

*City of Independence, Missouri*  
*Historic City of the Trails*



*For the Fiscal Year Ended*

*June 30, 2008*

*Comprehensive Annual  
Financial Report*

**CITY OF INDEPENDENCE, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**



**Mayor**  
Don B. Reimal

***City Council***

Marcie Gragg	District #1
Will Swoffer	District #2
Myron Paris	District #3
Jim Page	District #4
Lucy Young	At-large
Jim Schultz	At-large

***City Manager***

Robert Heacock

*Prepared by the Department of Finance*

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



# CITY OF INDEPENDENCE, MISSOURI

## Table of Contents

		<b>Page</b>
<b>Introductory Section:</b>		
Organizational Chart		1
Letter of Transmittal		2-5
GFOA Certificate of Achievement		6
<b>Financial Section:</b>		
Independent Auditors' Report		7-8
Management's Discussion and Analysis		9-19
	<b>Exhibit</b>	
<b>Basic Financial Statements:</b>		
<b>Government-wide:</b>		
Statement of Net Assets	1	20
Statement of Activities	2	21
<b>Fund Financial Statements:</b>		
<b>Governmental Funds:</b>		
Balance Sheet	3	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	3.1	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	4	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	4.1	25
<b>Proprietary Funds:</b>		
Balance Sheet	5	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets	6	27
Statement of Cash Flows	7	28
<b>Fiduciary Funds:</b>		
Statement of Fiduciary Net Assets	8	29
Statement of Changes in Fiduciary Net Assets	9	30
Notes to Financial Statements		31-74
<b>Required Supplementary Information:</b>		
Notes to Budgetary Comparison Schedules		75
Budgetary Comparison Schedule – General Fund	10	76-77
Schedule of Funding Progress – Retirement & Other Post Employment Plans	11	78

# CITY OF INDEPENDENCE, MISSOURI

## Table of Contents

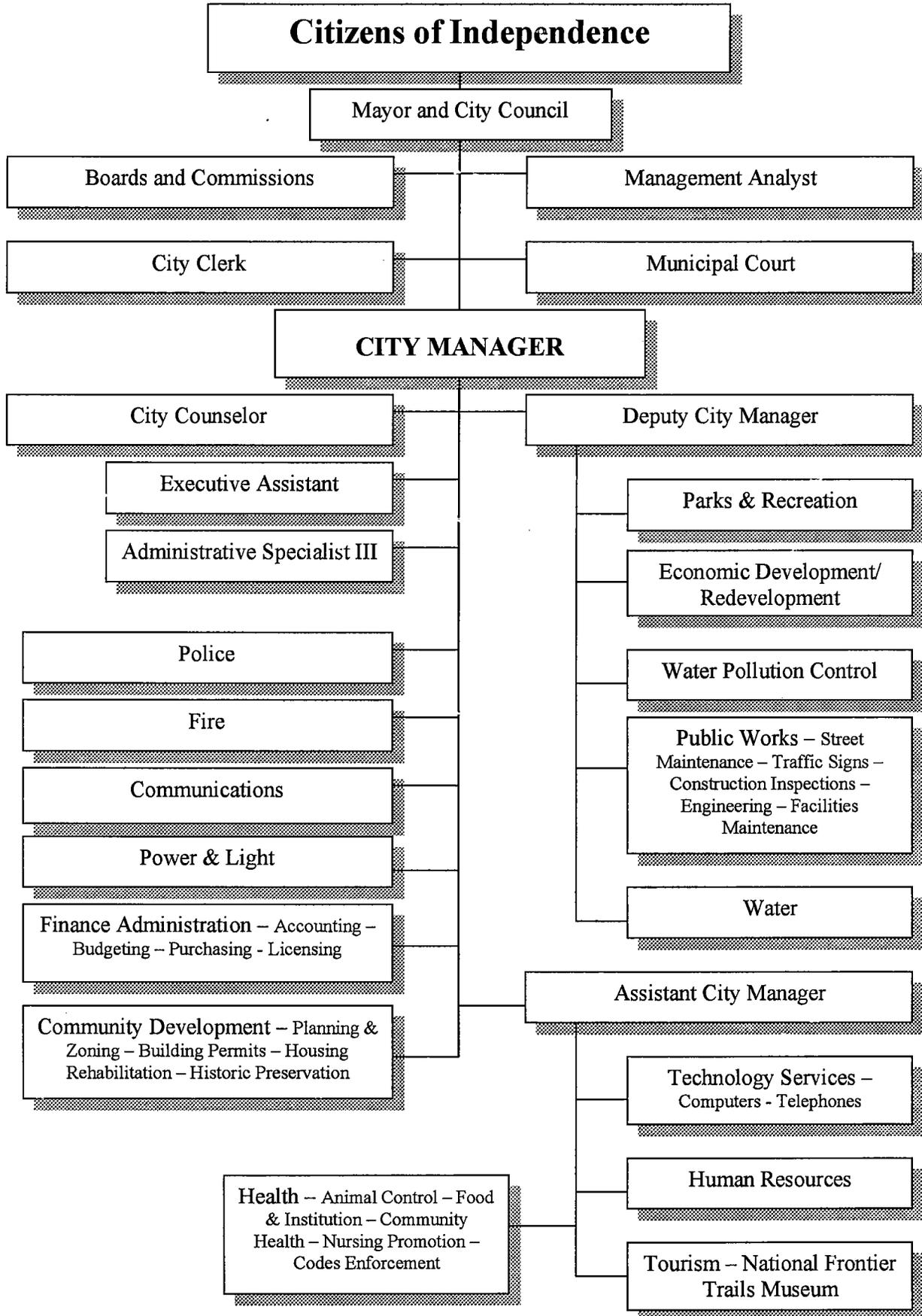
	<b>Exhibit</b>	<b>Page</b>
Supplementary Information:		
Combining Balance Sheet – Nonmajor Governmental Funds	12	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	13	82
Combining Balance Sheet – Nonmajor Special Revenue Funds	14	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	15	84
Budgetary Comparison Schedules		
Tourism Fund	16	85-86
Independence Square Benefit District	17	87-88
Community Development Block Grant Fund	18	89-90
Rental Rehabilitation Fund	19	91-92
Street Improvement Sales Tax Fund	20	93-94
Park Improvement Sales Tax Fund	21	95-96
Storm Water Sales Tax Fund	22	97-98
Police Public Safety Sales Tax Fund	23	99-100
Fire Public Safety Sales Tax Fund	24	101-102
License Surcharge Fund	25	103-104
Grant Fund	26	105-106
Combining Balance Sheet – Nonmajor Sales Tax Funds	27	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Sales Tax Funds	28	108
Combining Balance Sheet – Nonmajor Capital Projects Funds	29	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Nonmajor Capital Projects Funds	30	110
Combining Statement of Net Assets – Internal Service Funds	31	111
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	32	112
Combining Statement of Cash Flows – Internal Service Funds	33	113
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	34	114
Combining Balance Sheet – Discretely Presented Component Unit – Tax Increment Financing	35	115-116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Discretely Presented Component Unit – Tax Increment Financing	36	117-118
Schedules of Operating Expenses – Power and Light Fund	37	119-120
Schedule of Operating Statistics – Power and Light Fund	38	121
Schedules of Operating Expenses – Water Fund	39	122
Schedule of Operating Statistics – Water Fund	40	123
Schedule of Operating Statistics – Sanitary Sewer Fund	41	124

	<b>Table</b>	<b>Page</b>
Statistical Data (Unaudited):		
Net Assets by Component	1	125
Changes in Net Assets	2	126-127
Fund Balances of Governmental Funds	3	128
Changes in Fund Balances of Governmental Funds	4	129
Total City Taxable Sales by Category	5	130
Sales Tax Rates Direct and Overlapping Governments	6	131
Assessed Value and Estimated Actual Value of Taxable Property	7	132
Property Tax Rates Direct and Overlapping Debt	8	133
Principal Property Taxpayers	9	134
Property Tax Levies and Collections	10	135
Utility Sales by Category	11	136
Utility Rates by Category	12	137
Principal Utility Payers – Power and Light	13	138
Principal Utility Payers – Water	14	139
Principal Utility Payers – Sewer	15	140
Ratios of Outstanding Debt by Type	16	141
Ratios of General Bonded Debt Outstanding	17	142
Direct and Overlapping Governmental Activities Debt	18	143
Legal Debt Margin Information	19	144
Pledged-Revenue Coverage	20	145
Demographic and Economic Statistics	21	146
Principal Employers	22	147
Full-time Equivalents City Government Employees by Function/Program	23	148
Operating Indicators by Function/Program	24	149
Capital Asset Statistics by Function/Program	25	150



# Introductory Section

# City of Independence, Missouri Organizational Chart





# City of Independence

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

[www.ci.independence.mo.us](http://www.ci.independence.mo.us) • (816) 325-7000

November 5, 2008



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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 2008. This report is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter.

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

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

The City of Independence's financial statements, as required by the Charter, have been audited by Cochran Head Vick & Co., P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Independence for fiscal year ended June 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Independence's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the City**

Incorporated in 1849, the City of Independence is the county seat of Jackson County and borders on the eastern edge of Kansas City, Missouri. Independence has a rich history as The Queen City of the Trails and former home of Harry S Truman, 33<sup>rd</sup> President of the United States. Independence is the fourth largest city in Missouri with an estimated population of 109,159. The City of Independence was presented the All American City award for 2001 by the National Civic League. *Working Woman* magazine named Independence one of the ten best districts for children and families because of the availability of school-based care with its 21<sup>st</sup> Century Community Learning Centers. Patricia Schultz included several tourism attractions in Independence in her recent travel book, *"1,000 Places to See in the United States and Canada Before You Die."*

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

The City of Independence is home to Lake City Army Ammunition Plant, the largest small-caliber ammunition manufacturing plant in the world. Lake City is the largest employer in Independence and encompasses 458 buildings on 3,935 acres. Independence is home to the Harry S Truman Presidential Museum & Library, one of only twelve in the nation. There are six major industrial and business parks in Independence. A large portion of the manufacturing, warehousing and office space is located underground in three separate, sub-surface business parks. This area has over 750 acres of mixed-use business parks with over 32 million square feet of industrial space, underground warehousing, and a cold storage facility with 1.2 million square feet.

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

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

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

In addition to the independent audit and the internal control system, the Charter provides that the Council appoints a Management Analyst. The Management Analyst performs such duties as directed by the Council. These duties include the periodic review of all departments and the preparation of an annual report to the Council.

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

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

Purchase orders and contracts are encumbered prior to their release to vendors. Any item, which would result in expenditures in excess of a department's budget, is not released until alternative sources of payment are made available. Open encumbrances as of June 30, 2008, are reported as reservations of fund balances since the City intends to honor the purchase orders and contracts.

### **Factors Affecting Financial Condition**

**Local economy.** The City is continuing to experience growth on the eastern side of town. The I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21<sup>st</sup> Century. The Little Blue Parkway is located in the heart of the fastest growing area in the Kansas City metropolitan area. Construction is underway for an events center which will include an arena with 5,800 seats for hockey with additional seating available for concerts. The Center will also include a community ice rink. Construction is also underway for two hotels which will provide an additional 192 guest rooms. An assisted living center was recently completed with 96,905 square feet and a second phase is nearly completed adding an additional 48,000 square feet of assisted living residential space.

**Long-term financial planning.** The City of Independence prepares a five-year financial projection of our financial condition, which includes capital outlay projections as well as a six-year Capital Improvements Program (CIP). The CIP includes proposed budgets for constructing, maintaining, upgrading, and replacing the City's physical infrastructures. The fiscal year 2008-2009 budget includes projects totaling an estimated \$84 million on capital projects. In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated. Many of the streets improvements, parks improvements and storm water projects are funded by the voter approved street, parks, and storm water sales taxes.

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

**Major initiatives.** Development of the Little Blue Parkway, a new thoroughfare connecting the eastern portion of the City to the north-eastern portion is still under construction. This extension covers 32 square miles with plans to add an additional 20,000 residents and 5,000 new jobs by 2020. Construction is continuing on the Falls at Crackerneck, a project that covers approximately 200 acres and includes a 160,000 square-foot Bass Pro retail store, restaurant, hotel, and three adjoining commercial areas providing 350,000 square feet of retail shops and will create 300 new jobs. The Bass Pro retail store opened in February 2008.

**Cash management policies and practices.** The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, the primary concern is to always assure the return on principal. To maximize investment earnings, the City consolidates cash balances of all funds except for certain restricted funds. Idle cash during the year was invested in U.S. agencies and certificates of deposit. The average yield on investments was 4.68 percent.

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

### **Awards and Acknowledgements**

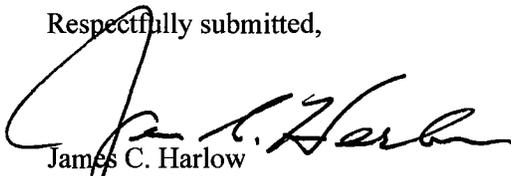
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City is also the recipient of GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning July 1, 2007. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award

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

Respectfully submitted,



James C. Harlow  
Director of Finance and Administration

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Independence  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director



# Financial Section



COCHRAN HEAD VICK & CO., P.C.

& Co

*Certified Public Accountants*

### Independent Auditors' Report

1251 NW Briarcliff Parkway  
Suite 125  
Kansas City, MO 64116  
(816) 453-7014  
Fax (816) 453-7016

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Independence, Missouri, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, in 2008.

#### Other Offices

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

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

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

November 5, 2008

A handwritten signature in cursive script, reading "Cochran Herb Vick Florek".

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

This section of the City of Independence's comprehensive annual financial report presents our review of the City's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**Financial Highlights**

The City's total net assets increased over \$33.9 million. The City's 'governmental-type activities' had an increase of \$36.3 million and the 'business-type activities' had a decrease of \$2.3 million.

Sales tax revenue increased by \$358,142. The lack of growth in revenue from sales tax can mostly be attributed to two factors. The first and probably the most significant is the slow economy that has generally been felt throughout the country. The second is the retail competition that is developing within the trade area of the City. Wal-Mart has recently opened super centers in Blue Springs to our east and Kansas City at our southwest border.

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

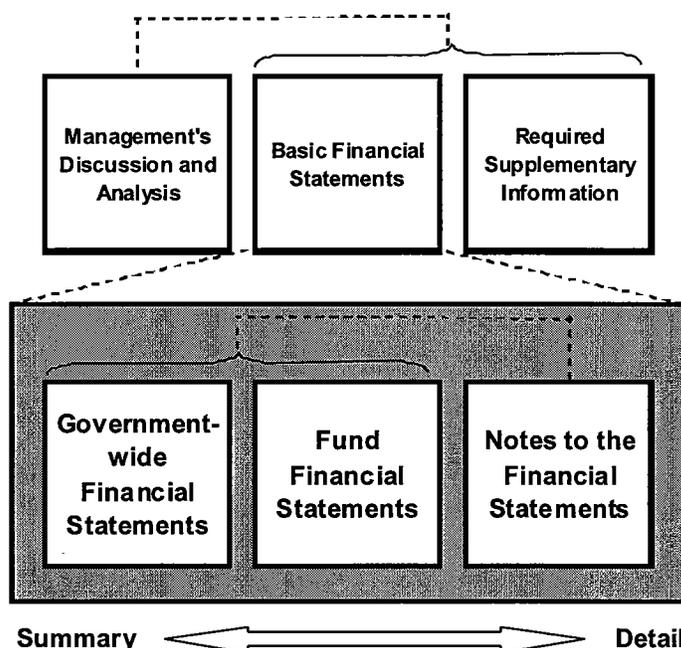
Site work continues on the tax increment financing project for a retail development of almost 700,000 square feet that includes a Bass Pro Shops Outdoor World store and theme hotel. This store opened during February 2008.

Rate studies were started for each of the three utilities: electric, water, and sanitary sewer. The City has since the end of the fiscal year authorized rate increases for water service in each of the next four fiscal years.

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

Construction was completed on a multi-purpose sports complex. This facility is expected to open during the spring of 2009.

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



**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

**Overview Of The Financial Statements**

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

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

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

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

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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

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

### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

The City has three kinds of funds:

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Assets**

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

Table MD-1  
City of Independence's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 55,967,090	47,556,469	64,410,060	82,448,428	120,377,150	130,004,897
Capital assets	255,546,959	220,757,782	344,195,683	321,772,908	599,742,642	542,530,690
<b>Total assets</b>	<b>311,514,049</b>	<b>268,314,251</b>	<b>408,605,743</b>	<b>404,221,336</b>	<b>720,119,792</b>	<b>672,535,587</b>
Long-term obligations	42,935,261	38,753,026	74,150,308	63,215,539	117,085,569	101,968,565
Other liabilities	14,368,011	11,614,521	11,995,483	16,206,752	26,363,494	27,821,273
<b>Total liabilities</b>	<b>57,303,272</b>	<b>50,367,547</b>	<b>86,145,791</b>	<b>79,422,291</b>	<b>143,449,063</b>	<b>129,789,838</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	233,350,380	195,251,671	285,931,913	267,330,916	519,282,293	462,582,587
Restricted	25,270,518	28,164,683	5,216,672	731,101	30,487,190	28,895,784
Unrestricted	(4,410,121)	(5,469,650)	31,311,367	56,737,028	26,901,246	51,267,378
<b>Total net assets</b>	<b>\$ 254,210,777</b>	<b>217,946,704</b>	<b>322,459,952</b>	<b>324,799,045</b>	<b>576,670,729</b>	<b>542,745,749</b>

(Certain amounts for 2007 have been restated.)

The City's combined net assets increased 6.25% to \$576.7 million from \$542.7 million. Net assets of the City's governmental activities increased 16.6% to \$254.2 million. Governmental assets increased \$43.2 million and liabilities increased \$6.9 million. Long-term obligations for Governmental Activities increased \$4.2 million and Business-type Activities increased \$10.9 million. The increase in long term obligations is due, for the most part, to the implementation of GASB Statement No. 45, Other Post-Employment Benefits.

Total unrestricted net assets were \$26.9 million with the business-type activities being \$31.3 million. The City's unrestricted net assets (deficit) for governmental activities were (\$4.4) million.

Unrestricted net assets for business activities were \$31.3 million and decreased \$25.4 million from the previous year. Net assets invested in capital assets, net of related debt were \$285.9 million and increased \$18.6 million from the previous year.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

**Changes In Net Assets**

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

Table MD-2  
City of Independence's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 14,515,300	15,098,737	141,017,185	135,936,348	155,532,485	151,035,085
Operating grants and contributions	8,902,787	9,957,178	—	—	8,902,787	9,957,178
Capital grants and contributions	27,772,386	23,963,312	4,363,127	5,562,049	32,135,513	29,525,361
General revenues						
Property taxes	7,067,966	6,952,380	—	—	7,067,966	6,952,380
Sales taxes	38,086,941	37,728,799	—	—	38,086,941	37,728,799
Other taxes	16,551,812	8,244,536	—	—	16,551,812	8,244,536
Interest	1,476,448	1,785,111	1,850,519	2,532,853	3,326,967	4,317,964
Other	348,143	589,469	37,982	47,953	386,125	637,422
<b>Total revenues</b>	<b>114,721,783</b>	<b>104,319,522</b>	<b>147,268,813</b>	<b>144,079,203</b>	<b>261,990,596</b>	<b>248,398,725</b>
<b>Expenses</b>						
Administrative services	8,487,120	10,014,655	—	—	8,487,120	10,014,655
Public works	13,013,430	13,231,006	—	—	13,013,430	13,231,006
Public safety	44,390,164	38,253,819	—	—	44,390,164	38,253,819
Culture & recreation	7,813,486	6,980,593	—	—	7,813,486	6,980,593
Community development	4,381,932	4,108,652	—	—	4,381,932	4,108,652
Health & welfare	3,287,200	2,898,542	—	—	3,287,200	2,898,542
Electric	—	—	101,665,442	91,357,503	101,665,442	91,357,503
Water	—	—	19,131,054	18,527,955	19,131,054	18,527,955
Sanitary sewer	—	—	14,451,363	13,097,967	14,451,363	13,097,967
Events center	—	—	179,032	—	179,032	—
Storm water	2,270,858	2,238,112	—	—	2,270,858	2,238,112
General government	7,921,217	8,225,760	—	—	7,921,217	8,225,760
Interest	1,073,318	1,050,153	—	—	1,073,318	1,050,153
<b>Total expenses</b>	<b>92,638,725</b>	<b>87,001,292</b>	<b>135,426,891</b>	<b>122,983,425</b>	<b>228,065,616</b>	<b>209,984,717</b>
Excess (deficiency) of revenues or expenses before transfers	22,083,058	17,318,230	11,841,922	21,095,778	33,924,980	38,414,008
Transfers - In (Out)	14,181,015	13,180,055	(14,181,015)	(13,180,055)	—	—
<b>Increase in net assets</b>	<b>36,264,073</b>	<b>30,498,285</b>	<b>(2,339,093)</b>	<b>7,915,723</b>	<b>33,924,980</b>	<b>38,414,008</b>
Net assets, beginning of year	217,946,704	187,448,419	324,799,045	316,883,322	542,745,749	504,331,741
Net assets, end of year	<b>\$ 254,210,777</b>	<b>217,946,704</b>	<b>322,459,952</b>	<b>324,799,045</b>	<b>576,670,729</b>	<b>542,745,749</b>

(Certain amounts for 2007 have been restated.)

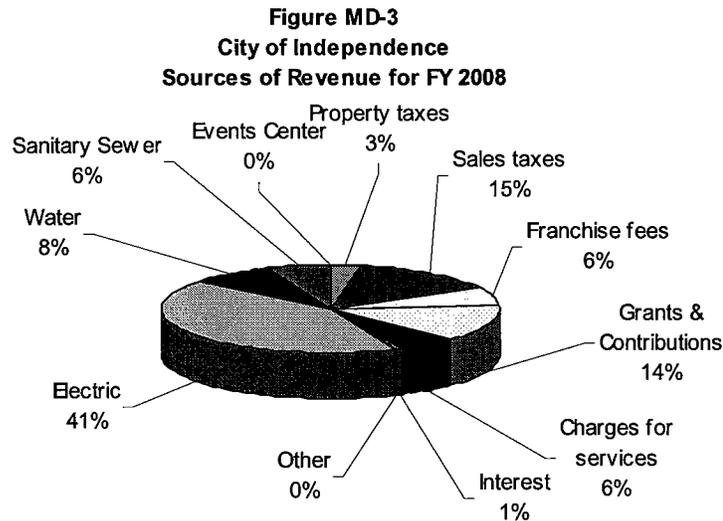
Total revenues increased 5.5% or \$13.6 million and Governmental revenues increased 10.0% or \$10.4 million. This increase can be attributed mostly to the increase in charges for services and the settlement of litigation regarding a franchise fee on cell phones. Of significance is the slow growth of property and sales taxes. This is a reflection of the economy and retail competition.

Total expenses increased 8.6% or \$18.1 million and Governmental expenses increased 6.5% or \$5.6 million. This increase can be attributed, to a great extent, to costs associated with electric production and capital projects. The change in the business-type activities is attributable to normal operations; some of the changes are related to the effect of weather on electric and water sales.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

**Revenues**

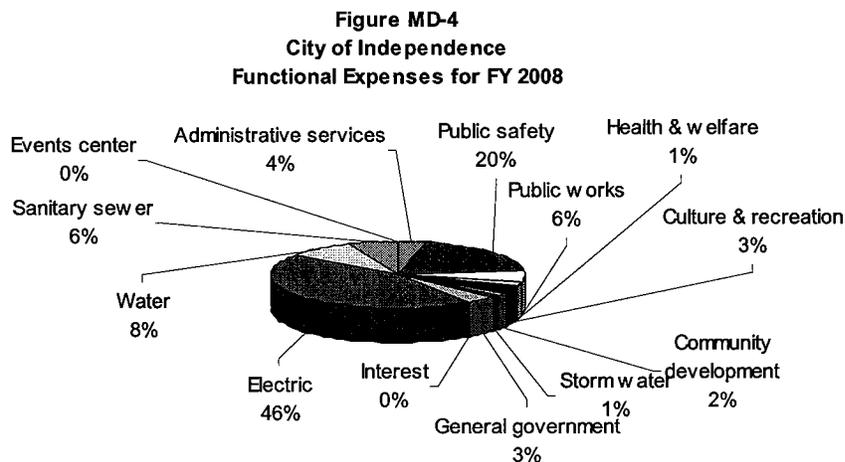
For the fiscal year ending June 30, 2008 revenues totaled \$262.0 million. Of this amount charges for services (governmental and business type) was \$155.5 million or 59.4% of the total. Revenue from business-type activities represents \$147.3 million or 56.2% of the total City revenues (Figure MD-3).



Revenues from governmental activities were \$114.7 million. Sales taxes, the largest governmental category, were \$38.1 million or 33.2%. All taxes represent \$61.7 million or 53.8% of governmental revenue. Operating and capital grants were \$36.7 million or 32.0% of governmental revenues. Charges for services at \$14.5 million were 12.7% of the total.

**Expenses**

For the fiscal year ending June 30, 2008 expenses totaled \$228.1 million. Of this amount the electric utility was \$101.7 million or 44.6% of the total. Business-type expenses represent \$135.4 million or 59.4% of the total City expenses (Figure MD-4).



**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

Expenses from governmental activities were \$92.6 million. Public safety expenses, the largest governmental category, were \$44.4 million or 47.9% of the total. Public Works is the next largest category at \$13.0 million, which is 14.1% of the total.

**Governmental Activities**

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

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Administrative services	\$ 8,487,120	10,014,655	2,527,396	4,274,227
Public works	13,013,430	13,231,006	(6,259,150)	(2,306,952)
Public safety	44,390,164	38,253,819	38,406,937	29,942,094
Culture & Recreation	7,813,486	6,980,593	6,585,876	5,311,710
Community development	4,381,932	4,108,652	853,226	(252,962)
Health & Welfare	3,287,200	2,898,542	2,051,329	1,615,782
Storm water	2,270,858	2,238,112	1,962,740	80,719
General government and interest on long-term debt	8,994,535	9,275,913	(4,680,102)	(682,553)
<b>Total</b>	<u>\$ 92,638,725</u>	<u>87,001,292</u>	<u>41,448,252</u>	<u>37,982,065</u>

(Certain amounts for 2007 have been restated.)

As noted in Table MD-3 expenses from governmental activities for fiscal year 2008 were \$92.6 million. However, the net costs of these services were \$41.4 million. The difference represents direct revenues received from charges for services of \$14.5 million, operating grants and contributions of \$8.9 million, and capital grants and contributions of \$27.8 million. Taxes and other revenues of \$63.5 million were collected to cover these net costs.

**Business-type Activities**

Revenues of the City's business-type activities increased \$3.2 million or 2.2% and expenses increased \$12.4 million or 10.1%. This change is primarily the result of increased customer consumption caused by growth and weather conditions. Fluctuations in weather for the electric and water utilities impact both the revenues and expenses of these utilities.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$33.9 million. The fund balance of the General Fund increased \$2,593,119 during fiscal year 2008. The unreserved, undesignated portion of the General Fund's fund balance increased \$1,428,048. Fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

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

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

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

The fund balance of the Street Improvements Fund was a deficit of \$36,577. The decrease in the deficit from the prior year is due to increased revenues over expenditures. The Fund has a receivable from other governments in the amount of \$1.3 million. Operating capital, for projects that have matching agreements from other governmental units, is primarily provided by other City funds.

**General Fund Budgetary Highlights**

Resources available for appropriation increased \$55,028 from the original estimate. Actual revenues at the end of the year were more than projected by \$2.4 million. The largest positive variance was in the area of taxes, accounting for \$4.3 million of the revenue increase. The largest negative variance was in the area of Licenses and Permits, accounting for \$1.0 million of the revenue decrease.

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

- Re-appropriation of \$1.0 million that is designated by Council action.
- Approval of new grants or the extension of current grants that was not previously included in the approved budget. These adjustments generally also include offsetting revenues.
- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.
- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

Actual expenditures, including encumbrances, were \$2.3 million less than the amount appropriated, representing operating savings of 3.2%. This was largely the result of an intentional underspending of the budget by means of delaying capital expenditures and the filling of vacant positions to offset projected declining revenues and fund balance reserves.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2008, the City had invested \$599.7 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets increased \$57.2 million or 10.5% during the period.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2007-2008
Land & land imp	\$ 20,664,176	19,150,530	11,244,437	5,443,122	31,908,613	24,593,652	29.7%
Buildings & Improvements	70,499,675	43,834,902	—	—	70,499,675	43,834,902	60.8%
Office furniture & equipment	71,254	55,172	—	—	71,254	55,172	29.1%
Computer equipment	690,436	778,185	—	—	690,436	778,185	-11.3%
Mobile equipment	7,582,112	7,989,271	—	—	7,582,112	7,989,271	-5.1%
Other equipment	2,004,864	2,008,444	26,014	26,014	2,030,878	2,034,458	-0.2%
Infrastructure	98,039,565	88,382,589	312,349,946	286,666,231	410,389,511	375,048,820	9.4%
Construction in progress	55,994,877	58,558,689	20,575,286	29,637,541	76,570,163	88,196,230	-13.2%
<b>Total</b>	<b>\$ 255,546,959</b>	<b>220,757,782</b>	<b>344,195,683</b>	<b>321,772,908</b>	<b>599,742,642</b>	<b>542,530,690</b>	<b>10.5%</b>

The budget for fiscal year 2009 projects the City will spend an additional \$22 million for capital projects.

