

**NEW ISSUE  
(Book Entry Only)**

**Standard & Poor's Rating: "BBB+"  
See "RATING" 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 the Series 2021 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, (2) the interest on the Series 2021 Bonds is exempt from income taxation by the State of Missouri and (3) the Series 2021 Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.*

**MISSOURI DEVELOPMENT FINANCE BOARD  
\$35,920,000  
Infrastructure Facilities Refunding Revenue Bonds  
(City of Independence, Missouri – Crackerneck Creek Project)  
Series 2021**

**Dated: Date of Delivery**

**Due: See Inside Cover Page**

The Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021 (the "Series 2021 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 Series 2021 Bonds will be paid from moneys available therefor under the Indenture (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Series 2021 Bonds will be due as shown on the inside cover page. Interest on the Series 2021 Bonds will be payable on each March 1 and September 1, beginning on September 1, 2021. The payment of debt service on the Series 2021 Bonds is on parity with the payment of debt service on the Series 2015C Bonds (as defined herein) which will remain outstanding. Such bonds, together with any additional parity bonds which may be issued under the Indenture are referred to herein as the "Bonds."

The Series 2021 Bonds are being issued to provide funds, together with other funds available for such purpose, to (i) refund and redeem obligations of the Board relating to the Crackerneck Creek Redevelopment Area, and (ii) pay costs of issuance related to the Series 2021 Bonds. Other funds available to the City for such purpose will be used to fund an account of the Debt Service Reserve Fund (defined herein) for the Series 2021 Bonds. See "**PLAN OF FINANCE - Refunded Bonds.**"

**The Series 2021 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2021 BONDS-Redemption."**

The Bonds will be payable from, (i) an assignment and a pledge of Loan Payments (defined herein) made by the City of Independence, Missouri (the "City"), pursuant to a Financing Agreement (defined herein) between the Missouri Development Finance Board (the "Board") and the City and (ii) certain other funds held by the Trustee under the Indenture. Except with respect to the Pledged Revenues (defined herein), the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds, as described herein. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,**" "**THE CITY'S GENERAL FUND,**" and "**ANTICIPATED REVENUE SOURCES**" herein. A prospective purchaser is advised to read "**BONDOWNERS' RISKS**" herein for a description of certain risk factors which should be considered in connection with an investment in the Series 2021 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. PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS IS NOT SECURED BY ANY DEED OF TRUST, MORTGAGE OR OTHER LIEN ON ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

*The Series 2021 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 will be passed upon for the Underwriter by its co-counsel, Orrick, Herrington & Sutcliffe LLP and Armstrong Teasdale LLP. Certain legal matters will be passed on for the City by the City Counselor, Independence, Missouri, and for the Board by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Series 2021 Bonds will be available for delivery through DTC on or about June 10, 2021.*

**Goldman Sachs & Co. LLC**

The date of this Official Statement is June 3, 2021.

**MISSOURI DEVELOPMENT FINANCE BOARD**

**\$35,920,000**

**Infrastructure Facilities Refunding Revenue Bonds  
(City of Independence, Missouri – Crackerneck Creek Project)  
Series 2021**

**Dated: Date of Delivery**

**Due: March 1 as shown below**

**Maturity Schedule**

**Serial Bonds**

<b><u>Due March 1</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP No.<sup>†</sup></u></b>
2022	\$1,735,000	5.000%	0.560%	60636S HG2
2023	1,080,000	5.000	0.640	60636S HH0
2024	1,490,000	5.000	0.780	60636S HJ6
2025	1,350,000	5.000	0.990	60636S HK3
2026	1,005,000	5.000	1.180	60636S HL1
2027	1,160,000	5.000	1.350	60636S HM9
2030	1,610,000	5.000	1.860	60636S HP2
2037	1,295,000	4.000	2.220 <sup>C</sup>	60636S HR8

**Term Bonds**

\$1,365,000 Term Bonds due March 1, 2029, Interest Rate: 5.000%, Yield 1.710%\*, CUSIP No. 60636S HN7<sup>†</sup>  
\$3,640,000 Term Bonds due March 1, 2036, Interest Rate: 4.000%, Yield: 2.190%<sup>C</sup>, CUSIP No. 60636S HQ0<sup>†</sup>  
\$1,515,000 Term Bonds due March 1, 2041, Interest Rate: 4.000%, Yield: 2.360%<sup>C</sup>, CUSIP No. 60636S HS6<sup>†</sup>  
\$2,725,000 Term Bonds due March 1, 2046, Interest Rate: 3.000%, Yield: 2.800%<sup>C</sup>, CUSIP No. 60636S HT4<sup>†</sup>  
\$15,950,000 Term Bonds due March 1, 2051, Interest Rate: 4.000%, Yield: 2.500%<sup>C</sup>, CUSIP No. 60636S HU1<sup>†</sup>

<sup>C</sup> Priced to a call at par on March 1, 2031.

\* Priced to a call at par on March 1, 2028.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the City, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, broker, salesman or other person has been authorized by the Board, the City, the Municipal Advisor 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, the Municipal Advisor or the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors, under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. 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.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 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 SERIES 2021 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 “project,” “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 but are not limited to those discussed in the **“THE CITY’S GENERAL FUND,” “ANTICIPATED REVENUE SOURCES”** and **“BONDOWNERS’ RISKS”** sections 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.

**The City maintains a website, however, the information presented therein is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2021 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.

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## OFFICIAL STATEMENT

### MISSOURI DEVELOPMENT FINANCE BOARD

**\$35,920,000**

**Infrastructure Facilities Refunding Revenue Bonds  
(City of Independence, Missouri – Crackerneck Creek Project)  
Series 2021**

### 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 information 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 E** hereto.*

#### **Purpose of the Official Statement**

This Official Statement, including the cover page, the inside 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 bonds (the “Series 2021 Bonds”), (ii) the Board, (iii) the City of Independence, Missouri (the “City”), and (iv) the Crackerneck Creek Project more fully described herein.

#### **The Board**

The Board is a body corporate and politic duly created and existing under the laws of the State of Missouri (the “State”), 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 is a constitutional charter city and political subdivision of the State. See the caption “**THE CITY**” herein and “**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI,**” “**APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,**” and “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET.**”

#### **Use of Bond Proceeds and Other Funds**

The proceeds of the Series 2021 Bonds will be loaned to the City pursuant to the Financing Agreement dated as of October 1, 2015, as supplemented by a First Supplemental Financing Agreement dated as of June 1, 2021 (together, the “Financing Agreement”) each between the Board and the City. The Series 2021 Bonds are being issued to provide funds, together with certain other funds available to the City for such purposes, to (i) refund and redeem the Refunded Bonds (as defined under the caption “**PLAN OF FINANCE – Refunded Bonds**”), and (ii) pay costs of issuance related to the Series 2021 Bonds. Other funds available to the City will be used to fund a deposit to an account of the Debt Service Reserve Fund for the Series 2021 Bonds. See “**PLAN OF FINANCE.**”

## The Crackerneck Creek Project

The Crackerneck Creek Tax Increment Financing Plan was approved by the City in 2004 and anticipated the development and construction of a 450,000 square foot commercial retail center (the “Crackerneck Creek Project”). The Crackerneck Creek Project was originally projected to include (i) the Bass Pro Store described herein, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. As of March 1, 2021, the Crackerneck Creek Project included the Bass Pro Store, a hotel, approximately 94,732 square feet of retail and approximately 28,266 square feet of restaurant uses. See “**CRACKERNECK CREEK PROJECT**” herein.

### Project Bonds Issued for the Crackerneck Creek Project

To date, the Board has issued bonds to pay costs of development of the Crackerneck Creek Project and to refund a portion of such bonds under separate financing agreements and indentures. With the issuance of the Series 2021 Bonds, only the Series 2015C Bonds (as defined below) and the Series 2021 Bonds, issued under the Indenture and the Financing Agreement will remain outstanding.

The Board has previously issued \$89,570,000 in bonds to pay costs of development of the Crackerneck Creek Project together with funding reserves, costs of issuance and capitalized interest. All of such bonds have previously been refunded except the Board’s \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2006B (the “Series 2006B Bonds”). In 2013 the Board issued its \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A (the “Series 2013A Bonds”) and its \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B (the “Series 2013B Bonds”) to refund a portion of the bonds issued to pay project costs. Additionally, in 2015, the Board issued its \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C (the “Series 2015C Bonds”) to refund a portion of the bonds issued to pay project costs.

The Series 2006B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, the Series 2015C Bonds and the Series 2021 Bonds are collectively referred to herein as the “Project Bonds.” The Project Bonds that will remain outstanding after the issuance of the Series 2021 Bonds (the “Outstanding Project Bonds”), and the principal amounts thereof, are set out in the table below. See “**PLAN OF FINANCE – Refunded Bonds**” for more detail on the specific maturities of Project Bonds to be refunded.

<u>Project Bonds</u>	<u>Original Principal Amount</u>	<u>Amount Refunded by the Series 2021 Bonds</u>	<u>Amount Outstanding After Refunding  (“Outstanding Project Bonds”)</u>
Series 2006B Bonds	\$14,030,000	\$14,030,000	\$-0-
Series 2013A Bonds	14,005,000	13,905,000	-0-
Series 2013B Bonds	10,835,000	10,835,000	-0-
Series 2015C Bonds	47,060,000	-0-	47,060,000
Series 2021 Bonds	35,920,000	n/a	35,920,000
<b>Total</b>		<b>\$38,770,000</b>	<b>\$82,980,000</b>

The Series 2021 Bonds are being issued on parity with the Series 2015C Bonds with respect to the lien on the Pledged Revenues (defined herein) and the grant of security interest in the Trust Estate under the Indenture (defined below under the subheading “**The Series 2021 Bonds**”). The Indenture provides for the future issuance of Additional Parity Bonds (see the captions “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds**,” and “**– Project Bonds, Priority of Liens**”). The Series

2021 Bonds, the Series 2015C Bonds and any Additional Parity Bonds are collectively referred to herein as the “Bonds.”

Due to many factors, revenues received from the Crackerneck Creek Project have been materially short of the City’s original projections. The City believes that even with significant additional development, if any, it is highly unlikely that the Crackerneck Creek Project will be able to generate sufficient revenues to pay debt service on the 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 Project Bonds. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “THE CITY’S GENERAL FUND,”** and **“ANTICIPATED REVENUE SOURCES”** herein.

### **The Series 2021 Bonds**

The Series 2021 Bonds are being issued pursuant to the Act and the Bond Trust Indenture dated as of October 1, 2015, between the Board and Commerce Bank, as trustee (the “Original Trustee”), as amended by a First Supplemental Bond Trust Indenture dated as of June 1, 2021 (together, the “Indenture”) between the Board and UMB Bank, N.A., Kansas City, Missouri, as successor in interest to the Original Trustee (the “Trustee”), for the purpose of providing funds to make a loan to the City pursuant to the Financing Agreement, in consideration of payments by the City, which are designed to be sufficient to pay the principal of and the interest on the Bonds (the “Loan Payments”), all as more fully described in the Financing Agreement and the Indenture. A description of the Series 2021 Bonds is contained in this Official Statement under **“THE SERIES 2021 BONDS.”** All references to the Series 2021 Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture and the Financing Agreement.

### **Security and Sources of Payment for the Bonds**

The payment of debt service on the Series 2021 Bonds is on parity with the payment of debt service on the Series 2015C Bonds which will remain outstanding. 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 Financing Agreement, and (2) certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board. Except as described herein, all payments by the City under the Financing Agreement are subject to annual appropriation. See **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”** Loan Payments under the Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of and interest on the Bonds. Pursuant to the Indenture, the Board will assign to the Trustee, for the benefit and security of the owners of the Bonds, substantially all rights of the Board in the Financing Agreement, including all Loan Payments payable thereunder.

The City’s obligations to pay the Loan Payments and Additional Payments under the Financing Agreement are limited, special obligations of the City payable from all general fund revenues of the City, subject to annual appropriation by the City, and from certain Pledged Revenues as provided in the Financing Agreement and the Authorizing Ordinance. The payment of certain of the Pledged Revenues to the City is further subject to appropriation by various governing bodies as described in this Official Statement. Also as described in this Official Statement, while not delineated as sources of revenues in the Financing Agreement or the Authorizing Ordinance, the City has identified certain other appropriation sources, including the Bass Pro Lease Payments, Dedicated Appropriation Sources and Non-Dedicated Appropriation Sources (each as defined herein and, collectively, the “Other Appropriation Sources”), which are not pledged to the repayment of the Bonds or any other Outstanding Project Bonds, but may serve as sources from which annual appropriations may be made by the City.

Accordingly, significant sources of revenues to make Loan Payments under the Financing Agreement, with the exception of certain limited Pledged Revenues, are subject to annual appropriation by the City

Council of moneys from the City’s General Fund and other special funds to the extent legally available (described as Other Appropriation Sources in this Official Statement). This includes certain sources of revenues generated by the Crackerneck Creek Project, which are not pledged to make Loan Payments, but which may be available for budget and appropriation. The City has covenanted in the Financing Agreement to annually request that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, however, there can be no assurance that such appropriation will be made by the City Council, and the City is not legally obligated to do so. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Annual Appropriation Obligation of the City”** and **“BONDOWNERS’ RISKS – Risk Factors Related to Annual Appropriations”** herein.

Revenues generated by the Crackerneck Creek Project are currently not sufficient to pay debt service on the Project Bonds. Pledged Revenues are currently not sufficient to make loan payments in amounts sufficient to pay debt service on the Bonds or the other Project Bonds. The Other Appropriation Sources are subject to legal limitations on, and competing claims for, their use. Prospective investors should not rely upon the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources (each as defined under the heading **“ANTICIPATED REVENUE SOURCES,”** herein) as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City Council will appropriate amounts needed to make Loan Payments from the City’s General Fund and other legally available sources, including the Non-Dedicated Appropriation Sources (as defined under the heading **“ANTICIPATED REVENUE SOURCES,”** herein). See **“THE CITY’S GENERAL FUND,” “ANTICIPATED REVENUE SOURCES,”** and **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”**

Certain of the revenues and payments with respect to the Project Bonds, including the Bonds, will terminate in 2026, 2027, 2036 and 2037. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”** and **“ANTICIPATED REVENUE SOURCES”** herein.

To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds, and \$2,258,751 from sales tax funds to make loan payments in support of the payment of debt service on the Project Bonds. The timing and amounts of such application to loan payments is shown below:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$788,493
2016	1,479,373
2015	1,390,419
2014	1,732,384
2013	4,792,478
2012	4,142,859
2011	3,566,752

Source: The City.

For the reasons described herein support from the City’s General Fund may be necessary until all of the Project Bonds are paid.

As discussed under the captions **“THE GENERAL FUND”** and **“BONDOWNERS’ RISKS – Effects of COVID-19,”** the finances and operations of the City have been and will continue to be impacted by COVID-19. The City’s 2020-2021 Operating Budget anticipates a decline of 21% for sales taxes received by the City in Fiscal Year 2021. However, so far in Fiscal Year 2021, the City has not seen the level of reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. The City Manager’s proposed 2021-2022 Operating Budget estimates a surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710. See **“THE**

**CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget," – Post-Budget Developments" and "– Proposed 2021-2022 Operating Budget" for further discussion.**

**PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES (AS DEFINED UNDER THE HEADING "ANTICIPATED REVENUE SOURCES") AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES (AS DEFINED UNDER THE HEADING "ANTICIPATED REVENUE SOURCES"). VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER ANTICIPATED REVENUE SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING "ANTICIPATED REVENUE SOURCES." THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

The Bonds are not an indebtedness of City, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. 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. Payment of the principal and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any property of the City or any developer. The taxing power of the City is not pledged to the payment of the Loan Payments either as to principal or interest. The City's obligation to make the Loan Payments shall not constitute a general obligation of the City, nor shall any such obligation constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "THE CITY'S GENERAL FUND,"** and **"ANTICIPATED REVENUE SOURCES"** herein.

#### **Bondowners' Risks**

Payment of the principal of and interest on the Bonds is subject to certain risks (see **"BONDOWNERS' RISKS"**) and the City's ability to make Loan Payments under the Financing Agreement is further dependent upon the City's ability and the City Council's annual decision to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make annual Loan Payments under the Financing Agreement. Prospective investors should not rely upon the collection of Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds. The City Council has, and future City Council members will have, the right to exercise in its and their sole and absolute discretion, for any reason, not to budget and appropriate funds. The City Council's decision to make appropriations could be affected by the availability and amount of Pledged Revenues and revenues from the Other Appropriation Sources relating to the Crackerneck Creek Project or otherwise. See **"BONDOWNERS' RISKS"** for a discussion of this and other risks. See also, **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations – General Fund Capacity."**

#### **Additional Parity Bonds**

The Series 2021 Bonds are issued on a parity with the Series 2015C Bonds with respect to the lien on the Pledged Revenues under the Financing Agreement. The Indenture provides for the future issuance of

additional bonds (“Additional Parity Bonds”) which, if issued, will rank on a parity with the Bonds and any other bonds then outstanding under the Indenture issued on a parity with the Bonds as to the pledge of the Pledged Revenues. See the captions **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds,”** and **“– Project Bonds, Priority of Liens”** in this Official Statement, and **“SUMMARY OF THE INDENTURE – Authorization of Additional Bonds”** in **Appendix E** hereto. The Financing Agreement provides that the City may enter 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.

### **Continuing Disclosure**

The City will execute and deliver a Continuing Disclosure Undertaking for the benefit of the owners of the Series 2021 Bonds to provide certain annual financial information and notices of the occurrence of certain material events. A form of the Continuing Disclosure Undertaking is attached to this Official Statement in **Appendix J**. In order to promote future compliance with its continuing disclosure undertakings, the City has recently engaged Gilmore & Bell, P.C., to assist the City in meeting its continuing disclosure obligations and has recently adopted a new continuing disclosure compliance policy for the purpose of formalizing procedures to better ensure compliance with its continuing disclosure undertakings and designating a specific City staff member as having responsibility for continuing disclosure and ensuring that such staff member understands the City’s continuing disclosure obligations. See **“CONTINUING DISCLOSURE”** herein.

### **Definitions and Summaries of Legal Documents**

Definitions of certain words and terms used in this Official Statement are set forth in **Appendix E** of this Official Statement. Summaries of the Indenture, the City’s Authorizing Ordinance and the Financing Agreement are included in this Official Statement in **Appendix E** hereto. 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, UMB Bank, N.A., Corporate Trust Department, 928 Grand Blvd, 12th Floor, Kansas City, MO 64106. Copies of such documents and the other documents described herein will be available at the offices of the Underwriter, Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282, during the period of the offering and, thereafter, at the corporate trust office of the Trustee.

## **THE BOARD**

### **General**

The issuer of the Series 2021 Bonds is the Missouri Development Finance Board (the “Board”), a body corporate and politic duly created and existing under the laws of the State, 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 Series 2021 Bonds will be authorized and issued by the Board under the provisions of the statutes of the State, 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.

***Kim Martin*** serves as Acting 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 expires September 14, 2020. Ms. Carmichael is owner of Affordable Homes Development in Springfield, Missouri.
- ***Bradley G. Gregory*** – Vice Chair, term as a member expired September 14, 2019. Mr. Gregory is President and CEO of Bank of Bolivar in Bolivar, Missouri.
- ***Matthew L. Dameron*** – Secretary, term as a member expired September 14, 2019. Mr. Dameron is a partner with Williams Dirks Dameron LLC in Kansas City, Missouri.
- ***John E. Mehner*** – Treasurer, term as a member expired September 14, 2019. Mr. Mehner is President and CEO of the Cape Girardeau Area Chamber of Commerce in Cape Girardeau, Missouri.
- ***Brent T. Buerck*** – term as a member expires September 14, 2022. Mr. Buerck is the City Administrator of the City of Perryville, Missouri.
- ***Dan E. Cranshaw*** - term as a member expires September 14, 2022. Mr. Cranshaw is a shareholder at Polsinelli PC.
- ***Rick Holton, Jr.*** - term as a member expires September 14, 2022. Mr. Holton is Managing Partner of FINTOP Capital in St. Louis, Missouri.
- ***John M. Parry*** – term as a member expires September 14, 2024. Mr. Parry is chief executive officer of The Parry Group, a holding company for health care properties in Liberty, Missouri
- ***Mike Kehoe*** – ex-officio member. The Honorable Mike Kehoe is the Lieutenant Governor of the State of Missouri.
- ***Robert B. Dixon*** – ex-officio member. Mr. Dixon is the Director of the Department of Economic Development.
- ***Chris Chinn*** – ex-officio member. Ms. Chinn is the Director of the Department of Agriculture.
- ***Carol S. 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 Indenture 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 Indenture, 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. Except for Additional Bonds, 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 fifth largest city in Missouri. The City is organized under the laws of the State 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. See “**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI,**” “**APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,**” and “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET.**”

## **PLAN OF FINANCE**

### **Refunded Bonds**

To effect the refunding of the Refunded Bonds a portion of the proceeds of the Series 2021 Bonds together with other moneys (including the contribution from the Special Allocation Fund described below under the subheading “**Sources and Uses of Funds**”) will be deposited in an Escrow Fund created under an Escrow Trust Agreement (the “Escrow Agreement”) among the Board, the City and the Trustee, as Escrow Agent, and used to purchase certain securities and establish an initial cash balance. The moneys and securities deposited in the Escrow Fund will be sufficient to pay the applicable principal, redemption price and interest due on the Refunded Bonds through the date of their redemption or maturity, as applicable. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Refunded Bonds on the redemption dates thereof to the Trustee, as paying agent for the Refunded Bonds. Set forth below is a description of the Refunded Bonds:



Series 2006B Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/26	\$14,030,000	5.790%	\$14,030,000	60636CTS8	TBD <sup>(1)</sup>

Series 2013A Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/25	\$4,620,000	4.693%	\$4,620,000	60636SBP8	100%
3/1/27	4,085,000	4.893	4,085,000	60636SBM5	100%
3/1/28	5,200,000	4.993	5,200,000	60636SBN3	100%

Series 2013B Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/29	\$10,835,000	4.125%	\$10,835,000	60636SBQ6	100%

(1) The Series 2006B Bonds are subject to a make-whole redemption, the redemption price for which cannot be calculated until the third business day prior to the redemption date. An estimated redemption price was used to size the Series 2021 Bonds with the expectation that the City will pay any shortfall between the estimated redemption price and the later calculated redemption price from amounts on deposit in the accounts of the Special Allocation Fund established for the Crackerneck Creek Redevelopment Area.

The refunding of the Refunded Bonds will reduce the current shortfall and expected shortfall between the collections of Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources and the debt service on the Project Bonds and therefore the amount that the City anticipates will be needed from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources) to pay debt service on the Outstanding Project Bonds in future fiscal years. While it is impossible to predict the amount of the shortfall in future fiscal years, the City anticipates that the payment of the Loan Payments with respect to debt service on the Bonds will be dependent on appropriations from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources).

*[remainder of page intentionally left blank]*

## Sources and Uses of Funds

### *Sources of Funds:*

Principal amount of the Series 2021 Bonds	\$35,920,000.00
Reoffering Premium	4,689,862.20
Prior Issue Reserve Funds	3,871,266.40
Transfer from Special Allocation Fund to Series 2021 Debt Service Reserve Fund Account	2,603,121.85
Transfer from Special Allocation Fund to Escrow Fund <sup>(1)</sup>	<u>200,000.00</u>
Total Sources of Funds	<u>\$47,284,250.45</u>

### *Uses of Funds:*

Costs of Issuance <sup>(2)</sup>	\$1,226,698.99
Deposit to Refunding Escrow <sup>(1)</sup>	43,454,429.61
Deposit to Series 2021 Debt Service Reserve Fund Account	<u>2,603,121.85</u>
Total Uses of Funds	<u>\$47,284,250.45</u>

<sup>(1)</sup> The Series 2006B Refunded Bonds are subject to a make-whole redemption provision, a portion of the redemption price for which will be funded by a transfer from the City's Special Allocation Fund. The redemption price under the make-whole redemption provision will be calculated on the third business day prior to the issuance of the Series 2021 Bonds. At that time, the amount of the transfer from the Special Allocation Fund will be set at the amount necessary to redeem the Series 2006B Refunded Bonds, together with the other sources of funds allocated to such purpose.

<sup>(2)</sup> Includes all anticipated costs of issuance, including Underwriter's Discount, rating agency fees, legal fees and trustee's fees.

## The Crackerneck Creek Project

The City approved the Crackerneck Creek Tax Increment Financing Plan in 2004. This approval established a redevelopment area consisting of approximately 192 acres (the "Crackerneck Creek 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 March 1, 2021, the Crackerneck Creek Project included the Bass Pro Store, a hotel, approximately 94,732 square feet of retail and approximately 28,266 square feet of restaurant uses. Development of basic infrastructure for the Crackerneck Creek Project site was substantially completed in 2008. The total of improvements completed at the Crackerneck Creek Project 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 Crackerneck Creek 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 building (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 was funded from the proceeds of a series of Project Bonds that has since been refunded by subsequent series of Project Bonds. The proceeds of the Project Bonds were used to fund costs related to the development of the site and completion of the Crackerneck Creek Project. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City, which is subject to the Bass Pro Lease. See **"THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER"** in **Appendix D** hereto.

The Bass Pro Store opened for business in March, 2008. A 55,000 square foot Hobby Lobby and a 25,000 square foot Mardels (a retailer selling Christian-oriented merchandise) opened in 2009. An 8,500 square foot Cheddar's Casual Café restaurant opened in 2011, a 6,200 square foot Pizza Ranch opened in 2014 and the Stony Creek Inn, a 167 room hotel with approximately 30,000 square feet of conference space, opened in 2015. An approximately 14,732 square foot Duluth Trading Company location opened in 2016 and an approximately 13,566 square foot Los Cabos Mexican restaurant opened in 2017. No other leases or other binding commitments for potential tenants for the Crackerneck Creek Project have been executed as of the date hereof. The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The City's Tax Increment Financing Commission has recommended approval of the amendment to City Council, but City Council has not yet determined whether it will approve the amendment. It is anticipated that a portion of any PILOTS (defined below) generated by such new development would be distributed to the taxing districts. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

In 2007, the City notified the Developer of its decision to terminate its contractual relationship with the Developer as developer of record for the Crackerneck Creek Project based on the Developer's failure to take certain actions and failure to comply with certain requirements to meet a projected leasing schedule. In 2008, the City and the Developer entered into an Agreement for Stay of Termination to allow remedial efforts. The City and the Developer continue to negotiate for the better management of the Crackerneck Creek Project. See **"THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER"** in **Appendix D** hereto.

**THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

## **THE CITY'S GENERAL FUND**

### **Introduction**

The General Fund is the City's primary operating fund and accounts for the financial resources of the general governmental operations of the City, with the exception of those required to be accounted for in another fund. Based on the City's 2020-2021 Operating Budget approved by the City Council on June 22, 2020, 83% of the City's General Fund expenditures for Fiscal Year 2021 will consist of salary and benefits, 14% will consist of other operating expenses, and the remaining 3% will consist of equipment, debt service and contingency. During such period, the 2020-2021 Operating Budget anticipates that 43% of the City's General Fund expenditures will relate to the fire department, 29% will relate to the police department, 18% will relate to general government and municipal services, and the remaining 10% will relate to community development, municipal court and non-departmental expenses. See **"APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,"** and **"APPENDIX C: THE CITY'S 2020-2021 OPERATING BUDGET."**

### **Audited Financial Information for Fiscal Year 2020**

For Fiscal Year 2020, General Fund revenues totaled \$74,914,606 (including \$19,191,559 of payments in lieu of tax transferred to the General Fund from the City's utility funds), while expenditures totaled \$76,073,805. This resulted in a net change in fund balance of (\$1,159,199) and an ending fund balance for the General Fund at June 30, 2020 of \$6,121,563, down from \$7,280,762 at June 30, 2019. See **"Summary of General Fund Revenues, Expenditures and Changes in Fund Balances"** and **"General Fund Balance Sheet Summary,"** below, and **"APPENDIX B: COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020.”** The ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2020 was \$5,301,516, reduced from \$6,591,442 at the end of Fiscal Year 2019.

But for the Bass Pro Lease Payments, none of the Pledged Revenues, Dedicated Appropriation Sources, or Non-Dedicated Appropriation Sources described in this Official Statement are reported to the General Fund.

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## Summary of General Fund Revenues, Expenditures and Changes in Fund Balances

The following table sets forth a summary of the statement of revenues, expenditures, and changes in fund balances for the General Fund for Fiscal Years 2016 through 2020 based on the City's audited financial statements for such years:

	<b><u>Fiscal Year Ended June 30</u></b>				
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Revenues:					
Taxes	\$34,310,898	\$34,365,768	\$35,210,279	\$34,475,439	\$33,455,975
Licenses and permits	3,588,466	5,330,354	4,598,143	4,733,488	5,012,961
Intergovernmental	5,303,538	5,349,727	5,349,156	5,246,676	5,106,634
Charges for services	2,075,958	2,305,140	2,431,168	2,454,494	2,538,096
Interfund charges for support services	4,913,709	4,943,014	5,099,696	5,035,500	5,035,500
Fines, forfeitures, and court costs	4,214,064	3,855,121	3,716,388	3,913,825	2,890,421
Investment income	108,463	82,327	99,270	430,482	447,157
Other	649,229	911,612	879,305	822,138	1,236,303
Total	\$55,164,325	\$57,143,063	\$57,383,405	\$57,112,042	\$55,723,047
Expenditures:					
Administrative services	\$7,556,113	\$7,802,582	\$8,029,276	\$10,401,559 <sup>(2)</sup>	\$8,564,556
Public safety	44,745,696	44,963,466	46,702,810	54,253,432 <sup>(1) (2)</sup>	55,781,405
Public works / Municipal services	4,542,415	4,614,587	5,160,869	6,635,525	4,936,540
Health and Welfare	2,557,116	1,848,932	1,518,497 <sup>(1)</sup>	-	-
Culture and recreation	1,538,291	1,458,987	1,444,728	2,116,353 <sup>(1) (2)</sup>	1,798,035
Community development	2,985,685	4,082,292	4,438,261	5,083,553	4,797,872
General government	8,899,694	8,497,811	8,839,125 <sup>(2)</sup>	341,595 <sup>(2)</sup>	18,000 <sup>(2)</sup>
Capital outlay	168,113	293,748	317,369	-	-
Debt service	140,221	121,522	159,795	160,457	165,670
Total	\$73,133,344	\$73,683,927	\$76,610,730	\$78,992,474	\$76,062,078
Excess (deficiency) of revenues over expenditures	\$(17,969,019)	\$(16,540,864)	\$(19,227,325)	\$(21,880,432)	\$(20,339,031)
Other sources:					
Utility payments in lieu of taxes	\$18,515,336	\$18,998,671	\$20,067,531	\$20,370,728	\$19,191,559
Transfers in	-	197,063	-	-	-
Transfers out	(550,152)	(10,000)	(337,637)	(10,358)	(11,727)
Total	\$17,965,184	\$19,185,734	\$19,729,894	\$20,360,370	\$19,179,832
Net change in fund balance	\$(3,835)	\$2,644,870	\$502,569	\$(1,520,062)	\$(1,159,199)
Fund balance, beginning	5,657,220	5,653,385	8,298,255	8,800,824	7,280,762
Fund balance, ending	\$5,653,385	\$8,298,255	\$8,800,824	\$7,280,762	\$6,121,563

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2016 through 2020.

<sup>(1)</sup> Starting with Fiscal Year 2019, Health and Welfare expenditures are no longer recognized as a separate General Fund expenditure category in the City's audited financial statements, with such expenses being shifted to the Public Safety and the Culture and Recreation expenditure categories.

<sup>(2)</sup> Starting with Fiscal Year 2019, the City's audited financial statements shifted certain expenses, most notably health insurance costs, out of the General Government category and into the Administrative Services, Public Safety and Culture and Recreation categories to which such costs are allocable.

## General Fund Balance Sheet Summary

The following table sets forth a summary of the General Fund balance sheet for Fiscal Years 2016 through 2020 based on the City's audited financial statements for such years:

	<b><u>Fiscal Year Ended June 30</u></b>				
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>Assets:</b>					
Pooled cash and investments	\$4,697,597	\$6,374,817	\$6,884,375	\$6,170,710	\$2,062,198 <sup>(1)</sup>
<b>Receivables:</b>					
Taxes	11,645,306	12,046,236	13,309,913	12,481,216	12,134,680
Accounts, net	233,767	173,542	114,244	296,452	138,707
Special assessment principal	465,296	642,387	640,514	548,352	672,580
Accrued interest	-	14,551	13,054	27,107	24,961
Due from other funds	897,212	1,139,658	1,318,880	2,217,188	4,347,984 <sup>(1)</sup>
Due from other governments	845,557	737,347	807,589	795,421	816,026
Prepaid Items	11,424	-	-	-	-
Restricted cash and investments	236,048	226,530	267,354	279,515	244,915
<b>Total Assets</b>	<b>\$19,032,207</b>	<b>\$21,355,068</b>	<b>\$23,355,923</b>	<b>\$22,815,961</b>	<b>\$20,442,051</b>
<b>Liabilities:</b>					
Accounts and contracts payable	\$252,953	\$447,299	\$520,846	\$706,828	\$271,804
Due to other funds	-	-	-	222,000	165,750
Due to other governments	-	-	-	-	155,367
Accrued items	3,697,824	2,808,738	3,041,222	4,598,439	3,296,793
Other current liabilities	664,138	591,919	889,679	711,132	889,705
Unearned revenue	-	117,882	-	-	-
<b>Liabilities payable from restricted assets:</b>					
Deposits and court bonds	236,048	226,530	267,354	279,516	244,915
<b>Total Liabilities</b>	<b>\$4,850,963</b>	<b>\$4,192,368</b>	<b>\$4,719,101</b>	<b>\$6,517,915</b>	<b>\$5,024,334</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable - special assessments	\$465,296	\$642,387	\$640,514	\$550,711	\$677,914
Unavailable - real estate taxes	8,062,563	8,222,058	9,195,484	8,466,573	8,618,240
<b>Total Deferred Inflows</b>	<b>\$8,527,859</b>	<b>\$8,864,445</b>	<b>\$9,835,998</b>	<b>\$9,017,284</b>	<b>\$9,296,154</b>
<b>Total liabilities and deferred inflows</b>	<b>\$13,378,822</b>	<b>\$13,056,813</b>	<b>\$14,555,099</b>	<b>\$15,535,199</b>	<b>\$14,320,488</b>
<b>Fund Balances:</b>					
Nonspendable	\$11,424	-	-	-	-
Restricted	273,164	\$404,806	\$395,412	\$84,386	\$78,022
Committed	348,001	261,700	106,884	30,762	18,105
Assigned	1,336,086	1,648,808	1,268,521	574,172	723,920
Unassigned	3,684,710	5,982,941	7,030,007	6,591,442	5,301,516
<b>Total</b>	<b>\$5,653,385</b>	<b>\$8,298,255</b>	<b>\$8,800,824</b>	<b>\$7,280,762</b>	<b>\$6,121,563</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$19,032,207</b>	<b>\$21,355,068</b>	<b>\$23,355,923</b>	<b>\$22,815,961</b>	<b>\$20,442,051</b>

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2016 through 2020.

<sup>(1)</sup> As a mechanism of balancing funds showing negative balances at fiscal year end, the City credited an additional \$2,130,796 of General Fund pooled cash and investments to other special funds of the City and recorded such amounts as "due from other funds" to the General Fund. The funds borrowing the largest amounts from the General Fund balance during Fiscal Year 2020 were the City's workers' compensation fund and enterprise resource planning fund.

## The City's 2020-2021 Operating Budget

The following information describing the City's General Fund is contained in the City's 2020-2021 Operating Budget approved by the City Council on June 22, 2020. The 2020-2021 Operating Budget is attached hereto as **Appendix C**.

Total revenues for the General Fund in the 2020-2021 Operating Budget are \$74,437,013,<sup>(1)</sup> or a decrease of \$3,601,779 from the final 2019-2020 budget. Total expenditures for the General Fund in the 2020-2021 Operating Budget are \$74,437,013, or a decrease of \$3,279,754 from the final 2019-2020 budget.

The anticipated decrease in General Fund revenues is attributed to two primary factors in the 2020-2021 Operating Budget. First, starting with Fiscal Year 2021, revenues and expenditures of the City's health and recreation property tax, which were previously accounted for as part of the General Fund, will be separated from the General Fund and accounted for as part of the City's new Health and Recreation Property Tax Fund. This change shifts \$2,008,813 in budgeted revenues and \$1,899,830 in budgeted expenses from the General Fund to the Health and Recreation Property Tax Fund for Fiscal Year 2021. The 2020-2021 Operating Budget attributes the remaining anticipated decreases in General Fund revenues primarily to the effects of COVID-19 (discussed in more detail below under the heading "**BONDOWNERS' RISKS – Effects of COVID-19**"). The City's 2020-2021 Operating Budget anticipates a decline of 21% for sales taxes received by the City in Fiscal Year 2021.

The 2020-2021 Operating Budget includes a series of reductions aimed at reducing budgetary pressures that it attributes primarily to the anticipated effects of COVID-19. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto for discussion of the City's response to General Fund budgetary pressures anticipated for Fiscal Year 2021.

According to the 2020-2021 Operating Budget, revenue assumptions were developed based on the assumption that economic activity would resume to levels similar to those prior to the COVID-19 pandemic by fall of 2020. The 2020-2021 Operating Budget anticipates an ending fund balance for the General Fund at June 30, 2021 of \$5,384,018 (a reduction of \$138,607 from the ending fund balance for the General Fund at June 30, 2020 estimated by the 2020-2021 Operating Budget, or a reduction of \$82,502 from the actual ending fund balance for the General Fund at June 30, 2020 shown in the City's Comprehensive Annual Financial Reports for Fiscal Year 2020) based on its COVID-19 recovery timeline assumptions. The 2020-2021 Operating Budget identifies \$1,509,018 of such anticipated ending fund balance as contingency in case the COVID-19 recovery timeline is longer than anticipated. Additionally, the 2020-2021 Operating Budget anticipated that the City would draw \$2,000,000 on the Interfund Loan during Fiscal Year 2020 (defined below under the subheading "**The Interfund Loan**"), which did not occur (see "**Post-Budget Developments**," below). Based on the treatment of \$1,509,018 of anticipated ending General Fund balance as contingency and the assumption that \$2,000,000 would be drawn on the Interfund Loan by the end of Fiscal Year 2020, the 2020-2021 Operating Budget projects an ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2021 of \$1,875,000. See "**Post-Budget Developments**," below, for a description of certain developments that have occurred since the adoption of the 2020-2021 Operating Budget.

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<sup>(1)</sup> On page 13 of the 2020-2021 Operating Budget is attached hereto as **Appendix C**, the City Manager's discussion refers to anticipated 2020-2021 revenues and matching expenses of \$72,822,481. However, in the detailed schedules of revenues and expenses on pages 167 and 170 of the 2020-2021 Operating Budget, the revenues and expenditures shown for 2020-2021 are \$74,437,013. This is due to a transit grant received by the City after submission of the proposed budget to the City Council, to be used for operation of City bus lines, which had been slated for reductions in the proposed budget. The approved 2020-2021 Operating Budget schedules of revenues and expenses were adjusted to account for this, but the City Manager's discussion was not.

