tax.

PARKS IMPROVEMENT SALES TAX FUND

This fund is used to account for all park projects which are funded by the 1/8 cent park improvement sales tax.

CITY OF INDEPENDENCE, MISSOURI

All Special Revenue Funds

Combining Balance Sheet

June 30, 1999

With Comparative Totals For June 30, 1998

Assets and Other Debits	Community Development Grant Act	Tourism	Independence Square Benefit District	Rental Rehabilitation	Street Improvements Sales Tax	Park Sales Tax	Totals	
							1999	1998
Pooled cash and investments	\$ —	36,505	1,729	—	974,762	232,757	1,245,753	197,399
Taxes receivable	—	36,000	1,240	—	497,731	165,911	700,882	36,768
Due from other funds	—	126,875	—	—	—	—	126,875	38,995
Due from other governments	154,007	—	—	41,996	—	—	196,003	167,979
Total assets and other debits	\$ 154,007	199,380	2,969	41,996	1,472,493	398,668	2,269,513	441,141
Liabilities and Fund Balances								
Accounts payable	\$ 42,072	16,296	—	24,637	144,011	11,331	238,347	69,761
Due to other funds	110,780	—	—	16,095	—	—	126,875	100,219
Note payable	—	—	—	—	2,529,000	—	2,529,000	—
Accrued expenses	5,098	4,217	—	1,261	—	—	10,576	8,699
Total liabilities	157,950	20,513	—	41,993	2,673,011	11,331	2,904,798	178,679
Fund balances:								
Reserved for encumbrances	207,216	1,540	—	189,306	1,064,432	9,387	1,471,881	214,666
Unreserved:								
Designed for working capital	—	—	—	—	—	—	—	36,174
Undesignated	(211,159)	177,327	2,969	(189,303)	(2,264,950)	377,950	(2,107,166)	11,622
Total fund balances	(3,943)	178,867	2,969	3	(1,200,518)	387,337	(635,285)	262,462
Total liabilities and fund balances	\$ 154,007	199,380	2,969	41,996	1,472,493	398,668	2,269,513	441,141

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

All Special Revenue Funds

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

Year Ended June 30, 1999
With Comparative Totals for June 30, 1998

	Community Development Grant Act	Tourism	Independence Square Benefit District	Rental Rehabilitation	Street Improvements Sales Tax	Park Improvements Sales Tax	Totals
							1999
							1998
Revenues:							
Taxes:							
Real estate tax	—	—	20,467	—	—	—	20,467
Sales tax	—	—	—	—	1,964,737	654,912	2,619,649
Transient guest tax	—	424,286	—	—	—	—	424,286
Total taxes	—	424,286	20,467	—	1,964,737	654,912	3,064,402
Intergovernmental	1,355,269	51,333	—	521,523	—	—	1,928,125
Interest	—	12,098	139	—	7,582	2,992	22,811
Other	—	349	—	—	—	—	349
Total revenues	1,355,269	488,066	20,606	521,523	1,972,319	657,904	5,015,687
Expenditures:							
General government	—	—	—	—	—	—	—
Culture and recreation	—	527,845	—	—	—	270,567	798,412
Community development	978,807	—	—	521,990	—	—	1,500,797
Capital outlay	—	—	—	—	3,172,837	—	3,172,837
Nondepartmental	—	—	20,983	—	—	—	20,983
Total expenditures	978,807	527,845	20,983	521,990	3,172,837	270,567	5,493,029
Excess of revenues over (under) expenditures	376,462	(39,779)	(377)	(467)	(1,200,518)	387,337	(477,342)
Other financing sources (uses):							
Operating transfers in	—	—	—	—	—	—	—
Operating transfers out	(380,405)	(40,000)	—	—	—	—	(420,405)
Excess (deficiency) of revenues and other sources over expen- ditures and other uses	(3,943)	(79,779)	(377)	(467)	(1,200,518)	387,337	(897,747)
Fund balance, July 1	—	258,646	3,346	470	—	—	262,462
Fund balance, June 30	(3,943)	178,867	2,969	—	(1,200,518)	387,337	(635,285)
							262,462

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budget Basis) –
Community Development Grant Act FundYear Ended June 30, 1999
With Comparative Actual Amounts For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Intergovernmental	\$ 1,028,000	1,355,269	327,269	1,102,060
Other	—	—	—	18,000
Total revenues	<u>1,028,000</u>	<u>1,355,269</u>	<u>327,269</u>	<u>1,120,060</u>
Expenditures:				
General government – finance	—	—	—	—
Community development program	<u>1,318,521</u>	<u>1,153,841</u>	<u>164,680</u>	<u>1,085,236</u>
Total expenditures	<u>1,318,521</u>	<u>1,153,841</u>	<u>164,680</u>	<u>1,085,236</u>
Excess of revenues over (under) expenditures	(290,521)	201,428	491,949	34,824
Other financing sources (uses):				
Operating transfers in	—	—	—	13,950
Operating transfers out	—	<u>(380,405)</u>	<u>(380,405)</u>	<u>(153,769)</u>
Excess (deficiency) of revenues and other sources over expendi- tures and other uses	\$ <u>(290,521)</u>	(178,977)	<u>111,544</u>	(104,995)
Fund balance, July 1		—		—
Encumbrances outstanding		207,216		116,429
Encumbrances, prior year outstanding		(1,350)		(2,252)
Encumbrances, prior year		(116,429)		(108,988)
Encumbrances, prior year expired		<u>85,597</u>		<u>99,806</u>
Fund balance, June 30		\$ <u>(3,943)</u>		<u>—</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budget Basis) –
Tourism FundYear Ended June 30, 1999
With Comparative Actual Amounts For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Transient guest tax	\$ 428,760	424,286	(4,474)	419,719
Interest	12,000	12,098	98	16,375
Intergovernmental	55,176	51,333	(3,843)	—
Other	—	349	349	1,323
Total revenues	495,936	488,066	(7,870)	437,417
Expenditures – culture and recreation – historic preservation	497,707	496,575	1,132	548,152
Deficiency of revenues over expenditures	(1,771)	(8,509)	(6,738)	(110,735)
Other financing use – operating transfer out	—	(40,000)	(40,000)	—
Deficiency of revenues and other sources over expenditures and other uses	\$ (1,771)	(48,509)	(46,738)	(110,735)
Fund balance, July 1		258,646		341,666
Encumbrances outstanding		1,540		37,056
Encumbrances, prior year outstanding		—		(1,460)
Encumbrances, prior year		(37,056)		(11,375)
Encumbrances, prior year expired		4,246		3,494
Fund balance, June 30		\$ 178,867		258,646

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budget Basis) –
Independence Square Benefit District FundYear Ended June 30, 1999
With Comparative Actual Amounts For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ —	20,467	20,467	19,899
Interest	—	139	139	665
Total revenues	—	20,606	20,606	20,564
Expenditures – community development	26,707	20,983	5,724	19,247
Excess (deficiency) of revenues over expenditures	\$ (26,707)	(377)	26,330	1,317
Fund balance, July 1		3,346		2,029
Fund balance, June 30		\$ 2,969		3,346

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budget Basis) –
Rental Rehabilitation FundYear Ended June 30, 1999
With Comparative Actual Amounts For Year Ended June 30, 1998

	1999			1998 Actual
	Budget	Actual	Variance – Favorable (Unfavorable)	
Revenues – intergovernmental	\$ 453,000	521,523	68,523	438,932
Expenditures – community development rental rehabilitation	<u>726,841</u>	<u>681,296</u>	<u>45,545</u>	<u>450,575</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(273,841)</u>	(159,773)	<u>114,068</u>	(11,643)
Fund balance, July 1		470		470
Encumbrances outstanding		189,306		61,181
Encumbrances, prior year outstanding		—		—
Encumbrances, prior year		(61,181)		(129,221)
Encumbrances, prior year expired		<u>31,181</u>		<u>79,683</u>
Fund balance, June 30		\$ <u><u>3</u></u>		<u><u>470</u></u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budget Basis) –
Street Improvements Sales Tax Fund

Year Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ —	1,964,737	1,964,737	—
Interest	—	7,582	7,582	—
Total revenues	—	1,972,319	1,972,319	—
Expenditures:				
General government	95,000	19,615	75,385	—
Capital outlay	4,349,000	4,217,654	131,346	—
Total expenditures	4,444,000	4,237,269	206,731	—
Excess of revenues over (under) expenditures	\$ <u>(4,444,000)</u>	(2,264,950)	<u>2,179,050</u>	—
Fund balance, July 1		—		—
Encumbrances outstanding		1,064,432		—
Encumbrances, prior year outstanding		—		—
Encumbrances, prior year		—		—
Encumbrances, prior year expired		—		—
Fund balance, June 30		\$ <u>(1,200,518)</u>		—

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Budget Basis) –
Parks Improvements Sales Tax Fund

Year Ended June 30, 1999
With Comparative Actual Figures For Year Ended June 30, 1998

	1999		Variance – Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ —	654,912	654,912	—
Interest	—	2,992	2,992	—
Total revenues	—	657,904	657,904	—
Expenditures:				
General government – finance	—	—	—	—
Community development program	650,324	279,954	370,370	—
Total expenditures	650,324	279,954	370,370	—
Excess of revenues over (under) expenditures	\$ <u>(650,324)</u>	377,950	<u>1,028,274</u>	—
Fund balance, July 1		—		—
Encumbrances outstanding		9,387		—
Encumbrances, prior year outstanding		—		—
Encumbrances, prior year		—		—
Encumbrances, prior year expired		—		—
Fund balance, June 30		\$ <u>387,337</u>		—

See accompanying independent auditors' report.

CAPITAL PROJECT FUNDS

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

STREET IMPROVEMENTS

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

TAX INCREMENT FINANCING

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

BUILDING AND OTHER IMPROVEMENTS

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

STORM DRAINAGE

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

PARK IMPROVEMENTS

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

REVOLVING PUBLIC IMPROVEMENTS

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

CITY OF INDEPENDENCE, MISSOURI

All Capital Projects Funds
Combining Balance Sheet

June 30, 1999
With Comparative Totals For June 30, 1998

Assets	Street Improvements	Tax Increment Financing	Buildings and Other Improvements	Storm Drainage	Park Improvements	Revolving Public Improvements	Totals	
							1999	1998
Pooled cash and investments	\$ —	557,658	—	—	—	202,577	760,235	90,911
Receivables:								
Special assessment principal and accrued interest	138,377	—	—	—	—	—	138,377	35,262
Other	—	52	171,972	—	—	—	172,024	163,526
Restricted cash	—	6,797,111	—	—	—	—	6,797,111	1,930,461
Due from other funds	—	1,253,478	—	—	—	—	1,253,478	1,217,332
Due from other governments	1,926,748	1,184,884	42,487	297,939	—	—	3,452,058	2,432,297
Total assets	\$ 2,065,125	9,793,183	214,459	297,939	—	202,577	12,573,283	5,869,789

Liabilities and Fund Balances

Liabilities:								
Accounts and contracts payable	\$ 500,465	—	27,358	1,540	—	—	529,363	84,368
Due to other funds	768,335	—	188,121	293,199	3,823	—	1,253,478	634,258
Other current liabilities	—	2,293,406	—	—	—	—	2,293,406	889,746
Deferred revenue	502,480	—	—	—	—	—	502,480	924,736
Total liabilities	1,771,280	2,293,406	215,479	294,739	3,823	—	4,578,727	2,533,108
Fund balances (deficit):								
Reserved for encumbrances	4,179,431	6,153	451,193	362,145	—	—	4,998,922	2,854,625
Unreserved:								
Designated for capital projects	—	6,797,111	—	—	—	—	6,797,111	1,930,461
Undesignated	(3,885,586)	696,513	(452,213)	(358,945)	(3,823)	202,577	(3,801,477)	(1,448,405)
Total fund balances (deficit)	293,845	7,499,777	(1,020)	3,200	(3,823)	202,577	7,994,556	3,336,681
Total liabilities and fund balances	\$ 2,065,125	9,793,183	214,459	297,939	—	202,577	12,573,283	5,869,789

NOTE: The negative unreserved, undesignated fund balance in the Street Improvements Fund arises because the reserve for encumbrances include purchase orders issued for services which will be paid for by expenditure-driven grants. Revenues for these grants cannot be recognized until the expenditures are made. These grants amount to \$4,374,849 and, if recorded, would reduce the negative undesignated fund balance to \$489,263.