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2008**

**Debt Administration**

Table MD-5  
City of Independence's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2007-2008</u>
Loans Payable	\$ 20,681,754	23,870,529	63,829,753	55,548,038	84,511,507	79,418,567	6.41%
Capital lease obligations	650,673	712,483	—	—	650,673	712,483	-8.68%
Neighborhood Improvemnt District	864,153	923,099	—	—	864,153	923,099	-6.39%
<b>Total</b>	<u>\$ 22,196,580</u>	<u>25,506,111</u>	<u>63,829,753</u>	<u>55,548,038</u>	<u>86,026,333</u>	<u>81,054,149</u>	6.13%

The City at the end of fiscal year 2008 had a total of \$86.0 million of outstanding obligations. This was an increase of \$5.0 million or 6.1% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$63.8 million or 74.2% are obligations of the business-type activities.

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

**Economic Factors**

In the last five years the City, as a community, lost 287 jobs, with current total employment at 55,469 jobs. Unemployment by mid-2008 was 6.0%, while this is lower than Jackson County at 6.5% it is greater than the State at 5.9%. As with most of the rest of the country the City's unemployment rate has increased during the last two years. Median income for 2008 is estimated to be \$43,434, compared to \$45,109 for the State as a whole.

**Contacting the City's Financial Management**

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



## CITY OF INDEPENDENCE, MISSOURI

## Statement of Net Assets

June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tax Increment Financing
<b>Assets:</b>				
<b>Current assets:</b>				
Pooled cash and investments	\$ 35,552,014	23,644,191	59,196,205	7,772,297
Receivables:				
Taxes	10,484,565	—	10,484,565	530,807
Accounts	409,356	9,378,608	9,787,964	94,701
Unbilled revenue	—	9,738,000	9,738,000	—
Special assessment principal and accrued interest	2,140,788	49,922	2,190,710	—
Accrued interest	291,900	344,861	636,761	—
Internal balances	1,179,070	(1,179,070)	—	—
Due from component unit	1,237,414	—	1,237,414	—
Due from other governments	3,034,693	546,067	3,580,760	346,482
Inventory	103,774	12,336,217	12,439,991	—
Prepaid items	—	67,425	67,425	—
Restricted cash and investments	371,276	6,379,279	6,750,555	—
Total current assets	<u>54,804,850</u>	<u>61,305,500</u>	<u>116,110,350</u>	<u>8,744,287</u>
<b>Noncurrent assets:</b>				
Capital assets:				
Nondepreciable	75,000,673	31,819,723	106,820,396	—
Depreciable, net	180,546,286	312,375,960	492,922,246	—
Deferred debt issue costs	203,669	1,460,250	1,663,919	1,469,110
Other deferred charges	—	912,336	912,336	—
Restricted cash and investments	958,571	731,974	1,690,545	31,183,974
Total noncurrent assets	<u>256,709,199</u>	<u>347,300,243</u>	<u>604,009,442</u>	<u>32,653,084</u>
Total assets	<u>\$ 311,514,049</u>	<u>408,605,743</u>	<u>720,119,792</u>	<u>41,397,371</u>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts and contracts payable	\$ 4,500,923	8,378,418	12,879,341	—
Accrued items	1,995,963	947,335	2,943,298	2,668,541
Other current liabilities	803,917	159,414	963,331	—
Due to primary government	—	—	—	1,237,414
Unearned revenue	1,025,968	—	1,025,968	—
Current portion of long-term obligations	12,617,401	6,943,295	19,560,696	4,025,128
Self-insurance claims payable	2,291,297	—	2,291,297	—
Liabilities payable from restricted assets	272,943	2,045,932	2,318,875	—
Total current liabilities	<u>23,508,412</u>	<u>18,474,394</u>	<u>41,982,806</u>	<u>7,931,083</u>
<b>Noncurrent liabilities:</b>				
Noncurrent portion of long-term obligations	24,004,282	64,421,947	88,426,229	190,314,669
Self-insurance claims payable	3,477,000	—	3,477,000	—
Other post-employment benefits	6,313,578	2,785,066	9,098,644	—
Advances for construction	—	464,384	464,384	—
Total noncurrent liabilities	<u>33,794,860</u>	<u>67,671,397</u>	<u>101,466,257</u>	<u>190,314,669</u>
Total liabilities	<u>57,303,272</u>	<u>86,145,791</u>	<u>143,449,063</u>	<u>198,245,752</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	233,350,380	285,931,913	519,282,293	—
Restricted for:				
Capital projects	401,144	—	401,144	—
Special revenue	23,586,985	—	23,586,985	—
Debt service	1,282,389	5,216,672	6,499,061	—
Unrestricted (deficit)	(4,410,121)	31,311,367	26,901,246	(156,848,381)
Total net assets (deficit)	<u>254,210,777</u>	<u>322,459,952</u>	<u>576,670,729</u>	<u>(156,848,381)</u>
Total liabilities and net assets (deficit)	<u>\$ 311,514,049</u>	<u>408,605,743</u>	<u>720,119,792</u>	<u>41,397,371</u>

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Activities

Year ended June 30, 2008

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary government:</b>					
Governmental activities:					
Administrative services	\$ 8,487,120	5,905,973	53,751	—	(2,527,396)
Public safety	44,390,164	4,202,059	1,781,168	—	(38,406,937)
Public works	13,013,430	739,643	4,642,552	13,890,385	6,259,150
Health and welfare	3,287,200	791,825	444,046	—	(2,051,329)
Culture and recreation	7,813,486	925,880	267,122	34,608	(6,585,876)
Community development	4,381,932	1,949,275	1,579,431	—	(853,226)
Storm water	2,270,858	645	134,717	172,756	(1,962,740)
General government	7,921,217	—	—	13,674,637	5,753,420
Interest on long-term debt	1,073,318	—	—	—	(1,073,318)
Total governmental activities	<u>92,638,725</u>	<u>14,515,300</u>	<u>8,902,787</u>	<u>27,772,386</u>	<u>(41,448,252)</u>
<b>Business-type activities:</b>					
Power and light	101,665,442	107,619,947	—	1,310,874	7,265,379
Water	19,131,054	18,114,183	—	2,634,518	1,617,647
Sewer	14,451,363	15,283,055	—	417,735	1,249,427
Events center	179,032	—	—	—	(179,032)
Total business-type activities	<u>135,426,891</u>	<u>141,017,185</u>	<u>—</u>	<u>4,363,127</u>	<u>9,953,421</u>
Total primary government	<u>\$ 228,065,616</u>	<u>155,532,485</u>	<u>8,902,787</u>	<u>32,135,513</u>	<u>(31,494,831)</u>
<b>Component unit:</b>					
Tax increment financing	\$ <u>77,489,566</u>	<u>1,229,942</u>	<u>—</u>	<u>696,721</u>	<u>(75,562,903)</u>
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
Changes in net assets:					
Net (expense) revenue	\$	(41,448,252)	9,953,421	(31,494,831)	(75,562,903)
General revenues:					
Property taxes		7,067,966	—	7,067,966	—
Sales and use taxes		38,086,941	—	38,086,941	9,491,852
Franchise taxes		16,519,852	—	16,519,852	—
Financial institutions tax		31,960	—	31,960	—
Investment earnings		1,476,448	1,850,519	3,326,967	1,714,634
Miscellaneous		348,143	37,982	386,125	76,282
Transfers in (out)		14,181,015	(14,181,015)	—	—
Total general revenue and transfers		<u>77,712,325</u>	<u>(12,292,514)</u>	<u>65,419,811</u>	<u>11,282,768</u>
Change in net assets		36,264,073	(2,339,093)	33,924,980	(64,280,135)
Net assets (deficit), beginning (as restated)		<u>217,946,704</u>	<u>324,799,045</u>	<u>542,745,749</u>	<u>(92,568,246)</u>
Net assets (deficit), ending	\$	<u>254,210,777</u>	<u>322,459,952</u>	<u>576,670,729</u>	<u>(156,848,381)</u>

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Balance Sheet

## Governmental Funds

June 30, 2008

Assets	General	Street Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 3,955,047	132	24,152,547	28,107,726
Receivables:				
Taxes	7,651,244	—	2,833,321	10,484,565
Accounts	179,369	—	21,286	200,655
Special assessment principal and accrued interest	514,845	424,521	1,201,422	2,140,788
Accrued interest	6,488	—	216,928	223,416
Due from other funds	3,195,705	—	719,141	3,914,846
Due from component unit	—	1,115,312	122,102	1,237,414
Due from other governments	773,911	1,300,048	960,734	3,034,693
Restricted assets	497,731	—	832,116	1,329,847
Total assets	<u>\$ 16,774,340</u>	<u>2,840,013</u>	<u>31,059,597</u>	<u>50,673,950</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts and contracts payable	\$ 766,787	1,362,384	2,264,042	4,393,213
Due to other funds	—	689,131	2,552,420	3,241,551
Accrued items	1,580,031	—	91,655	1,671,686
Other current liabilities	767,643	—	36,274	803,917
Deferred revenue	4,059,119	825,075	1,512,561	6,396,755
Liabilities payable from restricted assets:				
Deposits and court bonds	272,943	—	—	272,943
Total liabilities	<u>7,446,523</u>	<u>2,876,590</u>	<u>6,456,952</u>	<u>16,780,065</u>
Fund balances:				
Reserved for:				
Encumbrances	845,315	29,181,415	11,267,048	41,293,778
Other purposes	420,402	—	643,324	1,063,726
Unreserved, reported in:				
General fund	8,062,100	—	—	8,062,100
Special revenue funds	—	—	12,648,957	12,648,957
Debt service fund	—	—	71,068	71,068
Capital projects funds	—	(29,217,992)	(27,752)	(29,245,744)
Total fund balance (deficit)	<u>9,327,817</u>	<u>(36,577)</u>	<u>24,602,645</u>	<u>33,893,885</u>
Total liabilities and fund balance	<u>\$ 16,774,340</u>	<u>2,840,013</u>	<u>31,059,597</u>	<u>50,673,950</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

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

June 30, 2008

Fund balances – total governmental funds	\$ 33,893,885
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	394,737,355
Less accumulated depreciation	<u>(139,286,025)</u>
	255,451,330
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid	(313,476)
Adjustment of deferred revenue	5,370,787
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets	2,342,128
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	
Loans payable/NID payable	(21,434,872)
Capital lease obligations	(650,673)
Compensated absences	(13,800,530)
Discounts (premiums)	(111,034)
Other post-employment benefits	(6,240,437)
Claims payable	<u>(500,000)</u>
	(42,737,546)
Deferred debt costs	<u>203,669</u>
Net assets of governmental activities (exhibit 1)	<u>\$ 254,210,777</u>

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

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

## Governmental Funds

Year ended June 30, 2008

	General	Street Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 37,644,623	—	20,830,138	58,474,761
Licenses and permits	3,603,589	—	1,039,130	4,642,719
Intergovernmental	5,177,146	2,369,724	3,315,447	10,862,317
Charges for services	1,954,151	57,989	772,004	2,784,144
Interfund charges for support services	3,222,406	—	—	3,222,406
Fines, forfeitures, and court costs	3,724,608	—	—	3,724,608
Investment income	215,696	—	982,094	1,197,790
Reimbursements from component unit	—	9,438,370	1,975,074	11,413,444
Other	343,495	222,711	174,229	740,435
Total revenues	<u>55,885,714</u>	<u>12,088,794</u>	<u>29,088,116</u>	<u>97,062,624</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Administrative services	7,421,058	—	39,363	7,460,421
Public safety	36,591,734	—	4,358,984	40,950,718
Public works	7,173,709	—	—	7,173,709
Health and welfare	2,430,546	—	444,846	2,875,392
Culture and recreation	2,101,157	—	3,699,627	5,800,784
Community development	2,754,408	—	1,335,910	4,090,318
Storm water	300,079	—	1,088,777	1,388,856
General government	7,482,031	—	130,509	7,612,540
Capital outlay	340,821	13,039,532	15,180,676	28,561,029
Debt service:				
Principal	349,132	—	3,029,000	3,378,132
Interest and fiscal agent fees	60,550	—	1,053,522	1,114,072
Total expenditures	<u>67,005,225</u>	<u>13,039,532</u>	<u>30,361,214</u>	<u>110,405,971</u>
Deficiency of revenues over expenditures	<u>(11,119,511)</u>	<u>(950,738)</u>	<u>(1,273,098)</u>	<u>(13,343,347)</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital leases	100,695	—	—	100,695
Transfers in – utility payments in lieu of taxes	13,702,586	—	—	13,702,586
Transfers in	—	1,216,044	50,250	1,266,294
Transfers out	(114,232)	—	(1,257,419)	(1,371,651)
Sale of property, plant, and equipment	23,581	—	—	23,581
Total other financing sources	<u>13,712,630</u>	<u>1,216,044</u>	<u>(1,207,169)</u>	<u>13,721,505</u>
Net change in fund balances	2,593,119	265,306	(2,480,267)	378,158
Fund balances (deficit), beginning	6,734,698	(301,883)	27,082,912	33,515,727
Fund balances (deficit), ending	<u>\$ 9,327,817</u>	<u>(36,577)</u>	<u>24,602,645</u>	<u>33,893,885</u>

See accompanying notes to financial statements.

Exhibit 4.1

CITY OF INDEPENDENCE, MISSOURI

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

Year ended June 30, 2008

Net change in fund balances – total governmental funds	\$ 378,158
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	30,637,927
Depreciation expense	(10,227,380)
Donated assets	13,948,783
	<u>34,359,330</u>
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the assets and depreciation is removed from the capital assets account in the statement of net assets and offset against the proceeds, resulting in a gain on the sale of capital assets in the statement of activities. More revenue is reported in the governmental funds than gain in the statement of activities.	
Book value of assets disposed	(69,603)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	3,252,721
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Proceeds from debt issuance	(100,695)
Principal payments	3,378,132
Debt issuance costs amortization	(121,155)
Debt premiums and discounts amortizations	80,058
	<u>3,236,340</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Compensated absences	(626,470)
Accrued interest	40,754
Other post-employment benefits	(6,240,437)
	<u>(6,826,153)</u>
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net expense of the internal service funds is reported with the governmental activities	1,933,280
Change in net assets of governmental activities (Exhibit 2)	<u>\$ 36,264,073</u>

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

Balance Sheet  
Proprietary Funds  
June 30, 2008

Assets	Enterprise funds				Total	Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center		
<b>Current assets:</b>						
Pooled cash and investments	\$ 12,522,448	1,703,533	9,418,210	—	23,644,191	7,444,287
Receivables:						
Accounts (net of allowance of \$1,007,155)	5,859,915	1,993,081	1,525,612	—	9,378,608	208,702
Unbilled revenue	7,910,269	844,131	983,600	—	9,738,000	—
Special assessment principal and accrued interest	3,904	—	46,018	—	49,922	—
Accrued interest	242,262	6,488	96,111	—	344,861	68,484
Due from other funds	25,956	15,619	11,429	—	53,004	—
Due from other governments	546,067	—	—	—	546,067	—
Inventory	11,651,505	609,974	74,738	—	12,336,217	103,774
Prepaid items	67,425	—	—	—	67,425	—
Restricted cash and investments	1,161,872	317,122	243,492	4,656,793	6,379,279	—
<b>Total current assets</b>	<b>39,991,623</b>	<b>5,489,948</b>	<b>12,399,210</b>	<b>4,656,793</b>	<b>62,537,574</b>	<b>7,825,247</b>
<b>Noncurrent assets:</b>						
<b>Capital assets:</b>						
Nondepreciable	18,011,415	3,567,345	3,002,842	7,238,121	31,819,723	93,979
Depreciable, net	146,353,294	102,881,519	63,141,147	—	312,375,960	1,650
Deferred debt issue costs	249,464	746,676	—	464,110	1,460,250	—
Other deferred charges	77,750	834,586	—	—	912,336	—
Restricted cash and investments	231,974	500,000	—	—	731,974	—
<b>Total noncurrent assets</b>	<b>164,923,897</b>	<b>108,530,126</b>	<b>66,143,989</b>	<b>7,702,231</b>	<b>347,300,243</b>	<b>95,629</b>
<b>Total assets</b>	<b>\$ 204,915,520</b>	<b>114,020,074</b>	<b>78,543,199</b>	<b>12,359,024</b>	<b>409,837,817</b>	<b>7,920,876</b>
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Accounts and contracts payable	\$ 7,324,226	681,563	347,646	24,983	8,378,418	107,709
Due to other funds	—	—	—	1,073	1,073	725,226
Accrued items	448,576	221,081	277,678	—	947,335	10,801
Other current liabilities	100,000	—	59,414	—	159,414	—
Current portion of long-term obligations	3,335,354	3,332,304	275,637	—	6,943,295	47,412
Self-insurance claims payable	—	—	—	—	—	2,291,297
Liabilities payable from restricted assets	1,077,099	582,370	214,368	172,095	2,045,932	—
<b>Total current liabilities</b>	<b>12,285,255</b>	<b>4,817,318</b>	<b>1,174,743</b>	<b>198,151</b>	<b>18,475,467</b>	<b>3,182,445</b>
<b>Noncurrent liabilities:</b>						
Revenue bonds payable	10,999,752	35,970,000	—	12,325,000	59,294,752	—
Compensated absences – long-term	3,135,796	944,169	626,130	—	4,706,095	77,163
Other long-term obligations	—	421,100	—	—	421,100	—
Other post employment benefits	1,614,308	637,067	533,691	—	2,785,066	73,141
Self-insurance claims payable	—	—	—	—	—	3,477,000
Advances for construction	362,062	102,322	—	—	464,384	—
<b>Total noncurrent liabilities</b>	<b>16,111,918</b>	<b>38,074,658</b>	<b>1,159,821</b>	<b>12,325,000</b>	<b>67,671,397</b>	<b>3,627,304</b>
<b>Total liabilities</b>	<b>28,397,173</b>	<b>42,891,976</b>	<b>2,334,564</b>	<b>12,523,151</b>	<b>86,146,864</b>	<b>6,809,749</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	151,459,421	68,294,479	66,143,989	34,024	285,931,913	95,629
Restricted for:						
Debt service/capital outlay	231,974	500,000	—	4,484,698	5,216,672	—
Unrestricted	24,826,952	2,333,619	10,064,646	(4,682,849)	32,542,368	1,015,498
<b>Total net assets (deficit)</b>	<b>176,518,347</b>	<b>71,128,098</b>	<b>76,208,635</b>	<b>(164,127)</b>	<b>323,690,953</b>	<b>1,111,127</b>
<b>Total liabilities and net assets</b>	<b>\$ 204,915,520</b>	<b>114,020,074</b>	<b>78,543,199</b>	<b>12,359,024</b>	<b>409,837,817</b>	<b>7,920,876</b>
Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds					(1,231,001)	
Net assets of business-type activities					\$ 322,459,952	

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2008**

	Enterprise funds				Total	Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center		
Operating revenues:						
Charges for services	\$ 106,220,698	17,774,694	15,135,518	—	139,130,910	17,894,566
Other reimbursements	—	—	—	—	—	1,818,509
Miscellaneous	1,399,249	339,489	147,537	—	1,886,275	—
Total operating revenues	<u>107,619,947</u>	<u>18,114,183</u>	<u>15,283,055</u>	<u>—</u>	<u>141,017,185</u>	<u>19,713,075</u>
Operating expenses:						
Personal services	18,027,380	6,984,479	5,074,150	—	30,086,009	834,529
Other services	14,651,808	3,974,346	6,537,849	—	25,164,003	16,251,532
Supplies	51,913,655	1,523,900	665,055	—	54,102,610	1,268,307
Capital Outlay	—	145,438	2,847	—	148,285	4,852
Other expenses	7,163,440	2,714,694	106,752	—	9,984,886	—
Depreciation and amortization	10,571,375	2,722,564	2,530,205	—	15,824,144	550
Total operating expenses	<u>102,327,658</u>	<u>18,065,421</u>	<u>14,916,858</u>	<u>—</u>	<u>135,309,937</u>	<u>18,359,770</u>
Operating income	<u>5,292,289</u>	<u>48,762</u>	<u>366,197</u>	<u>—</u>	<u>5,707,248</u>	<u>1,353,305</u>
Nonoperating revenues (expenses):						
Interest revenue	1,044,369	239,518	551,727	14,905	1,850,519	278,826
Miscellaneous revenue	693,901	1,430,383	26,184	—	2,150,468	556,221
Interest expense	(960,996)	(1,928,270)	—	(179,032)	(3,068,298)	—
Total nonoperating revenue (expenses)	<u>777,274</u>	<u>(258,369)</u>	<u>577,911</u>	<u>(164,127)</u>	<u>932,689</u>	<u>835,047</u>
Income before contributions and transfers	<u>6,069,563</u>	<u>(209,607)</u>	<u>944,108</u>	<u>(164,127)</u>	<u>6,639,937</u>	<u>2,188,352</u>
Capital contributions	1,310,874	2,634,518	417,735	—	4,363,127	—
Transfers out – utility payments in lieu of taxes	(10,539,219)	(1,705,015)	(1,458,352)	—	(13,702,586)	—
Transfers in	—	—	105,357	—	105,357	583,786
Transfers out	(418,849)	(124,394)	(40,543)	—	(583,786)	—
Change in net assets	<u>(3,577,631)</u>	<u>595,502</u>	<u>(31,695)</u>	<u>(164,127)</u>	<u>(3,177,951)</u>	<u>2,772,138</u>
Total net assets:						
Beginning of the year (deficit)	180,095,978	70,532,596	76,240,330	—		(1,661,011)
End of the year (deficit)	<u>\$ 176,518,347</u>	<u>71,128,098</u>	<u>76,208,635</u>	<u>(164,127)</u>		<u>1,111,127</u>
Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds					838,858	
Change in net assets of business-type activities.					<u>\$ (2,339,093)</u>	

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Cash Flows

## Proprietary Funds

Year ended June 30, 2008

	Enterprise funds				Total	Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center		
Cash flows from operations:						
Receipts from customers and others	\$ 109,842,568	18,949,465	15,613,604	—	144,405,637	20,128,329
Payments to suppliers	(73,934,368)	(8,466,714)	(7,177,935)	—	(89,579,017)	(18,569,554)
Payments to employees	(16,138,647)	(6,259,382)	(4,482,545)	—	(26,880,574)	(707,582)
Net cash provided by operating activities	19,769,553	4,223,369	3,953,124	—	27,946,046	851,193
Cash flows from noncapital financing activities:						
Transfers in/(out)	(418,849)	(124,394)	64,814	—	(478,429)	583,786
Transfers out – payments in lieu of taxes	(10,539,219)	(1,705,015)	(1,458,352)	—	(13,702,586)	—
Advances to/(from) other funds	(15,973)	(9,611)	(7,446)	1,073	(31,957)	650,226
Net cash provided by (used in) noncapital financing activities	(10,974,041)	(1,839,020)	(1,400,984)	1,073	(14,212,972)	1,234,012
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(17,825,157)	(3,495,251)	(2,932,782)	(7,213,138)	(31,466,328)	—
Interest paid on revenue bonds and equipment contracts	(967,622)	(1,852,685)	—	—	(2,820,307)	—
Debt expense paid on revenue bonds	—	(12,750)	—	(2,199)	(14,949)	—
Disposal costs from disposition of equipment	(590,831)	(57,485)	—	—	(648,316)	—
Proceeds from bond issue	—	—	—	11,856,152	11,856,152	—
Redemption of revenue bonds	(2,155,000)	(2,200,000)	—	—	(4,355,000)	—
Interest received on special assessment	—	—	375	—	375	—
Net cash used in capital and related financing activities	(21,538,610)	(7,618,171)	(2,932,407)	4,640,815	(27,448,373)	—
Cash flows from investing activities:						
Purchases of investments	(21,007,646)	(4,408,847)	(13,408,547)	—	(38,825,040)	(4,908,647)
Proceeds from sales and maturities of investments	32,431,546	8,841,698	14,114,346	—	55,387,590	2,154,474
Interest on investments	1,282,647	369,648	551,001	14,905	2,218,201	216,348
Net cash provided by (used in) investing activities	12,706,547	4,802,499	1,256,800	14,905	18,780,751	(2,537,825)
Net increase (decrease) in cash and cash equivalents	(36,551)	(431,323)	876,533	4,656,793	5,065,452	(452,620)
Cash and cash equivalents at beginning of year	(7,054,801)	1,451,978	1,285,469	—	(4,317,354)	4,897,107
Cash and cash equivalents at end of year	(7,091,352)	1,020,655	2,162,002	4,656,793	748,098	4,444,487
Investments with original maturities greater than 90 days	21,007,646	1,500,000	7,499,700	—	30,007,346	2,999,800
Pooled cash and investments	\$ 13,916,294	2,520,655	9,661,702	4,656,793	30,755,444	7,444,287
Noncash capital and related financing activities:						
Contributed capital	\$ 1,310,874	2,634,518	417,735	—	4,363,127	—
Components of cash and short-term investments at end of fiscal year:						
Unrestricted assets	\$ 12,522,448	1,703,533	9,418,210	—	23,644,191	7,444,287
Restricted assets	1,393,846	817,122	243,492	4,656,793	7,111,253	—
Total pooled cash and investments	\$ 13,916,294	2,520,655	9,661,702	4,656,793	30,755,444	7,444,287
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 5,292,289	48,762	366,197	—	5,707,248	1,353,305
Adjustments not affecting cash:						
Depreciation and amortization	10,571,375	2,722,564	2,530,205	—	15,824,144	550
Nonoperating revenues	693,906	1,430,383	26,184	—	2,150,473	556,221
Nonoperating expenses	—	(414,604)	—	—	(414,604)	—
Change in assets and liabilities:						
Accounts receivable	1,034,820	(324,153)	281,878	—	992,545	(140,967)
Inventory	1,122,700	(15,143)	(11,293)	—	1,096,264	(13,248)
Prepaid items	(62,723)	—	—	—	(62,723)	—
Unbilled revenue	727,438	19,550	12,429	—	759,417	—
Due from FEMA/SEMA	(217,772)	—	—	—	(217,772)	—
Special assessments receivable	201	—	—	—	201	—
Other receivable	—	124,108	17,502	—	141,610	—
Accounts and contracts payable	(1,339,980)	(233,000)	30,947	—	(1,542,033)	24,700
Accrued and other liabilities	105,361	141,539	95,918	—	342,818	40,170
Other post-employment benefits	1,614,308	637,067	533,691	—	2,785,066	73,141
Self-insurance claims payable	—	—	—	—	—	(1,094,399)
Customer deposits	58,566	19,121	23,113	—	100,800	—
Compensated absences	169,064	67,175	46,353	—	282,592	51,720
Total adjustments	14,477,264	4,174,607	3,586,927	—	22,238,798	(502,112)
Net cash provided by operating activities	\$ 19,769,553	4,223,369	3,953,124	—	27,946,046	851,193

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Fiduciary Net Assets

## Fiduciary Funds

June 30, 2008

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Pooled cash and investments	\$ 62,386	121,810
Accrued interest receivable	—	494
Total assets	<u>62,386</u>	<u>122,304</u>
Liabilities:		
Accounts and contracts payable	168	5,693
Funds held in escrow	800	54,183
Flexible benefit payable	—	62,428
Total liabilities	<u>968</u>	<u>\$ 122,304</u>
Net assets:		
Held in trust	<u>\$ 61,418</u>	

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
 Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 Year ended June 30, 2008

		<u>Private- Purpose Trust Funds</u>
Additions:		
Charges for services	\$	16,605
Interest		<u>1,917</u>
Total additions		<u>18,522</u>
Deductions:		
Capital outlay		<u>18,339</u>
Total deductions		<u>18,339</u>
Change in net assets		183
Net assets, beginning		<u>61,235</u>
Net assets, ending	\$	<u><u>61,418</u></u>

See accompanying notes to financial statements.



**CITY OF INDEPENDENCE, MISSOURI**

**Index to Notes to Financial Statements**

June 30, 2008

(1)	Summary of Significant Accounting Policies.....	33
(a)	The Financial Reporting Entity .....	33
(b)	Basis of Presentation .....	33
(c)	Basis of Accounting .....	35
(d)	Accounts Receivable .....	36
(e)	Investments.....	36
(f)	Inventory .....	36
(g)	Prepaid Items .....	36
(h)	Interfund Activity .....	36
(i)	Capital Assets .....	37
(j)	Bond Premiums, Discounts, and Issuance Costs.....	38
(k)	Compensated Absences.....	39
(l)	Fund Balances .....	39
(m)	Permanent Fund.....	39
(n)	Net Assets.....	39
(o)	Statement of Cash Flows.....	40
(p)	Use of Estimates.....	40
(q)	New Accounting Pronouncements .....	40
(2)	Deposits and Investments .....	41
(3)	Tax Revenue .....	43
(4)	Intergovernmental Revenue and Receivables.....	44
(5)	Interfund Activity .....	46
(a)	Interfund Balances.....	46
(b)	Interfund Charges for Support Services .....	46
(c)	Payments in Lieu of Taxes .....	47
(d)	Interfund Transfers.....	47

**CITY OF INDEPENDENCE, MISSOURI**

**Index to Notes to Financial Statements**

June 30, 2008

(6)	Capital Assets .....	48
(7)	Long-Term Obligations .....	53
(a)	Governmental activities.....	56
(1)	Loans Payable .....	56
(2)	Neighborhood Improvement District .....	57
(3)	Capital Lease Obligations .....	57
(b)	Business-type Activities.....	59
(1)	Revenue Bonds.....	59
(2)	Other Obligations .....	61
(c)	Discretely-presented component unit.....	61
(1)	Tax Increment Financing Loans and Developer Obligations.....	61
(a)	Prior Year Defeasance of Debt .....	63
(2)	Bass Pro Lease .....	63
(8)	Advances for Construction.....	65
(9)	Employee Retirement System.....	65
(10)	Post-Employment Health Benefits.....	66
(11)	Risk Management .....	69
(12)	Commitments.....	70
(13)	Deficits.....	72
(14)	Fund Equity .....	73
(15)	Prior Period Adjustment .....	74

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

### (1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following is a summary of the more significant accounting and reporting policies and practices of the City.