## General Fund Budgets and Results

The following table sets forth a summary of the City's budgeted and actual General Fund revenues and expenses for Fiscal Years 2019 and 2020 and the budgeted amounts for Fiscal Year 2021:

	<b><u>Fiscal Year Ended June 30</u></b>				
	<b><u>2019 Budget</u></b>	<b><u>2019 Results</u></b>	<b><u>2020 Budget</u></b>	<b><u>2020 Results</u></b>	<b><u>2021 Budget</u></b>
Revenues:					
Taxes	\$34,715,000	\$34,475,439	\$35,592,370	\$33,455,975	\$31,453,100
Licenses and permits	4,817,260	4,733,488	4,725,150	5,012,961	4,392,069
Grants / Intergovernmental	5,366,228	5,246,676	5,405,207	5,106,634	5,262,150
Charges for current services	2,501,331	2,454,494	3,092,576	2,538,096	2,058,050
Interfund charges for support services	5,155,242	5,035,500	5,155,242	5,035,500	5,035,500
Fines, forfeitures, and court costs	3,897,525	3,913,825	3,727,250	2,890,421	3,771,000
Other	602,500	1,252,620	726,997	1,683,460	2,668,532
Total	\$57,055,086	\$57,112,042	\$58,424,792	\$55,723,047	\$54,640,401
Expenditures:					
City Council	\$830,811	\$829,501	\$662,334	\$598,581	\$835,793
City Clerk	302,250	217,389	391,811	583,714	-(1)
City Manager	1,511,092	1,221,917	1,262,336	1,262,823	1,187,339
Municipal Court	1,165,716	1,149,997	1,185,946	1,165,674	1,207,254
Law	889,339	944,393	629,624	746,606	-(1)
Finance	6,111,762	6,266,952	5,037,696	4,445,067	5,939,906(1)
Community Development	5,351,414	5,090,584	5,253,431	4,866,759	5,637,543
Police	32,096,729	32,358,354	33,941,440	32,944,628	31,553,037
Fire	21,171,546	21,964,071	21,556,496	22,789,676	21,181,684
Animal Services	-	-	-	8,591	-
Public Works / Municipal Services	5,947,353	6,244,951	5,817,757	5,015,437	4,775,106
Parks and Recreation	2,387,289	2,134,661	1,967,896	1,780,671	-
Capital Outlay	297,663	297,662			-
Debt Service	-	-	-	5,876	-
Non-Departmental (1)	-	-	-	-	2,109,351
Total	\$78,062,964	\$78,720,432	\$77,706,767	\$76,214,103	\$74,427,013
Excess (deficiency) of Revenues over (under) Expenditures	\$(21,007,878)	\$(21,608,390)	\$(19,281,975)	\$(20,491,056)	\$(19,786,612)
Transfers:					
Transfers in	\$19,750,000	\$20,370,728	\$19,614,000	\$19,191,559	\$19,796,612
Transfers out	(10,000)	(11,727)	(10,000)	(11,727)	\$(10,000)
Total transfers:	\$19,740,000	\$20,359,001	\$19,604,000	\$19,179,832	\$19,786,612
Excess (deficiency) of Total Financing Sources over (under) Uses	\$(1,267,878)	\$(1,249,389)	\$322,025	\$(1,311,224)	\$-0-

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2019 through 2020, City's 2020-2021 Operating Budget.

(1) The 2020-2021 Operating Budget groups items of expense into different categories than the budgetary comparison schedules provided by the City's Comprehensive Annual Financial Reports for Fiscal Years 2019 through 2020.



## The Interfund Loan

On April 6, 2020, the City Council of the City has authorized a series of loans for the benefit of the General Fund (referred to collectively as the “Interfund Loan”), in response to tax collection shortfalls then anticipated by the City in connection with COVID-19, from the City’s cash and investment pool (the “Investment Pool”). The Investment Pool is a device used with respect to most of the City’s governmental and proprietary funds, where moneys from such funds are aggregated for investment purposes. Each fund’s portion of the Investment Pool is accounted for as “pooled cash and investments” in the City’s financial statements. Interest earned on the investments is allocated to each fund on the basis of average monthly cash balance in the Investment Pool. Examples of amounts in the Investment Pool include utility funds reserved for future capital project expenses and amounts set aside for sales tax fund reserves.

The City Council authorized the Interfund Loan as authorization for the City Manager to execute a series of loans from the Investment Pool for the benefit of the General Fund with an aggregate principal amount of such loans not to exceed \$25,000,000. The approving ordinance stated that each loan would bear interest at the rate equal to the midpoint between the Treasury yield and the Bloomberg Muni Benchmark yield, plus 50 basis points.

Due to better than expected revenues at the end of Fiscal Year 2020 and during the first half of Fiscal Year 2021, on September 21, 2020, the City Council reduced the maximum amount of the Interfund Loan to \$12,500,000 and, on February 2, 2021, the City Council terminated the authority for the Interfund Loan. No draws were made on the Interfund Loan.

## Post-Budget Developments

The 2020-2021 Operating Budget anticipated that the City would draw down \$2,000,000 of the Interfund Loan by the end of Fiscal Year 2020. However, the City experienced less revenue loss during Fiscal Year 2020 than anticipated by the 2020-2021 Operating Budget (see **“THE CITY’S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,”** above), with the result being that the City’s draws on the Interfund Loan as of June 30, 2020 totaled \$0-. The City terminated the Interfund Loan on February 2, 2021 without having drawn any of the available funds.

So far in Fiscal Year 2021, the City has not seen the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget. In fact, first half collections of sales tax exceeded first half collections in Fiscal Year 2020. Additionally, use tax collections in the first half of Fiscal Year 2021 exceeded the assumptions of the 2020-2021 Operating Budget. Proceeds of the City’s use tax must be applied for the following purposes (1) the first \$750,000 to operating a no-kill animal shelter and (2) next, an amount sufficient to fund up to 30 additional police officers for the City to that purpose, after which the proceeds are deposited into the City special sales tax accounts based on the levy rate of each such tax, a portion of which would be allocated to the General Fund. The City anticipates that the General Fund will begin to receive use tax proceeds in Fiscal Year 2021. See **“BONDOWNERS’ RISKS – Risk Factors Relating to Revenues Generated by Retail Sales Tax – Online Sales”** for further discussion of the City’s use tax. The above-estimated collections of sales and use tax, however, were partially offset by reduced collections of franchise fees imposed on non-City utility companies. Private utilities (gas, water, electric, and telephone services) sold to locations within the City are subject to franchise fees imposed at a rate of 9.08% and cable services at a rate of 6.0%. Telephone franchise fees have been reduced as cellular phone provider competition has risen, causing rate reductions, and landline use has become less popular. Streaming services (which are not taxed) are becoming more popular. Other utility franchise fees (gas, water, electric) are significantly affected by average weather conditions throughout the year.

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on

necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in CARES grant reimbursable expenditures incurred between March 2020 and December 2020 for COVID-19 response-related expenses. The revenues were coded as revenues to the City after June 30, 2020. The City anticipates receiving additional public assistance for COVID-19 expenditures for the same period through grants from the Federal Emergency Management Agency.

The American Rescue Plan Act of 2021 (the “American Rescue Plan”) became law in March of 2021. Among other things, the American Rescue Plan provides funding for local governments to respond to the public health emergency associated with COVID-19, to provide premium pay to essential workers, to provide government services affected by a revenue reduction during the COVID-19 pandemic and to make investments in water, sewer, and broadband infrastructure. Funds can be used to cover costs incurred through the end of 2024. The City anticipates receipt of \$20,295,216 under the American Rescue Plan. The City Council has not yet determined how it will allocate such funds. See the subheading **“Proposed 2021-2022 Operating Budget,”** below, for discussion of the City Manager’s plan to apply a portion of such funds to offset General Fund expenditure increases in Fiscal Year 2022.

The City Manager’s proposed 2021-2022 Operating Budget estimates a surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710.

### **Proposed 2021-2022 Operating Budget**

On May 10, 2021, the City Manager presented the City Manager’s proposed 2021-2022 Operating Budget (the “Proposed 2021-2022 Operating Budget”) for discussion by City Council. City Council is required by the City’s charter to adopt a budget on or before June 27<sup>th</sup> of each year. The Proposed 2021-2022 Operating Budget presents a balanced budget for the General Fund, with General Fund revenues of \$78,362,743 and an equal amount of expenses, resulting in no anticipated change to the ending unrestricted General Fund balance from estimated balance at the end of Fiscal Year 2021. The General Fund expenses represent an increase of 5.3% over the 2020-2021 Operating Budget, a difference attributed primarily by the City Manager’s transmittal letter that accompanied the Proposed 2021-2022 Operating Budget (the “City Manager’s Budget Letter”) to increases in salary and benefit costs of City employees. The City Manager’s Budget Letter explains that the increased General Fund expenditures will be covered by amounts made available to the City under the American Rescue Plan. The City Manager’s Budget Letter cautions City Council that American Rescue Plan funds will not be available in future years.

As a part of the City Manager’s Budget Letter, the City Manager included, for the first time, a projection of the City’s ending unrestricted General Fund balances for Fiscal Year 2021 through Fiscal Year 2026. This projection was included as a long-term planning tool and not for the purpose of adoption as part of the Proposed 2021-2022 Operating Budget. The projection shows an unrestricted General Fund balance that starts at \$5,812,237 for Fiscal Year 2021, remains at that level for Fiscal Year 2022, and then declines over the next four fiscal years, going negative in Fiscal Year 2024 and ultimately reaching a negative \$19,984,512 balance at the end of Fiscal Year 2026. The City Manager’s Budget Letter describes measures that will need to be considered during Fiscal Year 2022 to align revenues with expenditures before the start of Fiscal Year 2023, including restructuring of employee health benefits, vested leave payouts and other employee benefit programs; implementation of workforce reductions; evaluation of demand for City services in order to match deployment to demand, attraction of additional industry and evaluating ballot initiatives to increase revenue sources.

The City’s charter provides that the total of proposed expenditures in any adopted budget for a particular fund may not exceed the total anticipated resources for the fund. This means that expenditures cannot exceed current revenues, fund balances on hand from prior years, legally allowable transfers from other

funds, and loan proceeds. As such, the City Council would not be able to approve budgets in future years in line with the projections for unrestricted General Fund balances shown in the City Manager's Budget Letter, but, as the City Manager's Budget Letter suggests, the City will need to explore options to increase revenues and/or reduce expenses in future fiscal years.

The City has been successful in strategically reducing General Fund expenses when faced with insufficient revenues. In the 2020-2021 Operating Budget, when the City anticipated significant sales tax revenue reductions for the end of the Fiscal Year 2020 and for Fiscal Year 2021, the City was able to identify \$4,295,254 in expenditure reductions consisting of elimination of vacant and filled employee positions, hiring and wage freezes, program budget reductions, cost allocation changes and transit service reductions. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto for discussion of the City's response to General Fund budgetary pressures that were anticipated for Fiscal Year 2021. Due to such expenditure reductions and other factors described above under the subheading **"Post-Budget Developments,"** the Proposed 2021-2022 Operating Budget estimates a surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710.

In the City Manager's presentation to City Council of the Proposed 2021-2022 Operating Budget on May 10, 2021, he stated that the budget employed a conservative approach in which all City positions are fully funded. The Proposed 2021-2022 Operating Budget assumes employment with full benefits for all currently unfilled positions with average employment duration of 75% of Fiscal Year 2022. The City currently has approximately 60 General Fund supported employment positions which are not filled (which does not include the 30 additional police officers to be funded from use tax proceeds, as described above under the subheading **"Post-Budget Developments"**). City staff evaluates employment positions on an individual basis, with consideration given to whether revenues are sufficient to support the position at the time of hiring. Approval of the Proposed 2021-2022 Operating Budget by the City Council does not mean that the vacant positions will automatically be filled, but rather the City has the ability to continue to manage the number of filled employment positions as a means to control expenditures. During Fiscal Year 2021, as a result of implementing the hiring freezes discussed above with respect to the 2020-2021 Operating Budget, the City maintained an average of approximately 59 open positions that would otherwise have been funded by the General Fund.

The City has engaged CBIZ, Inc. consultants to make cost-saving recommendations relating to employee benefit packages including health benefits, vested leave payouts and other employee benefit programs. The City Manager's office has begun working with the Stay Well Committee for employee health (an advisory committee representing union employees of the City) with the intent of redesigning such benefits in accordance with recommendations provided by CBIZ, Inc. The City Manager's goal is to have a plan in place by October of 2021 that will implement design changes over the next two years.

## **ANTICIPATED REVENUE SOURCES**

**Except with respect to the Pledged Revenues (defined below), the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds, as described herein.** The following table describes the Pledged Revenues and the other revenues anticipated by the City as sources of annual appropriations to make Loan Payments relating to the Bonds and other Project Bonds. Each "Revenue Source" identified in the table below is defined and discussed in the text following the table.

The Pledged Revenues, EATS and Bass Pro Lease Payments have been materially short of the amount needed to fund debt service payments on the Project Bonds, and are expected to continue to be materially short of the amount needed to fund debt service payments on the Outstanding Project Bonds after the issuance of the Series 2021 Bonds. Prospective investors should not rely upon the Pledged Revenues, the Bass Pro Lease

Payments and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City will appropriate amounts needed to make Loan Payments under the Financing Agreement relating to the Bonds from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). See **"THE CITY'S GENERAL FUND"** and **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."** See also **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds"** and **"BONDOWNERS' RISKS - Ability to Issue Future Series of Project Bonds."**

The largest generator of PILOTS, EATS, State TIF Revenues and TDD Revenues in the Crackerneck Creek Project described in the table below is the Bass Pro Store. The initial term of the Bass Pro Lease runs through the year 2026. See **"BONDOWNERS' RISKS – Risk Factors Relating to Revenues Generated by the Crackerneck Creek Project – *Factors Impacting Bass Pro Retail Sales.*"**

*[remainder of page intentionally left blank]*

		<i>Revenue Source</i>	<i>Description of Availability</i>	<i>City Fund Holding Revenues</i>	<i>Limitations on Use</i>	<i>Termination / Sunset</i>
<b>GENERAL FUND REVENUES</b>		General Fund Revenues	Source of annual appropriations by City	General Fund	Any lawful municipal purpose, which may include debt service on the Project Bonds	No sunset
<b>PLEDGED REVENUES</b>		PILOTS (Payments in Lieu of Taxes)	Pledged to the Project Bonds	Special Allocation Fund	Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2026
		State TIF Revenues	Pledged to the Project Bonds once received by the City (payment to the City is subject to annual appropriation by the State)	Special Allocation Fund	Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2026
		TDD Revenues (Crackerneck TDD)	Pledged to the Project Bonds once received by the City (payment to the City is subject to annual appropriation by the Crackerneck TDD)	Special Allocation Fund	Transportation-related Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2036
<b>OTHER APPROPRIATION SOURCES</b>	<b>Bass Pro Lease Payments</b>	Bass Pro Lease Payments	Source of annual appropriation by City	General Fund	Any lawful municipal purpose, which may include debt service on the Project Bonds	See <i>Appendix D</i>
	<b>Dedicated Appropriation Sources</b>	EATS (Economic Activity Taxes)	Source of annual appropriations by City	Special Allocation Fund	Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2027
		I-70 / Little Blue Parkway Revenues	Source of annual appropriations by City	Special Allocation Fund	Costs of I-70 / Little Blue Parkway Plan, which currently consist of Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2037
	<b>Non-Dedicated Appropriation Sources</b>	Street Improvement Sales Tax Fund Revenues	Source of annual appropriations by City *	Street Improvement Sales Tax Fund	Street costs, which may include debt service on the Project Bonds to the extent allocable to street costs	No sunset
		Park Improvement Sales Tax Fund Revenues	Source of annual appropriations by City *	Park Improvement Sales Tax Fund	Parks costs, which may include debt service on the Project Bonds to the extent allocable to parks costs	No sunset
		Storm Water Sales Tax Fund Revenues	Source of annual appropriations by City *	Storm Water Sales Tax Fund	Stormwater costs, which may include debt service on the Project Bonds to the extent allocable to stormwater costs	No sunset
		Health and Recreation Property Tax Fund Revenues	Source of annual appropriations by City *	Health and Recreation Property Tax Fund	Health and recreation costs, which may include debt service on the Project Bonds to the extent allocable to health and recreation costs	No sunset

\* These revenues will become available upon expiration of tax increment financing redevelopment areas within the City. See “**Non-Dedicated Appropriation Sources**” below.

The City's ability to make Loan Payments under the Financing Agreement as and when due is dependent upon the City Council's annual decision to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds to make such Loan Payments under the Financing Agreement. Prospective investors should not rely upon the collection of the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds. The City Council has, and future City Council members will have, the right to exercise in its and their sole and absolute discretion, for any reason, not to budget and appropriate funds. The City Council's decision to make appropriations could be affected by the availability and amount of Pledged Revenues and revenues from the Other Appropriation Sources relating to the Crackerneck Creek Project or otherwise. See **"BONDOWNERS' RISKS"** for a discussion of this and other risks. See also, **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."**

Certain of the revenues and payments with respect to the Project Bonds, including the Series 2021 Bonds, will terminate in 2026, 2027, 2036 and 2037, as described herein. The Bass Pro Lease provides that Bass Pro would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20-year initial term (the "Operating Covenant Period") of the Bass Pro Lease, subject thereafter to Bass Pro's option to renew the Bass Pro Lease for nine one-year periods, and after that three five-year periods. Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period runs through the year 2026.

### **General Fund Revenues**

Payment of the principal of and interest on the Bonds is dependent upon annual decisions by the City Council to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make Loan Payments under the Financing Agreement. Prospective investors should not rely upon the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City will appropriate amounts needed to make Loan Payments under the Financing Agreement relating to the Bonds from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). See **"THE CITY'S GENERAL FUND"** and **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations – General Fund Capacity."**

See **"THE CITY'S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,"** **"– The City's 2020-2021 Operating Budget,"** **"– Post-Budget Developments"** and **"– Proposed 2021-2022 Operating Budget"** for a discussion of General Fund revenues, expenses and ending fund balances for Fiscal Year 2020 and budgeted amounts for Fiscal Year 2021 based on the City's 2020-2021 Operating Budget and subsequent developments.

### **Pledged Revenues**

The following revenues (the "Pledged Revenues") are pledged to the payment of the Loan Payments with respect to debt service on the Bonds as described below. The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Fund relating to the Crackerneck Creek Project are pledged to the payment of the Crackerneck Loans; provided, however Economic Activity Taxes deposited therein shall remain subject to annual appropriation as described therein, and are not so pledged. The payment of the State TIF Revenues (defined below) and the TDD Revenues (defined below) to the City is subject to annual appropriation by the State and the Crackerneck TDD (defined below), respectively, but the pledge of such revenues received by the City to the Bonds is not subject to annual appropriation by the City.

## ***PILOTS***

The Crackerneck Creek Project generates property tax increment (referred to as “Payments in Lieu of Taxes” or “PILOTS”) based on the increase in value of the real property comprising the Crackerneck Creek Project over the value of such real property prior to the adoption of tax increment financing for the Crackerneck Creek Project. See “**APPENDIX G – TAX INCREMENT FINANCING IN MISSOURI**” for an explanation of how PILOTS are calculated and collected. During Fiscal Years 2019 and 2020, the City received \$523,925 and \$587,673, respectively, in PILOTS with respect to the Crackerneck Creek Project. The collection of PILOTS will terminate in 2026. The County Assessor’s office of Jackson County undertook a significant reassessment of property throughout Jackson County in 2019, resulting in increased property taxes and PILOTS for many properties throughout Jackson County, including the Crackerneck Creek Project, for Fiscal Year 2020. Property owners have the right to appeal such determinations and the property owners within the Crackerneck Creek Redevelopment Area have in the past appealed the reassessment of property in the Crackerneck Creek Redevelopment Area. In 2007 and 2008 the Developer protested the assessed value assigned by Jackson County, Missouri, to certain property in the Crackerneck Creek Redevelopment Area. Loan Payments and Additional Payments to be made pursuant to the Financing Agreement shall be payable from and secured by a pledge of the PILOTS deposited in the PILOTS Account of the Special Allocation Fund relating to the Crackerneck Creek Project.

## ***State TIF Revenues***

In November, 2005, the State granted the Crackerneck Creek Project State TIF assistance. Under this program, subject to annual caps, the State, subject to annual appropriation by the General Assembly, pays to the City the lesser of the annual cap amount or 50% of the 3% general revenue portion of the State sales tax on “net new sales” generated by the Crackerneck Creek Project. For the purpose of the State TIF approval, “net new sales” equals 40% of retail sales in the Crackerneck Creek Project. Because of the lower than projected retail sales in the Crackerneck Creek Project, the annual amounts received by the City pursuant to State TIF (“State TIF Revenues”) have been materially below the annual cap amounts. During Fiscal Years 2019 and 2020, the City received \$278,360 and \$243,743, respectively, in State TIF Revenues with respect to the Crackerneck Creek Project. The collection of State TIF Revenues will terminate in 2026.

## ***TDD Revenues***

On July 26, 2006, the Crackerneck Creek Transportation Development District (the “Crackerneck TDD”) was formed by order of the Jackson County Circuit Court. The Crackerneck TDD was formed to fund a portion of the transportation improvements associated with the Crackerneck Creek Project. The boundaries of the Crackerneck TDD encompass all retail areas in the Crackerneck Creek Project, as well as a portion of the City park area within the Crackerneck Creek Redevelopment Area that is located to the west of the retail area. The Crackerneck 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<sup>th</sup> of the TDD Sales Tax revenues are pledged by the City, after appropriation by the Crackerneck TDD and payment to the City, to secure the Loan Payments with respect to the Project Bonds. Originally, the remaining 1/8<sup>th</sup> of the TDD Sales Tax revenues was to be used by the City to fund a transportation service serving the Crackerneck Creek Project. To date, that service has not been established and the 1/8<sup>th</sup> cent has been used to pay principal and interest on the Project Bonds. During each of the Fiscal Years 2019 and 2020, the City received \$215,000 in TDD Revenues with respect to the Crackerneck Creek Project. The collection of TDD Revenues will terminate in 2036.

## ***Bass Pro Lease Payments***

The Bass Pro Lease Payments are generated by the Crackerneck Creek Project, but are not pledged to the payment of the Loan Payments with respect to debt service on the Bonds. Such revenues are available for any lawful purpose of the City, including appropriation to the payment of the Loan Payments with respect to debt service on the Bonds.

The City owns the 160,000 square foot building housing the Bass Pro Store and leases the building to Bass Pro under the terms and conditions contained in the Bass Pro Lease. See **“PLAN OF FINANCE – The Crackerneck Creek Project,”** above, and **“THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER”** in **Appendix D** hereto. The initial term of the Bass Pro Lease ends December 31, 2026, at which point Bass Pro has the option to renew the Lease for nine one-year periods, and after that three five-year periods. During the initial term, Bass Pro is required to pay the City rent equal to 2% of “Gross Sales,” except for sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which Bass Pro is obligated to pay 1% with a maximum of \$250 per such boat or vehicle sold. In addition, Bass Pro is obligated to pay “Minimum Percentage Rent” of \$1,000,000 during each year of the initial term. Historically Bass Pro has never exceeded the \$1,000,000 Minimum Percentage Rent. During any of the nine one-year renewal options starting with calendar year 2027, Bass Pro will pay rent equal to \$10 per year. However, during the time that certain Project Bonds are Outstanding or until the expiration of the third one-year renewal option (if exercised by Bass Pro), whichever occurs first, Bass Pro shall be obligated to pay \$1,000,000 per year. During any of the three five-year renewal options, Bass Pro will pay rent equal to 1% of Gross Sales in excess of \$30,000,000, except for Gross Sales respecting sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which shall be 0.5% of such Gross Sales. The rental payments made by Bass Pro to the City under the Bass Pro Lease are referred to herein as the “Bass Pro Lease Payments.”

Neither the Loan Payments nor the Bonds will have any lien on the Bass Pro Store or the Bass Pro Lease Payments. The Bass Pro Lease Payments will be available for deposit in the City’s General Fund, from which appropriations can be made for the payment of the Loan Payments with respect to debt service on the Bonds. Pursuant to the Financing Agreement, the Bass Pro Lease Payments shall not be applied to pay debt service on the Series 2015C Bonds.

### **Dedicated Appropriation Sources**

The application of revenues from the following sources (the “Dedicated Appropriation Sources”) to debt service on the Bonds or any Project Bonds is subject to annual appropriation by the City. Such revenues have been established for and can be applied only to limited purposes, however, that include debt service on the Project Bonds, as further described below.

#### ***EATS***

The Crackerneck Creek Project generates tax increment (referred to as “Economic Activity Taxes” or “EATS”) consisting of 50% of the increase in tax revenues generated by economic activities within the Crackerneck Creek Project (including most sales and utilities taxes, but excluding certain taxes specified by statute) over the amount of such taxes generated by economic activities within the Crackerneck Creek Project in the calendar year prior to the adoption of tax increment financing for the Crackerneck Creek Project. See **“APPENDIX G – TAX INCREMENT FINANCING IN MISSOURI”** for an explanation of how EATS are calculated and collected. During Fiscal Years 2019 and 2020, the City received \$895,373 and \$858,750, respectively, in EATS with respect to the Crackerneck Creek Project. The collection of EATS will terminate in 2027. As provided in the Financing Agreement, 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 by annual appropriation by the City Council as provided therein, the Economic Activity Tax Revenues deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to the Crackerneck Creek Project.

Although the application of EATS to debt service on the Project Bonds is subject to annual appropriation by the City, the EATS may only be applied to redevelopment project costs associated with the Crackerneck Creek Project, which costs include debt service on the Project Bonds. The City has informed the Developer that it does not intend to pay additional redevelopment project costs incurred by the Developer relating to the Crackerneck Creek Project, because there are insufficient PILOTS, EATS, State TIF Revenues



and TDD Revenues to pay debt service on the existing Project Bonds, leaving no revenues available for repayment of redevelopment project costs pursuant to the agreements between the City and the Developer.

### ***I-70 / Little Blue Parkway Revenues***

On December 17, 2012, the City Council approved the I-70 and Little Blue Parkway Tax Increment Financing Plan (the “I-70 / Little Blue Parkway Plan”) for a redevelopment area with boundaries partially overlapping the Crackerneck Creek Redevelopment Area (the Crackerneck Creek Redevelopment Area constitutes project area #4 under the I-70 / Little Blue Parkway Plan). The I-70 / Little Blue Parkway Plan is comprised of four redevelopment project areas, but tax increment financing revenues are collected within only two of such project areas. The revenues from payments in lieu of taxes and economic activity taxes generated by project area #1 and project area #3 under the I-70 / Little Blue Parkway Plan (the “I-70 / Little Blue Parkway Revenues”) are available for the City as a source of appropriations to the Outstanding Project Bonds; provided that, fifty percent of the payments in lieu of taxes collected under the I-70 / Little Blue Parkway Plan are declared as surplus and distributed to the taxing jurisdictions, and further provided that the economic activity taxes generated by the sales tax imposed by the Independence Events Center Community Improvement are returned to such district. Project area #1 of the I-70 / Little Blue Parkway Plan contains a Menards home improvement store, a QuikTrip convenience store and four out-lot restaurants. Project area #3 of the I-70 / Little Blue Parkway Plan contains a car wash, an Old Chicago pizza restaurant, a Slim Chickens restaurant and Main Event, a family fun and entertainment venue.

Although the application of I-70 / Little Blue Parkway Revenues to debt service on the Project Bonds is subject to annual appropriation by the City, the I-70 / Little Blue Parkway Revenues may only be applied to redevelopment project costs associated with the I-70 / Little Blue Parkway Plan, which costs include debt service on the Project Bonds. The City has reimbursed all outstanding redevelopment project costs owed to developers under the I-70 / Little Blue Parkway Plan, with the result that the purpose that remains under the I-70 / Little Blue Parkway Plan for the application of I-70 / Little Blue Parkway Revenues is the payment of debt service on the Project Bonds.

During Fiscal Years 2019 and 2020, the City received \$-0- and \$5,058,000, respectively, in I-70 / Little Blue Parkway Revenues (\$1,667,000 of which was attributable to collections during Fiscal Year 2020 and the remainder of which was collected in prior years; the City anticipates that future annual transfers will be in the range of \$1.8 Million). The collection of revenues under the I-70 / Little Blue Parkway Plan terminates for project area #1 on September 1, 2037 and for project area #3 on December 16, 2035. The County Assessor’s office of Jackson County undertook a significant reassessment of property throughout Jackson County in 2019, resulting in increased property taxes and PILOTS for many properties throughout Jackson County, including the I-70 / Little Blue Parkway Plan area, for Fiscal Year 2020.

### **Non-Dedicated Appropriation Sources**

The following sources are revenues deposited in special tax funds maintained by the City for the collection and administration of certain property or sales taxes, as designated. Amounts in these funds may be appropriated by the City only for the specific purposes for which the funds are maintained, which includes appropriation to the payment of debt service on Project Bonds to the extent that the Project Bonds financed or refinanced projects eligible for payment from such special tax funds (the “Purpose Limitations”).

**While amounts on deposit in the special tax funds described below may legally be available for appropriation to pay the portion of the debt service on the Outstanding Project Bonds that does not exceed the Purpose Limitations, the City intends to further limit such application of amounts in the special tax funds to new revenues made available to such special tax funds thorough the expiration of tax increment financing redevelopment areas within the City.** The City has a total of 14 active tax increment financing redevelopment areas with termination dates spanning from 2021 to 2039. As each redevelopment area terminates, tax revenues that were previously captured for application to specific projects

or bonds will become available to the City and the other taxing jurisdictions for their originally intended uses. Among other taxes, the City imposes a 0.5% streets sales tax, a 0.25% parks sales tax, a 0.25% storm water sales tax, and a health and recreation property tax. To the extent that revenues from such special purpose taxes become available due to the termination of redevelopment areas, they will be deposited in the special tax funds described below and will be available as a source of appropriations, subject to the Purpose Limitations (such amounts being referred to as the “Non-Dedicated Appropriation Sources”). The Non-Dedicated Appropriation Sources are not pledged to the payment of Loan Payments with respect to the debt service on the Bonds or any Outstanding Project Bonds but, except as may be limited as described above, may serve as a source from which the City may appropriate funds to the repayment of the Outstanding Project Bonds, including the Bonds. It is not possible for the City to predict the amount or availability of revenues from the Non-Dedicated Appropriation Sources.

#### ***Street Improvement Sales Tax Fund Revenues***

The Street Improvement Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.5% streets sales tax imposed within the bounds of the City. Expenditures from the Street Improvement Sales Tax Fund are limited to transportation purposes, including but not limited to the construction, maintenance and repair of city streets, sidewalks, curbs, bridges, culverts and traffic signals. The 0.5% streets sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### ***Park Improvement Sales Tax Fund Revenues***

The Park Improvement Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.25% parks sales tax imposed within the bounds of the City. Expenditures from the Park Improvement Sales Tax Fund are limited to local parks, recreation programs, trails and construction of new facilities for such purposes. The 0.25% parks sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### ***Storm Water Sales Tax Fund Revenues***

The Storm Water Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.25% storm water sales tax imposed within the bounds of the City. Expenditures from the Storm Water Sales Tax Fund are limited to the purpose of storm water control. The 0.25% storm water sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### ***Health and Recreation Property Tax Fund Revenues***

Starting in Fiscal Year 2021, a new fund (the “Health and Recreation Property Tax Fund”) was created to collect and administer a health and recreation property tax imposed within the bounds of the City. Proceeds of the health and recreation property tax were previously accounted for within the City’s General Fund. The City estimates that the new fund will receive \$2,626,000 of property taxes in Fiscal Year 2021 that had previously been received in the General Fund. The expenditures from the Health and Recreation Property Tax Fund are limited to public health and recreation purposes and were moved from the General Fund into the Health and Recreation Property Tax Fund in the City’s budget. The health and recreation property tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

#### **The City’s Tax Increment Financing Supplemental Appropriation Policy**

The City has recently approved a Tax Increment Financing Supplemental Appropriation Policy (the “TIF Supplemental Appropriation Policy”) relating to the Non-Dedicated Appropriation Sources and new

General Fund revenues previously captured for application within tax increment financing redevelopment areas that become available as tax increment financing expires within such areas. Under the TIF Supplemental Appropriation Policy, City Staff and consultants will monitor revenues available for application to the City's various bond-financed tax increment financing projects, monitor the amounts of Non-Dedicated Appropriation Sources and such new General Fund revenues being generated, and make a recommendation to City Council in connection with each annual budget as to the amount that should be retained from such sources in the following fiscal year in order to provide for full payment of all of the City's tax increment financing obligations (including the Outstanding Project Bonds), after considering project-generated revenues anticipated to be available to pay such obligations. Recommendations will be based on a five-year model of anticipated revenues and debt service requirements maintained by City consultants. Under the TIF Supplemental Appropriation Policy, the City Council will, on an annual basis, determine the amount of current revenues within the following fiscal year to retain in the fund established under the TIF Supplemental Appropriation Policy (the "TIF Supplemental Appropriation Fund"), and determine the amount (if any) of excess funds remaining from prior fiscal years to be released from the TIF Supplemental Appropriation Fund for deposit into the City's General Fund and special tax funds. Amounts deposited into the TIF Supplemental Appropriation Fund will be used, subject to the Purpose Limitations, to pay debt service on the City's tax increment financing obligations (including the Outstanding Project Bonds).

As described in **Appendix A** under the heading "**FINANCIAL INFORMATION CONCERNING THE CITY – Santa Fe Redevelopment Project**," the City's Santa Fe Redevelopment Project (the "Santa Fe Project") is a tax increment financing project that currently produces insufficient project-generated revenues to pay debt service on the bonds issued to pay costs of the Santa Fe Project, which bonds are payable from project-generated revenues and, and if not paid from such revenues, from the City's general fund, subject to annual appropriation. To the extent that state law limitations on purpose (similar to the Purpose Limitations described above) allow, Non-Dedicated Appropriation Sources may be identified and appropriated by the City as a source of repayment of bonds issued for the Santa Fe Project as well as the Outstanding Project Bonds.

#### **Fiscal Year 2020 Collections of Certain Revenues**

The table below shows collections for Fiscal Year 2020 of the Pledged Revenues and Other Appropriation Sources, as described in the more detailed discussion above.

<b>PLEDGED REVENUES</b>			<b>OTHER APPROPRIATION SOURCES</b>			
			<b>Bass Pro Lease Payments</b>	<b>Dedicated Appropriation Sources</b>		<b>Non-Dedicated Appropriation Sources</b>
<i>PILOTS (Payments in Lieu of Taxes)</i>	<i>State TIF Revenues</i>	<i>TDD Revenues (Crackerneck TDD)</i>		<i>EATS (Economic Activity Taxes)</i>	<i>I-70 / Little Blue Parkway Revenues</i>	<i>Street / Parks / Stormwater / Health &amp; Recreation Tax Revenues from expired redevelopment areas</i>
\$587,673	\$243,743	\$215,000	\$1,000,000	\$858,750	\$5,058,000 <sup>(1)</sup>	n/a <sup>(2)</sup>

(1) Multiple years of collections were transferred to the City at one time, \$1,667,000 of which was collected in Fiscal Year 2020. The City anticipates that future annual transfers will be in the range of \$1.8 Million.

(2) The generators of Non-Dedicated Appropriation Source revenues are property and sales tax producing businesses within expiring tax increment financing redevelopment areas within the City. As such redevelopment areas expire or are terminated by the City, revenues will begin to accrue from which appropriations may be made to pay a portion of the debt service on the Project Bonds.

## **Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources**

The Pledged Revenues, EATS and Bass Pro Lease Payments have been materially short of the amount needed to fund debt service payments on the Project Bonds, and are expected to continue to be materially short of the amount needed to fund debt service payments on the Outstanding Project Bonds after the issuance of the Series 2021 Bonds. 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, \$2,018,052 from TDD Revenues and \$5,568,000 from I-70 / Little Blue Parkway Revenues to make loan payments in support of the payment of debt service on the Project Bonds. The City anticipates more consistent application of I-70 / Little Blue Parkway Revenues to debt service on the Project Bonds in future years as revenues from that source are now free of competing purposes for application. The City believes that even with significant additional development it is highly unlikely that the Crackerneck Creek Project will be able to generate sufficient revenues to pay debt service on the Outstanding Project Bonds. Consequently, even if significant additional development occurs, the repayment of the Bonds will be dependent upon annual decisions by the City Council to continue to appropriate sufficient moneys from the General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make Loan Payments under the Financing Agreement.

Under Missouri law, Tax Increment Financing ends after 23 years. The PILOTS and State TIF Revenues will not be available after the year 2026 and the EATS will not be available after the year 2027. The Bass Pro Lease Payments are subject to reduction and the Bass Pro Lease is subject to non-renewal by Bass Pro in future years as described under the heading “ANTICIPATED REVENUE SOURCES – Bass Pro Lease Payments” and in Appendix D. The TDD Revenues will expire in 2036 and the I-70 / Little Blue Parkway Revenues will expire in 2037. Neither the Loan Payments nor the Bonds are secured by a lien on the Bass Pro Store or the Bass Pro Lease Payments or a security interest in any property of the City or any developer.

**THE CITY DOES NOT ANTICIPATE THAT THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES WILL BE SUFFICIENT SOURCES OF REPAYMENT OF THE BONDS. INVESTORS SHOULD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE AMOUNTS NEEDED TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM THE CITY’S GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES. See “THE CITY’S GENERAL FUND” and “BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”**

## **Anticipated Future Financings**

The City anticipates a refunding and improvement transaction for the benefit of the Independence Events Center, which will be secured by annual appropriations of the City and other revenues in the same manner as the existing bonds issued for the benefit of the Independence Events Center. The refunding purpose is to produce debt service savings and the new money portion is estimated by the City to be in the range of \$6,500,000. Additionally, the City anticipates a refunding transaction for certain bonds secured by annual appropriations of revenues from the City’s sewer system in order to produce debt service savings. See **Appendix A** under the headings “**FINANCIAL INFORMATION CONCERNING THE CITY – Anticipated Future Financings,**” “**– Obligations of the City,**” and “**– Events Center.**” The City regularly evaluates the refunding of various series of outstanding bonds for debt service savings.

## THE SERIES 2021 BONDS

*The following is a summary of certain terms and provisions of the Series 2021 Bonds. Reference is hereby made to the Series 2021 Bonds and the provisions with respect thereto in the Indenture and the Financing Agreement for the detailed terms and provisions thereof.*

### General Terms

The Series 2021 Bonds are being issued in the principal amount shown on the inside cover page, are dated the date of issuance and delivery thereof, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates per annum set forth on the inside cover page, payable semi-annually on March 1 and September 1 of each year starting on September 1, 2021, and will mature on March 1 in the years as set forth on the inside cover page. The Series 2021 Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of the Series 2021 Bonds is payable at the principal corporate trust office of the Trustee. The interest on the Series 2021 Bonds is payable to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (2) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$500,000, by electronic transfer to such owner upon written notice to the Trustee from such, owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Purchases of the Series 2021 Bonds will be made in book-entry only form (as described immediately below), in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2021 Bonds will not receive certificates representing their interests in the Series 2021 Bonds purchased. If the specified date for any payment on the Series 2021 Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments. The term “Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

### Book-Entry Only System

*The information provided immediately below concerning DTC and the Book-Entry System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Board, the City, the Trustee, the Municipal Advisor or the Underwriter. The Underwriter, the Municipal Advisor, the Board, the Trustee and the City make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described herein or in a timely manner.*

**General.** The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 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 Series 2021 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 Series 2021 Bonds, the Beneficial Owners of the Series 2021 Bonds will not receive or have the right to receive physical delivery of the Series 2021 Bonds, and references herein to the Bondowners or registered owners of the Series 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2021 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](http://www.dtcc.com). The information on such website is not incorporated herein by such reference or otherwise.

***Purchase of Ownership Interests.*** Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 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 Series 2021 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 Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

***Transfers.*** To facilitate subsequent transfers, all Series 2021 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 Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Financing Agreement and the Indenture. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 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.

***Voting.*** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 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 Series 2021 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 Series 2021 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-Only System.*** DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Board or the 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.

