**TWO NEW ISSUES** **Ratings: S&P Rating: "A-"**
**(Book Entry Only)** **See "RATINGS" herein.**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on both series of Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on both series of Bonds is exempt from Missouri income taxation by the State of Missouri and (3) none of the Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "**TAX MATTERS**" in this Official Statement.*

# MISSOURI DEVELOPMENT FINANCE BOARD
## Infrastructure Facilities Refunding Revenue Bonds

| **$9,725,000** | **$2,200,000** |
|---|---|
| **(City of Independence, Missouri - Eastland Center Project)** | **(City of Independence, Missouri - Hartman Heritage Project)** |
| **Series 2017A** | **Series 2017B** |

**Dated: Date of Delivery** **Due: See Inside Cover Pages**

The Series 2017A Bonds and the Series 2017B Bonds (each as further described herein and, collectively, the "Bonds") are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof. Principal of and semiannual interest on the Bonds will be paid from moneys available therefore under the applicable Indenture (herein defined) by Commerce Bank, Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Bonds will be due as shown on the inside cover pages. Interest on the Bonds will be payable on each April 1 and October 1, beginning on October 1, 2017.

**Payment of the principal of and interest on the Bonds is <u>not</u> secured by any deed of trust, mortgage or other lien on the applicable Project or any other facilities or property of the City. Both series of Bonds are separately and independently secured.**

**The Bonds are <u>not</u> subject to redemption prior to maturity.**

The Bonds will be payable solely from, and will be secured by, (i) an assignment and a pledge of Loan Payments made by the City, pursuant to the applicable Financing Agreement between the Missouri Development Finance Board (the "Board") and the City of Independence, Missouri (the "City") and (ii) certain other funds held by the Trustee under the applicable Indenture. The Series 2017A and Series 2017B Bonds will also be payable from certain moneys expected to be deposited in the Special Allocation Fund established for each of these projects as more fully described herein. See "**SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS.**"

THE BONDS ARE NOT AN INDEBTEDNESS OF THE BOARD, THE CITY, THE STATE OF MISSOURI OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER.

*The Bonds are offered when, as and if issued by the Board and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of their validity by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, as described herein. Certain legal matters in connection with this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed on for the City by the City Counselor, and for the Board by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about July 18, 2017.*

PiperJaffray®

The date of this Official Statement is June 22, 2017

**MISSOURI DEVELOPMENT FINANCE BOARD**

**$9,725,000**
**Infrastructure Facilities Refunding Revenue Bonds**
**(City of Independence, Missouri - Eastland Center Project)**
**Series 2017A**

**Dated: Date of Delivery** **Due: April 1 as shown below**

**Maturity Schedule**

| Due | Principal Amount | Interest Rate | Price | CUSIP |
|---|---|---|---|---|
| 2018 | $1,880,000 | 5.000% | 102.463% | 60636S GX6 |
| 2019 | 1,820,000 | 5.000 | 105.617 | 60636S GY4 |
| 2020 | 1,920,000 | 5.000 | 108.347 | 60636S GZ1 |
| 2021 | 2,025,000 | 5.000 | 110.803 | 60636S HA5 |
| 2022 | 2,080,000 | 5.000 | 113.062 | 60636S HB3 |

**MISSOURI DEVELOPMENT FINANCE BOARD**

**$2,200,000**
**Infrastructure Facilities Refunding Revenue Bonds**
**(City of Independence, Missouri - Hartman Heritage Project)**
**Series 2017B**

**Dated: Date of Delivery** **Due: April 1 as shown below**

**Maturity Schedule**

| Due | Principal Amount | Interest Rate | Price | CUSIP |
|---|---|---|---|---|
| 2018 | $1,095,000 | 3.000% | 101.071% | 60636S HC1 |
| 2019 | 1,105,000 | 3.000 | 102.273 | 60636S HD9 |

## REGARDING USE OF THIS OFFICIAL STATEMENT

**No dealer, broker, salesman or other person has been authorized by the Board, the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information set forth herein has been obtained from the Board, the City and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Board or the Underwriter. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Board or the City since the date hereof.**

**The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.**

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BOARD. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement contains "forward-looking statements." These forward-looking statements include statements about the City's projections and future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of the City. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include those discussed in the **"BONDOWNERS' RISKS"** section of this Official Statement**.** The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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**OFFICIAL STATEMENT**

# MISSOURI DEVELOPMENT FINANCE BOARD
## Infrastructure Facilities Refunding Revenue Bonds

| $9,725,000 | $2,200,000 |
|---|---|
| (City of Independence, Missouri - Eastland Center Project) | (City of Independence, Missouri - Hartman Heritage Project) |
| Series 2017A | Series 2017B |

## INTRODUCTORY STATEMENT

*The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in* ***Appendix C*** *hereto.*

### Purpose of the Official Statement

This Official Statement, including the cover page and the Appendices, sets forth certain information in connection with (i) the issuance and sale by the Missouri Development Finance Board, a body corporate and politic of the State of Missouri (the "Board"), of the above-described two separate series of bonds (separately, the "Series 2017A Bonds" and the "Series 2017B Bonds," and together the "Bonds"), (ii) the Board, (iii) the City of Independence, Missouri (the "City") and (iv) the refinancing of two separate projects as more fully described herein (the "Projects") through the current or advance refunding of certain bonds (the "Refunded Bonds" as further described herein) with the proceeds of each Series of the Bonds. Each Series of the Bonds is separately secured as described herein.

### The Board

The Board is a body corporate and politic duly created and existing under the laws of the State of Missouri, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act").

### The City

The City of Independence, Missouri (the "City") is a constitutional charter city and political subdivision of the State of Missouri. See the caption **"THE CITY"** herein and **"APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI."**

### Loan of Bond Proceeds

The proceeds of each Series of the Bonds will be loaned by the Board to the City pursuant to two separate Financing Agreements (each of said Financing Agreements, together with all amendments and supplements thereto, being referred to herein as a "Financing Agreement," and by Series, the "Series 2017A Financing Agreement" and the "Series 2017B Financing Agreement," and collectively, the "Financing Agreements"). The Financing Agreements are being entered into to refinance a portion of the costs of the Eastland Center Redevelopment Project and the Hartman Heritage Redevelopment Project (collectively, the "Projects"), each as described herein, and to pay the costs of issuing the Bonds, all as more fully described

herein under the caption **"THE PROJECTS."** The Hartman Heritage Redevelopment Project and the Eastland Center Redevelopment Project are both Tax Increment Financing Projects approved by the City pursuant to the Tax Increment Financing Act (the "TIF Act"). See the caption **"TAX INCREMENT FINANCING IN MISSOURI"** herein. The Series 2017A Financing Agreement is being entered into to provide funds, together with other available money, to current refund $7,670,000 outstanding principal amount of Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Eastland Center Project), Series 2007A (the "Series 2007A Refunded Bonds") and advance refund $4,795,000 of Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Eastland Center Project), Series 2008C (the "Series 2008C Refunded Bonds"). The Series 2017B Financing Agreement is being entered into to provide funds, together with other available money, to current refund $3,135,000 outstanding principal amount of Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Hartman Heritage Centre Project), Series 2007B (the "Series 2007B Refunded Bonds", and together with the Series 2007A Refunded Bonds and the Series 2008C Refunded Bonds, the "Refunded Bonds").

**The Bonds**

The Bonds are being issued pursuant to the Act and two separate Bond Trust Indentures (each of said Bond Trust Indentures, together with all amendments and supplements thereto, being referred to herein as an "Indenture," and by Series the "Series 2017A Indenture" and the "Series 2017B Indenture"), all between the Board and Commerce Bank, Kansas City, Missouri (the "Trustee"), for the purpose of providing funds to make a loan to the City pursuant to the applicable Financing Agreement, in consideration of payments by the City, which will be sufficient to pay the principal of, premium, if any, and the interest on the Bonds, all as more fully described in the Financing Agreement and the Indenture relating to each Series of Bonds. A description of the Bonds is contained in this Official Statement under the caption **"THE BONDS."** All references to the Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the applicable Indenture and the applicable Financing Agreement.

The Series 2017A Bonds are being issued as Additional Bonds under the Series 2017A Indenture on a parity with the Board's Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Eastland Center Project) Series 2012E issued in the original principal amount of $3,965,000 and currently outstanding in the amount of $2,315,000 (the "Series 2012E Bonds") and the Board's Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Eastland Center Project) Series 2014A issued in the original principal amount of $4,855,000 and currently outstanding in the amount of $3,325,000 (the "Series 2014A Bonds"), with respect to the security provided by the Series 2017A Financing Agreement, and in all other respects.

The Series 2017B Bonds are being issued as Additional Bonds under the Series 2017B Indenture on a parity with the Board's Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Hartman Heritage Project) Series 2011B issued in the original principal amount of $6,720,000 and currently outstanding in the amount of $4,365,000 (the "Series 2011B Bonds") with respect to the security provided by the Series 2017B Financing Agreement, and in all other respects.

**Additional Parity Bonds**

The Indentures relating to the Series 2017A and Series 2017B Bonds provide for the future issuance of additional bonds ("Additional Bonds") which, if issued, would rank on a parity with the applicable Series of Bonds and any other bonds then outstanding under such Indenture issued on a parity with such Bonds. See **"SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Additional Bonds"** and **"SUMMARY OF THE INDENTURE – Additional Bonds"** in **Appendix C** hereto.

**Security for the Bonds**

Each Series of the Bonds and the interest thereon are special, limited obligations of the Board, payable by the Board solely from (1) certain payments to be made by the City under the applicable Financing Agreement, and (2) certain other funds held by the Trustee under the applicable Indenture and not from any other fund or source of the Board, and are separately and independently secured under the applicable Indenture and the applicable Financing Agreement as described herein. Payments under each Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, premium, if any, and interest on the Series of Bonds relating to such Financing Agreement. Except as noted herein, all payments by the City under each Financing Agreement are subject to annual appropriation. Pursuant to each Indenture, the Board will assign to the Trustee, for the benefit and security of the registered owners of the Bonds, substantially all of the rights of the Board in the applicable Financing Agreement, including all Loan Payments payable thereunder.

As more fully described herein, the City's obligation to make Loan Payments with respect to the Series 2017A and Series 2017B Bonds under each Financing Agreement will be secured by Incremental Tax Revenues, a portion of which described herein as the Payment in Lieu of Taxes, are not subject to annual appropriation. "Incremental Tax Revenues" consist of Payments in Lieu of Taxes ("PILOTS") and, subject to annual appropriation by the City, Economic Activity Taxes ("EATS"), as described in the section "**TAX INCREMENT FINANCING IN MISSOURI**" herein. The portion described herein as the Economic Activity Taxes are subject to annual appropriation by the City. Tax Increment Financing has been approved for both projects.

**Prospective investors should not rely upon the collection of Incremental Tax Revenues (PILOTS and EATS) as the sole source of repayment of the Series 2017A Bonds or the Series 2017B Bonds, but should instead evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreements relating to the Series 2017A Bonds and the Series 2017B Bonds.**

**Payment of the principal of and interest on the Bonds is <u>not</u> secured by any deed of trust, mortgage or other lien on either Project or any other facilities or property of the City.**

The Bonds are not an indebtedness of City, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the state of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** herein.

**Bondowners' Risks**

Payment of the principal of and interest on the Bonds is primarily dependent upon the City's decision to continue to appropriate sufficient moneys to make Loan Payments under each Financing Agreement. **See "BONDOWNERS' RISKS"** for a discussion of certain risks. There are numerous risks associate with the collection of Incremental Tax Revenues. **See "BONDOWNERS' RISKS"** for a discussion of certain risks.

**Continuing Disclosure**

The City will execute a Continuing Disclosure Agreement for the benefit of the owners of the Bonds to provide certain annual financial information and notices of the occurrence of certain material events. The information will include a description of the Incremental Tax Revenues deposited into the Special Allocation

Funds established for the two Projects. A summary of the Continuing Disclosure Agreement is attached to this Official Statement in **Appendix C**.

**Definitions and Summaries of Legal Documents**

Definitions of certain words and terms used in this Official Statement are set forth in **Appendix C** of this Official Statement. The Bonds of each Series are separately secured. The Indentures and Financing Agreements for the Series 2017A and Series 2017B Bonds are substantially similar to the Indenture and Financing Agreement summarized in **Appendix C**, except as otherwise noted. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the principal corporate trust office of the Trustee, Commerce Bank, Corporate Trust Department, 922 Walnut, 10th Floor, Kansas City, Missouri 64106. Copies of such documents and the other documents described herein will be available at the offices of the Underwriter, Piper Jaffray & Co., at 11635 Rosewood Street, Leawood, Kansas 66211 during the period of the offering and, thereafter, at the principal corporate trust office of the Trustee.

## THE BOARD

**General**

The issuer of the Bonds is the Missouri Development Finance Board (the "Board"), a body corporate and politic duly created and existing under the laws of the State of Missouri, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the "Act"). The Bonds will be authorized and issued by the Board under the provisions of the statutes of the State of Missouri, including the Act. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Board or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Board and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

**Organization and Membership**

The Board was established pursuant to the Act in 1982 and consists of twelve members, eight of which are appointed by the Governor, with the advice and consent of the Senate. The Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources serve as ex-officio, voting members of the Board. No more than five of the members may be of the same political party except for the Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources. Appointed members serve terms of four years. Each member of the Board continues to serve until a successor has been duly appointed and qualified, unless such position becomes vacant under Missouri law.

***Robert V. Miserez*** serves as Executive Director of the Board.

As of the date hereof, the members of the Board, and the terms of appointed members are as follows.

- ***Marie J. Carmichael*** — Chair, term as a member expired September 14, 2012. Ms. Carmichael is owner of Affordable Homes Development in Springfield, Missouri.

- ***Reuben A. Shelton*** – Vice Chairman, term as a member expired September 14, 2014. Mr. Shelton serves as Senior Counsel-Litigation to Monsanto Company in St. Louis, Missouri

- ***John E. Mehner*** — Treasurer, term as a member expires September 14, 2019. Mr. Mehner is President and CEO of the Cape Girardeau Area Chamber of Commerce in Cape Girardeau, Missouri.

- ***Matthew L. Dameron*** – Secretary, term as a member expires September 14, 2019. Mr. Dameron is a partner with Williams Dirks Dameron LLC in Kansas City, Missouri.

- ***Kelley M. Martin***— term as a member expired September 14, 2012. Mr. Martin is the owner of the Martin Financial Group, a financial services practice in Kansas City.

- ***Patrick J. Lamping*** – term as a member expired September 14, 2012. Mr. Lamping serves as Executive Director of the Economic Development Corporation of Jefferson County, Missouri.

- ***Bradley G. Gregory*** – term as a member expires September 14, 2015. Mr. Gregory is President and CEO of Bank of Bolivar in Bolivar, Missouri.

- ***Michael L. Parson*** — ex-officio member. The Honorable Michael Parson is the Lieutenant Governor of the State of Missouri.

- ***Mike Downing*** — ex-officio member. Mr. Downing is the Acting Director of the Department of Economic Development.

- ***Chris Chinn*** — ex-officio member. Ms. Chinn is the Director of the Department of Agriculture.

- ***Carol Comer*** — ex-officio member. Ms. Comer is the Director of the Department of Natural Resources.

**Other Indebtedness of the Board**

The Board has sold and delivered other bonds and notes secured by instruments separate and apart from, and not secured by, the Indentures securing the Bonds. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Board pledged under the Indentures, and the owners of the Bonds will have no claim on assets, funds or revenues of the Board securing other bonds and notes. The Board has never defaulted on any of its bonds or notes.

With respect to additional indebtedness of the Board, the Board intends to enter into separate agreements for the purpose of providing financing for other eligible projects and programs. Issues that may be sold by the Board in the future will be created under separate and distinct indentures or resolutions and secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED **"THE BOARD"** AND **"LITIGATION – The Board,"** NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE

BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

## THE CITY

Incorporated in 1849, the City of Independence, Missouri (the "City") is the county seat of Jackson County, Missouri and adjoins Kansas City, Missouri to the west. The City is the fourth largest city in Missouri. The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in December 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms. Certain information describing the City is attached hereto in **Appendix A**.

## THE PROJECTS

### Eastland Center Redevelopment Project

***The Eastland Redevelopment Area.*** The Eastland Redevelopment Area consists of approximately 212 acres of land located in the City at the southeast corner of the intersection of Interstate Highway 70 and U.S. Highway 291.

***Approval of Eastland Center Redevelopment Plan.*** In 2000, following public hearings by the TIF Commission of the City, the City Council adopted the TIF Ordinances approving the Eastland Center Redevelopment Plan and the Eastland Center Redevelopment Project and designating the Eastland Redevelopment Area as a "blighted area" under the TIF Act, and adopting tax increment financing for the Eastland Redevelopment Area. The City amended the Eastland Center Redevelopment Plan, as further described below. Tax increment financing terminates in 2023 for Eastland Center.

***The Eastland Center Redevelopment Project.*** The Eastland Center Redevelopment Plan provides for the construction of both a Public Project and a Private Project (each as defined below) within the Eastland Redevelopment Area (the "Area") in order to cure the blighted conditions that exist in the Area. The Area consists of 212 acres located immediately east of Interstate Highway 470, immediately south of Interstate 70 and immediately north of U.S. Highway 40. The developer of the project is Ehrhart Development Company based in St. Louis, Missouri (the "Eastland Developer").

***Eastland Center Redevelopment Project Costs.*** The Eastland Center public projects consist of the following improvements: (1) street improvements and related landscaping, traffic studies, design, engineering and surveys, (2) excavation and demolition of storm sewers and utility relocation, (3) traffic signals and controls, (4) retaining walls, sidewalks, streetlights and related improvements, (5) fencing and landscaping screens, and (6) certain clearing, grading, stormwater and utility costs on the site of the Eastland Center Redevelopment Project.

***Status of the Eastland Center Redevelopment Project Improvements.*** The Eastland Center public projects are substantially complete. The retail and hotel components of the private project have been completed, as has some smaller scale office development. One of the sites originally to be developed has since been developed by the City as a multipurpose Events Center, as described in **Appendix A**. Retail and restaurant development in Eastland Center includes Costco, Lowes, Panera and Chipotle, among others.

***Eastland Center Tax Increment Revenues.*** The City's audited financial statements for the years ended June 30, 2015 and June 30, 2016 indicate that for those two fiscal years the City has deposited Incremental Tax Revenues from the Eastland Redevelopment Project into the Special Allocation Fund in the

amounts of $4,758,754 and $4,980,819, respectively. Net maximum annual debt service on the Series 2012E Bonds, the Series 2014A Bonds and the Series 2017A Bonds will be $3,296,650, which would have resulted in coverage of 1.44x in FY 2015 and 1.51x in FY 2016.

**Hartman Heritage Redevelopment Project**

***The Hartman Heritage Redevelopment Area.*** The Hartman Heritage Redevelopment Area is located in Eastern Jackson County within the corporate limits of the City and consists of approximately 60.29 acres of land located north of Interstate Highway 70 at its intersection with Little Blue Parkway and south of the Little Blue River.

***Approval of Hartman Heritage Centre Redevelopment Plan***. In 1998, following public hearings by the TIF Commission of the City, the City Council adopted the TIF Ordinances approving the Hartman Heritage Centre Redevelopment Plan and the Hartman Heritage Centre Redevelopment Project and designating the Hartman Heritage Redevelopment Area as a "blighted area" under the TIF Act, and adopting tax increment financing for the Hartman Heritage Redevelopment Area. Tax increment financing terminates in 2021 for Hartman Heritage.

***The Hartman Heritage Centre Redevelopment Project***. The Hartman Heritage Centre Redevelopment Plan provides for the construction of both public and private improvements within the Hartman Heritage Redevelopment Area in order to cure the blighted conditions that exist. The public improvements consist of public infrastructure. The private improvements consist of a mixed-use development. The original Developer of the project was Dial Realty Development Corp., a Nebraska corporation (the "Hartman Developer").

***The Hartman Heritage Centre Redevelopment Project Costs***. "Redevelopment Costs" for the Hartman Heritage Redevelopment Project consist of City Reimbursable Project Costs in an amount not to exceed $12,465,000, plus interest and financing costs and Developer Reimbursable Project Costs in an amount not to exceed $6,716,000, plus interest and financing costs. Reimbursable Redevelopment Costs not paid from the proceeds of the bonds secured under the Hartman Heritage Centre Indenture (the "Hartman Bonds") will be reimbursed (i) from the proceeds of Additional Bonds secured on a parity with the outstanding Hartman Bonds, or (ii) on a "pay-as-you-go" basis with the proceeds of Incremental Tax Revenues which are not needed to pay the debt service on the Hartman Bonds. The Hartman Heritage Centre Public Project consists of the following improvements: (a) the acquisition of the right-of-way for and the construction of: (i) Jackson Drive from 39th Street south across the Little Blue River through the Redevelopment Area and east of Little Blue Parkway; (ii) necessary improvements to the intersections of Jackson Drive and 39th Street and Jackson Drive and Little Blue Parkway; (iii) landscaping the median of and the lighting of the Little Blue Expressway from I-70 to 39th Street, and (iv) any other improvements which are to be located in right-of-way or easements along the aforementioned portions of Jackson Drive; (b) improvements to the Little Blue Trace Park adjacent to the Redevelopment Area; (c) acquisition of right-of-way for and construction of sanitary sewer and water line improvements east of the Little Blue Expressway to serve a new Blue Springs elementary school; and (d) as the City determines to be necessary and appropriate, acquisition of right-of-way for and construction of improvements to the Little Blue Expressway north of 39th Street to the northern boundary of the Blue Springs School District.

***Status of the Hartman Heritage Centre Redevelopment Project Improvements***. The public project components of the Harman Heritage Redevelopment Project are substantially complete. The center is the site of various retail and restaurant establishments including Bed, Bath and Beyond, buybuy BABY, and Hereford House restaurant as well as a 201 room Hilton Garden Inn with an 11,322 square foot ballroom.

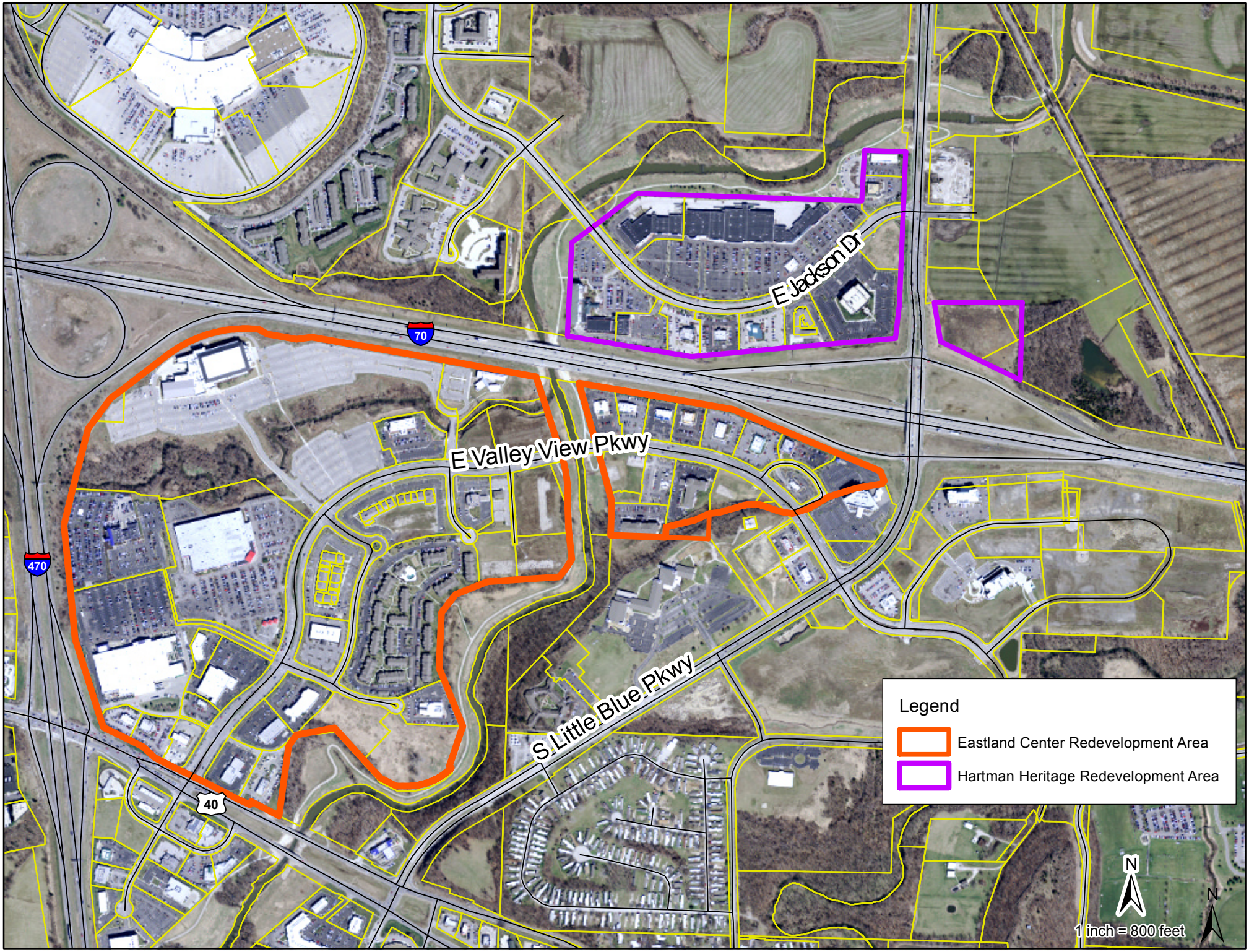
***Hartman Heritage Centre Tax Incremental Revenues.*** The City's audited financial statements for the years ended June 30, 2015 and June 30, 2016 indicate that for those two fiscal years the City has deposited Incremental Tax Revenues from the Hartman Heritage Redevelopment Project into the Special Allocation

Fund in the amounts of $1,301,468 and $1,476,062, respectively. Net maximum annual debt service on the Series 2011B Bonds and the Series 2017B Bonds will be $1,889,869, which would have resulted in coverage of 0.69x in FY 2015 and 0.78x in FY 2016.

**Map of Eastland Redevelopment Area and Hartman Heritage Redevelopment Area**

The map on the following page depicts the Eastland Redevelopment Area and the Hartman Heritage Redevelopment Area:

[Remainder of page intentionally left blank]


E Jackson Dr
70
E Valley View Pkwy
470
S Little Blue Pkwy
40
Legend
Eastland Center Redevelopment Area
Hartman Heritage Redevelopment Area
N
1 inch = 800 feet

**Projected Incremental Tax Revenues**

In recent years sales tax revenues in the City have in some cases decreased and/or been lower than original estimates. The City will continue to evaluate revenues, including projected Incremental Tax Revenues generated in the Eastland Center Redevelopment Area and Hartman Heritage Centre Redevelopment Area, as more information becomes available and in the structuring of Additional Bonds. There can be no assurance that Incremental Tax Revenues generated in the Redevelopment Areas will maintain past levels. See "**BONDOWNERS RISKS – Changes in Retail Sales Market Conditions**" and **"APPENDIX B - UNAUDITED FINANCIAL AND OPERATING REPORT FOR PERIOD ENDED MARCH 31, 2017."**

**Administration of the Special Allocation Funds**

Moneys in the Special Allocation Funds for each Project are to be disbursed as described in **Appendix C** under the caption **"SUMMARY OF THE AUTHORIZING ORDINANCE - Administration of the Special Allocation Fund."**

**Sources and Uses of Funds**

***Series 2017A Bonds***

*Sources of Funds:*

| | |
|---|---|
| Principal amount | $9,725,000.00 |
| Reoffering Premium | 799,246.55 |
| Prior Issue Reserve Funds | 2,438,161.86 |
| Total sources of Funds | $12,962,408.41 |

*Uses of Funds:*

| | |
|---|---|
| Deposit to Series 2007A Escrow Fund | $7,789,097.29 |
| Deposit to Series 2008C Escrow Fund | 4,996,479.92 |
| Costs of Issuance * | 176,831.20 |
| Total uses of funds | $12,962,408.41 |

*includes Underwriter's Discount.

***Series 2017B Bonds***

*Sources of Funds:*

| | |
|---|---|
| Principal amount | $2,200,000.00 |
| Reoffering Premium | 36,844.10 |
| Prior Issue Reserve Fund | 1,032,157.15 |
| Total sources of Funds | $3,269,001.25 |

*Uses of Funds:*

| | |
|---|---|
| Deposit to Series 2007B Escrow Fund | $3,184,202.08 |
| Costs of Issuance * | 84,799.17 |
| Total uses of funds | $3,269,001.25 |

*includes Underwriter's Discount.

See **"THE PROJECTS – Related Series of Bonds."**

**Refunding Plan**

Series 2007A Refunded Bonds

To effect the refunding of the Series 2007A Refunded Bonds, a portion of the proceeds of the 2017A Bonds together with other available funds will be deposited in a Series 2007A Escrow Fund created under an Escrow Trust Agreement (the "Eastland Escrow Agreement") among the Board, the City and the Trustee, as Escrow Agent. The moneys deposited in the Series 2007A Escrow Fund will be sufficient, without consideration of reinvestment, to pay and redeem the Series 2007A Refunded Bonds on July 24, 2017. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Series 2007A Refunded Bonds on the redemption date thereof to the Trustee, as paying agent for the Series 2007A Refunded Bonds.

Set forth below is a description of the Series 2007A Refunded Bonds:

| Dated Date | Maturity Date | Principal Amount | Interest Rate | CUSIP Number | Redemption Date | Redemption Price |
|---|---|---|---|---|---|---|
| 5/1/2007 | 4/1/18 | $1,310,000 | 5.00 | 60636CVY2 | 7/24/2017 | 100% |
| 5/1/2007 | 4/1/19 | 1,425,000 | 5.00 | 60636CVZ9 | 7/24/2017 | 100 |
| 5/1/2007 | 4/1/20 | 1,550,000 | 5.00 | 60636CWA3 | 7/24/2017 | 100 |
| 5/1/2007 | 4/1/21 | 2,570,000 | 5.00 | 60636CWB1 | 7/24/2017 | 100 |
| 5/1/2007 | 4/1/22 | 815,000 | 4.50 | 60636CWC9 | 7/24/2017 | 100 |

Series 2008C Refunded Bonds

To effect the refunding of the Series 2008C Refunded Bonds a portion of the proceeds of the 2017A Bonds together with other available funds will be deposited in a Series 2008C Escrow Fund created under the Eastland Escrow Agreement. The moneys deposited in the Series 2008C Escrow Fund will be sufficient, without consideration of reinvestment, to pay the scheduled principal and interest coming due on the Series 2008C Refunded Bonds through April 1, 2018, and to redeem the remaining Series 2008C Refunded Bonds on that date. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Series 2008C Refunded Bonds on the redemption date thereof to the Trustee, as paying agent for the Series 2008C Refunded Bonds.

Set forth below is a description of the Series 2008C Refunded Bonds:

| Dated Date | Maturity Date | Principal Amount | Interest Rate | CUSIP Number | Redemption/ Maturity Date | Redemption Price |
|---|---|---|---|---|---|---|
| 2/1/2008 | 4/1/19 | $975,000 | 4.250% | 60636CZW2 | 4/1/2018 | 100% |
| 2/1/2008 | 4/1/22 | 3,820,000 | 5.125 | 60636CZZ5 | 4/1/2018 | 100 |

Series 2007B Refunded Bonds

To effect the refunding of the Series 2007B Refunded Bonds, a portion of the proceeds of the 2017B Bonds together with other available funds will be deposited in a Series 2007B Escrow Fund created under an Escrow Letter of Instructions (the "Series Hartman Escrow Agreement") among the Board, the City and the Trustee, as Escrow Agent. The moneys deposited in the Series 2007B Escrow Fund will be sufficient, without consideration of reinvestment, to pay and redeem the Series 2007B Refunded Bonds on July 24, 2017. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Series 2007B Refunded Bonds on the redemption date thereof to the Trustee, as paying agent for the Series 2007B Refunded Bonds.

Set forth below is a description of the Series 2007B Refunded Bonds:

| Dated Date | Maturity Date | Principal Amount | Interest Rate | CUSIP Number | Redemption Date | Redemption Price |
|---|---|---|---|---|---|---|
| 5/1/2007 | 4/1/18 | $1,010,000 | 5.00% | 60636CWP0 | 7/24/2017 | 100% |
| 5/1/2007 | 4/1/19 | 1,065,000 | 5.00 | 60636CWQ8 | 7/24/2017 | 100 |
| 5/1/2007 | 4/1/20 | 1,060,000 | 5.00 | 60636CWR6 | 7/24/2017 | 100 |

**Related Series of Bonds**

***Eastland Center Redevelopment Project.*** During 2000, 2001 and 2002 the Board issued four series of Bonds in the aggregate principal amount of $23,315,000 to fund costs related to the Eastland Center Redevelopment Project. All four series of these bonds were advance refunded and defeased with proceeds of the Series 2007A Bonds. Subsequently, the Board also issued multiple series of bonds to either fund costs of the Eastland Center Redevelopment Project or refinance existing bonds. Subsequent to the issuance of the Series 2017B Bonds, the Series 2012E Bonds and the Series 2014A Bonds will be the only other bonds outstanding related to the Eastland Center Redevelopment Project. The City does not currently anticipate the issuance of Additional Bonds to fund project costs, but will continue to evaluate refunding opportunities.

***Hartman Heritage Redevelopment Project.*** The Board issued bonds in 2003 and 2007 to fund costs related to the Hartman Heritage Redevelopment Project. The Series 2011B Bonds refunded the Series 2003 Bonds. Subsequent to the issuance of the Series 2017B Bonds, the Series 2011B Bonds will be the only other bonds outstanding related to the Hartman Heritage Redevelopment Project. The City does not currently anticipate the issuance of Additional Bonds to fund project costs, but will continue to evaluate refunding opportunities.

## TAX INCREMENT FINANCING IN MISSOURI

*The following description of Tax Increment Financing in Missouri applies to the Incremental Tax Revenues which are pledged (subject to annual appropriation with respect to the pledge of EATS) to secure the Series 2017A Bonds and the Series 2017B Bonds. The Series 2017A Bonds and the Series 2017B Bonds are also secured by the annual appropriation obligation of the City as described herein under the caption* **"SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Annual Appropriation Obligation of the City."**

**Overview**

Tax increment financing is an economic development tool whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase and, if the redevelopment project includes establishments that pay sales and other economic activity taxes, the amounts of economic activity taxes generated by the redevelopment area should also increase.

When tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all taxing districts having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a "tax increment" is produced. The annual tax increments (referred to as "Payments in Lieu of Taxes" or "Pilots") are paid by the owners of

property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in the Pilots Account of a "special allocation fund." Similarly, an amount (referred to as "Economic Activity Tax Revenues" or "EATS") attributable to 50% of the increase in tax revenues generated by economic activities within the redevelopment area (including sales and utilities taxes, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments, other than payments in lieu of taxes, sales taxes levied pursuant to Section 70.500 RSMo and taxes levied for the purpose of public transportation pursuant to Section 94.660 RSMo) over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year prior to the adoption of tax increment financing for the Redevelopment Area by the City are transferred by the collecting agency to the treasurer of the city or county and deposited in an economic activity tax account of such special allocation fund. Tax increment financing for the Eastland Center Redevelopment Project was adopted in 2000. Tax increment financing for the Hartman Heritage Redevelopment Project was adopted in 1998. All or a portion of the moneys in the special allocation fund are used to pay redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

**The TIF Act**

The TIF Act was enacted in 1982 and has been amended several times in subsequent years. The constitutional validity of the TIF Act (prior to the amendments) was upheld by the Missouri Supreme Court in *Tax Increment Financing Commission of Kansas City, Missouri v. J.E. Dunn Construction Co., Inc.*, 781 S.W.2d 70 (Mo. 1989). The TIF Act authorizes cities and counties to provide long-term financing for redevelopment projects in "blighted," "conservation" and "economic development" areas (as defined in the TIF Act) through the issuance of bonds and other obligations. Prior to the amendments to the TIF Act, such obligations were payable solely from Payments in Lieu of Taxes derived from the redevelopment area. As a result of amendments to the TIF Act, such obligations are also payable from economic activity tax revenues derived from the redevelopment area, except those economic activity tax revenues expressly excluded in the TIF Act. The validity of certain portions of amendments to the TIF Act relating to the capture of economic activity tax revenues was upheld by the Missouri Supreme Court in *County of Jefferson v. QuikTrip Corporation*, 912 S.W.2d 487 (Mo. 1995).

Amendments to the TIF Act have been proposed in each legislative session during recent years. In connection with proposed amendments to the TIF Act that may be introduced in future legislative sessions, it is not possible to predict the nature of such proposed amendments or whether such proposed amendments to the TIF Act will become law during future sessions of the General Assembly.

Although Payments in Lieu of Taxes may be irrevocably pledged to the repayment of bonds, Economic Activity Tax Revenues are subject to annual appropriation by the governing body of the city, and there is no obligation on the part of the governing body to appropriate Economic Activity Tax Revenues in any year. See the captions **"BONDOWNERS' RISKS – Risk Factors Relating to the Collection of Incremental Tax Revenues - Risk of Non-Appropriation of Economic Activity Taxes"** herein.

**Tax Increment Financing Litigation**

From time to time cases are filed in a Missouri court challenging certain aspects of the TIF Act. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals, and, ultimately, the Missouri Supreme Court. If plaintiffs are successful in such cases, the court's decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing for the Redevelopment Areas. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in the Redevelopment Project Areas. If litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the

Redevelopment Areas, Economic Activity Taxes and Payments in Lieu of Taxes may not be available to pay principal of and interest on the Bonds and the enforceability of the Indenture could be adversely affected. Neither the Board, the City nor any other party involved in the issuance and sale of the Bonds can predict or guarantee the outcome of any litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

**Assessment and Collection of Ad Valorem Taxes**

*General.* The City and the redevelopment areas are located within Jackson County, Missouri (the "County"). On or before September 1 in each year, each political subdivision located within the County which imposes ad valorem taxes (the "Taxing Districts") is required to estimate the amount of taxes that will be required during the next succeeding fiscal year. The Taxing Districts certify the amount of such taxes which shall be levied, assessed and collected on all taxable tangible property in the County to the County Assessor by September 1. All taxes levied must be based upon the assessed valuation of land and other taxable tangible property in the County as shall be determined by the records of the County Assessor and must be collected and remitted to the Taxing Districts. All the laws, rights and remedies provided by the laws of the State for the collection of State, county, city, school and other ad valorem taxes are applicable to the collection of taxes authorized to be collected in the Redevelopment Areas.

The Missouri Constitution requires uniformity in taxation of real property by directing such property to be subclassed as agricultural, residential or commercial and permitting different assessment ratios for each subclass. Agricultural real property is currently assessed at 12% of true value in money, residential property is currently assessed at 19% of true value in money and commercial, industrial and all other real property is assessed at 32% of true value in money. The phrase "true value in money'' has been held to mean "fair market value" except with respect to agricultural property.

Real property within the County is assessed by the County Assessor. The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Board of Equalization has the authority to question and determine the proper values of real property and then adjust and equalize individual properties appearing on the tax rolls. The County Collector collects taxes for all Taxing Districts within the County limits. The County Collector deducts a commission for its services. After such collections and deductions of commission, taxes are distributed according to the Taxing District's pro rata share.

Taxes are levied on all taxable property based on the equalized assessed value thereof determined as of January 1 in each year. Under Missouri law, each property must be reassessed every two years (in odd numbered years). The County Collector prepares the tax bills and mails them to each taxpayer in September. Payment is due by December 31, after which taxes become delinquent and accrue a penalty of one percent per month. In the event of an increase in the assessed value of a property, notice of such increase must be given to the owner of the affected property, which notice is generally given in March.

*Valuation of Real Property.* The County Assessor must determine the assessed value of a property based upon the State law requirement that property be valued at its true value in money. For agricultural land, true value is based on its productive capability. As to residential and commercial property, true value in money is the fair market value of the property on the valuation date. The fair market value is arrived at by using the three universally recognized approaches to value: cost approach, the sales comparison approach and the income approach.

The cost approach is typically applied when a property is newly constructed and is based on the principle of substitution. This principle states that no informed buyer will pay more for a property than the cost to reproduce or replace the property. Value is determined under the cost approach by adding the estimated land value to the replacement or reproduction cost reduced by estimated depreciation. Courts have held

however, that construction cost alone is not a proper basis for determining true value in money and that all factors which affect the use and utility of the property must be considered.

The sales comparison approach determines value based upon recent sales prices of comparable properties. Comparable sales are adjusted for differences in properties by comparing such items as sales price per square foot and net operating income capitalization rates.

The income approach estimates market value by discounting to present value a stream of estimated net operating income. First, the property's gross potential income is estimated based on gross rents being generated at the property. A vacancy allowance is then deducted to arrive at effective gross income. Next, allowable operating expenses are deducted to arrive at an estimate of the property's net operating income. Finally, the net operating income is divided by an appropriate capitalization rate to arrive at the estimated present value of the income stream.

Certain properties, such as those used for charitable, educational, and religious proposes, are excluded from both the real estate ad valorem tax and personal property tax. In addition, pursuant to various State statutes, the City and other public entities may grant real estate tax abatement, under certain conditions, to businesses building or rehabilitating property within their boundaries.

*Appeal of Assessment.* State statutes establish various mechanisms for a property owner to appeal the assessment of a tax on its property. Typically, there are four issues that can be raised in property tax appeals: overvaluation, uniformity, misclassification and exemption. Overvaluation appeals are the most common appeals presented by taxpayers. An overvaluation appeal requires the taxpayer to prove that the true value in money of the property is less than that determined by the assessor. Uniformity appeals are based on the assertion that other property in the same class and county as the subject property is assessed at a lower percentage of value than the subject property. A misclassification appeal is based on an assertion that assessing authorities have improperly subclassed a property. Exemption appeals are based on claims that the property in question is exempt from taxation.

Overvaluation appeals generally must be made administratively, first to the Board of Equalization and then to the State Tax Commission, within prescribed time periods following notice of an increase in assessment. Appeals to the Board of Equalization must be filed with the County Clerk as Secretary of the Board of Equalization on or before the third Monday in June of each year. Appeals to the State Tax Commission must be filed by the later of December 31 or 30 days after the date of the final decision of the Board of Equalization. Where valuation is not an issue, appeals must be taken directly to the State circuit court rather than the State Tax Commission. If an appeal is pending on December 31, the due date for the payment of taxes, State statutes provide a procedure for the payment of taxes under protest. If taxes are paid but not under protest, the taxpayer cannot recover the amount paid unless the taxes have been mistakenly or erroneously paid. Application for a refund of mistakenly or erroneously paid taxes must be made within one year after the tax in dispute was paid. Typically, only that portion of the taxes being disputed is identified as being paid under protest, unless a claim of exemption is being asserted. The portion of the tax paid under protest is required to be held in an interest bearing account. Unless an appeal before the Board of Equalization or State Tax Commission is pending, suit must be brought by the taxpayer to resolve the dispute within 90 days, or the escrowed funds will be released to the Collector of Revenue and distributed to the Taxing Districts.

No owner of any property located within any of the Redevelopment Areas is restricted from appealing the determination of the assessed value of any such property. Any appeals, however, will be required to be conducted in the manner as summarized above under current law.

*Reassessment and Tax Rate Rollback.* As previously stated, a general reassessment of all property in the State is required to be conducted every two years. When, as a result of such reassessment, the assessed valuation within a Taxing District increases by more than an allowable percentage, the Taxing District is

required to roll back the rate of tax within the Taxing District so as to produce substantially the same amount of tax revenue as was produced in the previous year increased by an amount called a "preceding valuation factor.'' A "preceding valuation factor" is a percentage increase or decrease based on the average annual percentage changes in total assessed valuation of the County over the previous three or five years, whichever is greater, adjusted to eliminate the effect of boundary changes, changes from State to County assessed property, general reassessment and State ordered changes.

*The Hancock Amendment.* An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on September 4, 1980, and went into effect with the 1981-82 fiscal year. The amendment (Article X, Sections 16 through 24 of the Missouri Constitution, and popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that shall be imposed in any fiscal year, and provides that the limit shall not be exceeded without voter approval.

Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of the tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation in the initial year of new construction. The limitation on local governmental units also does not apply to taxes imposed for the payment of principal of, premium, if any, and interest on bonds approved by the requisite percentage of voters.

*Tax Delinquencies.* Taxes and payments in lieu of taxes due upon any real estate within the redevelopment areas remaining unpaid on the first day of January, annually, are delinquent, and the County Collector is empowered to enforce the lien of the taxing jurisdictions thereon. Whenever the County Collector is unable to collect any taxes on the tax roll, having diligently endeavored and used all lawful means to do so, he is required to compile lists of delinquent tax bills collectible by him. All lands and lots on which taxes are delinquent and unpaid are subject to suit to collect delinquent tax bills or suit for foreclosure of the tax liens. Upon receiving a judgment, the Sheriff must advertise the sale of the land, fixing the date of sale within 30 days after the first publication of the notice. Delinquent taxes, with penalty, interest and costs, may be paid to the County Collector at any time before the property is sold therefor. No action for recovery of delinquent taxes shall be valid unless initial proceedings therefor are commenced within five years after delinquency of such taxes.

**Collection of Economic Activity Tax Revenues**

Retail businesses are required to collect the sales tax from purchasers at the time of sale and pay the amounts collected to the Department of Revenue of the State with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue of the State. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue of the State, which are due on the tenth day of each calendar month for sales taxes collected in the preceding calendar month. Retail businesses located in the City submit applications to the City for a merchants license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds.

Pursuant to State law, taxpayers who promptly pay their sales tax are entitled to retain 2% of the amount of taxes owed. Within 30 days of receipt of sales taxes by the Department of Revenue of the State, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State

Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

## THE CITY'S GENERAL FUND

### Proposed FY 2018 Operating Budget

The following information describing the City's General Fund has been excerpted from the City Manager's cover letter for the FY 2018 Operating Budget. The entire report is available from the City. Upon approval of the Operating Budget by the City Council, a final adopted version will be prepared and will be available from the City.

> I am pleased to present the proposed operating budget, in accordance with Section 8.2 of the City Charter, for the fiscal year July 1, 2017 through June 30, 2018. The proposed budget totals $314,980,145 or a decrease of $6,396,211, or 2%.
>
> One year ago, the City stood at a fiscal crossroads. Due to numerous external factors, we faced a budget deficit in our General Fund of nearly $4 million. Through determination and collaboration, our organization made the necessary decisions to close this fiscal gap. All City services were carefully evaluated, and non-essential items were suspended or eliminated. The City Council acted boldly to identify new revenue streams and shore up existing resources. City staff found creative ways to bring greater efficiencies to their daily activities and programs. Through this collective effort, we placed the City on a better path toward financial health.
>
> ***
>
> ***Focus on Financial Sustainability***
>
> This budget focuses on ensuring financial sustainability by meeting the City Council's objective of controlling long-term costs. Specifically, this budget addresses the strategy of advancing the employee wellness program to contain health insurance and workers compensation costs. Based on financial forecasts, I concur with the recommendation made by the Staywell Committee to make no changes to the health insurance premiums at this time. The Committee will review the Staywell Fund's financial position in August 2017 and make additional recommendations as needed.
>
> I recommend providing $150,000 to address the strategy of conducting a comprehensive market salary study. Data gathered from this market study will be used to guide future decisions and help retain an exceptional staff. In the future, employee compensation recommendations will be based on market analysis, fairness to all employee groups and long-term evaluation of the City's ability to pay.
>
> The budget also funds the commitments made in previously negotiated work agreements with represented employees. For all other employees, this budget meets City Council's objective of controlling long-term costs by providing a fair yet sustainable one percent (1%) wage increase. Moreover, this budget funds year two of a five-year commitment of $120,000 each year from the General Fund to implement a new modern financial and human resources management system. Our goal is to have the financial system fully implemented during Fiscal Year 2017-18 and be on target to bring the human resources system online in Fiscal Year 2018-19.
>
> This budget focuses on financial sustainability by meeting the City Council's objective of improving long-range financial planning and decision-making. A key component of this strategy has been updating and developing the City's financial policies, including setting a new unrestricted fund balance target of 16% for the General Fund. To meet this strategy, I recommend allocating $596,637

to the unrestricted fund balance of the General Fund, which will increase the balance from 5% to 5.64%, a significant step toward meeting our new target. Many of our sales tax and other special revenue funds already have balances which meet or exceed targets, but it will be critical in the coming years to monitor and, as needed, build fund balances to strengthen the financial health of our organization.

The budget further meets the objective of controlling long-term costs by eliminating 11 vacant positions at Independence Power & Light (IPL), the majority of which will come from the Production Division as we recognize changes in our generation needs. IPL made a concerted effort to reduce routine operating expenses, and this budget contains $843,656 in thoughtful budget cuts which can be made without impacting service levels in the electric utility. I will continue to work with IPL staff to address the strategy to evaluate utility costs of service and ensure appropriate customer rates.

To assure the financial sustainability of Independence Power & Light, I recommend $300,000 to commission a generation master plan study to define costs and strategies for meeting our future electricity needs. This generation master plan study would compare the long-term economics of maintaining versus retiring and replacing all or a portion of IPL's generating assets.

Long-term financial sustainability is also being achieved in our Water Department. The department plans to pursue a rate study next year to develop recommendations to ensure adequate funding is available to complete its mission. Moreover, Standard & Poor's recently upgraded the credit rating for the Water Fund to A+ because of the strong capacity to meet the Department's financial commitments. Notably, there is a significant decrease in debt service from last fiscal year's $4.4 million debt service obligation to $2.5 million in Fiscal Year 2017-18.

This budget will also implement the recently adopted schedule of sanitary sewer rates for Water Pollution Control. This four-year schedule will fund many critical capital maintenance and improvement projects. Keeping up with routine maintenance and avoiding deferred costs will build the financial health of the Sanitary Sewer Fund.

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***Focus on Quality***

To further align with the objective of improving the condition and maintenance of public infrastructure and facilities, I recommend funding for capital maintenance and improvement projects. Though not an exhaustive list, a few key projects merit special recognition, including:

- $75,000 to repair the retaining wall at the Police Headquarters along the intersection of Noland Road and Truman Road;
- $357,400 for the Parks & Recreation Capital Improvements Plan, including $75,000 to complete funding for the replacement of the windows at the Roger T. Sermon Community Center;
- $12,150,000 for the Independence Power & Light Capital Improvements Plan, including $7.1 million in capital needs at the Blue Valley Power Plant and $4 million in capital needs for the transmission and distribution system;
- $3,490,000 for the Sanitary Sewer Capital Improvements Program and $1,450,000 for the Storm Water Sales Tax Fund Capital Improvements Program;
- $3,780,000 for the Water Department Capital Improvements Program, including $1,950,000 in various water main replacement projects;

- $8,323,000 for capital improvements planned in the Streets Sales Tax Fund, including the annual asphalt overlap program.

Though this budget funds many needed capital improvements, the City's unmet needs are significant. Earlier this year, at the direction of the City Council, I reported that the City has nearly $1 billion in deferred capital needs. I suggested the City Council not only retain and strengthen its existing capital funding sources, but consider additional funding sources. I will continue to evaluate and monitor this need and make additional recommendations to the City Council as appropriate.

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***Addressing the Future Organizational Financial Sustainability***

Although the proposed budget moves the City forward in establishing long-term financial sustainability while directly funding or otherwise implementing many of the strategies outlined in Independence for All, I must raise a word of caution. The means by which municipal services have long been funded continue to be eroded dramatically and rapidly. As such, there are three key factors that require responses beyond what can be accomplished in this budget:

1. Stagnant sales tax growth. While Independence continues to enjoy an economic renaissance, sales tax growth is virtually nonexistent outside of Tax Increment Financing (TIF) districts. In fact, net sales tax revenues are estimated to decline by $99,600. or 0.5% in the General Fund from last year’s adopted budget. This is not surprising, given the shift in consumer spending away from brick-and-mortar retailers in favor of online shopping. To help offset this impact, I recommend that the City Council ask voters to implement a Use Tax in order to collect sales tax for out-of-state purchases.

2. Reclassification of data and wireless phone activities by the telecommunications industry. The continued evolution of the telecommunications industry has resulted in a reclassification of what user activities are subject to the City's franchise fee. This revenue source has been declining dramatically in the last several years, and this budget anticipates an additional decline in revenues of $488,672, a 13.4% decrease from last year's adopted budget.

3. Continued climate evolution. Our region continues to experience a sharp deviation from traditional weather patterns. This past summer, we experienced cooler temperatures and above-average rainfall totals. During the winter, we fell well below our average snowfall totals while greatly exceeding the average daily high temperatures. This shift has a profound impact on municipal revenues. For example, natural gas utility franchise fees are projected to decline $500,000, a decrease of 12.5% over last year's adopted budget. The decline in demand for these commodities during peak usage periods has resulted in lower franchise fee revenues from the gas, electric, and water utilities.

Due to smart budgeting last year and responsible management of expenses, a $1 million surplus is projected for the General Fund at the end of the current fiscal year. As described herein, I recommend using $400,000 of this one-time revenue to implement Independence for All strategies which will not

obligate ongoing resources. The remaining dollars are reserved to bolster the General Fund unrestricted balance. It would be imprudent to direct this surplus to our multiple ongoing challenges. For example, personnel costs will increase by approximately $1,190,000 in the upcoming year due to previously negotiated employment contracts. Every available dollar of new, ongoing revenues in this budget is required to satisfy contractual obligations. In order to maintain the fiscal health we worked so hard to establish, we must work collectively to manage our finances and seek new, sustainable funding strategies.

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**General Fund Revenue Comparison**

The following is a comparison of General Fund Revenues for the periods indicated:

| Source | Adopted Budget 2016-17 | Revised Estimate 2016-17 | City Manager Proposed 2017-18 |
|---|---|---|---|
| Property Taxes | $7,561,000 | $7,666,000 | $7,691,000 |
| Sales & Use Taxes | 18,352,500 | 18,248,441 | 18,277,899 |
| Utility Franchise Fees | 9,107,000 | 8,698,035 | 8,692,831 |
| PILOTS | 19,103,195 | 19,043,456 | 19,637,772 |
| Licenses & Permits | 3,759,869 | 4,693,778 | 4,417,247 |
| Grants & Shared Revenues | 5,289,812 | 5,320,059 | 5,823,250 |
| Charges for Services | 2,002,725 | 2,338,509 | 2,195,857 |
| Fines & Court Costs | 3,623,000 | 4,067,033 | 4,195,000 |
| Interest Income | 101,500 | 126,499 | 101,500 |
| Interfund Charges | 5,073,016 | 5,073,016 | 5,080,432 |
| Other Revenue | 468,000 | 448,422 | 490,500 |
| **Total Revenue** | **$74,441,617** | **$75,723,248** | **$76,603,288** |

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For additional discussion of the City's General Fund see the caption **"BONDOWNERS' RISKS - Risk Factors Relating to the City's Obligations to Make Loan Payments"** herein **and** the Unaudited Financial and Operating Report for Period Ended March 31, 2017 in **Appendix B** hereto**.**

## THE BONDS

*The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Indenture and the Financing Agreement relating to each Series of Bonds for the detailed terms and provisions thereof.*

**General.** The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of the Bonds, and

references herein to the Bondowners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

**DTC and its Participants.** DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

**Purchase of Ownership Interests.** Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

**Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payments of Principal and Interest.** Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**Discontinuation of Book Entry System.** DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board, the City and the Underwriter believe to be reliable, but the Board, the City and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participant, as the case may be.*

**Redemption**

The Bonds are not subject to optional or mandatory redemption prior to maturity.

**Transfer Outside Book-Entry Only System**

If the book-entry only system is discontinued, the following provisions would apply. The Bonds are transferable only upon the registration books of the Trustee upon surrender of the Bonds duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in a form satisfactory to the Trustee. Bonds may be exchanged for other Bonds of any denomination authorized by the Indenture in the same aggregate principal amount, series and maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations set forth in the Indenture. The Trustee may make a charge for every such transfer or exchange sufficient to reimburse the Trustee for any tax or other governmental charge required to be paid with respect to any such exchange or transfer.

**CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

**General**

The Bonds will be issued under and will be equally and ratably secured under two separate and distinct Indentures, each of which will assign and pledge to the Trustee (1) certain rights of the Board under the applicable Financing Agreement, including the right to receive Loan Payments with respect to such Series of Bonds thereunder, and (2) the funds and accounts, including the money and investments in them, which the Trustee holds under the terms of the applicable Indenture.

**Special, Limited Obligations**

The Bonds and the interest thereon are special, limited obligations of the Board, payable solely from certain payments to be made by the City under the applicable Financing Agreement and certain other funds held by the Trustee under the applicable Indenture and not from any other fund or source of the Board, and are secured under the applicable Indenture and the applicable Financing Agreement as described herein. Except as provided in the following paragraph with respect to Payments in Lieu of Taxes, all payments by the City under each Financing Agreement are subject to annual appropriation.

As more fully described herein, the City's obligation to make Loan Payments with respect to the Series 2017A and Series 2017B Bonds under each Financing Agreement will be secured by Incremental Tax Revenues, a portion of which described herein as the Payment in Lieu of Taxes, are not subject to annual appropriation. The portion described herein as the Economic Activity Taxes are subject to annual appropriation by the City.

**Prospective investors should not rely upon the City's collection of Incremental Tax Revenues (PILOTS and EATS) as the sole source of repayment of the Series 2017A Bonds or the Series 2017B Bonds, but should instead evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreements relating to the Series 2017A Bonds and the Series 2017B Bonds.**

The Bonds are not an indebtedness of City, the State of Missouri or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State of Missouri. Neither the full faith and credit nor the taxing powers of the City, the State or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

**The Financing Agreements**

Under each Financing Agreement, the City is required to make Loan Payments to the Trustee for deposit into the applicable Debt Service Fund in amounts sufficient to pay the principal of and interest on the Series of Bonds to which such Financing Agreement relates when due. The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from,

subject to annual appropriation by the City as herein, all general fund revenues of the City. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest.

**Annual Appropriation Obligation of the City**

Each Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

***Annual Appropriation.*** The City intends, on or before the last day of each fiscal year, to budget and appropriate moneys sufficient to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding fiscal year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its fiscal year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such fiscal year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such fiscal year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its fiscal year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's fiscal year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding fiscal year, the failure of the City to deliver the foregoing notice on or before the 15$^{th}$ day after the commencement of its fiscal year shall constitute an Event of Nonappropriation.

***Annual Budget Request.*** The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each fiscal year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing fiscal year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments hereunder. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each fiscal year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within his or her power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

***Loan Payments to Constitute Current Expenses of the City.*** The Board and the City acknowledge and agree that the Loan Payments and Additional Payments hereunder shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments hereunder shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing fiscal year beyond the then current fiscal

year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current fiscal year, but in each fiscal year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing herein shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture for each Series of Bonds. Failure of the City to budget and appropriate said moneys on or before the last day of any fiscal year shall be deemed an Event of Nonappropriation.

**No Debt Service Reserve Fund**

Neither the Series 2017A Bonds nor the Series 2017B Bonds are secured by a Debt Service Reserve Fund.

**The Indentures**

Under each Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the applicable Series of Bonds, all of its rights under the applicable Financing Agreement, including all Loan Payments and other amounts payable under such Financing Agreement (except for certain fees, expenses and advances and any indemnity payments payable to the Board) as security for the payment of the principal of and interest on the applicable Series of Bonds. See **"SUMMARY OF THE INDENTURE"** in **Appendix C** hereto.

**Additional Bonds**

**Series 2017A Bonds**

Additional Bonds, if issued, will be secured on a parity with the Series 2012E Bonds (except with respect to the Series 2012E Debt Service Reserve Fund which shall only be pledged to secure the Series 2012E Bonds), the Series 2014A Bonds (except with respect to the Series 2014A Debt Service Reserve Fund which shall only be pledged to secure the Series 2014A Bonds) and the Series 2017A Bonds, and therefore will share an equal claim on the Incremental Tax Revenues from the Eastland Redevelopment Area. No debt service reserve fund secures the Series 2017A Bonds.

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds on a parity with the Series 2012E Bonds, the Series 2014A Bonds and the Series 2017A Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by a resolution adopted by the Board and an ordinance adopted by the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Bonds.

The sole economic test for the issuance of Additional Bonds on a parity with Series 2012E Bonds, the Series 2014A Bonds and the Series 2017A Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with the Series 2012E Bonds, the Series 2014A Bonds and the Series 2017A Bonds even if the Incremental Tax Revenues are not sufficient

to provide for the Loan Payments on Series 2012E Bonds, the Series 2014A Bonds and the Series 2017A Bonds, without regard to the proposed Additional Bonds. **For this reason prospective investors should not rely upon the Incremental Tax Revenues as the sole source of repayment of the Series 2017A Bonds, but should instead evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Series 2017A Financing Agreement. The Series 2017A Bonds are not secured by any deed of trust, mortgage or other lien on either Project or any other facilities or property of the City.**

**Series 2017B Bonds**

Additional Bonds, if issued, will be secured on a parity with the Series 2011B Bonds (except with respect to the Series 2011B Debt Service Reserve Fund which shall only be pledged to secure the Series 2011B Bonds) and the Series 2017B Bonds, and therefore will share an equal claim on the Incremental Tax Revenues from the Hartman Heritage Redevelopment Area. No debt service reserve fund secures the Series 2017B Bonds.

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds on a parity with the Series 2011B Bonds and the Series 2017B Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by a resolution adopted by the Board and an ordinance adopted by the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Bonds.

The sole economic test for the issuance of Additional Bonds on a parity with the Series 2011B Bonds and the Series 2017B Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with the Series 2011B Bonds and the Series 2017B Bonds even if the Incremental Tax Revenues are not sufficient to provide for the Loan Payments on the Series 2011B Bonds and the Series 2017B Bonds, without regard to the proposed Additional Bonds. **For this reason prospective investors should not rely upon the Incremental Tax Revenues as the sole source of repayment of the Series 2017B Bonds, but should instead evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Series 2017B Financing Agreement. The Series 2017B Bonds are not secured by any deed of trust, mortgage or other lien on either Project or any other facilities or property of the City.**

## BONDOWNERS' RISKS

*The following is a discussion of certain risks that could affect payments to be made by the City with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in Appendix C, copies of which are available as described herein.*

**General**

The Bonds are limited obligations of the Board payable by the Board solely from payments to be made by the City pursuant to the applicable Financing Agreement and from certain other funds held by the Trustee under the applicable Indenture. No representation or assurance can be given that the City will realize revenues in amounts sufficient to make such payments under the Financing Agreement relating to each Series of Bonds.

**Risk Factors Relating to the City's Obligations to Make Loan Payments**

***General.*** Except as provided herein with respect to PILOTS pledged to secure the Series 2017A and Series 2017B Bonds, all payments by the City under each applicable Financing Agreement are subject to annual appropriation.

***Risk of Non-Appropriation.*** The City's obligation to make Loan Payments under each of the Financing Agreements is subject to annual appropriation. Although the City has covenanted to request annually that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made, and the City is not legally obligated to do so.

***General Fund Capacity.*** The ending unassigned General Fund balance for the fiscal year ending June 30, 2016, was $3,684,710, which is approximately 5.0% of the General Fund revenue amount for Fiscal Year 2016 of $73,679,661.

***General Fund Capacity.*** The projected ending unassigned General Fund balance for the fiscal year ending June 30, 2017, is $4,831,800, which is approximately 6.4% of the General Fund revenue amount for Fiscal Year 2017 of $75,723,248.

***General Fund Expenses.*** For the fiscal year ending June 30, 2017, approximately 82.0% of the General Fund ($61,505,438) is projected to be spent for City personnel costs – salaries, wages and benefits. Any appropriations from the General Fund to pay debt service on the Bonds is likely to result in reductions to salaries, wages and benefits. Such reductions could be very difficult to implement and may impact the City's decision of whether to continue to support the payment of debt service on all the Bonds by continuing its annual appropriation pledge.

Of the 82.0% of the General Fund projected for salaries, wages and benefits in the fiscal year ending June 30, 2017, approximately 10.1% ($6,185,713) is projected for contributions to a defined benefit pension plan known as LAGERS and 18.1% ($11,102,533) is projected on a "pay-as-you-go" basis for expenses described as "Other Post-Employment Benefits" (OPEB). Such amounts are projected year end totals for FY 2017, which ends on June 30, 2017, and are unaudited. Audited numbers for Fiscal Year 2016 are contained in **Appendix B**. In addition, **Appendix B** presents multi-year trend information as of June 30, 2016, showing whether the actuarial value of defined benefit pension plans assets is increasing or decreasing over time relative to the actuarial accrued liability and also includes information concerning the historical trends of OPEB. Both the contribution to LAGERS and the projected OPEB costs are based upon actuarial reports that include certain key assumptions. The most recent actuarial report received by the City relating to the City's contribution to LAGERS is attached hereto as **Appendix H**. The most recent actuarial report received by the City relating to the projected OPEB is attached hereto as **Appendix I**. Prospective investors should evaluate whether the assumptions used in such reports are reasonable and the future impact such costs could have on the General Fund.

The City has secured multiple series of other bonds with the City's General Fund, subject to annual appropriation. Included are bonds issued to fund costs related to the Crackerneck Creek Redevelopment Project. To date, the City has expended $13,951,364 from its General Fund, $1,682,643 from utility funds,

$2,258,751 from sales tax funds, and $1,357,052 from transportation development district funds to support the payment of debt service on the Crackerneck Creek project bonds. Projections indicate that significant amounts will still need to be appropriated from the General Fund and other legally available sources to make debt service payments on Crackerneck Creek project bonds in the future.

For additional information on certain existing and projected future obligations of the City's General Fund see **"Appendix A – INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI – THE CITY"** and **"- FINANCIAL INFORMATION CONCERNING THE CITY."**

***No Pledge, Lease or Mortgage of any Project or any other Facilities of the City.*** Payment of the principal of and interest on the Bonds is **not** secured by any deed of trust, mortgage or other lien on any Project, or any other facilities or property of the City or any developer. Except as provided herein, the Bonds are payable solely from annual appropriation by the City.

**Risk Factors Relating to the Collection of Incremental Tax Revenues**

As noted herein the payment by the City of Loan Payments with respect to the Series 2017A Bonds and the Series 2017B Bonds is secured by Incremental Tax Revenues (PILOTS and EATS).

**Prospective investors should not rely upon the City's collection of Incremental Tax Revenues (PILOTS and EATS) as the sole source of repayment of the Series 2017A Bonds or the Series 2017B Bonds, but should instead evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreements relating to the Series 2017A Bonds and the Series 2017B Bonds.**

Although prospective investors should not rely upon the City's collection of Incremental Tax Revenues (PILOTS and EATS) as the sole source of repayment of the Series 2017A Bonds or the Series 2017B Bonds, prospective investors should evaluate factors which could cause such Incremental Tax Revenues to be below the City's estimate in order to determine the capacity of the City's General Fund to provide for the Loan Payments with respect to the Series 2017A Bonds and the Series 2017B Bonds in the event such Incremental Tax Revenues are not sufficient to make such payments.

There are a variety of reasons the collection of Incremental Tax Revenues may not be realized as expected by the City, including but not limited to the following:

***Risk of Damage or Destruction.*** The partial or complete destruction of improvements within the Redevelopment Area, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of Incremental Tax Revenues.

***Risk of Failure to Maintain Levels of Assessed Valuations.*** There can be no assurance that the assessed value of property within the Eastland Center Redevelopment Project or the Hartman Heritage Redevelopment Project will equal or exceed the expected assessed value. Even if the assessed value is initially determined as expected, there can be no assurance that such assessed value will be maintained throughout the term of the Series 2017A Bonds and the Series 2017B Bonds.

***Changes in State and Local Tax Laws.*** The City's internal estimates of Incremental Tax Revenues assume no substantial change in the basis of extending, levying and collecting real property taxes, sales taxes, PILOTS and EATS Revenues. Any change in the current system of collection and distribution of real property taxes, sales taxes, PILOTS or EATS Revenues in the County or the City, including without limitation the reduction or elimination of any such tax, judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of revenues to pay the principal of and interest on the Series 2017A Bonds and the Series 2017B Bonds.

***Reduction in State and Local Tax Rates.*** Any local taxing district authorized to impose sales taxes or levy real property taxes on any real estate included within the Redevelopment Areas could lower its tax rate, which would have the effect of reducing the EATS and/or PILOTS derived from the Redevelopment Project Areas.

***Risk of Non-Appropriation of Economic Activity Taxes.*** The application of Economic Activity Tax Revenues in the Special Allocation Fund applicable to the Hartman Heritage Redevelopment Project or the Eastland Center Redevelopment Project is subject to annual appropriation by the City. Although the City has covenanted to request annually that the appropriation of the EATS Revenues in the applicable Special Allocation Fund be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made by the City Council, and the City Council is not legally obligated to do so.

***Changes in Market Conditions.*** The estimates of Incremental Tax Revenues used in the City's internal projections are based on the current status of the national and local business economy and assume a future performance of the real estate market similar to the historical performance of such market in the Independence area. However, changes in the market conditions for the City, as well as changes in general economic conditions, could adversely affect the rate of appreciation and/or inflation of the property in the Redevelopment Area and, consequently, the amount of PILOTS and EATS Revenues collected for deposit into the Special Allocation Fund.

Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. A decline in general economic conditions could reduce the number and value of taxable transactions and thus reduce the amount of EATS Revenues available for repayment of the Bonds.

The City will continue to monitor sales tax receipts, including those within the Redevelopment Areas, and adjust projections accordingly. Such projections will also be taken into account in the structuring of Additional Bonds for both Redevelopment Projects. However, there can be no assurance that Incremental Tax Revenues will maintain past levels or increase over time.

At this time, it is not possible to predict whether or to what extent further changes in economic conditions, demographic characteristics, population or commercial activity will occur, and what impact any such changes would have on Incremental Tax Revenues.

**No Debt Service Reserve Fund**

Neither series of Bonds is secured by a Debt Service Reserve Fund. Potential investors should evaluate the likelihood that the City will continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreements.

**Proposed Additional Bonds**

The sole economic test for the issuance of Additional Bonds on a parity with the Series 2017A Bonds or the Series 2017B Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Bonds. This means that the City may issue or cause to be issued Additional Bonds on a parity with the Series 2017A Bonds or the Series 2017B Bonds even if the Incremental Tax Revenues are not sufficient to provide for the Loan Payments relating to such the Series 2017A Bonds or the Series 2017B Bonds, without regard to the proposed Additional Bonds.

**Loss of Premium Upon Early Redemption**

Purchasers of Series 2017A Bonds and Series 2017B Bonds at a price in excess of their principal amount should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See "**THE BONDS – Redemption.**"

**Enforcement of Remedies**

The enforcement of the remedies under each Indenture and each Financing Agreement may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

**Amendment of Indentures**

Certain amendments to the Indentures and the Financing Agreements may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds.

## LITIGATION

**The Board**

There is not now pending or, to the knowledge of the Board, threatened any litigation against the Board seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the validity of the Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board to enter into the Indentures or the Financing Agreements or to secure the Bonds in the manner provided in the Indentures or the Act.

**The City**

There is not now pending or, to the knowledge of the City, threatened any litigation against the City seeking to restrain or enjoin the issuance or delivery of the Bonds by the Board, or questioning or affecting the validity of the Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board's right to enter into the Indentures or the Financing Agreements or to secure the Bonds in the manner provided in the Indentures, the Act or the City's right to enter into the Financing Agreements. See "**TAX INCREMENT FINANCING IN MISSOURI – Tax Increment Financing Litigation"** for a description of how certain litigation could impact the Series 2017A Bonds and the Series 2017B Bonds.

## LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds by the Board are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Board by its counsel, Gilmore

& Bell, P.C., Kansas City, Missouri. Certain legal matters relating to the Official Statement will be passed upon for the City by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by its counsel, Dayla Bishop Schwartz, City Counselor.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of both series of Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

***Federal and Missouri Tax Exemption.*** The interest on both series of Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** Interest on both series of Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

***Bank Qualification.*** None of the Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Bond counsel's opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Board and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading "**TAX MATTERS**."

**Other Tax Consequences**

***Original Issue Premium.*** If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

***Sale, Exchange or Retirement of Bonds.*** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

***Reporting Requirements***. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## RATINGS

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., has given each Series of Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of Standard & Poor's, and any further explanation of the significance of such rating may be obtained only from the rating agency. The rating does not constitute a recommendation by the rating agency to buy, sell or hold any bonds, including the Bonds. There is no assurance that any rating when assigned to each Series of the Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating when assigned to the Bonds may have an adverse affect on the market price of the Bonds.

## FINANCIAL STATEMENTS

Audited financial statements of the City for the fiscal year ended June 30, 2016, and an unaudited Financial and Operating Report for the period ended March 31, 2017, are included in **Appendix B** to this Official Statement. The financial statements for the fiscal year ended June 30, 2016 have been audited by RSM US LLP, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. The unaudited Financial and Operating report has been prepared by the City.

RSM US LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement.

## CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Agreement with respect to ongoing disclosure which will constitute the written understanding for the benefit of the holders of the Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A summary of the Continuing Disclosure Agreement is included in **Appendix C**.

The City has previously engaged in undertakings similar to the Continuing Disclosure Undertaking related to most of the outstanding bonds listed in **Appendix A** under the heading "**FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City** – *General Obligation Debt*" and "– *Revenue Debt*." Certain filings were not cross referenced on EMMA by CUSIP number for certain issues. In addition, the City did not file material event notices relating to bond redemptions, defeasances or rating changes for one of more series of prior bond issues for which it was the "obligated person" in full compliance with its prior continuing disclosure undertakings. The City believes, however, that any prior deficiency with respect to those event notices is not material, as the information was disseminated or available through other sources.

## UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds pursuant to a bond purchase agreement entered into by and among the Board, the City and the Underwriter. The bond purchase agreement provides that the Underwriter will purchase the Series 2017A Bonds at a purchase price of $10,475,621.55 (which represents the principal amount of the Bonds, $9,725,000, plus premium of $799,246.55, less an underwriter's discount of $48,625.00). The bond purchase agreement provides that the Underwriter will purchase the Series 2017B Bonds at a purchase price of $2,225,844.10 (which represents the principal amount of the Bonds, $2,200,000, plus premium of $36,844.10, less an underwriter's discount of $11,000.00). In addition, the bond purchase agreement provides, among other things, that the Underwriter will purchase all of the Bonds, including all Series of the Bonds, if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The City has agreed in the bond purchase agreement to indemnify the Underwriter against certain liabilities. The obligations of the Underwriter to accept delivery of the Bonds are subject to various conditions contained in the bond purchase agreement.

The Underwriter has entered into a distribution agreement ("CS&Co Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. may purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

## MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Des Moines, Iowa as Municipal Advisor (the "Municipal Advisor") in connection with the preparation of the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## MISCELLANEOUS

The references herein to the Act, the Indentures, the Financing Agreements, the City's Authorizing Ordinance and the Continuing Disclosure Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Indentures, the Financing Agreements, the City's Authorizing Ordinance and the Continuing Disclosure Agreement. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Bonds will be on file at the office of the Trustee.

The agreement of the Board with the owners of the Bonds is fully set forth in the Indentures, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement has been duly authorized by the City, and its use has been approved by the Board.

**CITY OF INDEPENDENCE, MISSOURI**

By: /s/ Zachary Walker
City Manager

# APPENDIX A

## INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

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**APPENDIX A**

**INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI**

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## THE CITY

### General Information

Incorporated in 1849, the City is the county seat of Jackson County and adjoins Kansas City, Missouri to the west. The City is the fourth largest City in Missouri.

The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the voters in October 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms.

The present Mayor and members of the Council, their occupations and terms are listed below:

| Council Members | Occupation | District | Expiration of Term |
|---|---|---|---|
| Eileen Weir, Mayor | Public Relations | n/a | 2018 |
| John Perkins | Butcher | District 1 | 2020 |
| Curt Dougherty | Electrician | District 2 | 2020 |
| Scott Roberson | Dentist | District 3 | 2020 |
| Tom Van Camp | Retired | District 4 | 2020 |
| Chris Whiting | Communications | At-Large | 2018 |
| Karen DeLuccie | Attorney | At-Large | 2018 |

The City Council appoints a City Manager who is the chief executive and administrative officer of the City. Zachary Walker is the City Manager, and has filled that position since October 1, 2016. The Director of Finance, who is appointed by the City Manager, acts as the chief financial officer of the City. This position is currently held by Brian Watson, appointed in February 2014. The City Manager appoints the City Counselor who acts as the chief legal advisor to the City. Dayla Bishop Schwartz was appointed as City Counselor in July 2011, and has previously served in the law department since 1985.

Historically, the character of the City has been viewed as predominantly residential. In recent years industrial expansion in the City has accompanied the growth in population. The City has several industrial sites which have been set aside to assure orderly development in light of anticipated increases in industrial activity.

### Employee Retirement System

**Note: The information under the heading "Employee Retirement System" has been excerpted from the notes to the City's audited financial statements for the fiscal year ended June 30, 2016 which are included in Appendix B hereto.**

*Plan Description*

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600 - 70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the LAGERS website at www.molagers.org.

*Benefits Provided*

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for Police and Fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for Police and Fire) and receive a reduced allowance.

| | **2016 Valuation** |
|---|---|
| Benefit Multiplier | 2.00% |
| Final Average Salary | 3 Years |
| Member Contribution | 4.00% |

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4.00% per year.

*Employees Covered by Benefit Terms*

At June 30, 2016, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 1,015 |
| Inactive employees entitled to but not yet receiving benefits | 195 |
| Active employees | 996 |
| | 2,206 |

*Contributions*

Effective November 1, 2009, the City's LAGERS benefit program changed from LT-8(65) to L-6 with employees contributing 4.00% of gross salaries and wages. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City contribute 4.00% of their gross pay to the pension plan. The City contribution rates for the year ending June 30, 2016 were 14.30% (General), 15.50% (Police) and 16.10% (Fire) of annual covered payroll.

*Net Pension Liability*

The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016. Standard update procedures were used to roll forward the total pension liability to June 30, 2016.

*Actuarial Assumptions*

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% price inflation; 3.25% wage inflation |
| Salary Increase | 3.25% to 7.15% including wage inflation |
| Investment rate of return | 7.25%, net of investment expenses |

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were RP-2014 employee's mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Equity | 43.00% | 5.29% |
| Fixed Income | 26.00% | 2.23% |
| Real Assets | 21.00% | 3.31% |
| Strategic Assets | 10.00% | 5.73% |

*Discount Rate*

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that the City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

*Changes in the Net Pension Liability*

The following table shows the components of the changes in the net pension liability for the year:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)- (b) |
| Balances at 6/30/2015 | $ 447,529,430 | 394,204,423 | 53,325,007 |
| Changes for the year: | | | |
| Service Cost | 8,219,353 | | 8,219,353 |
| Interest | 31,909,765 | | 31,909,765 |
| Difference between expected and actual experience | 4,916,999 | | 4,916,999 |
| Changes in assumptions | 17,199,406 | | 17,199,406 |
| Contributions - employer | | 10,603,882 | (10,603,882) |
| Contributions - employee | | 2,861,145 | (2,861,145) |
| Net investment income | | (791,625) | 791,625 |
| Benefit payments, including refunds | (23,272,216) | (23,272,216) | |
| Administrative expense | | (181,225) | 181,225 |
| Other (net transfer) | | 981,004 | (981,004) |
| Net changes | 38,973,307 | (9,799,035) | 48,772,342 |
| Balances at 6/30/2016 | $486,502,737 | 384,405,388 | 102,097,349 |

The amounts reported as changes in assumptions were primarily from changes to the mortality table, as well as salary increases and inflation.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower at 6.25% or one percentage point higher at 8.25% than the current rate.

| | **Current Single Discount** | | |
|---|---|---|---|
| | **1% Decrease 6.25%** | **Rate Assumption 7.25%** | **1% Increase 8.25%** |
| Net Pension Liabi1ity (NPL) | $170,649,787 | $102,097,349 | $45,343,957 |

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2016 the City recognized pension expense of $20,485,884. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| Difference between expected & actual plan experience | $4,051,298 | $(6,494,585) |
| Changes in assumptions | 13,852,396 | -- |
| Difference between expected & actual investment earnings | 35,670,636 | -- |
| Total | $53,574,330 | $(6,494,585) |

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year Ended:** | |
|---|---|
| 2017 | $12,276,705 |
| 2018 | 12,276,705 |
| 2019 | 12,646,035 |
| 2020 | 8,610,364 |
| 2021 | 841,974 |
| Thereafter | 427,962 |
| | $47,079,745 |

Certain deferred inflows and outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement periods, which was 4.75 to 5.00, 5.00 to 6.78 and 5.00 to 6.45 for General, Police and Fire divisions, respectively. The differences on investment returns are being amortized over a closed 5-year period beginning in the current year.

**Post-Employment Health Benefits**

**Note: The information under the heading "Post Employment Health Benefits" has been excerpted from the notes to the City's audited financial statements for the fiscal year ended June 30, 2016 which are included in Appendix B hereto.**

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

*Plan Description*

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

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2016, which is the effective date of the current OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

| | |
|---|---|
| Active Employees | 952 |
| Retirees & covered spouses of retirees | 773 |
| Total Participants | 1,725 |

*Funding Policy*

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

*Annual OPEB Cost and Net OPEB Obligation*

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

| | |
|---|---|
| Annual required contribution | $19,909,105 |
| Interest on net OPEB obligation | 3,014,788 |
| Adjustment to annual required contribution | (3,519,966) |
| Annual OPEB cost (expense) | 19,403,927 |
| Less: Employer contributions | (6,542,000) |
| Increase in net OPEB obligation | 12,861,927 |
| Net OPEB obligation - July 1, 2015 | 86,136,814 |
| Net OPEB obligation - June 30, 2016 | $98,998,741 |

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal years set forth below is as follows:

| **Fiscal Year Ended** | **Annual OPEB Cost** | **Percentage of Annual OPEB Cost Contributed** | **Net OPEB Obligation** |
|---|---|---|---|
| 6/30/14 | $19,179,213 | 40.23% | $73,190,015 |
| 6/30/15 | 19,276,799 | 32.84 | 86,136,814 |
| 6/30/16 | 19,403,927 | 33.71 | 98,998,741 |

*Funded Status and Funding Progress*

As of January 1, 2016, which is the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is $286.1 million dollars. There are no assets set aside for funding the plan as of that date, thus, the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $61.7 million which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 463.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress set out below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Schedule of Funding Progress**
**Other Post Employee Benefits**

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b)-(a) Unfunded AAL (UAAL) | (a)/(b) Funded Ratio | (c) Annual Covered Payroll | (b)-(a)/(c) UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 1/1/2013 | 0 | $263,513,494 | $263,513,494 | 0% | $59,861,860 | 440% |
| 1/1/2015 | 0 | 287,649,394 | 287,649,394 | 0 | 59,925,139 | 480 |
| 1/1/2016 | 0 | 286,120,154 | 286,120,154 | 0 | 61,742,912 | 463 |

*Actuarial Methods and Assumptions*

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

The entry age normal (level percent of pay) cost method is used in the January 1, 2016 actuarial valuation. At this valuation date, the annual cost accruals (individual normal cost for each participant) are determined as a level percentage of pay for each year from entry age until expected retirement. The sum of these individual normal costs for all active participants whose attained ages are under the assumed retirement age is the normal cost for the initial plan year. The excess of all normal costs falling due prior to the initial valuation date, accumulated with interest over the plan assets, represents the initial unfunded actuarial accrued liability.

The actuarial assumptions include a 3.5% investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment return on the City's investments. Because the plan is unfunded, reference to the expected long-term investment returns, which tend to be short-term in nature (such as certificates of deposit and United State agencies securities), were considered in the selection of the 3.5%. The actuarial assumptions for healthcare cost trend is a growth factor of 6.50% for the first year and then declining by one half of one percent (0.25%) per year until 5.00% is reached. The 5.00% growth is used on a go-forward basis. The actuarial assumptions include a 2.75% rate for general inflation and a 2.00% rate for aggregate payroll growth. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

The most recent actuarial report received by the City relating to the projected OPEB is attached to the Official Statement as **Appendix F**.

**Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, there are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City is entitled to the defense of sovereign and official immunity against tort action that provides immunity except in two areas — motor vehicles and the condition of property of governmental entities. The City carries commercial

property, boiler and machinery, liability, and flood insurance, and settlements have not exceeded insurance coverage for each of the past three fiscal years.

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

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to $3,000,000 per occurrence for workers' compensation claims in excess of $1,000,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of $2,320,000 and an escrow account in the amount of $200,000. The escrow account of $200,000 is reflected as restricted assets in the Workers' Compensation Fund. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the City's Workers' Compensation Fund.

The City offers its employees and retirees a contributory self-insurance healthcare plans (Staywell Open Access Plan or Staywell In-Network Plan). An excess coverage insurance policy covers the portion of specific claims in excess of $250,000 and aggregate claims in excess of $32,104,334 for the open access plan and for the in-network plan. The City's share of the premiums for this employee benefit was $18,533,195. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Incurred but not reported medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

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

| | **Claims Payable** | | | |
|---|---|---|---|---|
| | **Workers' Compensation** | | **Staywell** | |
| | **2015** | **2016** | **2015** | **2016** |
| Beginning of year | $4,197,247 | $4,564,144 | $2,183,559 | $1,925,134 |
| Current year claims and changes in estimates | 2,007,166 | 1,020,205 | 23,777,329 | 19,026,499 |
| Claims payments | (1,640,269) | (1,222,868) | (24,035,754) | (19,193,092) |
| End of year | $4,564,144 | $4,361,481 | $1,925,134 | $1,758,541 |

**Payment Record**

The City has never defaulted on any financial obligations.

## ECONOMIC INFORMATION CONCERNING THE CITY

### Commerce and Industry

Some major employers in Independence, Missouri, include:

| Employer | Product/Service | Number of Employees |
|---|---|---|
| Independence School District | Public School District | 2,200 |
| Orbital ATK (Lake City) | Small Arms Ammunition | 1,722 |
| Centerpoint Medical Center | Health Care | 1,400 |
| City of Independence | Local Government | 1,097 |
| Government Employee Hospital (GEHA) | Medical Ins. Service Center | 743 |
| Rosewood Health Center at the Groves | Retirement Community | 444 |
| Burd & Fletcher | Paper Carton Manufacturing | 274 |
| Jackson County Circuit Court | Judicial System | 274 |
| Cable Dahmer Automotive | Automotive | 271 |
| Unilever | Food Manufacturing | 260 |

Source: City of Independence, Missouri June 30, 2016 Comprehensive Annual Financial Report

### General and Demographic Information

The following tables set forth certain population information.

| | 1980 | 1990 | 2000 | 2009 | 2010 | 2015 |
|---|---|---|---|---|---|---|
| City of Independence | 111,797 | 112,301 | 113,288 | 114,128 | 121,212 | 117,255 |
| Jackson County | 629,266 | 633,232 | 654,880 | 669,287 | 674,920 | 687,623 |
| State of Missouri | 4,916,686 | 5,117,073 | 5,595,211 | 5,938,126 | 5,996,085 | 6,083,672 |

Sources: City of Independence, Missouri June 30, 2016 Continuing Disclosure Statement and U.S. Census Bureau

**Population Distribution by Age**

| | City of Independence | Jackson County | State of Missouri |
|---|---|---|---|
| Under 5 | 6.8% | 7.0% | 6.3% |
| Age 5-9 | 6.5 | 6.9 | 6.5 |
| Age 10-14 | 5.7 | 6.5 | 6.6 |
| Age 15-19 | 5.4 | 6.3 | 6.8 |
| Age 20-24 | 6.4 | 6.7 | 7.0 |
| Age 25-34 | 13.9 | 14.9 | 13.1 |
| Age 35-44 | 11.8 | 12.7 | 12.2 |
| Age 45-54 | 13.6 | 14.0 | 14.2 |
| Age 55-59 | 7.4 | 6.6 | 6.8 |
| Age 60-64 | 5.7 | 5.6 | 5.9 |
| Age 65-74 | 8.9 | 7.0 | 8.1 |
| Age 75-84 | 5.5 | 4.1 | 4.6 |
| Age 85 and older | 2.5 | 1.8 | 2.0 |
| Median Age | 39.7 | 36.4 | 38.1 |

Source: City of Independence, Missouri June 30, 2016 Continuing Disclosure Statement

The following table sets forth unemployment figures for the last five years for the Missouri Part of the Kansas City MSA, Jackson County and the State of Missouri. These data are considered provisional and may be subject to change.

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| **Kansas City MSA (MO Part)** | | | | | |
| Total Labor Force | 637,983 | 634,382 | 654,708 | 663,505 | 669,607 |
| Unemployed | 45,890 | 44,503 | 41,459 | 35,206 | 30,705 |
| Unemployment Rate | 7.2% | 7.0% | 6.3% | 5.3% | 4.6% |
| **Jackson County** | | | | | |
| Total Labor Force | 354,922 | 352,204 | 363,483 | 367,142 | 369,829 |
| Unemployed | 27,796 | 27,011 | 25,465 | 21,541 | 18,737 |
| Unemployment Rate | 7.8% | 7.7% | 7.0% | 5.9% | 5.1% |
| **State of Missouri** | | | | | |
| Total Labor Force | 3,018,211 | 3,011,601 | 3,058,118 | 3,113,760 | 3,111,517 |
| Unemployed | 210,415 | 202,199 | 186,901 | 155,584 | 140,815 |
| Unemployment Rate | 7.0% | 6.7% | 6.1% | 5.0% | 4.5% |

Source: MERIC MO Economic Research and Information Center

**Income Statistics**

The following table sets forth estimated income statistics for 2015:

| | Per Capita | Mean Family |
|---|---|---|
| City of Independence | $23,390 | $66,244 |
| Jackson County | 26,328 | 77,476 |
| State of Missouri | 26,006 | 77,368 |

Source: City of Independence, Missouri June 30, 2016 Continuing Disclosure Statement

**Housing Structures**

The following table sets forth statistics regarding housing structures by type in the City for 2015:

| Year Round Units | Number of Units | Percentage of Units |
|---|---|---|
| Single Detached | 39,148 | 72.10% |
| Single Attached | 2,604 | 5.00 |
| Double | 1,684 | 3.40 |
| 3 to 19 Units | 6,810 | 12.40 |
| 20 + Units | 2,383 | 4.70 |
| Mobile Home | 1,159 | 2.30 |
| All Other | 26 | 0.00 |
| Total Units | 53,814 | 100.00% |

Source: City of Independence, Missouri June 30, 2016 Continuing Disclosure Statement

The median value of owner occupied housing units in the area of the City and related areas was, for 2015, as follows:

| | Owner Occupied Median Value |
|---|---|
| City | $98,800 |
| Jackson County | 125,800 |
| State of Missouri | 136,700 |

Source: City of Independence, Missouri June 30, 2016 Continuing Disclosure Statement

**Building Construction**

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a five-year period. These numbers reflect permits issued either for new construction or for major renovation.

The FY 2016 Non-Residential value increase is attributable to several projects with projected values in excess of $10,000,000. The FY 2017 Residential value increase is due to several multi-family projects. The City does not anticipate these values to recur on an annual basis.

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017[1] |
|---|---|---|---|---|---|---|
| *Residential* | | | | | | |
| Number of Permits | 193 | 181 | 179 | 211 | 212 | 222 |
| Estimated Cost | $11,952,062 | $15,361,748 | $21,919,226 | $18,098,763 | $15,810,869 | $43,418,781 |
| *Non-Residential* | | | | | | |
| Number of Permits | 155 | 181 | 169 | 156 | 153 | 97 |
| Estimated Cost | $17,197,248 | $50,869,887 | $38,221,049 | $35,725,237 | $90,442,753 | $46,092,374 |

[1]Through May 24, 2017

Source: City of Independence, Missouri

## FINANCIAL INFORMATION CONCERNING THE CITY

**Accounting, Budgeting and Auditing Procedures**

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The City has implemented the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending June 30, 2016 was performed by RSM US LLP, in Kansas City, Missouri. Copies of the audit reports for the past five years are on file in the City Clerk's Office and are available for review, and are also available on the EMMA website.