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

All Capital Projects Funds

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

Year Ended June 30, 1999

With Comparative Totals For June 30, 1998

	Street Improvements	Tax Increment Financing	Buildings and Other Improvements	Storm Drainage	Park Improvements	Revolving Public Improvements	Totals
							1999
							1998
Revenues:							
Taxes	\$ —	3,764,198	—	—	—	—	3,764,198
Intergovernmental	1,697,996	—	41,280	299,793	—	—	2,039,069
Charges for services	26,581	10,000	—	—	—	—	36,581
Interest	(20,878)	178,724	—	—	—	9,914	167,760
Other	20	—	8,495	—	—	—	8,515
Total revenues	1,703,719	3,952,922	49,775	299,793	—	9,914	6,016,123
Expenditures:							
Capital outlay	2,593,471	5,784,589	97,642	758,727	11,158	—	9,245,587
Debt service -- principal	—	135,000	—	—	—	—	135,000
Debt service -- interest	—	426,563	—	—	—	—	426,563
Total expenditures	2,593,471	6,346,152	97,642	758,727	11,158	—	9,807,150
Excess (deficiency) of revenues over expenditures	(889,752)	(2,393,230)	(47,867)	(458,934)	(11,158)	9,914	(3,791,027)
Other financing sources (uses):							
Bond proceeds	—	7,240,000	—	—	—	—	7,240,000
Operating transfers in	663,667	—	47,867	486,210	11,158	—	1,208,902
Operating transfers out	—	—	—	—	—	—	—
Total other financing sources (uses)	663,667	7,240,000	47,867	486,210	11,158	—	8,448,902
Excess (deficiency) of revenues and other sources over expenditures and other uses	(226,085)	4,846,770	—	27,276	—	9,914	4,657,875
Fund balance (deficit), July 1	519,930	2,653,007	(1,020)	(24,076)	(3,823)	192,663	3,336,681
Fund balance (deficit), June 30	\$ 293,845	7,499,777	(1,020)	3,200	(3,823)	202,577	7,994,556

See accompanying independent auditors' report.

ENTERPRISE FUNDS

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

POWER AND LIGHT

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

WATER

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

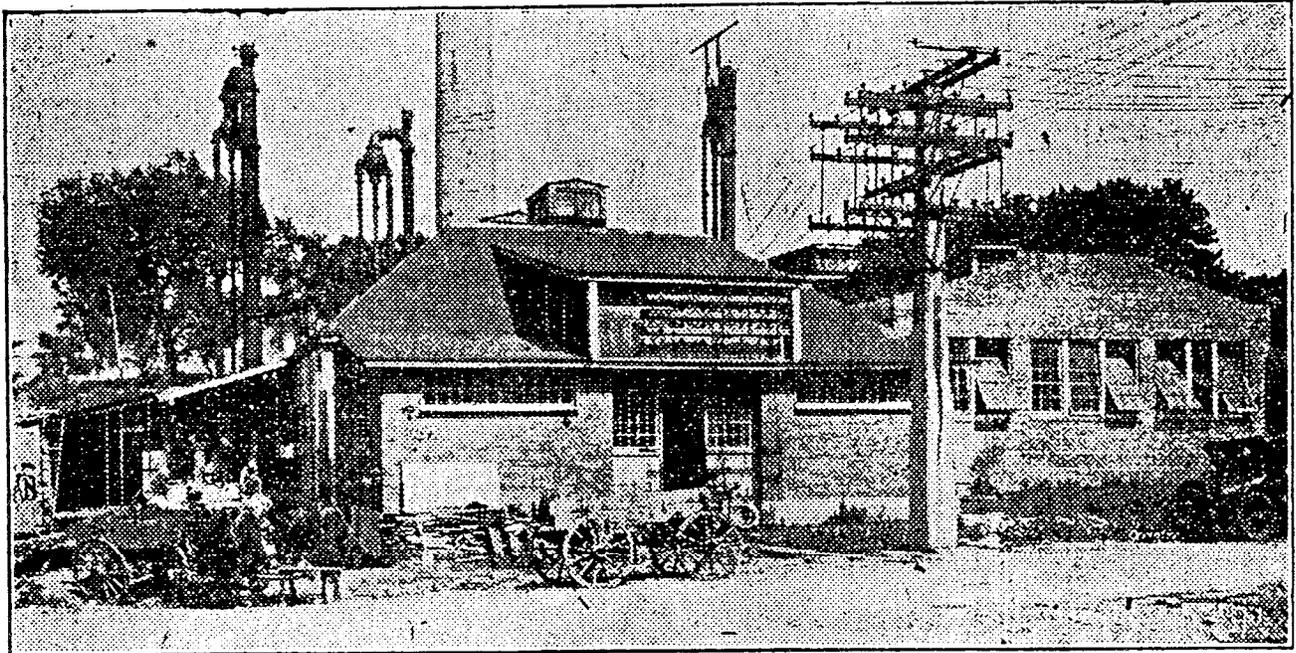
SANITARY SEWER

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

STORM WATER

This fund was established to account for the public service of collection and conveyance of storm water runoff generated in the City and areas outside the city limits. Because of the absence of a revenue source to fund this activity, all expenditures necessary to provide such services are accounted for in the General Fund, including but not limited to, administration, operations, maintenance, financing, and related debt service.

THE CITY LIGHT PLANT IN 1925



NEW RATES

Effective February 1, 1930

CITY LIGHT DEPARTMENT

RESIDENCE RATE

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

COMBINATION RATE

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

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

COMMERCIAL LIGHTING RATES are as follows:

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

POWER RATES

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

Minimum Charge

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

CITY OF INDEPENDENCE, MISSOURI

All Enterprise Funds
Combining Balance Sheet

June 30, 1999
With Comparative Totals For June 30, 1998

Assets	Power and Light	Water	Sanitary Sewer	Storm Water	Totals	
					1999	1998
Current assets:						
Pooled assets and investments	\$ 13,492,964	20,569,555	8,340,071	—	42,402,590	35,406,009
Receivables:						
Accounts	3,400,759	981,159	800,736	—	5,182,654	6,012,030
Unbilled revenue	4,886,231	790,774	780,842	—	6,457,847	6,733,945
Special assessment principal and accrued interest	606,457	153,384	50,817	—	204,201	227,277
Accrued interest	—	360,588	150,403	—	1,117,448	1,353,430
Total receivables	8,893,447	2,285,905	1,782,798	—	12,962,150	14,326,682
Due from other funds	3,714	1,272	1,034,766	—	1,039,752	1,034,679
Inventory, at average cost	7,502,466	665,372	146,775	—	8,314,613	6,224,535
Prepaid expenses and other current assets	34,183	6,780	—	—	40,963	87,585
Total current assets	29,926,774	23,528,884	11,304,410	—	64,760,068	57,079,490
Restricted assets	27,476,520	678,637	123,584	—	28,278,741	38,695,265
Property, plant, and equipment:						
Utility plant in service	209,217,133	67,176,539	68,261,113	339,855	344,994,640	331,514,970
Acquisition adjustment	2,755,569	12,547,766	—	—	15,303,335	15,303,335
Construction in progress	16,555,075	1,010,238	5,587,325	—	23,152,638	17,449,044
Nonutility property	—	40,014	46,368	—	86,382	86,382
Total property, plant, and equipment	228,527,777	80,774,557	73,894,806	339,855	383,536,995	364,353,731
Less accumulated depreciation	116,949,387	17,251,948	29,842,028	313,397	164,356,760	155,490,219
Net property, plant, and equipment	111,578,390	63,522,609	44,052,778	26,458	219,180,235	208,863,512
Advances to other funds	—	—	25,000	—	25,000	368,285
Deferred charges:						
Deferred debt issue costs	1,656,367	1,127,304	52,574	—	2,836,245	3,062,380
Prepaid employee benefits	1,395,043	414,277	241,536	—	2,050,856	2,479,214
Preliminary survey charges and other	—	—	128,830	—	128,830	264,331
Total assets	\$ 172,033,094	89,271,711	55,928,712	26,458	317,259,975	310,812,477

(Continued)

Schedule 12 (Cont'd)

	Liabilities and Fund Equity				Totals	
	Power and Light	Water	Sanitary Sewer	Storm Water	1999	1998
Current liabilities:						
Accounts and contracts payable	\$ 4,105,163	682,042	258,516	—	5,045,721	6,408,783
Accrued expenses	422,951	324,416	763,710	—	1,511,077	1,137,556
Compensated absences	906,738	279,126	189,575	—	1,375,439	1,312,159
Due to other funds	—	—	—	1,031,694	1,031,694	1,031,694
Other current liabilities	—	199,627	—	—	199,627	152,160
Total current liabilities	5,434,852	1,485,211	1,211,801	1,031,694	9,163,558	10,042,352
Liabilities payable from restricted assets:						
Customer deposits	705,158	178,637	123,584	—	1,007,379	957,631
Interest on long-term debt	115,397	268,330	—	—	383,727	345,274
Current maturities of revenue bonds	1,535,000	850,000	—	—	2,385,000	2,105,000
Current maturities of loan payable	—	—	495,000	—	495,000	—
Current maturities of certificates of participation	—	—	—	—	—	161,199
Total liabilities payable from restricted assets	2,355,555	1,296,967	618,584	—	4,271,106	3,569,104
Long-term liabilities:						
Revenue bonds payable	26,852,790	35,150,000	—	—	62,002,790	71,890,000
Loan payable	—	—	1,640,000	—	1,640,000	—
Compensated absences	2,302,652	837,279	489,165	—	3,629,096	3,339,091
Advances from other funds	—	—	—	25,000	25,000	210,165
Total long-term liabilities	29,155,442	35,987,279	2,129,165	25,000	67,296,886	75,439,256
Deferred credits – advances for construction	—	414,545	—	—	414,545	302,790
Total liabilities	36,945,849	39,184,002	3,959,550	1,056,694	81,146,095	89,353,502
Fund equity:						
Contributed capital	1,136,268	13,303,734	29,954,441	—	44,394,443	43,394,688
Retained earnings:						
Reserved for revenue bond retirement	—	500,000	—	—	500,000	4,625,000
Reserved for depreciation and emergency	133,950,977	36,283,975	22,014,721	(1,030,236)	191,219,437	1,000,000
Unreserved	—	—	—	—	—	172,439,287
Total retained earnings (deficit)	133,950,977	36,783,975	22,014,721	(1,030,236)	191,719,437	178,064,287
Total fund equity(deficit)	135,087,245	50,087,709	51,969,162	(1,030,236)	236,113,880	221,458,975
Total liabilities and fund equity(deficit)	\$ 172,033,094	89,271,711	55,928,712	26,458	317,259,975	310,812,477