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

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities for which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

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

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

#### (b) *Basis of Presentation*

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

**Events Center Fund** – This fund accounts for the acquisition, operation, and maintenance of the City's events center facility and services.

The City reports the following fund types of nonmajor funds:

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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2008

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

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

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

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

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

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

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

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

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

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

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

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

### **(d) Accounts Receivable**

Accounts receivable result primarily from sales of electricity, water and sewer services accounted for in the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year.

### **(e) Investments**

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

### **(f) Inventory**

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

### **(g) Prepaid Items**

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

### **(h) Interfund Activity**

The City has the following types of interfund activity:

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

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

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

**(i) Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. For property acquired from another utility, the difference between the net cost of plant assets recorded by the selling entity and the purchase price is recorded as an acquisition adjustment. Contributions of capital assets received from federal, state, or local sources are recorded as assets and a capital contribution at fair value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation has been provided over the estimated useful lives using the composite and straight-line methods. Depreciation on utility vehicles and heavy equipment is charged to clearing accounts and redistributed to various operating, construction, and other accounts. The estimated useful lives are as follows:

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

	<b>Years</b>
Business-type activities:	
Power and Light Fund:	
Production plant	25-45
Transmission plant	28-40
Distribution plant	25-40
Transportation equipment	7
General plant	19-40
Water Fund:	
Source of supply	15-50
Pumping	20-50
Water treatment	40-50
Transmission and distribution system	20-100
General plant	5-50
Acquisition adjustment	30
Nonutility property	10
Sanitary Sewer Fund:	
Equipment	5-25
Sewer system	40-100
Plant	25
Events Center Fund:	
Buildings and improvements	20-40
Improvements other than buildings	20
Other equipment	10
Computer equipment	5

Fully depreciated capital assets are included in the capital assets accounts until their disposal. For business-type activities, units retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized.

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

***(j) Bond Premiums, Discounts, and Issuance Costs***

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

### **(k) Compensated Absences**

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated without limitation. Upon termination, compensation for accrued sick leave is paid up to the equivalent of six months' regular earnings at the employee's current rate of pay and compensation for vacation is paid up to a maximum of 400 hours.

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

### **(l) Fund Balances**

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

### **(m) Permanent Fund**

The City receives from time to time endowments from outside donors. The nature of these endowments is that the principal of the gift is to remain intact and the interest is to be spent on certain activities of the City. These donations are accounted for in the Permanent Fund. The State of Missouri requires that recipients of endowment gifts maintain the original principal intact at the original donation value. During the year ended June 30, 2007 the principal balance of the Permanent Fund was transferred to a non-expendable endowment held and administered by the Truman Heartland Community Foundation. During the year ended June 30, 2008, the net appreciation on assets available for expenditure of \$9,670 was contributed to the Parks Sales Tax Fund.

### **(n) Net Assets**

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

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

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(o) *Statement of Cash Flows***

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

**(p) *Use of Estimates***

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

**(q) *New Accounting Pronouncements***

In May 2007, GASB issued Statement No. 50, *Pension Disclosures*. The statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The City will implement Statement No. 50 beginning with the year ended June 30, 2009.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The City is currently evaluating the impact of adopting Statement No. 51. The City will implement GASB No. 51 beginning with the year ended June 30, 2010.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(2) Deposits and Investments**

At June 30, 2008, the carrying values of deposits and investments are summarized as follows:

Investments:		
Short-term investments held in trust	\$	36,907,822
U.S. government securities		26,652
U.S. agency securities		<u>14,006,346</u>
Total investments		50,940,820
Deposits and repurchase obligations		55,821,994
Petty cash		<u>14,958</u>
Total	\$	<u><u>106,777,772</u></u>

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

	Government-Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Primary Government Total	Component Unit	Grand Total
Pooled cash and investments	\$ 59,196,205	\$ 184,196	\$ 59,380,401	\$ 7,772,297	\$ 67,152,698
Restricted cash and investments	<u>8,441,100</u>	<u>—</u>	<u>8,441,100</u>	<u>31,183,974</u>	<u>39,625,074</u>
	<u><u>\$ 67,637,305</u></u>	<u><u>\$ 184,196</u></u>	<u><u>\$ 67,821,501</u></u>	<u><u>\$ 38,956,271</u></u>	<u><u>\$ 106,777,772</u></u>

*Investment Policy*

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

### *Credit Risk*

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating As of June 30, 2008</u>
Federal Home Loan Bank	\$ 14,045,347	AAA
U.S. Treasury Bond	26,652	Exempt from rating requirement
Total	<u>\$ 14,071,999</u>	

### *Custodial Credit Risk*

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

At June 30, 2008, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of June 30, 2008.

### *Interest Rate Risk*

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

As of June 30, 2008, all of the City's securities had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of \$26,652 that will mature in 2027.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

*Concentration of Credit Risk*

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of June 30, 2008, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage</u>
Fed. Home Loan Banks	U.S. agency securities	\$ 14,045,347	100%

**(3) Tax Revenue**

Tax revenue, including interest and penalties, by fund type for the year ended June 30, 2008 is as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate tax	\$ 7,010,528	\$ 22,998	\$ 7,033,526
Railroad utilities tax	34,441	—	34,441
Cigarette tax	555,974	—	555,974
Transient guest tax	—	1,084,379	1,084,379
Sales tax	16,723,828	19,722,761	36,446,589
Franchise tax	13,319,852	—	13,319,852
	<u>\$ 37,644,623</u>	<u>\$ 20,830,138</u>	<u>\$ 58,474,761</u>

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property for which taxes are unpaid. Jackson County bills and collects all real estate taxes for the City and charges a 1.5% to 1.6% commission on all taxes collected.

Assessed values are established by the Clay and Jackson County assessors, subject to review by the Jackson County Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 2007, on which the fiscal 2008 levy was based, was \$1,400,611,015.

The City is permitted by Missouri state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to \$0.40 per \$100 of assessed valuation for public health and recreation, and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended June 30, 2008 were \$0.4421 for the General Fund, \$0.2082 for Public Health and Recreation, and \$0.4422 for the Independence Square Benefit District Fund.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(4) Intergovernmental Revenue and Receivables**

Intergovernmental revenue during fiscal year 2008 consisted of the following:

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Federal</b>				
Department of Housing & Urban Development				
Community Development Block Grant	\$ —	\$ —	\$ 772,035	\$ 772,035
Emergency Shelter Grant	—	—	68,044	68,044
Home Investment Partnership	—	—	614,146	614,146
Department of Justice	—	—	753,734	753,734
Department of Transportation	25,393	1,816,393	329,641	2,171,427
Environmental Protection Agency	—	—	12,851	12,851
Department of Health & Human Services	25,000	—	310,999	335,999
Department of Homeland Security	783	—	55,585	56,368
<b>Total Federal</b>	<u>51,176</u>	<u>1,816,393</u>	<u>2,917,035</u>	<u>4,784,604</u>
<b>State &amp; Local</b>				
Department of Health & Human Services	—	—	121,500	121,500
Department of Revenue				
Motor Vehicle Fuel Tax	3,283,590	—	—	3,283,590
Motor Vehicle Sales Tax	459,912	—	—	459,912
Motor Vehicle Fees	721,327	—	—	721,327
Financial Institutions Tax	31,960	—	—	31,960
Division of Tourism	—	—	184,849	184,849
Department of Public Safety	—	—	36,117	36,117
Missouri Highway and Transportation Commission	—	—	2,490	2,490
Missouri State Safety Center	—	—	8,654	8,654
Jackson County Anti Drug Tax	330,130	—	—	330,130
Jackson County DARE	299,051	—	—	299,051
Jackson County Urban Road System	—	553,331	—	553,331
Target	—	—	900	900
Healthcare Foundation of Greater Kansas City	—	—	42,797	42,797
Truman Heartland Community Foundation	—	—	1,105	1,105
<b>Total State &amp; Local</b>	<u>5,125,970</u>	<u>553,331</u>	<u>398,412</u>	<u>6,077,713</u>
<b>Grand Total</b>	<u>\$ 5,177,146</u>	<u>\$ 2,369,724</u>	<u>\$ 3,315,447</u>	<u>\$ 10,862,317</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

Amounts due from other governments at June 30, 2008 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<b>General Fund:</b>				
Department of Health & Human Services	\$ 27,476	\$ —	\$ —	\$ 27,476
Department of Revenue				
Motor Vehicle Fuel Tax	—	550,000	—	550,000
Motor Vehicle Sales Tax	—	60,000	—	60,000
Motor Vehicle License Fees	—	117,000	—	117,000
39th St Transportation Development District	—	—	19,435	19,435
	<u>27,476</u>	<u>727,000</u>	<u>19,435</u>	<u>773,911</u>
<b>Street Improvements Fund:</b>				
Department of Transportation	694,368	—	—	694,368
Jackson County Urban Road System	—	—	505,031	505,031
39th St Transportation Development District	—	—	100,649	100,649
	<u>694,368</u>	<u>—</u>	<u>605,680</u>	<u>1,300,048</u>
<b>Nonmajor Governmental Funds:</b>				
Department of Justice	209,079	—	—	209,079
Department of Transportation	62,011	9,643	—	71,654
Department of Health & Human Services	45,877	—	—	45,877
Department of Homeland Security	27,496	—	—	27,496
Department of Housing & Urban Development				
Community Development Block Grant	182,459	—	—	182,459
Home Investment Partnership	314,416	—	—	314,416
Missouri Division of Tourism	—	106,296	—	106,296
Healthcare Foundation of Greater Kansas City	—	—	3,457	3,457
	<u>841,338</u>	<u>115,939</u>	<u>3,457</u>	<u>960,734</u>
<b>Totals</b>	\$ <u>1,563,182</u>	\$ <u>842,939</u>	\$ <u>628,572</u>	\$ <u>3,034,693</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(5) Interfund Activity**

**(a) Interfund Balances**

Interfund balances at June 30, 2008 consisted of the following:

	<u>Due from Street Improvements</u>	<u>Due from Nonmajor Governmental</u>	<u>Total Governmental Activities</u>	<u>Events Center</u>	<u>Due from Internal Service Fund</u>	<u>Total</u>
Due to:						
Governmental activities:						
General Fund	\$ —	\$ 2,522,410	\$ 2,522,410	\$ —	\$ 673,295	\$ 3,195,705
Nonmajor governmental	689,131	30,010	719,141	—	—	719,141
Total governmental activities	<u>689,131</u>	<u>2,552,420</u>	<u>3,241,551</u>	<u>—</u>	<u>673,295</u>	<u>3,914,846</u>
Business-type activities:						
Power and Light Fund	—	—	—	—	25,956	25,956
Water Fund	—	—	—	—	15,619	15,619
Sanitary Sewer Fund	—	—	—	1,073	10,356	11,429
Total business-type activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,073</u>	<u>51,931</u>	<u>53,004</u>
Total	<u>\$ 689,131</u>	<u>\$ 2,552,420</u>	<u>\$ 3,241,551</u>	<u>\$ 1,073</u>	<u>\$ 725,226</u>	<u>\$ 3,967,850</u>

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

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

Interfund charges for support services and rent paid to the General Fund during fiscal year 2008 were as follows:

	<u>Interfund Charges</u>	<u>Rent</u>
Nonmajor governmental funds	\$ 35,000	\$ 13,728
Power and Light Fund	1,553,113	40,835
Sanitary Sewer Fund	562,750	12,784
Water Fund	1,071,543	27,474
	<u>\$ 3,222,406</u>	<u>\$ 94,821</u>

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2008 as follows:

Sanitary Sewer Fund	\$	231,563
Power and Light Fund		<u>1,111,533</u>
	\$	<u><u>1,343,096</u></u>

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2008 as follows:

Sanitary Sewer Fund	\$	116,689
Water Fund		<u>652,701</u>
	\$	<u><u>769,390</u></u>

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

The payments in lieu of taxes of \$10,539,219, \$1,705,015 and \$1,458,352 in fiscal year 2008 by the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively, to the General Fund approximate franchise taxes and real estate taxes on plant in service. The franchise tax rate, established by City ordinance at 9.08%, is applied to gross billed operating revenues less amounts written off to arrive at the franchise tax due the General Fund. Real estate taxes are charged at a set amount.

**(d) Interfund Transfers**

Interfund transfers for the year ended June 30, 2008 consisted of the following:

	<u>Transfer Out</u>					
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Total</u>
Transfers In:						
Street Improvements	\$ 8,625	\$ 1,207,419	\$ —	\$ —	\$ —	\$ 1,216,044
Sanitary Sewer Fund	105,357	—	—	—	—	105,357
Workers' Compensation	—	—	418,849	124,394	40,543	583,786
Nonmajor governmental	250	50,000	—	—	—	50,250
Total Primary Government	<u>\$ 114,232</u>	<u>\$ 1,257,419</u>	<u>\$ 418,849</u>	<u>\$ 124,394</u>	<u>\$ 40,543</u>	<u>\$ 1,955,437</u>

Transfers are the result of payment for capital project and other expenditures.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(6) Capital Assets**

Capital asset activity for the year ended June 30, 2008 is as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 18,962,023	\$ 43,773	\$ —	\$ 19,005,796
Construction work in progress	<u>58,558,689</u>	<u>28,121,110</u>	<u>(30,684,922)</u>	<u>55,994,877</u>
Total nondepreciable capital assets	<u>77,520,712</u>	<u>28,164,883</u>	<u>(30,684,922)</u>	<u>75,000,673</u>
Depreciable capital assets:				
Land improvements	255,647	1,506,785	—	1,762,432
Buildings	13,944,163	25,870,179	—	39,814,342
Building improvements	12,171,423	758,611	—	12,930,034
Improvements other than buildings	28,518,562	2,704,943	—	31,223,505
Office furniture and equipment	831,881	32,955	(48,760)	816,076
Computer equipment	1,451,075	182,567	(188,116)	1,445,526
Mobile equipment	19,595,096	1,199,000	(163,260)	20,630,836
Other equipment	4,064,713	328,295	(194,475)	4,198,533
Infrastructure	<u>192,132,448</u>	<u>15,023,412</u>	<u>—</u>	<u>207,155,860</u>
Total depreciable capital assets	<u>272,965,008</u>	<u>47,606,747</u>	<u>(594,611)</u>	<u>319,977,144</u>
Less accumulated depreciation for:				
Land improvements	(67,140)	(36,912)	—	(104,052)
Buildings	(6,439,279)	(588,415)	—	(7,027,694)
Building improvements	(2,115,213)	(610,781)	—	(2,725,994)
Improvements other than buildings	(2,244,754)	(1,469,764)	—	(3,714,518)
Office furniture and equipment	(776,709)	(16,873)	48,760	(744,822)
Computer equipment	(672,890)	(229,658)	147,458	(755,090)
Mobile equipment	(11,605,825)	(1,579,196)	136,297	(13,048,724)
Other equipment	(2,056,269)	(329,894)	192,494	(2,193,669)
Infrastructure	<u>(103,749,859)</u>	<u>(5,366,436)</u>	<u>—</u>	<u>(109,116,295)</u>
Total accumulated depreciation	<u>(129,727,938)</u>	<u>(10,227,929)</u>	<u>525,009</u>	<u>(139,430,858)</u>
Total depreciable capital assets, net	<u>143,237,070</u>	<u>37,378,818</u>	<u>(69,602)</u>	<u>180,546,286</u>
Governmental activities capital assets, net	<u>\$ 220,757,782</u>	<u>\$ 65,543,701</u>	<u>\$ (30,754,524)</u>	<u>\$ 255,546,959</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

Depreciation expense was charged to functions as follows:

General government	\$	549,824
Public safety		2,164,441
Public works		5,074,033
Health and welfare		71,358
Culture and recreation		1,498,571
Community development		73,708
Storm water		<u>795,444</u>
Total		10,227,379

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

Total depreciation expense	\$	<u>550</u>
		<u><u>10,227,929</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>
Business-type activities:				
Power and Light Fund:				
Nondepreciable capital assets:				
Land	\$ 2,948,206	\$ 5,000	\$ —	\$ 2,953,206
Construction in progress	24,330,333	20,013,623	(29,285,747)	15,058,209
Total nondepreciable capital assets	<u>27,278,539</u>	<u>20,018,623</u>	<u>(29,285,747)</u>	<u>18,011,415</u>
Depreciable capital assets:				
Acquisition adjustment	2,755,568	—	—	2,755,568
Production plant	145,304,963	12,364,573	(431,166)	157,238,370
Transmission plant	22,559,618	3,202,736	—	25,762,354
Distribution plant	108,066,832	11,728,224	(773,757)	119,021,299
General plant	17,850,098	1,985,215	(17,130)	19,818,183
Total depreciable capital assets	<u>296,537,079</u>	<u>29,280,748</u>	<u>(1,222,053)</u>	<u>324,595,774</u>
Less accumulated depreciation:				
Acquisition adjustment	(2,755,568)	—	—	(2,755,568)
Production plant	(102,600,631)	(5,600,674)	431,157	(107,770,148)
Transmission plant	(11,778,393)	(706,386)	1,235	(12,483,544)
Distribution plant	(37,867,497)	(3,710,964)	1,363,361	(40,215,100)
General plant	(13,960,875)	(1,074,380)	17,135	(15,018,120)
Total accumulated depreciation	<u>(168,962,964)</u>	<u>(11,092,404)</u>	<u>1,812,888</u>	<u>(178,242,480)</u>
Total depreciable capital assets, net	<u>127,574,115</u>	<u>18,188,344</u>	<u>590,835</u>	<u>146,353,294</u>
Total power and light capital assets	\$ <u>154,852,654</u>	\$ <u>38,206,967</u>	\$ <u>(28,694,912)</u>	\$ <u>164,364,709</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>		<u>June 30, 2008</u>
Water Fund:					
Nondepreciable capital assets:	\$	\$	\$	\$	
Land	2,164,725	—	—		2,164,725
Construction in progress	2,115,155	7,637,623	(8,350,158)		1,402,620
Total nondepreciable capital assets	4,279,880	7,637,623	(8,350,158)		3,567,345
Depreciable capital assets:					
Acquisition adjustment	12,547,766	—	—		12,547,766
Nonutility property	40,014	—	—		40,014
Source of supply	7,129,326	329,195	—		7,458,521
Pumping plant	14,390,817	194,293	(3,861)		14,581,249
Treatment plant	22,256,548	165,840	(110,071)		22,312,317
Transmission plant	63,728,809	5,298,077	(239,166)		68,787,720
General plant	5,970,783	2,362,753	(228,381)		8,105,155
Total depreciable capital assets	126,064,063	8,350,158	(581,479)		133,832,742
Less accumulated depreciation:					
Acquisition adjustment	(9,294,943)	(371,751)	—		(9,666,694)
Nonutility property	(14,000)	—	—		(14,000)
Source of supply	(4,339,861)	(403,103)	—		(4,742,964)
Pumping plant	(533,301)	(410,312)	3,860		(939,753)
Treatment plant	(4,624,641)	(568,204)	114,581		(5,078,264)
Transmission plant	(7,270,931)	(766,767)	318,702		(7,718,996)
General plant	(2,669,689)	(349,539)	228,676		(2,790,552)
Total accumulated depreciation	(28,747,366)	(2,869,676)	665,819		(30,951,223)
Total depreciable capital assets, net	97,316,697	5,480,482	84,340		102,881,519
Total water capital assets	\$ 101,596,577	\$ 13,118,105	\$ (8,265,818)	\$	\$ 106,448,864

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>		<u>June 30, 2008</u>
Sanitary Sewer Fund:					
Nondepreciable capital assets:					
Land	\$ 330,191	\$ —	\$ —		\$ 330,191
Construction in progress	3,192,053	2,620,298	(3,139,700)		2,672,651
Total nondepreciable capital assets	<u>3,522,244</u>	<u>2,620,298</u>	<u>(3,139,700)</u>		<u>3,002,842</u>
Depreciable capital assets:					
Nonutility property	46,368	—	—		46,368
Collection plant	82,611,278	3,434,528	(6,660)		86,039,146
Pumping plant	5,033,506	16,350	(410,200)		4,639,656
Treatment plant	15,210,299	23,738	—		15,234,037
General plant	4,047,491	400,422	(65,847)		4,382,066
Total depreciable capital assets	<u>106,948,942</u>	<u>3,875,038</u>	<u>(482,707)</u>		<u>110,341,273</u>
Less accumulated depreciation:					
Nonutility property	(46,368)	—	—		(46,368)
Collection plant	(20,300,069)	(1,027,338)	6,660		(21,320,747)
Pumping plant	(5,390,978)	(218,931)	410,200		(5,199,709)
Treatment plant	(14,886,975)	(962,435)	—		(15,849,410)
General plant	(4,523,120)	(321,501)	60,729		(4,783,892)
Total accumulated depreciation	<u>(45,147,510)</u>	<u>(2,530,205)</u>	<u>477,589</u>		<u>(47,200,126)</u>
Total depreciable capital assets, net	<u>61,801,432</u>	<u>1,344,833</u>	<u>(5,118)</u>		<u>63,141,147</u>
Total sewer capital assets	<u>65,323,676</u>	<u>3,965,131</u>	<u>(3,144,818)</u>		<u>66,143,989</u>
Events Center:					
Nondepreciable capital assets:					
Land	—	5,796,315	—		5,796,315
Construction in progress	—	1,441,806	—		1,441,806
Total events center capital assets	<u>—</u>	<u>7,238,121</u>	<u>—</u>		<u>7,238,121</u>
Total business-type activities capital assets	<u>\$ 321,772,907</u>	<u>\$ 63,128,324</u>	<u>\$ (40,705,548)</u>		<u>\$ 344,195,683</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 10,307,184
Water	2,722,564
Sanitary sewer	<u>2,530,205</u>
Total business-type activities depreciation expense	<u>\$ 15,559,953</u>

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(7) Long-Term Obligations**

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

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 23,651,111	\$ —	\$ 3,156,626	\$ 20,494,485	\$ 7,064,872
Capital lease obligations	712,483	100,696	162,506	650,673	139,874
Neighborhood Improvement District	924,000	—	59,000	865,000	64,000
Premium (discount), net	218,517	—	32,095	186,422	—
Total loans and notes payable	<u>25,506,111</u>	<u>100,696</u>	<u>3,410,227</u>	<u>22,196,580</u>	<u>7,268,746</u>
Other liabilities:					
Compensated absences	13,246,915	5,957,922	5,279,734	13,925,103	5,348,655
Other post-employment benefits	—	6,313,578	—	6,313,578	—
Claims payable	—	500,000	—	500,000	—
Total Governmental Activities	\$ <u>38,753,026</u>	\$ <u>12,872,196</u>	\$ <u>8,689,961</u>	\$ <u>42,935,261</u>	\$ <u>12,617,401</u>

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Business-type activities:					
Power and Light Fund:					
Revenue bonds	\$ 16,525,000	\$ —	\$ 2,065,000	\$ 14,460,000	\$ 2,155,000
Less deferred amount on refunding	(1,526,962)	—	(221,715)	(1,305,247)	—
Total revenue bonds	14,998,038	—	1,843,285	13,154,753	2,155,000
Compensated absences	4,147,085	1,880,747	1,711,683	4,316,149	1,180,354
Other post-employment benefits	—	1,614,308	—	1,614,308	—
Total Power and Light Fund	<u>19,145,123</u>	<u>3,495,055</u>	<u>3,554,968</u>	<u>19,085,210</u>	<u>3,335,354</u>
Water Fund:					
Revenue bonds	40,550,000	—	2,200,000	38,350,000	2,380,000
Compensated absences	1,278,237	559,544	492,369	1,345,412	401,243
Other long-term obligations	1,386,765	190,534	605,138	972,161	551,061
Other post-employment benefits	—	637,067	—	637,067	—
Total Water Fund	<u>43,215,002</u>	<u>1,387,145</u>	<u>3,297,507</u>	<u>41,304,640</u>	<u>3,332,304</u>
Sanitary Sewer Fund:					
Compensated absences	855,414	410,424	364,071	901,767	275,637
Other post-employment benefits	—	533,691	—	533,691	—
Total Sanitary Sewer Fund	<u>855,414</u>	<u>944,115</u>	<u>364,071</u>	<u>1,435,458</u>	<u>275,637</u>
Events Center Fund:					
Revenue bonds	—	12,325,000	—	12,325,000	—
Total Events Center Fund	<u>—</u>	<u>12,325,000</u>	<u>—</u>	<u>12,325,000</u>	<u>—</u>
Total business-type activities	\$ <u>63,215,539</u>	\$ <u>18,151,315</u>	\$ <u>7,216,546</u>	\$ <u>74,150,308</u>	\$ <u>6,943,295</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Discretely-presented component unit:					
TIF loans	\$ 150,430,000	\$ 22,185,000	\$ 4,390,000	\$ 168,225,000	\$ 3,955,000
Loans payable	213,890	—	68,375	145,515	70,128
Premium (discount), net	(1,378,437)	(275,385)	(97,082)	(1,556,740)	—
Deferred amount on refunding	(924,281)	—	(62,528)	(861,753)	—
	148,341,172	21,909,615	4,298,765	165,952,022	4,025,128
Developer obligations	<u>18,562,915</u>	<u>12,835,971</u>	<u>3,011,111</u>	<u>28,387,775</u>	<u>—</u>
	\$ <u>166,904,087</u>	\$ <u>34,745,586</u>	\$ <u>7,309,876</u>	\$ <u>194,339,797</u>	\$ <u>4,025,128</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

Debt service requirements on long-term debt with schedules maturities at June 30, 2008 are as follows:

	Governmental Activities							
	Loans Payable		NID Payable		Total			
	Principal	Interest	Principal	Interest	Principal	Interest		
2009	\$ 7,064,872	\$ 895,084	\$ 64,000	\$ 44,229	\$ 7,128,872	\$ 939,313		
2010	2,834,613	602,522	64,000	41,014	2,898,613	643,536		
2011	2,755,000	468,614	69,000	37,784	2,824,000	506,398		
2012	2,870,000	347,503	69,000	34,467	2,939,000	381,970		
2013	2,995,000	223,288	70,000	31,312	3,065,000	254,600		
2014-2018	1,975,000	154,300	397,000	99,704	2,372,000	254,004		
2019-2023	—	—	120,000	14,370	120,000	14,370		
2024	—	—	12,000	705	12,000	705		
	<u>\$ 20,494,485</u>	<u>\$ 2,691,311</u>	<u>\$ 865,000</u>	<u>\$ 303,585</u>	<u>\$ 21,359,485</u>	<u>\$ 2,994,896</u>		

	Business-type Activities							
	Power and Light		Water		Events Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 2,155,000	\$ 628,693	\$ 2,380,000	\$ 1,760,459	\$ —	\$ 666,175	\$ 4,535,000	\$ 3,055,327
2010	2,245,000	541,363	2,525,000	1,660,033	130,000	665,575	4,900,000	2,866,971
2011	2,345,000	445,838	2,765,000	1,548,508	200,000	658,975	5,310,000	2,653,321
2012	2,455,000	344,238	2,950,000	1,424,270	200,000	650,975	5,605,000	2,419,483
2013	2,560,000	236,290	3,195,000	1,283,325	225,000	642,975	5,980,000	2,162,590
2014-2018	2,700,000	122,010	17,800,000	3,694,680	1,290,000	3,057,516	21,790,000	6,874,206
2019-2023	—	—	4,575,000	1,125,818	1,640,000	2,706,875	6,215,000	3,832,693
2024-2028	—	—	2,160,000	109,250	2,135,000	2,207,547	4,295,000	2,316,797
2029-2033	—	—	—	—	2,810,000	1,525,291	2,810,000	1,525,291
2034-2038	—	—	—	—	3,695,000	606,481	3,695,000	606,481
	<u>\$ 14,460,000</u>	<u>\$ 2,318,432</u>	<u>\$ 38,350,000</u>	<u>\$ 12,606,343</u>	<u>\$ 12,325,000</u>	<u>\$ 13,388,385</u>	<u>\$ 65,135,000</u>	<u>\$ 28,313,160</u>

	Discretely-Presented Component Unit					
	TIF Loans		Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 3,955,000	\$ 8,787,077	\$ 70,128	\$ 6,333	\$ 4,025,128	\$ 8,793,410
2010	4,295,000	8,494,658	75,387	3,317	4,370,387	8,497,975
2011	5,940,000	8,291,245	—	—	5,940,000	8,291,245
2012	6,555,000	8,005,778	—	—	6,555,000	8,005,778
2013	6,595,000	7,687,888	—	—	6,595,000	7,687,888
2014-2018	40,565,000	33,100,968	—	—	40,565,000	33,100,968
2019-2023	54,450,000	20,824,801	—	—	54,450,000	20,824,801
2024-2028	45,870,000	7,042,728	—	—	45,870,000	7,042,728
	<u>\$ 168,225,000</u>	<u>\$ 102,235,143</u>	<u>\$ 145,515</u>	<u>\$ 9,650</u>	<u>\$ 168,370,515</u>	<u>\$ 102,244,793</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(a) Governmental activities**

**(1) Loans Payable – Missouri Development Finance Board**

Governmental activities loans payable at June 30, 2008 are comprised of the following:

\$530,000 Series 2000 (City Building Renovations) annual installments of \$40,000 to \$65,000 through 2010; interest at 5.00% to 6.25%. Restricted assets in the General Fund of \$53,527 consist of funds available for costs related to this debt.	\$ 130,000
\$1,635,000 Series 2001 (Various City projects) annual installments of \$160,000 to \$215,000 through 2010; interest at 4.20% to 4.40%. A portion of this debt was for additional funding on the Hartman Heritage Tax Increment Financing Project. The portion of the loan payable related to the Hartman Heritage Tax Increment Financing Project is included in the liabilities of the discretely presented component unit. Restricted assets in the General Fund of \$171,261 consist of funds available for costs related to this debt.	269,485
\$1,245,000 Series 2004 (Truman Memorial Building) annual installments of \$230,000 to \$270,000 through 2009; interest at 2.25% to 4.25%	270,000
\$4,970,000 Series 2005 (Street Projects) semi-annual installments of \$590,000 to \$665,000 through 2009; interest at 3.25% to 4.00%	1,315,000
\$6,175,000 Series 2005 (Aquatics Facilities Project) annual installments of \$300,000 to \$450,000 through 2013; interest at 3.00% to 5.00%	4,120,000
\$8,225,000 Series 2005 (Public Safety Facilities Projects) annual installments of \$670,000 to \$1,010,000 through 2015; interest at 4.00% to 5.25%	6,135,000
\$5,485,000 Series 2006 (Park Projects) annual installments of \$1,010,000 to \$1,190,000 through 2013; interest at 4.25%	5,485,000
\$2,770,000 Series 2006 (Street Projects) annual installment of \$2,770,000 due 2009; interest at 4.25%	2,770,000
Total Governmental Activities Loans Payable	<u>\$ 20,494,485</u>

Restricted assets in the General Fund of \$497,731 at June 30, 2008 consist of cash on deposit for debt service reserve on loans above and for municipal court bond deposits (also see Note 14).

