

City of Excelsior Springs, Missouri

Comprehensive Annual Financial Report

Year Ended September 30, 2006

City of Excelsior Springs, Missouri

Comprehensive Annual Financial Report

Year Ended September 30, 2006

Prepared by:
Finance Department

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January 31, 2007

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, 2006, is hereby submitted to fulfill those requirements. This report was prepared by the Finance Department in close cooperation with the external auditor, McGladrey & Pullen, 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, LLP, have issued an unqualified ("clean") opinion on the City of Excelsior Springs' financial statements for the year ended September 30, 2006. 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 complements 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. The operation and maintenance of certain facilities are provided through a legally separate Facilities Authority, which functions, in essence, as a department of the City of Excelsior Springs and therefore has been included as an integral part of the City of Excelsior Springs' financial statements. The City of Excelsior Springs is also financially accountable for a legally separate hospital, which is reported separately with the City of Excelsior Springs' financial statements. Additional information on both of these legally separate entities can be found in the notes to the financial statements (See Note 1).

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 5.5 percent in September 2006, which is slightly above the state and national average of approximately 5.0 percent and 4.6 percent, respectively. During the past ten years, the Clay County unemployment rate has varied from a low of 2.0 percent to a high of 5.5 percent. Although the Clay County unemployment rate was at a ten-year high in September, it dropped back to 4.0 percent in November.

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 15.3 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 this same ten-year period, charges for services revenues have decreased by approximately 16 percent. Although some of this decrease can be attributed to the reduced scope of services offered (e.g., the reduction in transportation services offered by the OMNI system), the main factor in this decrease is a 21 percent decrease in the amounts collected for ambulance service from private insurance companies, Medicare, and Medicaid. As the cost of providing services has increased while charges for services have declined, tax revenues have increased to fill the gap.

During the past ten years, the government's total tax revenues have increased by approximately \$3,130,000, or 75.5 percent. The largest single contributor in this increase was general sales and use tax which increased by approximately \$2,108,000, or 92 percent. Property tax revenues also increased by 79.1 percent during this ten-year period. The increase in property tax revenues was driven primarily by the growth in assessed value.

Long-term financial planning

The unreserved, undesignated fund balance in the General Fund (11.8 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 34.6 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).

Late in fiscal year 2005 the City of Excelsior Springs completed its first citizen survey. This survey provided useful information to the City on how well our citizens believe we are doing and provided guidance for staff in determining where we should concentrate our efforts in the near future.

Major Initiatives

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 new initiative 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.

On August 25, 2006, the City obtained a new five-year operating permit for the wastewater treatment plant. As the Environmental Protection Agency has issued updated water quality standards for those entities discharging wastewater into "full-body contact" streams, the City anticipates that the current wastewater treatment plant will not qualify for permit renewal without substantial work. As a result, the City has begun working with an engineering firm to complete a wastewater facility study, the first step in designing a new treatment facility.

Awards and Acknowledgements

Fiscal year 2006 represents the first year that the City of Excelsior Springs' comprehensive annual financial report (CAFR) will be submitted to the Government Finance Officers Association (GFOA) for evaluation under the Certificate of Achievement for Excellence in Financial Reporting program. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. We are hopeful that the City of Excelsior Springs will receive this prestigious award.

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
Finance Director

City of Excelsior Springs, Missouri

Principal Officials
September 30, 2006

Elected Officials

Mayor	James C. Nelson
Mayor Pro Tem	Chad Taylor
Councilman	Ken Fousek
Councilman	R.D. "Sonny" Parker
Councilwoman	Carolyn Schutte

Appointed Officials

City Manager	Darren A. Hennen
Assistant City Manager	Debbie S. Kimsey
City Clerk	Frances Smith
Deputy City Clerk	Sherry Marcell
Finance Director	Steven D. Marriott
Fire Chief	William Stewart
Golf Course Manager	Tim Jarmin
Municipal Court Judge	Shane Alexander
Municipal Prosecutor	Pete Schloss
Parks and Recreation Director	Steve Zimmerman
Police Chief	John McGovern
Public Works Director	Rex Brinker

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of 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, 2006, 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. 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, 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. The financial statements of the City Hospital, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. 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 provides a reasonable basis for our opinions.

As discussed in Note 12 to the basic financial statements, the City implemented Governmental Accounting Standards Board Statement No. 46. As a result, \$2,243,785 previously reported as unrestricted net assets was reclassified to restricted net assets.

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, 2006, 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 and Parks and Recreation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2006 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 14 and the Pension Plan Schedule of Funding Progress and Schedule of Employer Contributions on page 61 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
December 1, 2006

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

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, 2006. 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 \$16,598,459. Of this amount, \$4,646,057 may be used to meet the government's ongoing obligations to citizens and creditors. For fiscal year 2005, assets exceeded liabilities by \$14,452,189 of which \$6,903,226 was unrestricted.
- The government's total net assets increased by \$2,146,270 and \$1,229,903 for fiscal years ended September 30, 2006 and 2005, 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 \$7,317,697, an increase of \$693,364. Approximately \$4,883,480 of this amount is available for spending at the government's discretion. Total governmental funds combined ending fund balances in fiscal year 2005 were \$6,624,333.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$1,820,343 or 32 percent of total General Fund expenditures.
- The City of Excelsior Springs total debt (excluding compensated absences) decreased by \$1,310,899 (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 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).

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

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.

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 15-18 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 21 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 and Parks and Recreation Special Revenue Fund, which are considered to be major funds. Data from the other eighteen 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 19-25 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

The basic proprietary fund financial statements can be found on pages 26-33 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 34 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 35-60 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 62-81 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 \$16,598,459 at the close of the most recent fiscal year.

A large portion of the City of Excelsior Springs' net assets (42 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 that 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 8,670,653	\$ 8,181,226	\$ 3,425,045	\$ 3,608,970	\$ 12,095,698	\$ 11,790,196
Capital assets	6,753,037	6,120,405	11,841,445	12,100,883	18,594,482	18,221,288
Total assets	15,423,690	14,301,631	15,266,490	15,709,853	30,690,180	30,011,484
Long-term liabilities outstanding	4,561,312	5,591,700	5,707,926	6,226,584	10,269,238	11,818,284
Other liabilities	2,783,944	2,678,529	1,038,539	1,062,482	3,822,483	3,741,011
Total liabilities	7,345,256	8,270,229	6,746,465	7,289,066	14,091,721	15,559,295
Net assets:						
Invested in capital assets, net of related debt	1,273,471	(102,176)	5,661,787	5,455,222	6,935,258	5,353,046
Restricted	3,915,523	1,023,917	1,101,621	1,172,000	5,017,144	2,195,917
Unrestricted	2,889,440	5,109,661	1,756,617	1,793,565	4,646,057	6,903,226
Total net assets	\$ 8,078,434	\$ 6,031,402	\$ 8,520,025	\$ 8,420,787	\$ 16,598,459	\$ 14,452,189

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

A portion of the City of Excelsior Springs' net assets (30 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,646,057 or 28 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, 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. In 2005, governmental activities liabilities exceeded the net book value of capital assets. This situation is related to the fact that the City of Excelsior Springs has not yet capitalized infrastructure assets purchased or constructed prior to October 1, 2002.

There was an increase of \$350,304 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 \$70,379 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 \$2,146,270 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 change in net assets is as follows:

	Governmental Activities 2006	Business-Type Activities 2006	2006 Total	Governmental Activities 2005	Business-Type Activities 2005	2005 Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,400,031	\$ 4,044,758	\$ 5,444,789	\$ 1,312,662	\$ 3,777,531	\$ 5,090,193
Operating grants and contributions	835,253	-	835,253	641,110	-	641,110
Capital grants and contributions	-	16,908	16,908	-	150,084	150,084
General revenues:						
Property taxes	1,607,557	-	1,607,557	1,550,778	-	1,550,778
General sales and use tax	4,628,119	-	4,628,119	3,383,671	-	3,383,671
Franchise tax	1,047,889	-	1,047,889	1,070,849	-	1,070,849
Cigarette tax	108,050	-	108,050	104,224	-	104,224
Railroad and utility/financial institution tax	54,581	-	54,581	76,421	-	76,421
Gain on sale of capital assets	-	-	-	4,367	-	4,367
Investment earnings	239,838	184,517	424,355	175,527	131,484	307,011
Miscellaneous	146,394	-	146,394	38,637	-	38,637
Total revenues	10,067,712	4,246,183	14,313,895	8,358,246	4,059,099	12,417,345

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

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

	Governmental Activities 2006	Business-Type Activities 2006	2006 Total	Governmental Activities 2005	Business-Type Activities 2005	2005 Total
Expenses:						
General government	939,821	-	939,821	741,077	-	741,077
Public safety	4,569,672	-	4,569,672	4,007,447	-	4,007,447
Transportation	108,254	-	108,254	118,869	-	118,869
Public works	1,067,169	-	1,067,169	864,625	-	864,625
Health and welfare	52,971	-	52,971	51,643	-	51,643
Recreational activities	311,201	-	311,201	383,466	-	383,466
Community betterment	967,437	-	967,437	908,513	-	908,513
Interest and fiscal charges	346,140	-	346,140	396,908	-	396,908
Water	-	1,690,883	1,690,883	-	1,724,911	1,724,911
Sewer	-	978,084	978,084	-	929,790	929,790
Golf	-	780,348	780,348	-	735,904	735,904
Airport	-	3,087	3,087	-	3,087	3,087
Refuse	-	352,558	352,558	-	321,202	321,202
Total expenses	8,362,665	3,804,960	12,167,625	7,472,548	3,714,894	11,187,442
Excess before transfers	1,705,047	441,223	2,146,270	885,698	344,205	1,229,903
Transfers	341,985	(341,985)	-	316,396	(316,396)	-
Change in net assets	2,047,032	99,238	2,146,270	1,202,094	27,809	1,229,903
Net assets, beginning	6,031,402	8,420,787	14,452,189	4,829,308	8,392,978	13,222,286
Net assets, ending	\$ 8,078,434	\$ 8,520,025	\$ 16,598,459	\$ 6,031,402	\$ 8,420,787	\$ 14,452,189

Governmental activities. Governmental activities increased the City of Excelsior Springs' net assets by \$2,047,032, accounting for 95 percent of the increase in the government's net assets. Key elements of this increase are as follows:

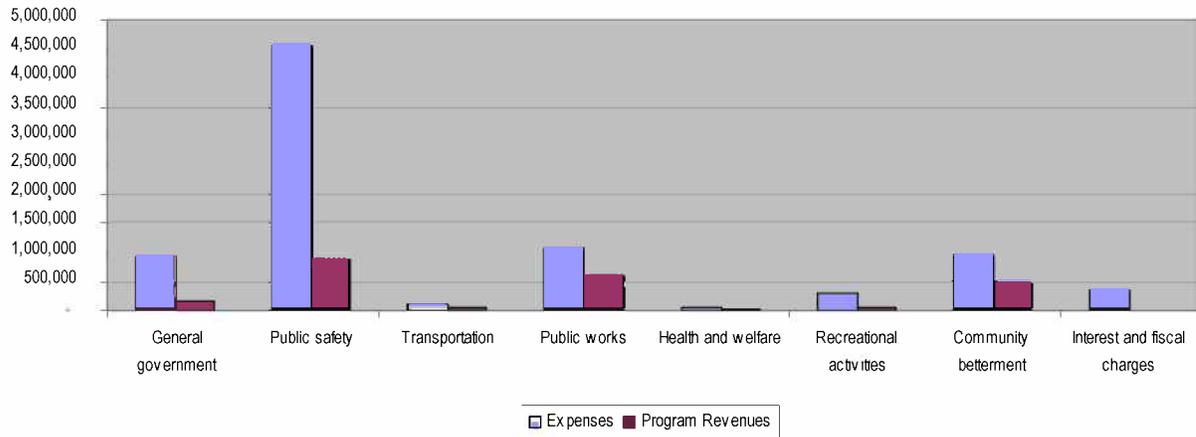
- Operating grants and contributions increased by \$194,143 (30.3 percent) during the year. Most of this increase is attributable to fire department grant funding received from FEMA.
- Property tax revenues increased by \$56,779 (3.7 percent) during the year. This increase was caused by new construction and reassessment growth.
- Sales and use tax revenues increased by \$1,304,142 (38.5 percent) during the year. The largest factor in this increase was the collection of a public safety sales tax throughout the year, as this tax was not assessed during the prior year.
- Investment earnings increased by \$94,376 (53.8 percent) during the year. This increase was caused by improved interest rates and larger investment account balances.
- General government expenditures increased by \$198,744 (26.8 percent) during the fiscal year. Most of this increase is attributable to increased building maintenance expenditures at the Hall of Waters.
- Public safety expenditures increased by \$562,225 (14 percent) during the fiscal year. This increase is attributable to the purchase of minor fire equipment obtained using FEMA grant proceeds and increased personnel expenditures as salaries and benefits were reviewed and adjusted after passage of the public safety sales tax.

City of Excelsior Springs, Missouri

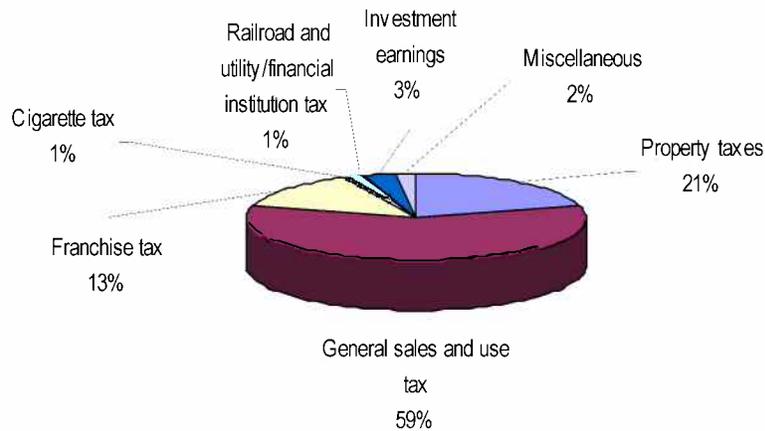
Management's Discussion and Analysis

- Public works expenditures increased by \$202,544 (23.4 percent) during the fiscal year. This increase is attributable to the increased cost of asphalt and increased personnel expenditures as salaries and benefits were reviewed and adjusted this year.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



City of Excelsior Springs, Missouri

Management's Discussion and Analysis

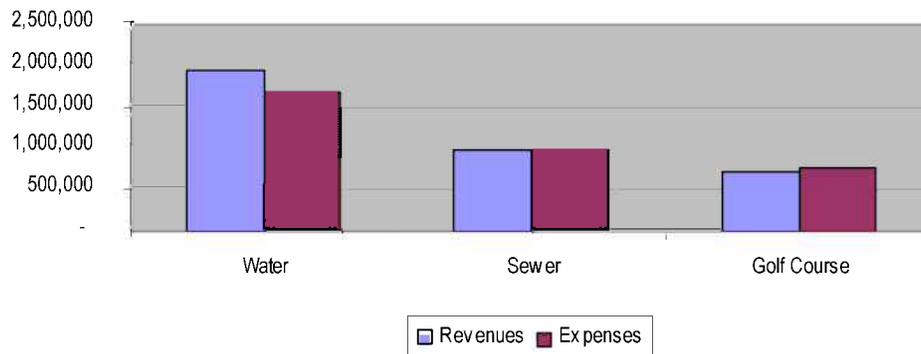
Business-type activities. Business-type activities increased the City of Excelsior Springs' net assets by \$99,238, accounting for 4.6 percent of the increase in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$267,227 (7.1 percent). This increase was driven by a \$120,743 (6.6 percent) increase in water revenues, a \$66,743 (6.4 percent) decrease in sewer revenues and a \$52,130 (7.8 percent) increase in golf course revenues.
- Operating expenses for business-type activities increased by \$90,066 (2.4 percent). Increases in sewer, golf course and refuse expenses offset by decreased water expenses accounted for all of this increase.
- Interest income for business-type activities increased by \$53,033 (40 percent), primarily due to higher interest rates.