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

All Enterprise Funds

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

Year Ended June 30, 1999

With Comparative Totals For Year Ended June 30, 1998

	Power and Light	Water	Sanitary Sewer	Storm Water	Totals	
					1999	1998
Operating revenues:						
Sale of electric energy and services	\$ 66,343,685	—	—	—	66,343,685	64,559,582
Sale of water	—	14,048,642	—	—	14,048,642	14,292,785
Sanitary sewerage charges	—	—	12,626,408	—	12,626,408	12,014,198
Other operating revenue	273,712	61,467	23,685	—	358,864	566,275
Total operating revenues	66,617,397	14,110,109	12,650,093	—	93,377,599	91,432,840
Operating expenses:						
Production fuel	5,916,318	—	—	—	5,916,318	4,739,787
Purchased power	18,032,116	—	—	—	18,032,116	19,009,442
Production	6,175,985	2,943,973	—	—	9,119,958	8,538,538
Transmission and distribution	7,686,040	2,407,860	—	—	10,093,900	9,156,732
Customer service	2,231,421	887,129	—	—	3,118,550	3,128,517
General and administrative	5,310,700	3,181,087	1,987,583	—	10,479,370	9,229,956
Sewerage pumping and treatment	—	—	2,242,148	—	2,242,148	4,429,958
Maintenance	—	—	1,400,009	—	1,400,009	1,310,596
Intermunicipal agreements	—	—	2,705,518	—	2,705,518	—
Depreciation and amortization	6,140,639	1,678,760	1,703,877	180,737	9,704,013	9,682,855
Payroll taxes	716,160	244,734	169,602	—	1,130,496	1,085,045
Payments to General Fund in lieu of taxes	6,404,789	855,160	1,058,894	—	8,318,843	7,995,774
Other	—	56,496	—	—	56,496	77,079
Total operating expenses	58,614,168	12,255,199	11,267,631	180,737	82,317,735	78,384,279
Operating income (loss)	8,003,229	1,854,910	1,382,462	(180,737)	11,059,864	13,048,561
Nonoperating revenues (expenses):						
Interest income	2,555,848	1,290,545	420,057	—	4,266,450	4,328,868
Interest expense	(1,251,342)	(1,521,275)	(108,296)	—	(2,880,913)	(3,715,506)
Other	—	—	138,229	—	138,229	1,719
Administrative fees for revenue bonds and certificates of participation	(957)	(88,698)	—	—	(89,655)	(152,486)
Amortization of debt issue costs	(82,680)	(40,695)	(14,335)	—	(137,710)	(105,411)
Total nonoperating revenues (expenses)	1,220,869	(360,123)	435,655	—	1,296,401	357,184
Income (loss) before operating transfers	9,224,098	1,494,787	1,818,117	(180,737)	12,356,265	13,405,745
Operating transfers out	—	—	—	—	—	(148)
Net income (loss)	9,224,098	1,494,787	1,818,117	(180,737)	12,356,265	13,405,597
Add credit arising from transfer of depreciation on contributed assets to contributed capital	61,010	193,598	1,044,278	—	1,298,886	1,298,248
Transferred to retained earnings	9,285,108	1,688,385	2,862,395	(180,737)	13,655,151	14,703,845
Retained earnings, July 1	124,665,869	35,095,590	19,152,326	(849,499)	178,064,286	163,360,442
Retained earnings, June 30	\$ 133,950,977	36,783,975	22,014,721	(1,030,236)	191,719,437	178,064,287

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

All Enterprise Funds

Combining Statement of Cash Flows

Year Ended June 30, 1999

	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Storm Water</u>	<u>Total</u>
Operating activities:					
Operating income (loss)	\$ 8,003,229	1,854,910	1,382,462	(180,737)	11,059,864
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,140,639	1,678,760	1,703,877	180,737	9,704,013
Changes in assets and liabilities:					
Receivables	(1,180,601)	202,789	(18,858)	—	(996,670)
Inventory	2,105,287	355	14,854	—	2,120,496
Due from other funds	2,803	1,030,576	(1,032,846)	—	533
Prepaid expenses and other current assets	(46,577)	45	—	—	(46,532)
Accounts and contracts payable	(1,246,159)	(51,918)	(64,985)	—	(1,363,062)
Accrued expenses	115,981	120,066	137,474	—	373,521
Compensated absences	266,584	50,296	36,405	—	353,285
Customer deposits	25,112	11,167	13,469	—	49,748
Advances for construction	—	111,755	—	—	111,755
Deferred charges	186,888	203,396	121,001	—	511,285
Advances to other funds	—	343,285	—	—	343,285
Net cash provided by operating activities	<u>14,373,186</u>	<u>5,555,482</u>	<u>2,292,853</u>	<u>—</u>	<u>22,221,521</u>
Capital and related financing activities:					
Principal paid on lease participation certificates	—	(161,199)	—	—	(161,199)
Proceeds from refunding/revenue bonds	23,520,000	—	2,610,000	—	26,130,000
Payment to escrow agent	(23,774,878)	—	—	—	(23,774,878)
Principal paid on revenue bonds and note payable	(1,090,000)	(6,950,000)	(475,000)	—	(8,515,000)
Payment of bond issue/remarketing costs	(536,325)	(739,052)	(65,718)	—	(1,341,095)
Deferred Charge on Refunding	(2,251,329)	—	—	—	(2,251,329)
Additions of property, plant, and equipment	(13,635,264)	(3,825,711)	(2,893,544)	—	(20,354,519)
Interest paid on debt	(1,188,165)	(1,426,880)	(108,296)	—	(2,723,341)
Advances from other funds	(174,969)	—	(10,196)	—	(185,165)
Administrative fees for revenue bonds	—	—	—	—	—
Contributions	86,528	1,787,943	1,024,170	—	2,898,641
Net cash (used in) provided by capital and related financing activities	<u>(19,044,402)</u>	<u>(11,314,899)</u>	<u>81,416</u>	<u>—</u>	<u>(30,277,885)</u>
Noncapital financing activities – other revenue	<u>—</u>	<u>—</u>	<u>138,229</u>	<u>—</u>	<u>138,229</u>
Investing activities – interest and dividends on investments	<u>2,744,223</u>	<u>1,416,395</u>	<u>338,174</u>	<u>—</u>	<u>4,498,792</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,926,993)</u>	<u>(4,343,022)</u>	<u>2,850,672</u>	<u>—</u>	<u>(3,419,343)</u>
Cash and cash equivalents, July 1	<u>42,896,477</u>	<u>25,591,214</u>	<u>5,612,983</u>	<u>—</u>	<u>74,100,674</u>
Cash and cash equivalents, June 30	<u>\$ 40,969,484</u>	<u>21,248,192</u>	<u>8,463,655</u>	<u>—</u>	<u>70,681,331</u>
Components of cash and short-term investments at end of fiscal year:					
Unrestricted	\$ 13,492,964	20,569,555	8,340,071	—	42,402,590
Restricted	27,476,520	678,637	123,584	—	28,278,741
	<u>\$ 40,969,484</u>	<u>21,248,192</u>	<u>8,463,655</u>	<u>—</u>	<u>70,681,331</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Expenses – Power and Light Fund

Years Ended June 30, 1999 and 1998

	1999			1998		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Coal			\$ 4,436,284			3,623,083
Gas			1,245,741			908,650
Oil			234,293			208,054
Total production fuel			<u>5,916,318</u>			<u>4,739,787</u>
Purchased power:						
Purchased energy			10,147,146			10,654,253
Purchased capacity (net)			7,284,000			7,662,000
Border customers			30,220			121,390
Control and dispatching			570,750			571,799
Total purchased power			<u>18,032,116</u>			<u>19,009,442</u>
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 419,819	397,024	816,843	323,320	335,295	658,615
Steam	524,873	1,359,676	1,884,549	451,383	78,594	529,977
Electric	530,126	212,400	742,526	429,798	1,263,157	1,692,955
Structures and improvements	—	47,705	47,705	—	264,160	264,160
Miscellaneous	996,457	446,582	1,443,039	932,291	771,540	1,703,831
	<u>2,471,275</u>	<u>2,463,387</u>	<u>4,934,662</u>	<u>2,136,792</u>	<u>2,712,746</u>	<u>4,849,538</u>
Missouri City Station:						
Supervision and engineering	7,082	12,705	19,787	8,349	2,163	10,512
Steam	176,489	225,619	402,108	131,026	6,342	137,368
Electric	179,516	212,687	392,203	130,873	42,170	173,043
Structures and improvements	—	8,751	8,751	—	13,261	13,261
Miscellaneous	70,526	60,099	130,625	51,031	106,824	157,855
	<u>433,613</u>	<u>519,861</u>	<u>953,474</u>	<u>321,279</u>	<u>170,760</u>	<u>492,039</u>
Combustion Turbine Station:						
Supervision and engineering	—	14,991	14,991	—	24,157	24,157
Generation expenses	646	175,620	176,266	3,575	89,664	93,239
Structures and improvements	—	32,450	32,450	—	188,084	188,084
Miscellaneous	14,524	49,618	64,142	14,066	27,391	41,457
	<u>15,170</u>	<u>272,679</u>	<u>287,849</u>	<u>17,641</u>	<u>329,296</u>	<u>346,937</u>
Total production (other)	\$ <u>2,920,058</u>	<u>3,255,927</u>	<u>6,175,985</u>	\$ <u>2,475,712</u>	<u>3,212,802</u>	<u>5,688,514</u>
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 130,675	10,573	141,248	137,245	12,312	149,557
Overhead expenses	76,390	2,379	78,769	568	800	1,368
Station expenses	30,763	216,204	246,967	20,022	168,880	188,902
Wheeling charges	893,528	—	893,528	1,076,152	—	1,076,152
Underground line expense	—	—	—	6,200	—	6,200
Structures and improvements	—	—	—	—	—	—
Miscellaneous	367	—	367	2,434	295	2,729
Total transmission	\$ <u>1,131,723</u>	<u>229,156</u>	<u>1,360,879</u>	<u>1,242,621</u>	<u>182,287</u>	<u>1,424,908</u>

(Continued)

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Expenses – Power and Light Fund, Continued

Years Ended June 30, 1999 and 1998

	1999			1998		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Distributions:						
Supervision and engineering	\$ 92,869	34,002	126,871	120,913	36,932	157,845
Overhead lines	468,913	2,407,003	2,875,916	567,457	2,140,739	2,708,196
Station expenses	307,776	59,297	367,073	272,717	89,982	362,699
Street lights and traffic signals	149,898	436,955	586,853	158,407	356,610	515,017
Meters	156,175	332,769	488,944	154,432	462,260	616,692
Customer installations	584	—	584	11,432	—	11,432
Underground lines	319,262	450,563	769,825	374,046	222,889	596,935
Dispatching communication	506,908	—	506,908	485,789	—	485,789
Line transformers	—	97,642	97,642	—	95,315	95,315
Miscellaneous	387,688	116,857	504,545	316,011	133,998	450,009
Total distributions	<u>2,390,073</u>	<u>3,935,088</u>	<u>6,325,161</u>	<u>2,461,204</u>	<u>3,538,725</u>	<u>5,999,929</u>
Total transmission and distributions	\$ <u>3,521,796</u>	<u>4,164,244</u>	<u>7,686,040</u>	\$ <u>3,703,825</u>	<u>3,721,012</u>	<u>7,424,837</u>
Customer service:						
Supervision			146,804			135,818
Meter reading			594,439			462,614
Customer records and collections			1,039,552			1,169,530
Provisions for doubtful accounts			311,280			482,027
Miscellaneous			139,346			143,953
Total customer service			<u>2,231,421</u>			<u>2,393,942</u>
General and administrative:						
Salaries			651,975			529,077
Office supplies			258,779			210,827
Insurance			368,765			366,351
Injuries and damage			218,539			134,881
Employee benefits			2,286,792			2,139,382
Outside services			1,066,146			1,027,079
Miscellaneous			514,974			570,868
Administrative expenses – transfers			(55,270)			(155,251)
Total general and administrative			<u>5,310,700</u>			<u>4,823,214</u>
Depreciation and amortization			6,140,639			6,297,786
Payroll taxes			716,160			686,362
Payments to General Fund in lieu of taxes			6,404,789			6,108,334
Total operating expense			<u>\$ 58,614,168</u>			<u>57,172,218</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Changes in Fixed Assets – Power and Light Fund

Year Ended June 30, 1999

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Property, plant, and equipment:				
Production plant	\$ 106,607,988	5,550,000	—	112,157,988
Transmission plant	21,814,084	6,798	152	21,820,730
Distribution plant	57,633,270	3,222,253	545,368	60,310,155
General plant	14,237,205	731,063	40,008	14,928,260
Utility plant in service	200,292,547	9,510,114	585,528	209,217,133
Acquisition adjustment	2,755,569	—	—	2,755,569
Construction in progress	12,015,825	16,148,878	11,609,628	16,555,075
	215,063,941	25,658,992	12,195,156	228,527,777
Total accumulated depreciation	111,281,224	6,518,303	850,140	116,949,387
Net property, plant, and equipment	\$ <u>103,782,717</u>	<u>19,140,689</u>	<u>11,345,016</u>	<u>111,578,390</u>

Depreciation and amortization for the years ended 1999 and 1998 were allocated as follows:

	1999	1998
Expense	\$ 6,140,638	6,297,786
Capitalized as construction in progress and other	377,665	362,376
	<u>\$ 6,518,303</u>	<u>6,660,162</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Power and Light Fund