**Tax Revenues**

The following table shows certain tax revenues and payments in lieu of taxes received by the City by source:

| Year | Total | Real Estate Tax | Railroad Utilities Tax | Cigarette Tax | Transient Guest Tax | Sales Tax | Franchise Tax | In Lieu of Taxes |
|---|---|---|---|---|---|---|---|---|
| 2005 | $57,539,568 | $6,523,970 | $40,720 | $604,872 | $887,450 | $31,802,883 | $7,500,356 | $10,179,317 |
| 2006 | 64,920,638 | 6,865,462 | 29,861 | 596,603 | 1,000,809 | 36,157,440 | 7,645,602 | 12,624,861 |
| 2007 | 65,969,879 | 6,912,877 | 39,502 | 567,039 | 1,020,663 | 36,141,098 | 8,209,734 | 13,039,463 |
| 2008 | 72,177,347 | 7,033,526 | 34,441 | 555,974 | 1,084,379 | 36,446,589 | 13,319,852 | 13,702,586 |
| 2009 | 68,562,682 | 7,030,381 | 55,093 | 514,225 | 972,773 | 35,816,523 | 10,669,952 | 13,503,735 |
| 2010 | 70,154,675 | 7,224,258 | 27,958 | 454,533 | 988,984 | 34,577,988 | 12,655,707 | 14,225,247 |
| 2011 | 75,265,266 | 7,459,074 | 31,864 | 468,859 | 1,077,506 | 34,483,950 | 15,532,633 | 16,211,380 |
| 2012 | 72,826,807 | 7,327,399 | 35,226 | 454,745 | 1,219,340 | 35,545,207 | 10,914,940 | 17,329,950 |
| 2013 | 73,571,048 | 7,423,146 | 37,904 | 499,152 | 1,356,593 | 35,818,353 | 10,414,823 | 18,021,077 |
| 2014 | 74,042,126 | 7,509,963 | 39,716 | 477,865 | 1,468,758 | 36,109,273 | 10,292,488 | 18,144,063 |
| 2015 | 76,723,399 | 7,544,987 | 39,503 | 436,414 | 1,616,667 | 38,711,511 | 9,960,928 | 18,413,389 |
| 2016 | 75,928,390 | 7,545,518 | 41,184 | 461,964 | 1,954,406 | 38,881,241 | 8,528,741 | 18,515,336 |

Source: City of Independence, Missouri June 30, 2016 Comprehensive Annual Financial Report

**Property Valuations**

*Assessment Procedure*:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

| | |
|---|---|
| Residential real property | 19% |
| Agricultural and horticultural real property | 12% |
| Utility, industrial, commercial, railroad and all other real property | 32% |

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

*Current Assessed Valuation*:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City as of January 1, 2016:

| | Assessed Valuation* | Assessment Rate | Estimated Market Value |
|---|---|---|---|
| **Real Estate:** | | | |
| Residential | $816,156,782 | 19% | $4,295,562,011 |
| Commercial | 241,685,369 | 32% | 755,266,778 |
| Agricultural | 1,240,556 | 12% | 10,337,967 |
| Railroad and Utilities | 8,329,016 | 32% | 26,028,175 |
| **Real Estate Sub-Total** | $1,067,411,723 | | $5,087,194,931 |
| **Personal Property** | 259,387,309 | 33.3% | 778,940,868 |
| Total | $1,326,799,032 | | $5,866,135,799 |

Source: City

* Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

*History of Property Valuation*:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, for each of the following fiscal years ended June 30, has been as follows:

| Year | Assessed Valuation | Percent Change |
|---|---|---|
| 2017 | $1,326,799,032 | 0.9% |
| 2016 | 1,315,162,858 | 3.9 |
| 2015 | 1,265,681,078 | -1.2 |
| 2014 | 1,280,827,879 | 0.1 |
| 2013 | 1,279,153,384 | 0.0 |
| 2012 | 1,279,233,589 | -0.6 |
| 2011 | 1,287,157,541 | -0.9 |
| 2010 | 1,298,840,974 | -0.4 |
| 2009 | 1,303,873,966 | -7.7 |
| 2008 | 1,411,932,554 | 0.8 |

Source: City

[Remainder of page intentionally blank.]

*Major Property Taxpayers*:

The following table sets forth the ten largest real property taxpayers in the City based upon assessed valuation as of January 1, 2016:

| Name of Taxpayer | Local Assessed Valuation | Percentage of Total Local Assessed Valuation |
|---|---|---|
| Simon Property Group LP | $29,935,279 | 2.26% |
| Cole DRR Mt Independence LLC | 12,556,958 | 0.95 |
| Space Center of Kansas City | 6,283,301 | 0.47 |
| Southern Union Company | 6,123,012 | 0.46 |
| Unilever Bestfoods NA | 5,547,178 | 0.42 |
| Sprint | 5,361,881 | 0.40 |
| Aragon 2015/The Mansion LLC | 4,925,942 | 0.37 |
| Comcast | 4,165,668 | 0.31 |
| AT&T | 3,935,502 | 0.30 |
| Centerpoint Medical Center | 3,724,095 | 0.28 |
| Total | $82,558,816 | 6.22% |

Source: City of Independence, Missouri and Jackson County, Missouri

**Obligations of the City**

*General Obligation Debt*

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

The City had no General Obligation debt outstanding as of June 30, 2016.

As of May 1, 2017, the City had the following Neighborhood Improvement District bonds outstanding:

(i) $53,000 of its Neighborhood Improvement District Bonds (Fall Drive Sanitary Sewer Project) Series 2004B, issued in the original principal amount of $111,000, and

(ii) $165,000 of its Neighborhood Improvement District Bonds (Noland Road and Englewood Projects) Series 2004, issued in the original principal amount of $995,000.

Neighborhood Improvement District bonds are payable from special assessments on certain real property within the district. If not so paid, such bonds are then payable from any reserve fund established for the bonds and then, pursuant to a full faith and credit pledge of the City, from any available funds. However, the City is not authorized nor obligated to levy taxes for the repayment of such bonds. Such bonds do count against the constitutional general obligation bond limitations described above.

*Revenue Debt.* The following is a summary of the City's Revenue Bond debt as of May 1, 2017 (excludes the Bonds):

**Power and Light Fund – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $33,645,000 | MDFB | Infrastructure Facilities Leasehold Revenue Bonds | 2010B | $17,615,000 |
| 55,185,000 | MDFB | Infrastructure Facilities Leasehold Revenue Bonds | 2012A | 53,765,000 |
| 52,525,000 | MDFB | Infrastructure Facilities Leasehold Improvement and Refunding Revenue Bonds* | 2012F | 48,600,000 |
| 47,180,000 | MDFB | Infrastructure Facilities Leasehold Revenue Bonds | 2016D | 47,180,000 |

**Water Fund – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $36,240,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds** | 2013D | $26,455,000 |

**Events Center – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $11,815,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2011A | $11,145,000 |
| 68,945,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2012C | 67,290,000 |
| 12,005,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds | 2016A | 11,505,000 |

**Hartman Heritage TIF Project – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $10,330,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2007B | $3,135,000 |
| 6,720,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2011B | 4,365,000 |

**Drumm Farm TIF Project – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $2,285,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds | 2016C | $1,955,000 |

**Crackerneck Creek TIF Project – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $14,030,000 | MDFB | Taxable Infrastructure Facilities Revenue Bonds | 2006B | $14,030,000 |
| 14,005,000 | MDFB | Taxable Infrastructure Facilities Ref. Revenue Bonds | 2013A | 14,005,000 |
| 10,835,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds | 2013B | 10,835,000 |
| 47,060,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds | 2015C | 47,060,000 |

**Centerpoint TIF Project – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $12,050,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2012D | $9,040,000 |
| 2,030,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2014B | 1,710,000 |
| 17,275,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds | 2016B | 16,130,000 |

**Eastland Center TIF Project – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $19,390,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2007A | $7,670,000 |
| 8,000,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2008C | 4,795,000 |
| 3,965,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2012E | 2,315,000 |
| 4,855,000 | MDFB | Infrastructure Facilities Refunding Revenue Bonds | 2014A | 3,325,000 |

**Santa Fe TIF Project – Secured by City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $5,225,000 | MDFB | Taxable Infrastructure Facilities Revenue Bonds | 2015A | $5,015,000 |
| 3,545,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2015B | 3,430,000 |

**Other Bonds Secured by the City's Annual Appropriation Powers**

| Original Principal Amount | Issuer | Issue Name | Series | Amount Outstanding |
|---|---|---|---|---|
| $4,020,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2009G | $1,010,000 |
| 37,035,000 | MDFB | Infrastructure Facilities Revenue Bonds*** | 2012B | 33,930,000 |
| 43,800,000 | MDFB | Infrastructure Facilities Revenue Bonds*** | 2013C | 42,380,000 |
| 21,170,000 | MDFB | Infrastructure Facilities Revenue Bonds*** | 2014C | 20,455,000 |
| 2,390,000 | MDFB | Infrastructure Facilities Revenue Bonds | 2015D | 2,390,000 |

* limited to annual appropriation of net electric system revenues
** limited to annual appropriation of net water system revenues
*** limited to annual appropriation of net sewer system revenues

*Santa Fe Redevelopment Project*

The Santa Fe Redevelopment Project (the "Santa Fe Project") consists of the redevelopment of approximately 29 acres in the City (the "Santa Fe Redevelopment Area"). Tax increment financing was approved for the Santa Fe Redevelopment Project in 2001. The project involved clearing existing retail, commercial and residential buildings within the 29 acre area and new mixed use commercial, retail and residential development and related off-site improvements. Total projected redevelopment costs are estimated at $25,567,017, including approximately $7,500,000 in reimbursable project costs funded from a series of bonds issued in 2001 by the Board.

To date, the 29 acre area has been cleared of buildings and debris and is ready for construction and no tenants have been secured which would allow for commencement of construction.

In 2007, the Board issued its $10,060,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Santa Fe Project) (the "Series 2007C Bonds"), to refund the bonds issued in 2001 to fund costs related to the Santa Fe Project. The Series 2007C Bonds were secured by PILOTS and EATS generated within the Santa Fe Redevelopment Area and by the City's general fund, subject to annual appropriation. PILOTS and EATS generated within the Santa Fe Redevelopment Area were insufficient to make debt service payments on the Series 2007C Bonds. According to the City's audited financial statements, PILOTS and EATS generated in the Santa Fe Redevelopment Area in Fiscal Year 2016 were $20,312. Under an agreement with Jackson County, the City also received certain economic activity taxes from certain automobile sales which amounted to $115,510 in FY 2016.

The developer of the Santa Fe project, originally McProperties L.L.C. and now Lakeside Shopping Center, LLC (the "Developer"), voluntarily made payments to the City to cover a portion of the shortfalls in debt service payments on the Series 2007C Bonds. The Developer's voluntary reimbursements to the City totaled $4,600,653.08, with $1,775,780 in shortfalls being unreimbursed and funded by the City.

The City and Developer entered into an agreement (the "Reimbursement Agreement") under which the City agreed to consider implementation of additional TIF redevelopment projects under the Noland Road & 23rd Street TIF Plan, a TIF Plan for the redevelopment of an area generally adjacent to the Santa Fe Redevelopment Area. To assist in funding debt service shortfalls, the Developer agreed to fund up to $233,000 per year of the shortfall, such amount to be reduced by any PILOTS and EATS generated from new businesses opening in the Santa Fe Redevelopment Area, and the City agreed to attempt to refinance the Series 2007C Bonds and attempt to extend the maturity of the financing. The obligation of the Developer to pay the up to $233,000 per year (the "Developer Payments") is contingent on the City approving the additional TIF projects and taking other actions as provided in the agreement. These projects have been approved, and the City does anticipate some revenues to be received from the projects. Currently, the projects encompass a McDonalds and a Wal-Mart Neighborhood Market. Tax Increment Financing for the Santa Fe Redevelopment Area terminates in the year 2023, consequently no revenues generated by TIF from the Santa Fe Redevelopment Area will be available to pay debt service on the Bonds after that date. The Board issued the Series 2015A Bonds and the Series 2015B Bonds described above to refund the Series 2007C Bonds.

The City's current projections indicate that, even if received, the various TIF revenues and Developer Payments will not be sufficient to pay debt service on the Series 2015A Bonds and the Series 2015B Bonds. The Developer Payments may only be used to pay debt service on the Series 2015B Bonds. Any shortfalls would need to be funded by the City's general fund, subject to annual appropriation.

*Events Center*

The issuance of the Series 2011A Bonds, Series 2012C Bonds and Series 2016A Bonds described above either financed or refinanced construction of a multipurpose events center that is owned by the City (the "Events Center"). Such bonds are secured by a community improvement district sales tax within a designated area of the City, and if not paid from such tax by the City's general fund, subject to annual appropriation. The Events Center improvements consisted of three basic categories of improvements, which included the Events Center, an Adjacent Ice and Practice Facility, and related Infrastructure Improvements, each as further described below. Construction of the Events Center is complete and the facility is open and has been hosting events since November, 2009. The Events Center is located on an approximately 27 acre tract of land at the southeast quadrant of the intersection of Interstate 70 and Missouri Highway 291, as identified on the map on page 9. Pursuant to a naming rights agreement, the Events Center is now known as the Silverstein Eye Centers Arena.

The Events Center is capable of hosting sporting, civic and entertainment events and contains approximately 162,000 square feet of space on two levels. The Events Center has 5,800 fixed seats, 25 luxury suites and 2,000 paved parking spaces on site. The capacity of the Events Center is expanded to a maximum of 7,000 for concerts and other special events by the use of folding or stacking chairs. The seating totals also include club seats and a separate loge section which is served by lounges with bars and concessions.

The rink area is based on NHL standards of 85 feet x 200 feet, with an ice rink designed to withstand repeated quick changes from ice events to non-ice events. The facility includes administrative offices, a box office, janitorial and equipment rooms, home team and visitor locker rooms, public toilet facilities, concession areas, and a stage for concert events. There are separate rooms to accommodate the press, radio, and statisticians and to control sound and lighting equipment.

The City, as owner of the Events Center, and Independence Professional Hockey LLC ("IPH") entered into an Amended and Restated Arena Lease dated August 13, 2009 ("Hockey Lease"), which authorizes IPH to play a minimum of 30 regular season home games per year, plus play-off games if necessary, and to utilize the Events Center for practices, training camp, and other team related activities. The initial term of the Hockey Lease expires on April 30, 2020, and IPH has the option to extend the term for one additional 10 year term. The Hockey Lease was assigned to Loretta Sports Ventures, LLC, a Texas limited liability company in January, 2015.

IPH, which owns and operates the Missouri Mavericks minor league hockey team that is currently playing its home games at the Events Center, entered into a License Agreement dated February 27, 2009, with Western Professional Hockey League, Inc. d/b/a Central Hockey League ("CHL") to operate at the Events Center. The CHL was absorbed into the East Coast Hockey League ("ECHL") prior to the 2014-15 season. The ECHL is a 28 team league.

The Events Center has also been home to the Missouri Comets Major Arena Soccer League (MISL) franchise. The MISL is a professional indoor soccer league. The Comets used the Events Center during the 2016-17 season but are not anticipated to use the facility in the future unless a new license agreement is reached with the team.

The Events Center is also home to the Kansas City Phantoms, an indoor American football team that is part of the 14 team Champions Indoor Football league. During the 2017 season, the team's first, which runs from March through early June, the Phantoms are scheduled to play 6 games in the Events Center. The 2017 season is being played under a one year license agreement, with a single one year renewal term.

The Events Center also has various other events scheduled over the coming months.

*Adjacent Ice and Practice Facility*

The Adjacent Ice and Practice Facility is under the same roof as the Events Center but is set up as a separate facility. The facility contains approximately 28,200 square feet, including a standard NHL size rink of 85 feet x 200 feet. The facility also includes its own lobby and spectator bleacher seating for approximately 270 spectators, a storage area for various hockey and figure skating gear, a skate rental area, separate concession areas, a party room, restroom facilities, and shared locker rooms with the main Events Center facility. The City's Parks and Recreation Department has an administrative office in the facility. Scoreboards and some electronic signage have been installed. The facility utilizes the same mechanical equipment and infrastructure constructed for the Events Center. The Adjacent Ice and Practice Facility is used by the public and also for practices by the Mavericks team.

*Management of the Events Center Project*

The City took over management of the Events Center in October 2010, from Global Entertainment Corporation, and formed the Independence Events Center Management Corporation ("IECMC"), a nonprofit corporation, to provide for the management of the Events Center. The City is the sole member of the IECMC. The Board of the IECMC consists of five officers and employees of the City, which are appointed by the City. The Board of the IECMC hired Global Spectrum L.P. (now Spectra by Comcast Spectator) to manage the facility in 2014 pursuant to a 10 year contract with 10 year renewable option. The IECMC currently oversees Global Spectrum L.P. in its management of the facility.

Expenses for the operation of the Events Center are paid with revenues generated from the Events Center. If there are operational shortfalls, the City currently intends to pay the shortfalls but has no legal obligation to do so. The anticipated source for funding any shortfalls that may occur is the City's General Fund.

For the period July 1, 2015 through June 30, 2016, total operating revenue at the Events Center was $5,198,722 and total operating expenses were $5,042,898.

The Independence Events Center Community Improvement District that levies the community improvement district sales tax described above is currently being audited by the Missouri State Auditor. The City cannot predict what findings the Auditor may have.

*Future Obligations*

*Centerpoint Project*

The Centerpoint Redevelopment Project is in the vicinity of I-70 and 470 interchange in the City. The Centerpoint project involved the construction of a 221 bed hospital and related public and private improvements. The City expects that approximately $400,000 in project costs for the Centerpoint project will be funded with the proceeds of future series of bonds, with such bonds anticipated to be payable from tax increment financing revenues for the respective projects, and if not paid from such revenues, from the City's general fund, subject to annual appropriation.

- $20 million Sarah Cannon Cancer Center completed in 2017.
- $6.5 million addition – 3rd floor being added now.
- New medical office building planned for 2018/2019.

*Water Utility*

The City expects to fund approximately $2,500,000 of improvements to the City's water utility, which will be funded either through bonds or available revenues of the utility. If issued, the bonds are anticipated to be secured by loan payments to be made by the City from net revenues of the City's water utility, subject to annual appropriation.

*Electric Utility*

The City expects the issuance of bonds by the Board in the amount of approximately $90,000,000 to fund improvements to the City's electric utility. These bonds will be secured by a leasehold interest in equipment financed with the proceeds of the bonds together with lease payments to be made by the City from net revenues of the City's electric utility, subject to annual appropriation. The City anticipates such bonds will be issued in the years 2017-18, 2018-19 and 2019-20.

*Water Pollution Control*

Under the terms of a consent decree released filed on March 31, 2009, between the United States of America, the United States Environmental Protection Agency ("EPA") and the City related to operation of the City's wastewater utility, the City has agreed to pay a penalty of $255,000 and spend an additional $450,000 on a supplemental environmental project to improve storm water detention and stabilize stream banks. As part of the settlement, the City also agrees to make various improvements to its sanitary sewer system at an estimated cost of $35 million to $39 million. The improvements were completed as required. The consent decree and resulting penalties and requirements for improvements to the City's wastewater system resulted from alleged violations of the Clean Water Act documented by the EPA.

A study for the wastewater utility was completed related to comprehensive improvements to the utility, along with a recommended rate increase. The rate increase was approved in June, 2010, by the City

Council and will be phased in over a 5 year period. The Series 2012B Bonds, Series 2013C Bonds and Series 2014C Bonds described above were issued to fund improvements to the utility. The City currently does not have any current plans for additional financings for the sewer system.

*Other Projects*

In addition to bonds expected to be issued for the projects described above, the City does not expect to issue additional bonds or other obligations secured by the City's annual appropriation authority.

**Falls at Crackerneck Creek Redevelopment Project**

*General Description of the Crackerneck Creek Project*

The City approved the Crackerneck Creek Tax Increment Financing Plan in 2004. This approval established the Crackerneck Creek Redevelopment Area (the "Redevelopment Area"), designated such area as blighted, and designated Crackerneck Creek, L.L.C. as the developer for all projects in the Crackerneck Creek Redevelopment Area (the "Developer"). The Crackerneck Creek Tax Increment Financing Plan anticipated the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek Project was originally projected to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. As of June 1, 2016, the Project included the Bass Pro Store, a hotel, and some retail and restaurant uses. Retail, hotel and restaurant uses include Hobby Lobby, Mardels (a retailer selling Christian-oriented merchandise), Cheddar's Casual Café, Pizza Ranch, the Stoney Creek Inn (a 167 room hotel with approximately 30,000 square feet of conference space), Los Cabos Mexican restaurant and the Duluth Trading Company. The City is not aware of any other existing leases or letters of intent for the Project. Retail and restaurant development is far short of the projected 300,000 square feet originally anticipated. Development of basic infrastructure for the Crackerneck Creek Project site was substantially completed in 2008. Improvements completed include roads, water and sewer line relocation, utility installation, lake and dam construction, grading and fill and related hard and soft costs.

As part of the Project, in 2004 the City entered into the Lease with Options (the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City owns a 160,000 square foot Bass Pro retail store (the "Bass Pro Store") and leases the Bass Pro Store to Bass Pro under the terms and conditions contained in the Bass Pro Lease. Pursuant to the Bass Pro Lease the City made $25,000,000 available to Bass Pro. This amount together with other costs related to development of the project site and completion of the Crackerneck Creek Project were funded from the proceeds of bonds issued by the Board at the request of the City. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City. The Bass Pro Store opened for business in March, 2008.

In November, 2005, the State granted the Project State TIF assistance. Under this program, subject to annual caps, the State, subject to annual appropriation by the General Assembly, through the year 2026 contributes the lesser of the annual cap amount or 50% of the 3% general revenue portion of the State sales tax on "net new sales" in the project. For the purpose of the State TIF approval, "net new sales" equals 40% of retail sales in the Project. Because of the lower than projected retail sales in the Project, the annual amounts received by the City pursuant to State TIF ("State TIF Revenues") have been materially below the annual cap amounts and the City projects that such shortfalls will continue through the termination of State TIF assistance in 2026.

On July 26, 2006, the Crackerneck Creek Transportation Development District ("TDD") was formed by order of the Jackson County Circuit Court. The TDD was formed to fund a portion of the transportation improvements associated with the Crackerneck Creek Project. The boundaries of the TDD encompass all of the retail areas in the Crackerneck Creek Tax Redevelopment Area, as well as a portion of the City park area within the Crackerneck Creek Tax Redevelopment Area that is located to the west of the retail area. The TDD has authorized a one-cent sales tax on retail sales (the "TDD Sales Tax") to fund transportation improvements. An amount equal to 7/8$^{th}$ of the TDD Sales Tax revenues are pledged by the City, subject to annual

appropriation, to secure payments on certain of the bonds issued for the Crackerneck Creek project. Originally, the remaining 1/8th of the TDD Sales Tax revenues were to be used by the City to fund a transportation service serving the Crackerneck Creek Tax Redevelopment Area. To date, that service has not been established and the 1/8th cent has been used to pay principal and interest on the Crackerneck Creek Project bonds.

*Shortfall of Bass Pro Lease Payments and Incremental Tax Revenues*

Due to many factors, including the lack of development in the Redevelopment Area, flat or declining retail sales of existing businesses and original retail sales projections that were too optimistic, revenues generated by Tax Increment Financing in the Crackerneck Creek Redevelopment Area ("Incremental Tax Revenues") and Bass Pro Lease Payments received from the Crackerneck Creek Project have been materially short of the City's original projections. As a result, Incremental Tax Revenues from the Crackerneck Creek Redevelopment Area, when combined with the Bass Pro Lease Payments, have been, and are expected to continue to be, materially short of the amount needed to fund debt service payments on the bonds issued for the Crackerneck Creek Project described above. The City believes that even with significant additional development it is highly unlikely that the Project will ever be able to generate sufficient revenues to pay debt service on the Crackerneck Creek Project bonds. Consequently, even if significant additional development occurs, additional revenues sources will need to be allocated to the payment of debt service on the Crackerneck Creek Project bonds, which will include support from the City's General Fund.

**Capital Leases**

Capital leases payable at June 30, 2016 are comprised of the following:

| | |
|---|---|
| Motorola Solutions, interest at 3.4593% semi-annual installments through 2022. A lease to purchase radio equipment. | $859,140 |
| PNC Equipment Finance, interest at 3.00% annual installments through 2026. A lease to purchase a fire truck. | 624,897 |
| TOTAL | $1,484,037 |

**Overlapping or Underlying Indebtedness**

The following table sets forth overlapping and underlying debt repaid with property taxes of political subdivisions with boundaries overlapping the City as of June 30, 2016, and the percent attributable (on the basis of assessed valuation figures) to the City.

| Jurisdiction | General Obligation Bond Issues Outstanding* | Percentage Applicable to City of Independence | Amount Applicable to City of Independence |
|---|---|---|---|
| Blue Springs R-4 School District | $121,465,000 | 5.20% | $6,316,180 |
| Independence School District | 161,865,449 | 93.31 | 151,036,650 |
| Raytown School District | 78,369,855 | 8.42 | 6,598,742 |
| Fort Osage R-1 School District | 56,127,610 | 12.50 | 7,015,951 |
| Subtotal, overlapping debt | | | $170,967,524 |
| City direct debt | | | 161,006,543 |
| Total direct and overlapping debt | | | $331,974,067 |

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

Source: The debt outstanding data and applicable percentages are provided by each governmental entity, and is based on the City's percentage of assessed valuation within the school district.

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# APPENDIX B

## ACCOUNTANTS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2016; UNAUDITED FINANCIAL AND OPERATING REPORT FOR PERIOD ENDED MARCH 31, 2017

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# ACCOUNTANTS' REPORT AND AUDITED FINANCIAL STATEMENTS
# OF THE CITY OF INDEPENDENCE, MISSOURI
# FOR FISCAL YEAR ENDED JUNE 30, 2016

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# City of Independence, Missouri

## Historic City of the Trails

For the Fiscal Year Ended

# June 30, 2016

## Comprehensive Annual Financial Report

**CITY OF INDEPENDENCE, MISSOURI**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Mayor**
Eileen Weir

***City Council***

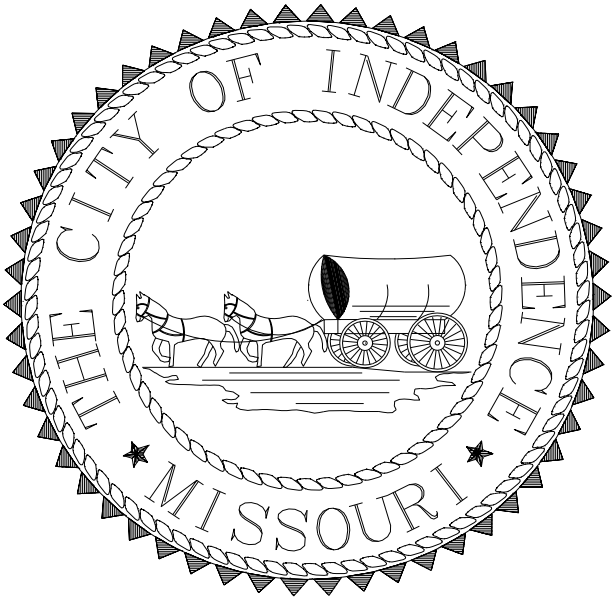
| | |
|---|---|
| John Perkins | District #1 |
| Curt Dougherty | District #2 |
| Scott Roberson | District #3 |
| Thomas Van Camp | District #4 |
| Karen DeLuccie | At-large |
| Chris Whiting | At-large |

***City Manager***

Zachary Walker

*Prepared by the Department of Finance*

*Brian C. Watson, Director of Finance*


THE CITY OF INDEPENDENCE
MISSOURI

**CITY OF INDEPENDENCE, MISSOURI**

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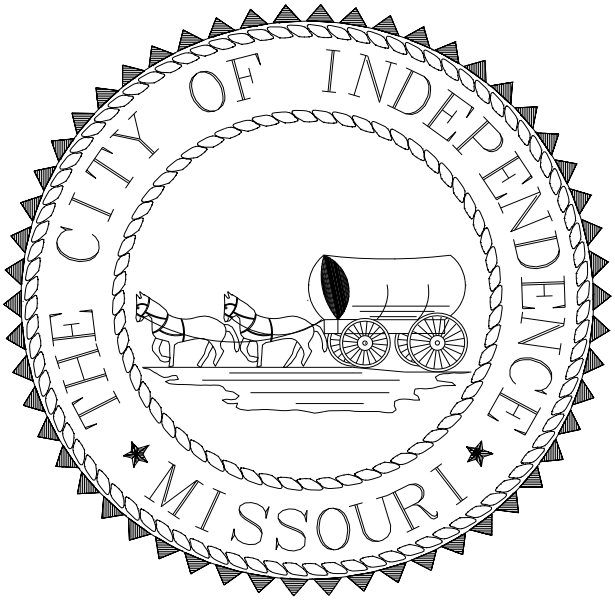
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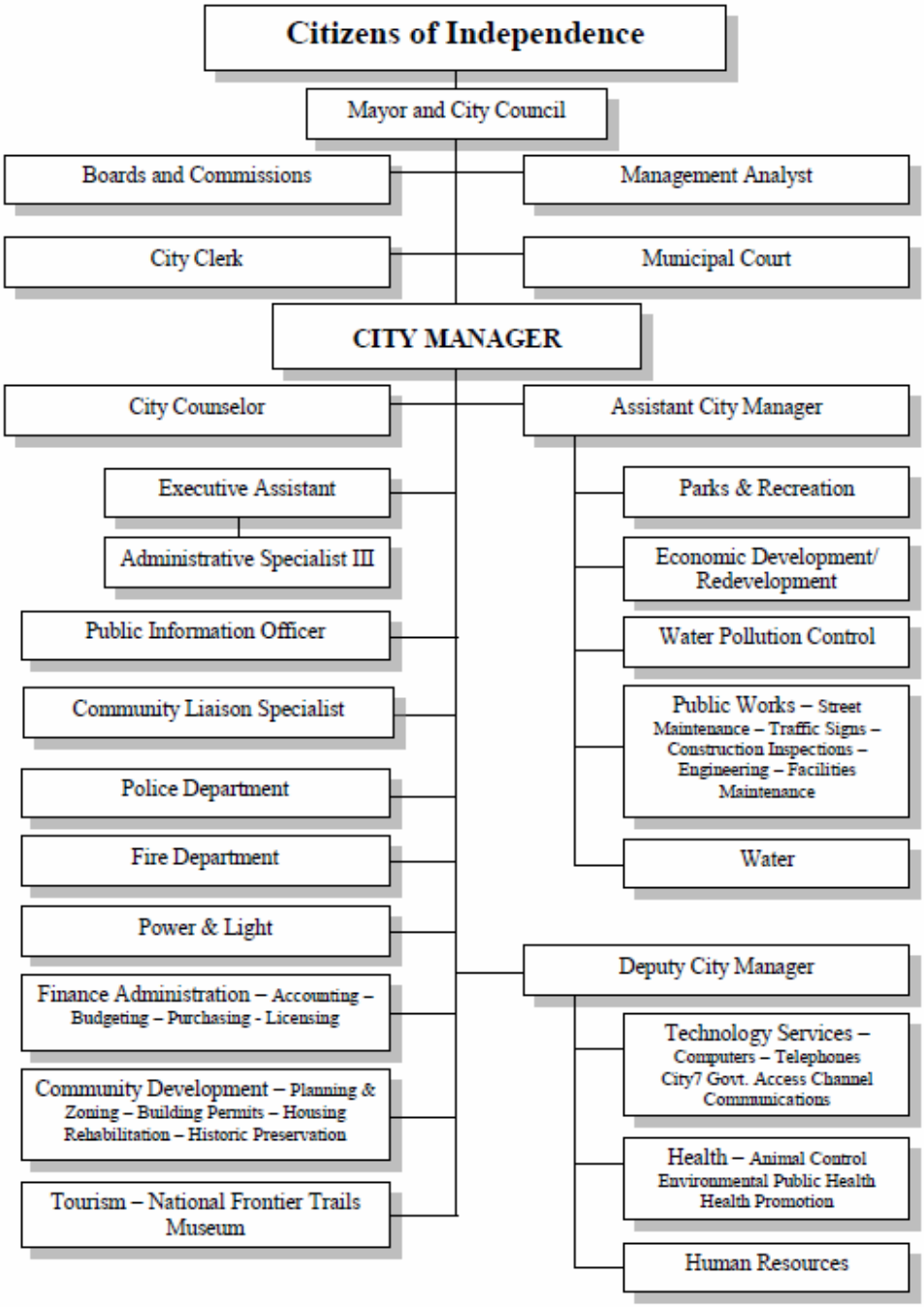
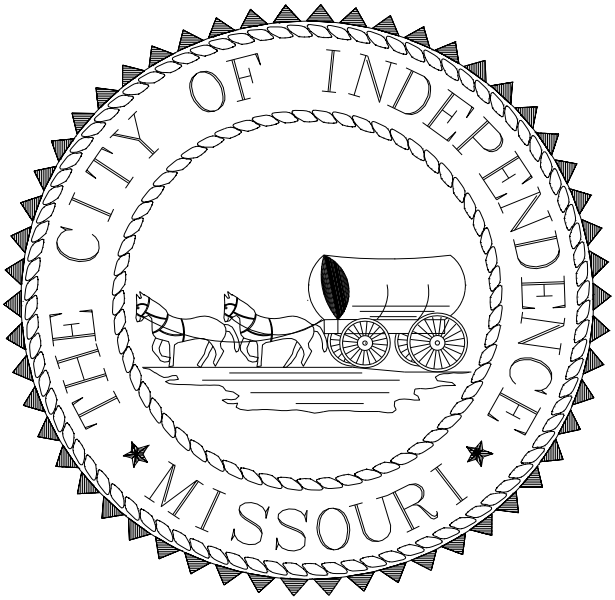

Citizens of Independence
Mayor and City Council
Boards and Commissions
Management Analyst
City Clerk
Municipal Court
CITY MANAGER
City Counselor
Assistant City Manager
Executive Assistant
Administrative Specialist III
Public Information Officer
Community Liaison Specialist
Police Department
Fire Department
Power & Light
Finance Administration – Accounting – Budgeting – Purchasing - Licensing
Community Development – Planning & Zoning – Building Permits – Housing Rehabilitation – Historic Preservation
Tourism – National Frontier Trails Museum
Parks & Recreation
Economic Development/ Redevelopment
Water Pollution Control
Public Works – Street Maintenance – Traffic Signs – Construction Inspections – Engineering – Facilities Maintenance
Water
Deputy City Manager
Technology Services – Computers – Telephones City7 Govt. Access Channel Communications
Health – Animal Control Environmental Public Health Health Promotion
Human Resources


THE CITY OF INDEPENDENCE
MISSOURI

City of Independence

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

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

December 20, 2016

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 2016. This report is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter.

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

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

The City of Independence's financial statements, as required by the Charter, have been audited. The independent audit was conducted by RSM US LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Independence for fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Independence's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

In fulfilling its responsibilities for reliable financial statements, management depends on the City's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. In addition to the independent audit and the internal control system, the Charter provides that the Council appoint a Management Analyst. The Management Analyst performs such duties as directed by the Council. These duties include the periodic review of all departments and the preparation of an annual report to the Council.

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

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

**Profile of the City**

Incorporated in 1849, the City of Independence is the county seat of Jackson County and borders on the eastern edge of Kansas City, Missouri. Independence has a rich history as The Queen City of the Trails and former home of Harry S Truman, 33rd President of the United States. Independence is the fifth largest city in Missouri with an estimated population of 117,255.

As the beginning of the Santa Fe, Oregon, and California Trails, the City has 16 heritage attractions including the Harry S. Truman Library and Museum, the Truman Home, Victorian mansions, 1859 Jail and Marshal's Home, the National Frontier Trails Museum, historic square, and religious sites. Patricia Schultz included several tourism attractions in Independence in her travel book, *1,000 Places to See in the United States and Canada Before You Die*.

Its central location in the "Heart of America" offers residents and businesses unique location advantages and means that traveling, shipping, receiving and communications are more economical because of shorter distances to most parts of the country. Situated along major interstate highways (I-70, I-49, I-35, I-29) and rail routes, access to Independence from all parts of the nation, as well as, Canada and Mexico is excellent. The City's 78 square miles accommodate its residents and numerous businesses with 32 square miles of mixed-use land in eastern Independence available for development.

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

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

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

In evaluating the City as a reporting entity, management has considered all potential component units. Determination of whether an entity is controlled by, or dependent on, the City is made on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, or the City's obligation to fund any deficit that may occur. As allowed by accounting principles generally accepted in the United States of America, the City has included the Tax Increment Financing (TIF) Commission, Independence Events Center Management Corporation (IECMC), Events Center - Spectra Venue Management (formerly known as Global Spectrum), Events Center Community Improvement District (CID) and the Crackerneck Creek Transportation Development District's (TDD) activities in its financial statements as blended component units.

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

Purchase orders and contracts are encumbered prior to their release to vendors. Any item, which would result in expenditures in excess of a department's budget, is not released until alternative sources of payment are made available. Open encumbrances as of June 30, 2016, are reported as committed and assigned fund balance since the City intends to honor the purchase orders and contracts.

**Local economy**

The City is continuing to experience growth on the eastern side of town. The I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21st Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of a fast growing commercial area. This area is home to the Silverstein Eye Centers Arena, formerly known as the Independence Events Center which includes an arena with 5,800 seats for sports with additional seating for concerts and a community ice rink. The Silverstein Eye Centers Arena (Arena) is home to the Central Hockey League franchise the Missouri Mavericks and Major Indoor Soccer League the Comets. The Missouri Mavericks have a signed contract that expires in 2020 and the Comets contract expires March 2018. The Arena opened in November 2009 providing approximately 120 new jobs.

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

| Year | City Unemployment Rate | Jackson County Unemployment Rate | Statewide Unemployment Rate |
|---|---|---|---|
| 2016* | 5.0% | 5.3% | 4.9% |
| 2015 | 5.5% | 5.9% | 5.2% |
| 2014 | 6.7% | 7.0% | 6.1% |
| 2013 | 6.9% | 7.5% | 6.5% |
| 2012 | 7.1% | 7.7% | 6.9% |

Source: MERIC MO Economic Research and Information Center/MO Dept of Economic Development
*Average estimated thru June 2016.

**Long-term financial planning**

The City of Independence prepares a five-year financial projection of our financial condition, which includes capital outlay projections as well as a six-year Capital Improvements Program (CIP). The CIP includes proposed projects for constructing, maintaining, upgrading, and replacing the City's physical infrastructures. The budget for fiscal year 2016-2017 includes projects totaling an estimated $32.5 million on capital projects. In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated. Many of the streets improvements, parks improvements and storm water projects are funded by the voter approved street, parks, and storm water sales taxes.

The City's policy is to maintain an unassigned fund balance level in the General Fund equal to 5.0% of annual revenues. Unassigned fund balance in the General Fund does fall within the policy guidelines set by the Council for budgetary and planning purposes.

**Relevant financial policies**

It is the City of Independence's policy to restore the unassigned fund balance through revenue allocations or expenditure reductions when it falls below the 5.0% of annual revenues. The City Manager has not funded vacant positions whenever possible in an effort to reduce salary and benefit costs. In addition, each department has been asked to reduce expenditures in an effort to reduce costs. The unassigned fund balance as of June 30, 2016 was 5.0% of the General Fund revenues and transfers from utility payments in lieu of taxes. There was no change from last year's percentage.

**Major initiatives**

The Neighborhood Stabilization Program continues to bring a number of private and public entities together to redevelop Northwest Independence as a vibrant community. The City anticipates the Neighborhood Stabilization Program will run through fiscal year 2017-18, until all funding sources have been exhausted. Development incentives, school redistricting, and tax abatements have combined to encourage construction of new housing, rehabilitation of existing housing, and redevelopment of commercial nodes. Additional infrastructure investments by both the City and Missouri Department of Transportation have improved access and enhanced property values. The City anticipates that population will continue to rebound in this geographic area over the next five to ten years.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City is also the recipient of GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award

The preparation of this report would not have been possible without the efficient and dedicated services of several members of the Finance Department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. I also would like to thank the firm of RSM US LLP for their assistance and patience in the preparation of this annual report.

Respectfully submitted,

Brian C. Watson
Director of Finance

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Independence**

**Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2015**

Jeffrey R. Ernst

Executive Director/CEO

**Independent Auditor's Report**

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

**Report on the Financial Statements**
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Silverstein Eye Centers Arena (Arena), which is a blended component unit presented within the Events Center Fund, a major enterprise fund of the City. This activity represents 2 percent and 46 percent, respectively, of the total assets and total revenues of the major enterprise fund and 0.19 percent and 3 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arena is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

**Other Matters**
*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Independence, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory, statistical sections and other schedules, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Kansas City, Missouri
December 20, 2016

This section of the City of Independence's comprehensive annual financial report presents our review of the City's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

## Financial Highlights

The City's total net position decreased $17.3 million. The City's 'governmental activities' had a decrease of $9.9 million and the 'business-type activities' had a decrease of $7.4 million. A large portion of the decreases were due to an increase in the net pension liability and additional pension expense booked as a requirement of the Governmental Accounting Standards Board's Statement No. 68 – *Accounting and Financial Reporting for Pensions.* This statement was first implemented in the 2014-15 fiscal year.

Sales tax revenue increased by $365,863, or 0.7%. Again this year, the lagging growth in revenue from sales tax can mostly be attributed to two factors. The first and probably the most significant is the slow economy that has generally been felt throughout the country. The second is the retail competition that continues to develop within the trade area of the City. Blue Springs and Lee's Summit continue to expand their retail shopping opportunities.

The economy has continued to impact development in the 39th Street and I-70 commercial area of the City. This lack of growth has significantly impacted the Falls at Crackerneck Tax Increment Financing project. Since retail shopping has not occurred as originally expected the General, Power and Light, Water, Sewer, and Sanitary Sewer Sales Tax Funds have had to fund the debt service gap on the bonds issued for public improvements in this project. Several of the debt issues for the Falls at Crackerneck project were refinanced to reduce this coverage in future years.

Revenues of the General Fund were also significantly impacted by the combined impact of extremely low cost of natural gas and weather. As a result of the low cost of fuel and a very mild winter, revenues from the franchise tax on natural gas sales within the City were $1,608,947 less than originally projected. Weather has also impacted revenues from sales of electricity and water.

The Silverstein Eye Centers Arena (Arena), formerly known as the Independence Events Center opened in the southeast part of the City during November 2009. This project allowed for the establishment of a community improvement district and a sales tax in the district to finance the obligations issued to construct the arena. The Arena's primary tenant is the Mavericks a member of the Central Hockey League (CHL). A second tenant with a multi-year lease is the Comets of the Major Indoor Soccer League (MISL). The City engaged Spectra Venue Management, formerly known as Global Spectrum on July 1, 2014 to manage the activities and operation of the facility.

## Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements:

- The governmental funds statements tell how general government services, like public safety, were financed in the short-term, as well as, what remains for future spending.

- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like a business, such as the Power and Light system, Water system, Sanitary Sewer system, and the Silverstein Eye Centers Arena.

- Fiduciary fund statements provide information about financial relationships for which the City acts solely as a trustee or agent for the benefit of others, to whom the underlying resources belong, such as the Seniors Travel Fund, and Flexible Benefit Plan Fund.

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

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

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

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

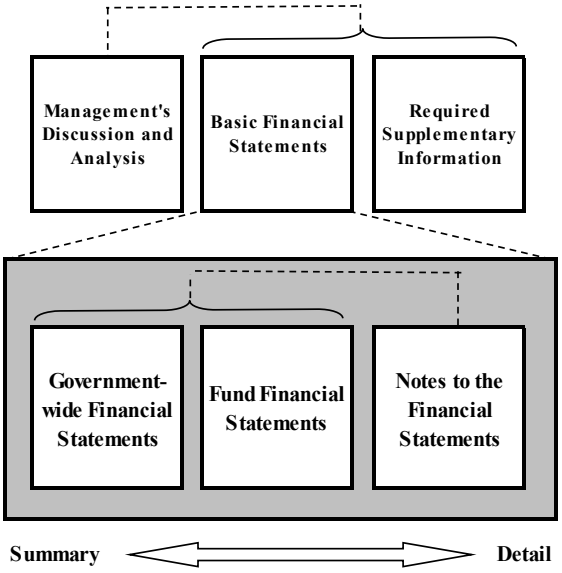



**Figure MD-2**
**Major Features of the City of Independence's Government-wide and Fund Financial Statements**

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

## Government-wide Statements

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To further assess the overall health of the City, additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads should be considered.

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

- Governmental activities – Most of the City's basic services are included here, such as the police, fire, public works, and parks departments, as well as, general administration. Property taxes, sales taxes, and state and federal grants finance most of these activities.

- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's Power and Light, Water, Sanitary Sewer, and Events Center funds are included here.

## Fund Financial Statements

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

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

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

The City has three kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does

not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- Proprietary funds – Business operations for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

    - The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

    - The City uses internal service funds to report activities that provide supplies and services for the City's other programs and activities. The City has three internal service funds. These are the self-funded Staywell Health Insurance fund, Central Garage fund, and the Workers' Compensation fund.

- Fiduciary funds – Periodically, the City may be responsible for other assets that have been given to the City under the terms of a trust agreement initiated by an outside third party. Generally, these funds are limited in use for the benefit of the designated trust beneficiary. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Currently, the City is the trustee, or fiduciary, for the following funds: Vaile Mansion/Anderson Trust Fund, Susie Paxton Block Trust Fund, Seniors' Travel Fund, and the Flexible Benefit Plan Fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Net Positon

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

**Table MD-1**
**City of Independence's Net Position**

| | | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2016 | 2015 (as restated) | 2016 | 2015 (as restated) | 2016 | 2015 (as restated) |
| Current and other assets | $ | 82,089,600 | 60,211,582 | 161,046,547 | 166,360,936 | 243,136,147 | 226,572,518 |
| Capital assets | | 333,491,728 | 337,307,557 | 548,350,991 | 546,246,076 | 881,842,719 | 883,553,633 |
| **Total assets** | | 415,581,328 | 397,519,139 | 709,397,538 | 712,607,012 | 1,124,978,866 | 1,110,126,151 |
| Total deferred outflows of resources | | 36,660,071 | 14,514,326 | 32,919,862 | 17,140,559 | 69,579,933 | 31,654,885 |
| Long-term obligations | | 330,679,232 | 297,206,407 | 427,757,995 | 412,543,564 | 758,437,227 | 709,749,971 |
| Other liabilities | | 15,862,558 | 14,691,050 | 22,595,633 | 16,781,645 | 38,458,191 | 31,472,695 |
| **Total liabilities** | | 346,541,790 | 311,897,457 | 450,353,628 | 429,325,209 | 796,895,418 | 741,222,666 |
| Total deferred inflows of resources | | 19,975,839 | 4,544,307 | 2,811,929 | 3,839,787 | 22,787,768 | 8,384,094 |
| Net position | | | | | | | |
| Net investment in capital assets | | 330,518,564 | 334,319,837 | 238,427,241 | 230,396,460 | 568,945,805 | 564,716,297 |
| Restricted | | 14,823,334 | 16,335,599 | 17,608,769 | 16,587,288 | 32,432,103 | 32,922,887 |
| Unrestricted (deficit) | | (259,618,128) | (255,063,735) | 33,115,833 | 49,598,827 | (226,502,295) | (205,464,908) |
| **Total net position** | $ | 85,723,770 | 95,591,701 | 289,151,843 | 296,582,575 | 374,875,613 | 392,174,276 |

The City's combined net position decreased 4.4% to $374.9 million from $392.2 million. Net position of the City's Governmental activities decreased 10.3% to $85.7 million. Governmental assets increased $18.1 million and liabilities increased $34.6 million. Long-term obligations for Governmental activities increased $33.5 million. Business-type activities assets decreased $3.2 million and liabilities increased $21.0 million. Long-term obligations for business-type activities increased $15.2 million. For both Governmental and Business-type activities the decrease in net position and increase in long-term obligations are primarily from the current year increase in the net pension liability due to requirements of GASB No. 68, mentioned earlier. Another factor for the Governmental activities is the debt restructure for the Crackerneck Creek Tax Increment Financing project.

The City's total unrestricted net position (deficit) was ($226.5) million. The Governmental activities were ($259.6) million with a decrease of $4.6 million from the previous year, and Business-type activities were $33.1 million with a decrease of $16.5 million from the previous year. The net investment in capital assets for Business-type activities was $238.4 million with an increase of $8.0 million from the previous year.

## Change In Net Position

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

**Table MD-2**
**City of Independence's Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| **Revenues** | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 16,674,169 | 16,568,993 | 193,810,543 | 194,735,447 | 210,484,712 | 211,304,440 |
| Operating grants & contributions | 9,025,480 | 8,844,808 | — | — | 9,025,480 | 8,844,808 |
| Capital grants & contributions | 575,703 | 1,930,309 | 1,425,612 | 1,613,406 | 2,001,315 | 3,543,715 |
| General revenues | | | | | | |
| Property taxes | 8,485,768 | 8,546,600 | — | — | 8,485,768 | 8,546,600 |
| Sales taxes | 44,683,858 | 44,459,358 | 5,741,439 | 5,600,076 | 50,425,297 | 50,059,434 |
| Intergovernmental activity taxes | 10,351,536 | 8,830,000 | — | — | 10,351,536 | 8,830,000 |
| Other taxes | 8,549,857 | 9,977,451 | — | — | 8,549,857 | 9,977,451 |
| Interest | 311,028 | 256,159 | 176,436 | 32,746 | 487,464 | 288,905 |
| Other | 796,842 | 1,960,753 | 2,202,550 | 1,456,086 | 2,999,392 | 3,416,839 |
| **Total revenues** | 99,454,241 | 101,374,431 | 203,356,580 | 203,437,761 | 302,810,821 | 304,812,192 |
| **Expenses** | | | | | | |
| Administrative services | 9,054,549 | 9,348,081 | — | — | 9,054,549 | 9,348,081 |
| Public safety | 59,265,485 | 57,226,139 | — | — | 59,265,485 | 57,226,139 |
| Public works | 18,062,959 | 17,740,128 | — | — | 18,062,959 | 17,740,128 |
| Health & welfare | 3,597,625 | 3,672,055 | — | — | 3,597,625 | 3,672,055 |
| Culture & recreation | 8,500,729 | 8,004,845 | — | — | 8,500,729 | 8,004,845 |
| Community development | 4,694,568 | 4,876,851 | — | — | 4,694,568 | 4,876,851 |
| Storm water | 3,381,187 | 2,917,670 | — | — | 3,381,187 | 2,917,670 |
| General government | 10,082,656 | 9,462,575 | — | — | 10,082,656 | 9,462,575 |
| Tax increment financing | 11,319,659 | 11,531,889 | — | — | 11,319,659 | 11,531,889 |
| Interest | 116,229 | 176,912 | — | — | 116,229 | 176,912 |
| Power and light | — | — | 134,873,700 | 136,825,933 | 134,873,700 | 136,825,933 |
| Water | — | — | 21,913,607 | 20,921,367 | 21,913,607 | 20,921,367 |
| Sanitary sewer | — | — | 23,512,501 | 21,822,803 | 23,512,501 | 21,822,803 |
| Events center | — | — | 11,734,030 | 11,218,628 | 11,734,030 | 11,218,628 |
| **Total expenses** | 128,075,646 | 124,957,145 | 192,033,838 | 190,788,731 | 320,109,484 | 315,745,876 |
| Excess (deficiency) of revenues over expenses before transfers | (28,621,405) | (23,582,714) | 11,322,742 | 12,649,030 | (17,298,663) | (10,933,684) |
| Transfers - In (Out) | 18,753,474 | 18,676,005 | (18,753,474) | (18,676,005) | — | — |
| **Change in net position** | (9,867,931) | (4,906,709) | (7,430,732) | (6,026,975) | (17,298,663) | (10,933,684) |
| Net position, beginning of year | 95,591,701 | 100,498,410 | 296,582,575 | 302,609,550 | 392,174,276 | 403,107,960 |
| Net position, end of year | $ 85,723,770 | 95,591,701 | 289,151,843 | 296,582,575 | 374,875,613 | 392,174,276 |

Total revenues decreased 0.7% or $2.0 million, Business-type activities decreased $81,181, and Governmental revenues decreased 1.9% or $1.9 million. The increase in Operating grants and contributions is due to an increase in the Community Development Block Grant revenues during the current fiscal year and the decrease in Capital grants and contributions is primarily due to larger grants winding down or decreases in funding under the Governmental activities. Of significance is the small increase from sales taxes of 0.7% or $365,863. There

continues to be a lagging growth in sales tax revenues due to the economy and retail competition. The decrease in charges for services for Business-type activities is primarily the result of rate weather conditions which impacted charges for services for the Power and Light and Water funds.

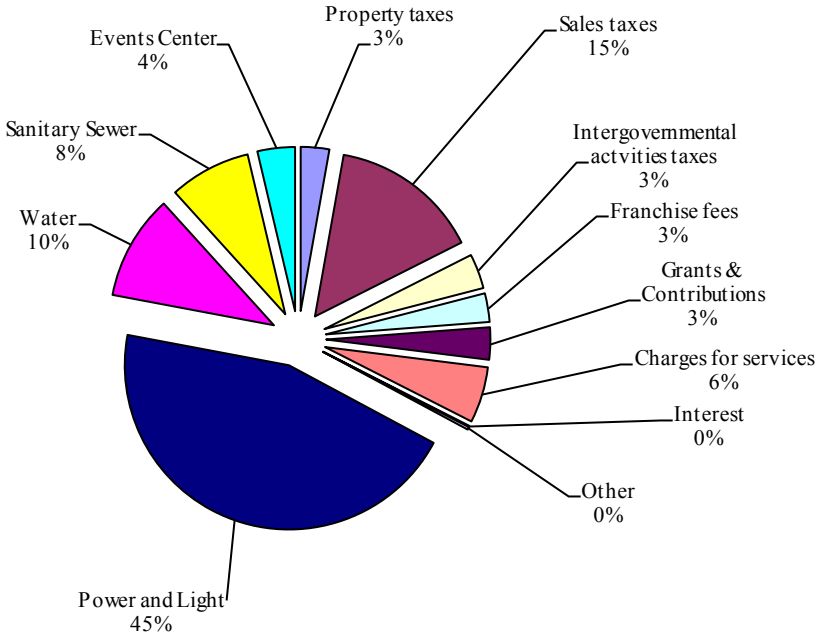
Total expenses increased 1.4% or $4.4 million, Governmental expenses increased 2.5% or $3.1 million and Business-type expenses increased 0.7% or $1.2 million.

For both Governmental and Business-type activities the increase in expenses are primarily from the current year increase to the pension expense due to requirements of GASB No. 68, mentioned earlier. Another factor for Business-type expenses is attributed to normal operations; some of the changes are related to the effect of weather on electric and water sales. The transfers out of the Business-type activities and in to the Governmental activities represents the payment in-lieu of taxes that would be paid and received if they operated as private utilities.

**Revenues**

For the fiscal year ending June 30, 2016 revenues totaled $302.8 million. Of this amount charges for services (Governmental and Business-type) were $210.5 million or 69.5% of the total. Revenue from Business-type activities represents $203.4 million or 67.2% of the total City revenues (Figure MD-3).

**Figure MD-3**
**City of Independence**
**Sources of Revenues for FY 2016**

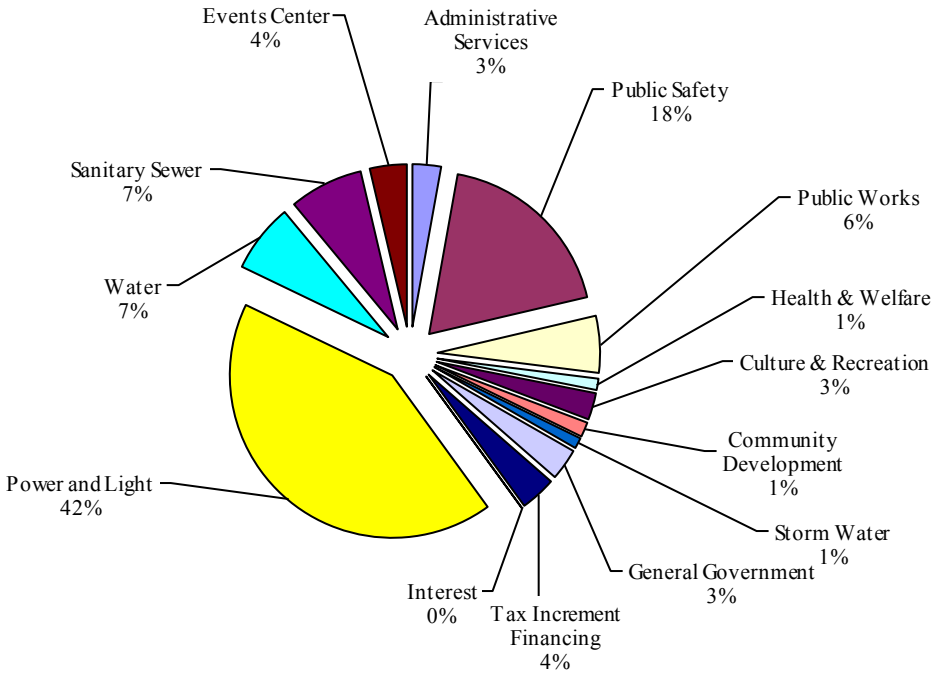



Revenues from Governmental activities were $99.5 million. Sales taxes, the largest Governmental category, were $44.7 million or 44.9%. All taxes represent $72.1 million or 72.5% of Governmental revenue. Operating and capital grants were $9.6 million or 9.7% of Governmental revenues. Charges for services at $16.7 million were 16.8% of the total.

## Expenses

For the fiscal year ending June 30, 2016 expenses totaled $320.1 million. Of this amount the Power and Light was $134.9 million or 42.1% of the total. Business-type expenses represent $192.0 million or 60.0% of the total City expenses (Figure MD-4).

**Figure MD-4**
**City of Independence**
**Functional Expenses FY 2016**




Expenses from Governmental activities were $128.1 million. Public safety expenses, the largest Governmental category, were $59.3 million or 46.3% of the total. Public Works is the next largest category at $18.1 million, which is 14.1% of the total.

## Governmental Activities

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

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Administrative services | $ 9,054,549 | 9,348,081 | 1,006,956 | 1,819,350 |
| Public safety | 59,265,485 | 57,226,139 | 52,575,139 | 49,982,713 |
| Public works | 18,062,959 | 17,740,128 | 12,745,534 | 11,212,976 |
| Health & Welfare | 3,597,625 | 3,672,055 | 2,755,006 | 2,489,160 |
| Culture & Recreation | 8,500,729 | 8,004,845 | 7,607,123 | 7,034,745 |
| Community development | 4,694,568 | 4,876,851 | 1,665,815 | 2,019,832 |
| Storm water | 3,381,187 | 2,917,670 | 3,206,956 | 2,917,670 |
| General government and interest on long-term debt | 10,198,885 | 9,639,487 | 10,198,885 | 9,639,487 |
| Tax increment financing | 11,319,659 | 11,531,889 | 10,038,880 | 10,497,102 |
| **Total** | $ 128,075,646 | 124,957,145 | 101,800,294 | 97,613,035 |

As noted in Table MD-3 expenses from Governmental activities for fiscal year 2016 were $128.1 million. However, the net costs of these services were $101.8 million. The difference represents direct revenues received from charges for services of $16.7 million, operating grants and contributions of $9.0 million, and capital grants and contributions of $0.6 million. Taxes and other revenues of $73.2 million were collected to cover these net costs.

## Business-type Activities

Revenues of the City's Business-type activities decreased $81,181 and expenses increased $1.2 million. This change in revenues is primarily the result of scheduled rate increases for the Sanitary Sewer Fund and unfavorable weather conditions for the Electric and Water utilities. Fluctuations in weather for the Power and Light and Water funds impact both the revenues and expenses of these utilities.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its Governmental funds reported a combined fund balance of $45.6 million. The fund balance of the General Fund decreased $3,835 and the TIF Debt Service fund increased $1.8 million, during fiscal year 2016. The unassigned portion of the General Fund's fund balance decreased $56,965. The General Fund's fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

Position vacancies continued to be managed by timing when positions are filled and replacing only essential personnel.

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

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

The Business-type funds reported a combined net position of $288.4 million. The net position of the Power and Light fund decreased $12.8 million, the Water fund increased $6.7 million, the Sewer fund decreased $2.4 million, and the Events Center fund decreased $550,513. Net position was impacted by several of the financial highlights pointed out earlier, as well as the following:

The lagging growth in sales tax revenues due to the struggling economy has impacted the Events Center Community Improvement District sales tax revenues which have been enough to cover the debt service payments, but not the depreciation and miscellaneous expenses for the Events Center fund.

**General Fund Budgetary Highlights**

Resources available for appropriation increased $129,354 from the original estimate. Actual revenues and other financing sources at the end of the year were less than projected by $2.8 million. The largest variances were in the areas of payments in lieu of taxes, which were $353,260 below estimated and utility franchise fees, which were $2.8 million below estimated. A large variance also occurred in the area of fines and court costs, which were $707,896 below estimated due to recent changes in State legislation.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased $821,429 in the General Fund. These budget amendments generally fall into the following categories:

- Approval of new grants or the extension of current grants that was not previously included in the approved budget. These adjustments generally also include offsetting revenues.

- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.

- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

Actual expenditures, including encumbrances, were $2.0 million less than the amount appropriated, representing operating savings of 2.7%. This was largely the result of an intentional under-spending of the budget by means of delaying capital expenditures and the filling of vacant positions to offset projected declining revenues and fund balance reserves.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2016, the City had invested $881.0 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets decreased $1.7 million or 0.2% during the period.

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

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2015-2016 |
| Land & land imp | $ 38,856,820 | 38,269,346 | 12,167,247 | 12,163,412 | 51,024,067 | 50,432,758 | 1.17% |
| Buildings & Improvements | 62,735,492 | 63,264,397 | — | — | 62,735,492 | 63,264,397 | -0.84% |
| Office furniture & equipment | 13,014 | 20,318 | — | — | 13,014 | 20,318 | -35.95% |
| Computer equipment | 601,400 | 765,145 | — | — | 601,400 | 765,145 | -21.40% |
| Mobile equipment | 7,575,442 | 7,161,556 | — | — | 7,575,442 | 7,161,556 | 5.78% |
| Other equipment | 3,111,635 | 3,272,785 | 11,798,240 | 12,553,353 | 14,909,875 | 15,826,138 | -5.79% |
| Infrastructure | 206,695,277 | 196,610,003 | 441,127,478 | 422,618,024 | 647,822,755 | 619,228,027 | 4.62% |
| Construction in progress | 13,902,648 | 27,944,007 | 83,258,026 | 98,911,287 | 97,160,674 | 126,855,294 | -23.41% |
| **Total** | $ 333,491,728 | 337,307,557 | 548,350,991 | 546,246,076 | 881,842,719 | 883,553,633 | -0.19% |

The budget for fiscal year 2017 projects the City will spend an additional $32.5 million for capital projects. The largest category at $16.4 million is improvements to the City's Power and Light system.

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

## Debt Administration

**Table MD-5**
**City of Independence's Outstanding Debt**

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2015-2016 |
| Loans and bonds payable | $ 1,489,128 | 1,951,192 | 344,168,539 | 354,386,824 | 345,657,667 | 356,338,016 | -3.00% |
| TIF loans payable | 157,734,792 | 160,482,813 | — | — | 157,734,792 | 160,482,813 | -1.71% |
| Capital lease obligations | 1,484,037 | 1,036,529 | — | — | 1,484,037 | 1,036,529 | 43.17% |
| Neighborhood Improvemt District | 298,586 | 378,531 | — | — | 298,586 | 378,531 | -21.12% |
| **Total** | $ 161,006,543 | 163,849,065 | 344,168,539 | 354,386,824 | 505,175,082 | 518,235,889 | -2.52% |

The City at the end of fiscal year 2016 had a total of $505.2 million of outstanding obligations. This was a decrease of $13.1 million or 2.5% from the previous fiscal year. None of these amounts relate to general obligations of the City and $344.2 million or 68.1% are obligations of the Business-type activities.

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

## Economic Factors

In the last five years the City, as a community, gained 3,621 jobs, with current total employment at 57,059 jobs. Unemployment by mid-2016 was 5.0%; this is lower than Jackson County at 5.3% and higher than the State at 4.9%. Average household income for 2016 is estimated to be $55,297, compared to $68,065 for the State as a whole. Per capita income for 2016 is estimated to be $24,313, compared to $27,384 for the State as a whole.

## Contacting the City's Financial Management

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

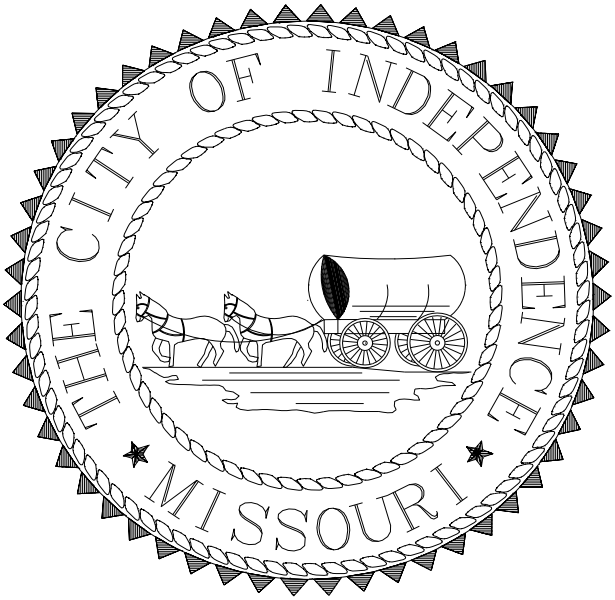

THE CITY OF INDEPENDENCE
MISSOURI

Exhibit 1

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Net Position

June 30, 2016

| | | Primary Government | | |
|---|---|---|---|---|
| | | Governmental Activities | Business-Type Activities | Total |
| **Assets and Deferred Outflows of Resources** | | | | |
| **Current assets:** | | | | |
| Pooled cash and investments | $ | 34,482,773 | 82,174,144 | 116,656,917 |
| Receivables: | | | | |
| Taxes | | 24,762,458 | 902,023 | 25,664,481 |
| Accounts, net | | 735,689 | 13,176,795 | 13,912,484 |
| Unbilled revenue | | — | 12,813,301 | 12,813,301 |
| Special assessment principal | | 1,245,634 | 135,225 | 1,380,859 |
| Internal balances | | (178,874) | 178,874 | — |
| Due from other governments | | 2,389,925 | 1,105,140 | 3,495,065 |
| Inventory | | 152,864 | 7,270,505 | 7,423,369 |
| Prepaid items | | 12,295 | 386,421 | 398,716 |
| Restricted cash and investments | | — | 4,643,257 | 4,643,257 |
| Total current assets | | 63,602,764 | 122,785,685 | 186,388,449 |
| **Noncurrent assets:** | | | | |
| Capital assets: | | | | |
| Nondepreciable | | 45,876,573 | 95,425,273 | 141,301,846 |
| Depreciable, net | | 287,615,155 | 452,925,718 | 740,540,873 |
| Goodwill | | — | 999,203 | 999,203 |
| Other assets | | — | 272,532 | 272,532 |
| Restricted cash and investments | | 18,486,836 | 36,989,127 | 55,475,963 |
| Total noncurrent assets | | 351,978,564 | 586,611,853 | 938,590,417 |
| Total assets | | 415,581,328 | 709,397,538 | 1,124,978,866 |
| **Deferred outflows of resources:** | | | | |
| Deferred charge on refunding | | 6,301,505 | 9,704,098 | 16,005,603 |
| Pension related amounts | | 30,358,566 | 23,215,764 | 53,574,330 |
| Total deferred outflows of resources | | 36,660,071 | 32,919,862 | 69,579,933 |
| Total assets and deferred outflows of resources | $ | 452,241,399 | 742,317,400 | 1,194,558,799 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | | | | |
| **Current liabilities:** | | | | |
| Accounts and contracts payable | $ | 2,165,681 | 7,413,922 | 9,579,603 |
| Accrued items | | 6,042,189 | 3,660,940 | 9,703,129 |
| Other current liabilities | | 699,124 | 395,326 | 1,094,450 |
| Unearned revenue | | 599,494 | 683,874 | 1,283,368 |
| Current portion of long-term obligations | | 13,692,100 | 12,326,064 | 26,018,164 |
| Self-insurance claims payable | | 3,771,560 | — | 3,771,560 |
| Liabilities payable from restricted assets | | 236,048 | 10,305,785 | 10,541,833 |
| Total current liabilities | | 27,206,196 | 34,785,911 | 61,992,107 |
| **Noncurrent liabilities:** | | | | |
| Noncurrent portion of long-term obligations | | 191,402,782 | 339,920,191 | 531,322,973 |
| Self-insurance claims payable | | 2,348,462 | — | 2,348,462 |
| Other post-employment benefits | | 67,743,153 | 31,255,588 | 98,998,741 |
| Net pension liability | | 57,841,197 | 44,256,152 | 102,097,349 |
| Advances for construction | | — | 135,786 | 135,786 |
| Total noncurrent liabilities | | 319,335,594 | 415,567,717 | 734,903,311 |
| Total liabilities | | 346,541,790 | 450,353,628 | 796,895,418 |
| **Deferred inflows of resources:** | | | | |
| Real estate tax revenue | | 16,293,183 | — | 16,293,183 |
| Pension related amounts | | 3,682,656 | 2,811,929 | 6,494,585 |
| Total deferred inflows of resources | | 19,975,839 | 2,811,929 | 22,787,768 |
| **Net position:** | | | | |
| Net investment in capital assets | | 330,518,564 | 238,427,241 | 568,945,805 |
| Restricted for: | | | | |
| Public safety | | 3,694,247 | — | 3,694,247 |
| Public works | | 3,309,810 | — | 3,309,810 |
| Storm water | | 7,344,873 | — | 7,344,873 |
| General government | | 135,072 | — | 135,072 |
| Debt service | | 139,332 | 12,448,436 | 12,587,768 |
| Worker's compensation escrow | | 200,000 | — | 200,000 |
| Dogwood SPP escrow | | — | 61,500 | 61,500 |
| Southwest Power Pool collateral | | — | 831,040 | 831,040 |
| Community improvement district | | — | 4,267,793 | 4,267,793 |
| Unrestricted (deficit) | | (259,618,128) | 33,115,833 | (226,502,295) |
| Total net position | | 85,723,770 | 289,151,843 | 374,875,613 |
| Total liabilities, deferred inflows of resources and net position | $ | 452,241,399 | 742,317,400 | 1,194,558,799 |

See accompanying notes to financial statements.

**Exhibit 2**

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Activities

Year ended June 30, 2016

| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| **Primary government:** | | | | | |
| Governmental activities: | | | | | |
| Administrative services | $ 9,054,549 | 8,026,010 | 21,583 | — | (1,006,956) |
| Public safety | 59,265,485 | 4,757,394 | 1,905,052 | 27,900 | (52,575,139) |
| Public works | 18,062,959 | 376,062 | 4,604,233 | 337,130 | (12,745,534) |
| Health and welfare | 3,597,625 | 198,147 | 564,472 | 80,000 | (2,755,006) |
| Culture and recreation | 8,500,729 | 821,976 | 71,630 | — | (7,607,123) |
| Community development | 4,694,568 | 1,230,826 | 1,797,927 | — | (1,665,815) |
| Storm water | 3,381,187 | — | 43,558 | 130,673 | (3,206,956) |
| General government | 10,082,656 | — | — | — | (10,082,656) |
| Tax increment financing | 11,319,659 | 1,263,754 | 17,025 | — | (10,038,880) |
| Interest on long-term debt | 116,229 | — | — | — | (116,229) |
| Total governmental activities | 128,075,646 | 16,674,169 | 9,025,480 | 575,703 | (101,800,294) |
| **Business-type activities:** | | | | | |
| Power and light | 134,873,700 | 134,747,475 | — | 1,135,134 | 1,008,909 |
| Water | 21,913,607 | 30,858,398 | — | 290,478 | 9,235,269 |
| Sewer | 23,512,501 | 23,743,340 | — | — | 230,839 |
| Events center | 11,734,030 | 4,461,330 | — | — | (7,272,700) |
| Total business-type activities | 192,033,838 | 193,810,543 | — | 1,425,612 | 3,202,317 |
| Total primary government | $ 320,109,484 | 210,484,712 | 9,025,480 | 2,001,315 | (98,597,977) |

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Changes in net position: | | | |
| Net (expense) revenue | $ (101,800,294) | 3,202,317 | (98,597,977) |
| General revenues: | | | |
| Taxes | | | |
| Property taxes | 8,485,768 | — | 8,485,768 |
| Sales and use taxes | 44,683,858 | 5,741,439 | 50,425,297 |
| Intergovernmental activity taxes | 10,351,536 | — | 10,351,536 |
| Franchise taxes | 8,528,741 | — | 8,528,741 |
| Financial institutions tax | 21,116 | — | 21,116 |
| Investment earnings | 311,028 | 176,436 | 487,464 |
| Miscellaneous | 796,842 | 2,202,550 | 2,999,392 |
| Transfers in (out) | 18,753,474 | (18,753,474) | — |
| Total general revenues, special items and transfers | 91,932,363 | (10,633,049) | 81,299,314 |
| Change in net position | (9,867,931) | (7,430,732) | (17,298,663) |
| Net position, beginning | 95,591,701 | 296,582,575 | 392,174,276 |
| Net position, ending | $ 85,723,770 | 289,151,843 | 374,875,613 |

See accompanying notes to financial statements.

**Exhibit 3**

**CITY OF INDEPENDENCE, MISSOURI**

Balance Sheet

Governmental Funds

June 30, 2016

| **Assets** | | **General** | **TIF Debt Service** | **Nonmajor Governmental Funds** | **Total Governmental Funds** |
|---|---|---|---|---|---|
| Pooled cash and investments | $ | 4,697,597 | 7,867,697 | 10,970,855 | 23,536,149 |
| Receivables: | | | | | |
| Taxes | | 11,645,306 | 9,536,650 | 3,580,502 | 24,762,458 |
| Accounts, net | | 233,767 | 378,962 | 24,726 | 637,455 |
| Special assessment principal | | 465,296 | — | 780,338 | 1,245,634 |
| Due from other funds | | 897,212 | — | 3,284,970 | 4,182,182 |
| Due from other governments | | 845,557 | 1,020,263 | 524,105 | 2,389,925 |
| Prepaid items | | 11,424 | — | 665 | 12,089 |
| Restricted cash and investments | | 236,048 | 17,955,600 | 95,188 | 18,286,836 |
| Total assets | $ | 19,032,207 | 36,759,172 | 19,261,349 | 75,052,728 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts and contracts payable | $ | 252,953 | 17,012 | 1,708,159 | 1,978,124 |
| Due to other funds | | — | 1,240 | 3,563,025 | 3,564,265 |
| Accrued items | | 3,697,824 | — | 206,348 | 3,904,172 |
| Other current liabilities | | 664,138 | — | 34,986 | 699,124 |
| Unearned revenue | | — | — | 599,494 | 599,494 |
| Liabilities payable from restricted assets: | | | | | |
| Deposits and court bonds | | 236,048 | — | — | 236,048 |
| Total liabilities | | 4,850,963 | 18,252 | 6,112,012 | 10,981,227 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - special assessments | | 465,296 | — | 780,338 | 1,245,634 |
| Unavailable revenue - real estate taxes | | 8,062,563 | 9,107,856 | 24,800 | 17,195,219 |
| Total deferred inflows of resources | | 8,527,859 | 9,107,856 | 805,138 | 18,440,853 |
| Fund balances: | | | | | |
| Nonspendable | | 11,424 | — | 665 | 12,089 |
| Restricted | | 273,164 | 27,633,064 | 15,231,335 | 43,137,563 |
| Committed | | 348,001 | — | 41,772 | 389,773 |
| Assigned | | 1,336,086 | — | — | 1,336,086 |
| Unassigned (deficit) | | 3,684,710 | — | (2,929,573) | 755,137 |
| Total fund balance | | 5,653,385 | 27,633,064 | 12,344,199 | 45,630,648 |
| Total liabilities, deferred inflows of resources and fund balance | $ | 19,032,207 | 36,759,172 | 19,261,349 | 75,052,728 |

See accompanying notes to financial statements.

**Exhibit 3.1**

## CITY OF INDEPENDENCE, MISSOURI

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

June 30, 2016

| | |
|---|---|
| Fund balances – total governmental funds | $ 45,630,648 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | |
| Governmental capital assets | 593,454,372 |
| Less accumulated depreciation | (260,079,313) |
| | 333,375,059 |
| Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when paid | (2,090,521) |
| Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds | 2,147,670 |
| Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net position, net of the amount allocated to business-type activities | 3,019,286 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds | |
| Loans payable/NID payable | (161,049,000) |
| Capital lease obligations | (1,484,037) |
| Compensated absences | (15,263,170) |
| Discounts (premiums) | 1,526,494 |
| Deferred charge on refunding | 6,301,505 |
| Other post-employment benefits | (66,903,803) |
| Net pension liability | (57,111,928) |
| Unreimbursed certified costs - TIF | (28,679,256) |
| | (322,663,195) |
| Pension related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | |
| Deferred inflows of resources - pension related amounts | (3,630,808) |
| Deferred outflows of resources - pension related amounts | 29,935,631 |
| | 26,304,823 |
| Net position of governmental activities (Exhibit 1) | $ 85,723,770 |

See accompanying notes to financial statements.

**Exhibit 4**

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2016

| | General | TIF Debt Service | Nonmajor Funds | Total Funds |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes | $ 34,310,898 | 14,402,781 | 23,102,156 | 71,815,835 |
| Licenses and permits | 3,588,466 | — | 213,752 | 3,802,218 |
| Intergovernmental | 5,303,538 | — | 3,871,457 | 9,174,995 |
| Charges for services | 2,075,958 | — | 1,197,941 | 3,273,899 |
| Interfund charges for support services | 4,913,709 | — | — | 4,913,709 |
| Fines, forfeitures, and court costs | 4,214,064 | — | — | 4,214,064 |
| Investment income | 108,463 | 154,472 | 23,153 | 286,088 |
| Developer contributions | — | 17,025 | — | 17,025 |
| Other | 649,229 | 1,379,264 | 523,174 | 2,551,667 |
| Total revenues | 55,164,325 | 15,953,542 | 28,931,633 | 100,049,500 |
| Expenditures: | | | | |
| Current: | | | | |
| Administrative services | 7,556,113 | — | 20,615 | 7,576,728 |
| Public safety | 44,745,696 | — | 5,767,488 | 50,513,184 |
| Public works | 4,542,415 | — | 151,245 | 4,693,660 |
| Health and welfare | 2,557,116 | — | 573,067 | 3,130,183 |
| Culture and recreation | 1,538,291 | — | 4,350,469 | 5,888,760 |
| Community development | 2,985,685 | — | 1,318,050 | 4,303,735 |
| Storm water | — | — | 1,769,844 | 1,769,844 |
| General government | 8,899,694 | — | 21,311 | 8,921,005 |
| Tax increment financing | — | 859,000 | — | 859,000 |
| Capital outlay | 168,113 | — | 13,722,851 | 13,890,964 |
| Debt service: | | | | |
| Principal | 109,319 | 6,116,598 | 608,071 | 6,833,988 |
| Interest and fiscal agent fees | 30,902 | 8,414,352 | 96,240 | 8,541,494 |
| Debt issuance costs | — | 1,156,904 | — | 1,156,904 |
| Total expenditures | 73,133,344 | 16,546,854 | 28,399,251 | 118,079,449 |
| Excess (deficiency) of revenues over expenditures | (17,969,019) | (593,312) | 532,382 | (18,029,949) |
| Other financing sources (uses): | | | | |
| Debt issuance | — | 49,450,000 | 624,897 | 50,074,897 |
| Reoffering premium/original issue discount | — | (1,168,942) | — | (1,168,942) |
| Payment to refunded loans escrow agent | — | (47,379,813) | — | (47,379,813) |
| Transfers in – utility payments in lieu of taxes | 18,515,336 | — | — | 18,515,336 |
| Transfers in | — | 2,011,205 | 953,736 | 2,964,941 |
| Transfers out | (550,152) | (531,832) | (1,644,819) | (2,726,803) |
| Total other financing sources (uses) | 17,965,184 | 2,380,618 | (66,186) | 20,279,616 |
| Net change in fund balances | (3,835) | 1,787,306 | 466,196 | 2,249,667 |
| Fund balances, beginning | 5,657,220 | 25,845,758 | 11,878,003 | 43,380,981 |
| Fund balances, ending | $ 5,653,385 | 27,633,064 | 12,344,199 | 45,630,648 |

See accompanying notes to financial statements.

**Exhibit 4.1**

**CITY OF INDEPENDENCE, MISSOURI**

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

Year ended June 30, 2016

| | | |
|---|---|---|
| Net change in fund balances – total governmental funds | $ | 2,249,667 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period: | | |
| Capital outlay | | 15,795,692 |
| Depreciation expense | | (19,437,373) |
| | | (3,641,681) |
| The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the assets and depreciation is removed from the capital assets account in the statement of net position and offset against the proceeds, if any, resulting in a gain (loss) on the sale of capital assets in the statement of activities. | | |
| Book value of assets disposed | | (169,477) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | (400,786) |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: | | |
| Proceeds from debt issuance | | (49,450,000) |
| Reoffering premium/original issue discount | | 1,168,942 |
| Payment to refunded loans escrow agent | | 47,379,813 |
| Principal payments | | 6,667,390 |
| Debt premiums, discounts & deferred refunding amortizations | | (825,760) |
| Issuance of capital lease | | (624,897) |
| | | 4,315,488 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds: | | |
| Compensated absences | | 106,678 |
| Accrued interest | | 299,455 |
| Other post-employment benefits | | (8,804,011) |
| Pension related amount - LAGERS pension expense | | (5,702,084) |
| Unreimbursed certified costs - TIF | | (183,577) |
| | | (14,283,539) |
| Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net expense of the internal service funds is reported with the governmental activities: | | 2,062,397 |
| Change in net position of governmental activities (Exhibit 2) | $ | (9,867,931) |

See accompanying notes to financial statements

Exhibit 5

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Net Position

Proprietary Funds

June 30, 2016

| | Enterprise funds | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| **Assets and Deferred Outflows of Resources** | **Power and Light** | **Water** | **Sanitary Sewer** | **Events Center** | **Total** | **Internal Service Funds** |
| Current assets: | | | | | | |
| Pooled cash and investments | $ 48,957,807 | 16,095,081 | 12,565,666 | 4,555,590 | 82,174,144 | 10,946,624 |
| Receivables: | | | | | | |
| Taxes | — | — | — | 902,023 | 902,023 | — |
| Accounts (net of allowance of $955,906) | 9,056,680 | 2,377,376 | 1,691,869 | 50,870 | 13,176,795 | 98,234 |
| Unbilled revenue | 9,731,663 | 1,835,213 | 1,246,425 | — | 12,813,301 | — |
| Special assessment principal | 135,225 | — | — | — | 135,225 | — |
| Due from other governments | 1,009,675 | — | 95,465 | — | 1,105,140 | — |
| Inventory | 6,591,542 | 636,737 | 38,561 | 3,665 | 7,270,505 | 152,864 |
| Prepaid items | 249,754 | 1,405 | 585 | 134,677 | 386,421 | 206 |
| Restricted cash and investments | 3,308,352 | 719,702 | 615,203 | — | 4,643,257 | — |
| Total current assets | 79,040,698 | 21,665,514 | 16,253,774 | 5,646,825 | 122,606,811 | 11,197,928 |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Nondepreciable | 23,882,069 | 5,120,705 | 60,626,184 | 5,796,315 | 95,425,273 | 93,979 |
| Depreciable, net | 201,471,837 | 104,235,082 | 90,667,770 | 56,551,029 | 452,925,718 | 22,690 |
| Goodwill | — | — | — | 999,203 | 999,203 | — |
| Other assets | — | 272,532 | — | — | 272,532 | — |
| Restricted cash and investments | 11,948,436 | 4,127,210 | 13,942,159 | 6,971,322 | 36,989,127 | 200,000 |
| Total noncurrent assets | 237,302,342 | 113,755,529 | 165,236,113 | 70,317,869 | 586,611,853 | 316,669 |
| Total assets | 316,343,040 | 135,421,043 | 181,489,887 | 75,964,694 | 709,218,664 | 11,514,597 |
| Deferred outflows of resources: | | | | | | |
| Deferred charge on refunding | 1,977,279 | 1,224,926 | — | 6,501,893 | 9,704,098 | — |
| Pension related amounts | 16,977,787 | 3,622,935 | 2,615,042 | — | 23,215,764 | 422,935 |
| Total deferred outflows of resources | 18,955,066 | 4,847,861 | 2,615,042 | 6,501,893 | 32,919,862 | 422,935 |
| Total assets & deferred outflows of resources | $ 335,298,106 | 140,268,904 | 184,104,929 | 82,466,587 | 742,138,526 | 11,937,532 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts and contracts payable | $ 6,383,804 | 128,907 | 807,750 | 93,461 | 7,413,922 | 187,557 |
| Due to other funds | — | — | — | 617,917 | 617,917 | — |
| Accrued items | 2,074,786 | 665,985 | 671,094 | 249,075 | 3,660,940 | 47,496 |
| Other current liabilities | 205,483 | 39,843 | — | 150,000 | 395,326 | — |
| Unearned revenue | — | — | — | 683,874 | 683,874 | — |
| Current portion of long-term obligations | 5,549,021 | 3,726,885 | 2,220,158 | 830,000 | 12,326,064 | 59,383 |
| Self-insurance claims payable | — | — | — | — | — | 3,771,560 |
| Liabilities payable from restricted assets | 7,026,929 | 913,658 | 1,340,971 | 1,024,227 | 10,305,785 | — |
| Total current liabilities | 21,240,023 | 5,475,278 | 5,039,973 | 3,648,554 | 35,403,828 | 4,065,996 |
| Noncurrent liabilities: | | | | | | |
| Revenue bonds payable | 120,878,231 | 27,190,920 | 97,631,730 | 88,887,658 | 334,588,539 | — |
| Compensated absences – long-term | 3,753,399 | 1,048,747 | 529,506 | — | 5,331,652 | 86,530 |
| Other post employment benefits | 18,448,828 | 7,186,404 | 5,620,356 | — | 31,255,588 | 839,350 |
| Net pension liability | 32,388,004 | 6,878,400 | 4,989,748 | — | 44,256,152 | 729,269 |
| Self-insurance claims payable | — | — | — | — | — | 2,348,462 |
| Advances for construction | 30,154 | 105,632 | — | — | 135,786 | — |
| Total noncurrent liabilities | 175,498,616 | 42,410,103 | 108,771,340 | 88,887,658 | 415,567,717 | 4,003,611 |
| Total liabilities | 196,738,639 | 47,885,381 | 113,811,313 | 92,536,212 | 450,971,545 | 8,069,607 |
| Deferred inflows of resources: | | | | | | |
| Pension related amounts | 2,047,032 | 459,124 | 305,773 | — | 2,811,929 | 51,848 |
| Total deferred inflows of resources | 2,047,032 | 459,124 | 305,773 | — | 2,811,929 | 51,848 |
| Net position: | | | | | | |
| Net investment in capital assets | 102,922,954 | 83,742,003 | 65,659,383 | (13,897,099) | 238,427,241 | 116,669 |
| Restricted for: | | | | | | |
| Debt service/capital outlay | 11,948,436 | 500,000 | — | — | 12,448,436 | — |
| Workers compensation escrow | — | — | — | — | — | 200,000 |
| Dogwood SPP escrow | 61,500 | — | — | — | 61,500 | — |
| Southwest Power Pool collateral | 831,040 | — | — | — | 831,040 | — |
| Community improvement district | — | — | — | 4,267,793 | 4,267,793 | — |
| Unrestricted | 20,748,505 | 7,682,396 | 4,328,460 | (440,319) | 32,319,042 | 3,499,408 |
| Total net position (deficit) | 136,512,435 | 91,924,399 | 69,987,843 | (10,069,625) | 288,355,052 | 3,816,077 |
| Total liabilities, deferred inflows of resources and net position | $ 335,298,106 | 140,268,904 | 184,104,929 | 82,466,587 | | 11,937,532 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | 796,791 | |
| Net position of business-type activities | | | | | $ 289,151,843 | |

See accompanying notes to financial statements.

Exhibit 6

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year ended June 30, 2016

| | Enterprise funds | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Power and Light | Water | Sanitary Sewer | Events Center | Total | Internal Service Funds |
| Operating revenues: | | | | | | |
| Charges for services | $ 132,838,218 | 30,557,373 | 23,482,958 | 4,461,330 | 191,339,879 | 27,564,706 |
| Miscellaneous | 1,909,257 | 301,025 | 260,382 | — | 2,470,664 | — |
| Total operating revenues | 134,747,475 | 30,858,398 | 23,743,340 | 4,461,330 | 193,810,543 | 27,564,706 |
| Operating expenses: | | | | | | |
| Personal services | 29,867,615 | 8,364,198 | 6,626,058 | — | 44,857,871 | 1,022,881 |
| Other services | 24,012,236 | 4,935,962 | 9,596,884 | 185,624 | 38,730,706 | 24,183,437 |
| Supplies | 52,066,572 | 1,870,984 | 563,780 | — | 54,501,336 | 783,282 |
| Capital outlay | 4,403 | 14,476 | — | — | 18,879 | — |
| Other expenses | 9,850,457 | 3,863,723 | 109,472 | 5,232,752 | 19,056,404 | — |
| Depreciation and amortization | 15,643,492 | 3,227,140 | 3,182,756 | 1,891,143 | 23,944,531 | 4,671 |
| Total operating expenses | 131,444,775 | 22,276,483 | 20,078,950 | 7,309,519 | 181,109,727 | 25,994,271 |
| Operating income | 3,302,700 | 8,581,915 | 3,664,390 | (2,848,189) | 12,700,816 | 1,570,435 |
| Nonoperating revenues (expenses): | | | | | | |
| Interest revenue | 105,496 | 25,074 | 26,623 | 19,243 | 176,436 | 24,940 |
| Miscellaneous revenue | 626,703 | 1,899,925 | 522,211 | 961,505 | 4,010,344 | 2,091,384 |
| Interest and amortization expense | (4,669,586) | (1,064,472) | (4,197,698) | (4,424,511) | (14,356,267) | — |
| Sales tax | — | — | — | 5,741,439 | 5,741,439 | — |
| Total nonoperating revenue (expenses) | (3,937,387) | 860,527 | (3,648,864) | 2,297,676 | (4,428,048) | 2,116,324 |
| Income (loss) before contributions and transfers | (634,687) | 9,442,442 | 15,526 | (550,513) | 8,272,768 | 3,686,759 |
| Capital contributions | 1,135,134 | 290,478 | — | — | 1,425,612 | — |
| Transfers out – utility payments in lieu of taxes | (13,212,505) | (2,959,611) | (2,343,220) | — | (18,515,336) | — |
| Transfers in | — | — | 10,000 | — | 10,000 | — |
| Transfers out | (83,642) | (72,490) | (92,006) | — | (248,138) | — |
| Change in net position | (12,795,700) | 6,700,819 | (2,409,700) | (550,513) | (9,055,094) | 3,686,759 |
| Total net position (deficit): | | | | | | |
| Beginning of the year | 149,308,135 | 85,223,580 | 72,397,543 | (9,519,112) | | 129,318 |
| End of the year | $ 136,512,435 | 91,924,399 | 69,987,843 | (10,069,625) | | 3,816,077 |

| | |
|---|---|
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | 1,624,362 |
| Change in net position of business-type activities | $ (7,430,732) |

See accompanying notes to financial statements.

Exhibit 7

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2016

| | Enterprise funds | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Power and Light | Water | Sanitary Sewer | Events Center | Total | Internal Service Funds |
| Cash flows from operations: | | | | | | |
| Receipts from customers and others | $ 136,356,808 | 31,937,772 | 23,897,350 | 5,628,198 | 197,820,128 | 30,025,788 |
| Payments to suppliers | (76,503,701) | (11,013,768) | (10,421,801) | (5,573,649) | (103,512,919) | (25,519,256) |
| Payments to employees | (24,293,490) | (6,802,617) | (5,261,557) | — | (36,357,664) | (816,426) |
| Payments to other funds | — | — | — | 89,518 | 89,518 | — |
| Net cash provided by operating activities | 35,559,617 | 14,121,387 | 8,213,992 | 144,067 | 58,039,063 | 3,690,106 |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers in | — | — | 10,000 | — | 10,000 | — |
| Transfers (out) | (83,642) | (72,490) | (92,006) | — | (248,138) | — |
| Transfers out – payments in lieu of taxes | (13,212,505) | (2,959,611) | (2,343,220) | — | (18,515,336) | — |
| Sales tax | — | — | — | 5,741,439 | 5,741,439 | — |
| Net cash provided by (used in) noncapital financing activities | (13,296,147) | (3,032,101) | (2,425,226) | 5,741,439 | (13,012,035) | — |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition and construction of capital assets | (17,291,784) | (2,752,184) | (3,862,107) | — | (23,906,075) | — |
| Interest paid on revenue bonds and equipment contracts | (5,539,956) | (915,397) | (4,373,881) | (4,793,216) | (15,622,450) | — |
| Debt expense paid on revenue bonds | | (8,001) | (7,500) | — | (15,501) | — |
| Redemption of revenue bonds | (3,395,000) | (4,260,000) | (1,535,000) | — | (9,190,000) | — |
| Net cash (used in) capital and related financing activities | (26,226,740) | (7,935,582) | (9,778,488) | (4,793,216) | (48,734,026) | — |
| Cash flows from investing activities: | | | | | | |
| Interest on investments | 35,265 | 25,074 | 26,623 | 19,243 | 106,205 | 24,940 |
| Net cash provided by investing activities | 35,265 | 25,074 | 26,623 | 19,243 | 106,205 | 24,940 |
| Net increase (decrease) in cash and cash equivalents | (3,928,005) | 3,178,778 | (3,963,099) | 1,111,533 | (3,600,793) | 3,715,046 |
| Cash and cash equivalents at beginning of year | 68,142,600 | 17,763,215 | 31,086,127 | 10,415,379 | 127,407,321 | 7,431,578 |
| Cash and cash equivalents at end of year | $ 64,214,595 | 20,941,993 | 27,123,028 | 11,526,912 | 123,806,528 | 11,146,624 |
| Noncash capital and related financing activities: | | | | | | |
| Contributed capital | $ 1,135,134 | 290,478 | — | — | 1,425,612 | — |
| Components of cash and short-term investments at end of fiscal year: | | | | | | |
| Unrestricted assets | $ 48,957,807 | 16,095,081 | 12,565,666 | 4,555,590 | 82,174,144 | 10,946,624 |
| Restricted assets | 15,256,788 | 4,846,912 | 14,557,362 | 6,971,322 | 41,632,384 | 200,000 |
| Total pooled cash and investments | $ 64,214,595 | 20,941,993 | 27,123,028 | 11,526,912 | 123,806,528 | 11,146,624 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | $ 3,302,700 | 8,581,915 | 3,664,390 | (2,848,189) | 12,700,816 | 1,570,435 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation and amortization | 15,643,492 | 3,227,140 | 3,182,756 | 1,891,143 | 23,944,531 | 4,671 |
| Miscellaneous revenue | 626,703 | 1,899,925 | 522,211 | 961,505 | 4,010,344 | 2,091,384 |
| Change in assets and liabilities: | | | | | | |
| Accounts receivable | 282,842 | (420,530) | (106,001) | 39,434 | (204,255) | 369,698 |
| Inventory | 3,449,591 | (73,280) | 2,020 | 2,308 | 3,380,639 | (19,991) |
| Prepaid items and other assets | 2,983 | — | (585) | (89,131) | (86,733) | (206) |
| Unbilled revenue | 1,695,058 | (407,070) | (71,270) | — | 1,216,718 | — |
| Due from other governments | (1,009,675) | — | (190,930) | — | (1,200,605) | — |
| Special assessments receivable | 14,405 | — | — | — | 14,405 | — |
| Accounts and contracts payable | 1,640,418 | (443,096) | (155,734) | (25,465) | 1,016,123 | (164,320) |
| Internal balances | — | — | — | 89,518 | 89,518 | — |
| Accrued and other liabilities | 4,339,128 | 194,802 | (18,304) | (36,749) | 4,478,877 | (156,825) |
| Other post-employment benefits & net pension liability | 5,419,359 | 1,521,072 | 1,453,874 | — | 8,394,305 | 187,721 |
| Self-insurance claims payable | — | — | — | — | — | (202,663) |
| Deferred revenue | — | — | — | 165,929 | 165,929 | — |
| Customer deposits | 70,021 | — | 48,471 | (6,236) | 112,256 | — |
| Compensated absences | 82,592 | 40,509 | (116,906) | — | 6,195 | 10,202 |
| Total adjustments | 32,256,917 | 5,539,472 | 4,549,602 | 2,992,256 | 45,338,247 | 2,119,671 |
| Net cash provided by operating activities | $ 35,559,617 | 14,121,387 | 8,213,992 | 144,067 | 58,039,063 | 3,690,106 |

See accompanying notes to financial statements.

