

City of Excelsior Springs, Missouri

Comprehensive Annual Financial Report

Year Ended September 30, 2009

City of Excelsior Springs, Missouri

Comprehensive Annual Financial Report

Year Ended September 30, 2009

Prepared by:
Finance Department

Contents

Introductory Section	
Table of contents	i - ii
Letter of transmittal	iii - v
Organizational chart	vi
Principal officials	vii
GFOA Certificate	viii

Financial Section	
Independent auditor's report	1 - 2
Management's discussion and analysis	3 - 15
Basic financial statements:	
Statement of net assets	16 - 17
Statement of activities	18 - 19
Balance sheet - governmental funds	20 - 21
Reconciliation of total governmental fund balances to net assets of governmental activities	22
Statement of revenues, expenditures and changes in fund balances (deficit) - governmental funds	23 - 24
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	25
Statement of revenues, expenditures and changes in fund balances - budget and actual - General Fund	26
Statement of revenues, expenditures and changes in fund balances - budget and actual - Construction Services Fund	27
Statement of revenues, expenditures and changes in fund balances - budget and actual - Parks and Recreation Fund	28
Statement of revenues, expenditures and changes in fund balances - budget and actual - Capital Improvements Fund	29
Statement of revenues, expenditures and changes in fund balances - budget and actual - Tax Increment Financing - Wal-Mart Fund	30
Statement of revenues, expenditures and changes in fund balances - budget and actual - Community Development Block Grant Fund	31
Statement of net assets - enterprise funds	32 - 35
Statement of revenues, expenses and changes in fund net assets (deficit) - enterprise funds	36 - 37
Statement of cash flows - enterprise funds	38 - 39
Statement of assets and liabilities - agency funds	40
Notes to basic financial statements	41 - 69
Required supplementary information:	
Missouri local government employees retirement system	70
Other postemployment benefit plan	71
Supplementary information:	
Nonmajor funds:	
Combining balance sheet:	
Governmental funds	72
Special revenue funds	73 - 74
Debt service funds	75

Contents (Continued)

Financial Section (Continued)

Combining statement of revenues, expenditures and changes in fund balances (deficit):	
Governmental funds	76
Special revenue funds	77 – 78
Debt service funds	79
Combining schedule of revenues, expenditures and changes in fund balances – nonmajor special revenue funds – budget to actual	80 – 83
Combining schedule of revenues, expenditures and changes in fund balances – nonmajor debt service funds – budget to actual	84
Combining schedule of revenues, expenditures and changes in fund balances – nonmajor capital projects fund – budget to actual	85
Combining statement of net assets (deficit) – nonmajor enterprise funds	86
Combining statement of revenues, expenses and changes in fund net assets (deficit) – nonmajor enterprise funds	87
Combining statement of cash flows – nonmajor enterprise funds	88
Combining statement of assets and liabilities – agency funds	89
Statement of changes in assets and liabilities – agency funds	90

Statistical Section (Unaudited)

Statistical section contents	91
Net assets by component	92
Changes in net assets	93 – 94
Program revenues by function/program	95
Fund balances, governmental funds	96
Changes in fund balances, governmental funds	97
Tax revenues by source, governmental funds	98
Principal sales tax industries	99
Assessed and estimated actual value of taxable property	100
Direct and overlapping property tax rates	101
Principal property taxpayers	102
Property tax levies and collections	103
Ratios of net general bonded debt outstanding by type	104
Direct and overlapping governmental activities debt	105
Legal debt margin information	106
Pledged-revenue coverage	107
Demographic and economic statistics	108
Principal employers	109
Full-time equivalent city government employees by functions/programs	110
Operating indicators by function/program	111
Capital asset statistics by function/program	112



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January 31, 2010

To the Mayor, Members of the City Council and the Citizens of the City of Excelsior Springs, Missouri

State law requires that every general-purpose local government publish a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Excelsior Springs, Missouri (the City), for the fiscal year ended September 30, 2009, is hereby submitted to fulfill those requirements. This report was prepared by the Finance Department in close cooperation with the external auditor, McGladrey & Pullen, Certified Public Accountants, LLP.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, Certified Public Accountants, LLP, have issued an unqualified ("clean") opinion on the City of Excelsior Springs' financial statements for the year ended September 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Excelsior Springs was formed in 1880 and is located in eastern Clay and western Ray Counties. It currently occupies approximately sixteen square miles and serves an estimated population of 11,500. The City of Excelsior Springs is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Excelsior Springs is a city of the third-class and operates under the manager-council form of government. Policy-making and legislative authority are vested in the five-member City Council whose members are elected at large for staggered three-year terms. The Mayor and Mayor pro tem are elected by the City Council from amongst its members and serve a one-year term. The City Council appoints the City Manager who serves as the chief administrative officer of the City.

The City of Excelsior Springs provides a full range of services including police and fire protection, and emergency medical service, water, sanitation service, traffic regulation and municipal court service, construction and maintenance of city streets and bridges, and recreational activities. This report presents data for the financial reporting entity, which includes all departments, funds, boards, and commissions of the primary government (the City, as legally defined), as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The two component units of the City include the Facilities Authority, which is a blended component unit and the City Hospital, which is a discretely presented component unit. The financial reporting entity is discussed further in note 1 to the basic financial statements.

The Excelsior Springs R-40 School District and the Excelsior Springs Housing Authority do not meet the criteria for inclusion in the financial reporting entity and, accordingly, are not presented in this report.

The City Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Excelsior Springs financial planning and control. The budget is prepared by fund (e.g., general fund), function (e.g. public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the City Council.

Local Economy

Excelsior Springs' location provides some unique opportunities as we are located close enough to Kansas City that many of our citizens both work and shop in Kansas City metropolitan area while our businesses also draw customers and employees from areas further removed from the metropolitan area. Some of the major employers within Excelsior Springs include the Excelsior Springs School District, American Italian Pasta, Magna Intier Auto Interiors (a just-in-time supplier of auto interior parts to the Claycomo Ford plant), Excelsior Springs Job Corps Center, Waller Truck Company, and Gilmore Group.

Excelsior Springs is home to a state-of-the-art manufacturing facility operated by American Italian Pasta and to the corporate headquarters of Waller Truck Company. The Excelsior Springs School District operates two elementary schools, one middle school, and one high school within the City Limits. The district also operates the Excelsior Springs Area Career Center which offers vocational technology training to students from the surrounding area. Excelsior Springs is also home to the Crescent Lake Christian Academy. The Excelsior Springs Job Corp Center provides training in business office technology, construction-related occupations, culinary arts and health occupations to approximately 375 students.

All of these activities have given Excelsior Springs a relatively stable employment base. Clay County, which includes most of Excelsior Springs, has an unemployment rate of approximately 8.6% in September 2009, which is slightly below the state and national average of approximately 9.3% and 9.8%, respectively. During the past ten years the Clay County unemployment rate has varied from a low of 2.0 % to a high of 8.6%.

During the past ten years, the government's expenses related to public safety have increased not only in amount, but also as a percentage of total expenses (a ten-year increase of 8 percent). Much of the increase reflects a trend that has seen the salaries and benefits of police officers and firefighters growing at a faster rate than those of other categories of public-sector employees. This increase is also associated with the increased quantity and types of specialized equipment required by the public safety professions.

During the past ten years, the government's total tax revenues have increased by approximately \$1,976,000, or 32.4%. The largest single contributor in this increase was general sales and use tax which increased by approximately \$802,600, or 21.4%. Property tax revenues also increased by approximately \$759,000, or 62.3 percent, during this ten-year period. Utility franchise fees increased by approximately \$333,000, or 36.1 percent, during this ten-year period. The increase in sales and use tax revenues was driven by the addition of a one-half cent sales tax for public safety as well as a growth in underlying sales. The increase in property tax revenues was driven primarily by the growth in assessed value. The increase in utility franchise fees was driven by the collection of these fees on wireless telephones.

Long-term financial planning

The unreserved, undesignated fund balance in the general fund (25.6 percent of total general fund revenues) falls within the policy guidelines set by the City Council. The unreserved fund balance in the general fund, including those monies designated for City Council use, is 45.6 percent of total general fund revenues, exceeds the minimum recommended by the Government Finance Officers Association (a fund balance in their general fund of no less than five to 15 percent of regular general fund operating revenues).

During fiscal year 2009 the City of Excelsior Springs completed the process of updating its master plan. We anticipate that this document will be complete early in fiscal year 2010.

During fiscal year 2009 the City of Excelsior Springs began the process of a utility rate review. We anticipate that this review will be complete by the middle of fiscal year 2010.

Major Initiatives

On August 25, 2006 the City obtained a new five-year operating permit for the Wastewater Treatment Plant. As the Environmental Protection Agency (EPA) has issued updated water quality standards for those entities discharging wastewater effluent into "full-body contact" streams, the City anticipates not being able to qualify for renewal of the Wastewater Discharge Permit without first completing substantial upgrades and improvements. The first stage of the required/needed improvements has been completed as a pilot project. Evaluation of this pilot project is underway to determine what additional improvements and upgrades will be completed in order to qualify for the renewal of our Wastewater Discharge Permit prior to its expiration on August 24, 2011.

On October 24, 2006, Missouri Governor Matt Blunt announced that the City of Excelsior Springs was one of ten cities selected to participate in the state's DREAM (Downtown Revitalization and Economic Assistance for Missouri) Initiative. The DREAM Initiative is a program based on the collaboration of three agencies, the Missouri Department of Economic Development, the Missouri Development Finance Board and the Missouri Housing Development Commission which allows the City of Excelsior Springs to have access to the technical and financial assistance necessary to accomplish the City's continued downtown revitalization plans. This program was designed as a three-year program.

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 Excelsior Springs for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2008. This was the third consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department and the assistance of other departments. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Excelsior Springs' finances.

Respectfully submitted,



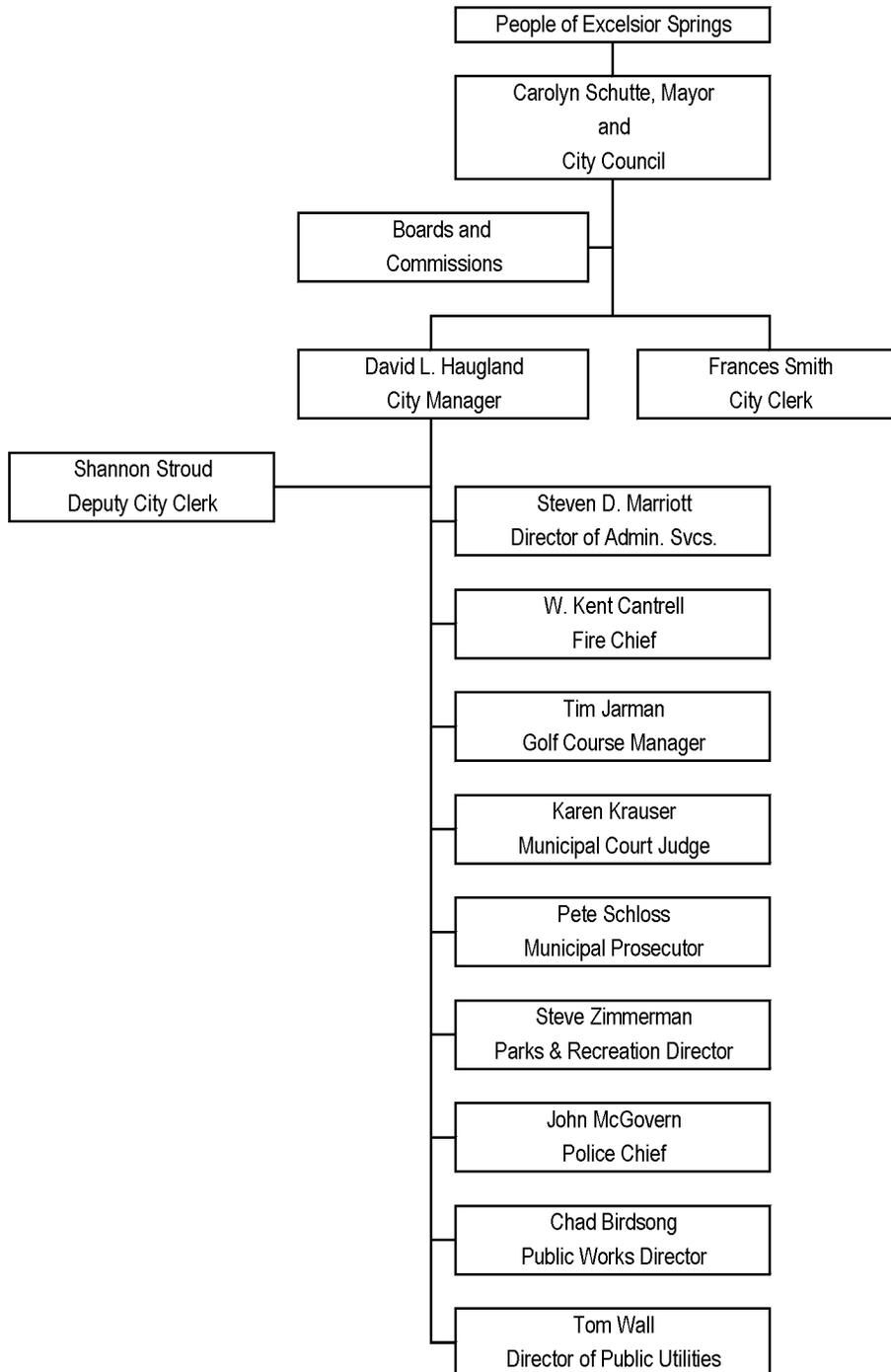
Steven D. Marriott, CPA
Director of Administrative Services

City of Excelsior Springs, Missouri

Organizational Chart

Year Ended September 30, 2009

City of Excelsior Springs, Missouri



City of Excelsior Springs, Missouri

Principal Officials
September 30, 2009

Elected Officials

Mayor	Carolyn Schutte
Mayor Pro Tem	Ambrose Buckman
Councilman	Ken Fousek
Councilman	R.D. "Sonny" Parker
Councilman	James C. Nelson

Appointed Officials

City Manager	David L. Haugland
City Clerk	Frances Smith
Deputy City Clerk	Shannon Stroud
Director of Administrative Services	Steven D. Marriott
Fire Chief	W. Kent Cantrell
Golf Course Manager	Tim Jarmin
Municipal Court Judge	Karen Krauser
Municipal Prosecutor	Pete Schloss
Parks and Recreation Director	Steve Zimmerman
Police Chief	John McGovern
Public Works Director	Chad Birdsong
Director of Public Utilities	Tom Wall

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Excelsior Springs
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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.



A stylized, handwritten signature in black ink, likely belonging to the President mentioned in the text below.

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Excelsior Springs, Missouri
Excelsior Springs, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Excelsior Springs, Missouri, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Excelsior Springs, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City Hospital, the discretely presented component unit of the City, which represents all of the assets and revenues of the discretely presented component unit opinion unit and 49 percent and 0 percent, respectively, of the assets and revenues of the aggregate remaining fund information for the Hospital's agency fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Hospital, a discretely presented component unit and Hospital agency fund, is based on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Excelsior Springs, Missouri, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, Construction Services Fund, Parks and Recreation Fund, Capital Improvements Fund, Tax Increment Financing-Wal-Mart Fund and Community Development Block Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 8 to the basic financial statements, the City has changed its method of accounting for other postemployment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2010 on our consideration of the City of Excelsior Springs, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 15, the pension plan schedule of funding progress and schedule of employer contributions on page 70 and schedule of funding progress for other postemployment benefit plan on page 71 are not a required part of the basic financial statements but are supplementary information required by the 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 the 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 City of Excelsior Springs, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Kansas City, Missouri
January 19, 2010

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

As management of the City of Excelsior Springs, we offer readers of the City of Excelsior Springs' financial statements this narrative overview and analysis of the financial activities of the City of Excelsior Springs for the fiscal year ended September 30, 2009. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Excelsior Springs (primary government only) exceeded its liabilities at the close of the most recent fiscal year by \$31,302,869. Of this amount, \$6,725,033 may be used to meet the government's ongoing obligations to citizens and creditors. For fiscal year 2008, assets exceeded liabilities by \$28,723,482 of which \$6,283,914 was unrestricted.
- The government's total net assets increased by \$2,579,387 and \$3,476,627 for fiscal years ended September 30, 2009 and 2008, respectively. Analysis is included in the overview of the financial statements.
- As of the close of the current fiscal year, the City of Excelsior Springs' governmental funds reported combined ending fund balances of \$10,536,729, an increase of \$346,784. Approximately \$7,916,837 of this amount is available for spending at the government's discretion. Total governmental funds combined ending fund balances in fiscal year 2008 were \$10,189,945.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$2,739,571 or 43 percent of total General Fund expenditures.
- The City of Excelsior Springs total debt (excluding compensated absences) decreased by \$1,260,116 (13 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Excelsior Springs' basic financial statements. The City of Excelsior Springs' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Excelsior Springs' finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Excelsior Springs' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Excelsior Springs is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Excelsior Springs that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Excelsior Springs include general government, public safety, transportation (or OMNI), public works, health and welfare, recreational activities and community betterment.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

The government-wide financial statements include not only the City of Excelsior Springs itself (known as the primary government), but also the legally separate hospital for which the City of Excelsior Springs is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Excelsior Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Excelsior Springs can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Excelsior Springs maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Construction Services Special Revenue Fund, Parks and Recreation Special Revenue Fund, Capital Improvements Special Revenue Fund, Tax Increment Financing – Wal-Mart Special Revenue Fund and Community Development Block Grant Special Revenue Fund, which are considered to be major funds. Data from the other 13 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-31 of this report.

Proprietary funds. The City of Excelsior Springs maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Excelsior Springs uses enterprise funds to account for its water, sewer, golf, airport and refuse operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer and golf course operations, all of which are considered major funds of the City of Excelsior Springs. Conversely, airport and refuse operations are combined into a single, aggregated presentation in the proprietary fund financial statements.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

The basic proprietary fund financial statements can be found on pages 32-39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Excelsior Springs' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 40 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 41-69 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor funds and combining and individual fund statements and schedules can be found on pages 72-90 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Excelsior Springs, primary governmental assets exceeded liabilities by \$31,302,869 at the close of the most recent fiscal year.

A large portion of the City of Excelsior Springs' net assets (59 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt issued to acquire those assets that is still outstanding. The City of Excelsior Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Excelsior Springs' investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Excelsior Springs' Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 12,435,802	\$ 11,704,347	\$ 3,527,405	\$ 3,280,937	\$ 15,963,207	\$ 14,985,284
Capital assets	14,844,403	13,652,828	11,687,630	12,210,916	26,532,033	25,863,744
Total assets	27,280,205	25,357,175	15,215,035	15,491,853	42,495,240	40,849,028
Long-term liabilities outstanding	2,739,044	3,390,928	4,213,367	4,293,203	6,952,411	7,684,131
Other liabilities	3,132,026	2,691,567	1,107,934	1,749,848	4,239,960	4,441,415
Total liabilities	5,871,070	6,082,495	5,321,301	6,043,051	11,192,371	12,125,546
Net assets:						
Invested in capital assets, net of related debt	11,453,475	9,600,400	6,951,927	6,876,597	18,405,402	16,476,997
Restricted	5,375,415	5,066,289	797,019	896,282	6,172,434	5,962,571
Unrestricted	4,580,245	4,607,991	2,144,788	1,675,923	6,725,033	6,283,914
Total net assets	\$ 21,409,135	\$ 19,274,680	\$ 9,893,734	\$ 9,448,802	\$ 31,302,869	\$ 28,723,482

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

A portion of the City of Excelsior Springs' net assets (20 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6,725,033 or 21 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2009 and 2008, the City of Excelsior Springs is able to report positive balances in all three categories of net assets for the governmental activities and business-type activities.

There was an increase of \$309,126 in restricted net assets reported in connection with the City of Excelsior Springs' governmental activities. This increase was caused primarily by an increase in the monies held for tax increment financing projects and an increase in public safety sales tax funds on hand.

There was a decrease of \$99,263 in restricted net assets reported in connection with the City of Excelsior Springs' business-type activities. This decrease resulted primarily from the release of collateral pledged by the Missouri Department of Natural Resources related to the 1992 Sewerage Revenue Bonds.