In 2005, the business-type activities increased the City of Excelsior Springs' net assets by \$27,809, accounting for 2.3 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 were relatively flat, decreasing by \$15,828 (0.4 percent).
- Operating expenses for business-type activities decreased by \$128,114 (3.3 percent). Decreases in water, sewer and golf course expenses offset by increased airport and refuse expenses accounted for all of this decrease.
- Interest income for business-type activities increased by \$31,378 (31.3 percent), primarily due to higher interest rates.

Program Revenues and Expenses - Business-Type Activities



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.

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.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

As of the end of the current fiscal year, the City of Excelsior Springs' governmental funds reported combined ending fund balances of \$7,317,697, an increase of \$693,364 in comparison with the prior year. Approximately \$6,100,000 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 \$1,820,343; 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 11 percent of General Fund expenditures, while the total fund balance represents 32 percent of that same amount.

The fund balance of the City of Excelsior Springs' General Fund decreased by \$155,248 during the current fiscal year. Key factors in this growth are as follows:

- Total revenues increased by \$90,168 (1.7 percent). This increase was caused primarily by a \$61,005 increase in tax revenues; a \$33,405 increase in licenses, permits and fees; a \$71,271 decrease in charges for services; a \$30,965 increase in investment earnings; and a \$34,542 increase in other revenues offset by other immaterial increases and decreases.
- Total expenditures increased by \$747,331 (14.9 percent). This increase was caused by a \$62,064 increase in general government expenditures; a \$26,940 increase in public works expenditures; a \$612,885 increase in public safety expenditures; and a \$45,442 increase in community betterment expenditures. These increases were driven by increased salary and benefit costs and increased fuel prices during the year.
- Other financing sources increased by \$387,614. This increase was caused by a \$357,562 increase in operating transfers in driven primarily by transfers from the public safety sales tax fund.

The Construction Services Fund has a total fund balance of \$60,655. Funding sources for the Construction Services Fund include intergovernmental revenues and operating transfers in. The fund balance of the Construction Services Fund decreased by \$45,891 during the fiscal year.

The Parks and Recreation Fund has a total fund balance of \$321,976. Funding sources for the Parks and Recreation Fund include property tax revenues and program revenue. The fund balance of the Parks and Recreation Fund increased by \$48,013 during the fiscal year.

Proprietary Funds. The City of Excelsior Springs's 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 \$619,236, \$1,713,737 and (\$658,263), respectively. The increase/decline in net assets for these funds was \$130,841, \$17,806 and (\$77,825), 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 2006 revenue budget was \$5,959,244 including operating transfers of \$856,819. The amended 2006 revenue budget was \$5,916,241 including operating transfers of \$776,100. Actual revenue, including operating transfers, was \$6,030,213 and included the following variances:

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

Taxes, including property tax, franchise fees, sales and use tax and other miscellaneous taxes comprise 55.7 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 exceeded the original budget by 1.7 percent and grew by 1.9 percent over fiscal year 2005.
- Sales and use tax collections exceeded the original budget by 8.5 percent and grew by 11.9 percent over fiscal year 2005. This increase was driven in part by the fact that one of the City's retailers expanded its store during the fiscal year. In addition, tax increment financing district surpluses exceeded expectations as the City originally planned to use those surpluses to repay additional debt but instead declared the surplus to maximize City revenues.
- Total franchise fees fell short of the original budget by 1.9 percent and fell by 0.4 percent from fiscal year 2005. Cable franchise fees fell by 2.2 percent from fiscal year 2005; however, the amount collected exceeded the amended budget by 7.2 percent. Electric franchise fees fell by 4.3 percent from fiscal year 2005 and the amount collected fell short of the amended budget by 6.2 percent. Telephone franchise fees fell by 14.2 percent from fiscal year 2005; however, the amount collected exceeded the amended budget by 8.9 percent. Gas franchise fees increased by 9.2 percent over fiscal year 2005 and the amount collected exceeded the amended budget by 2.4 percent.
- Cigarette taxes exceeded the original budget by 4.3 percent and grew by 3.7 percent over fiscal year 2005.
- Licenses and permits exceeded the original budget by 27.9 percent and grew by 17 percent over fiscal year 2005. The primary driving force behind this increase was the increased issuance of building permits related to repair of buildings damaged by two hailstorms.
- Charges for services fell short of the original budget by 15.6 percent and fell by 11 percent from fiscal year 2005. A decrease in net ambulance billings is the driving force behind this decline, with actual ambulance billings falling short of the original budget by 16.3 percent and declining by 11.4 percent from fiscal year 2005.
- Fines and forfeitures exceeded the original budget by 15.8 percent although they fell by 1.5 percent from fiscal year 2005.
- Investment earnings exceeded the original budget by 19.4 percent and grew by 34.1 percent over fiscal year 2005.
- Other revenues exceeded the original budget by 81.7 percent and grew by 27 percent over fiscal year 2005.

General Fund Expenditures: The original 2006 expenditure budget was \$6,061,340 included operating transfers of \$426,707. The amended 2006 expenditure budget was \$6,305,041 including operating transfers of \$431,506. Actual expenditures, including operating transfers, were \$6,185,461 and grew by 10.1 percent over fiscal year 2005. During the fiscal year the City gave two salary increases to most employees, including a 2 percent increase effective on October 1 and either a \$2,500 annual increase or an additional 2.5 percent increase effective on January 1. In addition, the City improved the employee retirement plan by moving to an L-7 on LAGERS. These changes are responsible for most of the increases in General Fund expenditures. Other details of the changes are as follows:

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

General government expenditures exceeded the original budget by 6.4 percent and grew by 9 percent over fiscal year 2005. Some elements of this difference are:

- City manager and City council expenditures exceeded the original budget by 23.3 percent and grew by 14.5 percent over fiscal year 2005. The largest single factor in this increase was the expenditures related to the use of two different consultants for economic development.
- Finance department expenditures fell short of the original budget by 6.3 percent although they grew by 5.8 percent over fiscal year 2005. The largest single factor in this increase was related to increased personnel expenditures.
- Building operations expenditures exceeded the original budget by 5.9 percent and grew by 1.1 percent over fiscal year 2005. The largest single factor in this increase was related to increased personnel expenditures.

Public works expenditures fell short of the original budget by 19 percent and fell by 0.7 percent from fiscal year 2005. The largest single factor in this difference was the decision to defer the purchase of some equipment which was included in the original budget.

Public safety expenditures exceeded the original budget by 4.7 percent and grew by 17.3 percent over fiscal year 2005. Some elements of this difference are:

- Police department expenditures exceeded the original budget by 0.3 percent and grew by 15.5 percent over fiscal year 2005. The largest single factor in this increase was related to increased personnel expenditures which were partially offset by operating transfers from the public safety sales tax fund.
- Municipal court expenditures exceeded the original budget by 38.5 percent and grew by 14.2 percent over fiscal year 2005. The largest single factor in this increase was related to the increased cost of providing housing and medical services for prisoners.
- Fire department expenditures exceeded the original budget by 6.7 percent and grew by 20.4 percent over fiscal year 2005. This increase was caused by increased personnel expenditures and increased equipment purchases which were partially offset by operating transfers from the public safety sales tax fund.

Community betterment expenditures fell short of the original budget by 0.7 percent and grew by 11.6 percent over fiscal year 2005. The largest single factor in this increase was related to increased personnel expenditures.

Construction Services Fund. The original 2006 revenue budget was \$1,026,586 including operating transfers of \$977,786. The amended 2006 revenue budget was \$1,217,280 including operating transfers of \$1,162,401. Actual revenue, including operating transfers, was \$1,185,285, and grew by 4.7 percent over fiscal year 2005.

The original 2006 expenditure budget was \$993,224 included operating transfers of \$26,100. The amended 2006 expenditure budget was \$1,364,363 including operating transfers of \$26,476. Actual expenditures, including operating transfers, were \$1,231,176 and grew by 16.8 percent over fiscal year 2005. This increase was caused by increased personnel expenditures and increased capital purchases.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

Parks and Recreation Fund. The original 2006 revenue budget was \$499,600. The amended 2006 revenue budget was \$536,076. Actual revenue, including operating transfers, was \$542,516, and grew by 6.6 percent over fiscal year 2005. Taxes, including property tax and cigarette tax comprise 86.4 percent of the total Parks and Recreation Fund revenue. In total, Parks and Recreation tax revenues exceeded the original budget by approximately 10 percent. Charges for services revenue fell short of the original budget and investment earnings exceeded the original budget by 347.8 percent.

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 \$18,594,482 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, proprietary fund infrastructure assets, and governmental fund infrastructure assets added since October 1, 2002. However, this investment in capital assets does not include governmental infrastructure assets added during previous years which have not yet been inventoried. The total increase in the City of Excelsior Springs' investment in capital assets for the current fiscal year was 2 percent (a 10 percent increase for governmental activities and a 2 percent decrease for business-type activities).

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 384,847	\$ 384,847	\$ 1,036,813	\$ 1,036,813	\$ 1,421,660	\$ 1,421,660
Land improvements	-	1,172	433,063	475,517	433,063	476,689
Construction-in-progress	-	369,642	449,625	160,652	449,625	530,294
Buildings and improvements	1,461,354	1,601,619	3,240,991	3,471,031	4,702,345	5,072,650
Operating equipment	631,155	513,942	92,375	163,964	723,530	677,906
Furniture and office equipment	52,798	55,194	24,290	35,234	77,088	90,428
Vehicles	1,001,206	1,119,443	318,562	356,280	1,319,768	1,475,723
Infrastructure	3,221,677	2,074,546	6,245,726	6,401,392	9,467,403	8,475,938
	<u>\$ 6,753,037</u>	<u>\$ 6,120,405</u>	<u>\$ 11,841,445</u>	<u>\$ 12,100,883</u>	<u>\$ 18,594,482</u>	<u>\$ 18,221,288</u>

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

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 \$573,284, \$10,399,167 and \$710,000, respectively, for a total of \$11,682,451. Of this amount, \$425,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment and \$5,024,167 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.

City of Excelsior Springs, Missouri

Management's Discussion and Analysis

City of Excelsior Springs' Outstanding Debt						
Capital Leases, General Obligation Bonds, Revenue Bonds and Long-Term Debt						
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Capital leases	\$ 121,700	\$ 199,196	\$ 451,584	\$ 484,987	\$ 573,284	\$ 684,183
Special assessment debt with governmental commitment	425,000	485,000	-	-	425,000	485,000
Revenue bonds	4,950,000	5,655,000	5,024,167	5,381,667	9,974,167	11,036,667
Long-term loans payable	-	-	710,000	787,500	710,000	787,500
	\$ 5,496,700	\$ 6,339,196	\$ 6,185,751	\$ 6,654,154	\$ 11,682,451	\$ 12,993,350

The City of Excelsior Springs' total debt decreased by \$1,310,899 (10 percent) during the current fiscal year. This decrease resulted from \$1,310,899 in principal payments.

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 \$12.4 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 5.5 percent, which is 1.4 percent more than it was one year ago. This compares unfavorably to the state's average unemployment rate of 5.0 percent and the national average of 4.6 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the City of Excelsior Springs' budget for the 2007 fiscal year.

- During the fiscal year, the unreserved fund balance of the General Fund declined to \$1,820,343. The City of Excelsior Springs appropriated \$183,305 of the existing fund balance for spending in the 2007 fiscal year.
- Water, sewer and refuse rate increases of 8 percent were included in the 2007 budget.

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 Office of the Finance Director, City of Excelsior Springs, 201 East Broadway, Excelsior Springs, Missouri 64024

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City of Excelsior Springs, Missouri

Statement of Net Assets September 30, 2006

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hospital
Current assets:				
Cash and cash equivalents	\$ 3,416,261	\$ 802,736	\$ 4,218,997	\$ -
Due from primary government agency fund	-	-	-	862,625
Investments	1,417,152	1,436,191	2,853,343	-
Receivables, net of allowance for uncollectibles of \$1,185,403:				
Property taxes	1,227,634	-	1,227,634	-
Franchise taxes	148,025	-	148,025	-
Utility accounts	-	389,459	389,459	-
Patient accounts	-	-	-	2,421,596
Other	279,872	-	279,872	110,793
Accrued interest	-	-	-	-
Due from other governmental units	639,618	-	639,618	-
Due from third party payers	-	-	-	200,000
Prepaid items	135,366	-	135,366	329,858
Internal balances	311,055	(311,055)	-	-
Deferred charges	17,134	6,093	23,227	-
Restricted cash and cash equivalents	828,536	781,343	1,609,879	-
Restricted investments	250,000	320,278	570,278	-
Supplies	-	-	-	342,254
Total current assets	8,670,653	3,425,045	12,095,698	4,267,126
Noncurrent assets:				
Nondepreciable:				
Land	384,847	1,036,813	1,421,660	-
Construction-in-progress	-	449,625	449,625	70,492
Depreciable:				
Land improvements	39,831	809,585	849,416	810,669
Buildings and improvements	4,244,024	5,107,018	9,351,042	5,465,077
Operating equipment	1,427,900	799,747	2,227,647	4,569,266
Furniture and office equipment	191,647	125,897	317,544	5,619,515
Vehicles	2,524,765	646,806	3,171,571	-
Infrastructure	3,361,165	14,429,636	17,790,801	-
Less accumulated depreciation	(5,421,142)	(11,563,682)	(16,984,824)	(11,596,121)
Total capital assets	6,753,037	11,841,445	18,594,482	4,938,898
Due from primary government agency fund	-	-	-	376,942
Cash and deposits held under bond indenture, due from primary government agency fund	-	-	-	1,508,474
Other	-	-	-	383,764
Total noncurrent assets	6,753,037	11,841,445	18,594,482	7,208,078
Total assets	\$ 15,423,690	\$ 15,266,490	\$ 30,690,180	\$ 11,475,204

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	\$ 155,608	\$ 119,956	\$ 275,564	\$ 1,029,322
Unearned revenue	1,180,214	-	1,180,214	206,244
Customer deposits	-	258,784	258,784	-
Accrued interest	103,034	79,203	182,237	15,793
Current portion of long-term obligations:				
Loans payable	-	82,500	82,500	-
Capital lease obligations	80,388	35,325	115,713	248,606
Revenue bonds payable	855,000	360,000	1,215,000	178,886
Compensated absences	409,700	102,771	512,471	368,199
Total current liabilities	2,783,944	1,038,539	3,822,483	2,047,050
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Loans payable	-	627,500	627,500	-
Capital lease obligations	41,312	416,259	457,571	355,537
Revenue bonds payable	4,520,000	4,664,167	9,184,167	3,158,793
Total noncurrent liabilities	4,561,312	5,707,926	10,269,238	3,514,330
Total liabilities	7,345,256	6,746,465	14,091,721	5,561,380
Net assets:				
Invested in capital assets, net of related debt	1,273,471	5,661,787	6,935,258	997,211
Restricted for:				
Renewal and replacement	-	1,101,621	1,101,621	-
Debt service	995,330	-	995,330	670,407
Other purposes	82,305	-	82,305	518,513
Parks and recreation	321,976	-	321,976	-
Transportation trust	714,429	-	714,429	-
Capital improvements	228,041	-	228,041	-
Tax increment financing projects	1,108,733	-	1,108,733	-
E-911 system	266,316	-	266,316	-
Public safety	198,393	-	198,393	-
Unrestricted	2,889,440	1,756,617	4,646,057	3,727,693
Total net assets	8,078,434	8,520,025	16,598,459	5,913,824
Total liabilities and net assets	\$ 15,423,690	\$ 15,266,490	\$ 30,690,180	\$ 11,475,204