**Exhibit 8**

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

| | Private-Purpose Trust Funds | Agency Funds |
|---|---|---|
| Assets: | | |
| Pooled cash and investments | $ 6,475 | 156,280 |
| Accrued interest receivable | — | 491 |
| Total assets | 6,475 | 156,771 |
| Liabilities: | | |
| Accounts and contracts payable | 231 | 56,671 |
| Flexible benefit payable | — | 100,100 |
| Total liabilities | 231 | $ 156,771 |
| Net position: | | |
| Held in trust | $ 6,244 | |

See accompanying notes to financial statements.

**Exhibit 9**

**CITY OF INDEPENDENCE, MISSOURI**

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year ended June 30, 2016

| | | Private-Purpose Trust Funds |
|---|---|---|
| Additions: | | |
| Charges for services | $ | 14,064 |
| Interest | | 13 |
| Other | | 129 |
| Total additions | | 14,206 |
| Deductions: | | |
| Preservation and maintenance expense | | 19,507 |
| Total deductions | | 19,507 |
| Change in net position | | (5,301) |
| Net position, beginning | | 11,545 |
| Net position, ending | $ | 6,244 |

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**

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**CITY OF INDEPENDENCE, MISSOURI**

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## (1) Summary of Significant Accounting Policies

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

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

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

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

This report includes the financial statements of the City (the primary government) which includes the Independence Events Center Management Corporation (Corporation) and the Silverstein Eye Centers Arena, formerly known as the Independence Events Center managed by Spectra Venue Management (Spectra) as blended component units. These component units are reflected in the City's Events Center fund, a proprietary fund. The Corporation performs management functions for the facility. No separate financial statements are issued by the Corporation. The City engaged Spectra on July 1, 2014 to manage the activities and operations of the facility. Separate financial statements are issued for the Silverstein Eye Centers Arena.

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

The Tax Increment Financing (TIF) Commission of the City of Independence, Missouri (the Commission) is a blended component unit under the Debt Service Fund category of the City because the outstanding

debt of the TIF commission is expected to be repaid from payments in lieu of taxes and economic activity taxes collected by the City. The Commission is governed by an 11-member board, of which six members are appointed by the City Council. The remaining five members (two from the county, two from the local school district and one from other taxing jurisdictions) are appointed by the respective taxing districts' boards. Financial transactions of the Commission are processed by the Finance Department of the City on the Commission's behalf. No separate financial statements are issued by the Commission.

### *(b) Basis of Presentation*

***Government-wide Statements.*** The statement of net position and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations of internal charges and interfund balances have been made to minimize the double-counting of internal activities. However, interfund activity between governmental and enterprise funds has not been eliminated. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

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

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

The City reports the following major governmental funds:

> ***General Fund*** – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> ***Tax Increment Financing Debt Service Fund*** – This fund is used to account for the financing of redevelopment project expenses through payments in lieu of taxes and economic activity taxes.

The City reports the following major enterprise funds:

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

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

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

***Events Center Fund*** – This fund accounts for the acquisition and maintenance of the Silverstein Eye Centers Arena, formerly known as the Independence Events Center. This fund also includes the operational activities which are managed by the Corporation, operational activities of Spectra, and the activity of the Events Center CID.

The City reports the following fund types of non-major funds:

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

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

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

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

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

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

### *(c) Basis of Accounting*

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

*Agency Funds*. Agency funds only have asset and liability accounts and the accrual basis of accounting is used to recognize receivables and payables within these accounts. Agency funds do not have operating accounts such as revenues and expenses, so therefore a measurement focus does not apply to these funds.

### *(d) Accounts Receivable*

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

### *(e) Investments*

Investments, other than the external investment pool, are recorded at fair value. The City's investment in the external investment pool (MOSIP) is not SEC registered and is regulated by the State of Missouri. This external investment pool is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79.

### *(f) Inventory*

Inventory of the enterprise funds consists of the coal supply and electric, water and sanitary sewer utility materials and is valued at average cost. Inventory of the Internal Service Fund consists of fuel and vehicle and equipment parts and materials and is valued at the lower of cost or market. Inventory of the Events Center consists of merchandise available for sale, valued at cost.

### *(g) Prepaid Items*

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

### *(h) Interfund Activity*

The City has the following types of interfund activity:

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

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

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

***Transfers –*** flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. The payments in lieu of taxes that the enterprise funds pay to the general fund are handled as transfers out for the enterprise funds and transfers in for the general fund.

### *(i) Capital Assets*

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City's business-type activities during the fiscal year was $15,570,496. Of this amount, $1,214,229 was included as part of the cost of the capital assets under construction in connection with Power and Light, Water, Sewer and Events Center projects.

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

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

| | Years |
|---|---|
| Business-type activities: | |
| Power and Light Fund: | |
| Production plant | 25-45 |
| Transmission plant | 28-40 |
| Distribution plant | 25-40 |
| Transportation equipment | 7 |
| General plant | 19-40 |
| Machinery and equipment | 7-25 |
| Water Fund: | |
| Source of supply | 15-50 |
| Pumping | 20-50 |
| Water treatment | 40-50 |
| Transmission and distribution system | 20-100 |
| General plant | 5-50 |
| Acquisition adjustment | 30 |
| Nonutility property | 10 |
| Machinery and equipment | 5-22 |
| Sanitary Sewer Fund: | |
| Equipment | 5-25 |
| Sewer system | 40-100 |
| Plant | 25 |
| Machinery and equipment | 5-20 |
| Events Center Fund: | |
| Buildings and improvements | 20-40 |
| Improvements other than buildings | 20 |
| Machinery and equipment | 4-20 |

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

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

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period in which the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which the debt is issued. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures during the year they are incurred.

***(k) Deferred Inflows/Outflows***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred charge on refunding and deferred pension related amounts reported in the government-wide and the proprietary funds statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension related deferred outflow consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, plan experience, and changes in assumptions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category, unavailable revenue and deferred pension related amounts. The governmental funds report unavailable revenues from two sources: real estate taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide and the proprietary fund statements of net position report pension related deferred inflows, which consists of the unamortized portion of the difference between expected and actual experience on plan assumptions, and real estate taxes, which will become an inflow in the year for which they are levied.

***(l) Compensated Absences***

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated without limitation. Upon termination, compensation for accrued sick leave is paid up to the equivalent of six months' for General Fund employees and nine months for Firefighters of regular earnings at the employee's current rate of pay and compensation for vacation is paid up to a maximum of 400 hours for General Fund employees and 780 hours for 24-hour shift Firefighters.

employee's current rate of pay and compensation for vacation is paid up to a maximum of 400 hours for General Fund employees and 780 hours for 24-hour shift Firefighters.

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

### *(m) Pensions*

The net pension liability, deferred inflows and outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *(n) Fund Balances*

In the fund financial statements, governmental funds report the following fund balance classifications:

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

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

***Committed*** – consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council, which is the highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified amounts by use of the same formal action that it employed to previously commit the funds.

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

***Unassigned*** – consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. The General Fund is the only fund that

would report a positive amount in unassigned fund balances. Residual deficit amounts of other governmental funds are reported as unassigned.

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

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

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

### *(o) Net Position*

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

***Net Investment in Capital Assets*** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds of $3,627,210 for Water, $13,942,159 for Sewer and $6,971,322 for the Events Center.

***Restricted*** – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of $875,995 for the License Surcharge and $2,231,745 for the Street Sales Tax; $7,344,873 for Storm Water Sales Tax; $3,694,247 for Public Safety Sales Tax; $12,587,768 for debt service; and $4,267,793 for the Events Center Community Improvement District.

***Unrestricted*** – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### *(p) Statement of Cash Flows*

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

### *(q) Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### *(r) New Accounting Pronouncements*

The Governmental Accounting Standards Board has issued several statements that are not yet effective and have not yet been implemented by the City. The statements which might impact the City are as follows:

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB), and to improve information provided by state and local governmental employer about financial support for OPEB that is provided by other entities. The City will implement GASB Statement No. 75 beginning with the year ended June 30, 2018.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to improve financial reporting by giving users essential information that is not consistently or comprehensively reported to the public regarding the nature and magnitude of tax abatements. The City will implement GASB Statement No. 77 beginning with the year ended June 30, 2017.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The City will implement GASB Statement No. 78 beginning with the year ended June 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirement for certain component units. The City will implement GASB Statement No. 80 beginning with the year ended June 30, 2017.

In March 2016, GASB issued Statement No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, 68 and 73*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The City will implement GASB Statement No. 82 beginning with the year ended June 30, 2017.

In December 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations, including obligations that may not have been previously reported. The statement will also require disclosures related to those Asset Retirement Obligations. The City will implement GASB Statement No. 83 beginning with the year ended June 30, 2019.

The City's management has not yet determined the effect, if any, these statements will have on the City's financial statements, although management believes that GASB Statement No. 75 will have a significant impact.

## (2) Deposits and Investments

*Fair Value Measurements*

During the fiscal year ending June 30, 2016, the City adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

> Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
>
> Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

At June 30, 2016, the carrying values of deposits and investments are summarized as follows:

| | | | Fair Value Measurement |
|---|---|---|---|
| Investments measured at fair value: | | | |
| Short-term investments held in trust (bond reserves): | | | |
| Federal National Mortgage Association | $ | 25,610,173 | Level 2 |
| Federal Home Loan Bank | | 19,189,167 | Level 2 |
| U.S. Treasury Bill | | 200,000 | Level 1 |
| Other investments: | | | |
| U.S. Treasury Bond | | 30,057 | Level 1 |
| Investments measured at amortized cost: | | | |
| Money Market Accounts | | 7,314,776 | |
| Local government investment pool - MOSIP | | 90,006,404 | |
| Total investments | | 142,350,578 | |
| Cash and cash equivalents: | | | |
| Deposits and repurchase obligations | | 34,578,008 | |
| Petty cash | | 10,306 | |
| Total | $ | 176,938,892 | |

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

| | | Government-Wide Statement of Net Position | Fiduciary Funds Statement of Net Position | Primary Government Total |
|---|---|---|---|---|
| Pooled cash and investments | $ | 116,656,917 | 162,755 | 116,819,672 |
| Restricted cash and investments | | 60,119,220 | — | 60,119,220 |
| | $ | 176,776,137 | 162,755 | 176,938,892 |

*Investment Policy*

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

The City maintains a cash and investment pool, which is available for use by most funds. Substantially all excess cash is invested in U.S. Government securities, a local government investment pool, and money market funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned on the cash and cash equivalents is allocated to the funds on the basis of average

monthly cash and investment balances, and investment interest earned is based on each funds share of the investment balances at the beginning of the fiscal year. Only funds with overdrawn balances (cash and investments) are charged for interest. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

*Credit Risk/Concentration of Credit Risk*

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to Certificates of Deposit and Bonds or other obligations of the United States. The City's investment policy does not specify maximum or minimum investment concentrations by investment type. The credit rating and concentration of the City's investment in debt securities are as follows:

| Issuer | Moody's Credit Rating | Percent of Total Investments |
|---|---|---|
| Federal Home Loan Bank | AAA | 13.48% |
| Federal National Mortgage Association | AAA | 17.99% |
| Local government investment pool - MOSIP | AAAm (S & P) | N/A |

*Custodial Credit Risk*

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

At June 30, 2016, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of June 30, 2016.

*Interest Rate Risk*

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

As of June 30, 2016, all of the City's securities had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of $30,057 that will mature in 2027.

## (3) Tax Revenue

Tax revenue, including interest and penalties for the year ended June 30, 2016 is as follows:

| | | General | TIF Debt Service | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|
| Real estate tax | $ | 7,520,295 | 8,128,484 | 25,223 | 15,674,002 |
| Railroad utilities tax | | 41,184 | — | — | 41,184 |
| Cigarette tax | | 461,964 | — | — | 461,964 |
| Transient guest tax | | — | — | 1,954,406 | 1,954,406 |
| Sales tax | | 17,758,714 | 6,274,297 | 21,122,527 | 45,155,538 |
| Franchise tax | | 8,528,741 | — | — | 8,528,741 |
| | $ | 34,310,898 | 14,402,781 | 23,102,156 | 71,815,835 |

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property. Property taxes are recognized as a receivable at the time they become an enforceable legal claim (the lien date), and revenue is recognized in the year for which the property tax is levied. Jackson County bills and collects all real estate taxes for the City and charges a 1.5% to 1.6% commission on all taxes collected.

Assessed values are established by the Clay and Jackson County assessors, subject to review by the Jackson County Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the City as of January 1, 2015, on which the fiscal 2016 levy was based, was $1,315,162,858.

The City is permitted by Missouri state statutes to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services, other than payment of principal and interest on long-term debt, up to $0.40 per $100 of assessed valuation for public health and recreation, and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per $100 assessed valuation for the year ended June 30, 2016 were $0.4871 for the General Fund, $0.2294 for Public Health and Recreation, and $0.5638 for the Independence Square Benefit District Fund.

## (4) Intergovernmental Revenue and Receivables

Intergovernmental revenue during fiscal year 2016 consisted of the following:

| | General Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|
| **Federal** | | | |
| Department of Agriculture | $ — | 48,417 | 48,417 |
| Department of Housing & Urban Development | | | |
| Community Development Block Grant | — | 1,045,242 | 1,045,242 |
| Neighborhood Stabilization Program | — | 125,422 | 125,422 |
| Home Investment Partnership | — | 268,150 | 268,150 |
| Department of the Interior | — | 12,085 | 12,085 |
| Department of Justice | — | 342,665 | 342,665 |
| Department of Transportation | — | 1,001,088 | 1,001,088 |
| Department of Health & Human Services | 25,000 | 314,747 | 339,747 |
| Executive Office of the President | — | 208,019 | 208,019 |
| Department of Homeland Security | — | 194,897 | 194,897 |
| **Total Federal** | 25,000 | 3,560,732 | 3,585,732 |
| **State & Local** | | | |
| Department of Health & Human Services | — | 147,851 | 147,851 |
| Department of Public Safety | — | 39,062 | 39,062 |
| Department of Revenue | | | |
| Motor Vehicle Fuel Tax | 3,084,967 | — | 3,084,967 |
| Motor Vehicle License | 516,314 | — | 516,314 |
| Motor Vehicle Sales Tax | 983,997 | — | 983,997 |
| Financial Institutions Tax | 21,116 | — | 21,116 |
| Missouri Highway & Transportation Commission | — | 16,413 | 16,413 |
| Jackson County Anti Drug Tax | 445,762 | — | 445,762 |
| Jackson County DARE | 226,382 | — | 226,382 |
| Healthcare Foundation of Greater Kansas City | — | 11,525 | 11,525 |
| Other | — | 95,874 | 95,874 |
| Total State & Local | 5,278,538 | 310,725 | 5,589,263 |
| Grand Total | $ 5,303,538 | 3,871,457 | 9,174,995 |

Amounts due from other governments at June 30, 2016 are as follows:

| | | Federal | State | Local | Total |
|---|---|---|---|---|---|
| **General Fund :** | | | | | |
| Department of Health & Human Services | $ | 4,175 | — | — | 4,175 |
| Department of Revenue | | | | | |
| Motor Vehicle Fuel Tax | | — | 520,000 | — | 520,000 |
| Motor Vehicle Sales Tax | | — | 85,000 | — | 85,000 |
| Motor Vehicle License Fees | | — | 120,000 | — | 120,000 |
| DARE | | — | — | 116,382 | 116,382 |
| | | 4,175 | 725,000 | 116,382 | 845,557 |
| **TIF Debt Service:** | | | | | |
| State Sales Tax | | — | 105,000 | — | 105,000 |
| County Sales Tax | | — | — | 719,394 | 719,394 |
| Kansas City Zoo Tax | | — | — | 111,140 | 111,140 |
| Noland Road Community Improvement District | | — | — | 42,699 | 42,699 |
| 39th St Transportation Development District | | — | — | 42,030 | 42,030 |
| | | — | 105,000 | 915,263 | 1,020,263 |
| **Nonmajor Governmental Funds:** | | | | | |
| Department of Agriculture | | 27,632 | — | — | 27,632 |
| Department of Housing & Urban Development | | | | | |
| Community Development Block Grant | | 114,193 | — | — | 114,193 |
| Home Investment Partnership | | 41,806 | — | — | 41,806 |
| Neighborhood Stabilization Program | | 58,569 | — | — | 58,569 |
| Department of Justice | | 84,904 | — | — | 84,904 |
| Department of Transportation | | 71,376 | — | — | 71,376 |
| Department of Health & Human Services | | 34,853 | — | — | 34,853 |
| Department of Homeland Security | | 46,180 | — | — | 46,180 |
| Executive Office of the President | | 32,677 | — | — | 32,677 |
| Missouri Department of Health | | — | 11,915 | — | 11,915 |
| | | 512,190 | 11,915 | — | 524,105 |
| **Power and Light Fund:** | | | | | |
| Department of Homeland Security | | 1,009,675 | — | — | 1,009,675 |
| | | 1,009,675 | — | — | 1,009,675 |
| **Sanitary Sewer Fund** | | | | | |
| Department of Homeland Security | | 95,465 | — | — | 95,465 |
| | | 95,465 | — | — | 95,465 |
| **Totals** | $ | 1,621,505 | 841,915 | 1,031,645 | 3,495,065 |

## (5) Interfund Activity

### *(a) Interfund Balances*

Interfund balances at June 30, 2016, consisted of the following:

| | Due from Nonmajor Governmental | Due from TIF Debt Service | Due from Events Center | Total |
|---|---|---|---|---|
| Due to: | | | | |
| Governmental activities: | | | | |
| General Fund | $ 278,055 | 1,240 | 617,917 | 897,212 |
| Nonmajor governmental | 3,284,970 | — | — | 3,284,970 |
| Total governmental activities | $ 3,563,025 | 1,240 | 617,917 | 4,182,182 |

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

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

Interfund charges for support services and rent paid to the General Fund during fiscal year 2016 were as follows:

| | Interfund Charges | Rent |
|---|---|---|
| Nonmajor governmental funds | $ 70,394 | $ — |
| Power and Light Fund | 2,669,194 | 62,844 |
| Sanitary Sewer Fund | 996,317 | 19,989 |
| Water Fund | 1,177,804 | 29,843 |
| | $ 4,913,709 | $ 112,676 |

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

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2016, and are included as a credit to Water's operating expenses as follows:

| | |
|---|---|
| Sanitary Sewer Fund | $ 1,507,759 |
| Power and Light Fund | 300,035 |
| | $ 1,807,794 |

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2016, and are included as a credit to Power and Light's operating expenses as follows:

| | | |
|---|---|---|
| Sanitary Sewer Fund | $ | 222,451 |
| Water Fund | | 1,112,973 |
| | $ | 1,335,425 |

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

The payments in lieu of taxes of $13,212,505, $2,959,611 and $2,343,220 in fiscal year 2016 by the Power and Light, Water, and Sanitary Sewer (Enterprise) Funds, respectively, to the General Fund approximate franchise taxes and real estate taxes on plant in service. The franchise tax rate, established by City ordinance at 9.08%, is applied to gross billed operating revenues less amounts written off to arrive at the franchise tax due the General Fund. Real estate taxes are charged at a set amount.

### *(d) Interfund Transfers*

Interfund transfers for the year ended June 30, 2016, consisted of the following:

| | Transfer Out | | | | | | |
|---|---|---|---|---|---|---|---|
| | General | Tax Increment Financing | Nonmajor Governmental | Power and Light | Water | Sanitary Sewer | Total |
| Transfers In: | | | | | | | |
| Tax Increment Financing | $ 540,152 | 531,832 | 691,083 | 83,642 | 72,490 | 92,006 | 2,011,205 |
| Sanitary Sewer Fund | 10,000 | — | — | — | — | — | 10,000 |
| Nonmajor governmental | — | — | 953,736 | — | — | — | 953,736 |
| Total Primary Government | $ 550,152 | 531,832 | 1,644,819 | 83,642 | 72,490 | 92,006 | 2,974,941 |

Transfers are for capital projects, general operations and debt service payments.

## (6) Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

| | Balance June 30, 2015 | Additions | Retirements | Balance June 30, 2016 |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | $ 31,725,385 | 248,540 | — | 31,973,925 |
| Construction work in progress | 27,944,007 | 13,011,113 | (27,052,472) | 13,902,648 |
| Total nondepreciable capital assets | 59,669,392 | 13,259,653 | (27,052,472) | 45,876,573 |
| Depreciable capital assets: | | | | |
| Land improvements | 9,112,262 | 787,851 | — | 9,900,113 |
| Buildings | 51,536,728 | — | — | 51,536,728 |
| Building improvements | 16,701,183 | 1,295,105 | — | 17,996,288 |
| Improvements other than buildings | 33,190,894 | 1,838,132 | — | 35,029,026 |
| Office furniture and equipment | 531,391 | — | (8,881) | 522,510 |
| Computer equipment | 3,628,415 | 249,127 | — | 3,877,542 |
| Mobile equipment | 24,351,205 | 1,985,716 | (1,370,337) | 24,966,584 |
| Other equipment | 8,878,776 | 526,762 | — | 9,405,538 |
| Infrastructure | 371,743,192 | 22,905,818 | — | 394,649,010 |
| Total depreciable capital assets | 519,674,046 | 29,588,511 | (1,379,218) | 547,883,339 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (2,568,301) | (448,917) | — | (3,017,218) |
| Buildings | (15,598,423) | (1,225,179) | — | (16,823,602) |
| Building improvements | (7,832,239) | (804,641) | — | (8,636,880) |
| Improvements other than buildings | (14,733,746) | (1,632,322) | — | (16,366,068) |
| Office furniture and equipment | (511,073) | (7,304) | 8,881 | (509,496) |
| Computer equipment | (2,863,270) | (412,872) | — | (3,276,142) |
| Mobile equipment | (17,189,649) | (1,402,353) | 1,200,860 | (17,391,142) |
| Other equipment | (5,605,991) | (687,912) | — | (6,293,903) |
| Infrastructure | (175,133,189) | (12,820,544) | — | (187,953,733) |
| Total accumulated depreciation | (242,035,881) | (19,442,044) | 1,209,741 | (260,268,184) |
| Total depreciable capital assets, net | 277,638,165 | 10,146,467 | (169,477) | 287,615,155 |
| Governmental activities capital assets, net | $ 337,307,557 | 23,406,120 | (27,221,949) | 333,491,728 |

Depreciation expense was charged to functions as follows:

| | | |
|---|---|---|
| Administrative services | $ | 188,043 |
| Public safety | | 3,015,240 |
| Public works | | 11,812,937 |
| Health and welfare | | 103,236 |
| Culture and recreation | | 1,880,377 |
| Community development | | 65,432 |
| Storm water | | 1,436,182 |
| General government | | 935,926 |
| Total | | 19,437,373 |
| In addition, depreciation on capital assets held by the City's Central Garage Fund is charged to the various functions based on their usage of the assets | | 4,671 |
| Total depreciation expense | $ | 19,442,044 |

| | Balance June 30, 2015 | Additions | Retirements | Balance June 30, 2016 |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Power and Light Fund: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | $ 3,875,930 | — | — | 3,875,930 |
| Construction in progress | 9,797,310 | 19,357,086 | (9,148,257) | 20,006,139 |
| Total nondepreciable capital assets | 13,673,240 | 19,357,086 | (9,148,257) | 23,882,069 |
| Depreciable capital assets: | | | | |
| Infrastructure: | | | | |
| Production plant | 225,035,905 | 143,384 | (15,083) | 225,164,206 |
| Transmission plant | 41,506,919 | 976,358 | (321,576) | 42,161,701 |
| Distribution plant | 160,759,365 | 6,992,086 | (1,329,433) | 166,422,018 |
| General plant | 6,730,060 | — | — | 6,730,060 |
| Other | 2,755,568 | — | — | 2,755,568 |
| Total infrastructure | 436,787,817 | 8,111,828 | (1,666,092) | 443,233,553 |
| Machinery and equipment | 23,931,547 | 1,036,430 | — | 24,967,977 |
| Total depreciable capital assets | 460,719,364 | 9,148,258 | (1,666,092) | 468,201,530 |
| Less accumulated depreciation: | | | | |
| Infrastructure | (235,837,143) | (15,069,419) | 2,260,215 | (248,646,347) |
| Machinery and equipment | (16,830,846) | (1,252,500) | — | (18,083,346) |
| * Total accumulated depreciation | (252,667,989) | (16,321,919) | 2,260,215 | (266,729,693) |
| Total depreciable capital assets, net | 208,051,375 | (7,173,661) | 594,123 | 201,471,837 |
| Total power and light capital assets | $ 221,724,615 | 12,183,425 | (8,554,134) | 225,353,906 |

* See page 58 note regarding depreciation.

| | Balance June 30, 2015 | Additions | Retirements | Balance June 30, 2016 |
|---|---|---|---|---|
| Water Fund: | | | | |
| Nondepreciable capital assets: | $ | | | |
| Land | 2,164,776 | 35 | — | 2,164,811 |
| Construction in progress | 2,245,051 | 2,600,948 | (1,890,105) | 2,955,894 |
| Total nondepreciable capital assets | 4,409,827 | 2,600,983 | (1,890,105) | 5,120,705 |
| Depreciable capital assets: | | | | |
| Infrastructure: | | | | |
| Nonutility property | 40,014 | — | — | 40,014 |
| Source of supply | 7,827,901 | 107,916 | — | 7,935,817 |
| Pumping plant | 15,672,886 | 91,617 | (12,037) | 15,752,466 |
| Treatment plant | 23,092,028 | 50,232 | (59,628) | 23,082,632 |
| Transmission plant | 88,327,557 | 1,623,540 | (80,587) | 89,870,510 |
| General plant | 2,061,366 | 35,689 | (7,298) | 2,089,757 |
| Other | 12,547,766 | — | — | 12,547,766 |
| Total infrastructure | 149,569,518 | 1,908,994 | (159,550) | 151,318,962 |
| Machinery and equipment | 6,498,421 | 193,845 | (107,332) | 6,584,934 |
| Total depreciable capital assets | 156,067,939 | 2,102,839 | (266,882) | 157,903,896 |
| Less accumulated depreciation: | | | | |
| Intrastructure | (46,500,903) | (2,903,402) | 168,242 | (49,236,063) |
| Machinery and equipment | (4,164,661) | (382,720) | 114,630 | (4,432,751) |
| * Total accumulated depreciation | (50,665,564) | (3,286,122) | 282,872 | (53,668,814) |
| Total depreciable capital assets, net | 105,402,375 | (1,183,283) | 15,990 | 104,235,082 |
| Total water capital assets | $ 109,812,202 | 1,417,700 | (1,874,115) | 109,355,787 |

* See page 58 note regarding depreciation.

| | Balance June 30, 2015 | Additions | Retirements | Balance June 30, 2016 |
|---|---|---|---|---|
| Sanitary Sewer Fund: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | $ 330,191 | — | — | 330,191 |
| Construction in progress | 86,868,926 | 3,934,442 | (30,507,375) | 60,295,993 |
| Total nondepreciable capital assets | 87,199,117 | 3,934,442 | (30,507,375) | 60,626,184 |
| Depreciable capital assets: | | | | |
| Infrastructure: | | | | |
| Nonutility property | 46,368 | — | — | 46,368 |
| Collection plant | 99,180,307 | 4,760,482 | — | 103,940,789 |
| Pumping plant | 5,179,724 | 25,565,878 | — | 30,745,602 |
| Treatment plant | 14,426,605 | — | (342,595) | 14,084,010 |
| General plant | 1,548,817 | 31,680 | — | 1,580,497 |
| Total infrastructure | 120,381,821 | 30,358,040 | (342,595) | 150,397,266 |
| Machinery and equipment | 7,026,637 | 220,831 | (64,951) | 7,182,517 |
| Total depreciable capital assets | 127,408,458 | 30,578,871 | (407,546) | 157,579,783 |
| Less accumulated depreciation: | | | | |
| Infrastructure | (58,096,050) | (2,856,066) | 342,595 | (60,609,521) |
| Machinery and equipment | (6,040,753) | (326,690) | 64,951 | (6,302,492) |
| Total accumulated depreciation | (64,136,803) | (3,182,756) | 407,546 | (66,912,013) |
| Total depreciable capital assets, net | 63,271,655 | 27,396,115 | — | 90,667,770 |
| Total sewer capital assets | 150,470,772 | 31,330,557 | (30,507,375) | 151,293,954 |
| Events Center fund: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | $ 5,796,315 | — | — | 5,796,315 |
| Construction in progress | — | — | — | — |
| Total nondepreciable capital assets | 5,796,315 | — | — | 5,796,315 |
| Depreciable capital assets: | | | | |
| Infrastructure | 65,581,451 | — | — | 65,581,451 |
| Machinery and equipment | 3,555,930 | — | — | 3,555,930 |
| Total depreciable capital assets | 69,137,381 | — | — | 69,137,381 |
| Less accumulated depreciation: | | | | |
| Infrastructure | (9,272,287) | (1,639,536) | — | (10,911,823) |
| Machinery and equipment | (1,422,922) | (251,607) | — | (1,674,529) |
| Total accumulated depreciation | (10,695,209) | (1,891,143) | — | (12,586,352) |
| Total depreciable capital assets, net | 58,442,172 | (1,891,143) | — | 56,551,029 |
| Total events center capital assets | 64,238,487 | (1,891,143) | — | 62,347,344 |
| Total business-type activities capital assets | $ 546,246,076 | 43,040,539 | (40,935,624) | 548,350,991 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Business-type activities: | |
| Power and light | $ 15,643,492 |
| Water | 3,227,140 |
| Sanitary sewer | 3,182,756 |
| Events center | 1,891,143 |
| Total business-type activities depreciation expense | $ 23,944,531 |

Depreciation charged to Power and Light and Water funds are different because certain depreciation related to utility vehicles and heavy equipment are charged to clearing accounts and redistributed to various operating, construction, and other capital accounts. As of June 30, 2016 the difference for Power and Light is $678,427 and the difference for Water is $58,982.

Under accounting practices promulgated in the utility industry by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC), for business-type activities, units are retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized. The retirement of these assets can cause the decrease in accumulated depreciation to be higher than the decrease of the capital asset due to the cost of removal.

## (7) Long-Term Obligations

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

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2016:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Loans and notes payable: | | | | | |
| Loans payable | $ 1,945,000 | — | 460,000 | 1,485,000 | 475,000 |
| TIF loans | 161,275,000 | 49,450,000 | 51,460,000 | 159,265,000 | 6,240,000 |
| Capital lease obligations | 1,036,529 | 624,897 | 177,389 | 1,484,037 | 185,724 |
| Neighborhood Improvement District (NID) | 379,000 | — | 80,000 | 299,000 | 81,000 |
| Premium (discount), net | (786,464) | (1,168,942) | (428,912) | (1,526,494) | — |
| Total loans and note payable | 163,849,065 | 48,905,955 | 51,748,477 | 161,006,543 | 6,981,724 |
| Other liabilities: | | | | | |
| Compensated absences | 15,505,559 | 5,891,114 | 5,987,590 | 15,409,083 | 6,400,952 |
| Other post-employment benefits | 58,825,959 | 8,917,194 | — | 67,743,153 | — |
| Net pension liability | 30,530,145 | 27,311,052 | — | 57,841,197 | — |
| TIF developer obligations | 28,495,679 | 350,175 | 166,598 | 28,679,256 | 309,424 |
| Total other liabilities | 133,357,342 | 42,469,535 | 6,154,188 | 169,672,689 | 6,710,376 |
| Total Governmental Activities | $ 297,206,407 | 91,375,490 | 57,902,665 | 330,679,232 | 13,692,100 |

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

The following is a summary of changes in long-term debt of the Proprietary Funds for the year ended June 30, 2016:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| Power and Light Fund: | | | | | |
| Revenue bonds | $ 123,375,000 | — | 3,395,000 | 119,980,000 | 3,530,000 |
| Premium on bonds payable | 4,642,832 | — | 214,601 | 4,428,231 | — |
| Total revenue bonds | 128,017,832 | — | 3,609,601 | 124,408,231 | 3,530,000 |
| Compensated absences | 5,658,396 | 2,649,811 | 2,535,787 | 5,772,420 | 2,019,021 |
| Other post-employment benefits | 16,035,537 | 2,413,291 | — | 18,448,828 | — |
| Net pension liability | 16,673,477 | 15,714,527 | — | 32,388,004 | — |
| Total Power and Light Fund | 166,385,242 | 20,777,629 | 6,145,388 | 181,017,483 | 5,549,021 |
| Water Fund: | | | | | |
| Revenue bonds | 33,990,000 | — | 4,260,000 | 29,730,000 | 3,275,000 |
| Premium on bonds payable | 791,113 | — | 55,193 | 735,920 | — |
| Total revenue bonds | 34,781,113 | — | 4,315,193 | 30,465,920 | 3,275,000 |
| Compensated absences | 1,471,057 | 576,284 | 546,709 | 1,500,632 | 451,885 |
| Other post-employment benefits | 6,297,767 | 888,637 | — | 7,186,404 | — |
| Net pension liability | 3,572,283 | 3,306,117 | — | 6,878,400 | — |
| Total Water Fund | 46,122,220 | 4,771,038 | 4,861,902 | 46,031,356 | 3,726,885 |
| Sanitary Sewer Fund: | | | | | |
| Revenue Bonds | 100,245,000 | — | 1,535,000 | 98,710,000 | 1,945,000 |
| Premium on bonds payable | 900,156 | — | 33,426 | 866,730 | — |
| Total revenue bonds | 101,145,156 | — | 1,568,426 | 99,576,730 | 1,945,000 |
| Compensated absences | 921,570 | 438,107 | 555,012 | 804,664 | 275,158 |
| Other post-employment benefits | 4,977,551 | 642,805 | — | 5,620,356 | — |
| Net pension liability | 2,549,102 | 2,440,646 | — | 4,989,748 | — |
| Total Sanitary Sewer Fund | 109,593,379 | 3,521,558 | 2,123,438 | 110,991,498 | 2,220,158 |
| Events Center Fund: | | | | | |
| Revenue bonds | 90,555,000 | — | 730,000 | 89,825,000 | 830,000 |
| Premium on bonds payable | 151,379 | — | 6,654 | 144,725 | — |
| Discount on bonds payable | (263,656) | — | (11,589) | (252,067) | — |
| Total Events Center Fund | 90,442,723 | — | 725,065 | 89,717,658 | 830,000 |
| Total business-type activities | $ 412,543,564 | 29,070,225 | 13,855,794 | 427,757,995 | 12,326,064 |

Debt service requirements on long-term debt with schedules maturities at June 30, 2016 are as follows:

| | Governmental Activities | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Loans Payable | | NID Payable | | TIF Loans | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | $ 475,000 | 52,153 | 81,000 | 15,999 | 6,240,000 | 6,860,737 | 6,796,000 | 6,928,889 |
| 2018 | 495,000 | 32,741 | 86,000 | 11,732 | 6,535,000 | 6,605,011 | 7,116,000 | 6,649,484 |
| 2019 | 515,000 | 11,266 | 91,000 | 7,202 | 6,865,000 | 6,322,705 | 7,471,000 | 6,341,173 |
| 2020 | — | — | 7,000 | 2,409 | 8,355,000 | 6,024,330 | 8,362,000 | 6,026,739 |
| 2021 | — | — | 7,000 | 1,998 | 9,050,000 | 5,659,365 | 9,057,000 | 5,661,363 |
| 2022-2026 | — | — | 27,000 | 3,466 | 47,305,000 | 22,984,899 | 47,332,000 | 22,988,365 |
| 2027-2031 | — | — | — | — | 40,125,000 | 10,965,695 | 40,125,000 | 10,965,695 |
| 2032-2036 | — | — | — | — | 12,350,000 | 6,072,481 | 12,350,000 | 6,072,481 |
| 2037-2041 | — | — | — | — | 9,400,000 | 3,836,794 | 9,400,000 | 3,836,794 |
| 2042-2045 | — | — | — | — | 13,040,000 | 1,528,081 | 13,040,000 | 1,528,081 |
| | $ 1,485,000 | 96,160 | 299,000 | 42,806 | 159,265,000 | 76,860,098 | 161,049,000 | 76,999,064 |

| | Business-type Activities | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Power and Light | | Water | | Sewer | | Events Center | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | $ 3,530,000 | 5,404,157 | 3,275,000 | 1,114,613 | 1,945,000 | 4,327,756 | 830,000 | 4,094,094 | 9,580,000 | 14,940,620 |
| 2018 | 3,685,000 | 5,246,707 | 1,480,000 | 1,043,288 | 2,000,000 | 4,272,306 | 965,000 | 4,063,931 | 8,130,000 | 14,626,232 |
| 2019 | 3,850,000 | 5,082,257 | 1,530,000 | 998,138 | 2,060,000 | 4,212,806 | 1,055,000 | 4,022,981 | 8,495,000 | 14,316,182 |
| 2020 | 4,945,000 | 4,910,356 | 1,575,000 | 951,563 | 2,130,000 | 4,145,256 | 1,210,000 | 3,976,706 | 9,860,000 | 13,983,881 |
| 2021 | 4,045,000 | 4,700,057 | 1,630,000 | 895,338 | 2,205,000 | 4,070,631 | 1,370,000 | 3,923,906 | 9,250,000 | 13,589,932 |
| 2022-2026 | 22,855,000 | 20,798,433 | 9,345,000 | 3,283,238 | 12,375,000 | 18,992,041 | 9,450,000 | 18,611,056 | 54,025,000 | 61,684,768 |
| 2027-2031 | 27,905,000 | 15,545,358 | 10,895,000 | 1,061,869 | 15,170,000 | 16,196,900 | 19,635,000 | 16,013,481 | 73,605,000 | 48,817,608 |
| 2032-2036 | 35,705,000 | 8,498,524 | — | — | 18,935,000 | 12,426,900 | 33,135,000 | 10,211,669 | 87,775,000 | 31,137,093 |
| 2037-2041 | 13,460,000 | 646,500 | — | — | 24,235,000 | 7,136,244 | 22,175,000 | 1,679,050 | 59,870,000 | 9,461,794 |
| 2042-2044 | — | — | — | — | 17,655,000 | 1,162,238 | — | — | 17,655,000 | 1,162,238 |
| | $ 119,980,000 | 70,832,349 | 29,730,000 | 9,348,047 | 98,710,000 | 76,943,078 | 89,825,000 | 66,596,874 | 338,245,000 | 223,720,348 |

**(a) Governmental activities**

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

Governmental activities loans payable at June 30, 2016 are comprised of the following:

| | | |
|---|---|---|
| $4,020,000 Series 2009 (Streets Projects) annual installments of $395,000 to $515,000 through 2019; interest at 3.50% to 4.375%. | $ | 1,485,000 |
| Total Governmental Activities Loans Payable | $ | 1,485,000 |

***(2) Neighborhood Improvement District***

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

Neighborhood Improvement District bonds payable at June 30, 2016 are comprised of the following:

| | | |
|---|---|---|
| $995,000 Series 2004 (Noland Road and Englewood Improvements) annual installments of $55,000 to $85,000 through 2019; interest at 4.50% to 5.75% | $ | 240,000 |
| $111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of $5,000 to $6,000 through 2024; interest at 5.375% to 5.50% | | 59,000 |
| Total Neighborhood Improvement District | $ | 299,000 |

### *(3) Capital Lease Obligations*

Capital leases payable at June 30, 2016 are comprised of the following:

| | | |
|---|---|---|
| Motorola Solutions (radio equipment) semi-annual installments of $56,700 to $78,539 through 2022; interest at 3.4593% | $ | 859,140 |
| PNC Equipment Finance (fire truck) annual installments of $51,525 to $71,106 through 2026; interest at 3.00% | | 624,897 |
| Total Capital Lease Obligations | $ | 1,484,037 |

The net book value of assets acquired under the capital leases described above amounted to $2,748,010 as of June 30, 2016.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

| | | |
|---|---|---|
| 2017 | $ | 233,029 |
| 2018 | | 233,029 |
| 2019 | | 233,029 |
| 2020 | | 233,029 |
| 2021 | | 233,029 |
| 2022-2026 | | 525,970 |
| | | 1,691,115 |
| Less imputed interest | | (207,078) |
| Present value of minimum lease payments | $ | 1,484,037 |

## (4) Blended Component Unit

### *(a) Tax Increment Financing Loans and Developer Obligations*

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

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay $236 million in tax increment financing loans (TIF Loans) issued at various dates beginning in 1999 to finance redevelopment projects within each of the respective TIF plans. The loans are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF loans. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such loan payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. During this fiscal year, the City paid $540,152 from the General Fund, $691,083 from the Storm Water Sales Tax Fund, $83,642 from the Power & Light Fund, $72,490 from the Water Fund, $92,006 from the Sewer Fund, and $182,000 from the Crackerneck Transportation Development District in debt service payments for the Crackerneck Creek development. Management does not anticipate that any of the City's general, sales tax, or proprietary funds will be required to make up any deficiency in loan payments during the next fiscal year.

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

At June 30, 2016, total principal and interest remaining on the loans was $236 million and the outstanding developer obligations was $28.7 million. The loans are scheduled to mature at varying amounts through 2045 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF loans and developer obligations totaled $14.5 million. Incremental revenues from the City included $4.0 million in sales taxes and $0.8 million in property taxes. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues and other sources from other taxing districts and governmental entities, City and developer contributions, cash reserves, and debt trust funds.

**Missouri Development Finance Board Loans Payable**

| | | |
|---|---|---|
| $1,030,000 Series 2005 B (Drumm Farm TIF) annual installments of $50,000 to $90,0000 through 2020; interest at 3.00% to 4.50% | $ | 340,000 |
| $14,030,000 Series 2006 B (Crackerneck Creek TIF) annual installments of $1,340,000 to $8,225,000 through 2026; interest at 5.30% to 6.00% | | 14,030,000 |
| $1,590,000 Series 2006 (Drumm Farm TIF) annual installments of $70,000 to $170,000 through 2020; interest at 4.00% to 4.625% | | 615,000 |
| $4,980,000 Series 2006 F (HCA - Centerpoint TIF) annual installments of $120,000 to $445,000 through 2028; interest at 4.00% to 4.25% | | 3,720,000 |
| $19,390,000 Series 2007 A (Eastland Center TIF) annual installments of $815,000 to $2,570,000 through 2022; interest at 4.00% to 5.00% | | 8,865,000 |
| $10,330,000 Series 2007 B (Hartman Heritage TIF) annual installments of $555,000 to $1,060,000 through 2020; interest at 4.00% to 5.00% | | 4,070,000 |
| $995,000 Series 2007 D (Drumm Farm TIF) annual installments of $70,000 to $80,000 through 2020; interest at 4.00% to 4.50% | | 315,000 |
| $19,720,000 Series 2007 E (HCA - Centerpoint TIF) annual installments of $425,000 to $2,670,000 through 2028; interest at 4.75% to 5.125% | | 15,240,000 |
| $8,000,000 Series 2008 C (Eastland Center TIF) annual installments of $370,000 to $2,515,0000 through 2022; interest at 4.00% to 5.125% | | 5,330,000 |
| $1,230,000 Series 2008 E (Drumm Farm TIF) annual installments of $30,000 to $420,000 through 2022; interest at 3.250% to 5.00% | | 980,000 |
| $6,720,000 Series 2011 B (Hartman Heritage TIF) annual installments of $365,000 to $1,815,000 through 2021; interest at 2.000% to 4.125% | | 4,805,000 |
| $490,000 Series 2011 C (HCA - Centerpoint TIF) annual installments of $50,000 to $165,000 through 2017; interest at 2.000% to 3.000% | | 55,000 |
| $12,050,000 Series 2012 D (HCA - Centerpoint TIF) annual installments of $575,000 to $1,865,000 through 2027; interest at 3.00% to 4.00% | | 9,675,000 |
| $3,965,000 Series 2012 E (Eastland Center TIF) annual installments of $310,000 to $805,000 through 2022; interest at 2.00% to 3.00% | | 2,660,000 |

| | |
|---|---|
| $14,005,000 Series 2013 A (Crackerneck Creek TIF) annual installments of $50,000 to $5,200,000 through 2028; interest at 4.693% to 4.993% | 14,005,000 |
| $10,835,000 Series 2013 B (Crackerneck Creek TIF) one installment of $10,835,000 through 2029; interest at 4.125% | 10,835,000 |
| $4,855,000 Series 2014 A (Eastland Center TIF) annual installments of $500,000 to $1,095,000 through 2022; interest at 3.000% | 3,845,000 |
| $2,030,000 Series 2014 B (HCA - Centerpoint TIF) annual installments of $105,000 to $495,000 through 2027; interest at 2.000% to 4.000% | 1,815,000 |
| $5,225,000 Series 2015 A (Santa Fe TIF) annual installments of $100,000 to $285,000 through 2044; interest at 3.000% to 4.000% | 5,125,000 |
| $3,545,000 Series 2015 B (Santa Fe TIF) annual installments of $55,000 to $215,000 through 2044; interest at 3.000% to 5.250% | 3,490,000 |
| $47,060,000 Series 2015 C (Crackerneck Creek TIF) annual installments of $1,200,000 to $5,670,000 through 2045; interest at 3.000% to 5.000% | 47,060,000 |
| $2,390,000 Series 2015 D (Crackerneck Creek TIF) annual installments of $1,180,000 to $1,210,000 through 2024; interest at 2.750% to 3.000% | 2,390,000 |
| Total TIF Loans Payable | $ 159,265,000 |

Restricted assets held by the Commission of $17,955,600 consist of funds available for costs related to the redevelopment of the Santa Fe, Hartman Heritage, Eastland Center, Crackerneck Creek and HCA areas.

### *(1) Tax Increment Financing Refunding*

On October 6, 2015, the City entered into a loan payable through the Missouri Development Finance Board of $47,060,000 with an interest rate ranging from 3.00% to 5.00%, to refund $23,595,000 of the outstanding 2006 A Crackerneck Project TIF loan payable, with interest rates ranging from 5.30% to 6.00% and $12,790,000 of the outstanding 2006 C Crackerneck Project TIF loan payable, with interest rates at 5.00% and to advance refund $1,205,000 of the outstanding 2006 A Crackereneck Project TIF, with interest rates ranging from 4.30% to 5.70% and $7,920,000 of the outstanding 2008 B Crackerneck TIF loan payable, with interest rates ranging from 4.00% to 5.125%. The acquisition of the new refunding loan carried a discount of $1,144,496 and resulted in a deferred charge on refunding of $2,242,393. Both items will be amortized over the life of the bonds. This refunding was undertaken to restructure the debt to align debt service payments to known revenues. The restructure of the debt also included adding 17 years to the end of the term of the loan payable. A lower interest rate was achieved, but by restructuring the term to add 17 years to the end of the term it caused an increase in debt service payments of $21,596,422 and an economic savings of $1,574,546.

### *(2) Tax Increment Financing Prior Year Defeasance of Debt*

In prior years, the City defeased certain loans payable with the Missouri Development Finance Board by placing the proceeds of refunding TIF loans in an irrevocable trust to provide for all future debt service payments on the old loans. Accordingly, the trust account assets and the liability for the defeased loans are not included in the City's financial statements. At June 30, 2016, $8,200,000 of loans payable are considered defeased.

### *(b) Bass Pro Lease*

On October 18, 2004, the City approved the Crackerneck Creek Tax Increment Financing (TIF) Plan. The Crackerneck Creek TIF Plan provides for the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek Project (the Project) is scheduled to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. In January 2010, a 55,000 square foot Hobby Lobby opened and in late 2009 a 23,000 square foot Mardel opened. During early 2011, an 8,000 square foot Cheddar's Restaurant opened. In March 2015, Stoney Creek Hotel & Conference Center opened with 167 guest rooms and 30,000 square feet of conference space. The City and the developer remain in discussions regarding securing additional retail development for the project. However, no additional agreements exist requiring any retailers to open for business in the Crackerneck Creek Redevelopment Area other than Bass Pro.

As part of the Project, the City has entered into the Lease Agreement (as amended from time to time, the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City will own a 150,000 square foot Bass Pro retail store (the "Bass Pro Store") and will lease the Bass Pro Store to Bass Pro under the terms and conditions as contained in the Bass Pro Lease. Under the Bass Pro Lease, the City was obligated to make $25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City.

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

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

| Calendar Year | | Amount |
|---|---|---|
| 2016 | $ | 1,000,000 |
| 2017 | | 1,000,000 |
| 2018 | | 1,000,000 |
| 2019 | | 1,000,000 |
| 2020 | | 1,000,000 |
| 2021 - 2025 | | 5,000,000 |
| 2026 | | 1,000,000 |
| **Total** | $ | 11,000,000 |

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

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

## (b) Business-type Activities

### *(1) Revenue Bonds*

Revenue bonds payable at June 30, 2016 are comprised of the following individual issues:

| | |
|---|---|
| **Power and Light Fund:** | |
| $33,645,000 Series 2010 B annual installments of $600,000 to $4,030,000 through 2035; interest at 2.00% to 5.250% | $ 17,615,000 |
| $55,185,000 Series 2012 A annual installments of $150,000 to $11,900,000 through 2037; interest at 2.00% to 5.00% | 53,765,000 |
| $52,525,000 Series 2012 F annual installments of $140,000 to $3,630,000 through 2037; interest at 3.00% to 4.00% | 48,600,000 |
| **Total Power and Light fund** | 119,980,000 |
| **Water Fund:** | |
| $36,240,000 Series 2013 D annual installments of $1,480,000 to $4,260,000 through 2029; interest at 2.00% to 5.00% | 29,730,000 |
| **Total Water Fund** | 29,730,000 |
| **Sanitary Sewer Fund:** | |
| $37,035,000 Series 2012 B annual installments of $745,000 to $2,220,000 through 2041; interest at 2.00% to 5.00% | 34,740,000 |
| $43,800,000 Series 2013 C annual installments of $250,000 to $2,855,000 through 2042; interest at 2.00% to 5.25% | 43,050,000 |
| $21,170,000 Series 2014 C annual installments of $250,000 to $6,150,000 through 2043; interest at 2.00% to 5.00% | 20,920,000 |
| **Total Sanitary Sewer fund** | 98,710,000 |
| **Events Center Fund:** | |
| $12,325,000 Series 2008 D semi-annual installments of $30,000 to $410,000 through 2038; interest at 4.00% to 5.75% | 10,820,000 |
| $11,815,000 Series 2011 A annual installments of $70,000 to $1,585,000 through 2038; interest at 2.00% to 5.50% | 11,255,000 |
| $68,945,000 Series 2012 C annual installments of $105,000 to $12,540,000 through 2038; interest at 2.00% to 4.00% | 67,750,000 |
| **Total Events Center Fund** | 89,825,000 |
| **Total revenue bonds** | $ 338,245,000 |

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

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

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

| | Enterprise Funds | | | |
|---|---|---|---|---|
| Account | Power and Light | Water | Sanitary Sewer | Events Center |
| Principal and interest | $ 11,948,436 | — | — | — |
| Depreciation and emergency | — | 500,000 | — | — |
| Bond reserve and project accounts | — | 3,627,210 | 13,942,159 | 6,971,322 |
| Total revenue bond reserves | 11,948,436 | 4,127,210 | 13,942,159 | 6,971,322 |
| Customer deposits | 2,415,812 | 719,702 | 615,203 | — |
| Purchase of Dogwood Plant | 61,500 | — | — | — |
| Southwest Power Pool collateral | 831,040 | — | — | — |
| Total | $ 15,256,788 | 4,846,912 | 14,557,362 | 6,971,322 |

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

### *(a) Pledged Revenues*

The Power and Light and Water Bonds are secured by a pledge of revenues, net of specified operating expenses to repay revenue bonds issued. The pledged revenue information for June 30, 2016 is as follows:

| Date Issued | Description | Purpose of Debt | Revenue Pledged | Term of Commitment | Principal & Interest Remaining | Principal & Interest 2015-2016 | Net Available Revenues 2015-2016 |
|---|---|---|---|---|---|---|---|
| 11/2010 | Power and Light Leasehold Revenue Bonds | Electric System Projects | Appropriated Revenues | through 2035 | 26,942,550 | 2,510,588 | |
| 03/2012 | Power and Light Revenue Bonds | Electric System - Dogwood | Appropriated Revenues | through 2037 | 95,721,049 | 2,631,219 | |
| 12/2012 | Power and Light Leasehold Revenue Bonds - Refunding | Electric System Projects | Appropriated Revenues | through 2037 | 68,148,750 | 3,793,150 | |
| | | | | $ | 190,812,349 | 8,934,957 | 25,097,750 |
| 11/2013 | Water Revenue Bonds - Refunding | Water System Improvements | Appropriated Revenues | through 2029 | 39,078,047 | 5,466,338 | |
| | | | | $ | 39,078,047 | 5,466,338 | 15,222,607 |
| 08/2012 | Sewer System Revenue Bonds | Sewer System Improvements | Appropriated Revenues | through 2041 | 59,194,403 | 2,274,906 | |
| 09/2013 | Sewer System Revenue Bonds | Sewer System Improvements | Appropriated Revenues | through 2042 | 78,839,369 | 2,580,650 | |
| 11/2014 | Sewer System Revenue Bonds | Sewer System Improvements | Appropriated Revenues | through 2043 | 37,619,306 | 1,053,325 | |
| | | | | $ | 175,653,078 | 5,908,881 | 8,505,662 |

### *(2) Events Center Bonds*

The Events Center Bonds (Bonds) are secured by a pledge of certain community improvement district sales taxes (CID sales taxes) and related Tax Increment Financing (TIF) revenues generated within the Independence Events Center Community Improvement District (District) boundaries. In addition, the Bonds include an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient funds to meet the scheduled debt service requirements of the Bonds should the CID sales taxes and TIF revenues not be sufficient to do so. For the year ended June 30, 2016, District revenues paid to the City for debt service totaled $4,397,238. The remaining debt service amounts of $8,322 were funded from capitalized interest funds that were established at the time the Bonds were issued. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in payments during the next fiscal year.

## (8) Advances for Construction

As new developments are constructed, the Power and Light (Enterprise) Fund requires a nonrefundable cash payment from a customer or developer to be paid toward the cost of extending the distribution system, installation of street lights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2016, were $30,154.

As new additions to the water distribution system are constructed, the Water (Enterprise) Fund requires the developer or wholesaler to advance the estimated cost of the water main extension or improvement. Upon project completion, any excess of the advance over the project cost is refunded to the developer or wholesaler or vice versa. The advances for construction at June 30, 2016, were $105,632.

## (9) Employee Retirement System

### *Plan Description*

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

### *Benefits Provided*

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for Police and Fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for Police and Fire) and receive a reduced allowance.

| | **2016 Valuation** |
|---|---|
| Benefit Multiplier | 2.00% |
| Final Average Salary | 3 Years |
| Member Contributions | 4.00% |

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4.00% per year.

***Employees Covered by Benefit Terms***

At June 30, 2016, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 1,015 |
| Inactive employees entitled to but not yet receiving benefits | 195 |
| Active employees | 996 |
| | 2,206 |

***Contributions***

Effective November 1, 2009, the City's LAGERS benefit program changed from LT-8(65) to L-6 with employees contributing 4.00% of gross salaries and wages. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City contribute 4.00% of their gross pay to the pension plan. The City contribution rates for the year ending June 30, 2016 were 14.30% (General), 15.50% (Police) and 16.10% (Fire) of annual covered payroll.

***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016. Standard update procedures were used to roll forward the total pension liability to June 30, 2016.

***Actuarial Assumptions***

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% price inflation; 3.25% wage inflation |
| Salary Increase | 3.25% to 7.15% including wage inflation |
| Investment rate of return | 7.25%, net of investment expenses |

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality,

were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employee's mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Equity | 43.00% | 5.29% |
| Fixed Income | 26.00% | 2.23% |
| Real Assets | 21.00% | 3.31% |
| Strategic Assets | 10.00% | 5.73% |

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that the City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

***Changes in the Net Pension Liability***

The following table shows the components of the changes in the net pension liability for the year:

| | | Increase (Decrease) | | |
|---|---|---|---|---|
| | | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability (a) - (b)** |
| **Balances at 6/30/2015** | $ | 447,529,430 | 394,204,423 | 53,325,007 |
| **Changes for the year:** | | | | |
| Service Cost | | 8,219,353 | — | 8,219,353 |
| Interest | | 31,909,765 | — | 31,909,765 |
| Difference between expected and actual experience | | 4,916,999 | — | 4,916,999 |
| Changes in assumptions | | 17,199,406 | — | 17,199,406 |
| Contributions - employer | | — | 10,603,882 | (10,603,882) |
| Contributions - employee | | — | 2,861,145 | (2,861,145) |
| Net investment income | | — | (791,625) | 791,625 |
| Benefit payments, including refunds | | (23,272,216) | (23,272,216) | — |
| Administrative expense | | — | (181,225) | 181,225 |
| Other (net transfer) | | — | 981,004 | (981,004) |
| **Net changes** | | 38,973,307 | (9,799,035) | 48,772,342 |
| **Balances at 6/30/2016** | $ | 486,502,737 | 384,405,388 | 102,097,349 |

The amounts reported as changes in assumptions were primarily from changes to the mortality table, as well as salary increases and inflation.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower at 6.25% or one percentage point higher at 8.25% than the current rate.

| | | Current Single Discount | | |
|---|---|---|---|---|
| | | **1% Decrease 6.25%** | **Rate Assumption 7.25%** | **1% Increase 8.25%** |
| Net Pension Liability (NPL) | $ | 170,649,787 | 102,097,349 | 45,343,957 |

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2016 the City recognized pension expense of $20,485,884. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| Difference between expected & actual plan experience | $ | 4,051,298 | (6,494,585) |
| Changes in assumptions | | 13,852,396 | — |
| Difference between expected & actual investment earnings | | 35,670,636 | — |
| Total | $ | 53,574,330 | (6,494,585) |

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year Ended:** | | |
|---|---|---|
| 2017 | $ | 12,276,705 |
| 2018 | | 12,276,705 |
| 2019 | | 12,646,035 |
| 2020 | | 8,610,364 |
| 2021 | | 841,974 |
| Thereafter | | 427,962 |
| | $ | 47,079,745 |

Certain deferred inflows and outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement periods, which was 4.75 to 5.00, 5.00 to 6.78 and 5.00 to 6.45 for General, Police and Fire divisions, respectively. The differences on investment returns are being amortized over a closed 5-year period beginning in the current year.

## (10) Post-Employment Health Benefits

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

### *Plan Description*

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

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2016, which is the effective date of the current OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

| | |
|---|---|
| Active Employees | 952 |
| Retirees & covered spouses of retirees | 773 |
| Total Participants | 1,725 |

### *Funding Policy*

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

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

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

| | | |
|---|---|---|
| Annual required contribution | $ | 19,909,105 |
| Interest on net OPEB obligation | | 3,014,788 |
| Adjustment to annual required contribution | | (3,519,966) |
| Annual OPEB cost (expense) | | 19,403,927 |
| Less: Employer contributions | | (6,542,000) |
| Increase in net OPEB obligation | | 12,861,927 |
| Net OPEB obligation – July 1, 2015 | | 86,136,814 |
| Net OPEB obligation – June 30, 2016 | $ | 98,998,741 |

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2016 is as follows:

| | | Annual OPEB Cost | | Percentage of Annual OPEB Cost Contributed | | Net OPEB Obligation |
|---|---|---|---|---|---|---|
| Fiscal year ending: | | | | | | |
| June 30, 2014 | $ | 19,179,213 | % | 40.23 | $ | 73,190,015 |
| June 30, 2015 | | 19,276,799 | | 32.84 | | 86,136,814 |
| June 30, 2016 | | 19,403,927 | | 33.71 | | 98,998,741 |

***Funded Status and Funding Progress***

As of January 1, 2016, which is the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is $286.1 million dollars. There are no assets set aside for funding the plan as of that date, thus, the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $61.7 million which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 463.4%.

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

***Actuarial Methods and Assumptions***

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

The entry age normal (level percent of pay) cost method is used in the January 1, 2016 actuarial valuation. At this valuation date, the annual cost accruals (individual normal cost for each participant) are determined as a level percentage of pay for each year from entry age until expected retirement. The sum of these individual normal costs for all active participants whose attained ages are under the assumed retirement age is the normal cost for the initial plan year. The excess of all normal costs falling due prior to the initial valuation date, accumulated with interest over the plan assets, represents the initial unfunded actuarial accrued liability.

The actuarial assumptions include a 3.5% investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment return on the City's investments. Because the plan is unfunded, reference to the expected long-term investment returns, which tend to be short-term in nature (such as certificates of deposit and United State agencies securities), were considered in the selection of the 3.5%. The actuarial assumptions for healthcare cost trend is a growth factor of 6.50 % for the first year and then declining by one half of one percent (0.25%) per year until 5.00% is reached. The 5.00% growth is used on a go-forward basis. The actuarial assumptions include a 2.75% rate for general inflation and a 2.00% rate for aggregate payroll growth. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

## (11) Risk Management

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

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

The City is self-insured for workers' compensation. An excess coverage insurance policy, limited to $3,000,000 per occurrence for workers' compensation claims in excess of $1,000,000 per occurrence. In order to maintain this self-insured status for workers' compensation, the State of Missouri requires the City to maintain a surety bond in the amount of $2,320,000 and an escrow account in the amount of $200,000. The escrow account of $200,000 is reflected as restricted assets in the Workers' Compensation Fund. Estimated workers' compensation claims incurred but not reported are accrued as liabilities in the City's Workers' Compensation Fund.

The City offers its employees and retirees contributory self-insurance healthcare plans (Staywell Open Access Plan or Staywell In-Network Plan). An excess coverage insurance policy covers the portion of specific claims in excess of $250,000 and aggregate claims in excess of $32,104,334 for the open access plan and for the in-network plan. The City's share of the premiums for this employee benefit was $18,533,195. Premiums paid by the City are recorded as expenditures/expenses of the various funds and premium revenue in the Staywell Health Care (Internal Service) Fund. Incurred but not reported medical, vision, and prescription claims are accrued as a liability in the Internal Service Fund.

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

| | | Claims Payable | | | |
|---|---|---|---|---|---|
| | | Workers' Compensation | | Staywell | |
| | | 2015 | 2016 | 2015 | 2016 |
| Beginning of year | $ | 4,197,247 | 4,564,144 | 2,183,559 | 1,925,134 |
| Current year claims and changes in estimates | | 2,007,166 | 1,020,205 | 23,777,329 | 19,026,499 |
| Claims payments | | (1,640,269) | (1,222,868) | (24,035,754) | (19,193,092) |
| End of year | $ | 4,564,144 | 4,361,481 | 1,925,134 | 1,758,541 |

## (12) Commitments

### *Construction Commitments*

At June 30, 2016, the City had commitments of approximately $21.4 million to complete construction contracts. Of this amount, $16.2 million relates to the enterprise funds.

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

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

In January 2004, the City entered into a participation power agreement with OPPD. Under this agreement, the City purchases an 8.33% share (approximately 57 megawatts) of a 682 megawatt coal-fired baseload generating unit at OPPD's existing Nebraska City power station site (Nebraska City Unit 2). The agreement provides that OPPD is the owner/operator of the unit and OPPD sells the City's share of the output on a cost-based approach. OPPD issued tax-exempt bonds to pay for the construction of the unit and the City is obligated to pay its proportionate share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel and renewals and replacements of the unit. The unit began commercial operation on May 1, 2009. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. The future minimum payments (City's portion of the debt service) are approximately $146,000,000 through the year 2049. During fiscal year 2016, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately $15,300,000 for 412,849 megawatt-hours of wholesale energy. For fiscal year 2017, the projected costs under the agreement are estimated to be approximately $16,400,000.

In June 2006, the City entered into a unit power purchase agreement with the MJMEUC. Under this agreement, the City purchases a 50% share (approximately 53 megawatts) of MJMEUC's 106 MW ownership share of the nominal 875 megawatt Iatan 2 coal-fired generating unit located at Kansas City Power & Light Company's (KCPL) existing power station site in Weston, Missouri. The agreement provides that MJMEUC sells the City's share of the output on a cost-based approach. MJMEUC issued tax-exempt bonds to pay for its share of the construction of the unit and the City is obligated to pay its share of the debt service on the bonds, the fixed operation and maintenance costs, the variable operating costs including fuel, renewals and replacements of the unit and related administrative costs incurred by MJMEUC. The unit began commercial operations on December 31, 2010. The term of the agreement is 40 years from the commercial operation date and can be extended by the City for the life of the proposed unit. The future minimum payments (City's portion of the debt service) are approximately $199,000,000 through the year 2038. During fiscal year 2016, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately $19,100,000 for 330,313 megawatt-hours of wholesale energy. For fiscal year 2017, the projected costs under the agreement are estimated to be approximately $20,300,000.

In August 2008, the City entered into a renewable energy purchase agreement with Smoky Hills. Under this agreement, the City purchases a 10.10% share (15 megawatts) of a 148.5 megawatt wind farm generation project located in north-central Kansas. The agreement provides that the City will purchase its share of the energy output of the Smoky Hills project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on December 8, 2008 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2016, the cost of the energy purchases was approximately $2,500,000 for 55,734 megawatt-hours of wholesale energy.

In May 2015, the City entered into a renewable energy purchase agreement with Marshall Wind Energy LLC. Under this agreement, the City purchases a 27.78% share (20 megawatts) of a 72 megawatt wind farm generation project located in north central Kansas. The agreement provides that the City will purchase its share of the energy output of the Marshall Wind project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on March 22, 2016 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2016, the cost of the energy purchases was approximately $600,000 for 18,674 megawatt-hours of wholesale energy.

***Dogwood Energy Facility***

On April 5, 2012, pursuant to an Asset Purchase Agreement with Dogwood Energy, LLC, the City purchased a 12.3% undivided interest (approximately 75 MW) in the Dogwood Energy Facility – a nominal 610 megawatt natural gas-fired combined cycle generating plant located in Pleasant Hill, Missouri. The facility was originally developed as a joint venture between Aquila, Inc. and Calpine Corporation. The facility (originally named Aries) was placed into commercial operation in two phases: first as a peaking facility during the summer of 2001 and then as a combined cycle plant on February 27, 2002. In addition to the City, Kansas Power Pool (KPP), Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the Unified Government of Wyandotte County (KCBPU) also purchased 7.0%, 8.2% and 17.0% shares respectively of the Dogwood Energy Facility in 2012. Dogwood Energy, LLC maintains the remaining ownership share (55.5%) in the facility.

Each of the owners has entered into certain project agreements that provide for the joint ownership and operation of the Dogwood Facility. Under the project agreements, each of the owners are responsible for their respective share of the fixed operation and maintenance costs, the variable operating costs including fuel, and renewals and replacements of the facility. In addition, the owners share in any revenues from sales of unused capacity and energy in the facility.

The plant had a value of $53,785,771 with $6,049,771 accumulated depreciation, making the net purchase price $47,736,000. An operating reserve account was established in the amount of $430,500 for working capital and $61,500 for SPP credit. Prepaid operating expenses as of June 30, 2016 were $136,029 and depreciation expense for fiscal year end June 30, 2016 was $974,633.

***Litigation***

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

## (13) Deficits

The accumulated deficits of $204,286 in the Street Improvements Fund, $712 in the Community Development Block Grant Fund, $2,697,859 in the Parks Sales Tax Fund, $10,169 in the Buildings and Other Improvements Fund, $16,155 in the Storm Drainage Fund, $542,795 in the Workers' Compensation Fund, $281,252 in the Central Garage Fund, $10,069,625 in the Events Center Fund, $1,173,289 in the Santa Fe TIF project, $67,594 in the Hartman Heritage TIF project, $873 in the Marketplace Shopping Center TIF project, and $362 in the TIF Application Fee project will be eliminated by future revenues or transfers.

## (14) Subsequent Events

The City evaluated subsequent events through December 20, 2016, the date the financial statements were available to be issued.

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

$12,005,000 Series 2016 A revenue bonds for the Events Center Project.

$17,275,000 Series 2016 B TIF loan payable for the Centerpoint TIF Project.

$2,285,000 Series 2016 C TIF loan payable for the Drumm Farm TIF Project.

$47,180,000 Series 2016 D revenue bonds for the Power and Light Fund.

## (15) Fund Balance

Fund balances at year-end are as follows:

| | Governmental Funds | | | |
|---|---|---|---|---|
| | General | TIF Debt Service | Nonmajor | Total |
| Fund balances: | | | | |
| Nonspendable for: | | | | |
| Prepaid items | $ 11,424 | — | 665 | 12,089 |
| Total fund balances nonspendable | 11,424 | — | 665 | 12,089 |
| Restricted for: | | | | |
| Protested revenues | $ 35,832 | — | — | 35,832 |
| Police equipment | 237,332 | — | — | 237,332 |
| Tourism | — | — | 853,628 | 853,628 |
| Independence square benefit district | — | — | 28,880 | 28,880 |
| Grants | — | — | 7 | 7 |
| License surcharge | — | — | 875,995 | 875,995 |
| Street sales tax | — | — | 2,231,745 | 2,231,745 |
| Storm water sales tax | — | — | 7,444,385 | 7,444,385 |
| Police sales tax | — | — | 1,840,023 | 1,840,023 |
| Fire sales tax | — | — | 1,855,783 | 1,855,783 |
| Debt service fund | — | — | 100,889 | 100,889 |
| TIF debt service | — | 27,633,064 | — | 27,633,064 |
| Total fund balances restricted | 273,164 | 27,633,064 | 15,231,335 | 43,137,563 |
| Committed for: | | | | |
| Domestic violence | 25,266 | — | — | 25,266 |
| Capital projects | — | — | 41,772 | 41,772 |
| Strategic goals | 210,902 | — | — | 210,902 |
| Vandalism reward | 3,000 | — | — | 3,000 |
| Economic development | 108,833 | — | — | 108,833 |
| Total fund balances committed | 348,001 | — | 41,772 | 389,773 |
| Assigned for: | | | | |
| Encumbrances: | | | | |
| Professional services | 303,405 | — | — | 303,405 |
| Capital outlay/equipment | 201,278 | — | — | 201,278 |
| Supplies | 113,918 | — | — | 113,918 |
| Maintenance | 108,132 | — | — | 108,132 |
| Communication services | 6,728 | — | — | 6,728 |
| Accrued leave payouts | 333,500 | — | — | 333,500 |
| Miscellaneous | 269,125 | — | — | 269,125 |
| Total fund balances assigned | 1,336,086 | — | — | 1,336,086 |
| Unassigned | 3,684,710 | — | (2,929,573) | 755,137 |
| Total fund balance | $ 5,653,385 | 27,633,064 | 12,344,199 | 45,630,648 |

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Totals above include encumbrances as follows: General Fund $1,349,387 and Non-Major Funds $6,749,619.

# Required Supplementary Information

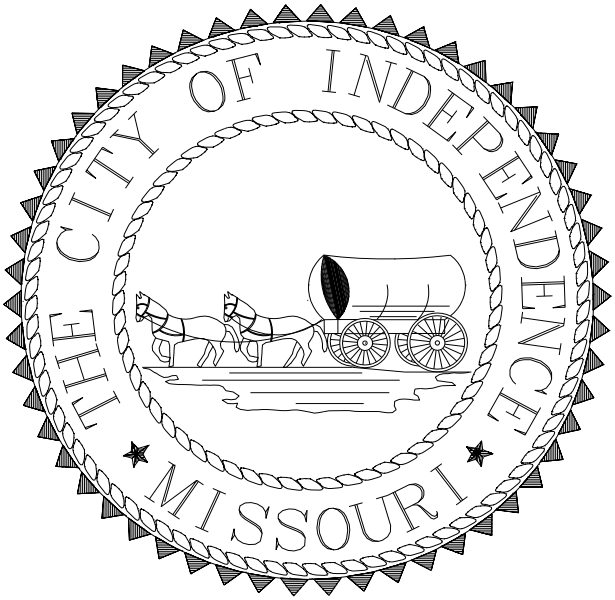

THE CITY OF INDEPENDENCE
MISSOURI

Exhibit 10

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Comparison Schedule

General Fund

Year ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | Original | Final | (Budget Basis) | Budget |
| Revenues: | | | | |
| Taxes | $ 36,455,904 | 36,455,904 | 34,310,898 | (2,145,006) |
| Licenses and permits | 3,403,687 | 3,403,687 | 3,588,466 | 184,779 |
| State and county shared revenue | 5,275,139 | 5,275,139 | 5,303,538 | 28,399 |
| Charges for current services | 2,020,770 | 2,027,829 | 2,075,959 | 48,130 |
| Interfund charges for support services | 4,741,289 | 4,741,289 | 4,913,709 | 172,420 |
| Fines and forfeitures | 4,921,960 | 4,921,960 | 4,214,064 | (707,896) |
| Other revenue | 614,900 | 737,195 | 757,691 | 20,496 |
| Total revenues | 57,433,649 | 57,563,003 | 55,164,325 | (2,398,678) |
| Other financing sources: | | | | |
| Payments in lieu of taxes | 18,868,596 | 18,868,596 | 18,515,336 | (353,260) |
| Total other financing sources | 18,868,596 | 18,868,596 | 18,515,336 | (353,260) |
| Total revenues and other financing sources | 76,302,245 | 76,431,599 | 73,679,661 | (2,751,938) |
| Expenditures: | | | | |
| City Council | 453,821 | 455,742 | 404,507 | 51,235 |
| City Clerk | 366,691 | 369,980 | 355,632 | 14,348 |
| City Manager | 984,378 | 990,358 | 940,383 | 49,975 |
| Technology services | 1,867,106 | 1,882,096 | 1,797,208 | 84,888 |
| Municipal court | 836,066 | 841,913 | 818,738 | 23,175 |
| Law | 741,884 | 842,763 | 850,315 | (7,552) |
| Finance | 1,968,698 | 1,982,409 | 1,906,719 | 75,690 |
| Human resources | 459,444 | 490,421 | 490,421 | — |
| Community development | 3,257,399 | 3,268,519 | 3,006,680 | 261,839 |
| Police | 27,034,885 | 27,168,707 | 26,652,723 | 515,984 |
| Fire | 17,042,758 | 18,035,458 | 18,046,196 | (10,738) |
| Health | 2,650,711 | 2,706,578 | 2,689,975 | 16,603 |
| Public works | 5,812,067 | 5,074,373 | 4,464,751 | 609,622 |
| Parks and recreation | 1,634,988 | 1,661,249 | 1,545,842 | 115,407 |
| General government | 8,916,027 | 8,769,842 | 9,235,092 | (465,250) |
| City Council strategic goals | 250,000 | 557,944 | 246,206 | 311,738 |
| Capital outlay | 400,000 | 400,000 | 229,951 | 170,049 |
| Total expenditures | 74,676,923 | 75,498,352 | 73,681,339 | 1,817,013 |
| Other financing uses: | | | | |
| Transfers out | 1,555,149 | 1,555,149 | 550,152 | 1,004,997 |
| Total expenditures and other financing uses | 76,232,072 | 77,053,501 | 74,231,491 | 2,822,010 |
| Excess of revenue and other financing sources over (under) expenditures and other financing uses | $ 70,173 | (621,902) | (551,830) | 70,072 |
| Unassigned fund balance at beginning of year | | | 3,741,675 | |
| Cancellation of prior year encumbrances | | | 215,706 | |
| Change in other fund balance components during the year | | | 279,159 | |
| Unassigned fund balance at end of year | | | $ 3,684,710 | |

**Exhibit 10.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2016

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

| | | **General Fund** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 73,679,661 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 73,679,661 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 73,681,339 |
| Basis differences – budget to GAAP: | | |
| Capital lease | | — |
| Outstanding encumbrances at year-end charged to the current year's budget | | (1,283,731) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year | | 735,736 |
| | | — |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis) | $ | 73,133,344 |

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Budgetary Comparison Schedules

Year ended June 30, 2016

## (1) Budgets and Budgetary Accounting

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

- Prior to May 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 27, the City Council adopts the budget. If the City Council fails to adopt the budget on or before that date, the budget, as submitted or amended, goes into effect.
- The City Manager is authorized to transfer budgeted amounts between divisions of a department within any fund; however, any revisions that alter the total appropriations within any fund, or that transfer appropriations between departments, must be approved by the City Council. The 2015-2016 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for most funds; however, there is no requirement to report on the budget. Therefore, the financial statements include a comparison of budget to actual only for the General, Tourism, Community Development Block Grant, Rental Rehabilitation, Street Improvement Sales Tax, Park Improvements Sales Tax, Storm Water Sales Tax, Police Public Safety Sales Tax, Fire Public Safety Sales Tax, and Grant Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

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

**Exhibit 11**

**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Funding Progress

Other Post Employment Benefit Plan

**Schedule of Funding Progress:**

**Other Post Employment Benefits**

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b) – (a) Unfunded Actuarial Accrued Liability (UAAL) | (a)/(b) Funded Ratio | (c) Annual Covered Payroll | (b) – (a)/(c) UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| January 1, 2013 | $ — | $ 263,513,494 | $ 263,513,494 | 0% | $ 59,861,860 | 440% |
| January 1, 2015 | — | 287,649,394 | 287,649,394 | 0% | 59,925,139 | 480% |
| January 1, 2016 | — | 286,120,154 | 286,120,154 | 0% | 61,742,912 | 463% |

See accompanying note (10) to financials for additional information on Other Post Employment Benefits and assumptions

**Exhibit 12**

**CITY OF INDEPENDENCE, MISSOURI**

LAGERS Schedule of Changes in Net Pension Liability and Related Ratios

June 30, 2016

| | | 2016 | 2015 |
|---|---|---|---|
| Total Pension Liability | | | |
| Service Cost | $ | 8,219,353 | 8,279,026 |
| Interest on the Total Pension Liability | | 31,909,765 | 31,404,337 |
| Difference between expected and actual experience | | 4,916,999 | (10,375,729) |
| Assumption Changes | | 17,199,406 | — |
| Benefit Payments | | (23,272,216) | (21,374,778) |
| Refunds | | — | — |
| Net Change in Total Pension Liability | | 38,973,307 | 7,932,856 |
| Total Pension Liability beginning | | 447,529,430 | 439,596,574 |
| Total Pension Liability ending | $ | 486,502,737 | 447,529,430 |
| | | | |
| Plan Fiduciary Net Position | | | |
| Contributions-employer | | 10,603,882 | 9,475,216 |
| Contributions-employee | | 2,861,145 | 2,738,899 |
| Pension Plan Net Investment income | | (791,625) | 7,836,996 |
| Benefit Payments | | (23,272,216) | (21,374,778) |
| Refunds | | — | — |
| Pension Plan Administrative expense | | (181,225) | (198,235) |
| Other | | 981,004 | (5,341,994) |
| Net Change in Plan Fiduciary Net Position | | (9,799,035) | (6,863,896) |
| Plan Fiduciary Net Position beginning | | 394,204,423 | 401,068,319 |
| Plan Fiduciary Net Position ending | $ | 384,405,388 | 394,204,423 |
| | | | |
| Employer Net Pension Liability | $ | 102,097,349 | 53,325,007 |
| | | | |
| Plan Fiduciary Net Position as a percentage of the total pension liability | | 79.01% | 88.08% |
| | | | |
| Covered Employee Payroll | $ | 69,847,339 | 67,691,063 |
| | | | |
| Employer's Net Pension Liability as a percentage of covered employee payroll | | 146.17% | 78.78% |

**Notes to schedule:**

2014-15 was the City's first year implementing GASB 68 for Net Pension Liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 68 requirements.

During 2015-16 amounts reported as assumption changes were primarily from changes to the mortality table, as well as salary increases and inflation.