The government's net assets increased by \$2,579,387 during the current fiscal year. The changes in net assets are highlighted in the following table, which shows the City's revenue and expenses for the fiscal year. These two main components are subtracted to yield the change in net assets.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

A summary of the City's changes in net assets is as follows:

	Governmental Activities 2009	Business-Type Activities 2009	2009 Total	Governmental Activities 2008	Business-Type Activities 2008	2008 Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,574,097	\$ 4,872,192	\$ 6,446,289	\$ 1,678,609	\$ 4,621,820	\$ 6,300,429
Operating grants and contributions	2,022,405	-	2,022,405	704,702	-	704,702
Capital grants and contributions	2,267	-	2,267	28,391	31,011	59,402
General revenues:						
Property taxes	1,924,393	-	1,924,393	1,873,053	-	1,873,053
General sales and use tax	4,696,840	-	4,696,840	4,820,222	-	4,820,222
Franchise tax	1,256,515	-	1,256,515	1,481,454	-	1,481,454
Cigarette tax	128,419	-	128,419	131,389	-	131,389
Railroad and utility/financial institution tax	51,582	-	51,582	63,722	-	63,722
Investment earnings	179,924	96,786	276,710	339,497	120,723	460,220
Miscellaneous	164,471	-	164,471	166,436	-	166,436
Gain on sale of capital assets	46,318	-	46,318	13,416	-	13,416
Total revenues	12,047,231	4,968,978	17,016,209	11,300,891	4,773,554	16,074,445

City of Excelsior Springs, Missouri

Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2009

City of Excelsior Springs' Changes in Net Assets (Continued)

	Governmental Activities 2009	Business-Type Activities 2009	2009 Total	Governmental Activities 2008	Business-Type Activities 2008	2008 Total
Expenses:						
General government	1,264,010	-	1,264,010	966,831	-	966,831
Public safety	4,853,975	-	4,853,975	4,048,900	-	4,048,900
Transportation	143,769	-	143,769	134,436	-	134,436
Public works	1,549,922	-	1,549,922	1,767,511	-	1,767,511
Health and welfare	52,943	-	52,943	49,318	-	49,318
Recreational activities	459,717	-	459,717	504,097	-	504,097
Community betterment	1,731,000	-	1,731,000	1,089,998	-	1,089,998
Interest and fiscal charges	176,710	-	176,710	195,191	-	195,191
Water	-	1,678,836	1,678,836	-	1,666,996	1,666,996
Sewer	-	1,127,120	1,127,120	-	877,837	877,837
Golf	-	851,479	851,479	-	849,698	849,698
Airport	-	9,595	9,595	-	7,211	7,211
Refuse	-	537,746	537,746	-	439,794	439,794
Total expenses	10,232,046	4,204,776	14,436,822	8,756,282	3,841,536	12,597,818
Excess before transfers	1,815,185	764,202	2,579,387	2,544,609	932,018	3,476,627
Transfers	319,270	(319,270)	-	330,955	(330,955)	-
Change in net assets	2,134,455	444,932	2,579,387	2,875,564	601,063	3,476,627
Net assets, beginning	19,274,680	9,448,802	28,723,482	16,399,116	8,847,739	25,246,855
Net assets, ending	\$ 21,409,135	\$ 9,893,734	\$ 31,302,869	\$ 19,274,680	\$ 9,448,802	\$ 28,723,482

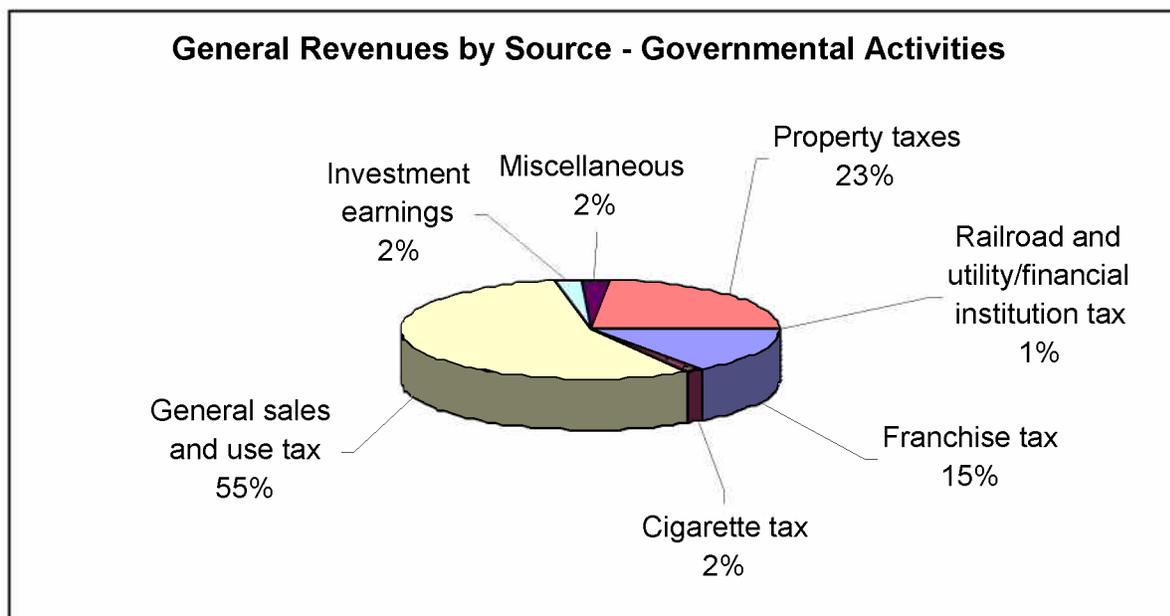
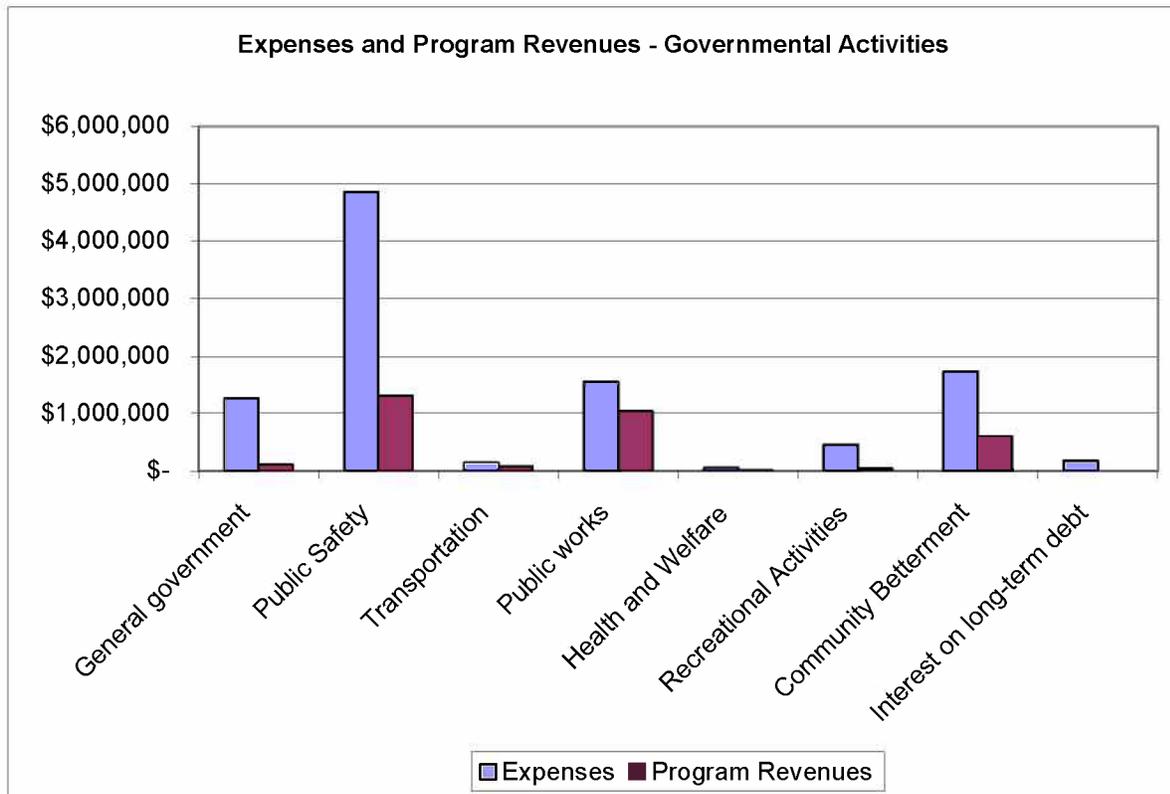
Governmental activities. Governmental activities increased the City of Excelsior Springs' net assets by \$2,134,455, accounting for 83 percent of the increase in the government's net assets. Key elements of this increase are as follows:

- Operating grants and contribution revenues increased by \$1,317,703 (187 percent) during the fiscal year. This increase was caused by an increase in federal grant monies received for economic development purposes and street and bridge rehabilitation projects.
- Franchise tax revenues decreased by \$224,939 (15 percent) during the fiscal year. This decrease was driven by one-time payments received during the prior fiscal year.
- General government expenses increased by \$297,179 (30.7 percent) during the fiscal year. This increase was caused by increased personnel expenses due to raises given during the year and increased costs related to benefits, increased professional services expenses due to those expenses related to the Citywide Master Plan, and the addition of a human resources department.
- Public safety expenses increased by \$805,075 (20 percent) during the fiscal year. This increase is primarily related to increased personnel-related expenses, building repair expenses, grant expenses related to the Clay County Drug Task Force, and expenses related to the operation of traffic enforcement cameras.
- Public works expenses decreased by \$217,589 (12.3 percent) during the fiscal year. This decrease is attributable primarily to decreased personnel expenses and a decrease in those operating expenses that were not related to capital projects.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2009

- Community betterment expenses increased by \$641,002 (59 percent) during the fiscal year. This increase was caused by an increase in Tax Increment Financing (TIF) surplus distributions and the disbursement of CDBG funds to sub-recipients.



City of Excelsior Springs, Missouri

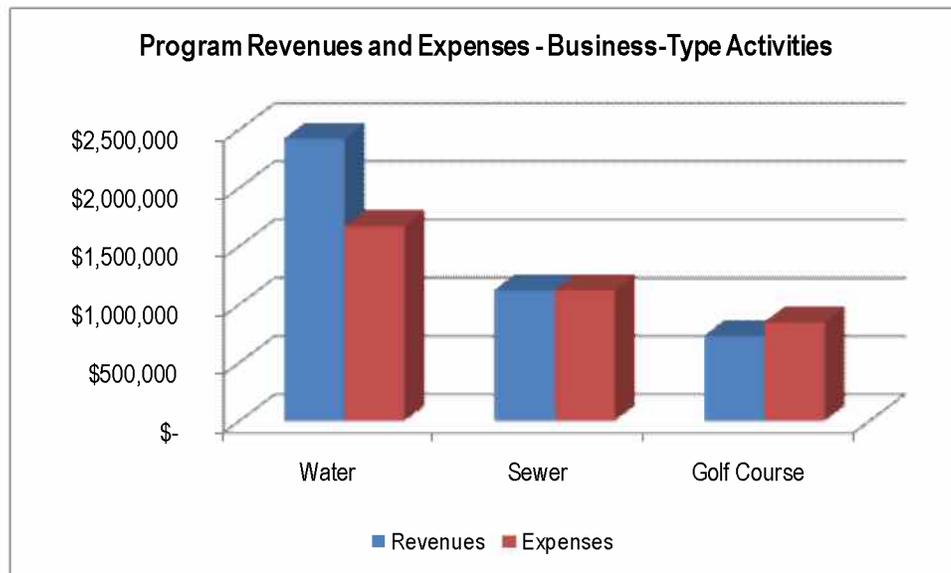
Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

Business-type activities. Business-type activities increased the City of Excelsior Springs' net assets by \$444,932, accounting for 17 percent of the increase in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$250,372 (5 percent). This increase was driven by a \$215,207 (10 percent) increase in water revenues, a \$38,289 (4 percent) increase in sewer revenues, a \$38,657 (5 percent) decrease in golf revenues and a \$38,603 (7 percent) increase in refuse revenues. The increases in water, sewer and refuse revenues were caused by changes in volume and rate increases enacted during the fiscal year. The decrease in golf revenues was caused by a decline in the number of rounds played.
- Interest income for business-type activities decreased by \$23,937 (20 percent), primarily due to lower interest rates.

In 2008, the business-type activities increased the City of Excelsior Springs' net assets by \$601,063, accounting for 17 percent of the growth in the government's net assets. Key elements of this increase were as follows:

- Charges for services for business-type activities increased by \$308,457 (7 percent). This increase was driven by a \$154,898 (7 percent) increase in water revenues, a \$32,466 (3 percent) increase in sewer revenues, a \$54,310 (8 percent) increase in golf revenues and a \$64,196 (14 percent) increase in refuse revenues. These increases were caused by changes in volume and rate increases enacted at the end of the prior fiscal year.
- Interest income for business-type activities decreased by \$81,079 (40 percent), primarily due to lower interest rates and a decrease in the Pollution Control Fund cash balance due to funding construction of the pilot plant from cash instead of incurring debt.



Financial Analysis of the Government's Funds

As noted earlier, the City of Excelsior Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

Governmental funds. The focus of the City of Excelsior Springs' governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Excelsior Springs' financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Excelsior Springs' governmental funds reported combined ending fund balances of \$10,536,729, an increase of \$346,784 in comparison with the prior year. Approximately \$9,116,837 is unreserved.

The General Fund is the chief operating fund of the City of Excelsior Springs. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$2,739,571; however, the City Council has designated \$1,200,000 as an emergency fund. As a measure of the General Fund's liquidity, it may be useful to compare both the undesignated fund balance and the total fund balance to total fund expenditures. The undesignated unreserved fund balance represents 24 percent of General Fund expenditures, while the total fund balance represents 53 percent of that same amount.

The fund balance of the City of Excelsior Springs' General Fund increased by \$203,287 during the current fiscal year. Key factors in this growth are as follows:

- Total revenues decreased by \$136,078 (2 percent). This decrease was caused primarily by a \$256,555 decrease in tax revenues and a \$196,218 increase in fines and forfeitures offset by other immaterial increases and decreases.
- Total expenditures increased by \$528,779 (9 percent). This increase was caused by a \$125,763 (15.4 percent) increase in general government expenditures, a \$311,160 (7.8 percent) increase in public safety expenditures and a \$21,244 (8.7 percent) increase in capital outlay expenditures. The increase in general government expenditures was due in part to increased personnel expenditures and the addition of a human resources position. The increase in public safety expenditures was driven by increased personnel-related expenditures and expenditures related to the addition of traffic enforcement cameras.
- Other financing sources increased by \$159,636. This increase was caused by increased transfers and proceeds from sale of capital assets.

The Construction Services Fund has a total fund deficit of \$91,372. Funding sources for the Construction Services Fund include intergovernmental revenues, other revenues and transfers in. The fund balance of the Construction Services Fund decreased by \$146,249 during the fiscal year. Key factors in this decrease are as follows:

- Total revenues decreased by \$222,132. This decrease was caused primarily by a decrease of \$355,041 of charges for services revenues due to capital project billings related to construction of the Pollution Control pilot plant in the prior year offset by an increase of \$129,568 in intergovernmental revenue.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

The Parks and Recreation Fund has a total fund balance of \$445,006. Funding sources for the Parks and Recreation Fund include property tax revenues and program revenue. The fund balance of the Parks and Recreation Fund decreased by \$44,989 during the fiscal year. Key factors of this decrease are as follows:

- Total expenditures increased by \$140,298 (28 percent). The largest factor in this increase is a \$101,730 (181 percent) increase in capital outlay expenditures related to building and equipment purchases for a new park.
- Total revenues and other financing uses both increased by immaterial amounts.

The Capital Improvements Fund has a total fund balance of \$2,210,110. Funding sources for the Capital Improvements Fund include sales and use tax revenues as well as interest proceeds. The fund balance of the Capital Improvements Fund increased by \$88,787 during the fiscal year. Key factors of this increase include the following:

- Total revenues decreased by \$41,506 (5 percent). This decrease was caused by a decrease in sales and use tax revenues.
- Total expenditures increased by \$375,473 (598 percent). This increase occurred because of an increase in the number of projects funded during the year. Some of the projects funded during the year included repairs to the Hall of Waters courtyard wall, repairs at both the police station and fire station, and funding for establishment of a bioswale and parking lot at the new park which opened during the year.
- Transfers out increased by \$167,799 (357 percent). This increase is related to match provided on the Marietta Street Bridge rehabilitation project and the McCleary Road Realignment project.

The Tax Increment Financing – Wal-Mart Fund has a total fund balance of \$1,407,058. Funding sources for the Tax Increment Financing – Wal-Mart Fund include payments in lieu of taxes (PILOTS) and economic activity taxes (EATS). The fund balance of the Tax Increment Financing – Wal-Mart Fund increased by \$237,620 during the fiscal year. Key factors of this increase include the following:

- Total revenues decreased by \$11,031 (1 percent). The largest factor in this decrease was a decrease in interest earnings due to the decline in interest rates.
- Total expenditures increased by \$116,694 (18 percent). This increase occurred because surpluses accumulated during the prior fiscal year were higher than those accumulated previously and were distributed to the taxing entities.

The Community Development Block Grant Fund has a total fund balance of \$15,784. The main funding source for the Community Development Block Grant Fund is federal and state grant revenue as well as transfers in of match from other funds. The fund balance of the Community Development Block Grant Fund decreased by \$13,691. Key factors of this decrease include the following:

- Total revenues increased by \$1,111,765 (1,081 percent). This increase occurred because the City received \$754,608 in transportation funding for the Marietta Street Bridge rehabilitation project and the McCleary Road realignment project. In addition, the City received \$430,251 in Community Development Block Grant (CDBG) monies which were passed through to sub-recipients.
- Total expenditures increased by \$1,361,665 (1,096 percent). This increase occurred because of \$968,446 in expenditures related to the Marietta Street Bridge rehabilitation project and the McCleary Road realignment project. In addition, the City distributed \$430,251 in Community Development Block Grant (CDBG) monies to sub-recipients.
- Transfers in increased by \$248,693 (2,776 percent). This increase was caused by the transfer of \$253,838 in match related to the Marietta Street Bridge rehabilitation project and the McCleary Road realignment project.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

Proprietary Funds. The City of Excelsior Springs' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund, the Pollution Control (Sewer) Fund and the Golf Course Fund at the end of the current fiscal year amounted to \$1,835,499, \$988,172 and (\$875,997), respectively. The increase/decline in net assets for these funds was \$587,093, (\$17,632) and (\$128,684), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Excelsior Springs' business-type activities.

General Fund Budgetary Highlights

General Fund Revenue: The original 2009 revenue budget was \$6,741,313 including transfers of \$957,721. The amended 2009 revenue budget was \$6,679,400 including transfers of \$877,927. Actual revenue, including transfers and proceeds from sale of capital assets was \$6,882,726 and included the following variances:

Taxes, including property tax, franchise fees, sales and use tax and other miscellaneous taxes comprise 55 percent of the total General Fund revenue. In total, General Fund tax revenues exceeded the original budget by approximately 1 percent. Some elements of this difference are the following:

- Property tax collections grew by less than one percent over fiscal year 2008 and exceeded the original and amended budget by 3.4 percent and 0.5 percent, respectively.
- Sales and use tax collections were relatively flat as they exceeded the original budget by 1.6 percent but declined by 0.2 percent from fiscal year 2008. This decrease was driven by the economy.
- Total franchise fees fell short of the original budget by 2.4 percent and declined by 15.1 percent from fiscal year 2008. Telephone franchise fees composed most of this decrease as they fell short of the original budget by \$71,104 (20 percent) and declined by \$253,421 (47 percent) from fiscal year 2008. This decrease was caused by the settlement of lawsuits with various wireless telephone providers which occurred during the prior fiscal year.
- Cigarette taxes exceeded the original budget by 5.5 percent but declined by 2.3 percent from fiscal year 2008.
- Licenses and permits fell short of the original budget by 18 percent and fell by 17 percent from fiscal year 2008. The primary driving force behind this decrease was the decline in the number of building permits issued due to the slowdown in residential construction.
- Charges for services exceeded the original budget by 11 percent but fell by 3 percent from fiscal year 2008. Most of these differences are attributable to net ambulance billings which decreased by 2.8 percent from fiscal year 2008 while exceeding the original budget by 10.5 percent.
- Fines and forfeitures exceeded the original budget by 74 percent and grew by 78 percent from fiscal year 2008. The addition of traffic enforcement cameras is the driving force in this increase.
- Investment earnings fell short of the original budget by 21 percent and fell by 22 percent from fiscal year 2008. The continued decline in interest rates is the driving force in this decrease.
- Other revenues exceeded the original budget by 16 percent and grew by 2 percent over fiscal year 2008.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

General Fund Expenditures: The original 2009 expenditure budget was \$6,860,443 including transfers of \$316,644. The amended 2009 expenditure budget was \$6,951,311 including transfers of \$316,644. Actual expenditures, including transfers, were \$6,679,439 and grew by 7 percent from fiscal year 2008. Salary and benefit expenditures increased by \$378,590, or 8.3 percent, over fiscal year 2008. Other details of the changes are as follows:

- General government expenditures fell short of the original budget by 5 percent but grew by 15 percent over fiscal year 2008. Some elements of this difference are:
 - ✓ City manager and City council expenditures fell short of the original budget by 4.0 percent but grew by 10.6 percent over fiscal year 2008. The largest factors in this increase were an 11 percent increase in personnel expenditures and a 43 percent increase in professional fees related to completion of the citywide master plan.
 - ✓ Finance department expenditures fell short of the original budget by 3.2 percent although they grew by 8.8 percent over fiscal year 2008. The largest single factor in this increase was a 10 percent increase in personnel expenditures.
 - ✓ Human Resources expenditures fell short of the original budget by 9.5 percent although they grew by 1,942 percent over fiscal year 2008. The year-to-year growth occurred because the department was established at the end of the previous fiscal year.
 - ✓ Building operations expenditures fell short of the original budget by 12.5 percent but grew by 7.2 percent from fiscal year 2008. The largest factor in this increase was a 28 percent increase in personnel expenditures.
- Public works expenditures fell short of the original budget by 15 percent although they increased by 4 percent over fiscal year 2008. Some of the factors in this difference include a 6 percent increase in personnel-related expenditures, a 2.5 percent decrease in operational expenditures and a 17.3 percent decrease in insurance expenditures.
- Public safety expenditures exceeded the original budget by 1.4 percent and grew by 7.9 percent from fiscal year 2008. Some elements of this difference are:
 - ✓ Police department expenditures exceeded the original budget by 3.1 percent and grew by 8.2 percent over fiscal year 2008. The largest factors in this increase included a 2.4 percent increase in salary and benefit expenditures and a 79.7 percent increase in operational expenditures. The increase in operational expenditures was caused by payments to the subcontractor that operates the City's traffic enforcement cameras as these cameras were installed late in the fiscal year.
 - ✓ Municipal court expenditures fell short of the original budget by 18.4 percent and declined by 4.8 percent from fiscal year 2008. The largest single factor in this decrease was a 14.6 percent decrease in costs related to providing housing and medical services for prisoners.
 - ✓ Fire department expenditures exceeded the original budget by 1.2 percent and grew by 8.6 percent from fiscal year 2008. The largest factors in this increase were a 9.2 percent increase in personnel expenditures and a 1.7 percent decrease in operational expenditures.

Community betterment expenditures increased by 13.1 percent from fiscal year 2008 but fell short of the original budget and the amended budget by 12.0 percent and 11.8 percent, respectively. The increase in community betterment expenditures was caused by an 8.3 percent increase in community development expenditures, a 7.4 percent increase in senior center expenditures and a 1.0 percent increase in transportation expenditures.

Capital outlay expenditures increased by 8.8 percent from fiscal year 2008 but fell short of the original budget and the amended budget by 16.6 percent and 0.9 percent, respectively. The increase in capital outlay expenditures was driven by the purchase of a street sweeper.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

Capital Asset and Debt Administration

Capital assets. The City of Excelsior Springs' investment in capital assets for its governmental and business-type activities as of the end of the current fiscal year amounts to \$26,532,033 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and infrastructure assets. The total increase in the City of Excelsior Springs' investment in capital assets for the current fiscal year was 2.6 percent (business-type capital assets decreased by 4.3 percent while governmental capital assets increased by 8.7 percent).

Additional information on the City of Excelsior Springs' capital assets can be found in Note 4 of this report.

	City of Excelsior Springs' Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,523,144	\$ 1,523,144	\$ 1,036,813	\$ 1,036,813	\$ 2,559,957	\$ 2,559,957
Land improvements	-	-	305,700	348,154	305,700	348,154
Construction-in-progress	1,223,643	-	325,116	1,553,315	1,548,759	1,553,315
Buildings and improvements	1,054,580	1,183,680	2,555,496	2,782,459	3,610,076	3,966,139
Operating equipment	1,231,320	1,014,094	164,156	229,148	1,395,476	1,243,242
Furniture and office equipment	50,644	58,982	17,598	19,709	68,242	78,691
Vehicles	893,831	930,682	147,913	206,607	1,041,744	1,137,289
Infrastructure	8,867,241	8,942,246	7,134,838	6,034,711	16,002,079	14,976,957
	\$ 14,844,403	\$ 13,652,828	\$ 11,687,630	\$ 12,210,916	\$ 26,532,033	\$ 25,863,744

Long-term debt. At the end of the current fiscal year, the City of Excelsior Springs had total capital leases, bonded debt and long-term loans payable outstanding of \$666,214, \$7,015,417 and \$445,000, respectively, for a total of \$8,126,631. Of this amount, \$215,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment and \$6,800,417 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remainder of the City of Excelsior Springs' debt represents capital lease agreements and long-term loans payable.