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(2) Neighborhood Improvement District**

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

Neighborhood Improvement District bonds payable at June 30, 2008 are comprised of the following:

\$995,000 Series 2004 (Noland Road and Englewood Improvements) annual installments of \$55,000 to \$85,000 through 2019; interest at 4.50% to 5.75%	\$ 770,000
\$111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of \$5,000 to \$6,000 through 2024; interest at 5.375% to 5.50%	95,000
Total Neighborhood Improvement District	<u>\$ 865,000</u>

**(3) Capital Lease Obligations**

Capital leases payable at June 30, 2008 are comprised of the following:

Sun Trust Leasing (fire truck) annual installments of \$59,484 to \$64,437 through 2013; interest at 4.19%	\$ 485,735
IBM Corporation (computer equipment) monthly installments of \$3,772 to \$4,245 through 2010; interest at 4.057%	86,196
IBM Corporation (computer equipment) monthly installments of \$1,969 to \$2,232 through 2011; interest at 3.199%	78,742
Total Capital Lease Obligations	<u>\$ 650,673</u>

The cumulative amount of assets acquired under the capital leases described above amounted to \$761,161 as of June 30, 2008.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year ending June 30:		
2009	\$	164,696
2010		162,675
2011		120,086
2012		97,709
2013 - 2014		186,467
		<u>731,633</u>
Less imputed interest		<u>(80,960)</u>
Present value of minimum lease payments	\$	<u><u>650,673</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(b) Business-type Activities**

**(1) Revenue Bonds**

Revenue bonds payable at June 30, 2008 are comprised of the following individual issues:

Power and Light Fund:

\$23,520,000 Series 1998 annual installments of \$700,000 to \$2,040,000 through 2014; interest at 4.00% to 4.80%	\$ 10,940,000
\$5,975,000 Series 2003 annual installments of \$435,000 to \$660,000 through 2014; interest at 2.00% to 3.65%	3,520,000
Less deferred amount on refunding	(1,305,247)
Total Power and Light fund	<u>13,154,753</u>

Water Fund:

\$36,000,000 Series 1986 annual installments of \$850,000 to \$5,010,000 through 2017; interest at 3.25% to 5.00%	25,085,000
\$14,785,000 Series 2004 annual installments of \$490,000 to \$1,105,000 through 2024; interest at 3.375% to 5.00%	13,265,000
Total Water Fund	<u>38,350,000</u>

Events Center Fund:

\$12,325,000 Series 2008 semi-annual installments of \$30,000 to \$410,000 through 2038; interest at 4.00% to 5.75%	12,325,000
Total Events Center Fund	<u>12,325,000</u>
Total revenue bonds	<u>\$ 63,829,753</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

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

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

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

<u>Account</u>	<u>Enterprise Funds</u>			
	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Events Center</u>
Principal and interest	\$ 231,974	\$ —	\$ —	\$ —
Depreciation and emergency	—	500,000	—	—
Bond trust	—	—	—	4,656,793
Total revenue bond reserves	231,974	500,000	—	4,656,793
Customer deposits	1,024,709	280,925	214,368	—
Workers' compensation	137,163	36,197	29,124	—
Total	\$ <u>1,393,846</u>	\$ <u>817,122</u>	\$ <u>243,492</u>	\$ <u>4,656,793</u>

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(2) Other Obligations**

The City entered into agreements with two of its wholesale water customers to settle disputes. The remaining future obligations as of June 30, 2008 are as follows:

Year ending June 30:	
2009	\$ 551,061
2010	421,100
	<u>\$ 972,161</u>

**(c) Discretely-presented component unit**

**(1) Tax Increment Financing Loans and Developer Obligations**

The City's tax increment financing loan (TIF loans) indebtedness is recorded as a liability of the TIF Commission to match revenue streams to the related debt for which they have been pledged. The obligation of the City and the Commission to pay principal and interest on these bonds is limited solely to the tax increment financing (TIF) revenues generated from each project.

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay \$178.9 million in tax increment financing loans (TIF Loans) issued at various dates beginning in 1999 to finance redevelopment projects within each of the respective TIF plans. The loans are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF loans. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such loan payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in loan payments during the next fiscal year

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

At June 30, 2008, total principal and interest remaining on the loans was \$270.6 million and the outstanding developer obligations was \$28.4 million. The loans are scheduled to mature at varying

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

amounts through 2028 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF loans and developer obligations totaled \$15.5 million. Incremental revenues from the City included \$2.6 million in sales taxes and \$.6 million in property taxes. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues and other sources from other taxing districts and governmental entities, developer contributions, cash reserves, and debt trust funds.

### Missouri Development Finance Board Loans Payable

\$8,715,000 Series 2003 (Hartman Heritage TIF) annual installements of \$135,000 to \$2,675,000 through 2021; interest at 2.00% to 5.00%	\$ 8,005,000
\$1,030,000 Series 2005 B (Drumm Farm TIF) annual installments of \$50,000 to \$85,000 through 2020; interest at 3.00% to 4.50%	870,000
\$11,325,000 Series 2005 C (Crackerneck Creek TIF) annual installements of \$185,000 to \$1,270,000 through 2026; interest at 4.00% to 5.00%	11,325,000
\$48,370,000 Series 2006 A&B (Crackerneck Creek TIF) annual installments of \$340,000 to \$8,225,000 through 2026; interest at 5.30% to 6.00%	48,370,000
\$12,790,000 Series 2006 C (Crackerneck Creek TIF) annual installments of \$3,500,000 to \$5,385,000 through 2026; interest at 5.00%	12,790,000
\$1,590,000 Series 2006 (Drumm Farm TIF) annual installments of \$70,000 to \$170,000 through 2020; interest at 4.00% to 4.625%	1,445,000
\$4,980,000 Series 2006 F (HCA - Centerpoint TIF) annual installments of \$120,000 to \$445,000 through 2028; interest at 4.00% to 4.25%	4,980,000
\$19,390,000 Series 2007 A (Eastland Center TIF) annual installments of \$815,000 to \$2,570,000 through 2022; interest at 4.00% to 5.00%	18,185,000
\$10,330,000 Series 2007 B (Hartman Heritage TIF) annual installments of \$555,000 to \$1,060,000 through 2020; interest at 4.00% to 5.00%	9,775,000
\$10,060,000 Series 2007 C (Santa Fe TIF) annual installments of \$385,000 to \$1,795,000 through 2023; interest at 5.41% to 6.096%	9,655,000
\$995,000 Series 2007 D (Drumm Farm TIF) annual installments of \$70,000 to \$80,000 through 2020; interest at 4.00% to 4.50%	920,000

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

\$19,720,000 Series 2007 E (HCA - Centerpoint TIF) annual installments of \$425,000 to \$2,670,000 through 2028; interest at 4.75% to 5.125%	19,720,000
\$5,035,000 Series 2008 A (Crackerneck Creek TIF) annual installments of \$280,000 to \$925,000 through 2017; interest at 4.30% to 5.70%	5,035,000
\$7,920,000 Series 2008 B (Crackerneck Creek TIF) annual installments of \$615,000 to \$1,635,000 through 2025; interest at 4.00% to 5.125%	7,920,000
\$8,000,000 Series 2008 C (Eastland Center TIF) annual installments of \$370,000 to \$2,515,000 through 2022; interest at 4.00% to 5.125%	8,000,000
\$1,230,000 Series 2008 E (Drumm Farm TIF) annual installments of \$30,000 to \$420,000 through 2022; interest at 3.250% to 5.00%	1,230,000
	\$ 168,225,000

Restricted assets held by the Commission of \$31,183,974 consist of funds available for costs related to the redevelopment of the Crackerneck Creek, Drumm Farm, Hartman Heritage, Sante Fe, Eastland Center, and HCA areas.

***(a) Prior Year Defeasance of Debt***

In prior years, the City defeased certain loans payable with the Missouri Development Finance Board by placing the proceeds of refunding TIF loans in an irrevocable trust to provide for all future debt service payments on the old loans. Accordingly, the trust account assets and the liability for the defeased loans are not included in the City's financial statements. At June 30, 2008, \$38,845,000 of loans payable are considered defeased.

***(2) Bass Pro Lease***

On October 18, 2004, the City approved the Crackerneck Creek Tax Increment Financing (TIF) Plan. The Crackerneck Creek TIF Plan provides for the development and construction of a proposed 350,000 square foot commercial retail center. The Crackerneck Creek Project (the Project) is scheduled to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. Other than the Bass Pro Store none of the retail space is leased as of June 30, 2008.

As part of the Project, the City has entered into the Lease Agreement (as amended from time to time, the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City will own a 160,000 square foot Bass Pro retail store (the "Bass Pro Store") and will lease the Bass Pro Store to Bass Pro under the terms and conditions as contained in the Bass Pro Lease. Under the Bass Pro Lease the City is obligated to make \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The proceeds of the Series 2006B, 2006C, 2008A, and 2008B Bonds have been used to fund other costs related to the development of the site. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

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

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

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

The City delivered the Pad to Bass Pro concurrently with the delivery of the Bonds. Under the terms of the lease, Bass Pro must begin payments of rent to the City at the end of the Construction Period (a period of 455 days subsequent to delivery of the Pad) which occurred on June 28, 2007. Construction on the Bass Pro building is completed, and the Bass Pro store opened in February 2008.

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

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

<u>Calendar Year</u>	<u>Amount</u>
2008	\$ 1,000,000
2009	1,000,000
2010	1,000,000
2011	1,000,000
2012	1,000,000
2013-2017	5,000,000
2018-2022	5,000,000
2023-2026	<u>4,000,000</u>
<b>Total</b>	<u><u>\$ 19,000,000</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(8) Advances for Construction**

As new developments are constructed, the Power and Light (Enterprise) Fund requires a nonrefundable cash payment from a customer or developer to be paid toward the cost of extending the distribution system, installation of street lights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2008 were \$362,062.

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, 2008 were \$102,322.

**(9) Employee Retirement System**

***Plan Description***

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

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

***Funding Policy***

The City's full-time employees do not contribute to the pension plan. The City is required by Missouri state statute to contribute at an actuarially determined rate; the current rate is 7.1% (general), 8.1% (police), and 9.9% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the City Council. The contribution provisions of the City are established by Missouri state statute.

***Annual Pension Cost***

**Schedule of Employer Contributions:**

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Fiscal year ending:			
June 30, 2006	\$ 5,432,144	100	—
June 30, 2007	5,736,388	100	—
June 30, 2008	4,813,003	100	—

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2008

For 2008, the City's annual pension cost of \$4,813,003 was equal to the required and actual contribution. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included:

- (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually;
- (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation;
- (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit;
- (d) preretirement mortality based on the RP-2000 Combined Healthy Table, set back 0 years for men and women; and
- (e) postretirement mortality based on the 1971 Group Annuity Mortality table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2008 was 15 years.

See Exhibit 11 for Schedule of Funding Progress for the years ended 2008, 2007, and 2006.

#### **(10) Post-Employment Health Benefits**

In addition to the pension benefits described in note (9), the City provides post-employment healthcare benefits to all retired employees meeting the service criteria for this benefit. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in a future year when it actually will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of post-employment healthcare benefits in the year when the employee services are provided, reports the accumulated liability from prior years, and provides additional information useful to assess potential demands on the City's future cash flows. Recognition of the liability that has accumulated from prior years will be phased in over 30 years, commencing with the 2007-08 liability.

#### ***Plan Description***

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

the retiree and the City at the same percentage as applicable for active City employees and may be amended at any time by the City Council.

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2007, which is the effective date of the OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

Active Employees	1,052
Retirees	540
Covered spouses of retirees	<u>325</u>
Total Participants	1,917

### *Funding Policy*

The City pays for the employer portion of eligible retiree healthcare claims, administrative fees and retiree premiums of the participants in the plan on a pay-as-you-go basis from general operating assets of the City. As noted earlier, retirees are required to make contributions to the plan at the same level as required for active employees until the retiree become Medicare eligible and then the contributions are modified to reflect the inclusion of Medicare participation in the payment of eligible healthcare costs.

### *Annual OPEB Cost and Net OPEB Obligation*

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$	13,210,480
Interest on net OPEB obligation		—
Adjustment to annual required contribution		—
Annual OPEB cost (expense)		<u>13,210,480</u>
Less: Expected employer contributions		<u>(4,111,836)</u>
Increase in net OPEB obligation		9,098,644
Net OPEB obligation – July 1, 2007		—
Net OPEB obligation – June 30, 2008	\$	<u><u>9,098,644</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2008 is as follows:

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Percentage of Annual OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
6/30/08	\$ 13,210,480	31.1%	\$ 9,098,644

***Funded Status and Funding Progress***

As of January 1, 2007, which represents both the initial and the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$156.7 million dollars. There are no assets set aside for funding the plan as of that date, thus, the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$54.9 million which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 285 percent.

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

***Actuarial Methods and Assumptions***

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

The entry age normal (level percent of pay) cost method is used in the January 1, 2007 initial actuarial valuation. At this initial valuation date, the annual cost accruals (individual normal cost for each participant) are determined as a level percentage of pay for each year from entry age until expected retirement. The sum of these individual normal costs for all active participants whose attained ages are under the assumed retirement age is the normal cost for the initial plan year. The excess of all normal costs falling due prior to the initial valuation date, accumulated with interest over the plan assets, represents the initial unfunded actuarial accrued liability.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

The actuarial assumptions include a 4.5 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment return on the City's investments. Because the plan is unfunded, reference to the expected long-term investment returns, which tend to be short-term in nature (such as certificates of deposit and United State agencies securities), were considered in the selection of the 4.5 percent rate. The actuarial assumptions for healthcare cost trend is a growth factor of 10 percent for the first year and then declining by 1 percent per year until 5 percent is reached. The 5 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

### **(11) Risk Management**

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

The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM). MOPERM is a body corporate and politic created by the Missouri General Assembly to provide liability protection to participating public entities, their officials, and employees. The City pays annual premiums to MOPERM for law enforcement liability, general liability, public official errors and omissions liability, and automobile liability insurance coverage. The agreement with MOPERM provides that MOPERM will be self-sustaining through member premiums. MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MOPERM has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MOPERM had no deficiencies in any of the past three fiscal years. The City purchases excess liability insurance coverage from OneBeacon Insurance Company to provide additional liability insurance coverage above MOPERM's coverage limits for claims that are not subject to the State's Sovereign Immunity Statute.

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to \$5,000,000 per occurrence for workers' compensation claims in excess of \$1,000,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of \$2,320,000 and an escrow account in the amount of \$200,000. This amount is reflected as restricted assets in the Power and Light, Water, and Sanitary Sewer Funds. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the City's Workers' Compensation Fund.

The City offers its employees a contributory self-insurance healthcare plan. An excess coverage insurance policy covers the portion of specific claims in excess of \$250,000 and aggregate claims in excess of \$15,718,000. The City's share of the premiums for this employee benefit was approximately \$11,268,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

revenue in the Staywell Health Care (Internal Service) Fund. Estimated but not incurred medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

Effective January 1, 2007, the City provided participants of the Coventry fully insured health care plan with a contributory self-funded prescription plan. FMH Benefits Services administers this benefit as well as being the third party administrator for the Staywell Health Care Plan. Medco is the pharmacy benefits manager of this program as well as for the Staywell Health Care Plan. The City's share of premiums for this employee benefit was approximately \$612,000. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the self-funded Pharmacy Benefit Plan (internal service fund).

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

	<b>Claims Payable</b>					
	<b>Workers' Compensation</b>		<b>Staywell</b>		<b>Pharmacy</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
Beginning of year	\$ 5,837,635	\$ 5,796,307	\$ 1,389,102	\$ 1,215,829	\$ —	\$ 37,777
Incurred	1,294,738	2,511,714	10,615,954	12,069,267	378,264	703,376
Paid	(1,336,066)	(4,309,634)	(10,789,227)	(11,552,053)	(340,487)	(704,286)
End of year	\$ <u>5,796,307</u>	\$ <u>3,998,387</u>	\$ <u>1,215,829</u>	\$ <u>1,733,043</u>	\$ <u>37,777</u>	\$ <u>36,867</u>

See Note 15 for additional information regarding the Workers' Compensation Fund.

**(12) Commitments**

***Construction Commitments***

At June 30, 2008, the City had commitments of approximately \$53.1 million to complete construction contracts. Of this amount, \$14.7 million relates to the enterprise funds.

***Purchase/Sales of Capacity and Energy***

The City purchases a portion of its power capacity and energy needs under a capacity purchase agreement with Kansas City Power & Light Company (KCPL). Under the agreement, the City purchases 90 MW of capacity and energy for a term through May 31, 2011 at contract-specified pricing for the capacity and associated energy, although the City has the right to reduce or terminate the capacity and energy purchase at any time after June 1, 2007. The annual minimum payment obligations (capacity charges only including the cost of transmission) under the agreement are approximately \$8,600,000. The delivered cost of capacity and energy under the agreement, including all demand energy, environmental emission allowance, and SPP transmission charges, totaled approximately \$24,594,000 for 680,389 megawatt-hours of delivered energy during fiscal year 2008.

In July 1997, the City became a participant to the Western Systems Power Pool Agreement (WSPP Agreement). The WSPP Agreement provides for short-term electric power transactions by and among its members. Transactions under the WSPP Agreement are executed under rate schedules that allow for market-based pricing. Membership of the WSPP Agreement has expanded from the original experimental

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2008

eleven western United States electric utilities to over 250 members that are located throughout the entire United States and parts of Canada and include investor-owned electric utilities, municipalities, cooperatives, state and federal public power systems and power marketers. Under the WSPP Agreement, the City makes short term power purchases and sales with KCPL, Aquila Inc., Associated Electric Cooperative Inc., and other utilities and power marketers. During fiscal year 2008, the cost of purchases was approximately \$7,339,000 for 93,748 megawatt-hours of wholesale energy. The City sold 39,456 megawatt-hours of wholesale energy for approximately \$1,968,000.

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

In June 2006, the City entered into a unit power purchase agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Under this agreement, the City will purchase a 50% share (approximately 50 megawatts) of MJMEUC's ownership share of a new nominal 850 megawatt Iatan 2 coal-fired generating unit to be built at KCPL's existing power station site in Weston, Missouri. The agreement provides that KCPL will be the owner/operator of the unit. MJMEUC will sell the City's share of the output on a cost-based approach. The City will be responsible for payment of its share of the fixed operation and maintenance costs, the variable operating costs including fuel, renewals and replacements of the unit and related administrative costs incurred by MJMEUC. The unit is currently scheduled to begin commercial operation in 2010. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. Payment obligations on this project are not expected to begin until the unit begins commercial operation in 2010.

Subsequent to year-end:

In August 2008, the City entered into a renewable energy purchase agreement with Smoky Hills Wind Project II, LLC (Smoky Hills). Under this agreement, the City will purchase a 10.10% share (15 megawatts) of a new 148.5 megawatt wind farm generation project located in north-central Kansas. The agreement provides that the City will purchase its share of the energy output of the Smoky Hills project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. The project is currently scheduled to begin commercial operation in the 4<sup>th</sup> quarter 2008. The term of the agreement is 20 years from the commercial operation date and can be extended for an additional 5 years by mutual agreement of the parties.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2008

### *Litigation*

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. Management, based on advice of counsel, has recorded an estimated obligation of \$500,000 related to a certain claim. While other cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

### **(13) Deficits**

The accumulated deficits of \$36,577 in the Street Improvements Fund, \$164,127 in the Events Center Fund, \$1,895,768 in the Parks Sales Tax Fund, \$16,155 in the Storm Drainage Fund, and \$4,559,917 in the Workers' Compensation Fund, will be eliminated by future revenues or transfers.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(14) Fund Equity**

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

	<b>Governmental Funds</b>			
	<b>Street</b>			<b>Total</b>
	<b>General</b>	<b>Improvements</b>	<b>Nonmajor</b>	
Fund balances:				
Reserved for:				
Encumbrances	\$ 845,315	\$ 29,181,415	\$ 11,267,048	\$ 41,293,778
Debt service	224,788	—	639,783	864,571
Protested revenues	185,212	—	3,541	188,753
Domestic violence	10,402	—	—	10,402
Total fund balances reserved	<u>1,265,717</u>	<u>29,181,415</u>	<u>11,910,372</u>	<u>42,357,504</u>
Unreserved:				
Designated for:				
Police equipment	116,436	—	—	116,436
Capital projects	333,316	—	3,985,485	4,318,801
Strategic goal	236,820	—	—	236,820
TIF distribution	763,190	—	—	763,190
Amoco settlement	54,500	—	—	54,500
Debt service	900,000	—	—	900,000
Leave pay-outs	1,000,000	—	—	1,000,000
Economic development	1,100,000	—	—	1,100,000
Total fund balances designated	<u>4,504,262</u>	<u>—</u>	<u>3,985,485</u>	<u>8,489,747</u>
Undesignated	<u>3,557,838</u>	<u>(29,217,992)</u>	<u>8,706,788</u>	<u>(16,953,366)</u>
Total fund equity	<u>\$ 9,327,817</u>	<u>\$ (36,577)</u>	<u>\$ 24,602,645</u>	<u>\$ 33,893,885</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2008

**(15) Prior Period Adjustment**

Historically the City has accounted for Workers' Compensation obligations within the City's financial records at the time that the obligations became due and payable. These obligations were recorded separately in each individual fund of the City. This pay-as-you-go approach was followed because it most closely matched the measurement focus for the City's governmental funds, which is where the majority of the Workers' Compensation claims occurred. The government wide financial statements continued to reflect the traditional pay-as-you-go approach for future Workers' Compensation claims because City management believed that this was the most appropriate approach to follow, especially when applied to the City's internal financial statements.

During the year ended June 30, 2008 City management reconsidered its policy and procedures with respect to the accounting for and recording of the workers' compensation obligations and concluded that a change from the pay-as-you-go method to the full accrual method is the most appropriate method for recognizing workers' compensation obligations on its government wide financial statements. The change came about largely due to the establishment of the city-wide Workers' Compensation Internal Service Fund and the new approach to managing workers' compensation claims more on a global basis rather than on an individual fund basis. Accordingly, the City's June 30, 2008 government wide financial statements reflect the City's estimated total workers' compensation obligation at June 30, 2008 and include a restatement (reduction) of the prior year net asset balance for the amount of the obligation attributable to the prior year. All changes in the obligation during the year ended June 30, 2008 are reflected in the statement of activities.

For the year ended June 30, 2008, management determined that the following adjustments were to be made to the opening net assets/fund balances:

	<b>Governmental</b>	<b>Business-Type</b>	<b>Internal</b>
	<b>Activities (Ex. 2)</b>	<b>Activities (Ex. 2)</b>	<b>Service</b>
	<b>Activities (Ex. 2)</b>	<b>Activities (Ex. 2)</b>	<b>Funds (Ex. 32)</b>
Beginning net assets, as originally reported	\$ 220,283,552	\$ 328,072,197	\$ 3,948,989
New Workers' Comp Fund	<u>(2,336,848)</u>	<u>(3,273,152)</u>	<u>(5,610,000)</u>
Beginning net assets (deficit), as restated	<u>\$ 217,946,704</u>	<u>\$ 324,799,045</u>	<u>\$ (1,661,011)</u>

**Required  
Supplementary  
Information**



## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Budgetary Comparison Schedules**

Year ended June 30, 2008

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

The City follows these procedures in establishing the budgetary data reflected in the accompanying government-wide financial statements:

- Prior to May 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 27, the City Council adopts the budget. If the City Council fails to adopt the budget on or before that date, the budget, as submitted or amended, goes into effect.
- The City Manager is authorized to transfer budgeted amounts between divisions of a department within any fund; however, any revisions that alter the total appropriations within any fund, or that transfer appropriations between departments, must be approved by the City Council. The 2006-2007 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for all funds; however, there is no requirement to report on the budget. Therefore, the financial statements include a comparison of budget to actual only for the General, Tourism, Independence Square Benefit District, Community Development Block Grant, Rental Rehabilitation, Street Improvement Sales Tax, Park Improvements Sales Tax, Storm Water Sales Tax, Police Public Safety Sales Tax, Fire Public Safety Sales Tax, License Surcharge, and Grant Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

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

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## General Fund

Year ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 33,362,716	33,362,716	37,644,623	4,281,907
Licenses and permits	4,582,966	4,582,966	3,603,589	(979,377)
Grants – federal and state	25,393	25,393	26,176	783
State and county shared revenue	5,686,628	5,686,628	5,150,970	(535,658)
Charges for current services	1,561,951	1,564,609	1,954,151	389,542
Interfund charges for support services	4,323,410	4,323,410	3,724,608	(598,802)
Fines and forfeitures	3,139,780	3,139,780	3,222,406	82,626
Other revenue	793,300	845,670	582,772	(262,898)
<b>Total revenues</b>	<b>53,476,144</b>	<b>53,531,172</b>	<b>55,909,295</b>	<b>2,378,123</b>
<b>Other financing sources:</b>				
Payments in lieu of taxes	13,852,448	13,852,448	13,702,586	(149,862)
<b>Total other financing sources</b>	<b>13,852,448</b>	<b>13,852,448</b>	<b>13,702,586</b>	<b>(149,862)</b>
<b>Total revenues and other financing sources</b>	<b>67,328,592</b>	<b>67,383,620</b>	<b>69,611,881</b>	<b>2,228,261</b>
<b>Expenditures:</b>				
City Council	384,076	392,428	392,116	312
City Clerk	444,395	444,395	413,967	30,428
City Manager	1,008,238	1,027,448	1,013,591	13,857
National Frontier Trails Center	361,516	373,180	373,178	2
Technology services	1,698,079	1,734,413	1,647,047	87,366
Municipal court	757,022	767,605	685,427	82,178
Law	739,685	755,031	648,510	106,521
Finance	1,813,004	1,845,739	1,815,658	30,081
Human resources	506,764	519,448	470,308	49,140
Community development	2,673,178	2,890,583	2,783,134	107,449
Police	20,740,646	22,318,498	22,314,906	3,592
Fire	14,004,467	14,427,975	14,427,974	1
Health	2,454,091	2,534,651	2,425,484	109,167
Public works	7,145,395	7,214,904	7,187,216	27,688
Water pollution control	295,013	300,451	300,450	1
Parks and recreation	2,045,189	2,116,377	2,116,310	67
General government	9,172,131	7,502,152	6,946,399	555,753
City Council strategic goals	300,000	626,138	389,318	236,820
Capital outlay	709,096	1,419,543	556,265	863,278
<b>Total expenditures</b>	<b>67,251,985</b>	<b>69,210,959</b>	<b>66,907,258</b>	<b>2,303,701</b>
<b>Other financing uses– transfers out</b>	<b>105,357</b>	<b>230,727</b>	<b>114,232</b>	<b>116,495</b>
<b>Total expenditures and other financing uses</b>	<b>67,357,342</b>	<b>69,441,686</b>	<b>67,021,490</b>	<b>2,420,196</b>
<b>Excess of revenue and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ (28,750)</b>	<b>(2,058,066)</b>	<b>2,590,391</b>	<b>4,648,457</b>
Undesignated fund balance at beginning of year			2,129,791	
Cancellation of prior year encumbrances			100,286	
Decrease in other fund balance components during the year			(1,262,630)	
<b>Undesignated fund balance at end of year</b>			<b>\$ 3,557,838</b>	

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2008

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

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 69,611,881
Basis differences – budget to GAAP:	
None	<u>                    —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 69,611,881</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 66,907,258
Basis differences – budget to GAAP:	
Capital lease	100,695
Outstanding encumbrances at year-end charged to the current year’s budget	(649,913)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	<u>647,185</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	<u>\$ 67,005,225</u>

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

**Schedule of Funding Progress:**

**LAGERS Retirement Plan**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry-Age Actuarial Accrued Liability	(b) – (a) Unfunded (assets in excess of) Accrued Liability (UAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b) – (a)/(c) UAL as a Percentage of Covered Payroll
<b>Retirement Plan-</b>						
February 28, 2006	\$ 143,965,379	\$ 140,859,132	\$ (3,106,247)	102%	\$ 55,394,891	-6%
February 28, 2007	158,403,238	148,892,342	(9,510,896)	106%	57,504,095	-17%
February 29, 2008	167,685,693	157,816,387	(9,869,306)	106%	60,490,320	-16%

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, 2008 annual valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS's office in Jefferson City at P.O. Box 1665 Jefferson City, Missouri 65102 or telephone 1-800-447-4334.