Exhibit 13

**CITY OF INDEPENDENCE, MISSOURI**
LAGERS Schedule of Contributions
Last Ten Fiscal Years

| | | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ | 13,178,343 | 12,187,371 | 11,568,730 | 10,954,525 | 9,709,369 | 8,784,873 | 4,699,896 | 4,494,600 | 4,821,020 | 5,830,554 |
| Contributions in relation to the actuarially determined contribution | | 10,603,401 | 9,477,315 | 8,724,862 | 7,962,390 | 7,273,562 | 6,751,554 | 5,498,789 | 4,494,598 | 4,821,019 | 5,731,339 |
| Contribution deficiency (excess) | $ | 2,574,942 | 2,710,056 | 2,843,868 | 2,992,135 | 2,435,807 | 2,033,319 | (798,893) | 2 | 1 | 99,215 |
| Covered-employee payroll | $ | 71,525,107 | 68,487,854 | 68,032,518 | 67,337,696 | 67,174,192 | 68,743,946 | 67,077,233 | 64,997,189 | 62,443,412 | 58,360,904 |
| Contributions as a percentage of covered-employee payroll | | 14.82% | 13.84% | 12.82% | 11.82% | 10.83% | 9.82% | 8.20% | 6.92% | 7.72% | 9.82% |

**Notes to schedule:**

| | |
|---|---|
| Valuation Date | Actuarially determined contribution rates were calculated as of February 29, 2016 prior to the end of the fiscal year in which contributions are reported. |

**Methods and assumptions used to determine contribution rates:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percent of payroll, closed. |
| Remaining Amortization Period | Multiple bases from 13 to 23 years. |
| Asset Valuation Method | 5 years smoothed market; 20% corridor. |
| Inflation | 3.25% wage inflation and 2.50% price inflation. |
| Salary Increases | 3.25% to 7.15%; including wage inflation. |
| Investment Rate of Return | 7.25%, net of investment and administrative expenses. |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. |
| Mortality | The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.<br>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables. |
| **Other information:** | New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015. |

## CITY OF INDEPENDENCE, MISSOURI

### Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

### Capital Projects Funds

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

**Street Improvements Fund** – This fund is used to account for major street improvement construction projects. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

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

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

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

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

## Debt Service Fund

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

Exhibit 14

**CITY OF INDEPENDENCE, MISSOURI**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

| Assets | | Special Revenue (Exhibit 16) | Capital Projects (Exhibit 29) | Debt Service Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|
| Pooled cash and investments | $ | 10,899,961 | 64,005 | 6,889 | 10,970,855 |
| Receivables: | | | | | |
| Taxes | | 3,580,502 | — | — | 3,580,502 |
| Accounts | | 24,726 | — | — | 24,726 |
| Special assessment principal and accrued interest | | — | 437,976 | 342,362 | 780,338 |
| Due from other funds | | 3,284,970 | — | — | 3,284,970 |
| Due from other governments | | 524,105 | — | — | 524,105 |
| Prepaid items | | 665 | — | — | 665 |
| Restricted cash and investments | | — | 1,188 | 94,000 | 95,188 |
| Total assets | $ | 18,314,929 | 503,169 | 443,251 | 19,261,349 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts and contracts payable | $ | 1,643,316 | 64,843 | — | 1,708,159 |
| Due to other funds | | 3,374,677 | 188,348 | — | 3,563,025 |
| Accrued items | | 206,348 | — | — | 206,348 |
| Other current liabilities | | 34,146 | 840 | — | 34,986 |
| Unearned revenue | | 599,494 | — | — | 599,494 |
| Total liabilities | | 5,857,981 | 254,031 | — | 6,112,012 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - special assessments | | — | 437,976 | 342,362 | 780,338 |
| Unavailable revenue - real estate taxes | | 24,800 | — | — | 24,800 |
| Total deferred inflows of resources | | 24,800 | 437,976 | 342,362 | 805,138 |
| Fund balances: | | | | | |
| Nonspendable | | 665 | — | — | 665 |
| Restricted | | 15,130,446 | — | 100,889 | 15,231,335 |
| Committed | | — | 41,772 | — | 41,772 |
| Unassigned | | (2,698,963) | (230,610) | — | (2,929,573) |
| Total fund balances | | 12,432,148 | (188,838) | 100,889 | 12,344,199 |
| Total liabilities, deferred inflows of resources and fund balances | $ | 18,314,929 | 503,169 | 443,251 | 19,261,349 |

Exhibit 15

**CITY OF INDEPENDENCE, MISSOURI**

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

Nonmajor Governmental Funds

Year ended June 30, 2016

| | Special Revenue (Exhibit 17) | Capital Projects (Exhibit 30) | Debt Service Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes | $ 23,102,156 | — | — | 23,102,156 |
| Licenses and permits | 213,752 | — | — | 213,752 |
| Intergovernmental | 3,409,656 | 461,801 | — | 3,871,457 |
| Charges for services | 1,073,225 | 11,243 | 113,473 | 1,197,941 |
| Investment income | 21,783 | 634 | 736 | 23,153 |
| Other | 522,974 | 200 | — | 523,174 |
| Total revenues | 28,343,546 | 473,878 | 114,209 | 28,931,633 |
| Expenditures: | | | | |
| Current: | | | | |
| Administrative services | 20,615 | — | — | 20,615 |
| Public safety | 5,767,488 | — | — | 5,767,488 |
| Public works | 151,245 | — | — | 151,245 |
| Health and welfare | 573,067 | — | — | 573,067 |
| Culture and recreation | 4,350,469 | — | — | 4,350,469 |
| Community development | 1,318,050 | — | — | 1,318,050 |
| Storm water | 1,769,844 | — | — | 1,769,844 |
| General government | 20,269 | — | 1,042 | 21,311 |
| Capital outlay | 12,634,104 | 1,088,747 | — | 13,722,851 |
| Debt service: | | | | |
| Principal | 528,071 | — | 80,000 | 608,071 |
| Interest and fiscal agent fees | 75,737 | — | 20,503 | 96,240 |
| Total expenditures | 27,208,959 | 1,088,747 | 101,545 | 28,399,251 |
| Excess (deficiency) of revenues over expenditures | 1,134,587 | (614,869) | 12,664 | 532,382 |
| Other financing sources (uses): | | | | |
| Proceeds from capital leases/bond issuance | 624,897 | — | — | 624,897 |
| Transfers in | 460,045 | 493,691 | — | 953,736 |
| Transfers out | (1,644,819) | — | — | (1,644,819) |
| Total other financing sources (uses) | (559,877) | 493,691 | — | (66,186) |
| Net change in fund balances | 574,710 | (121,178) | 12,664 | 466,196 |
| Fund balances, beginning | 11,857,438 | (67,660) | 88,225 | 11,878,003 |
| Fund balances, ending | $ 12,432,148 | (188,838) | 100,889 | 12,344,199 |

Exhibit 16

**CITY OF INDEPENDENCE, MISSOURI**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2016

| Assets | | Tourism | Independence Square Benefit District | Community Development Grant Act | Rental Rehabilitation | Combined Sales Tax Funds (Exhibit 27) | License Surcharge | Grants | Total |
|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | 715,900 | 24,144 | 5,153 | — | 9,020,644 | 875,995 | 258,125 | 10,899,961 |
| Receivables: | | | | | | | | | |
| Taxes | | 200,000 | 29,536 | — | — | 3,350,966 | — | — | 3,580,502 |
| Accounts | | 1,525 | — | — | — | — | — | 23,201 | 24,726 |
| Due from other funds | | — | — | — | — | 3,284,970 | — | — | 3,284,970 |
| Due from other governments | | — | — | 114,193 | 41,806 | — | — | 368,106 | 524,105 |
| Prepaid items | | 73 | — | 38 | — | 525 | — | 29 | 665 |
| Total assets | $ | 917,498 | 53,680 | 119,384 | 41,806 | 15,657,105 | 875,995 | 649,461 | 18,314,929 |
| **Liabilities and Fund Balances** | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts and contracts payable | $ | 31,632 | — | 2,577 | 10,321 | 1,576,422 | — | 22,364 | 1,643,316 |
| Due to other funds | | — | — | 79,415 | 26,447 | 3,268,815 | — | — | 3,374,677 |
| Accrued items | | 30,471 | — | 11,558 | — | 136,716 | — | 27,603 | 206,348 |
| Other current liabilities | | 1,694 | — | 26,546 | 5,031 | 875 | — | — | 34,146 |
| Unearned revenue | | — | — | — | — | — | — | 599,494 | 599,494 |
| Total liabilities | | 63,797 | — | 120,096 | 41,799 | 4,982,828 | — | 649,461 | 5,857,981 |
| Deferred inflows of resources: | | | | | | | | | |
| Unavailable revenue - real estate taxes | | — | 24,800 | — | — | — | — | — | 24,800 |
| Total deferred outflows of resources | | — | 24,800 | — | — | — | — | — | 24,800 |
| Fund balances: | | | | | | | | | |
| Nonspendable | | 73 | — | 38 | — | 525 | — | 29 | 665 |
| Restricted | | 853,628 | 28,880 | — | 7 | 13,371,936 | 875,995 | — | 15,130,446 |
| Unassigned | | — | — | (750) | — | (2,698,184) | — | (29) | (2,698,963) |
| Total fund balances (deficits) | | 853,701 | 28,880 | (712) | 7 | 10,674,277 | 875,995 | — | 12,432,148 |
| Total liabilities, deferred inflows of resources, and fund balances | $ | 917,498 | 53,680 | 119,384 | 41,806 | 15,657,105 | 875,995 | 649,461 | 18,314,929 |

Exhibit 17

**CITY OF INDEPENDENCE, MISSOURI**

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

Nonmajor Special Revenue Funds

Year ended June 30, 2016

| | Tourism | Independence Square Benefit District | Community Development Grant Act | Rental Rehabilitation | Combined Sales Tax Funds (Exhibit 28) | License Surcharge | Grants | Total |
|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | |
| Taxes | $ 1,954,406 | 25,223 | — | — | 21,122,527 | — | — | 23,102,156 |
| Licenses and permits | — | — | — | — | — | 213,752 | — | 213,752 |
| Intergovernmental | — | — | 1,045,242 | 268,150 | — | — | 2,096,264 | 3,409,656 |
| Charges for services | 40,874 | — | — | — | 528,179 | — | 504,172 | 1,073,225 |
| Investment income | 993 | 235 | — | — | 19,337 | 1,218 | — | 21,783 |
| Other | 86,378 | — | — | — | 387,589 | — | 49,007 | 522,974 |
| Total revenues | 2,082,651 | 25,458 | 1,045,242 | 268,150 | 22,057,632 | 214,970 | 2,649,443 | 28,343,546 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Administrative services | — | — | — | — | — | — | 20,615 | 20,615 |
| Public safety | — | — | — | — | 4,367,157 | — | 1,400,331 | 5,767,488 |
| Public Works | — | — | — | — | 132,290 | — | 18,955 | 151,245 |
| Health and welfare | — | — | — | — | — | — | 573,067 | 573,067 |
| Culture and recreation | 1,800,541 | — | — | — | 2,429,211 | — | 120,717 | 4,350,469 |
| Community development | — | — | 534,142 | 268,150 | — | — | 515,758 | 1,318,050 |
| Storm water | — | — | — | — | 1,769,844 | — | — | 1,769,844 |
| General government | — | — | — | — | 20,269 | — | — | 20,269 |
| Capital outlay | — | 29,297 | — | — | 12,604,807 | — | — | 12,634,104 |
| Debt service: | | | | | | | | |
| Principal | — | — | — | — | 528,071 | — | — | 528,071 |
| Interest and fiscal agent fees | — | — | — | — | 75,737 | — | — | 75,737 |
| Total expenditures | 1,800,541 | 29,297 | 534,142 | 268,150 | 21,927,386 | — | 2,649,443 | 27,208,959 |
| Excess (deficiency) of revenues over expenditures | 282,110 | (3,839) | 511,100 | — | 130,246 | 214,970 | — | 1,134,587 |
| Other financing sources (uses): | | | | | | | | |
| Proceeds from bond issuance | — | — | — | — | 624,897 | — | — | 624,897 |
| Transfers in | — | — | — | — | 460,045 | — | — | 460,045 |
| Transfers out | — | — | (511,100) | — | (1,083,696) | (50,023) | — | (1,644,819) |
| Total other financing sources (uses) | — | — | (511,100) | — | 1,246 | (50,023) | — | (559,877) |
| Net change in fund balances | 282,110 | (3,839) | — | — | 131,492 | 164,947 | — | 574,710 |
| Fund balances (deficits), beginning | 571,591 | 32,719 | (712) | 7 | 10,542,785 | 711,048 | — | 11,857,438 |
| Fund balances (deficits), ending | $ 853,701 | 28,880 | (712) | 7 | 10,674,277 | 875,995 | — | 12,432,148 |

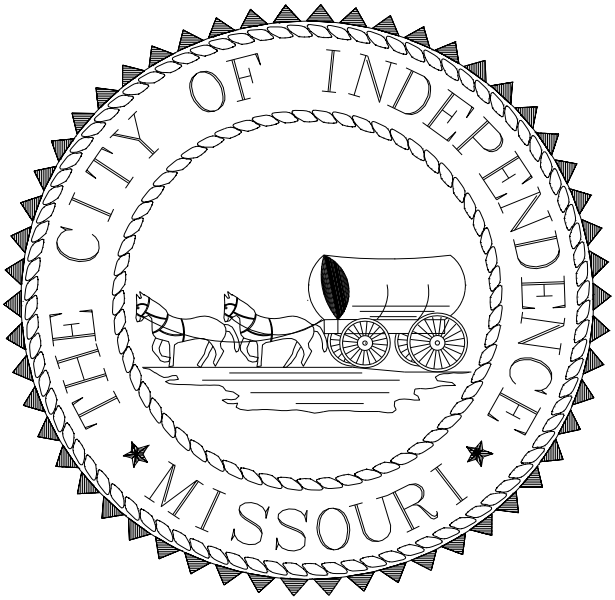

THE CITY OF INDEPENDENCE
MISSOURI

**Exhibit 18**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Comparison Schedule

Tourism Fund

Year ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Transient guest taxes | $ 1,800,000 | 1,831,402 | 1,954,406 | 123,004 |
| Interest | 200 | 400 | 993 | 593 |
| Other revenue | 68,000 | 62,653 | 127,252 | 64,599 |
| Total revenues | 1,868,200 | 1,894,455 | 2,082,651 | 188,196 |
| Expenditures: | | | | |
| Tourism | 1,851,593 | 1,851,593 | 1,857,506 | (5,913) |
| Total expenditures | 1,851,593 | 1,851,593 | 1,857,506 | (5,913) |
| Excess of revenues over (under) expenditures | $ 16,607 | 42,862 | 225,145 | 194,109 |
| Fund balance at beginning of year | | | 571,591 | |
| Cancellation of prior year encumbrances | | | 17,625 | |
| Increase (Decrease) in Prior Year Encumbrances | | | 39,340 | |
| Fund balance at end of year | | | $ 853,701 | |

**Exhibit 18.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Tourism Fund

Year ended June 30, 2016

| | | **Tourism Fund** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 2,082,651 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,082,651 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 1,857,506 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (173,657) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | 116,692 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 1,800,541 |

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

**Exhibit 19**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Community Development Block Grant Fund
Year ended June 30, 2016

| | | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|---|
| | | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | | |
| Federal grant - CDBG | $ | 750,000 | 750,000 | 1,045,242 | 295,242 |
| Total revenues | | 750,000 | 750,000 | 1,045,242 | 295,242 |
| Expenditures: | | | | | |
| CDBG administration | | 155,416 | 152,522 | 151,374 | 1,148 |
| CDBG expenditures | | 594,584 | 932,820 | 453,343 | 479,477 |
| Commercial facade program | | — | 75,165 | — | 75,165 |
| Total expenditures | | 750,000 | 1,160,507 | 604,717 | 555,790 |
| Other financing uses: | | | | | |
| Transfers out | | — | 75,000 | 511,100 | (436,100) |
| Total other financing uses | | — | 75,000 | 511,100 | (436,100) |
| Total expenditures and other uses | | 750,000 | 1,235,507 | 1,115,817 | 119,690 |
| Excess of revenues over (under) expenditures and other financing uses | $ | — | (485,507) | (70,575) | 414,932 |

| | | |
|---|---|---|
| Fund balance at beginning of year | | (712) |
| Cancellation of prior year encumbrances | | — |
| Increase (Decrease) in Prior Year Encumbrances | | 70,575 |
| Fund balance at end of year | $ | (712) |

**Exhibit 19.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Community Development Block Grant Fund

Year ended June 30, 2016

| | | **Community Development Block Grant** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 1,045,242 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 1,045,242 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 604,717 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (70,575) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | — |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 534,142 |

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

**Exhibit 20**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Rental Rehabilitation
Year Ended June 30, 2016

| | | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|---|
| | | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | | |
| HOME program grant | $ | 308,121 | 308,121 | 268,150 | (39,971) |
| Total revenues | | 308,121 | 308,121 | 268,150 | (39,971) |
| Expenditures: | | | | | |
| HOME administration | | 30,812 | 56,580 | 26,847 | 29,733 |
| Multi family housing | | 277,309 | 363,751 | 335,551 | 28,200 |
| First Time Home Buyers | | — | — | 55,815 | (55,815) |
| Community housing development | | — | 95,447 | — | 95,447 |
| Total expenditures | | 308,121 | 515,778 | 418,213 | 97,565 |
| Excess of revenues over (under) expenditures | $ | — | (207,657) | (150,063) | 57,594 |

| | | |
|---|---|---|
| Fund balance at beginning of year | | 7 |
| Cancellation of prior year encumbrances | | — |
| Increase (Decrease) in Prior Year Encumbrances | | 150,063 |
| Fund balance at end of year | $ | 7 |

**Exhibit 20.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Rental Rehabilitation

Year ended June 30, 2016

| | | **Rental Rehabilitation** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 268,150 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 268,150 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 418,213 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (150,063) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | — |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 268,150 |

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

**Exhibit 21**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Street Improvements Sales Tax Fund
Year ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Sales taxes | $ 7,996,718 | 8,350,000 | 8,399,825 | 49,825 |
| Interest | 900 | 200 | 3,416 | 3,216 |
| Other revenue | — | 83,000 | 109,000 | 26,000 |
| Total revenues | 7,997,618 | 8,433,200 | 8,512,241 | 79,041 |
| Other Financing sources: | | | | |
| Transfers in | — | 1,667 | 239,707 | 238,040 |
| Total other financing sources | — | 1,667 | 239,707 | 238,040 |
| Total revenues and other financing sources | 7,997,618 | 8,434,867 | 8,751,948 | 317,081 |
| Expenditures: | | | | |
| General Government | 13,200 | 13,200 | 13,513 | (313) |
| Street maintenance | 265,323 | 265,323 | 151,340 | 113,983 |
| Capital outlay | 7,323,591 | 10,340,201 | 14,337,829 | (3,997,628) |
| Debt service | 532,694 | 532,694 | 532,194 | 500 |
| Total expenditures | 8,134,808 | 11,151,418 | 15,034,876 | (3,883,458) |
| Other financing uses: | | | | |
| Transfers out | — | 274,592 | 326,602 | (52,010) |
| Total other financing uses | — | 274,592 | 326,602 | (52,010) |
| Total expenditures and other financing uses | 8,134,808 | 11,426,010 | 15,361,478 | (3,935,468) |
| Excess of revenues and other financing sources over (under) expenditures | $ (137,190) | (2,991,143) | (6,609,530) | (3,618,387) |
| Fund balance at beginning of year | | | 4,552,577 | |
| Cancellation of prior year encumbrances | | | — | |
| Increase (Decrease) in Prior Year Encumbrances | | | 4,288,698 | |
| Fund balance at end of year | | | $ 2,231,745 | |

**Exhibit 21.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Street Improvements Sales Tax Fund

Year ended June 30, 2016

| | | **Streets Improvements Sales Tax** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 8,512,241 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 8,512,241 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 15,034,876 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (4,288,698) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | — |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 10,746,178 |

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

**Exhibit 22**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Park Improvements Sales Tax Fund
Year ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Sales taxes | $ 3,998,359 | 4,180,000 | 4,200,126 | 20,126 |
| Charges for services | — | — | 110,223 | 110,223 |
| Adventure Oasis Water Park | 440,000 | 315,148 | 417,957 | 102,809 |
| Other revenue | 136,000 | 111,055 | 16,699 | (94,356) |
| Total revenues | 4,574,359 | 4,606,203 | 4,745,005 | 138,802 |
| Expenditures: | | | | |
| Culture and recreation | 2,021,361 | 2,023,115 | 2,460,800 | (437,685) |
| General government | 558,602 | 558,602 | 6,756 | 551,846 |
| Capital outlay | 435,000 | 651,129 | 482,178 | 168,951 |
| Total expenditures | 3,014,963 | 3,232,846 | 2,949,734 | 283,112 |
| Other financing uses: | | | | |
| Transfers out | 7,000 | 7,000 | 66,011 | (59,011) |
| Total other financing uses | 7,000 | 7,000 | 66,011 | (59,011) |
| Total expenditures and other financing uses | 3,021,963 | 3,239,846 | 3,015,745 | 224,101 |
| Excess of revenues and other financing sources over (under) expenditures | $ 1,552,396 | 1,366,357 | 1,729,260 | 362,903 |
| Fund balance (deficit) at beginning of year | | | (4,458,708) | |
| Cancellation of prior year encumbrances | | | 28,285 | |
| Increase (Decrease) in Prior Year Encumbrances | | | 3,304 | |
| Fund balance (deficit) at end of year | | | $ (2,697,859) | |

**Exhibit 22.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Park Improvements Sales Tax Fund

Year ended June 30, 2016

| | | **Park Improvements Sales Tax** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 4,745,005 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 4,745,005 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 2,949,734 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (176,606) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | 145,017 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,918,145 |

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

**Exhibit 23**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Storm Water Sales Tax Fund
Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Sales taxes | $ 3,998,359 | 4,180,000 | 4,200,147 | 20,147 |
| Interest | 3,000 | 4,000 | 10,699 | 6,699 |
| Other revenue | — | — | 176,121 | 176,121 |
| Total revenues | 4,001,359 | 4,184,000 | 4,386,967 | 202,967 |
| Other financing sources: | | | | |
| Transfers in | — | 220,338 | 220,338 | — |
| Total other financing sources | — | 220,338 | 220,338 | — |
| Total revenues and other financing sources | 4,001,359 | 4,404,338 | 4,607,305 | 202,967 |
| Expenditures: | | | | |
| Storm water | | | | |
| Administration | 302,237 | 309,037 | 135,959 | 173,078 |
| Maintenance | 1,822,754 | 1,822,754 | 1,311,976 | 510,778 |
| Permit completion | 361,425 | 361,425 | 358,050 | 3,375 |
| General government | 6,800 | 6,800 | 6,756 | 44 |
| Capital outlay | 1,555,000 | 6,335,188 | 2,087,779 | 4,247,409 |
| Total expenditures | 4,048,216 | 8,835,204 | 3,900,520 | 4,934,684 |
| Other financing uses: | | | | |
| Transfers out | 691,083 | 684,283 | 691,083 | (6,800) |
| Total other financing uses | 691,083 | 684,283 | 691,083 | (6,800) |
| Total expenditures and other financing uses | 4,739,299 | 9,519,487 | 4,591,603 | 4,927,884 |
| Excess of revenues over (under) expenditures | $ (737,940) | (5,115,149) | 15,702 | 5,130,851 |
| Fund balance at beginning of year | | | 7,385,985 | |
| Cancellation of prior year encumbrances | | | 67,493 | |
| Increase (Decrease) in Prior Year Encumbrances | | | (24,595) | |
| Fund balance at end of year | | | $ 7,444,585 | |

**Exhibit 23.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2016

| | | **Storm Water Sales Tax** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 4,386,967 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 4,386,967 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 3,900,520 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (127,978) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | 85,080 |
| | | — |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 3,857,622 |

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

**Exhibit 24**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Police Public Safety Sales Tax Fund
Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Sales taxes | $ 2,136,926 | 2,210,000 | 2,221,976 | 11,976 |
| Investment income | 900 | 600 | 2,345 | 1,745 |
| Other revenue | — | 44,063 | 66,810 | 22,747 |
| Total revenues | 2,137,826 | 2,254,663 | 2,291,131 | 36,468 |
| Expenditures: | | | | |
| Public safety | | | | |
| Communications | 351,944 | 351,944 | 259,828 | 92,116 |
| Facilities | 569,000 | 569,000 | 739,687 | (170,687) |
| Equipment | 1,163,489 | 1,166,789 | 1,013,176 | 153,613 |
| Debt service | — | — | 38,278 | (38,278) |
| Total expenditures | 2,084,433 | 2,087,733 | 2,050,969 | 36,764 |
| Other financing uses: | | | | |
| Transfers out/capital outlay | 3,300 | 3,300 | — | 3,300 |
| Total other financing uses | 3,300 | 3,300 | — | 3,300 |
| Total expenditures and other financing uses | 2,087,733 | 2,091,033 | 2,050,969 | 40,064 |
| Excess of revenues over (under) expenditures and other financing uses | $ 50,093 | 163,630 | 240,162 | 76,532 |
| Fund balance at beginning of year | | | 1,557,817 | |
| Cancellation of prior year encumbrances | | | 41,250 | |
| Increase (Decrease) in Prior Year Encumbrances | | | 794 | |
| Fund Balance at end of year | | | $ 1,840,023 | |

**Exhibit 24.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Police Public Safety Sales Tax Fund

Year ended June 30, 2016

| | | **Police Public Safety Sales Tax** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 2,291,131 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,291,131 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 2,050,969 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (191,162) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | 149,118 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,008,925 |

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

**Exhibit 25**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Fire Public Safety Sales Tax Fund
Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Sales taxes | $ 2,002,902 | 2,100,000 | 2,100,451 | 451 |
| Investment income | 800 | 200 | 2,877 | 2,677 |
| Other revenue | — | — | 18,960 | 18,960 |
| Total revenues | 2,003,702 | 2,100,200 | 2,122,288 | 22,088 |
| Other financing sources: | | | | |
| Capital lease proceeds | — | 624,897 | 624,897 | — |
| Total other financing sources | — | 624,897 | 624,897 | — |
| Total revenues and other financing sources | 2,003,702 | 2,725,097 | 2,747,185 | 22,088 |
| Expenditures: | | | | |
| Public safety | 1,943,275 | 3,002,172 | 2,828,187 | 173,985 |
| Total expenditures | 1,943,275 | 3,002,172 | 2,828,187 | 173,985 |
| Other financing uses: | | | | |
| Transfers out/capital outlay | — | 4,000 | — | 4,000 |
| Total other financing uses | — | 4,000 | — | 4,000 |
| Total expenditures and other financing uses | 1,943,275 | 3,006,172 | 2,828,187 | 177,985 |
| Excess of revenues over (under) expenditures and other financing uses | $ 60,427 | (281,075) | (81,002) | 200,073 |
| Fund balance at beginning of year | | | 1,505,114 | |
| Cancellation of prior year encumbrances | | | 7,518 | |
| Increase (Decrease) in Prior Year Encumbrances | | | 424,153 | |
| Fund balance at end of year | | | $ 1,855,783 | |

**Exhibit 25.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Fire Public Safety Sales Tax Fund

Year ended June 30, 2016

| | | **Fire Public Safety Sales Tax** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 2,122,288 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,122,288 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 2,828,187 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (456,361) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | 24,690 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,396,516 |

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

**Exhibit 26**

**CITY OF INDEPENDENCE, MISSOURI**
Budgetary Comparison Schedule
Grants Fund
Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final |
|---|---|---|---|---|
| | **Original** | **Final** | **(Budget Basis)** | **Budget** |
| Revenues: | | | | |
| Grants and other shared revenue | $ 847,104 | 3,542,220 | 2,096,264 | (1,445,956) |
| Charges for current services | 308,540 | 515,346 | 504,172 | (11,174) |
| Interest income and other revenue | — | 70,163 | 49,007 | (21,156) |
| Total revenues | 1,155,644 | 4,127,729 | 2,649,443 | (1,478,286) |
| Expenditures: | | | | |
| Law department | 31,944 | 37,460 | 19,635 | 17,825 |
| Human Resources | — | 1,179 | 1,132 | 47 |
| Police department | 404,663 | 1,636,143 | 1,275,191 | 360,952 |
| Fire department | 82,808 | 152,412 | 147,310 | 5,102 |
| Public works | — | 18,955 | 18,955 | — |
| Health department | 427,229 | 1,331,481 | 598,621 | 732,860 |
| Community development | 209,000 | 824,604 | 561,173 | 263,431 |
| Culture and recreation | — | 125,495 | 125,495 | — |
| Total expenditures | 1,155,644 | 4,127,729 | 2,747,512 | 1,380,217 |
| Excess of revenues over (under) expenditures | $ — | — | (98,069) | (98,069) |
| Fund balance at beginning of year | | | — | |
| Cancellation of prior year encumbrances | | | — | |
| Increase (Decrease) in Prior Year Encumbrances | | | 98,069 | |
| Fund balance at end of year | | | $ — | |

**Exhibit 26.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2016

| | | **Grants** |
|---|---|---|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule | $ | 2,649,443 |
| Basis differences – budget to GAAP: | | |
| None | | — |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,649,443 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule | $ | 2,747,512 |
| Basis differences – budget to GAAP: | | |
| Outstanding encumbrances at year-end charged to the current year's budget (1) | | (98,069) |
| Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1) | | — |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | $ | 2,649,443 |

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

**Exhibit 27**

**CITY OF INDEPENDENCE, MISSOURI**

Combining Balance Sheet

Nonmajor Sales Tax Funds

June 30, 2016

| **Assets** | | **Street Sales Tax** | **Park Improvements Sales Tax** | **Storm Water Sales Tax** | **Police Sales Tax** | **Fire Sales Tax** | **Total (Exhibit 16)** |
|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | 2,181,612 | — | 3,636,626 | 1,613,783 | 1,588,623 | 9,020,644 |
| Receivables: | | | | | | | |
| Taxes | | 1,337,258 | 668,628 | 668,629 | 342,007 | 334,444 | 3,350,966 |
| Due from other funds | | — | — | 3,284,970 | — | — | 3,284,970 |
| Prepaid items | | — | 325 | 200 | — | — | 525 |
| Total assets | $ | 3,518,870 | 668,953 | 7,590,425 | 1,955,790 | 1,923,067 | 15,657,105 |
| **Liabilities and Fund Balances** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts and contracts payable | $ | 1,279,021 | 23,501 | 90,849 | 115,767 | 67,284 | 1,576,422 |
| Due to other funds | | — | 3,268,815 | — | — | — | 3,268,815 |
| Accrued items | | 8,104 | 73,621 | 54,991 | — | — | 136,716 |
| Other current liabilities | | — | 875 | — | — | — | 875 |
| Total liabilities | | 1,287,125 | 3,366,812 | 145,840 | 115,767 | 67,284 | 4,982,828 |
| Fund balances: | | | | | | | |
| Nonspendable | | — | 325 | 200 | — | — | 525 |
| Restricted | | 2,231,745 | — | 7,444,385 | 1,840,023 | 1,855,783 | 13,371,936 |
| Unassigned | | — | (2,698,184) | — | — | — | (2,698,184) |
| Total fund balances (deficit) | | 2,231,745 | (2,697,859) | 7,444,585 | 1,840,023 | 1,855,783 | 10,674,277 |
| Total liabilities and fund balances | $ | 3,518,870 | 668,953 | 7,590,425 | 1,955,790 | 1,923,067 | 15,657,105 |

**Exhibit 28**

**CITY OF INDEPENDENCE, MISSOURI**

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

Nonmajor Sales Tax Funds

Year ended June 30, 2016

| | Street Sales Tax | Park Improvements Sales Tax | Storm Water Sales Tax | Police Sales Tax | Fire Sales Tax | Total (Exhibit 17) |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Taxes | $ 8,399,825 | 4,200,128 | 4,200,147 | 2,221,976 | 2,100,451 | 21,122,527 |
| Charges for services | — | 528,179 | — | — | — | 528,179 |
| Investment income | 3,416 | — | 10,699 | 2,345 | 2,877 | 19,337 |
| Other | 109,000 | 16,698 | 176,121 | 66,810 | 18,960 | 387,589 |
| Total revenues | 8,512,241 | 4,745,005 | 4,386,967 | 2,291,131 | 2,122,288 | 22,057,632 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public safety | — | — | — | 1,970,647 | 2,396,510 | 4,367,157 |
| Public works | 132,290 | — | — | — | — | 132,290 |
| Culture and recreation | — | 2,429,211 | — | — | — | 2,429,211 |
| Storm water | — | — | 1,769,844 | — | — | 1,769,844 |
| General government | 13,513 | 6,756 | — | — | — | 20,269 |
| Capital outlay | 10,068,181 | 448,848 | 2,087,778 | — | — | 12,604,807 |
| Debt service: | | | | | | |
| Principal | 460,000 | 32,026 | — | 36,045 | — | 528,071 |
| Interest and fiscal agent fees | 72,194 | 1,304 | — | 2,233 | 6 | 75,737 |
| Total expenditures | 10,746,178 | 2,918,145 | 3,857,622 | 2,008,925 | 2,396,516 | 21,927,386 |
| Excess (deficiency) of revenues over expenditures | (2,233,937) | 1,826,860 | 529,345 | 282,206 | (274,228) | 130,246 |
| Other financing sources (uses): | | | | | | |
| Proceeds from debt issuance | — | — | — | — | 624,897 | 624,897 |
| Transfers in | 239,707 | — | 220,338 | — | — | 460,045 |
| Transfers out | (326,602) | (66,011) | (691,083) | — | — | (1,083,696) |
| Total other financing sources (uses) | (86,895) | (66,011) | (470,745) | — | 624,897 | 1,246 |
| Net change in fund balances | (2,320,832) | 1,760,849 | 58,600 | 282,206 | 350,669 | 131,492 |
| Fund balances (deficit), beginning | 4,552,577 | (4,458,708) | 7,385,985 | 1,557,817 | 1,505,114 | 10,542,785 |
| Fund balances (deficit), ending | $ 2,231,745 | (2,697,859) | 7,444,585 | 1,840,023 | 1,855,783 | 10,674,277 |

Exhibit 29

**CITY OF INDEPENDENCE, MISSOURI**

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2016

| Assets | Street Improvements | Revolving Public Improvements | Buildings and Other Improvements | Storm Drainage | Park Improvements | Total (Exhibit 14) |
|---|---|---|---|---|---|---|
| Pooled cash and investments | $ — | 19,817 | — | — | 44,188 | 64,005 |
| Receivables: | | | | | | |
| Special assessment principal and accrued interest | 437,976 | — | — | — | — | 437,976 |
| Restricted cash and investments | — | — | 1,188 | — | — | 1,188 |
| Total assets | $ 437,976 | 19,817 | 1,188 | — | 44,188 | 503,169 |
| **Liabilities and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts and contracts payable | $ 43,450 | — | — | — | 21,393 | 64,843 |
| Due to other funds | 160,836 | — | 11,357 | 16,155 | — | 188,348 |
| Other current liabilities | — | — | — | — | 840 | 840 |
| Total liabilities | 204,286 | — | 11,357 | 16,155 | 22,233 | 254,031 |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - special assessments | 437,976 | — | — | — | — | 437,976 |
| Total deferred inflows of resources | 437,976 | — | — | — | — | 437,976 |
| Fund balances (deficit): | | | | | | |
| Committed | — | 19,817 | — | — | 21,955 | 41,772 |
| Unassigned | (204,286) | — | (10,169) | (16,155) | — | (230,610) |
| Total fund balances (deficit) | (204,286) | 19,817 | (10,169) | (16,155) | 21,955 | (188,838) |
| Total liabilities, deferred inflows of resources and fund balances | $ 437,976 | 19,817 | 1,188 | — | 44,188 | 503,169 |

**Exhibit 30**

**CITY OF INDEPENDENCE, MISSOURI**

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

Nonmajor Capital Projects Funds

Year ended June 30, 2016

| | Street Improvements | Revolving Public Improvements | Buildings and Other Improvements | Storm Drainage | Park Improvements | Total (Exhibit 15) |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Intergovernmental | $ 461,801 | — | — | — | — | 461,801 |
| Charges for services | 11,243 | — | — | — | — | 11,243 |
| Investment income | 484 | 30 | 81 | — | 39 | 634 |
| Other | — | — | 200 | — | — | 200 |
| Total revenues | 473,528 | 30 | 281 | — | 39 | 473,878 |
| Expenditures: | | | | | | |
| Capital outlay | 618,089 | — | 133,165 | — | 337,493 | 1,088,747 |
| Total expenditures | 618,089 | — | 133,165 | — | 337,493 | 1,088,747 |
| Excess (deficiency) of revenues over expenditures | (144,561) | 30 | (132,884) | — | (337,454) | (614,869) |
| Other financing sources: | | | | | | |
| Transfers in | 156,287 | — | — | — | 337,404 | 493,691 |
| Total other financing sources | 156,287 | — | — | — | 337,404 | 493,691 |
| Net change in fund balances | 11,726 | 30 | (132,884) | — | (50) | (121,178) |
| Fund balances (deficit), beginning | (216,012) | 19,787 | 122,715 | (16,155) | 22,005 | (67,660) |
| Fund balances (deficit), ending | $ (204,286) | 19,817 | (10,169) | (16,155) | 21,955 | (188,838) |

**CITY OF INDEPENDENCE, MISSOURI**

**Combining Balance Sheet**

**Component Unit - Tax Increment Financing**

**June 30, 2016**

| Assets | | Midtown Truman | RSO | Sante Fe | Hartman Heritage | Drumm Farm | Eastland Center | North Independence | Mount Washington | Noland Rd Auto Plaza | Crackerneck Creek | Old Landfill | Cinema East | Trinity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | 63,923 | 43,216 | — | — | 1,160,544 | 4,729,354 | 44,213 | 35,844 | 20,726 | 795,955 | 5,908 | 16,526 | 36,843 |
| Receivables: | | | | | | | | | | | | | | |
| Taxes | | 14,883 | 43,141 | 13,372 | 892,795 | 508,021 | 2,212,404 | 23,755 | 947 | 10,850 | 710,796 | 911,026 | 111,503 | 296,998 |
| Accounts | | — | — | — | — | — | 295,629 | — | — | — | 83,333 | — | — | — |
| Due from other funds | | — | — | — | — | — | 2,986,710 | — | — | — | — | — | — | — |
| Due from other governments | | 504 | 52,554 | 43,601 | 96,728 | 2,368 | 479,240 | 1,549 | 158 | — | 184,883 | 1,068 | 21,202 | 26,949 |
| Restricted cash and investments | | — | — | 537,777 | 1,033,458 | — | 3,317,000 | — | — | — | 9,378,631 | — | — | — |
| Total assets | $ | 79,310 | 138,911 | 594,750 | 2,022,981 | 1,670,933 | 14,020,337 | 69,517 | 36,949 | 31,576 | 11,153,598 | 918,002 | 149,231 | 360,790 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts and contracts payable | $ | — | — | — | — | — | — | — | — | — | 1,136 | — | — | — |
| Due to other funds | | — | — | 1,754,668 | 1,231,680 | — | — | — | — | — | 1,240 | — | — | — |
| Total liabilities | | — | — | 1,754,668 | 1,231,680 | — | — | — | — | — | 2,376 | — | — | — |
| Deferred inflows of resources: | | | | | | | | | | | | | | |
| Unavailable revenue - real estate taxes | | 14,882 | 25,941 | 13,371 | 858,895 | 505,421 | 2,022,605 | 22,195 | 947 | 10,850 | 591,512 | 910,046 | 100,704 | 283,698 |
| Total deferred inflows of resources | | 14,882 | 25,941 | 13,371 | 858,895 | 505,421 | 2,022,605 | 22,195 | 947 | 10,850 | 591,512 | 910,046 | 100,704 | 283,698 |
| Fund balances: | | | | | | | | | | | | | | |
| Restricted | | 64,428 | 112,970 | — | — | 1,165,512 | 11,997,732 | 47,322 | 36,002 | 20,726 | 10,559,710 | 7,956 | 48,527 | 77,092 |
| Unassigned | | — | — | (1,173,289) | (67,594) | — | — | — | — | — | — | — | — | — |
| Total fund balances (deficits) | | 64,428 | 112,970 | (1,173,289) | (67,594) | 1,165,512 | 11,997,732 | 47,322 | 36,002 | 20,726 | 10,559,710 | 7,956 | 48,527 | 77,092 |
| Total liabilities, deferred inflows of resources and fund balances | $ | 79,310 | 138,911 | 594,750 | 2,022,981 | 1,670,933 | 14,020,337 | 69,517 | 36,949 | 31,576 | 11,153,598 | 918,002 | 149,231 | 360,790 |

**Exhibit 31**

| Assets | | HCA | 23rd & Noland Project 1 | 23rd & Noland Project 2 | 23rd & Noland Project 3 | 23rd & Noland Project 4 | Independence Square | Little Blue Parkway 1 | Little Blue Parkway 3 | Marketplace Shopping Center | TIF App Fees | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | 712,679 | 12,992 | 2,857 | 11,732 | 53,456 | 100,569 | 2,653 | 2,704 | 15,003 | — | — | 7,867,697 |
| Receivables: | | | | | | | | | | | | | |
| Taxes | | 3,454,452 | 29,961 | 3,440 | 5,121 | 73,853 | 64,956 | 6,300 | 148,076 | — | — | — | 9,536,650 |
| Accounts | | — | — | — | — | — | — | — | — | — | — | — | 378,962 |
| Due from other funds | | — | — | — | — | — | — | — | — | — | — | (2,986,710) | — |
| Due from other governments | | 5,691 | 11,056 | 662 | 2,809 | 56,825 | 2,104 | 10,706 | 19,606 | — | — | — | 1,020,263 |
| Restricted cash and investments | | 3,688,734 | — | — | — | — | — | — | — | — | — | — | 17,955,600 |
| Total assets | $ | 7,861,556 | 54,009 | 6,959 | 19,662 | 184,134 | 167,629 | 19,659 | 170,386 | 15,003 | — | (2,986,710) | 36,759,172 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts and contracts payable | $ | — | — | — | — | — | — | — | — | 15,876 | — | — | 17,012 |
| Due to other funds | | — | — | — | — | — | — | — | — | — | 362 | (2,986,710) | 1,240 |
| Total liabilities | | — | — | — | — | — | — | — | — | 15,876 | 362 | (2,986,710) | 18,252 |
| Deferred inflows of resources: | | | | | | | | | | | | | |
| Unavailable revenue - real estate taxes | | 3,451,752 | 26,661 | 3,440 | 5,121 | 53,053 | 60,956 | — | 145,806 | — | — | — | 9,107,856 |
| Total deferred inflows of resources | | 3,451,752 | 26,661 | 3,440 | 5,121 | 53,053 | 60,956 | — | 145,806 | — | — | — | 9,107,856 |
| Fund balances: | | | | | | | | | | | | | |
| Restricted | | 4,409,804 | 27,348 | 3,519 | 14,541 | 131,081 | 106,673 | 19,659 | 24,580 | — | — | — | 28,875,182 |
| Unassigned | | — | — | — | — | — | — | — | — | (873) | (362) | — | (1,242,118) |
| Total fund balances (deficits) | | 4,409,804 | 27,348 | 3,519 | 14,541 | 131,081 | 106,673 | 19,659 | 24,580 | (873) | (362) | — | 27,633,064 |
| Total liabilities, deferred inflows of resources and fund balances | $ | 7,861,556 | 54,009 | 6,959 | 19,662 | 184,134 | 167,629 | 19,659 | 170,386 | 15,003 | — | (2,986,710) | 36,759,172 |

**CITY OF INDEPENDENCE, MISSOURI**

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

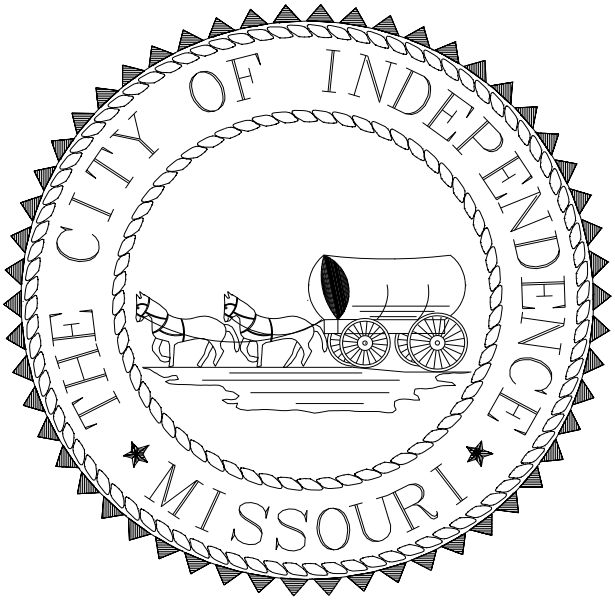
**Component Unit - Tax Increment Financing**

**Year ended June 30, 2016**

| | Midtown Truman | RSO | Sante Fe | Hartman Heritage | Drumm Farm | Eastland Center | North Independence | Mount Washington | Noland Rd Auto Plaza | Crackerneck Creek | Old Landfill | Cinema East |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | | | | | |
| Taxes | $ 9,458 | 279,611 | 20,312 | 1,476,062 | 518,502 | 4,980,819 | 35,958 | 1,916 | 10,210 | 1,707,987 | 346,253 | 246,207 |
| Investment income | 124 | 84 | 471 | 5,163 | 2,466 | 126,707 | 58 | 56 | 31 | 8,111 | 4,566 | 36 |
| Developer contributions | — | — | — | — | — | — | — | — | — | — | — | — |
| Other | — | — | 115,510 | — | — | — | — | — | — | 1,248,754 | — | — |
| Total revenues | 9,582 | 279,695 | 136,293 | 1,481,225 | 520,968 | 5,107,526 | 36,016 | 1,972 | 10,241 | 2,964,852 | 350,819 | 246,243 |
| Expenditures: | | | | | | | | | | | | |
| Tax increment financing | 184 | 2,715 | 12,568 | 33,664 | 17,562 | 266,859 | 713 | 18 | 205 | 71,989 | 8,684 | — |
| Debt service: | | | | | | | | | | | | |
| Principal | 30,175 | — | 155,000 | 1,285,000 | 320,000 | 2,490,000 | — | — | — | — | — | 42,689 |
| Interest and fiscal agent fees | — | 218,000 | 380,121 | 430,869 | 119,244 | 991,738 | — | — | — | 3,859,697 | 346,000 | 212,311 |
| Debt issuance costs | — | — | — | — | — | — | — | — | — | 1,156,904 | — | — |
| Total expenditures | 30,359 | 220,715 | 547,689 | 1,749,533 | 456,806 | 3,748,597 | 713 | 18 | 205 | 5,088,590 | 354,684 | 255,000 |
| Excess (deficiency) of revenues over expenditures | (20,777) | 58,980 | (411,396) | (268,308) | 64,162 | 1,358,929 | 35,303 | 1,954 | 10,036 | (2,123,738) | (3,865) | (8,757) |
| Other financing sources: | | | | | | | | | | | | |
| Issuance of debt | — | — | — | — | — | — | — | — | — | 49,450,000 | — | — |
| Reoffering premium/original issue discount | — | — | — | — | — | — | — | — | — | (1,168,942) | — | — |
| Payment to refunded loans escrow agent | — | — | — | — | — | — | — | — | — | (47,379,813) | — | — |
| Transfers in | — | — | 336,832 | — | — | — | — | — | — | 1,674,373 | — | — |
| Transfers out | — | — | — | — | — | — | — | — | — | — | — | — |
| Total other financing sources | — | — | 336,832 | — | — | — | — | — | — | 2,575,618 | — | — |
| Net change in fund balances | (20,777) | 58,980 | (74,564) | (268,308) | 64,162 | 1,358,929 | 35,303 | 1,954 | 10,036 | 451,880 | (3,865) | (8,757) |
| Fund balances (deficits), beginning | 85,205 | 53,990 | (1,098,725) | 200,714 | 1,101,350 | 10,638,803 | 12,019 | 34,048 | 10,690 | 10,107,830 | 11,821 | 57,284 |
| Fund balances (deficits), ending | $ 64,428 | 112,970 | (1,173,289) | (67,594) | 1,165,512 | 11,997,732 | 47,322 | 36,002 | 20,726 | 10,559,710 | 7,956 | 48,527 |

**Exhibit 32**

| | | Trinity | HCA | 23rd & Noland Project 1 | 23rd & Noland Project 2 | 23rd & Noland Project 3 | 23rd & Noland Project 4 | Independence Square | Little Blue Parkway 1 | Little Blue Parkway 3 | Marketplace Shopping Center | TIF App Fees | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | | | | | | |
| Taxes | $ | 488,302 | 3,484,708 | 82,977 | 8,434 | 25,949 | 367,213 | 111,678 | 72,469 | 127,756 | — | — | 14,402,781 |
| Investment income | | 1,257 | 4,737 | 25 | 2 | 12 | 233 | 113 | 77 | 113 | 4 | 26 | 154,472 |
| Developer contributions | | — | — | — | — | — | 17,025 | — | — | — | — | — | 17,025 |
| Other | | — | — | — | — | — | — | — | — | — | 15,000 | — | 1,379,264 |
| Total revenues | | 489,559 | 3,489,445 | 83,002 | 8,436 | 25,961 | 384,471 | 111,791 | 72,546 | 127,869 | 15,004 | 26 | 15,953,542 |
| Expenditures: | | | | | | | | | | | | | |
| Tax increment financing | | 8,780 | 390,135 | 2,181 | 92 | 420 | 16,376 | 3,396 | 1,437 | 2,147 | 15,877 | 2,998 | 859,000 |
| Debt service: | | | | | | | | | | | | | |
| Principal | | 28,734 | 1,700,000 | 65,000 | — | — | — | — | — | — | — | — | 6,116,598 |
| Interest and fiscal agent fees | | 446,266 | 1,410,106 | — | — | — | — | — | — | — | — | — | 8,414,352 |
| Debt issuance costs | | — | — | — | — | — | — | — | — | — | — | — | 1,156,904 |
| Total expenditures | | 483,780 | 3,500,241 | 67,181 | 92 | 420 | 16,376 | 3,396 | 1,437 | 2,147 | 15,877 | 2,998 | 16,546,854 |
| Excess (deficiency) of revenues over expenditures | | 5,779 | (10,796) | 15,821 | 8,344 | 25,541 | 368,095 | 108,395 | 71,109 | 125,722 | (873) | (2,972) | (593,312) |
| Other financing sources: | | | | | | | | | | | | | |
| Issuance of debt | | — | — | — | — | — | — | — | — | — | — | — | 49,450,000 |
| Reoffering premium/original issue discount | | — | — | — | — | — | — | — | — | — | — | — | (1,168,942) |
| Payment to refunded loans escrow agent | | — | — | — | — | — | — | — | — | — | — | — | (47,379,813) |
| Transfers in | | — | — | — | — | — | — | — | — | — | — | — | 2,011,205 |
| Transfers out | | — | — | — | — | (11,000) | (325,832) | — | (75,000) | (120,000) | — | — | (531,832) |
| Total other financing sources | | — | — | — | — | (11,000) | (325,832) | — | (75,000) | (120,000) | — | — | 2,380,618 |
| Net change in fund balances | | 5,779 | (10,796) | 15,821 | 8,344 | 14,541 | 42,263 | 108,395 | (3,891) | 5,722 | (873) | (2,972) | 1,787,306 |
| Fund balances (deficits), beginning | | 71,313 | 4,420,600 | 11,527 | (4,825) | — | 88,818 | (1,722) | 23,550 | 18,858 | — | 2,610 | 25,845,758 |
| Fund balances (deficits), ending | $ | 77,092 | 4,409,804 | 27,348 | 3,519 | 14,541 | 131,081 | 106,673 | 19,659 | 24,580 | (873) | (362) | 27,633,064 |


THE CITY OF INDEPENDENCE
MISSOURI

## CITY OF INDEPENDENCE, MISSOURI

### Internal Service Funds

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

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

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

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

Exhibit 33

**CITY OF INDEPENDENCE, MISSOURI**

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

| | | Central Garage | Staywell Health Care | Workers' Compensation | Total (Exhibit 5) |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Current assets: | | | | | |
| Pooled cash and investments | $ | 669,083 | 6,399,059 | 3,878,482 | 10,946,624 |
| Accounts receivable | | 1,437 | 96,797 | — | 98,234 |
| Inventory | | 152,864 | — | — | 152,864 |
| Prepaid items | | 200 | — | 6 | 206 |
| Total current assets | | 823,584 | 6,495,856 | 3,878,488 | 11,197,928 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land | | 93,979 | — | — | 93,979 |
| Depreciable property, plant, and equipment | | 211,562 | — | — | 211,562 |
| Less accumulated depreciation | | (188,872) | — | — | (188,872) |
| Restricted cash and investments | | — | — | 200,000 | 200,000 |
| Total noncurrent assets | | 116,669 | — | 200,000 | 316,669 |
| Total assets | | 940,253 | 6,495,856 | 4,078,488 | 11,514,597 |
| Deferred outflows of resources: | | | | | |
| Pension related amounts | | 332,227 | — | 90,708 | 422,935 |
| Total deferred outflows of resources | | 332,227 | — | 90,708 | 422,935 |
| Total assets & deferred outflows of resources | $ | 1,272,480 | 6,495,856 | 4,169,196 | 11,937,532 |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts and contracts payable | $ | 37,304 | 97,191 | 53,062 | 187,557 |
| Accrued liabilities | | 42,365 | — | 5,131 | 47,496 |
| Compensated absences – current | | 45,653 | — | 13,730 | 59,383 |
| Self-insurance claims payable | | — | 1,758,541 | 2,013,019 | 3,771,560 |
| Total current liabilities | | 125,322 | 1,855,732 | 2,084,942 | 4,065,996 |
| Noncurrent liabilities: | | | | | |
| Compensated absences – long-term | | 54,481 | — | 32,049 | 86,530 |
| Other post employment benefits | | 773,063 | — | 66,287 | 839,350 |
| Net pension liability | | 560,804 | — | 168,465 | 729,269 |
| Self-insurance claims payable | | — | — | 2,348,462 | 2,348,462 |
| Total noncurrent liabilities | | 1,388,348 | — | 2,615,263 | 4,003,611 |
| Total liabilities | | 1,513,670 | 1,855,732 | 4,700,205 | 8,069,607 |
| Deferred inflows of resources: | | | | | |
| Pension related amounts | | 40,062 | — | 11,786 | 51,848 |
| Total deferred inflows of resources | | 40,062 | — | 11,786 | 51,848 |
| Net position: | | | | | |
| Net Investment in capital assets | | 116,669 | — | — | 116,669 |
| Restricted for: | | | | | |
| Worker's compensation escrow | | — | — | 200,000 | 200,000 |
| Unrestricted | | (397,921) | 4,640,124 | (742,795) | 3,499,408 |
| Total net position (deficit) | | (281,252) | 4,640,124 | (542,795) | 3,816,077 |
| Total liabilities, deferred inflows of resources and net position | $ | 1,272,480 | 6,495,856 | 4,169,196 | 11,937,532 |

**Exhibit 34**

**CITY OF INDEPENDENCE, MISSOURI**

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

Year ended June 30, 2016

| | | Central Garage | Staywell Health Care | Workers' Compensation | Total (Exhibit 6) |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Charges for services | $ | 1,849,770 | 23,153,936 | 2,561,000 | 27,564,706 |
| Total operating revenues | | 1,849,770 | 23,153,936 | 2,561,000 | 27,564,706 |
| Operating expenses: | | | | | |
| Personal services | | 841,112 | — | 181,769 | 1,022,881 |
| Other services | | 317,921 | 22,072,397 | 1,793,119 | 24,183,437 |
| Supplies | | 774,478 | 6,101 | 2,703 | 783,282 |
| Depreciation and amortization | | 4,671 | — | — | 4,671 |
| Total operating expenses | | 1,938,182 | 22,078,498 | 1,977,591 | 25,994,271 |
| Operating income (loss) | | (88,412) | 1,075,438 | 583,409 | 1,570,435 |
| Nonoperating revenues: | | | | | |
| Interest revenue | | 1,017 | 16,402 | 7,521 | 24,940 |
| Miscellaneous revenue | | 25,449 | 1,912,049 | 153,886 | 2,091,384 |
| Total nonoperating revenue | | 26,466 | 1,928,451 | 161,407 | 2,116,324 |
| Change in net position | | (61,946) | 3,003,889 | 744,816 | 3,686,759 |
| Total net position: | | | | | |
| Beginning of the year (deficit) | | (219,306) | 1,636,235 | (1,287,611) | 129,318 |
| End of the year (deficit) | $ | (281,252) | 4,640,124 | (542,795) | 3,816,077 |

Exhibit 35

**CITY OF INDEPENDENCE, MISSOURI**

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2016

| | | Internal Service Funds | | | |
|---|---|---|---|---|---|
| | | **Central Garage** | **Staywell Health Care** | **Workers' Compensation** | **Total (Exhibit 7)** |
| Cash flows from operations: | | | | | |
| Receipts from customers | $ | 1,875,956 | 25,362,946 | 2,786,886 | 30,025,788 |
| Payments to suppliers | | (1,188,216) | (22,386,694) | (1,944,346) | (25,519,256) |
| Payments to employees | | (662,600) | — | (153,826) | (816,426) |
| Net cash provided by operating activities | | 25,140 | 2,976,252 | 688,714 | 3,690,106 |
| Cash flows from investing activities: | | | | | |
| Interest on investments | | 1,017 | 16,402 | 7,521 | 24,940 |
| Net cash provided by investing activities | | 1,017 | 16,402 | 7,521 | 24,940 |
| Net increase in cash and cash equivalents | | 26,157 | 2,992,654 | 696,235 | 3,715,046 |
| Cash and cash equivalents at beginning of year | | 642,926 | 3,406,405 | 3,382,247 | 7,431,578 |
| Cash and cash equivalents at end of year | $ | 669,083 | 6,399,059 | 4,078,482 | 11,146,624 |
| Components of cash and short-term investments at end of fiscal year | | | | | |
| Unrestricted assets | | 669,083 | 6,399,059 | 3,878,482 | 10,946,624 |
| Resticted assets | | — | — | 200,000 | 200,000 |
| Pooled cash and investments | $ | 669,083 | 6,399,059 | 4,078,482 | 11,146,624 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | $ | (88,412) | 1,075,438 | 583,409 | 1,570,435 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation and amortization | | 4,671 | — | — | 4,671 |
| Miscellaneous revenue | | 25,449 | 1,912,049 | 153,886 | 2,091,384 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable | | 737 | 296,961 | 72,000 | 369,698 |
| Inventory | | (19,991) | — | — | (19,991) |
| Prepaid items | | (200) | — | (6) | (206) |
| Accounts and contracts payable | | (75,626) | (141,603) | 52,909 | (164,320) |
| Accrued liabilities | | 8,532 | (166,593) | 1,236 | (156,825) |
| Other post-employment benefits and net pension liability | | 160,081 | — | 27,640 | 187,721 |
| Self-insurance claims payable | | — | — | (202,663) | (202,663) |
| Compensated absences | | 9,899 | — | 303 | 10,202 |
| Total adjustments | | 113,552 | 1,900,814 | 105,305 | 2,119,671 |
| Net cash provided by operating activities | $ | 25,140 | 2,976,252 | 688,714 | 3,690,106 |

Exhibit 36

**CITY OF INDEPENDENCE, MISSOURI**

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year ended June 30, 2016

| | | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 (Exhibit 8) |
|---|---|---|---|---|---|
| **Flexible Benefit Plan:** | | | | | |
| Assets: | | | | | |
| Pooled cash and investments | $ | 115,530 | 73,045 | 88,475 | 100,100 |
| | $ | 115,530 | 73,045 | 88,475 | 100,100 |
| Liabilities: | | | | | |
| Flexible benefit payable | $ | 115,530 | 465,261 | 480,691 | 100,100 |
| **Susie Block Trust:** | | | | | |
| Assets: | | | | | |
| Pooled cash and investments | $ | 32,334 | 1,334 | 1,152 | 32,516 |
| Accrued interest receivable | | 490 | 1,326 | 1,325 | 491 |
| | $ | 32,824 | 2,660 | 2,477 | 33,007 |
| Liabilities: | | | | | |
| Funds held in escrow | $ | 32,824 | 1,335 | 1,152 | 33,007 |
| **Seniors Travel Programs:** | | | | | |
| Assets: | | | | | |
| Pooled cash and investments | $ | 21,165 | 55,972 | 53,473 | 23,664 |
| Liabilities: | | | | | |
| Accounts and contracts payable | $ | 2,410 | 46,676 | 49,086 | — |
| Funds held in escrow | | 18,755 | 53,577 | 48,668 | 23,664 |
| | $ | 21,165 | 100,253 | 97,754 | 23,664 |
| **All Agency Funds:** | | | | | |
| Assets: | | | | | |
| Pooled cash and investments | $ | 169,029 | 130,351 | 143,100 | 156,280 |
| Accrued interest receivable | | 490 | 1,326 | 1,325 | 491 |
| | $ | 169,519 | 131,677 | 144,425 | 156,771 |
| Liabilities: | | | | | |
| Flexible benefit payable | $ | 115,530 | 465,261 | 480,691 | 100,100 |
| Accounts and contracts payable | | 2,410 | 46,676 | 49,086 | — |
| Funds held in escrow | | 51,579 | 54,912 | 49,820 | 56,671 |
| | $ | 169,519 | 566,849 | 579,597 | 156,771 |

Exhibit 37

**CITY OF INDEPENDENCE, MISSOURI**

Schedules of Operating Expenses – Power and Light Fund

Years ended June 30, 2016 and 2015

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Operations** | **Maintenance** | **Total** | **Operations** | **Maintenance** | **Total** |
| Production fuel: | | | | | | |
| Coal | | | $ 3,297,204 | | | 2,582,941 |
| Gas | | | 4,802,869 | | | 5,267,007 |
| Oil | | | 183,531 | | | 73,740 |
| Total production fuel | | | 8,283,604 | | | 7,923,688 |
| Purchased power: | | | | | | |
| Purchased energy | | | 16,304,652 | | | 19,548,418 |
| Purchased capacity (net) | | | 23,780,567 | | | 23,547,992 |
| Border customers | | | 71,571 | | | 63,095 |
| Control and dispatching | | | 2,533,442 | | | 2,205,955 |
| Total purchased power | | | 42,690,233 | | | 45,365,460 |
| Production (other): | | | | | | |
| Blue Valley Station: | | | | | | |
| Supervision and engineering | $ 875,114 | 810,144 | 1,685,258 | 759,819 | 697,068 | 1,456,887 |
| Steam | 886,878 | 2,726,468 | 3,613,345 | 849,097 | 2,822,142 | 3,671,239 |
| Electric | 816,584 | 1,438,618 | 2,255,202 | 844,441 | 253,776 | 1,098,217 |
| Structures and improvements | — | 109,960 | 109,960 | — | 519,166 | 519,166 |
| Allowance | 52,581 | — | 52,581 | 433 | — | 433 |
| Miscellaneous | 1,433,191 | 863,998 | 2,297,189 | 1,272,734 | 597,612 | 1,870,346 |
| | 4,064,347 | 5,949,187 | 10,013,534 | 3,726,524 | 4,889,763 | 8,616,287 |
| Missouri City Station: | | | | | | |
| Supervision and engineering | 39,268 | 24,299 | 63,567 | 5,557 | 4,777 | 10,334 |
| Steam | 323,017 | 522,170 | 845,187 | 242,967 | 545,506 | 788,472 |
| Electric | 324,654 | 21,452 | 346,106 | 257,623 | 68,330 | 325,953 |
| Structures and improvements | 208,860 | 13,462 | 222,322 | — | 11,392 | 11,392 |
| Miscellaneous | — | 44,941 | 44,941 | 303,821 | 138,261 | 442,082 |
| | 895,799 | 626,324 | 1,522,122 | 809,968 | 768,265 | 1,578,234 |
| Combustion Turbine Station: | | | | | | |
| Supervision and engineering | 2,737,083 | 6,902 | 2,743,985 | 1,462,047 | 2,376 | 1,464,423 |
| Generation expenses | 20,940 | 2,171,769 | 2,192,710 | 1,830 | 405,716 | 407,545 |
| Structures and improvements | — | 2,471 | 2,471 | 1,140,625 | 6,028 | 1,146,653 |
| Miscellaneous | 1,691 | 131,242 | 132,932 | 19,583 | 193,567 | 213,150 |
| | 2,759,714 | 2,312,384 | 5,072,098 | 2,624,084 | 607,687 | 3,231,771 |
| Total production (other) | $ 7,719,860 | 8,887,895 | 16,607,755 | 7,160,577 | 6,265,716 | 13,426,293 |
| Transmission and distribution: | | | | | | |
| Transmission: | | | | | | |
| Supervision and engineering | $ 486,165 | 21,813 | 507,979 | 432,673 | 22,513 | 455,186 |
| Overhead expenses | 34,525 | 8,970 | 43,495 | 3,125 | — | 3,125 |
| Station expenses | 8,575 | 499,722 | 508,298 | 153,861 | 582,729 | 736,590 |
| Wheeling charges | 6,759,850 | — | 6,759,850 | 7,814,657 | — | 7,814,657 |
| Underground line expense | — | 468 | 468 | — | 281 | 281 |
| Miscellaneous | 123 | — | 123 | 1,763 | — | 1,763 |
| Total transmission | 7,289,239 | 530,974 | 7,820,213 | 8,406,078 | 605,524 | 9,011,602 |

**Exhibit 37**

**CITY OF INDEPENDENCE, MISSOURI**

Schedules of Operating Expenses – Power and Light Fund

Years ended June 30, 2016 and 2015

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Operations** | **Maintenance** | **Total** | **Operations** | **Maintenance** | **Total** |
| Distribution: | | | | | | |
| Supervision and engineering | $ 341,121 | 80,896 | 422,017 | 165,718 | 87,613 | 253,330 |
| Overhead lines | 953,849 | 4,646,199 | 5,600,049 | 1,010,983 | 3,842,789 | 4,853,772 |
| Station expenses | 7,701 | 1,184,981 | 1,192,682 | 3,850 | 786,805 | 790,655 |
| Street lights and traffic signals | 243,037 | 546,914 | 789,951 | 212,545 | 479,322 | 691,867 |
| Meters | 133,652 | 713,547 | 847,199 | 126,223 | 550,050 | 676,272 |
| Customer installations | 3,912 | — | 3,912 | 391 | — | 391 |
| Underground lines | 700,155 | 825,719 | 1,525,874 | 755,650 | 608,521 | 1,364,172 |
| Dispatching communication | 1,016,890 | — | 1,016,890 | 1,011,700 | — | 1,011,700 |
| Line transformers | — | 160,286 | 160,286 | — | 137,443 | 137,443 |
| Miscellaneous | 781,305 | 636,392 | 1,417,696 | 820,140 | 839,925 | 1,660,065 |
| Total distribution | 4,181,622 | 8,794,934 | 12,976,556 | 4,107,201 | 7,332,467 | 11,439,668 |
| Total transmission and distribution | $ 11,470,861 | 9,325,907 | 20,796,768 | 12,513,279 | 7,937,990 | 20,451,270 |
| Customer service: | | | | | | |
| Supervision | | | $ 207,087 | | | 126,862 |
| Meter reading | | | 664,426 | | | 571,830 |
| Customer records and collections | | | 2,432,848 | | | 2,388,351 |
| Provisions for doubtful accounts | | | 670,618 | | | 689,513 |
| Miscellaneous | | | 272,268 | | | 386,539 |
| Total customer service | | | 4,247,247 | | | 4,163,095 |
| General and administrative: | | | | | | |
| Salaries | | | 1,642,103 | | | 1,336,277 |
| Office supplies | | | 456,772 | | | 996,453 |
| Insurance | | | 1,147,089 | | | 1,250,561 |
| Injuries and damage | | | 1,164,849 | | | 1,143,182 |
| Employee benefits | | | 12,108,398 | | | 11,096,903 |
| Outside services | | | 3,911,393 | | | 2,988,467 |
| Miscellaneous | | | 1,469,054 | | | 1,325,356 |
| Administrative expenses – transfers | | | (61,742) | | | (68,521) |
| Total general and administrative | | | 21,837,916 | | | 20,068,677 |
| Depreciation and amortization | | | 15,643,492 | | | 19,604,151 |
| Payroll taxes | | | 1,337,760 | | | 1,251,325 |
| Total operating expenses | | | $ 131,444,775 | | | 132,253,959 |

**Exhibit 38**

**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Operating Statistics – Power and Light Fund

Year ended June 30, 2016

| | Number of customers | | | |
|---|---|---|---|---|
| | **Beginning of year** | **End of year** | **Revenue** | **KWH** |
| Sale of electric energy: | | | | |
| Metered: | | | | |
| Residential | 51,662 | 51,911 | $ 69,205,535 | 489,821,904 |
| Small general services | 2,991 | 2,943 | 4,538,906 | 26,412,423 |
| General services – space heating | 9 | 9 | 15,886 | 125,663 |
| Large general services | 1,608 | 1,617 | 38,203,808 | 309,755,947 |
| Large general services – prime voltage | 6 | 6 | 980,885 | 8,489,421 |
| Large general services – space heating | 15 | 14 | 257,395 | 2,128,995 |
| Total electric general services | 112 | 120 | 5,789,472 | 60,322,796 |
| Schools, churches, and hospitals | 207 | 211 | 1,278,486 | 9,664,456 |
| Schools, churches, and hospitals, all electric | 2 | 2 | 2,061 | 7,294 |
| Education | 68 | 65 | 2,893,475 | 24,800,051 |
| Education, all electric | 8 | 8 | 430,157 | 4,584,840 |
| Large power services | 3 | 2 | 1,901,967 | 19,546,800 |
| Combined interruptible services | 2 | 2 | 2,510,770 | 19,546,800 |
| Sewer pumping | 6 | 7 | 493,384 | 3,862,113 |
| City traffic signals | 64 | 63 | 77,480 | 111,872 |
| Wholesale (border customers) | — | — | 213,897 | 3,170,396 |
| Wholesale (interchange) | — | — | 3,084,418 | 158,897,313 |
| Wholesale (border customers) | 56,763 | 56,980 | 131,877,984 | 1,141,249,084 |
| Ui Wholesale (interchange) | | | | |
| Private security lighting | 2,041 | 1,774 | 396,357 | 1,856,470 |
| City Public Street lighting | 12,153 | 12,145 | 295,375 | 4,015,037 |
| | 14,194 | 13,919 | 691,732 | 5,871,507 |
| Change in unbilled revenue | | | (1,695,059) | (7,915,366) |
| Other operating revenue | | | 3,832,569 | — |
| EVTC | | | 40,249 | — |
| Total operating revenue and total energy sales | | | $ 134,747,475 | 1,139,205,225 |
| Net generation | | | | 286,004,245 |
| Wholesale power purchased | | | | 910,482,993 |
| Unintentional interchange | | | | — |
| Net generation and power purchased | | | | 1,196,487,238 |
| Retail energy sales | | | | 1,145,980,793 |
| Wholesale (border customers) sales | | | | 3,170,396 |
| Power and light usage (building and substations) | | | | 1,386,876 |
| Net disposition | | | | 1,150,538,065 |
| Transmission and distribution operating losses | | | | 45,949,173 |

Exhibit 39

**CITY OF INDEPENDENCE, MISSOURI**

Schedules of Operating Expenses – Water Fund

Years ended June 30, 2016 and 2015

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Operations | Maintenance | Total | Operations | Maintenance | Total |
| Production: | | | | | | |
| Source of supply: | | | | | | |
| Supervision and engineering | $ 30,287 | — | 30,287 | 29,936 | — | 29,936 |
| Labor and expenses | 310,710 | — | 310,710 | 318,412 | — | 318,412 |
| Structures and improvements | — | — | — | — | 91 | 91 |
| Miscellaneous | — | 623,195 | 623,195 | — | 299,373 | 299,373 |
| Total source of supply | 340,997 | 623,195 | 964,192 | 348,348 | 299,464 | 647,812 |
| Power and pumping: | | | | | | |
| Supervision and engineering | 43,832 | 22,471 | 66,303 | 42,882 | 26,583 | 69,465 |
| Fuel/power purchased | 2,017,365 | — | 2,017,365 | 1,792,336 | — | 1,792,336 |
| Labor and expenses | 252,706 | — | 252,706 | 249,600 | — | 249,600 |
| Structures and improvements | — | 17,984 | 17,984 | — | 13,322 | 13,322 |
| Miscellaneous | — | — | — | — | 211 | 211 |
| Total power and pumping | 2,313,903 | 40,455 | 2,354,358 | 2,084,818 | 40,116 | 2,124,934 |
| Water treatment: | | | | | | |
| Supervision and engineering | 51,777 | 21,877 | 73,654 | 50,590 | 20,596 | 71,186 |
| Chemicals | 1,426,872 | — | 1,426,872 | 1,230,072 | — | 1,230,072 |
| Labor and expenses | 671,191 | — | 671,191 | 649,511 | — | 649,511 |
| Structures and improvements | — | 684,916 | 684,916 | — | 84,875 | 84,875 |
| Miscellaneous | — | 286,141 | 286,141 | — | 313,698 | 313,698 |
| Total water treatment | 2,149,840 | 992,934 | 3,142,774 | 1,930,173 | 419,169 | 2,349,342 |
| Total production | $ 4,804,740 | 1,656,584 | 6,461,324 | 4,363,339 | 758,749 | 5,122,088 |
| Transmission and distribution: | | | | | | |
| Supervision and engineering | $ 96,544 | 57,436 | 153,980 | 87,570 | 55,493 | 143,063 |
| Storage facilities | 21,375 | 40,000 | 61,375 | 20,730 | 51,508 | 72,238 |
| Transmission and distribution lines | 744,007 | 911,018 | 1,655,025 | 729,972 | 1,024,755 | 1,754,727 |
| Meters | 47,789 | 68,956 | 116,745 | 27,711 | 84,323 | 112,034 |
| Customer installations | 112,411 | — | 112,411 | 88,156 | — | 88,156 |
| Services | — | 171,101 | 171,101 | — | 121,340 | 121,340 |
| Hydrants | — | 69,231 | 69,231 | — | 91,686 | 91,686 |
| Miscellaneous | 568,432 | 202,760 | 771,192 | 602,778 | 237,432 | 840,210 |
| Total transmission and distribution | $ 1,590,558 | 1,520,502 | 3,111,060 | 1,556,917 | 1,666,537 | 3,223,454 |
| Customer service: | | | | | | |
| Customer accounting paid and collecting: | | | | | | |
| Supervision | | | $ 209,183 | | | 162,698 |
| Meter reading | | | 1,138,278 | | | 1,270,688 |
| Customer records | | | 204,701 | | | 311,108 |
| Provision for uncollectible amounts | | | 104,921 | | | 192,813 |
| Total customer accounting paid and collecting | | | 1,657,083 | | | 1,937,307 |
| Sales promotion: | | | | | | |
| Expenses | | | 41,251 | | | 43,158 |
| Total customer service | | | 1,698,334 | | | 1,980,465 |
| General and administrative: | | | | | | |
| Salaries | | | 599,558 | | | 564,254 |
| Office supplies and expense | | | 347,842 | | | 354,816 |
| Injuries and damages | | | 453,261 | | | 451,614 |
| Employee benefits | | | 2,571,775 | | | 2,448,300 |
| Outside services | | | 1,262,662 | | | 1,115,523 |
| Miscellaneous | | | 321,014 | | | 304,434 |
| Total general and administrative | | | 5,556,112 | | | 5,238,941 |
| Depreciation and amortization | | | 3,227,141 | | | 3,277,777 |
| Payroll taxes | | | 324,281 | | | 317,281 |
| Other | | | 65,248 | | | 61,126 |
| Total operating expenses | | | 20,443,500 | | | 19,221,132 |
| Certain amounts are presented as a reduction of operating expenses, whereas they are included as miscellaneous revenue in the statement of revenues, expenses, and changes in fund net position | | | 1,832,983 | | | 1,821,352 |
| | | | $ 22,276,483 | | | 21,042,484 |

**Exhibit 40**

**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Operating Statistics – Water Fund

Year ended June 30, 2016

| | Number of customers | | | |
|---|---|---|---|---|
| | **Beginning of year** | **End of year** | **Revenue** | **MGS*** |
| Sale of water: | | | | |
| Residential | 44,760 | 44,985 | $ 14,272,445 | 2,739,822 |
| Commercial | 3,086 | 3,088 | 3,759,332 | 788,945 |
| Industrial | 6 | 6 | 694,902 | 216,786 |
| Public authority | 78 | 81 | 281,902 | 58,618 |
| Resale | 14 | 14 | 9,461,694 | 4,893,719 |
| Private fire protection | 440 | 441 | 191,403 | — |
| Public fire protection | — | — | 1,488,625 | — |
| | 48,384 | 48,615 | 30,150,303 | 8,697,890 |
| Change in unbilled revenue | | | 407,070 | |
| Other operating revenue | | | 301,029 | |
| Total operating revenue | | | $ 30,858,402 | |
| Thousands of gallons pumped: | | | | |
| Courtney Bend Plant | | | | 9,901,753 |
| Less total sales | | | | 8,697,890 |
| Unaccounted for water | | | | 1,203,863 |

* Thousand gallons sold.

**Exhibit 41**

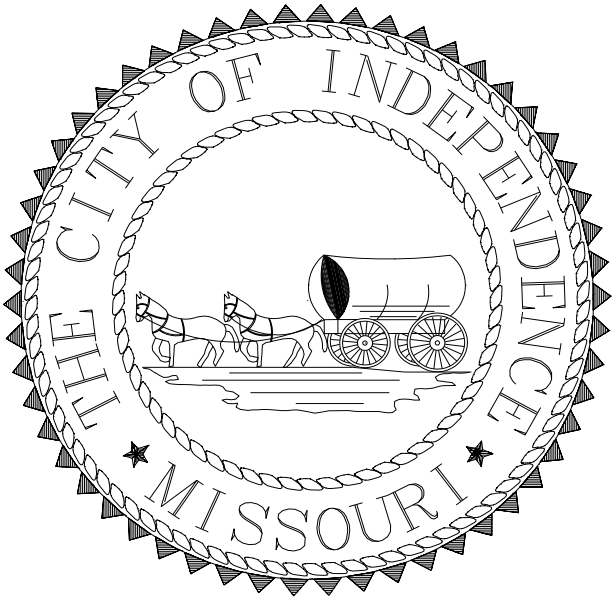
**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2016

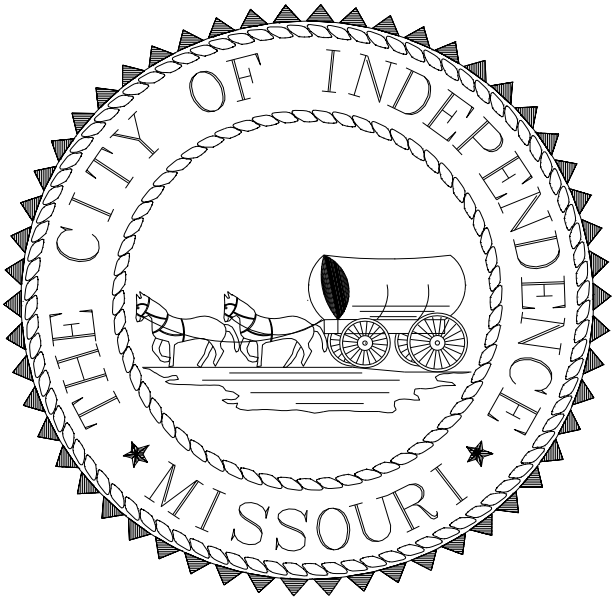
| | Number of customers | | | |
|---|---|---|---|---|
| | **Beginning of year** | **End of year** | **Revenue** | **CCF*** |
| Sale of sanitary sewer services: | | | | |
| Residential | 41,312 | 41,080 | $ 12,121,229 | 2,479,500 |
| Commercial: | | | | |
| Base | 3,470 | 3,469 | 4,794,560 | 1,523,514 |
| Surcharge | — | — | 608,128 | — |
| Contract waste treatment | 11 | 10 | 346,699 | — |
| Regulatory Compliance | — | — | 4,812,381 | — |
| Intermunicipal agreements: | | | | |
| Sugar Creek | — | — | 610,288 | — |
| Kansas City | — | — | 128,042 | — |
| | 44,793 | 44,559 | 23,421,327 | 4,003,014 |
| Other operating revenue | | | 250,743 | |
| Change in unbilled revenue | | | 71,270 | |
| Total operating revenue | | | $ 23,743,340 | |

* Hundred cubic feet.


THE CITY OF INDEPENDENCE
MISSOURI

## STATISTICAL DATA

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


THE CITY OF INDEPENDENCE
MISSOURI

# STATISTICAL SECTION

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


| Contents | Tables |
|---|---|
| **Financial Trends** | |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | **1 - 4** |
| **Revenue Capacity** | |
| These schedules contain information to help the reader assess the City's most significant local revenue sources. | **5 - 15** |
| **Debt Capacity** | |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future | **16 - 20** |
| **Demographic and Economic Information** | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | **21 - 22** |
| **Operating Information** | |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | **23 - 25** |


**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | $ 195,251,671 | 233,350,380 | 289,028,019 | 305,569,028 | 321,072,648 | 334,320,197 | 336,357,164 | 333,902,700 | 334,319,837 | 330,518,564 |
| Restricted | 28,164,683 | 25,270,518 | 15,475,723 | 16,889,552 | 16,275,115 | 17,220,970 | 16,853,297 | 16,931,671 | 16,335,599 | 14,823,334 |
| Unrestricted | (3,132,802) | (4,410,121) | (10,487,249) | (23,784,298) | (41,705,135) | (219,659,905) | (231,199,039) | (233,876,307) | (255,063,735) | (259,618,128) |
| Total governmental activities net position | $ 220,283,552 | 254,210,777 | 294,016,493 | 298,674,282 | 295,642,628 | 131,881,262 | 122,011,422 | 116,958,064 | 95,591,701 | 85,723,770 |
| Business-type activities | $ | | | | | | | | | |
| Net investment in capital assets | 267,330,916 | 285,931,913 | 281,280,070 | 279,970,114 | 272,062,890 | 262,631,937 | 251,523,417 | 240,517,938 | 230,396,460 | 238,427,241 |
| Restricted | 731,101 | 5,216,672 | 3,691,325 | 3,692,885 | 6,423,693 | 14,629,418 | 15,545,776 | 16,288,747 | 16,587,288 | 17,608,769 |
| Unrestricted | 60,010,180 | 31,311,367 | 29,929,991 | 32,197,583 | 37,479,969 | 46,597,826 | 45,095,514 | 59,212,898 | 49,598,827 | 33,115,833 |
| Total business-type activities net position | $ 328,072,197 | 322,459,952 | 314,901,386 | 315,860,582 | 315,966,552 | 323,859,181 | 312,164,707 | 316,019,583 | 296,582,575 | 289,151,843 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | $ 462,582,587 | 519,282,293 | 570,308,089 | 585,539,142 | 593,135,538 | 596,952,134 | 587,880,581 | 574,420,638 | 564,716,297 | 568,945,805 |
| Restricted | 28,895,784 | 30,487,190 | 19,167,048 | 20,582,437 | 22,698,808 | 31,850,388 | 32,399,073 | 33,220,418 | 32,922,887 | 32,432,103 |
| Unrestricted | 56,877,378 | 26,901,246 | 19,442,742 | 8,413,285 | (4,225,166) | (173,062,079) | (186,103,525) | (174,663,409) | (205,464,908) | (226,502,295) |
| Total primary government net position | $ 548,355,749 | 576,670,729 | 608,917,879 | 614,534,864 | 611,609,180 | 455,740,443 | 434,176,129 | 432,977,647 | 392,174,276 | 374,875,613 |

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2007 the GASB 34 Retroactive Infrastructure was added.

Note: In 2008 the new Workers' Compensation Fund was added as an Internal Service Fund.

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

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

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

Note: In 2015 the City adopted GASB Statement No. 68, which restated beginning net position. For the years prior to 2015, the amounts in this schedule have not been restated.

Table 2

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Administrative services | $ 7,749,779 | 8,487,120 | 8,216,824 | 9,172,736 | 9,305,826 | 8,344,371 | 9,225,738 | 9,096,123 | 9,348,081 | 9,054,549 |
| Public safety | 38,253,819 | 44,390,164 | 47,972,502 | 49,861,503 | 53,067,764 | 53,836,564 | 55,139,731 | 56,859,801 | 57,226,139 | 59,265,485 |
| Public works | 13,231,006 | 13,013,430 | 13,197,612 | 13,687,890 | 13,647,390 | 15,562,839 | 17,428,294 | 18,079,671 | 17,740,128 | 18,062,959 |
| Health and welfare | 2,898,542 | 3,287,200 | 3,599,725 | 3,607,469 | 3,732,795 | 3,575,162 | 3,810,863 | 3,622,207 | 3,672,055 | 3,597,625 |
| Culture and recreation | 6,965,260 | 7,813,486 | 8,135,903 | 7,604,501 | 7,947,692 | 8,476,301 | 7,275,087 | 7,435,735 | 8,004,845 | 8,500,729 |
| Community development | 4,096,835 | 4,381,932 | 4,003,876 | 4,386,689 | 7,032,272 | 5,128,323 | 5,318,490 | 6,316,004 | 4,876,851 | 4,694,568 |
| Storm water | 2,193,290 | 2,270,858 | 2,445,470 | 2,569,381 | 2,876,073 | 2,765,629 | 2,862,544 | 3,000,734 | 2,917,670 | 3,381,187 |
| General government | 8,225,760 | 7,921,217 | 8,374,983 | 9,421,062 | 9,366,479 | 9,293,399 | 8,405,914 | 8,730,105 | 9,462,575 | 10,082,656 |
| Tax increment financing | — | — | — | — | — | 2,992,581 | 14,281,820 | 14,273,775 | 11,531,889 | 11,319,659 |
| Debt service component unit | — | — | — | — | 7,709,611 | — | — | — | — | — |
| Interest on long-term debt | 1,050,153 | 1,073,318 | 891,473 | 640,902 | 625,778 | 10,125,399 | 379,760 | 252,213 | 176,912 | 116,229 |
| Total governmental activities expenses | 84,664,444 | 92,638,725 | 96,838,368 | 100,952,133 | 115,311,680 | 120,100,568 | 124,128,241 | 127,666,368 | 124,957,145 | 128,075,646 |
| Business-type activities: | | | | | | | | | | |
| Power and light | 89,265,988 | 101,665,442 | 101,097,606 | 105,486,932 | 113,956,212 | 124,533,699 | 127,959,254 | 138,801,854 | 136,825,933 | 134,873,700 |
| Water | 17,723,114 | 19,131,054 | 20,250,295 | 20,324,005 | 20,239,748 | 20,563,502 | 21,886,576 | 22,140,775 | 20,921,367 | 21,913,607 |
| Sewer | 12,721,171 | 14,451,363 | 15,233,127 | 15,268,389 | 16,304,874 | 16,157,412 | 18,900,129 | 19,015,060 | 21,822,803 | 23,512,501 |
| Events center | — | 179,032 | 1,888,027 | 4,862,017 | 13,764,087 | 12,869,289 | 13,091,457 | 10,859,704 | 11,218,628 | 11,734,030 |
| Total business-type activities expenses | 119,710,273 | 135,426,891 | 138,469,055 | 145,941,343 | 164,264,921 | 174,123,902 | 181,837,416 | 190,817,393 | 190,788,731 | 192,033,838 |
| Total primary government expenses | $ 204,374,717 | 228,065,616 | 235,307,423 | 246,893,476 | 279,576,601 | 294,224,470 | 305,965,657 | 318,483,761 | 315,745,876 | 320,109,484 |
| **Program Revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Administrative services | $ 5,696,158 | 5,905,973 | 6,247,933 | 6,276,153 | 6,453,890 | 6,676,240 | 6,611,432 | 6,904,917 | 7,526,268 | 8,026,010 |
| Public safety | 4,202,328 | 4,202,059 | 4,432,454 | 4,867,364 | 4,943,734 | 4,829,421 | 4,567,625 | 5,154,144 | 5,016,016 | 4,757,394 |
| Public works | 1,338,479 | 739,643 | 449,172 | 462,490 | 437,032 | 398,071 | 362,732 | 401,793 | 391,816 | 376,062 |
| Health and welfare | 723,574 | 791,825 | 776,194 | 819,659 | 732,116 | 817,774 | 735,708 | 758,211 | 659,329 | 198,147 |
| Culture and recreation | 845,560 | 925,880 | 842,523 | 771,890 | 796,820 | 871,799 | 727,220 | 613,238 | 689,980 | 821,976 |
| Community development | 2,292,638 | 1,949,275 | 1,172,512 | 1,242,376 | 1,167,853 | 968,438 | 934,442 | 1,089,720 | 1,285,797 | 1,230,826 |
| Storm water | — | 645 | — | — | — | — | — | — | — | — |
| General government | — | — | — | — | — | 1,012,898 | 1,037,506 | 978,491 | 999,787 | 1,263,754 |
| Operating grants and contributions | 9,957,178 | 8,902,787 | 8,223,227 | 9,182,959 | 13,517,593 | 12,487,041 | 9,462,570 | 10,680,433 | 8,844,808 | 9,025,480 |
| Capital grants and contributions | 23,963,312 | 27,772,386 | 41,557,506 | 11,912,031 | 12,598,018 | 14,465,335 | 3,590,902 | 3,769,347 | 1,930,309 | 575,703 |
| Total governmental activities program revenues | 49,019,227 | 51,190,473 | 63,701,521 | 35,534,922 | 40,647,056 | 42,527,017 | 28,030,137 | 30,350,294 | 27,344,110 | 26,275,352 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Power and light | 103,133,249 | 107,619,947 | 105,064,847 | 114,744,814 | 126,755,826 | 139,878,341 | 137,749,295 | 138,813,984 | 139,078,098 | 134,747,475 |
| Water | 17,744,404 | 18,114,183 | 18,607,799 | 20,134,421 | 22,203,258 | 24,635,637 | 26,642,646 | 27,545,623 | 27,838,244 | 30,858,398 |
| Sewer | 15,058,695 | 15,283,055 | 15,347,894 | 15,263,586 | 17,061,489 | 18,233,724 | 20,231,637 | 21,471,299 | 23,545,640 | 23,743,340 |
| Events center | — | — | — | — | 4,874,623 | 8,370,481 | 4,345,469 | 3,359,318 | 4,273,465 | 4,461,330 |
| Operating grants and contributions | — | — | — | — | 4,813,612 | 5,000 | — | — | — | — |
| Capital grants and contributions | 5,562,049 | 4,363,127 | 3,396,999 | 7,760,380 | 4,012,182 | 1,122,019 | 763,127 | 2,386,511 | 1,613,406 | 1,425,612 |
| Total business-type activities program revenues | 141,498,397 | 145,380,312 | 142,417,539 | 157,903,201 | 179,720,990 | 192,245,202 | 189,732,174 | 193,576,735 | 196,348,853 | 195,236,155 |
| Total primary government program revenues | $ 190,517,624 | 196,570,785 | 206,119,060 | 193,438,123 | 220,368,046 | 234,772,219 | 217,762,311 | 223,927,029 | 223,692,963 | 221,511,507 |

Table 2

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | $ (35,645,217) | (41,448,252) | (33,136,847) | (65,417,211) | (74,664,624) | (77,573,551) | (96,098,104) | (97,316,074) | (97,613,035) | (101,800,294) |
| Business-type activities | 21,788,124 | 9,953,421 | 3,948,484 | 11,961,858 | 15,456,069 | 18,121,300 | 7,894,758 | 2,759,342 | 5,560,122 | 3,202,317 |
| Total primary government net expense | $ (13,857,093) | (31,494,831) | (29,188,363) | (53,455,353) | (59,208,555) | (59,452,251) | (88,203,346) | (94,556,732) | (92,052,913) | (98,597,977) |
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | $ 6,952,380 | 7,067,966 | 7,963,698 | 7,276,215 | 7,458,788 | 8,652,704 | 7,618,559 | 7,993,199 | 8,546,600 | 8,485,768 |
| Sales and use taxes | 37,728,799 | 38,086,941 | 37,353,520 | 36,021,505 | 36,030,316 | 39,836,686 | 40,689,725 | 41,142,183 | 44,459,358 | 44,683,858 |
| Intergovernmental activity taxes | — | — | — | — | — | 9,534,652 | 9,635,263 | 10,809,061 | 8,830,000 | 10,351,536 |
| Franchise taxes | 8,209,734 | 16,519,852 | 13,138,965 | 11,823,113 | 10,696,214 | 10,914,940 | 10,414,823 | 10,292,488 | 9,960,928 | 8,528,741 |
| Financial institutions tax | 34,802 | 31,960 | 44,195 | 15,669 | 28,410 | 21,646 | 15,225 | 19,381 | 16,523 | 21,116 |
| Investment earnings | 1,785,111 | 1,476,448 | 605,453 | 197,476 | 138,471 | 228,812 | 302,467 | 302,394 | 256,159 | 311,028 |
| Special item - litigation settlement | — | — | — | — | — | — | — | 2,203,430 | — | — |
| Miscellaneous | 589,469 | 348,143 | 438,354 | 466,775 | 1,079,391 | 397,567 | 1,049,065 | 695,896 | 1,960,753 | 796,842 |
| Payments to component unit | — | — | — | — | — | — | — | — | — | — |
| Transfers | 13,180,055 | 14,181,015 | 13,398,378 | 14,274,247 | 16,201,380 | 17,329,950 | 18,232,349 | 18,804,684 | 18,676,005 | 18,753,474 |
| Total governmental activities | 68,480,350 | 77,712,325 | 72,942,563 | 70,075,000 | 71,632,970 | 86,916,957 | 87,957,476 | 92,262,716 | 92,706,326 | 91,932,363 |
| Business-type activities: | | | | | | | | | | |
| Sales and use taxes | — | — | — | — | — | — | 5,291,682 | 5,397,059 | 5,600,076 | 5,741,439 |
| Investment earnings | 2,532,853 | 1,850,519 | 485,895 | 69,869 | 171,413 | 28,936 | 66,215 | 45,754 | 32,746 | 176,436 |
| Special item - litigation settlement | — | — | — | — | — | — | — | 12,796,570 | — | — |
| Miscellaneous | 47,953 | 37,982 | 1,405,433 | 609,962 | 679,868 | 2,212,916 | 557,965 | 1,660,835 | 1,456,086 | 2,202,550 |
| Transfers | (13,180,055) | (14,181,015) | (13,398,378) | (14,274,247) | (16,201,380) | (17,329,950) | (18,232,349) | (18,804,684) | (18,676,005) | (18,753,474) |
| Total business-type activities | (10,599,249) | (12,292,514) | (11,507,050) | (13,594,416) | (15,350,099) | (15,088,098) | (12,316,487) | 1,095,534 | (11,587,097) | (10,633,049) |
| Total primary government | $ 57,881,101 | 65,419,811 | 61,435,513 | 56,480,584 | 56,282,871 | 71,828,859 | 75,640,989 | 93,358,250 | 81,119,229 | 81,299,314 |
| **Changes in Net Position** | | | | | | | | | | |
| Governmental activities | $ 32,835,133 | 36,264,073 | 39,805,716 | 4,657,789 | (3,031,654) | 9,343,406 | (8,140,628) | (5,053,358) | (4,906,709) | (9,867,931) |
| Business-type activities | 11,188,875 | (2,339,093) | (7,558,566) | (1,632,558) | 105,970 | 3,033,202 | (4,421,729) | 3,854,876 | (6,026,975) | (7,430,732) |
| Total primary government | $ 44,024,008 | 33,924,980 | 32,247,150 | 3,025,231 | (2,925,684) | 12,376,608 | (12,562,357) | (1,198,482) | (10,933,684) | (17,298,663) |

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2007 the GASB 34 Retroactive Infrastructure was added.

Note: In 2008 the new Workers' Compensation Fund was added as an Internal Service Fund.

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

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

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

Note: In 2015 the City adopted GASB Statement No. 68, which restated beginning net position. For the years prior to 2015, the amounts in this schedule have not been restated.

**Table 3**

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

| | Fiscal Year | | |
|---|---|---|---|
| | 2007 | 2008 | 2009 |
| General Fund | | | |
| Reserved | $ 2,200,693 | 1,265,717 | 1,319,086 |
| Unreserved | 4,534,005 | 8,062,100 | 5,739,682 |
| Total General Fund | $ 6,734,698 | 9,327,817 | 7,058,768 |
| All other governmental funds | | | |
| Reserved | $ 10,928,435 | 41,091,787 | 19,583,280 |
| Unreserved, reported in: | | | |
| Special revenue funds | 17,620,241 | 12,648,957 | 5,357,555 |
| Capital project funds | (1,859,546) | (29,245,744) | (10,675,562) |
| Debt service funds | 82,229 | 71,068 | 56,553 |
| Permanent funds | 9,670 | — | — |
| Total all other governmental funds | $ 26,781,029 | 24,566,068 | 14,321,826 |

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | |
| Nonspendable | $ — | — | — | — | 14,141 | — | 11,424 |
| Restricted | 236,365 | 442,556 | 584,917 | 417,361 | 402,899 | 142,966 | 273,164 |
| Committed | 2,277,479 | 1,413,292 | 453,285 | 391,399 | 437,083 | 471,606 | 348,001 |
| Assigned | 662,881 | 667,065 | 593,561 | 464,633 | 398,283 | 1,300,973 | 1,336,086 |
| Unassigned | 2,012,374 | 2,302,039 | 1,831,406 | 600,662 | 3,591,990 | 3,741,675 | 3,684,710 |
| | $ 5,189,099 | 4,824,952 | 3,463,169 | 1,874,055 | 4,844,396 | 5,657,220 | 5,653,385 |
| All other governmental funds | | | | | | | |
| Nonspendable | $ — | — | — | 480,253 | — | — | 665 |
| Restricted | 17,329,836 | 16,659,329 | 44,378,155 | 43,513,724 | 44,679,472 | 43,356,113 | 42,864,399 |
| Committed | 440,243 | 437,150 | 1,404,187 | 451,142 | 204,117 | 164,507 | 41,772 |
| Unassigned | (5,118,794) | (5,369,883) | (6,237,737) | (6,951,949) | (6,167,243) | (5,796,859) | (2,929,573) |
| | $ 12,651,285 | 11,726,596 | 39,544,605 | 37,493,170 | 38,716,346 | 37,723,761 | 39,977,263 |

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

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

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

Table 4

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Taxes | $ 52,890,913 | 58,474,761 | 55,131,682 | 55,953,427 | 59,053,886 | 68,437,032 | 68,799,104 | 70,380,577 | 71,412,311 | 71,815,835 |
| Licenses, fees and permits | 5,472,192 | 4,642,719 | 3,695,971 | 3,483,767 | 3,426,859 | 3,319,496 | 3,255,877 | 3,464,631 | 3,785,532 | 3,802,218 |
| Intergovernmental | 16,534,433 | 10,862,317 | 19,131,915 | 16,921,164 | 24,785,082 | 24,127,728 | 12,724,286 | 13,672,530 | 10,337,589 | 9,174,995 |
| Charges for services | 2,587,783 | 2,784,144 | 2,774,284 | 2,759,317 | 3,015,294 | 3,095,040 | 2,966,943 | 2,699,813 | 2,905,601 | 3,273,899 |
| Interfund charges for support services | 3,105,514 | 3,222,406 | 3,389,629 | 3,580,384 | 3,743,875 | 3,791,444 | 3,835,972 | 3,987,029 | 4,544,233 | 4,913,709 |
| Fines, forfeitures, and court costs | 3,900,967 | 3,724,608 | 4,009,673 | 4,510,754 | 4,398,111 | 4,329,537 | 4,061,879 | 4,790,383 | 4,652,309 | 4,214,064 |
| Investment earnings | 1,588,358 | 1,197,790 | 495,337 | 165,939 | 124,223 | 214,584 | 287,686 | 259,908 | 250,763 | 286,088 |
| Reimbursements from component unit | 3,502,961 | 11,413,444 | 12,274,171 | 3,792,466 | 581,524 | — | — | — | — | — |
| Developer contributions | — | — | — | — | — | 832,549 | 238,105 | 250,000 | 35,000 | 17,025 |
| Other | 799,580 | 740,435 | 924,092 | 816,818 | 1,115,938 | 2,355,665 | 2,263,964 | 2,281,201 | 2,042,419 | 2,382,870 |
| Total revenues | 90,382,701 | 97,062,624 | 101,826,754 | 91,984,036 | 100,244,792 | 110,503,075 | 98,433,816 | 101,786,072 | 99,965,757 | 99,880,703 |
| **Expenditures** | | | | | | | | | | |
| Administrative services | 7,592,963 | 7,460,421 | 7,728,128 | 7,867,425 | 7,862,603 | 7,332,146 | 6,997,537 | 7,547,357 | 7,640,238 | 7,576,728 |
| Public safety | 39,693,647 | 40,950,718 | 40,956,235 | 45,150,437 | 48,037,112 | 45,457,931 | 46,169,791 | 49,093,577 | 49,529,374 | 50,513,184 |
| Public works | 7,173,004 | 7,173,709 | 6,719,666 | 6,513,379 | 6,159,868 | 5,191,326 | 5,645,470 | 5,899,660 | 5,386,719 | 4,693,660 |
| Health and welfare | 2,835,949 | 2,875,392 | 3,150,172 | 3,226,705 | 3,277,614 | 3,055,362 | 3,362,706 | 3,322,766 | 3,206,732 | 3,130,183 |
| Culture and recreation | 5,098,826 | 5,800,784 | 5,942,029 | 6,160,686 | 5,995,558 | 6,205,463 | 5,694,462 | 5,747,828 | 5,793,101 | 5,888,760 |
| Community development | 4,182,354 | 4,090,318 | 3,657,531 | 4,119,818 | 6,730,888 | 4,877,604 | 5,029,870 | 6,007,452 | 4,460,559 | 4,303,735 |
| Storm water | 1,538,857 | 1,388,856 | 1,542,289 | 1,668,148 | 1,772,387 | 1,581,460 | 1,532,184 | 1,686,782 | 1,629,842 | 1,769,844 |
| General government | 7,582,224 | 7,612,540 | 7,486,977 | 8,541,586 | 8,507,142 | 8,343,550 | 7,461,577 | 7,688,526 | 8,622,570 | 8,921,005 |
| Tax increment financing | — | — | — | — | — | 2,992,581 | 2,578,489 | 2,886,495 | 1,290,274 | 859,000 |
| Capital outlay | 31,736,638 | 28,561,029 | 42,442,528 | 26,346,981 | 22,527,627 | 24,697,928 | 15,475,351 | 12,296,360 | 14,159,976 | 13,890,964 |
| Debt Service | | | | | | | | | | |
| Principal | 3,256,394 | 3,378,132 | 7,277,755 | 3,465,682 | 2,963,391 | 12,935,067 | 12,223,792 | 7,614,702 | 8,513,930 | 6,833,988 |
| Debt service component unit | — | — | — | — | 3,566,752 | — | — | — | — | — |
| Interest | 1,001,306 | 1,114,072 | 977,116 | 814,620 | 600,864 | 10,283,032 | 9,505,756 | 8,844,986 | 9,243,134 | 8,541,494 |
| Debt issuance costs | — | — | — | — | — | 258,358 | 1,059,129 | 201,254 | 240,698 | 1,156,904 |
| Total expenditures | 111,692,162 | 110,405,971 | 127,880,426 | 113,875,467 | 118,001,806 | 133,211,808 | 122,736,114 | 118,837,745 | 119,717,147 | 118,079,449 |
| Excess of revenues over (under) expenditures | (21,309,461) | (13,343,347) | (26,053,672) | (21,891,431) | (17,757,014) | (22,708,733) | (24,302,298) | (17,051,673) | (19,751,390) | (18,198,746) |
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Transfers in | 2,102,299 | 1,266,294 | 3,897,938 | 3,069,619 | 2,499,761 | 8,446,498 | 9,771,846 | 2,630,331 | 2,119,880 | 2,964,941 |
| Transfers out | (1,961,707) | (1,371,651) | (4,003,295) | (3,020,619) | (2,461,566) | (8,446,498) | (9,560,573) | (1,969,709) | (1,857,265) | (2,726,803) |
| Issuance of debt | 8,477,809 | 100,695 | 101,734 | 4,020,000 | — | 8,694,700 | 40,855,000 | 6,981,126 | 8,770,000 | 50,074,897 |
| Premiums/Discounts on debt issued | — | — | — | 18,402 | — | (99,950) | (14,334) | 74,056 | (99,693) | (1,168,942) |
| Payment to refunded loans escrow agent | — | — | — | — | — | (6,426,286) | (38,713,690) | (6,982,279) | (7,887,707) | (47,379,813) |
| Transfers in - utility payments in lieu of taxes | 13,039,463 | 13,702,586 | 13,503,735 | 14,225,247 | 16,211,380 | 17,329,950 | 18,021,077 | 18,144,063 | 18,413,389 | 18,515,336 |
| Sale of capital assets | 50,834 | 23,581 | 40,269 | 38,572 | 218,603 | 100,901 | 302,423 | 164,172 | 113,025 | 168,797 |
| Total other financing sources (uses) | 21,708,698 | 13,721,505 | 13,540,381 | 18,351,221 | 16,468,178 | 19,599,315 | 20,661,749 | 19,041,760 | 19,571,629 | 20,448,413 |
| **Special items:** | | | | | | | | | | |
| Litigation settlement | — | — | — | — | — | — | — | 2,203,430 | — | — |
| Net change in fund balances | $ 399,237 | 378,158 | (12,513,291) | (3,540,210) | (1,288,836) | (3,109,418) | (3,640,549) | 4,193,517 | (179,761) | 2,249,667 |
| Debt service as a percentage of non capital expenditures | 5.42% | 5.63% | 9.75% | 5.04% | 3.83% | 21.55% | 20.60% | 15.90% | 17.45% | 15.03% |

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

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

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

**Table 5**

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

| Sales by Retail Category: | | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Apparel stores | $ | 126,307 | 132,957 | 125,832 | 124,168 | 103,406 | 109,372 | 100,727 | 105,579 | 92,839 | 93,001 |
| General merchandise | | 436,832 | 430,331 | 434,782 | 408,200 | 388,061 | 424,435 | 431,720 | 433,166 | 447,692 | 433,583 |
| Food stores | | 173,595 | 170,099 | 178,747 | 179,031 | 166,018 | 177,019 | 167,729 | 165,814 | 187,945 | 192,720 |
| Eating and drinking establishments | | 190,478 | 194,970 | 201,085 | 211,739 | 207,363 | 220,458 | 220,621 | 223,733 | 239,711 | 252,009 |
| Home furnishings and appliances | | 84,366 | 80,420 | 72,902 | 67,124 | 54,274 | 55,222 | 49,381 | 45,410 | 43,012 | 43,858 |
| Building materials and farm tools | | 25,578 | 22,720 | 19,998 | 17,213 | 16,937 | 14,753 | 17,949 | 17,133 | 19,654 | 19,840 |
| Construction/Remodeling | | 2,040 | 4,724 | 3,415 | 3,596 | 3,317 | 4,383 | 3,356 | 2,919 | 2,716 | 2,496 |
| Auto dealers and supplies | | 33,865 | 35,314 | 38,260 | 36,967 | 41,703 | 39,526 | 37,625 | 38,257 | 40,621 | 32,234 |
| Service stations | | 61,586 | 62,430 | 65,741 | 68,633 | 70,891 | 75,773 | 81,702 | 74,396 | 83,447 | 88,123 |
| Other retail stores | | 227,864 | 222,237 | 245,406 | 233,860 | 219,787 | 236,382 | 222,049 | 228,625 | 226,899 | 242,964 |
| All other outlets | | 121,081 | 119,236 | 113,711 | 119,813 | 118,046 | 123,443 | 128,081 | 116,758 | 119,810 | 125,626 |
| Total | $ | 1,483,592 | 1,475,438 | 1,499,879 | 1,470,344 | 1,389,803 | 1,480,766 | 1,460,940 | 1,451,790 | 1,504,346 | 1,526,454 |

Note: Amounts for 2016 are not provided due to only receiving partial year figures.