	City of Excelsior Springs' Outstanding Debt					
	Capital Leases, General Obligation Bonds, Revenue Bonds and Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
2009	2008	2009	2008	2009	2008	
Capital leases	\$ 215,928	\$ 282,428	\$ 450,286	\$ 536,402	\$ 666,214	\$ 818,830
Special assessment debt with governmental commitment	215,000	290,000	-	-	215,000	290,000
Revenue bonds	2,960,000	3,480,000	3,840,417	4,257,917	6,800,417	7,737,917
Long-term loans payable	-	-	445,000	540,000	445,000	540,000
	\$ 3,390,928	\$ 4,052,428	\$ 4,735,703	\$ 5,334,319	\$ 8,126,631	\$ 9,386,747

The City of Excelsior Springs' total debt decreased by \$1,260,116 (13 percent) during the current fiscal year. This decrease resulted from scheduled principal payments.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2009

The City of Excelsior Springs maintains an "Aaa" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City of Excelsior Springs is \$27.314 million. As the City of Excelsior Springs has no outstanding general obligation debt, this entire amount is available for issuance with voter approval.

Additional information on the City of Excelsior Springs' long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Clay County, which includes the City of Excelsior Springs, is currently 8.6 percent, which is 3.2 percent higher than it was one year ago. This compares favorably to the state's average unemployment rate of 9.3 percent and the national average of 9.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- Real estate values and related assessed values have experienced a slight decline over the past year, although the decline in this area is not as substantial as the declines seen in other parts of the nation.

These factors were considered in preparing the City of Excelsior Springs' budget for the 2009 fiscal year:

- During the fiscal year, the unreserved fund balance of the General Fund increased to \$2,739,571. The City of Excelsior Springs appropriated \$296,944 of the existing fund balance for spending in the 2010 fiscal year.
- Water and sewer rate increases of 4 percent were included in the 2010 budget.
- Refuse rates were increased late in fiscal year 2009 due to the addition of curbside recycling.

Requests for Information

This financial report is designed to provide a general overview of the City of Excelsior Springs' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, City of Excelsior Springs, 201 East Broadway, Excelsior Springs, Missouri 64024.

City of Excelsior Springs, Missouri

Statement of Net Assets
September 30, 2009

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hospital
Current assets:				
Cash and cash equivalents	\$ 5,752,822	\$ 2,288,093	\$ 8,040,915	\$ 2,494,058
Investments	1,755,000	500,000	2,255,000	-
Receivables, net of allowance for uncollectibles of \$228,948:				
Property taxes	1,338,205	-	1,338,205	-
Franchise taxes	112,191	-	112,191	-
Utility accounts	-	506,704	506,704	-
Patient accounts	-	-	-	2,284,012
Other	184,183	-	184,183	121,554
Due from other governmental units	1,032,463	-	1,032,463	-
Prepaid items	152,983	11,493	164,476	381,079
Assets held for sale	65,000	-	65,000	-
Internal balances	860,754	(860,754)	-	-
Deferred charges	-	893	893	-
Supplies	-	-	-	373,764
Total current assets	11,253,601	2,446,429	13,700,030	5,654,467
Noncurrent assets:				
Nondepreciable:				
Land	1,523,144	1,036,813	2,559,957	-
Construction-in-progress	1,223,643	325,116	1,548,759	-
Depreciable:				
Land improvements	39,831	809,585	849,416	1,286,400
Buildings and improvements	4,244,024	5,107,018	9,351,042	15,259,594
Operating equipment	2,102,745	997,870	3,100,615	6,213,521
Furniture and office equipment	202,469	131,704	334,173	6,594,477
Vehicles	2,601,937	720,937	3,322,874	-
Infrastructure	44,481,006	16,442,135	60,923,141	-
Less accumulated depreciation	(41,574,396)	(13,883,548)	(55,457,944)	(13,475,797)
Total capital assets	14,844,403	11,687,630	26,532,033	15,878,195
Restricted cash and cash equivalents	932,201	1,080,976	2,013,177	-
Restricted investments	250,000	-	250,000	-
Cash and deposits held under bond indenture, due from primary government agency fund	-	-	-	2,084,412
Other	-	-	-	174,769
Total noncurrent assets	16,026,604	12,768,606	28,795,210	18,137,376
Total assets	\$ 27,280,205	\$ 15,215,035	\$ 42,495,240	\$ 23,791,843

See Notes to Basic Financial Statements.

Liabilities	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hospital
Current liabilities:				
Accounts payable and accrued expenses	\$ 605,387	\$ 122,818	\$ 728,205	\$ 1,308,390
Unearned revenue	1,284,103	-	1,284,103	-
Customer deposits	-	283,957	283,957	-
Accrued interest	66,709	66,432	133,141	12,961
Current portion of long-term obligations:				
Capital lease obligations	69,166	91,174	160,340	172,103
Revenue bonds payable	615,000	438,780	1,053,780	208,666
Compensated absences	491,661	104,773	596,434	427,291
Total current liabilities	3,132,026	1,107,934	4,239,960	2,129,411
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Other post employment benefits obligation	32,282	7,618	39,900	-
Capital lease obligations	146,762	359,112	505,874	491,571
Loans payable	-	445,000	445,000	-
Revenue bonds payable	2,560,000	3,401,637	5,961,637	12,247,502
Total noncurrent liabilities	2,739,044	4,213,367	6,952,411	12,739,073
Total liabilities	5,871,070	5,321,301	11,192,371	14,868,484
Net assets:				
Invested in capital assets, net of related debt	11,453,475	6,951,927	18,405,402	2,758,353
Restricted for:				
Renewal and replacement	-	797,019	797,019	-
Debt service	976,427	-	976,427	673,239
Other purposes	202,474	-	202,474	95,536
Parks and recreation	445,006	-	445,006	-
Transportation trust	1,094,945	-	1,094,945	-
Capital improvements	8,083	-	8,083	538,174
Tax increment financing projects	1,415,583	-	1,415,583	-
E-911 system	426,291	-	426,291	-
Public safety	806,606	-	806,606	-
Unrestricted	4,580,245	2,144,788	6,725,033	4,858,057
Total net assets	21,409,135	9,893,734	31,302,869	8,923,359
Total liabilities and net assets	\$ 27,280,205	\$ 15,215,035	\$ 42,495,240	\$ 23,791,843

City of Excelsior Springs, Missouri

Statement of Activities
Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ (1,264,010)	\$ 108,035	\$ -	\$ -
Public safety	(4,853,975)	1,216,136	90,704	-
Transportation	(143,769)	30,213	55,079	-
Public works	(1,549,922)	52,566	1,388,218	-
Health and welfare	(52,943)	-	17,875	-
Recreational activities	(459,717)	36,965	5,619	-
Community betterment	(1,731,000)	130,182	464,910	2,267
Interest and fiscal charges	(176,710)	-	-	-
Total governmental activities	(10,232,046)	1,574,097	2,022,405	2,267
Business-type activities:				
Water	(1,678,836)	2,425,643	-	-
Sewer	(1,127,120)	1,125,837	-	-
Golf	(851,479)	736,047	-	-
Airport	(9,595)	18,985	-	-
Refuse	(537,746)	565,680	-	-
Total business-type activities	(4,204,776)	4,872,192	-	-
Total primary government	(14,436,822)	6,446,289	2,022,405	2,267
Component unit - hospital	\$ (20,180,513)	\$ 20,483,186	\$ 223,480	\$ 238,000

General Revenues

Taxes:

- Property taxes, levied for general purposes
- General sales and use tax
- Franchise tax
- Cigarette tax
- Railroad and utility/financial institution tax
- Investment earnings
- Miscellaneous
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

- Changes in net assets
- Net assets, beginning
- Net assets, ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Hospital
\$ (1,155,975)	\$ -	\$ (1,155,975)	\$ -
(3,547,135)	-	(3,547,135)	-
(58,477)	-	(58,477)	-
(109,138)	-	(109,138)	-
(35,068)	-	(35,068)	-
(417,133)	-	(417,133)	-
(1,133,641)	-	(1,133,641)	-
(176,710)	-	(176,710)	-
(6,633,277)	-	(6,633,277)	-
-	746,807	746,807	-
-	(1,283)	(1,283)	-
-	(115,432)	(115,432)	-
-	9,390	9,390	-
-	27,934	27,934	-
-	667,416	667,416	-
(6,633,277)	667,416	(5,965,861)	-
-	-	-	764,153
1,924,393	-	1,924,393	243,809
4,696,840	-	4,696,840	-
1,256,515	-	1,256,515	-
128,419	-	128,419	-
51,582	-	51,582	-
179,924	96,786	276,710	-
164,471	-	164,471	71,908
46,318	-	46,318	-
319,270	(319,270)	-	-
8,767,732	(222,484)	8,545,248	315,717
2,134,455	444,932	2,579,387	1,079,870
19,274,680	9,448,802	28,723,482	7,843,489
\$ 21,409,135	\$ 9,893,734	\$ 31,302,869	\$ 8,923,359

City of Excelsior Springs, Missouri

Balance Sheet
Governmental Funds
September 30, 2009

Assets	Governmental Fund Types	
	General	Construction Services
Cash and cash equivalents	\$ 108,453	\$ -
Investments	1,255,000	-
Receivables, net of allowance for uncollectibles of \$206,153:		
Property taxes	826,255	-
Franchise taxes	112,191	-
Other	182,791	-
Due from other governments	235,679	-
Due from other funds	1,062,766	-
Prepaid items	152,983	-
Assets held for sale	-	-
Restricted cash and cash equivalents	202,474	-
Restricted investments	250,000	-
Total assets	\$ 4,388,592	\$ -
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and accrued expenses	\$ 249,287	\$ 62,559
Due to other funds	-	28,813
Deferred revenue	794,277	-
Total liabilities	1,043,564	91,372
Fund balance:		
Reserved for assets held for sale	-	-
Reserved for police programs	41,396	-
Reserved for court	17,550	-
Reserved for construction and equipment	143,528	-
Reserved for encumbrances	-	-
Reserved for debt service	250,000	-
Reserved for prepaid items	152,983	-
Unreserved, designated for board use	1,200,000	-
Unreserved, reported in:		
General Fund	1,539,571	-
Special revenue funds	-	(91,372)
Capital Projects Fund	-	-
Total fund balance (deficit)	3,345,028	(91,372)
Total liabilities and fund balance (deficit)	\$ 4,388,592	\$ -

See Notes to Basic Financial Statements.

Governmental Fund Types

	Parks and Recreation	Capital Improvements	Tax Increment Financing- Wal-Mart	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
\$	491,552	\$ 1,604,338	\$ 1,213,473	\$ -	\$ 2,335,006	\$ 5,752,822
	-	500,000	-	-	-	1,755,000
	455,648	-	35,671	-	20,631	1,338,205
	-	-	-	-	-	112,191
	-	-	-	-	1,392	184,183
	476	81,537	193,585	343,406	177,780	1,032,463
	-	-	-	-	-	1,062,766
	-	-	-	-	-	152,983
	-	65,000	-	-	-	65,000
	-	-	-	-	729,727	932,201
	-	-	-	-	-	250,000
\$	947,676	\$ 2,250,875	\$ 1,442,729	\$ 343,406	\$ 3,264,536	\$ 12,637,814
\$	69,146	\$ 40,765	\$ -	\$ 173,800	\$ 9,830	\$ 605,387
	-	-	-	144,239	28,960	202,012
	433,524	-	35,671	9,583	20,631	1,293,686
	502,670	40,765	35,671	327,622	59,421	2,101,085
	-	65,000	-	-	-	65,000
	-	-	-	-	-	41,396
	-	-	-	-	-	17,550
	-	-	-	-	-	143,528
	-	1,074	-	-	21,934	23,008
	-	-	-	-	726,427	976,427
	-	-	-	-	-	152,983
	-	-	-	-	-	1,200,000
	-	-	-	-	-	1,539,571
	445,006	2,144,036	1,407,058	15,784	2,448,671	6,369,183
	-	-	-	-	8,083	8,083
	445,006	2,210,110	1,407,058	15,784	3,205,115	10,536,729
\$	947,676	\$ 2,250,875	\$ 1,442,729	\$ 343,406	\$ 3,264,536	\$ 12,637,814

City of Excelsior Springs, Missouri

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities
September 30, 2009

Total governmental fund balances		\$	10,536,729
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds			14,844,403
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.			9,583
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:			
Accrued compensated absences	\$	(491,661)	
Accrued interest on long-term debt		(66,709)	
Other post employment benefits obligation		(32,282)	
Capital leases payable		(215,928)	
Bonds payable		(3,175,000)	(3,981,580)
Net assets of governmental activities			<u>\$ 21,409,135</u>

See Notes to Basic Financial Statements.

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City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds
Year Ended September 30, 2009

	General	Construction Services
Revenues:		
Taxes	\$ 3,755,967	\$ -
Licenses, permits and fees	156,292	-
Intergovernmental	600,827	147,483
Charges for services	652,944	-
Fines and forfeitures	449,262	-
Special assessment fees	6,925	-
Investment earnings	108,250	-
Other	267,132	91,601
Total revenues	5,997,599	239,084
Expenditures:		
Current:		
General government:		
Administration	15,235	-
City manager/council	385,638	-
Finance administration	387,628	-
Human resources	54,988	-
Building operations	98,783	-
Public works, street operations	414,348	884,855
Public safety:		
Police department	2,452,195	-
Municipal courts	145,842	-
Fire department	1,676,501	-
Recreational activities, parks and recreation	-	-
Community betterment:		
Transportation activities	103,722	-
Community development	313,242	-
Senior center	52,943	-
Capital outlay	262,961	159,797
Debt service:		
Principal	-	-
Interest	-	-
Trustee fees	-	-
Total expenditures	6,364,026	1,044,652
Excess of revenues over (under) expenditures	(366,427)	(805,568)
Other financing sources (uses):		
Proceeds from sale of capital assets	3,100	23,030
Transfers in	882,027	661,289
Transfers out	(315,413)	(25,000)
Total other financing sources (uses)	569,714	659,319
Net change in fund balance	203,287	(146,249)
Fund balances, beginning	3,141,741	54,877
Fund balances (deficit), ending	\$ 3,345,028	\$ (91,372)

See Notes to Basic Financial Statements.

	Parks and Recreation	Capital Improvements	Tax Increment Financing-Wal-Mart	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
\$	554,696	\$ 718,556	\$ 1,348,346	\$ -	\$ 1,645,294	\$ 8,022,859
	-	-	-	-	-	156,292
	-	-	-	1,214,577	37,245	2,000,132
	36,100	-	-	-	-	689,044
	-	-	-	-	-	449,262
	-	-	-	-	109,889	116,814
	8,024	23,392	4,925	-	35,333	179,924
	13,312	-	-	-	4,958	377,003
	612,132	741,948	1,353,271	1,214,577	1,832,719	11,991,330
	-	5,214	-	-	69,175	89,624
	-	-	-	-	-	385,638
	-	-	-	-	-	387,628
	-	-	-	-	-	54,988
	-	136,026	-	-	-	234,809
	-	-	-	968,445	9,265	2,276,913
	-	59,559	-	53,459	109,514	2,674,727
	-	-	-	-	-	145,842
	-	121,211	-	-	-	1,797,712
	487,750	27,178	-	-	-	514,928
	-	-	-	-	-	103,722
	-	216	763,418	461,750	184,757	1,723,383
	-	-	-	-	-	52,943
	158,064	88,894	-	2,267	51,542	723,525
	-	-	-	-	661,500	661,500
	-	-	-	-	174,371	174,371
	-	-	-	-	7,881	7,881
	645,814	438,298	763,418	1,485,921	1,268,005	12,010,134
	(33,682)	303,650	589,853	(271,344)	564,714	(18,804)
	20,188	-	-	-	-	46,318
	-	-	-	257,653	794,906	2,595,875
	(31,495)	(214,863)	(352,233)	-	(1,337,601)	(2,276,605)
	(11,307)	(214,863)	(352,233)	257,653	(542,695)	365,588
	(44,989)	88,787	237,620	(13,691)	22,019	346,784
	489,995	2,121,323	1,169,438	29,475	3,183,096	10,189,945
\$	445,006	\$ 2,210,110	\$ 1,407,058	\$ 15,784	\$ 3,205,115	\$ 10,536,729

City of Excelsior Springs, Missouri

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended September 30, 2009

Total net change in fund balances - governmental funds \$ 346,784

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period:

Depreciation	(1,051,173)
Capital outlays	2,242,748

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets:

Gain on sale of capital assets	46,318
Proceeds on sale of capital assets	(46,318)

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:

Change in compensated absences	(48,247)
Change in other post employment benefits obligation	(32,282)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 9,583

The issuance of long-term debt (e.g., bonds, loans, leases) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of principal of long-term debt	661,500
Interest	5,542
Change in net assets of governmental activities	<u>\$ 2,134,455</u>

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 General Fund
 Year Ended September 30, 2009

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 3,727,142	\$ 3,724,745	\$ 3,755,967	\$ 31,222
Licenses, permits and fees	191,450	159,264	156,292	(2,972)
Intergovernmental	650,400	596,755	600,827	4,072
Charges for services	589,600	584,295	652,944	68,649
Fines and forfeitures	257,500	426,100	449,262	23,162
Special assessment fees	-	2,235	6,925	4,690
Investment earnings	136,500	95,875	108,250	12,375
Other	231,000	209,104	267,132	58,028
Total revenues	5,783,592	5,798,373	5,997,599	199,226
Expenditures:				
Current:				
General government	992,484	986,634	942,272	44,362
Public works	487,477	462,792	414,348	48,444
Public safety	4,214,609	4,386,927	4,274,538	112,389
Community betterment	534,029	532,838	469,907	62,931
Capital outlay	315,200	265,476	262,961	2,515
Total expenditures	6,543,799	6,634,667	6,364,026	270,641
Excess of revenues over (under) expenditures	(760,207)	(836,294)	(366,427)	469,867
Other financing sources (uses):				
Transfers in	957,721	877,927	882,027	4,100
Transfers out	(316,644)	(316,644)	(315,413)	1,231
Proceeds from sale of capital assets	-	3,100	3,100	-
Total other financing sources	641,077	564,383	569,714	5,331
Net change in fund balance	\$ (119,130)	\$ (271,911)	203,287	\$ 475,198
Fund balances, beginning			3,141,741	
Fund balances, ending			<u>\$ 3,345,028</u>	

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Construction Services Fund
 Year Ended September 30, 2009

	Construction Services Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, permits and fees	\$ 4,000	\$ 1,000	\$ -	\$ (1,000)
Intergovernmental	199,000	147,483	147,483	-
Other	287,970	199,103	91,601	(107,502)
Total revenues	490,970	347,586	239,084	(108,502)
Expenditures:				
Current, public works	1,320,087	1,160,309	884,855	275,454
Capital outlay	123,721	124,699	159,797	(35,098)
Total expenditures	1,443,808	1,285,008	1,044,652	240,356
Excess of revenues over (under) expenditures	(952,838)	(937,422)	(805,568)	131,854
Other financing sources (uses):				
Transfers in	1,187,000	971,331	661,289	(310,042)
Transfers out	(26,100)	(25,000)	(25,000)	-
Proceeds from sale of capital assets	-	23,030	23,030	-
Total other financing sources (uses)	1,160,900	969,361	659,319	(310,042)
Net change in fund balance	\$ 208,062	\$ 31,939	(146,249)	\$ (178,188)
Fund balances, beginning			54,877	
Fund balances, ending			<u>\$ (91,372)</u>	

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parks and Recreation Fund
Year Ended September 30, 2009**

	Parks and Recreation Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 526,800	\$ 545,543	\$ 554,696	\$ 9,153
Charges for services	24,000	28,000	36,100	8,100
Investment earnings	14,000	6,800	8,024	1,224
Other	1,600	10,640	13,312	2,672
Total revenues	566,400	590,983	612,132	21,149
Expenditures:				
Current, recreational activities	485,365	488,934	487,750	1,184
Capital outlay	125,000	150,000	158,064	(8,064)
Total expenditures	610,365	638,934	645,814	(6,880)
Excess of revenues over (under) expenditures	(43,965)	(47,951)	(33,682)	14,269
Other financing sources (uses):				
Proceeds from sale of capital assets	-	20,188	20,188	-
Transfers in	28,800	-	-	-
Transfers out	(59,451)	(59,451)	(31,495)	27,956
Total other financing sources (uses)	(30,651)	(39,263)	(11,307)	27,956
Net change in fund balance	\$ (74,616)	\$ (87,214)	(44,989)	\$ 42,225
Fund balances, beginning			489,995	
Fund balances, ending			<u>\$ 445,006</u>	

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Improvements Fund
Year Ended September 30, 2009**

	Capital Improvements Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 671,000	\$ 694,000	\$ 718,556	\$ 24,556
Investment earnings	33,000	17,400	23,392	5,992
Total revenues	704,000	711,400	741,948	30,548
Expenditures:				
Current:				
General government	133,514	275,821	141,240	134,581
Public works	70,000	-	-	-
Public safety	106,771	285,488	180,770	104,718
Recreational activities	325,000	282,296	27,178	255,118
Community betterment	31,000	67,763	216	67,547
Capital outlay	-	-	88,894	(88,894)
Total expenditures	666,285	911,368	438,298	473,070
Excess of revenues over expenditures	37,715	(199,968)	303,650	503,618
Other financing (uses), transfers out	(466,484)	(107,000)	(214,863)	(107,863)
Net change in fund balance	\$ (428,769)	\$ (306,968)	88,787	\$ 395,755
Fund balances, beginning			2,121,323	
Fund balances, ending			<u>\$ 2,210,110</u>	

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Tax Increment Financing - Wal-Mart Fund
 Year Ended September 30, 2009

	Tax Increment Financing - Wal-Mart Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,203,950	\$ 1,208,045	\$ 1,348,346	\$ 140,301
Investment earnings	25,000	4,000	4,925	925
Total revenues	<u>1,228,950</u>	<u>1,212,045</u>	<u>1,353,271</u>	<u>141,226</u>
Expenditures, community betterment	397,500	764,449	763,418	1,031
Excess of revenues over expenditures	<u>831,450</u>	<u>447,596</u>	<u>589,853</u>	<u>142,257</u>
Other financing (uses), transfers out	(350,183)	(352,233)	(352,233)	-
Net change in fund balance	<u>\$ 481,267</u>	<u>\$ 95,363</u>	<u>237,620</u>	<u>\$ 142,257</u>
Fund balances, beginning			<u>1,169,438</u>	
Fund balances, ending			<u>\$ 1,407,058</u>	

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Community Development Block Grant Fund
 Year Ended September 30, 2009

	Community Development Block Grant			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues, intergovernmental	\$ 1,074,922	\$ 1,448,590	\$ 1,214,577	\$ (234,013)
Expenditures:				
Current:				
Public works	1,259,050	1,259,050	968,445	290,605
Public safety	-	36,301	53,459	(17,158)
Community betterment	135,104	478,304	461,750	16,554
Capital outlay	-	2,267	2,267	-
Total expenditures	1,394,154	1,775,922	1,485,921	290,001
Excess of revenues (under) expenditures	(319,232)	(327,332)	(271,344)	(524,014)
Other financing sources, transfers in	319,232	320,232	257,653	(62,579)
Net change in fund balance	\$ -	\$ (7,100)	(13,691)	\$ (586,593)
Fund balances, beginning			29,475	
Fund balances, ending			<u>\$ 15,784</u>	

See Notes to Basic Financial Statements.