## **Redemption**

The Series 2021 Bonds are subject to redemption and payment prior to maturity as follows:

### ***Optional Redemption.***

(a) The Series 2021 Bonds maturing on March 1, 2029 are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after March 1, 2028, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

(b) The Series 2021 Bonds maturing on March 1, 2036, March 1, 2037, March 1, 2041, March 1, 2046 and March 1, 2051 are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after March 1, 2031, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

***Mandatory Sinking Fund Redemption.*** The Series 2021 Bonds maturing on March 1, 2029, March 1, 2036, March 1, 2041, March 1, 2046 and March 1, 2051 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each March 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

**Term Bonds maturing March 1, 2029**

<b><u>March 1</u></b>	<b><u>Principal Amount</u></b>
2028	\$695,000
2029	670,000 <sup>†</sup>

<sup>†</sup>Final Maturity

**Term Bonds maturing March 1, 2036**

<b><u>March 1</u></b>	<b><u>Principal Amount</u></b>
2031	\$580,000
2032	560,000
2033	575,000
2034	535,000
2035	500,000
2036	890,000 <sup>†</sup>

<sup>†</sup>Final Maturity

**Term Bonds maturing March 1, 2041**

<b><u>March 1</u></b>	<b><u>Principal Amount</u></b>
2038	\$930,000
2039	200,000
2040	205,000
2041	180,000 <sup>†</sup>

<sup>†</sup>Final Maturity

**Term Bonds maturing March 1, 2046**

<b><u>March 1</u></b>	<b><u>Principal Amount</u></b>
2042	\$150,000
2043	115,000
2044	75,000
2046	2,385,000 <sup>†</sup>

<sup>†</sup>Final Maturity



**Term Bonds maturing March 1, 2051**

<u>March 1</u>	<u>Principal Amount</u>
2047	\$2,465,000
2048	2,565,000
2049	2,665,000
2050	2,770,000
2051	5,485,000 <sup>†</sup>

<sup>†</sup>Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date, the City may: (i) deliver to the Trustee for cancellation any Series 2021 Bonds of such maturity, in any aggregate principal amount desired; or (ii) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any such Series 2021 Bonds from any registered owner thereof, whereupon the Trustee will expend such funds for such purpose to such extent as may be practical; or (iii) receive a credit with respect to the mandatory redemption obligation of the Board for any such Series 2021 Bonds which prior to such date have been redeemed (other than through the operation of the mandatory sinking fund requirements) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2021 Bond so delivered or previously purchased or redeemed will be credited at 100% of the principal amount thereof on the obligation of the Board to redeem such Series 2021 Bonds on such redemption date, and any excess of such amount will be credited on future mandatory redemption obligations for such Series 2021 Bonds in chronological order.

***Election to Redeem; Notice to Trustee.*** The Board shall elect to redeem Series 2021 Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Board, the Board shall, at least 45 days prior to the redemption date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Series 2021 Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Series 2021 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such Series 2021 Bonds are to be called for redemption.

***Notice of Redemption.*** Unless waived by any owner of Series 2021 Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Series 2021 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Trustee.

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) the principal amount of Series 2021 Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Series 2021 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where the Series 2021 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent.

The failure of any owner of Series 2021 Bonds to receive notice given as provided herein, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2021 Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

For so long as DTC is effecting book-entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified in this Section to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2021 Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the beneficial owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Series 2021 Bond.

***Selection by Trustee of Bonds to be Redeemed.*** Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Bonds are to be redeemed and paid prior to maturity pursuant to the Indenture, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by lot or in such other equitable manner as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 of the principal of Bonds of a denomination larger than \$5,000.

The Trustee shall promptly notify the Board and the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

***Deposit of Redemption Price.*** Prior to any redemption date, the Board shall deposit with the Trustee or with a Paying Agent, from moneys provided by the City, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

***Bonds Payable on Redemption Date.*** Notice of redemption having been given as aforesaid, the Bonds to be so redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Board at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

***Bonds Redeemed in Part.*** Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing) and the Board shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that

such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

So long as DTC is effecting book-entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2021 Bond (having been mailed notice from the Trustee, a DTC Participant or otherwise) to notify the Beneficial Owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Bond.

### **Transfer Outside Book-Entry Only System**

If the book-entry only system is discontinued, the following provisions would apply. The Series 2021 Bonds are transferable only upon the registration books of the Trustee upon surrender of the Series 2021 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. Series 2021 Bonds may be exchanged for other Series 2021 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 Series 2021 Bonds, but neither the failure to print such numbers on any Series 2021 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 Series 2021 Bonds.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

The Series 2021 Bonds will be issued under and will be equally and ratably secured under the Indenture under which the Board will assign and pledge to the Trustee (1) certain rights of the Board under the Financing Agreement, including the right to receive Loan Payments with respect to the Bonds thereunder, and (2) the funds and accounts, including the money and investments in them, which the Trustee holds under the terms of the 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 Financing Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board, and are secured under the Indenture and the Financing Agreement as described herein. The City's obligations to pay the Loan Payments and Additional Payments under the Financing Agreement are limited, special obligations of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, subject to annual appropriation by the City, all general fund revenues of the City and from certain Pledged Revenues as provided in the Financing Agreement and the Authorizing Ordinance.

**Except with respect to the Pledged Revenues, the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds.** The pledge of the Pledged Revenues (consisting of the PILOTS, State TIF Revenues and TDD Revenues) to the repayment of the Bonds is not subject to annual appropriation by the City but the payment of State TIF Revenues to the City is subject to annual appropriation by the Missouri General Assembly and the payment of TDD revenues to the City is subject to annual appropriation by the Crackerneck TDD. The Series 2021 Bonds are secured by the Pledged Revenues on a parity basis with the Series 2015C Bonds.

The Other Appropriation Sources, including the Bass Pro Lease Payments, Dedicated Appropriation Sources and Non-Dedicated Appropriation Sources, are not pledged to the repayment of the Bonds or any other Outstanding Project Bonds, but serve as sources from which annual appropriations may be made by the City. All Loan Payments that may be made by the City with respect to the Bonds from the Other Appropriation Sources are subject to annual appropriation by the City. See "ANTICIPATED REVENUE SOURCES," above.

**PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE SERIES 2021 BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES (INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES). VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER APPROPRIATION SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING "ANTICIPATED REVENUE SOURCES." THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

The Bonds are not an indebtedness of the City, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. 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 Agreement**

Under the Financing Agreement, the City is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Bonds 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 described 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.

The City's appropriation of funds is effective with the approval by the City Council of its annual budget. Subject to annual appropriation, the City is required under the Financing Agreement to pay each Loan Payment on or before the Business Day preceding each March 1 and September 1, commencing September 1, 2021 in an amount which is not less than the next installment of interest and principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption.

## **Annual Appropriation Obligation of the City**

The City has the right, to exercise in its sole and absolute discretion, for any reason, not to budget and appropriate funds, however, the Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

***Annual Appropriation.*** The Financing Agreement provides for the payment by the City of Loan Payments which are dependent upon actions by the City, 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 is required under the Financing Agreement to 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 is required under the Financing Agreement to 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. 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. 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.

See **“THE CITY’S GENERAL FUND,” “ANTICIPATED REVENUE SOURCES – Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources,”** and **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”**

### **Debt Service Reserve Fund**

Pursuant to the Indenture, the Trustee will establish accounts within the Debt Service Reserve Fund created under the Indenture for each series of Bonds issued under the Indenture for the payment of the principal of and interest on the Bonds of each series to which the applicable account of the Debt Service Fund relates to the extent of any deficiency in the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. Such accounts within the Debt Service Reserve Fund will be fully funded at the time of the issuance of the respective series of Bonds from the proceeds thereof or from other sources available to the City in an amount equal to the “Debt Service Reserve Requirement” which is applicable to each series.

On the issuance date of the Series 2021 Bonds, a deposit will be made to the Debt Service Reserve Fund account established for the Series 2021 Bonds in an amount equal to the least of (1) 10% of the stated principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds are sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (2) the maximum annual principal and interest requirements on the Series 2021 Bonds, determined as of the issuance date, or (3) 125% of the average annual principal and interest requirements on the Bonds, determined as of the issuance date (the initial “Debt Service Reserve Requirement”). However, the Debt Service Reserve Requirement is subject to reduction on any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, to an amount equal to the least of (a) 10% of the original principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for the Series 2021 Bonds during each Fiscal Year subsequent to such date in which Series 2021 Bonds remain Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the Debt Service Reserve Fund Requirement over the amount required immediately prior to such calculation.

The Debt Service Reserve Requirement for the Series 2021 Bonds will be satisfied by the transfer of certain funds available to the City as set forth under the caption **“PLAN OF FINANCE - Sources and Uses of Funds.”** Moneys in each series account of the Debt Service Reserve Fund shall only be available to fund a deficiency in the applicable account in the Debt Service Fund with respect to the corresponding series of Bonds and to retire the last Outstanding bonds of that series. If Additional Bonds are issued, the Board expects to fund a separate reserve account for the Additional Bonds.

If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in the paragraph above, 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. On each valuation date as provided the Indenture, the Trustee shall determine the value of all cash and Permitted Investments held in the Debt Service Reserve Fund. If the

value so determined exceeds the Debt Service Reserve Fund Requirement, the excess shall as promptly as practical be transferred to the Debt Service Fund pursuant to the Indenture. If the value so determined is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately direct the City to restore the deficiency not later than the next succeeding Payment Date.

On or after any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, the City may provide written direction, signed by a City Representative, specifying the then-applicable Debt Service Reserve Fund Requirement (together with the mathematical calculation of such requirement) to the Trustee, together with direction to the Trustee to release any excess amounts held in the Debt Service Reserve Fund account established for the Series 2021 Bonds. Upon receipt of such written direction, the Trustee shall promptly transfer such excess funds to the fund providing for the defeasance of such Series 2021 Bonds deemed to be paid and discharged.

### **The Indenture**

Under the Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the Bonds, all of its rights under the Financing Agreement, including all Loan Payments and other amounts payable under the 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 Bonds. See **“SUMMARY OF THE INDENTURE”** in **Appendix E** hereto.

### **Project Bonds, Priority of Liens**

All of the outstanding Series 2006B Bonds, Series 2013A Bonds and Series 2013B Bonds will be redeemed using proceeds of the Series 2021 Bonds. The Project Bonds that will remain outstanding after the issuance of the Series 2021 Bonds, which include the Series 2015C Bonds and the Series 2021 Bonds, are referred to herein as the “Outstanding Project Bonds.” See **“INTRODUCTORY STATEMENT – Project Bonds Issued for the Crackerneck Creek Project,”** above, for identification of the Project Bonds and **“PLAN OF FINANCE – Refunded Bonds,”** above.

The Loan Payments with respect to the Series 2021 Bonds will have a lien on the Pledged Revenues that is on a parity with the lien of the Series 2015C Bonds. **However, the Loan Payments are not secured by and the Bonds will have no lien on the Bass Pro Store or the Bass Pro Lease Payments. All series of Outstanding Project Bonds are secured by an annual appropriation obligation of the City.**

### **Additional Parity Bonds**

The Board from time to time may, at the written request of the City, authorize the issuance of additional bonds on a parity with the Series 2015C Bonds and the Series 2021 Bonds (“Additional Parity Bonds”) for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Parity 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 and interest on the Additional Parity Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Parity 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 Parity Bonds.

Additional Parity Bonds may be issued only for the purpose of refunding outstanding Project Bonds. The sole economic test for the issuance of Additional Parity 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 Parity

Bonds. This means that the City may issue or cause to be issued Additional Parity Bonds for the purpose of refunding outstanding Project Bonds without any additional limits, even if the Pledged Revenues and Other Appropriation Sources continue to be insufficient to provide for the Loan Payments on the Outstanding Project Bonds, without regard to the proposed Additional Parity Bonds.

## **BONDOWNERS' RISKS**

*The following is a discussion of certain risks that could affect payments to be made by the Board with respect to the Series 2021 Bonds and the Loan Payments to be made by the City under the Financing Agreement. 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 Series 2021 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 E**, 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 Financing Agreement and from certain other funds held by the Trustee under the Indenture. No representation or assurance can be given that the City will collect or appropriate revenues in amounts sufficient to make such payments under the Financing Agreement.

**PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES. VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER APPROPRIATION SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.**

### **Effects of COVID-19**

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies. In response to such expectations, the federal government declared a “national emergency,” the State declared a state of emergency and issued a temporary stay-at-home order, and Jackson County, Missouri, the County in which the City is located, issued a temporary stay-at-home order in the spring of 2020. The stay-at-home orders have since expired. Despite the expiration of such orders, cities and counties have the ability, and continue, to impose local public health orders restricting economic activities within the State.

During 2020, the City was at times subject to executive orders requiring social distancing and reopening plans at the state and county level. In December of 2020, the City completed steps to re-establish the City of Independence Health Department (the “City Health Department”) as a State-recognized local health



authority in response to the COVID-19 pandemic. By order of the Mayor and the Acting Health Director of the City on December 9, 2020, the City issued its own “Safer Independence Guidelines” which became effective on December 11, 2020, and which were updated on February 20, 2021. Under the current Safer Independence Guidelines, the following restrictions are imposed:

- Restaurants, taverns, and all other venues serving food and drink indoors shall limit the number of occupants to no more than 50 percent of building occupancy. Indoor and outdoor patrons must be seated at all times while actively eating or drinking and masked at all times except when actively eating or drinking. Parties shall be spaced with no less than six feet of distance between themselves and individuals from any other parties.
- Entertainment and recreational venues shall limit the number of individuals (staff and customers) in the facility, building or room to 50 percent of the lowest occupancy load on the certificate of occupancy of the facility, building, or room (whichever is lower) in which the gathering is occurring. Masks or face coverings must be worn at all times.
- Masks must be worn in all indoor spaces with more than one person per room and outdoor spaces where social distancing of at least six feet cannot be maintained, except where a specific exception applies.
- Business operations generally open to the public and operating in a publicly accessible capacity and not described above shall maintain six feet of distance between areas of service, such as tables, booths, or stations in addition to the wearing of a face covering or mask for all staff and customers.

The effects of COVID-19 are expected to have an adverse effect on sales tax revenues collected within the Crackerneck Creek Redevelopment Area and within the City as a whole. Certain retailers were instructed by the Jackson County Health Department to remain completely closed for a period of time as part of the initial COVID-19 response. On March 30, 2020, the Bass Pro Store was ordered to close. However, the next day, that order was revised to allow the Bass Pro Store to open for sales for guns, ammunition and hunting and fishing items only. On May 11, 2020, the Bass Pro Store was allowed to open subject to certain restrictions. Other retailers and restaurants within the Crackerneck Creek Redevelopment Area and throughout the City were subject to county stay at home orders, causing some to remain closed during the time that such orders were in effect. Under the county stay at home orders, restaurants were required to limit their operations to delivery, drive-through, curbside pickup and carryout sales.

The City received \$1,317,493 in EATS, State TIF Revenues and TDD Revenues (all of which are generated by sales tax collections) during Fiscal Year 2020, compared to \$1,388,733 in EATS, State TIF Revenues and TDD Revenues received by the City for Fiscal Year 2019. Although monthly Bass Pro Lease Payments were delayed during the complete shutdown of the Bass Pro Store, the aggregate amount of payments is not expected to change due to the COVID-19 response as payments were already being made at the minimum of \$1,000,000 annually. See **“APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER”** for a further description of the payments due under the Bass Pro Lease.

The City’s Fiscal Year 2020 ended on June 30, 2020, and included the months of March, April, May and June, 2020, during which the COVID-19 response began and continued to occur. The City’s 2020-2021 Operating Budget assumed that the COVID-19 response would cause \$4,625,000 in revenue loss to the General Fund prior to the end of Fiscal Year 2020. However, the audited numbers for Fiscal Year 2020 show actual General Fund revenue loss of \$3,124,186 compared to the revenues budgeted for Fiscal Year 2020 of \$78,038,792 (including \$19,614,000 budgeted for payments in lieu of tax transferred to the General Fund from the City’s utility funds). Additionally, such revenue loss was partially offset by expenditure reductions totaling \$1,492,664, resulting in a net change in fund balance for the General Fund of \$(1,159,199), reducing the General Fund balance from \$7,280,762 (FY 2019 end) to \$6,121,563 (FY 2020 end). See **“THE CITY’S GENERAL FUND – General Fund Budgets and Results”** and **“– Summary of General Fund Revenues, Expenditures and Changes in Fund Balances.”** The City’s 2020-2021 Operating Budget anticipates a

revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021, contributing to a projected \$3,049,208 General Fund revenue loss compared to the 2019-2020 budget (or a loss of \$477,593 compared to Fiscal Year 2020 actual collections) based on economic conditions. So far in Fiscal Year 2021, the City has not seen the level of reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. See **“THE CITY’S GENERAL FUND – The City’s 2020-2021 Operating Budget”** and **“– Post-Budget Developments”** for further discussion.

In response to anticipated General Fund revenue loss, the 2020-2021 Operating Budget includes a series of expenditure reductions aimed at reducing budgetary pressures. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto. The 2020-2021 Operating Budget designates \$1,509,018 of General Fund revenues as contingency as a cushion against revenue loss. Additionally, the City approved the Interfund Loan in the maximum principal amount of \$25,000,000, to provide short term liquidity to address General Fund revenue shortfalls. The 2020-2021 Operating Budget anticipated that the City would draw down \$2,000,000 of the Interfund Loan by the end of Fiscal Year 2020. However, the City experienced less revenue loss during Fiscal Year 2020 and the first half of Fiscal Year 2021 than anticipated by the 2020-2021 Operating Budget, with the result being that the City terminated the Interfund Loan on February 2, 2021 without having drawn any of the available funds. The City Manager’s proposed 2021-2022 Operating Budget estimates a surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710. See **“THE CITY’S GENERAL FUND – The City’s 2020-2021 Operating Budget,” “– Post-Budget Developments”** and **“– Proposed 2021-2022 Operating Budget.”**

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in CARES grant reimbursable expenditures incurred between March 2020 and December 2020 for COVID-19 response-related expenses. The revenues were coded as revenues to the City after June 30, 2020. The City anticipates receiving additional public assistance for COVID-19 expenditures for the same period through grants from the Federal Emergency Management Agency.

The American Rescue Plan Act of 2021 (the “American Rescue Plan”) became law in March of 2021. Among other things, the American Rescue Plan provides funding for local governments to respond to the public health emergency associated with COVID-19, to provide premium pay to essential workers, to provide government services affected by a revenue reduction during the COVID-19 pandemic and to make investments in water, sewer, and broadband infrastructure. Funds can be used to cover costs incurred through the end of 2024. The City anticipates receipt of \$20,295,216 under the American Rescue Plan. The City Council has not yet determined how it will allocate such funds.

The continued proliferation of COVID-19 throughout the City and the State may worsen the adverse effects on the City and the Crackerneck Creek Redevelopment Area due to the economic ramifications of mandatory business and other closures. The City could face significant costs associated with containing and responding to the virus, as other municipal entities across the United States have already experienced, and the City cannot be certain whether any short term borrowing or State or Federal aid would be sufficient to address such costs. In addition, a longer term economic downturn could cause sustained reductions in sales tax revenues and assessed valuations in the City, which could lead to further reductions in Pledged Revenues, Other Appropriation Sources and the City’s general revenues. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the City and such revenues in the future is highly uncertain and cannot be predicted. See **“APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET”** and **“THE CITY’S GENERAL FUND – Post-Budget Developments”** for additional discussion of the anticipated effects of COVID-19 on the City’s finances.

## **Risk Factors Relating to Annual Appropriations**

**General.** Except with respect to the Pledged Revenues, the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds. Although the City has covenanted in the Financing Agreement to include amounts sufficient to pay the Loan Payments in the budget proposals 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. As described herein, the City expects that the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources will be insufficient to pay debt service on the Outstanding Project Bonds. See "ANTICIPATED REVENUE SOURCES – Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special, Limited Obligations." Prospective investors should evaluate the likelihood that the City will appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources).

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, \$2,018,052 from TDD Revenues and \$5,568,000 from I-70 / Little Blue Parkway Revenues to make loan payments in support of the payment of debt service on the Project Bonds. The City believes that the Crackerneck Creek Project will be unable to generate sufficient revenues to pay debt service on the Outstanding Project Bonds.

**General Fund Capacity.** The City anticipates that it may need to utilize balances in the City's General Fund in addition to the Pledged Revenues and the Other Appropriation Sources to make payments on the Outstanding Project Bonds in future fiscal years. See "THE CITY'S GENERAL FUND – Audited Financial Information for Fiscal Year 2020," "– The City's 2020-2021 Operating Budget," and "– Post-Budget Developments" for a discussion of General Fund revenues, expenses and ending fund balances for Fiscal Year 2020 and budgeted amounts for Fiscal Year 2021 based on the City's 2020-2021 Operating Budget and subsequent developments. Also see "THE CITY'S GENERAL FUND – Proposed 2021-2022 Operating Budget."

**General Fund Expenses.** For the fiscal year ending June 30, 2021, approximately 83.1% (\$60,538,679) of the General Fund revenues are expected to be spent for City personnel costs – salaries, wages and benefits. As noted above, the City has appropriated and expended amounts from its General Fund in recent years to make loan payments in support of the payment of debt service on the Project Bonds. Appropriations from the General Fund to pay debt service on the Bonds in some years may require the consideration and implementation of expenditure reductions, including 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 Outstanding Project Bonds by appropriating revenues from its General Fund and other legally available funds. All Project Bonds, including the Bonds, have an equal claim to such General Fund revenues.

A significant portion of the City's General Fund expenditures for salaries, wages and benefits are related to contributions to a defined benefit pension plan known as LAGERS (\$13,630,050 in the fiscal year ending June 30, 2020) and to "Other Post-Employment Benefits" or "OPEB" (\$7,047,000 in the fiscal year ending June 30, 2020). Audited numbers for Fiscal Year 2020 are contained in **Appendix B**. In addition, **Appendix B** presents multi-year trend information as of June 30, 2020, 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 liability 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.

***Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources.*** The City expects that the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources, collectively, will be insufficient to pay debt service on the Outstanding Project Bonds. Such insufficiencies and any reduction in the Non-Dedicated Appropriation Sources anticipated to be available to the City may impact the City's decision of whether to continue to support the payment of debt service on the Outstanding Project Bonds, including the Bonds, by appropriating revenues from its General Fund and other legally available funds.

***Appropriation Risk with Respect to Pledged Revenues and Other Appropriation Sources.*** The pledge of the PILOTS to the Bonds is not subject to annual appropriation by any governmental entity. All other Pledged Revenues and Other Appropriation Sources, however, must be annually appropriated by the City or another governmental entity prior to their use to make Loan Payments for application to debt service on the Bonds. State TIF Revenues are subject to annual appropriation by the Missouri General Assembly prior to payment to the City. TDD Revenues are subject to annual appropriation by the Crackerneck TDD prior to payment to the City. The Other Appropriation Sources are all subject to annual appropriation by the City before application to debt service on the Bonds. There can be no assurance that the State will annually appropriate the State TIF Revenues or that the Crackerneck TDD will annually appropriate the TDD Revenues for payment to the City. Likewise, there can be no assurance that the City will annually appropriate moneys from the Other Appropriation Sources to the payment of the Loan Payments with respect to debt service on the Bonds.

***Payments on Other Bonds May be Made from Non-Dedicated Appropriation Sources.*** As described under the heading “**ANTICIPATED REVENUE SOURCES – The City's Tax Increment Financing Supplemental Appropriation Policy**,” to the extent that state law limitations on purpose allow, Non-Dedicated Appropriation Sources may be identified and appropriated by the City as a source of repayment of bonds issued for tax increment financing projects other than the Outstanding Project Bonds. As described in **Appendix A** under the heading “**FINANCIAL INFORMATION CONCERNING THE CITY – Santa Fe Redevelopment Project**,” the City's Santa Fe Redevelopment Project (the “Santa Fe Project”) is a tax increment financing project that currently produces insufficient project-generated revenues to pay debt service on the bonds issued to pay costs of the Santa Fe Project, which bonds are payable from project-generated revenues and, and if not paid from such revenues, from the City's general fund, subject to annual appropriation. Non-Dedicated Appropriation Sources may be identified by the City as a source of repayment of bonds issued for the Santa Fe Project as well as the Outstanding Project Bonds. See “**ANTICIPATED REVENUE SOURCES – The City's Tax Increment Financing Supplemental Appropriation Policy**” and “**APPENDIX A – FINANCIAL INFORMATION CONCERNING THE CITY – Santa Fe Redevelopment Project**” for further discussion.

#### **No Pledge, Lease or Mortgage of any Project or any other Facilities of the City**

Payment of the Loan Payments and principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any project, the land and building in which the Bass Pro Store is located or any other facilities or property of the City or any developer. Except with respect to the Pledged Revenues, the Bonds are payable solely from amounts subject to annual appropriation by the City. The Bonds are not secured by a lien on the Bass Pro Lease Payments or the land and building in which the Bass Pro Store is located.

#### **Ability to Issue Future Series of Project Bonds**

The refunding of the Refunded Bonds will reduce the current shortfall and expected shortfall between the collections of Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources and the debt service on the Outstanding Project Bonds and therefore the amount that the City anticipates will be

needed from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources) to pay debt service on the Outstanding Project Bonds in future fiscal years. While it is impossible to predict the amount of the shortfall in future fiscal years, the City anticipates that the payment of the Loan Payments with respect to debt service on the Bonds will be dependent on appropriations from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). In order to reduce the amount of such appropriations from the City's General Fund, the City may seek to refund additional Project Bonds in order to achieve debt service savings and/or restructure debt service over the life of the Outstanding Project Bonds if and when deemed economical or to better align projected revenues with debt service. There can be no assurance that the City Council will approve the issuance of such future series of bonds, that interest rates will not increase to a point where such refunding is not economical or that such refunding bonds can be sold.

### **Tax Increment Financing Litigation**

The Missouri Supreme Court upheld the constitutionality of the TIF Act (prior to certain amendments thereto) in 1987. See “**APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI.**” Nevertheless, litigation regarding the constitutionality and application of the TIF Act is currently pending in various Missouri circuit courts. 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 the plaintiffs are successful in one or more of the currently pending cases, the court's decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan. 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 Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan or how that decision would be applied by a court with respect to the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan, the PILOTS, EATS, State TIF Revenues or I-70 / Little Blue Parkway Revenues may not be available in the amounts or at the times expected by the City to pay portions of the principal of and interest on the Outstanding Project Bonds. The City cannot predict or guarantee the outcome of any currently pending or future 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.

### **Risk Factors Relating to Revenues Generated by the Crackerneck Creek Project**

***Factors Impacting Bass Pro Retail Sales.*** The largest generator of PILOTS, EATS, State TIF Revenues and TDD Revenues in the Crackerneck Creek Project is the Bass Pro Store. Pursuant to the Bass Pro Lease, Bass Pro covenanted that it would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20-year initial term of the lease (the “Operating Covenant Period”). Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period and the initial term of the Bass Pro Lease runs through the year 2026. Bass Pro has the option to renew the Bass Pro Lease for nine one-year periods, and three five-year periods. There can be no assurance that Bass Pro will renew the lease after the initial lease term. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER.**”

***Status of Developer.*** The City has the right to replace the Developer at any time. The City has not replaced the Developer because it has not been able to determine that a new developer would lead to an increase in leasing activity. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER.**”

***Additional Development.*** The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The Developer has not requested financial assistance from the City with respect to the residential complex. The City's Tax Increment Financing Commission has recommended approval of the amendment to City Council, but City Council has not yet determined whether it will approve the amendment. It is anticipated that a portion of any PILOTS generated by such new development would be distributed to the taxing districts. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area. There are currently no letters of intent or binding agreements for new tenants in the Crackerneck Creek Project, nor are there any commitments for the sales of any parcels. There can be no assurance that new retail stores will be located in the Crackerneck Creek Project.

Demand for retail goods, especially specialty retail goods, can be highly volatile, cyclical and is generally subject to a variety of economic conditions that significantly impact consumers and the demand for consumer goods. Such factors include economic conditions in the surrounding trade area, rental rates and occupancy rates, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, pandemics such as COVID-19, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the amount of retail sales or property taxes which may be realized from the Crackerneck Creek Project.

***Risk of Damage or Destruction.*** The partial or complete destruction of the Bass Pro Store or other stores or restaurants within the Crackerneck Creek Project, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of PILOTS, EATS, State TIF Revenues and TDD Revenues from the Crackerneck Creek Project.

#### **Risk of Failure to Maintain Levels of Assessed Valuations**

There can be no assurance that the assessed value within the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan will equal or exceed the current assessed value at any point in the future or that any level of assessed value will be maintained throughout the term of the Series 2021 Bonds. If at any time during the term of the Outstanding Project Bonds the actual assessed value is less than expected, the amount of the PILOTS will likely be less than anticipated by the City.

Even if the County Assessor's determination of the assessed value of the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan equals or exceeds the anticipated assessed value, the property owners have the right to appeal such determination. The property owners within the Crackerneck Creek Redevelopment Area have in the past appealed the reassessment of property within the Crackerneck Creek Redevelopment Area. Additionally, certain tenants may also have the right to appeal such determination should the owners decline to do so. If any such appeal is not resolved prior to the time when real estate taxes are due, the taxpayer may pay the taxes under protest. In such event, payments in lieu of taxes being protested will not be available for deposit into the Special Allocation Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the assessed value of the property will be reduced, in which event the PILOTS may be less than anticipated. See **"APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI"** and **"APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER – Status of Developer."**

In addition, if the assessed valuation in the City rises to the extent that a rollback in tax rates is required, and if the increase in assessed valuation within the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan is not as extensive as the increase

within the City generally, the rollback in tax rates may result in a reduction in PILOTS. See “**APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI.**”

### **Risk Factors Relating to Revenues Generated by Retail Sales Tax**

**Generally.** The EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources are all generated by retail sales within the Crackerneck Creek Redevelopment Area (for EATS, State TIF Revenues and TDD Revenues) or other redevelopment areas around the City. The volume of sales tax revenues is contingent upon and may be adversely affected by a variety of factors, including without limitation economic conditions within the City or a particular redevelopment area or the surrounding trade area and competition from other retail businesses, rental rates and occupancy rates in private developments, suitability of the developments for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the expected amount of EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources which will be available for appropriation by the City to pay the principal of and interest on the Outstanding Project Bonds. The retail sales industry is highly competitive. Existing retail businesses outside of the City and/or the redevelopment areas generating EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources and the future development of such outside retail businesses, which are competitive with retail businesses in the City and/or such redevelopment areas may exist or may be developed after the date of this Official Statement.

**Online Sales.** The EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources are not generated by purchases made over the internet, nor on purchases made from catalogs. The future level of taxable retail sales which occur within the City and the various redevelopment areas contributing to such revenues will likely be negatively affected by the future level of internet sales (also known as e-commerce). E-commerce vendors compete with local retail businesses and in the future could reduce the level of taxable retail sales which otherwise would occur within the City and the various redevelopment areas contributing to the EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources. The use of the internet by consumers for their purchases is subject to various market factors as well as consumer behavior and preferences. The ultimate impact of internet sales on the level of taxable retail sales which occurs within the City and the various redevelopment areas contributing to the EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources cannot be determined at this time. Additionally, the increasing popularity of gift cards, the sales and resulting taxes from which are not realized until the gifted amounts are spent by the recipient, may impact monthly sales tax receipts in a manner which cannot be determined at this time.

E-commerce sales and other changes in the economy have also caused local sales tax collections to decline on a City-wide basis. It is not possible to predict whether or to what extent any such changes will continue, and what impact any such changes would have on sales tax revenues.

On August 6, 2019, the voters of the City approved a local use tax to be applied from and after January 1, 2020 to purchases made from out-of-state vendors that ship goods to consumers within the City. To the extent that sales or use tax is not charged by an out-of-state vendor, the consumer is required to file a use tax return with respect to such purchases, provided that a use tax return is not required for consumers whose purchases from out-of-state vendors do not exceed two thousand dollars in any calendar year. Proceeds of the City's use tax must be applied for the following purposes (1) the first \$750,000 to operating a no-kill animal shelter and (2) next, an amount sufficient to fund up to 30 additional police officers for the City to that purpose, after which the proceeds are deposited into the City special sales tax accounts based on the levy rate of each such tax, a portion of which would be allocated to the General Fund. The City anticipates that the

General Fund will begin to receive use tax proceeds in Fiscal Year 2021. The rate of the use tax is equal to the rate of the City's combined sales tax levy, currently 2.25%, provided that, if the City's combined sales tax levy is reduced or raised by voter approval, the use tax rate will automatically increase or decrease accordingly.

***Reliance on Sales Tax Revenue.*** The City depends significantly on retail sales tax revenues, with approximately 44% of the City's general and program revenues from governmental activities during the fiscal year ended June 30, 2020 being derived from such taxes and approximately 17% of the City's total general and program revenues during the fiscal year ended June 30, 2020 being derived from such taxes. The City's 2020-2021 Operating Budget anticipates a revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021. So far in Fiscal Year 2021, the City has not seen the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. See **"THE CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget,"** **"– Post-Budget Developments"** and **"– Proposed 2021-2022 Operating Budget"** for further discussion. Also see **"THE CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget"** and **"APPENDIX C: THE CITY'S 2020-2021 OPERATING BUDGET"** for discussion of the City's plan to respond to anticipated revenue reductions.

### **Changes in State and Local Tax Rates**

Any taxing district in the Crackerneck Creek Redevelopment Area or the redevelopment area established for the I-70 / Little Blue Parkway Plan could lower its tax rate, which would have the effect of reducing the PILOTS or EATS derived from the Crackerneck Creek Redevelopment Area or the I-70 / Little Blue Parkway Revenues derived from the redevelopment area established for the I-70 / Little Blue Parkway Plan. Such a reduction in rates could be as a result of a desire of the governing body of the taxing district to lower tax rates, the retirement of general obligation bonds of the taxing district, taxpayer initiative, or in response to State or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State. Increases in property or sales taxes are not typically subject to capture within an already existing redevelopment area (see **"APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI"**).

### **Changes in State and Local Tax Laws**

Any change in the current system of collection and distribution of real property taxes or sales taxes 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 Pledged Revenues and Other Appropriation Sources to contribute to the payment of the principal of and interest on the Outstanding Project Bonds, including the Series 2021 Bonds. There can be no assurances, however, that the current system of collection and distribution of the real property taxes or sales taxes in the County or the City will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the County, the City, school districts, the courts or the voters, and the Financing Agreement does not limit the ability of the City to make any such changes with respect to City taxes and levies.

### **Risk Factors Relating to I-70 / Little Blue Parkway Revenues**

The I-70 / Little Blue Parkway Revenues are subject to the same risks as are described herein relating generally to other sales and property tax driven revenues, but specifically with respect to project area #1 and project area #3 established under the I-70 / Little Blue Parkway Plan. Project area #1 of the I-70 / Little Blue Parkway Plan contains a Menards home improvement store, a QuikTrip convenience store and four out-lot restaurants, including a DQ Grill & Chill, a Lion's Choice, a Wendy's and a Black Bear Diner. Project area #3 of the I-70 / Little Blue Parkway Plan contains a car wash, two restaurants (an Old Chicago pizza restaurant and a Slim Chickens restaurant) and Main Event, a family fun and entertainment venue. The success of project area #1 of the I-70 / Little Blue Parkway Plan is almost entirely dependent on the continued operation of the



Menards store. Project area #3 of the I-70 / Little Blue Parkway Plan is located at the main entrance to the Crackerneck Creek Redevelopment Area and its customer base is more associated with visitors to the Bass Pro Store and other businesses with the Crackerneck Creek Redevelopment Area. The effects of a continued COVID-19 response will be felt strongly by Main Event, as a family recreation and gathering venue.

### **Risk Factors Relating to the Non-Dedicated Appropriation Sources**

The Non-Dedicated Appropriation Sources are subject to the same risks as are described herein relating generally to other sales and property tax driven revenues. Additionally, the timing and amount of Non-Dedicated Appropriation Sources received by the City is subject to (1) the payoff of bonds issued for certain redevelopment areas, (2) the payment in full of obligations to developers relating to certain redevelopment areas, and (3) the economic performance within the redevelopment areas from which the revenues available from the Non-Dedicated Appropriation Sources will be generated both before and after termination of tax increment financing within such redevelopment areas. The amount of revenues available to the City from the Non-Dedicated Appropriation Sources and the timing of such revenues is impossible to predict with accuracy. The City has made certain assumptions with respect to such amounts and timing, which, if materially inaccurate, may affect the City's willingness or ability to continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds.

Any sustained reduction in the City's governmental revenues may reduce the likelihood that the City will appropriate revenues from the Non-Dedicated Appropriation Sources to pay (together with other sources described herein) debt service on the Outstanding Project Bonds, including the Series 2021 Bonds, since such revenues would otherwise benefit the City's sales and property tax funds. In addition to the City's Health and Recreation Property Tax Fund, Non-Dedicated Appropriation Sources include certain amounts deposited to three of the City's special sales tax funds, including the Street Improvement Sales Tax Fund, the Park Improvement Sales Tax Fund, and the Storm Water Sales Tax Fund. The 2020-2021 Operating Budget estimates a revenue decline of 21% in sales tax collections for its various special sales tax funds due to the effects of COVID-19. So far in Fiscal Year 2021, the City has not seen the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget. In fact, first half collections of sales tax exceeded first half collections in Fiscal Year 2020. However, there can be no assurance that collections of sales tax revenues will continue to exceed the assumptions of the 2020-2021 Operating Budget.

Any sustained reduction in revenues for the City's Street Improvement Sales Tax Fund, Park Improvement Sales Tax Fund and/or Storm Water Sales Tax Fund will reduce the amounts available in such funds for appropriation to debt service on the Outstanding Project Bonds and may reduce the likelihood that the City will appropriate all of the revenues available from the Other Appropriation Sources to pay a portion of the debt service on the Outstanding Project Bonds, including the Series 2021 Bonds.

The City has approved the TIF Supplemental Appropriation Policy relating to the Non-Dedicated Appropriation Sources and certain General Fund revenues in order to provide for the retention of such revenues in an amount sufficient for the full payment of all of the City's tax increment financing obligations (including the Outstanding Project Bonds), after considering project-generated revenues anticipated to be available to pay such obligations. See **"ANTICIPATED REVENUE SOURCES – The City's Tax Increment Financing TIF Supplemental Appropriation Policy"** for more detail on the TIF Supplemental Appropriation Policy. The retention of amounts under the TIF Supplemental Appropriation Policy will be recommended to the City Council in connection with each annual budget, but such retention is ultimately subject to an annual decision of the City Council to appropriate funds for such purpose. There is no guarantee that the City Council will appropriate revenues for retention under the TIF Supplemental Appropriation Policy in an amount sufficient to pay the City's tax increment financing obligations (including the Outstanding Project Bonds) together with other funds available for such purpose.

As described under the heading **“ANTICIPATED REVENUE SOURCES – The City’s Tax Increment Financing Supplemental Appropriation Policy,”** to the extent that state law limitations on purpose allow, Non-Dedicated Appropriation Sources may be identified and appropriated by the City as a source of repayment of bonds issued for tax increment financing projects other than the Outstanding Project Bonds. As described in **Appendix A** under the heading **“FINANCIAL INFORMATION CONCERNING THE CITY – Santa Fe Redevelopment Project,”** the Santa Fe Project is a tax increment financing project that currently produces insufficient project-generated revenues to pay debt service on the bonds issued to pay costs of the Santa Fe Project, which bonds are payable from project-generated revenues and, and if not paid from such revenues, from the City’s general fund, subject to annual appropriation. Non-Dedicated Appropriation Sources may be identified by the City as a source of repayment of bonds issued for the Santa Fe Project as well as the Outstanding Project Bonds. See **“ANTICIPATED REVENUE SOURCES – The City’s Tax Increment Financing Supplemental Appropriation Policy”** and **“APPENDIX A – FINANCIAL INFORMATION CONCERNING THE CITY – Santa Fe Redevelopment Project”** for further discussion.