Source: Missouri Department of Revenue

**Table 6**

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

| Direct Sales Tax Rate City of Independence | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Street Improvements | 0.375 | 0.375 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Park Improvements | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Storm Water Improvements | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Police Public Safety | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| Fire Public Safety | 0.250 | 0.250 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| Direct Sales Tax Rate City of Independence | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 |
| Transportation Development District | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| Total Direct Sales Tax Rate | 2.375 | 2.375 | 2.375 | 2.375 | 2.375 | 2.375 | 2.375 | 2.375 | 2.375 | 2.375 |

| Total Local Option Sales Tax Rate | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| State of Missouri | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 |
| Mo. State Conservation | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| Mo. State Parks and Soil | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| Jackson County | 1.125 | 1.125 | 1.125 | 1.125 | 1.125 | 1.125 | 1.125 | 1.125 | 1.125 | 1.125 |
| Kansas City Zoo | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| City of Independence | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 | 2.250 |
| Transportation Development District | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 |
| Total Direct and Overlapping Sales Tax Rate | 7.725 | 7.725 | 7.725 | 7.725 | 7.725 | 7.850 | 7.850 | 7.850 | 7.850 | 7.850 |

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

Source: Missouri Department of Revenue

**Table 7**

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

| Fiscal Year Ended June 30, | Real Property | | | | | Other Property | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Market Value | Assessed Value as a Percentage of Actual Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Residential Property | Agricultural Property | Commercial Property | State Assessed | Total | Personal Property | Railroads & Utilities | | | | |
| 2007 | $ 826,183,410 | 1,077,386 | 289,266,376 | 4,991,962 | 1,121,519,134 | 278,254,929 | 836,952 | 1,400,611,015 | 0.6630 | 6,115,085,122 | 22.90% |
| 2008 | 835,415,560 | 1,092,071 | 280,076,363 | 4,385,286 | 1,120,969,280 | 289,243,271 | 1,720,003 | 1,411,932,554 | 0.6630 | 6,168,940,666 | 22.89% |
| 2009 | 774,152,986 | 1,020,696 | 255,474,757 | 3,793,786 | 1,034,442,225 | 268,317,482 | 1,114,259 | 1,303,873,966 | 0.6560 | 5,702,449,660 | 22.87% |
| 2010 | 770,979,192 | 1,083,868 | 257,788,756 | 4,145,717 | 1,033,997,533 | 263,606,423 | 1,237,018 | 1,298,840,974 | 0.7030 | 5,680,839,244 | 22.86% |
| 2011 | 781,239,728 | 1,126,981 | 235,721,480 | 4,951,250 | 1,023,039,439 | 262,875,610 | 1,242,492 | 1,287,157,541 | 0.7280 | 5,666,580,865 | 22.71% |
| 2012 | 781,254,601 | 1,128,703 | 236,979,066 | 4,844,455 | 1,024,206,825 | 252,082,951 | 2,943,813 | 1,279,233,589 | 0.7236 | 5,643,175,957 | 22.67% |
| 2013 | 779,674,017 | 1,128,605 | 235,695,566 | 4,816,906 | 1,021,315,094 | 254,225,408 | 3,612,882 | 1,279,153,384 | 0.7281 | 5,639,283,894 | 22.68% |
| 2014 | 779,683,482 | 1,138,200 | 233,988,631 | 5,106,421 | 1,019,916,734 | 257,382,527 | 3,528,618 | 1,280,827,879 | 0.7394 | 5,644,201,744 | 22.69% |
| 2015 | 779,384,690 | 1,138,682 | 232,114,740 | 5,387,691 | 1,018,025,803 | 244,122,675 | 2,857,999 | 1,265,006,477 | 0.7393 | 5,595,741,171 | 22.61% |
| 2016 | 814,095,793 | 1,227,696 | 242,938,873 | 5,523,260 | 1,063,785,622 | 248,605,246 | 2,771,990 | 1,315,162,858 | 0.7165 | 5,826,614,435 | 22.57% |

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

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

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

**Table 8**

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

| | | City Direct Rates | | | | Overlapping Rates | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year ending (June 30) | Taxing Year | Basic/General Rate | Public Health & Recreation | Debt Service | Total Direct | Metropolitan Junior College | Independence School District | Jackson County | State |
| 2007 | 2006 | $ 0.451 | 0.212 | — | 0.663 | 0.217 | 5.084 | 1.060 | 0.030 |
| 2008 | 2007 | 0.451 | 0.212 | — | 0.663 | 0.217 | 5.084 | 1.063 | 0.030 |
| 2009 | 2008 | 0.446 | 0.210 | — | 0.656 | 0.213 | 5.084 | 1.053 | 0.030 |
| 2010 | 2009 | 0.478 | 0.225 | — | 0.703 | 0.214 | 5.084 | 1.061 | 0.030 |
| 2011 | 2010 | 0.495 | 0.233 | — | 0.728 | 0.2329 | 5.430 | 1.0596 | 0.030 |
| 2012 | 2011 | 0.4924 | 0.2312 | — | 0.7236 | 0.2335 | 5.580 | 1.0596 | 0.030 |
| 2013 | 2012 | 0.4950 | 0.2331 | — | 0.7281 | 0.2349 | 5.670 | 1.0464 | 0.030 |
| 2014 | 2013 | 0.5026 | 0.2368 | — | 0.7394 | 0.2369 | 5.700 | 1.0464 | 0.030 |
| 2015 | 2014 | 0.5026 | 0.2367 | — | 0.7393 | 0.2374 | 5.700 | 1.0317 | 0.030 |
| 2016 | 2015 | 0.4871 | 0.2294 | — | 0.7165 | 0.2343 | 5.913 | 1.0038 | 0.030 |

Notes:

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

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

(3) County Tax Breakdown (see note 5):

| | |
|---|---|
| Health & Welfare Fund | 0.1442 |
| General Fund | 0.1356 |
| Road & Bridge Fund | 0.1319 |
| Park Fund | 0.0839 |
| Mid-Continent Public Library | 0.3146 |
| Developmentally Disabled | 0.0738 |
| Mental Health | 0.1198 |
| Total County | 1.0038 |

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

| | |
|---|---|
| Fort Osage Reorganized #1 | 5.7000 |
| Blue Springs Reorganized #4 | 5.7286 |
| Kansas City School District | 4.9599 |

**Table 9**

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

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Total Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Total Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Simon Property Group LP | $ 27,649,830 | 1 | 2.10% | $ 19,238,350 | 1 | 1.37% |
| Cole DDR Mt Independence LLC | 12,556,958 | 2 | 0.95% | | | |
| Space Center of Kansas City | 6,283,301 | 3 | 0.48% | 8,846,690 | 3 | 0.63% |
| Southern Union Company | 5,953,893 | 4 | 0.45% | 4,257,589 | 9 | 0.30% |
| Comcast Cablevision | 5,384,210 | 5 | 0.41% | | | |
| Mansion Apartment | 4,925,942 | 6 | 0.37% | 3,321,200 | 10 | |
| Sprint | 4,732,041 | 7 | 0.36% | 5,607,925 | 4 | 0.40% |
| Walmart | 4,270,143 | 8 | 0.32% | | | |
| A T & T | 4,270,063 | 9 | 0.32% | | | |
| Independence Station Inc | 3,331,913 | 10 | 0.25% | | | |
| DDR MDT Indpendence Commons | | | | 9,611,830 | 2 | 0.69% |
| Bradley Operating LTD PTP | | | | 5,499,410 | 5 | 0.39% |
| Burd & Fletcher | | | | 5,157,954 | 6 | 0.37% |
| Noland Fashion Square Partners | | | | 5,103,999 | 7 | 0.36% |
| Unilever Best Foods | | | | 4,751,475 | 8 | 0.34% |
| Total | $ 79,358,294 | | 6.03% | $ 71,396,422 | | 4.86% |

Source: Jackson County Collection Department

**Table 10**

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

| Fiscal Year Ended June 30, | Taxes Levied for Fiscal Year | Collected within Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2007 | $ 6,905,547 | $ 6,557,341 | 94.96% | $ 345,002 | $ 6,902,343 | 99.95% |
| 2008 | 7,103,810 | 6,645,387 | 93.55% | 453,960 | 7,099,347 | 99.94% |
| 2009 | 7,287,258 | 6,807,203 | 93.41% | 485,124 | 7,292,326 | 100.07% |
| 2010 | 7,232,424 | 6,883,318 | 95.17% | 325,426 | 7,208,743 | 99.67% |
| 2011 | 7,493,616 | 7,145,073 | 95.35% | 312,480 | 7,457,553 | 99.52% |
| 2012 | 7,495,895 | 6,971,357 | 93.00% | 365,754 | 7,337,111 | 97.88% |
| 2013 | 7,402,402 | 7,065,183 | 95.44% | 302,549 | 7,367,732 | 99.53% |
| 2014 | 7,625,313 | 7,145,159 | 93.70% | 299,779 | 7,444,938 | 97.63% |
| 2015 | 7,468,109 | 7,164,660 | 95.94% | 162,126 | 7,326,787 | 98.11% |
| 2016 | 7,633,251 | 7,182,858 | 94.10% | — | 7,182,858 | 94.10% |

Source: City of Independence

Table 11

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

| Sales by Category: | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Power and Light: | | | | | | | | | | |
| Residential | $ 53,326,000 | 55,218,000 | 52,555,000 | 56,500,000 | 64,723,000 | 71,334,000 | 71,667,000 | 72,259,000 | 70,622,000 | 68,081,000 |
| Commercial | 43,673,000 | 44,708,000 | 45,171,000 | 48,273,000 | 52,003,000 | 58,366,000 | 56,044,000 | 56,809,000 | 58,251,000 | 54,249,000 |
| Industrial | 2,891,000 | 2,999,000 | 2,904,000 | 3,085,000 | 3,292,000 | 4,462,000 | 4,839,000 | 4,867,000 | 4,727,000 | 4,187,000 |
| Sold to Other Utilities | 796,000 | 2,081,000 | 1,765,000 | 4,039,000 | 3,077,000 | 1,909,000 | 2,380,000 | 2,254,000 | 2,369,000 | 3,298,000 |
| Other | 1,214,000 | 1,328,000 | 1,434,000 | 1,621,000 | 1,551,000 | 1,644,000 | 606,000 | 599,000 | 493,000 | 367,000 |
| Water: | | | | | | | | | | |
| Residential | 8,657,593 | 8,994,600 | 9,037,744 | 9,403,985 | 10,726,567 | 11,699,971 | 13,080,814 | 13,052,557 | 13,147,584 | 14,272,445 |
| Commercial | 2,347,234 | 2,458,013 | 2,450,246 | 2,404,953 | 2,835,271 | 3,325,167 | 3,847,161 | 3,555,507 | 3,491,458 | 3,759,332 |
| Industrial | 367,863 | 308,642 | 300,577 | 407,313 | 450,156 | 479,477 | 547,930 | 769,857 | 605,223 | 694,902 |
| Public Authority | 228,957 | 267,428 | 281,615 | 297,218 | 263,137 | 256,730 | 270,391 | 262,012 | 318,503 | 281,902 |
| Sold to Other Utilities | 5,232,779 | 5,023,444 | 4,930,608 | 6,302,495 | 6,659,302 | 7,153,628 | 7,714,290 | 8,136,297 | 8,322,743 | 9,461,694 |
| Other | 1,060,453 | 1,081,606 | 1,344,666 | 1,217,907 | 1,245,524 | 1,289,923 | 1,531,318 | 1,760,366 | 1,845,426 | 1,981,057 |
| Sanitary Sewer: | | | | | | | | | | |
| Residential | 9,584,113 | 9,854,124 | 9,841,314 | 9,733,214 | 9,873,906 | 10,460,524 | 10,601,887 | 11,329,939 | 11,545,538 | 12,121,229 |
| Commercial | 4,585,890 | 4,559,524 | 4,560,728 | 4,569,721 | 4,841,546 | 5,099,839 | 5,288,864 | 5,755,295 | 5,875,596 | 5,402,688 |
| Other | 854,930 | 881,836 | 906,142 | 897,895 | 2,443,875 | 2,628,416 | 4,340,296 | 4,295,186 | 6,073,994 | 6,148,154 |
| Total | $ 134,819,812 | 139,763,217 | 137,482,640 | 148,752,701 | 163,985,284 | 180,108,675 | 182,758,951 | 185,705,016 | 187,688,065 | 184,305,403 |

Source: City of Independence

**Table 12**

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

| Rates by Category: | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Power and Light (per Kwh): | $ | | | | | | | | | | |
| Residential | | 0.10 | 0.10 | 0.10 | 0.11 | 0.12 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| Commercial | | 0.09 | 0.09 | 0.09 | 0.10 | 0.10 | 0.12 | 0.12 | 0.12 | 0.13 | 0.12 |
| Industrial | | 0.06 | 0.07 | 0.07 | 0.07 | 0.08 | 0.09 | 0.09 | 0.09 | 0.09 | 0.08 |
| Sold to Other Utilities | | 0.04 | 0.05 | 0.03 | 0.03 | 0.03 | 0.02 | 0.03 | 0.04 | 0.03 | 0.02 |
| Other | | 0.13 | 0.14 | 0.15 | 0.16 | 0.15 | 0.15 | 0.06 | 0.10 | 0.12 | 0.09 |
| Water (per 1,000 gallons): | | | | | | | | | | | |
| Residential | | 2.63 | 2.80 | 3.06 | 3.35 | 3.61 | 3.91 | 4.14 | 4.49 | 4.89 | 5.21 |
| Commercial | | 2.41 | 2.52 | 2.78 | 3.08 | 3.33 | 3.59 | 3.82 | 4.10 | 4.44 | 4.77 |
| Industrial | | 1.34 | 1.44 | 1.73 | 1.97 | 2.23 | 2.25 | 2.29 | 2.42 | 2.75 | 3.21 |
| Public Authority | | 2.42 | 2.58 | 2.86 | 3.11 | 3.34 | 3.67 | 3.89 | 4.16 | 4.36 | 4.81 |
| Sold to Other Utilities | | 1.10 | 1.03 | 1.10 | 1.23 | 1.35 | 1.46 | 1.57 | 1.69 | 1.80 | 1.93 |
| Sanitary Sewer (per 100 cubic feet): | | | | | | | | | | | |
| Residential | | 3.18 | 3.35 | 3.50 | 3.40 | 3.62 | 3.90 | 4.16 | 4.31 | 4.49 | 4.89 |
| Commercial | | 2.64 | 2.68 | 2.69 | 3.08 | 3.09 | 3.42 | 3.09 | 3.81 | 3.74 | 3.55 |
| Total | $ | 16.13 | 16.84 | 18.16 | 19.70 | 21.05 | 22.73 | 23.39 | 25.49 | 26.98 | 28.81 |

Source: City of Independence

Table 13

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

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Utility Customer - Power and Light | Total Sales | Rank | Percentage of Total Sales | Total Sales | Rank | Percentage of Total Sales |
| Centerpoint Medical Center | 1,762,306 | 1 | 1.35% | | | |
| Unilever (Thomas J. Lipton Co) | 1,498,222 | 2 | 1.15% | 1,436,959 | 1 | 1.41% |
| Burd and Fletcher (5151 Geospace) | 1,064,545 | 3 | 0.82% | 777,816 | 2 | 0.76% |
| Smart Warehouse/Commercial Distributions Center | 957,222 | 4 | 0.74% | 960,920 | 4 | 0.94% |
| Simon Property Group LP | 934,290 | 5 | 0.72% | 1,016,115 | 3 | 1.00% |
| HCP MOB Centerpoint (Boyer Company) | 646,898 | 6 | 0.50% | | | |
| City's Rock Creek Sanitary Sewer Plant | 631,750 | 7 | 0.49% | 391,850 | 9 | 0.38% |
| Costco Wholesales Inc. | 562,693 | 8 | 0.43% | 387,244 | 10 | 0.38% |
| Independence Events Center | 517,731 | 9 | 0.40% | | | |
| Price Chopper (Noland Road) | 434,335 | 10 | 0.33% | 469,382 | 5 | 0.46% |
| Price Chopper (23rd Street) | — | | 0.00% | 440,434 | 7 | 0.43% |
| Independence Regional Health Center | — | | 0.00% | 463,120 | 6 | 0.45% |
| Burd and Fletcher (3000 Geospace) | — | | 0.00% | 404,119 | 8 | 0.40% |
| Total | $ 9,009,992 | | 6.92% | $ 6,747,959 | | 6.62% |

Source: City of Independence

Table 14

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

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Utility Customer - Water | Total Sales | Rank | Percentage of Total Sales | Total Sales | Rank | Percentage of Total Sales |
| Lee's Summit | $ 5,099,910 | 1 | 16.75% | $ 2,938,404 | 1 | 16.42% |
| Blue Springs | 1,419,284 | 2 | 4.66% | 1,368,662 | 2 | 7.65% |
| District #2, Jackson County | 841,936 | 3 | 2.76% | 313,931 | 4 | 1.75% |
| District #1, Lafayette County | 455,002 | 4 | 1.49% | 321,207 | 3 | 1.79% |
| Audubon (Lafarge) Corporation | 385,549 | 5 | 1.27% | 153,429 | 8 | 0.86% |
| Oak Grove | 382,392 | 6 | 1.26% | 305,270 | 5 | 1.71% |
| Grain Valley | 335,536 | 7 | 1.10% | 219,137 | 6 | 1.22% |
| District #15, Jackson County | 305,070 | 8 | 1.00% | 167,758 | 7 | 0.94% |
| District #16, Jackson County | 207,876 | 9 | 0.68% | | | |
| Buckner | 187,681 | 10 | 0.62% | 141,431 | 9 | 0.79% |
| Unilever (Thomas J. Lipton Co) | | | | 130,447 | 10 | 0.73% |
| Total | $ 9,620,236 | | 31.59% | $ 6,059,676 | | 33.86% |

Source: City of Independence

Table 15

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

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Utility Customer - Sewer | Total Sales | Rank | Percentage of Total Sales | Total Sales | Rank | Percentage of Total Sales |
| BP/AMOCO | $ 310,172 | 1 | 1.31% | $ 166,465 | 2 | 1.11% |
| Unilever (Thomas J. Lipton Co) | 185,909 | 2 | 0.79% | 469,393 | 1 | 3.12% |
| City of Independence, Power & Light | 165,798 | 3 | 0.70% | 165,058 | 3 | 1.10% |
| Space Center of KC | 59,902 | 4 | 0.25% | | | |
| Centerpoint Medical Center | 59,351 | 5 | 0.25% | | | |
| Simon Property Group LP | 52,166 | 6 | 0.22% | 36,923 | 5 | 0.25% |
| Midwest Ferrelwood MHP | 46,975 | 7 | 0.20% | | | |
| Highland Park Investors | 43,720 | 8 | 0.18% | | | |
| Smart Warehouse/Commercial Distributions Center | 28,609 | 9 | 0.12% | 28,110 | 6 | 0.19% |
| Price Chopper (23rd Street) | 20,566 | 10 | 0.09% | 7,712 | 10 | 0.05% |
| Independence Regional Health Center | | | | 44,169 | 4 | 0.29% |
| Medical Center of Independence | | | | 21,676 | 7 | 0.14% |
| Price Chopper (Noland) | | | | 17,350 | 8 | 0.12% |
| Community of Christ | | | | 8,130 | 9 | 0.05% |
| Total | $ 973,168 | | 4.11% | $ 964,986 | | 6.42% |

Source: City of Independence

**Table 16**

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

| Fiscal Year | Governmental Activities | | | |
|---|---|---|---|---|
| | Loans Payable | Neighborhood Improvement District | Capital Leases | Certificates of Participation |
| 2007 | $ 23,870,529 | $ 923,099 | $ 712,483 | $ — |
| 2008 | 20,681,754 | 864,153 | 650,673 | — |
| 2009 | 13,586,351 | 800,207 | 603,524 | — |
| 2010 | 14,366,011 | 736,261 | 431,454 | — |
| 2011 | 11,580,656 | 667,315 | 292,063 | — |
| 2012 | (2) 180,792,033 | 598,369 | 1,642,764 | — |
| 2013 | 171,371,974 | 528,423 | 1,407,347 | — |
| 2014 | 167,681,305 | 453,477 | 1,226,414 | — |
| 2015 | 162,434,005 | 378,531 | 1,036,529 | — |
| 2016 | 159,223,920 | 298,586 | 1,484,037 | — |

| Fiscal Year | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|---|---|---|---|---|---|---|---|
| | Revenue Bonds | Loans Payable | Capital Leases | Certificates of Participation | | | |
| 2007 | $ 55,548,038 | $ — | $ — | $ — | $ 81,054,149 | 3.06% | $ 696.59 |
| 2008 | 63,829,753 | — | — | — | 86,026,333 | 3.48% | 788.08 |
| 2009 | 178,411,467 | — | 65,954 | — | 193,467,503 | 7.48% | 1,695.18 |
| 2010 | 175,035,863 | — | 43,988 | — | 190,613,577 | 6.77% | 1,572.56 |
| 2011 | 195,970,016 | — | 21,353 | — | 208,531,403 | 7.91% | 1,784.91 |
| 2012 | 243,037,399 | — | — | — | 426,070,565 | 15.64% | 3,635.01 |
| 2013 | 296,937,015 | — | — | — | 470,244,759 | 16.92% | 4,010.96 |
| 2014 | 342,793,093 | — | — | — | 512,154,289 | 18.43% | 4,368.43 |
| 2015 | 354,386,824 | — | — | — | 518,235,889 | 18.75% | 4,410.74 |
| 2016 | 344,168,539 | — | — | — | 505,175,082 | 17.72% | 4,308.35 |

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

**Table 17**

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

| Fiscal Year | General Bonded Debt Outstanding: General Obligation Bonds | Less Amounts Available in Debt Service | Total | Percentage of Est. Actual Taxable Value of Property (1) | Per Capita (2) |
|---|---|---|---|---|---|
| 2007 | $ — | $ — | $ — | 0.00% | $ — |
| 2008 | — | — | — | 0.00% | — |
| 2009 | — | — | — | 0.00% | — |
| 2010 | — | — | — | 0.00% | — |
| 2011 | — | — | — | 0.00% | — |
| 2012 | — | — | — | 0.00% | — |
| 2013 | — | — | — | 0.00% | — |
| 2014 | — | — | — | 0.00% | — |
| 2014 | — | — | — | 0.00% | — |
| 2015 | — | — | — | 0.00% | — |
| 2016 | — | — | — | 0.00% | — |

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

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

**Table 18**

**City of Independence, Missouri**
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt repaid with property taxes | | | |
| Independence School District | $ 161,865,449 | 93.31% | $ 151,036,650 |
| Fort Osage Reorganized #1 School District | 56,127,610 | 12.50% | 7,015,951 |
| Blue Springs Reorganized #4 School District | 121,465,000 | 5.20% | 6,316,180 |
| Raytown School District | 78,369,855 | 8.42% | 6,598,742 |
| Subtotal, overlapping debt | | | 170,967,524 |
| City direct debt | | | 161,006,543 |
| Total direct and overlapping debt | | | $ 331,974,067 |

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

Source: The debt outstanding data and applicable percentages are provided by each governmental entity, and is based on the City's percentage of assessed valuation within the school district.

Table 19

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt Limit (1) | $ 280,122,203 | 282,386,511 | 282,386,511 | 259,768,195 | 257,431,508 | 255,846,718 | 255,830,677 | 256,165,576 | 253,001,295 | 263,032,572 |
| Total net debt applicable to limit | 840,870 | 790,240 | 790,240 | 650,505 | 585,340 | 515,768 | 455,018 | 368,810 | 290,306 | 197,697 |
| Legal Debt Margin | $ 279,281,333 | 281,596,271 | 281,596,271 | 259,117,690 | 256,846,168 | 255,330,950 | 255,375,659 | 255,796,766 | 252,710,989 | 262,834,875 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.300% | 0.280% | 0.280% | 0.250% | 0.227% | 0.202% | 0.178% | 0.144% | 0.115% | 0.075% |

**Legal Debt Margin Calculation for Fiscal Year 2016**

| | |
|---|---|
| Assessed Value | $ 1,315,162,858 |
| Debt Limit (20% of assessed value) | 263,032,572 |
| General obligation: | |
| City-Wide | — |
| Neighborhood Improvement Districts | 298,586 |
| Revenue Bonds | 344,168,539 |
| Total Bonded Debt | 344,467,125 |
| Less: | |
| Electric Utility Bonds | 124,408,231 |
| Water Utility Bonds | 30,465,920 |
| Sewer Utility Bonds | 99,576,730 |
| Events Center Bonds | 89,717,658 |
| Debt Service Fund Balance | 100,889 |
| Total net debt applicable to limit | 197,697 |
| Legal debt margin | $ 262,834,875 |

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

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

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

**Table 20**

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

| Fiscal Year | Revenues | Less: Operating Expenses (1) | Net Available Revenue | Debt Service Principal | Debt Service Interest (2) | Coverage |
|---|---|---|---|---|---|---|
| Power & Light (2) | | | | | | |
| 2007 | $ 105,313,797 | $ 80,423,304 | $ 24,890,493 | $ 1,995,000 | $ 784,823 | $ 8.95 |
| 2008 | 109,358,222 | 90,141,975 | 19,216,247 | 2,065,000 | 708,218 | 6.93 |
| 2009 | 106,810,460 | 88,778,796 | 18,031,664 | 2,155,000 | 1,157,423 | 5.44 |
| 2010 | 115,265,625 | 91,580,614 | 23,685,011 | 2,245,000 | 2,149,388 | 5.39 |
| 2011 | 127,486,725 | 98,684,455 | 28,802,270 | 2,965,000 | 2,645,010 | 5.13 |
| 2012 | 140,997,371 | 104,196,848 | 36,800,523 | 3,820,000 | 3,042,435 | 5.36 |
| 2013 | 138,561,630 | 100,672,846 | 37,888,784 | 4,080,000 | 6,100,037 | 3.72 |
| 2014 | 139,621,307 | 106,187,200 | 33,434,107 | 5,015,000 | 5,853,306 | 3.08 |
| 2015 | 139,687,551 | 107,899,251 | 31,788,300 | 3,265,000 | 5,670,556 | 3.56 |
| 2016 | 135,479,674 | 110,381,924 | 25,097,750 | 3,395,000 | 5,539,957 | 2.81 |
| Water (2) | | | | | | |
| 2007 | $ 18,473,889 | $ 12,850,111 | $ 5,623,778 | $ 2,040,000 | $ 1,923,627 | $ 1.42 |
| 2008 | 18,422,122 | 13,268,938 | 5,153,184 | 2,200,000 | 1,838,014 | 1.28 |
| 2009 | 18,709,946 | 13,618,857 | 5,091,089 | 2,380,000 | 2,032,591 | 1.15 |
| 2010 | 21,979,071 | 14,628,914 | 7,350,157 | 2,525,000 | 2,495,816 | 1.46 |
| 2011 | 24,133,141 | 15,051,480 | 9,081,661 | 2,790,000 | 2,263,273 | 1.80 |
| 2012 | 26,383,701 | 15,282,735 | 11,100,966 | 2,965,000 | 2,150,678 | 2.17 |
| 2013 | 28,165,483 | 16,255,647 | 11,909,836 | 3,180,000 | 2,003,608 | 2.30 |
| 2014 | 29,374,518 | 16,856,321 | 12,518,197 | 3,395,000 | 1,463,831 | 2.58 |
| 2015 | 29,739,720 | 16,376,953 | 13,362,767 | 4,230,000 | 1,281,338 | 2.42 |
| 2016 | 32,783,397 | 17,560,790 | 15,222,607 | 4,260,000 | 1,206,338 | 2.78 |
| Sanitary Sewer | | | | | | |
| 2007 | $ 15,519,278 | $ 10,884,567 | $ 4,634,711 | $ — | $ — | $ — |
| 2008 | 15,860,966 | 11,852,963 | 4,008,003 | — | — | — |
| 2009 | 15,585,793 | 13,005,365 | 2,580,428 | — | — | — |
| 2010 | 15,310,352 | 13,001,081 | 2,309,271 | — | — | — |
| 2011 | 17,099,048 | 13,451,850 | 3,647,198 | — | — | — |
| 2012 | 19,260,332 | 13,840,938 | 5,419,394 | — | — | — |
| 2013 | 20,249,977 | 13,440,965 | 6,809,012 | — | 1,030,631 | 6.61 |
| 2014 | 21,501,256 | 14,301,898 | 7,199,358 | 745,000 | 2,740,012 | 2.07 |
| 2015 | 23,586,443 | 14,891,692 | 8,694,751 | 1,015,000 | 3,979,597 | 1.74 |
| 2016 | 24,292,174 | 15,786,512 | 8,505,662 | 1,535,000 | 4,373,881 | 1.44 |

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

Notes: (1) Operating expenses excludes depreciation, interest expense, amortization, non-operating expenses, OPEB, net pension expense (GASB 68), and payments in lieu of taxes.

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

**Table 21**

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

| Calendar Year (3) | Population (1) | Personal Income (thousands of dollars) | Per Capita Personal Income (1) | Median Age (1) | School Enrollment (2) | Unemployment Rate (1) |
|---|---|---|---|---|---|---|
| 2006 | 115,953 | $ 2,632,249,053 | $ 22,701 | 38.91 | 14,829 | 5.30% |
| 2007 | 116,359 | 2,651,123,456 | 22,784 | 39.22 | 14,113 | 5.40% |
| 2008 | 109,159 | 2,471,141,442 | 22,638 | 39.28 | 13,550 | 6.40% |
| 2009 | 114,128 | 2,585,569,840 | 22,655 | 39.56 | 16,065 | 9.80% |
| 2010 | 121,212 | 2,817,572,940 | 23,245 | 39.81 | 20,755 | 10.35% |
| 2011 | 116,830 | 2,636,035,290 | 22,563 | 38.79 | 19,505 | 10.20% |
| 2012 | 117,213 | 2,723,795,694 | 23,238 | 38.18 | 24,900 | 7.10% |
| 2013 | 117,240 | 2,778,588,000 | 23,700 | 39.60 | 25,320 | 6.90% |
| 2014 | 117,494 | 2,763,928,856 | 23,524 | 41.80 | 24,304 | 6.70% |
| 2015 | 117,255 | 2,850,820,815 | 24,313 | 38.60 | 25,173 | 5.60% |

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

Sources: (1) Information provided by U.S. Census Bureau, Mid-America Regional Council or Claritas, Inc.
(2) Information provided by school districts.

Table 22

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

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Employer | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Independence School District | 2,200 | 1 | 3.86% | 1,800 | 2 | 3.17% |
| Orbital ATK (Lake City) | 1,722 | 2 | 3.02% | 2,250 | 1 | 3.96% |
| Centerpoint Medical Center | 1,400 | 3 | 2.45% | | | |
| City of Independence | 1,097 | 4 | 1.92% | 1,176 | 3 | 2.07% |
| Government Employee Health Association | 743 | 5 | 1.30% | 550 | 6 | 0.97% |
| Rosewood Health Center at the Groves | 444 | 6 | 0.78% | 400 | 7 | 0.70% |
| Burd & Fletcher | 274 | 7 | 0.48% | 350 | 8 | 0.62% |
| Jackson County Circuit Court | 274 | 8 | 0.48% | 274 | 10 | 0.48% |
| Cable Dahmer Automotive | 271 | 9 | 0.47% | | | |
| Unilever | 260 | 10 | 0.46% | 330 | 9 | 0.58% |
| Mid-Continent Library | | | | | | |
| Independence Regional Health Center | | | | 1,035 | 4 | 1.82% |
| Medical Center of Independence | | | | 565 | 5 | 0.99% |
| Total | 8,685 | | 14.67% | 8,730 | | 15.36% |

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

Table 23

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

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government | | | | | | | | | | |
| City council office | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| City clerk | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 |
| City manager | 10.50 | 10.50 | 10.50 | 9.50 | 9.50 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| National Frontiers Trails Museum | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 5.75 | 5.75 | 5.75 | 5.00 | — |
| Technology services | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 22.00 | 22.00 | 22.00 | 23.00 | 24.00 |
| Municipal court | 13.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.67 | 14.65 | 14.65 | 14.65 |
| Law - General fund | 6.75 | 6.51 | 6.50 | 6.50 | 6.00 | 6.25 | 6.25 | 6.25 | 6.23 | 6.23 |
| Law - Grant fund | 0.50 | 0.37 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.28 | 0.28 |
| Finance | 26.00 | 25.00 | 24.15 | 24.15 | 24.15 | 22.65 | 22.65 | 22.65 | 22.15 | 22.15 |
| Human resources | 7.50 | 7.50 | 7.50 | 7.50 | 6.50 | 6.50 | 6.44 | 7.44 | 6.75 | 6.75 |
| Public Safety | | | | | | | | | | |
| Police - General fund | 281.50 | 283.00 | 290.40 | 290.40 | 292.90 | 274.65 | 276.91 | 291.91 | 296.91 | 296.91 |
| Police - Grant fund | 10.00 | 14.00 | 15.00 | 15.00 | 13.00 | 14.00 | 13.00 | 13.00 | 7.00 | 7.00 |
| Fire - General fund | 173.25 | 173.25 | 173.25 | 173.25 | 173.25 | 173.25 | 173.25 | 169.25 | 169.75 | 173.75 |
| Fire - Grant fund | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 4.75 | 5.25 | 1.25 |
| Public Works | | | | | | | | | | |
| General Fund | 83.00 | 82.00 | 82.00 | 82.00 | 83.00 | 79.90 | 79.90 | 80.27 | 80.27 | 80.27 |
| Street Sales Tax Fund | — | — | — | — | — | — | 3.00 | 3.00 | 3.00 | 3.00 |
| Health and Welfare | | | | | | | | | | |
| General fund | 34.25 | 35.25 | 35.25 | 35.25 | 36.00 | 35.16 | 40.20 | 29.33 | 28.56 | 28.56 |
| Grant fund | 7.70 | 6.25 | 7.10 | 5.35 | 4.95 | 8.65 | 7.65 | 9.06 | 6.86 | 7.13 |
| Culture and Recreation | | | | | | | | | | |
| General fund | 35.53 | 32.65 | 32.65 | 33.46 | 31.71 | 28.71 | 30.15 | 27.85 | 27.10 | 27.10 |
| Tourism fund | 4.41 | 4.41 | 4.41 | 4.41 | 4.41 | 4.66 | 4.66 | 5.66 | 8.18 | 14.18 |
| Park Improvement Sales Tax fund | 17.12 | 25.29 | 25.29 | 23.98 | 22.48 | 21.75 | 20.75 | 24.70 | 26.61 | 26.61 |
| Community Development | | | | | | | | | | |
| General fund | 25.75 | 26.64 | 26.05 | 27.55 | 27.05 | 27.30 | 27.30 | 27.30 | 28.68 | 28.68 |
| Community Dev Block Grant fund | 2.50 | 2.11 | 2.70 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| HOME Program fund | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Storm Water | | | | | | | | | | |
| Water Poll Control - General Fund | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | — | — | — | — | — |
| Storm Water Sales Tax fund | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| Power and Light | | | | | | | | | | |
| Technology Services - General Fund | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Power and Light | 220.00 | 220.00 | 217.00 | 218.00 | 222.00 | 233.00 | 236.00 | 238.00 | 239.00 | 239.00 |
| Water | | | | | | | | | | |
| Finance - General fund | 0.17 | 0.15 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |
| Water | 97.48 | 98.50 | 101.65 | 101.65 | 101.65 | 93.65 | 93.42 | 92.42 | 93.42 | 93.42 |
| Sewer | | | | | | | | | | |
| Public Works - General fund | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Pollution Control | 70.00 | 70.00 | 70.00 | 70.00 | 70.00 | 70.00 | 70.00 | 70.00 | 70.00 | 73.20 |
| Central Garage fund | 9.00 | 10.00 | 10.00 | 9.75 | 9.75 | 9.75 | 9.75 | 9.75 | 9.75 | 9.75 |
| Worker' Compensation Fund | — | 1.75 | 1.75 | 1.75 | 1.75 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Total | 1,195.66 | 1,208.88 | 1,218.00 | 1,216.30 | 1,216.90 | 1,196.93 | 1,209.05 | 1,220.59 | 1,223.75 | 1,229.22 |

Source: City of Independence Budget

Table 24

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Police Incident Calls | 126,301 | 122,667 | 125,899 | 126,087 | 100,096 | 98,282 | 112,197 | 90,403 | 105,840 | 99,355 |
| Traffic Unit Citations Issued | 30,984 | 31,241 | 31,969 | 38,465 | 19,082 | 19,977 | 33,234 | 40,761 | 36,864 | 37,921 |
| Fire | | | | | | | | | | |
| Total Alarms | 13,354 | 13,130 | 15,374 | 16,081 | 16,931 | 16,907 | 17,126 | 16,929 | 18,737 | 20,175 |
| Public Education Audience | 18,502 | 18,830 | 10,291 | 38,133 | 35,243 | 19,508 | 26,099 | 25,591 | 14,787 | 6,692 |
| Public Works | | | | | | | | | | |
| Street Overlay (lane miles) | 26 | — | 53 | 63 | 16 | 35 | 32 | 39 | 49 | 69 |
| Street Patching Jobs | 3,897 | 6,822 | 3,168 | 6,163 | 7,181 | 5,069 | 4,319 | 7,718 | 7,561 | 4,319 |
| Health and Welfare | | | | | | | | | | |
| Food Handlers Trained | 8,663 | 10,112 | 8,850 | 9,333 | 7,036 | 6,582 | 5,863 | 5,187 | 5,712 | 4,845 |
| Flu Shots Given | 1,118 | 764 | 789 | 7,369 | 661 | 422 | — | — | 3,200 | 2,434 |
| Animal Control Service Calls | 8,415 | 6,641 | 9,314 | 9,489 | 6,957 | 7,499 | 6,343 | 6,255 | 5,452 | 5,008 |
| Culture and Recreation | | | | | | | | | | |
| Park Shelter Reservations | 457 | 646 | 872 | 715 | 730 | 524 | 579 | 657 | 698 | 652 |
| Number of Sermon Center Memberships | 1,095 | 1,500 | 1,323 | 1,574 | 1,577 | 1,577 | 1,671 | 1,332 | 1,618 | 2,065 |
| Community Development | | | | | | | | | | |
| Permits Issued | 4,048 | 4,100 | 3,782 | 3,246 | 4,538 | 3,177 | 2,728 | 3,049 | 3,155 | 3,002 |
| Tourism | | | | | | | | | | |
| Site Attendance | 260,342 | 244,524 | 230,483 | 222,104 | 287,466 | 374,525 | 130,249 | 293,772 | 409,320 | 299,457 |
| Leisure Visitor Inquiries | 34,116 | 35,446 | 33,392 | 39,925 | 38,828 | 50,517 | 37,126 | 31,282 | 33,117 | 32,198 |
| National Frontiers Trails Museum | | | | | | | | | | |
| Number of visitors to museum | 14,621 | 15,095 | 14,900 | 16,691 | 15,126 | 14,123 | 12,932 | 13,470 | 13,532 | 14,645 |
| Power and Light | | | | | | | | | | |
| Average number of monthly customers | 56,562 | 56,790 | 56,656 | 56,585 | 56,458 | 56,292 | 56,297 | 56,474 | 56,709 | 56,908 |
| Water | | | | | | | | | | |
| Number of customers | 48,358 | 48,350 | 48,318 | 47,822 | 48,089 | 48,145 | 48,121 | 48,253 | 48,384 | 48,615 |
| Water main breaks | 271 | 179 | 171 | 202 | 267 | 249 | 402 | 318 | 227 | 184 |
| Sewer | | | | | | | | | | |
| Number of customers | 44,351 | 44,210 | 44,279 | 44,232 | 44,078 | 44,085 | 44,062 | 44,166 | 44,793 | 44,559 |
| Wastewater Treated (Million Gallons) | 2,348 | 2,701 | 3,080 | 3,249 | 2,515 | 2,261 | 2,361 | 2,124 | 2,558 | 3,229 |

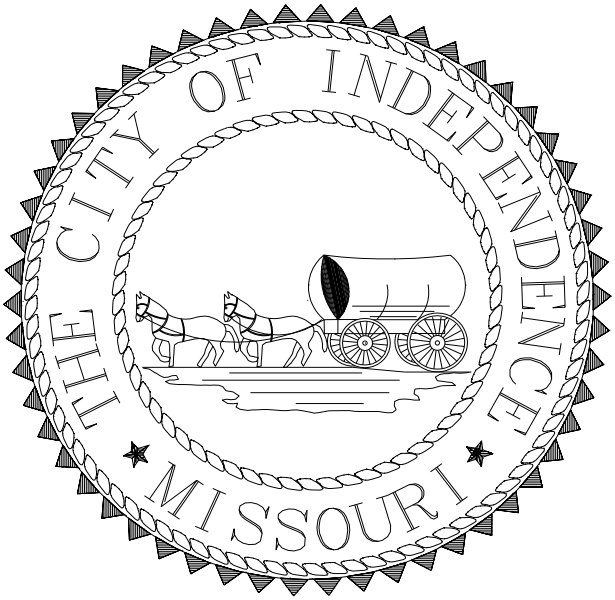
Source: City of Independence

Table 25

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Police stations | 4 | 4 | 4 | 5 | 4 | 3 | 5 | 5 | 5 | 3 |
| Vehicles | 203 | 206 | 201 | 215 | 166 | 180 | 191 | 191 | 194 | 185 |
| K - 9 Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Fire Stations | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Fire Training Facilities | — | — | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 45 | 42 | 45 | 48 | 47 | 45 | 44 | 45 | 46 | 45 |
| Public Works | | | | | | | | | | |
| Total area (square miles) | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 |
| Paved miles | 550 | 564 | 547 | 557 | 565 | 565 | 560 | 560 | 560 | 578 |
| Culture and Recreation | | | | | | | | | | |
| Park acreage | 826 | 728 | 728 | 781 | 730 | 843 | 843 | 887 | 887 | 843 |
| Parks | 44 | 42 | 42 | 45 | 43 | 45 | 46 | 42 | 43 | 46 |
| Community Centers | 3 | 3 | 3 | 3 | 3 | 4 | 3 | 3 | 3 | 3 |
| Fitness Centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 2 |
| Ball Fields | 53 | 54 | 54 | 57 | 54 | 42 | 45 | 44 | 44 | 44 |
| Power and Light | | | | | | | | | | |
| Power stations | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Transmission/Distribution Circuits (miles) | 829 | 835 | 840 | 844 | 847 | 859 | 853 | 869 | 870 | 888 |
| Maximum daily use (Mwh) | 5,865 | 5,579 | 5,472 | 4,909 | 5,456 | 5,780 | 5,654 | 4,818 | 4,754 | 4,983 |
| Water | | | | | | | | | | |
| Water mains (miles) | 736 | 741 | 742 | 746 | 750 | 757 | 758 | 759 | 760 | 760 |
| Fire hydrants | 4,520 | 4,635 | 4,679 | 4,728 | 4,787 | 4,854 | 4,875 | 4,910 | 4,933 | 4,950 |
| Maximum daily pumpage (millions of gallons) | 44 | 39 | 38 | 35 | 42 | 42 | 47 | 40 | 37 | 39 |
| Sewer | | | | | | | | | | |
| Number of treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sewers mains (miles) | 590 | 578 | 596 | 597 | 596 | 614 | 614 | 614 | 614 | 616 |
| Maximum daily capacity of treatment (MGD) | 18 | 16 | 18 | 18 | 18 | 16 | 16 | 32 | 32 | 32 |

Source: City of Independence


THE CITY OF INDEPENDENCE
MISSOURI

*City of Independence*

111 East Maple St., P.O. Box 1019, Independence, Missouri 64051-0519 (816) 325-7000

# UNAUDITED FINANCIAL AND OPERATING REPORT
# FOR PERIOD ENDED MARCH 31, 2017

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# CITY OF INDEPENDENCE, MISSOURI

# FINANCIAL AND OPERATING REPORT

## FOR PERIOD ENDED

## March 2017

**PREPARED BY:**
**FINANCE DEPARTMENT**

City of Independence
111 EAST MAPLE • P.O. BOX 1019 • INDEPENDENCE, MISSOURI 64051-0519
www.ci.independence.mo.us • (816) 325-7000

May 22, 2017

**Honorable Mayor**
**Members of the City Council**
**City Manager & Department Directors**

**Re: March 2017 Financial Report**

The Financial Report of the City of Independence for the period ended March 31, 2017 is submitted herewith. This report reflects 75.0 % of the 2016-17 fiscal year operations for the funds represented.

The current budget for General Fund estimated revenue is $74,441,617. Projected revenues for the year are expected to be $1,281,631 more than the estimate. The projected revenues, for the most part, reflect trends that developed this last year. Note this projection is based on nine months of actual operating results. Totals by revenue category can be found in the table below. Additional information can be found following this transmittal letter. Utility franchise fees are $408,965 less than the original estimate, and the City owned utilities are $59,739 below the original estimate for their Payments In-Lieu of Taxes (PILOTS). Revenues for Licenses & Permits, Grants, Charges for Services, Fines & Forfeitures, and Interest are all projected to be above the original estimates. The positive variance for Charges for Services includes the year-to-date Police Forfeiture funds received of $323,389. These funds are restricted for Police equipment, and are not included in the original estimated revenues of $74,441,617. Detail for all General Fund revenues can be found at the end of this letter.

**General Fund Revenues**

| | | Original Est. Revenue | Adjusted Est. Revenue | Projected | Variance of Proj. to Adj. | % |
|---|---|---|---|---|---|---|
| Taxes & PILOTS | $ | 54,123,695 | 54,123,695 | 53,655,932 | (467,763) | -0.9% |
| Licenses & Permits | | 3,759,869 | 3,759,869 | 4,693,778 | 933,909 | 19.9% |
| Grants | | 5,289,812 | 5,289,812 | 5,320,059 | 30,247 | 0.6% |
| Charges for Services | | 2,002,725 | 2,002,725 | 2,338,509 | 335,784 | 14.4% |
| Interfund Services | | 5,073,016 | 5,073,016 | 5,073,016 | (0) | 0.0% |
| Fines & Forfietures | | 3,623,000 | 3,623,000 | 4,067,033 | 444,033 | 10.9% |
| Interest | | 101,500 | 101,500 | 126,499 | 24,999 | 19.8% |
| Other Revenue | | 468,000 | 468,000 | 448,422 | (19,578) | -4.4% |
| Debt Proceeds | | - | - | - | - | |
| Total | $ | 74,441,617 | 74,441,617 | 75,723,248 | 1,281,631 | 1.7% |

Fiscal year to date expenditures for the General Fund are $54,894,238 and encumbrances are $1,836,583. The total is $56,730,821. This represents 75.5% of the adjusted budget. This is slightly more than the current month's proportion of 75.0%. This includes a number of blanket encumbrances written at the beginning of the year. The variance column adjusts for salary and expenditure savings which are projected in various departments. This variance may increase or decrease during the year. Salary and benefit projections show that 73.7% of the budget for this category has been expended.

**General Fund Expenditures & Encumbrances**

| | Adopted Budget | Adjusted Budget | Actual To Date | % | Projected | Variance of Proj. to Adj. |
|---|---|---|---|---|---|---|
| General Government | $ 7,394,059 | 7,394,059 | 5,922,266 | 80.1% | 7,753,515 | 359,456 |
| Public Safety | 47,937,459 | 48,720,959 | 37,232,116 | 76.4% | 49,195,977 | 475,018 |
| Public Works | 5,419,548 | 5,435,148 | 3,835,337 | 70.6% | 5,349,995 | (85,153) |
| Health | 2,608,660 | 1,825,160 | 1,385,081 | 75.9% | 1,587,972 | (237,188) |
| Parks & Recreation | 1,490,728 | 1,490,728 | 1,062,844 | 71.3% | 1,431,063 | (59,665) |
| Council Goals | 200,000 | 200,000 | 42,738 | 21.4% | 200,000 | - |
| TIF Distribution | - | - | - | 0.0% | - | - |
| Other | 9,733,922 | 10,067,422 | 7,250,439 | 72.0% | 9,490,523 | (576,899) |
| TOTAL | $ 74,784,376 | 75,133,476 | 56,730,821 | 75.5% | 75,009,045 | (124,431) |

**Projected Financial Position – FY 2016-17:**

The chart on the right is the fund balance account for the General Fund for this fiscal year. It includes all of the fund balance components including those amounts listed as Restricted or Assigned Fund Balance, such as, Encumbrances, Debt Service, and Protested Taxes; the Committed Fund Balance items includes components, such as, Capital Projects, Council Strategic Goals, TIF Distributions; and the Unassigned Fund Balance. Total projected Fund Balance is decreasing by $114,621 as a result of the decrease of restricted, committed or assigned funds of $1,261,710 and the $1,147,089 increase of unassigned funds.

| Fund Balance Activity | |
|---|---|
| **Beginning Fund Balance** | $ 5,653,386 |
| Current Fiscal Year | |
| Revenues | 75,723,248 |
| Expenditures | 75,009,045 |
| Rev. over/(under) Expenditures | 714,203 |
| Prior Year Encumbrances | 1,015,887 |
| Transfers In | 197,063 |
| Transfers Out | 10,000 |
| **Projected Ending Fund Balance** | $ 5,538,765 |

**Projected Unassigned Fund Balance – FY 2016-17:**

Of the $5,653,386 of beginning fund balance reported above, the unassigned portion is $3,684,711. The difference represents restricted, committed and assigned fund balance components. The unassigned portion is expected to increase by $1,147,089 to a projected unassigned fund balance of $4,831,800 at the end of this fiscal year. Several factors are impacting this change, including the revenue and expenditure variances. The City Manager is continuing this year to evaluate vacancies to measure salary savings during the fiscal year. Several of the revenue and expenditure accounts will fluctuate from month to month. Detail information regarding the changes in unassigned fund balance can be found in the table that follows this transmittal letter.

**Unassigned Fund Balance Activity**

| | |
|---|---|
| **Beginning Unassigned Fund Balance** | $ 3,684,711 |
| Approved Budget Variances | (691,859) |
| Projection Variances: | |
| Revenue Variance | 1,281,631 |
| Expenditure Variance | (124,431) |
| Net Budget Variance | 714,203 |
| Transfers Authorized by the Budget | |
| Other: | |
| Increases | 766,275 |
| Decreases | 333,389 |
| **Projected Ending Unassigned Fund Balance** | $ 4,831,800 |

## City Council Goals Account

The following is an analysis of the City Council Goals Account. The chart shows the amounts allocated to the various projects.

| Description | Allocation Amount | Expended or Encumbered | Balance |
|---|---|---|---|
| Carry-over Budget from Prior Year | $ 15,901 | | |
| Current Year Authorization | 200,000 | | |
| | $ 215,901 | | |
| **Current Year Allocations:** | | | |
| Community Gardens | 38 | 38 | - |
| Neighborhood Cleanup Program | 9,920 | 9,920 | - |
| Economic Development | 8,830 | 8,830 | - |
| Graffiti Abatement | 943 | 943 | - |
| Rental Ready Permit & Zoning Technician | 85,000 | 19,608 | 65,392 |
| Dangerous Buildings | 50,000 | 19,300 | 30,700 |
| NWCDC | 20,000 | - | 20,000 |
| **Total** | $ 174,731 | 58,639 | 116,092 |
| **Unallocated Balance** | $ 41,170 | | |

## License Surcharge Fund

Revenues this fiscal year from the license surcharge on building construction which went into effect on January 1, 2001 are $220,479 and the unassigned fund balance is $655,402.

## Street Improvements Sales Tax Fund

The Street Improvement Sales Tax Fund has been set-up to account for the one-half cent transportation sales tax identified for streets and bridges. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for FY 2016-17 is $745,326.

### Street Improvement Sales Tax Fund

| Revenues: | Actual As Of Prior Fiscal Year | Current Fiscal Year Budget | Projected | Variance |
|---|---|---|---|---|
| Sales Tax | $ 8,399,825 | 8,350,000 | 8,350,000 | - |
| Interest | 3,416 | 900 | 11,000 | 10,100 |
| Intergovernmental | - | 2,360,300 | 2,360,300 | - |
| Other | 109,000 | - | 85,000 | 85,000 |
| **Total Revenues** | 8,512,241 | 10,711,200 | 10,806,300 | 95,100 |
| **Expenditures:** | | | | |
| Non-Departmental | 13,513 | - | - | - |
| Public Works | 132,290 | 582,777 | 582,777 | - |
| Debt Service | 532,194 | 530,154 | 530,154 | - |
| Capital Appropriatons | 10,068,181 | 11,077,692 | 11,077,692 | - |
| **Total Expenditures** | 10,746,178 | 12,190,623 | 12,190,623 | - |
| **Excess of Revenues Over (Under) Expenditures** | (2,233,937) | | (1,384,323) | |
| **Other Fin. Sources (Uses)** | | | | |
| Debt Proceeds | - | - | - | - |
| Transfers In | 239,707 | - | 190,255 | 190,255 |
| Transfers Out | 326,602 | - | 292,351 | 292,351 |
| **Total Other Financing** | (86,895) | - | (102,096) | (102,096) |
| **Fund Balance:** | | | | |
| Restricted - Encumbrances | 4,288,698 | | - | |
| Reserved - Other | - | | - | |
| Restricted | (2,056,953) | | 745,326 | |
| Total | $ 2,231,745 | | 745,326 | |

## Park Improvements Sales Tax Fund

The Park Improvements Sales Tax Fund has been set-up to account for the one-quarter cent sales tax identified for parks and recreation. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for FY 2016-17 is ($1,616,487).

### Park Improvement Sales Tax Fund

| Revenues: | Actual As Of Prior Fiscal Year | Current Fiscal Year Budget | Projected | Variance |
|---|---|---|---|---|
| Sales Tax | $ 4,200,128 | 4,180,000 | 4,180,000 | - |
| Interest | - | - | - | - |
| Charges for Services | 528,179 | 321,451 | 321,451 | - |
| Other | 16,698 | 106,700 | 106,700 | - |
| **Total Revenues** | 4,745,005 | 4,608,151 | 4,608,151 | - |
| **Expenditures:** | | | | |
| Non-Departmental | 6,756 | - | - | |
| Debt Service | 33,330 | - | - | - |
| Operating | 2,429,211 | 3,035,898 | 3,035,898 | - |
| Capital | 448,848 | 483,888 | 483,888 | - |
| **Total Expenditures** | 2,918,145 | 3,519,786 | 3,519,786 | - |
| **Excess of Revenues Over (Under) Expenditures** | 1,826,860 | | 1,088,365 | |
| **Other Fin. Sources (Uses)** | | | | |
| Debt Proceeds | - | | - | |
| Transfers In | - | | 1,932 | |
| Transfers Out | 66,011 | | 8,925 | |
| **Total Other Financing** | (66,011) | | (6,993) | |
| **Fund Balance:** | | | | |
| Restricted - Encumbrances | 275,111 | | - | |
| Reserved - Other | - | | - | |
| Restricted | (2,972,970) | | (1,616,487) | |
| Total | $ (2,697,859) | | (1,616,487) | |

## Fire Sales Tax Fund

The Fire Sales Tax Fund has been set-up to account for the portion one-eighth cent sales tax identified for the fire service. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for FY 2016-17 is $1,437,913.

### Fire Sales Tax Fund

| Revenues: | Actual As Of Prior Fiscal Year | Current Fiscal Year Budget | Current Fiscal Year Projected | Variance |
|---|---|---|---|---|
| Sales Tax | $ 2,100,451 | 2,100,000 | 2,100,000 | - |
| Interest | 2,877 | 800 | 8,500 | 7,700 |
| Other | 18,960 | - | 9,951 | 9,951 |
| **Total Revenues** | 2,122,288 | 2,100,800 | 2,118,451 | 17,651 |
| **Expenditures:** | | | | |
| Non-Departmental | - | | - | - |
| Debt Service | - | - | - | - |
| Operating | 2,396,510 | 2,536,321 | 2,536,321 | - |
| Capital | - | - | - | - |
| **Total Expenditures** | 2,396,510 | 2,536,321 | 2,536,321 | - |
| **Excess of Revenues Over (Under) Expenditures** | (274,222) | | (417,870) | |
| **Other Fin. Sources (Uses)** | | | | |
| Debt Proceeds | 624,897 | | - | |
| Transfers In | - | | - | |
| Transfers Out | - | | - | |
| **Total Other Financing** | 624,897 | | - | |
| **Fund Balance:** | | | | |
| Restricted - Encumbrances | 456,739 | | - | |
| Reserved - Other | - | | - | |
| Restricted | 1,399,044 | | 1,437,913 | |
| Total | $ 1,855,783 | | 1,437,913 | |

## Police (Capital) Sales Tax Fund

The Police (Capital) Sales Tax Fund has been set-up to account for the one-eighth cent capital improvements sales tax identified for police equipment. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for FY 2016-17 is $1,585,156.

### Police (Capital) Sales Tax Fund

| Revenues: | Actual As Of Prior Fiscal Year | Current Fiscal Year Budget | Current Fiscal Year Projected | Variance |
|---|---|---|---|---|
| Sales Tax | $ 2,221,976 | 2,210,000 | 2,210,000 | - |
| Interest | 2,345 | 600 | 8,500 | 7,900 |
| Other | 66,810 | - | 73,236 | 73,236 |
| **Total Revenues** | 2,291,131 | 2,210,600 | 2,291,736 | 81,136 |
| **Expenditures:** | | | | |
| Debt Service | 38,278 | - | - | - |
| Capital | 1,970,647 | 2,546,603 | 2,546,603 | - |
| **Total Expenditures** | 2,008,925 | 2,546,603 | 2,546,603 | - |
| **Excess of Revenues Over (Under) Expenditures** | 282,206 | | (254,867) | |
| **Other Fin. Sources (Uses)** | | | | |
| Debt Proceeds | - | | - | |
| Transfers In | - | | - | |
| Transfers Out | - | | - | |
| **Total Other Financing** | - | | - | |
| **Fund Balance:** | | | | |
| Restricted - Encumbrances | 191,162 | | - | |
| Reserved - Other | - | | - | |
| Restricted | 1,648,861 | | 1,585,156 | |
| Total | $ 1,840,023 | | 1,585,156 | |

## Storm Water Sales Tax Fund

The Storm Water Sales Tax Fund has been set-up to account for the one-quarter cent sales tax identified for storm water system improvements. The following analysis shows the funds available for new projects based on the current projection of sales tax revenue and the current appropriations for specific projects. The sales tax projections will be adjusted monthly to reflect the variance between projected and actual.

The amounts for budget and projected expenditures will be adjusted as funds are appropriated for new projects. Our fund balance projection for FY 2016-17 is $2,456,988.

### Storm Water Sales Tax Fund

| Revenues: | Actual As Of Prior Fiscal Year | Budget | Projected | Variance |
|---|---|---|---|---|
| Sales Tax | $ 4,200,147 | 4,180,000 | 4,180,000 | - |
| Intra-governmental | - | - | - | - |
| Interest | 10,699 | 4,000 | 37,000 | 33,000 |
| Other | 176,121 | - | 58 | 58 |
| **Total Revenues** | 4,386,967 | 4,184,000 | 4,217,058 | 33,058 |
| **Expenditures:** | | | | |
| Operating | 1,769,844 | 3,058,952 | 3,058,952 | - |
| Capital | 2,087,778 | 5,454,620 | 5,454,620 | - |
| **Total Expenditures** | 3,857,622 | 8,513,572 | 8,513,572 | - |
| **Excess of Revenues Over (Under) Expenditures** | 529,345 | | (4,296,514) | |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 220,338 | - | - | - |
| Transfers Out | 691,083 | 691,083 | 691,083 | - |
| Debt Proceeds | - | - | - | - |
| **Total Other Financing** | (470,745) | (691,083) | (691,083) | - |
| **Fund Balance** | | | | |
| Restricted - Encumbrances | 1,001,213 | | - | |
| Reserved - Other | - | | - | |
| Restricted | 6,443,372 | | 2,456,988 | |
| **Total** | $ 7,444,585 | | 2,456,988 | |

## Central Garage

The Garage Fund realized net loss of $1,548 for this month of the fiscal year and a net loss of $121,394 for the year to date. The Director of Public Works must review this closely to insure the net income of the Central Garage Fund does not vary greatly from the expectations provided in the Operating Budget for this fiscal year. Also, the Director should look at any fluctuations in income from month to month. The chart on the right reflects the activity of the Central Garage for nine months of the fiscal year.

### Central Garage Operating Statement

| | Current Month | Year to Date |
|---|---|---|
| Revenue: | | |
| Repairs & Other Income | $ 165,277 | 1,270,253 |
| Operating Expenses: | | |
| Personal Services | 65,117 | 577,807 |
| Other Services | 40,014 | 284,467 |
| Supplies | 63,264 | 541,005 |
| Capital Outlay | - | - |
| Depreciation Expense | 300 | 2,992 |
| Total Expenses | 168,695 | 1,406,271 |
| Net Income from Operations | (3,418) | (136,018) |
| Other Income/Expense: | | |
| Interest Income/(Expense) | 433 | 2,989 |
| Misc. Income | 1,437 | 11,635 |
| **Net Income/(Loss)** | **$ (1,548)** | **(121,394)** |
| Fund Equity, Beginning | | (281,255) |
| Transfers In/(Out) | | - |
| **Fund Equity, Ending** | | **$ (402,649)** |

## Street Improvement (Capital Project Fund)

The following financial analysis shows the funds available for new projects in the Street Improvements Capital Project Fund. In this analysis the amount shown as 'Due from Federal Government' represents receivables for federal funding of street and bridge construction. The amount for 'Due from Other' represents receivables from Neighborhood Improvement Districts and TIF Funds. Of the $425,768 that is 'Due from Other', $0.00 has been submitted; approximately $425,768 is retained from payments to contractors, leaving $0.00 which hasn't been submitted.

### Street Improvements Fund

| | | |
|---|---|---|
| **Assets** | | |
| Cash | $ | - |
| Special Assessment Receivable | | - |
| Due From Federal Government | | - |
| Due From Other Local Government | | - |
| Due From Other | | 425,768 |
| Contributions Receivable | | - |
| Total | | 425,768 |
| **Liabilities & Credits** | | |
| Accounts Payable | | - |
| Deferred Revenue | | 425,768 |
| Due To Other Funds | | 206,669 |
| Funds In Escrow | | - |
| Total | | 632,437 |
| **Fund Balance** | $ | (206,669) |

## Workers' Compensation Fund

The Worker's Compensation Fund is an internal service fund and functions as a self-funded insurance program. Of the total liabilities for claims 49.9% of $4,982,083 or $2,488,182 is long term liabilities. Current incurred but not reported (IBNR) claims are estimated to be $943,711. Non-current IBNR is estimated at $486,154. Current liabilities include $0.00 for major claims. Non-current liabilities include $1,203,446 for major claims.

### Worker's Compensation Fund

| | | |
|---|---|---|
| **Assets** | | |
| Pooled cash and investments | $ | 4,175,631 |
| Accounts receivable | | - |
| Restricted Assets | | 200,000 |
| Deferred Outlfows Pension | | 90,708 |
| **Total Assets** | | 4,466,339 |
| **Current Liabilities** | | |
| Accounts and contracts payable | | - |
| Accrued liabilities | | 3,423 |
| Compensated absences | | 14,893 |
| Deferred Revenue | | 619,000 |
| Worker's Comp claims | | 1,550,190 |
| IBNR | | 943,711 |
| **Total Current Liabilities** | | 3,131,217 |
| **Noncurrent liabilities** | | |
| Compensated absences | | 34,499 |
| Other Post Employment Benefits | | 243,695 |
| Worker's Comp claims | | 2,002,028 |
| IBNR | | 486,154 |
| Deferred Inflows Pension | | 11,786 |
| Total noncurrent liabilities | | 2,778,162 |
| **Total Liabilities** | | 5,909,379 |
| **Net Assets** | | |
| Invested in capital assets, net of debt | | - |
| Unrestricted | | (1,443,040) |
| Total net assets (deficit) | | (1,443,040) |
| **Total liabilities and net assets** | $ | 4,466,339 |

## Stay Well Health Care Plan

With the consolidation of the employee health care plans into the self-funded Stay Well Health Care Plan as of January 1, 2010 a separate financial and activity report will be prepared.

**Power and Light Fund**

Total operating revenues of the Power and Light Fund of $103,241,106 reflect a decrease of $1,156,843 over fiscal year 2015-16 operating revenues of $104,397,949 or 1.1%. The decreased revenues are due to decreases: in sales to other utilities of $759,659, and in other operating revenues of $3,383,480 which was offset by increases in retail energy sales of $1,873,262, and in unbilled revenue of $1,113,034.

Total operating expenses of the Power and Light Fund of $97,857,746 reflect a decrease of $6,850,607 or 6.5 % over the fiscal year 2015-16 operating expenses of $104,708,353. The decreased expenses were due to decreases: in production expenses of $2,637,515, in transmission expenses of $784,682, in customer accounts of $188,582, in general and administrative expenses of $694,553 and in depreciation and amortization expenses of $2,593,448 which was offset by an increase in distribution expenses of $273,827.

**Water Fund**

Total operating revenues of the Water Fund of $23,877,841 reflect an increase of $1,341,965 from fiscal year 2015-16 total operating revenues of $22,535,876 or 6.0%. An October rate increase is responsible for the overall increase.

Total operating expenses of the Water Fund of $16,169,258 reflect a decrease of $39,134 from fiscal year 2015-16 total operating expenses of $16,208,392 or 0.2%. Increased costs of purchased power and outside services employed have been outweighed by a decrease in treatment plant maintenance expenses.

**Sanitary Sewer Fund**

Total operating revenues of the Sanitary Sewer Fund of $19,494,406 reflect an increase of $1,841,915 from fiscal year 2015-16 total operating revenues of $17,652,490 or 10.4%. This increase is attributable to an increase commercial-base charge and regulatory compliance bills issued this year.

Total operating expenses of the Sanitary Sewer Fund of $16,476,666 reflect an increase of $762,574 from fiscal year 2015-16 total operating expenses of $15,714,092 or 4.9 %. This increase is attributable to an increase in the amount calculated for Payment in Lieu of Taxes during the fiscal year as well as an increase in the amount paid for inter-jurisdictional expenses and an increase in the charge for depreciation.

Brian C. Watson
Director of Finance

# City of Independence, Missouri
## Analysis of General Fund Revenues - Actual Plus Estimated

Months of Actual Revenue: 9

| Account Number | | Description | Original Budget | Revised Budget | Actual Revenue Through March | Total Projected Revenue | Variance To Budgeted Revenues |
|---|---|---|---|---|---|---|---|
| | | **Property Taxes:** | | | | | |
| | | **General Property Taxes:** | | | | | |
| 2 | 3011 | Real Estate | $ 7,520,000 | 7,520,000 | 7,658,969 | 7,625,000 | 105,000 |
| 2 | 3013 | R.R. & Other Utility | 41,000 | 41,000 | 41,536 | 41,000 | (0) |
| | | **Total Property Taxes** | 7,561,000 | 7,561,000 | 7,700,505 | 7,666,000 | 105,000 |
| | | **Sales and Use Taxes:** | | | | | |
| 2 | 3041 | Local Option Sales Tax | 17,927,500 | 17,927,500 | 13,243,183 | 17,783,441 | (144,059) |
| 2 | 3042 | Cigarette Tax | 425,000 | 425,000 | 351,068 | 465,000 | 40,000 |
| | | **Total Sales and Use Taxes** | 18,352,500 | 18,352,500 | 13,594,251 | 18,248,441 | (104,059) |
| | | **Utility Franchise Fees:** | | | | | |
| 2 | 3052 | Water | 27,000 | 27,000 | 20,629 | 33,008 | 6,008 |
| 2 | 3053 | Gas | 4,000,000 | 4,000,000 | 2,393,020 | 3,235,125 | (764,875) |
| 2 | 3054 | Telephone | 3,650,000 | 3,650,000 | 2,548,595 | 3,417,328 | (232,672) |
| 2 | 3055 | Electricity | 530,000 | 530,000 | 553,968 | 712,574 | 182,574 |
| 2 | 3057 | Cable Television | 900,000 | 900,000 | 1,009,925 | 1,300,000 | 400,000 |
| | | **Total Utility Franchise Fees** | 9,107,000 | 9,107,000 | 6,526,136 | 8,698,035 | (408,965) |
| | | **Payments in Lieu of Taxes** | | | | | |
| 2 | 3281 | Power & Light in Lieu of Taxes | 13,581,285 | 13,581,285 | 10,312,575 | 13,387,850 | (193,435) |
| 2 | 3282 | Water Service in Lieu of Taxes | 3,010,371 | 3,010,371 | 2,366,147 | 3,113,868 | 103,497 |
| 2 | 3283 | Sanitary Sewer in Lieu of Taxes | 2,511,539 | 2,511,539 | 1,925,203 | 2,541,738 | 30,199 |
| | | **Total Payments in Lieu of Taxes** | 19,103,195 | 19,103,195 | 14,603,925 | 19,043,456 | (59,739) |
| | | **Total Taxes** | 54,123,695 | 54,123,695 | 42,424,817 | 53,655,932 | (467,763) |
| | | **Business Licenses & Permits:** | | | | | |
| 2 | 3101 | Occupation Licenses | 1,597,000 | 1,597,000 | 1,111,597 | 1,980,371 | 383,371 |
| 2 | 3102 | Liquor Licenses | 107,000 | 107,000 | 11,330 | 115,967 | 8,967 |
| 2 | 3103 | Bld. Trades Licenses and Exams | 110,000 | 110,000 | 106,781 | 113,294 | 3,294 |
| 2 | 3104 | Fin - Other License/Permits | 108,619 | 108,619 | 104,005 | 136,183 | 27,564 |
| 2 | 3108 | Building Permits, Com. Develop. | 875,000 | 875,000 | 1,123,587 | 1,200,000 | 325,000 |
| 2 | 3109 | Construction Permits, Public Works | 165,000 | 165,000 | 234,731 | 281,291 | 116,291 |
| 2 | 3120 | Nursing Home Permits | 650 | 650 | 1,300 | 1,300 | 650 |
| 2 | 3121 | Day Care Permits | 6,600 | 6,600 | 7,084 | 7,234 | 634 |
| 2 | 3122 | Food Handler's Permits | 97,000 | 97,000 | 72,190 | 92,278 | (4,722) |
| 2 | 3123 | Massage Therapist Appl | 5,000 | 5,000 | 5,970 | 6,445 | 1,445 |
| 2 | 3124 | Other Food Permits | 155,000 | 155,000 | 209,492 | 215,132 | 60,132 |
| 2 | 3125 | Ambulance Permits & Licenses | 27,000 | 27,000 | 26,698 | 37,308 | 10,308 |
| 2 | 3126 | Plan Reviews - Health Dept. | 6,000 | 6,000 | 6,375 | 6,975 | 975 |
| | | **Subtotal Bus. Licenses & Permits** | 3,259,869 | 3,259,869 | 3,021,140 | 4,193,778 | 933,909 |
| | | **Non-business Licenses & Permits:** | | | | | |
| 2 | 3151 | Motor Vehicle Licenses | 500,000 | 500,000 | 513,075 | 500,000 | (0) |
| | | **Subtotal Non-bus. Lic. & Permits** | 500,000 | 500,000 | 513,075 | 500,000 | (0) |
| | | **Total Licenses & Permits** | 3,759,869 | 3,759,869 | 3,534,215 | 4,693,778 | 933,909 |
| | | **Intergovernmental Revenue:** | | | | | |
| | | **Federal:** | | | | | |
| 2 | 3210 | Emergency Management | — | — | — | — | — |
| 2 | 3211 | Public Health Nursing | — | — | — | — | — |
| 2 | 3212 | Community Health ed | — | — | — | — | — |
| 2 | 3218 | Dial-a-ride | — | — | — | — | — |
| 2 | 3219 | Other | — | — | — | — | — |
| | | **Total Federal** | — | — | — | — | — |

# City of Independence, Missouri
## Analysis of General Fund Revenues - Actual Plus Estimated

Months of Actual Revenue: 9

| Account Number | | Description | Original Budget | Revised Budget | Actual Revenue Through March | Total Projected Revenue | Variance To Budgeted Revenues |
|---|---|---|---|---|---|---|---|
| | | **State:** | | | | | |
| 2 | 3241 | Financial Institutions Tax | 25,000 | 25,000 | 34,130 | 34,130 | 9,130 |
| 2 | 3242 | Gasoline Tax | 3,150,000 | 3,150,000 | 2,366,227 | 3,114,215 | (35,785) |
| 2 | 3243 | Motor Vehicle License Fees | 515,000 | 515,000 | 345,575 | 500,000 | (15,000) |
| 2 | 3244 | Motor Vehicle Sales Tax | 975,000 | 975,000 | 747,898 | 1,039,020 | 64,020 |
| 2 | 3250 | Other | — | — | — | — | — |
| | | **Total State** | 4,665,000 | 4,665,000 | 3,493,830 | 4,687,365 | 22,365 |
| | | **Other:** | | | | | |
| 2 | 3272 | Jackson County Drug Task Force | 373,430 | 373,430 | 289,178 | 373,430 | (0) |
| 2 | 3274 | Jackson County Dare Program | 226,382 | 226,382 | 116,382 | 234,264 | 7,882 |
| 2 | 3275 | Mid Am Reg Council | 25,000 | 25,000 | 18,742 | 25,000 | 0 |
| 2 | 3279 | Other Misc. Grants | — | — | — | — | — |
| | | **Total Other** | 624,812 | 624,812 | 424,302 | 632,694 | 7,882 |
| | | **Total Intergovernmental Revenue** | 5,289,812 | 5,289,812 | 3,918,132 | 5,320,059 | 30,247 |
| | | **Charges for Current Services:** | | | | | |
| | | **General Government:** | | | | | |
| 2 | 3302 | Planning & Zoning Fees | 15,000 | 15,000 | 21,011 | 26,914 | 11,914 |
| 2 | 3303 | Board of Adjustment Fees | 3,000 | 3,000 | 1,800 | 2,850 | (150) |
| 2 | 3304 | Sale of Maps, Books, Plans | 100 | 100 | 25 | 25 | (75) |
| 2 | 3305 | Sale of Police Reports | 31,000 | 31,000 | 26,419 | 34,694 | 3,694 |
| 2 | 3306 | Sale of Fire Reports | 1,750 | 1,750 | 893 | 1,917 | 167 |
| 2 | 3307 | Computer Service Charges | 300 | 300 | — | 0 | (300) |
| 2 | 3309 | Transit Rider Fares | 155,000 | 155,000 | 140,136 | 179,171 | 24,171 |
| | | **Health:** | | | | | |
| 2 | 3311 | Animal Shelter Fees | 300 | 300 | 330 | 510 | 210 |
| 2 | 3312 | Animal Shelter Services | 6,000 | 6,000 | 5,980 | 6,150 | 150 |
| 2 | 3313 | Other Health Programs | 9,000 | 9,000 | 15,185 | 16,135 | 7,135 |
| | | **Public Safety:** | | | | | |
| 2 | 3316 | Reimb. For Police Services | 18,300 | 18,300 | 23,892 | 30,193 | 11,893 |
| 2 | 3317 | School Resource Officers | 491,225 | 491,225 | 337,018 | 491,225 | (0) |
| 2 | 3318 | Alarm Charges - Police | 32,000 | 32,000 | 75 | 75 | (31,925) |
| 2 | 3319 | Alarm Charges - Fire | 5,700 | 5,700 | 2,150 | 5,700 | (0) |
| | | **Recreation:** | | | | | |
| 2 | 3322 | Program Fees | 35,120 | 35,120 | 26,540 | 33,049 | (2,071) |
| 2 | 3323 | Concessions | — | — | — | — | — |
| 2 | 3326 | Pool Fees | — | — | — | — | — |
| 2 | 3327 | Center Fees/Club Memberships | 58,000 | 58,000 | 54,747 | 63,353 | 5,353 |
| 2 | 3329 | Facility Rentals | 56,000 | 56,000 | 31,916 | 56,604 | 604 |
| | | **National Frontier Trails Center:** | | | | | |
| 2 | 3331 | NFTC - Admissions & Rentals | — | — | — | — | — |
| 2 | 3332 | NFTC - Gift Shop | — | — | 37 | 0 | 0 |
| | | **Cemetery:** | | | | | |
| 2 | 3341 | Sale of Cemetery Lots | 5,250 | 5,250 | 3,250 | 5,350 | 100 |
| 2 | 3342 | Sale of Monument Bases | 3,000 | 3,000 | 1,417 | 1,880 | (1,120) |
| 2 | 3343 | Grave Opening Charges | 55,000 | 55,000 | 31,600 | 39,900 | (15,100) |
| | | **Other Charges:** | | | | | |
| 2 | 3392 | Sale of Street Signs | 500 | 500 | 105 | 105 | (395) |
| 2 | 3393 | Special Assessments | 180,000 | 180,000 | 126,331 | 162,319 | (17,681) |
| 2 | 3396 | Sale of Recycled Material | 11,180 | 11,180 | 4,464 | 5,120 | (6,060) |
| 2 | 3397 | Solid Waste Disp Fees | 80,000 | 80,000 | 67,258 | 101,881 | 21,881 |
| 2 | 3398 | Miscellaneous Charges | 750,000 | 750,000 | 554,807 | 1,073,389 | 323,389 |
| | | **Total Charges for Current Services** | 2,002,725 | 2,002,725 | 1,477,385 | 2,338,509 | 335,784 |

# City of Independence, Missouri
## Analysis of General Fund Revenues - Actual Plus Estimated

Months of Actual Revenue: 9

| Account Number | | Description | Original Budget | Revised Budget | Actual Revenue Through March | Total Projected Revenue | Variance To Budgeted Revenues |
|---|---|---|---|---|---|---|---|
| | | **Fines and Court Costs** | | | | | |
| 2 | 3401 | Fines & Forfeitures | 3,150,000 | 3,150,000 | 2,558,705 | 3,550,000 | 400,000 |
| 2 | 3402 | Court Costs | 334,000 | 334,000 | 254,830 | 354,685 | 20,685 |
| 2 | 3403 | Police Training | 42,000 | 42,000 | 34,249 | 47,627 | 5,627 |
| 2 | 3404 | Domestic Violence | 82,800 | 82,800 | 68,012 | 94,524 | 11,724 |
| 2 | 3405 | Dwi/drug | 14,200 | 14,200 | 17,084 | 20,197 | 5,997 |
| 2 | 3406 | Special Warrant Collection | — | — | — | — | — |
| | | **Total Fines and Court Costs** | 3,623,000 | 3,623,000 | 2,932,879 | 4,067,033 | 444,033 |
| | | **Interest Income** | | | | | |
| 2 | 3411 | Interest | 1,500 | 1,500 | 25,844 | 26,260 | 24,760 |
| 2 | 3412 | Special Assessments - Interest | — | — | 239 | 239 | 239 |
| 2 | 3413 | Interest - Other | 100,000 | 100,000 | 63,544 | 100,000 | 0 |
| | | **Total Interest Income** | 101,500 | 101,500 | 89,626 | 126,499 | 24,999 |
| 2 | 3421 | Interfund Chgs. For Supp. Serv. | 5,073,016 | 5,073,016 | 3,771,712 | 5,073,016 | (0) |
| | | **Other Revenue:** | | | | | |
| 2 | 3431 | Sale of Land | — | — | — | — | — |
| 2 | 3432 | Sale of Fixed Assets | 75,000 | 75,000 | 536 | 600 | (74,400) |
| 2 | 3433 | Rents | 181,000 | 181,000 | 147,681 | 186,524 | 5,524 |
| 2 | 3434 | Damage Claims | 2,000 | 2,000 | — | 2,000 | 0 |
| 2 | 3435 | Contributions | 10,000 | 10,000 | 5,165 | 10,000 | 0 |
| 2 | 3437 | Housing Auth. In Lieu of Taxes | — | — | — | — | — |
| 2 | 3439 | Cash Over/Short | — | — | (231) | (231) | (231) |
| 2 | 3440 | Discounts Taken | — | — | 47 | 47 | 47 |
| 2 | 3449 | Misc. Non-operating Revenue | 200,000 | 200,000 | 333,934 | 249,482 | 49,482 |
| 2 | 3501 | Proceed from Capital Lease | — | — | — | — | — |
| | | **Total Other Revenue** | 468,000 | 468,000 | 487,132 | 448,422 | (19,578) |
| | | **Total Revenue** | $ 74,441,617 | 74,441,617 | 58,635,898 | 75,723,248 | 1,281,631 |

# City of Independence, Missouri
# Analysis of General Fund Unassigned Fund Balance

| | | Budget | March 31st | Variance |
|---|---|---|---|---|
| **Beginning Unassigned Fund Balance** | $ | 3,677,030 | 3,684,711 | 7,681 |
| **Current Fiscal Year Activity:** | | | | |
| Estimated Revenues: | | | | |
| City Council Approved Revenue Estimates | | 74,441,617 | 74,441,617 | — |
| Projected Revenue Variances for the Year | | — | 1,281,631 | 1,281,631 |
| Net Projected Revenues | | 74,441,617 | 75,723,248 | 1,281,631 |
| Appropriations/Expenditures: | | | | |
| City Council Approved Appropriations | | 74,784,376 | 75,133,476 | 349,100 |
| Projected Expenditure Variances for the Year | | — | (124,431) | (124,431) |
| Net Projected Expenditures | | 74,784,376 | 75,009,045 | 224,669 |
| Net Revenues Over/(Under) Expenditures | | (342,759) | 714,203 | 1,056,962 |
| **Transfers Out:** | | | | |
| Council Goals | | — | — | — |
| Crackerneck Creek TIF | | — | — | — |
| Storm Water Fund | | — | 10,000 | 10,000 |
| Total | | — | 10,000 | 10,000 |
| **Transfers In:** | | | | |
| Storm Water Fund | | 197,063 | 197,063 | — |
| Total | | 197,063 | 197,063 | — |
| **Other:** | | | | |
| Reservations of Fund Balance: | | | | — |
| Police Forfeitures | | — | (323,389) | (323,389) |
| Protested Revenues | | — | — | — |
| Economic Development | | — | — | — |
| Cancellation of Prior Year Encumbrances | | — | 35,712 | 35,712 |
| Transfer from/(to) Restricted, Committed or Assigned Fund Balance | | — | — | — |
| Appropriations funded from Fund Balance Components: | | | | — |
| City Council Strategic Goals Budgeted Above | | — | 200,000 | 200,000 |
| Assigned Fund Balance - Prior Year | | — | 333,500 | 333,500 |
| TIF Distributions (GTIF) | | — | — | — |
| Transfer (from)/to Unassigned Fund Balance | | — | — | — |
| Total | | — | 245,823 | 245,823 |
| **Projected Year End Unassigned Fund Balance** | $ | 3,531,334 | 4,831,800 | 1,300,466 |

**City of Independence, Missouri**
**Balance Sheet**
**Governmental Funds**
**March 31, 2017**

| **Assets** | | **General** | **Other Governmental Funds** | **Total Governmental Funds** |
|---|---|---|---|---|
| Pooled cash and investments | $ | 4,591,545 | 26,920,989 | 31,512,534 |
| Receivables: | | | | |
| Taxes | | 6,482,665 | 6,754,740 | 13,237,405 |
| Accounts | | 274,558 | 253,171 | 527,729 |
| Special assessment principal and accrued interest | | 574,431 | 674,818 | 1,249,249 |
| Due from other funds | | - | - | - |
| Due from component unit to primary gvmt | | - | - | - |
| Due from component unit to component unit | | - | - | - |
| Due from other governments | | 1,078,069 | 705,718 | 1,783,787 |
| Prepaid items | | - | - | - |
| Restricted assets | | 211,928 | 17,892,976 | 18,104,904 |
| Total assets | $ | 13,213,195 | 53,202,413 | 66,415,608 |
| **Liabilities and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts and contracts payable | $ | 162,511 | 87,564 | 250,075 |
| Due to other funds | | - | - | - |
| Due to primary government from component unit | | - | - | - |
| Accrued items | | 2,318,215 | 128,221 | 2,446,436 |
| Other current liabilities | | 615,561 | 10,424 | 625,986 |
| Deferred revenue | | 1,001,826 | 1,213,241 | 2,215,068 |
| Liabilities payable from restricted assets: | | | | |
| Deposits and court bonds | | 211,928 | - | 211,928 |
| Total liabilities | | 4,310,042 | 1,439,451 | 5,749,492 |
| Fund Balances: | | | | |
| Nonspendable | | - | - | - |
| Restricted | | 706,348 | 51,517,092 | 52,223,440 |
| Restricted Operating Reserve | | - | 451,368 | 451,368 |
| Committed | | 140,495 | (205,498) | (65,003) |
| Assigned | | 2,073,125 | - | 2,073,125 |
| Unassigned | | 5,983,185 | - | 5,983,185 |
| Total fund balance | | 8,903,154 | 51,762,962 | 60,666,116 |
| Total liabilities and fund balance | $ | 13,213,195 | 53,202,413 | 66,415,608 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Governmental Funds**
**For the Nine Months Ending March 31, 2017**

| | | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ | 27,820,892 | 31,113,611 | 58,934,503 |
| Licenses and permits | | 3,534,215 | 220,478 | 3,754,693 |
| Intergovernmental | | 3,918,132 | 1,909,803 | 5,827,935 |
| Charges for services | | 1,477,385 | 710,743 | 2,188,128 |
| Interfund charges for support services | | 3,771,712 | - | 3,771,712 |
| Fines, forfeitures, and court costs | | 2,932,879 | - | 2,932,879 |
| Investment Income | | 89,626 | 193,039 | 282,665 |
| Sale of property, plant, and equipment | | 536 | 125,359 | 125,895 |
| TIF Developer Contributions | | - | - | - |
| Reimbursements from component unit | | - | - | - |
| Other | | 486,596 | 998,171 | 1,484,768 |
| Total revenues | | 44,031,973 | 35,271,204 | 79,303,177 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | | 5,890,027 | 21,800 | 5,911,828 |
| Public safety | | 33,875,462 | 3,227,565 | 37,103,027 |
| Public works | | 3,504,137 | 122,461 | 3,626,598 |
| Health and welfare | | 1,422,880 | 454,068 | 1,876,948 |
| Culture and recreation | | 1,029,553 | 3,124,018 | 4,153,571 |
| Community development | | 2,796,226 | 867,376 | 3,663,602 |
| Storm Water | | - | 1,727,378 | 1,727,378 |
| Nondepartmental/other | | 6,712,116 | 1,325 | 6,713,441 |
| Capital outlay | | 221,270 | 7,030,191 | 7,251,461 |
| Debt service: | | | | |
| Principal | | 93,897 | 1,553,682 | 1,647,579 |
| Interest and fiscal agent fees | | 27,625 | 5,643,837 | 5,671,462 |
| Total expenditures | | 55,573,193 | 23,773,701 | 79,346,895 |
| Excess (deficiency) of revenues over expenditures | | (11,541,220) | 11,497,503 | (43,717) |
| **Other financing sources (uses):** | | | | |
| Proceeds from capital leases/bond issuance | | - | - | - |
| Proceeds from bond issuance | | - | 19,560,000 | 19,560,000 |
| Reoffering premium/original issue discount | | - | 2,585,491 | 2,585,491 |
| Payment to refunded loans escrow agent | | - | - | - |
| Transfers in-utility payments in lieu of taxes | | 14,603,925 | - | 14,603,925 |
| Transfers in | | 197,063 | 1,979,503 | 2,176,566 |
| Transfers out | | (10,000) | (23,731,217) | (23,741,217) |
| Total other financing sources (uses) | | 14,790,988 | 393,777 | 15,184,765 |
| Net change in fund balances | | 3,249,768 | 11,891,280 | 15,141,047 |
| Fund balances, beginning | | 5,653,386 | 39,871,682 | 45,525,068 |
| Fund balances, ending | $ | 8,903,154 | 51,762,962 | 60,666,116 |

**City of Independence, Missouri**
**Statement of Expenditures & Encumbrances**
**General Fund**
**For the Nine Months Ending March 31, 2017**

| | | Original Budget | Revised Budget | Expenditures - Current Year | Expenditures - Prior Year | Total Expenditures | Encumbrances - Current Year |
|---|---|---|---|---|---|---|---|
| General Government: | | | | | | | |
| City Council | $ | 482,118 | 482,118 | 401,682 | 635 | 402,317 | 1,618 |
| City Clerk | | 321,384 | 321,384 | 253,034 | 166 | 253,200 | 397 |
| City Manager | | 918,674 | 918,674 | 1,064,157 | 655 | 1,064,812 | - |
| National Frontier Trails Center | | - | - | - | - | - | - |
| Technology Services | | 1,748,129 | 1,748,129 | 1,317,980 | 1,845 | 1,319,825 | 3,615 |
| Municipal Court | | 853,290 | 853,290 | 595,376 | 19 | 595,395 | 4,374 |
| Law | | 732,848 | 732,848 | 511,536 | 1,102 | 512,638 | 5,120 |
| Finance | | 1,846,418 | 1,846,418 | 1,343,803 | 12,621 | 1,356,424 | 36,391 |
| Human Resources | | 491,198 | 491,198 | 383,184 | 2,231 | 385,415 | - |
| Total General Government | | 7,394,059 | 7,394,059 | 5,870,753 | 19,274 | 5,890,027 | 51,514 |
| Public Safety: | | | | | | | |
| Community Development | | 3,088,434 | 3,871,934 | 2,763,890 | 32,337 | 2,796,226 | 183,136 |
| Police | | 27,066,600 | 27,066,600 | 20,249,678 | 32,829 | 20,282,507 | 348,954 |
| Fire | | 17,782,425 | 17,782,425 | 13,625,389 | 2,896 | 13,628,285 | 61,068 |
| Total Public Safety | | 47,937,459 | 48,720,959 | 36,638,956 | 68,061 | 36,707,018 | 593,159 |
| Public Works | | 5,419,548 | 5,435,148 | 3,367,064 | 137,073 | 3,504,137 | 468,273 |
| Storm Water | | - | - | - | - | - | - |
| Health | | 2,608,660 | 1,825,160 | 1,254,332 | 168,549 | 1,422,880 | 130,749 |
| Parks and Recreation | | 1,490,728 | 1,490,728 | 1,023,433 | 6,119 | 1,029,553 | 39,411 |
| Non-Departmental | | 9,357,222 | 9,690,722 | 6,585,824 | 170,468 | 6,756,292 | 509,657 |
| Council Goals | | 200,000 | 200,000 | 30,438 | 11,578 | 42,016 | 12,300 |
| Debt Service | | - | - | - | - | - | - |
| Capital Outlay | | 376,700 | 376,700 | 123,438 | 97,833 | 221,270 | 31,520 |
| TIF Distribution | | - | - | - | - | - | - |
| Total Other | | 19,452,858 | 19,018,458 | 12,384,528 | 591,620 | 12,976,149 | 1,191,910 |
| Total Expenditures & Encumbrances | $ | 74,784,376 | 75,133,476 | 54,894,238 | 678,956 | 55,573,193 | 1,836,583 |