Year Ended June 30, 1999

	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Revenue</u>	<u>KWH</u>
Sale of electric energy:				
Metered:				
Residential	47,663	47,804	\$ 34,957,679	465,600,550
Small general services	2,723	2,731	2,300,252	24,205,895
General services–space heating	3	2	972	14,938
Large general services	1,672	1,684	18,850,613	306,409,898
Large general services–prime voltage	13	12	981,762	18,133,810
Large general services–space heating	2	2	8,130	129,474
Total electric general services	49	50	2,229,820	42,158,425
Schools, churches, and hospitals	273	278	2,038,143	31,389,810
Schools, churches, and hospitals, all electric	5	5	93,716	1,801,746
Large power services	6	6	1,609,563	38,426,160
Interruptible services	1	1	401,733	9,663,984
Sewer pumping	6	7	108,139	773,906
City traffic signals	58	58	65,562	642,145
Wholesale (border customers)	—	—	119,303	5,760,658
Wholesale (interchange)	—	—	433,085	12,429,000
Capacity sale	—	—	891,000	—
	<u>52,474</u>	<u>52,640</u>	65,089,472	957,540,399
Unmetered:				
Private security lighting	1,366	1,371	619,640	1,141,148
City public street lighting	10,783	10,850	223,177	8,549,880
	<u>12,149</u>	<u>12,221</u>	842,817	9,691,028
Increase (decrease) in unbilled revenue			(321,584)	(6,883,346)
Other operating revenue			1,006,692	—
Total operating revenue			\$ <u>66,617,397</u>	<u>960,348,081</u>
Net generation				269,475,152
Wholesale power purchased				754,031,926
Unintentional interchange				<u>76,000</u>
Net generation and power purchased				<u>1,023,583,078</u>
Retail energy sales				942,158,423
Wholesale (border customers) sales				18,189,658
Power and light usage (building and substations)				<u>1,811,339</u>
Net disposition				<u>962,159,420</u>
Transmission and distribution operating losses				<u>61,423,658</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Expenses – Water Fund

Years Ended June 30, 1999 and 1998

	1999			1998		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 17,367	—	17,367	18,838	—	18,838
Labor and expenses	164,589	—	164,589	144,895	—	144,895
Structures and improvements	—	7,986	7,986	—	14,665	14,665
Miscellaneous	—	182,860	182,860	14,183	64,028	78,211
Total source of supply	<u>181,956</u>	<u>190,846</u>	<u>372,802</u>	<u>177,916</u>	<u>78,693</u>	<u>256,609</u>
Power and pumping:						
Supervision and engineering	25,785	18,294	44,079	28,397	11,180	39,577
Fuel/power purchased	942,400	—	942,400	986,064	—	986,064
Labor and expenses	170,306	—	170,306	107,318	—	107,318
Structures and improvements	—	14,663	14,663	—	12,319	12,319
Miscellaneous	—	39,867	39,867	55,220	30,501	85,721
Total power and pumping	<u>1,138,491</u>	<u>72,824</u>	<u>1,211,315</u>	<u>1,176,999</u>	<u>54,000</u>	<u>1,230,999</u>
Water treatment:						
Supervision and engineering	30,492	13,107	43,599	36,394	14,593	50,987
Chemicals	510,522	—	510,522	525,144	—	525,144
Labor and expenses	382,223	—	382,223	270,425	—	270,425
Structures and improvements	—	23,926	23,926	—	22,566	22,566
Miscellaneous	—	399,586	399,586	85,879	407,415	493,294
Total water treatment	<u>923,237</u>	<u>436,619</u>	<u>1,359,856</u>	<u>917,842</u>	<u>444,574</u>	<u>1,362,416</u>
Total production	<u>\$ 2,243,684</u>	<u>700,289</u>	<u>2,943,973</u>	<u>\$ 2,272,757</u>	<u>577,267</u>	<u>2,850,024</u>
Transmission and distribution:						
Supervision and engineering	\$ 46,360	96,084	142,444	51,996	122,849	174,845
Storage facilities	13,508	527,587	541,095	17,598	42,451	60,049
Transmission and distribution lines	342,894	522,347	865,241	333,537	309,872	643,409
Meters	168,363	137,296	305,659	187,996	149,715	337,711
Customer installations	46,753	—	46,753	86,603	—	86,603
Services	—	91,531	91,531	—	116,311	116,311
Hydrants	—	24,464	24,464	—	44,854	44,854
Miscellaneous	290,616	100,057	390,673	189,676	78,437	268,113
Total transmission and distribution	<u>\$ 908,494</u>	<u>1,499,366</u>	<u>2,407,860</u>	<u>\$ 867,406</u>	<u>864,489</u>	<u>1,731,895</u>
Customer service:						
Customer accounting paid and collecting:						
Supervision			110,468			80,308
Meter reading			716,257			667,997
Customer records			(49,453)			(103,184)
Provision for uncollectible amounts			—			—
			<u>43,136</u>			<u>56,173</u>
Total customer accounting paid and collecting			820,408			701,294
Sales promotion – expenses			<u>66,721</u>			<u>33,281</u>
Total customer service			<u>\$ 887,129</u>			<u>734,575</u>

(Continued)

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Expenses – Water Fund, Continued

Years Ended June 30, 1999 and 1998

	1999			1998		
	Operations	Maintenance	Total	Operations	Maintenance	Total
General and administrative:						
Salaries		\$ 421,379				385,588
Office supplies and expense		232,907				355,116
Insurance		15,183				15,533
Injuries and damages		167,473				139,592
Employee benefits		834,535				814,979
Outside services		1,329,976				849,489
Miscellaneous		179,634				49,204
Total general and administrative		<u>3,181,087</u>				<u>2,609,501</u>
Depreciation and amortization		1,678,760				1,641,578
Payroll taxes		244,734				236,754
Payments to General Fund in lieu of taxes		855,160				870,331
Other		56,496				77,079
Total operating expenses		<u>\$ 12,255,199</u>				<u>10,751,737</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Changes in Fixed Assets – Water Fund

Year Ended June 30, 1999

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Property, plant, and equipment:				
Production plant:				
Source of supply	\$ 6,431,495	182,521	—	6,614,016
Pumping plant	4,608,635	82,173	9,129	4,681,679
Water treatment plant	11,488,039	79,608	1,407	11,566,240
Transmission and distribution equipment	38,659,728	1,648,387	130,634	40,177,481
General plant	<u>3,641,177</u>	<u>610,549</u>	<u>114,603</u>	<u>4,137,123</u>
Utility plant in service	64,829,074	2,603,238	255,773	67,176,539
Acquisition adjustment	12,547,766	—	—	12,547,766
Construction in progress	423,090	587,148	—	1,010,238
Nonutility property	<u>40,014</u>	<u>—</u>	<u>—</u>	<u>40,014</u>
	77,839,944	3,190,386	255,773	80,774,557
Total accumulated depreciation and amortization	<u>15,696,190</u>	<u>1,833,326</u>	<u>277,568</u>	<u>17,251,948</u>
Net property, plant, and equipment	<u>\$ 62,143,754</u>	<u>1,357,060</u>	<u>(21,795)</u>	<u>63,522,609</u>

Depreciation and amortization for the years ended 1999 and 1998 were allocated as follows:

	<u>1999</u>	<u>1998</u>
Expenses	\$ 1,678,760	1,641,578
Capitalized as construction in progress and other	<u>154,565</u>	<u>160,036</u>
	<u>\$ 1,833,325</u>	<u>1,801,614</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Water Fund

Year Ended June 30, 1999

	Number of Customers		Revenue	MGS*
	Beginning of Year	End of Year		
Sale of water:				
Residential	41,475	42,229	\$ 7,197,098	3,012,303
Commercial	2,684	2,686	1,888,654	874,827
Industrial	8	8	219,180	197,321
Public authority	55	56	124,333	63,588
Resale	13	13	3,801,176	4,041,687
Private fire protection	230	251	40,272	—
Public fire protection	—	—	537,100	—
	<u>44,465</u>	<u>45,243</u>	13,807,813	<u>8,189,726</u>
Increase in unbilled revenue			21,801	
Other operating revenue			<u>280,495</u>	
Total operating revenue			<u>\$ 14,110,109</u>	
Thousands of gallons pumped –				
Courtney Bend Plant			8,970,872	
Less total sales			<u>8,189,726</u>	
Unaccounted for water			<u>781,146</u>	

* Thousand gallons sold.

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Changes in Fixed Assets – Sanitary Sewer Fund

Year Ended June 30, 1999

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Property, plant, and equipment:				
Collection plant	\$ 45,981,888	2,122,744	—	48,104,632
Pumping plant	4,747,517	39,043	—	4,786,560
Treatment and disposal plant	11,700,120	35,373	46,200	11,689,293
General plant	<u>3,623,969</u>	<u>156,477</u>	<u>99,818</u>	<u>3,680,628</u>
Utility plant in service	66,053,494	2,353,637	146,018	68,261,113
Construction in progress	5,010,129	1,801,440	1,224,244	5,587,325
Nonutility property	<u>46,368</u>	<u>—</u>	<u>—</u>	<u>46,368</u>
	71,109,991	4,155,077	1,370,262	73,894,806
Total accumulated depreciation	<u>28,380,145</u>	<u>1,703,877</u>	<u>241,994</u>	<u>29,842,028</u>
Net property, plant, and equipment	<u>\$ 42,729,846</u>	<u>2,451,200</u>	<u>1,128,268</u>	<u>44,052,778</u>

Depreciation charges for the years ended June 30, 1999 and 1998 were allocated as follows:

	1999	1998
Expense	\$ <u>1,703,877</u>	<u>1,719,123</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Sanitary Sewer Fund

Year Ended June 30, 1999

	Number of Customers		Revenue	CCF*
	Beginning of Year	End Year		
Sale of sanitary sewer services:				
Residential	36,852	37,195	\$ 7,724,284	2,756,619
Commercial:				
Base	3,459	3,442	3,251,214	1,805,273
Surcharge	—	—	779,495	—
Contract waste treatment	—	—	362,913	—
Intermunicipal agreements:				
Sugar Creek	—	—	347,410	—
Kansas City	—	—	58,204	—
Lee's Summit	—	—	9,503	—
	<u>40,311</u>	<u>40,637</u>	12,533,023	<u>4,561,892</u>
Other operating revenue			93,385	
Increase in unbilled revenue			<u>23,685</u>	
Total operating revenue			<u>\$ 12,650,093</u>	

* Hundred cubic feet.

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Changes in Fixed Assets – Storm Water Fund

Year Ended June 30, 1999

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Property, plant, and equipment:				
General plant	\$ 339,855	—	—	339,855
Accumulated depreciation	<u>132,660</u>	<u>180,737</u>	<u>—</u>	<u>313,397</u>
Net property, plant, and equipment	<u>\$ 207,195</u>	<u>(180,737)</u>	<u>—</u>	<u>26,458</u>

Depreciation charges for the years ended June 30, 1999 and 1998 were allocated as follows:

	<u>1999</u>	<u>1998</u>
Expense	\$ <u>180,737</u>	<u>24,368</u>

See accompanying independent auditors' report.