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City of Excelsior Springs, Missouri

Statement of Net Assets
Enterprise Funds
September 30, 2009

Assets	<u>Water</u>	<u>Pollution Control</u>
Current assets:		
Cash and cash equivalents	\$ 1,192,507	\$ 839,991
Investments	500,000	-
Accounts receivable, utility accounts net of allowance for uncollectibles of \$22,795	278,012	153,946
Prepays	2,850	-
Deferred charges	-	893
Total current assets	<u>1,973,369</u>	<u>994,830</u>
Noncurrent assets, restricted cash	<u>635,976</u>	<u>445,000</u>
Advances to other funds	<u>-</u>	<u>30,000</u>
Capital assets:		
Land	131,849	799,000
Construction-in-progress	325,116	-
Land improvements	-	-
Buildings and improvements	4,754,843	9,280
Operating equipment	191,303	184,979
Furniture and office equipment	51,200	72,437
Vehicles	345,163	373,524
Infrastructure	6,805,571	9,636,564
Total capital assets	<u>12,605,045</u>	<u>11,075,784</u>
Less accumulated depreciation	<u>6,363,319</u>	<u>6,246,522</u>
Net capital assets	<u>6,241,726</u>	<u>4,829,262</u>
Total noncurrent assets	<u>6,877,702</u>	<u>5,304,262</u>
Total assets	<u>\$ 8,851,071</u>	<u>\$ 6,299,092</u>

(Continued)

Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ 1,916	\$ 253,679	\$ 2,288,093
-	-	500,000
-	74,746	506,704
8,643	-	11,493
-	-	893
10,559	328,425	3,307,183
-	-	1,080,976
-	-	30,000
55,964	50,000	1,036,813
-	-	325,116
809,585	-	809,585
294,271	48,624	5,107,018
621,588	-	997,870
8,067	-	131,704
2,250	-	720,937
-	-	16,442,135
1,791,725	98,624	25,571,178
1,234,915	38,792	13,883,548
556,810	59,832	11,687,630
556,810	59,832	12,798,606
\$ 567,369	\$ 388,257	\$ 16,105,789

City of Excelsior Springs, Missouri

Statement of Net Assets (Continued)
Enterprise Funds
September 30, 2009

Liabilities and Fund Equity (Deficit)	Water	Pollution Control
Current liabilities:		
Due to other funds	\$ -	\$ -
Accounts payable and accrued expenses	33,524	22,082
Compensated absences	36,275	11,674
Customer deposits and bonds, restricted	283,957	-
Accrued interest	64,806	-
Current portion of:		
Capital lease obligations	-	-
Revenue bonds payable	235,000	203,780
Total current liabilities	653,562	237,536
Noncurrent liabilities:		
Advances from other funds	-	-
Other post employment benefits obligation	3,265	2,902
Capital lease obligations	-	-
Loans payable	-	445,000
Revenue bonds payable	2,765,000	636,637
Total noncurrent liabilities	2,768,265	1,084,539
Total liabilities	3,421,827	1,322,075
Net assets (deficit):		
Invested in capital assets, net of related debt	3,241,726	3,543,845
Restricted for renewal and replacement	352,019	445,000
Unrestricted	1,835,499	988,172
Total net assets (deficit)	5,429,244	4,977,017
Total liabilities and net assets (deficit)	\$ 8,851,071	\$ 6,299,092

See Notes to Basic Financial Statements.

	Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$	783,443	\$ 77,311	\$ 860,754
	13,212	54,000	122,818
	56,824	-	104,773
	-	-	283,957
	1,626	-	66,432
	91,174	-	91,174
	-	-	438,780
	946,279	131,311	1,968,688
	30,000	-	30,000
	1,451	-	7,618
	359,112	-	359,112
	-	-	445,000
	-	-	3,401,637
	390,563	-	4,243,367
	1,336,842	131,311	6,212,055
	106,524	59,832	6,951,927
	-	-	797,019
	(875,997)	197,114	2,144,788
	(769,473)	256,946	9,893,734
\$	567,369	\$ 388,257	\$ 16,105,789

City of Excelsior Springs, Missouri

Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)
 Enterprise Funds
 Year Ended September 30, 2009

	Water	Pollution Control
Operating revenues:		
Charges for services	\$ 2,399,048	\$ 1,120,450
Rental income	22,490	-
Other	4,105	5,387
Total operating revenues	2,425,643	1,125,837
Operating expenses:		
Personnel services	566,611	338,074
Contractual and professional services	16,296	31,498
Utilities	132,535	130,192
Maintenance and repairs	75,818	86,744
Cost of goods sold	-	-
Insurance	20,353	19,642
Supplies and materials (administrative)	269,848	72,025
Depreciation	440,977	375,592
Total operating expenses	1,522,438	1,053,767
Operating income (loss)	903,205	72,070
Nonoperating revenue (expense):		
Investment earnings	22,626	73,100
Interest expense	(156,398)	(73,353)
Total nonoperating revenue (expense)	(133,772)	(253)
Income (loss) before transfers	769,433	71,817
Transfers in	-	3,340
Transfers out	(182,340)	(92,789)
Change in net assets	587,093	(17,632)
Total net assets (deficit), beginning	4,842,151	4,994,649
Total net assets (deficit), ending	\$ 5,429,244	\$ 4,977,017

See Notes to Basic Financial Statements.

Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ 736,047	\$ 556,442	\$ 4,811,987
-	18,985	41,475
-	9,238	18,730
736,047	584,665	4,872,192
371,576	1,559	1,277,820
459	528,764	577,017
27,838	5,708	296,273
79,319	794	242,675
98,357	-	98,357
3,849	2,185	46,029
130,949	8,013	480,835
110,058	318	926,945
822,405	547,341	3,945,951
(86,358)	37,324	926,241
88	972	96,786
(29,074)	-	(258,825)
(28,986)	972	(162,039)
(115,344)	38,296	764,202
-	-	3,340
(13,340)	(34,141)	(322,610)
(13,340)	(34,141)	(319,270)
(128,684)	4,155	444,932
(640,789)	252,791	9,448,802
\$ (769,473)	\$ 256,946	\$ 9,893,734

City of Excelsior Springs, Missouri

Statement of Cash Flows - Enterprise Funds
Year Ended September 30, 2009

	Water	Pollution Control
Cash flows from operating activities:		
Cash collected from customers	\$ 2,430,142	\$ 1,120,526
Cash paid to suppliers for goods and services	(545,854)	(447,973)
Cash paid to employees for services	(552,097)	(358,860)
Net cash provided by operating activities	1,332,191	313,693
Cash flows from noncapital financing activities:		
Decrease in advances to other funds	-	10,000
Decrease in advances from other funds	-	-
Interfund proceeds	-	-
Interfund payments	-	-
Transfers in	-	3,340
Transfers out	(182,340)	(92,789)
Net cash provided by (used in) noncapital financing activities	(182,340)	(79,449)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(369,153)	(34,506)
Principal payments on revenue bonds and capital leases	(225,000)	(287,500)
Interest paid	(160,711)	(73,353)
Net cash (used in) capital and related financing activities	(754,864)	(395,359)
Cash flows from investing activities:		
Purchase of investments	(2,075,000)	(800,000)
Interest	20,421	73,100
Proceeds from sales and maturities of investments	2,554,580	1,300,000
Net cash provided by investing activities	500,001	573,100
Net increase (decrease) in cash and cash equivalents	894,988	411,985
Cash and cash equivalents:		
Beginning	933,495	873,006
Ending	\$ 1,828,483	\$ 1,284,991
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 903,205	\$ 72,070
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	440,977	375,592
(Increase) decrease in accounts receivable	54	(5,311)
(Increase) in prepaids	(2,850)	-
Increase (decrease) in accounts payable and accrued expenses	(28,154)	(107,872)
Increase in other post employment benefits obligation	3,265	2,902
Increase (decrease) in compensated absences	11,249	(23,688)
Increase in customer deposits and bonds	4,445	-
Net cash provided by operating activities	\$ 1,332,191	\$ 313,693

See Notes to Basic Financial Statements.

	Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$	736,047	\$ 562,156	\$ 4,848,871
	(347,138)	(527,700)	(1,868,665)
	(363,215)	(1,559)	(1,275,731)
	25,694	32,897	1,704,475
	-	-	10,000
	(10,000)	-	(10,000)
	115,617	-	115,617
	-	(9,749)	(9,749)
	-	-	3,340
	(13,340)	(34,141)	(322,610)
	92,277	(43,890)	(213,402)
	-	-	(403,659)
	(86,116)	-	(598,616)
	(30,027)	-	(264,091)
	(116,143)	-	(1,266,366)
	-	-	(2,875,000)
	88	972	94,581
	-	-	3,854,580
	88	972	1,074,161
	1,916	(10,021)	1,298,868
	-	263,700	2,070,201
\$	1,916	\$ 253,679	\$ 3,369,069
\$	(86,358)	\$ 37,324	\$ 926,241
	110,058	318	926,945
	-	(22,509)	(27,766)
	(227)	-	(3,077)
	(6,140)	17,764	(124,402)
	1,451	-	7,618
	6,910	-	(5,529)
	-	-	4,445
\$	25,694	\$ 32,897	\$ 1,704,475

City of Excelsior Springs, Missouri

Statement of Assets and Liabilities - Agency Funds
September 30, 2009

Assets

Cash and cash equivalents	\$	4,348,949
Taxes receivable		229,593
	\$	<u>4,578,542</u>

Liabilities

Accounts payable	\$	86,758
Due to component unit		4,066,257
Due to other governments		425,527
	\$	<u>4,578,542</u>

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Reporting entity:

The City of Excelsior Springs, Missouri (the City) was formed in 1880 and covers an area of approximately 16 square miles in Clay and Ray Counties, Missouri. Excelsior Springs is a city of the third class and operates under the council-manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to its estimated 11,500 residents in many areas, including law enforcement, fire protection, a hospital, paramedic services, water and sewer services, community enrichment and development, 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 City's reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility the component unit will provide a financial benefit or impose a financial burden on the primary government.

The accompanying financial statements present the City (the primary government) and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The component units have September 30 year-ends.

Blended component unit: The Facilities Authority serves all the citizens of the government and is governed by a self-perpetuating five-member board established by the City Council. The Authority was established to promote, acquire, develop, construct, own, operate, maintain and lease facilities within the City, which are approved by the City Council for the purpose of promoting the economic, social, industrial, cultural and commercial growth and for the general benefit of the City and its residents. Administration of its various programs is performed by City employees. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its Board is substantively the same as the City Council and the Administration, and its sole purpose is to finance and construct the City's public buildings. The Facilities Authority is reported as the Debt Service Fund.

Discretely presented component unit: The City Hospital is a municipally owned hospital controlled by the Hospital Board, which is appointed by the City Council. City Council must approve bond issuances, but they do not take action on user charges or budget approvals. The financial statements of the City Hospital are audited by other auditors and may be obtained at the Hospital's administrative offices located at 1700 Rainbow Blvd., Excelsior Springs, Missouri 64024.

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following fund types:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The City has elected to report the Construction Services Fund as major for public interest purposes. The City reports the following major governmental funds:

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

Construction Services Fund: A Special Revenue Fund, accounts for construction projects of the City.

Parks and Recreation Fund: A Special Revenue Fund, accounts for parks and recreation activities of the City.

Capital Improvements Fund: A Special Revenue Fund, accounts for capital improvements of the City.

Tax Increment Financing-Wal-Mart Fund: A Special Revenue Fund, accounts for the receipts and disbursements of the Wal-Mart TIF District.

Community Development Block Grant Fund: A Special Revenue Fund, accounts for most of the state and federal grant proceeds received by the City.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Account for revenues and expenditures related to programs that are restricted in nature for specific purposes. The nonmajor special revenue funds account for the activities of the Neighborhood Improvement District Fund, Transportation Trust Fund, E-911 Phone Tax Fund, Capital Improvements E-911 Tax Fund, Tax Increment Financing-Paradise Playhouse Fund, Tax Increment Financing-Vintage Development Fund, Public Safety Sales Tax Fund, Elms Hotel Events Fees Fund, Equitable Sharing Fund and the Tax Increment Financing-Elms Hotel Fund.

Debt Service Funds: Account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The nonmajor debt service funds are the Debt Service Fund and Tax Increment Financing Wal-Mart/Elms Fund.

Capital Projects Fund: Account for all resources to be used for the construction or acquisition of designated capital assets. The nonmajor capital projects fund is the Capital Equipment Fund.

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. The City has elected not to follow FASB guidance issued subsequent to November 30, 1989.

The following are the City's major enterprise funds:

Water Fund: Accounts for the activities of the Water Department which operates the City's water plant and provides for the distribution of safe drinking water to the City's residential and commercial customers as well as surrounding communities.

Pollution Control Fund: Accounts for the activities of the Pollution Control (or Sewer) Department which is responsible for maintaining the City's sanitary sewer system.

Golf Course Fund: Accounts for the activities of the Excelsior Springs Municipal Golf Course.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The other enterprise funds of the City are considered nonmajor and are as follows:

Airport Fund: Accounts for the activities of the City's airport.

Refuse Fund: Accounts for the activities of the City's hazardous waste and other refuse collection.

Fiduciary Fund Types: Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

Agency Funds: Account for resources received and held by the City as an agent and are to be expended as directed by the party for which the City is acting as an agent. The City's Agency Funds account for revenues collected and disbursed by the City on behalf of another entity. The agency funds of the City are Hospital Fund, Payroll Fund and Road District Fund.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. The agency funds have no measurement focus and utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2009 levy plus any uncollected amounts from the 2008 levy. Property taxes that are not available for current year operations are shown as deferred revenue. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each October 1 on the assessed value as of the prior January 1. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Budgets and budgetary accounting: The City Council annually adopts budgets for the General Fund, special revenue funds, debt service funds and Capital Projects Fund of the primary government. All appropriations are legally controlled at the department level for the individual funds. On September 29, 2008, the City Council formally approved the original adopted budget and on September 21, 2009, approved the revised budget reflected in the financial statements.

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

- The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed operating expenditures, capital expenditures and the means for financing them.
- Public hearings are conducted to obtain comments from all interested parties.
- The budget for the coming year is formally adopted on or before the last day of the current fiscal year.
- The City Manager is authorized to make changes within departments, between departments and between functions within each fund. Changes or transfers at the fund level require approval by the City Council.
- Under Missouri law, expenditures may not legally exceed budgeted appropriations at the fund level. If expenditures for a fund exceed the budget, either then the budget must be amended or the City Council must pass a resolution authorizing the expenditures in excess of the budget.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Statement for the General Fund, Construction Services Fund, Parks and Recreation Fund, Capital Improvements Fund, Tax Increment Financing – Wal-Mart Fund and Community Development Block Grant Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. All annual appropriations lapse at fiscal year-end. Encumbrances are reappropriated for the ensuing year's budget. The Parks and Recreation Fund exceeded the final budget of expenditures by \$6,880.

Cash and cash equivalents: The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statements of net assets or balance sheets as "Cash and Cash Equivalents." In addition, certain resources set aside are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond reserve account is used to report resources set aside to subsidize potential deficiencies from the capital projects and special revenue fund's operations that could adversely affect debt service payments. The amount available in Debt Service Fund is used to report resources accumulated for future debt service payments and construction.

Investments are stated at fair value, which is based on quoted market prices. For U.S. Government securities and bankers' acceptances with maturity dates of less than one year, the investments are valued at amortized cost. Because the City uses the pooled cash investment method, individual fund overdrafts are reclassified as due to/due from other funds or internal balances for financial statement purposes. Income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments.

Statement of cash flows: For purposes of the statement of cash flows for proprietary fund type funds, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts receivable: Balances result primarily from miscellaneous services provided to citizens and are accounted for in the General Fund and nonmajor governmental funds. Water and sewer services are accounted for in the Water Fund and Pollution Control Fund. All are net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets: Capital assets, which include land, construction-in-progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure assets, 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 cost of more than \$1,000 for equipment and vehicles and \$25,000 for buildings and improvements and infrastructure and an estimated useful life in excess of one year. All land purchases are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year.

Capital assets of the primary government, as well as the component units, is depreciated using the straight-line method and the following estimated useful lives:

Land improvements	10 to 20 years
Building and improvements	7 to 30 years
Infrastructure	20 to 40 years
Operating equipment	3 to 5 years
Furniture and office equipment	3 to 5 years
Vehicles	4 to 10 years

Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Deferred and unearned revenue: Deferred revenue in the governmental funds and unearned revenue in the statement of net assets primarily represents property tax levied for future fiscal years.

Compensated absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based on length of service. In the event of termination or separation, an employee is paid for accumulated vacation up to the maximum he/she can earn over a two-year period. Employees are also paid for accumulated sick leave upon termination in an amount equal to one day for every four days in excess of 30 days that have been accrued.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave, which is payable from available resources, is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Interfund transactions: Interfund transactions are defined as transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government and are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" and "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Deficit fund balances: The City has a deficit fund balance in the Tax Increment Financing-Elms Hotel Fund of \$28,960 and the Construction Services Fund of \$91,372, both special revenue funds and a deficit net assets balance in the Golf Fund of \$769,473 and the Airport Fund of \$17,719, both enterprise funds.

Long-term obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using a method which approximates the interest method.

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 the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Noncurrent cash and deposits: Noncurrent cash and deposits include (1) assets externally restricted by donors, (2) assets held under bond indentures, (3) assets held by the City Hospital Foundation and (4) certificates of deposit.

Patient accounts receivable: The City Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The City Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Charity care: The City Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Charity care is not included in net patient service revenue. Charges excluded from revenue under the City Hospital's charity care policy were \$291,666 for 2009.

Fund equity: 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 a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted through enabling legislation consist of \$976,427 for debt service, \$445,006 for parks and recreation, \$1,094,945 for transportation trust, \$8,083 for capital improvements, \$1,415,583 for tax increment financing projects, \$426,291 for E-911 system and \$806,606 for public safety. Net assets restricted for purposes other than enabling legislation consist of \$202,474 restricted by donors.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Deposits and Investments

As of September 30, 2009, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Government Agencies	\$ 2,505,000	\$ 1,505,000	\$ 1,000,000	\$ -	\$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates, the City's investment policy limits its investment portfolio to maturities of less than three years. All of the investments owned by the City as of September 30, 2009 have maturity dates of less than three years.

Credit Risk: Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposit. Statutes also required that collateral pledged have a fair market value equal to 100 percent of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

As of September 30, 2009, the City's investments consisted of Federal Home Loan Bank Notes, Fannie Mae Notes and Freddie Mac Notes, all of which were rated Aaa and AAA by Moody's Investor Service and Standard & Poor's.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

The City's general investment policy is to apply the prudent-person rule: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

Concentration of Credit Risk: The City's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. More than 5 percent of the City's investments are in FHLMC, FNMA and FHLB. These investments are 10, 30 and 60 percent of the City's total investments, respectively.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. As of September 30, 2009, the City's investments were not exposed to custodial risk. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. As of September 30, 2009, none of the City's bank balance of \$10,297,695, which excludes the Hospital agency fund, was exposed to custodial credit risk.

The bank balance of deposits for the Excelsior Springs City Hospital, including the Hospital agency fund, was \$5,398,650. The entire bank balance was covered by federal depository insurance or by collateral held by the Hospital's agent in the Hospital's name.

Excelsior Springs City Hospital, the discretely presented component unit, had no investments as of September 30, 2009.

A summary of deposits and investments of the City, along with the financial statement classification, is as follows:

Deposits and cash on hand (includes \$275,000 of certificates of deposit)	\$ 14,403,041
Investments	2,505,000
	<u>\$ 16,908,041</u>
Cash and cash equivalents	\$ 8,040,915
Investments	2,255,000
Restricted cash and cash equivalents	2,013,177
Restricted investments	250,000
Cash and cash equivalents, fiduciary funds	4,348,949
	<u>\$ 16,908,041</u>

Note 3. Property Taxes

The City's property tax is levied each October 1 on the assessed value of the prior January 1 for all property located in the City. Property taxes are due in total by December 31 following the levy date and are collected by the Finance Office. The City records property tax revenues when levied, net of estimated uncollectible amounts.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 3. Property Taxes (Continued)

Assessed values are established by County Assessors subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for property, excluding railroad and utility properties located in the City as of January 1, 2008, on which the fiscal year 2009 levy was based, was \$133,539,167 and \$130,030,107 for the General Fund and other funds, respectively. The assessed value of railroad and utility properties as of January 1, 2008 was \$4,656,639 and \$4,656,639 for the General Fund and other funds, respectively. During the year ended September 30, 2009, the City collected 97 percent of property taxes, excluding interest and penalty which were levied in the period.