City of Excelsior Springs, Missouri

Statement of Activities
Year Ending September 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ (939,821)	\$ 153,400	\$ -	\$ -
Public safety	(4,569,672)	845,597	23,529	-
Transportation	(108,254)	30,264	35,852	-
Public works	(1,067,169)	74,217	535,311	-
Health and welfare	(52,971)	-	19,250	-
Recreational activities	(311,201)	32,080	20,377	-
Community betterment	(967,437)	264,473	200,934	-
Interest and fiscal charges	(346,140)	-	-	-
Total governmental activities	(8,362,665)	1,400,031	835,253	-
Business-type activities:				
Water	(1,690,883)	1,945,385	-	-
Sewer	(978,084)	963,116	-	16,908
Golf	(780,348)	719,440	-	-
Airport	(3,087)	9,600	-	-
Refuse	(352,558)	407,217	-	-
Total business-type activities	(3,804,960)	4,044,758	-	16,908
Total primary government	(12,167,625)	5,444,789	835,253	16,908
Component unit - hospital	\$ (17,038,041)	\$ 17,135,240	\$ 132,136	\$ 8,198

General Revenues and Transfers

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

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
\$ (786,421)	\$ -	\$ (786,421)	\$ -
(3,700,546)	-	(3,700,546)	-
(42,138)	-	(42,138)	-
(457,641)	-	(457,641)	-
(33,721)	-	(33,721)	-
(258,744)	-	(258,744)	-
(502,030)	-	(502,030)	-
(346,140)	-	(346,140)	-
(6,127,381)	-	(6,127,381)	-
-	254,502	254,502	-
-	1,940	1,940	-
-	(60,908)	(60,908)	-
-	6,513	6,513	-
-	54,659	54,659	-
-	256,706	256,706	-
(6,127,381)	256,706	(5,870,675)	-
-	-	-	237,533
1,607,557	-	1,607,557	245,128
4,628,119	-	4,628,119	-
1,047,889	-	1,047,889	-
108,050	-	108,050	-
54,581	-	54,581	-
239,838	184,517	424,355	124,532
146,394	-	146,394	-
341,985	(341,985)	-	-
8,174,413	(157,468)	8,016,945	369,660
2,047,032	99,238	2,146,270	607,193
6,031,402	8,420,787	14,452,189	5,306,631
\$ 8,078,434	\$ 8,520,025	\$ 16,598,459	\$ 5,913,824

City of Excelsior Springs, Missouri

Balance Sheet
Governmental Funds
September 30, 2006

Assets	Governmental Fund Types				
	General	Construction Services	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 81,928	\$ 61,558	\$ -	\$ 3,272,775	\$ 3,416,261
Investments	1,170,203	-	-	246,949	1,417,152
Receivables, net of allowance for uncollectibles of \$203,426:					
Property taxes	744,381	-	428,791	54,462	1,227,634
Franchise taxes	148,025	-	-	-	148,025
Other	278,346	-	-	1,526	279,872
Due from other governments	228,980	-	891	409,747	639,618
Due from other funds	-	-	311,055	901	311,956
Prepaid items	135,366	-	-	-	135,366
Restricted cash and cash equivalents	82,305	-	-	746,231	828,536
Restricted investments	250,000	-	-	-	250,000
Total assets	\$ 3,119,534	\$ 61,558	\$ 740,737	\$ 4,732,591	\$ 8,654,420
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 94,891	\$ 903	\$ 6,272	\$ 53,542	\$ 155,608
Due to other funds	-	-	-	901	901
Deferred revenue	715,413	-	412,489	52,312	1,180,214
Total liabilities	810,304	903	418,761	106,755	1,336,723
Fund balance:					
Reserved for police programs	23,305	-	-	-	23,305
Reserved for court	18,900	-	-	-	18,900
Reserved for construction	11,446	-	-	-	11,446
Reserved for ambulance	28,654	-	-	-	28,654
Reserved for encumbrances	21,216	-	-	-	21,216
Reserved for debt service	250,000	-	-	745,330	995,330
Reserved for prepaid items	135,366	-	-	-	135,366
Unreserved, designated for board use	1,200,000	-	-	-	1,200,000
Unreserved, reported in:					
General Fund	620,343	-	-	-	620,343
Special revenue funds	-	60,655	321,976	3,652,465	4,035,096
Capital projects funds	-	-	-	228,041	228,041
Total fund balance	2,309,230	60,655	321,976	4,625,836	7,317,697
Total liabilities and fund balance	\$ 3,119,534	\$ 61,558	\$ 740,737	\$ 4,732,591	\$ 8,654,420

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities
September 30, 2006

Total governmental fund balances		\$	7,317,697
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds			6,753,037
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	\$	(409,700)	
Accrued interest on long-term debt		(103,034)	
Capital leases payable		(121,700)	
Bonds payable		(5,375,000)	
Deferred charges		17,134	(5,992,300)
Net assets of governmental activities			<u>\$ 8,078,434</u>

See Notes to Basic Financial Statements.

City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended September 30, 2006

	General	Construction Services	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,341,910	\$ -	\$ 486,394	\$ 3,617,892	\$ 7,446,196
Licenses, permits and fees	229,439	17,223	-	-	246,662
Intergovernmental	586,125	71,579	-	227,405	885,109
Charges for services	576,686	-	28,197	-	604,883
Fines and forfeitures	239,717	-	-	-	239,717
Special assessment fees	-	-	-	149,320	149,320
Investment earnings	78,071	-	21,249	140,518	239,838
Other	206,101	40,339	6,547	3,000	255,987
Total revenues	5,258,049	129,141	542,387	4,138,135	10,067,712
Expenditures:					
Current:					
General government:					
Administration	15,823	-	-	134,995	150,818
City manager/council	314,998	-	-	-	314,998
Finance administration	307,533	-	-	-	307,533
Building operations	110,808	-	-	-	110,808
Public works, street operations	422,364	1,056,731	-	160,807	1,639,902
Public safety:					
Police department	2,151,602	-	-	268,442	2,420,044
Municipal courts	266,004	-	-	-	266,004
Fire department	1,736,371	-	-	-	1,736,371
Recreational activities, parks and recreation	-	-	412,602	-	412,602
Community betterment:					
Transportation activities	69,496	-	-	-	69,496
Community development	317,923	-	-	644,491	962,414
Senior center	52,971	-	-	-	52,971
Capital outlay	-	147,969	4,277	17,695	169,941
Debt service:					
Principal	-	-	-	842,496	842,496
Interest	-	-	-	251,628	251,628
Trustee fees	-	-	-	8,307	8,307
Total expenditures	5,765,893	1,204,700	416,879	2,328,861	9,716,333
Excess of revenues over (under) expenditures	(507,844)	(1,075,559)	125,508	1,809,274	351,379
Other financing sources (uses):					
Transfers in	772,164	1,056,144	129	1,369,441	3,197,878
Transfers out	(419,568)	(26,476)	(77,624)	(2,332,225)	(2,855,893)
Total other financing sources (uses)	352,596	1,029,668	(77,495)	(962,784)	341,985
Net change in fund balance	(155,248)	(45,891)	48,013	846,490	693,364
Fund balances, beginning	2,464,478	106,546	273,963	3,779,346	6,624,333
Fund balances, ending	\$ 2,309,230	\$ 60,655	\$ 321,976	\$ 4,625,836	\$ 7,317,697

See Notes to Basic Financial Statements.

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, 2006

Total net change in fund balances - governmental funds	\$	693,364
<p>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:</p>		
Depreciation		(520,037)
Capital outlays		1,157,043
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets, loss on sale of capital assets</p>		
		(4,374)
<p>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</p>		
		(35,255)
<p>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:</p>		
Repayment of principal of long-term debt		842,496
Interest		13,276
Amortization of deferred charges		(99,481)
Change in net assets of governmental activities	\$	2,047,032

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, 2006

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 3,249,208	\$ 3,298,435	\$ 3,341,910	\$ 43,475
Licenses, permits and fees	179,450	229,653	229,439	(214)
Intergovernmental	584,500	599,429	586,125	(13,304)
Charges for services	683,667	531,983	576,686	44,703
Fines and forfeitures	207,000	224,486	239,717	15,231
Investment earnings	102,000	125,052	78,071	(46,981)
Other	96,600	131,103	206,101	74,998
Total revenues	5,102,425	5,140,141	5,258,049	117,908
Expenditures:				
Current:				
General government	704,183	755,175	749,162	6,013
Public works	521,265	428,987	422,364	6,623
Public safety	3,965,736	4,239,184	4,153,977	85,207
Community betterment	443,449	450,189	440,390	9,799
Total expenditures	5,634,633	5,873,535	5,765,893	107,642
Excess of revenues over (under) expenditures	(532,208)	(733,394)	(507,844)	225,550
Other financing sources (uses):				
Transfers in	856,819	776,100	772,164	(3,936)
Transfers out	(426,707)	(431,506)	(419,568)	11,938
Total other financing sources (uses)	430,112	344,594	352,596	8,002
Net change in fund balance	\$ (102,096)	\$ (388,800)	(155,248)	\$ 233,552
Fund balances, beginning			2,464,478	
Fund balances, ending			<u>\$ 2,309,230</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, 2006

	Construction Services Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, permits and fees	\$ 4,000	\$ -	\$ 17,223	\$ 17,223
Intergovernmental	40,000	17,223	71,579	54,356
Other	4,800	37,656	40,339	2,683
Total revenues	48,800	54,879	129,141	74,262
Expenditures:				
Current, public works	941,624	1,182,888	1,056,731	126,157
Capital outlay	25,500	154,969	147,969	7,000
Total expenditures	967,124	1,337,857	1,204,700	133,157
Excess of revenues over (under) expenditures	(918,324)	(1,282,978)	(1,075,559)	207,419
Other financing sources (uses):				
Transfers in	977,786	1,162,401	1,056,144	(106,257)
Transfers out	(26,100)	(26,476)	(26,476)	-
Total other financing sources (uses)	951,686	1,135,925	1,029,668	(106,257)
Net change in fund balance	\$ 33,362	\$ (147,053)	(45,891)	\$ 101,162
Fund balances, beginning			106,546	
Fund balances, ending			<u>\$ 60,655</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, 2006**

	Parks and Recreation Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 460,100	\$ 483,741	\$ 486,394	\$ 2,653
Charges for services	26,000	27,500	28,197	697
Investment earnings	9,000	20,964	21,249	285
Other	2,000	3,871	6,547	2,676
Total revenues	497,100	536,076	542,387	6,311
Expenditures:				
Current, recreational activities	403,096	407,083	412,602	(5,519)
Capital outlay	69,000	14,766	4,277	10,489
Total expenditures	472,096	421,849	416,879	4,970
Excess of revenues over (under) expenditures	25,004	114,227	125,508	11,281
Other financing sources (uses):				
Proceeds from sale of capital assets	2,500	-	-	-
Transfers in	-	-	129	129
Transfers out	(34,258)	(76,871)	(77,624)	(753)
Total other financing sources (uses)	(31,758)	(76,871)	(77,495)	(624)
Net change in fund balance	\$ (6,754)	\$ 37,356	48,013	\$ 10,657
Fund balances, beginning			273,963	
Fund balances, ending			<u>\$ 321,976</u>	

See Notes to Basic Financial Statements.

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City of Excelsior Springs, Missouri

Statement of Net Assets
Enterprise Funds
September 30, 2006

Assets	Water	Pollution Control
Current assets:		
Cash and cash equivalents	\$ 258,785	\$ 354,303
Investments	260,941	1,175,250
Due from other funds	299,953	48,012
Accounts receivable, utility accounts net of allowance for uncollectibles of \$22,607	220,418	132,242
Deferred charges	-	6,093
Total current assets	1,040,097	1,715,900
Restricted cash	71,343	710,000
Restricted investments	320,278	-
	391,621	710,000
Advances to other funds	-	60,000
Capital assets:		
Land	131,849	799,000
Construction-in-progress	449,625	-
Land improvements	-	-
Buildings and improvements	4,754,843	9,280
Operating equipment	182,982	120,546
Furniture and office equipment	45,393	72,437
Vehicles	244,723	399,833
Infrastructure	6,136,676	8,292,960
Total capital assets	11,946,091	9,694,056
Less accumulated depreciation	5,104,575	5,365,560
Net capital assets	6,841,516	4,328,496
Total assets	\$ 8,273,234	\$ 6,814,396

(Continued)

Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ 16,008	\$ 173,640	\$ 802,736
-	-	1,436,191
-	-	347,965
-	36,799	389,459
-	-	6,093
16,008	210,439	2,982,444
-	-	781,343
-	-	320,278
-	-	1,101,621
-	-	60,000
55,964	50,000	1,036,813
-	-	449,625
809,585	-	809,585
294,271	48,624	5,107,018
496,219	-	799,747
8,067	-	125,897
2,250	-	646,806
-	-	14,429,636
1,666,356	98,624	23,405,127
1,055,707	37,840	11,563,682
610,649	60,784	11,841,445
\$ 626,657	\$ 271,223	\$ 15,985,510

City of Excelsior Springs, Missouri

Statement of Net Assets (Continued)

Enterprise Funds

September 30, 2006

Liabilities and Fund Equity (Deficit)	Water	Pollution Control
Current liabilities:		
Due to other funds	\$ -	\$ -
Accounts payable and accrued expenses	39,540	31,587
Compensated absences	45,498	24,483
Customer deposits and bonds	258,784	-
Accrued interest	77,039	-
Current portion of:		
Loans payable	-	82,500
Capital lease obligations	-	-
Revenue bonds payable	205,000	155,000
Total current liabilities	<u>625,861</u>	<u>293,570</u>
Noncurrent liabilities:		
Advances from other funds	-	-
Loans payable	-	627,500
Capital lease obligations	-	-
Revenue bonds payable	3,440,000	1,224,167
Total noncurrent liabilities	<u>3,440,000</u>	<u>1,851,667</u>
Total liabilities	<u>4,065,861</u>	<u>2,145,237</u>
Net assets (deficit):		
Invested in capital assets, net of related debt	3,196,516	2,245,422
Restricted for renewal and replacement	391,621	710,000
Unrestricted	619,236	1,713,737
Total net assets (deficit)	<u>4,207,373</u>	<u>4,669,159</u>
Total liabilities and net assets (deficit)	<u>\$ 8,273,234</u>	<u>\$ 6,814,396</u>

See Notes to Basic Financial Statements.

	Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$	558,170	\$ 100,850	\$ 659,020
	21,147	27,682	119,956
	32,790	-	102,771
	-	-	258,784
	2,164	-	79,203
	-	-	82,500
	35,325	-	35,325
	-	-	360,000
	649,596	128,532	1,697,559
	60,000	-	60,000
	-	-	627,500
	416,259	-	416,259
	-	-	4,664,167
	476,259	-	5,767,926
	1,125,855	128,532	7,465,485
	159,065	60,784	5,661,787
	-	-	1,101,621
	(658,263)	81,907	1,756,617
	(499,198)	142,691	8,520,025
\$	626,657	\$ 271,223	\$ 15,985,510

City of Excelsior Springs, Missouri

Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)
 Enterprise Funds
 Year Ended September 30, 2006

	Water	Pollution Control
Operating revenues:		
Charges for services	\$ 1,901,066	\$ 962,935
Rental income	32,677	-
Other	11,642	181
Total operating revenues	1,945,385	963,116
Operating expenses:		
Personnel services	564,457	290,592
Contractual and professional services	30,999	4,517
Utilities	163,447	119,587
Maintenance and repairs	28,492	37,560
Cost of goods sold	-	-
Insurance	26,425	11,829
Supplies and materials (administrative)	262,110	53,370
Depreciation	428,378	349,714
Amortization	-	2,400
Total operating expenses	1,504,308	869,569
Operating income (loss)	441,077	93,547
Nonoperating revenue (expense):		
Gain on sale of capital assets	-	16,908
Investment earnings	48,888	123,844
Interest expense	(186,575)	(108,515)
Total nonoperating revenue (expense)	(137,687)	32,237
Income (loss) before transfers	303,390	125,784
Transfers in	1,766	12,707
Transfers out	(174,315)	(120,685)
Change in net assets	130,841	17,806
Total net assets (deficit), beginning	4,076,532	4,651,353
Total net assets (deficit), ending	\$ 4,207,373	\$ 4,669,159

See Notes to Basic Financial Statements.

	Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$	719,440	\$ 402,050	\$ 3,985,491
	-	14,767	47,444
	-	-	11,823
	<u>719,440</u>	<u>416,817</u>	<u>4,044,758</u>
	332,141	-	1,187,190
	762	347,878	384,156
	32,765	-	315,799
	91,684	-	157,736
	114,644	-	114,644
	8,003	2,770	49,027
	105,865	4,680	426,025
	66,757	317	845,166
	-	-	2,400
	<u>752,621</u>	<u>355,645</u>	<u>3,482,143</u>
	<u>(33,181)</u>	<u>61,172</u>	<u>562,615</u>
	-	-	16,908
	5,098	6,687	184,517
	<u>(27,727)</u>	<u>-</u>	<u>(322,817)</u>
	<u>(22,629)</u>	<u>6,687</u>	<u>(121,392)</u>
	<u>(55,810)</u>	<u>67,859</u>	<u>441,223</u>
	-	-	14,473
	<u>(22,015)</u>	<u>(39,443)</u>	<u>(356,458)</u>
	<u>(22,015)</u>	<u>(39,443)</u>	<u>(341,985)</u>
	<u>(77,825)</u>	<u>28,416</u>	<u>99,238</u>
	<u>(421,373)</u>	<u>114,275</u>	<u>8,420,787</u>
\$	<u><u>(499,198)</u></u>	<u><u>142,691</u></u>	<u><u>8,520,025</u></u>

City of Excelsior Springs, Missouri

Statement of Cash Flows - Enterprise Funds
Year Ended September 30, 2006

	Water	Pollution Control
Cash flows from operating activities:		
Cash collected from customers	\$ 1,956,478	\$ 957,609
Cash paid to suppliers for goods and services	(649,410)	(196,929)
Cash paid to employees for services	(562,145)	(284,186)
Net cash provided by operating activities	744,923	476,494
Cash flows from noncapital financing activities:		
Decrease in advances to other funds	-	10,000
Decrease in advances from other funds	-	-
Interfund proceeds	311,708	-
Interfund payments	-	(48,012)
Transfers in	1,766	12,707
Transfers out	(174,315)	(120,685)
Net cash provided by (used in) noncapital financing activities	139,159	(145,990)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(568,802)	(18)
Principal payments on revenue bonds and capital leases	(200,000)	(235,000)
Interest paid	(190,283)	(108,515)
Net cash (used in) capital and related financing activities	(959,085)	(343,533)
Cash flows from investing activities:		
Purchase of investments	(2,857,182)	(5,037,771)
Interest	48,888	123,844
Proceeds from sales and maturities of investments	3,069,501	4,854,254
Net cash provided by (used in) investing activities	261,207	(59,673)
Net increase (decrease) in cash and cash equivalents	186,204	(72,702)
Cash and cash equivalents:		
Beginning	143,924	1,137,005
Ending	\$ 330,128	\$ 1,064,303
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 441,077	\$ 93,547
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	428,378	352,114
(Increase) in accounts receivable	(1,726)	(5,507)
Increase (decrease) in accounts payable and accrued expenses	(137,937)	29,934
Increase in compensated absences	2,312	6,406
Increase in customer deposits and bonds	12,819	-
Net cash provided by operating activities	\$ 744,923	\$ 476,494
Schedule of noncash item, capital and related financing activities,		
trade credit received for purchase of new capital asset	\$ -	\$ 18,000

See Notes to Basic Financial Statements.

	Golf	Nonmajor Enterprise Funds	Total Enterprise Funds
\$	719,440	\$ 408,775	\$ 4,042,302
	(338,946)	(355,611)	(1,540,896)
	(330,499)	-	(1,176,830)
	49,995	53,164	1,324,576
	-	-	10,000
	(10,000)	-	(10,000)
	54,220	-	365,928
	-	(6,861)	(54,873)
	-	-	14,473
	(22,015)	(39,443)	(356,458)
	22,205	(46,304)	(30,930)
	-	-	(568,820)
	(33,403)	-	(468,403)
	(27,887)	-	(326,685)
	(61,290)	-	(1,363,908)
	-	-	(7,894,953)
	5,098	6,687	184,517
	-	-	7,923,755
	5,098	6,687	213,319
	16,008	13,547	143,057
	-	160,093	1,441,022
\$	16,008	\$ 173,640	\$ 1,584,079
\$	(33,181)	\$ 61,172	\$ 562,615
	66,757	317	847,566
	-	(8,042)	(15,275)
	14,777	(283)	(93,509)
	1,642	-	10,360
	-	-	12,819
\$	49,995	\$ 53,164	\$ 1,324,576
\$	-	\$ -	\$ 18,000

City of Excelsior Springs, Missouri

Statement of Assets and Liabilities - Agency Funds
September 30, 2006

Assets

Cash and cash equivalents	\$	2,860,093
Taxes receivable		216,018
	\$	<u>3,076,111</u>

Liabilities

Accounts payable	\$	38,150
Deferred revenue		206,244
Due to component unit		2,748,041
Due to other governments		83,676
	\$	<u>3,076,111</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 sixteen 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 that 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. 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 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. The Parks and Recreation Fund is presented as a major fund for public interest purposes.

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, Community Development Block Grant Fund, Transportation Trust Fund, Capital Improvements Fund, Tax Increment Financing-Price Chopper Fund, Tax Increment Financing-Wal-Mart/Elms 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 and the Elms Hotel Events Fees Fund.

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)

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, Tax Increment Financing Price Chopper Fund and Tax Increment Financing Wal-Mart/Elms Fund.

Capital Projects Funds: Account for all resources to be used for the construction or acquisition of designated capital assets. The nonmajor capital projects funds are the Capital Equipment Fund, Tax Increment Financing Price Chopper Fund and the Tax Increment Financing Wal-Mart/Elms 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 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.

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.

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)

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 are the proprietary fund and fiduciary fund financial statements. 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.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2006 levy plus any uncollected amounts from the 2005 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.

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)

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 funds of the primary government. All appropriations are legally controlled at the department level for the individual funds. On September 19, 2005, the City Council formally approved the original adopted budget and on September 18, 2006, 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.

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 and Parks and Recreation 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.

Expenditures exceeded the final budget by \$866, \$57,669 and \$159 of the Transportation Trust Fund, Capital Improvements Fund and the Public Safety Sales Tax Fund, respectively, all special revenue funds.

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.

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)

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.

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

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)

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.

The City has elected to apply the transition provisions allowed under GASB Statement No. 34, paragraphs 148-151 for infrastructure assets. The items of infrastructure include the network of City streets, bridges and sidewalks maintained by the City of Excelsior Springs, as well as the network of gutters, drainage systems and lighting systems. The City has not capitalized general governmental infrastructure assets purchased or constructed prior to October 1, 2002. Retroactive reporting of general governmental infrastructure assets is required for fiscal year ending September 30, 2007.

Deferred and unearned revenue: Deferred revenue in the governmental funds and the statement of net assets 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.

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 in the fund balance of the Tax Increment Financing – Price Chopper Fund, a capital projects fund, of \$901. The City has a deficit in enterprise fund net assets of the Golf Fund of \$499,198 and the Airport Fund of \$40,066, enterprise funds.

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)

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.

Post employment benefits: In addition to the pension benefits described in Note 7, the City offers post-retirement health care benefits to all employees who retire from the City. The premium is paid fully by the retiree either monthly or quarterly at the retiree's discretion for the next period's coverage. There is no associated cost to the City under this program.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

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 \$213,523 and \$111,535 for 2006 and 2005, respectively.

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 \$745,330 for debt service, \$321,976 for parks and recreation, \$714,429 for transportation trust, \$228,041 for capital improvements, \$1,108,733 for tax increment financing projects, \$266,316 for E-911 system and \$198,393 for public safety. Net assets restricted for purposes other than enabling legislation consist of \$82,305 restricted for other purposes.

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, 2006, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 - 10	More Than 10
U.S. Government Securities	\$ 3,423,621	\$ 3,123,714	\$ 299,907	\$ -	\$ -

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, 2006 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 ninety 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, 2006, the City's investments consisted of U.S. Government Securities and were rated Aaa and AAA by Moody's Investor Service and Standard & Poor's, respectively.

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 probability safety of their capital, as well as the probable income to be derived.

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, 2006, 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, 2006, none of the City's bank balance of \$6,070,487, which excludes the Hospital agency fund, was exposed to custodial credit risk.

The carrying amount of deposits for the Excelsior Springs City Hospital, which are included in the Hospital agency fund, was \$2,738,738 and the bank balance was \$2,904,787. 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, 2006.

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.

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, 2005, on which the fiscal year 2006 levy was based, was \$119,220,177 and \$122,729,227 for the General Fund and other funds, respectively. The assessed value of railroad and utility properties as of January 1, 2005 was \$4,911,349 and \$4,868,556 for the General Fund and other funds, respectively. During the year ended September 30, 2006, the City collected 100.39 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, 2006 are as follows:

Fund	Levy
General	\$ 0.5720
Parks/recreation	0.3208
Total primary government	0.8928
Component unit - City Hospital	0.1604
Total reporting entity	\$ 1.0532

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 4. Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2006:

	2005 Balance	Additions	Retirements	2006 Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 384,847	\$ -	\$ -	\$ 384,847
Construction-in-progress	369,642	-	369,642	-
Total capital assets, not being depreciated	754,489	-	369,642	384,847
Capital assets, being depreciated:				
Land improvements	39,831	-	-	39,831
Buildings and improvements	4,244,024	-	-	4,244,024
Operating equipment	1,230,336	199,464	1,900	1,427,900
Furniture and office equipment	191,647	-	-	191,647
Vehicles	2,543,118	110,680	129,033	2,524,765
Infrastructure	2,144,624	1,216,541	-	3,361,165
Total capital assets, being depreciated	10,393,580	1,526,685	130,933	11,789,332
Less accumulated depreciation for:				
Land improvements	38,659	1,172	-	39,831
Buildings and improvements	2,642,405	140,265	-	2,782,670
Operating equipment	716,394	82,251	1,900	796,745
Furniture and office equipment	136,453	2,396	-	138,849
Vehicles	1,423,675	224,543	124,659	1,523,559
Infrastructure	70,078	69,410	-	139,488
Total accumulated depreciation	5,027,664	520,037	126,559	5,421,142
Total capital assets, being depreciated, net	5,365,916	1,006,648	4,374	6,368,190
Governmental activities capital assets, net	\$ 6,120,405	\$ 1,006,648	\$ 374,016	\$ 6,753,037

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

	2005 Balance	Additions	Retirements	2006 Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,036,813	\$ -	\$ -	\$ 1,036,813
Construction-in-progress	160,652	449,625	160,652	449,625
Total capital assets, not being depreciated	1,197,465	449,625	160,652	1,486,438
Capital assets, being depreciated:				
Land improvements	809,585	-	-	809,585
Buildings and improvements	5,107,018	-	-	5,107,018
Operating equipment	825,666	-	25,919	799,747
Furniture and office equipment	125,897	-	-	125,897
Vehicles	625,609	55,680	34,483	646,806
Infrastructure	14,187,469	242,167	-	14,429,636
Total capital assets, being depreciated	21,681,244	297,847	60,402	21,918,689
Less accumulated depreciation for:				
Land improvements	334,068	42,454	-	376,522
Buildings and improvements	1,635,987	230,040	-	1,866,027
Operating equipment	661,702	70,497	24,827	707,372
Furniture and office equipment	90,663	10,944	-	101,607
Vehicles	269,329	93,398	34,483	328,244
Infrastructure	7,786,077	397,833	-	8,183,910
Total accumulated depreciation	10,777,826	845,166	59,310	11,563,682
Total capital assets, being depreciated, net	10,903,418	(547,319)	1,092	10,355,007
Business-type activities capital assets, net	\$ 12,100,883	\$ (97,694)	\$ 161,744	\$ 11,841,445

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	\$	22,705
Public safety		240,238
Transportation		38,758
Public works		178,496
Recreation activities		34,817
Community betterment		5,023
Total depreciation expense, governmental activities	\$	520,037

Business-Type Activities

Water	\$	428,378
Pollution control		349,714
Golf		66,757
Airport		317
Total depreciation expense, business-type activities	\$	845,166

Activity for the Hospital for the year ended September 30, 2006 was as follows:

	2005 Balance	Additions	Retirements	2006 Balance
Component Unit: Hospital				
Capital assets, not being depreciated, construction-in-progress	\$ -	\$ 70,492	\$ -	\$ 70,492
Capital assets, being depreciated:				
Land improvements	779,969	30,700	-	810,669
Buildings and improvements	5,222,052	243,025	-	5,465,077
Operating equipment	4,507,790	61,476	-	4,569,266
Furniture and office equipment	5,551,373	77,560	9,418	5,619,515
Total capital assets, being depreciated, Hospital	16,061,184	412,761	9,418	16,464,527
Less accumulated depreciation for:				
Land improvements	357,929	27,170	-	385,099
Buildings and improvements	3,392,695	185,463	-	3,578,158
Operating equipment	2,877,180	242,309	-	3,119,489
Furniture and office equipment	4,067,855	454,938	9,418	4,513,375
Total accumulated depreciation	10,695,659	909,880	9,418	11,596,121
Total capital assets, being depreciated, Hospital, net	5,365,525	(497,119)	-	4,868,406
Hospital capital assets, net	\$ 5,365,525	\$ (426,627)	\$ -	\$ 4,938,898

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, 2006 were as follows:

	Balance September 30, 2005	Additions	Retirements	Balance September 30, 2006	Amounts Due Within One Year
Governmental Activities:					
Capital leases	\$ 199,196	\$ -	\$ 77,496	\$ 121,700	\$ 80,388
Revenue bonds	5,655,000	-	705,000	4,950,000	790,000
Neighborhood improvement, district bonds	485,000	-	60,000	425,000	65,000
Compensated absences	374,445	409,700	374,445	409,700	409,700
Governmental activities, long-term liabilities	\$ 6,713,641	\$ 409,700	\$ 1,216,941	\$ 5,906,400	\$ 1,345,088
Business-type activities:					
Long-term loans payable	\$ 787,500	\$ -	\$ 77,500	\$ 710,000	\$ 82,500
Lease purchase agreement	484,987	-	33,403	451,584	35,325
Revenue bonds	5,381,667	-	357,500	5,024,167	360,000
Compensated absences	92,411	102,771	92,411	102,771	102,771
Business-type activities, long-term liabilities	\$ 6,746,565	\$ 102,771	\$ 560,814	\$ 6,288,522	\$ 580,596
Component unit:					
Revenue bonds	\$ 3,494,318	\$ -	\$ 156,639	\$ 3,337,679	\$ 178,886
Capital lease	850,130	-	245,987	604,143	248,606
Compensated absences	340,683	368,199	340,683	368,199	368,199
Component unit, long-term liabilities	\$ 4,685,131	\$ 368,199	\$ 743,309	\$ 4,310,021	\$ 795,691

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5 Long-Term Debt (Continued)

Long-term debt payable as of September 30, 2006, is comprised of the following individual issues:

	Balance September 30, 2005	Additions	Retirements	Balance September 30, 2006
Governmental activities:				
Capital lease, purchase of 2003 fire truck due in bi-annual payments of principal and interest of \$42,076; interest at 5.79%	\$ 199,196	\$ -	\$ 77,496	\$ 121,700
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%	2,605,000	-	175,000	2,430,000
\$970,000 of refunding bonds, due in annual installments of \$75,000 to \$320,000 through November 1, 2008; interest at 2.60% to 4.00%	790,000	-	285,000	505,000
\$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%	2,260,000	-	245,000	2,015,000
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%	485,000	-	60,000	425,000
Total governmental activities	\$ 6,339,196	\$ -	\$ 842,496	\$ 5,496,700

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5 Long-Term Debt (Continued)

	Balance September 30, 2005	Additions	Retirements	Balance September 30, 2006
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	\$ 787,500	\$ -	\$ 77,500	\$ 710,000
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%	484,987	-	33,403	451,584
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%	1,536,667	-	157,500	1,379,167
\$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%	3,845,000	-	200,000	3,645,000
Total business-type activities	\$ 6,654,154	\$ -	\$ 468,403	\$ 6,185,751

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5 Long-Term Debt (Continued)

	Balance September 30, 2005	Additions	Retirements	Balance September 30, 2006
Component Unit:				
Revenue bonds:				
Hospital revenue bonds, Series B-R2, payable in monthly installments of \$10,183, including interest at 5%	\$ 660,138	\$ -	\$ 91,640	\$ 568,498
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	725,615	-	20,146	705,469
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	1,398,932	-	28,437	1,370,495
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;				
Interest				
Independent Living Facility	709,633	-	16,416	693,217
Capital leases	850,130	-	245,987	604,143
Total component unit	\$ 4,344,448	\$ -	\$ 402,626	\$ 3,941,822

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)

Prior Year Defeasances: In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2006, \$2,015,000 of bonds outstanding are considered defeased.