*Truman Home
219 N. Delaware*

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



World War I Memorial Building

INTERNAL SERVICE FUNDS

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

CENTRAL GARAGE

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

STAYWELL HEALTH CARE

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

EMPLOYEE BENEFITS

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

CITY OF INDEPENDENCE, MISSOURI

All Internal Service Funds

Combining Balance Sheet

June 30, 1999

With Comparative Totals For June 30, 1998

Assets	Central Garage	Employee Benefits	Staywell Health Care	Totals	
				1999	1998
Current assets:					
Pooled cash and investments	\$ 1,665	2,182,552	2,342,716	4,526,933	3,838,294
Accrued interest receivable	—	21,654	—	21,654	21,653
Due from other funds	105	—	—	105	279
Inventory, at average cost	105,050	—	—	105,050	104,272
Total current assets	106,820	2,204,206	2,342,716	4,653,742	3,964,498
Property, plant, and equipment	419,809	—	—	419,809	400,168
Less accumulated depreciation	286,190	—	—	286,190	282,579
Net property, plant, and equipment	133,619	—	—	133,619	117,589
Total assets	\$ 240,439	2,204,206	2,342,716	4,787,361	4,082,087
Liabilities and Fund Equity					
Current liabilities:					
Accounts and contracts payable	\$ 47,205	—	—	47,205	25,370
Due to other funds	—	—	—	—	96
Accrued expenses	7,622	—	—	7,622	7,449
Compensated absences – current	1,478	—	—	1,478	23,243
Other current liabilities – medical self-insurance claims	—	—	419,000	419,000	534,000
Total current liabilities	56,305	—	419,000	475,305	590,158
Employee benefits payable	—	1,618,482	—	1,618,482	1,901,468
Compensated absences – long-term	66,216	—	—	66,216	52,553
Total liabilities	122,521	1,618,482	419,000	2,160,003	2,544,179
Fund equity – retained earnings	117,918	585,724	1,923,716	2,627,358	1,537,908
Total liabilities and fund equity	\$ 240,439	2,204,206	2,342,716	4,787,361	4,082,087

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

All Internal Service Funds

Combining Statement of Revenues, Expenses, and
Changes in Retained EarningsYear Ended June 30, 1999
With Comparative Totals For June 30, 1998

	Central Garage	Employee Benefits	Staywell Health Care	Totals	
				1999	1998
Operating revenues:					
Repairs and maintenance charges	\$ 1,272,081	—	—	1,272,081	1,237,044
Premiums	—	—	6,556,846	6,556,846	6,042,863
Reinsurance reimbursements	—	—	—	—	—
Total operating revenues	<u>1,272,081</u>	<u>—</u>	<u>6,556,846</u>	<u>7,828,927</u>	<u>7,279,907</u>
Operating expenses:					
Public works	1,105,292	—	—	1,105,292	1,098,041
Health care plan expenses	—	—	5,738,617	5,738,617	5,858,287
Depreciation and amortization	7,646	—	—	7,646	9,031
Total operating expenses	<u>1,112,938</u>	<u>—</u>	<u>5,738,617</u>	<u>6,851,555</u>	<u>6,965,359</u>
Operating income	159,143	—	818,229	977,372	314,548
Nonoperating revenues – interest income	<u>8,453</u>	<u>117,026</u>	<u>96,882</u>	<u>222,361</u>	<u>252,279</u>
Income before operating transfers	167,596	117,026	915,111	1,199,733	566,827
Operating transfers in	—	52,728	—	52,728	215,739
Operating transfers out	<u>(163,011)</u>	<u>—</u>	<u>—</u>	<u>(163,011)</u>	<u>—</u>
Net income	4,585	169,754	915,111	1,089,450	782,566
Retained earnings, July 1	<u>113,333</u>	<u>415,970</u>	<u>1,008,605</u>	<u>1,537,908</u>	<u>755,342</u>
Retained earnings, June 30	<u>\$ 117,918</u>	<u>585,724</u>	<u>1,923,716</u>	<u>2,627,358</u>	<u>1,537,908</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

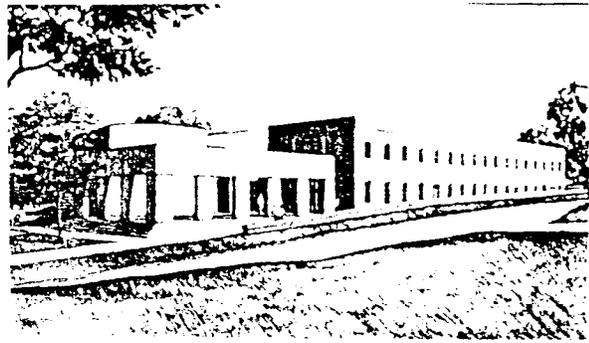
All Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 1999

	<u>Central Garage</u>	<u>Employee Benefits</u>	<u>Staywell Health Care</u>	<u>Total</u>
Operating activities:				
Operating income	\$ 159,143	—	818,229	977,372
Adjustments to reconcile operating income to cash provided by (used in) operating activities:				
Depreciation and amortization	7,646	—	—	7,646
Changes in assets and liabilities:				
Inventory	(780)	—	—	(780)
Due from other funds	79	96	—	175
Account and contracts payable	21,835	—	—	21,835
Accrued expenses	173	—	—	173
Due to other funds	(96)	—	—	(96)
Compensated absences	(8,102)	—	—	(8,102)
Employee benefits payable	—	(282,986)	—	(282,986)
Other current liabilities – medical self-insurance claims payable	—	—	(115,000)	(115,000)
Net cash provided by (used in) operating activities	<u>179,898</u>	<u>(282,890)</u>	<u>703,229</u>	<u>600,237</u>
Capital and related financing activities – acquisition and construction of capital assets	<u>(23,675)</u>	<u>—</u>	<u>—</u>	<u>(23,675)</u>
Noncapital financing activities:				
Operating transfer in	—	52,728	—	52,728
Operating transfer out	<u>(163,011)</u>	<u>—</u>	<u>—</u>	<u>(163,011)</u>
Net cash provided by (used in) noncapital financing activities	<u>(163,011)</u>	<u>52,728</u>	<u>—</u>	<u>(110,283)</u>
Investing activities – interest and dividends on investments	<u>8,453</u>	<u>117,025</u>	<u>96,882</u>	<u>222,360</u>
Net increase (decrease) in cash and cash equivalents	1,665	(113,137)	800,111	688,639
Cash and cash equivalents, July 1	<u>—</u>	<u>2,295,689</u>	<u>1,542,605</u>	<u>3,838,294</u>
Cash and cash equivalents, June 30	<u>\$ 1,665</u>	<u>2,182,552</u>	<u>2,342,716</u>	<u>4,526,933</u>

See accompanying independent auditors' report.



National Frontier Trails Center



Oregon Trails Monument, Independence Square



TRUST AND AGENCY FUNDS

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

NONEXPENDABLE TRUST FUND

Waggoner Memorial

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

EXPENDABLE TRUST FUNDS

Miscellaneous Expendable Trust

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

Truman Memorial Building Restoration Fund

This fund is used to account for the restoration of the Truman Memorial Building.

Mayor's Benefit Fund

This fund is used to account for donations to the Mayor's Benefit Fund.

AGENCY FUND

Flexible Benefit Plan

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

CITY OF INDEPENDENCE, MISSOURI

Trust and Agency Funds

Combining Balance Sheet

June 30, 1999

With Comparative Totals For June 30, 1998

	Non-expendable Trust Fund Waggoner Memorial	Miscellaneous Expendable Trust	Expendable Trust Funds		Mayor's Benefit Fund	Agency Funds Flexible Benefit Plan	Totals	
			Truman Memorial Building Restoration	Truman Memorial Building Restoration			1999	1998
Assets and Other Debits								
Pooled cash and investments	\$ 11,158	127,836	5,081	1,031	16,380	161,486	134,058	
Due from employees	—	—	—	—	7,267	7,267	498	
Accrued interest	—	496	—	—	—	496	—	
Total assets and other debits	\$ 11,158	128,332	5,081	1,031	23,647	169,249	134,556	
Liabilities Fund Equity and Other Credits								
Liabilities:								
Accounts and contracts payable	\$ —	3,805	—	—	—	3,805	7,982	
Other current liabilities	—	1,384	10,188	—	—	11,572	—	
Due to other funds	—	—	—	—	23,647	23,647	5,620	
Total liabilities	—	5,189	10,188	—	23,647	39,024	13,602	
Fund balances:								
Reserved for encumbrances	—	380	—	—	—	380	—	
Unreserved:								
Designated for charitable contributions	—	122,763	—	—	—	122,763	110,340	
Designated for capital projects	5,000	—	—	—	—	5,000	—	
Undesignated	6,158	—	(5,107)	1,031	—	2,082	10,614	
Total fund equity and other credits	11,158	123,143	(5,107)	1,031	—	130,225	120,954	
Total liabilities, fund equity, and other credits	\$ 11,158	128,332	5,081	1,031	23,647	169,249	134,556	

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Expendable Trust Funds

Combining Statement of Changes in Revenue, Expenses, and Fund Balance

Year Ended June 30, 1999
With Comparative Totals For June 30, 1998

	Miscellaneous Expendable Trust	Truman Memorial Building Restoration	Mayor's Benefit Fund	Totals	
				1999	1998
Revenues:					
Charges for services	\$ 19,507	—	—	19,507	13,426
Interest	5,002	267	31	5,300	4,170
Other	7,194	—	1,000	8,194	260
Total revenues	<u>31,703</u>	<u>267</u>	<u>1,031</u>	<u>33,001</u>	<u>17,856</u>
Expenditures:					
Community development	18,900	—	—	18,900	15,118
Other	—	5,374	—	5,374	—
Total expenditures	<u>18,900</u>	<u>5,374</u>	<u>—</u>	<u>24,274</u>	<u>15,118</u>
Excess of revenues over (under) expenditures	12,803	(5,107)	1,031	8,727	2,738
Fund balance, July 1	<u>110,340</u>	<u>—</u>	<u>—</u>	<u>110,340</u>	<u>107,602</u>
Fund balance, June 30	<u>\$ 123,143</u>	<u>(5,107)</u>	<u>1,031</u>	<u>119,067</u>	<u>110,340</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

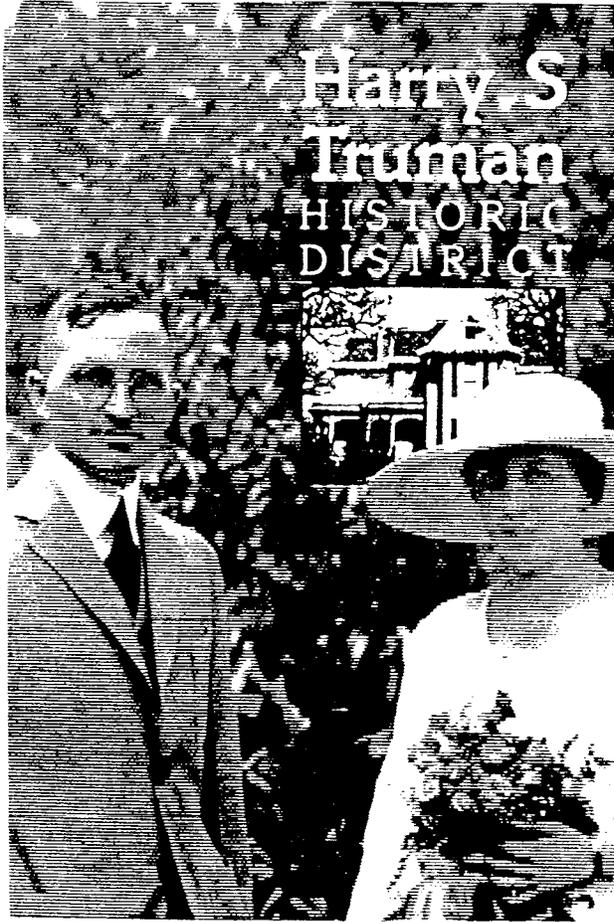
Agency Fund

Statement of Changes in Assets and Liabilities

Year Ended June 30, 1999

<u>Flexible Benefit Plan Fund</u>	<u>Balance June 30, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
Assets:				
Pooled cash and investments	\$ 8,922	51,918	44,460	16,380
Due from employees	—	7,267	—	7,267
	<u>\$ 8,922</u>	<u>59,185</u>	<u>44,460</u>	<u>23,647</u>
Liabilities:				
Accounts payable	\$ 3,302	179,868	183,170	—
Due to other funds	5,620	18,027	—	23,647
	<u>\$ 8,922</u>	<u>197,895</u>	<u>183,170</u>	<u>23,647</u>

See accompanying independent auditors' report.



GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF INDEPENDENCE, MISSOURI

Schedule of General Fixed Assets by Source

June 30, 1999
 With Comparative Figures For June 30, 1998

	<u>1999</u>	<u>1998</u>
General fixed assets:		
Land	\$ 8,209,380	8,209,380
Buildings	9,293,847	9,293,847
Improvements other than buildings	1,858,585	1,858,585
Office furniture and equipment	2,941,273	2,765,457
Mobile equipment	10,748,989	10,201,862
Other equipment	<u>2,760,451</u>	<u>2,670,894</u>
	<u>\$ 35,812,525</u>	<u>35,000,025</u>
Investments in general fixed assets:		
Current operations:		
General Fund	\$ 14,770,069	14,215,413
Tourism Fund	49,254	51,553
Federal grants	1,406,530	1,042,531
State grants	528,561	528,561
General obligation bonds	126,794	126,794
Acquired prior to June 30, 1984	18,805,008	18,908,864
Other	<u>126,309</u>	<u>126,309</u>
	<u>\$ 35,812,525</u>	<u>35,000,025</u>

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of General Fixed Assets by Function and Activity

June 30, 1999

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Office Furniture and Equipment	Mobile Equipment	Other Equipment
General government:							
City Hall	\$ 3,473,835	745,972	1,930,192	797,671	—	—	—
Police Building	2,008,241	255,000	1,753,241	—	—	—	—
City Council	25,488	—	—	—	25,488	—	—
City Clerk	137,106	—	—	—	137,106	—	—
City Manager	48,199	—	—	—	38,991	—	9,208
National Frontier Trails Center	77,111	—	—	—	67,182	—	9,929
Computer Services	923,228	—	—	1,665	850,996	—	70,567
Municipal Court	15,415	—	—	—	15,415	—	—
Law Department	20,038	—	—	—	20,038	—	—
Finance Department	144,850	—	—	—	127,660	17,190	—
Personnel Department	36,276	—	—	—	36,276	—	—
Total general government	6,909,787	1,000,972	3,683,433	799,336	1,319,152	17,190	89,704
Public safety:							
Police Department	3,862,874	46,423	—	160,905	759,227	2,091,506	804,813
Fire Department	6,002,280	—	1,941,186	52,893	278,911	3,335,629	393,661
Planning Department	454,415	—	—	—	169,192	232,081	53,142
Emergency Department	261,783	—	—	44,231	2,035	—	215,517
Total public safety	10,581,352	46,423	1,941,186	258,029	1,209,365	5,659,216	1,467,133
Public works:							
Engineering	555,622	—	—	—	124,335	322,915	108,372
Maintenance	4,240,744	—	34,004	—	89,705	3,380,987	736,048
Storm sewer	86,882	—	—	14,415	—	72,467	—
Total public works	4,883,248	—	34,004	14,415	214,040	3,776,369	844,420
Health and welfare:							
Health Department	158,424	—	—	—	58,038	61,205	39,181
Animal Control	314,371	—	123,830	7,068	10,463	124,126	48,884
Cemetery	205,056	1,230	—	3,013	5,151	123,784	71,878
Total health and welfare	677,851	1,230	123,830	10,081	73,652	309,115	159,943
Culture and recreation:							
Park maintenance	1,055,727	25,000	—	—	24,665	853,994	152,068
Recreation	331,767	27,500	60,312	4,662	79,158	112,952	47,183
Tourism	1,359,753	1,036,555	305,342	—	15,162	2,694	—
Total culture and recreation	2,747,247	1,089,055	365,654	4,662	118,985	969,640	199,251
Public use facilities	6,334,259	2,424,657	3,137,540	772,062	—	—	—
Other	3,678,781	3,647,043	8,200	—	6,079	17,459	—
Total general fixed assets allocated to function	\$ 35,812,525	8,209,380	9,293,847	1,858,585	2,941,273	10,748,989	2,760,451

See accompanying independent auditors' report.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Changes in General Fixed Assets by
Function and Activity

Year Ended June 30, 1999

Function and Activity	General Fixed Assets July 1, 1998	Additions/ Transfers In	Deletions/ Transfers Out	General Fixed Assets June 30, 1999
General government:				
City Hall	\$ 3,473,835	—	—	3,473,835
Police Building	2,008,241	—	—	2,008,241
City Council	25,488	—	—	25,488
City Clerk	136,011	1,095	—	137,106
City Manager	34,935	13,264	—	48,199
National Frontier Trails Center	77,111	—	—	77,111
Computer Services	862,847	978,797	918,416	923,228
Municipal Court	15,415	—	—	15,415
Law Department	20,038	—	—	20,038
Finance Department	239,934	40,670	135,754	144,850
Personnel Department	23,068	13,208	—	36,276
Total general government	<u>6,916,923</u>	<u>1,047,034</u>	<u>1,054,170</u>	<u>6,909,787</u>
Public safety:				
Police Department	3,717,897	593,892	448,915	3,862,874
Fire Department	6,009,986	4,547	12,253	6,002,280
Planning Department	350,254	112,161	8,000	454,415
Emergency Department	261,783	—	—	261,783
Total public safety	<u>10,339,920</u>	<u>710,600</u>	<u>469,168</u>	<u>10,581,352</u>
Public works:				
Engineering	485,665	82,636	12,679	555,622
Maintenance	3,871,786	460,912	91,954	4,240,744
Storm sewer	86,882	—	—	86,882
Total public works	<u>4,444,333</u>	<u>543,548</u>	<u>104,633</u>	<u>4,883,248</u>
Health and welfare:				
Health Department	142,129	25,595	9,300	158,424
Animal Control	268,853	45,518	—	314,371
Cemetery	205,056	—	—	205,056
Total health and welfare	<u>616,038</u>	<u>71,113</u>	<u>9,300</u>	<u>677,851</u>
Culture and recreation:				
Park maintenance	1,001,592	54,135	—	1,055,727
Recreation	314,505	17,262	—	331,767
Tourism	1,359,753	—	—	1,359,753
Total culture and recreation	<u>2,675,850</u>	<u>71,397</u>	<u>—</u>	<u>2,747,247</u>
Public use facilities	6,334,259	—	—	6,334,259
Other	3,672,702	6,079	—	3,678,781
	<u>\$ 35,000,025</u>	<u>2,449,771</u>	<u>1,637,271</u>	<u>35,812,525</u>

See accompanying independent auditors' report.

**GENERAL LONG-TERM DEBT
ACCOUNT GROUP**

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



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



Blevyn Davis House, Glendale Gardens

CITY OF INDEPENDENCE, MISSOURI

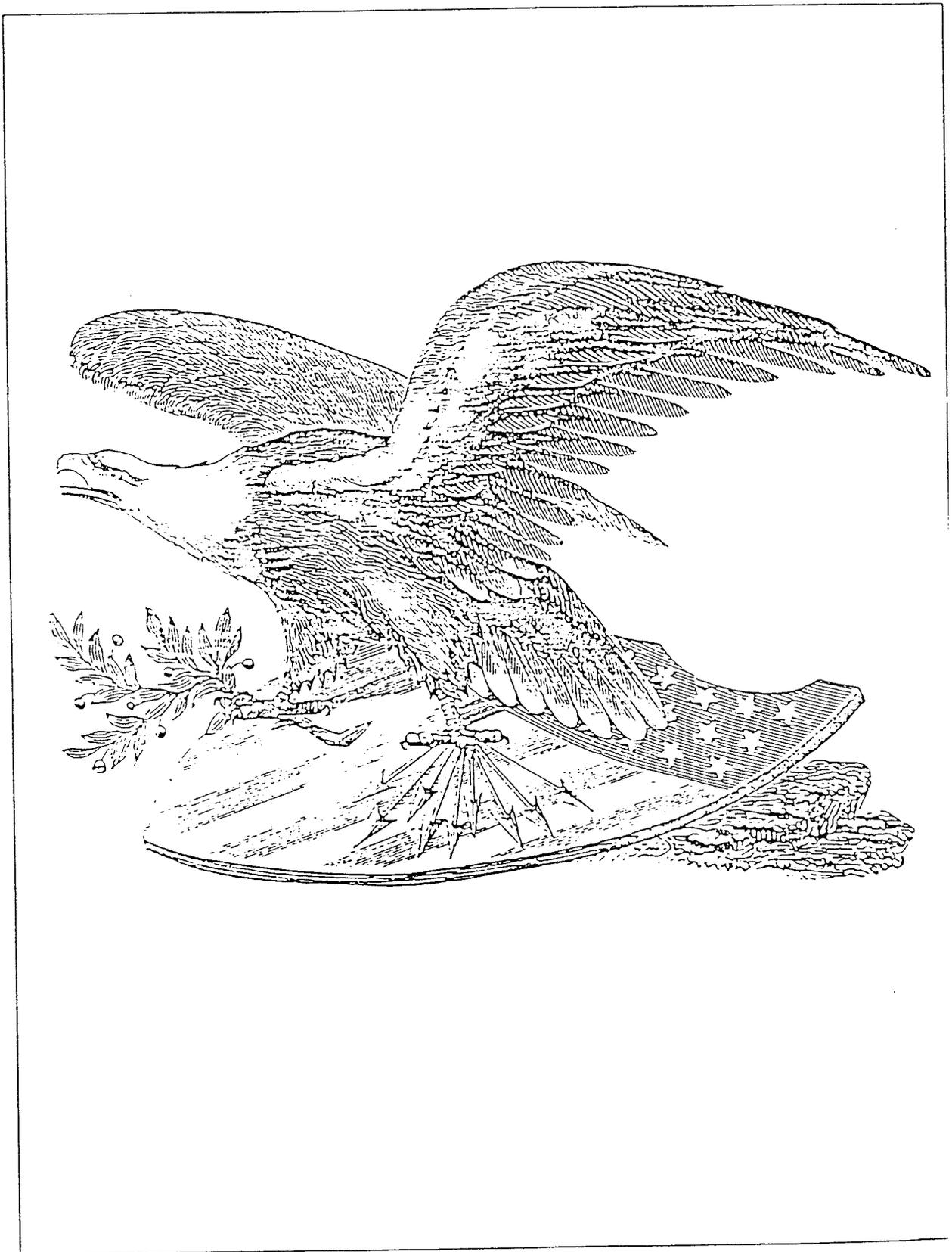
Schedule of General Long-term Debt

June 30, 1999

With Comparative Figures For June 30, 1998

	<u>1999</u>	<u>1998</u>
Other debits – amount to be provided for retirement of general long-term debt	\$ <u>27,741,797</u>	<u>21,101,243</u>
General Obligation TIF bonds payable	\$ 4,740,000	4,875,000
TIF loan payable	7,240,000	—
Certificates of participation	—	68,801
Capital lease obligations	1,495,200	1,829,472
Compensated absences	10,007,133	8,782,263
Employee benefits payable	4,259,464	4,781,644
Advance from Water Fund	—	158,120
Use tax payable	—	605,943
	<u>\$ 27,741,797</u>	<u>21,101,243</u>

See accompanying independent auditors' report.



STATISTICAL

STATISTICAL DATA

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

Table 1

City of Independence, Missouri

General Governmental Expenditures by Function

Total (a)	General Government	Public Safety	Public Works	Health & Welfare	Culture & Recreation	Community Development	Non-Departmental	Debt Service
1990	37,143,366	4,766,848	19,512,772	5,063,061	1,196,241	1,522,406	2,964,731	1,770,781
1991	40,453,033	6,061,664	20,470,893	5,311,032	1,099,571	1,573,539	3,001,195	2,449,759
1992	39,547,789	4,385,732	22,020,984	4,721,619	1,138,718	1,585,848	3,040,927	1,900,197
1993	39,369,718	4,276,566	22,208,616	4,318,668	1,043,937	1,497,064	3,569,279	1,795,443
1994	40,060,595	4,715,130	22,505,090	4,140,247	1,068,079	1,517,978	3,196,325	1,806,762
1995	43,452,685	6,202,999	24,274,529	4,750,098	883,014	1,642,344	4,137,601	601,189
1996	43,976,403	5,135,501	24,002,906	5,532,316	991,262	1,683,247	4,435,609	815,779
1997	44,874,496	5,119,322	23,312,495	5,346,312	948,268	1,762,330	4,640,616	897,767
1998	47,785,172	5,354,047	24,506,016	5,374,067	1,089,234	2,008,489	4,915,430	870,483
1999	\$56,573,493	\$5,628,079	\$28,603,191	\$6,847,093	\$1,214,950	\$2,480,903	\$9,106,887	\$1,191,593

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

Table 2

City of Independence, Missouri
General Governmental Revenue by Source

	<i>Total (a)</i>	<i>Taxes & In Lieu of Taxes (b)</i>	<i>License & Permits</i>	<i>Intergovernmental</i>	<i>Charges for Services</i>	<i>Intragovernmental (c)</i>	<i>Fines & Forfeitures</i>	<i>Interest</i>	<i>Other (d)</i>
1990	35,335,926	23,430,369	1,114,088	4,221,455	356,668	3,040,831	1,768,599	595,526	808,390
1991	35,788,258	24,242,056	1,223,120	4,078,391	325,828	2,709,844	1,738,441	378,790	1,091,788
1992	36,795,122	25,208,593	1,400,040	4,599,983	343,618	2,681,998	1,795,543	136,891	628,456
1993	38,822,069	26,459,470	1,550,092	4,986,772	359,767	2,589,027	2,088,736	44,413	743,792
1994	42,313,976	28,313,660	1,757,212	5,971,261	470,900	2,622,480	2,193,204	83,293	901,966
1995	42,613,320	28,731,356	1,728,067	6,277,620	607,956	2,686,712	1,682,239	244,473	654,897
1996	44,421,023	30,167,780	1,891,026	6,715,227	489,537	2,828,007	1,602,145	303,844	423,457
1997	46,796,951	30,829,229	2,299,681	7,541,534	567,026	2,895,953	1,903,081	352,240	408,207
1998	48,950,279	32,273,672	2,325,055	7,647,165	637,404	2,749,077	2,409,688	425,876	482,342
1999	\$54,886,711	\$36,487,057	\$2,476,897	\$8,874,403	\$759,449	\$3,070,849	\$2,666,064	\$257,496	\$294,496

a) Represents General Fund and Special Revenue Funds. Excludes other financing sources (uses.)