The City is permitted by Missouri State Statutes to levy taxes 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 September 30, 2009 are as follows:

Fund	Levy
General	\$ 0.5819
Parks/recreation	0.3262
Total primary government	0.9081
Component unit - City Hospital	0.1631
Total reporting entity	\$ 1.0712

Note 4. Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2009:

	2008 Balance	Additions	Retirements	2009 Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,523,144	\$ -	\$ -	\$ 1,523,144
Construction-in-progress	-	1,223,643	-	1,223,643
Total capital assets, not being depreciated	1,523,144	1,223,643	-	2,746,787
Capital assets, being depreciated:				
Land improvements	39,831	-	-	39,831
Buildings and improvements	4,244,024	-	-	4,244,024
Operating equipment	1,913,787	396,710	207,752	2,102,745
Furniture and office equipment	202,469	-	-	202,469
Vehicles	2,438,697	190,240	27,000	2,601,937
Infrastructure	44,481,006	432,155	432,155	44,481,006
Total capital assets, being depreciated	53,319,814	1,019,105	666,907	53,672,012
Less accumulated depreciation for:				
Land improvements	39,831	-	-	39,831
Buildings and improvements	3,060,344	129,100	-	3,189,444
Operating equipment	899,693	179,484	207,752	871,425
Furniture and office equipment	143,487	8,338	-	151,825
Vehicles	1,508,015	227,091	27,000	1,708,106
Infrastructure	35,538,760	507,160	432,155	35,613,765
Total accumulated depreciation	41,190,130	1,051,173	666,907	41,574,396
Total capital assets, being depreciated, net	12,129,684	(32,068)	-	12,097,616
Governmental activities capital assets, net	\$ 13,652,828	\$ 1,191,575	\$ -	\$ 14,844,403

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

	2008 Balance	Additions	Retirements	2009 Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,036,813	\$ -	\$ -	\$ 1,036,813
Construction-in-progress	1,553,315	328,226	1,556,425	325,116
Total capital assets, not being depreciated	2,590,128	328,226	1,556,425	1,361,929
Capital assets, being depreciated:				
Land improvements	809,585	-	-	809,585
Buildings and improvements	5,107,018	-	-	5,107,018
Operating equipment	953,285	44,585	-	997,870
Furniture and office equipment	131,704	-	-	131,704
Vehicles	691,041	29,896	-	720,937
Infrastructure	14,884,758	1,557,377	-	16,442,135
Total capital assets, being depreciated	22,577,391	1,631,858	-	24,209,249
Less accumulated depreciation for:				
Land improvements	461,431	42,454	-	503,885
Buildings and improvements	2,324,559	226,963	-	2,551,522
Operating equipment	724,137	109,577	-	833,714
Furniture and office equipment	111,995	2,111	-	114,106
Vehicles	484,434	88,590	-	573,024
Infrastructure	8,850,047	457,250	-	9,307,297
Total accumulated depreciation	12,956,603	926,945	-	13,883,548
Total capital assets, being depreciated, net	9,620,788	704,913	-	10,325,701
Business-type activities capital assets, net	\$ 12,210,916	\$ 1,033,139	\$ 1,556,425	\$ 11,687,630

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

Depreciation expense was charged to functions of the government as follows:

Governmental Activities			
General government		\$	20,010
Public safety			303,931
Transportation			40,047
Public works			645,632
Recreation activities			33,936
Community betterment			7,617
Total depreciation expense, governmental activities		<u>\$</u>	<u>1,051,173</u>
Business-Type Activities			
Water		\$	440,977
Pollution control			375,592
Golf			110,058
Airport			318
Total depreciation expense, business-type activities		<u>\$</u>	<u>926,945</u>

Activity for the Hospital for the year ended September 30, 2009 was as follows:

	2008 Balance	Additions	Retirements	Transfers	2009 Balance
Component Unit: Hospital					
Capital assets, not being depreciated, construction-in-progress	\$ 7,085,660	\$ 4,640,002	\$ -	\$ (11,725,662)	\$ -
Capital assets, being depreciated:					
Land and improvements	825,247	38,424	-	422,729	1,286,400
Buildings and improvements	5,555,953	7,405	3,559	9,699,795	15,259,594
Operating equipment	5,037,660	78,737	-	1,097,124	6,213,521
Furniture and office equipment	5,937,925	405,603	255,065	506,014	6,594,477
Total capital assets, being depreciated, Hospital	<u>17,356,785</u>	<u>530,169</u>	<u>258,624</u>	<u>11,725,662</u>	<u>29,353,992</u>
Less accumulated depreciation for:					
Land and improvements	438,038	37,201	-	16,746	491,985
Buildings and improvements	3,887,611	499,618	3,560	(79,595)	4,304,074
Operating equipment	3,546,337	243,823	257,457	70,969	3,603,672
Furniture and office equipment	4,613,403	470,783	-	(8,120)	5,076,066
Total accumulated depreciation	<u>12,485,389</u>	<u>1,251,425</u>	<u>261,017</u>	<u>-</u>	<u>13,475,797</u>
Total capital assets, being depreciated, Hospital, net	<u>4,871,396</u>	<u>(721,256)</u>	<u>(2,393)</u>	<u>11,725,662</u>	<u>15,878,195</u>
Hospital capital assets, net	<u>\$ 11,957,056</u>	<u>\$ 3,918,746</u>	<u>\$ (2,393)</u>	<u>\$ -</u>	<u>\$ 15,878,195</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt

Long-term liability balances and activity for the year ended September 30, 2009 were as follows:

	Balance September 30, 2008	Additions	Retirements	Balance September 30, 2009	Amounts Due Within One Year
Governmental Activities:					
Capital leases	\$ 282,428	\$ -	\$ 66,500	\$ 215,928	\$ 69,166
Revenue bonds	3,480,000	-	520,000	2,960,000	540,000
Neighborhood improvement district bonds	290,000	-	75,000	215,000	75,000
Compensated absences	443,414	491,661	443,414	491,661	491,661
Governmental activities, long-term liabilities	\$ 4,495,842	\$ 491,661	\$ 1,104,914	\$ 3,882,589	\$ 1,175,827
Business-type activities:					
Long-term loans payable	\$ 540,000	\$ -	\$ 95,000	\$ 445,000	\$ -
Lease purchase agreement	536,402	-	86,116	450,286	91,174
Revenue bonds	4,257,917	-	417,500	3,840,417	438,780
Compensated absences	110,302	104,773	110,302	104,773	104,773
Business-type activities, long-term liabilities	\$ 5,444,621	\$ 104,773	\$ 708,918	\$ 4,840,476	\$ 634,727
Component unit:					
Revenue bonds	\$ 8,988,767	\$ 3,651,585	\$ 184,184	12,456,168	\$ 208,666
Capital lease	795,701	95,000	227,027	663,674	172,103
Compensated absences	454,476	427,291	454,476	427,291	427,291
Component unit, long-term liabilities	\$ 10,238,944	\$ 4,173,876	\$ 865,687	\$ 13,547,133	\$ 808,060

The General Fund has generally been the fund to liquidate the liability for compensated absences.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Long-term debt payable as of September 30, 2009, is comprised of the following individual issues:

	Balance September 30, 2008	Additions	Retirements	Balance September 30, 2009
Governmental activities:				
Capital leases:				
Purchase of 2007 fire truck due in bi-annual payments of principal and interest of \$77,059; interest at 3.97%	\$ 282,428	\$ -	\$ 66,500	\$ 215,928
Revenue bonds:				
\$3,045,000 Facilities Authority Leasehold Refunding Revenue Bonds Series 2001, due in annual installments of \$135,000 to \$295,000 through December 15, 2015; interest at 2.30% to 5.05%	2,010,000	-	230,000	1,780,000
\$2,520,000 of refunding bonds, due in annual installments of \$195,000 to \$350,000 through October 1, 2012; interest at 1.75% to 4.75%	1,470,000	-	290,000	1,180,000
Neighborhood Improvement District Bonds:				
\$565,000 Series 1999A Tax-Exempt Neighborhood Improvement District Bonds (Elms NID), due in annual installments of \$40,000 to \$140,000; interest at 6.00%	290,000	-	75,000	215,000
Total governmental activities	\$ 4,052,428	\$ -	\$ 661,500	\$ 3,390,928

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

	Balance September 30, 2008	Additions	Retirements	Balance September 30, 2009
Business-Type Activities:				
Long-term loans payable:				
Advance from the Missouri Department of Natural Resources made in conjunction with City's advance from the Missouri Department of Natural Resources made in conjunction with City's participation in State of Missouri's State Revolving Loan Program. Loan to be repaid without interest as 1992 Sewerage System revenue bonds mature	\$ 540,000	\$ -	\$ 95,000	\$ 445,000
Lease purchase agreements:				
\$950,000 Series 2001 Lease Purchase Agreement, due in annual installments of \$20,164 to \$77,268 through September 1, 2016; interest at 5.75%	378,902	-	39,503	339,399
\$243,079 Series 2007 Lease Purchase Agreement, due in annual installments of \$41,596 to \$53,118 through October 15, 2011; interest at 5.82%	157,500	-	46,613	110,887
Revenue bonds:				
\$2,870,000 1992 Sewerage System revenue bonds (State Revolving Fund Program), due in annual installments of \$80,000 to \$245,000 starting on July 1, 1994 through July 1, 2013; interest at 4.50% to 6.55%	1,032,917	-	192,500	840,417
\$4,875,000 1998 Waterworks Refunding Bonds, due in annual installments of \$155,000 to \$375,000 starting on November 1, 1999 through November 1, 2018; interest at 4.00% to 5.25%	3,225,000	-	225,000	3,000,000
Total business-type activities	\$ 5,334,319	\$ -	\$ 598,616	\$ 4,735,703

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

	Balance September 30, 2008	Additions	Retirements	Balance September 30, 2009
Component Unit:				
Revenue bonds:				
Hospital revenue bonds, Series B-R2, payable in monthly installments of \$10,183, including interest at 5%	\$ 372,114	\$ -	\$ 106,440	\$ 265,674
Hospital revenue bonds, Series C-R1; maturing April 2026; 5.75% interest; interest payments of \$4,045 payable monthly through March 1999, then principal and interest of \$5,113 thereafter	650,185	-	24,660	625,525
Hospital Revenue Bonds, Series 1999, maturing October 2030; 5.125% interest; interest payments annually through October 2002, annual principal and interest payments of \$100,734 thereafter; collateralized by a deed of trust on the Independent Living Facility	1,299,619	-	35,866	1,263,753
Hospital Revenue Bonds, Series 1999, maturity October 2030; 5.0% interest; interest payments annually through October 2002, annual principal and interest payments of \$50,348 thereafter; Independent Living Facility	657,110	-	17,218	639,892
Hospital Revenue Bonds, Series 2007A and Series 2007B, maturity October 1, 2038; 4.125% interest; interest annually through September 30, 2011, monthly principal and interest thereafter	6,009,739	1,990,261	-	8,000,000
Hospital Revenue Bonds, Series 2009, maturity October 1, 2040; 4.5% interest; interest only through September 30, 2013, monthly principal and interest thereafter	-	1,661,324	-	1,661,324
Capital leases	795,701	95,000	227,027	663,674
Total component unit	\$ 9,784,468	\$ 3,746,585	\$ 411,211	\$ 13,119,842

General obligation debt limit: 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 percent of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10 percent of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20 percent of the assessed valuation of taxable property.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

During 1992, the City issued \$2,870,000 in Sewerage System Revenue Bonds through the State Revolving Fund to fund expenses related to the extension and improvements of the sewer system. These revenue bonds under Missouri law are payable solely from net revenues derived from operation of the sewer system. Annual principal and interest payments on the bonds are expected to require less than 36 percent of net revenues. These bonds are not general obligations of the City. Total principal and interest remaining on the bonds is \$976,493 payable through 2013. For the current year, principal and interest paid and net revenues generated were \$260,740 and \$69,585, respectively. The difference was paid from the net assets in the Pollution Control Fund.

During 1998, the City issued \$4,875,000 in Waterworks System Improvement and Refunding Revenue Bonds to fund expenses related to extending and improving the waterworks system. These revenue bonds under Missouri law are payable solely from waterworks system net revenues. Annual principal and interest payments on the bonds are expected to require less than 49 percent of net revenues. These bonds are not general obligations of the City. Total principal and interest remaining on the bonds is \$3,848,536 payable through 2019. For the current year, principal and interest paid and net revenues generated were \$385,711 and \$1,340,077, respectively.

During 1999, the City issued \$565,000 in Neighborhood Improvement District Bonds to fund expenses related to construction of the Elms Public Improvement Project. These neighborhood improvement district bonds under Missouri law are payable solely from special assessments against those properties within the district which in this case is limited to the Elms Hotel. Special assessments were projected to produce \$851,873 or 100 percent of the debt service requirements for the life of the bonds. Total principal and interest remaining on the bonds is \$236,300 payable through 2011. For the current year, principal and interest and special assessment revenues were \$92,400 and \$86,625, respectively. The difference was paid from the fund balance in the Neighborhood Improvement District Fund.

During 2001, the Excelsior Springs Facilities Authority, a blended component unit, issued \$3,045,000 in Leasehold Refunding Revenue Bonds to fund the advance repayment of a series of 1994 Leasehold Refunding and Improvement Revenue bonds. These leasehold refunding revenue bonds under Missouri law are payable solely from rental payments derived by the Corporation from the lease of the Fire and Police facilities. The rental payments were projected to produce \$4,196,625 or 100 percent of the debt service requirements for the life of the bonds. These bonds are not general obligations of the City. It is not considered a default if there are insufficient rental payments to pay the full amount of principal and interest on the bonds. If the rental payments are insufficient to pay the full amount of principal and interest at maturity, the bonds will be deemed satisfied and paid in full. Total principal and interest remaining on the bonds is \$2,083,504 payable through 2016. For the current year, principal and interest paid and rental payments generated were \$320,040 and \$320,040, respectively.

During 2003, the City issued \$2,520,000 in Tax Increment Refunding Revenue bonds to fund the advance repayment of a series of 1997 Tax Increment Revenue bonds. These tax increment refunding revenue bonds under Missouri law are payable solely from property tax and economic activity tax increments with respect to the financed project. Combined, incremental property taxes and economic activity taxes were projected to produce \$4,841,703 or 55 percent of the debt service requirements for the life of the bonds. These bonds are not general obligations of the City. It is not considered a default if there is insufficient tax increment to pay the full amount of principal and interest on the bonds. If the tax increment is insufficient to pay the full amount of principal and interest at maturity, the bonds will be deemed satisfied and paid in full. Total principal and interest remaining on the bonds is \$1,278,588 payable through 2013. For the current year, principal and interest paid was \$1,278,589. Total incremental property tax and economic activity taxes generated during the current year were \$408,045 and \$940,301, respectively.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

During 1999, the City Hospital issued \$2,230,000 (Series A & B) in revenue bonds to fund expenses relating to the construction of the independent living facility. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2030. Annual principal and interest payments on the bonds are expected to require less than 1 percent of net patient service revenues. The total principal and interest remaining to be paid on the bonds is \$3,151,732. Principal and interest paid for the current year and total customer net revenues were \$151,902 and \$1,743,425, respectively.

During 1983, the City Hospital issued \$5,020,000 (Series B – R2) in revenue bonds to fund expenses relating to the refunding of prior hospital revenue bonds and constructing and equipping a nursing home facility. These revenue bond are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2013. Annual principal and interest payments on the bonds are expected to require less than 1 percent of net patient service revenues. The total principal and interest remaining to be paid on the bonds is \$280,741. Principal and interest paid for the current year and total customer net revenues were \$122,196 and \$1,743,425, respectively.

During 1997, the City Hospital issued \$ 844,000 (Series C-R1) in revenue bonds to fund expenses relating to the construction of the residential care facility. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2026. Annual principal and interest payments on the bonds are expected to require less than 1 percent of net patient service revenues. The total principal and interest remaining to be paid on the bonds is \$993,363. Principal and interest paid for the current year and total customer net revenues were \$61,368 and \$1,743,425, respectively.

During 2007, the City Hospital issued \$8,000,000 (Series A & B) in revenue bonds to fund expenses relating to the Outpatient Services Building. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 2 percent of net patient service revenues. The total principal and interest remaining to be paid on the bonds is \$8,000,000 and \$6,059,086 as of September 30, 2038, respectively. Principal is not due on the revenue bonds until 2011 and interest paid for the current year and total net operating revenues were \$393,833 and \$1,743,425, respectively.

During 2009, the City Hospital issued \$2,000,000 (Series 2009) in revenue bonds to pay for construction through a temporary loan from the Department of Agriculture Rural Development until the bonds are issued final upon project completion. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2040. Annual principal and interest payments on the bonds are expected to require less than one percent of net patient service revenues. The total principal and interest remaining to be paid on the bonds is \$2,924,847. Principal and interest paid for the current year and total customer net revenues were none and \$1,743,425, respectively.

Sewerage system revenue bonds: In prior years, the City issued \$2,870,000 in Sewerage System Revenue Bonds. In conjunction with this issuance, the City entered into an agreement with the Missouri Department of Natural Resources whereby the state of Missouri will advance monies to establish a reserve fund in an amount up to 50 percent of the outstanding bonds.

This reserve fund will serve as collateral on the Sewerage System Revenue Bonds in the event of default and interest earnings on the reserve fund will be used to reduce the City's interest payment on the outstanding bonds. As of September 30, 2009, the balance of the advances from the Missouri Department of Natural Resources to the City is \$445,000.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Reserve accounts on debt: The Sewerage System and Waterworks Refunding revenue bond ordinances require that the systems be accounted for in separate accounts within the respective enterprise funds. They also require that after sufficient current assets have been set aside to operate the system, all remaining monies held in the funds be segregated and restricted in separate special reserves. The ordinance also contains a requirement for a minimum bond coverage. Additionally, the bond ordinances authorizing the hospital revenue bonds require that certain funds from the City Hospital's operations be set aside for future debt service requirements, major repairs and other contingencies. The funds are managed by the City in an agency fund.

These special reserves and accounts consist of cash and investments and are reported in the basic financial statements as restricted assets.

	Water	Pollution Control	Business-Type Activities Total	City Hospital	Reporting Entity Total
Reserve account	\$ 352,019	\$ 445,000	\$ 797,019	\$ 2,084,412	\$ 2,881,431

Under the terms of the hospital bond ordinance, \$250,000 of investments are restricted in the General Fund as a reserve to be used to retire City Hospital revenue bonds should other City Hospital monies not be available. Interest earnings on this amount are restricted until bond payments are made, at which time these amounts can be released for use in the General Fund. The bonds are secured by the revenue of the City Hospital and Convalescent Center, a mortgage on the facility, and the funds in the Hospital Agency Fund. The bonds are subject to redemption by the City in whole or in part at par plus accrued interest.

Capital leases: In the current year and in prior years, the City entered into various cancellable leases as lessee to finance the purchase of vehicles and equipment. The leases are accounted for as noncancellable capital leases.

Summary of principal and interest maturities:

Annual debt service requirements to service all outstanding indebtedness as of September 30, 2009, are as follows:

Governmental Activities:

Year ending September 30:	2001 Leasehold Refunding Bonds		Neighborhood Improvement District Bonds		Wal-Mart/Elms TIF 2003 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 235,000	\$ 80,274	\$ 75,000	\$ 12,900	\$ 305,000	\$ 44,960
2011	245,000	69,890	140,000	8,400	330,000	31,860
2012	265,000	57,875	-	-	350,000	17,138
2013	275,000	44,375	-	-	195,000	4,630
2014	285,000	30,375	-	-	-	-
2015-2016	475,000	20,715	-	-	-	-
Total	\$ 1,780,000	\$ 303,504	\$ 215,000	\$ 21,300	\$ 1,180,000	\$ 98,588

Year ending September 30:	2007 Fire Truck Capital Lease	
	Principal	Interest
2010	\$ 69,166	\$ 7,893
2011	71,939	5,120
2012	74,823	2,235
Total	\$ 215,928	\$ 15,248

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Business-type Activities:

Year ending September 30:	1992 Sewer Bonds MDNR		1992 Sewerage System Revenue Bonds		1998 Waterworks Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ -	\$ -	\$ 203,780	\$ 55,020	\$ 235,000	\$ 149,543
2011	-	-	218,750	41,674	250,000	137,175
2012	-	-	233,750	27,346	260,000	124,170
2013	445,000	-	184,137	12,036	275,000	110,527
2014	-	-	-	-	290,000	96,120
2015-2019	-	-	-	-	1,690,000	231,001
Total	\$ 445,000	\$ -	\$ 840,417	\$ 136,076	\$ 3,000,000	\$ 848,536

Year ending September 30:	Golf Course Capital Lease		2007 Golf Equipment Capital Lease	
	Principal	Interest	Principal	Interest
2010	\$ 41,775	\$ 19,516	\$ 49,399	\$ 5,680
2011	44,177	17,114	52,352	2,726
2012	46,717	14,573	9,136	44
2013	49,404	11,887	-	-
2014	52,244	9,046	-	-
2015-2019	105,082	8,908	-	-
Total	\$ 339,399	\$ 81,044	\$ 110,887	\$ 8,450

Component unit:

Year ending September 30:	Long-Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2010	\$ 208,666	\$ 474,978	\$ 172,103	\$ 29,001
2011	345,672	462,395	164,347	20,924
2012	255,419	447,521	172,698	12,573
2013	279,826	510,505	154,526	3,809
2014	292,699	496,012	-	-
2015-2019	1,678,591	2,273,066	-	-
2020-2024	2,103,506	1,848,151	-	-
2025-2029	2,388,798	1,330,482	-	-
2030-2034	2,218,964	800,535	-	-
2035-2039	2,582,070	307,202	-	-
2040-2044	101,957	2,470	-	-
Total	\$ 12,456,168	\$ 8,953,317	\$ 663,674	\$ 66,307

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Capital leases shown in long-term debt for the City and the discretely presented component unit include leases for movable equipment at varying rates of imputed interest from 5 percent to 8 percent, maturing through 2020 and collateralized by the lease equipment. Property and equipment as of September 30, 2009 include the following assets under capital lease:

Movable equipment	\$	1,322,509
Less accumulated depreciation		343,302
		<u>979,207</u>
	<u>\$</u>	<u>979,207</u>

Note 6. Interfund Balances and Transfers

The following is a schedule of transfers included in the basic financial statements of the City:

	Transfers In	Transfers Out
Governmental activities:		
General	\$ 882,027	\$ 315,413
Construction Services Fund	661,289	25,000
Parks and Recreation Fund	-	31,495
Capital Improvements Fund	-	214,863
Tax Increment Financing - Wal-Mart Fund	-	352,233
Community Development Block Grant Fund	257,653	-
Nonmajor governmental funds	794,906	1,337,601
Total governmental activities	<u>2,595,875</u>	<u>2,276,605</u>
Business-type activities:		
Water	-	182,340
Pollution control	3,340	92,789
Golf	-	13,340
Nonmajor enterprise funds	-	34,141
Total business-type activities	<u>3,340</u>	<u>322,610</u>
Total	<u>\$ 2,599,215</u>	<u>\$ 2,599,215</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 6. Interfund Balances and Transfers (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Individual interfund receivables and payables were as follows:

	Due From	Due To
Governmental activities:		
General Fund	\$ 1,062,766	\$ -
Construction Services Fund	-	28,813
Community Development Block Grant Fund	-	144,239
Nonmajor governmental funds	-	28,960
Business-type activities:		
Golf Fund	-	783,443
Nonmajor enterprise funds	-	77,311
	<u>\$ 1,062,766</u>	<u>\$ 1,062,766</u>

Interfund advances as of September 30, 2009, were as follows:

	Advance Receivables	Advance Payables
Business-type activities:		
Pollution control	\$ 30,000	\$ -
Golf	-	30,000
Total business-type activities	<u>\$ 30,000</u>	<u>\$ 30,000</u>

These interfund balances are a result of both operating transfers and temporary capital project funding. Advances are long-term interfund receivables/payables that are not expected to be fully paid within one year.