### **Federal Investigation of Certain Transactions**

In March of 2020, a federal grand jury issued a subpoena for records of closed-session (non-public) meetings held by the City Council of the City. Governing bodies of cities in Missouri are allowed by law to hold non-public meetings for a variety of purposes for which information discussed at such meetings may be detrimental if released to the public, including but not limited to buying or selling real estate and attorney-client matters such as litigation and contract negotiations. The three meetings for which records were requested were held on December 19, 2016, May 15, 2017 and October 23, 2017. During such meetings, the City Council discussed two transactions conducted by the City around the time of such meetings (although the City Council’s discussion was not limited exclusively to such transactions). In one transaction, the City purchased approximately 94 acres of land and then leased the property to a private power company for the operation of a solar farm (the “Solar Farm Transaction”). In the other transaction, as part of the decommissioning of the “Missouri City Power Plant” that was once a part of the City’s electric utility (known as “Independence Power & Light”), the City awarded a contract to demolish the Missouri City Power Plant (the “Power Plant Demolition Transaction”). The Solar Farm Transaction involved the purchase of property by the City for \$985,000, which property had been acquired by the seller within the prior year for \$550,000. The Power Plant Demolition Transaction involved the acceptance by the City of the higher of two bids received for the demolition project (the bid accepted was for approximately \$9.75 Million and the rejected bid was for approximately \$4.45 Million).

In March of 2020, the Federal Bureau of Investigations (“FBI”) requested from the City copies of a resolution dated July 21, 2014 relating to the Power Plant Demolition Transaction, minutes of two meetings (June 27, 2016 and July 18, 2016), and a request for qualifications distributed by the City with respect to the Power Plant Demolition Transaction. In April of 2020, the FBI requested minutes of a June 23, 2017 meeting of the City utility board that advises the City Council on the governance of Independence Power & Light. In May of 2020, the FBI requested reimbursement receipts submitted by four members of the City Council and requested video of an April 3, 2017 City Council meeting. The Power Plant Demolition Transaction had been discussed at each of the meetings for which records were requested by the FBI. In June of 2020, the FBI requested data files establishing the boundaries of neighborhood council districts displayed on the City’s website. The neighborhood councils are a system of not-for-profit entities at the neighborhood level that operate within defined boundaries and advocate for public services and improvements and economic development within their areas.

Based on the City’s present knowledge and information available to the City, (1) the City does not believe that the investigations relate to the Redevelopment Area, the Project Bonds, or any expenditures, contracts or decision making related thereto, and (2) the City does not believe the ultimate resolution of the investigations will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City’s overall financial condition.

## **Titan Fish Lawsuit**

In July of 2020, Titan Fish Partners, LLC and a named individual filed a petition against the City and two City Council members (the “Titan Fish Lawsuit”). Titan Fish Partners, LLC is the seller of land to the City in the Solar Farm Transaction discussed above under **“BONDOWNERS’ RISKS – Federal Investigation of Certain Transactions.”** The petition claims that certain statements made by such City Council members to and reported in the *Kansas City Star* charged Titan Fish Partners, LLC with being under investigation by the FBI, and that such statements caused damage to the plaintiffs based on defamation, intentional infliction of emotional distress, and tortious interference with a business expectancy. A trial is currently set for July 26, 2021, subject to a motion for continuance that has yet to be considered by the trial court. The City does not believe the ultimate resolution of the Titan Fish Lawsuit will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City’s overall financial condition.

## **Barry Jones Lawsuit**

In December of 2018, Barry Jones, an individual customer of Independence Power & Light, brought suit (the “Barry Jones Lawsuit”) against the City, Independence Power & Light, the Acting Director of Independence Power & Light and three companies that provided computer software to Independence Power & Light, seeking to certify a class for a class action lawsuit and alleging that Independence Power & Light had overcharged its customers on their electric utility bills by overstating the amount of electricity consumed. The allegations included violation of the Missouri Merchandising Practices Act, conversion by wrongfully taking money, unjust enrichment, fraudulent misrepresentation, negligent misrepresentation, breach of contract, and negligence *per se*. In February of 2019, the plaintiff filed a first amended petition adding two named plaintiffs to represent classes of for-profit and non-profit customers, in addition to the class of individual persons represented by Barry Jones. In April of 2021, the plaintiffs filed a motion for leave to file a second amended petition in order to (1) add three additional defendants, including the Mayor, the City Council itself, and the City’s Public Utilities Advisory Board, and (2) plead an additional nine causes of action, including additional claims of unjust enrichment, breach of contract, fraud, breach of fiduciary duty, negligence, civil conspiracy, negligence *per se*, substantial assistance and encouragement in the commission of a tort, and substantial assistance and encouragement in the commission of a tort. The proposed second amended petition adds the allegation that the 9.08% payment in lieu of tax charged by the City on gross receipts of Independence Power & Light violates Section 3.17 of the City’s charter, which provides that “[t]he electric utility shall not be operated for the benefit of other municipal functions, and shall not be used directly or indirectly as a general revenue producing agency for the city, but it may pay to the city an amount in lieu of such taxes as are normally placed upon private business enterprises” and that “[a]fter providing for depreciation accruals and amortization of bonds, and for reasonable accumulation of surplus, the electric utility shall apply all annual profits to rate reductions.”

The City does not believe the ultimate resolution of the Barry Jones Lawsuit will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City’s overall financial condition.

## **Independent Accountants’ Report on Applying Agreed-Upon Procedures Related to Crackerneck Creek Transactions**

The City engaged RubinBrown LLP, an independent certified public accounting firm, to perform agreed-upon procedures and produce a report of findings for certain transactions relating to the Crackerneck Creek Redevelopment Area. The City specified the procedures to be performed in the agreed-upon procedures engagement. The agreed-upon procedures engagement was not an audit, examination or review of the transactions related to the Crackerneck Creek Redevelopment Area, and therefore, RubinBrown LLP did not express an opinion or conclusion about the information, supporting documents or accounting records. Rather, findings were reported related to each of the specified procedures performed.

The areas of focus for the agreed-upon procedures included transactions during the periods of January 1, 2013 through December 31, 2014 and January 1, 2017 through December 31, 2018 with respect to the following revenues: (1) PILOTS generated by the Crackerneck Creek Redevelopment Area, (2) EATS generated by the Crackerneck Creek Redevelopment Area, (3) State TIF Revenues generated by the Crackerneck Creek Redevelopment Area, (4) TDD Revenues generated by the Crackerneck TDD, (5) I-70 / Little Blue Parkway Revenues transferred for the benefit of the Crackerneck Creek Redevelopment Area, (6) EATS generated by the 39th Street Transportation Development District and captured within the Crackerneck Creek Redevelopment Area, and (7) Bass Pro Lease Payments. For each of these revenue streams, for the periods mentioned above, RubinBrown LLP obtained copies of underlying agreements relating to the collection and distribution of revenue, documented the formula for calculating the amounts of such revenue, recalculated the amounts of revenue based on the formula, and compared such calculated amounts to the City's records of collections. Additionally, the agreed-upon procedures included an inspection of records provided by City Staff and documentation of sales of property by the City within the Crackerneck Creek Redevelopment Area.

The results of the agreed-upon procedures as reported by RubinBrown LLP are summarized as follows: (1) EATS revenue calculations temporarily failed to exclude sales taxes generated by sleeping room charges, which was identified, corrected and retroactively adjusted, (2) the City once double-recoded a \$2,070 adjustment, causing an understatement of EATS revenues for that period, (3) the City's method of adjusting EATS revenues for the statutorily required exclusion of sales taxes generated by sleeping room charges resulted in underreporting of EATS revenues by approximately \$3,138 from April 2015 through July 2020 (4) the report noted that RubinBrown LLP was unable to obtain a list of the businesses remitting tax to the Crackerneck TDD, but that a comparison during the periods tested of the general ledger to the deposit notices from the Missouri Department of Revenue produced no exceptions, (5) the agreements relating to the I-70 / Little Blue Parkway Revenues do not specify the frequency of transfers to the Crackerneck Creek Redevelopment Area accounts held by the City and the City has made transfers in some years but not in others, (6) two businesses were improperly excluded from the 39th Street Transportation Development District, resulting in an understatement of EATS revenues by an estimated amount of \$36,736 from February 2010 through July 2020, (7) an incorrect formula for adjusting out hotel room generated tax imposed by the 39th Street Transportation Development District resulted in an understatement of revenues of the Crackerneck Creek Redevelopment Area estimated at \$4,000, which the City corrected on an ongoing basis from the second calendar quarter of 2017 but did not retroactively adjust, (8) the City's working spreadsheet used for analysis of the Crackerneck Creek Redevelopment Area contained some clerical errors and update lags, but RubinBrown LLP recalculated TIF revenues and agreed to the general ledger without exception for EATS, PILOT and State contributions for the periods January 1, 2013 through December 31, 2014 and January 1, 2017 through December 31, 2018, and (9) RubinBrown LLP inspected reports provided by the City which indicated no sales of property within the Crackerneck Creek Redevelopment Area generating sales proceeds for the benefit of the City.

## **Cybersecurity Risks**

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. As a recipient and provider of personal, private or sensitive information, the City and its agencies and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

In July of 2020, the City began an investment program of over four million dollars in upgrades to its computer and information-technology systems in order to better prepare for potential cyber-attacks. On December 5, 2020, during the period in which such upgrades were being implemented, the City was hit with a ransomware attack. Ransomware works by attacking user files, encrypting them and essentially holding the

information hostage in exchange for a payment. The attack was successful in encrypting and removing files, but did not infect any of the City's critical operational systems. The City took its entire network offline temporarily to assess the extent of the damage, during which time the City's online utility bill payment system and other publicly accessible features were unavailable. Because of the downtime, the City temporarily waived late fees and penalties for power and water customers and temporarily suspended residential utility shutoffs for failure to pay. The files encrypted and/or removed during the attack were backed up on other City data storage devices, so the City did not lose access to any of its system. The City is still investigating but has not discovered any personal or other sensitive information taken as part of the attack. The City has sent notices to customers cautioning them that information may have been subject to the attack. To date, no lawsuits have been filed against the City as a result of the attack. The City has since substantially completed its program of upgrades to provide increased protection against cyber-attacks.

It is possible that security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information or damage to operating systems resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City's computer and information-technology systems and the services they provide, or the unauthorized disclosure of confidential and other credit information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of computer and information-technology systems could interrupt the City's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations and financial condition. The City does carry insurance to cover damages related to cyber-attacks.

### **Additional Parity Bonds**

So long as the City is willing to commit its annual appropriation obligation to the repayment of applicable loan payments with respect to additional bonds, the City may issue or cause to be issued future bonds on a parity with other Project Bonds then outstanding for the purpose of refunding outstanding Project Bonds. This means that so long as the City is willing to commit its annual appropriation to the futures series of Project Bonds the City can encumber the Pledged Revenues, the EATS, the Bass Pro Lease Payments and the Bass Pro Store without limit and may pay debt service on such refunding Project Bonds from Pledged Revenues and Other Appropriation Sources.

### **Shortfalls Relating to Other Annual Appropriation Obligations**

The City has a variety of obligations relating to bonds or leases issued for other redevelopment areas, municipal utilities, infrastructure projects and the Independence Events Center, which are secured by annual appropriations of the City. See **"FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – Revenue Obligations"** in **Appendix A** hereto. Any shortfall in the intended revenue sources for these obligations may decrease the City's willingness or ability to continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds. The Other Appropriation Sources as well as amounts in the City's General Fund and other legally available funds could serve as a source of appropriations for the City's other annual appropriation obligations as well as the Outstanding Project Bonds and there is no guarantee as to how the City would prioritize payment in case of shortfalls with respect to various tranches of obligations. See **"FINANCIAL INFORMATION CONCERNING THE CITY – Debt Service on Obligations Secured by Annual Appropriations,"** in **Appendix A** hereto, for a table showing debt service on all outstanding obligations of the City secured by annual appropriations.

## **Enforcement of Remedies**

The enforcement of the remedies under the Indenture, the Financing Agreement, and the Bass Pro Lease 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 Series 2021 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 Indenture**

Certain amendments to the Indenture and the Financing Agreement 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. See **"APPENDIX E - DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS."** In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of trust instruction procedure ("TIP") statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the Trustee's office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Bonds in contravention of the manner provided for in these documents, including without limitation allowing the Trustee to disregard provisions requiring the consent of the holders of the Bonds prior to certain amendments of these documents.

## **Early Redemption Prior to Maturity**

Any person who purchases a Series 2021 Bond at a price in excess of its principal amount or who holds such Series 2021 Bond trading at a price in excess of par should consider the fact that the Series 2021 Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the section herein captioned **"THE SERIES 2021 BONDS – Redemption."**

## **Debt Service Reserve Fund**

At the time of issuance of the Series 2021 Bonds, an account in the Debt Service Reserve Fund will be established for the Series 2021 Bonds, and a deposit will be made to such account in an amount equal to, or in satisfaction of, the Debt Service Reserve Requirement. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Debt Service Reserve Fund"** herein. There can be no assurance that the amounts on deposit in such account of the Debt Service Reserve Fund will be available if needed for payment of the Series 2021 Bonds in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Debt Service Fund, sufficient revenues may not be available to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

On the issuance date of the Series 2021 Bonds, a deposit will be made to the Debt Service Reserve Fund account established for the Series 2021 Bonds in an amount equal to the least of (1) 10% of the stated principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds are sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (2) the maximum annual principal and interest requirements on the Series 2021 Bonds, determined as of the issuance date, or (3) 125% of the average annual principal and interest requirements on the Bonds, determined as of the issuance date (the initial "Debt Service Reserve Requirement"). However, the Debt Service Reserve Requirement is subject to

reduction on any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, to an amount equal to the least of (a) 10% of the original principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for the Series 2021 Bonds during each Fiscal Year subsequent to such date in which Series 2021 Bonds remain Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the Debt Service Reserve Fund Requirement over the amount required immediately prior to such calculation.

### **Determination of Taxability**

The Series 2021 Bonds are not subject to redemption, nor are the interest rates on the Series 2021 Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Series 2021 Bond is or was includible in the gross income of the owner of a Series 2021 Bond for federal income tax purposes. Such determination may, however, result in a breach of tax covenants, which may constitute an event of default under the Indenture. Likewise, the Indenture does not require the redemption of the Series 2021 Bonds or the adjustment of interest rates on the Series 2021 Bonds if the interest thereon loses its exemption from income taxes imposed by the State. ***It may be that Bondowners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for Missouri and federal income tax purposes.***

### **Risk of Audit**

The Internal Revenue Service (the “Service”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2021 Bonds. Owners of the Series 2021 Bonds are advised that, if an audit of the Series 2021 Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the Board as the taxpayer, and the owners of the Series 2021 Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2021 Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Lack of Secondary Market for the Series 2021 Bonds**

No assurance can be given that a secondary market for the Series 2021 Bonds will develop following the completion of the offering of the Series 2021 Bonds.

### **Defeasance Risks**

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. Government Obligations include 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. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture that Government Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include any rating of the Series 2021 Bonds, if the Series 2021 Bonds are then rated, defeased with Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

## **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 Series 2021 Bonds, or questioning or affecting the validity of the Series 2021 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 Indenture or the Financing Agreement or to secure the Series 2021 Bonds in the manner provided in the Indenture 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 prohibit, restrain, or enjoin the issuance, sale, or delivery of the Series 2021 Bonds or the collection of the Trust Estate pledged or to be pledged by the Board to pay the principal of and interest on the Series 2021 Bonds, or the pledge thereof, which in any manner questions the right of the City to enter into the Financing Agreement or to secure the City's Loan Payments with respect to the Series 2021 Bonds in the manner provided in the Financing Agreement or as described herein, or affecting or seeking to prohibit, restrain or enjoin the City's covenant for the City Manager or Acting City Manager to include or cause to be included in each budget submitted to the City Council the necessary annual appropriation for the Loan Payments as required under the Financing Agreement.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization and issuance of the Series 2021 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 Series 2021 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 City Counselor. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Orrick, Herrington & Sutcliffe LLP and Armstrong Teasdale LLP.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 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 the Series 2021 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 Series 2021 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, 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 Series 2021 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 Series 2021 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 Series 2021 Bonds:

***Federal and Missouri Tax Exemption.*** The interest on the Series 2021 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 the Series 2021 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

***Bank Qualification.*** The Series 2021 Bonds have not 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 Series 2021 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 Series 2021 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 Series 2021 Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2021 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2021 Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

### **Other Tax Consequences**

***Original Issue Premium.*** If a Series 2021 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2021 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2021 Bond. Under Section 171 of the Code, the purchaser of that Series 2021 Bond must amortize the premium over the term of the Series 2021 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2021 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 Series 2021 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 Series 2021 Bond, an owner of the Series 2021 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 Series 2021 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2021 Bond. To the extent a Series 2021 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 Series 2021 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 Series 2021 Bonds, and to the proceeds paid on the sale of the Series 2021 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 Series 2021 Bonds should be aware that ownership of the Series 2021 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 Series 2021 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2021 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 Series 2021 Bonds, including the possible application of state, local, foreign and other tax laws.

## **RATING**

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Series 2021 Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of S&P, 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 Series 2021 Bonds. There is no assurance that any rating when assigned to the Series 2021 Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating assigned to the Series 2021 Bonds may have an adverse effect on the market price of the Series 2021 Bonds.

## **FINANCIAL STATEMENTS**

Audited financial statements of the City for the fiscal year ended June 30, 2020 are included in **Appendix B** hereto. The financial statements for the fiscal year ended June 30, 2020 have been audited by Rubin Brown LLP, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. Rubin Brown 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. Rubin Brown LLP also has not performed any procedures relating to this Official Statement.

## CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Undertaking with respect to ongoing disclosure which will constitute the written understanding for the benefit of the holders of the Series 2021 Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A form of the Continuing Disclosure Undertaking is included in **Appendix J**. The Board has determined that no financial or operating data concerning the Board is material to an evaluation of the offering of the Series 2021 Bonds or to any decision to purchase, hold or sell Series 2021 Bonds and the Board will not provide any such information. Any commitment or obligation for continuing disclosure with respect to the Series 2021 Bonds or the City has been undertaken solely by the City.

The City has previously entered into continuing disclosure 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 Obligations.*” The City believes it has complied in all material respects during the past five years with its prior undertakings, except as follows:

- For fiscal years ended June 30, 2016 through 2018, the City timely filed its audited financial statements on EMMA; however, the audited financial statements were not timely linked to all CUSIP numbers for the Series 2012F Bonds, Series 2013A Bonds and Series 2014C Bonds (described in **Appendix A** hereto).
- For the fiscal year ended June 30, 2015, the City did not timely file its audited financial statements on EMMA and such audited financial statements were not initially properly linked to all CUSIP numbers for the Series 2013A Bonds and Series 2014C Bonds (described in **Appendix A** hereto).
- For fiscal years ended June 30, 2016 through 2018, the City timely filed the required operating data on EMMA under its Series 2012F Bonds and Series 2014C Bonds (described in **Appendix A** hereto); however, this information was not timely linked to all CUSIP numbers for the Series 2012F Bonds and Series 2014C Bonds.
- For fiscal years ended June 30, 2015 through 2018, the City did not file certain categories of operating data on EMMA required to be provided pursuant to its prior continuing undertakings entered into in connection with the City’s then-outstanding tax increment financing loan obligations and obligations related to the City’s Events Center evidenced by infrastructure facilities revenue bonds issued by the Board (as more fully described in **Appendix A** hereto) in the level of detail required by the continuing disclosure undertakings relating to certain of such bonds. Aggregate information relating to revenues required to be disclosed was available as part of the City’s comprehensive annual financial reports filed for such years, but certain continuing disclosure undertakings called for revenue information at a more detailed level. On December 26, 2019, the City, with the assistance of Gilmore & Bell, P.C. whom the City has since engaged to assist the City with ongoing continuing disclosure obligations as further discussed below, filed a supplemental report containing such information for fiscal years ended June 30, 2014 through 2018.
- In addition, the City did not file event notices relating to certain bond redemptions, defeasances or rating changes for certain 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. Notwithstanding the foregoing, the City has posted notice of such rating changes in March 2021.

To the extent that the above-referenced failures to comply could be remedied, the City has made the corrective filings with EMMA and corrected linking to all respective CUSIP numbers. Similarly, while the City has not always timely filed applicable notices of failures to file, the City has ensured all such filings have been made.

For Fiscal Year 2019, the City’s audited financial statements were not available by the filing deadline required under its prior undertakings. In accordance with its prior undertakings, the City filed unaudited financial statements on December 26, 2019, and filed its audited financial statements when they became available, although this was not until May 26, 2020. The reasons for this extended delay include the City’s employment of a new auditor starting with Fiscal Year 2019, the implementation of new financial software in Fiscal Year 2019, inefficiencies caused by turnover in City staff, difficulties in completing the audit while complying with COVID-19 social distancing measures at City Hall, and additional single-audit procedures performed by the auditor in response to the investigation of certain transactions described under **“BONDOWNERS’ RISKS – Federal Investigation of Certain Transactions.”**

For Fiscal Year 2020, the City’s audited financial statements were not available by the filing deadline required under its prior undertakings. In accordance with its prior undertakings, the City filed unaudited financial statements on December 23, 2020, and filed its audited financial statements when they became available on January 6, 2021.

In order to promote future compliance with its continuing disclosure undertakings, the City engaged Gilmore & Bell, P.C., to assist the City in better meeting its continuing disclosure obligations. The City’s current engagement with Gilmore & Bell, P.C., is for five-years, beginning with the City’s continuing disclosure obligations for fiscal year ended June 30, 2020. Additionally, in connection with the authorization of the Series 2021 Bonds, the City adopted a new continuing disclosure compliance policy for the purpose of formalizing procedures to better ensure compliance with its continuing disclosure undertakings and designating a specific City staff member as having responsibility for continuing disclosure and ensuring that such staff member understands the City’s continuing disclosure obligations. The City believes the actions described in this paragraph establish processes sufficient to ensure that in the future it will make its continuing disclosure filings as required.

## UNDERWRITING

The Series 2021 Bonds are being purchased by Goldman Sachs & Co. LLC (the “Underwriter”). The Underwriter has agreed to purchase the Series 2021 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 2021 Bonds at a purchase price of \$39,946,849.46 (which represents the principal amount of the Series 2021 Bonds less an underwriter’s discount of \$663,012.74 and plus original issue premium of \$4,689,862.20). In addition, the Bond Purchase Agreement provides, among other things, that the Underwriter will purchase all of the Series 2021 Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2021 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 purchase and accept delivery of the Series 2021 Bonds are subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriter and its respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

#### **MUNICIPAL ADVISOR**

Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor”) has acted as municipal advisor to the City in connection with the sale of the Series 2021 Bonds. The Municipal Advisor has assisted the City in matters relating to the planning, structuring and delivery of the Series 2021 Bonds and various other debt related matters. The Municipal Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Series 2021 Bonds.

#### **VERIFICATION AGENT**

Upon delivery of the Series 2021 Bonds, Ritz & Associates PA, a firm of independent certified public accountants, will deliver to the Underwriter a report verifying the mathematical accuracy of certain computations relating to the adequacy of the maturing principal amount of the securities held in the accounts of the Escrow Fund, interest earned thereon and certain uninvested cash to pay the redemption prices of the Refunded Bonds. The report will also verify the mathematical accuracy of the calculation of the make-whole redemption price of the Series 2006B Refunded Bonds. Such verification of the accuracy of the computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

#### **MISCELLANEOUS**

The references herein to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Undertaking 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 Indenture, the Financing Agreement and the Continuing Disclosure Undertaking. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Series 2021 Bonds will be on file at the office of the Trustee as described above under the caption **“INTRODUCTORY STATEMENT - Definitions and Summaries of Legal Documents”**.

The agreement of the Board with the owners of the Series 2021 Bonds is fully set forth in the Indenture, and neither any advertisement of the Series 2021 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2021 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.

*[remainder of page intentionally left blank]*

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

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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 fifth 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:

<u>Council Members</u>	<u>Occupation</u>	<u>District</u>	<u>Expiration of Term</u>
Eileen Weir, Mayor	Public Relations	n/a	2022
John Perkins	Meat Cutter	District 1	2024
Brice Stewart	Information Technology	District 2	2024
Mike Steinmeyer	Real Estate	District 3	2024
Daniel Hobart	Attorney	District 4	2024
Mike Huff	Retired	At-Large	2022
Karen DeLuccie	Attorney	At-Large	2022

The City Council appoints a City Manager who is the chief executive and administrative officer of the City. Zachary Walker serves as the City Manager, and was pointed to that position in October 2016. The Director of Finance and Administration, who is appointed by the City Manager, acts as the chief financial officer of the City. Bryan Kidney serves as the Director of Finance and Administration and was appointed to the position in September 2018. The City Manager appoints the City Counselor who acts as the chief legal advisor to the City.

Shannon Marcano served as the City Counselor from October 2018 until mid-February of 2020. Her contract from 2018 expired by its terms at the end of February 2020. The City decided not to extend her contract. Mitchell Langford, who has served as the City Prosecutor for 19 years, is currently serving as interim City Counselor. The City is preparing to send out a request for proposals for an outside law firm to serve as City Counselor for a term that will be determined as part of the request for proposals process.

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. The labor force encompasses a wide variety of skills and occupations: management, business, science, and arts occupations (approximately 30.2%), sales and office occupations (approximately 24.5%), service occupations (approximately 16.2%), production, transportation, and material moving occupations (approximately 16.5%), and natural resources, construction, and maintenance occupations (approximately 12.6%).

### Employee Retirement System

**Note:** *The information under this heading “Employee Retirement System” has been excerpted from the notes to the City’s audited financial statements for the fiscal year ended June 30, 2020 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](http://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.

	<u><b>2020 Valuation</b></u>
Benefit Multiplier	2.00%
Final Average Salary	3 Years
Member Contribution	4.00%

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

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, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1,148
Inactive employees entitled to but not yet receiving benefits	210
Active employees	<u>962</u>
	2,320

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

**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 fiscal year ended June 30, 2020 were 18.30% (General), 19.50% (Police) and 18.70% (Fire) of annual covered payroll.

**Net Pension Liability.** The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020. Standard update procedures were used to roll forward the total pension liability to June 30, 2020.

**Actuarial Assumptions.** The total pension liability in the February 29, 2020 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

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

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, 2020 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
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

**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 6/30/2019	\$544,067,704	\$474,068,955	\$69,998,749
Changes for the year			
Service Cost	8,812,673	-	8,812,673
Interest	38,699,404	-	38,699,404
Difference between expected and actual experience	(1,634,804)	-	(1,634,804)
Changes in assumptions	-	-	-
Contributions - employer	-	13,630,050	(13,630,050)
Contributions - employee	-	2,925,479	(2,925,479)
Net investment income	-	6,074,595	(6,074,595)
Benefit payments, including refunds	(29,744,536)	(29,744,536)	-
Administrative expense	-	(302,539)	302,539
Other (net transfer)	-	(1,027,620)	1,027,620
<b>Net changes</b>	<b>16,132,737</b>	<b>(8,444,571)</b>	<b>\$24,577,308</b>
<b>Balances at 6/30/2020</b>	<b>\$560,200,441</b>	<b>\$465,624,384</b>	<b>\$ 94,576,057</b>

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

***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	\$170,871,387	\$94,576,057	\$31,369,868

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** For the year ended June 30, 2020 the City recognized pension expense of \$19,651,065. 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	\$6,593,929	\$(2,733,036)
Changes in assumptions	1,233,055	--
Difference between expected & actual investment earnings	12,011,507	--
<b>Total</b>	<b>\$19,838,491</b>	<b>\$(2,733,036)</b>

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

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

<b>Fiscal Year Ending</b>	<b>Amount</b>
2021	\$82,450
2022	3,542,995
2023	7,115,532
2024	6,336,488
2025	25,558
Thereafter	2,432
	<u>\$17,105,455</u>

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

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. The differences on investment returns are being amortized over a closed 5-year period, beginning at the start of each measurement period.

The most recent actuarial report received by the City relating to the City's contribution to LAGERS is attached to the Official Statement as **Appendix G**.

#### **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, 2020 which are included in Appendix B hereto.*

In addition to LAGERS, the City provides post-employment healthcare benefits ("OPEB") to all retired employees meeting the service criteria for this benefit. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in a future year when it actually will be paid. In Fiscal Year 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaced the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed, and the total OPEB liability was recorded in accordance with GASB Statement No. 75.

**Plan Description.** The City's defined benefit OPEB plan, a single-employer health care plan provides OPEB for all active and retired employees and their eligible dependents. The plan is administered by the City and the City Council has the authority to establish or amend the plan provisions or contribution requirements at any time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

**Benefits Provided.** The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to retired employees who participate in LAGERS. The benefits are self-insured by the City, and administered through Cigna (Open Access Plan 1 and 2). The benefits for Medicare retirees are covered under a fully-insured stand-alone plan.

**Contributions.** 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 City establishes rates based upon an actuarially determined rate. 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. For the fiscal year ended June 30, 2020, the premiums were split as follows:

<u>Insurance Plan</u>	<u>Retiree Premium</u>	<u>City Premium</u>
Open Access Plan 1	20.00%	80.00%
Open Access Plan 2	18.00%	82.00%
Medicare Stand-Along Plan	20.00%	80.00%

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

**Participants.** The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2020, 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 (not including dependents)	888
Retirees & covered spouses of retirees (not including dependents)	<u>840</u>
Total Participants	1,728

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

**Changes in the Total OPEB Liability.** The following table shows the components of the changes in the total OPEB liability for the year:

OPEB Liability Changes	
Total OPEB Liability - Beginning of the year	\$187,603,148
Service Cost	5,117,074
Interest	5,675,902
Changes in Benefit Terms	(64,032)
Difference between actual & expected experience	(2,415,214)
Changes in assumptions & inputs <sup>(1)</sup>	15,655,275
Employer Contributions (Benefit Payments)	<u>(7,047,000)</u>
Net Changes	<u>16,922,005</u>
Total OPEB Liability - End of the year	<u>\$204,525,153</u>
Covered payroll	\$61,654,203
Total OPEB liability as a % of covered payroll	331.73%

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

<sup>(1)</sup> The change in assumptions & inputs is the result of the change in the discount rate.



**Total OPEB Liability.** The City's total OPEB liability of \$204,525,153 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions:**

Valuation Date:	January 1, 2020, rolled forward to June 30, 2020
Measurement Date:	June 30, 2020
Discount Rate:	2.60% Measurement Date 3.00% Year Preceding Measurement Date The discount rate was based on the average of the published yields from the S & P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Year Indexes
Salary Scale:	2.00%
Actuarial Cost Method:	Entry Age - Level Percent-of-Pay
Inflation:	3.00%
Healthcare Cost Trend Rate:	7.50% decreasing annually until 4.50% is reached
Retiree's Share of Benefit Related Costs:	Retirees must contribute a stipulated percentage of the plan premiums to maintain coverage. The monthly contribution rates as of January 1, 2020 served as a starting point for the valuation, and were assumed to increase at the same rate of health care costs in the future. Effective January 1, 2020, the Medicare eligible retirees were covered under a fully-insured, stand-alone program. Retirees will still be required to contribute a stipulated percentage of the plan premiums to this program.
Mortality Rates:	The mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount - Weighted General and Public Safety Mortality Tables with Scale MP-2020 Full Generational Improvement

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the City, calculated using the discount rate of 2.60%, as well as what the total OPEB liability would be using a discount rate that is 1 percentage point lower at 1.60% or one percentage point higher at 3.60% than the current rate.

	<b>Current Single Discount</b>		
	<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
	<b>1.60%</b>	<b>2.60%</b>	<b>3.60%</b>
Total OPEB Liability	\$241,505,086	\$204,525,153	\$175,395,719

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rates of 7.50% decreasing annually to 4.50% in 2029.

	<b>Current Healthcare Cost Trend Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.50%</b>	<b>Trend Rate 7.50%</b>	<b>8.50%</b>
Total OPEB Liability	\$171,987,463	\$204,525,153	\$246,919,046

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

***OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB.*** At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Differed Outflows of Resources</b>	<b>Differed Inflows of Resources</b>
Difference between expected and actual experience	\$5,439,551	\$(1,976,084)
Changes in assumptions	15,823,199	--
Contributions subsequent to the measurement date	--	--
	<u>\$21,262,750</u>	<u>\$(1,976,084)</u>

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

<b>Fiscal Year Ending</b>	<b>Amount</b>
2021	\$4,916,855
2022	4,916,855
2023	4,695,230
2024	3,554,085
2025	1,203,641
2025 & Thereafter	-
	<u>\$19,286,666</u>

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

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

## **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.

Up until March 31, 2019, the City was a member of the Missouri Public Entity Risk Management Fund (“**MOPERM**”), which is a risk pool that provides liability protection to participating Missouri public entities, their officials, and employees. Coverage lines included law enforcement liability, general liability, public official errors and omissions liability, and automobile liability. The City joined MOPERM in 1987. This liability insurance program transfers the risk of liability claims up to the State’s Sovereign Immunity Statute coverage limits. MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year, and MOPERM had no deficiencies in any of the past three fiscal years.

Beginning April 1, 2019, the City left MOPERM and joined the States Risk Retention Group (“**States Risk**”), which is a member-owned company providing excess liability insurance to cities, counties, school districts, and other public entities across the country. States Risk is a risk retention program whereby the City assumes the first \$150,000 of each liability claim for the 2020 policy year. This amount increases to \$200,000

for the 2021 policy year, and will be at the end goal of \$250,000 deductible per claim starting in the 2022 policy year. The liability limits with States Risk are \$10,000,000 each occurrence/policy aggregate.

The City is self-insured for workers' compensation, but carries 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, Staywell In-Network Plan and the Post-65 Retiree Medicare Plan). An excess coverage insurance policy covers the portion of specific claims in excess of \$275,000 and aggregate claims in excess of \$24,731,274 for the open access plan and for the in-network plan. For Fiscal Year 2020, the City's share of the premiums for this employee benefit was \$16,948,403. For the Staywell Health Care Plan, the 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. For the Post-65 Retiree Medicare Plan, the premiums paid by the City are recorded as expenditures/expenses of the various funds and remitted to Cigna.

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

	<b>Claims Payable</b>			
	<b><u>Workers' Compensation</u></b>		<b><u>Staywell</u></b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Beginning of year	\$5,720,581	\$7,701,309	\$2,193,243	\$2,195,626
Current year claims and changes in estimates	8,387,470	7,492,773	23,794,406	21,318,990
Claims payments	(6,406,742)	(7,348,992)	(23,792,023)	(21,465,316)
End of year	\$7,701,309	\$7,845,090	\$2,195,626	\$2,049,300

Source: City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

### **Payment Record**

The City has never defaulted on any financial obligations.

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## ECONOMIC INFORMATION CONCERNING THE CITY

### Commerce and Industry

Some major employers in Independence, Missouri, include:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Independence School District	Public School District	2,200
Orbital ATK (Lake City)	Small Arms Ammunition	1,900
Centerpoint Medical Center	Health Care	1,400
City of Independence	Local Government	1,050
Government Employee Health Association	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	Vehicle Sales & Repair	271
Uniliver	Food Manufacturing	260

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

### General and Demographic Information

The following tables set forth certain population information.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>
City of Independence	111,797	112,301	113,288	121,212	116,672 <sup>(1)</sup>
Jackson County	629,266	633,232	654,880	671,057	703,011 <sup>(2)</sup>
State of Missouri	4,916,686	5,117,073	5,595,211	5,965,573	6,137,428 <sup>(2)</sup>

*Source:* U.S. Census Bureau.

<sup>(1)</sup> Estimated as of July 1, 2019.

<sup>(2)</sup> Estimated as of July 1, 2019.

#### Population Distribution by Age

<u>Age</u>	<u>City of Independence</u>	<u>Jackson County</u>	<u>State of Missouri</u>
Under Age 5	6.0%	6.7%	6.1%
Age 5-9	6.6	6.6	6.2
Age 10-14	6.7	6.6	6.4
Age 15 - 19	5.8	6.0	6.5
Age 20 - 24	5.5	6.1	6.8
Age 25 - 34	13.2	15.5	13.3
Age 35 - 44	11.9	12.5	12.1
Age 45 - 54	12.2	12.4	12.6
Age 55 - 59	7.5	6.9	7.0
Age 60 - 64	6.9	6.1	6.5
Age 65 - 74	9.8	8.5	9.5
Age 75 - 84	5.3	4.3	5.0
Age 85 and older	2.6	1.8	2.0
Median Age	40.2	36.8	38.6

*Source:* Missouri Census Data Center, American Community Survey, 5-year estimates (2015-2019).

The following table sets forth annual average unemployment figures for the last five years for the Missouri portion of the Kansas City metropolitan statistical area (“**Kansas City MSA (MO Part)**”), Jackson County, Missouri, and the State of Missouri. These data are considered provisional and may be subject to change.

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b><u>Kansas City MSA (MO Part)</u></b>					
Total Labor Force	669,573	661,058	661,500	664,742	657,751
Unemployed	30,671	26,755	22,328	22,361	42,146
Unemployment Rate	4.6%	4.0%	3.4%	3.4%	6.4%
<b><u>Jackson County</u></b>					
Total Labor Force	369,804	362,774	363,146	363,539	360,371
Unemployed	18,712	15,976	13,558	13,531	25,246
Unemployment Rate	5.1%	4.4%	3.7%	3.7%	7.0%
<b><u>State of Missouri</u></b>					
Total Labor Force	3,080,850	3,061,441	3,052,386	3,083,245	3,053,613
Unemployed	140,536	115,101	97,578	101,557	182,208
Unemployment Rate	4.6%	3.8%	3.2%	3.3%	6.0%

*Source:* Missouri Economic Research and Information Center, Missouri Department of Economic Development.

## Income Statistics

The following table sets forth estimated income statistics for 2018:

	<b><u>Per Capita</u></b>	<b><u>Median Household</u></b>
City of Independence	\$25,341	\$52,325
Jackson County	31,982	57,936
State of Missouri	31,756	57,409

*Source:* Missouri Census Data Center, American Community Survey, 1-year estimates (2019).

## Housing Structures

The following table sets forth statistics regarding housing structures by type in the City for 2019:

<b><u>Year Round Units</u></b>	<b><u>Number of Units</u></b>	<b><u>Percentage of Units</u></b>
Single Detached	36,140	68.28%
Single Attached	4,007	7.57
Double	601	1.14
3 to 19 Units	7,659	14.47
20+ Units	3,082	5.82
Mobile Homes	1,405	2.65
All Other	33	0.06
Total Units	52,927	100.00%

*Source:* Missouri Census Data Center, American Community Survey, 1-year estimates (2019).

The median value of owner occupied housing units in the area of the City, Jackson County, Missouri, and the State of Missouri was estimated for 2019, as follows:

	<b>Owner Occupied Median Value</b>
City of Independence	\$129,100
Jackson County	163,800
State of Missouri	168,000

*Source:* Missouri Census Data Center, American Community Survey, 1-year estimates (2019).

## **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.

	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<i>Residential</i>					
Number of Permits	212	337	500	403	533
Estimated Cost	\$15,810,869	\$46,827,250	\$14,696,535	\$58,713,810	\$93,074,467
<i>Non-Residential</i>					
Number of Permits	153	74	79	77	86
Estimated Cost	\$90,442,753	\$70,929,972	\$55,191,737	\$44,142,551	\$32,931,796

*Source:* City of Independence, Missouri June 30, 2019 Continuing Disclosure Statement for fiscal years ended June 30, 2016 through 2019; City for fiscal year ended June 30, 2020.

## **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, 2020 was performed by Rubin Brown, in Kansas City, Missouri, and are contained in the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2020, attached as **Appendix B** to this Official Statement. Copies of the City's audited financial statements for the past five fiscal years are on file in the City Clerk's Office and are available for review.