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

c) Interfund Charges for Support Services.

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

Table 3

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

Year Ended June 30	Net Current Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Net Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Net Current Tax Levy
1990	4,054,531	3,677,460	90.70%	210,353	3,887,813	95.89%	262,163	6.47%
1991	4,077,957	3,835,313	94.05%	186,160	4,021,473	98.61%	320,841	7.87%
1992	4,264,977	3,990,062	93.55%	298,280	4,288,342	100.55%	583,485	13.68%
1993	4,302,151	4,083,837	94.93%	262,809	4,346,646	101.03%	487,022	11.32%
1994	4,389,816	4,137,260	94.25%	226,048	4,363,308	99.40%	419,170	9.55%
1995	4,388,141	4,233,148	96.47%	303,406	4,536,554	103.38%	270,757	6.17%
1996	4,539,910	4,203,803	92.60%	169,654	4,373,457	96.33%	437,210	9.63%
1997	4,724,273	4,460,502	94.42%	328,281	4,788,783	101.37%	372,700	7.89%
1998	4,984,727	4,644,002	93.16%	261,611	4,905,613	98.41%	451,814	9.06%
1999	\$5,034,573	\$4,856,639	96.47%	\$336,502	\$5,193,141	103.15%	\$293,246	5.82%

Table 4

City of Independence, Missouri
Assessed and Estimated Actual Values of Taxable Property

As of January 1,	Real Property	Personal Property	Railroad & Utilities	Total Assessed Value	Total Fair Market Value	Percentage of Fair Market Value
1990	533,400,643	137,991,949	11,016,472	682,409,064	2,823,174,276	28.33%
1991	556,587,670	144,328,333	10,558,426	711,474,429	2,961,708,561	28.14%
1992	560,409,211	154,940,380	10,762,026	726,111,617	3,019,304,070	28.43%
1993	571,503,140	148,486,975	11,576,125	731,566,240	3,053,283,900	28.06%
1994	577,338,830	167,228,728	12,043,452	756,611,010	3,140,795,489	28.67%
1995	607,752,380	189,899,506	12,836,118	810,488,004	3,356,232,605	29.09%
1996	613,435,010	203,408,373	13,270,911	830,114,294	3,421,971,510	29.53%
1997	656,083,710	217,040,179	12,224,657	885,348,546	3,668,020,926	29.35%
1998	663,252,770	220,203,155	9,949,439	893,405,364	3,689,437,915	29.50%
1999	\$729,733,570	\$230,747,110	\$4,617,427	965,098,107	4,096,490,672	23.56%

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

Table 5

City of Independence, Missouri																			
Property Tax Rates - All Direct and Overlapping Governments																			
<i>For Assessed Valuations As of January 1,</i>																			
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999									
CITY TAX RATES: (1)																			
General	\$0.500	\$0.500	\$0.510	\$0.510	\$0.520	\$0.520	\$0.530	\$0.520	\$0.520	\$0.510									
Public Health & Recreation	0.210	0.210	0.220	0.220	0.230	0.230	0.240	0.240	0.240	0.240									
Debt Service	0.070	0.060	0.040	0.040	0.000	0.000	0.000	0.000	0.000	0.000									
Total City Tax Rate	0.780	0.770	0.770	0.770	0.750	0.750	0.770	0.760	0.760	0.750									
METROPOLITAN JUNIOR COLLEGE																			
INDEPENDENCE SCHOOL DISTRICT (3)	3.100	3.300	3.380	3.300	3.300	3.350	3.990	4.040	4.290	4.290									
COUNTY TAX RATES: (2)																			
County	0.613	0.629	0.540	0.540	0.500	0.510	0.500	0.530	0.530	0.550									
Mid-Continent Public Library	0.310	0.310	0.310	0.310	0.310	0.330	0.330	0.330	0.330	0.330									
Handicap	0.066	0.066	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080									
Mental Health	0.033	0.130	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133									
Total County Tax Rate	1.022	1.135	1.063	1.063	1.023	1.053	1.043	1.073	1.073	1.093									
STATE:	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030									
Total Tax Rate For All Overlapping Governments	\$4.932	\$5.235	\$5.243	\$5.163	\$5.103	\$5.403	\$6.053	\$6.123	\$6.373	\$6.713									
<p>(1) The General Fund and Public Health & Recreation Fund levy rates are limited by Missouri Statutes to \$1.00 and \$.40 per \$100 assessed valuation. There is no limit on the levy rates for General Debt and Interest.</p> <p>(2) County Tax Breakdown 1998</p> <table style="margin-left: 20px;"> <tr> <td>Health & Welfare Fund</td> <td>\$0.15</td> </tr> <tr> <td>General Fund</td> <td>0.17</td> </tr> <tr> <td>Road & Bridge Fund</td> <td>0.14</td> </tr> <tr> <td>Park Fund</td> <td>0.09</td> </tr> <tr> <td></td> <td><u>\$0.55</u></td> </tr> </table> <p>(3) Three other school districts are in the Jackson County portion of the City of Independence. School tax rates for 1998 in these districts are: Fort Osage Reorganized #1 \$4.52 Kansas City School District \$4.96 Blue Springs Reorganized #4 \$4.65</p>										Health & Welfare Fund	\$0.15	General Fund	0.17	Road & Bridge Fund	0.14	Park Fund	0.09		<u>\$0.55</u>
Health & Welfare Fund	\$0.15																		
General Fund	0.17																		
Road & Bridge Fund	0.14																		
Park Fund	0.09																		
	<u>\$0.55</u>																		
<p>NOTE 1): Taxes are due November 1, delinquent after December 31. A penalty of 1% per month, up to a maximum of 10% is added for each month of delinquency. Collections are enforced through the attachment and sale of the property.</p> <p>NOTE 2): Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.</p>																			

Table 6

City of Independence, Missouri

Special Assessment Collections

<i>Year Ended June 30,</i>	<i>Special Assessment Billings</i>	<i>Assessments Collected (1)</i>	<i>Total Outstanding Assessments</i>
1990	335,697	88,412	440,373
1991	515,986	256,363	699,966
1992	329,974	116,655	913,285
1993	170,334	247,853	835,766
1994	45,734	101,058	780,442
1995	74,248	133,882	720,808
1996	139,575	120,018	740,365
1997	66,214	33,101	773,478
1998	145,958	278,298	641,138
1999	\$349,400	\$179,739	\$810,799

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

Table 7

City of Independence, Missouri
Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt per Capita

Year Ended June 30,	Estimated Population	Assessed Value	General		Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Obligation Bonded Debt					
1990	112,301	682,409,064	4,370,000	90,305	4,279,695	0.6	38.11	
1991	112,600	711,474,429	3,275,000	88,285	3,186,715	0.4	28.30	
1992	113,165	726,111,617	2,140,000	52,787	2,087,213	0.3	18.44	
1993	113,561	743,446,460	1,090,000	56,452	1,033,548	0.1	\$9.10	
1994	113,802	756,611,010	-	-	-	-	-	
1995	113,761	810,488,004	-	-	-	-	-	
1996	114,931	830,079,209	-	-	-	-	-	
1997	115,531	885,348,546	-	-	-	-	-	
1998	115,851	893,405,364	-	-	-	-	-	
1999	116,155	\$965,098,107	-	-	-	-	-	

Table 8

City of Independence, Missouri		
Computation of Legal Debt Margin		
June 30, 1999		
<u>Assessed Value at January 1, 1999: *</u>		
Jackson County		\$965,062,957
Clay County		<u>35,150</u>
		<u>\$965,098,107</u>
Constitutional Debt Limit ** (20% of Assessed Value)		\$193,019,621
Total Bonded Debt		\$64,387,790
Less:		
Water Utility Bonds	\$36,000,000	
Electric Utility Bonds	<u>28,387,790</u>	
		<u>64,387,790</u>
Total General Obligation Debt		0
Less: Debt Service Fund Balance		<u>0</u>
Applicable Debt Limit		<u>0</u>
Legal Debt Margin		<u><u>\$193,019,621</u></u>
<p>* All Tangible Property.</p> <p>** Article 6, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur an indebtedness for city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.</p> <p>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.</p> <p>Article 6, Section 26(d) & (e) of the Missouri Constitution provides that any city may become indebted not exceeding in the aggregate an additional 10 percent of the value of the taxable tangible property for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary or storm sewer system and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligated indebtedness of the city does not exceed 20 percent of the assessed valuation.</p>		

Table 9

City of Independence, Missouri

Computation of Direct and Overlapping Debt

June 30, 1999

<i>Jurisdiction</i>	<i>General Obligation Bond Issues Outstanding</i>	<i>Amount Available Debt Service Funds</i>	<i>Net Debt Outstanding</i>	<i>Percentage Applicable to City of Independence</i>	<i>Amount Applicable to City of Independence</i>
City of Independence	---	---	---	---	---
Jackson County	-	-	-	0.0%	-
Jackson County School Districts:					
Metropolitan Junior College	\$ -	-	-	0.00%	-
Independence	62,000,000	-	62,000,000	99.00%	61,380,000
Kansas City	-	-	-	0.00%	-
Blue Springs Reorganized #4	62,930,000	5,563,838	57,366,162	7.00%	4,015,631
Fort Osage Reorganized #1	13,324,673	1,250,000	12,074,673	17.50%	2,113,068
	\$138,254,673	\$6,813,838	\$131,440,835		\$67,508,699

Table 10

<p style="text-align: center;">City of Independence, Missouri Ratio of Annual Debt Service Expenditures for General Bonded Debt To Total General Governmental Expenditures</p>										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	<i>Year Ended June 30</i>									
Bond Retirements:										
23 Street Right-of-Way										
1963 Street										
1969 Street										
1974 Street	\$875,000	\$920,000	\$965,000	\$1,015,000	\$1,055,000	0	0	0	0	0
1963 Fire										
1963 Fire	30,000	30,000	35,000	35,000	35,000					
1974 Fire										
1968 Sewer										
1969 Sewer										
1972 Police Bldg.	140,000	145,000	135,000	0	0	0	0	0	0	0
Total Bond Requirement	\$1,045,000	\$1,095,000	\$1,135,000	\$1,050,000	\$1,090,000	\$0	\$0	\$0	\$0	\$0
Interest and Agent Fees	\$269,661	\$217,268	\$163,832	\$107,945	\$55,445	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$1,314,661	\$1,312,268	\$1,298,832	\$1,157,945	\$1,145,445	\$0	\$0	\$0	\$0	\$0
Total General Governmental Expenditures (a)	\$37,143,366	\$40,453,033	\$39,547,789	\$39,369,718	\$40,060,595	\$45,452,685	\$43,976,403	\$44,874,496	\$47,785,172	\$56,573,493
Ratio of Debt Service to General Governmental Expenditures	3.54%	3.24%	3.28%	2.94%	2.86%	0.00%	0.00%	0.00%	0.00%	0.00%

(a) Represents General Fund and Special Revenue Funds.