Note 7. Employee Retirement Systems

Plan description: The City of Excelsior Springs, Missouri 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 401a 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 1.800.477.4334.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 7. Employee Retirement Systems (Continued)

Funding status: The City of Excelsior Spring's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute to an actuarially determined rate; the current rate is 4.7 percent (general), 3.9 percent (police) and 6.8 percent (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

As of February 28, 2009, the most recent actuarial valuation date, the plan was 97 percent funded. The actuarial accrued liability for benefits was \$8,054,684 and the actuarial value of assets was \$7,774,174, resulting in an unfunded actuarial accrued liability (UAAL) of \$280,510. The covered payroll (annual payroll of active employees covered by the plan) was \$4,026,922 and the ratio of the UAAL to the covered payroll was 7 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Annual pension cost: For 2009, the political subdivision's annual pension cost of \$206,627 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions as of February 28, 2009 included (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000 setback 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 as of February 28, 2009 was 15 years.

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2007	\$ 233,082	100%	\$ -
09/30/2008	187,064	100	-
09/30/2009	206,627	100	-

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits

Plan Description: The City sponsors a single-employer health care plan that provides medical, dental and vision benefits to all active and retired employees and their eligible dependents. Police and fire retirees must have completed five years of service as well as be at least 55 years old for normal retirement or have completed 5 years of service as well as be at least 50 years old for early retirement. All other employees must have completed five years of service as well as be at least 60 years old for normal retirement or have completed 5 years of service as well as be at least 55 years old for early retirement. Retirees and their dependents are allowed to remain on the plan until they are Medicare eligible at age 65. The plan does not issue a stand-alone financial report.

Funding policy: Management develops the health insurance plan contributions based on expected claims. The current funding policy of the City is to pay health claims as they occur. Retirees pay the full premium.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the City contributed \$0. Retiree and active members receiving benefits have required monthly contributions of:

	Individual	Family	Two-Party
Medical Plan A	\$ 371.59	\$ 962.41	N/A
Medical Plan B	387.31	1,003.52	N/A
Dental	29.20	84.47	55.32
Vision	5.16	12.04	N/A

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the City's annual OPEB obligation:

Annual required contribution	\$ 39,900
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	39,900
Contributions and payments made	-
Increase in net OPEB obligation	39,900
Net OPEB obligation - October 2, 2007	-
Net OPEB obligation - October 1, 2008	\$ 39,900

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2009 and the two preceding years follows. This is the transition year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2007	N/A	N/A	N/A
September 30, 2008	N/A	N/A	N/A
September 30, 2009	\$ 39,900	- %	\$ 39,900

Funded status and funding progress: As of October 1, 2008, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$304,400 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$304,400. The covered payroll (annual payroll of active employees covered by the plan) was \$4,172,000 and the ratio of the UAAL to the covered payroll was 7 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 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 only the initial year trend information.

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 included in 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.

In the October 1, 2008 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4 percent annual discount rate, a healthcare cost trend rate of 8.90 percent initially decreasing each year until reaching the ultimate trend rate of 4.50 percent, a dental/vision cost trend rate of 5 percent, and an annual salary increase of 4 percent. The UAAL is being amortized as a level percentage of projected payroll. The amortization of UAAL is over a period of 30 years.

Note 9. Contingencies

Legal matters: There are a number of claims and/or lawsuits to which the City is, or may be, 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's management and legal counsel anticipate that the potential claims against the City, if any, which are not covered by insurance, resulting from such matters would not materially affect the financial position of the City.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 9. Contingencies (Continued)

Street and bridge construction projects: The Marietta Street bridge rehabilitation project and the McCleary Road realignment project, both federally funded projects, were in process at year-end. Total costs related to the two projects are expected to be \$1,614,600, of which \$922,900 had been expended through September 30, 2009.

Professional malpractice insurance: The City Hospital is insured for medical malpractice claims under a commercial claims-made policy. City Hospital management does not believe there are any unreported claims as of September 30, 2009 for which the City Hospital could be ultimately responsible if it did not renew its commercial claims-made policy.

Hospital net patient service revenues: The City Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the City Hospital and audits by the Medicare Fiscal Intermediary and the Medicaid Program. Estimated settlements have been reflected in the accompanying financial statements.

Hospital building expansion project: Groundbreaking for the expansion of the Outpatient Services Building addition occurred during 2007. The project is expected to be completed in 2009. The approximate 27,500 square foot outpatient expansion will house a new outpatient clinic, rehabilitation services department, pharmacy, administrative offices and wellness clinic. Additionally, the emergency, admitting and laboratory departments are to be renovated as part of the project, along with the addition of approximately 80 parking spaces being added. Total cost of the project is estimated to be \$8,920,000 and will be funded through a USDA Rural Development loan.

During October 2008, approval was made to construct an MRI Building with the use of USDA Rural Development funds. The approximate size of the addition is 5,500 square feet with an estimated cost of \$1,200,000.

Note 10. Risk Management

The City is exposed to various risks of litigation and casualties. The City is insured for automobile liability, general liability, property damage, health claims and workers' compensation through a commercial carrier. Claims did not exceed coverage for the year ended September 30, 2009, and for each of the past three fiscal years.

Note 11. Net Patient Service Revenue

The City Hospital has agreements with third-party payers that provide for payments to the City Hospital at amounts different from its established rates. These payment arrangements include:

Medicare: Inpatient acute care services and outpatient services rendered to Medicare Program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient swingbed services are paid at prospectively determined rates that are based on the patient's acuity. On November 8, 2004, the City Hospital was designated as a Critical Access Hospital (CAH). Under this designation, the Hospital is paid on a cost reimbursement methodology. The Hospital is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medical Fiscal Intermediary. Estimated settlements have been reflected in the accompanying financial statements.

Medicaid: Inpatient and long-term care services rendered to Medicaid Program beneficiaries are reimbursed based upon a prospectively established per diem rate. Medicaid outpatient reimbursement is based on a prospective percentage payment rate determined from the fourth, fifth and sixth prior cost reports regressed forward.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 11. Net Patient Service Revenue (Continued)

Approximately 53 percent of net patient service revenues are from participation in Medicare and state-sponsored Medicaid programs for the year ended September 30, 2009.

The City Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the City Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 12. Concentration of Credit Risk

The City Hospital is located in Excelsior Springs, Missouri. The City Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers as of September 30, 2009 was:

Medicare	\$ 725,293
Medicaid	287,255
Other third-party payers	668,712
Patients	<u>1,470,793</u>
	3,152,053
Less allowances for uncollectible accounts	<u>868,041</u>
	<u><u>\$ 2,284,012</u></u>

Note 13. Governmental Accounting Standards Board (GASB) Statements

The City implemented the following GASB statements during the year ended September 30, 2009:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The effect of the adoption of this Statement to the City was to record a liability of \$39,900 for the net other postemployment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$304,400 as of October 1, 2008.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the City to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. The adoption of this Statement had no effect on the City.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement established consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The adoption of this Statement had no effect on the City.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

The GASB had issued several statements not yet implemented by the City of Excelsior Springs, Missouri. The statements which might impact the City are as follows:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending September 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending September 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the City beginning with its year ending September 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

City of Excelsior Springs, Missouri

Required Supplementary Information
Missouri Local Government Employees Retirement System

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2007	\$ 9,328,383	\$ 8,149,827	\$ (1,178,556)	114.46%	\$ 3,911,032	30.13%
02/29/2008	9,986,141	8,090,199	(1,895,942)	123.44	3,848,382	49.27
02/28/2009	7,774,174	8,054,684	280,510	96.52	4,026,922	6.97

Note: The above assets and actuarial liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
9/30/07	\$ 233,082	\$ 233,082	100%
9/30/08	187,064	187,064	100
9/30/09	206,627	206,627	100

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 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 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0 percent to 6.0 percent per year depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table 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 as of February 28, 2009 was 15 years.

City of Excelsior Springs, Missouri

Required Supplementary Information
Other Postemployment Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	10/1/08	\$ -	\$ 304,400	\$ 304,400	- %	\$ 4,172,000	7%

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of October 1, 2008. Additional information follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included: a) 4 percent annual discount rate, b) a healthcare cost trend rate of 8.90 percent initially, decreasing each year until reaching the ultimate trend rate of 4.50 percent, c) a dental/vision cost trend rate of 5 percent and d) an annual salary increase of 4 percent.
- d. The amortization method is level percentage of projected pay over 30 years.

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund, Capital Equipment	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,326,923	\$ -	\$ 8,083	\$ 2,335,006
Receivables, net of allowance for uncollectibles:				
Property taxes	20,631	-	-	20,631
Other	1,392	-	-	1,392
Due from other governments	177,780	-	-	177,780
Restricted cash and cash equivalents	-	729,727	-	729,727
Total assets	\$ 2,526,726	\$ 729,727	\$ 8,083	\$ 3,264,536
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued expenses	\$ 6,530	\$ 3,300	\$ -	\$ 9,830
Due to other funds	28,960	-	-	28,960
Deferred revenue	20,631	-	-	20,631
Total liabilities	56,121	3,300	-	59,421
Fund balance:				
Reserved for debt service	-	726,427	-	726,427
Reserved for encumbrances	21,934	-	-	21,934
Unreserved	2,448,671	-	8,083	2,456,754
Total fund balance	2,470,605	726,427	8,083	3,205,115
Total liabilities and fund balance	\$ 2,526,726	\$ 729,727	\$ 8,083	\$ 3,264,536

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City Of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 September 30, 2009

	Neighborhood Improvement District	Transportation Trust	E-911 Phone Tax	Capital Improvements E-911 Tax
Assets				
Cash and cash equivalents	\$ 39,091	\$ 1,017,162	\$ 416,513	\$ 33,793
Receivables, net of allowance for uncollectibles:				
Property taxes	-	-	-	-
Other	1,392	-	-	-
Due from other governments	-	77,783	13,724	-
Total assets	\$ 40,483	\$ 1,094,945	\$ 430,237	\$ 33,793
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ -	\$ 3,946	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	3,946	-
Fund balance:				
Reserved for encumbrances	-	-	-	-
Unreserved	40,483	1,094,945	426,291	33,793
Total fund balance	40,483	1,094,945	426,291	33,793
Total liabilities and fund balance	\$ 40,483	\$ 1,094,945	\$ 430,237	\$ 33,793

Tax Increment Financing- Paradise Playhouse	Tax Increment Financing- Vintage Development	Public Safety Sales Tax	Elms Hotel Event Fees	Equitable Sharing	Tax Increment Financing- Elms Hotel	Total
\$ -	\$ -	\$ 731,264	\$ 52,308	\$ 36,792	\$ -	\$ 2,326,923
4,843	15,788	-	-	-	-	20,631
-	-	-	-	-	-	1,392
30	8,495	77,748	-	-	-	177,780
<u>\$ 4,873</u>	<u>\$ 24,283</u>	<u>\$ 809,012</u>	<u>\$ 52,308</u>	<u>\$ 36,792</u>	<u>\$ -</u>	<u>\$ 2,526,726</u>
\$ -	\$ -	\$ 2,406	\$ 178	\$ -	\$ -	\$ 6,530
-	-	-	-	-	28,960	28,960
4,843	15,788	-	-	-	-	20,631
<u>4,843</u>	<u>15,788</u>	<u>2,406</u>	<u>178</u>	<u>-</u>	<u>28,960</u>	<u>56,121</u>
-	-	21,934	-	-	-	21,934
30	8,495	784,672	52,130	36,792	(28,960)	2,448,671
<u>30</u>	<u>8,495</u>	<u>806,606</u>	<u>52,130</u>	<u>36,792</u>	<u>(28,960)</u>	<u>2,470,605</u>
<u>\$ 4,873</u>	<u>\$ 24,283</u>	<u>\$ 809,012</u>	<u>\$ 52,308</u>	<u>\$ 36,792</u>	<u>\$ -</u>	<u>\$ 2,526,726</u>

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Debt Service Funds
 September 30, 2009

	Debt Service	Tax Increment Financing- Wal-Mart/Elms	Total
Assets, restricted cash and cash equivalents	\$ 404,080	\$ 325,647	\$ 729,727
Liabilities and Fund Balance			
Liabilities, accounts payable	\$ 1,800	\$ 1,500	\$ 3,300
Fund balance, reserved for debt service	402,280	324,147	726,427
Total liabilities and fund balance	<u>\$ 404,080</u>	<u>\$ 325,647</u>	<u>\$ 729,727</u>

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund, Capital Equipment	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 1,645,294	\$ -	\$ -	\$ 1,645,294
Intergovernmental revenues	37,245	-	-	37,245
Special assessment fees	109,889	-	-	109,889
Investment earnings	34,755	558	20	35,333
Miscellaneous	-	-	4,958	4,958
Total revenues	1,827,183	558	4,978	1,832,719
Expenditures:				
Current:				
General government	69,175	-	-	69,175
Public safety	107,376	-	2,138	109,514
Public works	9,265	-	-	9,265
Community betterment	184,757	-	-	184,757
Capital outlay	51,542	-	-	51,542
Debt service:				
Principal	-	661,500	-	661,500
Interest	-	174,371	-	174,371
Trustee fees	-	7,881	-	7,881
Total expenditures	422,115	843,752	2,138	1,268,005
Excess of revenues over (under) expenditures	1,405,068	(843,194)	2,840	564,714
Other financing sources (uses):				
Transfers in	-	794,906	-	794,906
Transfers out	(1,337,601)	-	-	(1,337,601)
Total other financing sources (uses)	(1,337,601)	794,906	-	(542,695)
Net change in fund balances	67,467	(48,288)	2,840	22,019
Fund balances, beginning	2,403,138	774,715	5,243	3,183,096
Fund balances, ending	\$ 2,470,605	\$ 726,427	\$ 8,083	\$ 3,205,115

City of Excelsior Springs, Missouri

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit) - Nonmajor Special Revenue Funds
Year Ended September 30, 2009**

	Neighborhood Improvement District	Transportation Trust	E-911 Phone Tax	Capital Improvements E-911 Tax
Revenues:				
Taxes	\$ -	\$ 679,350	\$ 136,844	\$ -
Intergovernmental revenues	-	-	-	-
Special assessment fees	68,278	-	-	-
Investment earnings	18,347	12,161	1,435	132
Total revenues	86,625	691,511	138,279	132
Expenditures:				
Current:				
General government	-	2,193	953	-
Public safety	-	-	29,808	89
Public works	-	9,265	-	-
Community betterment	-	-	-	-
Capital outlay	-	-	2,233	5,048
Total expenditures	-	11,458	32,994	5,137
Excess of revenues over (under) expenditures	86,625	680,053	105,285	(5,005)
Other financing (uses), transfers out	(92,870)	(824,304)	(37,810)	-
Net change in fund balance	(6,245)	(144,251)	67,475	(5,005)
Fund balances, beginning	46,728	1,239,196	358,816	38,798
Fund balances (deficit), ending	\$ 40,483	\$ 1,094,945	\$ 426,291	\$ 33,793

Tax Increment Financing- Paradise Playhouse	Tax Increment Financing- Vintage Development	Public Safety Sales Tax	Elms Hotel Event Fees	Equitable Sharing	Tax Increment Financing- Elms Hotel	Total
\$ 32,293	\$ 116,055	\$ 679,145	\$ -	\$ -	\$ 1,607	\$ 1,645,294
-	-	-	-	37,245	-	37,245
-	-	-	41,611	-	-	109,889
-	-	2,433	247	-	-	34,755
32,293	116,055	681,578	41,858	37,245	1,607	1,827,183
-	-	5,111	60,918	-	-	69,175
-	-	77,026	-	453	-	107,376
-	-	-	-	-	-	9,265
33,456	120,734	-	-	-	30,567	184,757
-	-	44,261	-	-	-	51,542
33,456	120,734	126,398	60,918	453	30,567	422,115
(1,163)	(4,679)	555,180	(19,060)	36,792	(28,960)	1,405,068
-	-	(382,617)	-	-	-	(1,337,601)
(1,163)	(4,679)	172,563	(19,060)	36,792	(28,960)	67,467
1,193	13,174	634,043	71,190	-	-	2,403,138
\$ 30	\$ 8,495	\$ 806,606	\$ 52,130	\$ 36,792	\$ (28,960)	\$ 2,470,605

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Debt Service Funds
 Year Ended September 30, 2009

	Debt Service	Tax Increment Financing- Wal-Mart/Elms	Total
Revenues, investment earnings	\$ 230	\$ 328	\$ 558
Expenditures, debt service:			
Principal	371,500	290,000	661,500
Interest	117,938	56,433	174,371
Trustee fees	4,806	3,075	7,881
Total expenditures	494,244	349,508	843,752
Excess of revenues (under) expenditures	(494,014)	(349,180)	(843,194)
Other financing sources, transfers in	442,673	352,233	794,906
Net change in fund balance	(51,341)	3,053	(48,288)
Fund balances, beginning	453,621	321,094	774,715
Fund balances, ending	\$ 402,280	\$ 324,147	\$ 726,427

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City of Excelsior Springs, Missouri

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Special Revenue Funds -
 Budget to Actual
 Year Ended September 30, 2009

	Neighborhood Improvement District		Transportation Trust	
	Budget	Actual	Budget	Actual
Revenues:				
Taxes	\$ -	\$ -	\$ 684,000	\$ 679,350
Intergovernmental revenues	-	-	-	-
Special assessment fees	75,000	68,278	-	-
Investment earnings	18,304	18,347	10,793	12,161
Total revenues	93,304	86,625	694,793	691,511
Expenditures:				
Current:				
General government	-	-	2,000	2,193
Public safety	-	-	-	-
Public works	-	-	38,525	9,265
Community betterment	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	40,525	11,458
Excess of revenues over (under) expenditures	93,304	86,625	654,268	680,053
Other financing (uses), transfers out	(94,650)	(92,870)	(1,347,525)	(824,304)
Net change in fund balance	\$ (1,346)	(6,245)	\$ (693,257)	(144,251)
Fund balances, beginning		46,728		1,239,196
Fund balances, ending		<u>\$ 40,483</u>		<u>\$ 1,094,945</u>

(Continued)

E-911 Phone Tax		Capital Improvements E-911 Tax		Tax Increment Financing - Paradise Playhouse	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 120,000	\$ 136,844	\$ -	\$ -	\$ 33,437	\$ 32,293
-	-	-	-	-	-
-	-	-	-	-	-
600	1,435	100	132	-	-
<u>120,600</u>	<u>138,279</u>	<u>100</u>	<u>132</u>	<u>33,437</u>	<u>32,293</u>
1,500	953	-	-	-	-
31,000	29,808	300	89	-	-
-	-	-	-	-	-
-	-	-	-	34,630	33,456
1,500	2,233	10,000	5,048	-	-
<u>34,000</u>	<u>32,994</u>	<u>10,300</u>	<u>5,137</u>	<u>34,630</u>	<u>33,456</u>
86,600	105,285	(10,200)	(5,005)	(1,193)	(1,163)
(37,810)	(37,810)	-	-	-	-
<u>\$ 48,790</u>	<u>67,475</u>	<u>\$ (10,200)</u>	<u>(5,005)</u>	<u>\$ (1,193)</u>	<u>(1,163)</u>
	<u>358,816</u>		<u>38,798</u>		<u>1,193</u>
	<u>\$ 426,291</u>		<u>\$ 33,793</u>		<u>\$ 30</u>

City of Excelsior Springs, Missouri

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Special Revenue Funds -
 Budget to Actual (Continued)
 Year Ended September 30, 2009

	Tax Increment			
	Financing - Vintage Development		Public Safety Sales Tax	
	Budget	Actual	Budget	Actual
Revenues:				
Taxes	\$ 120,337	\$ 116,055	\$ 685,000	\$ 679,145
Intergovernmental revenues	-	-	-	-
Special assessment fees	-	-	-	-
Investment earnings	-	-	1,000	2,433
Total revenues	120,337	116,055	686,000	681,578
Expenditures:				
Current:				
General government	-	-	5,380	5,111
Public safety	-	-	124,045	77,026
Public works	-	-	-	-
Community betterment	133,511	120,734	-	-
Capital outlay	-	-	64,343	44,261
Total expenditures	133,511	120,734	193,768	126,398
Excess of revenues over (under) expenditures	(13,174)	(4,679)	492,232	555,180
Other financing (uses), transfers out	-	-	(382,059)	(382,617)
Net change in fund balance	\$ (13,174)	(4,679)	\$ 110,173	172,563
Fund balances, beginning		13,174		634,043
Fund balances, ending		<u>\$ 8,495</u>		<u>\$ 806,606</u>

Elms Hotel Event Fees		Equitable Sharing		Tax Increment Financing - Elms Hotel	
Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,607
-	-	46,183	37,245	-	-
38,000	41,611	-	-	-	-
150	247	-	-	-	-
<u>38,150</u>	<u>41,858</u>	<u>46,183</u>	<u>37,245</u>	-	<u>1,607</u>
77,400	60,918	-	-	-	-
-	-	453	453	-	-
-	-	-	-	-	-
-	-	-	-	50,000	30,567
-	-	-	-	-	-
<u>77,400</u>	<u>60,918</u>	<u>453</u>	<u>453</u>	<u>50,000</u>	<u>30,567</u>
(39,250)	(19,060)	45,730	36,792	(50,000)	(28,960)
-	-	-	-	-	-
<u>\$ (39,250)</u>	<u>(19,060)</u>	<u>\$ 45,730</u>	<u>36,792</u>	<u>\$ (50,000)</u>	<u>(28,960)</u>
	71,190		-		-
	<u>\$ 52,130</u>		<u>\$ 36,792</u>		<u>\$ (28,960)</u>

City of Excelsior Springs, Missouri

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Debt Service Funds -
 Budget to Actual
 Year Ended September 30, 2009

	Debt Service		Tax Increment Financing - Wal-Mart/Elms	
	Budget	Actual	Budget	Actual
Revenues, investment earnings	\$ 156	\$ 230	\$ 328	\$ 328
Expenditures, debt service:				
Principal	371,500	371,500	290,000	290,000
Interest	117,999	117,938	56,433	56,433
Trustee fees	4,750	4,806	5,800	3,075
Total expenditures	494,249	494,244	352,233	349,508
Excess of revenues (under) expenditures	(494,093)	(494,014)	(351,905)	(349,180)
Other financing sources, transfers in	442,673	442,673	352,233	352,233
Net change in fund balance	\$ (51,420)	(51,341)	\$ 328	3,053
Fund balances, beginning		453,621		321,094
Fund balances, ending		<u>\$ 402,280</u>		<u>\$ 324,147</u>