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, 2006, \$710,000 has been advanced from the Missouri Department of Natural Resources to the City.

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	\$ 391,621	\$ 710,000	\$ 1,101,621	\$ 1,508,474	\$ 2,610,095

Under the terms of the hospital bond ordinance, \$250,000 of treasury notes 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.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Capital leases: 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 in accordance with Statement of Financial Accounting Standards No. 13, *Accounting for Leases*.

Summary of principal and interest maturities:

Annual debt service requirements to service all outstanding indebtedness as of September 30, 2006, are as follows:

Governmental Activities:

Year ending September 30:	2001 Leasehold Refunding Bonds		Neighborhood Improvement District Bonds		Price Chopper TIF 2003 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 205,000	\$ 106,939	\$ 65,000	\$ 25,500	\$ 320,000	\$ 15,580
2008	215,000	99,005	70,000	21,600	185,000	6,690
2009	230,000	90,040	75,000	17,400	-	-
2010	235,000	80,274	75,000	12,900	-	-
2011	245,000	69,890	140,000	8,400	-	-
2012-2016	1,300,000	153,340	-	-	-	-
Total	\$ 2,430,000	\$ 599,488	\$ 425,000	\$ 85,800	\$ 505,000	\$ 22,270

Year ending September 30:	Wal-Mart/Elms TIF 2003 Refunding Bonds		2003 Fire Truck Capital Lease	
	Principal	Interest	Principal	Interest
2007	\$ 265,000	\$ 74,727	\$ 80,388	\$ 3,764
2008	280,000	66,202	41,312	764
2009	290,000	56,432	-	-
2010	305,000	44,960	-	-
2011	330,000	31,860	-	-
2012-2016	545,000	21,768	-	-
Total	\$ 2,015,000	\$ 295,949	\$ 121,700	\$ 4,528

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
2007	\$ 82,500	\$ -	\$ 155,000	\$ 97,669	\$ 205,000	\$ 180,280
2008	87,500	-	165,000	87,349	215,000	170,776
2009	540,000	-	175,000	76,384	225,000	160,710
2010	-	-	190,000	64,518	235,000	149,543
2011	-	-	200,000	51,746	250,000	137,175
2012-2016	-	-	494,167	69,755	1,450,000	475,849
2017-2021	-	-	-	-	1,065,000	85,969
Total	\$ 710,000	\$ -	\$ 1,379,167	\$ 447,421	\$ 3,645,000	\$ 1,360,302

Year ending September 30:	Golf Course Capital Lease	
	Principal	Interest
2007	\$ 35,325	\$ 25,966
2008	37,356	23,934
2009	39,504	21,786
2010	41,775	19,516
2011	44,177	17,114
2012-2016	253,447	44,414
Total	\$ 451,584	\$ 152,730

Component unit:

Year ending September 30:	Long-Term Debt		Capital Lease Obligations		Total to be Paid
	Principal	Interest	Principal	Interest	
2007	\$ 178,886	\$ 171,680	\$ 248,606	\$ 20,821	\$ 619,993
2008	171,420	163,226	224,398	10,275	569,319
2009	180,316	154,330	115,467	2,597	452,710
2010	189,668	144,978	15,672	161	350,479
2011	199,508	135,138	-	-	334,646
2012-2016	514,210	581,541	-	-	1,095,751
2017-2021	620,426	441,824	-	-	1,062,250
2022-2026	769,053	258,992	-	-	1,028,045
2027-2030	514,192	68,235	-	-	582,427
Total	\$ 3,337,679	\$ 2,119,944	\$ 604,143	\$ 33,854	\$ 6,095,620

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, 2006 and 2005, include the following assets under capital lease:

	2006		2005
Movable equipment	\$ 1,538,803	\$	1,737,127
Less accumulated depreciation	750,700		632,208
	<u>\$ 788,103</u>	\$	<u>1,104,919</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	\$ 772,164	\$	419,568
Construction services	1,056,144		26,476
Parks and recreation fund	129		77,624
Nonmajor governmental funds	1,369,441		2,332,225
Total governmental activities	<u>3,197,878</u>		<u>2,855,893</u>
Business-type activities:			
Water	1,766		174,315
Pollution control	12,707		120,685
Golf	-		22,015
Nonmajor enterprise funds	-		39,443
Total business-type activities	<u>14,473</u>		<u>356,458</u>
Total	<u>\$ 3,212,351</u>	\$	<u>3,212,351</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:		
Parks and Recreation Fund	\$ 311,055	\$ -
Nonmajor governmental funds	901	901
Business-type activities:		
Water Fund	299,953	-
Pollution Control Fund	48,012	-
Golf Fund	-	558,170
Nonmajor enterprise funds	-	100,850
	<u>\$ 659,921</u>	<u>\$ 659,921</u>

Interfund advances as of September 30, 2006, were as follows:

	Advance Receivables	Advance Payables
Business-type activities:		
Pollution control	\$ 60,000	\$ -
Golf	-	60,000
Total business-type activities	<u>\$ 60,000</u>	<u>\$ 60,000</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.

Primary government and component unit receivables and payables were as follows:

	Receivables	Payables
Agency Fund	\$ -	\$ 2,748,041
Component unit, City Hospital	2,748,041	-
Total	<u>\$ 2,748,041</u>	<u>\$ 2,748,041</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

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.

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 4.9 percent (general), 4.9 percent (police) and 7.7 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.

Annual pension cost: For 2006, the political subdivision's annual pension cost of \$112,776 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 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 0.0 percent to 6.0 percent per year, depending on age, attributable to seniority/merit, and (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 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, 2006 was 15 years.

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2004	\$ 56,196	100%	-
09/30/2005	68,160	100	-
09/30/2006	112,776	100	

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 8. 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.

Professional malpractice insurance: The City Hospital is insured for medical malpractice claims under a commercial claims-made policy. City Hospital management does not believe that there are any unreported claims as of September 30, 2006 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.

Note 9. 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. The City has held sufficient coverage for the year ended September 30, 2006, and for each of the past three fiscal years.

Note 10. 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. Subsequent to November 8, 2004 and the Hospital's conversion to a CAH, inpatient services rendered to Medicaid Program beneficiaries are reimbursed under a prospectively determined per diem rate. Outpatient services are reimbursed based upon the defined allowable cost. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and auditor thereof by the Medicaid Fiscal Intermediary.

Approximately 57 percent and 59 percent of net patient service revenues are from participation in Medicare and state-sponsored Medicaid programs for the years ended September 30, 2006 and 2005, respectively.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 10. Net Patient Service Revenue (Continued)

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 11. 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, 2006 and 2005 was:

	2006	2005
Medicare	\$ 890,660	\$ 836,203
Medicaid	235,099	221,765
Other third-party payers	877,604	649,669
Patients	1,337,603	845,395
	<u>3,340,966</u>	<u>2,553,032</u>
Less allowances for uncollectible accounts	919,370	675,724
	<u>\$ 2,421,596</u>	<u>\$ 1,877,308</u>

Note 12. Governmental Accounting Standards Board (GASB) Statements

The City implemented the following statements during the year ended September 30, 2006:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner. This Statement had no effect on the City.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34. The purpose of Statement No. 46 is to help governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The effect of the adoption of this Statement on the City was to reclassify \$2,243,785 previously reported as unrestricted to restricted net assets.

GASB Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. This Statement had no effect on the City.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 12. 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. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the City beginning with its year ending September 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supercedes existing guidance.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending September 30, 2009. 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.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, is effective for the City beginning with its year ending September 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

GASB Statement No. 49, *Accounting for Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the City beginning with its year ending September 30, 2009. 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 government 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 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 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
02/29/2004	\$ 7,545,376	\$ 5,388,253	\$ (2,157,123)	140.03%	\$ 3,626,001	59.49%
02/28/2005	7,908,094	5,853,556	(2,054,538)	135.10	3,685,931	55.74
02/28/2006	8,568,208	7,341,282	(1,226,926)	116.71	3,561,707	34.45

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)
9/30/04	\$ 56,196	\$ 56,196	100%
9/30/05	68,160	68,160	100
9/30/06	112,776	112,776	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 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 6.0% per year depending on age, 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, 2006 was 15 years.

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2006

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,044,734	\$ -	\$ 228,041	\$ 3,272,775
Investments	246,949	-	-	246,949
Receivables, net of allowance for uncollectibles:				
Property taxes	54,462	-	-	54,462
Other	1,526	-	-	1,526
Due from other governments	409,747	-	-	409,747
Due from other funds	901	-	-	901
Restricted cash and cash equivalents	-	746,231	-	746,231
Total assets	\$ 3,758,319	\$ 746,231	\$ 228,041	\$ 4,732,591
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued expenses	\$ 53,542	\$ -	\$ -	\$ 53,542
Due to other funds	-	901	-	901
Deferred revenue	52,312	-	-	52,312
Total liabilities	105,854	901	-	106,755
Fund balance:				
Reserved for debt service	-	745,330	-	745,330
Unreserved	3,652,465	-	228,041	3,880,506
Total fund balance	3,652,465	745,330	228,041	4,625,836
Total liabilities and fund balance	\$ 3,758,319	\$ 746,231	\$ 228,041	\$ 4,732,591

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City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 September 30, 2006

	Neighborhood Improvement District	Community Development Block Grant	Transportation Trust	Capital Improvements	Tax Increment Financing- Price Chopper
Assets					
Cash and cash equivalents	\$ 61,400	\$ 45,301	\$ 626,814	\$ 756,189	\$ 434,437
Investments	-	-	-	246,949	-
Receivables, net of allowance for uncollectibles:					
Property taxes	2,150	-	-	-	13,457
Other	-	-	-	1,526	-
Due from other governments	-	52,441	87,615	93,661	23,137
Due from other funds	-	-	-	-	901
Total assets	\$ 63,550	\$ 97,742	\$ 714,429	\$ 1,098,325	\$ 471,932
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ 23,010	\$ -	\$ 25,742	\$ -
Deferred revenue	-	-	-	-	13,457
Total liabilities	-	23,010	-	25,742	13,457
Fund balance, unreserved	63,550	74,732	714,429	1,072,583	458,475
Total liabilities and fund balance	\$ 63,550	\$ 97,742	\$ 714,429	\$ 1,098,325	\$ 471,932

Tax Increment Financing-Wal-Mart/Elms	E-911 Phone Tax	Capital Improvements E-911 Tax	Tax Increment Financing-Paradise Playhouse	Tax Increment Financing-Vintage Development	Public Safety Sales Tax	Elms Hotel Event Fees	Total
\$ 588,385	\$ 245,685	\$ 74,674	\$ 1,121	\$ 20,286	\$ 111,387	\$ 79,055	\$ 3,044,734
-	-	-	-	-	-	-	246,949
29,405	-	-	4,366	5,084	-	-	54,462
-	-	-	-	-	-	-	1,526
40,678	25,125	-	84	-	87,006	-	409,747
-	-	-	-	-	-	-	901
<u>\$ 658,468</u>	<u>\$ 270,810</u>	<u>\$ 74,674</u>	<u>\$ 5,571</u>	<u>\$ 25,370</u>	<u>\$ 198,393</u>	<u>\$ 79,055</u>	<u>\$ 3,758,319</u>
\$ -	\$ 4,494	\$ -	\$ 296	\$ -	\$ -	\$ -	\$ 53,542
29,405	-	-	4,366	5,084	-	-	52,312
29,405	4,494	-	4,662	5,084	-	-	105,854
629,063	266,316	74,674	909	20,286	198,393	79,055	3,652,465
<u>\$ 658,468</u>	<u>\$ 270,810</u>	<u>\$ 74,674</u>	<u>\$ 5,571</u>	<u>\$ 25,370</u>	<u>\$ 198,393</u>	<u>\$ 79,055</u>	<u>\$ 3,758,319</u>

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Debt Service Funds
 September 30, 2006

	Debt Service	Tax Increment Financing- Price Chopper	Tax Increment Financing- Wal-Mart/Elms	Total
Assets , restricted cash and cash equivalents	\$ 442,069	\$ -	\$ 304,162	\$ 746,231
Liabilities and Fund Balance (Deficit)				
Liabilities, due to other funds	\$ -	\$ 901	\$ -	\$ 901
Fund balance (deficit), reserved for debt service	442,069	(901)	304,162	745,330
Total liabilities and fund balance (deficit)	\$ 442,069	\$ -	\$ 304,162	\$ 746,231

City of Excelsior Springs, Missouri

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2006**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 3,427,162	\$ -	\$ 190,730	\$ 3,617,892
Intergovernmental revenues	227,405	-	-	227,405
Special assessment fees	149,320	-	-	149,320
Investment earnings	131,100	7,028	2,390	140,518
Other	3,000	-	-	3,000
Total revenues	3,937,987	7,028	193,120	4,138,135
Expenditures:				
Current:				
General government	134,995	-	-	134,995
Public safety	268,442	-	-	268,442
Public works	160,807	-	-	160,807
Community betterment	635,531	-	8,960	644,491
Capital outlay	17,695	-	-	17,695
Debt service:				
Principal	-	842,496	-	842,496
Interest	-	251,628	-	251,628
Trustee and issuance fees	-	8,307	-	8,307
Total expenditures	1,217,470	1,102,431	8,960	2,328,861
Excess of revenues over (under) expenditures	2,720,517	(1,095,403)	184,160	1,809,274
Other financing sources (uses):				
Transfers in	257,770	1,111,671	-	1,369,441
Transfers out	(1,996,179)	-	(336,046)	(2,332,225)
Total other financing sources (uses)	(1,738,409)	1,111,671	(336,046)	(962,784)
Net change in fund balances	982,108	16,268	(151,886)	846,490
Fund balances, beginning	2,670,357	729,062	379,927	3,779,346
Fund balances, ending	\$ 3,652,465	\$ 745,330	\$ 228,041	\$ 4,625,836

City of Excelsior Springs, Missouri

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
Year Ended September 30, 2006**