## Tax Revenues

The following table shows certain tax revenues and payments in lieu of taxes received by the City by source for fiscal years ended June 30, 2007 through June 30, 2020:

<b>Fiscal Year Ended June 30</b>	<b>Total</b>	<b>Real Estate Tax</b>	<b>Railroad Utilities Tax</b>	<b>Cigarette Tax</b>	<b>Transient Guest Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>In Lieu of Taxes</b>
2020	\$75,194,113	\$7,759,781	\$37,303	\$415,193	\$1,554,582	\$38,712,349	\$7,523,346	\$19,191,559
2019	77,631,016	7,859,632	42,846	412,888	1,967,003	38,326,339	8,651,580	20,370,728
2018	78,744,386	7,950,861	40,608	449,698	1,956,256	39,507,766	8,771,666	20,067,531
2017	76,337,352	7,663,413	41,536	471,109	1,994,953	38,464,140	8,703,530	18,998,671
2016	75,928,390	7,545,518	41,184	461,964	1,954,406	38,881,241	8,528,741	18,515,336
2015	76,723,399	7,544,987	39,503	436,414	1,616,667	38,711,511	9,960,928	18,413,389
2014	74,042,126	7,509,963	39,716	477,865	1,468,758	36,109,273	10,292,488	18,144,063
2013	73,571,048	7,423,146	37,904	499,152	1,356,592	35,818,354	10,414,823	18,021,077
2012	72,826,807	7,327,399	35,226	454,745	1,219,340	35,545,207	10,914,940	17,329,950
2011	75,265,266	7,459,074	31,864	468,859	1,077,506	34,483,950	15,532,633	16,211,380
2010	70,178,674	7,248,257	27,958	454,533	988,984	34,577,988	12,655,707	14,225,247
2009	68,635,417	7,053,116	55,093	514,225	972,773	35,866,523	10,669,952	13,503,735
2008	72,177,347	7,033,526	34,441	555,974	1,084,379	36,446,589	13,319,852	13,702,586
2007	65,930,374	6,912,877	39,502	567,039	1,020,663	36,141,096	8,209,734	13,039,463

*Source:* City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal years ended June 30, 2007 through June 30, 2020.

## 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 City does not levy a tax on personal property.

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 locally assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City (excluding \$154,866,952 in assessed valuation attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the City) according to the assessment for calendar year 2020 for property owned as of January 1, 2020.

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Market Value</u>
<b>Real Estate:</b>			
Residential	\$971,733,748	19%	\$5,114,388,147
Commercial <sup>(1)</sup>	306,961,846	32%	959,255,769
Agricultural	1,175,693	12%	9,797,442
State Assessed Railroad and Utilities	<u>5,753,808</u>	32%	<u>17,980,650</u>
<b>Real Estate Sub-Total</b>	\$1,285,625,095		\$6,101,422,008
<b>Personal Property<sup>(2)</sup></b>	<u>276,629,713</u>	33.3% <sup>(2)</sup>	<u>830,719,859</u>
<b>Total</b>	\$1,562,254,808		\$6,932,141,867

Source: Jackson and Clay County Assessor's Office.

<sup>(1)</sup> Includes assessed valuation of locally assessed railroad and utilities.

<sup>(2)</sup> 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. See "Assessment Procedure" discussed above.

**History of Property Valuation.** The total assessed valuation of all taxable tangible property situated in the City (excluding the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the City) according to the assessments of January 1 in each of the following years has been as follows:

<u>Tax Year Ended December 31</u>	<u>Fiscal Year Ended June 30</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2020	2021	\$1,562,254,808	-3.20%
2019	2020	1,613,879,450 <sup>(1)</sup>	14.99
2018	2019	1,403,493,591	0.66
2017	2018	1,394,246,656	5.08
2016	2017	1,326,799,032	0.88
2015	2016	1,315,162,858	3.96
2014	2015	1,265,006,477	-1.24
2013	2014	1,280,827,879	0.13
2012	2013	1,279,153,384	-0.01
2011	2012	1,279,233,589	-0.62

Source: Jackson and Clay County Assessor's Office; City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020 (Table 7).

<sup>(1)</sup> Increase due to reassessment of all real property located within Jackson County and Clay County during tax year ended December 31, 2019 in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission as required by Missouri law.



**Major Real Property Taxpayers.** The following table sets forth a list of the largest real property taxpayers in the City based on the 2020 assessed valuation. The City has not independently verified the accuracy or completeness of such information.

<u>Name of Taxpayer</u>	<u>Type</u>	<u>2020 Assessed Valuation</u>	<u>Percentage of Total 2020 Assessed Valuation</u>
Independence Mall Holding LLC	Commercial Retail	\$22,082,016	1.41%
DT Independence Commons LLC	Commercial Retail	10,539,362	0.67
Southern Union DBA Mo Gas Energy	Utility	7,916,961	0.51
BRE Space Kansas City	Underground Storage	7,216,000	0.46
Mansion Gardens LP	Residential Housing	5,951,560	0.38
MPM Cornerstone LLC	Residential Housing	4,725,927	0.30
Wal-Mart Real Estate Business Trust	Commercial Retail	4,060,128	0.26
Pepperwood Apartments LLC	Residential Housing	3,530,168	0.23
QuikTrip Corporation	Commercial Gas Station	3,150,931	0.20
Wade William J - Trustee	Individual Trust	<u>3,080,434</u>	<u>0.20</u>
	Total	\$72,253,487	4.62%

Source: Jackson County Collection Department.

## Obligations of the City

**General Obligation Debt.** The Missouri 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 May 1, 2021. However, as of that date the City did have the following Neighborhood Improvement District bonds outstanding:

- \$27,000 of its Neighborhood Improvement District Bonds (Fall Drive Sanitary Sewer Project) Series 2004B, issued in the original principal amount of \$111,000 (the “Series 2004B NID Bonds”)

The Series 2004B NID 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 Series 2004B NID Bonds. The Series 2004B NID Bonds do count against the constitutional general obligation bond limitations described above.

**Revenue Obligations.** The following is a summary of the outstanding principal amount, as of May 1, 2021, of the City's (1) tax increment financing loan obligations evidenced by infrastructure facilities revenue bonds (collectively, the "**TIF Bonds**") issued by the Missouri Development Finance Board (the "**Board**") and loaned to the City to finance or refinance various redevelopment projects, which are repayable from various revenue streams (including PILOTS and EATS revenue) generated within the respective redevelopment areas and annual appropriations from the City's general fund (the "**General Fund**"), to the extent such revenue streams are insufficient, and (2) other loan obligations evidenced by infrastructure facilities revenue bonds (collectively, the "**Revenue Bonds**") issued by the Board and loaned to the City (a) to finance or refinance various water, sewer and electric utility system projects, which have been and are expected to be paid from annual appropriations generated from the net revenues of the City's respective water, sewer and electric utility systems (as indicated below), and (b) to finance and refinance the construction of the City's Events Center (hereinafter defined), which have been and are expected to be paid from annual appropriations of the net revenues generated from the operation of the City's Events Center, the City's Power and Light Fund, Water Fund and Events Center Fund:

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

<b>Original Principal Amount</b>	<b>Issuer</b>	<b>Issue Name</b>	<b>Series</b>	<b>Amount Outstanding</b>
\$55,185,000	MDFB	Infrastructure Facilities Leasehold Revenue Bonds	2012A	\$53,615,000
52,525,000	MDFB	Infrastructure Facilities Leasehold Improvement and Refunding Revenue Bonds <sup>†</sup>	2012F	39,740,000
47,180,000	MDFB	Infrastructure Facilities Leasehold Revenue Bonds <sup>†</sup>	2016D	47,180,000

<sup>†</sup> Limited to annual appropriation of net electric system revenues. Excludes all \$10,615,000 principal amount of the Infrastructure Facilities Leasehold Revenue Bonds (City of Independence, Missouri - Electric System Projects), Series 2010B redeemed on March 12, 2021, with available electric system revenues.

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

<b>Original Principal Amount</b>	<b>Issuer</b>	<b>Issue Name</b>	<b>Series</b>	<b>Amount Outstanding</b>
\$36,240,000	MDFB	Infrastructure Facilities Leasehold Refunding Revenue <sup>††</sup>	2013D	\$20,240,000

<sup>††</sup> Limited to annual appropriation of net water system revenues.

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

<b>Original Principal Amount</b>	<b>Issuer</b>	<b>Issue Name</b>	<b>Series</b>	<b>Amount Outstanding</b>
\$11,815,000	MDFB	Infrastructure Facilities Revenue Bonds	2011A	\$10,815,000
68,945,000	MDFB	Infrastructure Facilities Revenue Bonds	2012C	64,230,000
12,005,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2016A	9,820,000

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

<b>Original Principal Amount</b>	<b>Issuer</b>	<b>Issue Name</b>	<b>Series</b>	<b>Amount Outstanding</b>
\$2,285,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2016C	\$415,000

**Crackerneck Creek TIF Project – Secured by City’s Annual Appropriation Powers<sup>†††</sup>**

<b>Original Principal <u>Amount</u></b>	<b><u>Issuer</u></b>	<b><u>Issue Name</u></b>	<b><u>Series</u></b>	<b>Amount <u>Outstanding</u></b>
\$47,060,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2015C	\$47,060,000

<sup>†††</sup> Excludes the Series 2006B Bonds, Series 2013A Bonds and Series 2013B Bonds that will be refunded with proceeds of the Series 2021 Bonds. See “**PLAN OF FINANCE – Refunded Bonds**” in the Official Statement.

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

<b>Original Principal <u>Amount</u></b>	<b><u>Issuer</u></b>	<b><u>Issue Name</u></b>	<b><u>Series</u></b>	<b>Amount <u>Outstanding</u></b>
\$12,050,000	MDFB	Infrastructure Facilities Revenue Bonds	2012D	\$6,175,000
2,030,000	MDFB	Infrastructure Facilities Revenue Bonds	2014B	1,230,000
17,275,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2016B	11,920,000

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

<b>Original Principal <u>Amount</u></b>	<b><u>Issuer</u></b>	<b><u>Issue Name</u></b>	<b><u>Series</u></b>	<b>Amount <u>Outstanding</u></b>
3,965,000	MDFB	Infrastructure Facilities Revenue Bonds	2012E	\$805,000
4,855,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2014A	1,095,000
9,725,000	MDFB	Infrastructure Facilities Refunding Revenue Bonds	2017A	2,080,000

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

<b>Original Principal <u>Amount</u></b>	<b><u>Issuer</u></b>	<b><u>Issue Name</u></b>	<b><u>Series</u></b>	<b>Amount <u>Outstanding</u></b>
\$5,225,000	MDFB	Infrastructure Facilities Revenue Bonds	2015A	\$4,550,000
3,545,000	MDFB	Taxable Infrastructure Facilities Revenue Bonds	2015B	3,150,000

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

<b>Original Principal <u>Amount</u></b>	<b><u>Issuer</u></b>	<b><u>Issue Name</u></b>	<b><u>Series</u></b>	<b>Amount <u>Outstanding</u></b>
\$37,035,000	MDFB	Infrastructure Facilities Revenue Bonds <sup>††††</sup>	2012B	\$30,430,000
43,800,000	MDFB	Infrastructure Facilities Revenue Bonds <sup>††††</sup>	2013C	38,665,000
21,170,000	MDFB	Infrastructure Facilities Revenue Bonds <sup>††††</sup>	2014C	19,275,000
2,390,000	MDFB	Infrastructure Facilities Revenue Bonds	2015D	2,390,000

<sup>††††</sup> Limited to annual appropriation of net sewer system revenues.

**Capital Leases.** Capital leases payable as of May 1, 2021 (the “**Capital Leases**”), which are subject to annual appropriation, are comprised of the following:

	<b><u>Outstanding Principal Amount</u></b>
Lease Purchase Agreement (vehicles and infrastructure improvements), semi-annual installments of \$16,396 to \$1,671,861 through 2035; interest at 2.42%	\$17,940,000
Motorola Solutions (radio equipment), semi-annual installments of \$56,700 to \$78,539 through 2022; interest at 3.4593%	155,742
Caterpillar Financial Services Equipment Lease-Purchase Agreement (wheel loader), annual installments of \$40,427.37 to \$40,686.24 through 2026; interest at 2.950%	185,411
PNC Equipment Finance (fire truck), annual installments of \$51,525 to \$71,106 through 2026; interest at 3.00%	335,451
TOTAL	<b><u>\$18,616,604</u></b>

*[Remainder of this page intentionally left blank.]*

### ***Debt Service on Obligations Secured by Annual Appropriations***

The following table shows the debt service (both principal and interest) for each fiscal year of the City for all obligations backed by annual appropriations from the City's General Fund, including such portion of the Revenue Bonds (described above) that are backed by annual appropriations from the City's General Fund and the capital leases incurred by the City which are payable from annual appropriations from the City's General Fund:

<b>Fiscal Year Ended June 30</b>	<b>Power &amp; Light Fund<sup>(2)</sup></b>	<b>Events Center</b>	<b>Hartman Heritage TIF</b>	<b>Drumm Farm TIF</b>	<b>Crackerneck Creek TIF<sup>(3)</sup></b>	<b>Centerpoint TIF</b>	<b>Eastland Center TIF</b>	<b>Santa Fe TIF</b>	<b>Other Bonds<sup>(4)</sup></b>	<b>Lease Obligations</b>	<b>TOTAL</b>
2021	\$3,630,219	\$5,173,844	\$1,889,869	\$429,600	\$1,770,863	\$2,985,350	\$3,296,650	\$524,238	\$68,750	\$788,980	\$20,558,363
2022	3,629,969	5,282,906	-	427,450	4,606,050	3,063,950	4,141,000	532,938	68,750	707,605	22,460,618
2023	3,632,219	5,380,456	-	-	4,281,613	3,069,600	-	530,938	1,248,750	1,857,810	20,001,386
2024	3,461,719	5,477,969	-	-	5,837,613	3,133,200	-	528,838	1,246,300	1,861,108	21,546,747
2025	4,626,919	5,594,956	-	-	6,882,113	3,139,050	-	531,513	-	1,868,559	22,643,110
2026	4,631,919	5,720,431	-	-	6,524,763	3,214,775	-	528,813	-	1,870,301	22,491,002
2027	4,631,169	5,718,894	-	-	6,485,763	4,441,575	-	529,456	-	1,757,016	23,563,873
2028	4,634,669	6,079,519	-	-	5,754,563	3,008,250	-	529,206	-	1,756,805	21,763,012
2029	4,626,919	7,837,094	-	-	5,755,675	-	-	528,488	-	1,760,747	20,508,923
2030	4,629,888	7,367,631	-	-	5,782,050	-	-	532,363	-	1,768,721	20,080,653
2031	4,630,138	8,040,806	-	-	4,729,075	-	-	525,581	-	1,375,606	19,301,206
2032	4,633,388	8,103,763	-	-	4,759,200	-	-	533,488	-	1,376,082	19,405,921
2033	4,626,863	8,403,413	-	-	4,799,550	-	-	530,738	-	1,380,832	19,741,396
2034	4,628,338	8,559,263	-	-	4,798,750	-	-	527,331	-	1,384,735	19,898,417
2035	4,661,963	8,749,463	-	-	4,798,550	-	-	533,488	-	1,387,791	20,131,255
2036	7,245,775	8,926,488	-	-	4,223,750	-	-	528,988	-	-	20,925,001
2037	12,484,100	9,129,888	-	-	4,172,150	-	-	528,156	-	-	26,314,294
2038	-	14,487,463	-	-	3,788,550	-	-	531,450	-	-	18,807,463
2039	-	-	-	-	3,061,150	-	-	528,819	-	-	3,589,969
2040	-	-	-	-	3,099,150	-	-	525,594	-	-	3,624,744
2041	-	-	-	-	3,102,950	-	-	526,575	-	-	3,629,525
2042	-	-	-	-	3,103,750	-	-	526,631	-	-	3,630,381
2043	-	-	-	-	3,103,050	-	-	525,763	-	-	3,628,813
2044	-	-	-	-	3,104,000	-	-	528,969	-	-	3,632,969
2045	-	-	-	-	6,606,350	-	-	265,919	-	-	6,872,269
2046	-	-	-	-	3,094,550	-	-	-	-	-	3,094,550
2047	-	-	-	-	3,103,000	-	-	-	-	-	3,103,000
2048	-	-	-	-	3,104,400	-	-	-	-	-	3,104,400
2049	-	-	-	-	3,101,800	-	-	-	-	-	3,101,800
2050	-	-	-	-	3,100,200	-	-	-	-	-	3,100,200
2051	-	-	-	-	5,704,400	-	-	-	-	-	5,704,400
Totals <sup>(1)</sup>	\$85,046,174	\$134,034,247	\$1,889,869	\$857,050	\$136,139,391	\$26,055,750	\$7,437,650	\$12,964,281	\$2,632,550	\$22,902,698	\$429,959,660
(Less FYE 2021 Payment) <sup>(1)</sup>	(3,630,219)	(5,173,844)	(1,889,869)	(429,600)	(1,770,863)	(2,985,350)	(3,296,650)	(524,238)	(68,750)	(788,980)	(20,558,363)
Totals After FYE 2021 <sup>(1)</sup>	\$81,415,955	\$128,860,403	-	\$427,450	\$134,368,528	\$23,070,400	\$4,141,000	\$12,440,043	\$2,563,800	\$22,113,718	\$409,401,297

Source: The City.

(1) Totals rounded to the nearest dollar.

(2) Excludes debt service on the Series 2010B Bonds redeemed on March 12, 2021, with excess revenues of the City's electric system.

(3) Includes debt service on the Series 2021 Bonds and Series 2015C Bonds, but excludes all debt service on the Series 2006B Bonds, Series 2013A Bonds and Series 2013B Bonds, including debt service already paid on such bonds in Fiscal Year 2021 and debt service on such bonds that will be refunded with proceeds of the Series 2021 Bonds.

(4) Reflects debt service due on the Infrastructure Facilities Revenue Bonds (City of Independence, Missouri - Capital Improvement Projects), Series 2015D.

## **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 were 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.

A number of years ago, the 29-acre area was cleared of buildings and debris and prepared for construction. The only businesses located in the Redevelopment Area to date are a car dealership, a rental car agency, two auto parts stores and a television repair shop.

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. The developer of the Santa Fe project (the “**Santa Fe Developer**”), voluntarily made payments to the City to cover a portion of the shortfalls in debt service payments on the Series 2007C Bonds. The Santa Fe 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 the Santa Fe 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 (the “**Noland Road Redevelopment 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. In 2015, the Board issued its Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Santa Fe Redevelopment Project), Series 2015A (the “**Series 2015A Bonds**”), in the original principal amount of \$5,225,000, and its Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Santa Fe Redevelopment Project), Series 2015B (the “**Series 2015B Bonds**,” together with the Series 2015A Bonds, the “**Series 2015 Bonds**”), in the original principal amount of \$3,545,000, to refund the Series 2007C Bonds. Since the date of issuance of the Series 2015 Bonds, PILOTS and EATS generated within the Santa Fe Redevelopment Area have also been insufficient to make debt service payments on the Series 2015 Bonds. According to the City’s audited financial statements, PILOTS and EATS generated in the Santa Fe Redevelopment Area during fiscal year ended June 30, 2020, were \$34,633. Under an agreement with Jackson County, the City also received certain economic activity taxes from certain automobile sales which amounted to \$74,769 in the fiscal year ended June 30, 2020.

The obligation of the Developer to pay the up to \$233,000 per year (the “**Developer Payments**”) is limited to a portion of the shortfall calculated after the application of PILOTS and EATS from the Santa Fe Redevelopment Area, PILOTS and EATS from two projects within the Noland Road Redevelopment Area, state TIF revenues from the Santa Fe Redevelopment Area, interest on debt service reserves and amounts in the special allocation fund for the Santa Fe Redevelopment Area, and half of the City’s uncaptured general sales tax within the Noland Road Redevelopment Area. That amount is then reduced by 50% of the PILOTS and EATS created by businesses in the Santa Fe Redevelopment Area that operate on land that was vacant in August of 2014. The result of this formula is that the City received \$-0- in payments from the Santa Fe Developer under the Reimbursement Agreement during the fiscal year ended June 30, 2019.

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 Series 2015 Bonds after that date. The Series 2015 Bonds have maturities outstanding through calendar year 2044.

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 2015 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 or other legally available funds, subject to annual appropriation. To date, the City has funded \$1,207,502 in debt service shortfall relating to the Santa Fe Redevelopment Area. The City anticipates an additional \$66,671 in shortfall for Fiscal Year 2021 which the City intends to pay from available sources.

### **Independence Events Center**

The issuance of the Series 2011A Bonds, Series 2012C Bonds and Series 2016A Bonds described above under the subheading **"Events Center – Secured by City's Annual Appropriation Powers"** either financed or refinanced construction of a multipurpose events center that is owned by the City (the **"Events Center"**). Such bonds (the **"Events Center Bonds"**) are secured by a community improvement district (the **"Events Center CID"**) sales tax within a designated area of the City (including, on a subordinate basis, proceeds of such tax that are captured by four tax increment financing redevelopment areas within the Events Center CID (the **"Events Center CID EATS"**), and if not paid from such revenues, 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, 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. Pursuant to a naming rights agreement, the Events Center was known as the Silverstein Eye Centers Arena from 2015 through early 2020. In March 2020, Cable Dahmer Automotive Group acquired naming rights to the Silverstein Eye Centers Arena, and was renamed Cable Dahmer 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 the lessee 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 Hockey Lease was assigned to Loretta Sports Ventures, LLC, a Texas limited liability company in January, 2015, and Loretta Sports Ventures, LLC became Kansas City Mavericks, LLC, a Texas limited liability company (**"KCM"**) through a series of name changes. The initial term of the Hockey Lease expired on April 30, 2020. On September 27, 2018, the City and KCM executed a First Amendment to Amended and Restated Arena Lease (the **"First Lease Amendment"**), which extended the Hockey Lease term to an expiration date of June 30, 2024, restructured the lease payments, primarily by basing the major component of the rental rate on type of game (regular season, various playoff rounds) instead of the day of the week on which the game was played, adjusted revenue sharing calculations for concession sales and reset the fees applicable to ticket pricing.

KCM owns the Kansas City Mavericks minor league hockey team (the “**Kansas City Mavericks**”) that is currently playing its home games at the Events Center. The Kansas City Mavericks are part of the East Coast Hockey League, which is a 26-team league.

The Events Center has also been home to the Kansas City Comets (the “**Comets**”) of the Major Arena Soccer League (“**MASL**”) franchise. MASL is a professional indoor soccer league with 17 teams. The Comets use the Events Center pursuant to a license agreement that is renewable annually by the parties until the end of the 2021-2022 MASL season, provided that if the MASL league ceases to operate, the agreement is terminable by the Comets upon 30-day notice. The license agreement has been extended through the 2020-2021 season.

The Events Center also schedules various other types of events such as monster truck rallies, concerts and conventions.

***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, referred to herein as the “**Events Center Manager**”) to manage the facility in 2014 pursuant to a contract that currently runs through 2034 with a five year renewal option. The IECMC currently oversees the Events Center Manager 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 may cover the shortfalls with other legally available funds but has no legal obligation to do so. The anticipated source for funding any operational shortfalls that may occur is the City’s General Fund.

During the fiscal year ended June 30, 2020, total revenue available with respect to the Events Center was \$13,819,924 (including operating revenue, sales tax collected by the Events Center CID, Events Center CID EATS and interest income), and the total of expenses with respect to the Events Center was \$12,178,812, inclusive of operating expenses and debt service (debt service totaled \$4,118,013). At the end of Fiscal Year 2020, the Events Center fund had a net position of \$(8,685,169) due to the depreciation of assets and the amount of debt carried by the Events Center fund. See *Exhibit 6* on page 29 of the City’s audited financial statements for the fiscal year ended June 30, 2020 which are included in **Appendix B** hereto.

The Events Center fund operates at a significant negative, but is subsidized by the Events Center CID. In recent years, the Events Center CID has generated sufficient revenues to pay the debt service on the Events Center Bonds and build reserves sufficient to cover debt service on the Events Center Bonds for an entire year. The City anticipates that the revenues collected by the CID for Fiscal Year 2021 will be sufficient to pay the expenses of the Events Center CID and the debt service on the Events Center Bonds.

The Events Center CID that levies the community improvement district sales tax described above was audited by the Missouri State Auditor in 2017. According to the Missouri State Auditor’s Report No. 2017-136 released in November 2017, the Missouri State Auditor made the following findings as a result of the audit of Events Center CID:



- *Administrative fees:* The Events Center CID failed to competitively procure administrative services. As a result, the Events Center CID was paying excessive administrative fees to the City.
- *Expenditures:* The Events Center CID Board did not review or approve any expenditures related to the construction of the Events Center, which circumvents the Board's primary responsibility of providing oversight of district expenses.
- *Non-Compliance with State Law:* The Events Center CID Board did not submit budgets to the city within the time frames required by state law.

The Events Center is currently advertising tickets for sale for Kansas City Mavericks and Comets games starting in March 2021 and is rescheduling postponed 2020 events starting with a concert in May of 2021 and a monster truck show in September of 2021. The return of Events Center operations is subject to the social distancing limitations within the City described in **"BONDOWNERS' RISKS – Effects of COVID-19"** in the Official Statement.

### **Anticipated Future Financings**

***Events Center Bonds.*** The City anticipates a refunding and improvement transaction for the benefit of the Independence Events Center, which will be secured by revenues from a community improvement district sales tax within a designated area of the City (including, on a subordinate basis, proceeds of such tax that are captured by four tax increment financing redevelopment areas within the community improvement district, and if not paid from such revenues, by the City's general fund, subject to annual appropriation. The refunding purpose is to produce debt service savings and the new money portion is estimated to be in the range of \$6,500,000.

***Sewer Bonds.*** The City anticipates a refunding transaction for certain bonds secured by annual appropriations of revenues from the City's sewer system in order to produce debt service savings.

***Refunding Opportunities.*** The City anticipates issuing multiple series of obligations over the next five years to refund certain outstanding Revenue Bonds listed above under **"FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – Revenue Obligations,"** for the purpose of debt service savings. However, there can be no assurance that the City Council will approve the issuance of such future series of bonds, that interest rates will not increase to a point where such refunding is not economical or that such refunding bonds can be sold.

*[remainder of page intentionally left blank]*

## 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 May 1, 2021, and the percent attributable (on the basis of assessed valuation figures) to the City. As described in the footnotes below, the table excludes the Refunded Bonds but includes the Series 2021 Bonds. The table was compiled from publicly available information furnished by the jurisdictions responsible for the debt and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or other long-term obligations such as leases, the amounts of which may be unknown to the City at this time.

<u>Jurisdiction</u>	<b>General Obligation Bond Issues Outstanding</b>	<b>Percentage Applicable to City of Independence</b>	<b>Amount Applicable to City of Independence</b>
Blue Springs R-4 School District	\$159,975,000	4.00%	\$6,399,000
Independence School District	126,610,000	93.10	117,873,910
Raytown School District	81,515,000	8.58	6,993,987
Fort Osage R-1 School District	36,220,000	12.50	<u>4,527,500</u>
		Subtotal, overlapping debt:	\$135,794,397
		City direct debt:	<u>135,433,604<sup>(1)</sup></u>
		Total direct and overlapping debt:	<u>\$271,228,001</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. 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: State Auditor of Missouri – Bond Registration Reports; City of Independence, Missouri, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020 (*Table 18*); most recent information available from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

<sup>(1)</sup> Reflects the outstanding principal amount of (a) the City's Series 2004B NID Bonds (\$27,000), (b) the TIF Bonds, including the Series 2021 Bonds, but excluding the Series 2006B Bonds, the Series 2013A Bonds and the Series 2013B Bonds being refunded with proceeds of the Series 2021 Bonds (net of such exclusions, totaling \$114,400,000), (c) the City's Series 2015D Bonds (\$2,390,000), and (d) the outstanding amount of the City's Capital Leases as of May 1, 2021 (\$18,616,604). Excludes (i) the outstanding principal amount of the Revenue Bonds payable or anticipated to be paid from annual appropriation of net revenues generated from the operation of the City's water, sewer and electric systems (\$249,145,000) as of May 1, 2021 and (ii) the outstanding principal amount of the Revenue Bonds anticipated to be paid from Events Center CID EATS (\$84,865,000) as of May 1, 2021.

**APPENDIX B**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE,  
MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020**

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# INDEPENDENCE

## ★ MISSOURI ★

A GREAT AMERICAN STORY

Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2020

**CITY OF INDEPENDENCE, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



**Mayor**  
Eileen Weir

***City Council***

John Perkins	District #1
Brice Stewart	District #2
Michael Steinmeyer	District #3
Dan Hobart	District #4
Karen DeLuccie	At-large
Michael Huff	At-large

***City Manager***

Zachary Walker

*Prepared by the Department of Finance and Administration*

*Bryan Kidney, Director of Finance and Administration*

*Cindy Gray, Chief Financial Officer*

*Nancy Cooper, Accounting Supervisor*

# CITY OF INDEPENDENCE, MISSOURI

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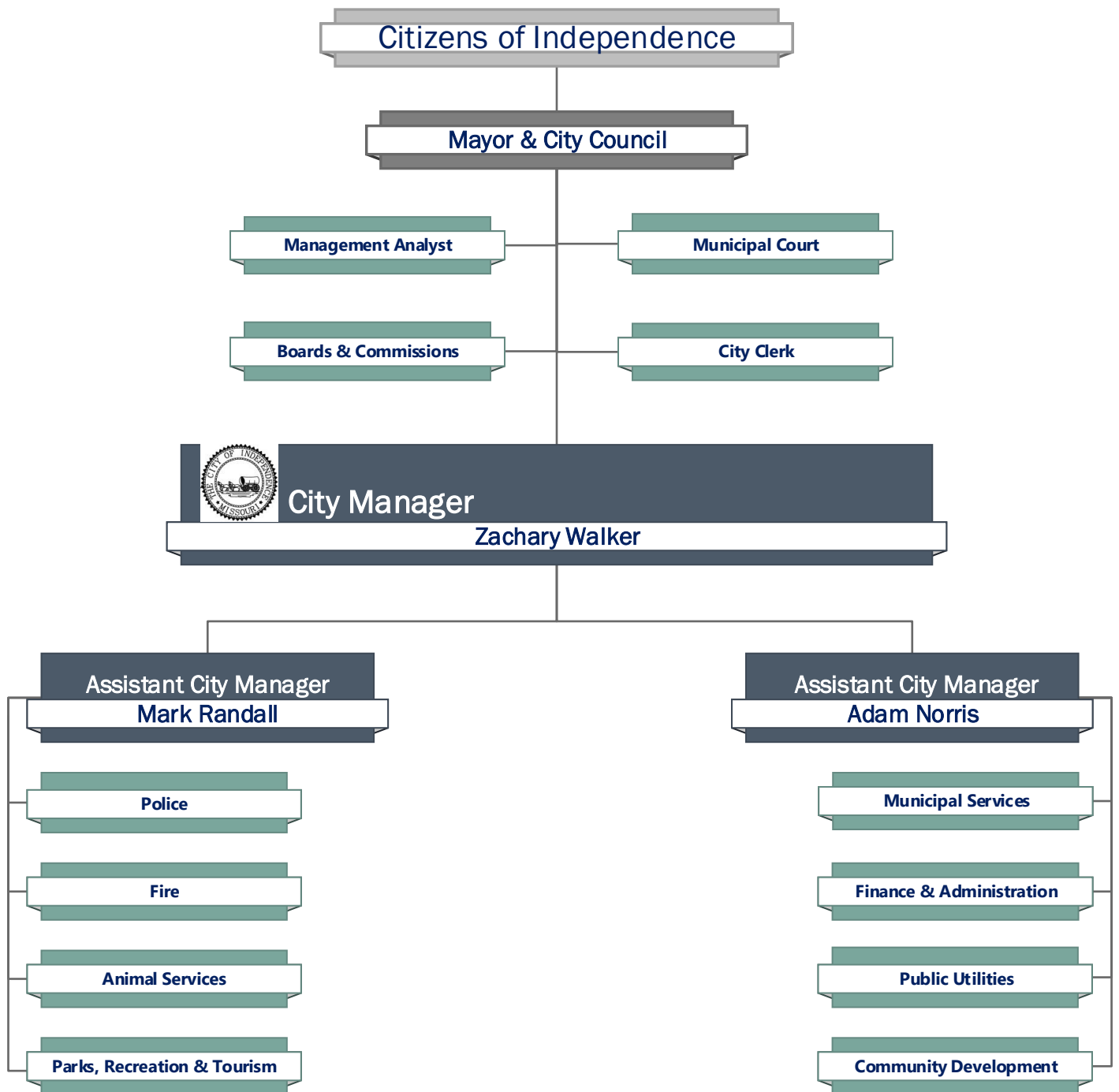


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December 23, 2020

***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, 2020. 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 Rubin Brown, 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, 2020 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, 2020, 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 continuous review of all departments, and the preparation of an annual report to the Council concerning the methods and results of the operations of the reviewed departments.

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 116,673.

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 one of the largest employers in Independence and encompasses 458 buildings on 3,935 acres. Independence is home to the Harry S Truman Presidential Museum & Library, one of only fourteen 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 Debt Service (TIF), Independence Events Center Management Corporation (IECMC), Cable Dahmer Arena - 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, 2020, 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 21<sup>st</sup> 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 Cable Dahmer 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 Cable Dahmer Arena is home to the Central Hockey League franchise the Kansas City Mavericks and Major Indoor Soccer League the Comets. The Kansas City Mavericks have a signed contract that expires in 2024 and the Comets contract expires April 2022. 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.

<b>Year</b>	<b>City Unemployment Rate</b>	<b>Jackson County Unemployment Rate</b>	<b>Statewide Unemployment Rate</b>
2020*	9.4%	8.8%	7.8%
2019	4.0%	3.7%	3.3%
2018	4.1%	3.7%	3.2%
2017	4.7%	4.4%	3.8%
2016	5.5%	5.1%	4.5%

Source: MERIC MO Economic Research and Information Center/MO Dept of Economic Development

\*Average estimated thru June 2020.

### **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 2020-21 includes projects totaling an estimated \$21.7 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.

### **Relevant financial policies**

Effective July 1, 2017, the City's financial policy to maintain an unassigned fund balance level in the General Fund increased from 5.0% to 16.0% of annual revenues. At the close of the 2019-20 fiscal year, the unassigned fund balance in the General Fund was 7.1% of the General Fund revenues and transfers from utility payments in lieu of taxes. This is a decrease of 1.4% from the 2018-19 amount of 8.5%.

If the target level of unassigned fund balance is not being met or is unlikely to be met within a five years, it is the City's policy to establish a plan to replenish the unassigned fund balance during the annual budget process. In previous years, the City Manager has not funded vacant positions in an effort to reduce salary and benefit costs, and departments have been asked to reduce expenditures in an effort to reduce costs.

### **Major initiatives**

The Neighborhood Stabilization Program brought a number of private and public entities together to redevelop Western Independence as a vibrant community. The Neighborhood Stabilization Program began in 2008 with the Recovery Act funding and completed final invoicing of housing for those aging out of the foster care system at Drumm Institute for Children. Development incentives, school redistricting, and tax abatements were combined to encourage construction of new housing, rehabilitation of existing housing, created affordable rental housing for those aging out of the foster care system, 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 State of Missouri is working to close out the grant, and no further activities are planned.

## **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, 2018. The CAFR for the fiscal year ended June 30, 2019 has been submitted to GFOA, but is still in the review process. 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 preparation of this report would not have been possible without the efficient and dedicated services of team members of the Finance and Administration 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 Rubin Brown, LLP for their assistance and patience in the preparation of this annual report.

Respectfully submitted,



Bryan Kidney  
Director of Finance and Administration





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, 2018**

*Christopher P. Morrell*

Executive Director/CEO



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Auditors' Report

The Honorable Mayor and  
Members of the City Council  
City of 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, 2020, and the related notes to the financial statements, which collectively comprise the City of Independence, Missouri'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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cable Dahmer Arena (Arena), which is a blended component unit presented within the Events Center Fund, a major enterprise fund of the City. This activity represents 1.7 percent and 57.0 percent, respectively, of the total assets and total revenues of the major enterprise fund and 0.2 percent and 2.5 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 in 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 of 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 auditors' 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, 2020 and the respective changes in financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 Other Post Employments Benefits 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 introductory section, combining and individual nonmajor fund financial statements and schedules 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 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, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, 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.

*RubinBrown LLP*

December 23, 2020

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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, 2020. 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 increased \$207,455 to a total of \$367.6 million. The City's governmental activities had a decrease of \$6.3 million and the business-type activities had an increase of \$6.5 million. The majority of these changes came about from annual changes in the amounts recorded for Other Post-Employment Benefits liability (OPEB) and the LAGERS net pension liability. The governmental funds also issued \$17.9 million of debt for the deferred maintenance program under the Street Sales Tax fund.

Sales and use tax revenue increased by \$2.7 million or 5.3%. Sales tax continues to be impacted by on-line sales versus brick and mortar retail. This impacts receipts as the consumer's economy continues to evolve. Effective January 1, 2020, the City began collecting a use tax for on-line sales of goods delivered within the City. The new use tax was \$1.7 million of the \$2.7 million increase.

Total charges for services for the City decreased \$16.6 million or 7.1%, with the business-type activities decreasing \$14.9 million or 7.0% and the governmental funds decreasing by \$1.7 million or 8.9%. The decrease for the business-type activities is due to Power and Light's rate reduction and lower fuel cost adjustments. The decrease for the governmental funds is due to the COVID pandemic, with many facilities and activities being shut down at the end of the fiscal year.

**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:

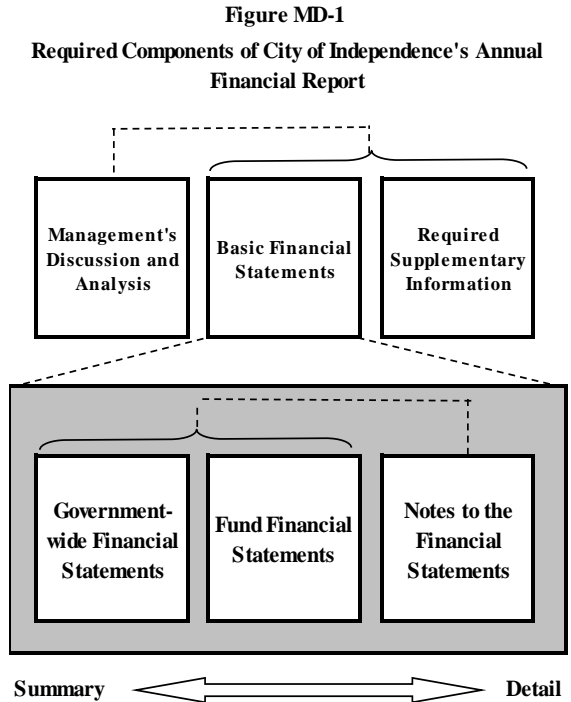
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation 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. The focus of these reports is to show the availability of the City to provide governmental services with current resources.
  - 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 Cable Dahmer Arena. The focus of these reports is to show the economic resources or value of these systems.
  - 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.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses: electric, water, and sanitary sewer	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows	* Statement of fiduciary net position * 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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**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, municipal services, 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.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2020**

- 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 five internal service funds. These are the self-funded Staywell Health Insurance fund, Central Garage fund, Workers' Compensation fund, Risk Management fund, and the Enterprise Resource Planning 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.