**Other Post Employment Benefits**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) – (a) Unfunded Actuarial Accrued Liability (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b) – (a)/(c) UAAL as a Percentage of Covered Payroll
January 1, 2007	\$ —	\$ 156,700,731	\$ 156,700,731	0%	\$ 54,887,375	285%

## CITY OF INDEPENDENCE, MISSOURI

### Nonmajor Governmental Funds

#### Special Revenue Funds

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

**Tourism** – This fund is used to account for expenditures for tourism that are financed out of the transient guest tax.

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

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

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

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

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

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

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

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

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

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

#### Capital Projects Funds

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

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

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

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

## **CITY OF INDEPENDENCE, MISSOURI**

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

### **Debt Service Fund**

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

### **Permanent Fund**

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

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

## CITY OF INDEPENDENCE, MISSOURI

## Combining Balance Sheet

## Nonmajor Governmental Funds

June 30, 2008

Assets	Special Revenue (Exhibit 14)	Capital Projects (Exhibit 29)	Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 24,082,779	69,768	—	—	24,152,547
Receivables:					
Taxes	2,833,321	—	—	—	2,833,321
Accounts	21,286	—	—	—	21,286
Special assessment principal and accrued interest	—	—	—	1,201,422	1,201,422
Accrued interest	216,928	—	—	—	216,928
Due from other funds	719,141	—	—	—	719,141
Due from component unit	—	122,102	—	—	122,102
Due from other governments	960,734	—	—	—	960,734
Restricted assets	738,116	—	—	94,000	832,116
Total assets	<u>\$ 29,572,305</u>	<u>191,870</u>	<u>—</u>	<u>1,295,422</u>	<u>31,059,597</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts and contracts payable	\$ 2,197,900	66,142	—	—	2,264,042
Due to other funds	2,419,804	112,528	—	20,088	2,552,420
Accrued items	91,655	—	—	—	91,655
Other current liabilities	36,274	—	—	—	36,274
Deferred revenue	311,140	—	—	1,201,421	1,512,561
Total liabilities	<u>5,056,773</u>	<u>178,670</u>	<u>—</u>	<u>1,221,509</u>	<u>6,456,952</u>
Fund balances:					
Reserved for:					
Encumbrances	11,226,096	40,952	—	—	11,267,048
Other purposes	640,479	—	—	2,845	643,324
Unreserved, reported in:					
Special revenue funds	12,648,957	—	—	—	12,648,957
Debt service funds	—	—	—	71,068	71,068
Capital projects funds	—	(27,752)	—	—	(27,752)
Total fund balances	<u>24,515,532</u>	<u>13,200</u>	<u>—</u>	<u>73,913</u>	<u>24,602,645</u>
Total liabilities and fund balances	<u>\$ 29,572,305</u>	<u>191,870</u>	<u>—</u>	<u>1,295,422</u>	<u>31,059,597</u>

## CITY OF INDEPENDENCE, MISSOURI

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

## Nonmajor Governmental Funds

Year ended June 30, 2008

	Special Revenue (Exhibit 15)	Capital Projects (Exhibit 30)	Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 20,830,138	—	—	—	20,830,138
Licenses and permits	1,039,130	—	—	—	1,039,130
Intergovernmental	3,315,447	—	—	—	3,315,447
Charges for services	675,401	—	—	96,603	772,004
Investment income	978,774	658	—	2,662	982,094
Reimbursements from component unit	—	1,975,074	—	—	1,975,074
Other	174,229	—	—	—	174,229
<b>Total revenues</b>	<b>27,013,119</b>	<b>1,975,732</b>	<b>—</b>	<b>99,265</b>	<b>29,088,116</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Administrative services	39,363	—	—	—	39,363
Public safety	4,358,984	—	—	—	4,358,984
Health and welfare	444,846	—	—	—	444,846
Culture and recreation	3,689,957	—	9,670	—	3,699,627
Community development	1,335,910	—	—	—	1,335,910
Storm water	1,088,777	—	—	—	1,088,777
General government	129,547	—	—	962	130,509
Capital outlay	13,155,352	2,025,324	—	—	15,180,676
<b>Debt service:</b>					
Principal	2,970,000	—	—	59,000	3,029,000
Interest and fiscal agent fees	1,005,903	—	—	47,619	1,053,522
<b>Total expenditures</b>	<b>28,218,639</b>	<b>2,025,324</b>	<b>9,670</b>	<b>107,581</b>	<b>30,361,214</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,205,520)</b>	<b>(49,592)</b>	<b>(9,670)</b>	<b>(8,316)</b>	<b>(1,273,098)</b>
<b>Other financing sources (uses):</b>					
Transfers in	—	50,250	—	—	50,250
Transfers out	(1,257,419)	—	—	—	(1,257,419)
<b>Total other financing sources (uses)</b>	<b>(1,257,419)</b>	<b>50,250</b>	<b>—</b>	<b>—</b>	<b>(1,207,169)</b>
<b>Net change in fund balances</b>	<b>(2,462,939)</b>	<b>658</b>	<b>(9,670)</b>	<b>(8,316)</b>	<b>(2,480,267)</b>
Fund balances (deficit), beginning	26,978,471	12,542	9,670	82,229	27,082,912
<b>Fund balances, ending</b>	<b>\$ 24,515,532</b>	<b>13,200</b>	<b>—</b>	<b>73,913</b>	<b>24,602,645</b>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Balance Sheet

## Nonmajor Special Revenue Funds

June 30, 2008

Assets	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 27)	License Surcharge	Grants	Total
Pooled cash and investments	\$ 1,486,513	—	—	—	18,784,139	3,811,414	713	24,082,779
Receivables:								
Taxes	95,000	1,836	—	—	2,736,485	—	—	2,833,321
Accounts	6,537	—	—	—	—	—	14,749	21,286
Accrued interest	—	—	—	—	179,464	37,464	—	216,928
Due from other funds	—	—	—	—	719,141	—	—	719,141
Due from other governments	106,296	—	182,460	314,417	—	—	357,561	960,734
Restricted assets	—	—	—	—	738,116	—	—	738,116
<b>Total assets</b>	<b>\$ 1,694,346</b>	<b>1,836</b>	<b>182,460</b>	<b>314,417</b>	<b>23,157,345</b>	<b>3,848,878</b>	<b>373,023</b>	<b>29,572,305</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts and contracts payable	\$ 208,681	—	1,227	23,112	1,943,899	—	20,981	2,197,900
Due to other funds	—	71	172,672	252,515	1,876,949	—	117,597	2,419,804
Accrued items	8,230	—	7,878	2,566	51,343	—	21,638	91,655
Other current liabilities	—	—	—	36,220	54	—	—	36,274
Deferred revenue	—	—	—	—	98,333	—	212,807	311,140
<b>Total liabilities</b>	<b>216,911</b>	<b>71</b>	<b>181,777</b>	<b>314,413</b>	<b>3,970,578</b>	<b>—</b>	<b>373,023</b>	<b>5,056,773</b>
Fund balances:								
Reserved for:								
Encumbrances	79,734	—	302,593	158,278	10,597,591	—	87,900	11,226,096
Other purposes	—	696	—	—	639,783	—	—	640,479
Unreserved, reported in:								
Special revenue funds	1,397,701	1,069	(301,910)	(158,274)	7,949,393	3,848,878	(87,900)	12,648,957
<b>Total fund balances</b>	<b>1,477,435</b>	<b>1,765</b>	<b>683</b>	<b>4</b>	<b>19,186,767</b>	<b>3,848,878</b>	<b>—</b>	<b>24,515,532</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,694,346</b>	<b>1,836</b>	<b>182,460</b>	<b>314,417</b>	<b>23,157,345</b>	<b>3,848,878</b>	<b>373,023</b>	<b>29,572,305</b>

**CITY OF INDEPENDENCE, MISSOURI**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year ended June 30, 2008

	<u>Tourism</u>	<u>Independence Square Benefit District</u>	<u>Community Development Grant Act</u>	<u>Rental Rehabilitation</u>	<u>Combined Sales Tax Funds (Exhibit 28)</u>	<u>License Surcharge</u>	<u>Grants</u>	<u>Total</u>
<b>Revenues:</b>								
Taxes	\$ 1,084,379	22,998	—	—	19,722,761	—	—	20,830,138
Licenses and permits	—	—	—	—	—	1,039,130	—	1,039,130
Intergovernmental	184,849	—	772,035	614,146	—	—	1,744,417	3,315,447
Charges for services	350	—	1,300	—	579,567	—	94,184	675,401
Investment income	42,369	885	—	—	810,370	125,150	—	978,774
Other	6,129	—	—	—	167,024	—	1,076	174,229
Total revenues	<u>1,318,076</u>	<u>23,883</u>	<u>773,335</u>	<u>614,146</u>	<u>21,279,722</u>	<u>1,164,280</u>	<u>1,839,677</u>	<u>27,013,119</u>
<b>Expenditures:</b>								
<b>Current:</b>								
Administrative services	—	—	—	—	—	—	39,363	39,363
Public safety	—	—	—	—	3,116,766	—	1,242,218	4,358,984
Health and welfare	—	—	—	—	—	—	444,846	444,846
Culture and recreation	1,241,666	—	—	—	2,448,291	—	—	3,689,957
Community development	—	—	721,764	614,146	—	—	—	1,335,910
Storm water	—	—	—	—	1,088,777	—	—	1,088,777
General government	—	—	—	—	16,297	—	113,250	129,547
Capital outlay	—	46,551	—	—	13,108,801	—	—	13,155,352
<b>Debt service:</b>								
Principal	—	—	—	—	2,970,000	—	—	2,970,000
Interest and fiscal agent fees	—	—	—	—	1,005,903	—	—	1,005,903
Total expenditures	<u>1,241,666</u>	<u>46,551</u>	<u>721,764</u>	<u>614,146</u>	<u>23,754,835</u>	<u>—</u>	<u>1,839,677</u>	<u>28,218,639</u>
Excess (deficiency) of revenues over expenditures	<u>76,410</u>	<u>(22,668)</u>	<u>51,571</u>	<u>—</u>	<u>(2,475,113)</u>	<u>1,164,280</u>	<u>—</u>	<u>(1,205,520)</u>
<b>Other financing sources (uses):</b>								
Transfers out	—	—	(52,188)	—	(458,674)	(746,557)	—	(1,257,419)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(52,188)</u>	<u>—</u>	<u>(458,674)</u>	<u>(746,557)</u>	<u>—</u>	<u>(1,257,419)</u>
Net change in fund balances	76,410	(22,668)	(617)	—	(2,933,787)	417,723	—	(2,462,939)
Fund balances, beginning	<u>1,401,025</u>	<u>24,433</u>	<u>1,300</u>	<u>4</u>	<u>22,120,554</u>	<u>3,431,155</u>	<u>—</u>	<u>26,978,471</u>
Fund balances, ending	<u>\$ 1,477,435</u>	<u>1,765</u>	<u>683</u>	<u>4</u>	<u>19,186,767</u>	<u>3,848,878</u>	<u>—</u>	<u>24,515,532</u>



## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Tourism Fund

Year ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Transient guest taxes	\$ 1,020,000	1,020,000	1,084,379	64,379
Interest	36,000	36,000	42,369	6,369
Grants – federal, state, and local	—	186,678	184,849	(1,829)
Other revenue	—	—	6,479	6,479
Total revenues	<u>1,056,000</u>	<u>1,242,678</u>	<u>1,318,076</u>	<u>75,398</u>
Expenditures:				
Tourism	<u>940,037</u>	<u>1,176,594</u>	<u>1,170,677</u>	<u>5,917</u>
Total expenditures	<u>940,037</u>	<u>1,176,594</u>	<u>1,170,677</u>	<u>5,917</u>
Excess of revenues over (under) expenditures	\$ <u>115,963</u>	<u>66,084</u>	147,399	<u>81,315</u>
Undesignated fund balance at beginning of year			724,972	
Cancellation of prior year encumbrances			5,840	
Change in other fund balance components during the year (1)			(122,837)	
Undesignated fund balance at end of year			<u>\$ 755,374</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Tourism Fund  
 Year ended June 30, 2008

	<u><b>Tourism Fund</b></u>
<b>Sources/inflows of resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,318,076
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>1,318,076</u>
<b>Uses/outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,170,677
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(79,734)
fiscal year (1)	<u>150,723</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>1,241,666</u>

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Comparison Schedule

Independence Square Benefit District

Year ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ —	72,000	22,998	(49,002)
Interest	—	—	885	885
Total revenues	—	72,000	23,883	(48,117)
Expenditures:				
General government	72,000	72,000	46,551	25,449
Total expenditures	72,000	72,000	46,551	25,449
Excess of revenues over (under) expenditures	\$ <u>(72,000)</u>	<u>—</u>	(22,668)	<u>(22,668)</u>
Undesignated fund balance at beginning of year			24,433	
Change in other fund balance components during the year (1)			(696)	
Undesignated fund balance at end of year			\$ <u>1,069</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Independence Square Benefit District  
 Year ended June 30, 2008

	<b>Independence Square Benefit District</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 23,883
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>23,883</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 46,551
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1) fiscal year (1)	—
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>46,551</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Community Development Block Grant Fund  
 Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal grant - CDBG	\$ 774,406	774,406	773,335	(1,071)
Total revenues	<u>774,406</u>	<u>774,406</u>	<u>773,335</u>	<u>(1,071)</u>
<b>Expenditures:</b>				
CDBG administration	239,940	195,280	165,792	29,488
CDBG expenditures	—	836,552	746,004	90,548
Public facilities and improvements	—	1,800	—	1,800
Commercial facade program	—	254,047	112,561	141,486
Total expenditures	<u>239,940</u>	<u>1,287,679</u>	<u>1,024,357</u>	<u>263,322</u>
<b>Other financing uses:</b>				
Transfers out	—	91,918	52,188	39,730
Total other financing uses	<u>—</u>	<u>91,918</u>	<u>52,188</u>	<u>39,730</u>
Total expenditures and other uses	<u>239,940</u>	<u>1,379,597</u>	<u>1,076,545</u>	<u>303,052</u>
<b>Excess of revenues over (under)</b>				
expenditures and other				
financing uses	\$ <u>534,466</u>	<u>(605,191)</u>	<u>(303,210)</u>	<u>301,981</u>
Undesignated fund balance at beginning of year			(114,435)	
Change in other fund balance components during the year			115,735	
Undesignated fund balance at end of year			<u>\$ (301,910)</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Community Development Block Grant Fund  
 Year ended June 30, 2008

	<b>Community Development Block Grant</b>
<b>Sources/inflows of resources:</b>	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 773,335
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>773,335</u>
<b>Uses/outflows of resources:</b>	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,024,357
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	<u>(302,593)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>721,764</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Rental Rehabilitation  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
HOME program grant	\$ 454,672	454,672	614,146	159,474
Total revenues	454,672	454,672	614,146	159,474
Expenditures:				
HOME administration	45,467	48,043	53,473	(5,430)
Multi family housing	—	297,798	151,705	146,093
Single family housing	—	327,795	213,517	114,278
Community housing development	—	337,086	353,730	(16,644)
Total expenditures	45,467	1,010,722	772,425	238,297
Excess of revenues over (under) expenditures	\$ 409,205	(556,050)	(158,279)	397,771
Undesignated fund balance (deficit) at beginning of year			(106,827)	
Change in other fund balance components during the year (1)			106,829	
Undesignated fund balance (deficit) at end of year			\$ (158,277)	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Rental Rehabilitation

Year ended June 30, 2008

	<u><b>Rental Rehabilitation</b></u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 614,146
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 614,146</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 772,425
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	<u>(158,279)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 614,146</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Street Improvements Sales Tax Fund  
 Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Sales taxes	\$ 6,394,426	6,394,426	5,878,784	(515,642)
Interest	229,000	229,000	77,609	(151,391)
Other revenue	—	—	4	4
Total revenues	<u>6,623,426</u>	<u>6,623,426</u>	<u>5,956,397</u>	<u>(667,029)</u>
<b>Expenditures:</b>				
General Government	10,582	10,582	11,030	(448)
Capital outlay	860,000	6,575,000	4,821,065	1,753,935
Debt service	1,479,225	1,479,225	1,470,725	8,500
Total expenditures	<u>2,349,807</u>	<u>8,064,807</u>	<u>6,302,820</u>	<u>1,761,987</u>
<b>Other financing uses:</b>				
- Transfers out	—	230,000	458,639	(228,639)
Total other financing uses	<u>—</u>	<u>230,000</u>	<u>458,639</u>	<u>(228,639)</u>
Total expenditures and other financing uses	<u>2,349,807</u>	<u>8,294,807</u>	<u>6,761,459</u>	<u>1,533,348</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 4,273,619</u>	<u>(1,671,381)</u>	<u>(805,062)</u>	<u>866,319</u>
Undesignated fund balance (deficit) at beginning of year			(109,360)	
Change in other fund balance components during the year (1)			(394,306)	
Undesignated fund balance (deficit) at end of year			<u>\$ (1,308,728)</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Street Improvements Sales Tax Fund

Year ended June 30, 2008

	<b>Streets Improvements Sales Tax</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 5,956,397
Basis differences – budget to GAAP:	
None	<u>                    —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 5,956,397</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 6,302,820
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	—
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>                    —</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 6,302,820</u></u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Park Improvements Sales Tax Fund  
 Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
<b>Revenues:</b>				
Sales taxes	\$ 4,262,950	4,262,950	3,918,520	(344,430)
Public health and recreation	90,000	90,000	61,258	(28,742)
Adventure Oasis Water Park	573,356	614,356	518,309	(96,047)
Other revenue	52,000	227,186	45,536	(181,650)
Total revenues	<u>4,978,306</u>	<u>5,194,492</u>	<u>4,543,623</u>	<u>(650,869)</u>
<b>Expenditures:</b>				
Culture and recreation	2,622,155	2,661,155	2,552,483	108,672
General government	5,031	5,031	5,267	(236)
Capital outlay	1,850,000	2,083,473	2,459,535	(376,062)
Debt service	1,444,602	1,444,602	1,442,708	1,894
Total expenditures	<u>5,921,788</u>	<u>6,194,261</u>	<u>6,459,993</u>	<u>(265,732)</u>
Excess of revenues and other financing sources over (under) expenditures	\$ <u>(943,482)</u>	<u>(999,769)</u>	(1,916,370)	<u>(916,601)</u>
Undesignated fund balance (deficit) at beginning of year			(1,442,471)	
Cancellation of prior year encumbrances			11,580	
Change in other fund balance components during the year (1)			803,183	
Undesignated fund balance (deficit) at end of year			<u>\$ (2,544,078)</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Park Improvements Sales Tax Fund

Year ended June 30, 2008

	<b>Park Improvements Sales Tax</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,543,623
Basis differences – budget to GAAP:	
None	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,543,623</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 6,459,993
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(245,316)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	140,318
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 6,354,995</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Storm Water Sales Tax Fund  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Sales taxes	\$ 4,262,950	4,262,950	3,919,286	(343,664)
Interest	599,000	599,000	475,034	(123,966)
Other revenue	—	—	135,588	135,588
Total revenues	<u>4,861,950</u>	<u>4,861,950</u>	<u>4,529,908</u>	<u>(332,042)</u>
<b>Expenditures:</b>				
Storm water				
Administration	314,098	314,098	185,728	128,370
Maintenance	1,275,590	1,275,590	868,720	406,870
Permit completion	172,200	172,200	165,100	7,100
Capital outlay	4,492,000	6,050,797	3,595,825	2,454,972
Total expenditures	<u>6,253,888</u>	<u>7,812,685</u>	<u>4,815,373</u>	<u>2,997,312</u>
<b>Other financing uses:</b>				
Transfers out	—	—	35	(35)
Total other financing uses	<u>—</u>	<u>—</u>	<u>35</u>	<u>(35)</u>
Total expenditures and other financing uses	<u>6,253,888</u>	<u>7,812,685</u>	<u>4,815,408</u>	<u>2,997,277</u>
Excess of revenues over (under) expenditures	<u>\$ (1,391,938)</u>	<u>(2,950,735)</u>	<u>(285,500)</u>	<u>2,665,235</u>
Undesignated fund balance at beginning of year			10,007,130	
Cancellation of prior year encumbrances			39,720	
Change in other fund balance components during the year (1)			(1,310,032)	
Undesignated fund balance at end of year			<u>\$ 8,451,318</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2008

	<u>Storm Water Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,529,908
Basis differences – budget to GAAP:	
None	<u>                    —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,529,908</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,815,373
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(206,457)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	75,686
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,684,602</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Police Public Safety Sales Tax Fund  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
<b>Revenues:</b>				
Sales taxes	\$ 2,131,475	2,131,475	2,089,284	(42,191)
Investment income	154,000	154,000	71,502	(82,498)
Other revenue	—	—	17	17
Total revenues	<u>2,285,475</u>	<u>2,285,475</u>	<u>2,160,803</u>	<u>(124,672)</u>
<b>Expenditures:</b>				
Public safety				
Communications	598,627	359,357	78,626	280,731
Facilities	741,000	979,990	994,978	(14,988)
Equipment	1,791,593	1,791,873	1,577,823	214,050
Debt service	516,363	516,363	514,288	2,075
Total expenditures	<u>3,647,583</u>	<u>3,647,583</u>	<u>3,165,715</u>	<u>481,868</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (1,362,108)</u>	<u>(1,362,108)</u>	(1,004,912)	<u>357,196</u>
Undesignated fund balance at beginning of year			2,349,147	
Cancellation of prior year encumbrances			114,705	
Change in other fund balance components during the year (1)			53	
Undesignated Fund Balance at end of year			<u>\$ 1,458,993</u>	

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

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Police Public Safety Sales Tax Fund

Year ended June 30, 2008

	<u>Police Public Safety Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,160,803
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,160,803</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 3,165,715
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(351,382)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	261,081
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 3,075,414</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Fire Public Safety Sales Tax Fund  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 4,262,950	4,262,950	3,916,886	(346,064)
Other revenue	250,000	250,000	172,105	(77,895)
Total revenues	<u>4,512,950</u>	<u>4,512,950</u>	<u>4,088,991</u>	<u>(423,959)</u>
Expenditures:				
Public safety	1,365,943	1,365,943	621,825	744,118
Capital outlay	2,500,000	2,500,000	2,232,376	267,624
Debt service	553,713	553,713	550,313	3,400
Total expenditures	<u>4,419,656</u>	<u>4,419,656</u>	<u>3,404,514</u>	<u>1,015,142</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ 93,294</u>	<u>93,294</u>	684,477	<u>591,183</u>
Undesignated fund balance at beginning of year			2,568,215	
Cancellation of prior year encumbrances			61,934	
Change in other fund balance components during the year (1)			(1,422,738)	
Undesignated fund balance at end of year			<u>\$ 1,891,888</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Fire Public Safety Sales Tax Fund

Year ended June 30, 2008

	<b>Fire Public Safety Sales Tax</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,088,991
Basis differences – budget to GAAP:	
None	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,088,991</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 3,404,514
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(76,030)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	8,520
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 3,337,004</u>

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 License Surcharge Fund  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Building permits	\$ 980,000	980,000	1,039,130	59,130
Interest income and other revenue	181,000	181,000	125,150	(55,850)
Total revenues	<u>1,161,000</u>	<u>1,161,000</u>	<u>1,164,280</u>	<u>3,280</u>
Other financing uses:				
Transfers out	3,431,156	4,269,000	746,557	3,522,443
Total other financing uses	<u>3,431,156</u>	<u>4,269,000</u>	<u>746,557</u>	<u>3,522,443</u>
Excess of revenues over (under) expenditures	\$ <u>(2,270,156)</u>	<u>(3,108,000)</u>	417,723	<u>3,525,723</u>
Undesignated fund balance (deficit) at beginning of year			3,431,155	
Change in other fund balance components during the year (1)			—	
Undesignated fund balance (deficit) at end of year			\$ <u><u>3,848,878</u></u>	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

License Surcharge Fund

Year ended June 30, 2008

	<u>License Surcharge</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,164,280
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,164,280</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ —
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	—
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	—
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ —</u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Grants Fund  
 Year Ended June 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Grants and other shared revenue	\$ 983,773	3,176,487	1,744,417	(1,432,070)
Charges for current services	63,264	94,253	94,184	(69)
Interest income and other revenue	—	1,076	1,076	—
Total revenues	<u>1,047,037</u>	<u>3,271,816</u>	<u>1,839,677</u>	<u>(1,432,139)</u>
<b>Expenditures:</b>				
Law department	36,109	57,053	39,363	17,690
Police department	581,628	2,198,921	1,248,665	950,256
Fire department	44,728	170,361	55,585	114,776
Health department	384,572	703,561	453,142	250,419
Community development	—	141,920	130,822	11,098
Total expenditures	<u>1,047,037</u>	<u>3,271,816</u>	<u>1,927,577</u>	<u>1,344,239</u>
Excess of revenues over (under) expenditures	\$ <u>—</u>	<u>—</u>	(87,900)	<u>(87,900)</u>
Undesignated fund balance (deficit) at beginning of year			(231,207)	
Change in other fund balance components during the year (1)			231,207	
Undesignated fund balance (deficit) at end of year			<u>\$ (87,900)</u>	

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

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2008

	<u>Grants</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,839,677
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,839,677</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,927,577
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(87,900)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>—</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,839,677</u></u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Combining Balance Sheet

## Nonmajor Sales Tax Funds

June 30, 2008

Assets	Street Sales Tax	Parks Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 14)
Pooled cash and investments	\$ 741,221	—	10,636,760	1,665,330	5,740,828	18,784,139
Receivables:						
Taxes	816,743	544,162	544,198	287,264	544,118	2,736,485
Accrued interest	—	—	145,653	11,958	21,853	179,464
Due from other funds	702,986	—	16,155	—	—	719,141
Restricted assets	565,082	74,701	98,333	—	—	738,116
Total assets	<u>\$ 2,826,032</u>	<u>618,863</u>	<u>11,441,099</u>	<u>1,964,552</u>	<u>6,306,799</u>	<u>23,157,345</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts and contracts payable	\$ 522,991	598,289	474,726	126,748	221,145	1,943,899
Due to other funds	—	1,876,949	—	—	—	1,876,949
Accrued items	—	39,339	12,004	—	—	51,343
Other current liabilities	—	54	—	—	—	54
Deferred revenue	—	—	98,333	—	—	98,333
Total liabilities	<u>522,991</u>	<u>2,514,631</u>	<u>585,063</u>	<u>126,748</u>	<u>221,145</u>	<u>3,970,578</u>
Fund balances:						
Reserved for:						
Encumbrances	3,046,687	573,609	2,404,718	378,811	4,193,766	10,597,591
Other purposes	565,082	74,701	—	—	—	639,783
Unreserved, reported in:						
Special revenue funds	<u>(1,308,728)</u>	<u>(2,544,078)</u>	<u>8,451,318</u>	<u>1,458,993</u>	<u>1,891,888</u>	<u>7,949,393</u>
Total fund balances	<u>2,303,041</u>	<u>(1,895,768)</u>	<u>10,856,036</u>	<u>1,837,804</u>	<u>6,085,654</u>	<u>19,186,767</u>
Total liabilities and fund balances	<u>\$ 2,826,032</u>	<u>618,863</u>	<u>11,441,099</u>	<u>1,964,552</u>	<u>6,306,799</u>	<u>23,157,345</u>