Table 11

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

Year Ended June 30,	Gross Revenue	Current Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1990	55,555,889	36,204,723	19,351,166	600,000	2,890,544	3,490,544	5.54
1991	58,464,867	37,494,647	20,970,220	635,000	2,627,995	3,262,995	6.43
1992	58,192,507	38,620,694	19,571,813	680,000	2,584,515	3,264,515	6.00
1993	55,155,224	39,522,251	15,632,973	725,000	2,538,275	3,263,275	4.79
1994	58,624,361	40,787,834	17,836,527	895,000	2,364,993	3,259,993	5.47
1995	58,748,836	41,427,298	17,321,538	920,000	2,341,335	3,261,335	5.31
1996	62,980,774	43,122,409	19,858,365	980,000	2,271,559	3,251,559	6.11
1997	61,774,504	41,624,569	20,149,935	1,045,000	2,208,240	3,253,240	6.19
1998	67,552,096	44,766,098	22,785,998	1,115,000	2,134,615	3,249,615	7.01
1999	\$69,173,245	\$46,068,740	\$23,104,505	\$1,090,000	\$2,005,463	\$3,095,463	7.46

(1) Excludes Depreciation, Interest Expense, Amortization, Non-Operating Expense and Payments in Lieu of Taxes.

Table 12

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

Year Ended June 30,	Gross Revenue	Current Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (2)	Total	
1990	13,650,415	5,983,903	7,666,512	0	2,856,659	2,856,659	2.68
1991	14,176,412	6,042,499	8,133,913	0	2,549,475	2,549,475	3.19
1992	14,690,187	6,961,755	7,728,432	500,000	1,823,393	2,323,393	3.33
1993	13,951,496	6,676,822	7,274,674	550,000	1,303,142	1,853,142	3.93
1994	13,615,001	7,213,855	6,401,146	600,000	1,145,287	1,745,287	3.67
1995	14,678,604	7,693,996	6,984,608	650,000	1,656,007	2,306,007	3.03
1996	15,798,683	9,629,563	6,169,120	700,000	1,590,965	2,290,965	2.69
1997	15,342,158	8,547,276	6,794,882	750,000	1,557,884	2,307,884	2.94
1998	15,814,097	8,162,749	7,651,348	800,000	1,555,705	2,355,705	3.25
1999	\$15,400,654	\$9,664,783	\$5,735,871	\$900,000	\$1,510,313	\$2,410,313	2.38

(1) Excludes Depreciation, Interest Expense, Amortization, Non-Operating Expense and Payments in Lieu of Taxes

(2) Excludes \$6,050,000 reduction of debt due to remarketing.

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

Year Ended June 30,	Gross Revenue	Current Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1990	8,359,950	5,743,230	2,616,720	--	--	--	--
1991	8,039,293	6,031,184	2,017,882	--	--	--	--
1992	8,226,992	6,958,935	1,268,057	--	--	--	--
1993	8,120,465	7,350,947	769,518	--	--	--	--
1994	7,634,369	7,987,449	(353,080)	--	--	--	--
1995	8,318,756	6,814,676	1,504,080	--	--	--	--
1996	10,030,225	7,406,757	2,623,468	--	--	--	--
1997	11,949,809	7,924,753	4,025,056	--	--	--	--
1998	12,397,234	7,699,724	4,697,510	--	--	--	--
1999	\$13,208,379	\$8,504,860	\$4,703,519	--	--	--	--

(1) Excludes Depreciation, Interest Expense, Amortization, Non-Operating Expense and Payments in Lieu of Taxes.

Table 14

City of Independence, Missouri
Demographic Statistics

<i>Year Ended June 30,</i>	<i>Population (1)</i>	<i>Median Household Effective Buying Income (2)</i>	<i>Median Age (2)</i>	<i>School Enrollment</i>	<i>Unem- ployment Rate (3)</i>
1990	112,301	32,428	34.5	15,814	4.30%
1991	112,600	32,173	34.8	15,945	5.40%
1992	113,165	33,641	35.0	15,486	5.70%
1993	113,561	35,000	35.3	15,357	5.80%
1994	113,802	37,782	35.6	15,464	4.50%
1995	113,761	31,634	35.9	16,286	4.20%
1996	114,931	32,999	35.7	15,821	4.20%
1997	115,531	34,194	35.9	15,667	3.30%
1998	115,851	N/A (4)	N/A (4)	16,746	3.70%
1999	116,155	35,270	37	16,361	2.90%

Sources:

(1) *Statistics provided by City of Independence Community Development Department.*

(2) *"Survey of Buying Power", Sales and Marketing Management. 1995 Methodologies for computing "Effective Buying Income" were changed replacing personal income with money income. Consequently, EBI data is not comparable with post-1994 data.*

(3) *Unofficial statistics provided by the State of Missouri Division of Employment Security.*

(4) *The "Survey of Buying Power" (item 2 above) is published in August each year from survey data gathered in the preceding year.*

Table 15

City of Independence

Construction Permits

Year Ended Dec 31,	<u>Commercial Construction (1)</u>		<u>Residential Construction (1)</u>	
	Number of Permits	Value	Number of Permits	Value
1989	235	21,303,742	204	18,663,997
1990	305	23,003,556	171	14,092,309
1991	362	19,647,711	270	21,702,631
1992	301	18,158,880	307	22,299,100
1993	344	20,983,812	347	32,023,555
1994	335	36,501,212	322	30,979,437
1995	263	21,953,940	324	34,898,729
1996	368	41,951,212	780	32,781,341
1997	290	46,214,864	732	41,552,561
1998	370	\$36,386,117	751	\$47,477,592

1) Source: City of Independence Community Development Department - Calendar year basis.

Table 16

City of Independence Missouri			
Principal Property Taxpayers			
June 30, 1999			
<i>Taxpayer</i>	<i>Type of Business</i>	<i>1998 Assessed Valuation (1)</i>	<i>Percent of Total Assessed Valuation</i>
Simon Property Group LP	Retail	\$14,647,130	1.52 %
Geospace	Warehouse	7,849,330	0.81
Lipton Inc.	Retail	5,882,510	0.61
POB Apollo Independence		4,976,000	0.52
Burd & Fletcher	Manufacture	4,515,430	0.47
Southwestern Bell	Utility	3,815,676	0.40
Indep. Apartments Assoc.	Apartments	3,458,000	0.36
Southern Union Company	Utility	3,362,970	0.35
Jones Communications of Mo.	CATV	3,076,390	0.32
AGCO, Inc.	Manufacture	2,720,720	0.28
Subtotal		\$54,304,156	5.63
Taxpayers not listed		910,793,951	94.37
TOTAL		\$965,098,107	100.00 %

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

City of Independence, Missouri
Miscellaneous Statistical Data
June 30, 1999

Governmental Structure

Date of Organization:	1827	Current Statistics:	
Date of Incorporation:	1849	Population	116,155
Charter Adopted:	December 5, 1961	Households	50,654
Form of Government:	Council/Manager	Registered Voters	67,804
Current Number of Employees			

City Facilities and Services

Utilities:

Electric Power

Number of power stations	5
Number of customers	52,640
Daily average use (Mwh)	2,755
Maximum daily use (Mwh)	5,258
Peak Hourly Use (MW)	284.2
Average Hourly Use (MW)	114.8

Sanitary Sewer System

Miles of sewer mains	510
Number of customers	40,569
Number of treatment plants	1
Daily average treatment (in MGD)	13.5
Maximum daily capacity of treatment (in MGD)	18.0

Water System

Miles of water mains	676
Number of customers	45,243
Number of fire hydrants	3,753
Daily average consumption (in millions of gallons)	22
Maximum daily pumpage (in millions of gallons)	35

Fire Protection:

Stations	10
Employees	167
Vehicles	42

Police Protection:

Stations	2
Employees	275
Vehicles	137

Streets:

Total area (sq. mi.)	78
Paved miles	600

Recreation:

<u>Parks:</u>	
Acreage	724
Number	41
Community Centers	2
Fitness Centers	1
Ball Diamonds	32

Nongovernmental Services and Facilities

Education:

Elementary and High School Enrollment	16,361
Elementary schools	21
Junior High (Middle) Schools	5
High Schools	4
Pre-school and Kindergartens	20
Parochial and Private	14
Teachers	1,262
Administrators	93
Colleges	8

Hotels/Motels

14

Bank/Credit Union Facilities

37

Transportation:

Airports	1
Runway Footage	2,565
Lights	Minimal
Tower Communication	None
Bus systems (operated by KCATA)	1
Taxi services	3

Communications: (served by)

Daily Newspapers	2
Radio Stations	37
TV Stations	8

Hospitals

Number	2
Bed space	571

Table 18

City of Independence
Schedule of Insurance
June 30, 1999

<i>Description</i>	<i>Policy Number</i>	<i>Termination Date</i>	<i>Risk Covered</i>	<i>Limits</i>	<i>Premium</i>
1. National Union Fire Reliance National a) All risk property insurance on building and contents. Replacement cost coverage basis.	ST2604412 NZB0129871	07/01/2000 07/01/1999	All risk including property damage, flood, earthquake, transit, expediting, hazardous material cleanup, extra expense and automatic coverage.	\$200,000,000	\$150,075 \$119,916
2. Reliance National National Union Fire b) Boiler and Machinery coverage of listed equipment. Most covered items fall under Power and Light Department.	NZC-0116395 ST2604413	07/01/2000 07/01/2000	Boiler & Machinery coverage including expediting, ammonia containment, water damage, hazardous materials, business interruption.	\$50,000,000	\$118,128 \$39,376
3. Missouri Public Entity Management Liability insurance coverage for law enforcement liability, general liability, public official errors and omission liability and automotive liability.	1038	01/01/2001	Automobile liability claims Law enforcement liability claims General liability claims Public officials liability claims	\$1,000,000 per occurrence	\$242,382
4. National Union Fire Excess Worker's Compensation and Employer's Liability Insurance	415-99-19	04/25/2001	Loss by on-the-job injury of employees	\$10,000,000	\$12,715
5. North River Insurance Co.	610-222232-7	6-15-01	Public Officials Bonds	\$50,000-City Mgr. \$50,000 Pur. Agnt. \$400,000-Fin. Dir.	\$1,319 (3 year premium)

Table 18

<p style="text-align: center;">City of Independence Schedule of Insurance June 30, 1999</p>					
<i>Description</i>	<i>Policy Number</i>	<i>Termination Date</i>	<i>Risk Covered</i>	<i>Limits</i>	<i>Premium</i>
6. Hartford Insurance Co.	37PEPEZ3581	6-15-01	Public employees blanket bond & 3-D crime policy	\$400,000	\$6,606 (3 year premium)
7. AVEMCO Insurance Co.	A1C5000000456	07/01/2001	Reinsurance for Staywell Plan Specific stoploss @ \$125,000 Aggr. Att. Point @ \$6,082,427	See risk covered	\$152,109
8. Nation's Bank		Continuous	Escrow Account-Worker's Compensation	\$225,000	\$350
9. Highmark Life Insurance Co.	907872	06/01/2001	Life Insurance coverage for each employee. Also covers for accidental death, disability and dismemberment.	for each \$150,000/person	\$.38/\$1,000 of Annual Salary
10. Staywell Health Care Plan		Continuous	Self-Insured Health Care Plan	Various limits	Cost varies per emp.
11. National Flood Insurance Program	FL2-0347-59221	12/22/1999	Flood Insurance coverage for Rock Creek Pumping Station	\$200,000	\$1,776
12. HealthNet HMO		Continuous	Health plan for enrolled employees.	Various limits	Cost varies per emp.

Table 18

<p style="text-align: center;">City of Independence Schedule of Insurance June 30, 1999</p>					
<i>Description</i>	<i>Policy Number</i>	<i>Termination Date</i>	<i>Risk Covered</i>	<i>Limits</i>	<i>Premium</i>
13. Humana Health Care Plan		Continuous	Health plan for enrolled employees.	Various limits	Cost varies per emp.
14. Delta Dental of Missouri		Continuous	Dental plan for enrolled employees.	Various limits	Cost varies per emp.
15. United Dental Care		Continuous	Dental plan for enrolled employees.	Various limits	Cost varies per emp.
16. The Hartford		09/01/2000	Long term disability insurance.	60% of Individual employees' salary.	\$0.168/100 of annual salaries.