**CITY OF INDEPENDENCE, MISSOURI**  
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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

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

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 114,788,776	96,403,860	226,074,689	217,807,993	340,863,465	314,211,853
Capital assets	311,923,717	320,062,805	540,004,484	552,347,482	851,928,201	872,410,287
<b>Total assets</b>	<b>426,712,493</b>	<b>416,466,665</b>	<b>766,079,173</b>	<b>770,155,475</b>	<b>1,192,791,666</b>	<b>1,186,622,140</b>
Total deferred outflows of resources	32,606,802	22,275,091	31,667,785	19,385,224	64,274,587	41,660,315
Long-term obligations	360,221,388	323,195,565	471,958,380	465,966,620	832,179,768	789,162,185
Other liabilities	13,417,591	17,104,438	18,919,546	18,787,272	32,337,137	35,891,710
<b>Total liabilities</b>	<b>373,638,979</b>	<b>340,300,003</b>	<b>490,877,926</b>	<b>484,753,892</b>	<b>864,516,905</b>	<b>825,053,895</b>
Total deferred inflows of resources	23,492,617	29,973,887	1,443,016	5,848,413	24,935,633	35,822,300
Net position						
Net investment in capital assets	311,168,595	319,052,806	211,224,057	216,116,969	522,392,652	535,169,775
Restricted	22,279,174	18,602,877	25,084,135	25,007,273	47,363,309	43,610,150
Unrestricted (deficit)	(271,260,070)	(269,187,817)	69,117,824	57,814,152	(202,142,246)	(211,373,665)
<b>Total net position</b>	<b>\$ 62,187,699</b>	<b>68,467,866</b>	<b>305,426,016</b>	<b>298,938,394</b>	<b>367,613,715</b>	<b>367,406,260</b>

The City's combined net position increased \$207,455 to \$367.6 million from \$367.4 million. Net position of the City's governmental activities decreased 9.2% to \$62.2 million. Governmental assets increased \$10.2 million and liabilities increased \$33.3 million. Long-term obligations for governmental activities increased \$37.0 million. Business-type activities assets decreased \$4.1 million and liabilities increased \$6.1 million. Long-term obligations for business-type activities increased \$6.0 million. For both the governmental and business-type activities the increase in long-term obligations is primarily from changes in the amounts recorded for the Other Post-Employment Benefits liability and the LAGERS net pension liability. Both of these liabilities are determined by annual actuarial valuations. The governmental activities also saw an increase to the long-term obligations due to issuing \$17.9 million of debt for the Municipal Services deferred maintenance program.

The City's total unrestricted net position (deficit) was (\$202.1) million. The governmental activities were (\$271.3) million with a decrease of \$2.1 million from the previous year, and business-type activities were \$69.1 million with an increase of \$11.3 million from the previous year. The City's total net investment in capital assets was \$522.4 million with a decrease of \$12.8 million from the previous year.



**CITY OF INDEPENDENCE, MISSOURI**  
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**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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 16,834,445	18,487,871	198,536,644	213,462,843	215,371,089	231,950,714
Operating grants & contributions	7,851,184	8,611,746	—	—	7,851,184	8,611,746
Capital grants & contributions	824,436	1,299,857	37,799	182,117	862,235	1,481,974
General revenues						
Property taxes	8,717,634	8,080,629	—	—	8,717,634	8,080,629
Sales & use taxes	46,752,729	45,006,244	7,783,055	6,793,078	54,535,784	51,799,322
Intergovernmental activity taxes	13,388,147	12,328,192	—	—	13,388,147	12,328,192
Other taxes	7,555,750	8,670,394	—	—	7,555,750	8,670,394
Investment income (loss)	2,897,668	2,294,796	5,526,440	5,455,337	8,424,108	7,750,133
Other	1,469,877	594,740	901,503	314,820	2,371,380	909,560
<b>Total revenues</b>	<b>106,291,870</b>	<b>105,374,469</b>	<b>212,785,441</b>	<b>226,208,195</b>	<b>319,077,311</b>	<b>331,582,664</b>
<b>Expenses</b>						
Administrative Services	11,465,578	11,766,972	—	—	11,465,578	11,766,972
Public Safety	68,890,126	64,741,468	—	—	68,890,126	64,741,468
Municipal Services	18,966,524	19,081,925	—	—	18,966,524	19,081,925
Animal Services	691,921	—	—	—	691,921	—
Culture & Recreation	9,359,426	9,829,225	—	—	9,359,426	9,829,225
Community Development	6,729,400	6,866,076	—	—	6,729,400	6,866,076
Storm Water	3,929,055	3,854,859	—	—	3,929,055	3,854,859
General Government	838,934	1,047,083	—	—	838,934	1,047,083
Tax Increment Financing	10,786,336	9,743,568	—	—	10,786,336	9,743,568
Interest	96,297	109,479	—	—	96,297	109,479
Power and Light	—	—	122,805,250	124,700,820	122,805,250	124,700,820
Water	—	—	24,940,525	22,519,143	24,940,525	22,519,143
Sanitary Sewer	—	—	27,191,672	25,728,344	27,191,672	25,728,344
Events Center	—	—	12,178,812	13,218,585	12,178,812	13,218,585
<b>Total expenses</b>	<b>131,753,597</b>	<b>127,040,655</b>	<b>187,116,259</b>	<b>186,166,892</b>	<b>318,869,856</b>	<b>313,207,547</b>
Excess (deficiency) of revenues over expenses before transfers	(25,461,727)	(21,666,186)	25,669,182	40,041,303	207,455	18,375,117
Transfers - In (Out)	19,181,560	20,360,728	(19,181,560)	(20,360,728)	—	—
Special item - OPEB changes in benefit terms	—	72,282,213	—	33,603,664	—	105,885,877
<b>Change in net position</b>	<b>(6,280,167)</b>	<b>70,976,755</b>	<b>6,487,622</b>	<b>53,284,239</b>	<b>207,455</b>	<b>124,260,994</b>
Net position, beginning of year as restated (deficit)	68,467,866	(2,508,889)	298,938,394	245,654,155	367,406,260	243,145,266
Net position, end of year	\$ 62,187,699	68,467,866	305,426,016	298,938,394	367,613,715	367,406,260

Total revenues decreased 3.8% or \$12.5 million, business-type activities decreased 5.9% or \$13.4 million, and governmental revenues increased 0.9% or \$917,401. Of significance is the increase in sales and use tax revenue of 5.3% or \$2.7 million. Sales tax was minimally impacted by the COVID pandemic, but continues to be impacted by on-line sales versus brick and mortar retail. During 2020, the City began collecting a use tax for on-line sales of goods delivered within the City. This contributed to \$1.7 million of the \$2.7 million increase. Total charges for services for the City decreased \$16.6 million or 7.1%, with the business-type activities decreasing \$14.9 million or 7.0% and the governmental funds decreasing by \$1.7 million or 8.9%. The decrease for the business-type activities is due to Power and Light's rate reduction and lower fuel cost adjustments. The decrease for the governmental funds is due to the COVID pandemic, with many facilities and activities being shut down at the end of the fiscal year.

Total expenses increased 1.8% or \$5.7 million, with an increase to governmental expenses of 3.7% or \$4.7 million and an increase to business-type expenses of 0.5% or \$949,367.

Changes in the business-type expenses are attributed to normal operations; some of the changes are related to the effect of weather on Power and Light and Water sales. The transfers out of the business-type activities and in to

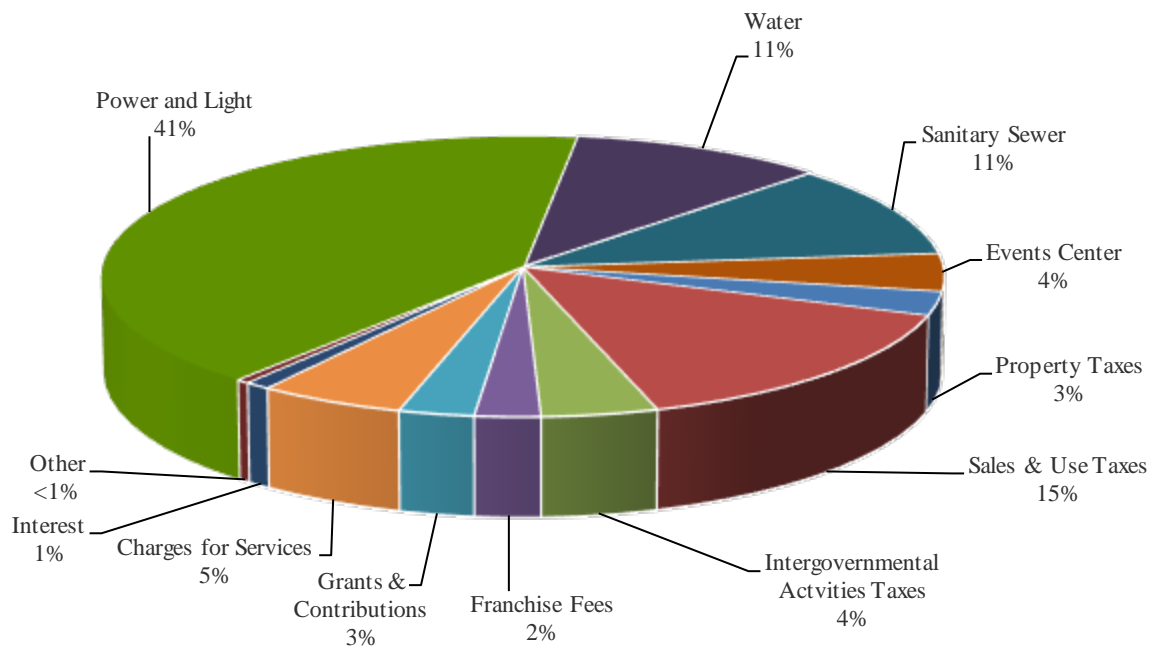
**CITY OF INDEPENDENCE, MISSOURI**  
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the governmental activities represents the payment in-lieu of taxes that would be paid and received if they operated as private utilities.

**Revenues**

For the fiscal year ending June 30, 2020 revenues totaled \$319.1 million. Of this amount charges for services (governmental and business-type) were \$215.4 million or 67.5% of the total. Revenue from business-type activities represents \$212.8 million or 66.7% of the total City revenues (Figure MD-3).

**City of Independence Sources of Revenue for FY 2020**  
**Figure MD-3**



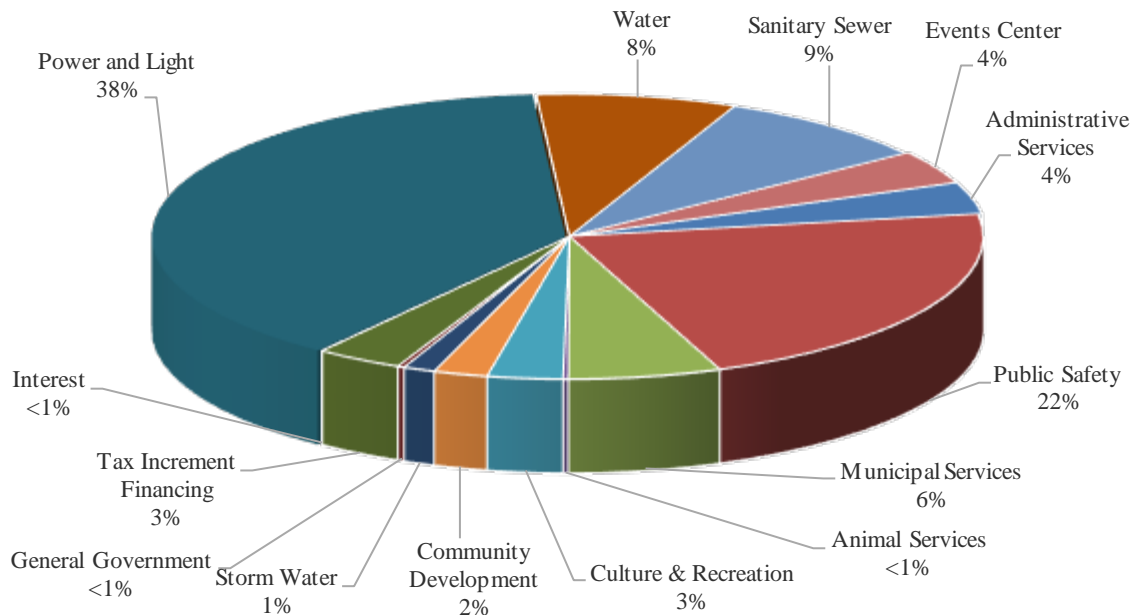
Revenues from governmental activities were \$106.3 million. Sales and use taxes, the largest governmental category, were \$46.8 million or 44.0%. All taxes represent \$76.4 million or 72.0% of governmental revenue. Charges for services at \$16.8 million were 15.8% of the total. Operating and capital grants were \$8.7 million or 8.2% of governmental revenues.

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**Expenses**

For the fiscal year ending June 30, 2020, expenses totaled \$318.9 million. Of this amount the Power and Light fund was \$122.8 million or 38.5% of the total. Business-type expenses represent \$187.1 million or 58.7% of the total City expenses (Figure MD-4).

**City of Independence Function Expenses FY 2020 Figure MD-4**



Expenses from governmental activities were \$131.8 million. Public safety expenses, the largest governmental category, were \$68.9 million or 52.3% of the total. Municipal Services is the next largest category at \$19.0 million, which is 14.4% of the total.

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**Governmental Activities**

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

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Administrative Services	\$ 11,465,578	11,766,972	5,024,739	5,233,220
Public Safety	68,890,126	64,741,468	63,470,175	58,201,352
Municipal Services	18,966,524	19,081,925	13,420,989	12,953,121
Animal Services	691,921	—	671,507	—
Culture & Recreation	9,359,426	9,829,225	8,177,231	8,007,968
Community Development	6,729,400	6,866,076	883,231	526,593
Storm Water	3,929,055	3,854,859	3,645,490	3,820,837
General Government and				
Interest on Long-Term Debt	935,231	1,156,562	935,231	1,154,562
Tax Increment Financing	10,786,336	9,743,568	10,014,939	8,743,528
<b>Total</b>	<b>\$ 131,753,597</b>	<b>127,040,655</b>	<b>106,243,532</b>	<b>98,641,181</b>

As noted in Table MD-3 expenses from governmental activities for fiscal year 2020 were \$131.8 million. However, the net cost of these services was \$106.2 million. The difference represents direct revenues received from charges for services of \$16.8 million, operating grants and contributions of \$7.9 million, and capital grants and contributions of \$824,436. Taxes and other revenues of \$80.8 million were collected to cover these net costs. Of significance in the charges for services category there was \$5.0 million netted to Administrative Services for interfund charges for support services, \$5.0 million netted primarily to Administrative Services and Community Development for licenses and permits, and \$2.9 million netted to Public Safety for fines and forfeitures.

**Business-type Activities**

Revenues of the City's business-type activities decreased \$13.4 million and expenses increased \$949,367. This change in revenues is primarily the result of Power and Light's rate reduction and lower fuel cost adjustments. Also, fluctuations in weather for the Power and Light and Water funds can impact both the revenues and expenses of these utilities.

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

As the City completed the year, its governmental funds reported a combined fund balance of \$76.9 million. The fund balance of the General Fund decreased \$1.2 million, the TIF Debt Service fund increased \$3.2 million, and the non-major governmental funds increased \$21.6 million. The non-major category's increase was due to the issuance of debt with an increase to restricted cash of \$17.9 million. The unassigned portion of the General Fund's fund balance decreased \$1.3 million. 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.
- The COVID pandemic has impacted revenues for franchise fees and fines and forfeitures.

The business-type funds reported a combined net position of \$309.9 million. The net position of the Power and Light fund decreased \$3.4 million, the Water fund increased \$6.0 million, the Sewer fund increased \$4.0 million and the Events Center fund increased \$1.6 million. Net position for the utilities was impacted by Power and Light's rate reduction discussed earlier. The lagging growth in sales tax revenues 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 \$158,290 from the original estimate. Actual revenues and other financing sources at the end of the year were less than projected by \$3.1 million. The largest variances were in the areas of taxes, which were \$2.1 million below estimated, fines and forfeitures which were \$836,829 below estimated, charges for services which were \$554,480 below estimated, payments in lieu of taxes which were \$422,441 below estimated, and other and investment income which together were \$956,463 above estimated.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were decreased \$16,670 in the General Fund. These budget amendments generally fall into the following categories:

- 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 \$1.5 million less than the amount appropriated.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2020, the City had invested \$851.9 million, net of depreciation, in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets decreased \$20.5 million or 2.4% during the period, due mostly to depreciation exceeding replacement.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total Percentage Change 2019-2020</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	
Land & land imp	\$ 37,196,347	37,694,346	12,131,928	12,131,928	49,328,275	49,826,274	-1.00%
Buildings & Improvements	57,762,613	60,981,751	—	—	57,762,613	60,981,751	-5.28%
Office furniture & equipment	19,244	16,923	—	—	19,244	16,923	13.72%
Computer equipment	1,772,568	1,932,755	—	—	1,772,568	1,932,755	-8.29%
Mobile equipment	7,360,114	8,043,177	—	—	7,360,114	8,043,177	-8.49%
Other equipment	2,250,120	2,682,521	12,204,294	12,335,581	14,454,414	15,018,102	-3.75%
Infrastructure	182,106,827	175,562,411	473,099,477	483,644,743	655,206,304	659,207,154	-0.61%
Construction in progress	23,455,884	33,148,921	42,568,785	44,235,230	66,024,669	77,384,151	-14.68%
<b>Total</b>	<b>\$ 311,923,717</b>	<b>320,062,805</b>	<b>540,004,484</b>	<b>552,347,482</b>	<b>851,928,201</b>	<b>872,410,287</b>	<b>-2.35%</b>

The budget for fiscal year 2021 projects the City will spend an additional \$21.7 million for capital projects. The largest category at \$5.3 million is for projects under the City's Sanitary Sewer Fund.

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

**CITY OF INDEPENDENCE, MISSOURI**  
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**Debt Administration**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019-2020</b>
Loans and bonds payable	\$ 17,955,000	22,500	355,501,259	365,808,725	373,456,259	365,831,225	2.08%
TIF loans payable	127,971,949	135,379,742	—	—	127,971,949	135,379,742	-5.47%
Capital lease obligations	755,122	1,009,999	—	—	755,122	1,009,999	-25.24%
Neighborhood Improvemt District	33,802	40,748	—	—	33,802	40,748	-17.05%
<b>Total</b>	<u>\$ 146,715,873</u>	<u>136,452,989</u>	<u>355,501,259</u>	<u>365,808,725</u>	<u>502,217,132</u>	<u>502,261,714</u>	-0.01%

The City at the end of fiscal year 2020 had a total of \$502.2 million of outstanding obligations. This was a decrease of \$44,582 from the previous fiscal year. None of the debt is general obligations of the City, and is limited to either an annual appropriation or specific revenue for repayment. Of the total debt, \$355.5 million or 70.8% are obligations of the business-type activities.

The City's credit rating from Standard & Poor's (S&P) is A-/Stable for general obligation and A/Stable for the Power and Light, Water, and Sewer utilities.

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, lost 7,098 jobs, with current total employment at 52,112 jobs. Unemployment by mid-2020 was 9.4%; this is higher than Jackson County at 8.8% and higher than the State at 7.8%. Average household income for 2020 is estimated to be \$61,449, compared to \$77,885 for the State as a whole. Per capita income for 2020 is estimated to be \$25,341, compared to \$31,756 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 Bryan Kidney, Director of Finance and Administration, City of Independence, P.O. Box 1019, Independence, MO 64051.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>			
<b>Current assets:</b>			
Pooled cash and investments	\$ 47,796,990	150,143,153	197,940,143
Receivables:			
Taxes	28,604,659	1,121,229	29,725,888
Accounts, net	255,575	17,844,700	18,100,275
Unbilled revenue	-	11,753,241	11,753,241
Special assessment principal	1,105,356	95,380	1,200,736
Accrued interest	182,688	297,452	480,140
Other	-	1,305,314	1,305,314
Internal balances	3,156,555	(3,156,555)	-
Due from other governments	2,798,844	84,954	2,883,798
Inventory	174,283	6,058,016	6,232,299
Prepaid items	-	347,764	347,764
Restricted cash and investments	-	5,072,579	5,072,579
Total current assets	<u>84,074,950</u>	<u>190,967,227</u>	<u>275,042,177</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Nondepreciable	55,490,025	54,700,713	110,190,738
Depreciable, net	256,433,692	485,303,771	741,737,463
Other assets	-	170,946	170,946
Restricted cash and investments	30,713,826	34,936,516	65,650,342
Total noncurrent assets	<u>342,637,543</u>	<u>575,111,946</u>	<u>917,749,489</u>
Total assets	<u>426,712,493</u>	<u>766,079,173</u>	<u>1,192,791,666</u>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	3,691,082	8,636,048	12,327,130
Pension related amounts	14,579,247	5,259,244	19,838,491
Other post-employment benefits	14,336,473	6,926,277	21,262,750
Deferred environmental and regulatory amounts	-	9,910,792	9,910,792
Goodwill	-	935,424	935,424
Total deferred outflows of resources	<u>32,606,802</u>	<u>31,667,785</u>	<u>64,274,587</u>
Total assets and deferred outflows of resources	<u>\$ 459,319,295</u>	<u>797,746,958</u>	<u>1,257,066,253</u>
<b>LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts and contracts payable	\$ 1,451,323	6,380,696	7,832,019
Accrued items	5,343,888	6,492,348	11,836,236
Other current liabilities	916,368	595,251	1,511,619
Due to other governments	1,062,224	-	1,062,224
Unearned revenue	511,731	792,552	1,304,283
Current portion of long-term obligations	15,216,761	12,179,583	27,396,344
Self-insurance claims payable	3,887,142	-	3,887,142
Liabilities payable from restricted assets	244,915	4,658,699	4,903,614
Total current liabilities	<u>28,634,352</u>	<u>31,099,129</u>	<u>59,733,481</u>
<b>Noncurrent liabilities:</b>			
Noncurrent portion of long-term obligations	148,514,656	350,794,958	499,309,614
Self-insurance claims payable	6,007,248	-	6,007,248
Total OPEB liability	134,717,986	69,807,167	204,525,153
Net pension liability	55,764,737	38,811,320	94,576,057
Advances for construction	-	365,352	365,352
Total noncurrent liabilities	<u>345,004,627</u>	<u>459,778,797</u>	<u>804,783,424</u>
Total liabilities	<u>373,638,979</u>	<u>490,877,926</u>	<u>864,516,905</u>
<b>Deferred inflows of resources:</b>			
Real estate tax revenue	20,226,513	-	20,226,513
Pension related amounts	1,927,514	805,522	2,733,036
Other post-employment benefits	1,338,590	637,494	1,976,084
Total deferred inflows of resources	<u>23,492,617</u>	<u>1,443,016</u>	<u>24,935,633</u>
<b>Net position:</b>			
Net investment in capital assets	311,168,595	211,224,057	522,392,652
Restricted for:			
Public Safety	5,426,898	-	5,426,898
Municipal Services	5,300,388	-	5,300,388
Culture and Recreation	916,641	-	916,641
Storm Water	9,991,197	-	9,991,197
Animal Services	306,746	-	306,746
General Government	3,755	-	3,755
Debt Service	133,549	17,093,785	17,227,334
Worker's Compensation escrow	200,000	-	200,000
Dogwood SPP escrow	-	61,500	61,500
Southwest Power Pool collateral	-	887,978	887,978
Community Improvement District	-	7,040,872	7,040,872
Unrestricted (deficit)	<u>(271,260,070)</u>	<u>69,117,824</u>	<u>(202,142,246)</u>
Total net position (deficit)	<u>62,187,699</u>	<u>305,426,016</u>	<u>367,613,715</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 459,319,295</u>	<u>797,746,958</u>	<u>1,257,066,253</u>

See accompanying notes to financial statements.



## CITY OF INDEPENDENCE, MISSOURI

Statement of Activities

Year ended June 30, 2020

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary government:</b>					
Governmental activities:					
Administrative Services	\$ 11,465,578	6,436,938	3,901	-	(5,024,739)
Public Safety	68,890,126	3,659,764	1,666,076	94,111	(63,470,175)
Municipal Services	18,966,524	543,843	4,484,041	517,651	(13,420,989)
Animal Services	691,921	10,688	9,726	-	(671,507)
Culture and Recreation	9,359,426	1,017,524	164,671	-	(8,177,231)
Community Development	6,729,400	4,394,291	1,451,878	-	(883,231)
Storm water	3,929,055	-	70,891	212,674	(3,645,490)
General Government	838,934	-	-	-	(838,934)
Tax Increment Financing	10,786,336	771,397	-	-	(10,014,939)
Interest on long-term debt	96,297	-	-	-	(96,297)
Total governmental activities	131,753,597	16,834,445	7,851,184	824,436	(106,243,532)
<b>Business-type activities:</b>					
Power and light	122,805,250	128,575,740	-	37,799	5,808,289
Water	24,940,525	31,792,837	-	-	6,852,312
Sewer	27,191,672	33,354,075	-	-	6,162,403
Events center	12,178,812	4,813,992	-	-	(7,364,820)
Total business-type activities	187,116,259	198,536,644	-	37,799	11,458,184
Total primary government	\$ 318,869,856	215,371,089	7,851,184	862,235	(94,785,348)

	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (106,243,532)	11,458,184	(94,785,348)
General revenues:			
Taxes			
Property taxes	8,717,634	-	8,717,634
Sales and use taxes	46,752,729	7,783,055	54,535,784
Intergovernmental activity taxes	13,388,147	-	13,388,147
Franchise taxes	7,523,346	-	7,523,346
Financial institutions tax	32,404	-	32,404
Investment income	2,897,668	5,526,440	8,424,108
Miscellaneous	1,469,877	901,503	2,371,380
Transfers in (out)	19,181,560	(19,181,560)	-
Total general revenues and transfers	99,963,365	(4,970,562)	94,992,803
Change in net position	(6,280,167)	6,487,622	207,455
Net position - beginning (deficit)	68,467,866	298,938,394	367,406,260
Net position - ending (deficit)	\$ 62,187,699	305,426,016	367,613,715

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

Balance Sheet  
Governmental Funds  
June 30, 2020

	General	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ 2,062,198	18,049,561	21,076,712	41,188,471
Receivables:				
Taxes	12,134,680	12,176,326	4,293,653	28,604,659
Accounts, net	138,707	83,879	24,016	246,602
Special assessment principal	672,580	-	432,776	1,105,356
Accrued interest	24,961	77,636	75,542	178,139
Due from other funds	4,347,984	-	16,155	4,364,139
Due from other governments	816,026	1,002,538	980,280	2,798,844
Restricted cash and investments	244,915	12,311,776	17,957,135	30,513,826
Total assets	<u>\$ 20,442,051</u>	<u>43,701,716</u>	<u>44,856,269</u>	<u>109,000,036</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 271,804	9,963	1,006,099	1,287,866
Due to other funds	165,750	1,393	2,942,353	3,109,496
Due to other governments	155,367	906,062	795	1,062,224
Accrued items	3,296,793	-	320,145	3,616,938
Other current liabilities	889,705	-	26,663	916,368
Unearned revenue	-	-	511,731	511,731
Liabilities payable from restricted assets:				
Deposits and court bonds	244,915	-	-	244,915
Total liabilities	<u>5,024,334</u>	<u>917,418</u>	<u>4,807,786</u>	<u>10,749,538</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	677,914	-	432,776	1,110,690
Unavailable revenue - real estate taxes	8,618,240	11,582,773	25,500	20,226,513
Total deferred inflow of resources	<u>9,296,154</u>	<u>11,582,773</u>	<u>458,276</u>	<u>21,337,203</u>
Total liabilities and deferred inflows of resources	<u>14,320,488</u>	<u>12,500,191</u>	<u>5,266,062</u>	<u>32,086,741</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	78,022	34,500,723	40,061,798	74,640,543
Committed	18,105	-	81,165	99,270
Assigned	723,920	-	-	723,920
Unassigned	5,301,516	(3,299,198)	(552,756)	1,449,562
Total fund balances	<u>6,121,563</u>	<u>31,201,525</u>	<u>39,590,207</u>	<u>76,913,295</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 20,442,051</u>	<u>43,701,716</u>	<u>44,856,269</u>	<u>109,000,036</u>

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, 2020

Fund balances – total governmental funds	\$ 76,913,295
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	646,558,653
Less accumulated depreciation	<u>(335,907,218)</u>
	310,651,435
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due and payable	(1,690,764)
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	1,110,690
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	(2,100,023)
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	(145,129,000)
Capital lease obligations	(755,122)
Compensated absences	(16,888,744)
Discounts (premiums)	(831,749)
Deferred charge on refunding	3,691,082
Other post-employment benefits	(133,189,211)
Net pension liability	<u>(55,006,208)</u>
	(348,108,952)
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	(1,904,530)
Deferred outflows of resources - pension related amounts	14,429,184
Deferred outflows of resources - other post-employment benefits	14,212,573
Deferred inflows of resources - other post-employment benefits	<u>(1,325,209)</u>
	<u>25,412,018</u>
Net position of governmental activities (Exhibit 1)	\$ <u><u>62,187,699</u></u>

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 33,455,975	18,632,721	24,218,391	76,307,087
Licenses and permits	5,012,961	-	-	5,012,961
Intergovernmental	5,106,634	-	3,208,395	8,315,029
Charges for services	2,538,096	-	615,431	3,153,527
Interfund charges for support services	5,035,500	-	-	5,035,500
Fines, forfeitures, and court costs	2,890,421	-	-	2,890,421
Investment income (loss)	447,157	1,257,903	999,885	2,704,945
Other revenue	1,236,303	846,165	760,366	2,842,834
Total revenues	<u>55,723,047</u>	<u>20,736,789</u>	<u>29,802,468</u>	<u>106,262,304</u>
<b>EXPENDITURES</b>				
Current:				
Administrative Services	8,564,556	-	18,928	8,583,484
Public Safety	55,781,405	-	5,411,295	61,192,700
Municipal Services	4,927,968	-	1,556,088	6,484,056
Culture and Recreation	1,798,035	-	4,827,221	6,625,256
Community Development	4,797,872	-	1,310,915	6,108,787
Storm Water	-	-	2,145,806	2,145,806
Animal Services/Shelter	8,572	-	529,234	537,806
General Government	18,000	-	129	18,129
Tax Increment Financing	-	4,545,677	-	4,545,677
Capital outlay	-	-	10,298,410	10,298,410
Debt service:				
Principal	145,417	7,075,000	123,960	7,344,377
Interest and fiscal agent fees	20,253	5,755,225	81,160	5,856,638
Total expenditures	<u>76,062,078</u>	<u>17,375,902</u>	<u>26,303,146</u>	<u>119,741,126</u>
Excess (deficiency) of revenues over expenditures	<u>(20,339,031)</u>	<u>3,360,887</u>	<u>3,499,322</u>	<u>(13,478,822)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	17,940,000	17,940,000
Transfers in - utility payments in lieu of taxes	19,191,559	-	-	19,191,559
Transfers in	-	8,112,053	694,850	8,806,903
Transfers out	(11,727)	(8,280,772)	(524,403)	(8,816,902)
Total other financing sources (uses)	<u>19,179,832</u>	<u>(168,719)</u>	<u>18,110,447</u>	<u>37,121,560</u>
Net change in fund balances	(1,159,199)	3,192,168	21,609,769	23,642,738
Fund balances - beginning	7,280,762	28,009,357	17,980,438	53,270,557
Fund balances - ending	<u>\$ 6,121,563</u>	<u>31,201,525</u>	<u>39,590,207</u>	<u>76,913,295</u>

See accompanying notes to financial statements.

**Exhibit 4.1****CITY OF INDEPENDENCE, MISSOURI**

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

Year ended June 30, 2020

Net change in fund balances – total governmental funds \$ 23,642,738

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 depreciation exceeded capital outlays in the current period:

Capital outlay	12,999,229
Depreciation expense	(20,377,940)
	(7,378,711)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the assets and depreciation is removed from 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	(632,025)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	103,927
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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	(17,940,000)
Principal payments	7,339,377
Debt premiums, discounts & deferred refunding amortizations	(554,910)
	(11,155,533)

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	(556,219)
Accrued interest	79,538
Other post-employment benefits	(6,160,333)
Pension related amount - LAGERS pension expense	(3,000,336)
	(9,637,350)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and garage charges, to individual funds. The net expense of the internal service funds is reported with the governmental activities:

(1,223,213)

Change in net position of governmental activities (Exhibit 2)	\$ (6,280,167)
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See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Enterprise Funds					Governmental Activities
	Power and Light	Water	Sanitary Sewer	Events Center	Total	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 82,856,511	37,501,011	22,638,784	7,146,847	150,143,153	6,608,519
Receivables:						
Taxes	-	-	-	1,121,229	1,121,229	-
Accounts (net of allowance of \$1,359,326)	11,180,764	2,860,631	3,010,525	792,780	17,844,700	8,972
Unbilled revenue	9,186,020	1,113,034	1,454,187	-	11,753,241	-
Special assessment principal	95,380	-	-	-	95,380	-
Accrued interest	131,067	110,859	55,526	-	297,452	4,549
Other	1,020,104	6,581	260,400	18,230	1,305,315	-
Due from other funds	165,750	2,275,869	-	-	2,441,619	-
Due from other governments	62,214	22,740	-	-	84,954	-
Inventory	5,196,671	779,104	79,716	2,525	6,058,016	174,283
Prepaid items	261,324	-	-	86,440	347,764	-
Restricted cash and investments	3,738,698	740,403	593,478	-	5,072,579	-
Total current assets	113,894,503	45,410,232	28,092,616	9,168,051	196,565,402	6,796,323
Noncurrent assets:						
Capital assets:						
Nondepreciable	33,807,610	6,290,769	8,806,019	5,796,315	54,700,713	93,979
Depreciable, net	191,521,920	105,732,216	136,094,228	51,955,407	485,303,771	1,178,303
Other assets	446	170,500	-	-	170,946	-
Restricted cash and investments	16,351,730	4,103,553	7,510,275	6,970,958	34,936,516	200,000
Total noncurrent assets	241,681,706	116,297,038	152,410,522	64,722,680	575,111,946	1,472,282
Total assets	355,576,209	161,707,270	180,503,138	73,890,731	771,677,348	8,268,605
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	1,607,032	842,273	-	6,186,743	8,636,048	-
Pension related amounts	3,623,223	941,276	694,745	-	5,259,244	150,063
Other post-employment benefits	4,443,254	1,453,067	1,029,956	-	6,926,277	123,900
Deferred environmental and regulatory amounts	9,910,792	-	-	-	9,910,792	-
Goodwill	-	-	-	935,424	935,424	-
Total deferred outflows of resources	19,584,301	3,236,616	1,724,701	7,122,167	31,667,785	273,963
Total assets and deferred outflows of resources	\$ 375,160,510	164,943,886	182,227,839	81,012,898	803,345,133	8,542,568
<b>LIABILITIES</b>						
Current liabilities:						
Accounts and contracts payable	\$ 5,319,603	664,440	130,450	266,203	6,380,696	163,457
Due to other funds	-	-	-	1,076,342	1,076,342	2,619,920
Accrued items	2,644,008	1,654,231	952,164	1,241,945	6,492,348	36,186
Other current liabilities	181,483	28,052	347,017	38,699	595,251	-
Unearned revenue	-	-	-	792,552	792,552	-
Current portion of long-term obligations	5,970,499	2,169,266	2,554,818	1,485,000	12,179,583	63,279
Self-insurance claims payable	-	-	-	-	-	3,887,142
Liabilities payable from restricted assets	3,324,818	740,403	593,478	-	4,658,699	-
Total current liabilities	17,440,411	5,256,392	4,577,927	4,900,741	32,175,471	6,769,984
Noncurrent liabilities:						
Revenue bonds payable	151,480,681	20,755,224	89,103,030	84,797,326	346,136,261	-
Compensated absences-long term	3,183,178	950,024	525,495	-	4,658,697	63,523
Total OPEB liability	46,352,360	13,800,129	9,654,678	-	69,807,167	1,528,775
Net pension liability	27,900,718	6,263,199	4,647,403	-	38,811,320	758,529
Self-insurance claims payable	-	-	-	-	-	6,007,248
Advances for construction	179,765	185,587	-	-	365,352	-
Total noncurrent liabilities	229,096,702	41,954,163	103,930,606	84,797,326	459,778,797	8,358,075
Total liabilities	246,537,113	47,210,555	108,508,533	89,698,067	491,954,268	15,128,059
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related amounts	554,944	144,169	106,409	-	805,522	22,984
Other post-employment benefits	407,389	131,130	98,975	-	637,494	13,381
Total deferred inflows of resources	962,333	275,299	205,384	-	1,443,016	36,365
Total liabilities and deferred inflows of resources	247,499,446	47,485,854	108,713,917	89,698,067	493,397,284	15,164,424
<b>NET POSITION</b>						
Net investment in capital assets	71,410,881	94,083,587	61,102,492	(15,372,903)	211,224,057	1,272,282
Restricted for:						
Community Improvement District	-	-	-	7,040,872	7,040,872	-
Debt service/capital outlay	16,351,730	500,000	-	242,055	17,093,785	-
Dogwood SPP escrow	61,500	-	-	-	61,500	-
Southwest Power Pool collateral	887,978	-	-	-	887,978	-
Worker's Compensation escrow	-	-	-	-	-	200,000
Unrestricted	38,948,975	22,874,445	12,411,430	(595,193)	73,639,657	(8,094,138)
Total net position (deficit)	127,661,064	117,458,032	73,513,922	(8,685,169)	309,947,849	(6,621,856)
Total liabilities, deferred inflows of resources and net position	\$ 375,160,510	164,943,886	182,227,839	81,012,898		8,542,568
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(4,521,833)	
Net position of business-type activities					\$ 305,426,016	
See accompanying notes to financial statements.						