	Neighborhood Improvement District	Community Development Block Grant	Transportation Trust	Capital Improvements	Tax Increment Financing- Price Chopper
Revenues:					
Taxes	\$ -	\$ -	\$ 637,391	\$ 678,609	\$ 443,973
Intergovernmental revenues	-	227,405	-	-	-
Special assessment fees	149,320	-	-	-	-
Investment earnings	-	-	28,152	42,568	16,393
Other	-	-	-	-	-
Total revenue	149,320	227,405	665,543	721,177	460,366
Expenditures:					
Current:					
General government	-	-	3,866	129,765	-
Public safety	-	129,217	-	113,295	-
Public works	-	-	-	160,807	-
Community betterment	-	38,806	-	2,343	172,859
Capital outlay	-	-	-	-	-
Total expenditures	-	168,023	3,866	406,210	172,859
Excess of revenue over (under) expenditures	149,320	59,382	661,677	314,967	287,507
Other financing sources (uses):					
Transfers in	-	5,877	-	-	50,000
Transfers out	(88,577)	-	(616,401)	(252,571)	(306,747)
Total other financing sources (uses)	(88,577)	5,877	(616,401)	(252,571)	(256,747)
Net change in fund balance	59,743	65,259	45,276	62,396	30,760
Fund balances (deficit), beginning	3,807	9,473	669,153	1,010,187	427,715
Fund balances, ending	\$ 63,550	\$ 74,732	\$ 714,429	\$ 1,072,583	\$ 458,475

Tax Increment Financing- Wal-Mart/Elms	E-911 Phone Tax	Capital Improvements E-911 Tax	Tax Increment Financing- Paradise Playhouse	Tax Increment Financing- Vintage Development	Public Safety Sales Tax	Elms Hotel Event Fees	Total
\$ 802,982	\$ 90,396	\$ -	\$ 36,158	\$ 58,347	\$ 539,610	\$ 139,696	\$ 3,427,162
-	-	-	-	-	-	-	227,405
-	-	-	-	-	-	-	149,320
25,401	9,640	3,525	-	-	1,726	3,695	131,100
-	-	-	-	-	-	3,000	3,000
828,383	100,036	3,525	36,158	58,347	541,336	146,391	3,937,987
-	1,364	-	-	-	-	-	134,995
-	25,093	478	-	-	359	-	268,442
-	-	-	-	-	-	-	160,807
315,565	-	-	35,364	8,830	-	61,764	635,531
-	3,096	14,599	-	-	-	-	17,695
315,565	29,553	15,077	35,364	8,830	359	61,764	1,217,470
512,818	70,483	(11,552)	794	49,517	540,977	84,627	2,720,517
201,893	-	-	-	-	-	-	257,770
(342,932)	(34,820)	-	-	-	(347,559)	(5,572)	(1,996,179)
(141,039)	(34,820)	-	-	-	(347,559)	(5,572)	(1,738,409)
371,779	35,663	(11,552)	794	49,517	193,418	79,055	982,108
257,284	230,653	86,226	115	(29,231)	4,975	-	2,670,357
\$ 629,063	\$ 266,316	\$ 74,674	\$ 909	\$ 20,286	\$ 198,393	\$ 79,055	\$ 3,652,465

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
Year Ended September 30, 2006

	Debt Service	Tax Increment Financing- Price Chopper	Tax Increment Financing- Wal-Mart/Elms	Total
Revenues, investment earnings	\$ 5,516	\$ -	\$ 1,512	\$ 7,028
Expenditures, debt service:				
Principal	312,496	285,000	245,000	842,496
Interest	148,886	21,747	80,995	251,628
Trustee fees	2,514	1,250	4,543	8,307
Total expenditures	463,896	307,997	330,538	1,102,431
Excess of revenues (under) expenditures	(458,380)	(307,997)	(329,026)	(1,095,403)
Other financing sources, transfers in	461,992	306,747	342,932	1,111,671
Net change in fund balance	3,612	(1,250)	13,906	16,268
Fund balances, beginning	438,457	349	290,256	729,062
Fund balances (deficit), ending	\$ 442,069	\$ (901)	\$ 304,162	\$ 745,330

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Capital Projects Funds
 Year Ended September 30, 2006

	Capital Equipment	Tax Increment Financing- Price Chopper	Tax Increment Financing- Wal-Mart/Elms	Total
Revenue:				
Taxes	\$ -	\$ -	\$ 190,730	\$ 190,730
Investment earnings	2,390	-	-	2,390
Total revenue	2,390	-	190,730	193,120
Expenditures, current, community betterment	8,960	-	-	8,960
Excess of revenues over (under) expenditures	(6,570)	-	190,730	184,160
Other financing (uses), transfers out	(84,152)	(50,000)	(201,894)	(336,046)
Net change in fund balance	(90,722)	(50,000)	(11,164)	(151,886)
Fund balances, beginning	318,763	50,000	11,164	379,927
Fund balances, ending	\$ 228,041	\$ -	\$ -	\$ 228,041

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, 2006**

	Neighborhood Improvement District		Community Development Block Grant		Transportation Trust	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 615,956	\$ 637,391
Intergovernmental revenues	-	-	202,099	227,405	-	-
Special assessment fees	120,607	149,320	-	-	-	-
Investment earnings	-	-	-	-	27,800	28,152
Other	-	-	-	-	-	-
Total revenue	120,607	149,320	202,099	227,405	643,756	665,543
Expenditures:						
Current:						
General government	-	-	-	-	3,000	3,866
Public safety	-	-	129,217	129,217	-	-
Public works	-	-	69,882	-	-	-
Recreational activities	-	-	10,000	-	-	-
Community betterment	-	-	13,500	38,806	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	-	222,599	168,023	3,000	3,866
Excess of revenue over (under) expenditures	120,607	149,320	(20,500)	59,382	640,756	661,677
Other financing sources (uses):						
Transfers in	-	-	15,877	5,877	-	-
Transfers out	(89,577)	(89,577)	-	-	(616,401)	(616,401)
Total other financing sources (uses)	(89,577)	(89,577)	15,877	5,877	(616,401)	(616,401)
Net change in fund balance	\$ 31,030	59,743	\$ (4,623)	65,259	\$ 24,355	45,276
Fund balances (deficit), beginning		3,807		9,473		669,153
Fund balances, ending		<u>\$ 63,550</u>		<u>\$ 74,732</u>		<u>\$ 714,429</u>

(Continued)

Capital Improvements		Tax Increment Financing - Price Chopper		Tax Increment Financing - Wal-Mart/Elms		E-911 Phone Tax	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ 638,469	\$ 678,609	\$ 412,590	\$ 443,973	\$ 723,750	\$ 802,982	\$ 90,000	\$ 90,396
-	-	-	-	-	-	-	-
38,614	42,568	13,038	16,393	21,000	25,401	8,800	9,640
-	-	-	-	-	-	-	-
677,083	721,177	425,628	460,366	744,750	828,383	98,800	100,036
120,505	129,765	-	-	-	-	1,031	1,364
113,294	113,295	-	-	-	-	29,715	25,093
112,399	160,807	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,343	2,343	172,860	172,859	315,565	315,565	-	-
-	-	-	-	-	-	2,855	3,096
348,541	406,210	172,860	172,859	315,565	315,565	33,601	29,553
328,542	314,967	252,768	287,507	429,185	512,818	65,199	70,483
-	-	50,000	50,000	201,894	201,893	-	-
(285,000)	(252,571)	(311,135)	(306,747)	(343,933)	(342,932)	(34,820)	(34,820)
(285,000)	(252,571)	(261,135)	(256,747)	(142,039)	(141,039)	(34,820)	(34,820)
<u>\$ 43,542</u>	62,396	<u>\$ (8,367)</u>	30,760	<u>\$ 287,146</u>	371,779	<u>\$ 30,379</u>	35,663
	1,010,187		427,715		257,284		230,653
	<u>\$ 1,072,583</u>		<u>\$ 458,475</u>		<u>\$ 629,063</u>		<u>\$ 266,316</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, 2006**

	Capital Improvements		Tax Increment Financing - Paradise Playhouse		Tax Inc Financing - Vinta
	Budget	E-911 Tax Actual	Budget	Actual	Budget
Revenues:					
Taxes	\$ -	\$ -	\$ 35,481	\$ 36,158	\$ 46,450
Intergovernmental revenues	-	-	-	-	-
Special assessment fees	-	-	-	-	-
Investment earnings	3,300	3,525	-	-	-
Other	-	-	-	-	-
Total revenues	3,300	3,525	35,481	36,158	46,450
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	2,650	478	-	-	-
Public works	-	-	-	-	-
Recreational activities	-	-	-	-	-
Community betterment	-	-	35,596	35,364	10,000
Capital outlay	14,600	14,599	-	-	-
Total expenditures	17,250	15,077	35,596	35,364	10,000
Excess of revenue over (under) expenditures	(13,950)	(11,552)	(115)	794	36,450
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ (13,950)	(11,552)	\$ (115)	794	\$ 36,450
Fund balances (deficit), beginning		86,226		115	
Fund balances, ending		<u>\$ 74,674</u>		<u>\$ 909</u>	

rement

Economic Development		Public Safety Sales Tax		Elms Hotel Event Fees	
Actual	Budget	Actual	Budget	Actual	
\$ 58,347	\$ 505,000	\$ 539,610	\$ 113,000	\$ 139,696	
-	-	-	-	-	
-	-	-	-	-	
-	1,200	1,726	3,500	3,695	
-	-	-	-	3,000	
<u>58,347</u>	<u>506,200</u>	<u>541,336</u>	<u>116,500</u>	<u>146,391</u>	
-	-	-	400	-	
-	200	359	-	-	
-	-	-	-	-	
-	-	-	-	-	
8,830	-	-	75,000	61,764	
-	-	-	-	-	
<u>8,830</u>	<u>200</u>	<u>359</u>	<u>75,400</u>	<u>61,764</u>	
<u>49,517</u>	<u>506,000</u>	<u>540,977</u>	<u>41,100</u>	<u>84,627</u>	
-	-	-	-	-	
-	(351,870)	(347,559)	(5,000)	(5,572)	
-	(351,870)	(347,559)	(5,000)	(5,572)	
49,517	<u>\$ 154,130</u>	193,418	<u>\$ 36,100</u>	79,055	
(29,231)		4,975		-	
<u>\$ 20,286</u>		<u>\$ 198,393</u>		<u>\$ 79,055</u>	

City of Excelsior Springs, Missouri

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances (Deficit) - Nonmajor Debt Service Funds -
 Budget to Actual
 Year Ended September 30, 2006

	Debt Service		Tax Increment Financing - Price Chopper		Tax Increment Financing - Wal-Mart/Elms	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues, investment earnings	\$ 5,220	\$ 5,516	\$ -	\$ -	\$ 1,700	\$ 1,512
Expenditures, debt service:						
Principal	312,496	312,496	293,632	285,000	245,000	245,000
Interest	148,886	148,886	13,115	21,747	80,995	80,995
Trustee fees	2,514	2,514	2,600	1,250	5,500	4,543
Total expenditures	<u>463,896</u>	<u>463,896</u>	<u>309,347</u>	<u>307,997</u>	<u>331,495</u>	<u>330,538</u>
Excess of revenues (under) expenditures	<u>(458,676)</u>	<u>(458,380)</u>	<u>(309,347)</u>	<u>(307,997)</u>	<u>(329,795)</u>	<u>(329,026)</u>
Other financing sources, transfers in	461,992	461,992	311,135	306,747	343,933	342,932
Net change in fund balance	<u>\$ 3,316</u>	<u>3,612</u>	<u>\$ 1,788</u>	<u>(1,250)</u>	<u>\$ 14,138</u>	<u>13,906</u>
Fund balances, beginning		<u>438,457</u>		<u>349</u>		<u>290,256</u>
Fund balances (deficit), ending		<u>\$ 442,069</u>		<u>\$ (901)</u>		<u>\$ 304,162</u>

City of Excelsior Springs, Missouri

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Nonmajor Capital Projects Funds -
 Budget to Actual
 Year Ended September 30, 2006

	Capital Equipment		Tax Increment Financing - Price Chopper		Tax Increment Financing - Wal-Mart/Elms	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Investment earnings	\$ 750	\$ 2,390	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	190,730	190,730
Total revenues	<u>750</u>	<u>2,390</u>	<u>-</u>	<u>-</u>	<u>190,730</u>	<u>190,730</u>
Expenditures, current, community betterment	8,960	8,960	-	-	-	-
Excess of revenues over (under) expenditures	<u>(8,210)</u>	<u>(6,570)</u>	<u>-</u>	<u>-</u>	<u>190,730</u>	<u>190,730</u>
Other financing (uses), transfers out	(84,152)	(84,152)	(50,000)	(50,000)	(201,894)	(201,894)
Net change in fund balance	<u>\$ (92,362)</u>	<u>(90,722)</u>	<u>\$ (50,000)</u>	<u>(50,000)</u>	<u>\$ (11,164)</u>	<u>(11,164)</u>
Fund balances, beginning		318,763		50,000		11,164
Fund balances, ending		<u>\$ 228,041</u>		<u>\$ -</u>		<u>\$ -</u>

City of Excelsior Springs, Missouri

Combining Statement of Net Assets (Deficit)

Nonmajor Enterprise Funds

September 30, 2006

Assets	Airport	Refuse	Total
Current assets:			
Cash and cash equivalents	\$ -	\$ 173,640	\$ 173,640
Accounts receivable, net of allowance for uncollectibles	-	36,799	36,799
Total current assets	-	210,439	210,439
Noncurrent assets:			
Land	50,000	-	50,000
Buildings and improvements	48,624	-	48,624
Total capital assets	98,624	-	98,624
Less accumulated depreciation	37,840	-	37,840
Total noncurrent assets	60,784	-	60,784
Total assets	\$ 60,784	\$ 210,439	\$ 271,223
Liabilities and Fund Equity (Deficit)			
Current liabilities:			
Due to other funds	\$ 100,850	\$ -	\$ 100,850
Accounts payable and accrued expenses	-	27,682	27,682
Total current liabilities	100,850	27,682	128,532
Net assets (deficit):			
Invested in capital assets, net of related debt	60,784	-	60,784
Unrestricted	(100,850)	182,757	81,907
Total net assets (deficit)	(40,066)	182,757	142,691
Total liabilities and net assets (deficit)	\$ 60,784	\$ 210,439	\$ 271,223

City of Excelsior Springs, Missouri

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

Nonmajor Enterprise Funds

Year Ended September 30, 2006

	Airport	Refuse	Total
Operating revenues:			
Charges for services	\$ -	\$ 402,050	\$ 402,050
Rental income	9,600	5,167	14,767
Total operating revenues	9,600	407,217	416,817
Operating expenses:			
Contractual and professional services	-	347,878	347,878
Insurance	2,770	-	2,770
Supplies and materials (administrative)	-	4,680	4,680
Depreciation	317	-	317
Total operating expenses	3,087	352,558	355,645
Operating income	6,513	54,659	61,172
Nonoperating revenue, investment earnings	31	6,656	6,687
Income before transfers	6,544	61,315	67,859
Transfers out	-	(39,443)	(39,443)
Change in net assets	6,544	21,872	28,416
Total net assets (deficit), beginning	(46,610)	160,885	114,275
Total net assets (deficit), ending	\$ (40,066)	\$ 182,757	\$ 142,691

City of Excelsior Springs, Missouri

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 Year Ended September 30, 2006

	Airport	Refuse	Total
Cash flows from operating activities:			
Cash collected from customers	\$ 9,600	\$ 399,175	\$ 408,775
Cash paid to suppliers for goods and services	(2,770)	(352,841)	(355,611)
Net cash provided by operating activities	6,830	46,334	53,164
Cash flows from noncapital financing activities:			
Transfers out	-	(39,443)	(39,443)
Interfund payments	(6,861)	-	(6,861)
Net cash (used in) noncapital financing activities	(6,861)	(39,443)	(46,304)
Cash flows from investing activities, interest income	31	6,656	6,687
Net increase in cash and cash equivalents	-	13,547	13,547
Cash and cash equivalents:			
Beginning	-	160,093	160,093
Ending	<u>\$ -</u>	<u>\$ 173,640</u>	<u>\$ 173,640</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 6,513	\$ 54,659	\$ 61,172
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	317	-	317
(Increase) in accounts receivable	-	(8,042)	(8,042)
(Decrease) in accounts payable and accrued expenses	-	(283)	(283)
Net cash provided by operating activities	\$ 6,830	\$ 46,334	\$ 53,164