## CITY OF INDEPENDENCE, MISSOURI

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

## Nonmajor Sales Tax Funds

Year ended June 30, 2008

	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 15)
<b>Revenues:</b>						
Taxes	\$ 5,878,784	3,918,520	3,919,286	2,089,284	3,916,887	19,722,761
Charges for services	—	579,567	—	—	—	579,567
Investment income	77,609	14,153	475,034	71,502	172,072	810,370
Other	4	31,383	135,588	17	32	167,024
<b>Total revenues</b>	<u>5,956,397</u>	<u>4,543,623</u>	<u>4,529,908</u>	<u>2,160,803</u>	<u>4,088,991</u>	<u>21,279,722</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	—	—	—	2,562,451	554,315	3,116,766
Culture and recreation	—	2,448,291	—	—	—	2,448,291
Storm water	—	—	1,088,777	—	—	1,088,777
General government	11,030	5,267	—	—	—	16,297
Capital outlay	4,821,065	2,459,535	3,595,825	—	2,232,376	13,108,801
<b>Debt service:</b>						
Principal	1,260,000	985,000	—	350,000	375,000	2,970,000
Interest and fiscal agent fees	210,725	456,902	—	162,963	175,313	1,005,903
<b>Total expenditures</b>	<u>6,302,820</u>	<u>6,354,995</u>	<u>4,684,602</u>	<u>3,075,414</u>	<u>3,337,004</u>	<u>23,754,835</u>
Excess (deficiency) of revenues over expenditures	<u>(346,423)</u>	<u>(1,811,372)</u>	<u>(154,694)</u>	<u>(914,611)</u>	<u>751,987</u>	<u>(2,475,113)</u>
<b>Other financing sources (uses):</b>						
Transfers out	<u>(458,639)</u>	<u>—</u>	<u>(35)</u>	<u>—</u>	<u>—</u>	<u>(458,674)</u>
<b>Total other financing sources (uses)</b>	<u>(458,639)</u>	<u>—</u>	<u>(35)</u>	<u>—</u>	<u>—</u>	<u>(458,674)</u>
<b>Net change in fund balances</b>	<u>(805,062)</u>	<u>(1,811,372)</u>	<u>(154,729)</u>	<u>(914,611)</u>	<u>751,987</u>	<u>(2,933,787)</u>
Fund balances, beginning	<u>3,108,103</u>	<u>(84,396)</u>	<u>11,010,765</u>	<u>2,752,415</u>	<u>5,333,667</u>	<u>22,120,554</u>
Fund balances, ending	<u>\$ 2,303,041</u>	<u>(1,895,768)</u>	<u>10,856,036</u>	<u>1,837,804</u>	<u>6,085,654</u>	<u>19,186,767</u>

## CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2008

Assets	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 12)
Pooled cash and investments	\$ 19,553	50,215	—	—	69,768
Receivables:					
Due from component unit	—	—	—	122,102	122,102
Total assets	<u>\$ 19,553</u>	<u>50,215</u>	<u>—</u>	<u>122,102</u>	<u>191,870</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$ —	50,000	—	16,142	66,142
Due to other funds	—	—	16,155	96,373	112,528
Total liabilities	—	50,000	16,155	112,515	178,670
<b>Fund balances (deficit):</b>					
Reserved for:					
Encumbrances	—	10,000	—	30,952	40,952
Unreserved, reported in:					
Capital projects funds	19,553	(9,785)	(16,155)	(21,365)	(27,752)
Total fund balances (deficit)	19,553	215	(16,155)	9,587	13,200
Total liabilities and fund balances	<u>\$ 19,553</u>	<u>50,215</u>	<u>—</u>	<u>122,102</u>	<u>191,870</u>

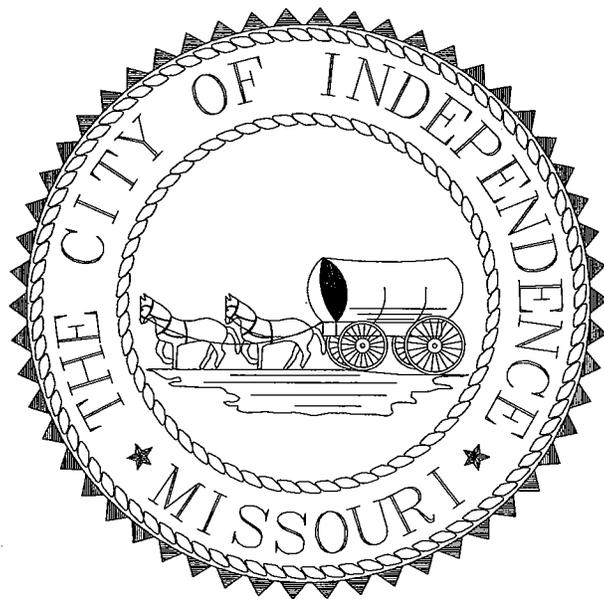
## CITY OF INDEPENDENCE, MISSOURI

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

## Nonmajor Capital Projects Funds

Year ended June 30, 2008

	<u>Revolving Public Improvements</u>	<u>Buildings and Other Improvements</u>	<u>Storm Drainage</u>	<u>Park Improvements</u>	<u>Total (Exhibit 13)</u>
Revenues:					
Investment income	\$ 553	65	—	40	658
Reimbursements from component unit	—	—	—	1,975,074	1,975,074
Total revenues	<u>553</u>	<u>65</u>	<u>—</u>	<u>1,975,114</u>	<u>1,975,732</u>
Expenditures:					
Capital outlay	—	50,250	—	1,975,074	2,025,324
Total expenditures	<u>—</u>	<u>50,250</u>	<u>—</u>	<u>1,975,074</u>	<u>2,025,324</u>
Excess (deficiency) of revenues over expenditures	<u>553</u>	<u>(50,185)</u>	<u>—</u>	<u>40</u>	<u>(49,592)</u>
Other financing sources (uses):					
Transfers in	—	50,250	—	—	50,250
Total other financing sources (uses)	<u>—</u>	<u>50,250</u>	<u>—</u>	<u>—</u>	<u>50,250</u>
Net change in fund balances	553	65	—	40	658
Fund balances (deficit), beginning	19,000	150	(16,155)	9,547	12,542
Fund balances (deficit), ending	<u>\$ 19,553</u>	<u>215</u>	<u>(16,155)</u>	<u>9,587</u>	<u>13,200</u>



## **CITY OF INDEPENDENCE, MISSOURI**

### **Internal Service Funds**

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

**Central Garage** – This fund is used to account for costs of maintenance of the City’s fleet of vehicles and mobile equipment and related charges to other departments.

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

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

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

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Net Assets

## Internal Service Funds

June 30, 2008

	<u>Central Garage</u>	<u>Pharmacy Benefit Plan</u>	<u>Staywell Health Care</u>	<u>Workers' Compensation</u>	<u>Total (Exhibit 5)</u>
<b>Assets:</b>					
<b>Current assets:</b>					
Pooled cash and investments	\$ 171,008	149,596	7,123,683	—	7,444,287
Accounts receivable	7,591	103,602	62,677	34,832	208,702
Accrued interest receivable	—	—	68,484	—	68,484
Inventory	103,774	—	—	—	103,774
<b>Total current assets</b>	<u>282,373</u>	<u>253,198</u>	<u>7,254,844</u>	<u>34,832</u>	<u>7,825,247</u>
<b>Noncurrent assets:</b>					
<b>Property, plant, and equipment:</b>					
Land	93,979	—	—	—	93,979
Depreciable property, plant, and equipment	146,481	—	—	—	146,481
Less accumulated depreciation	(144,831)	—	—	—	(144,831)
<b>Total noncurrent assets</b>	<u>95,629</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>95,629</u>
<b>Total assets</b>	<u>\$ 378,002</u>	<u>253,198</u>	<u>7,254,844</u>	<u>34,832</u>	<u>7,920,876</u>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts and contracts payable	\$ 81,192	—	—	26,517	107,709
Due to other funds	—	195,000	—	530,226	725,226
Accrued liabilities	9,584	—	—	1,217	10,801
Compensated absences – current	35,706	—	—	11,706	47,412
Self-insurance claims payable	—	36,867	1,733,043	521,387	2,291,297
<b>Total current liabilities</b>	<u>126,482</u>	<u>231,867</u>	<u>1,733,043</u>	<u>1,091,053</u>	<u>3,182,445</u>
<b>Noncurrent liabilities:</b>					
Compensated absences – long-term	50,467	—	—	26,696	77,163
Other post employment benefits	73,141	—	—	—	73,141
Self-insurance claims payable	—	—	—	3,477,000	3,477,000
<b>Total liabilities</b>	<u>250,090</u>	<u>231,867</u>	<u>1,733,043</u>	<u>4,594,749</u>	<u>6,809,749</u>
<b>Net assets:</b>					
Invested in capital assets	95,629	—	—	—	95,629
Unrestricted	32,283	21,331	5,521,801	(4,559,917)	1,015,498
<b>Total net assets (deficit)</b>	<u>127,912</u>	<u>21,331</u>	<u>5,521,801</u>	<u>(4,559,917)</u>	<u>1,111,127</u>
<b>Total liabilities and net assets</b>	<u>\$ 378,002</u>	<u>253,198</u>	<u>7,254,844</u>	<u>34,832</u>	<u>7,920,876</u>

## CITY OF INDEPENDENCE, MISSOURI

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

## Internal Service Funds

Year ended June 30, 2008

	Central Garage	Pharmacy Benefit Plan	Staywell Health Care	Workers' Compensation	Total (Exhibit 6)
Operating revenues:					
Charges for services	\$ 2,184,643	711,608	13,102,654	1,895,661	17,894,566
Other reimbursements	—	—	—	1,818,509	1,818,509
Total operating revenues	<u>2,184,643</u>	<u>711,608</u>	<u>13,102,654</u>	<u>3,714,170</u>	<u>19,713,075</u>
Operating expenses:					
Personal services	704,243	—	—	130,286	834,529
Other services	336,161	714,525	12,092,558	3,108,288	16,251,532
Supplies	1,261,458	—	—	6,849	1,268,307
Capital outlay	—	—	—	4,852	4,852
Depreciation and amortization	550	—	—	—	550
Total operating expenses	<u>2,302,412</u>	<u>714,525</u>	<u>12,092,558</u>	<u>3,250,275</u>	<u>18,359,770</u>
Operating income (loss)	<u>(117,769)</u>	<u>(2,917)</u>	<u>1,010,096</u>	<u>463,895</u>	<u>1,353,305</u>
Nonoperating revenues:					
Interest revenue	3,196	1,292	271,952	2,386	278,826
Miscellaneous revenue	45,937	127,183	383,085	16	556,221
Total nonoperating revenue	<u>49,133</u>	<u>128,475</u>	<u>655,037</u>	<u>2,402</u>	<u>835,047</u>
Income before transfers	<u>(68,636)</u>	<u>125,558</u>	<u>1,665,133</u>	<u>466,297</u>	<u>2,188,352</u>
Transfers in (out)	—	—	—	583,786	583,786
Change in net assets	<u>(68,636)</u>	<u>125,558</u>	<u>1,665,133</u>	<u>1,050,083</u>	<u>2,772,138</u>
Total net assets:					
Beginning of the period (deficit), as restated	196,548	(104,227)	3,856,668	(5,610,000)	(1,661,011)
End of the period (deficit)	<u>\$ 127,912</u>	<u>21,331</u>	<u>5,521,801</u>	<u>(4,559,917)</u>	<u>1,111,127</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Cash Flows

## Internal Service Funds

Year ended June 30, 2008

	Internal Service Funds				Total (Exhibit 7)
	Central Garage	Pharmacy Benefit Plan	Staywell Health Care	Workers' Compensation	
Cash flows from operations:					
Receipts from customers	\$ 2,232,035	742,189	13,474,751	3,679,354	20,128,329
Payments to suppliers	(1,574,907)	(715,435)	(11,575,344)	(4,703,868)	(18,569,554)
Payments to employees	(615,698)	—	—	(91,884)	(707,582)
Net cash provided by operating activities	41,430	26,754	1,899,407	(1,116,398)	851,193
Cash flows from noncapital financing activities:					
Transfers in/(out)	—	—	—	583,786	583,786
Advances from other funds	—	120,000	—	530,226	650,226
Net cash provided by noncapital financing activities	—	120,000	—	1,114,012	1,234,012
Cash flows from investing activities:					
Purchases of investments	—	—	(4,908,647)	—	(4,908,647)
Proceeds from sales and maturities of investments	—	—	2,154,474	—	2,154,474
Interest on investments	3,196	1,292	209,474	2,386	216,348
Net cash provided (used) by investing activities	3,196	1,292	(2,544,699)	2,386	(2,537,825)
Net increase in cash and cash equivalents	44,626	148,046	(645,292)	—	(452,620)
Cash and cash equivalents at beginning of year	126,382	1,550	4,769,175	—	4,897,107
Cash and cash equivalents at end of year	171,008	149,596	4,123,883	—	4,444,487
Investments with original maturities greater than 90 days	—	—	2,999,800	—	2,999,800
Pooled cash and investments	\$ 171,008	149,596	7,123,683	—	7,444,287
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (117,769)	(2,917)	1,010,096	463,895	1,353,305
Adjustments not affecting cash:					
Depreciation and amortization	550	—	—	—	550
Nonoperating Revenues	45,937	127,183	383,085	16	556,221
Change in assets and liabilities:					
Accounts receivable	1,455	(96,602)	(10,988)	(34,832)	(140,967)
Inventory	(13,248)	—	—	—	(13,248)
Accounts and contracts payable	35,960	(37,777)	—	26,517	24,700
Accrued liabilities	2,086	36,867	—	1,217	40,170
Other post-employment benefits	73,141	—	—	—	73,141
Self-insurance claims payable	—	—	517,214	(1,611,613)	(1,094,399)
Compensated absences	13,318	—	—	38,402	51,720
Total adjustments	159,199	29,671	889,311	(1,580,293)	(502,112)
Net cash provided by operating activities	\$ 41,430	26,754	1,899,407	(1,116,398)	851,193

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008 (Exhibit 8)
<b>Flexible Benefit Plan:</b>				
Assets:				
Pooled cash and investments	\$ 33,976	91,686	68,606	57,056
Imprest bank accounts	—	5,372	—	5,372
	<u>\$ 33,976</u>	<u>97,058</u>	<u>68,606</u>	<u>62,428</u>
Liabilities:				
Flexible benefit payable	\$ 33,976	541,722	513,270	62,428
	<u>\$ 33,976</u>	<u>541,722</u>	<u>513,270</u>	<u>62,428</u>
<b>Susie Block Trust:</b>				
Assets:				
Pooled cash and investments	\$ 31,634	1,452	2,000	31,086
Accrued interest receivable	493	1,326	1,325	494
	<u>\$ 32,127</u>	<u>2,778</u>	<u>3,325</u>	<u>31,580</u>
Liabilities:				
Funds held in escrow	\$ 32,127	1,453	2,000	31,580
	<u>\$ 32,127</u>	<u>1,453</u>	<u>2,000</u>	<u>31,580</u>
<b>Seniors Travel Programs:</b>				
Assets:				
Pooled cash and investments	\$ 19,164	60,456	51,324	28,296
	<u>\$ 19,164</u>	<u>60,456</u>	<u>51,324</u>	<u>28,296</u>
Liabilities:				
Accounts and contracts payable	\$ 1,594	52,231	48,132	5,693
Funds held in escrow	17,570	60,456	55,423	22,603
	<u>\$ 19,164</u>	<u>112,687</u>	<u>103,555</u>	<u>28,296</u>
<b>All Agency Funds:</b>				
Assets:				
Pooled cash and investments	\$ 84,774	158,966	121,930	121,810
Accrued interest receivable	493	1,326	1,325	494
	<u>\$ 85,267</u>	<u>160,292</u>	<u>123,255</u>	<u>122,304</u>
Liabilities:				
Flexible benefit payable	\$ 33,976	541,722	513,270	62,428
Accounts and contracts payable	1,594	52,231	48,132	5,693
Funds held in escrow	49,697	61,909	57,423	54,183
	<u>\$ 85,267</u>	<u>655,862</u>	<u>618,825</u>	<u>122,304</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Balance Sheet**  
**Component Unit - Tax Increment Financing**  
**June 30, 2008**

Assets	Midtown Truman	RSO	Bolger Square	Sante Fe	Sterling Village	Hartman Heritage	Drumm Farm	Eastland Center
Pooled cash and investments	\$ 421,712	90,733	—	6,257	4,023	1,475,716	1,101,454	1,124,272
Receivables:								
Taxes	157	8,300	—	4,331	1,385	24,000	26,011	241,844
Accounts	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	16,693	—	3,012	—	52,068	1,847	163,305
Restricted assets	—	—	—	974,554	—	1,960,223	40,107	5,597,057
Total assets	<u>\$ 421,869</u>	<u>115,726</u>	<u>—</u>	<u>988,154</u>	<u>5,408</u>	<u>3,512,007</u>	<u>1,169,419</u>	<u>7,126,478</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Due to other funds	—	—	—	—	—	—	—	—
Due to primary government	—	—	—	—	—	—	—	43,444
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>43,444</u>
Fund balances:								
Reserved for:								
Encumbrances	—	—	—	—	—	—	—	—
Other purposes	—	—	—	977,706	—	1,939,575	19,480	2,993,937
Unreserved, reported in:								
Capital projects funds	421,869	115,726	—	10,448	5,408	1,572,432	1,149,939	4,089,097
Total fund balances (deficit)	<u>421,869</u>	<u>115,726</u>	<u>—</u>	<u>988,154</u>	<u>5,408</u>	<u>3,512,007</u>	<u>1,169,419</u>	<u>7,083,034</u>
Total liabilities and fund balances	<u>\$ 421,869</u>	<u>115,726</u>	<u>—</u>	<u>988,154</u>	<u>5,408</u>	<u>3,512,007</u>	<u>1,169,419</u>	<u>7,126,478</u>

North Independence	Mount Washington	Hy-Vee	Noland Rd Auto Plaza	Crackerneck Creek	Old Landfill	Cornerstone Apartments	Trinity	HCA	TIF App Fees	Total
3,619	16,678	147,018	37,874	1,350,430	222	—	73,550	1,909,079	9,660	7,772,297
3,900	600	34,000	—	147,358	21	36,919	81	1,900	—	530,807
—	—	—	—	94,671	—	—	—	—	30	94,701
—	—	—	—	—	—	—	—	—	5,000	5,000
3,209	200	39,961	—	64,203	—	—	—	1,984	—	346,482
—	—	—	—	19,618,741	—	—	—	2,993,292	—	31,183,974
<u>10,728</u>	<u>17,478</u>	<u>220,979</u>	<u>37,874</u>	<u>21,275,403</u>	<u>243</u>	<u>36,919</u>	<u>73,631</u>	<u>4,906,255</u>	<u>14,690</u>	<u>39,933,261</u>
—	—	—	—	—	—	5,000	—	—	—	5,000
—	—	—	—	171,801	—	—	—	1,022,169	—	1,237,414
—	—	—	—	171,801	—	5,000	—	1,022,169	—	1,242,414
—	—	—	—	—	—	—	—	—	6,678	6,678
—	—	—	—	15,850,905	—	—	—	2,746,809	—	24,528,412
<u>10,728</u>	<u>17,478</u>	<u>220,979</u>	<u>37,874</u>	<u>5,252,697</u>	<u>243</u>	<u>31,919</u>	<u>73,631</u>	<u>1,137,277</u>	<u>8,012</u>	<u>14,155,757</u>
<u>10,728</u>	<u>17,478</u>	<u>220,979</u>	<u>37,874</u>	<u>21,103,602</u>	<u>243</u>	<u>31,919</u>	<u>73,631</u>	<u>3,884,086</u>	<u>14,690</u>	<u>38,690,847</u>
<u>10,728</u>	<u>17,478</u>	<u>220,979</u>	<u>37,874</u>	<u>21,275,403</u>	<u>243</u>	<u>36,919</u>	<u>73,631</u>	<u>4,906,255</u>	<u>14,690</u>	

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

Unreimbursed certified costs are reported as liabilities and expense at the government-wide level, but not at the fund statement level	(28,387,775)
Interest on long-term debt is not accrued in component unit funds, but rather is recognized as an expenditure when due	(2,668,541)
Long term liabilities, including TIF loans payable are not due and payable in the current period and therefore are not reported in the funds, net of unamortized premiums/discounts	
TIF loans and obligations payable	(165,952,022)
Unamortized issuance costs on TIF loans payable	1,469,110
Net assets (deficit) of component unit	<u>\$ (156,848,381)</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)**  
**Component Unit - Tax Increment Financing**  
**Year ended June 30, 2008**

	Midtown Truman	RSO	Bolger Square	Sante Fe	Sterling Village	Hartman Heritage	Drumm Farm	Eastland Center
<b>Revenues:</b>								
Taxes	\$ 41,912	200,152	287,629	3,783	5,558	1,773,415	429,586	3,389,882
Charges for services	—	—	—	—	—	—	—	—
Investment income	17,610	2,190	53,497	38,659	48	108,597	28,145	121,810
Developer contributions	—	—	—	696,721	—	—	—	—
Lease payments	—	—	—	—	—	—	—	—
Other	—	—	—	76,282	—	—	—	—
<b>Total revenues</b>	<u>59,522</u>	<u>202,342</u>	<u>341,126</u>	<u>815,445</u>	<u>5,606</u>	<u>1,882,012</u>	<u>457,731</u>	<u>3,511,692</u>
<b>Expenditures:</b>								
Capital outlay	1,087	5,505	32,723	8,735	84	47,509	47,683	3,610,036
Debt service:								
Principal	496,136	35,374	1,820,000	405,000	—	823,375	944,591	2,242,047
Interest and fiscal agent fees	—	105,681	91,809	539,997	—	813,136	199,842	894,266
<b>Total expenditures</b>	<u>497,223</u>	<u>146,560</u>	<u>1,944,532</u>	<u>953,732</u>	<u>84</u>	<u>1,684,020</u>	<u>1,192,116</u>	<u>6,746,349</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(437,701)</u>	<u>55,782</u>	<u>(1,603,406)</u>	<u>(138,287)</u>	<u>5,522</u>	<u>197,992</u>	<u>(734,385)</u>	<u>(3,234,657)</u>
<b>Other financing sources:</b>								
Proceeds from bond issuance	—	—	—	—	—	—	1,230,000	8,000,000
Reoffering premium/original issue discount	—	—	—	—	—	—	(30,521)	(24,938)
<b>Total other financing sources</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,199,479</u>	<u>7,975,062</u>
<b>Net change in fund balances</b>	<u>(437,701)</u>	<u>55,782</u>	<u>(1,603,406)</u>	<u>(138,287)</u>	<u>5,522</u>	<u>197,992</u>	<u>465,094</u>	<u>4,740,405</u>
<b>Fund balances (deficit), beginning, as restated</b>	<u>859,570</u>	<u>59,944</u>	<u>1,603,406</u>	<u>1,126,441</u>	<u>(114)</u>	<u>3,314,015</u>	<u>704,325</u>	<u>2,342,629</u>
<b>Fund balances (deficit), ending</b>	<u>\$ 421,869</u>	<u>115,726</u>	<u>—</u>	<u>988,154</u>	<u>5,408</u>	<u>3,512,007</u>	<u>1,169,419</u>	<u>7,083,034</u>

North Independence	Mount Washington	Hy-Vee	Noland Rd Auto Plaza	Crackerneck Creek	Old Landfill	Cornerstone Apartments	Trinity	HCA	TIF App Fees	Total
67,538	13,908	651,841	23,201	511,808	244	284,688	73,775	1,732,932	—	9,491,852
—	—	—	—	—	—	—	—	—	10,000	10,000
539	2,627	3,343	744	1,009,950	3	1,887	1,229	323,469	287	1,714,634
—	—	—	—	1,219,942	—	—	—	—	—	696,721
—	—	—	—	—	—	—	—	—	—	1,219,942
—	—	—	—	—	—	—	—	—	—	76,282
68,077	16,535	655,184	23,945	2,741,700	247	286,575	75,004	2,056,401	10,287	13,209,431
1,597	346	13,016	623	33,366,978	4	5,000	1,373	18,833,312	1,920	55,977,531
—	95,547	373,572	—	—	—	233,844	—	—	—	7,469,486
77,638	—	166,722	—	4,021,061	—	51,860	—	1,029,991	—	7,992,003
79,235	95,893	553,310	623	37,388,039	4	290,704	1,373	19,863,303	1,920	71,439,020
(11,158)	(79,358)	101,874	23,322	(34,646,339)	243	(4,129)	73,631	(17,806,902)	8,367	(58,229,589)
—	—	—	—	12,955,000	—	—	—	—	—	22,185,000
—	—	—	—	(206,478)	—	—	—	—	—	(261,937)
—	—	—	—	12,748,522	—	—	—	—	—	21,923,063
(11,158)	(79,358)	101,874	23,322	(21,897,817)	243	(4,129)	73,631	(17,806,902)	8,367	(36,306,526)
21,886	96,836	119,105	14,552	43,001,419	—	36,048	—	21,690,988	6,323	74,997,373
10,728	17,478	220,979	37,874	21,103,602	243	31,919	73,631	3,884,086	14,690	38,690,847

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

Change in fund balances \$ (36,306,526)

Unreimbursed certified costs are reported as liabilities and expenses at the government-wide level (12,835,970)

Bond proceeds provide current financial resources in Tax Increment Financing funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in Tax Increment Financing funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded net assets. Also, Tax Increment Financing funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.