**CITY OF INDEPENDENCE, MISSOURI**

Balance Sheet

Proprietary Funds

March 31, 2017

| | Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| **Assets** | **Power and Light** | **Water** | **Sanitary Sewer** | **Events Center** | **Total** | **Internal Service Funds** |
| Current assets: | | | | | | |
| Pooled cash and investments | $ 66,774,716 | 20,564,256 | 14,471,508 | (693,972) | 101,116,508 | 11,759,161 |
| Receivables: | | | | | | |
| Accounts (net of allowance of $987,611) | 8,049,015 | 2,061,541 | 1,566,803 | 815,422 | 12,492,781 | 2,433 |
| Unbilled revenue | 5,955,964 | 1,248,126 | 1,233,349 | — | 8,437,439 | — |
| Special assessment principal and accrued interest | 123,762 | — | — | — | 123,762 | 93,997 |
| Accrued interest | — | — | — | — | — | — |
| Other | — | — | — | — | — | — |
| Due from other funds | — | — | — | — | — | — |
| Due from other governments | 1,009,675 | — | 95,465 | 436,849 | 1,541,989 | — |
| Inventory | 6,453,469 | 527,266 | 47,845 | — | 7,028,580 | — |
| Prepaid items | 728,310 | 84,659 | 39,069 | — | 852,038 | — |
| Restricted assets | 3,392,758 | 753,792 | 656,373 | — | 4,802,923 | 200,000 |
| Total current assets | 92,487,669 | 25,239,640 | 18,110,412 | 558,299 | 136,396,020 | 12,055,591 |
| Noncurrent assets: | | | | | | |
| Restricted assets | 37,871,905 | 4,127,500 | 12,568,736 | 6,864,625 | 61,432,766 | — |
| Capital assets: | | | | | | |
| Nondepreciable | 14,321,656 | 4,122,862 | 60,792,282 | 5,796,315 | 85,033,115 | 93,979 |
| Depreciable, net | 218,018,406 | 104,881,861 | 89,942,271 | 55,132,672 | 467,975,210 | 226,056 |
| Advance to other funds | — | — | — | — | — | (191,863) |
| Deferred debt issue costs | — | — | — | — | — | — |
| Prepaid employee benefits | — | — | — | — | — | — |
| Other deferred charges | 124,769 | 476,581 | — | — | 601,350 | — |
| Deferred outflow Pension | 16,977,787 | 3,622,935 | 2,615,042 | — | 23,215,764 | 422,935 |
| Total noncurrent assets | 287,314,523 | 117,231,739 | 165,918,331 | 67,793,612 | 638,258,205 | 551,107 |
| Total assets | $ 379,802,192 | 142,471,379 | 184,028,743 | 68,351,911 | 774,654,225 | 12,606,698 |
| **Liabilities and Net Assets** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts and contracts payable | $ 3,329,874 | 89,804 | 168,000 | 1,745 | 3,589,422 | (2,907) |
| Accrued items | 1,246,611 | 318,183 | 1,582,508 | — | 3,147,302 | 31,173 |
| Other current liabilities | 149,624 | 118,272 | (6) | — | 267,890 | — |
| Deferred revenue | — | — | — | — | — | 619,000 |
| Current portion of long-term obligations | 5,505,275 | 1,944,126 | 2,307,962 | 1,085,000 | 10,842,363 | 62,847 |
| Current portion of capital lease | — | — | — | — | — | — |
| Employee benefits payable | — | — | — | — | — | — |
| Medical self-insurance claims | — | — | — | — | — | 4,261,710 |
| Liabilities payable from restricted assets | 6,998,956 | 1,197,745 | 2,448,418 | 1,926,634 | 12,571,753 | — |
| Total current liabilities | 17,230,340 | 3,668,130 | 6,506,882 | 3,013,379 | 30,418,730 | 4,971,823 |
| Noncurrent liabilities: | | | | | | |
| Revenue bonds payable | 166,867,724 | 24,533,960 | 95,606,661 | 81,455,409 | 368,463,754 | — |
| Other long term liabilities | — | — | — | — | — | — |
| Other post employment benefits | 20,258,797 | 7,852,882 | 6,102,460 | — | 34,214,139 | 1,653,506 |
| Lagers Net Pension Obligation | 32,388,004 | 6,878,400 | 4,989,748 | — | 44,256,152 | — |
| Compensated absences – long-term | 3,588,064 | 996,840 | 566,409 | — | 5,151,313 | 89,534 |
| Advances for construction | 40,253 | 125,332 | — | — | 165,585 | — |
| Advances from other funds | — | — | — | — | — | — |
| Medical self-insurance claims | — | — | — | — | — | 2,488,182 |
| Deferred Inflow Pension | 2,047,032 | 459,124 | 305,773 | — | 2,811,929 | 51,848 |
| Total noncurrent liabilities | 225,189,874 | 40,846,538 | 107,571,051 | 81,455,409 | 455,062,872 | 4,283,070 |
| Total liabilities | 242,420,214 | 44,514,668 | 114,077,933 | 84,468,788 | 485,481,602 | 9,254,893 |
| **Net Assets** | | | | | | |
| Invested in capital assets, net of related debt | 79,015,405 | 86,618,263 | 65,696,628 | (14,746,797) | 216,583,499 | 551,107 |
| Restricted for: | | | | | | |
| Debt service | 20,798,838 | 500,000 | — | — | 21,298,838 | — |
| Restricted for Worker's Comp | — | — | — | — | — | — |
| Restricted for Dogwood | 61,500 | — | — | — | 61,500 | |
| Unrestricted | 37,506,235 | 10,838,448 | 4,254,182 | (1,370,080) | 51,228,786 | 2,800,698 |
| Total net assets | 137,381,978 | 97,956,711 | 69,950,810 | (16,116,877) | 289,172,623 | 3,351,806 |
| Total liabilities and net assets | $ 379,802,192 | 142,471,379 | 184,028,743 | 68,351,911 | 774,654,225 | 12,606,698 |

**CITY OF INDEPENDENCE, MISSOURI**

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

Proprietary Funds

For the Nine Months Ending March 31, 2017

| | Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Power and Light | Water | Sanitary Sewer | Events Center | Totals | Internal Service Funds |
| Operating revenues: | | | | | | |
| Charges for services | $ 99,536,636 | 23,643,362 | 19,286,119 | — | 142,466,117 | 1,270,251 |
| Miscellaneous | 1,312,513 | 234,476 | 208,286 | (1) | 1,755,274 | 17,194,498 |
| Total operating revenues | 100,849,149 | 23,877,838 | 19,494,405 | (1) | 144,221,391 | 18,464,749 |
| Operating expenses: | | | | | | |
| Personal services | 19,493,347 | 5,882,613 | 4,600,448 | — | 29,976,408 | 691,808 |
| Other services | 12,767,751 | 4,054,008 | 7,178,885 | 85,919 | 24,086,563 | 21,668,452 |
| Capital Outlay | 4,318 | 67,487 | — | — | 71,805 | — |
| Supplies | 40,508,898 | 1,380,671 | 311,164 | — | 42,200,733 | 546,426 |
| Other expenses | 5,188,000 | 2,561,623 | 100,812 | (1,070,000) | 6,780,435 | — |
| Depreciation and amortization | 9,572,710 | 2,222,856 | 2,360,155 | 1,418,357 | 15,574,078 | 2,992 |
| Total operating expenses | 87,535,024 | 16,169,258 | 14,551,464 | 434,276 | 118,690,022 | 22,909,678 |
| Operating income | 13,314,125 | 7,708,580 | 4,942,941 | (434,277) | 25,531,369 | (4,444,929) |
| Nonoperating revenues (expenses): | | | | | | |
| Interest revenue | 305,556 | 81,869 | 59,389 | 29,696 | 476,510 | 52,074 |
| Miscellaneous revenue (expense) | 2,926,501 | 1,145,227 | 210,077 | 2,234,383 | 6,516,188 | 3,928,584 |
| Interest expense | (5,300,732) | (881,832) | (3,225,053) | (3,238,726) | (12,646,343) | — |
| Total nonoperating revenue (expenses) | (2,068,675) | 345,264 | (2,955,587) | (974,647) | (5,653,645) | 3,980,658 |
| Income before contributions and transfers | 11,245,450 | 8,053,844 | 1,987,354 | (1,408,924) | 19,877,724 | (464,271) |
| Capital contributions | 35,934 | 430,638 | — | — | 466,572 | — |
| Transfers out - Utility payments in lieu of taxes | (10,312,575) | (2,366,147) | (1,925,203) | — | (14,603,925) | — |
| - Other | (99,261) | (86,026) | (109,186) | — | (294,473) | — |
| Transfers in | — | — | 10,000 | — | 10,000 | — |
| Change in net assets | 869,548 | 6,032,309 | (37,035) | (1,408,924) | 5,455,898 | (464,271) |
| Total net assets: | | | | | | |
| Beginning of the period | 136,512,430 | 91,924,402 | 69,987,845 | (14,707,953) | 283,716,724 | 3,816,076 |
| End of the period | $ 137,381,978 | 97,956,711 | 69,950,810 | (16,116,877) | 289,172,623 | 3,351,806 |

**CITY OF INDEPENDENCE, MISSOURI**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**March 31, 2017**

| | | Private-Purpose Trust Funds | Agency Funds |
|---|---|---|---|
| **Assets** | | | |
| Pooled cash and investments | $ | 2,992 | 190,553 |
| Accrued interest receivable | | - | 157 |
| Total assets | $ | 2,992 | 190,710 |
| **Liabilities** | | | |
| Accounts and contacts payable | $ | — | 66,587 |
| Funds held in Escrow | | — | — |
| Employee deferred credit | | — | 124,123 |
| Total liabilities | $ | — | 190,710 |
| **Net Assets** | | | |
| Held in trust | $ | 2,992 | |

**City of Independence, Missouri**
**Combining Balance Sheet**
**Special Revenue Funds**
**March 31, 2017**

| **Assets** | | **Tourism** | **Independence Square Benefit District** | **Community Development Grant Act** | **Rental Rehabilitation** | **Consolidated Sales Tax** | **License Surcharge** | **Grants** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | 1,031,237 | 24,931 | (125,649) | (40,845) | 8,437,629 | 1,096,301 | 378,480 | 10,802,084 |
| Receivables: | | | | | | | | | |
| Taxes | | 200,000 | 4,570 | - | - | 5,401,569 | - | - | 5,606,139 |
| Accounts | | 1,525 | - | - | - | - | 2,499 | 12,448 | 16,472 |
| Special assessment principal and accrued interest | | - | - | - | - | - | - | - | - |
| Due from other funds | | - | - | - | - | - | - | - | - |
| Due from component unit to primary gvmt | | - | - | - | - | - | - | - | - |
| Due from other governments | | - | - | 141,720 | 45,945 | - | - | 95,616 | 283,282 |
| Total assets | $ | 1,232,762 | 29,500 | 16,071 | 5,100 | 13,839,199 | 1,098,800 | 486,544 | 16,707,977 |
| **Liabilities and Fund Balances** | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts and contracts payable | $ | 5,032 | - | 12,213 | - | 69,859 | - | 460 | 87,564 |
| Due to other funds | | - | - | - | - | - | - | - | - |
| Accrued items | | 23,944 | - | 3,671 | 58 | 81,945 | - | 18,603 | 128,221 |
| Other current liabilities | | 3,072 | - | 900 | 5,035 | 577 | - | - | 9,584 |
| Deferred revenue | | - | - | - | - | - | - | 535,647 | 535,647 |
| Total liabilities | | 32,048 | - | 16,783 | 5,093 | 152,382 | - | 554,710 | 761,017 |
| Fund Balances: | | | | | | | | | |
| Nonspendable | | - | - | - | - | - | - | - | - |
| Restricted | | 749,346 | 29,500 | (712) | 7 | 13,686,817 | 1,098,800 | (68,167) | 15,495,592 |
| Restricted Operating Reserve | | 451,368 | - | - | - | - | - | - | 451,368 |
| Committed | | | | | | | | | |
| VOC | | - | - | - | - | - | - | - | - |
| NFTM | | - | - | - | - | - | - | - | - |
| Assigned | | - | - | - | - | - | - | - | - |
| Unassigned | | - | - | - | - | - | - | - | - |
| Total fund balance | | 1,200,714 | 29,500 | (712) | 7 | 13,686,817 | 1,098,800 | (68,167) | 15,946,960 |
| Total liabilities and fund balance | $ | 1,232,762 | 29,500 | 16,071 | 5,100 | 13,839,199 | 1,098,800 | 486,544 | 16,707,977 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Special Revenue Funds**
**For the Nine Months Ending March 31, 2017**

| | Tourism | Independence Square Benefit District | Community Development Grant Act | Rental Rehabilitation | Sales Tax | License Surcharge | Grants | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | |
| Taxes | $ 1,446,453 | 24,800 | - | - | 15,764,699 | - | - | 17,235,951 |
| Licenses and permits | - | - | - | - | - | 220,478 | - | 220,478 |
| Intergovernmental | - | - | 442,130 | 196,641 | - | - | 1,056,032 | 1,694,803 |
| Charges for services | 26,467 | - | - | - | 244,422 | - | 323,856 | 594,744 |
| Investment Income | 3,867 | 370 | - | - | 54,392 | 4,023 | - | 62,653 |
| Sale of property, plant, and equipment | - | - | - | - | 89,992 | - | 35,368 | 125,359 |
| Other | 66,453 | - | - | - | 131,316 | - | 35,295 | 233,063 |
| Total revenues | 1,543,240 | 25,170 | 442,130 | 196,641 | 16,284,819 | 224,502 | 1,450,551 | 20,167,052 |
| **Expenditures:** | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | 21,800 | 21,800 |
| Public safety | - | - | - | - | 2,422,513 | - | 805,051 | 3,227,565 |
| Public works | - | - | - | - | 122,453 | - | - | 122,453 |
| Health and welfare | - | - | - | - | - | - | 454,068 | 454,068 |
| Culture and recreation | 1,196,227 | - | - | - | 1,925,194 | - | 2,581 | 3,124,002 |
| Community development | - | - | 435,517 | 196,641 | - | - | 235,217 | 867,376 |
| Storm water | - | - | - | - | 1,727,378 | - | - | 1,727,378 |
| Nondepartmental | - | - | - | - | - | 333 | - | 333 |
| Capital outlay | - | 24,550 | - | - | 5,875,087 | - | - | 5,899,637 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | 576,432 | - | - | 576,432 |
| Interest and fiscal agent fees | - | - | - | - | 73,084 | - | - | 73,084 |
| Total expenditures | 1,196,227 | 24,550 | 435,517 | 196,641 | 12,722,143 | 333 | 1,518,717 | 16,094,128 |
| Excess (deficiency) of revenues over expenditures | 347,013 | 620 | 6,612 | - | 3,562,677 | 224,169 | (68,167) | 4,072,924 |
| **Other financing sources (uses):** | | | | | | | | |
| Transfers in | - | - | - | - | 192,187 | 1,949 | - | 194,136 |
| Transfers out | - | - | (6,612) | - | (742,325) | (3,313) | - | (752,250) |
| Total other financing sources (uses) | - | - | (6,612) | - | (550,138) | (1,364) | - | (558,114) |
| Net change in fund balances | 347,013 | 620 | (0) | - | 3,012,539 | 222,805 | (68,167) | 3,514,810 |
| Fund balances, beginning | 853,701 | 28,881 | (712) | 7 | 10,674,278 | 875,995 | - | 12,432,150 |
| Fund balances, ending | $ 1,200,714 | 29,500 | (712) | 7 | 13,686,817 | 1,098,800 | (68,167) | 15,946,960 |

**City of Independence, Missouri**
**Balance Sheet**
**Sales Tax Funds**
**March 31, 2017**

| **Assets** | | **Street Sales Tax** | **Parks Sales Tax** | **Storm Water Sales Tax** | **Police Sales Tax** | **Fire Sales Tax** | **Total Sales Tax Funds** |
|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | 1,223,725 | (2,627,621) | 6,402,097 | 1,648,456 | 1,790,973 | 8,437,629 |
| Receivables: | | | | | | | |
| Taxes | | 2,153,521 | 1,076,765 | 1,076,790 | 555,966 | 538,527 | 5,401,569 |
| Due from other governments | | - | - | - | - | - | - |
| Total assets | $ | 3,377,247 | (1,550,856) | 7,478,887 | 2,204,421 | 2,329,499 | 13,839,199 |
| **Liabilities and Fund Balances** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts and contracts payable | $ | 2,584 | (560) | 22,782 | 45,054 | - | 69,859 |
| Due to other funds | | - | - | - | - | - | - |
| Accrued items | | - | 45,411 | 36,535 | - | - | 81,945 |
| Other current liabilities | | - | 577 | - | - | - | 577 |
| Total liabilities | | 2,584 | 45,428 | 59,317 | 45,054 | - | 152,382 |
| Fund Balances: | | | | | | | |
| Nonspendable | | - | - | - | - | - | - |
| Restricted | | 3,374,663 | (1,596,284) | 7,419,571 | 2,159,367 | 2,329,499 | 13,686,817 |
| Restricted Operating Reserve | | | | | | | |
| Committed | | - | - | - | - | - | - |
| Assigned | | - | - | - | - | - | - |
| Unassigned | | - | - | - | - | - | - |
| Total fund balance | | 3,374,663 | (1,596,284) | 7,419,571 | 2,159,367 | 2,329,499 | 13,686,817 |
| Total liabilities and fund balance | $ | 3,377,247 | (1,550,856) | 7,478,887 | 2,204,421 | 2,329,499 | 13,839,199 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Sales Tax Funds**
**For the Nine Months Ending March 31, 2017**

| | Street Improvement Sales Tax | Park Improvement Sales Tax | Storm Water Sales Tax | Public Safety Sales Tax | Fire Sales Tax | Total Sales Tax Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Taxes | $ 6,265,046 | 3,135,272 | 3,135,187 | 1,656,052 | 1,573,142 | 15,764,699 |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | 244,422 | - | - | - | 244,422 |
| Investment Income | 8,939 | - | 30,754 | 7,413 | 7,286 | 54,392 |
| Sale of property, plant, and equipment | - | - | 18,850 | 71,142 | - | 89,992 |
| Other | 85,000 | 8,500 | 25,770 | 2,095 | 9,951 | 131,316 |
| Total revenues | 6,358,985 | 3,388,193 | 3,210,560 | 1,736,701 | 1,590,380 | 16,284,819 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | - | 1,379,084 | 1,043,429 | 2,422,513 |
| Public works | 122,453 | - | - | - | - | 122,453 |
| Culture and recreation | - | 1,925,194 | - | - | - | 1,925,194 |
| Storm Water | - | - | 1,727,378 | - | - | 1,727,378 |
| Nondepartmental/other | - | - | - | - | - | - |
| Capital outlay | 4,713,147 | 344,827 | 817,113 | - | - | 5,875,087 |
| Debt service: | | | | | | |
| Principal | 475,000 | 9,605 | - | 37,302 | 54,525 | 576,432 |
| Interest and fiscal agent fees | 53,403 | - | - | 971 | 18,710 | 73,084 |
| Total expenditures | 5,364,004 | 2,279,626 | 2,544,491 | 1,417,357 | 1,116,664 | 12,722,143 |
| Excess (deficiency) of revenues over expenditures | 994,981 | 1,108,568 | 666,069 | 319,344 | 473,715 | 3,562,677 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | 190,255 | 1,932 | - | - | - | 192,187 |
| Transfers out | (42,318) | (8,925) | (691,083) | - | - | (742,325) |
| Total other financing sources (uses) | 147,937 | (6,992) | (691,083) | - | - | (550,138) |
| Net change in fund balances | 1,142,918 | 1,101,575 | (25,014) | 319,344 | 473,715 | 3,012,539 |
| Fund balances, beginning | 2,231,745 | (2,697,859) | 7,444,585 | 1,840,023 | 1,855,784 | 10,674,278 |
| Fund balances, ending | $ 3,374,663 | (1,596,284) | 7,419,571 | 2,159,367 | 2,329,499 | 13,686,817 |

**City of Independence, Missouri**
**Balance Sheet**
**Debt Service Fund**
**March 31, 2017**

| **Assets** | | **Debt Service Fund** | **Total** |
|---|---|---|---|
| Pooled cash and investments | $ | 2,830 | 2,830 |
| Receivables: | | | |
| Taxes | | - | - |
| Special assessment principal and accrued interest | | 249,050 | 249,050 |
| Restricted assets | | 94,000 | 94,000 |
| Total assets | $ | 345,880 | 345,880 |
| | | | |
| **Liabilities and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts and contracts payable | $ | - | - |
| Due to other funds | | - | - |
| Deferred revenue | | 249,050 | 249,050 |
| Total liabilities | | 249,050 | 249,050 |
| | | | |
| Fund Balances: | | | |
| Nonspendable | | - | - |
| Restricted | | 96,830 | 96,830 |
| Restricted Operating Reserve | | | |
| Committed | | - | - |
| Assigned | | - | - |
| Unassigned | | - | - |
| Total fund balance | | 96,830 | 96,830 |
| Total liabilities and fund balance | $ | 345,880 | 345,880 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Debt Service Fund**
**For the Nine Months Ending March 31, 2017**

| | | Debt Service Fund | Total |
|---|---|---|---|
| **Revenues:** | | | |
| Taxes | | - | - |
| Licenses and permits | | - | - |
| Intergovernmental | | - | - |
| Charges for services | $ | 93,312 | 93,312 |
| Investment Income | | 912 | 912 |
| Total revenues | | 94,224 | 94,224 |
| **Expenditures:** | | | |
| Current: | | | |
| Nondepartmental | | 993 | 993 |
| Debt service: | | | |
| Principal | | 81,000 | 81,000 |
| Interest and fiscal agent fees | | 16,290 | 16,290 |
| Total expenditures | | 98,283 | 98,283 |
| Excess (deficiency) of revenues over expenditures | | (4,059) | (4,059) |
| **Other financing sources (uses):** | | | |
| Total other financing sources (uses) | | - | - |
| Net change in fund balances | | (4,059) | (4,059) |
| Fund balances, beginning | | 100,889 | 100,889 |
| Fund balances, ending | $ | 96,830 | 96,830 |

**City of Independence, Missouri**
**Combining Balance Sheet**
**Capital Projects Funds**
**March 31, 2017**

| **Assets** | | **Street Improvements** | **Revolving Public Improvements** | **Consolidated Tax Increment Financing** | **Buildings and Other Improvements** | **Storm Drainage** | **Park Improvements** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ | (206,669) | 19,898 | 16,320,733 | (13,323) | (16,155) | 11,591 | 16,116,075 |
| Receivables: | | | | | | | | |
| Taxes | | - | - | 1,148,602 | - | - | - | 1,148,602 |
| Accounts | | - | - | 236,700 | - | - | - | 236,700 |
| Special assessment principal and accrued interest | | 425,768 | - | - | - | - | - | 425,768 |
| Due from other funds | | - | - | - | - | - | - | - |
| Due from component unit to primary gvmt | | - | - | - | - | - | - | - |
| Due from other governments | | - | - | 422,436 | - | - | - | 422,436 |
| Restricted assets | | - | - | 17,798,976 | - | - | - | 17,798,976 |
| Total assets | $ | 219,098 | 19,898 | 35,927,447 | (13,323) | (16,155) | 11,591 | 36,148,556 |
| **Liabilities and Fund Balances** | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts and contracts payable | $ | - | - | - | - | - | - | - |
| Due to other funds | | - | - | - | - | - | - | - |
| Due to primary government from component unit | | - | - | - | - | - | - | - |
| Other current liabilities | | - | - | - | - | - | 840 | 840 |
| Deferred revenue | | 425,767 | - | 2,777 | - | - | - | 428,544 |
| Total liabilities | | 425,767 | - | 2,777 | - | - | 840 | 429,384 |
| Fund Balances: | | | | | | | | |
| Nonspendable | | - | - | - | - | - | - | - |
| Restricted | | - | - | 35,924,670 | - | - | - | 35,924,670 |
| Restricted Operating Reserve | | | | | | | | |
| Committed | | (206,669) | 19,898 | - | (13,323) | (16,155) | 10,751 | (205,498) |
| Assigned | | - | - | - | - | - | - | - |
| Unassigned | | - | - | - | - | - | - | - |
| Total fund balance | | (206,669) | 19,898 | 35,924,670 | (13,323) | (16,155) | 10,751 | 35,719,172 |
| Total liabilities and fund balance | $ | 219,098 | 19,898 | 35,927,447 | (13,323) | (16,155) | 11,591 | 36,148,556 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Capital Project Funds**
**For the Nine Months Ending March 31, 2017**

| | Street Improvements | Revolving Public Improvements | Consolidated Tax Increment Financing | Buildings and Other Improvements | Storm Drainage | Park Improvements | Total |
|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | |
| Taxes | $ - | - | 13,877,660 | - | - | - | 13,877,660 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 215,000 | - | - | - | 215,000 |
| Charges for services | 12,209 | - | 10,478 | - | - | - | 22,687 |
| Investment Income | 207 | 89 | 129,000 | - | - | 178 | 129,474 |
| TIF Developer Contributions | - | - | - | - | - | - | - |
| Reimbursements from component unit | - | - | - | - | - | - | - |
| Other | - | - | 765,108 | - | - | - | 765,108 |
| Total revenues | 12,416 | 89 | 14,997,245 | - | - | 178 | 15,009,928 |
| **Expenditures:** | | | | | | | |
| Current: | | | | | | | |
| General government | | | - | | | | - |
| Public safety | | | - | | | | - |
| Public works | | 8 | - | | | | 8 |
| Health and welfare | | | - | | | | - |
| Culture and recreation | | | - | | | 17 | 17 |
| Community development | | | - | | | | - |
| Storm water | | | - | | | | - |
| Nondepartmental | | | - | | | | - |
| Capital outlay | 57,804 | - | 1,046,085 | 3,154 | - | 23,510 | 1,130,554 |
| Debt service: | | | | | | | |
| Principal | - | - | 896,250 | - | - | - | 896,250 |
| Interest and fiscal agent fees | - | - | 5,554,463 | - | - | - | 5,554,463 |
| Total expenditures | 57,804 | 8 | 7,496,798 | 3,154 | - | 23,527 | 7,581,291 |
| Excess (deficiency) of revenues over expenditures | (45,389) | 81 | 7,500,448 | (3,154) | - | (23,349) | 7,428,638 |
| **Other financing sources (uses):** | | | | | | | |
| Proceeds from capital leases | - | - | - | - | - | - | - |
| Proceeds from bond issuance | - | - | 19,560,000 | - | - | - | 19,560,000 |
| Reoffering premium/original issue discount | - | - | 2,585,491 | - | - | - | 2,585,491 |
| Payment to refunded loans escrow agent | - | - | - | - | - | - | - |
| Transfers in-utility payments in lieu of taxes | - | - | - | - | - | - | - |
| Transfers in | 43,006 | - | 1,728,283 | - | - | 14,078 | 1,785,366 |
| Transfers out | - | - | (22,977,034) | - | - | (1,932) | (22,978,966) |
| Total other financing sources (uses) | 43,006 | - | 896,740 | - | - | 12,145 | 951,891 |
| Net change in fund balances | (2,383) | 81 | 8,397,188 | (3,154) | - | (11,203) | 8,380,529 |
| Fund balances, beginning | (204,286) | 19,817 | 27,527,482 | (10,169) | (16,155) | 21,955 | 27,338,643 |
| Fund balances, ending | $ (206,669) | 19,898 | 35,924,670 | (13,323) | (16,155) | 10,751 | 35,719,172 |

**City of Independence, Missouri**
**Balance Sheet**
**TIF Funds**
**3/31/17**

| Assets | Mid Town Truman | RSO | Santa Fe | Hartman Heritage | Drumm Farm | Eastland Center | North Indep. | Mount Washington | Sub-Total TIF Funds |
|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ 62,138 | 51,694 | (1,698,818) | (58,386) | 1,598,736 | 11,847,263 | 5,675 | 37,386 | 11,845,689 |
| Receivables: | | | | | | | | | |
| Taxes | 8,720 | 12,255 | 3,686 | 76,914 | 23,029 | 273,612 | 20,761 | 9 | 418,985 |
| Accounts | - | - | - | - | - | 236,700 | - | - | 236,700 |
| Due from other funds | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | 18,122 | 3,155 | 37,516 | 630 | 199,263 | 9,956 | - | 268,642 |
| Restricted assets | - | - | 537,541 | 1,032,374 | 2,607 | 3,313,132 | - | - | 4,885,653 |
| Total assets | $ 70,858 | 82,071 | (1,154,437) | 1,088,417 | 1,625,002 | 15,869,970 | 36,393 | 37,395 | 17,655,669 |
| **Liabilities and Fund Balances** | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts and contracts payable | $ - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - |
| Due to primary government from component unit | - | - | - | - | - | - | - | - | - |
| Deferred revenue (note 20) | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - | - | - | - |
| Fund Balances: | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | 70,858 | 82,071 | (1,154,437) | 1,088,417 | 1,625,002 | 15,869,970 | 36,393 | 37,395 | 17,655,669 |
| Restricted Operating Reserve | | | | | | | | | |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - |
| Total fund balance | 70,858 | 82,071 | (1,154,437) | 1,088,417 | 1,625,002 | 15,869,970 | 36,393 | 37,395 | 17,655,669 |
| Total liabilities and fund balance | $ 70,858 | 82,071 | (1,154,437) | 1,088,417 | 1,625,002 | 15,869,970 | 36,393 | 37,395 | 17,655,669 |

**City of Independence, Missouri**
**Balance Sheet**
**TIF Funds**
**3/31/17**

| Assets | Noland Rd Auto Plaza | Crackerneck Creek | Old Landfill | Cinema East | Trinity | HCA | Marketplace Project #1 | Marketplace Project #2 | Sub-Total TIF Funds |
|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ - | 623,833 | 17,117 | 44,093 | 55,752 | 3,429,409 | 480 | - | 4,170,683 |
| Receivables: | | | | | | | | | |
| Taxes | 1,367 | 52,272 | 531,905 | 11,497 | 46,014 | 35,601 | - | - | 678,657 |
| Accounts | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | 73,885 | (8,453) | 9,800 | 10,565 | 2,195 | 22,037 | - | 110,030 |
| Restricted assets | - | 9,361,193 | - | - | - | 3,552,129 | - | - | 12,913,323 |
| Total assets | $ 1,367 | 10,111,184 | 540,569 | 65,390 | 112,331 | 7,019,334 | $ 22,517 | $ - | 17,872,692 |
| **Liabilities and Fund Balances** | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts and contracts payable | $ - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - |
| Due to primary government from component unit | - | - | - | - | - | - | - | - | - |
| Deferred revenue (note 20) | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - | - | - | - |
| Fund Balances: | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | 1,367 | 10,111,184 | 540,569 | 65,390 | 112,331 | 7,019,334 | 22,517 | - | 17,872,692 |
| Restricted Operating Reserve | | | | | | | | | |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - |
| Total fund balance | 1,367 | 10,111,184 | 540,569 | 65,390 | 112,331 | 7,019,334 | 22,517 | - | 17,872,692 |
| Total liabilities and fund balance | $ 1,367 | 10,111,184 | 540,569 | 65,390 | 112,331 | 7,019,334 | $ 22,517 | $ - | 17,872,692 |

**City of Independence, Missouri**
**Balance Sheet**
**TIF Funds**
**3/31/17**

| Assets | 23rd & Noland Project 1 | 23rd & Noland Project 2 | 23rd & Noland Project 3 | 23rd & Noland Project 4 | Independence Square | Little Blue Parkway #1 | Little Blue Parkway #3 | TIF App Fees | Sub-Total TIF Funds | Total TIF Funds |
|---|---|---|---|---|---|---|---|---|---|---|
| Pooled cash and investments | $ 16,600 | 832 | 30,856 | 189,233 | 10,731 | 35,598 | 24,727 | (4,217) | 304,361 | 16,320,733 |
| Receivables: | | | | | | | | | | |
| Taxes | 3,557 | 33 | 49 | 25,411 | 5,812 | 7,000 | 9,098 | - | 50,960 | 1,148,602 |
| Accounts | - | - | - | - | - | - | - | - | - | 236,700 |
| Due from other funds | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | 5,690 | - | - | 12,655 | 11,145 | 3,975 | 10,300 | - | 43,765 | 422,436 |
| Restricted assets | - | - | - | - | - | - | - | - | - | 17,798,976 |
| Total assets | $ 25,847 | 865 | $ 30,905 | $ 227,299 | 27,688 | 46,573 | $ 44,125 | (4,217) | 399,086 | 35,927,447 |
| **Liabilities and Fund Balances** | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts and contracts payable | $ - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - | - |
| Due to primary government from component unit | - | - | - | - | - | - | - | - | - | - |
| Deferred revenue (note 20) | - | - | - | - | 2,777 | - | - | - | 2,777 | 2,777 |
| Total liabilities | - | - | - | - | 2,777 | - | - | - | 2,777 | 2,777 |
| Fund Balances: | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | - |
| Restricted | 25,847 | 865 | 30,905 | 227,299 | 24,911 | 46,573 | 44,125 | (4,217) | 396,309 | 35,924,670 |
| Restricted Operating Reserve | | | | | | | | | | |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total fund balance | 25,847 | 865 | 30,905 | 227,299 | 24,911 | 46,573 | 44,125 | (4,217) | 396,309 | 35,924,670 |
| Total liabilities and fund balance | $ 25,847 | 865 | $ 30,905 | $ 227,299 | 27,688 | 46,573 | $ 44,125 | (4,217) | 399,086 | 35,927,447 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**TIF Funds**
**For the Nine Months Ending March 31, 2017**

| | Mid Town Truman | RSO | Santa Fe | Hartman Heritage | Drumm Farm | Eastland Center | North Indep. | Mount Washington | Sub-Total TIF Funds |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | |
| Taxes (note 4) | $ 19,222 | 159,922 | 17,263 | 1,350,682 | 519,863 | 4,395,791 | 68,841 | 1,246 | 6,532,830 |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Intergovernmental (note 5) | - | - | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Investment Income | 283 | 196 | 33 | 2,969 | 5,734 | 98,427 | 246 | 161 | 108,050 |
| TIF Developer Contributions | - | - | - | - | - | - | - | - | - |
| Other (note 6) | - | 21,000 | 77,441 | - | - | - | - | - | 98,441 |
| Total revenues | 19,505 | 181,119 | 94,737 | 1,353,651 | 525,597 | 4,494,218 | 69,088 | 1,407 | 6,739,321 |
| **Expenditures:** | | | | | | | | | |
| Current: | | | | | | | | | |
| Capital outlay | 24 | 16 | 119 | 6,055 | 84,507 | 175,512 | 17 | 14 | 266,264 |
| Debt service: | | | | | | | | | |
| Principal (note 8) | 13,050 | - | 85,000 | - | - | - | - | - | 98,050 |
| Interest and fiscal agent fees | - | 212,000 | 178,706 | 191,584 | 62,030 | 446,469 | 80,000 | - | 1,170,790 |
| Total expenditures | 13,074 | 212,016 | 263,825 | 197,640 | 146,537 | 621,981 | 80,017 | 14 | 1,535,103 |
| Excess (deficiency) of revenues over expenditures | 6,431 | (30,898) | (169,088) | 1,156,011 | 379,060 | 3,872,237 | (10,929) | 1,394 | 5,204,218 |
| **Other financing sources (uses):** | | | | | | | | | |
| Proceeds from bond issuance | - | - | - | - | 2,285,000 | - | - | - | 2,285,000 |
| Reoffering premium/original issue discount | - | - | - | - | 72,551 | - | - | - | 72,551 |
| Transfers in | - | - | 187,941 | 72,892 | - | 334,592 | - | - | 595,425 |
| Transfers out | - | - | - | (72,892) | (2,277,122) | (334,592) | - | - | (2,684,606) |
| Total other financing sources (uses) | - | - | 187,941 | - | 80,429 | - | - | - | 268,370 |
| Net change in fund balances | 6,431 | (30,898) | 18,853 | 1,156,011 | 459,489 | 3,872,237 | (10,929) | 1,394 | 5,472,588 |
| Fund balances, beginning | 64,428 | 112,969 | (1,173,290) | (67,594) | 1,165,512 | 11,997,733 | 47,322 | 36,001 | 12,183,081 |
| Fund balances, ending | $ 70,858 | 82,071 | (1,154,437) | 1,088,417 | 1,625,002 | 15,869,970 | 36,393 | 37,395 | 17,655,669 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**TIF Funds**
**For the Nine Months Ending March 31, 2017**

| | Noland Rd Auto Plaza | Crackerneck Creek | Old Landfill | Cinema East | Cornerstone Apts | Trinity | HCA | Marketplace Project 1 | Marketplace Project 2 | Sub-Total TIF Funds |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | | |
| Taxes | $ 1,258 | 1,452,531 | 917,153 | 206,656 | - | 431,500 | 3,479,391 | 22,457 | - | 6,510,947 |
| Licenses and permits | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | 215,000 | - | - | - | - | - | - | - | 215,000 |
| Charges for services | - | - | - | - | - | - | - | 10,478 | - | 10,478 |
| Interfund charges for support services (note 6) | - | - | - | - | - | - | - | - | - | - |
| Fines, forfeitures, and court costs | - | - | - | - | - | - | - | - | - | - |
| Investment Income | 161 | 11,376 | 463 | 94 | - | 196 | 7,422 | 62 | - | 19,775 |
| Sale of property, plant, and equipment | - | - | - | - | - | - | - | - | - | - |
| TIF Developer Contributions | - | - | - | - | - | - | - | - | - | - |
| Reimbursements from component unit | - | - | - | - | - | - | - | | | - |
| Other | - | 666,667 | - | - | - | - | - | - | - | 666,667 |
| Total revenues | 1,419 | 2,345,575 | 917,616 | 206,750 | - | 431,696 | 3,486,813 | 32,997 | - | 7,422,866 |
| **Expenditures:** | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - |
| Community development | - | - | - | - | - | - | - | - | - | - |
| Storm Water | - | - | - | - | - | - | - | - | - | - |
| Nondepartmental/other | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | 6 | 12,097 | 2 | 4,887 | - | 456 | 748,838 | 9,607 | - | 775,895 |
| Debt service: | | | | | | | | | | - |
| Principal | 20,773 | - | 344,959 | 31,601 | - | 330,067 | - | - | - | 727,400 |
| Interest and fiscal agent fees | - | 3,779,918 | 40,041 | 153,399 | - | 65,933 | 344,382 | - | - | 4,383,673 |
| Total expenditures | 20,779 | 3,792,015 | 385,002 | 189,887 | - | 396,456 | 1,093,221 | 9,607 | - | 5,886,968 |
| Excess (deficiency) of revenues over expenditures | (19,360) | (1,446,441) | 532,614 | 16,863 | - | 35,240 | 2,393,592 | 23,390 | - | 1,535,898 |
| **Other financing sources (uses):** | | | | | | | | | | |
| Proceeds from bond issuance | - | - | - | - | - | - | 17,275,000 | - | - | 17,275,000 |
| Reoffering premium/original issue discount | - | - | - | - | - | - | 2,512,940 | - | - | 2,512,940 |
| Transfers in | - | 1,103,493 | - | - | - | 25,056 | 4,309 | - | - | 1,132,858 |
| Transfers out | - | - | - | - | - | (25,056) | (19,576,311) | - | - | (19,601,367) |
| Total other financing sources (uses) | - | 1,103,493 | - | - | - | - | 215,938 | - | - | 1,319,431 |
| Net change in fund balances | (19,360) | (342,948) | 532,614 | 16,863 | - | 35,240 | 2,609,530 | 23,390 | - | 2,855,329 |
| Fund balances, beginning | 20,726 | 10,454,132 | 7,955 | 48,527 | - | 77,092 | 4,409,804 | (873) | - | 15,017,363 |
| Fund balances, ending | $ 1,367 | 10,111,184 | 540,569 | 65,390 | - | 112,331 | 7,019,334 | $ 22,517 | $ - | 17,872,692 |

**City of Independence, Missouri**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**TIF Funds**
**For the Nine Months Ending March 31, 2017**

| | 23rd & Noland Project 1 | 23rd & Noland Project 2 | 23rd & Noland Project 3 | 23rd & Noland Project 4 | Independence Square | Little Blue Parkway #1 | Little Blue Parkway #3 | TIF App Fees | Sub-Total TIF Funds | Total TIF Funds |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | | |
| Taxes | $ 61,447 | 5,135 | 32,756 | 267,418 | 105,760 | 136,876 | 224,492 | - | 833,883 | 13,877,660 |
| Licenses and permits | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | - | 215,000 |
| Charges for services | - | - | - | - | - | - | - | - | - | 10,478 |
| Investment Income | 57 | 13 | 57 | 317 | 636 | 40 | 55 | - | 1,175 | 129,000 |
| TIF Developer Contributions | - | - | - | - | - | - | - | - | - | - |
| Reimbursements from component unit | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | 765,108 |
| Total revenues | 61,504 | 5,148 | 32,813 | 267,735 | 106,396 | 136,916 | 224,547 | - | 835,058 | 14,997,245 |
| **Expenditures:** | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Capital outlay | 5 | 1 | 4 | 20 | 38 | 1 | 1 | 3,855 | 3,926 | 1,046,085 |
| Debt service: | | | | | | | | | - | - |
| Principal | 63,000 | 7,800 | - | - | - | - | - | - | 70,800 | 896,250 |
| Interest and fiscal agent fees | - | - | - | - | - | - | - | - | - | 5,554,463 |
| Total expenditures | 63,005 | 7,801 | 4 | 20 | 38 | 1 | 1 | 3,855 | 74,726 | 7,496,798 |
| Excess (deficiency) of revenues over expenditures | (1,501) | (2,653) | 32,808 | 267,715 | 106,358 | 136,915 | 224,546 | (3,855) | 760,332 | 7,500,448 |
| **Other financing sources (uses):** | | | | | | | | | | |
| Proceeds from bond issuance | - | - | - | - | - | - | - | - | - | 19,560,000 |
| Reoffering premium/original issue discount | - | - | - | - | - | - | - | - | - | 2,585,491 |
| Transfers in | - | - | - | - | - | - | - | - | - | 1,728,283 |
| Transfers out | - | - | (16,444) | (171,497) | (188,120) | (110,000) | (205,000) | - | (691,061) | (22,977,034) |
| Total other financing sources (uses) | - | - | (16,444) | (171,497) | (188,120) | (110,000) | (205,000) | - | (691,061) | 896,740 |
| Net change in fund balances | (1,501) | (2,653) | 16,364 | 96,218 | (81,762) | 26,915 | 19,546 | (3,855) | 69,271 | 8,397,188 |
| Fund balances, beginning | 27,347 | 3,519 | 14,541 | 131,081 | 106,673 | 19,659 | 24,580 | (362) | 327,038 | 27,527,482 |
| Fund balances, ending | $ 25,847 | 865 | 30,905 | 227,299 | 24,911 | 46,573 | $ 44,125 | (4,217) | 396,309 | 35,924,670 |

**CITY OF INDEPENDENCE, MISSOURI**
Combining Statement of Net Assets
Internal Service Funds
March 31, 2017

| | | Central Garage | Staywell Health Care | Worker's Compensation | Total (Exhibit 5) |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Pooled cash and investments | $ | 620,660 | 6,962,870 | 4,175,631 | 11,759,161 |
| Accounts receivable | | — | 2,433 | — | 2,433 |
| Accrued interest receivable | | — | — | — | — |
| Due from other funds | | — | — | — | — |
| Inventory | | 93,997 | — | — | 93,997 |
| Prepaid Items | | — | — | — | — |
| Property, plant, and equipment, net: | | | | | — |
| Land and infrastructure | | — | — | — | — |
| Buildings, property, and equipment, net | | — | — | — | — |
| Advance to other funds | | — | — | — | — |
| Deferred debt issue costs | | — | — | — | — |
| Prepayments | | — | — | — | — |
| Other deferred charges | | — | — | — | — |
| Restricted Assets | | — | — | 200,000 | 200,000 |
| Total current assets | | 714,657 | 6,965,303 | 4,375,631 | 12,055,591 |
| Noncurrent assets: | | | | | |
| Property, plant, and equipment; | | | | | |
| Land | | 93,979 | — | — | 93,979 |
| Depreciable property, plant, and equipment | | 226,056 | — | — | 226,056 |
| Less accumulated depreciation | | (191,863) | — | — | (191,863) |
| Deferred Outflow Pensions | | 332,227 | — | 90,708 | 422,935 |
| Total noncurrent assets | | 460,399 | — | 90,708 | 551,107 |
| Total assets | $ | 1,175,056 | 6,965,303 | 4,466,339 | 12,606,698 |
| **Liabilities** | | | | | |
| Current liabilities: | | | | | |
| Accounts and contracts payable | $ | (2,907) | — | — | (2,907) |
| Accrued liabilities | | 27,750 | — | 3,423 | 31,173 |
| Deferred Revenue | | — | — | 619,000 | 619,000 |
| Compensated absences - current | | 47,954 | — | 14,893 | 62,847 |
| Employee benefits payable | | — | — | — | — |
| Other Current Liabilities | | — | — | — | — |
| Self-insurance claims | | — | 1,767,809 | 2,493,901 | 4,261,710 |
| Total current liabilities | | 72,797 | 1,767,809 | 3,131,217 | 4,971,823 |
| Noncurrent liabilities: | | | | | |
| Compensated absences - long-term | | 55,035 | — | 34,499 | 89,534 |
| Other post employment benefits | | 1,409,811 | — | 243,695 | 1,653,506 |
| Self-insurance claims | | — | — | 2,488,182 | 2,488,182 |
| Deferred inflows pension | | 40,062 | — | 11,786 | 51,848 |
| Total liabilities | | 1,577,705 | 1,767,809 | 5,909,379 | 9,254,893 |
| **Net Assets** | | | | | |
| Invested in capital assets, net of related debt | | 460,399 | — | 90,708 | 551,107 |
| Unrestricted | | (863,048) | 5,197,494 | (1,533,748) | 2,800,698 |
| Total net assets (deficit) | | (402,649) | 5,197,494 | (1,443,040) | 3,351,805 |
| Total liabilities and net assets | $ | 1,175,056 | 6,965,303 | 4,466,339 | 12,606,698 |

**CITY OF INDEPENDENCE, MISSOURI**

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

Internal Service Funds

For the Nine Months Ending March 31, 2017

| | Central Garage | Staywell Health Care | Worker's Comp | Total (Exhibit 6) |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Charges for services | $ 1,270,251 | — | — | 1,270,251 |
| Miscellaneous | 2 | 17,194,495 | 1 | 17,194,498 |
| Total operating revenues | 1,270,253 | 17,194,495 | 1 | 18,464,749 |
| Operating expenses: | | | | |
| Personal services | 577,807 | — | 114,001 | 691,808 |
| Other services | 284,467 | 18,722,427 | 2,661,558 | 21,668,452 |
| Supplies | 541,005 | 3,451 | 1,970 | 546,426 |
| Capital outlay | — | — | — | — |
| Depreciation and amortization | 2,992 | — | — | 2,992 |
| Total operating expenses | 1,406,271 | 18,725,878 | 2,777,529 | 22,909,678 |
| Operating Income | (136,018) | (1,531,383) | (2,777,528) | (4,444,929) |
| Nonoperating revenues: | | | | |
| Interest revenue | 2,989 | 29,148 | 19,937 | 52,074 |
| Miscellaneous revenue | 11,635 | 2,059,604 | 1,857,345 | 3,928,584 |
| Total nonoperating revenue | 14,624 | 2,088,752 | 1,877,282 | 3,980,658 |
| Income before transfers | (121,394) | 557,369 | (900,246) | (464,271) |
| Transfers in (out) | — | — | — | — |
| Change in net assets | (121,394) | 557,369 | (900,246) | (464,271) |
| Total net assets (deficit): | | | | |
| Beginning of the period | (281,255) | 4,640,125 | (542,794) | 3,816,076 |
| End of the period | $ (402,649) | 5,197,494 | (1,443,040) | 3,351,805 |

**CITY OF INDEPENDENCE, MISSOURI**

**Combining Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**March 31, 2017**

| | Private-Purpose Trust Fund | | Agency Funds | | | |
|---|---|---|---|---|---|---|
| **Assets** | **Miscellaneous Expendable Trust** | **Total** | **Flexible Benefit Plan** | **Miscellaneous Agency Fund** | **Seniors Travel Programs** | **Total** |
| Pooled cash and investments | $ 2,992 | 2,992 | 124,123 | 33,699 | 32,731 | 190,553 |
| Accrued interest receivable | — | — | — | 157 | — | 157 |
| Total assets | $ 2,992 | 2,992 | 124,123 | 33,856 | 32,731 | 190,710 |
| Due from flexible benefit plan | | | — | — | | |
| **Liabilities** | | | | | | |
| Accounts and contacts payable | $ | | | | | |
| Internal balances (note 6) | — | — | — | 33,856 | 32,731 | 66,587 |
| Liabilities payable from restricted assets: | | | | | | |
| Funds held in Escrow | — | — | — | — | — | — |
| Employee deferred credit | — | — | 124,123 | — | — | 124,123 |
| Total liabilities | — | — | 124,123 | 33,856 | 32,731 | 190,710 |
| **Net Assets** | | | | | | |
| Held in trust | $ 2,992 | 2,992 | | | | |

**CITY OF INDEPENDENCE**
**SCHEDULE OF CASH & INVESTMENTS BY FUND**
**March 31, 2017**

| FUND | | CASH & INVESTMENTS | RESTRICTED CASH | DUE TO POOLED CASH | TOTAL |
|---|---|---|---|---|---|
| **GENERAL** | $ | 4,591,544.89 | 211,927.50 | - | 4,803,472.39 |
| **SPECIAL REVENUE** | | | | | |
| TOURISM | | 1,031,237.45 | - | - | 1,031,237.45 |
| CDA | | - | - | (125,649.09) | (125,649.09) |
| RENTAL REHAB | | - | - | (40,844.97) | (40,844.97) |
| INDEP. SQUARE BENEFIT | | 24,930.71 | - | - | 24,930.71 |
| STREET SALES TAX | | 1,223,725.34 | - | - | 1,223,725.34 |
| PARKS SALES TAX | | - | - | (2,627,621.03) | (2,627,621.03) |
| STORM WATER SALES TAX | | 6,402,096.90 | - | - | 6,402,096.90 |
| POLICE SALES TAX | | 1,648,455.53 | - | - | 1,648,455.53 |
| FIRE SALES TAX | | 1,790,972.68 | - | - | 1,790,972.68 |
| LICENSE SURCHARGE | | 1,096,301.02 | - | - | 1,096,301.02 |
| GRANT | | 378,479.70 | - | - | 378,479.70 |
| **TOTAL** | | 13,596,199.33 | - | (2,794,115.09) | 10,802,084.24 |
| **DEBT SERVICE FUND** | | 2,829.94 | 94,000.00 | - | 96,829.94 |
| **CAPITAL PROJECTS** | | | | | |
| STREET | | - | - | (206,669.24) | (206,669.24) |
| TIF | | 16,320,733.22 | 17,798,976.01 | - | 34,119,709.23 |
| BUILDING | | - | - | (13,323.16) | (13,323.16) |
| STORM DRAINAGE | | - | - | (16,155.37) | (16,155.37) |
| PARKS | | 11,591.38 | - | - | 11,591.38 |
| REVOLVING PUBLIC IMPROV. | | 19,898.34 | - | - | 19,898.34 |
| **TOTAL** | | 16,352,222.94 | 17,798,976.01 | (236,147.77) | 33,915,051.18 |
| **ENTERPRISE** | | | | | |
| POWER & LIGHT | | 67,667,256.40 | 40,372,122.89 | - | 108,039,379.29 |
| WATER | | 20,564,256.02 | 4,881,291.97 | - | 25,445,547.99 |
| SEWER | | 14,471,508.26 | 13,225,109.45 | - | 27,696,617.71 |
| EVENTS CENTER | | - | 6,864,624.76 | (693,972.32) | 6,170,652.44 |
| **TOTAL** | | 102,703,020.68 | 65,343,149.07 | (693,972.32) | 167,352,197.43 |
| **INTERNAL SERVICE** | | | | | |
| EMPLOYEE BENEFITS | | - | - | - | - |
| CENTRAL GARAGE | | 620,659.62 | - | - | 620,659.62 |
| PHARMACY BENEFIT FUND | | - | - | - | - |
| STAYWELL INSURANCE | | 6,962,870.25 | - | - | 6,962,870.25 |
| WORKER'S COMPENSATION | | 4,175,630.50 | 200,000.00 | - | 4,375,630.50 |
| **TOTAL** | | 11,759,160.37 | 200,000.00 | - | 11,959,160.37 |
| **TRUST & AGENCY** | | | | | |
| WAGGONER | | - | - | - | - |
| MISC TRUST | | 2,991.91 | - | - | 2,991.91 |
| SUSIE PAXTON BLOCK TRUST | | 33,699.41 | - | - | 33,699.41 |
| SENIORS TRAVEL PROGRAMS | | 32,731.15 | - | - | 32,731.15 |
| FLEXIBLE BENEFITS | | 124,123.25 | - | - | 124,123.25 |
| **TOTAL** | | 193,545.72 | - | - | 193,545.72 |
| **GRAND TOTAL** | $ | **149,198,523.87** | **83,648,052.58** | **(3,724,235.18)** | **229,122,341.27** |

## CITY OF INDEPENDENCE
## SCHEDULE OF CASH & INVESTMENTS BY CATEGORY
**March 31, 2017**

| INSTITUTION | DUE DATE | ORIGINAL COST | MARKET VALUE | YIELD |
|---|---|---|---|---|
| **CASH IN BANK** | | $ 229,095,688.93 | 229,095,688.93 | |
| **CERTIFICATE OF DEPOSIT** | | | | |
| **TOTAL** | | 0.00 | 0.00 | |
| **U. S. TREASURY NOTES & AGENCY NOTES** | | | | |
| Commerce | 02/15/27 | 18,887.50 | 26,652.34 | 7.074% |
| **TOTAL** | | 18,887.50 | 26,652.34 | |
| **GRAND TOTAL** | | $ 229,114,576.43 | 229,122,341.27 | |

# APPENDIX C

## DEFINITIONS OF WORDS AND TERMS
## AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

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## APPENDIX C

## DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

*In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Indentures, the Financing Agreements, the Authorizing Ordinance, the Continuing Disclosure Agreement and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Indenture for complete definitions of all terms.*

*The following definitions relate to the Series 2017A Bonds. The Bonds of each Series are separately secured.*

**"Additional Bonds"** means any additional parity bonds issued by the Board pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2012E Bonds, the Series 2014A Bonds and the Series 2017A Bonds.

**"Authorizing Ordinance"** means the Ordinances of the City authorizing the execution of the Financing Agreement and certain other documents.

**"Bond"** or **"Bonds"** means the Series 2012E Bonds, the Series 2014A Bonds, the Series 2017A Bonds and any Additional Bonds issued pursuant to the Indenture.

**"Business Day"** means a day on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**"Continuing Disclosure Agreement"** means the Continuing Disclosure Agreement executed by the City related to the Bonds, as from time to time amended in accordance with the provisions thereof.

**"Debt Service Reserve Fund Requirement"** means (i) with respect to the Series 2012E Bonds an amount equal to $396,500, (ii) with respect to the Series 2014A Bonds the amount an amount equal to $485,500, (iii) with respect to the Series 2017A Bonds an amount equal to $0, and (iv) with respect to any Additional Bonds that are entitled to the benefit of a reserve fund, the amount, if any, specified in the Supplemental Bond Indenture authorizing the issuance of said Additional Bonds. [Series 2017A Bonds only.]

**"Debt Service Reserve Fund Requirement"** means (i) with respect to the Series 2011B Bonds, the amount of $0, (ii) with respect to the Series 2017B Bonds, the amount of $0, (iii) with respect to Additional Bonds issued on a parity with the Series 2011B Bonds and the Series 2017B Bonds, a sum equal to the least of (A) **10%** of the original aggregate principal amount of such Additional Bonds, (B) the maximum annual debt service on such Additional Bonds in any future fiscal year following such date, or (C) **125%** of the average future annual debt service on such Additional Bonds, (iv) with respect to any Additional Bonds that are not entitled to the benefit of a reserve fund, the amount, if any, specified in the Supplemental Bond Indenture authorizing the issuance of said Additional Bonds. [Series 2017B Bonds only.]

**"Defeasance Obligations"** means:

(a) Government Obligations which are not subject to redemption prior to maturity; or

(b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

**"Event of Nonappropriation"** means failure of the City to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Loan Payments and reasonably expected Additional Payments due and payable during the next Fiscal Year.

**"Government Obligations"** means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"**Incremental Tax Revenues**" means, collectively, the Payments in Lieu of Taxes and, subject to annual appropriation, the Economic Activity Tax Revenues.

**"Opinion of Bond Counsel"** means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Board and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

**"Opinion of Counsel"** means a written opinion in the form described in the Indenture of any legal counsel acceptable to the City and the Trustee and, to the extent the Board is asked to take action in reliance thereon, the Board, who may be an employee of or counsel to the Trustee or the City.

**"Outstanding"** means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

(1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;

(2) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and

(4) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

**"Paying Agent"** means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

**"Permitted Investments"** means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below);

(2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America;

(3) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export - Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Rural Economic Community Development Administration (formerly the Farmers Home Administration),
- General Services Administration,
- U.S. Maritime Administration,
- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA's),
- Federal Housing Administration, and
- Federal Financing Bank;

(4) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
- Obligations of the Resolution Funding Corporation (REFCORP), and
- Senior debt obligations of the Federal Home Loan Bank System.;

(5) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(6) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(7) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(8) Pre-refunded Municipal Obligations, defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; provided, however, that Pre-refunded Municipal Obligations meeting the requirements of this subsection (B) may not be used as Permitted Investments without the prior written approval of Standard & Poor's.

(9) general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's; and

(10) investment agreements (supported by appropriate opinions of counsel) with notice to Standard & Poor's.

The value ("Value"), which shall be determined as of the end of each month, of the above investments shall be calculated as follows: (a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (d) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

**"Prime Rate"** means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

"**Special Allocation Fund**" means the fund by that name reestablished pursuant to the Authorizing Ordinance.

**"Standard & Poor's"** means Standard & Poor's Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, **Standard & Poor's** shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Board and the Trustee.

"**State**" means the State of Missouri.

**"TIF Act"** the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended

**"Transaction Documents"** means the Indenture, the Bonds, Financing Agreement, the Official Statement relating to the Bonds, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the

Authorizing Ordinance and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Financing Agreement or the Official Statement or contemplated by the Indenture, the Financing Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

* * *

*The following definitions relate to the Series 2017B Bonds. The Bonds of each Series are separately secured.*

**"Act"** means the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, et seq., as from time to time amended.

**"Additional Bonds"** means any additional parity Bonds issued by the Board pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2011B Bonds and the Series 2007B Bonds.

**"Additional Payments"** means the Additional Payments described in the Financing Agreement.

**"Authorizing Ordinance"** means the Ordinances of the City authorizing the execution of the Financing Agreement and certain other documents relating to the Series 2011B Bonds and the Series 2017B Bonds.

**"Board"** means the Missouri Development Finance Board, a body corporate and politic organized and existing under the laws of the State of Missouri.

**"Bond"** or **"Bonds"** means the Series 2011B Bonds, the Series 2017B Bonds and any Additional Bonds issued pursuant to the Indenture.

**"Business Day"** means a day on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**"City"** means the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri.

**"Continuing Disclosure Agreement"** means the Continuing Disclosure Agreement related to the Bonds, as from time to time amended in accordance with the provisions thereof.

**"Debt Service Reserve Fund Requirement"** means (i) with respect to the Series 2011B Bonds, an amount equal to $0, (ii) with respect to the Series 2017B Bonds, the amount of $0, and (iii) with respect to any Additional Bonds that are entitled to the benefit of a reserve fund, the amount, if any, specified in the Supplemental Bond Indenture authorizing the issuance of said Additional Bonds.

**"Default"** means any event or condition which constitutes, or with the giving of any requisite notice or upon the passage of any requisite time period or upon the occurrence of both would constitute, an event of default.

**"Defeasance Obligations"** means:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, or

(3) Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer.

**"Event of Default"** means any event of default as defined in the Indenture.

**"Event of Nonappropriation"** means failure of the City to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Loan Payments and reasonably expected Additional Payments due and payable during the next Fiscal Year.

**"Financing Agreement"** means the Master Financing Agreement, as amended and supplemented by the Series 2007B Supplemental Financing Agreement and the Series 2011B Supplemental Financing Agreement, all between the Board and the City as from time to time amended by Supplemental Financing Agreements in accordance with the provisions of the Master Financing Agreement.

**"Government Obligations"** means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

**"Indenture"** means the Master Indenture as amended and supplemented from time to time by Supplemental Indentures in accordance with the provisions of the Master Indenture.

**"Loan"** means the loan of the proceeds of the Bonds made by the Board to the City pursuant to the Financing Agreement.

**"Loan Payment Date"** means on or before the Business Day preceding the date any payment is due on the Bonds.

**"Net Proceeds,"** when used with respect to any damage, destruction, condemnation or loss of title, means the gross proceeds from any insurance relating to damage or destruction of any portion of the Project, or condemnation award with respect to condemned property remaining after the payment of all fees, costs and expenses (including attorneys' fees and any expenses of the Board or the Trustee) incurred in the collection of such gross proceeds.

**"Opinion of Bond Counsel"** means a written opinion in the form described in the Master Indenture of any legal counsel acceptable to the Board and the Trustee who shall be nationally recognized as expert in

matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

**"Opinion of Counsel"** means a written opinion in the form described in the Master Indenture of any legal counsel acceptable to the City and the Trustee and, to the extent the Board is asked to take action in reliance thereon, the Board, who may be an employee of or counsel to the Trustee or the City.

**"Original Financing Agreement"** or **"Master Financing Agreement"** means the Financing Agreement dated as of June 1, 1999, between the Board and the City.

**"Original Indenture"** or **"Master Indenture"** means the Bond Trust Indenture dated as of June 1, 1999, between the Board and the Trustee.

**"Outstanding"** means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Series 2011B Supplemental Indenture, except:

(1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Master Indenture;

(2) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Master Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Series 2011B Supplemental Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Series 2011B Supplemental Indenture; and

(4) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Master Indenture.

**"Paying Agent"** means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Series 2011B Supplemental Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

**"Permitted Investments"** means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below);

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(3) Senior debt obligations of other Government Sponsored Agencies;

(4) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export - Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Rural Economic Community Development Administration (formerly the Farmers Home Administration),
- General Services Administration,
- U.S. Maritime Administration,
- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA's),
- Federal Housing Administration, and
- Federal Financing Bank;

(5) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
- Obligations of the Resolution Funding Corporation (REFCORP),
- Senior debt obligations of the Federal Home Loan Bank System, and
- Senior debt obligations of other Government Sponsored Agencies;

(6) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(7) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 calendar days after the date of purchase;

(8) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(9) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on

the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of this subsection (B) may not be used as Permitted Investments without the prior written approval of Standard & Poor's;

(10) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's;

(11) Investment agreements (supported by appropriate opinions of counsel) with notice to Standard & Poor's; and

(12) Other forms of investments (including repurchase agreements) with notice to Standard & Poor's.

The value ("Value") of the above investments, which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) As to securities:

(1) the closing bid price quoted by Interactive Data Systems, Inc.; or

(2) a valuation performed by a nationally recognized and accepted pricing service whose valuation method consists of the composite average of various bid price quotes on the valuation date; or

(3) the lower of two dealer bids on the valuation date. The dealers or their parent holding companies must be rated at least investment grade by Moody's and Standard & Poor's and must be market makers in the securities being valued.

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest; and

(c) As to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

**"Person"** means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

**"Prime Rate"** means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

**"Series 2011B Bonds"** means the Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Hartman Heritage Centre Project), Series 2011B, aggregating the principal amount of $6,165,000.

**"Standard & Poor's"** means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc., New York, New York, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, **Standard & Poor's** shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Board and the Trustee.

**"TIF Act"** means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800-99.865 of the Revised Statutes of Missouri, as amended.

**"Transaction Documents"** means the Indenture, the Bonds, the Financing Agreement, the Official Statements relating to the Bonds, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Authorizing Ordinance, the Escrow Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in this Indenture, the Financing Agreement, or the Official Statements or contemplated by this Indenture, the Financing Agreement or the Official Statements; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words "Transaction Documents" are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

## SUMMARY OF THE BOND TRUST INDENTURE

*Except as otherwise noted, the following is a summary of the Series 2017A Indenture. The Bonds of each Series are separately secured. The Indenture for the Series 2017B Bonds is substantially similar to the Indenture summarized below, except as otherwise noted.*

*The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Series 2017A Indenture and the Series 2017B Indenture for a complete recital of the terms thereof.*

### Trust Estate

The Trust Estate created by the Indenture in favor of the Trustee for the benefit and security of the owners of the Bonds consists of:

(a) All rights, title and interest of the Board (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Financing Agreement, including, without limitation, all Loan Payments and other payments to be received by the Board and paid by the City under and pursuant to and subject to the provisions of the Financing Agreement (except the Board's rights to payment of its fees and expenses and to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and (2) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and

(b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and

(c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Board or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

**Authorization of Additional Bonds**

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of the Indenture, the Board shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the Board to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, (3) authorizing the Board to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Board, are not prejudicial to the Board or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Bonds Outstanding except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices, all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Bonds and any other Additional Bonds, excepts for the accounts in the debt service reserve fund established for such series of Bonds, and except that the Board may issue Additional Bonds that are not entitled to the benefit and security of any reserve fund.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified by the Secretary or Assistant Secretary of the Board, of the resolution adopted by the Board authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Transaction Documents as may be necessary.

(b) A copy, certified by the City Clerk of the ordinances and/or resolutions adopted by the City authorizing the execution and delivery of the Supplemental Financing Agreement and supplements to any other Transaction Documents.

(c) An original executed counterpart of the Supplemental Indenture, executed by the Board and the Trustee, authorizing the issuance of the Additional Bonds being issued to make the loan, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such loan and the Supplemental Financing Agreement.

(d) An original executed counterpart of the Supplemental Financing Agreement, executed by the City and the Board, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment.

(e) An Officer's Certificate (1) stating that no event of default under the Financing Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Financing Agreement.

(f) A request and authorization to the Trustee, on behalf of the Board, executed by a City Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Board, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(g) If such Additional Bonds are to be insured or guaranteed by a bond insurer or other credit enhancer, an insurance policy or other credit enhancement in each case in form or substance satisfactory to the Board, the City and the Trustee.

(h) Deposit of an amount equal to the Debt Service Reserve Fund Requirement, if any, for such Additional Bonds.

(i) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming subject to federal income taxes then in effect.

(j) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as the Board, the City or the Trustee shall reasonably require for the delivery of the Additional Bonds.

Except as provided in the this Indenture and in the Financing Agreement, the Board will not otherwise issue any obligations on a parity with the Bonds, but the Board may issue other obligations specifically subordinate and junior to the Bonds.

**Creation of Funds and Accounts**

The Indenture creates and establishes in the custody of the Trustee the following special trust funds in the name of the Board to be designated as follows:

(a) "Missouri Development Finance Board–City of Independence, Missouri - Eastland Infrastructure Facilities Project Fund" (the "Project Fund"), and within such fund separate accounts for each Series of Bonds.

(b) "Missouri Development Finance Board–City of Independence, Missouri – Eastland Infrastructure Facilities Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund separate accounts for each Series of Bonds.

(c) "Missouri Development Finance Board–City of Independence, Missouri – Eastland Infrastructure Facilities Debt Service Fund" (the "Debt Service Fund") and within such fund separate accounts for each Series of Bonds.

(d) "Missouri Development Finance Board–City of Independence, Missouri – Eastland Infrastructure Facilities Debt Service Reserve Fund" (the "Debt Service Reserve Fund") and within such fund separate accounts for each Series of Bonds.

(f) "Missouri Development Finance Board–City of Independence, Missouri – Eastland Infrastructure Facilities Rebate Fund" (the "Rebate Fund") and within such fund separate accounts for each Series of Bonds.

**Project Fund**

Moneys in the Project Fund shall be used solely for the purpose of paying the Costs of the Project as provided in the Indenture, in accordance with the plans and specifications therefor, including any alterations in or amendments to said plans and specifications deemed advisable by the City and approved in accordance with the Financing Agreement.

If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Indenture, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the City and to the Board of such action.

**Debt Service Fund**

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided in the Indenture, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee, upon the written instructions from the Board given pursuant to written direction of the City, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the City, in accordance with the provisions of the Indenture, so long as the City is not in default with respect to any payments under the Financing Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The City may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Board, and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the Debt Service Fund shall be paid to the City upon the expiration or sooner termination of the Financing Agreement.

**Debt Service Reserve Fund**

To the extent applicable, ach Series of Bonds is separately secured by an account in the Debt Service Reserve Fund relating solely to that Series of Bonds as set forth in the Indenture. [Neither the Series 2017A Bonds nor the Series 2017B Bonds are secured by a Debt Service Reserve Fund.]

The moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee, without any further authorization from the City, solely for the payment of the principal of and interest on the Bonds of each series to which the applicable account of the Debt Service Reserve Fund relates to the extent of any deficiency in the account of the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. Moneys in the individual series accounts of the Debt Service Reserve Fund may only be disbursed to make payments for the associated series of Bonds. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund for such purpose whether or not the amount in the applicable account of the Debt Service Reserve Fund at that time equals applicable the Debt Service Reserve Fund Requirement. If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in this paragraph, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service Reserve Fund to the applicable Debt Service Reserve Fund Requirement, and the Trustee shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month.

**Rebate Fund**

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the City, the Board nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement.

**Investment of Moneys**

Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the City Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. In the absence of direction of the City Representative, the Trustee may invest and reinvest moneys in an investment described in paragraph (7) of the definition of the term "Permitted Investments." The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amount required to be deposited in the Rebate Fund) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; provided, however, that all interest accruing on the Project Fund shall be automatically deposited into the Debt Service Fund. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

In determining the balance in any Fund, investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent interest payment date. Investments in the Funds under this Indenture shall be valued on each June 15 and December 15 in each year beginning June 15, 2005. The Trustee shall promptly deliver a copies of such valuations to the City, which may be in the form of the Trustee's standard account statements.

**Events of Default**

The term **"event of default,"** wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable; or

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the Board in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of **60** days after there has been given to the Board, the City by the Trustee or to the Board, the City and the Trustee by the owners of at least **10%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Board shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any event of default under the Financing Agreement shall occur and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the City under the provisions of the Indenture, the Board grants the City full authority for the account of the Board to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Board, with full power to do any and all things and acts to the same extent that the Board could do and perform any such things and acts in order to remedy such default.

**Acceleration of Maturity; Rescission and Annulment**

If an event of default occurs and is continuing, the Trustee may, and shall, if requested by the owners of not less than **25%** in principal amount of the Bonds Outstanding, by written notice to the Board and the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Board, the City and the Trustee, rescind and annul such declaration and its consequences if:

(a) the Board has deposited with the Trustee a sum sufficient to pay

(1) all overdue installments of interest on all Bonds,

(2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds,

(3) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds, and

(4) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and

(b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

**Exercise of Remedies by the Trustee**

Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Board as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the owners of not less than **25%** in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits to Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to

the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Board, the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) *Enforcement Without Possession of Bonds.* All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) *Restoration of Positions.* If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Board, the City, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

**Limitation on Suits by Bondowners**

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than **25%** in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such **60**-day period by the owners of a majority in principal amount of the Outstanding Bonds.

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds.

**Control of Proceedings by Bondowners**

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that

(1) such direction shall not be in conflict with any rule of law or the Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

**Application of Moneys Collected**

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all unpaid amounts due the Trustee under the Indenture;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **Third:** To the payment of the remainder, if any, to the Board or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit

with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Resignation and Removal of Trustee**

The Trustee may resign at any time by giving written notice thereof to the Board, the City and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within **90** days after ascertaining that it has a conflicting interest, or within **30** days after receiving written notice from the Board or the City (so long as the City is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in the preceding paragraph.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Board and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Financing Agreement, by the City. The Board, the City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

**Appointment of Successor Trustee**

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board, with the written consent of the City (which consent shall not be unreasonably withheld) or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture or under the Financing Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Board and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Board or the bondowners. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

**Supplemental Indentures without Consent of Bondowners**

Without the consent of the owners of any Bonds, the Board and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, additional conditions, limitations and restrictions thereafter to be observed; or

(c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture; or

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture; or

(e) to add to the covenants of the Board or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power conferred upon the Board under the Indenture; or

(f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds; or

(g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

**Supplemental Indentures with Consent of Bondowners**

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Board and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Financing Agreement and their consequences; or

(c) modify the obligation of the Board to make payment on or provide funds for the payment of any Bond; or

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(e) modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

**Payment, Discharge and Defeasance of Bonds**

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subparagraph (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee and the Board, and (2) an Opinion of Bond

Counsel addressed and delivered to the Trustee in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

**Satisfaction and Discharge of Indenture**

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of the Indenture have been complied with.

(e) if such Bonds are to be redeemed or final payment is to occur on a date which is more than 90 days from the date of the deposit under the Indenture, the Board and the City shall have received (1) the report of a verification agent acceptable to and addressed to each of them, confirming the mathematical accuracy of the calculations used to determine the sufficiency of the moneys or Defeasance Obligations; and (2) the escrow deposit agreement

Thereupon, the Trustee shall execute and deliver to the Board a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Board and shall pay, assign, transfer and deliver to the Board, or other persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

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## SUMMARY OF THE AUTHORIZING ORDINANCES

*The following is a summary of certain provisions contained in the Authorizing Ordinances. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Authorizing Ordinances for a complete recital of the terms thereof.*

### Authorizing Ordinance for Series 2017A Bonds

**"Additional Payments"** shall have the meaning set forth in the Financing Agreement.

**"Board"** means the Missouri Development Finance Board, a body corporate and politic of the State of Missouri.

"**Bonds**" means, the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Eastland Project) Series 2017A.

"**Business Day**" means a day other than a Saturday, Sunday or holiday on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**"CID"** means the Independence Events Center Community Improvement District.

**"CID EATS"** means 50% of the revenues of the CID Sales Tax Revenues which are captured as Economic Activity Tax Revenues in the Redevelopment Area.

**"CID Sales Tax Revenues"** means revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of $1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

"**City**" means the City of Independence, Missouri, and any successors or assigns.

**"Costs of the Project"** means that portion of the costs of completion of the Project to be refinanced from proceeds of the Loan.

**"Eastland Loans"** means the loan of proceeds of the Outstanding Eastland Bonds from the Board to the City.

"**Economic Activity Tax Account**" means the Economic Activity Tax Account in the Special Allocation Fund described in **Section 401**.

"**Economic Activity Tax Revenues**" means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the applicable Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the applicable Redevelopment Project, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the TIF Act.

**"Events Center Loans"** means the loan of proceeds of the Outstanding Events Center Bonds from the Board to the City.

**"Events Center Project"** means the construction of the Independence Events Center.

**"Financing Agreement"** means the Series 2017A Supplemental Financing Agreement between the Board and the City.

**"Incremental Tax Revenues"** means, collectively, the Payments in Lieu of Taxes and, subject to annual appropriation as provided herein, Economic Activity Tax Revenues with respect to the Redevelopment Area.

**"Indenture"** means the Bond Trust Indenture dated as of May 1, 2007, as amended, between the Board and the Trustee under which the Outstanding Eastland Bonds have been or will be issued.

**"Loan"** means the loan from the Board to the City made pursuant to the Financing Agreement.

**"Loan Payments"** shall have the meaning set forth in the Financing Agreement.

"**Ordinance**" means this Ordinance as from time to time amended in accordance with the terms hereof.

**"Outstanding Events Center Bonds"** means the following series of bonds to the extent outstanding, together with any bonds issued hereafter on a parity with such bonds or bonds issued to refund such bonds:

a. $11,815,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2011A, issued by the Board.

b. $68,945,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2012C, issued by the Board.

c. $12,005,000 original principal amount Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2016A, issued by the Board.

**"Outstanding Eastland Bonds"** means the following series of bonds issued by the Board to the extent outstanding, together with any bonds issued hereafter on a parity with such bonds or bonds issued to refund such bonds:

a. $3,965,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Eastland Center Project), Series 2012E (the "Series 2012E Eastland Bonds").

b. $4,855,000 original principal amount Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Eastland Center Project) Series 2014A (the "2014A Eastland Bonds").

c. the Bonds, when issued.

"**Payments in Lieu of Taxes**" means, when collected by the City, the payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the applicable Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in the applicable Redevelopment Area on the date of the adoption of the first TIF Ordinance with respect to such Redevelopment Area, all as determined in accordance with the TIF Act.

"**PILOTS Account**" means the PILOTS Account in the Special Allocation Fund described in **Section 401** hereof.

**"Redevelopment Area"** means the area described in the Redevelopment Agreement as the Redevelopment Area with respect to which the governing body of the City has adopted tax increment financing in accordance with the TIF Act pursuant to the Redevelopment Plan.

**"Redevelopment Costs"** means the "redevelopment project costs," as defined in the TIF Act, that may be paid through tax increment financing and which the City has agreed to pay under the Redevelopment Agreement.

**"Refunded Bonds"** has the meaning set forth in **Section 501** hereof.

**"Special Allocation Fund"** means the Special Allocation Fund established for the Eastland Project, which is ratified and confirmed by **Section 401** hereof.

"**State**" means the State of Missouri.

"**TIF Act**" means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

**"TIF Ordinance"** means, for any Redevelopment Project, an ordinance passed by the City pursuant to which the City has commenced the 23-year period contained in the TIF Act.

**"Underwriter"** means Piper Jaffray & Co.

**Security for the Loan**

(a) Except as provided in the following paragraph, the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreement shall be subject to annual appropriation as provided in **Section 3.5** of the Financing Agreement.

Notwithstanding the foregoing, Payments in Lieu of Taxes deposited into the Special Allocation Fund related to the Redevelopment Project are not subject to annual appropriation and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments under the Financing Agreement.

(b) As additional security for the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreement, such payments shall be payable from and secured as to the payment of principal and interest on a parity with the City's obligation to make Loan Payments and Additional Payments under any other Financing Agreement related to bonds secured on a parity with the Outstanding Eastland Bonds by (a) a pledge of the Payments in Lieu of Taxes deposited in the PILOTS Account of the Special Allocation Fund related to the Redevelopment Project, (b) subject to annual appropriation by the City Council as provided in this Section, the Economic Activity Tax Revenues deposited in the Economic Activity Tax Account of the Special Allocation Fund related to the Redevelopment Project. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The Loan shall not constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Fund relating to the Redevelopment Project are hereby pledged to the payment of the loans related to the Outstanding Eastland Bonds (the "Eastland Loans"); provided, however Economic Activity Tax Revenues deposited therein shall remain subject to annual appropriation as described herein. Such pledge is on a parity with the pledge of the City securing all other loans incurred by the City with respect to Redevelopment Costs, whether previously or to be incurred, to the extent provided in the ordinance authorizing each loan.

(c) The City currently intends to appropriate in each year the Economic Activity Tax Revenues in the Special Allocation Fund related the Eastland Redevelopment Project to the repayment of the Eastland Loans and loans under any other Financing Agreements related to bonds secured on a parity with the Outstanding Eastland Bonds. In preparing the City's annual budget the City Manager shall include or cause to be included in

each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such Economic Activity Tax Revenues, the City shall immediately notify in writing the following persons of such event of nonappropriation: (i) the Board, (ii) Commerce Bank, as trustee for the Outstanding Eastland Bonds, (iii) each nationally recognized municipal securities repository, and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds.

In the event Bond Counsel delivers to the City an opinion to the effect that Missouri law no longer requires that the pledge of the Economic Activity Tax Revenues be subject to annual appropriation, the City agrees to amend this Ordinance to delete such requirement.

**Administration of Eastland Special Allocation Fund**

Subject to annual appropriation by the City Council of the City, the CID EATS are pledged, on a subordinate basis as further described in this Section. The pledge of the CID EATS to the repayment of the Events Center Loans is on a parity with the pledge of the City securing all other loans to be incurred by the City with respect to costs of the Events Center Project to the extent provided in the ordinances authorizing each loan.

The moneys in the Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance and the ordinances of the City authorizing the loans relating to the Outstanding Eastland Bonds. At any time moneys are to be withdrawn, transferred or paid from the Special Allocation Fund, such withdrawals, transfers or payment shall be made from (i) the PILOTS Account, and (ii) the Economic Activity Tax Account in that order.

The City hereby agrees to deposit into the Special Allocation Fund as received all Incremental Tax Revenues from the Redevelopment Area. The Incremental Tax Revenues shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Redevelopment Area shall be deposited into the PILOTS Account of the Special Allocation Fund, and subject to annual appropriation as provided in the ordinances authorizing the loans related to the Outstanding Eastland Bonds, all Economic Activity Tax Revenues from the Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Special Allocation Fund. All interest earnings on moneys in the Special Allocation Fund shall be credited to and deposited in the Special Allocation Fund.

The Special Allocation Fund shall be administered by the City as follows:

(i) Not later than the last Business Day of each March and September the City shall transfer to the Trustee from the Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under any financing agreement relating to the Outstanding Eastland Bonds; provided, however, in the event the amount to be so transferred is less than the amount required to make such Loan Payments, the City shall allocate such amounts on a pro rata basis based upon the principal amount of the outstanding Loan Payments.

(ii) Upon receipt by the City of written notice from the Trustee that the balance in any Debt Service Reserve Fund established under the Indenture related to the Outstanding Eastland Bonds (the "Eastland Indenture") is less than the Debt Service Reserve Requirement (as defined in the Eastland Indenture) for the Outstanding Eastland Bonds, the City shall transfer to the Trustee from the Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the applicable Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement provided, however, in the event the amount to be so transferred is less than the amount required to make such Additional Payments, the City shall allocate such amounts on a pro rata basis based upon the applicable Debt Service Reserve Requirement.

(iii) All moneys remaining in the Special Allocation Fund, after making the foregoing payments, shall be expended at the discretion of the City for one or more of the following purposes, without any priority among them (except that the withdrawal of CID EATS for the purposes described herein shall have first priority to the extent allowed by the Redevelopment Agreement):

1. for the purpose of paying any Redevelopment Costs, including without limitation withdrawal of the CID EATS for payment of the Events Center Loans and any loan secured on a parity therewith; or

2. for the purpose of prepaying any Loan Payments or Additional Payments due under the any financing agreement relating to the Outstanding Eastland Bonds; or

3. for the purpose of establishing such additional reserves as may be deemed necessary by the City; or

4. for the purpose of reimbursing the City for any transfer of any legally available funds to the Special Allocation Fund; or

5. for the purpose of distributing such funds to the taxing districts or municipal corporations in accordance with the TIF Act; or

6. for any other purpose set forth in the Redevelopment Agreement for the Redevelopment Project as may be authorized under the TIF Act.

## Authorizing Ordinance for Series 2017B Bonds

### Definitions

**"Additional Payments"** shall have the meaning set forth in the Financing Agreement.

**"Board"** means the Missouri Development Finance Board, a body corporate and politic of the State of Missouri.

"**Bonds**" means, the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Hartman Heritage Project) Series 2017B.

"**Business Day**" means a day other than a Saturday, Sunday or holiday on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**"CID"** means the Independence Events Center Community Improvement District.

**"CID EATS"** means 50% of the revenues of the CID Sales Tax Revenues which are captured as Economic Activity Tax Revenues in the Redevelopment Area.

**"CID Sales Tax Revenues"** means revenues received by the City from the CID Sales Tax, less (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, (ii) such amount as is retained by the State of Missouri for collecting the CID Sales Tax, (iii) any sum received by the CID which is the subject of a suit or other claim communicated to the CID which suit or claim challenges the collection of such sum, (iv) an administration fee payable to the City for administering and accounting for the CID Sales

Tax in the amount of 2% of the total CID Sales Tax, plus any actual costs and expenses incurred by the City greater than such 2% amount, (v) a one-time payment to the City of $1,200 to reimburse the City for administrative set-up costs and expenses of the CID, (vi) actual, reasonable operating costs of the CID, and (vii) any costs and expenses incurred in connection with any collection or enforcement issues associated with the CID Sales Tax in which the City may participate with or at the direction of the Missouri Department of Revenue.

"**City**" means the City of Independence, Missouri, and any successors or assigns.

**"Costs of the Project"** means that portion of the costs of completion of the Project to be refinanced from proceeds of the Loan.

"**Economic Activity Tax Account**" means the Economic Activity Tax Account in the Special Allocation Fund described in **Section 401**.

"**Economic Activity Tax Revenues**" means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the applicable Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the applicable Redevelopment Project, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the TIF Act.

**"Events Center Loans"** means the loan of proceeds of the Outstanding Events Center Bonds from the Board to the City.

**"Events Center Project"** means the construction of the Independence Events Center.

**"Financing Agreement"** means the Series 2017B Supplemental Financing Agreement between the Board and the City.

**"Hartman Heritage Loans"** means the loan of proceeds of the Outstanding Hartman Heritage Bonds from the Board to the City.

**"Incremental Tax Revenues"** means, collectively, the Payments in Lieu of Taxes and, subject to annual appropriation as provided herein, Economic Activity Tax Revenues with respect to the Redevelopment Area.

**"Indenture"** means the Bond Trust Indenture dated as of June 1, 1999, as amended, between the Board and the Trustee under which the Outstanding Hartman Heritage Bonds have been or will be issued.

**"Loan"** means the loan from the Board to the City made pursuant to the Financing Agreement.

**"Loan Payments"** shall have the meaning set forth in the Financing Agreement.

"**Ordinance**" means this Ordinance as from time to time amended in accordance with the terms hereof.

**"Outstanding Events Center Bonds"** means the following series of bonds to the extent outstanding, together with any bonds issued hereafter on a parity with such bonds or bonds issued to refund such bonds:

a. $11,815,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2011A, issued by the Board.

b. $68,945,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2012C, issued by the Board.

c. $12,005,000 original principal amount Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Events Center Project), Series 2016A, issued by the Board.

**"Outstanding Hartman Heritage Bonds"** means the following series of bonds issued by the Board to the extent outstanding, together with any bonds issued hereafter on a parity with such bonds or bonds issued to refund such bonds:

d. $6,720,000 original principal amount Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Hartman Heritage Centre Project), Series 2011B (the "Series 2011B Hartman Heritage Bonds").

e. the Bonds, when issued.

"**Payments in Lieu of Taxes**" means, when collected by the City, the payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the applicable Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in the applicable Redevelopment Area on the date of the adoption of the first TIF Ordinance with respect to such Redevelopment Area, all as determined in accordance with the TIF Act.

"**PILOTS Account**" means the PILOTS Account in the Special Allocation Fund described in **Section 401** hereof.

**"Redevelopment Area"** means the area described in the Redevelopment Agreement as the Redevelopment Area with respect to which the governing body of the City has adopted tax increment financing in accordance with the TIF Act pursuant to the Redevelopment Plan.

**"Redevelopment Costs"** means the "redevelopment project costs," as defined in the TIF Act, that may be paid through tax increment financing and which the City has agreed to pay under the Redevelopment Agreement.

**"Refunded Bonds"** has the meaning set forth in **Section 501** hereof.

**"Special Allocation Fund"** means the Special Allocation Fund established for the Hartman Heritage Project, which is ratified and confirmed by **Section 401** hereof.

"**State**" means the State of Missouri.

"**TIF Act**" means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

**"TIF Ordinance"** means, for any Redevelopment Project, an ordinance passed by the City pursuant to which the City has commenced the 23-year period contained in the TIF Act.

**Security for the Loan**

(a) Except as provided in the following paragraph, the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreement shall be subject to annual appropriation as provided in **Section 3.5** of the Financing Agreement.

Notwithstanding the foregoing, Payments in Lieu of Taxes deposited into the Special Allocation Fund related to the Redevelopment Project are not subject to annual appropriation and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments under the Financing Agreement.

(b) As additional security for the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreement, such payments shall be payable from and secured as to the payment of principal and interest on a parity with the City's obligation to make Loan Payments and Additional Payments under any other Financing Agreement related to bonds secured on a parity with the Outstanding Hartman Heritage Bonds by (a) a pledge of the Payments in Lieu of Taxes deposited in the PILOTS Account of the Special Allocation Fund related to the Redevelopment Project, (b) subject to annual appropriation by the City Council as provided in this Section, the Economic Activity Tax Revenues deposited in the Economic Activity Tax Account of the Special Allocation Fund related to the Redevelopment Project. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The Loan shall not constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Fund relating to the Redevelopment Project are hereby pledged to the payment of the loans related to the Outstanding Hartman Heritage Bonds (the "Hartman Heritage Loans"); provided, however Economic Activity Tax Revenues deposited therein shall remain subject to annual appropriation as described herein. Such pledge is on a parity with the pledge of the City securing all other loans incurred by the City with respect to Redevelopment Costs, whether previously or to be incurred, to the extent provided in the ordinance authorizing each loan.

(c) The City currently intends to appropriate in each year the Economic Activity Tax Revenues in the Special Allocation Fund related the Hartman Heritage Redevelopment Project to the repayment of the Hartman Heritage Loans and loans under any other Financing Agreements related to bonds secured on a parity with the Outstanding Hartman Heritage Bonds. In preparing the City's annual budget the City Manager shall include or cause to be included in each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such Economic Activity Tax Revenues, the City shall immediately notify in writing the following persons of such event of nonappropriation: (i) the Board, (ii) Commerce Bank, as trustee for the Outstanding Hartman Heritage Bonds, (iii) each nationally recognized municipal securities repository, and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds.

In the event Bond Counsel delivers to the City an opinion to the effect that Missouri law no longer requires that the pledge of the Economic Activity Tax Revenues be subject to annual appropriation, the City agrees to amend this Ordinance to delete such requirement.

**Administration of Hartman Heritage Special Allocation Fund**

Subject to annual appropriation by the City Council of the City, the CID EATS are pledged, on a subordinate basis as further described in this Section. The pledge of the CID EATS to the repayment of the

Events Center Loans is on a parity with the pledge of the City securing all other loans to be incurred by the City with respect to costs of the Events Center Project to the extent provided in the ordinances authorizing each loan.

The moneys in the Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance and the ordinances of the City authorizing the loans relating to the Outstanding Hartman Heritage Bonds. At any time moneys are to be withdrawn, transferred or paid from the Special Allocation Fund, such withdrawals, transfers or payment shall be made from (i) the PILOTS Account, and (ii) the Economic Activity Tax Account in that order.

The City hereby agrees to deposit into the Special Allocation Fund as received all Incremental Tax Revenues from the Redevelopment Area. The Incremental Tax Revenues shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Redevelopment Area shall be deposited into the PILOTS Account of the Special Allocation Fund, and subject to annual appropriation as provided in the ordinances authorizing the loans related to the Outstanding Eastland Bonds, all Economic Activity Tax Revenues from the Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Special Allocation Fund. All interest earnings on moneys in the Special Allocation Fund shall be credited to and deposited in the Special Allocation Fund.

The Special Allocation Fund shall be administered by the City as follows:

(i) Not later than the last Business Day of each March and September, the City shall transfer to the Trustee from the Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under any financing agreement related to the Outstanding Hartman Heritage Bonds; provided, however, in the event the amount to be so transferred is less than the amount required to make such Loan Payments, the City shall allocate such amounts on a pro rata basis based upon the principal amount of the outstanding Loan Payments.

(ii) Upon receipt by the City of written notice from the Trustee that the balance in any Debt Service Reserve Fund established under the Indenture related to the Outstanding Hartman Heritage Bonds (the "Hartman Heritage Indenture") is less than the Debt Service Reserve Requirement related to any outstanding Hartman Heritage Bonds (as defined in the Hartman Heritage Indenture) or any other bonds issued under the Hartman Heritage Indenture, the City shall transfer to the Trustee from the Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the applicable Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement provided, however, in the event the amount to be so transferred is less than the amount required to make such Additional Payments, the City shall allocate such amounts on a pro rata basis based upon the applicable Debt Service Reserve Requirement.