City of Excelsior Springs, Missouri

Combining Statement of Assets and Liabilities - Agency Funds
September 30, 2006

Assets	Hospital	Payroll	Road District	Total
Cash and cash equivalents	\$ 2,738,738	\$ 37,679	\$ 83,676	\$ 2,860,093
Taxes receivable	216,018	-	-	216,018
Total assets	\$ 2,954,756	\$ 37,679	\$ 83,676	\$ 3,076,111
Liabilities				
Accounts payable	\$ 471	\$ 37,679	\$ -	\$ 38,150
Deferred revenue	206,244	-	-	206,244
Due to component unit	2,748,041	-	-	2,748,041
Due to other governments	-	-	83,676	83,676
Total liabilities	\$ 2,954,756	\$ 37,679	\$ 83,676	\$ 3,076,111

City of Excelsior Springs, Missouri

Statement of Changes in Assets and Liabilities - Agency Funds
 Year Ended September 30, 2006

	Balance September 30, 2005	Additions	Deletions	Balance September 30, 2006
Hospital Fund				
Assets:				
Cash and cash equivalents	\$ 2,896,470	\$ 1,929,102	\$ 2,086,834	\$ 2,738,738
Taxes receivable	206,149	216,018	206,149	216,018
Total assets	\$ 3,102,619	\$ 2,145,120	\$ 2,292,983	\$ 2,954,756
Liabilities:				
Accounts payable	\$ -	\$ 180,709	\$ 180,238	\$ 471
Deferred revenue	198,568	206,244	198,568	206,244
Due to component unit	2,904,051	1,758,167	1,914,177	2,748,041
Total liabilities	\$ 3,102,619	\$ 2,145,120	\$ 2,292,983	\$ 2,954,756
Payroll Fund				
Assets, cash and cash equivalents	\$ 54,385	\$ 6,730,721	\$ 6,747,427	\$ 37,679
Liabilities, accounts payable	\$ 54,385	\$ 6,730,721	\$ 6,747,427	\$ 37,679
Road District Fund				
Assets, cash and cash equivalents	\$ 93,302	\$ 146,385	\$ 156,011	\$ 83,676
Liabilities, due to other governments	\$ 93,302	\$ 146,385	\$ 156,011	\$ 83,676

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.	83 - 88
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	89 - 93
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.	94 - 98
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.	99 - 100
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.	101 - 103

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.

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City of Excelsior Springs, Missouri

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

	Fiscal Year		
	2003	2004	2005
			2006
Governmental Activities:			
Invested in capital assets, net of related debt	(3,067,523)	(1,264,482)	(102,176)
Restricted	3,168,513	2,673,855	3,565,220
Unrestricted	3,378,258	3,419,935	2,568,358
Total governmental activities net assets	3,479,248	4,829,308	6,031,402
Business-type activities:			
Invested in capital assets, net of related debt	5,359,584	5,423,336	5,455,222
Restricted	1,607,783	1,255,000	1,172,000
Unrestricted	1,692,813	1,714,642	1,793,565
Total business-type activities net assets	8,660,180	8,392,978	8,420,787
Primary government:			
Invested in capital assets, net of related debt	2,292,061	4,158,854	5,353,046
Restricted	4,776,296	3,928,855	4,737,220
Unrestricted	8,154,554	7,348,790	7,305,578
Total primary government net assets	15,222,911	15,436,499	17,395,844

GASB Statement No. 34 Implemented in Fiscal Year 2003.

City of Excelsior Springs, Missouri

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General government	\$ 734,877	\$ 790,958	\$ 741,077	\$ 939,821
Public Safety	3,876,293	3,791,455	4,007,447	4,569,672
Transportation	151,273	155,612	118,869	108,254
Public works	1,290,783	1,522,617	864,625	1,067,169
Health and Welfare	47,711	48,715	51,643	52,971
Recreational Activities	457,585	418,771	383,466	311,201
Community Betterment	653,759	980,721	908,513	967,437
Interest on long-term debt	449,855	469,131	396,908	346,140
Total governmental activities expenses	<u>7,662,136</u>	<u>8,177,980</u>	<u>7,472,548</u>	<u>8,362,665</u>
Business-type activities:				
Water	1,758,746	1,820,589	1,724,911	1,690,883
Sewer	1,067,643	968,257	929,790	978,084
Golf	815,495	736,727	735,904	780,348
Airport	2,956	2,955	3,087	3,087
Refuse	281,996	314,480	321,202	352,558
Total business-type activities expenses	<u>3,926,836</u>	<u>3,843,008</u>	<u>3,714,894</u>	<u>3,804,960</u>
Total primary government expenses	<u>11,588,972</u>	<u>12,020,988</u>	<u>11,187,442</u>	<u>12,167,625</u>
Program revenue:				
Governmental activities:				
Charges for services:				
General government	174,783	153,283	156,743	153,400
Public Safety	861,701	807,716	907,474	845,597
Transportation	38,229	31,350	31,265	30,264
Public works	145,483	6,828	4,807	74,217
Health and Welfare	-	-	-	-
Recreational Activities	31,707	35,762	23,910	32,080
Community Betterment	237,340	101,089	188,463	264,473
Operating grants and contributions:				
Public Safety	9,553	-	-	23,523
Transportation	41,109	52,583	36,319	35,852
Public works	-	191,911	553,718	535,311
Health and Welfare	15,125	17,875	13,750	19,250
Recreational Activities	-	-	-	20,377
Community Betterment	69,632	30,379	37,323	200,984
Capital grants and contributions, community betterment	6,703	-	-	-
Total governmental activities program revenue	<u>1,631,365</u>	<u>1,428,776</u>	<u>1,953,772</u>	<u>2,235,278</u>
Business-type activities:				
Charges for services:				
Water	1,659,038	1,813,949	1,824,642	1,945,385
Sewer	933,475	938,682	910,652	963,116
Golf	762,814	674,806	667,310	719,440
Airport	6,600	6,003	4,800	9,600
Refuse	353,441	359,919	370,127	407,217

City of Excelsior Springs, Missouri

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

	Fiscal Year		
	2003	2004	2005
Capital grants and contributions:			
Water	-	-	12,721
Sewer	-	-	136,115
Golf	-	-	1,248
Total business-type activities program revenue	<u>3,715,368</u>	<u>3,793,359</u>	<u>3,927,615</u>
Total primary government program revenues	<u>5,346,733</u>	<u>5,222,135</u>	<u>5,681,387</u>
Net (expense) revenue:	<u>(6,030,771)</u>	<u>(6,749,204)</u>	<u>(5,518,776)</u>
Governmental activities	<u>(211,468)</u>	<u>(49,649)</u>	<u>212,721</u>
Business-type activities	<u>(6,242,239)</u>	<u>(6,798,853)</u>	<u>(5,306,055)</u>
Total primary government net expense			<u>(6,127,381)</u>
			<u>256,706</u>
			<u>(5,870,675)</u>
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	1,515,980	1,401,668	1,550,778
Property taxes, levied for debt service	-	-	-
General sales and use tax	4,062,233	3,858,746	3,383,671
Franchise tax	1,018,137	1,121,139	1,070,849
Cigarette tax	106,606	103,656	104,224
Railroad and Utility/Financial Institution Tax	29,926	40,674	76,421
Grants and contributions not restricted to specific programs	-	-	-
Interest and investment earnings	115,442	120,513	175,527
Miscellaneous	174,561	112,378	43,004
Transfers	326,263	317,659	316,396
Total governmental activities	<u>7,349,148</u>	<u>7,076,433</u>	<u>6,720,870</u>
Business-type activities:			
Investment earnings	121,629	100,106	131,484
Miscellaneous	30,336	-	-
Transfers	(326,263)	(317,659)	(316,396)
Total business-type activities	<u>(174,298)</u>	<u>(217,553)</u>	<u>(184,912)</u>
Total primary government	<u>7,174,850</u>	<u>6,858,880</u>	<u>6,535,958</u>
Changes in net assets:			
Governmental activities	1,318,377	927,229	1,202,094
Business-type activities	(385,766)	(267,202)	27,809
Total primary government	<u>\$ 932,611</u>	<u>\$ 660,027</u>	<u>\$ 1,229,903</u>
			<u>2,047,032</u>
			<u>99,238</u>
			<u>\$ 2,146,270</u>

City of Excelsior Springs, Missouri

Program Revenues by Function/Program

Last Four Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
General government	174,783	153,283	156,743	153,400
Public Safety	871,254	807,716	907,474	869,126
Transportation	79,338	83,933	67,584	66,116
Public works	145,483	198,739	558,525	609,528
Health and Welfare	15,125	17,875	13,750	19,250
Recreational Activities	31,707	35,762	23,910	52,457
Community Betterment	306,972	131,468	225,786	465,407
Total governmental activities	<u>1,624,662</u>	<u>1,428,776</u>	<u>1,953,772</u>	<u>2,235,284</u>
Business-type activities:				
Water	1,659,038	1,813,949	1,837,363	1,945,385
Sewer	933,475	938,682	1,046,767	980,024
Golf	762,814	674,806	668,558	719,440
Airport	6,600	6,003	4,800	9,600
Refuse	353,441	359,919	370,127	407,217
Total business-type activities expenses	<u>3,715,368</u>	<u>3,793,359</u>	<u>3,927,615</u>	<u>4,061,666</u>
Total government	<u>5,340,030</u>	<u>5,222,135</u>	<u>5,881,387</u>	<u>6,296,950</u>

City of Excelsior Springs, Missouri

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 647,012	\$ 413,830	\$ 440,488	\$ 488,887
Unreserved	236,299	736,347	823,990	620,343
Unreserved, designated for board use	1,200,000	1,200,000	1,200,000	1,200,000
Total General Fund	<u>2,083,311</u>	<u>2,350,177</u>	<u>2,464,478</u>	<u>2,309,230</u>
All Other Governmental Funds:				
Reserved	675,491	728,935	729,062	745,330
Unreserved, reported in:				
Special revenue funds	3,212,851	2,859,356	3,050,866	4,035,096
Debt Service funds	-	-	-	-
Capital project funds	682,655	420,839	379,927	228,041
Total all other governmental funds	<u>\$ 4,570,997</u>	<u>\$ 4,009,130</u>	<u>\$ 4,159,855</u>	<u>\$ 5,008,467</u>

City of Excelsior Springs, Missouri

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	6,249,723	6,039,868	6,185,942	7,446,196
Special assessments fees	37,079	62,322	95,539	149,320
Intergovernmental	880,494	781,976	641,111	885,109
Licenses, permits and fees	197,005	192,821	198,599	246,662
Charges for services	652,079	670,261	711,667	604,883
Fines and forfeitures	262,168	187,345	243,367	239,717
Investment earnings	159,375	122,296	174,633	239,838
Other	86,001	109,528	98,624	255,987
Total revenues	8,523,924	8,166,417	8,349,482	10,067,712
Expenditures				
General government	678,224	679,244	702,222	884,157
Public Safety	3,661,161	3,862,360	3,529,586	4,422,419
Transportation	127,438	97,723	66,095	69,496
Public works	1,282,235	1,769,881	1,483,860	1,639,902
Health and Welfare	47,144	48,148	48,661	52,971
Recreational Activities	348,798	426,741	431,884	412,602
Community Betterment	696,179	955,536	888,901	962,414
Capital outlay	755,535	456,957	264,782	169,941
Debt service:				
Principal	466,076	687,020	734,708	842,496
Bond issuance costs	-	131,488	-	-
Interest	459,203	342,532	283,770	259,935
Total expenditures	8,521,993	9,457,630	8,434,469	9,716,333
Excess of revenues (under) expenditures	1,931	(1,291,213)	(84,987)	351,379
Other financing sources (uses):				
Transfers in	2,690,304	3,359,512	2,569,783	3,197,878
Transfers out	(2,364,043)	(2,684,742)	(2,253,386)	(2,855,893)
Issuance of long-term debt	388,000	-	-	-
Proceeds of refunding bonds	-	3,670,388	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium (discount) on long-term debt	-	-	-	-
Capital contributions	-	-	-	-
Other	5,986	180,389	622	-
Proceeds from sale of property	124,340	55,978	5,152	-
Total other financing sources (uses)	844,587	4,581,525	322,171	341,985
Net changes in fund balance	846,518	3,290,312	237,184	693,364
Debt service as a percentage of noncapital expenditures	11.91%	12.90%	12.47%	11.55%

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
1997	897,533	2,290,047	836,349	82,597	39,312	4,145,838
1998	956,603	2,728,183	899,803	105,652	41,753	4,731,994
1999	1,017,289	2,898,534	901,788	130,218	45,830	4,993,660
2000	1,164,165	3,733,776	923,153	207,819	53,004	6,081,916
2001	1,294,270	3,378,937	1,102,213	216,749	54,286	6,046,456
2002	1,328,099	3,302,288	1,009,936	202,530	56,599	5,899,453
2003	1,501,661	3,489,755	1,018,137	195,925	44,244	6,249,723
2004	1,470,668	3,192,962	1,116,674	218,890	40,674	6,039,868
2005	1,550,778	3,276,977	1,070,849	210,916	76,421	6,185,942
2006	1,607,557	4,628,119	1,047,889	108,050	54,581	7,446,196
Change 1997-2006	79.11%	102.10%	25.29%	30.82%	38.84%	79.61%

Source: City records.

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Estate		Personal Property	Railroad and Utility	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
	Residential	Commercial							
1997	35,432,590	12,846,720	17,891,466	4,141,510	70,553,366	N/A	1,0100	295,801,098.18	23.85%
1998	36,822,050	12,283,480	21,191,164	4,184,013	76,634,737	8.62%	1,0100	321,286,726.39	23.85%
1999	39,617,319	13,669,864	23,520,874	4,193,420	81,156,727	5.90%	1,0100	336,904,093.52	24.09%
2000	45,698,500	16,401,671	25,717,798	4,163,721	92,139,290	13.53%	1,0100	384,031,325.60	23.99%
2001	46,746,417	16,026,230	29,439,495	4,309,474	96,681,516	4.93%	1,0500	400,125,939.59	24.16%
2002	51,013,710	16,488,630	39,665,849	4,309,474	111,674,313	15.51%	1,0500	455,325,577.95	24.53%
2003	52,001,420	16,218,185	39,974,755	4,662,834	113,078,428	1.26%	1,0500	461,924,106.46	24.48%
2004	57,524,030	17,162,996	41,300,207	4,507,916	120,688,369	6.73%	1,0407	497,241,961.72	24.27%
2005	58,775,700	20,544,524	42,551,953	4,797,592	126,662,009	5.12%	1,0500	519,087,214.09	24.44%
2006	64,277,720	23,195,330	41,660,360	4,868,556	134,216,496	5.80%	1,0532	553,928,637.77	24.23%

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			Overlapping Rates		Total Direct and Overlapping Rate	
	General Fund	Parks	Recreation	Hospital	School District	Clay County	Ray County
1986	0.5900	0.1500	0.1500	0.1200	3.6100	0.7400	5.9900
1987	0.5900	0.1500	0.1500	0.1200	4.0900	0.7300	5.8600
1988	0.5900	0.1500	0.1500	0.1200	4.0300	0.7300	5.8000
1989	0.5700	0.1600	0.1600	0.1200	4.0100	0.7300	5.7600
2000	0.5700	0.1600	0.1600	0.1600	4.0000	0.6400	5.7200
2001	0.5700	0.1600	0.1600	0.1600	4.0185	0.6495	5.7480
2002	0.5700	0.1600	0.1600	0.1600	4.6185	0.6495	6.3480
2003	0.5649	0.1586	0.1586	0.1586	4.6185	0.6402	6.3294
2004	0.5700	0.1600	0.1600	0.1600	4.5132	0.6955	6.2887
2005	0.5720	0.1604	0.1604	0.1604	4.6673	0.6884	6.4389

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	2006			1997		
	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	14,330,937	1	10.68%	1,531,406	1	2.17%
Ford Motor Company (Magna Lomason Corp.)	3,241,321	2	2.41%	309,253	16	0.44%
Waller Truck Company	2,659,591	3	1.98%	-	N/A *	0.00%
Wal-Mart	1,668,000	4	1.24%	1,403,480	2	1.99%
Robert Bosch Tool Corporation (Gilmore Manufacturing)	1,507,681	5	1.12%	-	N/A *	0.00%
Bloch Family Partnership (Price Chopper)	1,277,760	6	0.95%	1,325,760	3	1.88%
Elms Hotel	1,119,970	7	0.83%	-	N/A *	0.00%
Precise Technology	1,073,656	8	0.80%	1,063,820	4	1.51%
Clay-Ray Plastics	819,430	9	0.61%	95,970	45	0.14%
Crown Hill Associates (Crown Hill Shopping Center)	648,930	10	0.48%	579,390	7	0.82%
Gilmore Hose (Gilmore Manufacturing)	648,320	11	0.48%	523,330	9	0.74%
Inlier Automotive Seating (Excelsior Springs Seating Systems)	581,217	12	0.43%	514,156	10	0.73%
Colony Plaza Associates, LP	573,800	13	0.43%	334,400	14	0.47%
Southern Union Company	518,860	14	0.39%	807,260	6	1.14%
Paradise Playhouse	414,520	15	0.31%	-	N/A *	0.00%

SOURCE: City Tax Billing Records.