City of Excelsior Springs, Missouri

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Capital Projects Fund -
 Budget to Actual
 Year Ended September 30, 2009

	Capital Equipment	
	Budget	Actual
Revenues, investment earnings		
Investment earnings	\$ 4	\$ 20
Miscellaneous	4,500	4,958
Total revenues	<u>4,504</u>	<u>4,978</u>
Expenditures, current, public safety	<u>4,450</u>	<u>2,138</u>
Net change in fund balance	<u>\$ 54</u>	<u>2,840</u>
Fund balances, beginning		5,243
Fund balances, ending		<u>\$ 8,083</u>

City of Excelsior Springs, Missouri

Combining Statement of Net Assets (Deficit)
 Nonmajor Enterprise Funds
 September 30, 2009

Assets	Airport	Refuse	Total
Current assets:			
Cash and cash equivalents	\$ -	\$ 253,679	\$ 253,679
Accounts receivable, net of allowance for uncollectibles	-	74,746	74,746
Total current assets	-	328,425	328,425
Noncurrent assets:			
Land	50,000	-	50,000
Buildings and improvements	48,624	-	48,624
Total capital assets	98,624	-	98,624
Less accumulated depreciation	38,792	-	38,792
Total noncurrent assets	59,832	-	59,832
Total assets	\$ 59,832	\$ 328,425	\$ 388,257
Liabilities and Fund Equity (Deficit)			
Current liabilities:			
Due to other funds	\$ 77,311	\$ -	\$ 77,311
Accounts payable and accrued expenses	240	53,760	54,000
Total current liabilities	77,551	53,760	131,311
Net assets (deficit):			
Invested in capital assets, net of related debt	59,832	-	59,832
Unrestricted	(77,551)	274,665	197,114
Total net assets (deficit)	(17,719)	274,665	256,946
Total liabilities and net assets (deficit)	\$ 59,832	\$ 328,425	\$ 388,257

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)
 Nonmajor Enterprise Funds
 Year Ended September 30, 2009

	Airport	Refuse	Total
Operating revenues:			
Charges for services	\$ -	\$ 556,442	\$ 556,442
Rental income	18,985	-	18,985
Other	-	9,238	9,238
Total operating revenues	18,985	565,680	584,665
Operating expenses:			
Personnel services	-	1,559	1,559
Contractual and professional services	-	528,764	528,764
Utilities	4,012	1,696	5,708
Maintenance and repairs	794	-	794
Insurance	2,185	-	2,185
Supplies and materials (administrative)	2,286	5,727	8,013
Depreciation	318	-	318
Total operating expenses	9,595	537,746	547,341
Operating income	9,390	27,934	37,324
Nonoperating revenue, investment earnings	-	972	972
Income before transfers	9,390	28,906	38,296
Transfers out	-	(34,141)	(34,141)
Change in net assets	9,390	(5,235)	4,155
Total net assets (deficit), beginning	(27,109)	279,900	252,791
Total net assets (deficit), ending	\$ (17,719)	\$ 274,665	\$ 256,946

City of Excelsior Springs, Missouri

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 Year Ended September 30, 2009

	Airport	Refuse	Total
Cash flows from operating activities:			
Cash collected from customers	\$ 18,985	\$ 543,171	\$ 562,156
Cash paid to suppliers for goods and services	(9,236)	(518,464)	(527,700)
Cash paid to employees for services	-	(1,559)	(1,559)
Net cash provided by operating activities	9,749	23,148	32,897
Cash flows from noncapital financing activities:			
Transfers out	-	(34,141)	(34,141)
Interfund payments	(9,749)	-	(9,749)
Net cash (used in) noncapital financing activities	(9,749)	(34,141)	(43,890)
Cash flows from investing activities, interest income			
	-	972	972
Net decrease in cash and cash equivalents	-	(10,021)	(10,021)
Cash and cash equivalents:			
Beginning	-	263,700	263,700
Ending	<u>\$ -</u>	<u>\$ 253,679</u>	<u>\$ 253,679</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 9,390	\$ 27,934	\$ 37,324
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	318	-	318
(Increase) in accounts receivable	-	(22,509)	(22,509)
Increase in accounts payable and accrued expenses	41	17,723	17,764
Net cash provided by operating activities	\$ 9,749	\$ 23,148	\$ 32,897

City of Excelsior Springs, Missouri

Combining Statement of Assets and Liabilities - Agency Funds
September 30, 2009

Assets	Hospital	Payroll	Road District	Total
Cash and cash equivalents	\$ 3,836,664	\$ 86,758	\$ 425,527	\$ 4,348,949
Taxes receivable	229,593	-	-	229,593
Total assets	\$ 4,066,257	\$ 86,758	\$ 425,527	\$ 4,578,542
Liabilities				
Accounts payable	\$ -	\$ 86,758	\$ -	\$ 86,758
Due to component unit	4,066,257	-	-	4,066,257
Due to other governments	-	-	425,527	425,527
Total liabilities	\$ 4,066,257	\$ 86,758	\$ 425,527	\$ 4,578,542

City of Excelsior Springs, Missouri

Statement of Changes in Assets and Liabilities - Agency Funds
 Year Ended September 30, 2009

	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Hospital Fund				
Assets:				
Cash and cash equivalents	\$ 2,049,551	\$ 4,563,222	\$ 2,776,109	\$ 3,836,664
Taxes receivable	228,199	216,762	215,368	229,593
Total assets	\$ 2,277,750	\$ 4,779,984	\$ 2,991,477	\$ 4,066,257
Liabilities:				
Accounts payable	\$ 2	\$ -	\$ 2	\$ -
Due to component unit	2,277,748	4,780,498	2,991,989	4,066,257
Total liabilities	\$ 2,277,750	\$ 4,780,498	\$ 2,991,991	\$ 4,066,257
Payroll Fund				
Assets, cash and cash equivalents	\$ 75,859	\$ 6,671,039	\$ 6,660,140	\$ 86,758
Liabilities, accounts payable	\$ 75,859	\$ 6,736,048	\$ 6,725,149	\$ 86,758
Road District Fund				
Assets, cash and cash equivalents	\$ 312,574	\$ 386,723	\$ 273,770	\$ 425,527
Liabilities, due to other governments	\$ 312,574	\$ 386,723	\$ 273,770	\$ 425,527
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,437,984	\$ 11,620,984	\$ 9,710,019	\$ 4,348,949
Taxes receivable	228,199	216,762	215,368	229,593
Total assets	\$ 2,666,183	\$ 11,837,746	\$ 9,925,387	\$ 4,578,542
Liabilities:				
Accounts payable	\$ 75,861	\$ 6,736,048	\$ 6,725,151	\$ 86,758
Due to component unit	2,277,748	4,780,498	2,991,989	4,066,257
Due to other governments	312,574	386,723	273,770	425,527
Total liabilities	\$ 2,666,183	\$ 11,903,269	\$ 9,990,910	\$ 4,578,542

City of Excelsior Springs, Missouri

Statistical Section Contents

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Page
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.	92 - 97
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax.	98 - 103
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	104 - 107
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.	108 - 109
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.	110 - 112

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The City implemented GASB 34 in fiscal year 2003: schedules presenting government-wide information include information beginning in that year.

City of Excelsior Springs, Missouri

Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:				[a]			
Invested in capital assets, net of related debt	(3,067,523)	(1,264,482)	(102,176)	8,215,502	8,920,357	9,600,400	11,453,475
Restricted	3,168,513	2,673,855	3,565,220	3,915,524	4,443,656	5,066,289	5,375,415
Unrestricted	3,378,258	3,419,935	2,568,358	2,889,439	3,035,103	4,607,991	4,580,245
Total governmental activities net assets	3,479,248	4,829,308	6,031,402	15,020,465	16,399,116	19,274,680	21,409,135
Business-type activities:							
Invested in capital assets, net of related debt	5,359,584	5,423,336	5,455,222	5,502,722	5,752,386	6,876,597	6,951,927
Restricted	1,607,783	1,255,000	1,172,000	1,101,621	1,004,472	896,282	797,019
Unrestricted	1,692,813	1,714,642	1,793,565	1,915,682	2,090,881	1,675,923	2,144,788
Total business-type activities net assets	8,660,180	8,392,978	8,420,787	8,520,025	8,847,739	9,448,802	9,893,734
Primary government:							
Invested in capital assets, net of related debt	2,292,061	4,158,854	5,353,046	13,718,224	14,672,743	16,476,997	18,405,402
Restricted	4,776,296	3,928,855	4,737,220	5,017,145	5,448,128	5,962,571	6,172,434
Unrestricted	8,154,554	7,348,790	7,305,578	4,805,121	5,125,984	6,283,914	6,725,033
Total primary government net assets	15,222,911	15,436,499	17,395,844	23,540,490	25,246,855	28,723,482	31,302,869

GASB Statement No. 34 Implemented in Fiscal Year 2003.

[a] As restated for the addition of governmental infrastructure assets.

City of Excelsior Springs, Missouri

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses:							
Governmental activities:							
General government	\$ 734,877	\$ 790,958	\$ 741,077	\$ 939,821	\$ 999,410	966,831	1,264,010
Public Safety	3,876,293	3,791,455	4,007,447	4,569,672	4,450,412	4,048,900	4,853,975
Transportation	151,273	155,612	118,869	108,254	97,584	134,436	143,769
Public works	1,290,783	1,522,612	864,625	1,067,169	1,428,481	1,767,511	1,549,922
Health and Welfare	47,711	48,715	51,643	52,971	53,196	49,318	52,943
Recreational Activities	457,585	418,771	383,466	311,201	511,358	504,097	459,717
Community Betterment	653,759	880,721	908,513	967,437	1,287,102	1,089,998	1,731,000
Interest on long-term debt	449,855	469,131	396,908	346,140	230,991	195,191	176,710
Total governmental activities expenses	7,662,136	8,177,980	7,472,548	8,362,665	9,058,534	8,756,282	10,232,046
Business-type activities:							
Water	1,758,746	1,820,589	1,724,911	1,690,883	1,707,102	1,666,996	1,678,836
Sewer	1,067,643	968,257	929,790	978,084	973,446	877,837	1,127,120
Golf	815,495	736,727	735,904	780,348	773,545	849,698	851,479
Airport	2,956	2,955	3,087	3,087	3,087	7,211	9,595
Refuse	281,996	314,480	321,202	352,558	376,787	439,794	537,746
Total business-type activities expenses	3,926,836	3,843,008	3,714,894	3,804,960	3,833,967	3,841,536	4,204,776
Total primary government expenses	11,588,972	12,020,988	11,187,442	12,167,625	12,892,501	12,597,818	14,436,822
Program revenue:							
Governmental activities:							
Charges for services:							
General government	174,783	153,283	156,743	153,400	154,677	158,180	108,035
Public Safety	861,701	807,716	907,474	845,597	798,748	1,080,352	1,216,136
Transportation	38,229	31,350	31,265	30,264	26,166	31,802	30,213
Public works	145,483	6,828	4,807	74,217	15,638	355,916	52,566
Health and Welfare	-	-	-	-	-	-	-
Recreational Activities	31,707	35,762	23,910	32,080	31,919	23,720	36,965
Community Betterment	237,340	101,089	188,463	175,159	156,780	78,710	130,182
Operating grants and contributions:							
Public Safety	9,553	-	-	23,523	19,187	-	90,704
Transportation	41,109	52,583	36,319	35,852	29,057	56,395	55,079
Public works	-	191,911	553,718	535,311	590,406	553,271	1,388,218
Health and Welfare	15,125	17,875	13,750	19,250	12,375	21,323	17,875
Recreational Activities	-	-	-	20,377	17,220	-	5,619
Community Betterment	69,632	30,379	37,323	200,934	13,111	73,723	464,910
Capital grants and contributions, community betterment	6,703	-	-	-	-	28,391	2,267
Total governmental activities program revenue	1,631,365	1,428,776	1,953,772	2,145,964	1,865,274	2,461,773	3,598,769
Business-type activities:							
Charges for services:							
Water	1,659,038	1,813,949	1,824,642	1,945,385	2,075,336	2,210,436	2,425,643
Sewer	933,475	838,682	910,652	963,116	1,055,082	1,087,548	1,125,837
Golf	762,814	674,806	667,310	719,440	720,394	774,704	736,047
Airport	6,600	6,003	4,800	9,600	1,200	22,055	18,985
Refuse	353,441	359,919	370,127	407,217	461,351	527,077	585,680

City of Excelsior Springs, Missouri

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Capital grants and contributions:							
Water	-	-	12,721	-	-	31,011	-
Sewer	-	-	136,115	-	-	-	-
Golf	-	-	1,248	-	15,250	-	-
Total business-type activities program revenue	3,715,388	3,793,359	3,927,615	4,044,758	4,328,613	4,652,831	4,872,192
Total primary government program revenues	5,346,733	5,222,135	5,881,387	6,190,722	6,193,887	7,114,604	8,470,961
Net (expense) revenue:	(6,030,771)	(6,749,204)	(5,518,776)	(6,216,701)	(7,193,260)	(6,294,509)	(6,633,277)
Governmental activities	(211,468)	(49,649)	212,721	239,798	494,646	811,295	667,416
Business-type activities	(6,242,239)	(6,798,853)	(5,306,055)	(5,976,903)	(6,698,614)	(5,483,214)	(5,965,861)
Total primary government net expense							
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:	1,515,980	1,401,668	1,550,778	1,607,557	1,722,677	1,873,053	1,924,393
Property taxes, levied for general purposes	-	-	-	-	-	-	-
Property taxes, levied for debt service	4,062,233	3,858,746	3,383,671	4,687,813	4,788,957	4,820,222	4,696,840
General sales and use tax	1,018,137	1,121,139	1,070,849	1,047,889	1,101,815	1,481,454	1,256,515
Franchise tax	106,606	103,656	104,224	108,050	124,716	131,369	128,419
Cigarette tax	29,926	40,674	76,421	54,581	66,088	63,722	51,582
Railroad and Utility/Financial Institution Tax	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	115,442	120,513	175,527	269,903	313,854	289,426	179,924
Interest and investment earnings	174,561	112,378	43,004	145,955	85,070	166,436	164,471
Miscellaneous	-	-	-	-	-	13,416	46,318
Gain on sale of capital assets	326,263	317,659	316,396	341,985	368,734	330,955	319,270
Transfers	7,349,148	7,076,433	6,720,870	8,263,733	8,571,911	9,170,073	8,767,732
Total governmental activities	121,629	100,106	131,484	184,517	201,802	120,723	96,786
Business-type activities:	30,336	-	-	16,908	-	-	-
Investment earnings	(326,263)	(317,659)	(316,396)	(341,985)	(368,734)	(330,955)	(319,270)
Miscellaneous	(174,298)	(217,553)	(184,912)	(140,560)	(166,932)	(210,232)	(222,484)
Transfers	7,174,850	6,858,880	6,535,958	8,123,173	8,404,979	8,959,841	8,545,248
Total business-type activities	1,318,377	327,229	1,202,094	2,047,032	1,376,661	2,875,564	2,134,455
Total primary government	(385,766)	(267,202)	27,809	99,238	327,714	601,063	444,932
Changes in net assets:	\$ 932,611	\$ -60,027	\$ 1,229,903	\$ 2,146,270	\$ 1,706,365	\$ 3,476,627	\$ 2,579,387

City of Excelsior Springs, Missouri

Program Revenues by Function/Program

Last Seven Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
General government	174,783	153,283	156,743	153,400	154,677	158,180	108,035
Public Safety	871,254	807,716	907,474	869,120	817,935	1,080,352	1,306,840
Transportation	79,338	83,933	67,584	66,116	55,213	88,187	85,292
Public works	145,483	198,739	558,525	609,528	606,044	909,187	1,440,784
Health and Welfare	15,125	17,875	13,750	19,250	12,375	21,323	17,875
Recreational Activities	31,707	35,762	23,910	32,080	49,139	23,720	42,584
Community Betterment	306,972	131,468	225,786	376,093	169,891	180,824	597,359
	<u>1,624,662</u>	<u>1,428,776</u>	<u>1,953,772</u>	<u>2,125,587</u>	<u>1,865,274</u>	<u>2,461,773</u>	<u>3,598,769</u>
Total governmental activities							
Business-type activities:							
Water	1,659,038	1,813,949	1,837,363	1,945,385	2,075,336	2,241,447	2,425,643
Sewer	933,475	938,682	1,046,767	963,116	1,055,082	1,087,548	1,125,837
Golf	762,814	674,806	668,558	719,440	735,644	774,704	736,047
Airport	6,600	6,003	4,800	9,600	1,200	22,055	18,985
Refuse	353,441	359,919	370,127	407,217	461,351	527,077	565,680
	<u>3,715,368</u>	<u>3,793,359</u>	<u>3,927,615</u>	<u>4,044,758</u>	<u>4,328,613</u>	<u>4,652,831</u>	<u>4,872,192</u>
Total business-type activities expenses							
Total government	<u>5,340,030</u>	<u>5,222,135</u>	<u>5,881,387</u>	<u>6,170,345</u>	<u>6,193,887</u>	<u>7,114,604</u>	<u>8,470,961</u>

City of Excelsior Springs, Missouri

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 522,250	\$ 377,405	\$ 239,895	\$ 647,012	\$ 413,830	\$ 440,488	\$ 488,887	\$ 680,901	\$ 523,908	\$ 605,457
Unreserved	209,648	427,960	598,823	383,634	736,347	823,990	620,343	552,332	1,417,833	1,539,571
Unreserved, designated for board use	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total General Fund	<u>1,931,898</u>	<u>2,005,365</u>	<u>2,038,718</u>	<u>2,230,646</u>	<u>2,350,177</u>	<u>2,464,478</u>	<u>2,309,230</u>	<u>2,433,233</u>	<u>3,141,741</u>	<u>3,345,028</u>
All Other Governmental Funds:										
Reserved	297,111	150,293	59,591	675,491	728,935	729,062	745,330	762,406	806,977	814,435
Unreserved, reported in:										
Special revenue funds	2,151,968	2,613,234	2,712,534	3,212,851	2,887,648	3,050,866	4,035,096	4,627,324	6,235,984	6,369,183
Debt Service funds	1,059,528	1,004,130	652,579	-	-	-	-	-	-	-
Capital project funds	83,336	9,446	344,372	682,655	420,829	379,927	228,041	144,585	5,243	8,083
Total all other governmental funds	<u>\$ 3,591,941</u>	<u>\$ 3,777,103</u>	<u>\$ 3,769,076</u>	<u>\$ 4,570,997</u>	<u>\$ 4,037,412</u>	<u>\$ 4,159,855</u>	<u>\$ 5,008,467</u>	<u>\$ 5,534,315</u>	<u>\$ 7,048,204</u>	<u>\$ 7,191,701</u>

Source: City financial statements.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Taxes	5,640,326	5,912,888	5,899,451	6,249,723	6,039,868	6,185,943	7,446,196	7,804,253	8,273,864	8,022,859
Special Assessments	-	-	69,000	37,079	62,322	95,539	149,320	69,343	96,071	116,814
Intergovernmental	1,524,601	1,002,529	1,022,737	880,494	781,976	641,110	885,109	685,535	728,967	2,000,132
Licenses and permits	209,044	163,547	159,634	197,005	192,821	198,599	246,662	198,893	187,445	156,292
Charges for services	756,202	849,272	709,153	652,079	630,232	670,407	604,883	533,340	1,100,585	689,044
Fines and forfeitures	283,764	224,336	228,104	262,168	187,345	243,367	239,717	270,671	253,044	449,262
Use of money and property	129,674	285,988	174,995	159,375	120,513	175,527	239,838	313,854	289,426	179,924
Other	701,426	164,482	158,878	86,001	174,892	143,387	255,987	182,562	358,073	377,003
Total revenues	9,245,037	8,603,042	8,421,952	8,523,924	8,189,969	8,353,879	10,067,712	10,068,451	11,287,475	11,991,330
Expenditures										
General government	1,642,892	1,164,066	1,181,660	681,847	701,629	702,222	884,157	942,909	911,771	1,152,687
Public Safety	3,094,163	3,408,842	3,469,957	4,092,510	3,642,582	3,571,854	4,422,419	4,614,695	4,263,484	4,618,281
Transportation	-	-	-	127,438	97,723	66,095	69,496	65,968	102,727	103,722
Public works	1,705,723	1,249,332	2,021,746	1,433,314	1,782,543	1,483,860	1,639,902	1,329,229	1,374,117	2,276,913
Health and Welfare	-	-	-	47,144	48,148	48,661	52,971	53,196	49,318	52,943
Recreational Activities	333,918	353,090	327,054	348,798	423,553	431,884	412,602	480,314	467,305	514,928
Community Betterment	1,251,523	1,144,854	768,493	707,236	968,736	888,899	962,414	1,284,475	1,083,373	1,723,383
Capital outlay	371,797	386,276	219,326	158,434	291,772	225,935	169,941	9,291	310,385	723,525
Debt service:										
Principal	204,000	285,000	3,257,000	466,076	687,020	734,708	842,496	1,120,388	670,249	661,500
Bond issuance costs	-	-	-	-	131,488	-	-	-	-	-
Interest	570,769	564,906	738,508	459,204	342,532	283,780	259,935	233,626	206,205	182,252
Total expenditures	9,174,785	8,556,366	11,982,744	8,522,001	9,117,726	8,437,898	9,716,333	10,134,091	9,438,934	12,010,134
Excess of revenues (under) expenditures	70,252	46,676	(3,560,792)	1,923	(927,757)	(84,019)	351,379	(65,640)	1,848,541	(18,804)
Other financing sources (uses):										
Transfers in	2,571,654	2,274,102	2,960,383	2,837,642	2,974,512	2,569,781	3,197,878	2,913,768	2,392,131	2,595,875
Transfers out	(1,898,425)	(2,125,366)	(2,481,398)	(2,364,043)	(2,656,853)	(2,253,385)	(2,855,893)	(2,545,034)	(2,061,176)	(2,276,605)
Issuance of long-term debt	725,324	-	3,045,000	392,946	-	-	-	346,365	-	-
Proceeds of refunding bonds	-	-	-	-	3,490,000	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(3,336,258)	-	-	-	-	-
Premium (discount) on long-term debt	-	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Other	6,835	63,217	62,133	41,562	42,302	4,367	-	392	42,901	46,318
Proceeds from sale of property	-	-	-	83,818	-	-	-	-	-	-
Total other financing sources (uses)	1,605,388	211,953	3,586,118	991,925	513,703	320,763	341,985	715,491	373,856	365,588
Net changes in fund balance	1,675,640	258,629	25,326	993,848	(414,054)	236,744	693,364	649,851	2,222,397	346,784
Debt service as a percentage of noncapital expenditures	8.80%	10.40%	33.97%	11.06%	13.15%	12.40%	12.88%	14.20%	9.91%	7.39%

Source: City financial statements.