**CITY OF INDEPENDENCE, MISSOURI**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020

	<b>Enterprise Funds</b>					<b>Governmental Activities</b>
	<b>Power and Light</b>	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Events Center</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 122,319,633	31,524,848	33,177,400	4,813,992	191,835,873	28,683,360
Miscellaneous	6,256,107	267,989	176,675	-	6,700,771	4,552,243
Total operating revenues	128,575,740	31,792,837	33,354,075	4,813,992	198,536,644	33,235,603
<b>OPERATING EXPENSES</b>						
Personnel services	25,265,893	8,646,052	6,892,347	-	40,804,292	1,618,378
Other services	19,994,958	5,258,498	11,136,161	503,967	36,893,584	35,986,265
Supplies	50,234,143	2,317,897	436,302	-	52,988,342	672,732
Other expenses	8,100,577	5,418,384	228,950	5,510,402	19,258,313	-
Depreciation and amortization	13,276,440	3,159,203	4,361,586	2,046,430	22,843,659	144,752
Total operating expenses	116,872,011	24,800,034	23,055,346	8,060,799	172,788,190	38,422,127
Operating income (loss)	11,703,729	6,992,803	10,298,729	(3,246,807)	25,748,454	(5,186,524)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income (loss)	2,684,461	1,551,916	1,040,482	249,581	5,526,440	192,723
Miscellaneous revenue	1,507,032	1,490,466	94,030	973,296	4,064,824	2,050,838
Interest and amortization	(6,563,276)	(980,737)	(4,109,614)	(4,118,013)	(15,771,640)	-
Sales tax	-	-	-	7,783,055	7,783,055	-
Total nonoperating revenues (expenses)	(2,371,783)	2,061,645	(2,975,102)	4,887,919	1,602,679	2,243,561
Income (loss) before contributions and transfers	9,331,946	9,054,448	7,323,627	1,641,112	27,351,133	(2,942,963)
Capital contributions	37,799	-	-	-	37,799	-
Transfers out - utility payments in lieu of taxes	(12,757,506)	(3,070,250)	(3,363,804)	-	(19,191,560)	-
Transfers in	-	-	10,000	-	10,000	-
Change in net position	(3,387,761)	5,984,198	3,969,823	1,641,112	8,207,372	(2,942,963)
Total net position - beginning (deficit)	131,048,825	111,473,834	69,544,099	(10,326,281)		(3,678,893)
Total net position - ending (deficit)	\$ 127,661,064	117,458,032	73,513,922	(8,685,169)		(6,621,856)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,719,750)	
Change in net position of business-type activities					\$ 6,487,622	

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Cash Flows

## Proprietary Funds

Year ended June 30, 2020

	Enterprise funds				Governmental Activities
	Power and Light	Water	Sanitary Sewer	Events Center	Internal Service Funds
Cash flows from operations:					
Receipts from customers and others	\$ 132,085,436	33,405,318	33,143,081	5,321,879	203,955,714
Payments to suppliers	(84,815,798)	(11,900,593)	(11,973,527)	(6,075,917)	(114,765,835)
Payments to employees	(23,788,030)	(7,476,524)	(5,805,822)	-	(37,070,376)
Payments to other funds	-	-	-	68,059	68,059
Net cash provided (used) by operating activities	23,481,608	14,028,201	15,363,732	(685,979)	52,187,562
Cash flows from noncapital financing activities:					
Transfers in	-	-	10,000	-	10,000
Transfers out – payments in lieu of taxes	(12,757,506)	(3,070,250)	(3,363,804)	-	(19,191,560)
Sales tax	-	-	-	7,783,055	7,783,055
Advances to/from other funds	56,250	136,543	-	-	192,793
Net cash provided by (used in) noncapital financing activities	(12,701,256)	(2,933,707)	(3,353,804)	7,783,055	(11,205,712)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,257,987)	(3,318,352)	(2,574,632)	(1,668,564)	(9,819,535)
Interest paid on revenue bonds and equipment contracts	(5,039,833)	(1,011,103)	(4,141,879)	(3,783,605)	(13,976,420)
Redemption of revenue bonds	(4,945,000)	(1,575,000)	(2,130,000)	(1,330,000)	(9,980,000)
Net cash provided by (used in) capital and related financing activities	(12,242,820)	(5,904,455)	(8,846,509)	(6,782,169)	(33,775,953)
Cash flows from investing activities:					
Interest on investments	2,724,360	1,514,245	1,034,250	249,581	5,522,436
Net cash provided by investing activities	2,724,360	1,514,245	1,034,250	249,581	5,522,436
Net increase (decrease) in cash and cash equivalents	1,261,892	6,704,284	4,197,669	564,488	12,728,333
Cash and cash equivalents at beginning of year	101,685,047	35,640,683	26,544,868	13,553,317	177,423,915
Cash and cash equivalents at end of year	\$ 102,946,939	42,344,967	30,742,537	14,117,805	190,152,248
Noncash capital and related financing activities:					
Contributed capital	\$ 37,799	-	-	-	37,799
Components of cash and short-term investments at end of fiscal year:					
Unrestricted assets	\$ 82,856,511	37,501,011	22,638,784	7,146,847	150,143,153
Restricted assets	20,090,428	4,843,956	8,103,753	6,970,958	40,009,095
Total pooled cash and investments	\$ 102,946,939	42,344,967	30,742,537	14,117,805	190,152,248
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 11,703,729	6,992,803	10,298,729	(3,246,807)	25,748,454
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	13,276,440	3,159,203	4,361,586	2,046,430	22,843,659
Miscellaneous revenue	1,507,032	1,490,466	94,030	973,296	4,064,824
Change in assets and liabilities:					
Accounts receivable	(76,227)	88,222	(322,144)	(253,333)	(563,482)
Inventory	300,294	(82,021)	(4,466)	2,370	216,177
Prepaid items and other assets	(8,019)	603,582	-	99,118	694,681
Unbilled revenue	1,767,821	61,127	(107,080)	-	1,721,868
Due from other governments	(62,214)	(22,740)	39,166	-	(45,788)
Special assessments receivable	7,995	-	-	-	7,995
Accounts and contracts payable	(399,918)	(275,730)	(58,844)	144,031	(590,461)
Internal balances	-	-	-	68,059	68,059
Accrued and other liabilities	790,192	813,733	(24,931)	(307,067)	1,271,927
Other post-employment benefits & net pension liability	3,321,948	1,166,119	961,349	-	5,449,416
Self-insurance claims payable	-	-	-	-	-
Deferred charges	(8,643,200)	-	-	-	(8,643,200)
Unearned revenue	-	-	-	(212,076)	(212,076)
Customer deposits	134,603	30,028	1,161	-	165,792
Compensated absences	(138,868)	3,409	125,176	-	(10,283)
Total adjustments	11,777,879	7,035,398	5,065,003	2,560,828	26,439,108
Net cash provided by (used in) operating activities	\$ 23,481,608	14,028,201	15,363,732	(685,979)	52,187,562

See accompanying notes to financial statements.



## CITY OF INDEPENDENCE, MISSOURI

## Statement of Fiduciary Net Position

June 30, 2020

	Private-Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Pooled cash and investments	\$ 13,197	258,280
Accrued interest receivable	48	618
Total assets	<u>13,245</u>	<u>258,898</u>
<b>LIABILITIES</b>		
Funds held in escrow	3,750	-
Flexible benefit payable	-	197,869
Susie Block fund payable to others	-	35,381
Senior travel program fund payable to others	-	25,648
Total liabilities	<u>3,750</u>	<u>258,898</u>
<b>NET POSITION</b>		
Unrestricted - held in trust	<u>9,495</u>	
Total net position	<u>\$ 9,495</u>	

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2020

	<b>Private-Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Charges for services	\$ 11,608
Investment income (loss)	640
Other revenue	11
Total additions	<u>12,259</u>
<b>DEDUCTIONS</b>	
Preservation and maintenance expense	<u>9,603</u>
Total deductions	<u>9,603</u>
Net increase (decrease) in fiduciary net position	2,656
Net Position -- beginning of the year	<u>6,839</u>
Net Position -- end of the year	<u><u>\$ 9,495</u></u>

See accompanying notes to financial statements.

# CITY OF INDEPENDENCE, MISSOURI

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## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

#### **(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 Cable Dahmer Arena, formerly known as the Independence Events Center managed by Global Spectrum, L.P (Global) as blended component units. The Corporation is governed by a 5-member board, of which all are City employees and appointed by the City. The Corporation performs management functions for the facility. Global manages the daily operations of the Arena on behalf of the City. These component units are reflected in the City's Events Center fund, a proprietary fund. No separate financial statements are issued by the Corporation. Separate financial statements are issued for the Cable Dahmer 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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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 Cable Dahmer Arena, formerly known as the Independence Events Center. This fund also includes the operational activities which are managed by the Corporation, operational activities of Global, 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 expenditures 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, Risk Management, Enterprise Resource Planning, 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.

## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

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. Cost reimbursement grants are recorded as unearned revenue when proceeds are received in advance.

*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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, and is not susceptible to reporting 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, for the liquid series investments within the pool. The City's position in the pool is the same as the value of the pool shares.

#### ***(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 lower of cost or market.

#### ***(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, and expenditures are recognized using the consumption method.



## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

#### **(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.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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:

	<b>Years</b>
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
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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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 five items that qualify for reporting in this category. They are the deferred charge on refunding, deferred pension related amounts, deferred other post-employment benefit (OPEB) amounts, deferred environmental and regulatory amounts, and goodwill 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. The OPEB related deferred outflow consists of the unamortized portion of the net difference between projected and actual experience and changes in assumptions. The deferred environmental and regulatory deferred outflow consists of charges permitted under regulatory basis of accounting for the Power and Light fund. The goodwill related deferred outflow consists of goodwill reported in the Events Center enterprise fund, which will be amortized over the remaining life of the related asset (the Events Center). Goodwill became a deferred outflow of resources under GASB Statement No. 85, *Omnibus 2017*, which the City implemented in the fiscal year ending June 30, 2018.

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 three types of items that qualify for reporting in this category, unavailable revenue, deferred pension related amounts, and deferred other post-employment benefit (OPEB) 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 and plan assumptions, OPEB deferred

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

inflows, which consist of the unamortized portion of the differences between expected and actual experience, 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 leave for all employees, other than Firefighters, is paid up to the equivalent of six months' for sick leave, and a maximum of 400 hours for vacation at the employee's current rate of pay. Firefighters are paid up to nine months for sick leave, and up to 780 hours of vacation for 24-hours 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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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 16% of annual revenues. If the fund balance falls below this target level of 16% 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 \$3,603,553 for Water, \$7,510,275 for Sewer and \$6,970,958 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 \$5,300,388 for the Street Sales Tax and the License Surcharge; \$916,641 for the Parks Sales Tax; \$9,991,197 for Storm Water Sales Tax; \$5,426,898 for Public Safety Sales Tax and Police Use Tax; \$306,746 for the Animal Services Use Tax; \$3,755 for the Independence Square Benefit District; \$17,227,334 for debt service; and \$7,040,872 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.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

#### **(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 January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City will implement GASB Statement No. 84 beginning with the year ended June 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The City will implement GASB Statement No. 87 with the year ended June 30, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The City will implement GASB Statement No. 91 with the year ended June 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The City will implement GASB Statement No. 92 with the year ended June 30, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Interbank offered rates (IBOR), most notably, the London Interbank Offered Rate (LIBOR). IBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments. The objective of this statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The City will implement GASB Statement No. 93 with the year ended June 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The City will implement GASB Statement No. 94 with the year ended June 30, 2023.

## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This will be accomplished by postponing effective dates of certain provisions in Statements and Implementation Guides. The statement became effective immediately.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The City will implement GASB Statement No. 96 with the year ended June 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans other than pension or OPEB plans; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans. Portions of the statement were effective immediately. For the remaining portions, the City will implement GASB Statement No. 97 with the year ended June 30, 2022.

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

## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

#### **(2) Deposits and Investments**

##### *Fair Value Measurements*

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 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.

For the City, the measurement of the fair value of investments was either based on quoted market prices obtained from exchanges, or from independent pricing sources. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix to arrive at an estimated fair value.



# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

The City has no assets reported at fair value on a nonrecurring basis. The securities in the following table are measured at fair value per the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

At June 30, 2020 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):		
U.S. Treasury Notes	\$ 32,164,902	Level 1
Other investments:		
Federal National Mortgage Association	26,184,787	Level 2
Federal Home Loan Mortgage Corporation	13,170,217	Level 2
Federal Home Loan Bank	7,743,804	Level 2
Federal Farm Credit Bank	7,569,767	Level 2
U.S. Treasury Notes	60,536,501	Level 1
U.S. Treasury Bond	27,506	Level 1
U.S. Treasury Bill	200,000	Level 1
Money Market - Bond Reserves	31,163,873	Level 1
Local government investment pool - MOSIP	27,429,511	Level 1
Total investments	<u>206,190,868</u>	
Cash and cash equivalents:		
Deposits and repurchase obligations	62,726,277	
Petty cash	17,396	
Total	<u>\$ 268,934,541</u>	

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	\$ 197,940,143	271,477	198,211,620
Restricted cash and investments	<u>70,722,921</u>	<u>—</u>	<u>70,722,921</u>
	<u>\$ 268,663,064</u>	<u>271,477</u>	<u>268,934,541</u>

### *Investment Policy*

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

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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 fund's 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	3.90%
Federal National Mortgage Association	AAA	13.18%
Federal Home Loan Mortgage Corporation	AAA	6.63%
Federal Farm Credit Bank	AAA	3.67%
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, 2020, 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 were exposed to custodial credit risk as of June 30, 2020.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### *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, 2020, the City's investment portfolio had the following investments and maturities:

Investment Type	Total	6 Months or Less	6 - 12 Months	12 - 24 Months	24 - 36 Months	36 - 48 Months	48 - 60 Months	Over 60 Months
Local government investment pool - MOSIP	\$ 27,429,511	27,429,511	—	—	—	—	—	—
Money Market - Bond Reserves	31,163,873	31,163,873	—	—	—	—	—	—
U.S. Government Securities								
Federal National Mortgage Association	26,184,787	—	—	—	2,722,193	14,307,951	9,154,643	—
Federal Home Loan Mortgage Corporation	13,170,217	—	—	—	8,976,369	—	4,193,848	—
Federal Home Loan Bank	7,743,804	—	—	1,766,994	—	4,212,466	1,764,344	—
Federal Farm Credit Bank Notes	7,569,767	—	—	4,690,430	—	2,879,337	—	—
U.S. Treasury Notes	92,701,403	10,760,049	13,265,508	32,591,251	20,738,398	13,688,951	1,657,246	—
U.S. Treasury Bill	200,000	200,000	—	—	—	—	—	—
U.S. Treasury Bond	27,506	—	—	—	—	—	—	27,506
Total investments	\$ 206,190,868	69,553,433	13,265,508	39,048,675	32,436,960	35,088,705	16,770,081	27,506

### *Truman Heartland Community Foundation*

The City has various fund accounts at the Truman Heartland Community Foundation (THCF), where donations are received for special City projects. THCF is a public charity which services communities in and around Eastern Jackson County.

At June 30, 2020 the carrying values of deposits are summarized as follows:

Project	Balance
Police Peer Support	\$ 240
Police Equipment	23,072
Fire Safety Equipment	12,030
Sermon Memorial Room	29,563
Sermon/Old Spring Project	29,509
Truman Memorial Building Restoration	1,706
Truman Memorial Walking Trail	15,399
George Owens Nature Park	5,652
Palmer Center Senior Services	17,399
Palmer Senior Center	5,857
Memorial Endowment - Palmer Senior Center	87,163
McCoy Park Inclusive Play	8,153
Animal Shelter Replacement	5,752
Endowment - All Creatures Fund	81,438
Friends of Truman Depot	17,333
Waggoner Memorial	4,749
Pioneer Statue	4,542
	\$ 349,557

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

#### (3) Tax Revenue

Tax revenue, including interest and penalties for the year ended June 30, 2020 is as follows:

	<b>General</b>	<b>TIF Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Real estate and intergovernmental activity tax	\$ 7,734,696	11,324,831	25,085	19,084,612
Railroad utilities tax	37,303	—	—	37,303
Cigarette tax	415,193	—	—	415,193
Transient guest tax	—	—	1,554,582	1,554,582
Sales tax	17,745,437	7,307,890	20,966,912	46,020,239
Use tax	—	—	1,671,812	1,671,812
Franchise tax	7,523,346	—	—	7,523,346
	<u>\$ 33,455,975</u>	<u>18,632,721</u>	<u>24,218,391</u>	<u>76,307,087</u>

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property. Property taxes are recognized as a receivable at the time they become an enforceable legal claim, 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, 2019, on which the fiscal 2020 levy was based, was \$1,613,879,510.

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, 2020 were \$0.4132 for the General Fund, \$0.1946 for Public Health and Recreation, and \$0.5614 for the Independence Square Benefit District Fund.

#### (a) Tax Abatements

##### Chapter 353

The City approves property tax abatements pursuant and subject to the terms of Missouri Statute 353 (Urban Redevelopment Corporations Law). The purpose of Chapter 353 Tax Abatement is to encourage the redevelopment of blighted areas by providing real property tax abatement.

As of June 30, 2020, the City provides Chapter 353 Tax Abatements through four programs that provide property tax abatement to encourage rehabilitation of properties that improve the safety and health of the home occupants, and help revitalize the redevelopment area. Abatements are obtained through application by the property owner, including inspection by City staff showing proof that improvements were made,

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

and equals 100% of the real estate tax for years 1 through 10, and 50% of the real estate tax for years 11 through 25. The amount of the abatement is deducted from the property owner's tax bill. Abatements are not given until after the improvements have been made, and so there is no recapture provision. For the fiscal year ending June 30, 2020, the abated tax amounts were as follows:

<b>Tax Abatement Program</b>	<b>Abated Tax</b>
Fairmount Carlisle	\$ 25,510
Independence Square	20,146
Midtown Truman Road Corridor	37,688
St. Clair Park	293
Total	<u>\$ 83,637</u>

### Chapter 100

The City approves property tax abatements pursuant and subject to the terms of Missouri Statute 100 which authorizes the City to issue Industrial Development Bonds to finance industrial development projects for private corporations, partnerships or individual companies. Under this type of financing, the company passes the tile in the real property involved to the City which results in the bond proceeds being tax exempt resulting in a tax abatement for the company. The purpose of Chapter 100 Tax Abatement is to encourage retention and expansion of industrial development projects for the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and commercial facilities.

As of June 30, 2020, the City provides Chapter 100 Tax Abatements through two programs. Facilities receiving tax abatements under Chapter 100 make payments in lieu of taxes (PILOTS) to the City.

The City tax abated under the following Chapter 100 program was \$93,597.

<b>Years</b>	<b>PILOT Percentage</b>	<b>Basis</b>
1 through 10	20%	Real property taxes that would otherwise be due on the project improvements
11 through 15	25%	Real property taxes that would otherwise be due on the project improvements
16 through 20	50%	Real property taxes that would otherwise be due on the project improvements
1	0%	Personal property taxes that would otherwise be due on the project equipment
2	5%	Personal property taxes that would otherwise be due on the project equipment
3	10%	Personal property taxes that would otherwise be due on the project equipment
4	15%	Personal property taxes that would otherwise be due on the project equipment
5	20%	Personal property taxes that would otherwise be due on the project equipment

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

The City tax abated under the following Chapter 100 program was \$3,098.

Years	PILOT	
	Percentage	Basis
1 through 2	Fixed	Real property taxes in amount equal to the taxes due in 2018
3 through 12	25%	Real property taxes in amount equal to the taxes due in 2018 increased in each odd year by 2%, plus 25% of the taxes that would otherwise be due on the project improvements.
2 through 12	25%	Personal property taxes that would otherwise be due on the project equipment

### Tax Increment Financing

The City utilizes Tax Increment Financing (TIF) for economic development projects pursuant to the terms of Missouri Statute 99.800 through 99.865 (TIF Act). The purpose of TIF projects is to finance improvement within a geographically defined area called a redevelopment project area, which has been found by the City Council to be either a blighted, conservation, or economic development area. TIF projects allow the City to finance certain redevelopment costs from the revenue generated from (1) real estate taxes, measured by the net increase in assessed valuation resulting from redevelopment and (2) a percent of local sales tax revenues generated by new economic activities in the redevelopment area. These real estate taxes and sales tax revenues are allocated to special allocation funds set up for each TIF project. Under GASB Statement No. 77, these types of allocations are considered a tax abatement. For the fiscal year ending June 30, 2020, the City had 21 active TIF projects and abated \$8,312,611 in real estate tax and sales tax revenue.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### (4) Intergovernmental Revenue and Receivables

Intergovernmental revenue during fiscal year 2020 consisted of the following:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Federal</b>			
Department of Agriculture	\$ 2,210	—	2,210
Department of Housing & Urban Development			
Community Development Block Grant	—	630,514	630,514
Neighborhood Stabilization Program	—	305	305
Home Investment Partnership	—	204,111	204,111
Department of the Interior	—	19,266	19,266
Department of Justice	—	129,208	129,208
Department of Transportation	—	1,529,725	1,529,725
Department of Health & Human Services	41,140	32,271	73,411
Departments of Treasury	—	30,796	30,796
Executive Office of the President	—	321,308	321,308
Department of Homeland Security	2,277	168,486	170,763
<b>Total Federal</b>	<u>45,627</u>	<u>3,065,990</u>	<u>3,111,617</u>
<b>State &amp; Local</b>			
Department of Health & Human Services	—	65,831	65,831
Department of Public Safety	—	20,407	20,407
Department of Revenue			
Motor Vehicle Fuel Tax	2,957,388	—	2,957,388
Motor Vehicle License	492,794	—	492,794
Motor Vehicle Sales Tax	1,033,859	—	1,033,859
Financial Institutions Tax	32,404	—	32,404
Missouri Highway & Transportation Commission	—	16,692	16,692
Missouri Department of Agriculture	—	500	500
Jackson County Anti-Drug Tax	281,070	—	281,070
Jackson County DARE	263,492	—	263,492
Other	—	38,975	38,975
<b>Total State &amp; Local</b>	<u>5,061,007</u>	<u>142,405</u>	<u>5,203,412</u>
<b>Grand Total</b>	<u>\$ 5,106,634</u>	<u>3,208,395</u>	<u>8,315,029</u>

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

Amounts due from other governments at June 30, 2020 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<b>General Fund :</b>				
Department of Health & Human Services	\$ 7,805	—	—	7,805
Department of Revenue				
Motor Vehicle Fuel Tax	—	424,992	—	424,992
Motor Vehicle Sales Tax	—	116,506	—	116,506
Motor Vehicle License Fees	—	125,205	—	125,205
DARE	—	—	141,390	141,390
Marketplace Shopping Center Transportation Development Dist	—	—	128	128
	<u>7,805</u>	<u>666,703</u>	<u>141,518</u>	<u>816,026</u>
<b>TIF Debt Service:</b>				
State Sales Tax	—	115,000	—	115,000
County Sales Tax	—	—	713,498	713,498
Kansas City Zoo Tax	—	—	58,401	58,401
Noland Road Community Improvement District	—	—	56,720	56,720
Marketplace Community Improvement District	—	—	4,273	4,273
39th St Transportation Development District	—	—	54,646	54,646
	<u>—</u>	<u>115,000</u>	<u>887,538</u>	<u>1,002,538</u>
<b>Nonmajor Governmental Funds:</b>				
Department of Housing & Urban Development				
Community Development Block Grant	134,665	—	—	134,665
Home Investment Partnership	24,399	—	—	24,399
Neighborhood Stabilization Program	115,196	—	—	115,196
Lead Hazard Control Funds	—	—	—	—
Department of the Interior	19,266	—	—	19,266
Department of Justice	12,086	—	—	12,086
Department of Transportation	414,662	—	—	414,662
Department of Health & Human Services	1,466	—	—	1,466
Department of Homeland Security	58,101	—	—	58,101
Executive Office of the President	168,477	—	—	168,477
Department of Treasury	30,796	—	—	30,796
Missouri Department of Agriculture	500	—	—	500
Other	—	—	666	666
	<u>979,614</u>	<u>—</u>	<u>666</u>	<u>980,280</u>
<b>Power and Light Fund:</b>				
Department of Homeland Security	62,214	—	—	62,214
	<u>62,214</u>	<u>—</u>	<u>—</u>	<u>62,214</u>
<b>Sanitary Sewer Fund</b>				
Department of Homeland Security	22,740	—	—	22,740
	<u>22,740</u>	<u>—</u>	<u>—</u>	<u>22,740</u>
<b>Totals</b>	<u>\$ 1,072,373</u>	<u>781,703</u>	<u>1,029,722</u>	<u>2,883,798</u>



# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### (5) Interfund Activity

#### (a) Interfund Balances

Interfund balances at June 30, 2020, consisted of the following:

	Due From General Fund	Due from Nonmajor Governmental	Due from TIF Debt Service	Due from Events Center	Due from Internal Service Funds	Total
Due to:						
Governmental activities:						
General Fund	\$ —	650,329	1,393	1,076,342	2,619,920	4,347,984
Nonmajor governmental	—	16,155	—	—	—	16,155
Total governmental activities	<u>\$ —</u>	<u>666,484</u>	<u>1,393</u>	<u>1,076,342</u>	<u>2,619,920</u>	<u>4,364,139</u>
Business-type activities:						
Power and Light Fund	\$ 165,750	—	—	—	—	165,750
Water Fund	—	2,275,869	—	—	—	2,275,869
Total business-type activities	<u>165,750</u>	<u>2,275,869</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,441,619</u>
Total	<u>\$ 165,750</u>	<u>2,942,353</u>	<u>1,393</u>	<u>1,076,342</u>	<u>2,619,920</u>	<u>6,805,758</u>

Interfund payables and receivables represent loans between funds for operating purposes, short-term negative cash balances and pending reimbursements. The General Fund owes \$165,570 to the Power and Light Fund for an internal loan to purchase electric vehicles, and the Parks Sales Tax Fund owes the Water Fund \$2,275,869 for an internal loan for Farmer's Market construction. The Crackerneck Creek TDD, which is reported as a component unit in the TIF Debt Service category, owes \$1,393 to the General Fund for administrative fees. The Events Center CID, which is reported as a component unit in the Event Center Category, owes \$22,424 to the General Fund for administrative fees. All other amounts are for short-term loans for negative cash balances at June 30, 2020.

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

Interfund charges for support services and rent paid to the General Fund during fiscal year 2020 were as follows:

	Interfund Charges	Rent
Nonmajor governmental funds	\$ 72,162	\$ —
Power and Light Fund	2,579,519	60,726
Sanitary Sewer Fund	1,004,487	23,647
Water Fund	1,379,332	35,367
	<u>\$ 5,035,500</u>	<u>\$ 119,740</u>

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2020, and are included as a credit to Water's operating expenses as follows:

Power and Light Fund	\$ 1,152,076
Sanitary Sewer Fund	240,016
	<u>\$ 1,392,092</u>

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2020, and are included as a credit to Power and Light's operating expenses as follows:

Sanitary Sewer Fund	\$ 325,336
Water Fund	1,445,894
	<u>\$ 1,771,230</u>

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

The payments in lieu of taxes of \$12,757,506, \$3,070,250 and \$3,363,804 in fiscal year 2020 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, 2020, consisted of the following:

Transfer Out				
	General	Tax Increment Financing	Nonmajor Governmental	Total
Transfers In:				
Tax Increment Financing	\$ —	6,992,000	—	6,992,000
Sanitary Sewer Fund	10,000	—	—	10,000
Events Center	—	1,120,052	—	1,120,052
Nonmajor governmental	1,727	168,720	524,403	694,850
Total Primary Government	<u>\$ 11,727</u>	<u>8,280,772</u>	<u>524,403</u>	<u>8,816,902</u>

Transfers are for capital projects, general operations and debt service payments. There is a transfer for \$1,120,052 between the Events Center CID and TIF Debt Service funds that is eliminated upon consolidation within the financial statements.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### (6) Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 32,034,141	—	—	32,034,141
Construction work in progress	<u>33,148,921</u>	<u>10,524,043</u>	<u>(20,217,080)</u>	<u>23,455,884</u>
Total nondepreciable capital assets	<u>65,183,062</u>	<u>10,524,043</u>	<u>(20,217,080)</u>	<u>55,490,025</u>
Depreciable capital assets:				
Land improvements	10,156,469	—	—	10,156,469
Buildings	58,781,057	336,412	—	59,117,469
Building improvements	19,114,532	62,328	—	19,176,860
Improvements other than buildings	36,534,713	471,085	—	37,005,798
Office furniture and equipment	469,415	8,000	—	477,415
Computer equipment	5,933,566	230,068	—	6,163,634
Mobile equipment	26,459,093	1,185,387	(1,520,918)	26,123,562
Other equipment	10,340,087	149,475	—	10,489,562
Infrastructure	<u>404,136,070</u>	<u>20,003,203</u>	<u>—</u>	<u>424,139,273</u>
Total depreciable capital assets	<u>571,925,002</u>	<u>22,445,958</u>	<u>(1,520,918)</u>	<u>592,850,042</u>
Less accumulated depreciation for:				
Land improvements	(4,496,264)	(497,999)	—	(4,994,263)
Buildings	(20,495,448)	(1,391,847)	—	(21,887,295)
Building improvements	(11,295,882)	(897,563)	—	(12,193,445)
Improvements other than buildings	(21,657,221)	(1,799,553)	—	(23,456,774)
Office furniture and equipment	(452,492)	(5,679)	—	(458,171)
Computer equipment	(4,000,811)	(390,255)	—	(4,391,066)
Mobile equipment	(18,415,916)	(1,624,566)	1,277,034	(18,763,448)
Other equipment	(7,657,566)	(581,876)	—	(8,239,442)
Infrastructure	<u>(228,573,659)</u>	<u>(13,458,787)</u>	<u>—</u>	<u>(242,032,446)</u>
Total accumulated depreciation	<u>(317,045,259)</u>	<u>(20,648,125)</u>	<u>1,277,034</u>	<u>(336,416,350)</u>
Total depreciable capital assets, net	<u>254,879,743</u>	<u>1,797,833</u>	<u>(243,884)</u>	<u>256,433,692</u>
Governmental activities capital assets, net	<u>\$ 320,062,805</u>	<u>12,321,876</u>	<u>(20,460,964)</u>	<u>311,923,717</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2020

Depreciation expense was charged to functions as follows:

Administrative Services	\$	218,791
Public Safety		3,005,089
Municipal Services		12,460,460
Culture and Recreation		2,083,095
Community Development		124,317
Storm Water		1,629,354
General Government		<u>935,926</u>
Total		20,457,032
Internal Service Funds:		
Central Garage		52,924
Enterprise Resource Planning		<u>138,169</u>
Total depreciation expense	\$	<u><u>20,648,125</u></u>

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
<b>Business-type activities:</b>				
<b>Power and Light Fund:</b>				
Nondepreciable capital assets:				
Land	\$ 3,840,521	—	—	3,840,521
Construction in progress	32,665,594	8,539,812	(11,238,317)	29,967,089
Total nondepreciable capital assets	36,506,115	8,539,812	(11,238,317)	33,807,610
Depreciable capital assets:				
Infrastructure:				
Production plant	187,132,023	325,241	—	187,457,264
Transmission plant	45,662,311	153,928	(688)	45,815,551
Distribution plant	179,249,043	5,371,384	—	184,620,427
General plant	16,505,585	—	—	16,505,585
Other	2,755,568	—	—	2,755,568
Total infrastructure	431,304,530	5,850,553	(688)	437,154,395
Machinery and equipment	29,222,714	3,761	—	29,226,475
Total depreciable capital assets	460,527,244	5,854,314	(688)	466,380,870
Less accumulated depreciation:				
Infrastructure	(239,407,791)	(12,597,853)	436,800	(251,568,844)
Machinery and equipment	(21,911,604)	(1,378,502)	—	(23,290,106)
* Total accumulated depreciation	(261,319,395)	(13,976,355)	436,800	(274,858,950)
Total depreciable capital assets, net	199,207,849	(8,122,041)	436,112	191,521,920
Total power and light capital assets	\$ 235,713,964	417,771	(10,802,205)	225,329,530

\* See page 62 note regarding depreciation.

The reduction to construction in progress of \$11,238,317 includes amounts that were adjusted to the Power and Light fund's deferred environmental and regulatory charges account.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
<b>Water Fund:</b>				
Nondepreciable capital assets:	\$			
Land	2,164,901	—	—	2,164,901
Construction in progress	4,809,595	3,300,075	(3,983,802)	4,125,868
Total nondepreciable capital assets	6,974,496	3,300,075	(3,983,802)	6,290,769
Depreciable capital assets:				
Infrastructure:				
Nonutility property	40,014	—	—	40,014
Source of supply	8,305,427	—	(1,912)	8,303,515
Pumping plant	15,753,347	248,201	(148,785)	15,852,763
Treatment plant	25,600,076	594,941	(150,597)	26,044,420
Transmission plant	95,332,077	2,327,741	(118,668)	97,541,150
General plant	2,083,288	47,848	—	2,131,136
Other	12,547,766	—	—	12,547,766
Total infrastructure	159,661,995	3,218,731	(419,962)	162,460,764
Machinery and equipment	6,977,843	973,513	(312,096)	7,639,260
Total depreciable capital assets	166,639,838	4,192,244	(732,058)	170,100,024
Less accumulated depreciation:				
Infrastructure	(56,739,085)	(2,775,259)	428,939	(59,085,405)
Machinery and equipment	(5,058,520)	(535,979)	312,096	(5,282,403)
* Total accumulated depreciation	(61,797,605)	(3,311,238)	741,035	(64,367,808)
Total depreciable capital assets, net	104,842,233	881,006	8,977	105,732,216
Total water capital assets	\$ 111,816,729	4,181,081	(3,974,825)	112,022,985

\* See page 62 note regarding depreciation.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
<b>Sanitary Sewer Fund:</b>				
Nondepreciable capital assets:				
Land	\$ 330,191	—	—	330,191
Construction in progress	6,760,041	2,201,015	(485,228)	8,475,828
Total nondepreciable capital assets	7,090,232	2,201,015	(485,228)	8,806,019
Depreciable capital assets:				
Infrastructure:				
Nonutility property	46,368	—	—	46,368
Collection plant	124,353,136	485,228	(6,066)	124,832,298
Pumping plant	70,199,989	—	(101,650)	70,098,339
Treatment plant	13,669,883	24,330	(8,800)	13,685,413
General plant	1,463,673	—	(199,325)	1,264,348
Total infrastructure	209,733,049	509,558	(315,841)	209,926,766
Machinery and equipment	7,863,014	355,353	(966,748)	7,251,619
Total depreciable capital assets	217,596,063	864,911	(1,282,589)	217,178,385
Less accumulated depreciation:				
Infrastructure	(71,209,978)	(3,981,297)	309,775	(74,881,500)
Machinery and equipment	(6,789,116)	(380,289)	966,748	(6,202,657)
Total accumulated depreciation	(77,999,094)	(4,361,586)	1,276,523	(81,084,157)
Total depreciable capital assets, net	139,596,969	(3,496,675)	(6,066)	136,094,228
Total sewer capital assets	146,687,201	(1,295,660)	(491,294)	144,900,247
<b>Events Center fund:</b>				
Nondepreciable capital assets:				
Land	\$ 5,796,315	—	—	5,796,315
Total nondepreciable capital assets	5,796,315	—	—	5,796,315
Depreciable capital assets:				
Infrastructure	66,140,081	464,706	—	66,604,787
Machinery and equipment	4,401,141	1,203,858	—	5,604,999
Total depreciable capital assets	70,541,222	1,668,564	—	72,209,786
Less accumulated depreciation:				
Infrastructure	(15,838,058)	(1,673,428)	—	(17,511,486)
Machinery and equipment	(2,369,891)	(373,002)	—	(2,742,893)
Total accumulated depreciation	(18,207,949)	(2,046,430)	—	(20,254,379)
Total depreciable capital assets, net	52,333,273	(377,866)	—	51,955,407
Total events center capital assets	58,129,588	(377,866)	—	57,751,722
Total business-type activities capital assets	\$ 552,347,482	2,925,326	(15,268,324)	540,004,484

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 13,276,440
Water	3,159,203
Sanitary sewer	4,361,586
Events center	<u>2,046,430</u>
Total business-type activities depreciation expense	<u><u>\$ 22,843,659</u></u>

Depreciation charged to Power and Light and Water funds are different because certain depreciation related to utility vehicles and heavy equipment are charged to clearing accounts and redistributed to various operating, construction, and other capital accounts. As of June 30, 2020 the difference for Power and Light is \$699,915 and the difference for Water is \$152,035.

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 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.

Effective June 1, 2020, energy production ceased at the Power and Light fund's Blue Valley plant. Management is currently evaluating future capacity and use of the plant, and the value of the plant under impairment guidelines. The book value of the plant at June 30, 2020 was \$6,979,578.



# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### **(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. As of June 30, 2020, the City has no general obligation debt outstanding.

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 22,500	17,940,000	7,500	17,955,000	7,500
TIF loans	134,210,000	—	7,070,000	127,140,000	7,495,000
Capital lease obligations	1,009,999	—	254,877	755,122	263,929
Neighborhood Improvement					
District (NID)	41,000	—	7,000	34,000	7,000
Premium (discount), net	1,169,490	—	337,739	831,751	—
Total loans and note payable	<u>136,452,989</u>	<u>17,940,000</u>	<u>7,677,116</u>	<u>146,715,873</u>	<u>7,773,429</u>
Other liabilities:					
Compensated absences	16,430,673	5,876,399	5,291,528	17,015,544	7,443,332
Total OPEB liability	123,147,343	11,733,341	162,698	134,717,986	—
Net pension liability	42,013,245	13,751,492	—	55,764,737	—
Total other liabilities	<u>181,591,261</u>	<u>31,361,232</u>	<u>5,454,226</u>	<u>207,498,267</u>	<u>7,443,332</u>
Total Governmental Activities	<u>\$ 318,044,250</u>	<u>49,301,232</u>	<u>13,131,342</u>	<u>354,214,140</u>	<u>15,216,761</u>

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

The following is a summary of changes in long-term debt of the Proprietary Funds for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Business-type activities:					
Power and Light Fund:					
Revenue bonds	\$ 156,095,000	—	4,945,000	151,150,000	4,045,000
Premium on bonds payable	4,618,341	—	242,660	4,375,681	—
Total revenue bonds	160,713,341	—	5,187,660	155,525,681	4,045,000
Compensated absences	5,213,648	2,345,912	2,450,883	5,108,677	1,925,499
Total OPEB liability	43,114,684	3,237,676	—	46,352,360	—
Net pension liability	20,442,548	7,458,170	—	27,900,718	—
Total Power and Light Fund	229,484,221	13,041,758	7,638,543	234,887,436	5,970,499
Water Fund:					
Revenue bonds	23,445,000	—	1,575,000	21,870,000	1,630,000
Premium on bonds payable	570,417	—	55,193	515,224	—
Total revenue bonds	24,015,417	—	1,630,193	22,385,224	1,630,000
Compensated absences	1,485,882	531,143	527,736	1,489,290	539,266
Total OPEB liability	12,528,785	1,271,344	—	13,800,129	—
Net pension liability	4,325,642	1,937,557	—	6,263,199	—
Total Water Fund	42,355,726	3,740,044	2,157,929	43,937,842	2,169,266
Sanitary Sewer Fund:					
Revenue Bonds	92,705,000	—	2,130,000	90,575,000	2,205,000
Premium on bonds payable	806,442	—	35,025	771,417	—
Discount on bonds payable	(39,988)	—	(1,599)	(38,389)	—
Total revenue bonds	93,471,454	—	2,163,426	91,308,028	2,205,000
Compensated absences	750,137	341,473	216,296	875,315	349,818
Total OPEB liability	8,812,336	842,342	—	9,654,678	—
Net pension liability	3,217,314	1,430,089	—	4,647,403	—
Total Sanitary Sewer Fund	106,251,241	2,613,904	2,379,722	106,485,424	2,554,818
Events Center Fund:					
Revenue bonds	87,680,000	—	1,330,000	86,350,000	1,485,000
Premium on bonds payable	145,813	—	7,776	138,037	—
Discount on bonds payable	(217,300)	—	(11,589)	(205,711)	—
Total Events Center Fund	87,608,513	—	1,326,187	86,282,326	1,485,000
Total business-type activities	\$ 465,699,701	19,395,706	13,502,380	471,593,028	12,179,583

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

Debt service requirements on long-term debt with schedules maturities at June 30, 2020 are as follows:

Governmental Activities									
	Loans Payable		NID Payable		TIF Loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 7,500	555,951	7,000	1,998	7,495,000	5,458,278	7,509,500	6,016,227	
2022	7,500	434,148	7,000	1,586	6,850,000	5,140,562	6,864,500	5,576,296	
2023	1,310,000	434,148	8,000	1,175	3,165,000	4,858,416	4,483,000	5,293,739	
2024	1,345,000	404,446	12,000	705	9,405,000	4,686,961	10,762,000	5,092,112	
2025	1,385,000	369,897	—	—	11,900,000	4,279,810	13,285,000	4,649,707	
2026-2030	7,470,000	1,329,669	—	—	51,345,000	13,222,656	58,815,000	14,552,325	
2031-2035	6,430,000	475,046	—	—	12,535,000	6,589,400	18,965,000	7,064,446	
2036-2040	—	—	—	—	9,290,000	4,219,206	9,290,000	4,219,206	
2041-2045	—	—	—	—	15,155,000	2,140,656	15,155,000	2,140,656	
	<u>\$ 17,955,000</u>	<u>4,003,305</u>	<u>34,000</u>	<u>5,464</u>	<u>127,140,000</u>	<u>50,595,946</u>	<u>145,129,000</u>	<u>54,604,714</u>	

Business-type Activities									
	Power and Light		Water		Sewer		Events Center		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal Interest
2021	\$ 4,045,000	6,490,050	1,630,000	895,338	2,205,000	4,070,631	1,485,000	3,688,844	9,365,000 15,144,863
2022	4,210,000	6,318,200	1,695,000	820,363	2,280,000	3,993,331	1,650,000	3,632,906	9,835,000 14,764,800
2023	4,395,000	6,139,250	1,785,000	733,363	2,365,000	3,906,909	1,810,000	3,570,456	10,355,000 14,349,978
2024	4,625,000	5,952,350	1,880,000	652,938	2,470,000	3,805,006	1,970,000	3,507,969	10,945,000 13,918,263
2025	4,720,000	5,767,350	1,950,000	578,138	2,575,000	3,696,666	2,155,000	3,439,956	11,400,000 13,482,110
2026-2030	26,730,000	25,668,658	12,930,000	1,560,306	14,560,000	16,810,372	16,915,000	15,808,569	71,135,000 59,847,905
2031-2035	34,135,000	19,046,243	—	—	18,070,000	13,291,825	30,795,000	11,061,706	83,000,000 43,399,775
2036-2040	35,130,000	10,100,038	—	—	23,050,000	8,316,569	29,570,000	2,973,838	87,750,000 21,390,445
2041-2045	27,100,000	4,373,294	—	—	23,000,000	2,093,644	—	—	50,100,000 6,466,939
2046	6,060,000	233,625	—	—	—	—	—	—	6,060,000 233,625
	<u>\$ 151,150,000</u>	<u>90,089,057</u>	<u>21,870,000</u>	<u>5,240,447</u>	<u>90,575,000</u>	<u>59,984,952</u>	<u>86,350,000</u>	<u>47,684,244</u>	<u>349,945,000 202,998,702</u>

### Acceleration Clauses

In the event of the City's default on debt service payments, all TIF loans and business-type revenue bonds have acceleration clauses. If 25% of the bondholders vote to enforce the acceleration clause then the full amounts of the outstanding principal and accrued interest are due immediately.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

#### (a) Governmental Activities

##### (1) *Loans Payable*

Governmental activities loans payable at June 30, 2020 is comprised of the following:

\$67,500 (Osage Parcels 2, 3, 4 and 5) annual installments of \$7,500 through 2022; interest at 0.00%	\$	15,000
\$17,940,000 Lease Purchase for vehicles and public improvements, annual installments of \$1,220,000 to \$1,575,000; interest at 2.420%		17,940,000
Total Governmental Activities Loans Payable	\$	<u>17,955,000</u>

The total loans payable are privately placed.