* Taxpayer was not located in Excelsior Springs in 1997.

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 Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
1997	1996	676,410	96.91%	655,476	96.91%	15,300	670,776	99.17% (a)
1998	1997	745,560	97.95%	730,272	97.95%	10,551	740,823	99.36% (a)
1999	1998	786,548	96.95%	762,576	96.95%	14,506	777,082	98.80% (a)
2000	1999	883,516	97.99%	875,601	97.99%	14,370	889,971	99.60% (a)
2001	2000	986,173	96.58%	952,409	96.58%	16,980	969,389	98.30% (a)
2002	2001	1,147,198	95.92%	1,100,431	95.92%	27,665	1,128,096	98.33% (a)
2003	2002	1,185,624	94.81%	1,124,139	94.81%	23,023	1,147,162	96.76%
2004	2003	1,267,970	92.32%	1,170,639	92.32%	35,247	1,205,886	95.10%
2005	2004	1,286,583	96.43%	1,250,345	96.43%	16,818	1,267,163	97.73%
2006	2005	1,363,457	95.17%	1,297,619	95.17%	-	1,297,619	95.17%

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	Loan Payable	Certificates of Participation	Lease Purchase Agreement	Revenue Bonds			
1997	394,568	9,888,164	-	1,265,000	550,000	31,979	3,066,250	15,190,961	3.89%	1,341
1998	281,572	9,005,164	685,000	1,230,000	515,000	15,959	2,725,000	14,457,695	3.49%	1,274
1999	970,715	7,306,164	745,000	1,198,610	475,000	8,260	7,182,500	17,886,249	4.04%	1,567
2000	757,938	7,102,164	745,000	1,112,500	435,000	-	6,488,971	16,641,573	3.87%	1,534
2001	532,699	6,857,164	705,000	1,055,000	395,000	-	6,640,000	16,184,863	3.44%	1,486
2002	6,167	6,860,000	660,000	995,000	-	929,836	6,347,500	15,798,503	3.42%	1,431
2003	345,924	6,436,164	615,000	930,000	-	901,590	6,040,000	15,268,678	2.96%	1,373
2004	273,904	6,255,000	545,000	860,000	-	516,575	5,720,000	14,170,479	2.72%	1,264
2005	199,196	5,655,000	485,000	787,500	-	484,987	5,381,667	12,993,350	2.41%	1,147
2006	121,700	4,950,000	425,000	710,000	-	451,584	5,024,167	11,682,451	2.09%	1,018

City of Excelsior Springs, Missouri

**Direct and Overlapping Governmental Activities Debt
For the Year Ended September 30, 2006
(Unaudited)**

Governmental Unit		Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Clay County	[1]	17,875,000	3.35% [2]	\$ 598,813
Ray County	[1]	none	n/a	-
Excelsior Springs School District	[1]	<u>23,074,035</u>	44.92% [2]	<u>10,364,857</u>
Subtotal, overlapping debt		<u>40,949,035</u>		<u>10,963,670</u>
City Direct Debt		<u>-</u>	100.00%	<u>-</u>
Total direct and overlapping debt		<u><u>40,949,035</u></u>		<u><u>\$ 10,963,670</u></u>

Sources:

- [1] Outstanding G.O. debt obtained from the Ray County Clerk's Office, the Clay County Treasurer'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 Clay County Clerk's Office and Ray County Clerk's Office.

City of Excelsior Springs, Missouri

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

		Legal Debt Margin Calculation for Fiscal Year 2006									
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	Assessed value	14,111	15,327	16,231	18,428	19,336	22,335	22,616	24,138	25,372	26,843
Total net debt applicable to limit	Debt limit (20% of assessed value)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	Debt applicable to limit:	14,111	15,327	16,231	18,428	19,336	22,335	22,616	24,138	25,372	26,843
	General obligation bonds	-	-	-	-	-	-	-	-	-	-
	Less amount set aside for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
	Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
	Legal debt margin	14,111	15,327	16,231	18,428	19,336	22,335	22,616	24,138	25,372	26,843
											\$ 134,216

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

0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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City of Excelsior Springs, Missouri

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year	Facilities Authority Revenue Bonds					Water Revenue Bonds			
	Facility Lease Payments	Less Operating Expenses	Net Available Revenue	Principal	Debt Service Interest	Coverage	Utility Service Charges	Less Operating Expenses	Net Available Revenue
1997	229,328	-	229,328	10,000	219,328	1.00	1,332,367	789,406	542,961
1998	859,902	1,536	858,366	655,000	203,366	1.00	1,572,848	750,517	822,331
1999	223,448	1,840	221,608	35,000	186,608	1.00	1,599,381	746,692	852,689
2000	221,870	2,039	219,831	35,000	184,831	1.00	1,692,491	563,174	1,129,317
2001	235,003	2,398	232,605	50,000	182,605	1.00	1,620,995	1,391,025	229,970
2002	253,635	3,238	250,397	80,000	170,397	1.00	1,629,420	1,099,304	530,116
2003	264,033	2,200	261,833	135,000	126,833	1.00	1,692,782	1,058,504	634,278
2004	270,595	2,200	268,395	145,000	123,395	1.00	1,813,949	1,140,537	673,412
2005	281,270	2,200	279,070	160,000	119,070	1.00	1,824,642	1,054,617	770,025
2006	290,930	2,275	288,655	175,000	113,655	1.00	1,945,385	1,075,320	870,065

{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

City of Excelsior Springs, Missouri

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

		Water Revenue Bonds				Pollution Control Revenue Bonds			
Principal	Debt Service Interest	Coverage	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
						Principal	Interest		
130,000	42,294	3.15	782,974	388,479	384,495	136,250	313,336	0.86	
140,000	33,194	4.75	786,636	464,681	321,955	201,250	366,704	0.57	
315,000	130,308	1.91	843,593	421,833	421,760	102,500	256,995	1.17	
111,250	148,522	4.35	866,886	563,174	303,712	111,250	259,772	0.82	
160,000	225,758	0.60	858,516	401,948	456,568	153,702	269,952	1.08	
170,000	222,508	1.35	895,462	404,735	490,727	122,500	268,548	1.25	
175,000	214,217	1.63	933,660	571,610	362,050	132,500	270,431	0.90	
180,000	206,067	1.74	938,192	479,048	459,144	141,250	260,043	1.14	
190,000	197,972	1.98	910,652	452,796	457,856	147,500	257,182	1.13	
200,000	186,575	2.25	963,116	517,455	445,661	157,500	108,515	1.68	

City of Excelsior Springs, Missouri

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30	Population {a}	Median Household Income {b}	Per Capita Income {c}	Median Age {b}	School Enrollment {d}	Unemployment Rate {e}
1997	11,325	34,508	17,011	35.5	3,348	4.00%
1998	11,347	36,538	17,264	35.0	3,278	2.10%
1999	11,417	38,783	17,718	36.0	3,229	2.00%
2000	10,847	39,672	18,330	36.0	3,292	2.40%
2001	10,893	43,210	18,815	35.0	2,985	3.30%
2002	11,038	41,807	19,100	36.0	2,990	4.20%
2003	11,121	46,311	19,544	36.1	2,968	4.80%
2004	11,212	46,426	20,040	36.7	2,974	4.90%
2005	11,331	47,643	20,979	36.4	2,944	4.30%
2006	11,472	48,625	21,411	36.1	2,927	5.50%

Sources:

- {a} Amounts for 2000 are the result of the census, all other years are census bureau estimates.
- {b} Information obtained from the Mid-America Regional Council website (www.metrodataonline.org).
- {c} Amounts for 2000 are the result of the census, all other years are inflation-adjusted.
- {d} School district.
- {e} 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	2006			1997		
	Employees {a}	Rank	Percentage of Total City Employment {b}	Employees {c}	Rank	Percentage of Total City Employment {b}
Excelsior Springs School District	422 {d}	1	9.81%	312	2	7.36%
American Italian Pasta Company	250	2	5.81%	245	4	5.78%
Excelsior Springs Hospital	244	3	5.67%	250	3	5.90%
Magna Intier Auto Interiors	240	4	5.58%	190	5	4.48%
Excelsior Springs Job Corps Center	203	5	4.72%	160	7	3.78%
Waller Truck Company	195	6	4.53%	***	n/a	n/a
Gilmore Group	164	7	3.81%	170	6	4.01%
REXAM (Precise Technology)	120	8	2.79%	131	9	3.09%
City of Excelsior Springs	105	9	2.44%	122	10	2.88%
Price Chopper	92	10	2.14%	140	8	3.30%
Orbseal	****	****	n/a	377	1	8.90%

** Information not available.

*** Business was not located in Excelsior Springs on September 30, 1997.

**** Business is no longer located in Excelsior Springs.

Sources:

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

{b} Total city employment for 1997 obtained from www.metrodataline.org (Mid-America Regional Council). Total city employment for 2006 estimated.

{c} City Community Development Survey conducted in 1996 as reported by each employer.

{d} Includes staff at Elkhorn Elementary School which outside of the city limits.

City of Excelsior Springs, Missouri

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

Functions/Program	Full-Time Equivalent Employees as of September 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government:										
Municipal Court	5	3	3	3	3	1	1	1	1	1
City Manager	3	3	2	2	2	2	2	2	2	2
Finance	6	6	6	5	5	3	4	4	4	4
Building Maintenance	2	2	1	1	1	1	1	1	1	1
Community Development	0	0	0	0	0	2	2	2	2	2
Planning & Zoning	2	2	2	2	2	1	1	1	1	1
Inspections	3	4	4	2	3	3	3	3	2	2
Senior Center	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	0	0	0	0	0	0	0
Police:										
Officers	21	21	21	21	18	22	21	20	20	22
Civilians	9	7	7	6	8	10	9	10	9	10
Fire:										
Firefighters and Officers	18	14	14	14	16	19	17	17	18	18
Civilians	1	0	0	0	1	1	1	0	0	0
Street Maintenance	7	6	7	8	8	5	7	7	6	5
Water:										
Administration	2	2	2	2	2	2	2	2	2	2
Transmission/Purification	11	10	8	7	7	6	5	7	7	7
Sewer:										
Administration	0	0	0	0	0	0	0	0	0	0
Transmission/Treatment	7	5	4	4	5	5	6	6	5	6
Construction Services:										
Administration	1	0	0	0	1	1	1	1	1	1
Maintenance	5	7	7	9	9	12	11	9	10	10
Parks and Recreation	5	4	4	5	4	3	4	4	4	4
Transportation:										
Dispatch	1	2	1	1	1	1	1	1	1	1
Drivers	7	7	3	1	1					
Golf:										
Maintenance	4	3	3	3	3	3	2	2	2	2
Pro Shop	0	0	0	0	1	1	1	1	1	1
Food and Beverage Sales	0	0	0	0	0	3	2	2	2	2
Total	122	110	105	96	101	108	105	104	102	105

{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	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Calls for service	**	**	**	4,027	9,757	9,749	10,807	10,862	11,126	11,014
Adult and Juvenile arrests	**	**	**	**	**	993	993	934	1,069	1,147
Speeding citations only	**	795	319	352	295	200	212	220	330	348
Traffic citations	**	2,419	1,436	1,505	1,448	1,275	1,384	1,989	3,277	3,014
Police Reports	**	**	**	3,938	4,277	3,626	3,803	3,864	3,120	2,879
DWIs - Municipal	**	69	71	136	82	115	62	53	89	75
Fire and EMS:										
Total fire runs	1,776	1,850	1,964	2,082	2,069	1,795	1,704	1,935	2,007	1,912
Total ambulance runs	508	506	581	644	586	602	479	518	518	522
Property loss	**	**	**	**	**	275,330	117,400	255,300	454,200	385,300
Building Inspections:										
Total building permits	381	412	425	466	415	389	448	437	396	960
Total value all permits	14,033,422	9,859,719	14,721,675	8,947,632	10,213,634	8,137,417	11,581,011	13,773,364	17,696,379	18,356,342
Public service:										
Garbage collected (ton)	**	**	**	**	**	**	**	**	3,882	3,810
Recycle collected (ton)	**	**	**	**	**	**	**	**	60.99	55.17
Parks and Recreation:										
Recreation program participation:										
Youth	726	705	685	606	697	776	882	833	998	1,177
Adult	600	560	692	348	356	299	338	308	256	178
Golf course:										
Golf rounds played	**	15,469	9,077	13,767	9,829	13,726	18,155	17,387	13,898	21,262
Golf memberships	**	384	277	293	273	272	274	232	204	237

Notes:

** Information not available.

{a} Building permits issued include both new construction and permits for remodeling/repairs. The dramatic increase 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 and 2006 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.

City of Excelsior Springs, Missouri

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Animal control shelters	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	1	1	1
Parks and Recreation:										
Acreage	220	220	220	220	220	220	220	220	220	220
Parks	12	12	12	12	12	12	12	12	12	12
Baseball/Sofball Diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/Football Fields	5	5	5	5	5	5	5	5	5	5
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Skate Parks	-	-	-	-	-	-	-	-	-	-
Parks with Playground Equipment	7	7	7	7	7	7	7	7	7	7
Golf courses	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	8	8	8	8	8	8	8	9	9	9
Community Centers	1	1	1	1	1	1	1	1	1	1
Street Department	91	91	95	98	103	107	110	113	115	117
Miles of Streets	990	993	995	997	999	1,002	1,005	1,006	1,007	1,007
Street Lights										
Water:										
Wells	4	4	4	5	5	5	6	6	6	6
Water Storage Tanks/Towers	9	9	9	9	9	9	9	9	9	9
Miles of Water Main	268	268.5	269	270	271	272	273	274	275	276
Storage Capacity (MGPD)	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80
Average Daily Consumption (MGPD)	1.38	2.16	1.67	1.19	1.23	1.28	1.22	1.24	1.22	1.55
Peak Consumption (MGPD)	1.70	1.51	1.51	1.32	1.31	1.27	1.91	1.50	1.55	2.00
Wastewater:										
Sanitary Sewers (miles)	60.07	61.07	78.48	83.90	95.32	106.74	118.16	129.50	141.00	141.00
Storm Sewers (miles)	40	42	42	42	42	42	42	42	42	42
Treatment Plants	1	1	1	1	1	1	1	1	1	1

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

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