(iii) All moneys remaining in the Special Allocation Fund, after making the foregoing payments, shall be expended at the discretion of the City for one or more of the following purposes, without any priority among them (except that the withdrawal of CID EATS for the purposes described herein shall have first priority to the extent allowed by the Hartman Heritage Redevelopment Agreement):

1. for the purpose of paying any Redevelopment Costs, including without limitation withdrawal of the CID EATS for payment of the Events Center Loans and any loan secured on a parity therewith; or

2. for the purpose of prepaying any Loan Payments or Additional Payments due under any financing agreement related to the Outstanding Hartman Heritage Bonds; or

3. for the purpose of establishing such additional reserves as may be deemed necessary by the City; or

4. for the purpose of reimbursing the City for any transfer of any legally available funds to the Special Allocation Fund; or

5. for the purpose of distributing such funds to the taxing districts or municipal corporations in accordance with the TIF Act; or

6. for any other purpose set forth in the Redevelopment Agreement for the Redevelopment Project as may be authorized under the TIF Act.

* * *

## SUMMARY OF THE FINANCING AGREEMENT

*Except as otherwise noted, the following is a summary of the Series 2017A Financing Agreement. The Bonds of each Series are separately secured. The Financing Agreement for the Series 2017B Bonds is substantially similar to the Financing Agreement summarized below, except as otherwise noted.*

*The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Series 2017A Financing Agreement and the Series 2017B Agreement for a complete recital of the terms thereof.*

### Use of Proceeds

The proceeds of the Bonds loaned to the City shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and in the Financing Agreement.

### Loan Payments

Subject to the limitations in the Financing Agreement, the City shall pay the following amounts to the Trustee, all as "Loan Payments" under the Financing Agreement:

(a) *Debt Service Fund -- Interest:* On or before 10:00 a.m. on or before the Business Day preceding each April 1 and October 1, an amount which is not less than the interest to become due on the next interest payment date on the Bonds; provided, however that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.

(b) *Debt Service Fund -- Principal:* On or before 10:00 a.m. on or before the Business Day preceding each April 1 an amount which is not less than the next installment of principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.

Notwithstanding any schedule of payments upon the Loan set forth in the Financing Agreement or the Indenture, the City shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as

interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon all Bonds from time to time Outstanding under the Indenture.

**Additional Payments**

Subject to annual appropriation, the City shall pay the following amounts to the following persons, all as "Additional Payments" under the Financing Agreement:

(a) to the Trustee, when due, all reasonable fees, charges for its services rendered under the Indenture, the Financing Agreement and any other Transaction Documents, and all reasonable expenses (including without limitation reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or the Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee, upon demand, an amount necessary to pay rebatable arbitrage in accordance with the Tax Compliance Agreement and the Indenture.

(c) to the Trustee, upon written demand of the Trustee the amount required by to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement;

(d) to the Board, on the Bond Issuance Date, its regular administrative and issuance fees and charges, if any, and all expenses (including without limitation attorney's fees) incurred by the Board in relation to the transactions contemplated by the Financing Agreement and the Indenture, which are not otherwise to be paid by the City under the Financing Agreement or the Indenture;

(e) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the Board or the Trustee or any of them in satisfaction of any obligations of the City under the Financing Agreement that the City does not perform, or incurred in the defense of any action or proceeding with respect to the Project, the Financing Agreement or the Indenture, or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the Board or the Trustee and that are incurred as a result of a request by the City, or a requirement of the Financing Agreement and that the City is not otherwise required to pay under the Financing Agreement;

(f) to the appropriate person, any other amounts required to be paid by the City under the Financing Agreement or the Indenture; and

(g) any past due Additional Payments shall continue as an obligation of the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

**Annual Appropriations**

The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Financing Agreement, moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on

failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

**Annual Budget Request**

The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within such person's power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

**Loan Payments to Constitute Current Expenses of the City**

The Board and the City acknowledge and agree that the Loan Payments and Additional Payments shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

**Security for the Loan**

Except as provided in the following paragraph, the City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as described above, all general fund revenues of the City and from amounts pledged to secure repayment of the Loan relating to the Bonds in the Special Allocation Fund as provided in the Authorizing Ordinance. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The City's obligation to pay the Loan Payments and Additional Payments shall not constitute general obligations of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Notwithstanding the foregoing, Payments in Lieu of Taxes deposited into the Special Allocation Fund are not subject to annual appropriation and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments.

**Additional Bonds**

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board, the City; (2) the Board, the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board, the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Bonds.

**Financial Statements**

The City shall furnish to the Board and the Trustee, as soon as practicable, but in no event more than **5** days after, an Event of Nonappropriation, written notice of such Event of Nonappropriation.

The City will at any and all times, upon the written request of the Trustee or the Board and at the expense of the City, permit the Trustee and the Board by their representatives to inspect the properties, books of account, records, reports and other papers of the City, and to take copies and extracts therefrom, and will promptly afford and procure a reasonable opportunity to make any such inspection, and the City will furnish to the Trustee or the Board any and all information as the Trustee or the Board may reasonably request with respect to the performance by the City of its covenants in the Financing Agreement.

**Events of Default and Remedies**

The term "Event of Default" or "Default" shall mean any one or more of the following events:

(a) Failure by the City to make timely payment of any Loan Payment.

(b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.

(c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under the Financing Agreement or the Indenture, other than as referred to in the

preceding subparagraphs (a) and (b) of this caption, for a period of 30 days after written notice of such default has been given to the City, by the Trustee or the Board during which time such default is neither cured by the City nor waived in writing by the Trustee and the Board, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the Board may consent in writing to an extension of such time prior to its expiration and the Trustee and the Board will not unreasonably withhold their consent to such an extension if corrective action is instituted by the City within the 30-day period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.

(d) Any representation or warranty by the City in the Financing Agreement or in any certificate or other instrument delivered under or pursuant to the Financing Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Board and the Trustee or cured by the City, if such representation or warranty can be cured to the satisfaction of the Board and the Trustee within 30 days after notice thereof has been given to the City.

**Remedies on Default**

Subject to the provisions of the Financing Agreement, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the Board, may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of the Indenture, all Loan Payments for the remainder of the Loan Term shall become immediately due and payable without any further act or action on the part of the Board or the Trustee and the Trustee may immediately proceed (subject to the provisions of the Financing Agreement) to take any one or more of the remedial steps set forth in subparagraph (b) of this caption:

(a) By written notice to the City declare the outstanding principal of the Loan to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Indenture, without presentment, demand or protest, all of which are expressly waived.

(b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth in the Financing Agreement or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under the Financing Agreement or the Indenture.

In the enforcement of the remedies provided in the Financing Agreement, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under the Financing Agreement shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the Board or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Loan Payments then due by payment into the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee, except as otherwise provided in the Indenture.

The provisions of this caption are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a) of this Section and a waiver and rescission of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in the Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

**No Remedy Exclusive**

Subject to the provisions of the Financing Agreement, no remedy conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

**Agreement to Pay Attorneys' Fees and Expenses**

Subject to the provisions of the Financing Agreement, in connection with any Event of Default by the City, if the Board or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable under the Financing Agreement or the enforcement of the performance or observance of any covenants or agreements on the part of the City contained in the Financing Agreement, the City agrees that it will, on demand therefor, pay to the Board and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the Board and the Trustee.

**Board and City to Give Notice of Default**

The Board and the City shall each, at the expense of the City, promptly give to the Trustee written notice of any Default of which the Board, the City, as the case may be, shall have actual knowledge or written notice, but the Board shall not be liable for failing to give such notice.

**Remedial Rights Assigned to the Trustee**

Upon the execution and delivery of the Indenture, the Board will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Board by the Financing Agreement, reserving only the Unassigned Board's Rights. Subject to the provisions of the Financing Agreement, the Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Board by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed thereby and by the Indenture. The Trustee and the Bondowners shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained in the Financing Agreement.

**Supplemental Financing Agreements without Consent of Bondowners**

Without the consent of the owners of any Bonds, the Board, the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

(a) to subject to the Financing Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any series of Bonds, or to substitute or add additional property thereto; or

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as set forth in the Financing Agreement, additional conditions, limitations and restrictions thereafter to be observed; or

(c) in connection with the issuance of any Additional Bonds, to make such other provisions as provided in the Financing Agreement; or

(d) to evidence the succession of another entity to the City and the assumption by any such successor of the covenants of the City contained in the Financing Agreement; or

(e) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power conferred upon the City; or

(f) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision or to make any other provisions, with respect to matters or questions arising under the Financing Agreement, which shall not be inconsistent with the provisions of the Financing Agreement, provided such action shall not adversely affect the interests of the owners of the Bonds.

**Supplemental Financing Agreements with Consent of Bondowners**

With the prior written consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Board, the City may enter into Supplemental Financing Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Financing Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under the Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, the Loan, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, the Loan, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Financing Agreement, or the consent of whose owners is required for any waiver provided for in the Financing Agreement of compliance with certain provisions of the Financing Agreement or certain defaults under the Financing Agreement and their consequences; or

(c) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of the Financing Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Financing Agreement. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this Section to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

* * *

## SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENTS

*The following is a summary of certain provisions contained in the Continuing Disclosure Agreements relating to both Series of Bonds. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Continuing Disclosure Agreement for a complete recital of the terms thereof.*

**Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in the Continuing Disclosure Agreement unless otherwise defined in this Section or in the recitals hereto, the following capitalized terms shall have the following meanings:

**"Annual Report"** means any Annual Report provided to the City pursuant to, and as described in, the Continuing Disclosure Agreement.

**"Beneficial Owner"** means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**"EMMA"** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

**"Material Events"** means any of the events listed in the Continuing Disclosure Agreement.

"**MSRB"** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

**"Participating Underwriter"** means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

**"Rule"** means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Provision of Annual Reports.**

(a) The City shall not later than **180** days after the end of the City's fiscal year, commencing with the year ending June 30, 2017, file with the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):

(1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the United States. If

audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) The amounts deposited into the Special Allocation Fund established for the related project.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an **"obligated person"** (as defined by the Rule), which have been provided to the MSRB and is available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

(b) In addition to the foregoing requirements of this Section, the City agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been provided to the MSRB.

**Reporting of Material Events**

Not later than **10** business days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) modifications to rights of bondholders, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Bonds, if material;
(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the City has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

**Termination of Reporting Obligation**

The City's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations under the Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event under the Continuing Disclosure Agreement.

**Default**

If the City fails to comply with any provision of the Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Bonds, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

**Beneficiaries**

The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Severability**

If any provision in the Continuing Disclosure Agreement, the Indenture or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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## APPENDIX D

## FORM OF OPINION OF BOND COUNSEL

***The form of opinion of Bond Counsel for both Series of Bonds is substantially similar.***

Missouri Development Finance Board
Jefferson City, Missouri

Piper Jaffray & Co.
Leawood, Kansas

City of Independence, Missouri
Independence, Missouri

Commerce Bank, as Trustee
Kansas City, Missouri

**Re: $_____ Missouri Development Finance Board Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Eastland Center Project) Series 2017A**

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the "Board"), of the above-referenced bonds (the "Bonds"). The Bonds have been authorized and issued pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri, as amended (the "Act"), and the Bond Trust Indenture dated as of May 1, 2007, as supplemented and amended by the Series 2008C Supplemental Bond Trust Indenture dated as of February 1, 2008, the Series 2008G Supplemental Bond Trust Indenture dated as of July 1, 2008, the Series 2009B Supplemental Bond Trust Indenture dated as of March 1, 2009, the Series 2009J Supplemental Bond Trust Indenture dated as of October 1, 2009, the Series 2012E Supplemental Bond Trust Indenture dated as of October 15, 2012, the Series 2014A Supplemental Bond Trust Indenture dated as of May 1, 2014 and the Series 2017A Supplemental Bond Trust Indenture dated as of July 1, 2017 (as supplemented and amended, the "Indenture"), between the Board and Commerce Bank, as trustee (the "Trustee"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), pursuant to a Financing Agreement dated as of May 1, 2007, as supplemented and amended by the Series 2008C Supplemental Financing Agreement dated as of February 1, 2008, the Series 2008G Supplemental Financing Agreement dated as of July 1, 2008, the Series 2009B Supplemental Financing Agreement dated as of March 1, 2009, the Series 2009J Supplemental Financing Agreement dated as of October 1, 2009, the Series 2012E Supplemental Financing Agreement dated as of October 15, 2012, the Series 2014A Supplemental Financing Agreement and the Series 2017A Supplemental Financing Agreement dated as of July 1, 2017 (as supplemented and amended, the "Financing Agreement"), between the Board and the City to pay the costs of financing the Project as defined in the Indenture.

Reference is made to an opinion of even date herewith of Dayla Bishop Schwartz, City Counselor, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, (b) the passage and effectiveness of the Authorizing Ordinance, and (c) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

(i) the Indenture;

(ii) the Financing Agreement; and

(iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture, Financing Agreement and the Tax Compliance Agreement.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Board is a body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture and the Financing Agreement and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt of the State of Missouri or of any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture, the Financing Agreement and the Tax Compliance Agreement have been duly authorized, executed and delivered by the Board and constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.

5. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Board and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the City have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

# APPENDIX E

## ACTUARIAL REPORT OF GABRIEL ROEDER SMITH & COMPANY DATED FEBRUARY 28, 2017; GASB STATEMENT NO. 68 EMPLOYER REPORT ACCOUNTING SCHEDULES – JUNE 30, 2016

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# ACTUARIAL REPORT OF GABRIEL ROEDER SMITH & COMPANY
# DATED FEBRUARY 28, 2017

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SUMMARY OF THE RESULTS OF THE FORTY-NINTH ANNUAL ACTUARIAL VALUATION

FEBRUARY 28, 2017

**COVERING THE PARTICIPATION OF THE CITY OF INDEPENDENCE**

IN THE **M**ISSOURI **L**OC*A*L **G**OVERNMENT **E**MPLOYEES **R**ETIREMENT **S**YSTEM

# OUTLINE OF CONTENTS

Summary of the Annual Actuarial Valuation Covering

**The City of Independence**


| Pages | Items |
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| 12 | Computed employer contributions |
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248.799.9000 phone
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www.gabrielroeder.com

June 14, 2017

The City of Independence
Independence, Missouri

Ladies and Gentlemen:

***Submitted in this report*** is a summary of the results of the ***Forty-Ninth Annual Actuarial Valuation,*** which determines the employer contribution rate(s) required to support, for your employees, the benefits provided by the ***Missouri Local Government Employees Retirement System ("LAGERS").*** The purpose of the valuation is to measure funding progress in relation to the actuarial cost method and to determine the employer contribution rate. A separate report will be issued to provide actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 68. The results of the valuation may not be applicable for other purposes.

***Your participation*** in LAGERS was effective November 1, 1968. ***The LAGERS provisions*** reflected in the actuarial valuation are:

| | **This Year** | **Last Year** |
|---|---|---|
| Benefit Program | L-6 | L-6 |
| Final Average Salary | 3 years | 3 years |
| Rule of 80 Adopted? | No | No |
| Member Contribution Rate | 4% | 4% |
| Contribution Refund Adopted? | No | No |

***The date of the valuation*** was February 28, 2017. The valuation was based on data furnished by your LAGERS administrative staff. Data was checked for year-to-year consistency and completeness but was not audited by us.

***The new employer contribution rates*** are shown on page 12 and are applicable for the fiscal year beginning July 1, 2018.

***The financial assumptions and methods*** used to determine contributions are adopted system wide by the LAGERS Board of Trustees, and are described in the system's Comprehensive Annual Financial Report and the Compiled Annual Actuarial Valuation Report. In our opinion, they produce results that are reasonable.

***The fundamental financial objective of LAGERS*** is to establish contribution rates which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Missouri citizens. To test how well the fundamental objective is being achieved, annual actuarial valuations are made, which adjust employer contributions, up or down as the case may be, for differences in the past year between assumed financial experiences and actual financial experiences.

Mita D. Drazilov and Judith A. Kermans are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

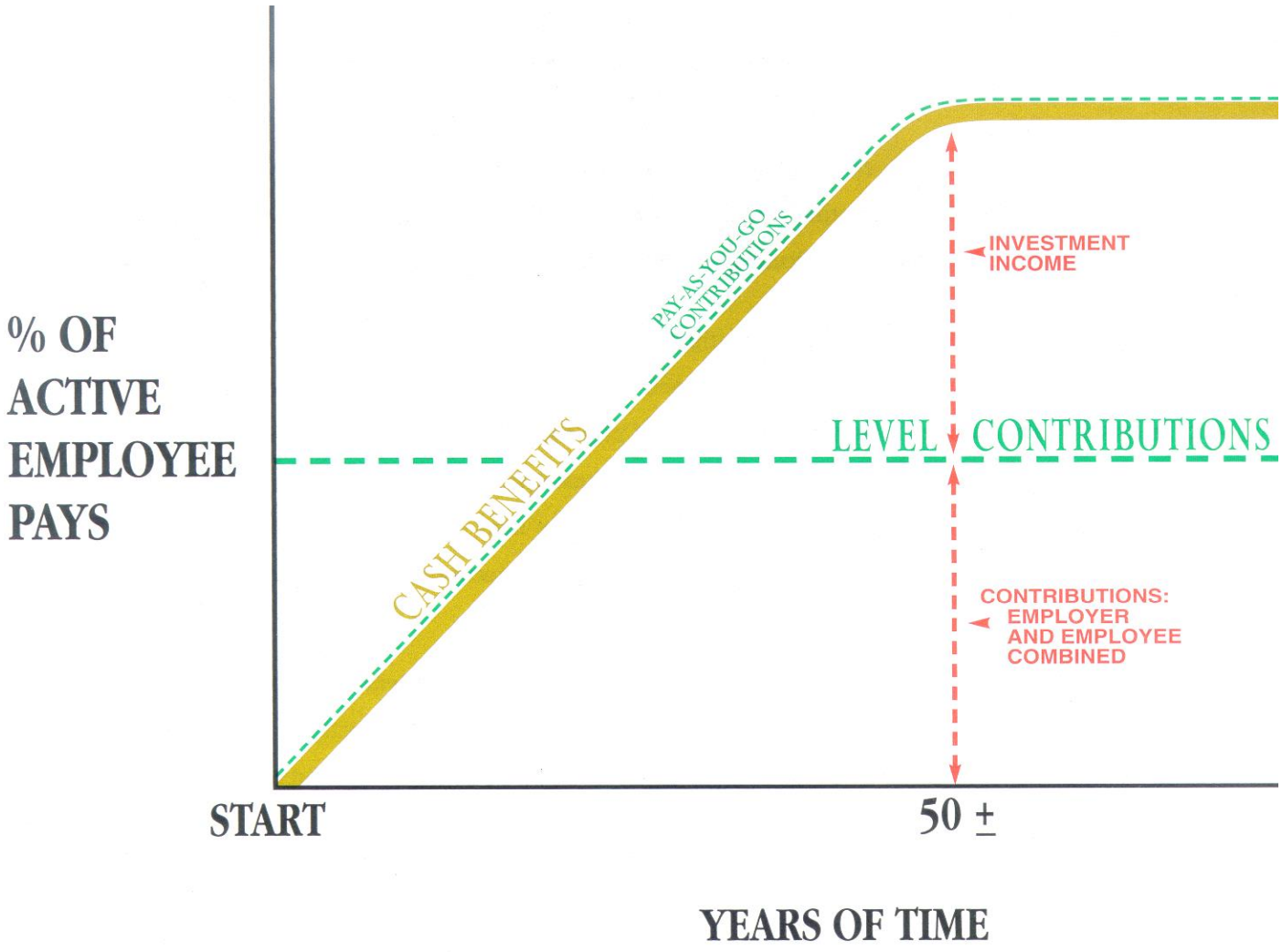
Respectfully submitted,

Mita Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

Judith A. Kermans

Judith A. Kermans, EA, FCA, MAAA




**CASH BENEFITS LINE.** This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

**LEVEL CONTRIBUTION LINE.** Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- Economic Risk Areas
  - Rates of investment return
  - Rates of pay increase
  - Changes in active member group size
- Non-Economic Risk Areas
  - Ages at actual retirement
  - Rates of mortality
  - Rates of withdrawal of active members (turnover)
  - Rates of disability

## The Annual Actuarial Valuation Process for LAGERS

***The financing diagram*** on the preceding page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments) which is thus an increasing contribution method; and the ***level contribution method*** which equalizes contributions between the generations. Missouri law requires the level contribution method.

---

The ***actuarial valuation*** is the mathematical process by which liabilities and the level contribution rates are determined, and the flow of activity constituting the valuation may be summarized as follows:

A. ***Covered Person Data***, furnished by plan administrator, including:
- Retired lives now receiving benefits
- Former employees with vested benefits not yet payable
- Active employees

B. + ***Asset data*** (cash and investments), furnished by plan administrator

C. + ***Assumptions concerning future financial experiences in various risk areas***, which assumptions are established by the Board of Trustees after consulting with the actuary.

D. + ***The funding method*** for employer contributions (the long-term, planned pattern for employer contributions).

E. + ***Mathematically combining the assumptions, funding method, and the data.***

F. = Determination of:

***Employer's financial position in LAGERS***
***and***
***New Employer Contribution Rates***.

# Brief Summary of LAGERS
# Benefits and Conditions Evaluated and/or Considered
# Through February 28, 2017

(Section references are to RSMo)

***Voluntary Retirement***. Sections 70.645 & 70.600. A member may retire with an age & service allowance after both (i) completing 5 years of credited service, and (ii) attaining the minimum service retirement age.

The minimum service retirement age is age 60 for a general employee and age 55 for a police or fire employee. Optionally, employers may also elect to provide for unreduced benefits for employees whose combination of years of age and years of service equals 80 or more.

***Final Average Salary***. Section 70.600. The average of a member's monthly compensation during the period of 60 consecutive months (or optionally, 36 consecutive months) of credited service producing the highest monthly average, which period is contained within the 120 consecutive months of credited service immediately preceding retirement.

***Age & Service Allowance***. Section 70.655. The allowance, payable monthly for life, equals a specified percent of a member's final average salary multiplied by the number of years of credited service. Each employer elects the percent applicable to its members, from the following programs:

L-1 Benefit Program: 1.00% for life

L-3 Benefit Program: 1.25% for life

L-7 Benefit Program: 1.50% for life

LT-4 Benefit Program: 1.00% for life, plus 1.00% to age 62

LT-5 Benefit Program: 1.25% for life, plus 0.75% to age 62

LT-8 Benefit Program: 1.50% for life, plus 0.50% to age 62

LT-4(65) Benefit Program: 1.00% for life, plus 1.00% to age 65

LT-5(65) Benefit Program: 1.25% for life, plus 0.75% to age 65

LT-8(65) Benefit Program: 1.50% for life, plus 0.50% to age 65

L-9 Benefit Program: 1.60% for life

LT-10(65) Benefit Program: 1.60% for life, plus 0.40% to age 65

L-12 Benefit Program: 1.75% for life

LT-14(65) Benefit Program: 1.75% for life, plus 0.25% to age 65

L-6 Benefit Program: 2.00% for life

The only LT benefit programs available for adoption after August 1, 1994 are the LT(65) programs.

Benefit programs L-9 and LT-10(65) are not available for adoption after August 1, 2005.

Benefit program L-11, available only to groups not covered by social security, provides for 2.5% for life.

Subsequent to joining the System, the governing body can elect to change benefit programs for the employees, but not more often than once every 2 years.

***Early Allowance***. Section 70.670. A member may retire with an early allowance after both (i) completing 5 years of credited service, and (ii) attaining age 55 if a general employee or age 50 if a police or fire employee.

The early allowance amount, payable monthly for life, is computed in the same manner as an age & service allowance, based upon the service and earnings record to time of early retirement, but reduced to reflect the fact that the age when payments begin is younger than the minimum service retirement age. The amount of the reduction is 1/2% of 1% (.005) for each month the age at retirement is younger than the minimum service retirement age.

***Deferred Allowance***. Section 70.675. If a member leaves LAGERS-covered employment (i) before attaining the early retirement age, and (ii) after completing 5 years of credited service, the member becomes eligible for a deferred allowance; provided the former member lives to the minimum service retirement age and does not withdraw the accumulated contributions.

The deferred allowance amount, payable monthly for life from the minimum service retirement age, is computed in the same manner as an age & service allowance, based upon the service and earnings record to time of leaving LAGERS coverage.

Deferred allowances are also payable any time after reaching the early retirement age, with the reduction for early retirement noted above.

***Non-Duty Disability Allowance***. Section 70.680. A member with 5 or more years of credited service who becomes totally and permanently disabled from other than duty-connected causes becomes eligible to receive a non-duty disability allowance computed in the same manner as an age & service allowance, based upon the service & earnings record to time of disability.

***Duty Disability Allowance***. Section 70.680. A member regardless of credited service who becomes totally and permanently disabled from duty-connected causes becomes eligible to receive a duty disability allowance computed in the same manner as an age & service allowance, based upon the earnings record to time of disability but based upon the years of credited service the member would have completed had the member continued in LAGERS-covered employment to age 60.

***Death-in-Service***. Section 70.661. Upon the death of a member who had completed 5 years of credited service, the eligible surviving dependents receive the following benefits:

(a) The surviving spouse receives an allowance equal to the Option A allowance (joint and 75% survivor benefit) computed based upon the deceased members' service & earnings record to time of death.

(b) When no spouse benefit is payable, the dependent children under age 18 (age 23 if they are full-time students) each receive an equal share of 60% of an age & service allowance computed based upon the deceased member's service & earnings record to time of death.

(c) If the death is determined to be duty related, the 5 year service requirement is waived and the benefit is based on years of credited service the member would have completed had the member continued in LAGERS-covered employment to age 60.

***Benefit Changes After Retirement***. Section 70.655. There is an annual redetermination of the monthly benefit amount, beginning the October first following 12 months of retirement. As of each October first the amount of each eligible benefit is redetermined as follows:

(a) Subject to the maximum in (b), the redetermined amount is the current amount increased by a percentage determined by the LAGERS Board of Trustees. The aggregate increase to all retirees is limited to 4% annually.

(b) The redetermined amount may not exceed the amount otherwise payable multiplied by the ratio of the Consumer Price Index for the immediately preceding month of June to the Consumer Price Index for the month of June immediately preceding retirement.

***Member Contributions***. Sections 70.690 & 70.700. Each member contributes 4% of compensation beginning after completion of sufficient employment for 6 months of credited service.

If a member leaves LAGERS-covered employment before an allowance is payable, the accumulated contributions may be refunded to the member. If the member dies, his accumulated contributions may be refunded to a designated beneficiary.

The law governing LAGERS also has a provision for the adoption of a non-contributory plan in which the full cost of LAGERS participation is paid by the employer. Adoption of the non-contributory provisions may be done at the time of membership or a later date; however, a change from contributory to non-contributory or vice-versa may not be made more frequently than every 2 years. Under the non-contributory provisions there is no individual account maintained for each employee and no refund of contributions if an employee terminates before being eligible for a benefit.

***Employer Contributions***. Section 70.730. Each employer contributes the remainder amounts necessary to finance the employees' participation in LAGERS. Contributions to LAGERS are determined based upon level-percent-of-payroll principles, so that contribution rates do not have to increase over decades of time.

There were 1,055 retirees and beneficiaries with total annual benefits of $21,860,729 reported as of February 28, 2017.

## The City of Independence

## Retirees and Beneficiaries Added To and Removed From Rolls
## Comparative Schedule

| Valuation Date | Added to Rolls * | | Removed from Rolls | | Year End | |
|---|---|---|---|---|---|---|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Annual Benefits # |
| 2/29/2012 | 87 | $2,701,900 | 22 | $454,919 | 841 | $14,858,416 |
| 2/28/2013 | 72 | 1,640,476 | 32 | 499,984 | 881 | 15,998,908 |
| 2/28/2014 | 61 | 1,833,089 | 21 | 416,765 | 921 | 17,415,231 |
| 2/28/2015 | 68 | 1,823,860 | 25 | 356,068 | 964 | 18,883,023 |
| 2/29/2016 | 82 | 1,894,348 | 31 | 588,482 | 1,015 | 20,188,890 |
| 2/28/2017 | 74 | 2,257,728 | 34 | 585,889 | 1,055 | 21,860,729 |

** Includes post-retirement adjustments.*
*# Dollar amounts will not always add up, due to rounding.*

Benefits to retirees and beneficiaries are paid out of the Benefit Reserve Fund, which is a pooled fund over all employers. When a member retires, employer and member assets are transferred to the pooled Benefit Reserve Fund in order to pay the lifetime benefits to the retiring member. Therefore, the economic and demographic experience associated with the retiree and beneficiary population is shared amongst all LAGERS participating employers. In general, this experience does not affect a particular employer's computed employer contribution each year. However, it may be useful to note the liabilities associated with the above retirees and beneficiaries. The present value of future benefits associated with the above retirees and beneficiaries is $272,302,746 as of February 28, 2017.

## The City of Independence

## Retirees and Beneficiaries on Rolls as of February 28, 2017
## By Disbursing Fund and Type of Benefit Being Paid

| Type of Benefit | Number | Annual Benefits # |
|---|---|---|
| Service Early & Deferred | | |
| Life Option | 328 | $6,845,307 |
| Option A | 246 | 5,728,227 |
| Option B | 212 | 5,386,017 |
| Option C | 43 | 622,518 |
| Beneficiary Receiving | 97 | 938,584 |
| Totals | 926 | 19,520,653 |
| Duty Disability | | |
| Life Option | 27 | 657,059 |
| Option A | 11 | 275,238 |
| Option B | 9 | 245,045 |
| Option C | 1 | 24,196 |
| Totals | 48 | 1,201,538 |
| Non-Duty Disability | | |
| Life Option | 14 | 235,419 |
| Option A | 10 | 181,929 |
| Option B | 9 | 225,221 |
| Option C | 2 | 15,355 |
| Totals | 35 | 657,923 |
| Beneficiary receiving | 13 | 187,909 |
| Total Disability | 96 | 2,047,370 |
| Death-In-Service | | |
| Spouse Receiving | 31 | 284,713 |
| Children Receiving | 2 | 7,992 |
| Totals | 33 | 292,705 |
| **Totals** | **1,055** | **$21,860,729** |

*# Dollar amounts will not always add up, due to rounding.*

## The City of Independence

## Active and Vested Former Members as of February 28, 2017

| Division | Active Members | | | | | Number of Vested Former Members |
|---|---|---|---|---|---|---|
| | | | Averages * | | | |
| | Number | Annual Payroll | Annual Pay | Age | Service | |
| General | 609 | $43,487,268 | $71,408 | 47.3 yrs. | 12.8 yrs. | 154 |
| Police | 188 | 13,865,769 | 73,754 | 41.1 | 13.5 | 29 |
| Fire | 163 | 11,653,914 | 71,496 | 41.5 | 13.3 | 9 |

** These items are included for their general interest, but are not used in the valuation.*

A vested former member is a person who terminated employment after 5 or more years of LAGERS service, with rights to a deferred benefit commencing at age 60 (age 55 for police and fire members). Former members who terminated with this employer and now work for another LAGERS-covered employer are also included in the above right-most column.

## Meaning of Actuarial Accrued Liabilities

"Actuarial Accrued Liabilities" are the present value $ of plan promises to pay benefits in the future allocated to service already rendered --- a liability has been established ("accrued") because the service has been rendered, but the resulting monthly cash benefit may not be payable until years in the future. Accrued liability $ are the result of complex mathematical calculations, which are made by the plan's actuary (which is the name given to the specialist who makes such calculations).

"Unfunded Accrued Liabilities" are the difference between the accrued liabilities and the assets on hand. The assets credited to your account in the Employer Accumulation Fund and the Members Deposit Fund were reported to the actuary on a market value basis. For actuarial valuation purposes, the actuary adjusted the reported market value of assets to a market-related value ("actuarial value of assets"). Unfunded accrued liabilities were amortized over a period of future years.

---

## The City of Independence

### Employer Accumulation Fund (EAF) and Members Deposit Fund (MDF)
### Actuarial Accrued Liabilities and Actuarial Value of Assets as of February 28, 2017

| Division | Accrued Liabilities (1) | Reported Assets (Market Value) | | | Actuarial Value of Assets (5) | Unfunded Accrued Liabilities (6)=(1)-(5) |
|---|---|---|---|---|---|---|
| | | EAF (2) | MDF (3) | Total (4)=(2)+(3) | | |
| General | $133,053,220 | $54,057,001 | $9,750,580 | $63,807,581 | $69,046,183 | $64,007,037 |
| Police | 47,807,952 | 13,401,794 | 3,349,037 | 16,750,831 | 18,126,074 | 29,681,878 |
| Fire | 37,730,701 | 22,667,281 | 2,704,741 | 25,372,022 | 27,455,065 | 10,275,636 |

## The City of Independence

## Employer Contributions to the Retirement System for the Fiscal Year Beginning July 1, 2018

| Division | Employer Contributions Expressed as %'s of Active Member Payroll | | | |
|---|---|---|---|---|
| | Current Cost | | Prior Service Cost | Total Employer Contribution Rate |
| | Service Retirement | Disability Retirement | | |
| General | 7.6% | 0.5% | 9.2% | 17.3% |
| Police | 7.4 | 0.8 | 10.3 | 18.5 |
| Fire | 10.3 | 1.0 | 6.7 | 18.0 |

The current cost for service retirements was determined by financing each member's retirement benefits over the period from the member's date of hire until the member's projected date of retirement (entry age actuarial cost method). The current cost for service retirements is credited to the employer's account in the Employer Accumulation Fund.

The current cost for disability retirements represents the value of disability benefits and duty death-in-service benefits in excess of members' accrued service retirement benefits, and was determined system-wide using a modified terminal funding method. The current cost for disability retirements is credited to the system-wide pooled Casualty Reserve Fund.

The prior service cost is computed by financing the unfunded accrued liabilities over a period or periods of future years. If the prior service cost is negative, it is used to partially offset the current cost. The prior service cost is credited to the employer's account in the Employer Accumulation Fund.

Under Section 70.730 of the Revised Statutes of Missouri, the computed employer contribution rate shall not exceed the contribution rate for the immediately preceding fiscal year by more than one percent (not including the effects of any benefit changes). The contribution rates shown above reflect the one percent maximum increase, if applicable. The uncapped employer contribution rate for the General division was computed to be 20.6%. The uncapped employer contribution rate for the Police division was computed to be 28.1%. The uncapped employer contribution rate for the Fire division was computed to be 18.4%.

# The City of Independence
# General Division

## Employer Contributions – Comparative Schedule

| Valuation Date | Active Members | | | | | Vested Former Members | Employer Contribution Rate |
|---|---|---|---|---|---|---|---|
| | | | Averages * | | | | |
| | Number | Annual Payroll | Annual Pay | Age | Service | | |
| 2/29/2012 | 666 | $41,782,245 | $62,736 | 48.4 yrs. | 14.7 yrs. | 153 | 12.3% |
| 2/28/2013 | 651 | 42,005,572 | 64,525 | 48.5 | 14.7 | 147 | 13.3 |
| 2/28/2014 | 638 | 44,303,678 | 69,442 | 48.4 | 14.4 | 149 | 14.3 |
| 2/28/2015 | 649 | 43,225,806 | 66,604 | 47.8 | 13.7 | 152 | 15.3 |
| 2/29/2016 | 647 | 44,752,305 | 69,169 | 47.4 | 13.2 | 152 | 16.3 |
| 2/28/2017 | 609 | 43,487,268 | 71,408 | 47.3 | 12.8 | 154 | 17.3 |

** These items are included for their general interest, but are not used in the valuation.*

## Accrued Liabilities and Assets - Comparative Schedule

| Valuation Date | Accrued Liabilities | Actuarial Value of Assets | Funded Percent | Unfunded Accrued Liabilities | |
|---|---|---|---|---|---|
| | | | | Dollar Amount | Percent of Annual Payroll |
| 2/29/2012 | $134,851,553 | $83,359,747 | 61.8% | $51,491,806 | 123.2% |
| 2/28/2013 | 137,800,657 | 83,684,519 | 60.7 | 54,116,138 | 128.8 |
| 2/28/2014 | 142,817,360 | 83,324,476 | 58.3 | 59,492,884 | 134.3 |
| 2/28/2015 | 134,346,683 | 80,871,467 | 60.2 | 53,475,216 | 123.7 |
| 2/29/2016 | 141,528,817 | 78,927,593 | 55.8 | 62,601,224 | 139.9 |
| 2/28/2017 | 133,053,220 | 69,046,183 | 51.9 | 64,007,037 | 147.2 |

## Amortization of Unfunded Accrued Liabilities as of February 28, 2017

| Amortization Period # | Remaining Unamortized Liability | Amortization Payment |
|---|---|---|
| 12 | $17,015,788 | $1,794,067 |
| 14 | 13,529,317 | 1,266,103 |
| 22 | 27,610,033 | 1,881,595 |
| 15 | 2,142,791 | 190,418 |
| 14 | 9,247,979 | 865,446 |
| 13 | (5,538,871) | (548,591) |

*# The maximum amortization period is 30 years, except in certain cases. The periods shown reflect the remaining amortization periods for: (i) the employer's initial liability and subsequent actuarial gains and losses; and (ii) benefit changes adopted by the employer.*

# The City of Independence
# Police Division

## Employer Contributions – Comparative Schedule

| Valuation Date | Active Members | | | | | Vested Former Members | Employer Contribution Rate |
|---|---|---|---|---|---|---|---|
| | | | Averages * | | | | |
| | Number | Annual Payroll | Annual Pay | Age | Service | | |
| 2/29/2012 | 197 | $13,222,132 | $67,117 | 40.9 yrs. | 13.6 yrs. | 23 | 13.5% |
| 2/28/2013 | 193 | 13,450,720 | 69,693 | 40.9 | 13.4 | 22 | 14.5 |
| 2/28/2014 | 191 | 13,939,985 | 72,984 | 40.8 | 13.1 | 25 | 15.5 |
| 2/28/2015 | 193 | 13,633,099 | 70,638 | 40.8 | 13.2 | 26 | 16.5 |
| 2/29/2016 | 190 | 13,768,377 | 72,465 | 41.2 | 13.7 | 33 | 17.5 |
| 2/28/2017 | 188 | 13,865,769 | 73,754 | 41.1 | 13.5 | 29 | 18.5 |

** These items are included for their general interest, but are not used in the valuation.*

## Accrued Liabilities and Assets - Comparative Schedule

| Valuation Date | Accrued Liabilities | Actuarial Value of Assets | Funded Percent | Unfunded Accrued Liabilities | |
|---|---|---|---|---|---|
| | | | | Dollar Amount | Percent of Annual Payroll |
| 2/29/2012 | $43,649,606 | $23,452,936 | 53.7% | $20,196,670 | 152.7% |
| 2/28/2013 | 43,809,199 | 20,280,537 | 46.3 | 23,528,662 | 174.9 |
| 2/28/2014 | 44,115,009 | 17,095,330 | 38.8 | 27,019,679 | 193.8 |
| 2/28/2015 | 43,998,288 | 17,626,696 | 40.1 | 26,371,592 | 193.4 |
| 2/29/2016 | 48,314,453 | 20,928,222 | 43.3 | 27,386,231 | 198.9 |
| 2/28/2017 | 47,807,952 | 18,126,074 | 37.9 | 29,681,878 | 214.1 |

## Amortization of Unfunded Accrued Liabilities as of February 28, 2017

| Amortization Period # | Remaining Unamortized Liability | Amortization Payment |
|---|---|---|
| 12 | $14,731,209 | $1,553,192 |
| 14 | 4,025,087 | 376,676 |
| 22 | 7,119,908 | 485,214 |
| 15 | 2,823,250 | 250,887 |
| 14 | 1,346,388 | 125,998 |
| 13 | (363,964) | (36,048) |

*# The maximum amortization period is 30 years, except in certain cases. The periods shown reflect the remaining amortization periods for: (i) the employer's initial liability and subsequent actuarial gains and losses; and (ii) benefit changes adopted by the employer.*

# The City of Independence
# Fire Division

## Employer Contributions – Comparative Schedule

| Valuation Date | Active Members | | | | | Vested Former Members | Employer Contribution Rate |
|---|---|---|---|---|---|---|---|
| | | | Averages * | | | | |
| | Number | Annual Payroll | Annual Pay | Age | Service | | |
| 2/29/2012 | 153 | $10,204,348 | $66,695 | 41.7 yrs. | 13.8 yrs. | 9 | 14.1% |
| 2/28/2013 | 158 | 10,548,202 | 66,761 | 41.5 | 13.7 | 8 | 15.1 |
| 2/28/2014 | 163 | 11,220,146 | 68,835 | 41.7 | 13.7 | 10 | 16.1 |
| 2/28/2015 | 161 | 10,832,158 | 67,280 | 42.3 | 14.4 | 11 | 16.0 |
| 2/29/2016 | 159 | 11,326,657 | 71,237 | 41.8 | 13.8 | 10 | 17.0 |
| 2/28/2017 | 163 | 11,653,914 | 71,496 | 41.5 | 13.3 | 9 | 18.0 |

** These items are included for their general interest, but are not used in the valuation.*

## Accrued Liabilities and Assets - Comparative Schedule

| Valuation Date | Accrued Liabilities | Actuarial Value of Assets | Funded Percent | Unfunded Accrued Liabilities | |
|---|---|---|---|---|---|
| | | | | Dollar Amount | Percent of Annual Payroll |
| 2/29/2012 | $32,199,614 | $19,050,646 | 59.2% | $13,148,968 | 128.9% |
| 2/28/2013 | 33,696,709 | 20,821,402 | 61.8 | 12,875,307 | 122.1 |
| 2/28/2014 | 36,524,576 | 24,807,106 | 67.9 | 11,717,470 | 104.4 |
| 2/28/2015 | 36,556,669 | 27,794,818 | 76.0 | 8,761,851 | 80.9 |
| 2/29/2016 | 37,462,835 | 26,761,623 | 71.4 | 10,701,212 | 94.5 |
| 2/28/2017 | 37,730,701 | 27,455,065 | 72.8 | 10,275,636 | 88.2 |

## Amortization of Unfunded Accrued Liabilities as of February 28, 2017

| Amortization Period # | Remaining Unamortized Liability | Amortization Payment |
|---|---|---|
| 12 | $2,455,636 | $258,911 |
| 14 | 3,042,663 | 284,739 |
| 22 | 6,017,203 | 410,066 |
| 15 | (344,090) | (30,577) |
| 14 | 1,908,664 | 178,617 |
| 13 | (2,804,440) | (277,762) |

*# The maximum amortization period is 30 years, except in certain cases. The periods shown reflect the remaining amortization periods for: (i) the employer's initial liability and subsequent actuarial gains and losses; and (ii) benefit changes adopted by the employer.*

# GASB STATEMENT NO. 68 EMPLOYER REPORT
# ACCOUNTING SCHEDULES – JUNE 30, 2016

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GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

# Missouri Local Government Employees Retirement System

## The City of Independence

GASB Statement No. 68 Employer Reporting
Accounting Schedules – June 30, 2016

GRS

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October 26, 2016

The City of Independence
Independence, Missouri

Ladies and Gentlemen:

The accounting schedules submitted in this report are required under the Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions."

Our actuarial calculations for this report were prepared for the purpose of complying with the requirements of GASB Statement No. 68. These calculations have been made on a basis that is consistent with our understanding of these accounting standards. These results are subject to review by the employer's auditor and may be revised.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. Our calculation of the plan's liability for this report may not be applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 68 may produce significantly different results. This report may be provided to parties other than the City of Independence only in its entirety and only with the permission of the City of Independence.

This report is based upon information, furnished to us by LAGERS, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different than ours, please let us know and do not use or distribute this report until those differences have been resolved to your satisfaction. This information was checked for internal consistency, but was not audited.

Please see the actuarial valuation report as of February 29, 2016 for additional discussions of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the City of Independence as it pertains to their membership in LAGERS. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Mita D. Drazilov and Judith A. Kermans are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

By _____ By _____

Mita D. Drazilov, ASA, MAAA Judith A. Kermans, EA, MAAA

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# SECTION A

## EXECUTIVE SUMMARY

# Executive Summary
# as of June 30, 2016

| | General | Police | Fire |
|---|---|---|---|
| Actuarial Valuation Date | February 29, 2016 | February 29, 2016 | February 29, 2016 |
| Measurement Date of the Net Pension Liability | June 30, 2016 | June 30, 2016 | June 30, 2016 |
| **Membership** | | | |
| Number of | | | |
| - Retirees and Beneficiaries | 693 | 146 | 176 |
| - Inactive, Nonretired Members | 152 | 33 | 10 |
| - Active Members | 647 | 190 | 159 |
| - Total | 1,492 | 369 | 345 |
| Covered Payroll | $44,752,305 | $13,768,377 | $11,326,657 |
| **Net Pension Liability** | | | |
| Total Pension Liability | $292,888,838 | $103,312,922 | $90,300,977 |
| Plan Fiduciary Net Position | 229,499,271 | 75,465,349 | 79,440,768 |
| Net Pension Liability/(Asset) | $63,389,567 | $27,847,573 | $10,860,209 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 78.36% | 73.05% | 87.97% |
| Net Pension Liability as a Percentage of Covered Payroll | 141.65% | 202.26% | 95.88% |
| **Development of the Single Discount Rate** | | | |
| Single Discount Rate | 7.25% | 7.25% | 7.25% |
| Long-Term Expected Rate of Investment Return | 7.25% | 7.25% | 7.25% |
| Long-Term Municipal Bond Rate* | 2.85% | 2.85% | 2.85% |
| Last year ending February 28 in the 100-year projection period for which projected benefit payments are fully funded | 2116 | 2116 | 2116 |
| **Total Pension Expense** | $12,453,913 | $4,846,246 | $3,185,725 |

*Source: *"20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of June 30, 2016, the most recent date available on or before the measurement date.*

# Executive Summary (Completed)
# as of June 30, 2016

## Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

| | General | | Police | | Fire | |
|---|---|---|---|---|---|---|
| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
| Difference between expected and actual experience | $2,666,299 | $(4,037,975) | $0 | $(528,548) | $1,384,999 | $(1,928,062) |
| Changes in assumptions | 9,175,677 | 0 | 2,634,054 | 0 | 2,042,665 | 0 |
| Net Difference between projected and actual earnings on pension plan investments | 21,373,934 | 0 | 6,971,404 | 0 | 7,325,298 | 0 |
| Employer contributions subsequent to the measurement date | | | | | | |
| Total | $33,215,910 | $(4,037,975) | $9,605,458 | $(528,548) | $10,752,962 | $(1,928,062) |

# Discussion

## Accounting Standard

For state and local government employers (as well as certain non-employers) that contribute to a defined benefit (DB) pension plan administered through a trust or equivalent arrangement, Governmental Accounting Standards Board (GASB) Statement No. 68 establishes standards for pension accounting and financial reporting. Under Statement No. 68, the employer must account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information is not included in this report if it is not actuarial in nature, such as the notes to the financial statements regarding accounting policies and investments. As a result, the retirement system and/or plan sponsor is responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

## Financial Statements

GASB Statement No. 68 requires state and local government employers that contribute to DB pension plans to recognize the net pension liability and the pension expense on their financial statements, along with the related deferred outflows of resources and deferred inflows of resources. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the certain changes in the liability and investment experience.

**Notes to Financial Statements**

GASB Statement No. 68 requires the notes of the employer's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to pensions.

In addition, GASB Statement No. 68 requires the notes of the financial statements for the employers to include certain additional information, including:

- a description of the types of benefits provided by the plan, as well as automatic or ad hoc COLAs;
- the number and classes of employees covered by the benefit terms;
- for the current year, sources of changes in the net pension liability;
- significant assumptions and methods used to calculate the total pension liability;
- inputs to the single discount rate;
- certain information about mortality assumptions and the dates of experience studies;
- the date of the valuation used to determine the total pension liability;
- information about changes of assumptions or other inputs and benefit terms;
- the basis for determining contributions to the plan, including a description of the plan's funding policy, as well as member and employer contribution requirements;
- the total pension liability, fiduciary net position, net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability;
- the net pension liability using a discount rate that is 1% higher and 1% lower than used to calculate the total pension liability and net pension liability for financial reporting purposes; and
- a description of the system that administers the pension plan.

## Required Supplementary Information

The financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- sources of changes in the net pension liability;
- information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll; and
- comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

While the first two tables may be built prospectively as the information becomes available, sufficient information is currently available for the third table.

## Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For the employer's financial reporting purposes, the net pension liability and pension expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of February 29, 2016 and a measurement date of June 30, 2016.

## Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.85% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index); and the resulting single discount rate is 7.25% for General, 7.25% for Police and 7.25% for Fire.

## Effective Date and Transition

GASB Statement No. 68 is effective for an employer's fiscal years beginning after June 15, 2014.

# SECTION B

## FINANCIAL STATEMENTS

# General Division
# Pension Expense Under GASB Statement No. 68
# Year Ended June 30, 2016

| | |
|---|---|
| **A. Expense** | |
| 1. Service Cost | $5,038,105 |
| 2. Interest on the Total Pension Liability | 19,091,117 |
| 3. Current-Period Benefit Changes | 0 |
| 4. Employee Contributions (made negative for addition here) | (1,842,290) |
| 5. Projected Earnings on Plan Investments (made negative for addition here) | (16,863,854) |
| 6. Pension Plan Administrative Expense | 121,262 |
| 7. Other Changes in Plan Fiduciary Net Position | (790,723) |
| 8. Recognition of Outflow (Inflow) of Resources due to Liabilities | 1,739,409 |
| 9. Recognition of Outflow (Inflow) of Resources due to Assets | 5,960,887 |
| **10. Total Pension Expense** | $12,453,913 |

# General Division
# Statement of Outflows and Inflows Arising from Current Reporting Period
# Year Ended June 30, 2016

**A. Outflows (Inflows) of Resources due to Liabilities**

| | |
|---|---|
| 1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses | $3,388,716 |
| 2. Assumption Changes (gains) or losses | $11,661,771 |
| 3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years} | 4.6908 |
| 4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability | $722,417 |
| 5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes | $2,486,094 |
| 6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities | $3,208,511 |
| 7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability | $2,666,299 |
| 8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes | $9,175,677 |
| 9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities | $11,841,976 |

**B. Outflows (Inflows) of Resources due to Assets**

| | |
|---|---|
| 1. Net difference between projected and actual earnings on Pension plan investments (gains) or losses | $17,456,365 |
| 2. Recognition period for Assets {in years} | 5.0000 |
| 3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets | $3,491,273 |
| 4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets | $13,965,092 |

# General Division
# Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
# Year Ended June 30, 2016

**A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Due to Liabilities | $3,208,511 | $(1,469,102) | $1,739,409 |
| 2. Due to Assets | 5,960,887 | 0 | 5,960,887 |
| **3. Total** | $9,169,398 | $(1,469,102) | $7,700,296 |

**B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Differences between expected and actual experience | $722,417 | $(1,469,102) | $(746,685) |
| 2. Assumption Changes | 2,486,094 | 0 | 2,486,094 |
| 3. Net Difference between projected and actual earnings on pension plan investments | 5,960,887 | 0 | 5,960,887 |
| **4. Total** | $9,169,398 | $(1,469,102) | $7,700,296 |

**C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Differences between expected and actual experience | $2,666,299 | $(4,037,975) | $(1,371,676) |
| 2. Assumption Changes | 9,175,677 | 0 | 9,175,677 |
| 3. Net Difference between projected and actual earnings on pension plan investments | 21,373,934 | 0 | 21,373,934 |
| **4. Total** | $33,215,910 | $(4,037,975) | $29,177,935 |

**D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses**

| Year Ending June 30 | Net Deferred Outflows of Resources |
|---|---|
| 2017 | $7,700,296 |
| 2018 | 7,700,296 |
| 2019 | 8,069,627 |
| 2020 | 5,707,716 |
| 2021 | 0 |
| Thereafter | 0 |
| **Total** | $29,177,935 |

# General Division
# Schedule of Changes in Net Pension Liability and Related Ratios
# Year Ended June 30, 2016

| | |
|---|---|
| **A. Total Pension Liability** | |
| 1. Service Cost | $5,038,105 |
| 2. Interest on Total Pension Liability | 19,091,117 |
| 3. Changes of Benefit Terms | 0 |
| 4. Difference between expected and actual experience of the Total Pension Liability | 3,388,716 |
| 5. Changes of Assumptions | 11,661,771 |
| 6. Benefit payments, including refunds of employee contributions | 14,037,682 |
| 7. Net change in total pension liability | $25,142,027 |
| 8. Total pension liability – beginning | 267,746,811 |
| 9. Total pension liability – ending | $292,888,838 |
| **B. Plan fiduciary net position** | |
| 1. Contributions – employer | $6,586,149 |
| 2. Contributions – employee | 1,842,290 |
| 3. Net investment income | (592,511) |
| 4. Benefit payments, including refunds of employee contributions | 14,037,682 |
| 5. Pension Plan Administrative Expense | 121,262 |
| 6. Other (Net Transfer) | 790,723 |
| 7. Net change in plan fiduciary net position | $(5,532,293) |
| 8. Plan fiduciary net position – beginning | 235,031,564 |
| 9. Plan fiduciary net position – ending | $229,499,271 |
| **C. Net pension liability/(asset)** | $63,389,567 |
| **D. Plan fiduciary net position as a percentage of the total pension liability** | 78.36% |
| **E. Covered-employee payroll** | $44,752,305 |
| **F. Net pension liability as a percentage of covered employee payroll** | 141.65% |

## Sensitivity of Net Pension Liability to the Single Discount Rate

| | 1% Decrease 6.25% | Current Single Discount Rate Assumption 7.25% | 1% Increase 8.25% |
|---|---|---|---|
| **Total Pension Liability (TPL)** | $333,211,675 | $292,888,838 | $259,379,653 |
| **Plan Fiduciary Net Position** | 229,499,271 | 229,499,271 | 229,499,271 |
| **Net Pension Liability/(Asset) (NPL)** | $103,712,404 | $63,389,567 | $29,880,382 |

# General Division
## Schedule of Changes in Net Pension Liability and Related Ratios Multiyear
## Ultimately 10 Fiscal Years will be Displayed

| Fiscal year ending June 30, | 2016 | 2015 |
|---|---|---|
| **Total Pension Liability** | | |
| Service Cost | $5,038,105 | $5,065,557 |
| Interest on Total Pension Liability | 19,091,117 | 18,832,431 |
| Changes of Benefit Terms | 0 | 0 |
| Difference between expected and actual experience | 3,388,716 | (6,976,179) |
| Changes of Assumptions | 11,661,771 | 0 |
| Benefit payments, including refunds | 14,037,682 | 12,666,782 |
| **Net change in total pension liability** | $25,142,027 | $4,255,027 |
| **Total pension liability – beginning** | 267,746,811 | 263,491,784 |
| **Total pension liability – ending (a)** | $292,888,838 | $267,746,811 |
| **Plan fiduciary net position** | | |
| Contributions – employer | $6,586,149 | $5,768,526 |
| Contributions – employee | 1,842,290 | 1,734,878 |
| Net investment income | (592,511) | 4,694,233 |
| Benefit payments, including refunds | 14,037,682 | 12,666,782 |
| Pension Plan Administrative Expense | 121,262 | 133,461 |
| Other (Net Transfer) | 790,723 | (3,998,370) |
| **Net change in plan fiduciary net position** | $(5,532,293) | $(4,600,976) |
| **Plan fiduciary net position – beginning** | 235,031,564 | 239,632,540 |
| **Plan fiduciary net position – ending (b)** | $229,499,271 | $235,031,564 |
| **Net pension liability/(asset) – ending (a) – (b)** | $63,389,567 | $32,715,247 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 78.36% | 87.78% |
| **Covered-employee payroll** | $44,752,305 | $43,225,806 |
| **Net pension liability as a percentage of covered employee payroll** | 141.65% | 75.68% |

**Notes to schedule:**

# General Division
# Schedule of Contributions Multiyear

Due to differing fiscal years for each employer, this information is to be supplied by LAGERS.

# General Division
# Notes to Schedule of Contributions

| | |
|---|---|
| **Valuation Date:** | February 29, 2016 |
| **Notes:** | The roll-forward of total pension liability from February 29, 2016 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments. |

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| **Actuarial Cost Method** | Entry Age Normal and Modified Terminal Funding |
| **Amortization Method** | Level Percentage of Payroll, Closed |
| **Remaining Amortization Period** | Multiple bases from 13 to 23 years |
| **Asset Valuation Method** | 5-Year smoothed market; 20% corridor |
| **Inflation** | 3.25% wage inflation; 2.50% price inflation |
| **Salary Increases** | 3.25% to 6.55% including wage inflation |
| **Investment Rate of Return** | 7.25%, net of investment expenses |
| **Retirement Age** | Experience-based table of rates that are specific to the type of eligibility condition. |
| **Mortality** | The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.<br><br>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables. |
| **Other Information:** | New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015. |

# Police Division
# Pension Expense Under GASB Statement No. 68
# Year Ended June 30, 2016

| | |
|---|---|
| **A. Expense** | |
| 1. Service Cost | $1,552,685 |
| 2. Interest on the Total Pension Liability | 6,884,789 |
| 3. Current-Period Benefit Changes | 0 |
| 4. Employee Contributions (made negative for addition here) | (554,449) |
| 5. Projected Earnings on Plan Investments (made negative for addition here) | (5,555,531) |
| 6. Pension Plan Administrative Expense | 30,700 |
| 7. Other Changes in Plan Fiduciary Net Position | 178,196 |
| 8. Recognition of Outflow (Inflow) of Resources due to Liabilities | 364,523 |
| 9. Recognition of Outflow (Inflow) of Resources due to Assets | 1,945,333 |
| **10. Total Pension Expense** | $4,846,246 |

# Police Division
# Statement of Outflows and Inflows Arising from Current Reporting Period
# Year Ended June 30, 2016

**A. Outflows (Inflows) of Resources due to Liabilities**

| | |
|---|---|
| 1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses | $(120,425) |
| 2. Assumption Changes (gains) or losses | $3,106,039 |
| 3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years} | 6.5808 |
| 4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability | $(18,299) |
| 5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes | $471,985 |
| 6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities | $453,686 |
| 7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability | $(102,126) |
| 8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes | $2,634,054 |
| 9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities | $2,531,928 |

**B. Outflows (Inflows) of Resources due to Assets**

| | |
|---|---|
| 1. Net difference between projected and actual earnings on Pension plan investments (gains) or losses | $5,677,043 |
| 2. Recognition period for Assets {in years} | 5.0000 |
| 3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets | $1,135,409 |
| 4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets | $4,541,634 |

# Police Division
# Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
# Year Ended June 30, 2016

**A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Due to Liabilities | $471,985 | $(107,462) | $364,523 |
| 2. Due to Assets | 1,945,333 | 0 | 1,945,333 |
| **3. Total** | $2,417,318 | $(107,462) | $2,309,856 |

**B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Differences between expected and actual experience | $0 | $(107,462) | $(107,462) |
| 2. Assumption Changes | 471,985 | 0 | 471,985 |
| 3. Net Difference between projected and actual earnings on pension plan investments | 1,945,333 | 0 | 1,945,333 |
| **4. Total** | $2,417,318 | $(107,462) | $2,309,856 |

**C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Differences between expected and actual experience | $0 | $(528,548) | $(528,548) |
| 2. Assumption Changes | 2,634,054 | 0 | 2,634,054 |
| 3. Net Difference between projected and actual earnings on pension plan investments | 6,971,404 | 0 | 6,971,404 |
| **4. Total** | $9,605,458 | $(528,548) | $9,076,910 |

**D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses**

| Year Ending June 30 | Net Deferred Outflows of Resources |
|---|---|
| 2017 | $2,309,856 |
| 2018 | 2,309,856 |
| 2019 | 2,309,854 |
| 2020 | 1,499,930 |
| 2021 | 383,916 |
| Thereafter | 263,498 |
| **Total** | $9,076,910 |

# Police Division
# Schedule of Changes in Net Pension Liability and Related Ratios
# Year Ended June 30, 2016

| | |
|---|---|
| **A. Total Pension Liability** | |
| 1. Service Cost | $1,552,685 |
| 2. Interest on Total Pension Liability | 6,884,789 |
| 3. Changes of Benefit Terms | 0 |
| 4. Difference between expected and actual experience of the Total Pension Liability | (120,425) |
| 5. Changes of Assumptions | 3,106,039 |
| 6. Benefit payments, including refunds of employee contributions | 4,540,583 |
| 7. Net change in total pension liability | $6,882,505 |
| 8. Total pension liability – beginning | 96,430,417 |
| 9. Total pension liability – ending | $103,312,922 |
| **B. Plan fiduciary net position** | |
| 1. Contributions – employer | $2,148,531 |
| 2. Contributions – employee | 554,449 |
| 3. Net investment income | (121,512) |
| 4. Benefit payments, including refunds of employee contributions | 4,540,583 |
| 5. Pension Plan Administrative Expense | 30,700 |
| 6. Other (Net Transfer) | (178,196) |
| 7. Net change in plan fiduciary net position | $(2,168,011) |
| 8. Plan fiduciary net position – beginning | 77,633,360 |
| 9. Plan fiduciary net position – ending | $75,465,349 |
| **C. Net pension liability/(asset)** | $27,847,573 |
| **D. Plan fiduciary net position as a percentage of the total pension liability** | 73.05% |
| **E. Covered-employee payroll** | $13,768,377 |
| **F. Net pension liability as a percentage of covered employee payroll** | 202.26% |

## Sensitivity of Net Pension Liability to the Single Discount Rate

| | 1% Decrease 6.25% | Current Single Discount Rate Assumption 7.25% | 1% Increase 8.25% |
|---|---|---|---|
| **Total Pension Liability (TPL)** | $119,191,954 | $103,312,922 | $90,314,160 |
| **Plan Fiduciary Net Position** | 75,465,349 | 75,465,349 | 75,465,349 |
| **Net Pension Liability/(Asset) (NPL)** | $43,726,605 | $27,847,573 | $14,848,811 |

# Police Division
## Schedule of Changes in Net Pension Liability and Related Ratios Multiyear
## Ultimately 10 Fiscal Years will be Displayed

| Fiscal year ending June 30, | 2016 | 2015 |
|---|---|---|
| **Total Pension Liability** | | |
| Service Cost | $1,552,685 | $1,572,058 |
| Interest on Total Pension Liability | 6,884,789 | 6,667,024 |
| Changes of Benefit Terms | 0 | 0 |
| Difference between expected and actual experience | (120,425) | (604,748) |
| Changes of Assumptions | 3,106,039 | 0 |
| Benefit payments, including refunds | 4,540,583 | 4,698,969 |
| **Net change in total pension liability** | $6,882,505 | $2,935,365 |
| **Total pension liability – beginning** | 96,430,417 | 93,495,052 |
| **Total pension liability – ending (a)** | $103,312,922 | $96,430,417 |
| **Plan fiduciary net position** | | |
| Contributions – employer | $2,148,531 | $2,019,304 |
| Contributions – employee | 554,449 | 557,049 |
| Net investment income | (121,512) | 1,557,269 |
| Benefit payments, including refunds | 4,540,583 | 4,698,969 |
| Pension Plan Administrative Expense | 30,700 | 33,273 |
| Other (Net Transfer) | (178,196) | (321,328) |
| **Net change in plan fiduciary net position** | $(2,168,011) | $(919,948) |
| **Plan fiduciary net position – beginning** | 77,633,360 | 78,553,308 |
| **Plan fiduciary net position – ending (b)** | $75,465,349 | $77,633,360 |
| **Net pension liability/(asset) – ending (a) – (b)** | $27,847,573 | $18,797,057 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 73.05% | 80.51% |
| **Covered-employee payroll** | $13,768,377 | $13,633,099 |
| **Net pension liability as a percentage of covered employee payroll** | 202.26% | 137.88% |

**Notes to schedule:**

# Police Division
# Schedule of Contributions Multiyear

Due to differing fiscal years for each employer, this information is to be supplied by LAGERS.

# Police Division
# Notes to Schedule of Contributions

| | |
|---|---|
| **Valuation Date:** | February 29, 2016 |
| **Notes:** | The roll-forward of total pension liability from February 29, 2016 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments. |

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| **Actuarial Cost Method** | Entry Age Normal and Modified Terminal Funding |
| **Amortization Method** | Level Percentage of Payroll, Closed |
| **Remaining Amortization Period** | Multiple bases from 13 to 23 years |
| **Asset Valuation Method** | 5-Year smoothed market; 20% corridor |
| **Inflation** | 3.25% wage inflation; 2.50% price inflation |
| **Salary Increases** | 3.25% to 6.55% including wage inflation |
| **Investment Rate of Return** | 7.25%, net of investment expenses |
| **Retirement Age** | Experience-based table of rates that are specific to the type of eligibility condition. |
| **Mortality** | The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.<br><br>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables. |
| **Other Information:** | New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015. |

# Fire Division
# Pension Expense Under GASB Statement No. 68
# Year Ended June 30, 2016

| | |
|---|---|
| **A. Expense** | |
| 1. Service Cost | $1,628,563 |
| 2. Interest on the Total Pension Liability | 5,933,859 |
| 3. Current-Period Benefit Changes | 0 |
| 4. Employee Contributions (made negative for addition here) | (464,406) |
| 5. Projected Earnings on Plan Investments (made negative for addition here) | (5,839,630) |
| 6. Pension Plan Administrative Expense | 29,263 |
| 7. Other Changes in Plan Fiduciary Net Position | (368,477) |
| 8. Recognition of Outflow (Inflow) of Resources due to Liabilities | 219,270 |
| 9. Recognition of Outflow (Inflow) of Resources due to Assets | 2,047,283 |
| **10. Total Pension Expense** | $3,185,725 |

# Fire Division
# Statement of Outflows and Inflows Arising from Current Reporting Period
# Year Ended June 30, 2016

**A. Outflows (Inflows) of Resources due to Liabilities**

| | |
|---|---|
| 1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses | $1,648,708 |
| 2. Assumption Changes (gains) or losses | $2,431,596 |
| 3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years} | 6.2520 |
| 4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability | $263,709 |
| 5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes | $388,931 |
| 6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities | $652,640 |
| 7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability | $1,384,999 |
| 8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes | $2,042,665 |
| 9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities | $3,427,664 |

**B. Outflows (Inflows) of Resources due to Assets**

| | |
|---|---|
| 1. Net difference between projected and actual earnings on Pension plan investments (gains) or losses | $5,917,232 |
| 2. Recognition period for Assets {in years} | 5.0000 |
| 3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets | $1,183,446 |
| 4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets | $4,733,786 |

# Fire Division
# Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
# Year Ended June 30, 2016

**A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Due to Liabilities | $652,640 | $(433,370) | $219,270 |
| 2. Due to Assets | 2,047,283 | 0 | 2,047,283 |
| **3. Total** | $2,699,923 | $(433,370) | $2,266,553 |

**B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Differences between expected and actual experience | $263,709 | $(433,370) | $(169,661) |
| 2. Assumption Changes | 388,931 | 0 | 388,931 |
| 3. Net Difference between projected and actual earnings on pension plan investments | 2,047,283 | 0 | 2,047,283 |
| **4. Total** | $2,699,923 | $(433,370) | $2,266,553 |

**C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses**

| | Outflows of Resources | Inflows of Resources | Net Outflows of Resources |
|---|---|---|---|
| 1. Differences between expected and actual experience | $1,384,999 | $(1,928,062) | $(543,063) |
| 2. Assumption Changes | 2,042,665 | 0 | 2,042,665 |
| 3. Net Difference between projected and actual earnings on pension plan investments | 7,325,298 | 0 | 7,325,298 |
| **4. Total** | $10,752,962 | $(1,928,062) | $8,824,900 |

**D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses**

| Year Ending June 30 | Net Deferred Outflows of Resources |
|---|---|
| 2017 | $2,266,553 |
| 2018 | 2,266,553 |
| 2019 | 2,266,554 |
| 2020 | 1,402,718 |
| 2021 | 458,058 |
| Thereafter | 164,464 |
| **Total** | $8,824,900 |

# Fire Division
# Schedule of Changes in Net Pension Liability and Related Ratios
# Year Ended June 30, 2016

| | |
|---|---|
| **A. Total Pension Liability** | |
| 1. Service Cost | $1,628,563 |
| 2. Interest on Total Pension Liability | 5,933,859 |
| 3. Changes of Benefit Terms | 0 |
| 4. Difference between expected and actual experience of the Total Pension Liability | 1,648,708 |
| 5. Changes of Assumptions | 2,431,596 |
| 6. Benefit payments, including refunds of employee contributions | 4,693,951 |
| 7. Net change in total pension liability | $6,948,775 |
| 8. Total pension liability – beginning | 83,352,202 |
| 9. Total pension liability – ending | $90,300,977 |
| **B. Plan fiduciary net position** | |
| 1. Contributions – employer | $1,869,202 |
| 2. Contributions – employee | 464,406 |
| 3. Net investment income | (77,602) |
| 4. Benefit payments, including refunds of employee contributions | 4,693,951 |
| 5. Pension Plan Administrative Expense | 29,263 |
| 6. Other (Net Transfer) | 368,477 |
| 7. Net change in plan fiduciary net position | $(2,098,731) |
| 8. Plan fiduciary net position – beginning | 81,539,499 |
| 9. Plan fiduciary net position – ending | $79,440,768 |
| **C. Net pension liability/(asset)** | $10,860,209 |
| **D. Plan fiduciary net position as a percentage of the total pension liability** | 87.97% |
| **E. Covered-employee payroll** | $11,326,657 |
| **F. Net pension liability as a percentage of covered employee payroll** | 95.88% |

## Sensitivity of Net Pension Liability to the Single Discount Rate

| | 1% Decrease 6.25% | Current Single Discount Rate Assumption 7.25% | 1% Increase 8.25% |
|---|---|---|---|
| **Total Pension Liability (TPL)** | $102,651,546 | $90,300,977 | $80,055,532 |
| **Plan Fiduciary Net Position** | 79,440,768 | 79,440,768 | 79,440,768 |
| **Net Pension Liability/(Asset) (NPL)** | $23,210,778 | $10,860,209 | $614,764 |

# Fire Division
## Schedule of Changes in Net Pension Liability and Related Ratios Multiyear
## Ultimately 10 Fiscal Years will be Displayed

| Fiscal year ending June 30, | 2016 | 2015 |
|---|---|---|
| **Total Pension Liability** | | |
| Service Cost | $1,628,563 | $1,641,411 |
| Interest on Total Pension Liability | 5,933,859 | 5,904,882 |
| Changes of Benefit Terms | 0 | 0 |
| Difference between expected and actual experience | 1,648,708 | (2,794,802) |
| Changes of Assumptions | 2,431,596 | 0 |
| Benefit payments, including refunds | 4,693,951 | 4,009,027 |
| **Net change in total pension liability** | $6,948,775 | $742,464 |
| **Total pension liability – beginning** | 83,352,202 | 82,609,738 |
| **Total pension liability – ending (a)** | $90,300,977 | $83,352,202 |
| **Plan fiduciary net position** | | |
| Contributions – employer | $1,869,202 | $1,687,386 |
| Contributions – employee | 464,406 | 446,972 |
| Net investment income | (77,602) | 1,585,494 |
| Benefit payments, including refunds | 4,693,951 | 4,009,027 |
| Pension Plan Administrative Expense | 29,263 | 31,501 |
| Other (Net Transfer) | 368,477 | (1,022,296) |
| **Net change in plan fiduciary net position** | $(2,098,731) | $(1,342,972) |
| **Plan fiduciary net position – beginning** | 81,539,499 | 82,882,471 |
| **Plan fiduciary net position – ending (b)** | $79,440,768 | $81,539,499 |
| **Net pension liability/(asset) – ending (a) – (b)** | $10,860,209 | $1,812,703 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 87.97% | 97.83% |
| **Covered-employee payroll** | $11,326,657 | $10,832,158 |
| **Net pension liability as a percentage of covered employee payroll** | 95.88% | 16.73% |

**Notes to schedule:**

# Fire Division
# Schedule of Contributions Multiyear

Due to differing fiscal years for each employer, this information is to be supplied by LAGERS.

# Fire Division
# Notes to Schedule of Contributions

| | |
|---|---|
| **Valuation Date:** | February 29, 2016 |
| **Notes:** | The roll-forward of total pension liability from February 29, 2016 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments. |

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| **Actuarial Cost Method** | Entry Age Normal and Modified Terminal Funding |
| **Amortization Method** | Level Percentage of Payroll, Closed |
| **Remaining Amortization Period** | Multiple bases from 13 to 23 years |
| **Asset Valuation Method** | 5-Year smoothed market; 20% corridor |
| **Inflation** | 3.25% wage inflation; 2.50% price inflation |
| **Salary Increases** | 3.25% to 7.15% including wage inflation |
| **Investment Rate of Return** | 7.25%, net of investment expenses |
| **Retirement Age** | Experience-based table of rates that are specific to the type of eligibility condition. |
| **Mortality** | The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.<br><br>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables. |
| **Other Information:** | New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015. |

# SECTION C

## CALCULATION OF THE SINGLE DISCOUNT RATE

# CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *single discount rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.85%; and the resulting single discount rate is 7.25% for General, 7.25% for Police and 7.25% for Fire.

The tables in this section provide background for the development of the single discount rate.

The **Projection of Contributions** table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

The **Present Values of Projected Benefit Payments** table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

# General Division
# Single Discount Rate Development
# Projection of Contributions

| Year | Payroll for Current Employees | Contributions from Current Employees | Normal Cost | Administrative Expense Contributions | UAL Contributions | Total Contributions |
|---|---|---|---|---|---|---|
| 1 | $44,554,521 | $1,782,181 | $3,383,786 | $178,218 | $3,714,441 | $9,058,626 |
| 2 | 42,446,625 | 1,697,865 | 3,188,344 | 169,786 | 4,297,228 | 9,353,223 |
| 3 | 40,747,561 | 1,629,902 | 3,039,742 | 162,990 | 4,913,973 | 9,746,607 |
| 4 | 39,159,735 | 1,566,389 | 2,905,983 | 156,639 | 5,566,267 | 10,195,278 |
| 5 | 37,538,888 | 1,501,556 | 2,773,624 | 150,156 | 5,798,031 | 10,223,367 |
| 6 | 35,881,620 | 1,435,265 | 2,638,263 | 143,526 | 5,986,467 | 10,203,521 |
| 7 | 34,239,998 | 1,369,600 | 2,504,252 | 136,960 | 6,181,027 | 10,191,839 |
| 8 | 32,580,795 | 1,303,232 | 2,369,066 | 130,323 | 6,381,910 | 10,184,531 |
| 9 | 30,890,587 | 1,235,623 | 2,231,085 | 123,562 | 6,589,322 | 10,179,592 |
| 10 | 29,224,333 | 1,168,973 | 2,096,803 | 116,897 | 6,803,475 | 10,186,148 |
| 11 | 27,568,596 | 1,102,744 | 1,962,357 | 110,274 | 7,024,588 | 10,199,963 |
| 12 | 25,968,115 | 1,038,725 | 1,832,324 | 103,872 | 7,252,887 | 10,227,808 |
| 13 | 24,499,938 | 979,998 | 1,715,036 | 98,000 | 7,488,606 | 10,281,640 |
| 14 | 23,037,694 | 921,508 | 1,597,653 | 92,151 | 5,086,833 | 7,698,145 |
| 15 | 21,591,917 | 863,677 | 1,481,866 | 86,368 | 5,952,442 | 8,384,353 |
| 16 | 20,258,051 | 810,322 | 1,374,377 | 81,032 | 2,964,491 | 5,230,222 |
| 17 | 18,996,881 | 759,875 | 1,272,287 | 75,988 | 3,210,146 | 5,318,296 |
| 18 | 17,781,594 | 711,264 | 1,176,041 | 71,126 | 3,237,395 | 5,195,826 |
| 19 | 16,579,272 | 663,171 | 1,082,566 | 66,317 | 3,263,025 | 5,075,079 |
| 20 | 15,436,436 | 617,457 | 995,395 | 61,746 | 3,369,073 | 5,043,671 |
| 21 | 14,402,214 | 576,089 | 918,188 | 57,609 | 3,478,568 | 5,030,454 |
| 22 | 13,374,943 | 534,998 | 842,942 | 53,500 | 3,591,621 | 5,023,061 |
| 23 | 12,369,163 | 494,767 | 770,910 | 49,477 | 3,708,349 | 5,023,503 |
| 24 | 11,411,777 | 456,471 | 703,638 | 45,647 | 0 | 1,205,756 |
| 25 | 10,457,964 | 418,319 | 637,291 | 41,832 | 0 | 1,097,442 |
| 26 | 9,517,604 | 380,704 | 572,931 | 38,070 | 0 | 991,705 |
| 27 | 8,607,938 | 344,318 | 512,763 | 34,432 | 0 | 891,513 |
| 28 | 7,723,431 | 308,937 | 456,344 | 30,894 | 0 | 796,175 |
| 29 | 6,854,027 | 274,161 | 401,778 | 27,416 | 0 | 703,355 |
| 30 | 6,016,520 | 240,661 | 349,108 | 24,066 | 0 | 613,835 |
| 31 | 5,238,068 | 209,523 | 301,205 | 20,952 | 0 | 531,680 |
| 32 | 4,474,343 | 178,974 | 255,207 | 17,897 | 0 | 452,078 |
| 33 | 3,748,871 | 149,955 | 211,766 | 14,995 | 0 | 376,716 |
| 34 | 3,112,887 | 124,515 | 173,688 | 12,452 | 0 | 310,655 |
| 35 | 2,553,398 | 102,136 | 140,283 | 10,214 | 0 | 252,633 |
| 36 | 2,046,158 | 81,846 | 111,312 | 8,185 | 0 | 201,343 |
| 37 | 1,600,350 | 64,014 | 86,376 | 6,401 | 0 | 156,791 |
| 38 | 1,239,885 | 49,595 | 65,928 | 4,960 | 0 | 120,483 |
| 39 | 936,732 | 37,469 | 48,797 | 3,747 | 0 | 90,013 |
| 40 | 689,357 | 27,574 | 34,900 | 2,757 | 0 | 65,231 |
| 41 | 507,605 | 20,304 | 25,156 | 2,030 | 0 | 47,490 |
| 42 | 368,881 | 14,755 | 17,997 | 1,476 | 0 | 34,228 |
| 43 | 248,608 | 9,944 | 11,933 | 994 | 0 | 22,871 |
| 44 | 155,480 | 6,219 | 7,206 | 622 | 0 | 14,047 |
| 45 | 103,397 | 4,136 | 4,593 | 414 | 0 | 9,143 |
| 46 | 66,440 | 2,658 | 2,864 | 266 | 0 | 5,788 |
| 47 | 39,476 | 1,579 | 1,632 | 158 | 0 | 3,369 |
| 48 | 26,796 | 1,072 | 1,059 | 107 | 0 | 2,238 |
| 49 | 19,227 | 769 | 745 | 77 | 0 | 1,591 |
| 50 | 12,179 | 487 | 476 | 49 | 0 | 1,012 |

# General Division
# Single Discount Rate Development
# Projection of Plan Fiduciary Net Position

| Year | Projected Beginning Plan Net Position | Projected Total Contributions | Projected Benefit Payments | Projected Administrative Expenses | Projected Investment Earnings | Projected Ending Plan Net Position |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f)=(a)+(b)-(c)-(d)+(e) |
| 1 | $229,499,271 | $9,058,626 | $12,578,294 | $178,218 | $16,506,994 | $242,308,379 |
| 2 | 242,308,379 | 9,353,223 | 13,505,644 | 169,786 | 17,413,419 | 255,399,591 |
| 3 | 255,399,591 | 9,746,607 | 14,456,648 | 162,990 | 18,342,914 | 268,869,474 |
| 4 | 268,869,474 | 10,195,278 | 15,491,107 | 156,639 | 19,298,843 | 282,715,849 |
| 5 | 282,715,849 | 10,223,367 | 16,687,825 | 150,156 | 20,261,315 | 296,362,550 |
| 6 | 296,362,550 | 10,203,521 | 18,014,635 | 143,526 | 21,202,974 | 309,610,884 |
| 7 | 309,610,884 | 10,191,839 | 19,319,843 | 136,960 | 22,116,810 | 322,462,730 |
| 8 | 322,462,730 | 10,184,531 | 20,628,774 | 130,323 | 23,001,927 | 334,890,091 |
| 9 | 334,890,091 | 10,179,592 | 21,928,575 | 123,562 | 23,856,682 | 346,874,228 |
| 10 | 346,874,228 | 10,186,148 | 23,332,277 | 116,897 | 24,676,009 | 358,287,211 |
| 11 | 358,287,211 | 10,199,963 | 24,669,544 | 110,274 | 25,456,550 | 369,163,906 |
| 12 | 369,163,906 | 10,227,808 | 25,908,426 | 103,872 | 26,202,207 | 379,581,623 |
| 13 | 379,581,623 | 10,281,640 | 27,084,080 | 98,000 | 26,917,746 | 389,598,929 |
| 14 | 389,598,929 | 7,698,145 | 28,235,959 | 92,151 | 27,511,170 | 396,480,134 |
| 15 | 396,480,134 | 8,384,353 | 29,337,515 | 86,368 | 27,995,471 | 403,436,075 |
| 16 | 403,436,075 | 5,230,222 | 30,342,227 | 81,032 | 28,351,846 | 406,594,884 |
| 17 | 406,594,884 | 5,318,296 | 31,233,018 | 75,988 | 28,552,450 | 409,156,624 |
| 18 | 409,156,624 | 5,195,826 | 32,063,630 | 71,126 | 28,704,405 | 410,922,099 |
| 19 | 410,922,099 | 5,075,079 | 32,855,584 | 66,317 | 28,800,066 | 411,875,343 |
| 20 | 411,875,343 | 5,043,671 | 33,527,688 | 61,746 | 28,844,283 | 412,173,863 |
| 21 | 412,173,863 | 5,030,454 | 34,079,234 | 57,609 | 28,845,959 | 411,913,433 |
| 22 | 411,913,433 | 5,023,061 | 34,603,173 | 53,500 | 28,808,300 | 411,088,121 |
| 23 | 411,088,121 | 5,023,503 | 35,064,255 | 49,477 | 28,732,202 | 409,730,094 |
| 24 | 409,730,094 | 1,205,756 | 35,419,123 | 45,647 | 28,485,271 | 403,956,351 |
| 25 | 403,956,351 | 1,097,442 | 35,669,707 | 41,832 | 28,054,028 | 397,396,282 |
| 26 | 397,396,282 | 991,705 | 35,854,411 | 38,070 | 27,568,213 | 390,063,719 |
| 27 | 390,063,719 | 891,513 | 35,973,609 | 34,432 | 27,028,918 | 381,976,109 |
| 28 | 381,976,109 | 796,175 | 35,965,273 | 30,894 | 26,439,593 | 373,215,710 |
| 29 | 373,215,710 | 703,355 | 35,870,209 | 27,416 | 25,804,668 | 363,826,108 |
| 30 | 363,826,108 | 613,835 | 35,694,474 | 24,066 | 25,127,112 | 353,848,515 |
| 31 | 353,848,515 | 531,680 | 35,388,421 | 20,952 | 24,411,822 | 343,382,644 |
| 32 | 343,382,644 | 452,078 | 35,008,773 | 17,897 | 23,663,841 | 332,471,893 |
| 33 | 332,471,893 | 376,716 | 34,550,902 | 14,995 | 22,886,539 | 321,169,251 |
| 34 | 321,169,251 | 310,655 | 33,976,445 | 12,452 | 22,085,295 | 309,576,304 |
| 35 | 309,576,304 | 252,633 | 33,284,791 | 10,214 | 21,267,453 | 297,801,385 |
| 36 | 297,801,385 | 201,343 | 32,518,721 | 8,185 | 20,439,301 | 285,915,123 |
| 37 | 285,915,123 | 156,791 | 31,679,302 | 6,401 | 19,605,920 | 273,992,131 |
| 38 | 273,992,131 | 120,483 | 30,748,728 | 4,960 | 18,773,405 | 262,132,331 |
| 39 | 262,132,331 | 90,013 | 29,764,845 | 3,747 | 17,947,569 | 250,401,321 |
| 40 | 250,401,321 | 65,231 | 28,736,089 | 2,757 | 17,132,863 | 238,860,569 |
| 41 | 238,860,569 | 47,490 | 27,663,329 | 2,030 | 16,333,760 | 227,576,460 |
| 42 | 227,576,460 | 34,228 | 26,562,313 | 1,476 | 15,554,423 | 216,601,322 |
| 43 | 216,601,322 | 22,871 | 25,456,600 | 994 | 14,797,719 | 205,964,318 |
| 44 | 205,964,318 | 14,047 | 24,345,136 | 622 | 14,065,821 | 195,698,428 |
| 45 | 195,698,428 | 9,143 | 23,218,982 | 414 | 13,361,485 | 185,849,660 |
| 46 | 185,849,660 | 5,788 | 22,101,257 | 266 | 12,687,144 | 176,441,069 |
| 47 | 176,441,069 | 3,369 | 20,996,867 | 158 | 12,044,273 | 167,491,686 |
| 48 | 167,491,686 | 2,238 | 19,903,995 | 107 | 11,434,327 | 159,024,149 |
| 49 | 159,024,149 | 1,591 | 18,829,812 | 77 | 10,858,667 | 151,054,518 |
| 50 | 151,054,518 | 1,012 | 17,777,816 | 49 | 10,318,316 | 143,595,981 |

# General Division
# Single Discount Rate Development
# Present Values of Projected Benefits

| Year | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f)=(d)*v^((a)-.5) | (g)=(e)*vf^((a)-.5) | (h)=((c)/(1+sdr)^((a)-.5) |
| 1 | $229,499,271 | $12,578,294 | $12,578,294 | $0 | $12,145,715 | $0 | $12,145,715 |
| 2 | 242,308,379 | 13,505,644 | 13,505,644 | 0 | 12,159,602 | 0 | 12,159,602 |
| 3 | 255,399,591 | 14,456,648 | 14,456,648 | 0 | 12,135,966 | 0 | 12,135,966 |
| 4 | 268,869,474 | 15,491,107 | 15,491,107 | 0 | 12,125,283 | 0 | 12,125,283 |
| 5 | 282,715,849 | 16,687,825 | 16,687,825 | 0 | 12,179,007 | 0 | 12,179,007 |
| 6 | 296,362,550 | 18,014,635 | 18,014,635 | 0 | 12,258,584 | 0 | 12,258,584 |
| 7 | 309,610,884 | 19,319,843 | 19,319,843 | 0 | 12,258,043 | 0 | 12,258,043 |
| 8 | 322,462,730 | 20,628,774 | 20,628,774 | 0 | 12,203,760 | 0 | 12,203,760 |
| 9 | 334,890,091 | 21,928,575 | 21,928,575 | 0 | 12,095,765 | 0 | 12,095,765 |
| 10 | 346,874,228 | 23,332,277 | 23,332,277 | 0 | 12,000,042 | 0 | 12,000,042 |
| 11 | 358,287,211 | 24,669,544 | 24,669,544 | 0 | 11,830,129 | 0 | 11,830,129 |
| 12 | 369,163,906 | 25,908,426 | 25,908,426 | 0 | 11,584,361 | 0 | 11,584,361 |
| 13 | 379,581,623 | 27,084,080 | 27,084,080 | 0 | 11,291,401 | 0 | 11,291,401 |
| 14 | 389,598,929 | 28,235,959 | 28,235,959 | 0 | 10,975,871 | 0 | 10,975,871 |
| 15 | 396,480,134 | 29,337,515 | 29,337,515 | 0 | 10,633,163 | 0 | 10,633,163 |
| 16 | 403,436,075 | 30,342,227 | 30,342,227 | 0 | 10,253,905 | 0 | 10,253,905 |
| 17 | 406,594,884 | 31,233,018 | 31,233,018 | 0 | 9,841,436 | 0 | 9,841,436 |
| 18 | 409,156,624 | 32,063,630 | 32,063,630 | 0 | 9,420,196 | 0 | 9,420,196 |
| 19 | 410,922,099 | 32,855,584 | 32,855,584 | 0 | 9,000,344 | 0 | 9,000,344 |
| 20 | 411,875,343 | 33,527,688 | 33,527,688 | 0 | 8,563,597 | 0 | 8,563,597 |
| 21 | 412,173,863 | 34,079,234 | 34,079,234 | 0 | 8,116,058 | 0 | 8,116,058 |
| 22 | 411,913,433 | 34,603,173 | 34,603,173 | 0 | 7,683,763 | 0 | 7,683,763 |
| 23 | 411,088,121 | 35,064,255 | 35,064,255 | 0 | 7,259,812 | 0 | 7,259,812 |
| 24 | 409,730,094 | 35,419,123 | 35,419,123 | 0 | 6,837,561 | 0 | 6,837,561 |
| 25 | 403,956,351 | 35,669,707 | 35,669,707 | 0 | 6,420,453 | 0 | 6,420,453 |
| 26 | 397,396,282 | 35,854,411 | 35,854,411 | 0 | 6,017,435 | 0 | 6,017,435 |
| 27 | 390,063,719 | 35,973,609 | 35,973,609 | 0 | 5,629,315 | 0 | 5,629,315 |
| 28 | 381,976,109 | 35,965,273 | 35,965,273 | 0 | 5,247,562 | 0 | 5,247,562 |
| 29 | 373,215,710 | 35,870,209 | 35,870,209 | 0 | 4,879,899 | 0 | 4,879,899 |
| 30 | 363,826,108 | 35,694,474 | 35,694,474 | 0 | 4,527,731 | 0 | 4,527,731 |
| 31 | 353,848,515 | 35,388,421 | 35,388,421 | 0 | 4,185,463 | 0 | 4,185,463 |
| 32 | 343,382,644 | 35,008,773 | 35,008,773 | 0 | 3,860,663 | 0 | 3,860,663 |
| 33 | 332,471,893 | 34,550,902 | 34,550,902 | 0 | 3,552,607 | 0 | 3,552,607 |
| 34 | 321,169,251 | 33,976,445 | 33,976,445 | 0 | 3,257,379 | 0 | 3,257,379 |
| 35 | 309,576,304 | 33,284,791 | 33,284,791 | 0 | 2,975,356 | 0 | 2,975,356 |
| 36 | 297,801,385 | 32,518,721 | 32,518,721 | 0 | 2,710,374 | 0 | 2,710,374 |
| 37 | 285,915,123 | 31,679,302 | 31,679,302 | 0 | 2,461,921 | 0 | 2,461,921 |
| 38 | 273,992,131 | 30,748,728 | 30,748,728 | 0 | 2,228,068 | 0 | 2,228,068 |
| 39 | 262,132,331 | 29,764,845 | 29,764,845 | 0 | 2,010,979 | 0 | 2,010,979 |
| 40 | 250,401,321 | 28,736,089 | 28,736,089 | 0 | 1,810,232 | 0 | 1,810,232 |
| 41 | 238,860,569 | 27,663,329 | 27,663,329 | 0 | 1,624,852 | 0 | 1,624,852 |
| 42 | 227,576,460 | 26,562,313 | 26,562,313 | 0 | 1,454,715 | 0 | 1,454,715 |
| 43 | 216,601,322 | 25,456,600 | 25,456,600 | 0 | 1,299,915 | 0 | 1,299,915 |
| 44 | 205,964,318 | 24,345,136 | 24,345,136 | 0 | 1,159,123 | 0 | 1,159,123 |
| 45 | 195,698,428 | 23,218,982 | 23,218,982 | 0 | 1,030,774 | 0 | 1,030,774 |
| 46 | 185,849,660 | 22,101,257 | 22,101,257 | 0 | 914,829 | 0 | 914,829 |
| 47 | 176,441,069 | 20,996,867 | 20,996,867 | 0 | 810,364 | 0 | 810,364 |
| 48 | 167,491,686 | 19,903,995 | 19,903,995 | 0 | 716,256 | 0 | 716,256 |
| 49 | 159,024,149 | 18,829,812 | 18,829,812 | 0 | 631,796 | 0 | 631,796 |
| 50 | 151,054,518 | 17,777,816 | 17,777,816 | 0 | 556,176 | 0 | 556,176 |