Loan proceeds	(22,185,000)
Reoffering premium/original issue discount	261,937
Issuance costs	259,702
Principal payments	7,469,486
Amortizations of discounts & premiums	(83,634)
Amortizations of issuance costs	(84,418)
Amortizations of deferred refunding costs	(62,528)
	<u>(14,424,455)</u>

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

Accrued interest (713,184)

Change in net assets of Tax Increment Financing funds \$ (64,280,135)

**CITY OF INDEPENDENCE, MISSOURI**  
**Schedules of Operating Expenses- Power and Light Fund**  
**Years ended June 30, 2008 and 2007**

	2008			2007		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Coal			\$ 16,760,306			12,622,306
Gas			905,340			954,560
Oil			234,751			258,367
Total production fuel			<u>17,900,397</u>			<u>13,835,233</u>
Purchased power:						
Purchased energy			23,316,457			24,837,788
Purchased capacity (net)			7,755,000			7,570,000
Border customers			30,711			25,301
Control and dispatching			860,291			732,995
Total purchased power			<u>31,962,459</u>			<u>33,166,084</u>
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 623,361	645,844	1,269,205	537,061	560,579	1,097,640
Steam	823,162	3,896,045	4,719,207	753,929	2,561,813	3,315,742
Electric	799,413	780,075	1,579,488	731,897	1,017,536	1,749,433
Structures and improvements	—	54,714	54,714	—	65,623	65,623
Allowance	290,845	—	290,845	127,606	—	127,606
Miscellaneous	1,319,887	482,804	1,802,691	1,314,493	399,346	1,713,839
	<u>3,856,668</u>	<u>5,859,482</u>	<u>9,716,150</u>	<u>3,464,986</u>	<u>4,604,897</u>	<u>8,069,883</u>
Missouri City Station:						
Supervision and engineering	98,957	1,089	100,046	42,739	19,528	62,267
Steam	403,124	1,489,336	1,892,460	348,196	772,702	1,120,898
Electric	411,525	114,853	526,378	357,850	93,684	451,534
Structures and improvements	—	89,507	89,507	—	71,624	71,624
Miscellaneous	813,320	301,482	1,114,802	361,105	199,376	560,481
	<u>1,726,926</u>	<u>1,996,267</u>	<u>3,723,193</u>	<u>1,109,890</u>	<u>1,156,914</u>	<u>2,266,804</u>
Combustion Turbine Station:						
Supervision and engineering	—	557	557	7	3,396	3,403
Generation expenses	—	186,887	186,887	—	70,868	70,868
Structures and improvements	—	8,470	8,470	—	24,510	24,510
Miscellaneous	6,161	623,228	629,389	15,445	62,412	77,857
	<u>6,161</u>	<u>819,142</u>	<u>825,303</u>	<u>15,452</u>	<u>161,186</u>	<u>176,638</u>
Total production (other)	<u>\$ 5,589,755</u>	<u>8,674,891</u>	<u>14,264,646</u>	<u>4,590,328</u>	<u>5,922,997</u>	<u>10,513,325</u>
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 179,190	17,956	197,146	163,773	17,308	181,081
Overhead expenses	37,987	11,256	49,243	35,742	2,015	37,757
Station expenses	8,234	261,605	269,839	13,414	197,849	211,263
Wheeling charges	1,244,552	—	1,244,552	1,238,314	—	1,238,314
Underground line expense	3,370	—	3,370	—	6,511	6,511
Miscellaneous	20,646	—	20,646	1,271	—	1,271
Total transmission	<u>1,493,979</u>	<u>290,817</u>	<u>1,784,796</u>	<u>1,452,514</u>	<u>223,683</u>	<u>1,676,197</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Power and Light Fund  
Years ended June 30, 2008 and 2007

	<b>2008</b>			<b>2007</b>		
	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
<b>Distribution:</b>						
Supervision and engineering	\$ 119,724	53,870	173,594	89,147	51,930	141,077
Overhead lines	911,220	3,211,262	4,122,482	822,660	2,593,735	3,416,395
Station expenses	15,145	623,042	638,187	214,058	394,745	608,803
Street lights and traffic signals	271,477	532,141	803,618	240,341	482,928	723,269
Meters	223,668	730,345	954,013	174,909	651,826	826,735
Customer installations	—	—	—	1,817	—	1,817
Underground lines	505,811	705,194	1,211,005	765,826	609,300	1,375,126
Dispatching communication	761,060	—	761,060	711,237	—	711,237
Line transformers	—	112,811	112,811	86,711	—	86,711
Miscellaneous	578,998	285,014	864,012	532,988	147,425	680,413
<b>Total distribution</b>	<u>3,387,103</u>	<u>6,253,679</u>	<u>9,640,782</u>	<u>3,639,694</u>	<u>4,931,889</u>	<u>8,571,583</u>
<b>Total transmission and distribution</b>	<u>\$ 4,881,082</u>	<u>6,544,496</u>	<u>11,425,578</u>	<u>5,092,208</u>	<u>5,155,572</u>	<u>10,247,780</u>
<b>Customer service:</b>						
Supervision			\$ 142,515			215,582
Meter reading			582,029			546,361
Customer records and collections			1,469,816			1,498,331
Provisions for doubtful accounts			755,238			666,385
Miscellaneous			67,613			39,925
<b>Total customer service</b>			<u>3,017,211</u>			<u>2,966,584</u>
<b>General and administrative:</b>						
Salaries			857,957			734,886
Office supplies			595,056			517,742
Insurance			1,128,408			876,643
Injuries and damage			713,259			383,154
Employee benefits			5,637,456			3,904,850
Outside services			1,939,083			1,516,695
Miscellaneous			1,382,843			923,913
Administrative expenses – transfers			(60,871)			(53,593)
<b>Total general and administrative</b>			<u>12,193,191</u>			<u>8,804,290</u>
Depreciation and amortization			10,571,375			9,429,199
Payroll taxes			992,801			890,009
<b>Total operating expenses</b>			<u>\$ 102,327,658</u>			<u>89,852,504</u>



**CITY OF INDEPENDENCE, MISSOURI**  
 Schedule of Operating Statistics— Power and Light Fund  
 Year ended June 30, 2008

	<b>Number of customers</b>		<b>Revenue</b>	<b>KWH</b>
	<b>Beginning of year</b>	<b>End of year</b>		
<b>Sale of electric energy:</b>				
<b>Metered:</b>				
Residential	51,431	51,649	\$ 55,192,152	545,272,178
Small general services	3,037	3,050	3,692,376	29,700,674
General services – space heating	2	2	1,946	25,678
Large general services	1,630	1,622	31,777,461	364,634,644
Large general services – prime voltage	10	9	1,073,240	13,744,921
Large general services – space heating	2	2	9,221	100,298
Total electric general services	89	92	4,220,732	56,890,280
Schools, churches, and hospitals	285	287	3,899,716	42,483,534
Schools, churches, and hospitals, all electric	7	9	294,014	3,874,399
Large power services	6	4	2,915,129	42,851,880
Combined interruptible services	—	—	81,717	1,459,200
Sewer pumping	6	6	160,054	1,716,792
City traffic signals	58	58	59,347	209,009
Wholesale (border customers)	—	—	113,151	4,246,374
Wholesale (interchange)	—	—	1,968,285	39,456,000
	<u>56,563</u>	<u>56,790</u>	<u>105,458,541</u>	<u>1,146,665,861</u>
<b>Unmetered:</b>				
Private security lighting	1,588	1,644	292,809	1,454,853
City public street lighting	11,489	11,596	1,270,358	9,559,696
	<u>13,077</u>	<u>13,240</u>	<u>1,563,167</u>	<u>11,014,549</u>
Change in unbilled revenue			(727,439)	3,291,506
Other operating revenue			1,285,428	—
EVTC			40,250	—
<b>Total operating revenue and total energy sales</b>			<u>\$ 107,619,947</u>	<u>1,160,971,916</u>
Net generation				452,691,860
Wholesale power purchased				775,472,103
Unintentional interchange				(13,000)
<b>Net generation and power purchased</b>				<u>1,228,150,963</u>
Retail energy sales				1,117,269,542
Wholesale (border customers) sales				43,702,374
Power and light usage (building and substations)				1,546,817
<b>Net disposition</b>				<u>1,162,518,733</u>
<b>Transmission and distribution operating losses</b>				<u>\$ 65,632,230</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Water Fund  
Years ended June 30, 2008 and 2007

	2008			2007		
	Operations	Maintenance	Total	Operations	Maintenance	Total
<b>Production:</b>						
Source of supply:						
Supervision and engineering	\$ 15,346	—	15,346	23,033	—	23,033
Labor and expenses	273,885	—	273,885	211,547	—	211,547
Structures and improvements	—	31,766	31,766	—	124,040	124,040
Miscellaneous	—	184,694	184,694	—	98,141	98,141
Total source of supply	<u>289,231</u>	<u>216,460</u>	<u>505,691</u>	<u>234,580</u>	<u>222,181</u>	<u>456,761</u>
Power and pumping:						
Supervision and engineering	28,996	11,167	40,163	34,052	11,676	45,728
Fuel/power purchased	1,400,789	—	1,400,789	1,322,086	—	1,322,086
Labor and expenses	187,033	—	187,033	153,022	—	153,022
Structures and improvements	—	13,298	13,298	—	6,773	6,773
Miscellaneous	—	14,252	14,252	—	19,781	19,781
Total power and pumping	<u>1,616,818</u>	<u>38,717</u>	<u>1,655,535</u>	<u>1,509,160</u>	<u>38,230</u>	<u>1,547,390</u>
Water treatment:						
Supervision and engineering	32,296	16,954	49,250	41,594	16,777	58,371
Chemicals	1,024,386	—	1,024,386	849,139	—	849,139
Labor and expenses	668,582	—	668,582	531,415	—	531,415
Structures and improvements	—	78,159	78,159	—	177,817	177,817
Miscellaneous	—	314,137	314,137	—	239,910	239,910
Total water treatment	<u>1,725,264</u>	<u>409,250</u>	<u>2,134,514</u>	<u>1,422,148</u>	<u>434,504</u>	<u>1,856,652</u>
Total production	\$ <u>3,631,313</u>	<u>664,427</u>	<u>4,295,740</u>	<u>3,165,888</u>	<u>694,915</u>	<u>3,860,803</u>
<b>Transmission and distribution:</b>						
Supervision and engineering	\$ 86,593	62,192	148,785	82,823	54,987	137,810
Storage facilities	16,438	50,404	66,842	15,586	49,868	65,454
Transmission and distribution lines	683,326	755,634	1,438,960	616,840	658,592	1,275,432
Meters	273,142	131,472	404,614	244,094	134,429	378,523
Customer installations	87,480	—	87,480	77,794	—	77,794
Services	—	444,785	444,785	—	205,625	205,625
Hydrants	—	58,883	58,883	—	61,105	61,105
Miscellaneous	668,261	151,784	820,045	498,316	105,842	604,158
Total transmission and distribution	\$ <u>1,815,240</u>	<u>1,655,154</u>	<u>3,470,394</u>	<u>1,535,453</u>	<u>1,270,448</u>	<u>2,805,901</u>
<b>Customer service:</b>						
Customer accounting paid and collecting:						
Supervision			\$ 156,770			143,076
Meter reading			685,862			698,574
Customer records			297,440			91,511
Provision for uncollectible amounts			71,557			80,860
Total customer accounting paid and collecting			1,211,629			1,014,021
Sales promotion:						
Expenses			45,315			32,474
Total customer service			<u>1,256,944</u>			<u>1,046,495</u>
<b>General and administrative:</b>						
Salaries			620,354			452,440
Office supplies and expense			366,533			286,465
Injuries and damages			381,572			467,381
Employee benefits			1,534,356			1,567,553
Outside services			1,171,580			983,710
Miscellaneous			488,389			192,758
Total general and administrative			<u>4,562,784</u>			<u>3,950,307</u>
Depreciation and amortization			2,722,564			2,388,295
Payroll taxes			320,143			313,998
Other			74,892			63,043
Total operating expenses			<u>16,703,461</u>			<u>14,428,842</u>
Certain amounts are presented as a reduction of operating expenses, whereas they are included as miscellaneous revenue in the statement of revenues, expenses, and changes in fund net assets						
			<u>1,361,960</u>			<u>1,307,833</u>
			\$ <u>18,065,421</u>			<u>15,736,675</u>

**CITY OF INDEPENDENCE, MISSOURI**  
 Schedule of Operating Statistics – Water Fund  
 Year ended June 30, 2008

	<u>Number of customers</u>			<u>Revenue</u>	<u>MGS*</u>
	<u>Beginning of year</u>	<u>End of year</u>			
Sale of water:					
Residential	44,836	44,779	\$	8,994,600	3,215,673
Commercial	3,067	3,096		2,458,013	975,056
Industrial	8	7		308,642	213,850
Public authority	69	74		267,428	103,646
Resale	13	13		5,023,444	4,892,428
Private fire protection	365	381		67,814	—
Public fire protection	—	—		674,303	—
	<u>48,358</u>	<u>48,350</u>		17,794,244	<u>9,400,653</u>
Change in unbilled revenue				(19,550)	
Other operating revenue				339,489	
Total operating revenue			\$	<u>18,114,183</u>	
Thousands of gallons pumped:					
Courtney Bend Plant					10,825,149
Less total sales					<u>9,400,653</u>
Unaccounted for water					<u>1,424,496</u>

\* Thousand gallons sold.

**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2008

	<u>Number of customers</u>		<u>Revenue</u>	<u>CCF*</u>
	<u>Beginning of year</u>	<u>End of year</u>		
Sale of sanitary sewer services:				
Residential	40,832	40,807	\$ 9,854,124	2,937,585
Commercial:				
Base	3,519	3,510	3,955,002	1,700,923
Surcharge	—	—	604,522	—
Contract waste treatment	14	15	281,691	—
Intermunicipal agreements:				
Sugar Creek	—	—	393,038	—
Kansas City	—	—	62,741	—
	<u>44,365</u>	<u>44,332</u>	15,151,118	<u>4,638,508</u>
Other operating revenue			144,366	
Change in unbilled revenue			<u>(12,429)</u>	
Total operating revenue			<u>\$ 15,283,055</u>	

\* Hundred cubic feet.

# Statistical Section

# STATISTICAL SECTION

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

## Contents

## Tables

### **Financial Trends**

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

1 - 4

### **Revenue Capacity**

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

5 - 15

### **Debt Capacity**

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

16 - 20

### **Demographic and Economic Information**

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

21 - 22

### **Operating Information**

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

23 - 25

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



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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 64,450,833	75,199,757	86,613,728	102,014,271	165,333,646	195,251,671	233,350,380
Restricted	5,523,788	8,932,152	12,415,044	26,147,417	25,262,407	28,164,683	25,270,518
Unrestricted	(37,143,473)	(43,181,083)	(48,877,412)	(5,752,346)	(4,028,884)	(3,132,802)	(4,410,121)
<b>Total governmental activities net assets</b>	<b>\$ 32,831,148</b>	<b>40,950,826</b>	<b>50,151,360</b>	<b>122,409,342</b>	<b>186,567,169</b>	<b>220,283,552</b>	<b>254,210,777</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	205,396,875	210,181,962	212,840,200	233,908,193	246,080,008	267,330,916	285,931,913
Restricted	500,000	500,000	500,000	500,000	731,652	731,101	5,216,672
Unrestricted	75,880,444	78,252,510	85,443,314	72,143,939	70,071,662	60,010,180	31,311,367
<b>Total business-type activities net assets</b>	<b>\$ 281,777,319</b>	<b>288,934,472</b>	<b>298,783,514</b>	<b>306,552,132</b>	<b>316,883,322</b>	<b>328,072,197</b>	<b>322,459,952</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 269,847,708	285,381,719	299,453,928	335,922,464	411,413,654	462,582,587	519,282,293
Restricted	6,023,788	9,432,152	12,915,044	26,647,417	25,994,059	28,895,784	30,487,190
Unrestricted	38,736,971	35,071,427	36,565,902	66,391,593	66,042,778	56,877,378	26,901,246
<b>Total primary government net assets</b>	<b>\$ 314,608,467</b>	<b>329,885,298</b>	<b>348,934,874</b>	<b>428,961,474</b>	<b>503,450,491</b>	<b>548,355,749</b>	<b>576,670,729</b>

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

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

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

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

Table 2

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>							
<b>Governmental activities:</b>							
Administrative services	\$ 6,840,135	6,846,123	6,808,416	7,148,065	7,363,102	7,749,779	8,487,120
Public safety	31,837,122	33,028,116	32,987,626	35,069,866	36,796,996	38,253,819	44,390,164
Public works	6,842,096	6,686,542	6,196,849	6,889,773	12,817,343	13,231,006	13,013,430
Health and welfare	2,267,210	2,376,921	2,524,823	2,421,255	2,638,369	2,898,542	3,287,200
Culture and recreation	3,279,161	3,861,827	4,069,244	4,247,735	5,161,139	6,965,260	7,813,486
Community development	3,554,250	3,319,609	3,471,030	3,372,610	3,809,726	4,096,835	4,381,932
Storm water	846,628	1,081,513	1,043,573	1,493,534	1,641,992	2,193,290	2,270,858
General government	25,247,320	11,149,913	15,012,715	6,266,060	6,678,208	8,225,760	7,921,217
Interest on long-term debt	2,874,711	2,955,628	3,237,213	536,124	991,856	1,050,153	1,073,318
<b>Total governmental activities expenses</b>	<b>83,588,633</b>	<b>71,306,192</b>	<b>75,351,489</b>	<b>67,445,022</b>	<b>77,898,731</b>	<b>84,664,444</b>	<b>92,638,725</b>
<b>Business-type activities:</b>							
Power and light	60,903,841	65,841,126	71,641,843	73,531,757	84,564,657	89,265,988	101,665,442
Water	14,581,301	15,297,405	15,352,095	16,394,488	17,097,507	17,723,114	19,131,054
Sewer	11,021,666	11,535,324	11,381,487	11,995,774	12,236,654	12,721,171	14,451,363
Events center	—	—	—	—	—	—	179,032
<b>Total business-type activities expenses</b>	<b>86,506,808</b>	<b>92,673,855</b>	<b>98,375,425</b>	<b>101,922,019</b>	<b>113,898,818</b>	<b>119,710,273</b>	<b>135,426,891</b>
<b>Total primary government expenses</b>	<b>\$ 170,095,441</b>	<b>163,980,047</b>	<b>173,726,914</b>	<b>169,367,041</b>	<b>191,797,549</b>	<b>204,374,717</b>	<b>228,065,616</b>
<b>Program Revenues</b>							
<b>Governmental activities:</b>							
<b>Charges for services:</b>							
Administrative services	\$ 5,146,121	5,063,353	5,117,112	5,067,474	5,512,413	5,696,158	5,905,973
Public safety	3,420,032	3,758,528	3,618,327	3,841,471	4,588,766	4,202,328	4,202,059
Public works	640,648	649,768	1,916,080	802,206	1,003,761	1,338,479	739,643
Health and welfare	99,427	321,312	487,956	482,601	435,775	723,574	791,825
Culture and recreation	325,980	153,669	252,814	619,630	975,889	845,560	925,880
Community development	1,625,139	2,019,153	2,068,279	2,050,172	2,203,367	2,292,638	1,949,275
Storm water	33,114	(16,212)	—	—	—	—	645
General government	20,000	20,000	15,000	—	—	—	—
Operating grants and contributions	14,058,454	8,818,594	9,181,339	9,336,061	9,199,332	9,957,178	8,902,787
Capital grants and contributions	2,020,559	1,221,356	957,411	7,242,924	26,417,977	23,963,312	27,772,386
<b>Total governmental activities program revenues</b>	<b>27,389,474</b>	<b>22,009,521</b>	<b>23,614,318</b>	<b>29,442,539</b>	<b>50,337,280</b>	<b>49,019,227</b>	<b>51,190,473</b>
<b>Business-type activities:</b>							
<b>Charges for services:</b>							
Power and light	72,278,837	77,276,647	81,333,414	82,592,294	98,278,354	103,133,249	107,619,947
Water	15,224,354	15,937,835	16,610,572	17,080,050	18,312,720	17,744,404	18,114,183
Sewer	12,652,848	12,753,946	13,320,317	13,975,780	14,364,165	15,058,695	15,283,055
Events center	—	—	—	—	—	—	—
Operating grants and contributions	12,345	256	—	—	—	—	—
Capital grants and contributions	1,856,784	847,188	4,031,475	3,491,383	2,964,925	5,562,049	4,363,127
<b>Total business-type activities program revenues</b>	<b>102,025,168</b>	<b>106,815,872</b>	<b>115,295,778</b>	<b>117,139,507</b>	<b>133,920,164</b>	<b>141,498,397</b>	<b>145,380,312</b>
<b>Total primary government program revenues</b>	<b>\$ 129,414,642</b>	<b>128,825,393</b>	<b>138,910,096</b>	<b>146,582,046</b>	<b>184,257,444</b>	<b>190,517,624</b>	<b>196,570,785</b>

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Net (expense)/revenue							
Governmental activities	\$ (56,199,159)	(49,296,671)	(51,737,171)	(38,002,483)	(27,561,451)	(35,645,217)	(41,448,252)
Business-type activities	15,518,360	14,142,017	16,920,353	15,217,488	20,021,346	21,788,124	9,953,421
Total primary government net expense	\$ (40,680,799)	(35,154,654)	(34,816,818)	(22,784,995)	(7,540,105)	(13,857,093)	(31,494,831)
<b>General Revenues and Other Changes in Net Assets</b>							
<b>Governmental activities:</b>							
<b>Taxes</b>							
Property taxes	\$ 6,020,217	6,104,668	6,458,742	6,564,690	6,895,323	6,952,380	7,067,966
Sales and use taxes	33,144,312	34,286,925	35,423,599	33,295,203	37,754,853	37,728,799	38,086,941
Franchise taxes	6,545,093	6,718,262	7,241,437	7,500,356	7,645,601	8,209,734	16,519,852
Financial institutions tax	31,592	32,412	29,000	37,149	22,181	34,802	31,960
Investment earnings	782,241	404,173	583,364	922,701	1,385,126	1,785,111	1,476,448
Miscellaneous	1,356,305	535,932	1,646,836	1,143,207	714,149	589,469	348,143
Payments to component unit	—	—	—	(24,722)	—	—	—
Transfers	8,661,735	9,333,977	9,554,727	10,038,823	13,167,930	13,180,055	14,181,015
Total governmental activities	56,541,495	57,416,349	60,937,705	59,477,407	67,585,163	68,480,350	77,712,325
<b>Business-type activities:</b>							
Investment earnings	2,539,975	822,222	709,029	1,567,536	2,449,623	2,532,853	1,850,519
Miscellaneous	1,297,923	1,526,891	1,774,387	1,022,417	436,132	47,953	37,982
Transfers	(8,661,735)	(9,333,977)	(9,554,727)	(10,038,823)	(13,167,930)	(13,180,055)	(14,181,015)
Total business-type activities	(4,823,837)	(6,984,864)	(7,071,311)	(7,448,870)	(10,282,175)	(10,599,249)	(12,292,514)
Total primary government	\$ 51,717,658	50,431,485	53,866,394	52,028,537	57,302,988	57,881,101	65,419,811
<b>Changes in Net Assets</b>							
Governmental activities	\$ 342,336	8,119,678	9,200,534	21,474,924	40,023,712	32,835,133	36,264,073
Business-type activities	10,694,523	7,157,153	9,849,042	7,768,618	9,739,171	11,188,875	(2,339,093)
Total primary government	\$ 11,036,859	15,276,831	19,049,576	29,243,542	49,762,883	44,024,008	33,924,980

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

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

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

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 1,067,199	1,560,069	1,920,726	2,781,944	2,035,038	1,651,092	1,650,890	1,756,039	2,200,693	1,265,717
Unreserved	5,084,981	4,669,292	6,048,286	4,312,262	2,924,267	3,515,412	3,196,765	6,029,006	4,534,005	8,062,100
Total General Fund	\$ 6,152,180	6,229,361	7,969,012	7,094,206	4,959,305	5,166,504	4,847,655	7,785,045	6,734,698	9,327,817
All other governmental funds										
Reserved	\$ 6,470,803	5,242,826	8,128,170	13,698,370	11,092,566	15,656,867	18,110,669	20,786,620	10,928,435	41,091,787
Unreserved, reported in:										
Special revenue funds	(2,107,166)	(1,329,923)	615,397	2,377,668	6,324,381	8,619,880	17,461,153	14,250,375	17,620,241	12,648,957
Capital project funds	2,995,634	14,793,222	11,055,378	4,105,280	4,508,288	2,476,752	(3,837,893)	(10,687,320)	(1,859,546)	(29,245,744)
Debt service funds	—	—	—	—	—	92,704	92,278	86,300	82,229	71,068
Permanent funds	11,158	11,770	12,606	12,966	13,160	13,274	13,616	14,220	9,670	—
Total all other governmental funds	\$ 7,370,429	18,717,895	19,811,551	20,194,284	21,938,395	26,859,477	31,839,823	24,450,195	26,781,029	24,566,068

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$ 31,932,412	38,199,482	43,719,249	45,709,622	47,109,855	49,123,780	47,360,251	52,295,777	52,890,913	58,474,761
Licenses, fees and permits	2,476,897	2,928,678	3,532,316	3,957,533	4,315,628	4,951,856	4,670,617	5,073,944	5,472,192	4,642,719
Intergovernmental	10,913,472	13,815,850	10,643,440	16,012,619	9,902,274	10,091,764	13,013,181	21,762,714	16,534,433	10,862,317
Charges for services	815,537	1,377,717	1,682,455	1,494,189	1,519,823	1,569,283	2,023,297	2,926,800	2,587,783	2,784,144
Interfund charges for support services	3,070,849	2,889,644	2,757,884	2,791,637	2,704,534	2,767,631	2,700,215	2,949,682	3,105,514	3,222,406
Fines, forfeitures, and court costs	2,666,064	2,997,092	3,010,798	3,199,906	3,502,074	3,219,276	3,521,377	4,023,981	3,900,967	3,724,608
Investment earnings	430,556	852,855	1,570,953	757,872	381,436	571,402	901,209	1,309,569	1,588,358	1,197,790
Reimbursements from component unit	—	—	—	—	—	—	—	—	3,502,961	11,413,444
Other	266,960	667,564	561,284	1,337,102	649,613	1,619,995	1,260,113	493,127	799,580	740,435
Total revenues	<u>52,572,747</u>	<u>63,728,882</u>	<u>67,478,379</u>	<u>75,260,480</u>	<u>70,085,237</u>	<u>73,914,987</u>	<u>75,450,260</u>	<u>90,835,594</u>	<u>90,382,701</u>	<u>97,062,624</u>
<b>Expenditures</b>										
Administrative services	5,628,079	6,021,065	6,343,908	6,477,775	6,542,594	6,593,368	6,618,488	6,897,346	7,592,963	7,460,421
Public safety	28,603,191	30,360,187	29,136,004	31,290,454	32,088,292	32,271,567	35,462,979	38,976,460	39,693,647	40,950,718
Public works	6,847,093	5,976,941	6,867,407	6,227,171	6,251,537	6,035,389	5,930,041	6,586,771	7,173,004	7,173,709
Health and welfare	1,214,950	1,175,739	1,292,388	2,193,035	2,300,201	2,395,294	2,419,833	2,614,557	2,835,949	2,875,392
Culture and recreation	2,480,903	3,465,943	4,017,361	2,973,715	3,552,903	3,752,185	4,048,187	4,628,228	5,098,826	5,800,784
Community development	1,500,797	1,476,358	4,022,061	3,515,626	3,242,153	3,446,574	3,278,951	3,712,454	4,182,354	4,090,318
Storm water	—	—	—	815,654	990,671	820,703	1,180,789	1,141,595	1,538,857	1,388,856
General government	5,094,621	4,204,337	4,750,611	10,794,758	6,147,462	6,964,846	7,148,583	6,678,208	7,582,224	7,612,540
Capital outlay	13,282,127	22,365,404	28,716,658	29,255,681	17,123,501	20,481,873	21,040,394	33,296,700	31,736,638	28,561,029
Debt Service										
Principal	950,267	3,398,532	3,001,233	1,740,531	2,164,932	3,554,106	1,019,196	3,230,099	3,256,394	3,378,132
Interest	802,889	1,036,447	1,917,662	2,736,107	2,933,752	3,153,530	246,458	996,600	1,001,306	1,114,072
Total expenditures	<u>66,404,917</u>	<u>79,480,953</u>	<u>90,065,293</u>	<u>98,020,507</u>	<u>83,337,998</u>	<u>89,469,435</u>	<u>88,393,899</u>	<u>108,759,018</u>	<u>111,692,162</u>	<u>110,405,971</u>
Excess of revenues over (under) expenditures	(13,832,170)	(15,752,071)	(22,586,914)	(22,760,027)	(13,252,761)	(15,554,448)	(12,943,639)	(17,923,424)	(21,309,461)	(13,343,347)
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,371,913	1,696,776	809,418	1,686,134	1,817,327	651,553	222,429	1,724,648	2,102,299	1,266,294
Transfers out	(1,261,630)	(1,719,652)	(876,333)	(1,836,219)	(1,870,055)	(809,637)	(362,921)	(1,181,579)	(1,961,707)	(1,371,651)
Issuance of debt	7,494,074	18,663,971	14,940,720	13,437,830	3,516,885	11,096,464	20,748,448	—	8,477,809	100,695
Transfers in - utility payments in lieu of taxes	8,318,843	8,430,063	9,507,367	8,811,819	9,386,705	9,712,812	10,179,317	12,624,861	13,039,463	13,702,586
Sale of capital assets	44,245	63,838	44,659	168,381	11,109	31,537	56,379	303,255	50,834	23,581
Total other financing sources (uses)	<u>15,967,445</u>	<u>27,134,996</u>	<u>24,425,831</u>	<u>22,267,945</u>	<u>12,861,971</u>	<u>20,682,729</u>	<u>30,843,652</u>	<u>13,471,185</u>	<u>21,708,698</u>	<u>13,721,505</u>
Net change in fund balances	\$ <u>2,135,275</u>	<u>11,382,925</u>	<u>1,838,917</u>	<u>(492,082)</u>	<u>(390,790)</u>	<u>5,128,281</u>	<u>17,900,013</u>	<u>(4,452,239)</u>	<u>399,237</u>	<u>378,158</u>
Debt service as a percentage of non capital expenditures	2.74%	6.05%	5.77%	5.37%	7.18%	8.80%	1.95%	5.76%	5.42%	5.63%

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

Note: The years 1999 - 2001 include the expendable trust funds. The years 2002 - 2008 do not include expendable trust funds, but do include the permanent fund (per GASB 34 requirements).

Note: For 2005 certain amounts have been reclassified.

Table 5

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

Sales by Retail Category:	Calendar Year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Apparel stores	\$ 5,069	6,515	6,766	6,508	6,882	8,610	10,180	10,949	11,647
General merchandise	8,068	6,035	4,199	4,472	4,663	4,814	4,425	3,721	2,428
Food stores	149,273	153,258	152,739	151,513	149,211	176,871	192,808	198,979	192,782
Eating and drinking establishments	46,822	55,881	61,998	77,479	87,771	95,140	103,230	111,145	109,077
Home furnishings and appliances	160,725	213,235	198,519	178,942	164,914	146,574	155,934	122,354	146,407
Building materials and farm tools	2,432	5,669	6,978	7,983	8,095	8,607	7,667	7,575	7,189
Construction/Remodeling	2,241	2,573	2,935	2,880	3,392	3,356	2,869	1,725	1,569
Auto dealers and supplies	10,417	11,206	14,464	17,417	17,675	18,018	17,435	17,805	18,208
Service stations	35,080	38,716	39,528	49,392	52,896	67,021	80,534	80,008	80,135
Other retail stores	74,703	89,942	124,894	128,623	124,010	97,900	125,525	128,177	132,689
All other outlets	35,251	40,737	36,898	44,665	56,890	47,022	47,417	56,760	55,859
<b>Total</b>	<b>\$ 530,081</b>	<b>623,767</b>	<b>649,918</b>	<b>669,874</b>	<b>676,399</b>	<b>673,933</b>	<b>748,024</b>	<b>739,198</b>	<b>757,990</b>

Note: Amounts for 2008 are not provided due to only receiving partial year figures.