City of Excelsior Springs, Missouri

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property	General Sales and Use	Franchise	Cigarette	Railroad, Utility and Financial Institution	Total
2000	1,164,165	3,733,776	923,153	96,384	53,004	5,970,481
2001	1,294,270	3,378,937	1,102,213	106,467	54,286	5,936,174
2002	1,328,099	3,302,288	1,009,936	105,889	56,599	5,802,812
2003	1,501,661	3,489,755	1,018,137	106,606	44,244	6,160,403
2004	1,470,668	3,192,962	1,116,674	103,656	40,674	5,924,634
2005	1,550,778	3,276,977	1,070,849	104,224	76,421	6,079,250
2006	1,607,557	4,398,026	1,037,522	108,050	54,581	7,205,737
2007	1,722,677	4,788,957	1,101,815	124,716	66,088	7,804,253
2008	1,873,053	4,820,222	1,481,454	131,389	63,722	8,369,840
2009	1,924,393	5,123,491	1,256,515	128,419	51,582	8,484,400

Change 2000-2009 65.30% 37.22% 36.11% 33.24% -2.68% 42.11%

Source: City records.

City of Excelsior Springs, Missouri

Principal Sales Tax Industries
Current Year
(Unaudited)

Industry	Percentage of Total City Sales Tax Revenues
Department Stores	37.4 %
Retail Grocers	13.3
Automotive Parts and Repairs	10.1
Eating and Drinking Establishments	10.0
Utilities, Electrical and Natural Gas	9.9
Telephone, Cellular and Pager Communications	4.3
Convenience Stores	4.3
Hardware Stores and Hand Tools	3.2
Temporary Residences (Hotels, Motels and Bed & Breakfast Establishments)	1.7
Furniture Stores	1.4
	<hr/> <hr/> 95.6

Source: Monthly sales tax distribution reports

Note: Sales tax detail information not available for 2000.

City of Excelsior Springs, Missouri

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Estate		Agricultural	Personal Property	Railroad and Utility {a}	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
	Residential	Commercial								
2000	45,698,500	16,401,671	157,600	25,717,798	4,163,721	92,139,290	13.53%	1,0500	384,031,326	23.99%
2001	46,746,417	16,026,230	159,900	29,439,495	4,309,474	96,681,516	4.93%	1,0500	400,125,940	24.16%
2002	51,013,710	16,488,630	196,650	39,685,849	4,309,474	111,674,313	15.51%	1,0500	455,325,578	24.53%
2003	52,001,420	16,218,185	221,234	39,974,755	4,662,834	113,078,428	1.26%	1,0407	461,924,106	24.48%
2004	57,524,030	17,162,996	193,220	41,300,207	4,507,916	120,688,369	6.73%	1,0500	497,241,962	24.27%
2005	58,775,700	20,544,524	192,240	42,551,963	4,797,592	126,862,009	5.12%	1,0532	519,087,214	24.44%
2006	64,277,720	23,195,330	194,530	41,680,360	4,868,556	134,216,496	5.80%	1,0532	553,928,638	24.23%
2007	66,425,730	23,652,740	226,720	41,762,911	4,911,349	136,978,450	2.06%	1,0532	567,307,159	24.15%
2008	70,942,690	20,251,280	258,680	38,921,637	5,183,905	135,558,192	-1.04%	1,0712	572,967,553	23.66%
2009	72,109,900	23,411,180	829,940	35,531,416	4,687,063	136,569,499	0.75%	0.0000	581,919,923	23.47%

Source: City tax-billing records and county aggregate valuations.

{a} Billed and collected by the county.

City of Excelsior Springs, Missouri

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

Tax Year Levied	City Direct Rates				Hospital	School District	Overlapping Rates		Total Direct and Overlapping Rate	
	General Fund	Parks	Recreation	City			Clay County	Ray County	Clay County	Ray County
1999	0.5700	0.1600	0.1600	0.1600	0.1200	4.0100	0.7300	1.4500	5.7800	6.5000
2000	0.5700	0.1600	0.1600	0.1600	0.1600	4.0000	0.6400	1.4398	5.7200	6.5198
2001	0.5700	0.1600	0.1600	0.1600	0.1600	4.0185	0.6495	1.5358	5.7480	6.6343
2002	0.5700	0.1600	0.1600	0.1600	0.1600	4.6185	0.6495	1.5358	6.3480	7.2343
2003	0.5649	0.1586	0.1586	0.1586	0.1586	4.6185	0.6402	1.4703	6.3294	7.1595
2004	0.5700	0.1600	0.1600	0.1600	0.1600	4.5132	0.6955	1.4703	6.2887	7.0635
2005	0.5720	0.1604	0.1604	0.1604	0.1604	4.6673	0.6884	1.5003	6.4389	7.2508
2006	0.5720	0.1604	0.1604	0.1604	0.1604	4.7673	0.6024	1.5003	6.4529	7.3508
2007	0.5720	0.1604	0.1604	0.1604	0.1604	4.7673	0.9260	1.5003	6.7765	7.3508
2008	0.5819	0.1631	0.1631	0.1631	0.1631	4.8592	0.9263	1.3784	6.8867	7.3388

Source: City billing records, tax rate summaries prepared by county clerks.

Notes:

Overlapping rates are those of local and county governments that apply to property owners within the City.

City of Excelsior Springs, Missouri

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
American Italian Pasta Company	10,084,667	1	7.38%	2,635,057	1	3.25%
Wal-Mart Stores, Inc.	4,421,358	2	3.24%	1,927,328	4	2.37%
Waller Trucking Company	2,458,800	3	1.80%	-	N/A *	0.00%
Robert Bosch Tool Corporation	1,462,868	4	1.07%	-	N/A *	0.00%
Bloch Family Partnership (Price Chopper)	1,350,530	5	0.99%	-	N/A *	0.00%
Elms Resort & Spa	1,218,530	6	0.89%	2,272,000	2	2.80%
Crown Hill Associates (Crown Hill Shopping Center)	886,750	7	0.65%	625,600	8	0.77%
Rexam Consumer Plastics (Precise Technology)	849,412	8	0.62%	1,622,614	5	2.00%
Clay-Ray Plastics	830,940	9	0.61%	110,370	44	0.14%
Dial Corporation	794,857	10	0.58%	-	N/A *	0.00%
Gilmore Hose (Gilmore Manufacturing)	708,220	11	0.52%	601,820	9	0.74%
Inlier Automotive Sealing	627,055	12	0.46%	597,223	10	0.74%
Colony Plaza Associates, LP	583,910	13	0.43%	367,840	14	0.45%
Y Junction, LLC	551,170	14	0.40%	337,280	15	0.42%
Southern Union Company	550,960	15	0.40%	389,120	11	0.48%
Ford Motor Company (Magna Lomason Corp.)	503,380	16	0.37%	2,045,993	3	2.52%
Hwang, Jesse J & Esther E	464,840	17	0.34%	301,700	17	0.37%
Paradise Playhouse, LP	443,900	18	0.33%	-	N/A *	0.00%
Apple Bus Company	430,760	19	0.32%	-	N/A *	0.00%
Mediacom Southeast LLC	430,460	20	0.32%	376,710	12	0.46%

SOURCE: City Tax Billing Records.

* Taxpayer was not located in Excelsior Springs in 2000.

City of Excelsior Springs, Missouri

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended September 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the		Total Collections to Date	
			Fiscal Year of the Levy	Percentage of Levy	Amount	Percentage of Levy
2000	1999	893,516	875,601	97.99%	889,971	99.60% {a}
2001	2000	986,173	952,409	96.58%	969,402	98.30% {a}
2002	2001	1,147,198	1,100,431	95.92%	1,128,164	98.34% {a}
2003	2002	1,185,624	1,124,139	94.81%	1,147,547	96.79% {a}
2004	2003	1,216,442	1,170,639	96.23%	1,216,096	99.97% {a}
2005	2004	1,282,308	1,250,345	97.51%	1,280,397	99.85% {a}
2006	2005	1,332,597	1,297,619	97.38%	1,325,538	99.47% {a}
2007	2006	1,389,860	1,332,219	95.85%	1,368,857	98.49%
2008	2007	1,450,791	1,387,574	95.64%	1,420,084	97.88%
2009	2008	1,471,734	1,422,085	96.63%	1,422,085	96.63%

SOURCE: City Tax Billing Records.

{a} Remaining balance written off.

City of Excelsior Springs, Missouri

Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Revenue Bonds	Neighborhood Improvement District Bonds		Certificates of Participation	Lease Purchase Agreement	Revenue Bonds	Total Primary Government			
			Loan Payable	Revenue Bonds							
2000	757,938	7,102,164	745,000	1,112,500	435,000	-	6,488,971	16,641,573	3.92%	1,553	
2001	532,699	6,857,164	705,000	1,055,000	395,000	-	6,640,000	16,184,863	3.45%	1,491	
2002	6,167	6,860,000	660,000	995,000	-	929,836	6,347,500	15,798,503	3.46%	1,446	
2003	345,924	6,436,164	615,000	930,000	-	901,590	6,040,000	15,268,678	3.00%	1,391	
2004	273,904	6,255,000	545,000	860,000	-	516,575	5,720,000	14,170,479	2.75%	1,278	
2005	199,196	5,655,000	485,000	787,500	-	484,987	5,381,667	12,993,350	2.43%	1,159	
2006	121,700	4,950,000	425,000	710,000	-	451,584	5,024,167	11,682,451	2.10%	1,021	

City of Excelsior Springs, Missouri

**Direct and Overlapping Governmental Activities Debt
For the Year Ended September 30, 2009
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Clay County	[1] none	n/a	-
Ray County	[1] none	n/a	-
Excelsior Springs School District	[1] <u>28,358,050</u>	68.14% [2]	<u>19,323,175</u>
Subtotal, overlapping debt	<u>28,358,050</u>		<u>19,323,175</u>
City Direct Debt	<u>-</u>	100.00%	<u>-</u>
Total direct and overlapping debt	<u><u>28,358,050</u></u>		<u><u>\$ 19,323,175</u></u>

Sources:

[1] Outstanding G.O. debt obtained from the Ray County Clerk's Office, the Clay County Auditor's Office, the Excelsior Springs School District Administrative Office, and the Excelsior Springs Hospital Financial Statements.

[2] Assessed value (used to determine the estimated percentage applicable) obtained from the Missouri Department of Elementary and Secondary Education website.

City of Excelsior Springs, Missouri

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	19,336	22,335	22,616	24,138	25,372	26,843	27,396	27,396	27,112	27,314
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	19,336	22,335	22,616	24,138	25,372	26,843	27,396	27,396	27,112	27,314
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

	2009
Legal Debt Margin Calculation for Fiscal Year 2009	
Assessed value	\$ 136,569
Debt limit (20% of assessed value)	27,314
Debt applicable to limit:	
General obligation bonds	-
Less amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 27,314</u>

City of Excelsior Springs, Missouri

Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (dollars in thousands)
 (Unaudited)

Facilities Authority Revenue Bonds						
Fiscal Year	Facility Lease Payments	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
	{a}					
2000	\$ 221,870	\$ 2,039	\$ 219,831	\$ 35,000	\$ 184,831	1.00
2001	235,003	2,398	232,605	50,000	182,605	1.00
2002	{b} 253,635	3,238	250,397	80,000	170,397	1.00
2003	264,033	2,200	261,833	135,000	126,833	1.00
2004	270,595	2,200	268,395	145,000	123,395	1.00
2005	281,270	2,200	279,070	160,000	119,070	1.00
2006	290,930	2,275	288,655	175,000	113,655	1.00
2007	317,778	6,025	311,753	205,000	106,753	1.00
2008	319,280	5,275	314,005	215,000	99,005	1.00
2009	325,615	5,575	320,040	230,000	90,040	1.00

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 1,692,491	\$ 563,174	\$ 1,129,317	\$ 111,250	\$ 148,522	4.35
2001	1,620,995	1,391,025	229,970	160,000	225,758	0.60
2002	1,629,420	1,099,304	530,116	170,000	222,508	1.35
2003	1,692,782	1,058,504	634,278	175,000	214,217	1.63
2004	1,813,949	1,140,537	673,412	180,000	206,067	1.74
2005	1,824,642	1,054,617	770,025	190,000	197,972	1.98
2006	1,945,385	1,075,320	870,065	200,000	186,575	2.25
2007	2,075,336	1,098,945	976,391	205,000	179,406	2.54
2008	2,210,436	1,077,166	1,133,270	215,000	170,776	2.94
2009	2,421,538	1,081,461	1,340,077	225,000	160,710	3.47

Pollution Control Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 866,886	\$ 563,174	\$ 303,712	\$ 111,250	\$ 259,772	0.82
2001	858,516	401,948	456,568	153,702	269,952	1.08
2002	895,462	404,735	490,727	122,500	268,548	1.25
2003	933,660	571,610	362,050	132,500	270,431	0.90
2004	938,192	479,048	459,144	141,250	260,043	1.14
2005	910,652	452,796	457,856	147,500	257,182	1.13
2006	963,116	517,455	445,661	157,500	108,515	1.68
2007	1,055,082	629,772	425,310	167,500	77,029	1.74
2008	1,087,548	654,017	433,531	178,750	87,349	1.63
2009	1,120,450	1,050,865	69,585	192,500	67,629	0.27

{a} The Facilities Authority Revenue Bonds were issued by the City's blended component unit. These bonds do not have a dedicated revenue source, but are funded by transfers from the General Fund which represent lease payments on the Police Department and Fire Department buildings.

{b} The Facilities Authority Revenue Bonds were refunded on December 1, 2001(during fiscal year 2002). All payments subsequent to 2001 represent payments on the new issue.

City of Excelsior Springs, Missouri

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended September 30	Population {a}	Total Personal Income (In thousands) {b}	Median Household Income {c}	Per Capita Income {d}	Median Age {c}	School Enrollment {e}	Unemployment Rate {f}
2000	10,713	5,557,979	39,672	18,330	36.0	3,292	2.40%
2001	10,856	5,821,157	43,210	18,815	35.0	2,985	3.30%
2002	10,927	6,065,586	41,807	19,100	36.0	2,990	4.20%
2003	10,980	6,275,481	46,311	19,544	36.1	2,968	4.80%
2004	11,092	6,374,504	46,426	20,040	36.7	2,974	4.90%
2005	11,206	6,701,655	47,643	20,979	36.4	2,944	4.30%
2006	11,442	7,058,053	48,625	21,411	36.1	2,927	5.50%
2007	11,614	7,449,838	49,301	22,415	37.7	3,000	4.40%
2008	11,796	***	49,660	23,418	39.2	3,101	5.40%
2009	11,257	***	52,037	23,123	35.7	3,228	8.60%

*** Not yet available.

Sources:

- {a} http://www.marco.metrodataline.xls/population/Population_Estimates_as_of_July_1.xls
- {b} Clay County Data obtained from Bureau of Economic Analysis Table CA1-3 (www.bea.gov).
- {c} Information obtained from the Mid-America Regional Council website (www.metrodataline.org).
- {d} Amounts for 2000 are the result of the census, all other years are inflation-adjusted.
- {e} School district.
- {f} Clay County unemployment rate, not seasonally adjusted (www.bls.gov).

City of Excelsior Springs, Missouri

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2009			2000		
	Employees {a}	Rank	Percentage of Total City Employment {b}	Employees	Rank	Percentage of Total City Employment {b}
Excelsior Springs School District	375	1	8.93%	312	2	7.15%
Wal-Mart	301 {c}	2	7.17%	240	3	5.50%
American Italian Pasta Company	276	3	6.57%	245	2	5.62%
Excelsior Springs Hospital	265	4	6.31%	206	4	4.72%
Waller Truck Company, Inc.	241	5	5.74%	***	n/a	n/a
Excelsior Springs Job Corps Center	208	6	4.95%	160	7	3.67%
Magna Interier Auto Interiors	200	7	4.76%	190	5	4.36%
REXAM (Precise Technology)	180	8	4.29%	131	9	3.00%
Gilmore Group	175	9	4.17%	170	6	3.90%
City of Excelsior Springs	110	10	2.62%	96	9	2.20%

** Information not available.

*** Business was not located in Excelsior Springs on September 30, 2000.

Sources:

{a} Number of employees obtained from respective businesses via telephone.

{b} Total city employment for 2000 obtained from www.metrodataline.org (Mid-America Regional Council). Total city employment for 2009 estimated.

{c} Includes full-time and part-time employees.

City of Excelsior Springs, Missouri

Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

Functions/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government:									
Municipal Court	3	1	1	1	1	1	1	1	1
City Manager	2	2	2	2	2	2	2	2	2
Finance	5	5	3	4	4	4	4	4	4
Human Resources	0	0	0	0	0	0	0	0	1
Building Maintenance	1	1	1	1	1	1	1	1	1
Community Development	0	0	2	2	2	2	2	1	1
Planning & Zoning	2	2	1	1	1	1	1	1	1
Inspections	2	3	3	3	3	2	2	2	3
Senior Center	1	1	1	1	1	1	1	1	1
Police:									
Officers	21	18	22	21	20	20	22	22	22
Civilians	6	8	10	9	10	9	10	10	11
Fire:									
Firefighters and Officers	14	16	19	17	17	18	18	17	19
Civilians	1	1	1	1	0	0	0	1	1
Street Maintenance	7	8	5	7		6	5	5	5
Water:									
Administration	2	2	2	2	2	2	2	2	2
Transmission/Purification	7	7	6	5	7	7	7	7	7
Sewer:									
Administration	0	0	0	0	0	0	0	0	0
Transmission/Treatment	4	5	5	6	6	5	6	6	6
Construction Services:									
Administration	0	1	1	1	1	1	1	1	1
Maintenance	9	9	12	11	9	10	10	10	10
Parks and Recreation	4	4	3	4	4	4	4	4	4
Transportation:									
Dispatch	1	1	1	1	1	1	1	1	1
Drivers	1	1	0	0	0	0	0	0	1
Golf:									
Maintenance	3	3	3	2	2	2	2	2	2
Pro Shop	0	1	1	1	1	1	1	1	1
Food and Beverage Sales	0	1	3	2	2	2	2	1	1
Total	96	101	108	105	104	102	105	103	109

{a}: Prior to Fiscal Year 2002 the golf course was operated by an independent contractor and the City provided only the employees who maintained the course.

City of Excelsior Springs, Missouri

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Calls for service	4,027	9,757	9,749	10,807	10,862	11,126	11,014	11,316	9,386	9,231
Adult and Juvenile arrests	**	**	993	993	934	1,069	1,147	1,033	812	826
Speeding citations only	352	295	200	212	220	330	348	333	362	390
Traffic citations	1,505	1,448	1,275	1,384	1,989	3,277	3,014	2,596	2,195	2,439
Police Reports	3,938	4,277	3,628	3,803	3,864	3,120	2,879	2,638	2,359	2,285
DWI's - Municipal	136	82	115	62	53	89	75	70	39	98
Red Light Camera violations	-	-	-	-	-	-	-	-	-	4,039
Fire and EMS:										
Total ambulance runs	2,082	2,069	1,795	1,704	1,935	2,007	1,912	1,655	1,857	1,823
Total fire runs	644	586	602	479	518	518	522	430	441	602
Property loss	**	**	275,330	117,400	255,300	454,200	385,300	151,000	1,807,650	739,600
Building Inspections:										
Total building permits	466	415	389	448	437	396	960	421	319	284
Total value all permits	8,947,632	10,213,634	8,137,417	11,581,011	13,773,364	17,696,379	18,356,342	10,218,099	8,580,231	4,500,323
Public service:										
Garbage collected (ton)	**	**	**	**	**	3,832	3,810	3,330	3,360	2,324
Recycle collected (ton)	**	**	**	**	**	60,999	55,177	67,000	84,600	371,600
Parks and Recreation:										
Recreation program participation:										
Youth	606	697	776	862	833	998	1,177	1,255	1,400	1,113
Adult	348	356	299	338	308	256	178	282	400	354
Golf course:										
Golf rounds played	13,767	9,829	13,726	18,155	17,387	13,898	21,262	20,107	20,475	18,870
Golf memberships	293	273	272	274	232	204	237	256	256	263

Notes:

** Information not available.

{a} Building permits issued include both new construction and permits for remodeling/repairs. The dramatic jump in building permits issued during fiscal year 2006 was caused by repairs related to two different hail storms.

{b} Garbage service is provided by contract. Only 2005 thru 2008 statistics are available for this service.

{c} Prior to Fiscal Year 2002 the golf course was operated by an independent contractor. The golf rounds played for 2002 through 2006 include member rounds; however, the golf rounds played prior to 2002 do not include member rounds.

{d} Traffic enforcement cameras became operable in July 2009.

City of Excelsior Springs, Missouri

Capital Asset Statistics By Function/Program

Last Ten Fiscal Years

(Unaudited)

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:									
Stations	1	1	1	1	1	1	1	1	1
Animal control shelters	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	1	1	1	1	1
Parks and Recreation:									
Acres	220	220	220	220	220	220	220	220	220
Parks	12	12	12	12	12	12	12	12	12
Baseball/Softball Diamonds	{a}	4	4	4	4	4	4	4	4
Soccer/Football Fields	{a}	5	5	5	5	5	5	5	5
Basketball Courts	{a}	4	4	4	4	4	4	4	4
Tennis Courts	{a}	4	4	4	4	4	4	4	4
Skate Parks	-	-	-	-	-	1	1	1	1
Parks with Playground Equipment	7	7	7	7	7	7	7	7	7
Golf courses	1	1	1	1	1	1	1	1	1
Picnic Shelters	8	8	8	8	9	9	9	9	9
Community Centers	1	1	1	1	1	1	1	1	1
Street Department									
Miles of Streets	98	103	107	110	113	115	117	117	117
Street Lights	997	999	1,002	1,005	1,006	1,007	1,007	1,007	1,007
Water:									
Wells	5	5	5	6	6	6	6	6	6
Water Storage Tanks/Towers	9	9	9	9	9	9	9	9	9
Miles of Water Main	270	271	272	273	274	275	276	276	276
Storage Capacity (MGPD)	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80
Average Daily Consumption (MGPD)	1.19	1.23	1.28	1.22	1.24	1.22	1.55	1.55	1.55
Peak Consumption (MGPD)	1.32	1.31	1.27	1.91	1.50	1.55	2.00	2.00	2.00
Wastewater:									
Sanitary Sewers (miles)	83.90	95.32	106.74	118.16	129.50	141.00	141.00	141.00	141.00
Storm Sewers (miles)	42	42	42	42	42	42	42	42	42
Treatment Plants	1	1	1	1	1	1	1	1	1

{a} Includes facilities owned by the school district and used for recreation programs.