# General Division
# Single Discount Rate Development
# Present Values of Projected Benefits (Concluded)

| Year | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f)=(d)*v^((a)-.5) | (g)=(e)*vf^((a)-.5) | (h)=((c)/(1+sdr)^((a)-.5) |
| 51 | $143,595,981 | $16,748,804 | $16,748,804 | $0 | $488,562 | $0 | $488,562 |
| 52 | 136,661,721 | 15,737,482 | 15,737,482 | 0 | 428,030 | 0 | 428,030 |
| 53 | 130,271,711 | 14,742,564 | 14,742,564 | 0 | 373,865 | 0 | 373,865 |
| 54 | 124,448,778 | 13,767,317 | 13,767,317 | 0 | 325,532 | 0 | 325,532 |
| 55 | 119,213,664 | 12,811,913 | 12,811,913 | 0 | 282,463 | 0 | 282,463 |
| 56 | 114,588,436 | 11,877,112 | 11,877,112 | 0 | 244,152 | 0 | 244,152 |
| 57 | 110,595,973 | 10,964,217 | 10,964,217 | 0 | 210,150 | 0 | 210,150 |
| 58 | 107,259,465 | 10,075,124 | 10,075,124 | 0 | 180,055 | 0 | 180,055 |
| 59 | 104,601,819 | 9,211,841 | 9,211,841 | 0 | 153,499 | 0 | 153,499 |
| 60 | 102,645,523 | 8,376,684 | 8,376,684 | 0 | 130,147 | 0 | 130,147 |
| 61 | 101,412,297 | 7,572,494 | 7,572,494 | 0 | 109,699 | 0 | 109,699 |
| 62 | 100,922,494 | 6,802,372 | 6,802,372 | 0 | 91,881 | 0 | 91,881 |
| 63 | 101,194,731 | 6,069,244 | 6,069,244 | 0 | 76,437 | 0 | 76,437 |
| 64 | 102,245,944 | 5,375,941 | 5,375,941 | 0 | 63,129 | 0 | 63,129 |
| 65 | 104,091,366 | 4,725,189 | 4,725,189 | 0 | 51,736 | 0 | 51,736 |
| 66 | 106,744,510 | 4,119,379 | 4,119,379 | 0 | 42,054 | 0 | 42,054 |
| 67 | 110,217,393 | 3,560,501 | 3,560,501 | 0 | 33,891 | 0 | 33,891 |
| 68 | 114,520,843 | 3,049,893 | 3,049,893 | 0 | 27,069 | 0 | 27,069 |
| 69 | 119,665,087 | 2,587,990 | 2,587,990 | 0 | 21,416 | 0 | 21,416 |
| 70 | 125,660,643 | 2,174,420 | 2,174,420 | 0 | 16,778 | 0 | 16,778 |
| 71 | 132,519,176 | 1,808,154 | 1,808,154 | 0 | 13,008 | 0 | 13,008 |
| 72 | 140,254,263 | 1,487,454 | 1,487,454 | 0 | 9,978 | 0 | 9,978 |
| 73 | 148,882,266 | 1,209,958 | 1,209,958 | 0 | 7,568 | 0 | 7,568 |
| 74 | 158,423,179 | 972,869 | 972,869 | 0 | 5,674 | 0 | 5,674 |
| 75 | 168,901,341 | 772,939 | 772,939 | 0 | 4,203 | 0 | 4,203 |
| 76 | 180,346,220 | 606,578 | 606,578 | 0 | 3,075 | 0 | 3,075 |
| 77 | 192,793,139 | 470,017 | 470,017 | 0 | 2,222 | 0 | 2,222 |
| 78 | 206,283,885 | 359,441 | 359,441 | 0 | 1,584 | 0 | 1,584 |
| 79 | 220,867,224 | 271,150 | 271,150 | 0 | 1,114 | 0 | 1,114 |
| 80 | 236,599,291 | 201,684 | 201,684 | 0 | 773 | 0 | 773 |
| 81 | 253,543,872 | 147,872 | 147,872 | 0 | 528 | 0 | 528 |
| 82 | 271,772,664 | 106,824 | 106,824 | 0 | 356 | 0 | 356 |
| 83 | 291,365,554 | 75,982 | 75,982 | 0 | 236 | 0 | 236 |
| 84 | 312,410,869 | 53,183 | 53,183 | 0 | 154 | 0 | 154 |
| 85 | 335,005,580 | 36,629 | 36,629 | 0 | 99 | 0 | 99 |
| 86 | 359,255,551 | 24,812 | 24,812 | 0 | 62 | 0 | 62 |
| 87 | 385,275,883 | 16,513 | 16,513 | 0 | 39 | 0 | 39 |
| 88 | 413,191,283 | 10,790 | 10,790 | 0 | 24 | 0 | 24 |
| 89 | 443,136,477 | 6,915 | 6,915 | 0 | 14 | 0 | 14 |
| 90 | 475,256,710 | 4,338 | 4,338 | 0 | 8 | 0 | 8 |
| 91 | 509,708,329 | 2,656 | 2,656 | 0 | 5 | 0 | 5 |
| 92 | 546,659,432 | 1,583 | 1,583 | 0 | 3 | 0 | 3 |
| 93 | 586,290,601 | 918 | 918 | 0 | 1 | 0 | 1 |
| 94 | 628,795,719 | 521 | 521 | 0 | 1 | 0 | 1 |
| 95 | 674,382,869 | 289 | 289 | 0 | 0 | 0 | 0 |
| 96 | 723,275,328 | 155 | 155 | 0 | 0 | 0 | 0 |
| 97 | 775,712,629 | 80 | 80 | 0 | 0 | 0 | 0 |
| 98 | 831,951,712 | 41 | 41 | 0 | 0 | 0 | 0 |
| 99 | 892,268,169 | 21 | 21 | 0 | 0 | 0 | 0 |
| 100 | 956,957,590 | 10 | 10 | 0 | 0 | 0 | 0 |

# Police Division
# Single Discount Rate Development
# Projection of Contributions

| Year | Payroll for Current Employees | Contributions from Current Employees | Normal Cost | Administrative Expense Contributions | UAL Contributions | Total Contributions |
|---|---|---|---|---|---|---|
| 1 | $13,916,112 | $556,644 | $1,079,916 | $55,664 | $1,280,459 | $2,972,683 |
| 2 | 13,623,249 | 544,930 | 1,050,544 | 54,493 | 1,464,232 | 3,114,199 |
| 3 | 13,422,282 | 536,891 | 1,033,919 | 53,689 | 1,658,599 | 3,283,098 |
| 4 | 13,240,673 | 529,627 | 1,019,096 | 52,963 | 1,864,052 | 3,465,738 |
| 5 | 13,040,733 | 521,629 | 1,001,889 | 52,163 | 2,081,108 | 3,656,789 |
| 6 | 12,824,001 | 512,960 | 983,817 | 51,296 | 2,310,304 | 3,858,377 |
| 7 | 12,588,318 | 503,533 | 965,038 | 50,353 | 2,552,199 | 4,071,123 |
| 8 | 12,321,886 | 492,875 | 944,111 | 49,288 | 2,807,377 | 4,293,651 |
| 9 | 12,042,188 | 481,688 | 922,037 | 48,169 | 3,076,446 | 4,528,340 |
| 10 | 11,723,245 | 468,930 | 896,437 | 46,893 | 3,360,040 | 4,772,300 |
| 11 | 11,320,422 | 452,817 | 865,144 | 45,282 | 3,658,817 | 5,022,060 |
| 12 | 10,859,815 | 434,393 | 828,879 | 43,439 | 3,973,466 | 5,280,177 |
| 13 | 10,402,116 | 416,085 | 791,847 | 41,608 | 4,304,702 | 5,554,242 |
| 14 | 9,919,094 | 396,764 | 753,729 | 39,676 | 2,483,136 | 3,673,305 |
| 15 | 9,402,568 | 376,103 | 713,619 | 37,610 | 2,628,472 | 3,755,804 |
| 16 | 8,832,045 | 353,282 | 668,712 | 35,328 | 1,913,076 | 2,970,398 |
| 17 | 8,182,817 | 327,313 | 618,534 | 32,731 | 1,952,282 | 2,930,860 |
| 18 | 7,505,198 | 300,208 | 566,583 | 30,021 | 1,849,730 | 2,746,542 |
| 19 | 6,860,149 | 274,406 | 515,824 | 27,441 | 1,762,935 | 2,580,606 |
| 20 | 6,177,787 | 247,111 | 461,371 | 24,711 | 1,668,545 | 2,401,738 |
| 21 | 5,451,746 | 218,070 | 404,841 | 21,807 | 1,592,259 | 2,236,977 |
| 22 | 4,802,497 | 192,100 | 354,747 | 19,210 | 1,509,253 | 2,075,310 |
| 23 | 4,217,108 | 168,684 | 309,549 | 16,868 | 1,419,169 | 1,914,270 |
| 24 | 3,710,977 | 148,439 | 271,499 | 14,844 | 373,506 | 808,288 |
| 25 | 3,220,271 | 128,811 | 234,586 | 12,881 | 266,985 | 643,263 |
| 26 | 2,733,363 | 109,335 | 198,087 | 10,933 | 183,775 | 502,130 |
| 27 | 2,341,526 | 93,661 | 169,460 | 9,366 | 94,874 | 367,361 |
| 28 | 2,013,346 | 80,534 | 144,882 | 8,053 | 32,652 | 266,121 |
| 29 | 1,718,838 | 68,754 | 122,283 | 6,875 | 0 | 197,912 |
| 30 | 1,452,278 | 58,091 | 103,084 | 5,809 | 0 | 166,984 |
| 31 | 1,236,633 | 49,465 | 87,698 | 4,947 | 0 | 142,110 |
| 32 | 1,023,663 | 40,947 | 72,097 | 4,095 | 0 | 117,139 |
| 33 | 812,651 | 32,506 | 56,769 | 3,251 | 0 | 92,526 |
| 34 | 658,093 | 26,324 | 45,753 | 2,632 | 0 | 74,709 |
| 35 | 468,556 | 18,742 | 32,184 | 1,874 | 0 | 52,800 |
| 36 | 323,376 | 12,935 | 21,955 | 1,294 | 0 | 36,184 |
| 37 | 275,807 | 11,032 | 18,658 | 1,103 | 0 | 30,793 |
| 38 | 235,359 | 9,414 | 15,782 | 941 | 0 | 26,137 |
| 39 | 181,781 | 7,271 | 12,140 | 727 | 0 | 20,138 |
| 40 | 120,885 | 4,835 | 7,984 | 484 | 0 | 13,303 |
| 41 | 74,288 | 2,972 | 4,817 | 297 | 0 | 8,086 |
| 42 | 35,744 | 1,430 | 2,259 | 143 | 0 | 3,832 |
| 43 | 12,764 | 511 | 790 | 51 | 0 | 1,352 |
| 44 | 3,578 | 143 | 235 | 14 | 0 | 392 |
| 45 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 | 0 | 0 | 0 | 0 | 0 | 0 |
| 47 | 0 | 0 | 0 | 0 | 0 | 0 |
| 48 | 0 | 0 | 0 | 0 | 0 | 0 |
| 49 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 | 0 | 0 | 0 | 0 | 0 | 0 |

# Police Division
# Single Discount Rate Development
# Projection of Plan Fiduciary Net Position

| Year | Projected Beginning Plan Net Position | Projected Total Contributions | Projected Benefit Payments | Projected Administrative Expenses | Projected Investment Earnings | Projected Ending Plan Net Position |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f)=(a)+(b)-(c)-(d)+(e) |
| 1 | $75,465,349 | $2,972,683 | $4,433,230 | $55,664 | $5,417,237 | $79,366,375 |
| 2 | 79,366,375 | 3,114,199 | 4,562,063 | 54,493 | 5,700,555 | 83,564,573 |
| 3 | 83,564,573 | 3,283,098 | 4,702,648 | 53,689 | 6,005,961 | 88,097,295 |
| 4 | 88,097,295 | 3,465,738 | 4,900,829 | 52,963 | 6,334,056 | 92,943,297 |
| 5 | 92,943,297 | 3,656,789 | 5,134,832 | 52,163 | 6,683,890 | 98,096,981 |
| 6 | 98,096,981 | 3,858,377 | 5,423,386 | 51,296 | 7,054,465 | 103,535,141 |
| 7 | 103,535,141 | 4,071,123 | 5,740,006 | 50,353 | 7,445,066 | 109,260,971 |
| 8 | 109,260,971 | 4,293,651 | 6,057,560 | 49,288 | 7,856,842 | 115,304,616 |
| 9 | 115,304,616 | 4,528,340 | 6,336,959 | 48,169 | 8,293,454 | 121,741,282 |
| 10 | 121,741,282 | 4,772,300 | 6,711,055 | 46,893 | 8,755,523 | 128,511,157 |
| 11 | 128,511,157 | 5,022,060 | 7,230,664 | 45,282 | 9,236,785 | 135,494,056 |
| 12 | 135,494,056 | 5,280,177 | 7,760,037 | 43,439 | 9,733,450 | 142,704,207 |
| 13 | 142,704,207 | 5,554,242 | 8,283,489 | 41,608 | 10,247,369 | 150,180,721 |
| 14 | 150,180,721 | 3,673,305 | 8,803,856 | 39,676 | 10,703,961 | 155,714,455 |
| 15 | 155,714,455 | 3,755,804 | 9,348,807 | 37,610 | 11,088,759 | 161,172,601 |
| 16 | 161,172,601 | 2,970,398 | 9,925,057 | 35,328 | 11,436,060 | 165,618,674 |
| 17 | 165,618,674 | 2,930,860 | 10,538,734 | 32,731 | 11,735,228 | 169,713,297 |
| 18 | 169,713,297 | 2,746,542 | 11,159,260 | 30,021 | 12,003,519 | 173,274,077 |
| 19 | 173,274,077 | 2,580,606 | 11,739,855 | 27,441 | 12,235,180 | 176,322,567 |
| 20 | 176,322,567 | 2,401,738 | 12,327,888 | 24,711 | 12,428,979 | 178,800,685 |
| 21 | 178,800,685 | 2,236,977 | 12,935,779 | 21,807 | 12,581,227 | 180,661,303 |
| 22 | 180,661,303 | 2,075,310 | 13,470,817 | 19,210 | 12,691,401 | 181,937,987 |
| 23 | 181,937,987 | 1,914,270 | 13,938,046 | 16,868 | 12,761,667 | 182,659,010 |
| 24 | 182,659,010 | 808,288 | 14,329,058 | 14,844 | 12,760,697 | 181,884,093 |
| 25 | 181,884,093 | 643,263 | 14,711,324 | 12,881 | 12,685,093 | 180,488,244 |
| 26 | 180,488,244 | 502,130 | 15,052,132 | 10,933 | 12,566,799 | 178,494,108 |
| 27 | 178,494,108 | 367,361 | 15,283,177 | 9,366 | 12,409,251 | 175,978,177 |
| 28 | 175,978,177 | 266,121 | 15,443,485 | 8,053 | 12,217,578 | 173,010,338 |
| 29 | 173,010,338 | 197,912 | 15,558,584 | 6,875 | 11,995,923 | 169,638,714 |
| 30 | 169,638,714 | 166,984 | 15,635,868 | 5,809 | 11,747,664 | 165,911,685 |
| 31 | 165,911,685 | 142,110 | 15,646,905 | 4,947 | 11,476,206 | 161,878,149 |
| 32 | 161,878,149 | 117,139 | 15,628,404 | 4,095 | 11,183,574 | 157,546,363 |
| 33 | 157,546,363 | 92,526 | 15,575,216 | 3,251 | 10,870,568 | 152,930,990 |
| 34 | 152,930,990 | 74,709 | 15,455,161 | 2,632 | 10,539,617 | 148,087,523 |
| 35 | 148,087,523 | 52,800 | 15,334,733 | 1,874 | 10,192,001 | 142,995,717 |
| 36 | 142,995,717 | 36,184 | 15,149,803 | 1,294 | 9,828,860 | 137,709,664 |
| 37 | 137,709,664 | 30,793 | 14,867,725 | 1,103 | 9,455,483 | 132,327,112 |
| 38 | 132,327,112 | 26,137 | 14,552,180 | 941 | 9,076,326 | 126,876,454 |
| 39 | 126,876,454 | 20,138 | 14,221,657 | 727 | 8,692,719 | 121,366,927 |
| 40 | 121,366,927 | 13,303 | 13,872,348 | 484 | 8,305,485 | 115,812,883 |
| 41 | 115,812,883 | 8,086 | 13,487,594 | 297 | 7,916,341 | 110,249,419 |
| 42 | 110,249,419 | 3,832 | 13,071,790 | 143 | 7,527,653 | 104,708,971 |
| 43 | 104,708,971 | 1,352 | 12,618,889 | 51 | 7,142,015 | 99,233,398 |
| 44 | 99,233,398 | 392 | 12,131,963 | 14 | 6,762,346 | 93,864,159 |
| 45 | 93,864,159 | 0 | 11,619,007 | 0 | 6,391,332 | 88,636,484 |
| 46 | 88,636,484 | 0 | 11,084,302 | 0 | 6,031,369 | 83,583,551 |
| 47 | 83,583,551 | 0 | 10,533,535 | 0 | 5,684,648 | 78,734,664 |
| 48 | 78,734,664 | 0 | 9,969,687 | 0 | 5,353,185 | 74,118,162 |
| 49 | 74,118,162 | 0 | 9,396,270 | 0 | 5,038,911 | 69,760,803 |
| 50 | 69,760,803 | 0 | 8,817,308 | 0 | 4,743,623 | 65,687,118 |

# Police Division
# Single Discount Rate Development
# Present Values of Projected Benefits

| Year | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f)=(d)*v^((a)-.5) | (g)=(e)*vf^((a)-.5) | (h)=((c)/(1+sdr)^((a)-.5) |
| 1 | $75,465,349 | $4,433,230 | $4,433,230 | $0 | $4,280,767 | $0 | $4,280,767 |
| 2 | 79,366,375 | 4,562,063 | 4,562,063 | 0 | 4,107,384 | 0 | 4,107,384 |
| 3 | 83,564,573 | 4,702,648 | 4,702,648 | 0 | 3,947,746 | 0 | 3,947,746 |
| 4 | 88,097,295 | 4,900,829 | 4,900,829 | 0 | 3,836,004 | 0 | 3,836,004 |
| 5 | 92,943,297 | 5,134,832 | 5,134,832 | 0 | 3,747,472 | 0 | 3,747,472 |
| 6 | 98,096,981 | 5,423,386 | 5,423,386 | 0 | 3,690,501 | 0 | 3,690,501 |
| 7 | 103,535,141 | 5,740,006 | 5,740,006 | 0 | 3,641,916 | 0 | 3,641,916 |
| 8 | 109,260,971 | 6,057,560 | 6,057,560 | 0 | 3,583,587 | 0 | 3,583,587 |
| 9 | 115,304,616 | 6,336,959 | 6,336,959 | 0 | 3,495,456 | 0 | 3,495,456 |
| 10 | 121,741,282 | 6,711,055 | 6,711,055 | 0 | 3,451,568 | 0 | 3,451,568 |
| 11 | 128,511,157 | 7,230,664 | 7,230,664 | 0 | 3,467,421 | 0 | 3,467,421 |
| 12 | 135,494,056 | 7,760,037 | 7,760,037 | 0 | 3,469,723 | 0 | 3,469,723 |
| 13 | 142,704,207 | 8,283,489 | 8,283,489 | 0 | 3,453,401 | 0 | 3,453,401 |
| 14 | 150,180,721 | 8,803,856 | 8,803,856 | 0 | 3,422,231 | 0 | 3,422,231 |
| 15 | 155,714,455 | 9,348,807 | 9,348,807 | 0 | 3,388,405 | 0 | 3,388,405 |
| 16 | 161,172,601 | 9,925,057 | 9,925,057 | 0 | 3,354,091 | 0 | 3,354,091 |
| 17 | 165,618,674 | 10,538,734 | 10,538,734 | 0 | 3,320,726 | 0 | 3,320,726 |
| 18 | 169,713,297 | 11,159,260 | 11,159,260 | 0 | 3,278,556 | 0 | 3,278,556 |
| 19 | 173,274,077 | 11,739,855 | 11,739,855 | 0 | 3,215,975 | 0 | 3,215,975 |
| 20 | 176,322,567 | 12,327,888 | 12,327,888 | 0 | 3,148,773 | 0 | 3,148,773 |
| 21 | 178,800,685 | 12,935,779 | 12,935,779 | 0 | 3,080,689 | 0 | 3,080,689 |
| 22 | 180,661,303 | 13,470,817 | 13,470,817 | 0 | 2,991,245 | 0 | 2,991,245 |
| 23 | 181,937,987 | 13,938,046 | 13,938,046 | 0 | 2,885,776 | 0 | 2,885,776 |
| 24 | 182,659,010 | 14,329,058 | 14,329,058 | 0 | 2,766,184 | 0 | 2,766,184 |
| 25 | 181,884,093 | 14,711,324 | 14,711,324 | 0 | 2,647,999 | 0 | 2,647,999 |
| 26 | 180,488,244 | 15,052,132 | 15,052,132 | 0 | 2,526,195 | 0 | 2,526,195 |
| 27 | 178,494,108 | 15,283,177 | 15,283,177 | 0 | 2,391,581 | 0 | 2,391,581 |
| 28 | 175,978,177 | 15,443,485 | 15,443,485 | 0 | 2,253,303 | 0 | 2,253,303 |
| 29 | 173,010,338 | 15,558,584 | 15,558,584 | 0 | 2,116,640 | 0 | 2,116,640 |
| 30 | 169,638,714 | 15,635,868 | 15,635,868 | 0 | 1,983,360 | 0 | 1,983,360 |
| 31 | 165,911,685 | 15,646,905 | 15,646,905 | 0 | 1,850,592 | 0 | 1,850,592 |
| 32 | 161,878,149 | 15,628,404 | 15,628,404 | 0 | 1,723,454 | 0 | 1,723,454 |
| 33 | 157,546,363 | 15,575,216 | 15,575,216 | 0 | 1,601,481 | 0 | 1,601,481 |
| 34 | 152,930,990 | 15,455,161 | 15,455,161 | 0 | 1,481,713 | 0 | 1,481,713 |
| 35 | 148,087,523 | 15,334,733 | 15,334,733 | 0 | 1,370,785 | 0 | 1,370,785 |
| 36 | 142,995,717 | 15,149,803 | 15,149,803 | 0 | 1,262,708 | 0 | 1,262,708 |
| 37 | 137,709,664 | 14,867,725 | 14,867,725 | 0 | 1,155,428 | 0 | 1,155,428 |
| 38 | 132,327,112 | 14,552,180 | 14,552,180 | 0 | 1,054,458 | 0 | 1,054,458 |
| 39 | 126,876,454 | 14,221,657 | 14,221,657 | 0 | 960,847 | 0 | 960,847 |
| 40 | 121,366,927 | 13,872,348 | 13,872,348 | 0 | 873,890 | 0 | 873,890 |
| 41 | 115,812,883 | 13,487,594 | 13,487,594 | 0 | 792,216 | 0 | 792,216 |
| 42 | 110,249,419 | 13,071,790 | 13,071,790 | 0 | 715,891 | 0 | 715,891 |
| 43 | 104,708,971 | 12,618,889 | 12,618,889 | 0 | 644,371 | 0 | 644,371 |
| 44 | 99,233,398 | 12,131,963 | 12,131,963 | 0 | 577,628 | 0 | 577,628 |
| 45 | 93,864,159 | 11,619,007 | 11,619,007 | 0 | 515,809 | 0 | 515,809 |
| 46 | 88,636,484 | 11,084,302 | 11,084,302 | 0 | 458,808 | 0 | 458,808 |
| 47 | 83,583,551 | 10,533,535 | 10,533,535 | 0 | 406,537 | 0 | 406,537 |
| 48 | 78,734,664 | 9,969,687 | 9,969,687 | 0 | 358,765 | 0 | 358,765 |
| 49 | 74,118,162 | 9,396,270 | 9,396,270 | 0 | 315,273 | 0 | 315,273 |
| 50 | 69,760,803 | 8,817,308 | 8,817,308 | 0 | 275,848 | 0 | 275,848 |

# Police Division
# Single Discount Rate Development
# Present Values of Projected Benefits (Concluded)

| Year | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f)=(d)*v^((a)-.5) | (g)=(e)*vf^((a)-.5) | (h)=((c)/(1+sdr)^((a)-.5) |
| 51 | $65,687,118 | $8,237,116 | $8,237,116 | $0 | $240,277 | $0 | $240,277 |
| 52 | 61,918,947 | 7,659,828 | 7,659,828 | 0 | 208,333 | 0 | 208,333 |
| 53 | 58,475,432 | 7,089,473 | 7,089,473 | 0 | 179,786 | 0 | 179,786 |
| 54 | 55,372,931 | 6,530,072 | 6,530,072 | 0 | 154,405 | 0 | 154,405 |
| 55 | 52,624,823 | 5,985,618 | 5,985,618 | 0 | 131,964 | 0 | 131,964 |
| 56 | 50,241,322 | 5,459,855 | 5,459,855 | 0 | 112,236 | 0 | 112,236 |
| 57 | 48,229,506 | 4,955,813 | 4,955,813 | 0 | 94,988 | 0 | 94,988 |
| 58 | 46,593,827 | 4,476,009 | 4,476,009 | 0 | 79,992 | 0 | 79,992 |
| 59 | 45,336,454 | 4,022,546 | 4,022,546 | 0 | 67,028 | 0 | 67,028 |
| 60 | 44,457,535 | 3,596,928 | 3,596,928 | 0 | 55,885 | 0 | 55,885 |
| 61 | 43,955,671 | 3,200,069 | 3,200,069 | 0 | 46,358 | 0 | 46,358 |
| 62 | 43,828,415 | 2,832,422 | 2,832,422 | 0 | 38,258 | 0 | 38,258 |
| 63 | 44,072,674 | 2,494,072 | 2,494,072 | 0 | 31,411 | 0 | 31,411 |
| 64 | 44,685,043 | 2,184,656 | 2,184,656 | 0 | 25,654 | 0 | 25,654 |
| 65 | 45,662,244 | 1,903,378 | 1,903,378 | 0 | 20,840 | 0 | 20,840 |
| 66 | 47,001,588 | 1,648,833 | 1,648,833 | 0 | 16,833 | 0 | 16,833 |
| 67 | 48,701,646 | 1,419,280 | 1,419,280 | 0 | 13,510 | 0 | 13,510 |
| 68 | 50,762,687 | 1,213,273 | 1,213,273 | 0 | 10,768 | 0 | 10,768 |
| 69 | 53,186,497 | 1,029,628 | 1,029,628 | 0 | 8,521 | 0 | 8,521 |
| 70 | 55,976,219 | 867,183 | 867,183 | 0 | 6,691 | 0 | 6,691 |
| 71 | 59,136,426 | 724,614 | 724,614 | 0 | 5,213 | 0 | 5,213 |
| 72 | 62,673,395 | 600,396 | 600,396 | 0 | 4,027 | 0 | 4,027 |
| 73 | 66,595,437 | 492,956 | 492,956 | 0 | 3,083 | 0 | 3,083 |
| 74 | 70,913,093 | 400,802 | 400,802 | 0 | 2,337 | 0 | 2,337 |
| 75 | 75,639,215 | 322,474 | 322,474 | 0 | 1,753 | 0 | 1,753 |
| 76 | 80,789,099 | 256,495 | 256,495 | 0 | 1,300 | 0 | 1,300 |
| 77 | 86,380,678 | 201,469 | 201,469 | 0 | 952 | 0 | 952 |
| 78 | 92,434,633 | 156,110 | 156,110 | 0 | 688 | 0 | 688 |
| 79 | 98,974,474 | 119,194 | 119,194 | 0 | 490 | 0 | 490 |
| 80 | 106,026,684 | 89,540 | 89,540 | 0 | 343 | 0 | 343 |
| 81 | 113,620,890 | 66,072 | 66,072 | 0 | 236 | 0 | 236 |
| 82 | 121,789,979 | 47,825 | 47,825 | 0 | 159 | 0 | 159 |
| 83 | 130,570,224 | 33,897 | 33,897 | 0 | 105 | 0 | 105 |
| 84 | 140,001,461 | 23,470 | 23,470 | 0 | 68 | 0 | 68 |
| 85 | 150,127,261 | 15,841 | 15,841 | 0 | 43 | 0 | 43 |
| 86 | 160,995,082 | 10,401 | 10,401 | 0 | 26 | 0 | 26 |
| 87 | 172,656,454 | 6,633 | 6,633 | 0 | 16 | 0 | 16 |
| 88 | 185,167,178 | 4,104 | 4,104 | 0 | 9 | 0 | 9 |
| 89 | 198,587,548 | 2,461 | 2,461 | 0 | 5 | 0 | 5 |
| 90 | 212,982,597 | 1,427 | 1,427 | 0 | 3 | 0 | 3 |
| 91 | 228,422,357 | 804 | 804 | 0 | 1 | 0 | 1 |
| 92 | 244,982,145 | 444 | 444 | 0 | 1 | 0 | 1 |
| 93 | 262,742,891 | 239 | 239 | 0 | 0 | 0 | 0 |
| 94 | 281,791,503 | 125 | 125 | 0 | 0 | 0 | 0 |
| 95 | 302,221,258 | 63 | 63 | 0 | 0 | 0 | 0 |
| 96 | 324,132,234 | 30 | 30 | 0 | 0 | 0 | 0 |
| 97 | 347,631,790 | 12 | 12 | 0 | 0 | 0 | 0 |
| 98 | 372,835,082 | 4 | 4 | 0 | 0 | 0 | 0 |
| 99 | 399,865,621 | 2 | 2 | 0 | 0 | 0 | 0 |
| 100 | 428,855,876 | 1 | 1 | 0 | 0 | 0 | 0 |

# Fire Division
# Single Discount Rate Development
# Projection of Contributions

| Year | Payroll for Current Employees | Contributions from Current Employees | Normal Cost | Administrative Expense Contributions | UAL Contributions | Total Contributions |
|---|---|---|---|---|---|---|
| 1 | $11,561,571 | $462,463 | $1,255,053 | $46,246 | $645,619 | $2,409,381 |
| 2 | 11,492,252 | 459,690 | 1,247,720 | 45,969 | 783,550 | 2,536,929 |
| 3 | 11,409,679 | 456,387 | 1,238,983 | 45,639 | 833,165 | 2,574,174 |
| 4 | 11,253,877 | 450,155 | 1,222,418 | 45,016 | 860,243 | 2,577,832 |
| 5 | 11,069,346 | 442,774 | 1,202,197 | 44,277 | 888,201 | 2,577,449 |
| 6 | 10,934,183 | 437,367 | 1,187,274 | 43,737 | 917,067 | 2,585,445 |
| 7 | 10,775,323 | 431,013 | 1,170,159 | 43,101 | 946,872 | 2,591,145 |
| 8 | 10,554,412 | 422,176 | 1,146,007 | 42,218 | 977,645 | 2,588,046 |
| 9 | 10,282,536 | 411,301 | 1,115,870 | 41,130 | 1,009,419 | 2,577,720 |
| 10 | 10,008,560 | 400,342 | 1,085,159 | 40,034 | 1,042,225 | 2,567,760 |
| 11 | 9,698,706 | 387,948 | 1,050,828 | 38,795 | 1,076,097 | 2,553,668 |
| 12 | 9,331,550 | 373,262 | 1,009,972 | 37,326 | 1,111,070 | 2,531,630 |
| 13 | 8,961,478 | 358,459 | 968,397 | 35,846 | 1,147,180 | 2,509,882 |
| 14 | 8,577,623 | 343,105 | 925,417 | 34,310 | 806,808 | 2,109,640 |
| 15 | 8,196,564 | 327,863 | 882,262 | 32,786 | 1,010,270 | 2,253,181 |
| 16 | 7,820,899 | 312,836 | 839,813 | 31,284 | 603,902 | 1,787,835 |
| 17 | 7,427,422 | 297,097 | 795,759 | 29,710 | 680,213 | 1,802,779 |
| 18 | 7,030,081 | 281,203 | 750,963 | 28,120 | 702,320 | 1,762,606 |
| 19 | 6,647,607 | 265,904 | 707,788 | 26,590 | 725,146 | 1,725,428 |
| 20 | 6,259,449 | 250,378 | 664,235 | 25,038 | 748,713 | 1,688,364 |
| 21 | 5,864,522 | 234,581 | 620,828 | 23,458 | 773,046 | 1,651,913 |
| 22 | 5,472,107 | 218,884 | 578,168 | 21,888 | 798,170 | 1,617,110 |
| 23 | 5,046,810 | 201,872 | 531,968 | 20,187 | 824,111 | 1,578,138 |
| 24 | 4,573,920 | 182,957 | 480,975 | 18,296 | 23,636 | 705,864 |
| 25 | 4,120,852 | 164,834 | 432,144 | 16,483 | 24,404 | 637,865 |
| 26 | 3,724,567 | 148,983 | 390,147 | 14,898 | 25,197 | 579,225 |
| 27 | 3,295,505 | 131,820 | 344,659 | 13,182 | 26,016 | 515,677 |
| 28 | 2,893,434 | 115,737 | 302,014 | 11,574 | 26,862 | 456,187 |
| 29 | 2,531,811 | 101,272 | 263,712 | 10,127 | 27,735 | 402,846 |
| 30 | 2,159,250 | 86,370 | 224,184 | 8,637 | 28,636 | 347,827 |
| 31 | 1,791,099 | 71,644 | 185,534 | 7,164 | 0 | 264,342 |
| 32 | 1,445,370 | 57,815 | 149,344 | 5,781 | 0 | 212,940 |
| 33 | 1,075,887 | 43,035 | 110,442 | 4,304 | 0 | 157,781 |
| 34 | 713,136 | 28,525 | 72,379 | 2,853 | 0 | 103,757 |
| 35 | 485,706 | 19,428 | 48,921 | 1,943 | 0 | 70,292 |
| 36 | 349,773 | 13,991 | 35,150 | 1,399 | 0 | 50,540 |
| 37 | 201,132 | 8,045 | 20,157 | 805 | 0 | 29,007 |
| 38 | 103,462 | 4,138 | 10,388 | 414 | 0 | 14,940 |
| 39 | 44,180 | 1,767 | 4,446 | 177 | 0 | 6,390 |
| 40 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 | 0 | 0 | 0 | 0 | 0 | 0 |
| 42 | 0 | 0 | 0 | 0 | 0 | 0 |
| 43 | 0 | 0 | 0 | 0 | 0 | 0 |
| 44 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 | 0 | 0 | 0 | 0 | 0 | 0 |
| 47 | 0 | 0 | 0 | 0 | 0 | 0 |
| 48 | 0 | 0 | 0 | 0 | 0 | 0 |
| 49 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 | 0 | 0 | 0 | 0 | 0 | 0 |

# Fire Division
# Single Discount Rate Development
# Projection of Plan Fiduciary Net Position

| Year | Projected Beginning Plan Net Position | Projected Total Contributions | Projected Benefit Payments | Projected Administrative Expenses | Projected Investment Earnings | Projected Ending Plan Net Position |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d) | (e) | (f)=(a)+(b)-(c)-(d)+(e) |
| 1 | $79,440,768 | $2,409,381 | $4,224,379 | $46,246 | $5,693,166 | $83,272,690 |
| 2 | 83,272,690 | 2,536,929 | 4,413,504 | 45,969 | 5,968,797 | 87,318,943 |
| 3 | 87,318,943 | 2,574,174 | 4,640,960 | 45,639 | 6,255,388 | 91,461,906 |
| 4 | 91,461,906 | 2,577,832 | 4,936,299 | 45,016 | 6,545,386 | 95,603,809 |
| 5 | 95,603,809 | 2,577,449 | 5,249,495 | 44,277 | 6,834,532 | 99,722,018 |
| 6 | 99,722,018 | 2,585,445 | 5,516,208 | 43,737 | 7,123,907 | 103,871,425 |
| 7 | 103,871,425 | 2,591,145 | 5,787,917 | 43,101 | 7,415,288 | 108,046,840 |
| 8 | 108,046,840 | 2,588,046 | 6,090,756 | 42,218 | 7,707,141 | 112,209,053 |
| 9 | 112,209,053 | 2,577,720 | 6,424,874 | 41,130 | 7,996,672 | 116,317,441 |
| 10 | 116,317,441 | 2,567,760 | 6,773,446 | 40,034 | 8,281,800 | 120,353,521 |
| 11 | 120,353,521 | 2,553,668 | 7,127,912 | 38,795 | 8,561,333 | 124,301,815 |
| 12 | 124,301,815 | 2,531,630 | 7,510,480 | 37,326 | 8,833,227 | 128,118,866 |
| 13 | 128,118,866 | 2,509,882 | 7,895,422 | 35,846 | 9,095,531 | 131,793,011 |
| 14 | 131,793,011 | 2,109,640 | 8,279,545 | 34,310 | 9,334,025 | 134,922,821 |
| 15 | 134,922,821 | 2,253,181 | 8,639,339 | 32,786 | 9,553,289 | 138,057,166 |
| 16 | 138,057,166 | 1,787,835 | 8,986,898 | 31,284 | 9,751,630 | 140,578,449 |
| 17 | 140,578,449 | 1,802,779 | 9,353,741 | 29,710 | 9,921,946 | 142,919,723 |
| 18 | 142,919,723 | 1,762,606 | 9,692,370 | 28,120 | 10,078,254 | 145,040,093 |
| 19 | 145,040,093 | 1,725,428 | 10,002,777 | 26,590 | 10,219,656 | 146,955,810 |
| 20 | 146,955,810 | 1,688,364 | 10,316,401 | 25,038 | 10,346,110 | 148,648,845 |
| 21 | 148,648,845 | 1,651,913 | 10,623,164 | 23,458 | 10,456,688 | 150,110,824 |
| 22 | 150,110,824 | 1,617,110 | 10,919,148 | 21,888 | 10,550,956 | 151,337,854 |
| 23 | 151,337,854 | 1,578,138 | 11,229,720 | 20,187 | 10,627,527 | 152,293,612 |
| 24 | 152,293,612 | 705,864 | 11,558,075 | 18,296 | 10,654,126 | 152,077,231 |
| 25 | 152,077,231 | 637,865 | 11,832,226 | 16,483 | 10,626,317 | 151,492,704 |
| 26 | 151,492,704 | 579,225 | 12,043,884 | 14,898 | 10,574,368 | 150,587,515 |
| 27 | 150,587,515 | 515,677 | 12,266,255 | 13,182 | 10,498,620 | 149,322,375 |
| 28 | 149,322,375 | 456,187 | 12,443,760 | 11,574 | 10,398,513 | 147,721,741 |
| 29 | 147,721,741 | 402,846 | 12,574,870 | 10,127 | 10,275,950 | 145,815,540 |
| 30 | 145,815,540 | 347,827 | 12,694,728 | 8,637 | 10,131,575 | 143,591,577 |
| 31 | 143,591,577 | 264,342 | 12,791,422 | 7,164 | 9,963,973 | 141,021,306 |
| 32 | 141,021,306 | 212,940 | 12,860,123 | 5,781 | 9,773,400 | 138,141,742 |
| 33 | 138,141,742 | 157,781 | 12,932,378 | 4,304 | 9,560,146 | 134,922,987 |
| 34 | 134,922,987 | 103,757 | 12,983,687 | 2,853 | 9,323,086 | 131,363,290 |
| 35 | 131,363,290 | 70,292 | 12,917,860 | 1,943 | 9,066,193 | 127,579,972 |
| 36 | 127,579,972 | 50,540 | 12,769,459 | 1,399 | 8,796,504 | 123,656,158 |
| 37 | 123,656,158 | 29,007 | 12,616,117 | 805 | 8,516,743 | 119,584,986 |
| 38 | 119,584,986 | 14,940 | 12,409,117 | 414 | 8,228,469 | 115,418,864 |
| 39 | 115,418,864 | 6,390 | 12,163,322 | 177 | 7,934,883 | 111,196,638 |
| 40 | 111,196,638 | 0 | 11,889,982 | 0 | 7,638,286 | 106,944,942 |
| 41 | 106,944,942 | 0 | 11,570,373 | 0 | 7,341,421 | 102,715,990 |
| 42 | 102,715,990 | 0 | 11,238,856 | 0 | 7,046,629 | 98,523,763 |
| 43 | 98,523,763 | 0 | 10,895,675 | 0 | 6,754,915 | 94,383,003 |
| 44 | 94,383,003 | 0 | 10,542,095 | 0 | 6,467,303 | 90,308,211 |
| 45 | 90,308,211 | 0 | 10,177,757 | 0 | 6,184,857 | 86,315,311 |
| 46 | 86,315,311 | 0 | 9,803,263 | 0 | 5,908,709 | 82,420,757 |
| 47 | 82,420,757 | 0 | 9,419,499 | 0 | 5,640,022 | 78,641,280 |
| 48 | 78,641,280 | 0 | 9,027,553 | 0 | 5,379,970 | 74,993,697 |
| 49 | 74,993,697 | 0 | 8,628,647 | 0 | 5,129,727 | 71,494,777 |
| 50 | 71,494,777 | 0 | 8,224,224 | 0 | 4,890,459 | 68,161,012 |

# Fire Division
# Single Discount Rate Development
# Present Values of Projected Benefits

| Year | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f)=(d)*v^((a)-.5) | (g)=(e)*vf^((a)-.5) | (h)=((c)/(1+sdr)^((a)-.5) |
| 1 | $79,440,768 | $4,224,379 | $4,224,379 | $0 | $4,079,099 | $0 | $4,079,099 |
| 2 | 83,272,690 | 4,413,504 | 4,413,504 | 0 | 3,973,631 | 0 | 3,973,631 |
| 3 | 87,318,943 | 4,640,960 | 4,640,960 | 0 | 3,895,961 | 0 | 3,895,961 |
| 4 | 91,461,906 | 4,936,299 | 4,936,299 | 0 | 3,863,767 | 0 | 3,863,767 |
| 5 | 95,603,809 | 5,249,495 | 5,249,495 | 0 | 3,831,155 | 0 | 3,831,155 |
| 6 | 99,722,018 | 5,516,208 | 5,516,208 | 0 | 3,753,665 | 0 | 3,753,665 |
| 7 | 103,871,425 | 5,787,917 | 5,787,917 | 0 | 3,672,314 | 0 | 3,672,314 |
| 8 | 108,046,840 | 6,090,756 | 6,090,756 | 0 | 3,603,226 | 0 | 3,603,226 |
| 9 | 112,209,053 | 6,424,874 | 6,424,874 | 0 | 3,543,950 | 0 | 3,543,950 |
| 10 | 116,317,441 | 6,773,446 | 6,773,446 | 0 | 3,483,656 | 0 | 3,483,656 |
| 11 | 120,353,521 | 7,127,912 | 7,127,912 | 0 | 3,418,146 | 0 | 3,418,146 |
| 12 | 124,301,815 | 7,510,480 | 7,510,480 | 0 | 3,358,140 | 0 | 3,358,140 |
| 13 | 128,118,866 | 7,895,422 | 7,895,422 | 0 | 3,291,615 | 0 | 3,291,615 |
| 14 | 131,793,011 | 8,279,545 | 8,279,545 | 0 | 3,218,421 | 0 | 3,218,421 |
| 15 | 134,922,821 | 8,639,339 | 8,639,339 | 0 | 3,131,264 | 0 | 3,131,264 |
| 16 | 138,057,166 | 8,986,898 | 8,986,898 | 0 | 3,037,048 | 0 | 3,037,048 |
| 17 | 140,578,449 | 9,353,741 | 9,353,741 | 0 | 2,947,338 | 0 | 2,947,338 |
| 18 | 142,919,723 | 9,692,370 | 9,692,370 | 0 | 2,847,588 | 0 | 2,847,588 |
| 19 | 145,040,093 | 10,002,777 | 10,002,777 | 0 | 2,740,126 | 0 | 2,740,126 |
| 20 | 146,955,810 | 10,316,401 | 10,316,401 | 0 | 2,635,001 | 0 | 2,635,001 |
| 21 | 148,648,845 | 10,623,164 | 10,623,164 | 0 | 2,529,934 | 0 | 2,529,934 |
| 22 | 150,110,824 | 10,919,148 | 10,919,148 | 0 | 2,424,637 | 0 | 2,424,637 |
| 23 | 151,337,854 | 11,229,720 | 11,229,720 | 0 | 2,325,036 | 0 | 2,325,036 |
| 24 | 152,293,612 | 11,558,075 | 11,558,075 | 0 | 2,231,254 | 0 | 2,231,254 |
| 25 | 152,077,231 | 11,832,226 | 11,832,226 | 0 | 2,129,769 | 0 | 2,129,769 |
| 26 | 151,492,704 | 12,043,884 | 12,043,884 | 0 | 2,021,321 | 0 | 2,021,321 |
| 27 | 150,587,515 | 12,266,255 | 12,266,255 | 0 | 1,919,480 | 0 | 1,919,480 |
| 28 | 149,322,375 | 12,443,760 | 12,443,760 | 0 | 1,815,624 | 0 | 1,815,624 |
| 29 | 147,721,741 | 12,574,870 | 12,574,870 | 0 | 1,710,726 | 0 | 1,710,726 |
| 30 | 145,815,540 | 12,694,728 | 12,694,728 | 0 | 1,610,286 | 0 | 1,610,286 |
| 31 | 143,591,577 | 12,791,422 | 12,791,422 | 0 | 1,512,868 | 0 | 1,512,868 |
| 32 | 141,021,306 | 12,860,123 | 12,860,123 | 0 | 1,418,176 | 0 | 1,418,176 |
| 33 | 138,141,742 | 12,932,378 | 12,932,378 | 0 | 1,329,738 | 0 | 1,329,738 |
| 34 | 134,922,987 | 12,983,687 | 12,983,687 | 0 | 1,244,768 | 0 | 1,244,768 |
| 35 | 131,363,290 | 12,917,860 | 12,917,860 | 0 | 1,154,739 | 0 | 1,154,739 |
| 36 | 127,579,972 | 12,769,459 | 12,769,459 | 0 | 1,064,310 | 0 | 1,064,310 |
| 37 | 123,656,158 | 12,616,117 | 12,616,117 | 0 | 980,447 | 0 | 980,447 |
| 38 | 119,584,986 | 12,409,117 | 12,409,117 | 0 | 899,171 | 0 | 899,171 |
| 39 | 115,418,864 | 12,163,322 | 12,163,322 | 0 | 821,781 | 0 | 821,781 |
| 40 | 111,196,638 | 11,889,982 | 11,889,982 | 0 | 749,010 | 0 | 749,010 |
| 41 | 106,944,942 | 11,570,373 | 11,570,373 | 0 | 679,605 | 0 | 679,605 |
| 42 | 102,715,990 | 11,238,856 | 11,238,856 | 0 | 615,509 | 0 | 615,509 |
| 43 | 98,523,763 | 10,895,675 | 10,895,675 | 0 | 556,377 | 0 | 556,377 |
| 44 | 94,383,003 | 10,542,095 | 10,542,095 | 0 | 501,931 | 0 | 501,931 |
| 45 | 90,308,211 | 10,177,757 | 10,177,757 | 0 | 451,827 | 0 | 451,827 |
| 46 | 86,315,311 | 9,803,263 | 9,803,263 | 0 | 405,783 | 0 | 405,783 |
| 47 | 82,420,757 | 9,419,499 | 9,419,499 | 0 | 363,541 | 0 | 363,541 |
| 48 | 78,641,280 | 9,027,553 | 9,027,553 | 0 | 324,862 | 0 | 324,862 |
| 49 | 74,993,697 | 8,628,647 | 8,628,647 | 0 | 289,517 | 0 | 289,517 |
| 50 | 71,494,777 | 8,224,224 | 8,224,224 | 0 | 257,293 | 0 | 257,293 |

# Fire Division
# Single Discount Rate Development
# Present Values of Projected Benefits (Concluded)

| Year | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f)=(d)*v^((a)-.5) | (g)=(e)*vf^((a)-.5) | (h)=((c)/(1+sdr)^((a)-.5) |
| 51 | $68,161,012 | $7,815,759 | $7,815,759 | $0 | $227,986 | $0 | $227,986 |
| 52 | 65,008,562 | 7,404,542 | 7,404,542 | 0 | 201,390 | 0 | 201,390 |
| 53 | 62,053,422 | 6,991,715 | 6,991,715 | 0 | 177,307 | 0 | 177,307 |
| 54 | 59,311,565 | 6,578,284 | 6,578,284 | 0 | 155,545 | 0 | 155,545 |
| 55 | 56,799,079 | 6,165,074 | 6,165,074 | 0 | 135,921 | 0 | 135,921 |
| 56 | 54,532,364 | 5,752,936 | 5,752,936 | 0 | 118,260 | 0 | 118,260 |
| 57 | 52,528,129 | 5,343,017 | 5,343,017 | 0 | 102,409 | 0 | 102,409 |
| 58 | 50,803,106 | 4,936,562 | 4,936,562 | 0 | 88,223 | 0 | 88,223 |
| 59 | 49,373,950 | 4,535,027 | 4,535,027 | 0 | 75,568 | 0 | 75,568 |
| 60 | 48,257,016 | 4,140,447 | 4,140,447 | 0 | 64,329 | 0 | 64,329 |
| 61 | 47,467,737 | 3,755,235 | 3,755,235 | 0 | 54,400 | 0 | 54,400 |
| 62 | 47,020,167 | 3,381,873 | 3,381,873 | 0 | 45,680 | 0 | 45,680 |
| 63 | 46,926,808 | 3,022,734 | 3,022,734 | 0 | 38,069 | 0 | 38,069 |
| 64 | 47,198,611 | 2,679,687 | 2,679,687 | 0 | 31,467 | 0 | 31,467 |
| 65 | 47,845,384 | 2,354,032 | 2,354,032 | 0 | 25,774 | 0 | 25,774 |
| 66 | 48,876,302 | 2,047,182 | 2,047,182 | 0 | 20,899 | 0 | 20,899 |
| 67 | 50,299,740 | 1,760,884 | 1,760,884 | 0 | 16,761 | 0 | 16,761 |
| 68 | 52,122,872 | 1,496,683 | 1,496,683 | 0 | 13,283 | 0 | 13,283 |
| 69 | 54,351,792 | 1,255,781 | 1,255,781 | 0 | 10,392 | 0 | 10,392 |
| 70 | 56,991,790 | 1,038,961 | 1,038,961 | 0 | 8,017 | 0 | 8,017 |
| 71 | 60,047,730 | 846,500 | 846,500 | 0 | 6,090 | 0 | 6,090 |
| 72 | 63,524,542 | 678,436 | 678,436 | 0 | 4,551 | 0 | 4,551 |
| 73 | 67,427,472 | 534,374 | 534,374 | 0 | 3,342 | 0 | 3,342 |
| 74 | 71,762,558 | 413,233 | 413,233 | 0 | 2,410 | 0 | 2,410 |
| 75 | 76,537,393 | 313,379 | 313,379 | 0 | 1,704 | 0 | 1,704 |
| 76 | 81,761,814 | 232,815 | 232,815 | 0 | 1,180 | 0 | 1,180 |
| 77 | 87,448,439 | 169,287 | 169,287 | 0 | 800 | 0 | 800 |
| 78 | 93,613,135 | 120,358 | 120,358 | 0 | 530 | 0 | 530 |
| 79 | 100,275,443 | 83,585 | 83,585 | 0 | 344 | 0 | 344 |
| 80 | 107,458,851 | 56,654 | 56,654 | 0 | 217 | 0 | 217 |
| 81 | 115,190,946 | 37,450 | 37,450 | 0 | 134 | 0 | 134 |
| 82 | 123,503,506 | 24,120 | 24,120 | 0 | 80 | 0 | 80 |
| 83 | 132,432,531 | 15,127 | 15,127 | 0 | 47 | 0 | 47 |
| 84 | 142,018,224 | 9,235 | 9,235 | 0 | 27 | 0 | 27 |
| 85 | 152,304,981 | 5,490 | 5,490 | 0 | 15 | 0 | 15 |
| 86 | 163,341,407 | 3,184 | 3,184 | 0 | 8 | 0 | 8 |
| 87 | 175,180,362 | 1,804 | 1,804 | 0 | 4 | 0 | 4 |
| 88 | 187,879,070 | 996 | 996 | 0 | 2 | 0 | 2 |
| 89 | 201,499,271 | 530 | 530 | 0 | 1 | 0 | 1 |
| 90 | 216,107,419 | 275 | 275 | 0 | 1 | 0 | 1 |
| 91 | 231,774,922 | 141 | 141 | 0 | 0 | 0 | 0 |
| 92 | 248,578,458 | 66 | 66 | 0 | 0 | 0 | 0 |
| 93 | 266,600,328 | 29 | 29 | 0 | 0 | 0 | 0 |
| 94 | 285,928,822 | 12 | 12 | 0 | 0 | 0 | 0 |
| 95 | 306,658,649 | 3 | 3 | 0 | 0 | 0 | 0 |
| 96 | 328,891,398 | 1 | 1 | 0 | 0 | 0 | 0 |
| 97 | 352,736,023 | 0 | 0 | 0 | 0 | 0 | 0 |
| 98 | 378,309,385 | 0 | 0 | 0 | 0 | 0 | 0 |
| 99 | 405,736,815 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | 435,152,734 | 0 | 0 | 0 | 0 | 0 | 0 |

# SECTION D

## GLOSSARY OF TERMS

# GLOSSARY OF TERMS

***Actuarial Accrued Liability (AAL)*** — The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability".

***Actuarial Assumptions*** — These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.

***Accrued Service*** — Service credited under the system which was rendered before the date of the actuarial valuation.

***Actuarial Equivalent*** — A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

***Actuarial Cost Method*** — A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.

***Actuarial Gain (Loss)*** — The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.

***Actuarial Present Value (APV)*** — The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.

***Actuarial Valuation*** — The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions.

***Actuarial Valuation Date*** — The date as of which an actuarial valuation is performed.

***Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)*** — A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

# GLOSSARY OF TERMS

***Amortization Payment***

The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.

***Amortization Method***

The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be "open" (meaning, reset each year) or "closed" (the number of years remaining will decline each year).

***Cost-of-Living Adjustments***

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

***Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)***

A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

***Covered-Employee Payroll***

The payroll of covered employees, which is typically only the pensionable pay and does not include pay above any pay cap.

***Deferred Inflows and Outflows***

The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

***Discount Rate***

For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically:

1. The benefit payments to be made while the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period and;
2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

***Entry Age Actuarial Cost Method (EAN)***

The EAN is a funding method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

# GLOSSARY OF TERMS

| | |
|---|---|
| ***GASB*** | The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities. |
| ***Fiduciary Net Position*** | The fiduciary net position is the value of the assets of the trust. |
| ***Long-Term Expected Rate of Return*** | The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio. |
| ***Money-Weighted Rate of Return*** | The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. |
| ***Multiple-Employer Defined Benefit Pension Plan*** | A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer. |
| ***Municipal Bond Rate*** | The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted. |
| ***Net Pension Liability (NPL)*** | The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan. |
| ***Non-employer Contribution Entities*** | Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB Accounting statement plan members are not considered non-employer contribution entities. |
| ***Normal Cost*** | The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method. |
| ***Other Postemployment Benefits (OPEB)*** | All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other post-employment benefits do not include termination benefits. |
| ***Real Rate of Return*** | The real rate of return is the rate of return on an investment after adjustment to eliminate inflation. |
| ***Service Cost*** | The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. |

# GLOSSARY OF TERMS

***Total Pension Expense***

The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:

1. Service Cost
2. Interest on the Total Pension Liability
3. Current-Period Benefit Changes
4. Employee Contributions (made negative for addition here)
5. Projected Earnings on Plan Investments (made negative for addition here)
6. Pension Plan Administrative Expense
7. Other Changes in Plan Fiduciary Net Position
8. Recognition of Outflow (Inflow) of Resources due to Liabilities
9. Recognition of Outflow (Inflow) of Resources due to Assets

***Total Pension Liability (TPL)***

The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

***Unfunded Actuarial Accrued Liability (UAAL)***

The UAAL is the difference between actuarial accrued liability and valuation assets.

***Valuation Assets***

The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of the GASB Statement No. 67, the valuation asset is equal to the market value of assets.

# APPENDIX F

# ACTUARIAL REPORT OF LEWIS & ELLIS, INC.

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# CITY OF INDEPENDENCE

## POSTRETIREMENT HEALTH INSURANCE

## GASB 45 INFORMATION

## FOR

## FISCAL YEAR ENDING
## JUNE 30, 2016

**BASED ON A**
**VALUATION DATE OF JANUARY 1, 2016**

***JULY 2016***

**LEWIS & ELLIS, INC.**
**OVERLAND PARK, KS**

**Dallas**
Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Bonnie S. Albritton, F.S.A.
Brian D. Rankin, F.S.A.
Wesley R. Campbell, F.S.A., F.C.A.S.
Jacqueline B. Lee, F.S.A.
Xiaoxiao (Lisa) Jiang, F.S.A.

**Baltimore**
David A. Palmer, C.F.E.

**Kansas City**
Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
Leon L. Langlitz, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher J. Merkel, F.S.A.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.
Kimberly S. Shores, F.S.A.
Michael A. Brown, F.S.A.
Naomi J. Kloeppersmith, F.S.A
Stephanie T. Crownhart, F.S.A
Mark W. Birdsall, F.S.A.
Jan E. DeClue, A.S.A.
Patricia A. Peebles, A.S.A.
Jeffrey D. Lee, A.S.A.
Andrea J. Huckaba, A.S.A., C.E.R.A.

**London/Kansas City**
Timothy A. DeMars, F.S.A., F.I.A.
Scott E. Morrow, F.S.A., F.I.A.
Roger K. Annin, F.S.A., F.I.A. (Of Counsel)

**Denver**
Mark P. Stukowski, F.S.A.
William J. Gorski, F.S.A.

**Indianapolis**
Kathryn R. Koch, A.C.A.S.

July 20, 2016

Nancy Cooper
Accounting Supervisor
City of Independence
111 East Maple
Independence, MO 64050

Dear Nancy:

This report presents actuarial information in accordance with Governmental Accounting Standards Board Statement No. 45 ("GASB 45" or "GASB") regarding the health insurance benefits available to retirees of the City of Independence ("City"). The purpose of this report is to:

- Present information that provides a basis for financial statement disclosure as of June 30, 2016, and
- Determine the Annual OPEB Cost for fiscal year 2015-16.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. Employee data, claim experience, and plan information were furnished by the City and its vendors. The data provided has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation is based on the substantive plan as of the time of the performance of this valuation. The substantive plan refers to the plan provisions that operate in practice. Each actuarial assumption used in this valuation represents reasonable expectations of future experience.

The undersigned is a member of the American Academy of Actuaries and meets its qualification standards to render the actuarial information contained herein.

Respectfully submitted,

LEWIS & ELLIS, INC.

Patrick Glenn

Patrick Glenn, ASA, ACAS, MAAA, CPA (inactive)

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# SUMMARY

The valuation procedures noted below and information presented in this report are based on provisions underlying GASB 45. GASB stipulates that retiree benefits should be based on age-adjusted costs. The excess of expected costs by age less retiree contribution premiums equals the projected employer cost (i.e. retiree benefit) that forms the basis for the valuation. The amount of annual expense accrual under GASB is equal to the Annual OPEB Cost. The offsetting liability, called the Net OPEB Obligation, is reduced by the amount of retiree benefits provided during the year.

## VALUATION PROCEDURES

The financial information for fiscal year 2015-16 is based upon an actuarial valuation performed as of January 1, 2016 using the participant census as of January 1, 2016. The prior valuation, covering fiscal year 2014-15, was performed as of January 1, 2015, using the participant census as of January 1, 2015.

## SUBSTANTIVE PLAN

The City of Independence sponsors postretirement medical and prescription drug coverage. The benefit plan options offered by the City collectively operate as a single-employer defined benefit healthcare plan. Two plan options, Open Access Plan 1 and 2, are available through the City's group insurance program. Coverage is available for each of the lifetimes of retirees and their spouses upon payment of required contribution premiums. The City's program is self-insured with stop-loss coverage for large claims.

## FUNDING OF BENEFITS

Costs under the self-funded program are paid from pooled investments. This arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities.

GASB 45 requires a valuation interest rate (or discount rate) be used to calculate the present value of expected future benefits. Whether or not plan assets may apply, the valuation interest rate should equal the estimated long-term investment yield pertaining to the source of assets used to provide for the payment of benefits. Based on an analysis of long-term experience of comparable asset classes anticipated to be held by the City, an expected long-term return of 3.5% is assumed for valuation. This assumption is unchanged from the prior valuation.

### RESULTS

The Annual OPEB Cost is a charge of $19.4 million for fiscal year 2015-16. The Actuarial Accrued Liability (AAL) as of January 1, 2016 is $286.1 million. The financial results are detailed on pages 4 through 6.

Annual OPEB Cost consists of the Annual Required Contribution (ARC) and the Interest and ARC Adjustments. The ARC equals the Normal Cost plus amortization of the AAL. The Normal Cost is the amount of Actuarial Present Value (APV) of Benefits allocated to the current year as determined under the applicable actuarial cost method. The amount of AAL is the portion of the APV of benefits allocated to all prior years. The actuarial cost method is a procedure to allocate present value costs to different time periods. The entry age normal – level % of pay actuarial cost method has been utilized for allocation.

We have used a 30 year amortization of the AAL (based on level percent-of-pay) to produce the 2015-16 expense. Thirty years is the maximum allowable number of years for amortizing the AAL. While only a portion of the AAL is currently recognized through amortization, the full amount of AAL must be disclosed. The APV of Benefits is shown for informational / instructional purposes only; it is not required to be disclosed or recognized.

Changes and items of impact relative to the prior valuation are described below:

- The assumed proportion of future retirees with a covered spouse was increased from 55% to 65%. This is based on an analysis of spousal elections of actives near retirement eligibility and those of current retirees.
- The assumed mortality was updated to reflect the Society of Actuaries Adjusted RPH-2014 Total Dataset Mortality table with MP-2015 full generational improvement. Disabled life mortality was updated in a similar fashion. The MP-2015 table reflects less mortality improvement than the prior MP-2014 table, resulting in lower life expectancy.
- The per capita costs, retiree contribution premiums and trend rates were updated as part of the on-going actuarial analysis. The per capita costs and retiree premiums generally decreased slightly from the prior valuation.

**RESULTS** ***(continued)***

The actual GASB 45 costs may differ from expected due to experience gains / losses and changes in plan provisions, assumptions and/or actuarial methods. Example sources of experience gains may include lower retirements than assumed and lower medical inflation than assumed. Example sources of experience losses may include lower turnover than assumed and less increase in retiree contribution premiums than assumed.

The projected AAL as of January 1, 2016 based on the January 1, 2015 valuation parameters is $298.2 million. Valuation parameters include census data, claim experience, assumptions and actuarial methods. The actual AAL as of January 1, 2016 under current valuation parameters is $286.1 million. Lower than expected per capita costs along with the mortality assumption change to the MP-2015 table more than offset the increase in assumed spouses to produce a lower AAL than expected.

The Net OPEB Obligation at any point in time equals the accumulated Annual OPEB Cost minus accumulated Employer Contributions since implementation of GASB 45. The expected Employer Contributions for 2016-17, based on the January 1, 2016 valuation, are shown below.

| | **Fiscal Year 2016-17** |
|---|---|
| Expected Retiree Costs | $9,362,000 |
| Expected Retiree Contributions | 1,672,000 |
| Projected Employer Contributions | $7,690,000 |

GASB 43 and 45 are being replaced by GASB 74 (OPEB Plans) and 75 (Employers). These new standards become effective for fiscal years beginning after June 15, 2016 and June 15, 2017, respectively. Thus, GASB 45 will continue to apply for fiscal year 2016-17 unless the City decides to early adopt.

## ANNUAL OPEB COST FOR 2015-16

| | | |
|---|---|---|
| A. | Actuarial Present Value of Benefits | |
| | Current Retirees | 148,659,247 |
| | Future Retirees | 228,356,683 |
| | | 377,015,930 |
| B. | Actuarial Accrued Liability | |
| | Current Retirees | 148,659,247 |
| | Future Retirees | 137,460,907 |
| | | 286,120,154 |
| C. | OPEB Plan Assets | 0 |
| D. | Unfunded Actuarial Accrued Liability (B - C) | 286,120,154 |
| E. | Amortization Factor (Based on 30 Year Open, Level %-of-Pay) | 24.47092 |
| F. | Amortization of Unfunded | 11,895,106 |
| G. | Normal Cost | 8,013,999 |
| H. | Annual Required Contribution (ARC) (F + G) | 19,909,105 |
| I. | Net OPEB Obligation at Beginning of Year | 86,136,814 |
| J. | Interest on Net OPEB Obligation to end of year (I x .035) | 3,014,788 |
| K. | Adjustment to the ARC (I / E) | 3,519,966 |
| **L.** | **Annual OPEB Cost (H + J - K)** | **19,403,927** |
| M. | Valuation Interest Rate | 3.5% |
| N. | Aggregate Payroll Growth | 2.0% |
| O. | Measurement Date | Jan 1, 2016 |

# DISCLOSURE INFORMATION

**1. Annual OPEB Cost for 2015-16**

| | |
|---|---|
| A. Normal Cost | 8,013,999 |
| B. Amortization of Unfunded Actuarial Accrued Liability | 11,895,106 |
| C. Annual Required Contribution (ARC) | 19,909,105 |
| D. Interest on Net OPEB Obligation | 3,014,788 |
| E. Adjustment to the ARC | 3,519,966 |
| F. Annual OPEB Cost (C + D – E) | 19,403,927 |

**2. Employer Contributions for 2015-16***

| | |
|---|---|
| A. Expected Retiree Claims & Fixed Costs | 8,188,000 |
| B. Expected Retiree Contributions | 1,646,000 |
| C. Employer Contributions (A - B) | 6,542,000 |

*Based on actual and expected

**3. Schedule of Employer Contributions**

Fiscal Year Ending June 30

| Year Ending | Annual OPEB Cost | Employer Contributions | Percentage Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| 2013 | 19,284,602 | 6,613,000 | 34.29% | 61,726,951 |
| 2014 | 19,179,213 | 7,716,149 | 40.23% | 73,190,015 |
| 2015 | 19,276,799 | 6,330,000 | 32.84% | 86,136,814 |
| 2016 | 19,403,927 | 6,542,000 | 33.71% | 98,998,741 |

**4. Net OPEB Obligation at 6/30/2016**

| | |
|---|---|
| A. Balance at 6//30/2015 | 86,136,814 |
| B. Annual OPEB Cost for 2015-16 | 19,403,927 |
| C. Employer Contributions for 2015-16 | 6,542,000 |
| D. Other Adjustments | 0 |
| E. Balance at 6/30/2015 (A + B – C + D) | 98,998,741 |

## 5. Schedule of Funding Progress

| Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b-a) Unfunded AAL (UAAL) | (a / b) Funded Ratio | (c) Covered Payroll * | ((b-a) / c) UAAL as a Percent Of Covered Payroll |
|---|---|---|---|---|---|---|
| 7/1/2007 | 0 | 156,700,731 | 156,700,731 | 0% | 54,887,375 | 285.5% |
| 7/1/2009 | 0 | 198,767,219 | 198,767,219 | 0% | 61,350,244 | 324.0% |
| 7/1/2011 | 0 | 246,341,296 | 246,341,296 | 0% | 65,353,754 | 377.0% |
| 7/1/2013 | 0 | 263,513,494 | 263,513,494 | 0% | 59,861,860 | 440.2% |
| 7/1/2015 | 0 | 287,649,394 | 287,649,394 | 0% | 59,925,139 | 480.0% |
| 7/1/2016 | 0 | 286,120,154 | 286,120,154 | 0% | 61,742,912 | 463.4% |

* Annualized pay of active employees (not waiving coverage) as of the valuation date.

## 6. Valuation Parameters

| | |
|---|---|
| **Actuarial Valuation Date** | January 1, 2016 |
| **Actuarial Cost Method** | Entry Age Normal – Level % of Pay |
| **Amortization Method** | Level Percent of Pay, Open |
| **Remaining Amortization Period** | 30 years |
| **Asset Valuation Method** | Not Applicable |
| **Valuation Interest Rate (assumed investment return)** | 3.50% |
| **Projected Salary Scale** | 3.00% |
| **Projected Medical Inflation** | 6.50% grading down to 5.00% over 5 years |
| **Inflation Rate (not used directly)** | 2.75% (Reasonable in conjunction with other assumptions) |
| **Aggregate Payroll Growth (inflationary effects only)** | 2.00% |

# RESULTS BY ACCOUNTING FUND

| Accounting Fund | Number of Employees | Number of Retirees / Surviving Spouses |
|---|---|---|
| Central Garage | 8 | 7 |
| Community Dev Block Grant | 2 | 0 |
| General | 571 | 493 |
| Grants | 3 | 2 |
| Parks Improv. Sales Tax | 13 | 4 |
| Power and Light | 205 | 182 |
| Sanitary Sewer | 58 | 35 |
| Storm Water Sales Tax | 10 | 0 |
| Street Improv Sales Tax | 2 | 0 |
| Tourism | 6 | 0 |
| Water | 73 | 50 |
| Worker's Compensation | 1 | 0 |
| Total | **952** | **773** |

| Accounting Fund | Actuarial Accrued Liability | Normal Cost |
|---|---|---|
| Central Garage | 2,082,549 | 65,543 |
| Community Dev Block Grant | 338,989 | 9,267 |
| General | 183,108,692 | 5,215,135 |
| Grants | 387,701 | 23,260 |
| Parks Improv. Sales Tax | 2,418,634 | 107,953 |
| Power and Light | 62,298,674 | 1,507,062 |
| Sanitary Sewer | 13,465,441 | 445,300 |
| Storm Water Sales Tax | 1,463,949 | 77,533 |
| Street Improv Sales Tax | 0 | 16,444 |
| Tourism | 787,682 | 50,768 |
| Water | 19,548,817 | 492,563 |
| Worker's Compensation | 219,026 | 3,171 |
| Total | **286,120,154** | **8,013,999** |

## RESULTS BY ACCOUNTING FUND *(CONTINUED)*

| Accounting Fund | Net OPEB at 6/30/2015 | 2015-16 Expense | 2015-16 Contributions | Net OPEB at 6/30/2016 |
|---|---|---|---|---|
| Central Garage | 671,804 | 148,183 | 46,924 | 773,063 |
| Community Dev Block Grant | 135,390 | 22,566 | 25 | 157,931 |
| General | 55,451,866 | 12,502,444 | 4,131,560 | 63,822,750 |
| Grants | 592,955 | 35,900 | 15,946 | 612,909 |
| Parks Improv. Sales Tax | 989,097 | 202,704 | 41,784 | 1,150,017 |
| Power and Light | 16,035,537 | 4,003,010 | 1,589,719 | 18,448,828 |
| Sanitary Sewer | 4,977,551 | 975,918 | 333,113 | 5,620,356 |
| Storm Water Sales Tax | 613,358 | 134,798 | 1,221 | 746,935 |
| Street Improv Sales Tax | 0 | 16,444 | 0 | 16,444 |
| Tourism | 317,126 | 81,655 | 1,964 | 396,817 |
| Water | 6,297,767 | 1,268,347 | 379,710 | 7,186,404 |
| Worker's Compensation | 54,363 | 11,958 | 34 | 66,287 |
| **Total** | **86,136,814** | **19,403,927** | **6,542,000** | **98,998,741** |

## SUMMARY OF PARTICIPANT DATA

Data on Plan Participants was provided by the City of Independence. A summary of Participants is shown below for the current and prior valuation. (Active employees waiving coverage were not valued and are not included in the counts below.)

| PARTICIPANT SUMMARY | Census as of | |
|---|---|---|
| | January 1, 2015 | January 1, 2016 |
| ***Active Employees*** | | |
| General Employees | 532 | 545 |
| Police & Fire | 412 | 407 |
| Total Count | 944 | 952 |
| Average Age – General Employees | 48.7 years | 48.0 years |
| Average Service – General Employees | 14.8 years | 14.0 years |
| Average Age – Police & Fire | 42.1 years | 41.8 years |
| Average Service – Police & Fire | 13.3 years | 13.2 years |
| ***Current Benefit Recipients*** | | |
| Retirees / Disableds / Surviving Spouses | 747 | 773 |
| Spouses of Covered Retirees / Disableds | 403 | 419 |
| Total Count | 1,150 | 1,192 |
| Average Attained Age – Subscribers | 70.0 years | 70.1 years |

### MEDICAL COVERAGE TIER AS OF JANUARY 1, 2016

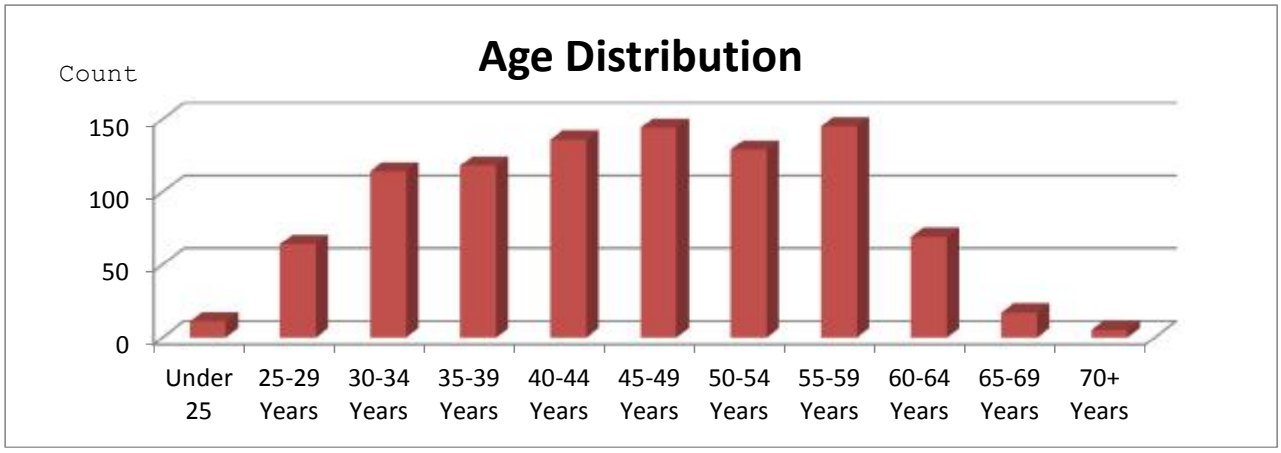
| Status | Single | Single + Spouse | Single + Children | Family | Total |
|---|---|---|---|---|---|
| Active | 271 | 172 | 168 | 341 | 952 |
| Retiree | 344 | 383 | 10 | 36 | 773 |
| Total | 615 | 555 | 178 | 377 | 1,725 |

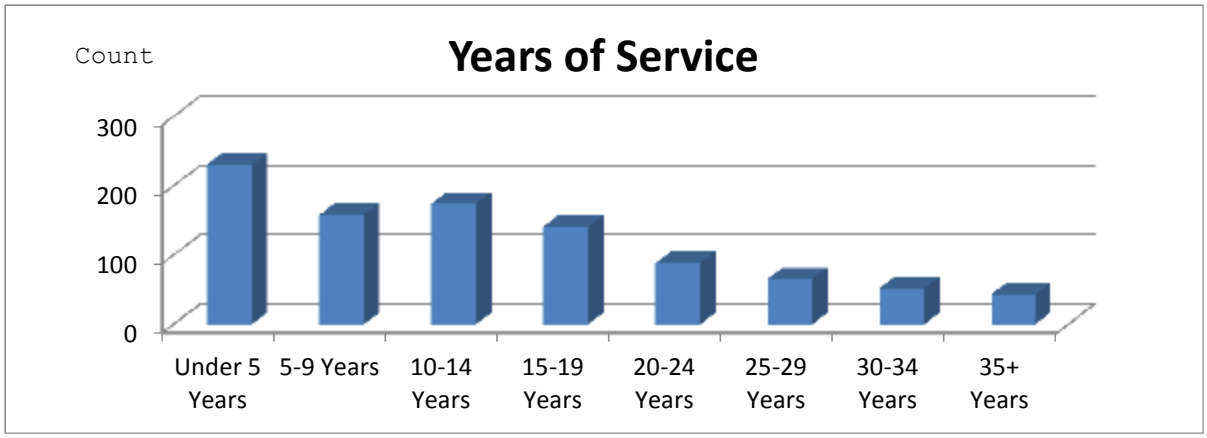
### MEDICAL PLAN AS OF JANUARY 1, 2016

| Status | OAP 1 | OAP 2 | Total |
|---|---|---|---|
| Active | 905 | 47 | 952 |
| Retiree | 765 | 8 | 773 |
| Total | 1,670 | 55 | 1,725 |

### Distribution of Active Participants

| Age | Years of Service as of January 1, 2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Under 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35+ | Total |
| **Under 25** | 11 | | | | | | | | 11 |
| **25-29** | 55 | 9 | | | | | | | 64 |
| **30-34** | 55 | 40 | 18 | 1 | | | | | 114 |
| **35-39** | 30 | 32 | 38 | 18 | | | | | 118 |
| **40-44** | 30 | 17 | 32 | 38 | 19 | | | | 136 |
| **45-49** | 22 | 18 | 29 | 36 | 29 | 10 | | | 144 |
| **50-54** | 12 | 16 | 19 | 18 | 18 | 28 | 15 | 3 | 129 |
| **55-59** | 9 | 14 | 19 | 18 | 14 | 19 | 28 | 24 | 145 |
| **60-64** | 5 | 5 | 16 | 10 | 8 | 7 | 7 | 11 | 69 |
| **65-69** | 1 | 4 | 3 | 2 | | 1 | 2 | 4 | 17 |
| **70+** | 1 | 3 | | | | | | 1 | 5 |
| **Totals** | **231** | **158** | **174** | **141** | **88** | **65** | **52** | **43** | **952** |



**Distribution of Retirees / Disableds / Surviving Spouses**

| Age | Subscribers |
|---|---|
| ≤55 | 12 |
| 56 | 10 |
| 57 | 12 |
| 58 | 12 |
| 59 | 30 |
| 60 | 23 |
| 61 | 35 |
| 62 | 35 |
| 63 | 31 |
| 64 | 34 |
| 65 | 32 |
| 66 | 34 |
| 67 | 27 |
| 68 | 35 |
| 69 | 39 |
| 70 | 27 |
| 71 | 32 |
| 72 | 28 |
| 73 | 27 |
| 74 | 36 |
| 75 | 23 |
| 76 | 24 |
| 77 | 18 |
| 78 | 19 |
| 79 | 7 |
| 80 | 22 |
| 81 | 13 |
| 82 | 14 |
| 83 | 14 |
| 84 | 13 |
| 85+ | 55 |
| **Totals** | **773** |
| | |
| **Average Age** | **70.1** |

# SUMMARY OF PLAN PROVISIONS

The City of Independence provides for continuing medical and prescription insurance coverage to its retirees and their dependents. Below is a summary of the provisions of the healthcare program utilized in completing this valuation study.

## OPEB ELIGIBILITY

Employees Hired Before January 2, 2009

| | Retirement | Disability Retirement |
|---|---|---|
| General Employees | 55 & 5 | 5 years of service |
| Public Safety | 50 & 5 | 5 years of service |

Employees Hired After January 1, 2009

| | Retirement | Disability Retirement |
|---|---|---|
| General Employees | 55 & 20 | 20 years of service * |
| Public Safety | 50 & 20 | 20 years of service * |

* Drops to 15 years of service if the employee goes on Duty Disability

Pension eligibility under the Missouri Local Government Employees Retirement System (LAGERS) is shown below for reference.

| Category | Pension Eligibility | |
|---|---|---|
| | Unreduced Retirement | Reduced Early Retirement |
| General Employees | 60 & 5 | 55 & 5 |
| | Rule of 80* | |
| Police & Fire Employees | 55 & 5 | 50 & 5 |
| | Rule of 80* | |

* The City has not elected Rule of 80.

## PLAN OF OPERATION

Retiree medical/prescription drug coverage (and vision benefits) are provided through the City's self-insured group insurance program. Two plan options, Open Access Plan 1 and Open Access Plan 2, are available.

The plan parameters are the same as those that apply to active employees. For retirees and spouses over age 65, the City coverage is secondary to Medicare and retirees must enroll in Medicare Parts A and B.

Retirees can change plan elections annually during open enrollment. Upon payment of required contributions, retirees and their spouses have benefits available for each of their own lifetimes. Plan benefits renew annually on January 1st.

## ANNUAL RETIREE CONTRIBUTION PREMIUMS

Participants must contribute a stipulated percentage of the plan premiums to maintain coverage. The monthly contribution levels shown below for January 1, 2016 serve as a starting point for the valuation and are assumed to increase at the same rate of health care costs in the future.

| Coverage | OAP 1 * | OAP 1 ** | OAP 2 |
|---|---|---|---|
| Pre-Medicare | | | |
| Single | 96.72 | 113.78 | 87.36 |
| Single + Spouse | 234.07 | 275.38 | 211.41 |
| Medicare without Part D | | | |
| Single | 91.42 | 107.56 | 82.57 |
| Single + Spouse (2 on Medicare) | 182.86 | 215.13 | 165.16 |
| Single + Spouse (1 on Medicare) | 186.12 | 218.97 | 168.10 |

* OAP 1 – Retired Prior to November 1, 2009
** OAP 1 – Retired on or after November 1, 2009

## PLAN DESIGN

A summary of the most current plan parameters (effective January 1, 2016) are shown below:

| Open Access 1 | PPO In-Network | | PPO Out of Network |
|---|---|---|---|
| **Deductible**<br>Individual / Family | $800 / $2,000 | | $1,600 / $4,000 |
| **Coinsurance – Plan Pays** | 80% | | 60% |
| **Out of Pocket**<br>Individual / Family | $3,000 / $7,500 | | $6,000 / $15,000 |
| **Office Visit Copays**<br>Primary Care<br>Specialist | $35<br>$45 | | Deductible + Coinsurance |
| **Wellness Benefit** | 100% Covered | | Deductible + Coinsurance |
| **Emergency Room** | $200 Copay + 80% Coinsurance | | |
| **Prescription Drugs**<br>Generic<br>Brand Formulary<br>Non-formulary | **Retail**<br>$15<br>$40<br>$75 | **Mail Order**<br>$30<br>$80<br>$150 | Deductible + Coinsurance |
| **Lifetime Limit** | Unlimited | | |

| Open Access 2 | PPO In-Network | PPO Out of Network |
|---|---|---|
| **Deductible**<br>Individual / Family | $1,500 / $3,000 | $3,000 / $6,000 |
| **Coinsurance – Plan Pays** | 80% | 60% |
| **Out of Pocket**<br>Individual / Family | $3,000 / $6,000 | $6,000 / $12,000 |
| **Office Visit Copays**<br>Primary Care & Specialist | Deductible + Coinsurance | Deductible + Coinsurance |
| **Wellness Benefit** | 100% Covered | Deductible + Coinsurance |
| **Emergency Room** | Deductible + 80% Coinsurance | |
| **Prescription Drugs** | Deductible + Coinsurance | Deductible + Coinsurance |
| **Lifetime Limit** | Unlimited | |

## COST ANALYSIS BY AGE

The benefit that is valued under GASB 45 equals the expected age-adjusted cost less the retiree contribution premium. Age-adjusted costs are the estimated average costs that would result if a credible-size group of like-age participants was measured.

Age-adjusted costs are based on City experience, PPACA fees and vendor contract rates for administrative / stop-loss premium costs. We considered claim experience for Medical and Prescription Drug from January 2012 to February 2016. The plan experience was analyzed separately for actives, pre Medicare retirees and Medicare retirees. Age-adjusted expected costs during plan year 2016 on a per member per month ("PMPM") basis are shown below at sample ages. These age-adjusted cost levels serve as a starting point for projecting costs into the future.

**Expected Cost Levels (PMPM) for OAP 1**

| Age | Medical / Rx Claims | Admin | Total |
|---|---|---|---|
| 55 | 695 | 69 | 764 |
| 58 | 787 | 69 | 856 |
| 62 | 915 | 69 | 984 |
| 64 | 970 | 69 | 1,039 |
| 65 | 301 | 26 | 327 |
| 70 | 365 | 26 | 391 |
| 75 | 429 | 26 | 455 |
| 80 | 484 | 26 | 510 |
| 85 | 538 | 26 | 564 |

The difference between the above expected costs that apply by age less the retiree contribution premium is the "benefit" that is valued for GASB 45 cost recognition.

## ACTUARIAL ASSUMPTIONS

***A. Valuation Interest Rate*** 3.5% per annum

***B. Valuation Date*** January 1, 2016

***C. Medical / Rx Trend***

| Year | Trend |
|---|---|
| 2016 | 6.50% |
| 2017 | 6.00% |
| 2018 | 5.75% |
| 2019 | 5.50% |
| 2020 | 5.25% |
| 2021 (to Ultimate) | 5.00% |

***D. Age Adjusted Costs*** The estimated age-adjusted cost for retiree insurance coverage during 2016 at sample ages is shown in the "Cost Analysis by Age" section.

***E. Future Retiree Enrollment*** One hundred percent (100%) of future eligible retirees are assumed to participate in the City's program.

***F. Plan Election*** Future eligible retirees and current retirees are assumed to continue with the current plan option.

***G. Duration of Coverage*** Retirees and spouses are assumed to continue coverage for each of their own lifetimes.

***H. Healthy Life Mortality*** Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with Scale MP-2015 Full Generational Improvement

***I. Disabled Life Mortality*** Society of Actuaries RPH-2014 adjusted to 2006 Disabled Retiree Headcount-weighted Mortality with MP-2015 Full Generational Improvement

***J. Disability Incidence***

Assumed disability is based on rates used for the LAGERS pension actuarial valuation. Assumed annual probabilities of disablement are shown below for selected ages:

| Age | Police | Fire | General | |
|---|---|---|---|---|
| | | | Male | Female |
| 30 | 0.10% | 0.07% | 0.19% | 0.02% |
| 40 | 0.20% | 0.23% | 0.32% | 0.06% |
| 45 | 0.31% | 0.37% | 0.42% | 0.12% |
| 50 | 0.52% | 0.57% | 0.54% | 0.25% |
| 55 | NA | NA | 0.71% | 0.47% |

***K. Proportion of Disability Coverage due to Duty Disability***

General Employees – 0%
Safety Employees – 100%

***L. Future Spousal Participation***

Sixty-five percent (65%) of future participating retirees are assumed to have a covered spouse. This is based on coverage elections of current retirees and employees near retirement age eligibility. Actual spouse elections were valued for spouses of current retirees.

***M. Spouse Age Difference***

Males are assumed to be 3 years older than their female spouses for future retirees. Actual spouse age was valued for spouses of current retirees when available.

***N. Non-Spouse Dependents***

Children were valued based on an assumed coverage election distribution and an average number of children. These assumptions were evaluated considering actual retiree experience.

***O. Timing of Claim Payments***

Mid-year

***P. Medicare Eligibility Age***

Age 65

***Q. Medicare Part D Enrollment*** None assumed for future retirees. Sixteen (16) current retirees elected Part D and were valued assuming no City Rx coverage.

***R. Salary Scale (per employee)*** 3.0% per year

***S. Aggregate Payroll Growth*** 2.0% per year (inflationary effects only)

***T. Retirement Age*** Assumed rates are based on those used for the LAGERS pension actuarial valuation. Retirement rates project the annual probability of retiring for eligible employees.

**No Rule of 80**

| Age(s) | General Members | | Police | Fire |
|---|---|---|---|---|
| | Men | Women | | |
| 50-54 | N/A | N/A | 0.030 | 0.025 |
| 55-56 | 0.025 | 0.030 | 0.100 | 0.150 |
| 57 | 0.025 | 0.030 | 0.100 | 0.100 |
| 58-59 | 0.025 | 0.030 | 0.100 | 0.150 |
| 60 | 0.100 | 0.100 | 0.100 | 0.200 |
| 61 | 0.100 | 0.100 | 0.100 | 0.100 |
| 62 | 0.250 | 0.150 | 0.250 | 0.300 |
| 63 | 0.250 | 0.150 | 0.200 | 0.300 |
| 64 | 0.200 | 0.150 | 0.200 | 0.250 |
| 65 | 0.250 | 0.200 | 1.000 | 1.000 |
| 66 | 0.250 | 0.250 | | |
| 67-68 | 0.200 | 0.200 | | |
| 69 | 0.200 | 0.150 | | |
| 70+ | 1.000 | 1.000 | | |

### *U. Turnover Incidence*

Assumed turnover rates are based on rates used for the LAGERS pension actuarial valuation. Turnover rates are not applied when retirement eligibility is achieved. Annual rates of turnover are shown below at sample ages and levels of service:

**Police**

| | Years of Service | | | | |
|---|---|---|---|---|---|
| Age | 0-1 | 1-2 | 2-3 | 3-4 | 4-5 |
| All Ages | .18 | .17 | .16 | .13 | .12 |

| | Years of Service > 5 |
|---|---|
| Age | Rate |
| 25 | .101 |
| 30 | .080 |
| 35 | .061 |
| 40 | .047 |
| 50 | .018 |

**Fire**

| | Years of Service | | | | |
|---|---|---|---|---|---|
| Age | 0-1 | 1-2 | 2-3 | 3-4 | 4-5 |
| All Ages | .08 | .07 | .06 | .06 | .05 |

| | Years of Service > 5 |
|---|---|
| Age | Rate |
| 25 | .050 |
| 30 | .040 |
| 35 | .028 |
| 40 | .022 |
| 50 | .010 |

**General**

| | | Years of Service | | | | |
|---|---|---|---|---|---|---|
| Gender | Age | 0-1 | 1-2 | 2-3 | 3-4 | 4-5 |
| Male | All Ages | .18 | .16 | .14 | .11 | .09 |
| Female | All Ages | .21 | .20 | .16 | .13 | .12 |

| | Years of Service > 5 | |
|---|---|---|
| Age | Male | Female |
| 25 | .075 | .107 |
| 30 | .065 | .094 |
| 35 | .051 | .072 |
| 40 | .038 | .055 |
| 50 | .024 | .034 |

# ACTUARIAL METHODS

## A. POPULATION VALUED

The valuation is based on a closed group. Covered retirees and employees as of the valuation date of January 1, 2016 are considered; no provision is made for future new hires. Active employees waiving coverage were not valued.

## B. ACTUARIAL COST METHOD – ENTRY AGE NORMAL (LEVEL PERCENT-OF-PAY)

The actuarial calculations were performed in accordance with the Entry Age Normal (Level percent-of-pay) Actuarial Cost Method as allowed under GASB 45.

- The APV of each member's projected benefits is allocated on a level basis over the member's assumed compensation between the entry age of the member and the assumed decrement ages.
- The portion of the APV allocated to the valuation year is called the Normal Cost.
- The APV of benefits allocated to prior years of service is called the Actuarial Accrued Liability.
- The Unfunded AAL represents the difference between the AAL and the actuarial value of assets as of the valuation date.
- The APV = AAL for current retirees as all benefits have effectively been "earned."

## C. AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The amortization of the Unfunded AAL is calculated over 30 years using on an open-period, level percent-of-pay methodology.

## D. ANNUAL REQUIRED CONTRIBUTION (ARC)

The sum of the Normal Cost and the amortization of the Unfunded AAL comprise the ARC.

## E. ANNUAL OPEB COST

The Annual OPEB Cost equals the Annual Required Contribution when reporting for the GASB 45 implementation year. After the implementation year, the Annual OPEB Cost consists of the following components:

(i) Annual Required Contribution (ARC)
(ii) Interest on the Net OPEB Obligation
(iii) Adjustment to the ARC

## F. ACTUARIAL VALUE OF ASSETS

As of the date of this valuation, it is our understanding there are no plan assets as recognized under GASB rules. Healthcare costs of retirees are paid as they come due from pooled investments of the City.

## G. CALCULATION OF PRESENT VALUES

Using the actuarial assumptions, the number of retired participants is projected each year in the future. Costs are projected for each future year at each age using the trend and aging assumptions. The projected costs less projected retiree contribution premiums are multiplied by the expected number of retirees in each future year to produce expected employer costs (or retiree benefits). These expected employer contributions are discounted using the valuation interest rate to determine the present value of the projected liabilities.

The actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the substantive plan and pertinent law as they exist at the time of the preparation of this valuation study. The substantive plan is the plan that operates in practice.

# GLOSSARY

**Actuarial Accrued Liability (AAL)**. That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits which is allocated to periods prior to the valuation date.

**Actuarial Cost Method**. A procedure for allocating the Actuarial Present Value of plan benefits to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.

**Actuarial Present Value.** The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions, and plan provisions. Actuarial Present Value takes into account the probability of payment as well as the time value of money.

**Adjustment to the ARC.** An adjustment made to Annual OPEB Cost to avoid double counting of the Amortization of the AAL when full funding of the ARC does not occur.

**Age-Adjusted Cost.** The projected cost that would result if a credible-size group of like-age participants was measured.

**Age-Subsidy.** The difference between the age-adjusted cost and the group plan premium. An age-subsidy may occur because the plan premium, based on the combined pool of actives and retirees, is lower than the age-adjusted cost at retiree ages.

**Amortization Payment**. That portion of the Annual Required Contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

**Annual OPEB Cost.** The amount of expense an employer must recognize under accrual accounting in accordance with a Defined Benefit OPEB Plan, calculated in accordance with the parameters.

**Annual Required Contribution (ARC)**. The portion of expense an employer must recognize in accordance with a Defined Benefit OPEB Plan equal to the Amortization Payment plus the Normal Cost, calculated in accordance with the assumptions and plan provisions.

**Defined Benefit OPEB Plan**. An OPEB plan having terms that specify the amount of benefits to be provided at a future date or after a certain period of time. The amount specified usually is a function of one or more factors such as age and years of service.

**Employer Contribution**. An employer may make contributions through an irrevocable transfer of assets to a qualifying trust, direct payment of benefits or a combination of these. Without a trust and self-funded, the contribution equals retiree claims plus admin costs, less any retiree contribution premiums. Without a trust and not self-funded, the contribution equals age-adjusted premium costs, less any retiree contribution premiums.

# GLOSSARY

**Healthcare Cost Trend Rate**. The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments.

**Net OPEB Obligation**. The cumulative difference since the effective date of GASB 45 between the amount of Annual OPEB Cost and Employer Contributions. This is the liability required to be recognized under accrual accounting.

**Normal Cost.** That portion of the Actuarial Present Value of OPEB plan benefits that is allocated to a valuation year by the Actuarial Cost Method.

**Other Postemployment Benefits (OPEB)**. Postemployment benefits other than pension benefits. OPEB includes Postemployment Healthcare Benefits, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

**Postemployment Healthcare Benefits**. Medical, dental, vision and other health-related benefits provided to retired employees and their dependents and beneficiaries.

**Substantive Plan**. The terms of the OPEB plan as understood by the employer and plan members.

**Unfunded Actuarial Accrued Liability**. The excess, if any, of the Actuarial Accrued Liability over the assets of the plan.

**Valuation Interest Rate (or Discount Rate)**. The expected return over the long-term pertaining to the source of assets used to pay retiree insurance benefits.