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

Source: Missouri Department of Revenue

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

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Direct Sales Tax Rate City of Independence</u>										
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.000	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
Park Improvements	0.000	0.125	0.125	0.125	0.125	0.125	0.250	0.250	0.250	0.250
Storm Water Improvements	0.000	0.000	0.000	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Police Public Safety	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.125	0.125	0.125
Fire Public Safety	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.250	0.250	0.250
Direct Sales Tax Rate City of Independence	1.000	1.500	1.500	1.750	1.750	1.750	1.875	2.250	2.250	2.250
Transportation Development District	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125	0.125	0.125
Total Direct Sales Tax Rate	<u>1.000</u>	<u>1.500</u>	<u>1.500</u>	<u>1.750</u>	<u>1.875</u>	<u>1.875</u>	<u>2.000</u>	<u>2.375</u>	<u>2.375</u>	<u>2.375</u>
<u>Total Local Option Sales Tax Rate</u>										
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Mo. State Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Mo. State Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Jackson County	0.875	0.875	0.875	0.875	0.750	0.750	0.750	0.750	1.125	1.125
City of Independence	1.000	1.500	1.500	1.750	1.750	1.750	1.875	2.250	2.250	2.250
Transportation Development District	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125	0.125	0.125
Total Direct and Overlapping Sales Tax Rate	<u>6.100</u>	<u>6.600</u>	<u>6.600</u>	<u>6.850</u>	<u>6.850</u>	<u>6.850</u>	<u>6.975</u>	<u>7.350</u>	<u>7.725</u>	<u>7.725</u>

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

Source: Missouri Department of Revenue

Table 7

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

Fiscal Year Ended June 30,	Real Property				Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Agricultural Property	Commercial Property	Total	Personal Property	Railroads & Utilities				
1999	\$ NA	NA	NA	729,733,570	230,747,110	4,617,427	965,098,107	0.7500	4,096,490,672	23.56%
2000	NA	NA	NA	744,308,027	236,853,824	4,984,684	986,146,535	0.7500	4,240,368,802	23.26%
2001	586,564,394	1,074,288	208,300,830	795,939,512	240,711,303	6,135,652	1,042,786,467	0.7500	4,489,104,193	23.23%
2002	599,989,193	1,076,138	214,841,925	815,907,256	256,263,298	5,927,578	1,078,098,132	0.7500	4,626,269,825	23.30%
2003	680,890,499	1,042,495	236,512,469	918,445,463	246,919,958	5,437,187	1,170,802,608	0.7500	5,089,915,714	23.00%
2004	692,984,990	1,058,124	240,816,129	934,859,243	257,027,857	5,855,433	1,197,742,533	0.6930	5,198,811,179	23.04%
2005	774,627,429	1,142,640	256,016,698	1,031,786,767	256,782,138	5,777,002	1,294,345,907	0.6930	5,675,731,312	22.80%
2006	789,999,343	1,132,567	255,766,766	1,046,898,676	266,654,033	6,349,801	1,319,902,510	0.6630	5,787,206,471	22.81%
2007	826,183,410	1,077,386	289,266,376	1,116,527,172	278,254,929	5,828,914	1,400,611,015	0.6510	6,115,085,122	22.90%
2008	835,415,560	1,092,071	280,076,363	1,116,583,994	289,243,271	6,105,289	1,411,932,554	0.6560	6,168,940,666	22.89%

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

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

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

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

Table 8

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

Fiscal Year	City Direct Rates (1)				Overlapping Rates (2 & 3)			
	Basic/General Rate	Public Health & Recreation	Debt Service	Total Direct	Metropolitan Junior College	Independence School District	Jackson County	State
1999	\$ 0.510	0.240	—	0.750	0.220	4.290	1.093	0.030
2000	0.510	0.240	—	0.750	0.230	4.460	1.103	0.030
2001	0.510	0.240	—	0.750	0.230	4.460	1.103	0.030
2002	0.510	0.240	—	0.750	0.230	4.990	1.113	0.030
2003	0.510	0.240	—	0.750	0.230	5.190	1.113	0.030
2004	0.471	0.222	—	0.693	0.230	5.190	1.107	0.030
2005	0.471	0.222	—	0.693	0.230	5.190	1.107	0.030
2006	0.451	0.212	—	0.663	0.217	5.084	1.060	0.030
2007	0.442	0.209	—	0.651	0.217	5.084	1.063	0.030
2008	0.446	0.210	—	0.656	0.213	5.084	1.053	0.030

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

(2) County Tax Breakdown for Current Year:

Health & Welfare Fund	0.155
General Fund	0.154
Road & Bridge Fund	0.138
Park Fund	0.089
Mid-Continent Public Library	0.321
Handicap	0.075
Mental Health	0.121
Total County	1.053

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

Fort Osage Reorganized #1	4.912
Blue Springs Reorganized #4	5.389
Kansas City School District	4.950

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

Table 9

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

Taxpayer	2008			1999		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group LP	\$ 24,255,536	1	1.72%	\$ 14,647,130	1	1.52%
DDR MDT Independence Commons LLC	10,755,121	2	0.76%			
Geospace	8,516,803	3	0.60%	7,849,330	2	0.81%
Sprint Spectrum	7,591,371	4	0.54%			
Unilever Bestfoods NA	6,761,280	5	0.48%	5,882,510	3	0.61%
Bradley Operating LTD PTP	6,046,633	6	0.43%			
Burd & Fletcher Co	5,866,234	7	0.42%	4,515,430	5	0.47%
Noland Fashion Square Partners	5,103,999	8	0.36%			
MCI & Independence Regional	4,758,831	9	0.34%			
Southern Union Company	4,705,107	10	0.33%	3,362,970	7	0.35%
POB Apollo Independence				4,976,000	4	0.52%
Jones Communications of Missouri				3,076,390	9	0.32%
Southwestern Bell				3,815,676	6	0.40%
Independence Apartments Association				3,458,000	8	0.36%
AGCO, Inc.				2,720,720	10	0.28%
Total	\$ <u>84,360,915</u>		<u>5.97%</u>	\$ <u>54,304,156</u>		<u>5.64%</u>

Source: Jackson County Collection Department

Table 10

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

Fiscal Year Ended June 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 5,034,573	\$ 4,856,639	96.47%	\$ 177,670	\$ 5,034,309	99.99%
2000	5,471,751	5,135,996	93.86%	331,621	5,467,617	99.92%
2001	5,569,000	5,253,285	94.33%	315,685	5,568,970	100.00%
2002	5,973,598	5,684,526	95.16%	286,269	5,970,795	99.95%
2003	6,048,341	5,729,077	94.72%	316,474	6,045,551	99.95%
2004	6,330,731	6,084,821	96.12%	240,710	6,325,531	99.92%
2005	6,445,475	6,164,479	95.64%	271,365	6,435,844	99.85%
2006	6,819,292	6,557,341	96.16%	232,421	6,789,762	99.57%
2007	6,911,453	6,645,387	96.15%	125,956	6,771,343	97.97%
2008	7,134,431	6,556,896	91.90%	—	6,556,896	91.90%

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

Sales by Category:	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Power and Light:</b>										
Residential	\$ 34,915,000	34,556,000	41,167,000	37,562,000	40,254,000	42,431,000	41,375,000	50,668,000	53,326,000	55,218,000
Commercial	26,133,000	27,053,000	32,622,000	30,760,000	32,429,000	34,242,000	36,011,000	40,881,000	43,673,000	44,708,000
Industrial	2,434,000	1,992,000	2,490,000	2,214,000	2,019,000	2,139,000	2,504,000	2,649,000	2,891,000	2,999,000
Sold to Other Utilities	1,443,000	2,708,000	1,406,000	131,000	809,000	689,000	779,000	1,839,000	796,000	2,081,000
Other	685,000	715,000	827,000	824,000	881,000	941,000	1,008,000	1,128,000	1,214,000	1,328,000
<b>Water:</b>										
Residential	7,197,098	7,777,844	7,552,382	7,543,113	8,046,353	8,141,479	7,789,773	8,488,894	8,657,593	8,994,600
Commercial	1,888,654	2,014,589	2,032,338	2,025,449	2,185,099	2,152,295	2,053,011	2,245,526	2,347,234	2,458,013
Industrial	219,180	225,018	215,619	256,478	324,228	336,707	331,251	362,537	367,863	308,642
Public Authority	124,333	123,779	124,919	131,219	169,383	174,092	189,489	231,257	228,957	267,428
Sold to Other Utilities	3,801,176	4,131,174	4,165,235	4,378,138	4,302,002	4,950,287	5,670,010	5,858,904	5,232,779	5,023,444
Other	796,400	817,473	846,602	856,918	856,811	934,326	960,563	968,733	1,060,453	1,081,606
<b>Sanitary Sewer:</b>										
Residential	7,724,284	7,898,920	8,015,061	8,037,051	8,144,267	8,570,232	8,834,127	9,196,013	9,584,113	9,854,124
Commercial	4,030,709	3,998,924	4,024,645	3,872,212	3,941,123	3,964,736	4,322,804	4,364,268	4,585,890	4,559,524
Other	871,415	756,543	844,729	728,334	643,687	707,755	797,791	774,222	854,930	881,836
<b>Total</b>	<b>\$ 92,263,249</b>	<b>94,768,264</b>	<b>106,333,530</b>	<b>99,319,912</b>	<b>105,004,953</b>	<b>110,373,909</b>	<b>112,625,819</b>	<b>129,655,354</b>	<b>134,819,812</b>	<b>139,763,217</b>

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

Rates by Category:	Fiscal Year										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Power and Light (per Kwh):	\$										
Residential	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.10	0.10	
Commercial	0.06	0.06	0.07	0.07	0.07	0.07	0.07	0.08	0.09	0.09	
Industrial	0.04	0.04	0.05	0.05	0.05	0.05	0.05	0.06	0.06	0.07	
Sold to Other Utilities	0.08	0.07	0.05	0.02	0.03	0.03	0.03	0.04	0.04	0.05	
Other	0.07	0.08	0.09	0.09	0.10	0.10	0.11	0.12	0.13	0.14	
Water (per 1,000 gallons):											
Residential	2.39	2.34	2.37	2.37	2.35	2.37	2.49	2.54	2.63	2.80	
Commercial	2.16	2.15	2.15	2.17	2.16	2.18	2.27	2.34	2.41	2.52	
Industrial	1.11	1.11	1.15	1.09	1.10	1.12	1.14	1.31	1.34	1.44	
Public Authority	1.96	1.97	1.94	1.97	1.94	2.02	2.28	2.34	2.42	2.58	
Sold to Other Utilities	0.94	0.94	0.94	0.94	1.01	1.02	1.17	1.21	1.10	1.03	
Sanitary Sewer (per 100 cubic feet):											
Residential	2.80	2.76	2.71	2.75	2.75	2.77	2.97	3.13	3.18	3.35	
Commercial	2.23	2.22	2.08	2.15	2.26	2.34	2.32	2.46	2.64	2.68	
Total	\$ <u>13.93</u>	<u>13.82</u>	<u>13.69</u>	<u>13.74</u>	<u>13.89</u>	<u>14.17</u>	<u>14.98</u>	<u>15.72</u>	<u>16.13</u>	<u>16.84</u>	

Table 13

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

Utility Customer - Power and Light	2008			1999		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 1,538,583	1	1.45%	\$ 846,641	1	1.29%
Centerpoint Medical Center	1,257,023	2	1.18%			
Burd and Fletcher (Combined Accounts)	1,202,174	3	1.13%	431,866	4	0.66%
Simon Property Group LP	1,053,007	4	0.99%	834,560	2	1.27%
Commercial Distributions Center	967,872	5	0.91%	684,958	3	1.04%
Price Chopper (Noland Road)	485,495	6	0.46%			
Price Chopper (23rd Street)	474,295	7	0.45%			
The Boyer Company	441,401	8	0.42%			
Costco Wholesale Inc.	425,973	9	0.40%			
City's Rock Creek Sanitary Sewer Plant	414,382	10	0.39%	323,878	8	0.49%
AGCO Material Corp				401,735	5	0.61%
Independence Regional Health Center				351,183	6	0.54%
Price Chopper				333,038	7	0.51%
Medical Center of Independence				263,734	9	0.40%
GSA Financial				231,088	10	0.35%
Total	\$ <u>8,260,205</u>		<u>7.77%</u>	\$ <u>4,702,681</u>		<u>7.17%</u>

Table 14

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

Utility Customer - Water	2008			1999		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 2,580,259	1	14.23%	\$ 1,795,794	1	12.80%
Blue Springs	998,614	2	5.51%	840,568	2	5.99%
District #2, Jackson County	313,205	3	1.73%	265,737	3	1.89%
District #1, Lafayette County	276,059	4	1.52%	204,792	5	1.46%
Oak Grove	263,398	5	1.45%	208,468	4	1.49%
District #15, Jackson County	178,537	6	0.98%	106,188	7	0.76%
Grain Valley	148,530	7	0.82%	135,709	6	0.97%
Lafarge Corporation	127,183	8	0.70%			
Unilever (Thomas J. Lipton Co)	120,512	9	0.66%	104,081	8	0.74%
Buckner	113,957	10	0.63%	101,508	9	0.72%
Sugar Creek				65,389	10	0.47%
Total	\$ <u>5,120,254</u>		<u>28.24%</u>	\$ <u>3,828,234</u>		<u>27.29%</u>

Table 15

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

Utility Customer - Sewer	2008			1999		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 377,084	1	2.47%	\$ 560,640	1	4.44%
AMOCO	262,819	2	1.72%	367,338	2	2.91%
City of Independence, Power & Light	234,557	3	1.53%	223,680	3	1.77%
Centerpoint Medical Center	73,421	4	0.48%			
Simon Property Group LP	39,872	5	0.26%	15,009	7	0.12%
Price Chopper (23rd Street)	27,620	6	0.18%			
Commercial Distributions Center	17,835	7	0.12%	21,898	6	0.17%
Wal-Mart (Bolger Drive)	10,991	8	0.07%			
Community of Christ Auditorium	9,497	9	0.06%			
The Boyer Company	9,090	10	0.06%			
AGCO				73,471	4	0.58%
Independence Regional Health Center				44,493	5	0.35%
Total	\$ <u>1,062,786</u>		<u>6.95%</u>	\$ <u>1,306,529</u>		<u>10.35%</u>

Note: Amounts for customers 8 through 10 are not available for 1999.

Table 16

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Loans Payable	Neighborhood Improvement District	Capital Leases	Certificates of Participation			
1999	\$ 11,980,000	\$ —	\$ 1,495,200	\$ —			
2000	27,040,000	—	1,700,639	—			
2001	38,550,000	—	2,130,126	—			
2002	50,448,580	—	1,622,013	—			
2003	52,301,676	—	1,086,597	—			
2004	59,317,916	995,000	718,955	—			
2005	(2) 21,498,153	1,039,990	1,015,831	—			
2006	(2) 18,590,023	982,044	737,370	—			
2007	23,870,529	923,099	712,483	—			
2008	20,681,754	864,153	650,673	—			

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Loans Payable	Capital Leases	Certificates of Participation			
1999	\$ 64,387,790	\$ 2,135,000	\$ —	\$ —	\$ 79,997,990	5.21%	\$ 688.72
2000	62,145,731	1,640,000	125,476	—	92,651,846	4.17%	792.80
2001	59,793,673	1,120,000	—	—	101,593,799	4.58%	880.31
2002	57,276,614	575,000	—	—	109,922,207	4.34%	964.68
2003	53,826,179	—	—	—	107,214,452	4.27%	937.64
2004	65,887,893	—	—	—	126,919,764	5.15%	1,106.10
2005	62,969,608	—	—	—	86,523,582	3.39%	751.42
2006	59,361,323	—	—	—	79,670,760	3.03%	687.10
2007	55,548,038	—	—	—	81,054,149	3.06%	696.59
2008	63,829,753	—	—	—	86,026,333	3.48%	788.08

Notes: (1) See Table 21 for personal income and population data. The 2008 ratios are calculated using personal income and population data from table 21 which is an estimate.

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

Table 17

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Less Amounts Available in Debt Service	Total		
1999	\$ —	\$ —	\$ —	0.00%	\$ —
2000	—	—	—	0.00%	—
2001	—	—	—	0.00%	—
2002	—	—	—	0.00%	—
2003	—	—	—	0.00%	—
2004	—	—	—	0.00%	—
2005	—	—	—	0.00%	—
2006	—	—	—	0.00%	—
2007	—	—	—	0.00%	—
2008	—	—	—	0.00%	—

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

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

Table 18

**City of Independence, Missouri**  
**Direct and Overlapping Governmental Activities Debt**  
 As of June 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Blue Springs Reorganized #4 School District	\$ 88,500,000	20.00%	\$ 17,700,000
Independence School District	108,530,000	100.00%	108,530,000
Raytown School District	97,505,000	6.00%	5,850,300
Fort Osage Reorganized #1 School District	40,173,012	12.50%	5,021,627
Subtotal, overlapping debt			<u>137,101,927</u>
City direct debt			<u>22,196,580</u>
Total direct and overlapping debt			<u><u>\$ 159,298,507</u></u>

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

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

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit (1)	\$ 193,019,621	195,585,654	208,557,293	215,035,648	234,498,374	239,548,507	258,869,181	263,980,502	280,122,203	282,386,511
Total net debt applicable to limit	—	—	—	—	—	—	948,722	896,700	840,870	790,240
Legal Debt Margin	\$ 193,019,621	195,585,654	208,557,293	215,035,648	234,498,374	239,548,507	257,920,459	263,083,802	279,281,333	281,596,271
Total net debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.366%	0.340%	0.300%	0.280%

**Legal Debt Margin Calculation for Fiscal Year 2008**

Assessed Value	\$ 1,411,932,554
Debt Limit (20% of assessed value)	282,386,511
<b>General obligation:</b>	
City-Wide	—
Neighborhood Improvement Districts	864,153
Revenue Bonds	63,829,753
Total Bonded Debt	64,693,906
<b>Less:</b>	
Water Utility Bonds	38,350,000
Electric Utility Bonds	13,154,753
Events Center Bonds	12,325,000
Debt Service Fund Balance	73,913
Total net debt applicable to limit	790,240
Legal debt margin	\$ 281,596,271

Notes:

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

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

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

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

Fiscal Year	Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest (2)	
<b>Power &amp; Light (3)</b>						
1999	\$ 69,173,245	\$ 46,068,740	\$ 23,104,505	\$ 1,090,000	\$ 2,005,463	\$ 7.46
2000	70,349,124	50,390,860	19,958,264	1,535,000	1,384,760	6.84
2001	81,965,004	57,618,481	24,346,523	1,595,000	1,308,835	8.38
2002	73,930,488	52,142,313	21,788,175	1,675,000	1,243,860	7.46
2003	77,932,974	56,701,449	21,231,525	1,740,000	1,164,512	7.31
2004	82,265,717	61,851,943	20,413,774	1,745,000	983,448	7.48
2005	84,020,908	64,452,736	19,568,172	1,855,000	921,038	7.05
2006	100,254,630	75,369,477	24,885,153	1,925,000	855,273	8.95
2007	105,313,797	80,423,304	24,890,493	1,995,000	784,823	8.95
2008	109,358,222	90,141,975	19,216,247	2,065,000	708,218	6.93
<b>Water (2) (3)</b>						
1999	\$ 15,400,654	\$ 9,664,783	\$ 5,735,871	\$ 900,000	\$ 1,510,313	\$ 2.38
2000	16,656,302	9,656,336	6,999,966	850,000	1,596,133	2.86
2001	16,267,295	10,018,126	6,249,169	900,000	1,561,920	2.54
2002	16,068,944	10,199,624	5,869,320	985,000	1,527,809	2.34
2003	16,348,365	10,788,334	5,560,031	1,070,000	1,489,510	2.17
2004	16,907,411	10,718,853	6,188,558	1,200,000	1,449,060	2.34
2005	17,928,618	11,096,626	6,831,992	1,285,000	2,014,517	2.07
2006	19,285,620	12,300,943	6,984,677	1,905,000	2,053,730	1.76
2007	18,473,889	12,850,111	5,623,778	2,040,000	1,923,627	1.42
2008	18,422,122	13,268,938	5,153,184	2,200,000	1,838,014	1.28
<b>Sanitary Sewer</b>						
1999	\$ 13,208,379	\$ 8,504,860	\$ 4,703,519	\$ —	\$ —	\$ —
2000	13,463,695	8,477,466	4,986,229	—	—	—
2001	13,852,358	8,893,489	4,958,869	—	—	—
2002	13,100,624	8,900,009	4,200,615	—	—	—
2003	12,946,774	9,453,484	3,493,290	—	—	—
2004	13,549,180	9,243,252	4,305,928	—	—	—
2005	14,272,438	10,017,560	4,254,878	—	—	—
2006	14,850,445	10,400,801	4,449,644	—	—	—
2007	15,519,278	10,884,567	4,634,711	—	—	—
2008	15,860,966	11,852,963	4,008,003	—	—	—

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

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

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

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

Table 21

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

<u>Calendar Year (3)</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
1999	116,155	\$ 1,534,175,240	\$ 13,208	34.40	16,361	2.90%
2000	116,867	2,223,862,143	19,029	37.14	16,361	3.10%
2001	115,407	2,217,545,505	19,215	37.37	15,302	4.20%
2002	113,947	2,535,092,856	22,248	37.68	15,987	5.70%
2003	114,345	2,509,987,095	21,951	38.34	16,334	5.20%
2004	114,745	2,465,640,560	21,488	38.55	18,215	5.15%
2005	115,146	2,552,786,820	22,170	38.57	16,278	6.20%
2006	115,953	2,632,249,053	22,701	38.91	14,829	4.98%
2007	116,359	2,651,123,456	22,784	39.22	14,113	4.90%
2008	109,159	2,471,141,442	22,638	39.28	13,550	6.05%

Note: The information for 2008 is an estimate.

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

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

Table 22

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

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alliant Tech Systems	2,400	1	4.34%	1,460	1	2.26%
Independence School District	1,800	2	3.25%			
Centerpoint Medical Center	1,600	3	2.89%			
City of Independence	1,176	4	2.13%			
Government Employee Hospital	550	5	0.99%			
Rosewood Health Center at the Groves	400	6	0.72%	100	9	0.15%
Burd & Fletcher	350	7	0.63%			
Unilever	330	8	0.60%			
Jackson County Circuit Court	274	9	0.50%			
Mid-Continent Library	248	10	0.45%			
Independence Regional Health Center				1,400	2	2.17%
Medical Center of Independence				401	5	0.62%
Agco				800	3	1.24%
Southwestern Bell Telephone				725	4	1.12%
Thomas J. Lipton				350	6	0.54%
Sprint Relay Center				248	7	0.38%
The Examiner				100	8	0.15%
Barbour Concrete				85	10	0.13%
Total	<u>9,128</u>		<u>16.50%</u>	<u>5,669</u>		<u>8.78%</u>

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

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

Function/Program	Full-time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Government</b>										
City council office	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00
City clerk	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.00	6.00	6.00
City manager	10.50	11.50	11.00	10.00	10.00	8.50	7.00	7.50	10.50	10.50
National Frontiers Trails Museum	6.55	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Technology services	21.00	21.00	21.00	20.00	20.00	20.00	20.00	20.00	21.00	21.00
Municipal court	12.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	14.00
Law - General fund	6.50	6.00	6.00	6.00	6.00	5.50	5.50	5.75	6.75	6.51
Law - Grants fund	—	—	—	—	—	—	0.50	0.50	0.50	0.37
Finance	25.00	25.00	25.00	25.00	25.00	24.00	24.00	25.00	26.00	25.00
Human resources	6.50	6.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
<b>Public Safety</b>										
Police - General fund	264.00	269.00	275.00	274.00	275.00	275.00	277.00	281.50	281.50	283.00
Police - Grants fund	—	—	—	—	—	—	15.00	12.00	10.00	14.00
Fire - General fund	174.00	174.00	174.00	174.00	174.00	174.00	173.25	173.25	173.25	173.25
Fire - Grants fund	—	—	—	—	—	—	0.75	0.75	0.75	0.75
<b>Public Works</b>	87.73	87.90	89.90	88.90	87.90	82.00	81.00	82.00	83.00	82.00
<b>Health and Welfare</b>										
General fund	28.49	28.49	27.24	38.13	39.69	39.47	33.50	34.25	34.25	35.25
Grant fund	—	—	—	—	—	—	5.50	6.00	7.70	6.25
<b>Culture and Recreation</b>										
General fund	41.10	41.70	41.70	41.70	43.79	42.14	41.70	36.70	35.53	32.65
Tourism fund	3.40	3.40	3.40	3.41	3.41	3.41	4.41	4.41	4.41	4.41
Park Improvement Sales Tax fund	—	2.99	7.00	5.00	5.00	8.61	11.59	12.59	17.12	25.29
<b>Community Development</b>										
General fund	30.00	31.00	35.00	23.00	23.00	22.00	22.00	26.00	25.75	26.64
Community Dev Block Grant fund	4.50	4.50	3.50	3.00	3.00	3.00	3.00	3.00	2.50	2.11
HOME Program fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Storm Water</b>										
Water Poll Control - General Fund	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Storm Water Sales Tax fund	—	—	—	9.00	7.00	7.00	8.00	8.00	8.00	8.00
<b>Power and Light</b>										
Technology Services - General Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Power and Light	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00
<b>Water</b>										
City Manager - General fund	1.50	1.50	1.50	1.50	1.50	1.50	—	—	—	—
Finance - General fund	—	—	—	—	—	—	1.00	1.00	0.17	0.15
Water	98.48	98.48	98.48	97.48	97.48	97.48	97.48	98.48	97.48	98.50
<b>Sewer</b>										
Public Works - General fund	—	—	—	—	—	—	1.00	1.00	1.00	1.00
Water Pollution Control	72.50	71.50	73.50	72.00	72.00	69.00	70.00	70.00	70.00	70.00
<b>Central Garage fund</b>	10.00	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00	10.00
<b>Total</b>	<u>1,148.75</u>	<u>1,158.46</u>	<u>1,174.72</u>	<u>1,173.62</u>	<u>1,175.27</u>	<u>1,162.61</u>	<u>1,182.18</u>	<u>1,188.18</u>	<u>1,195.66</u>	<u>1,207.13</u>

Source: City of Independence Budget

Table 24

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Government</b>										
National Frontiers Trails Museum Number of visitors to museum	19,625	18,015	20,105	16,199	14,963	19,763	17,183	15,986	14,621	15,095
<b>Public Safety</b>										
<b>Police</b>										
Police Incident Calls	126,185	122,325	123,234	125,219	120,668	123,329	128,891	130,242	126,301	122,667
Traffic Unit Citations Issued	18,730	22,048	22,062	23,227	17,796	30,840	31,323	20,257	30,984	31,241
<b>Fire</b>										
Total Alarms	12,486	12,074	12,557	13,141	12,294	13,424	12,895	13,166	13,354	13,130
Public Education Audience	17,643	21,344	22,293	13,828	12,619	14,747	18,363	18,818	18,502	18,830
<b>Public Works</b>										
Street Overlay (lane miles)	92	110	144	122	110	104	88	66	26	—
Street Patching Jobs	2,003	1,951	1,133	1,524	744	575	542	474	3,897	6,822
<b>Health and Welfare</b>										
Food Handlers Trained	4,200	4,262	4,963	4,741	5,186	11,638	9,680	7,696	8,663	10,112
Flu Shots Given	700	774	450	450	539	600	431	680	1,118	764
Animal Control Service Calls	8,455	8,100	8,318	9,336	9,230	7,354	6,446	7,294	8,415	6,641
<b>Culture and Recreation</b>										
Park Shelter Reservations	230	275	283	671	675	210	214	462	457	646
Number of Sermon Center Memberships	800	830	900	1,275	1,032	1,056	948	930	1,095	1,500
<b>Community Development</b>										
Permits Issued	5,500	5,292	4,822	3,984	4,693	5,809	5,281	4,792	4,048	4,100
<b>Tourism</b>										
Site Attendance	338,373	403,560	357,747	432,268	334,853	306,407	290,499	295,381	260,342	244,524
Leisure Visitor Inquiries	29,271	28,540	21,446	42,608	44,659	23,172	34,512	44,943	34,116	35,446
<b>Power and Light</b>										
Average number of monthly customers	52,640	53,135	53,658	53,982	54,356	55,195	55,921	56,402	56,562	56,790
<b>Water</b>										
Number of customers	45,243	45,649	45,945	46,394	46,873	47,324	47,461	47,769	48,358	48,350
Water main breaks	146	215	294	180	292	239	182	241	271	179
<b>Sewer</b>										
Number of customers	40,637	42,194	42,487	42,856	42,394	43,434	43,909	44,290	44,351	44,210
Wastewater Treated (Million Gallons)	4,944	3,241	4,218	3,830	2,939	3,032	3,207	2,935	2,348	2,701

Table 25

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>										
<b>Police</b>										
Police stations	2	2	2	3	3	3	3	3	4	4
Vehicles	137	108	109	151	124	162	90	177	203	206
K - 9 Facility	—	—	—	—	—	—	1	1	1	1
<b>Fire</b>										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Vehicles	42	44	42	40	40	42	41	44	45	42
<b>Public Works</b>										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	600	580	580	532	535	535	535	580	550	564
<b>Culture and Recreation</b>										
Park acreage	724	724	724	721	721	724	724	757	826	728
Parks	41	41	41	40	40	40	42	43	44	42
Community Centers	2	1	1	1	2	3	3	3	3	3
Fitness Centers	1	1	1	1	1	2	2	2	2	2
Ball Fields	32	53	54	53	53	53	53	53	53	54
<b>Power and Light</b>										
Power stations	5	5	5	5	5	5	5	5	5	5
Transmission/Distribution Circuits (miles)	Not Available	650	776	789	794	802	809	817	829	835
Maximum daily use (Mwh)	5,258	5,506	5,432	5,395	5,401	5,838	5,320	5,464	5,865	5,579
<b>Water</b>										
Water mains (miles)	676	683	688	694	697	711	711	729	736	741
Fire hydrants	3,753	3,840	3,908	3,996	4,061	4,186	4,186	4,401	4,520	4,635
Maximum daily pumpage (millions of gallons)	35	37	39	39	42	42	41	44	44	39
<b>Sewer</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	510	515	515	565	565	582	576	578	590	578
Maximum daily capacity of treatment (MGD)	18	18	18	18	18	18	19	19	18	16