##### (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 is 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, 2020 are comprised of the following:

\$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%	\$	34,000
Total Neighborhood Improvement District	\$	<u>34,000</u>

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### (3) *Capital Lease Obligations*

Capital leases payable at June 30, 2020 are comprised of the following:

Motorola Solutions (radio equipment) semi-annual installments of \$56,700 to \$78,539 through 2022; interest at 3.4593%	\$	306,233
PNC Equipment Finance (fire truck) annual installments of \$51,525 to \$71,106 through 2026; interest at 3.00%		396,806
TCF Equipment Finance (Toro equipment) annual installments of \$9,605 through 2020; interest at 3.89%		9,239
TCF Equipment Finance (Toro equipment) annual installments of \$44,679 through 2020; interest at 4.40%		42,844
Total Capital Lease Obligations	\$	<u><u>755,122</u></u>

The net book value of assets acquired under the capital leases described above amounted to \$2,217,078 as of June 30, 2020.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year ending June 30:		
2021	\$	287,403
2022		233,029
2023		73,235
2024		73,235
2025 - 2026		<u>146,470</u>
		813,373
Less imputed interest		<u>(58,251)</u>
Present value of minimum lease payments	\$	<u><u>755,122</u></u>

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

#### **(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 \$177.7 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 did not use any of the City's general, sales tax, or proprietary funds to make up deficiencies in loan payments, and management anticipates the same for 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. 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. For the fiscal year ended June 30, 2019, the City re-evaluated GASB Statement No. 48, *Sales and Pledges for Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, and determined it was appropriate to remove the reported liability for long-term TIF developer obligations.

Although not recorded as a liability, the outstanding TIF developer obligations at June 30, 2020 were:

TIF Project	Obligations
RSO - Cargo Largo	\$ 966,462
North Independence	1,691,398
Mount Washington	68,852
Falls at Crackerneck - Bass Pro	5,350,000
Old Landfill - Stone Canyon	8,230,744
Cinema East - Blue Ridge	3,464,069
Trinity	3,063,145
HCA - Centerpoint	358,036
23rd & Noland - Project 1	44,000
23rd & Noland - Project 2	268,800
Little Blue Parkway 1	1,322,003
Little Blue Parkway 3	1,452,070
Marketplace Shopping Center 1	790,000
Marketplace Shopping Center 2	3,672,682
	<u>\$ 30,742,261</u>

## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

**June 30, 2020**

At June 30, 2020, total principal and interest remaining on the loans was \$177.7 million and the outstanding developer obligations were \$30.7 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 \$15.0 million, excluding refunding transactions. Incremental revenues from the City included \$4.4 million in sales taxes and \$0.9 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.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### Missouri Development Finance Board Loans Payable

\$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
\$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%	1,815,000
\$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%	6,935,000
\$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%	1,200,000
\$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%	13,955,000
\$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%	1,680,000
\$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%	1,360,000
\$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%	4,670,000
\$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%	3,220,000
\$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
\$17,275,000 Series 2016 B (HCA - Centerpoint TIF) annual installments of \$970,000 to \$2,865,000 through 2028; interest at 3.000% to 5.000%	13,065,000
\$2,285,000 Series 2016 C (Drumm Farm TIF) annual installments of \$330,000 to \$415,000 through 2022; interest at 2.000% to 3.000%	820,000
\$9,725,000 Series 2017 A (Eastland Center TIF) annual installments of \$1,820,000 to \$2,080,000 through 2022; interest at 5.000%	4,105,000
Total TIF Loans Payable	<u><u>\$ 127,140,000</u></u>



## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

Restricted assets held by the Commission of \$12,311,776 consist of funds available for costs related to the redevelopment of the Santa Fe, Hartman Heritage, Drumm Farm, Eastland Center, Crackerneck Creek and HCA areas.

#### ***(1) 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, 2020, there are no loans payable balances outstanding of previously defeased debt.

#### ***(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.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2020

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

<b>Calendar Year</b>		<b>Amount</b>
2020	\$	1,000,000
2021		1,000,000
2022		1,000,000
2023		1,000,000
2024		1,000,000
2025 - 2026		2,000,000
<b>Total</b>	\$	<b>7,000,000</b>

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.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### (b) Business-Type Activities

#### (1) Revenue Bonds

Revenue bonds payable at June 30, 2020 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%	\$ 10,615,000
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\$55,185,000 Series 2012 A annual installments of \$150,000 to \$11,900,000 through 2037; interest at 2.00% to 5.00%	53,615,000
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\$52,525,000 Series 2012 F annual installments of \$140,000 to \$3,630,000 through 2037; interest at 3.00% to 4.00%	39,740,000
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\$47,180,000 Series 2016 D annual installments of \$4,505,000 to \$6,060,000 through 2046; interest at 3.375% to 4.00%	47,180,000
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<b>Total Power and Light fund</b>	<b>151,150,000</b>
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##### 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%	21,870,000
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<b>Total Water Fund</b>	<b>21,870,000</b>
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##### 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%	31,345,000
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\$43,800,000 Series 2013 C annual installments of \$250,000 to \$2,855,000 through 2042; interest at 2.00% to 5.25%	39,645,000
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\$21,170,000 Series 2014 C annual installments of \$250,000 to \$6,150,000 through 2043; interest at 2.00% to 5.00%	19,585,000
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<b>Total Sanitary Sewer fund</b>	<b>90,575,000</b>
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##### Events Center Fund:

\$11,815,000 Series 2011 A annual installments of \$70,000 to \$1,585,000 through 2038; interest at 2.00% to 5.50%	10,890,000
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\$68,945,000 Series 2012 C annual installments of \$105,000 to \$12,540,000 through 2038; interest at 2.00% to 4.00%	65,200,000
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\$12,005,000 Series 2016 A annual installments of \$400,000 to \$710,000 through 2038; interest at 3.00%	10,260,000
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<b>Total Events Center Fund</b>	<b>86,350,000</b>
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<b>Total revenue bonds</b>	<b>\$ 349,945,000</b>
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# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

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:

Account	Enterprise Funds			
	Power and Light	Water	Sanitary Sewer	Events Center
Principal and interest	\$ 16,351,730	—	—	—
Depreciation and emergency	—	500,000	—	—
Bond reserve and project accounts	—	3,603,553	7,510,275	6,970,958
Total revenue bond reserves	16,351,730	4,103,553	7,510,275	6,970,958
Customer deposits	2,783,980	740,403	593,478	—
Purchase of Dogwood Plant	61,500	—	—	—
Southwest Power Pool collateral	893,218	—	—	—
Total	\$ 20,090,428	4,843,956	8,103,753	6,970,958

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### ***(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, 2020 is as follows:

Date Issued	Description	Purpose of Debt	Revenue Pledged	Term of Commitment	Principal & Interest Remaining	Principal & Interest 2019 - 2020	Net Available Revenues 2019 - 2020
11/2010	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2035	16,893,550	2,512,188	
03/2012	Power and Light Revenue Bonds	Electric System - Dogwood	Appropriated Revenues	through 2037	85,046,171	2,781,219	
12/2012	Power and Light Leasehold Revenue Bonds - Refunding	Electric System Projects	Appropriated Revenues	through 2037	52,219,150	4,561,950	
09/2016	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2046	87,080,186	1,789,994	
					<u>\$ 241,239,057</u>	<u>11,645,350</u>	<u>32,465,033</u>
11/2013	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2029	27,110,447	2,526,563	
					<u>\$ 27,110,447</u>	<u>2,526,563</u>	<u>14,358,506</u>
08/2012	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2041	50,086,603	2,279,632	
09/2013	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2042	67,328,243	2,922,900	
11/2014	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2043	33,145,106	1,072,726	
					<u>\$ 150,559,952</u>	<u>6,275,258</u>	<u>16,746,177</u>

### ***(2) Letter of Credit***

The City maintains a letter of credit for \$800,000 with a bank, which serves as collateral for the Power and Light fund to participate in the Southwest Power Pool's (SPP) Transmission Congestion Rights Markets (TCR). The TCR Market provides financial rights used to hedge against the day-ahead market transmission congestion between two locations. As of June 30, 2020, the City has not utilized the letter of credit.

### ***(3) 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, 2020, District revenues paid to the City for debt service totaled \$5,011,463. The remaining debt service amounts of \$9,757 were funded from capitalized interest funds that were established at the time the Bonds were issued.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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, 2020, were \$179,765.

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, 2020, were \$185,587.

#### (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](http://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.

	<b>2020 Valuation</b>
Benefit Multiplier	2.00%
Final Average Salary	3 Years
Member Contributions	4.00%

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1,148
Inactive employees entitled to but not yet receiving benefits	210
Active employees	962
	<hr/>
	2,320
	<hr/>

#### ***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, 2020 were 18.30% (General), 19.50% (Police) and 18.70% (Fire) of annual covered payroll.

#### ***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020. Standard update procedures were used to roll forward the total pension liability to June 30, 2020.

#### ***Actuarial Assumptions***

The total pension liability in the February 29, 2020 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.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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, 2020 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash /Leverage	-25.00%	-0.29%

#### ***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.



# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### *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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 6/30/2019</b>	\$ 544,067,704	474,068,955	69,998,749
<b>Changes for the Year:</b>			
Service Cost	8,812,673	—	8,812,673
Interest	38,699,404	—	38,699,404
Difference Between Expected and Actual Experience	(1,634,804)	—	(1,634,804)
Contributions - Employer	—	13,630,050	(13,630,050)
Contributions - Employee	—	2,925,479	(2,925,479)
Net Investment Income	—	6,074,595	(6,074,595)
Benefit Payments, Including Refunds	(29,744,536)	(29,744,536)	—
Administrative Expense	—	(302,539)	302,539
Other (Net Transfer)	—	(1,027,620)	1,027,620
<b>Net Changes</b>	16,132,737	(8,444,571)	24,577,308
<b>Balances at 6/30/2020</b>	\$ 560,200,441	465,624,384	94,576,057

### *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 one percentage point lower at 6.25% or one percentage point higher at 8.25% than the current rate.

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability (NPL)	\$ 170,871,387	94,576,057	31,369,868

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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

For the year ended June 30, 2020 the City recognized pension expense of \$19,651,065. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected & actual plan experience	\$ 6,593,929	(2,733,036)
Changes in assumptions	1,233,055	—
Difference between expected & actual investment earnings	12,011,507	—
Total	<u>\$ 19,838,491</u>	<u>(2,733,036)</u>

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

<b>Year Ended:</b>		
2021	\$	82,450
2022		3,542,995
2023		7,115,532
2024		6,336,488
2025		25,558
Thereafter		2,432
	\$	<u>17,105,455</u>

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. The differences on investment returns are being amortized over a closed 5-year period, beginning at the start of each measurement period.

#### **(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.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2020

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

The City's defined benefit OPEB plan, a single-employer health care plan provides OPEB for all active and retired employees and their eligible dependents. The plan is administered by the City and the City Council has the authority to establish or amend the plan provisions or contribution requirements at any time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

#### ***Benefits Provided***

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to retired employees who participate in the Missouri Local Government Employees Retirement System (LAGERS). The benefits for pre-Medicare retirees are self-insured by the City, and administered through Cigna (Open Access Plan 1 and 2). The benefits for Medicare retirees are covered under a fully-insured, stand-alone plan.

#### ***Contributions***

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 City establishes rates based upon an actuarially determined rate. 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. For the year ended June 30, 2020, the premiums were split as follows:

<b>Insurance Plan</b>	<b>Retiree Premium</b>	<b>City Premium</b>
Open Access Plan 1	20.00%	80.00%
Open Access Plan 2	18.00%	82.00%
Medicare Stand-Alone Plan	20.00%	80.00%

#### ***Participants***

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2020, 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 (not including dependents)	888
Retirees or surviving spouses (not including dependents)	840
Total Participants	<u><u>1,728</u></u>

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### *Changes in the Total OPEB Liability*

The following table shows the components of the changes in the total OPEB liability for the year:

OPEB Liability Changes		
Total OPEB Liability - Beginning of the year	\$	187,603,148
Service Cost		5,117,074
Interest Cost		5,675,902
Changes in Benefit Terms		(64,032)
Difference between actual & expected experience		(2,415,214)
Changes in assumptions & inputs		15,655,275
Employer Contributions (Benefit Payments)		(7,047,000)
Net Changes		<u>16,922,005</u>
Total OPEB Liability - End of the year	\$	<u><u>204,525,153</u></u>
Covered payroll		61,654,203
Total OPEB liability as a % of covered payroll		331.73%

The change in assumptions & inputs is the result of the change in the discount rate.

### *Total OPEB Liability*

The City's total OPEB liability of \$204,525,153 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

#### **Actuarial Assumptions:**

Valuation Date	January 1, 2020 rolled forward to June 30, 2020
Measurement Date	June 30, 2020
Discount Rate	2.60% Measurement Date 3.00% Year Preceding Measurement Date The discount rate was based on the average of the published yields from the S & P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Year Indexes
Salary Scale	2.00%
Actuarial Cost Method	Entry Age - Level Percent-of-Pay
Inflation	3.00%
Healthcare Cost Trend Rate	7.50% decreasing annually until 4.50% is reached
Retiree's Share of Benefit Related Costs	Retirees must contribute a stipulated percentage of the plan premiums to maintain coverage. The monthly contribution rates as of January 1, 2020 served as a starting point for the valuation, and were assumed to increase at the same rate of health care costs in the future. Effective January 1, 2020, the Medicare eligible retirees were covered under a fully-insured, stand-alone program. Retirees are still required to contribute a stipulated percentage of the plan premiums to this program.
Mortality Rates	The mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount - Weighted General and Public Safety Mortality Tables with Scale MP-2020 Full Generational Improvement

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### *Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.60%, as well as what the total OPEB liability would be using a discount rate that is one percentage point lower at 1.60% or one percentage point higher at 3.60% than the current rate.

		<b>Current Single Discount</b>		
		<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
		<b>1.60%</b>	<b>2.60%</b>	<b>3.60%</b>
Total OPEB Liability	\$	241,505,086	204,525,153	175,395,719

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current trend rates of 7.50% decreasing annually to 4.50% in 2029.

		<b>Current Healthcare Cost Trend Rate</b>		
		<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
		<b>6.50%</b>	<b>Trend Rate 7.50%</b>	<b>8.50%</b>
Total OPEB Liability	\$	171,987,463	204,525,153	246,919,046

### *OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB*

At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$	5,439,551	(1,976,084)
Changes in assumptions		15,823,199	—
Total	\$	21,262,750	(1,976,084)

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

<b>Fiscal Year Ending</b>		<b>Amount</b>
2021	\$	4,916,855
2022		4,916,855
2023		4,695,230
2024		3,554,085
2025		1,203,641
	\$	19,286,666

## **CITY OF INDEPENDENCE, MISSOURI**

### Notes to Financial Statements

June 30, 2020

#### **(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 dangerous conditions of property of governmental entities. The City carries commercial property, boiler and machinery, liability, and flood insurance, and settlements of covered claims have not exceeded insurance limits for each of the past three fiscal years. The City also carries automobile physical damage with varying deductibles as well as large contractors equipment.

Up until March 31, 2019, the City was a member of the Missouri Public Entity Risk Management Fund (MOPERM), which is a risk pool that provides liability protection to participating Missouri public entities, their officials, and employees. Coverage lines included law enforcement liability, general liability, public official errors and omissions liability, and automobile liability. The City joined MOPERM in 1987. This liability insurance program transfers the risk of liability claims up to the State's Sovereign Immunity Statute coverage limits. MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year, and MOPERM had no deficiencies in any of the past three fiscal years.

Beginning April 1, 2019, the City left MOPERM and joined the States Risk Retention Group, which is a member-owned company providing excess liability insurance to cities, counties, school districts, and other public entities across the country. States is a Risk Retention program whereby the City assumes the first \$150,000 of each liability occurrence for the 2019-20 policy year. This amount increases to \$200,000 for the 2020-21 policy year, and will be at the desired goal of \$250,000 deductible per claim starting in the 2021-22 policy year. The liability limits with States are \$10,000,000 each occurrence/policy aggregate.

The City is self-insured for workers' compensation and purchased excess coverage for workers' compensation claims in excess of \$1,000,000 per accident for the 2019-20 policy year. 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, Staywell In-Network Plan, and the Post-65 Retiree Medicare Plan). An excess coverage insurance policy covers the portion of specific claims in excess of \$275,000 and aggregate claims in excess of \$24,731,274 for the open access plan and for the in-network plan. The City's share of the premiums for this employee and retiree benefit was \$16,948,403. For the Staywell Health Care Plan, the 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. For the Post-65 Retiree Medicare Plan, the premiums paid by the City are recorded as expenditures/expenses of the various funds and remitted to Cigna.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

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	
		2019	2020	2019	2020
Beginning of year	\$	5,720,581	7,701,309	2,193,243	2,195,626
Current year claims and changes in estimates		8,387,470	7,492,773	23,794,406	21,318,990
Claims payments		(6,406,742)	(7,348,992)	(23,792,023)	(21,465,316)
End of year	\$	<u>7,701,309</u>	<u>7,845,090</u>	<u>2,195,626</u>	<u>2,049,300</u>

## (12) Commitments and Contingencies

### *Construction Commitments*

At June 30, 2020, the City had commitments of approximately \$17.5 million to complete construction contracts. Of this amount, \$10.8 million relates to the enterprise funds. The commitments for the governmental funds will be funded through sales tax and grant funding. The commitments for the enterprise funds will be funded through operating revenues and/or bond proceeds.

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

The City purchases a portion of its power supply needs under seven 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), a renewable energy purchase agreement with Marshall Wind Energy LLC (Marshall Wind), two renewable energy purchase agreements with MCP-Independence LLC (MCP), and a capacity agreement with Oneta Power, LLC.

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 \$125,200,000 through the year 2049. During fiscal year 2020, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$16,600,000 for 418,068 megawatt-hours of wholesale energy. For fiscal year 2021, the projected costs under the agreement are estimated to be approximately \$17,000,000.

## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

In June 2006, the City entered into a unit power purchase agreement with 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 \$165,600,000 through the year 2038. During fiscal year 2020, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$17,800,000 for 350,900 megawatt-hours of wholesale energy. For fiscal year 2021, the projected costs under the agreement are estimated to be approximately \$20,000,000.

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 2020, the cost of the energy purchases was approximately \$2,500,000 for 35,195 megawatt-hours of wholesale energy. For the fiscal year 2021, the projected costs under the agreement are estimated to be approximately \$2,800,000.

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 2020, the cost of the energy purchases was approximately \$2,600,000 for 77,790 megawatt-hours of wholesale energy. For fiscal year 2021, the projected costs under the agreement are estimated to be approximately \$2,800,000.

In November 2015, the City entered into a renewable energy purchase agreement with MCP-Independence LLC. Under this agreement, the City purchases power generated from a 3 megawatt AC photovoltaic solar farm located in Independence, Missouri. In July 2017, the City entered into a second renewable energy purchase agreement with MCP-Independence, LLC to expand the solar farm by 8.5 megawatts. Both agreements provides that the City will purchase all energy output of the projects and will pay a flat fixed rate (in dollars per kilowatt-hour) for the entire 25-year term of the agreements. Energy deliveries from the solar farm began on March 15, 2017 and deliveries for the expansion began on June 14, 2018. During fiscal year 2020, the cost of the energy purchased was approximately \$1,500,000 for 19,867 megawatt-hours of wholesale energy. For the fiscal year 2021, the projected costs under the agreement are estimated to be approximately \$1,500,000.



## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

In May 2019, the City entered into an agreement with Oneta Power LLC, for a Capacity Only Power Purchase Agreement for the purchase of 46 megawatts of capacity only from the Oneta Generating Facility for a 10 year term. Oneta Generating Facility is a 1,133 MW natural gas-fired combined cycle plant located in Coweta, Oklahoma. For Delivery Years 1-5, the City shall have the right to increase the Quantity of the Contract Capacity (up to 70 MW total, the 'Reserved Capacity') for any remaining years of the Delivery Term. Beginning in Delivery Year 6, in the event Oneta is interested in pursuing a transaction with a third party for any portion of the Reserved Capacity that is not yet committed to the City, Oneta shall give the City advance notice, and the City has the right, exercisable within a specified number of days following the notice, to add such portion of the Reserved Capacity to the Contract Capacity (in lieu of Oneta transacting with a third party for such portion). Any adjustment of Contract Capacity shall not fall below the level of Contract Capacity for the previous Delivery Year. The "Capacity Price" equals \$2.25 per kW-month in the Delivery Year beginning June 1, 2020 (First Year Annual Cost equals  $\$2.25 \times 45\text{MW} \times 1000 \times 12\text{mo} = \$1,215,000$ ). For Delivery Years beginning June 1, 2021 through (and including) May 31, 2030, the Capacity Price shall equal the Capacity Price for the prior Delivery Year, multiplied by an Escalation Factor equal to one and two hundredths (1.02) per annum through delivery year ten.

#### ***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), the Unified Government of Wyandotte County (KCBPU), and the Kansas Municipal Energy Agency (KMEA) also own 10.3%, 16.4%, 17.0% and 10.1% shares respectively of the Dogwood Energy Facility. Dogwood Energy, LLC maintains the remaining ownership share (33.9%) 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, 2020 were \$249,550 and depreciation expense for fiscal year end June 30, 2020 was \$1,317,389.

## **CITY OF INDEPENDENCE, MISSOURI**

### **Notes to Financial Statements**

June 30, 2020

#### ***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.

#### ***Contingencies***

The outbreak of COVID-19, which has been declared by the World Health Organization to be a public health emergency of international concern, has spread across the globe and is impacting worldwide economic activity. The COVID-19 outbreak poses the risk that the City or its employees, contractors, residents, local businesses, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities.

#### **(13) Deficits**

The accumulated deficits of \$712 in the Community Development Block Grant Fund, \$531,424 in the Parks Sales Tax Fund, \$4,465 in the Buildings and Other Improvements Fund, \$16,155 in the Storm Drainage Fund, \$8,485,636 in the Workers' Compensation Fund, \$1,178,086 in the Central Garage Fund, \$858,318 in the Enterprise Resource Planning Fund, \$8,685,169 in the Events Center Fund, \$649,060 in the Santa Fe TIF project, \$2,498,194 in the Hartman Heritage TIF project, \$127,770 in the Trinity TIF Project, and \$24,174 in the TIF Application Fee project will be eliminated by future revenues or transfers.

#### **(14) Subsequent Events**

The City evaluated subsequent events through December 23, 2020, the date the financial statements were available to be issued.

Subsequent to year end, the City approved the following capital leases

\$1,192,500 capital lease through Motorola Solutions for the radio system upgrade.

\$40,237 capital lease through Caterpillar Financial Services for a new wheel loader.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2020

### (15) Fund Balance

Fund balances at year-end are as follows:

Governmental Funds				
	General	TIF Debt Service	Nonmajor	Total
Fund balances:				
Restricted for:				
Protested revenues	\$ 3,542	—	—	3,542
Police equipment	74,480	—	—	74,480
Tourism	—	—	1,418,747	1,418,747
Independence square benefit district	—	—	3,755	3,755
Grants	—	—	7	7
License surcharge	—	—	1,282,877	1,282,877
Street sales tax	—	—	21,531,919	21,531,919
Storm water sales tax	—	—	9,991,197	9,991,197
Police sales tax	—	—	3,042,874	3,042,874
Fire sales tax	—	—	1,528,337	1,528,337
Animal Shelter use tax	—	—	220,840	220,840
Police use tax	—	—	937,998	937,998
Debt service fund	—	—	103,247	103,247
TIF debt service	—	34,500,723	—	34,500,723
Total fund balances restricted	78,022	34,500,723	40,061,798	74,640,543
Committed for:				
Domestic violence	9,459	—	—	9,459
Capital projects	—	—	81,165	81,165
Strategic goals	5,068	—	—	5,068
Vandalism reward	3,000	—	—	3,000
Public art	578	—	—	578
Total fund balances committed	18,105	—	81,165	99,270
Assigned for:				
Cigna Wellness funds	50,000	—	—	50,000
Encumbrances:				
Mailing & Shipping	20,860	—	—	20,860
Communication services	16,624	—	—	16,624
Advertising & Public Notices	326	—	—	326
Maintenance	117,509	—	—	117,509
Training & Education	13,254	—	—	13,254
Professional services	370,208	—	—	370,208
Rental of Equipment	8,548	—	—	8,548
Other services	1,350	—	—	1,350
Supplies	22,417	—	—	22,417
Tools & Equipment	2,369	—	—	2,369
Capital outlay/equipment	100,455	—	—	100,455
Total fund balances assigned	723,920	—	—	723,920
Unassigned	5,301,516	(3,299,198)	(552,756)	1,449,562
Total fund balance	\$ 6,121,563	31,201,525	39,590,207	76,913,295

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 \$673,920 and Non-Major Funds \$8,470,674.

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**Required  
Supplementary  
Information**

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## General Fund

Year ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 35,592,370	35,592,370	33,455,975	(2,136,395)
Licenses and permits	4,725,150	4,725,150	5,012,961	287,811
Grants – federal and state	5,405,207	5,405,207	5,106,634	(298,573)
Charges for current services	2,980,383	3,092,576	2,538,096	(554,480)
Interfund charges for support services	5,155,242	5,155,242	5,035,500	(119,742)
Fines and forfeitures	3,727,250	3,727,250	2,890,421	(836,829)
Other revenue	680,900	726,997	1,683,460	956,463
Total revenues	58,266,502	58,424,792	55,723,047	(2,701,745)
Other financing sources:				
Transfers in - utility payments in lieu of taxes	19,614,000	19,614,000	19,191,559	(422,441)
Total other financing sources	19,614,000	19,614,000	19,191,559	(422,441)
Special items:				
Total revenues and other financing sources	77,880,502	78,038,792	74,914,606	(3,124,186)
Expenditures:				
City Council	655,041	662,334	598,581	63,753
City Clerk	383,505	391,811	583,714	(191,903)
City Manager	1,250,397	1,262,336	1,262,823	(487)
Municipal Court	1,174,653	1,185,946	1,165,674	20,272
Law	623,448	629,624	746,606	(116,982)
Finance	5,184,332	5,037,696	4,445,067	592,629
Community Development	5,273,700	5,253,431	4,866,759	386,672
Police	33,616,498	33,941,440	32,944,628	996,812
Fire	21,539,346	21,556,496	22,789,676	(1,233,180)
Animal Services	-	-	8,591	(8,591)
Municipal Services	5,996,756	5,817,757	5,015,437	802,320
Parks and Recreation	2,025,761	1,967,896	1,780,671	187,225
Debt service	-	-	5,876	(5,876)
Total expenditures	77,723,437	77,706,767	76,214,103	1,492,664
Other financing uses:				
Transfers out	10,000	10,000	11,727	(1,727)
Total expenditures and other financing uses	77,733,437	77,716,767	76,225,830	1,490,937
Excess of revenue and other financing sources over (under) expenditures and other financing uses	\$ 147,065	322,025	(1,311,224)	(1,633,249)
Unassigned fund balance at beginning of year			6,591,442	
Cancellation of prior year encumbrances			52,672	
Change in other fund balance components during the year			(31,374)	
Unassigned fund balance at end of year			\$ 5,301,516	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## General Fund

Year ended June 30, 2020

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:

	<b>General Fund</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 74,914,606
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>74,914,606</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 76,214,103
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget	(499,204)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	<u>347,179</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	\$ <u>76,062,078</u>

## **CITY OF INDEPENDENCE, MISSOURI**

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

Year ended June 30, 2020

#### **(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 2019-2020 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, Grant, Animal Services Use Tax, and Police Use Tax Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

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



**CITY OF INDEPENDENCE, MISSOURI**  
Schedule of Changes in Total OPEB Liability and Related Ratios  
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 5,117,074	7,279,911	6,933,082
Interest	5,675,902	9,525,419	9,284,832
Changes in benefit terms	(64,032)	(117,967,934)	-
Differences between expected and actual experience	(2,415,214)	8,495,479	-
Changes of assumptions or other inputs	15,655,275	2,890,612	2,548,653
Benefit payments	(7,047,000)	(7,979,000)	(7,268,000)
Net Change in Total OPEB Liability	<u>16,922,005</u>	<u>(97,755,513)</u>	<u>11,498,567</u>
Total OPEB liability beginning	<u>187,603,148</u>	<u>285,358,661</u>	<u>273,860,094</u>
Total OPEB liability ending	<u>\$ 204,525,153</u>	<u>187,603,148</u>	<u>285,358,661</u>
Covered payroll	\$ 61,654,203	62,360,911	62,007,715
Total OPEB liability as a percentage of covered payroll	331.73%	300.83%	460.20%

**Notes to schedule:**

2017-18 was the City's first year implementing GASB Statement No. 75 for the OPEB Liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements

Changes in assumptions or other inputs reflect the effects of changes in the discount rate each period.  
The following are the discount rates used in each period:

2020 - 2.60%  
2019 - 3.00%  
2018 - 3.30%  
2017 - 3.35%

**CITY OF INDEPENDENCE, MISSOURI**  
LAGERS Schedule of Changes in Net Pension Liability and Related Ratios  
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service Cost	\$ 8,812,673	8,767,760	8,491,285	8,388,017	8,219,353	8,279,026
Interest on the Total Pension Liability	38,699,404	37,097,513	35,565,355	34,642,794	31,909,765	31,404,337
Difference Between Expected and Actual Experience	(1,634,804)	5,293,296	4,958,458	(3,550,230)	4,916,999	(10,375,729)
Assumption Changes	-	-	-	-	17,199,406	-
Benefit Payments, Including Refunds	(29,744,536)	(28,449,283)	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Net Change in Total Pension Liability	<u>16,132,737</u>	<u>22,709,286</u>	<u>21,414,135</u>	<u>13,441,546</u>	<u>38,973,307</u>	<u>7,932,856</u>
Total Pension Liability, Beginning	<u>544,067,704</u>	<u>521,358,418</u>	<u>499,944,283</u>	<u>486,502,737</u>	<u>447,529,430</u>	<u>439,596,574</u>
Total Pension Liability, Ending	<u>\$ 560,200,441</u>	<u>544,067,704</u>	<u>521,358,418</u>	<u>499,944,283</u>	<u>486,502,737</u>	<u>447,529,430</u>
Plan Fiduciary Net Position						
Contributions - Employer	13,630,050	13,183,650	12,176,570	11,503,039	10,603,882	9,475,216
Contributions - Employee	2,925,479	2,992,581	2,925,232	2,939,278	2,861,145	2,738,899
Pension Plan Net Investment Income	6,074,595	29,696,791	50,437,763	46,423,639	(791,625)	7,836,996
Benefit Payments, Including Refunds	(29,744,536)	(28,449,283)	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Pension Plan Administrative Expense	(302,539)	(271,793)	(189,560)	(183,539)	(181,225)	(198,235)
Other	(1,027,620)	(302,321)	1,122,739	(701,221)	981,004	(5,341,994)
Net Change in Plan Fiduciary Net Position	<u>(8,444,571)</u>	<u>16,849,625</u>	<u>38,871,781</u>	<u>33,942,161</u>	<u>(9,799,035)</u>	<u>(6,863,896)</u>
Plan Fiduciary Net Position, Beginning	<u>474,068,955</u>	<u>457,219,330</u>	<u>418,347,549</u>	<u>384,405,388</u>	<u>394,204,423</u>	<u>401,068,319</u>
Plan Fiduciary Net Position, Ending	<u>\$ 465,624,384</u>	<u>474,068,955</u>	<u>457,219,330</u>	<u>418,347,549</u>	<u>384,405,388</u>	<u>394,204,423</u>
Employer Net Pension Liability	<u>\$ 94,576,057</u>	<u>69,998,749</u>	<u>64,139,088</u>	<u>81,596,734</u>	<u>102,097,349</u>	<u>53,325,007</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (City)	83.12%	87.13%	87.70%	83.68%	79.01%	88.08%
Covered Payroll	\$ 72,175,519	72,252,369	72,279,232	69,006,951	69,847,339	67,691,063
Employer's Net Pension Liability as a Percentage of Covered Payroll	131.04%	96.88%	88.74%	118.24%	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.

**CITY OF INDEPENDENCE, MISSOURI**  
**LAGERS Schedule of Contributions**  
 Last Ten Fiscal Years

		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$	16,280,552	16,248,867	15,008,823	13,142,800	13,185,228	12,190,564	11,568,908	10,954,525	9,708,229	6,751,800
Contributions in relation to the actuarially determined contribution		<u>13,621,754</u>	<u>13,186,198</u>	<u>12,179,829</u>	<u>11,502,124</u>	<u>10,605,761</u>	<u>9,478,268</u>	<u>8,724,944</u>	<u>7,962,390</u>	<u>7,272,736</u>	<u>6,751,801</u>
Contribution deficiency (excess)	\$	<u>2,658,798</u>	<u>3,062,669</u>	<u>2,828,994</u>	<u>1,640,676</u>	<u>2,579,467</u>	<u>2,712,296</u>	<u>2,843,964</u>	<u>2,992,135</u>	<u>2,435,493</u>	<u>(1)</u>
Covered payroll	\$	73,129,914	74,622,527	73,139,992	73,470,495	71,532,827	68,488,329	68,032,518	67,337,696	67,166,990	68,746,605
Contributions as a percentage of covered payroll		18.63%	17.67%	16.65%	15.66%	14.83%	13.84%	12.82%	11.82%	10.83%	9.82%

**Notes to schedule:**

Valuation Date

Actuarially determined contribution rates were calculated as of February 29, 2020 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 and Modified Terminal Funding

Amortization Method

A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period

Multiple bases from 9 to 19 years.

Asset Valuation Method

5-Year 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 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.

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:**

None

## **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.

**Truman Heartland Community Foundation** – This fund is used to account for receipts and expenditures of various donated funds the City holds at the Truman Heartland Community Foundation.

**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.

**Animal Shelter Use Tax** – This fund is used to account for receipts and expenditures of the City's use tax for animal services.

**Police Use Tax** – This fund is used to account for receipts and expenditures of the City's use tax for police 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.

## **CITY OF INDEPENDENCE, MISSOURI**

### **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.

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Governmental Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	<b>Special Revenue (Exhibit 16)</b>	<b>Capital Projects (Exhibit 31)</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Pooled cash and investments	\$ 20,891,513	175,985	9,214	21,076,712
Receivables:				
Taxes	4,293,653	-	-	4,293,653
Accounts	24,016	-	-	24,016
Special assessment principal	-	392,180	40,596	432,776
Accrued interest	74,870	639	33	75,542
Due from other funds	16,155	-	-	16,155
Due from other governments	980,280	-	-	980,280
Restricted cash and investments	17,863,135	-	94,000	17,957,135
Total assets	<u>\$ 44,143,622</u>	<u>568,804</u>	<u>143,843</u>	<u>44,856,269</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ 907,015	99,084	-	1,006,099
Due to other funds	2,926,198	16,155	-	2,942,353
Due to other governments	795	-	-	795
Accrued items	320,145	-	-	320,145
Other current liabilities	25,823	840	-	26,663
Unearned revenue	511,731	-	-	511,731
Total liabilities	<u>4,691,707</u>	<u>116,079</u>	<u>-</u>	<u>4,807,786</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	-	392,180	40,596	432,776
Unavailable revenue - real estate taxes	25,500	-	-	25,500
Total deferred inflow of resources	<u>25,500</u>	<u>392,180</u>	<u>40,596</u>	<u>458,276</u>
Total liabilities and deferred inflows of resources	<u>4,717,207</u>	<u>508,259</u>	<u>40,596</u>	<u>5,266,062</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	39,958,551	-	103,247	40,061,798
Committed	-	81,165	-	81,165
Unassigned	(532,136)	(20,620)	-	(552,756)
Total fund balances	<u>39,426,415</u>	<u>60,545</u>	<u>103,247</u>	<u>39,590,207</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 44,143,622</u>	<u>568,804</u>	<u>143,843</u>	<u>44,856,269</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020

	Special Revenue (Exhibit 17)	Capital Projects (Exhibit 32)	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 24,218,391	-	-	24,218,391
Intergovernmental	2,948,706	259,689	-	3,208,395
Charges for services	592,157	11,409	11,865	615,431
Investment income (loss)	989,896	7,553	2,436	999,885
Other	760,366	-	-	760,366
Total revenues	29,509,516	278,651	14,301	29,802,468
<b>EXPENDITURES</b>				
Current:				
Administrative Services	18,928	-	-	18,928
Public Safety	5,411,295	-	-	5,411,295
Municipal Services	1,556,088	-	-	1,556,088
Culture and Recreation	4,827,221	-	-	4,827,221
Community Development	1,310,915	-	-	1,310,915
Storm Water	2,145,806	-	-	2,145,806
Animal Services/Shelter	529,234	-	-	529,234
General Government	-	-	129	129
Capital outlay	9,776,724	521,686	-	10,298,410
Debt service:				
Principal	116,960	-	7,000	123,960
Interest and fiscal agent fees	78,460	-	2,700	81,160
Total expenditures	25,771,631	521,686	9,829	26,303,146
Excess (deficiency) of revenues over expenditures	3,737,885	(243,035)	4,472	3,499,322
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	17,940,000	-	-	17,940,000
Transfers in	283,043	411,807	-	694,850
Transfers out	(376,017)	(148,386)	-	(524,403)
Total other financing sources (uses)	17,847,026	263,421	-	18,110,447
Net change in fund balances	21,584,911	20,386	4,472	21,609,769
Fund balances - beginning	17,841,504	40,159	98,775	17,980,438
Fund balances - ending	\$ 39,426,415	60,545	103,247	39,590,207

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2020

	<b>Tourism</b>	<b>Truman Heartland Community Foundation</b>	<b>Independence Square Benefit District</b>	<b>Community Development Block Grant</b>	<b>Rental Rehabilitation</b>	<b>Combined Sales Tax Funds (Exhibit 29)</b>	<b>License Surcharge</b>	<b>Grants</b>	<b>Animal Shelter Use Tax</b>	<b>Police Use Tax</b>	<b>Total</b>
<b>ASSETS</b>											
Pooled cash and investments	\$ 1,415,921	349,557	25,041	-	-	17,340,299	1,267,780	-	-	492,915	20,891,513
Receivables:											
Taxes	110,000	-	30,048	-	-	3,438,827	-	-	271,483	443,295	4,293,653
Accounts	1,525	-	-	-	-	-	10,498	11,993	-	-	24,016
Accrued interest	5,155	-	-	-	-	63,328	4,599	-	-	1,788	74,870
Due from other funds	-	-	-	-	-	16,155	-	-	-	-	16,155
Due from other governments	-	-	-	134,665	24,399	40,365	-	780,851	-	-	980,280
Restricted cash and investments	-	-	-	-	-	17,863,135	-	-	-	-	17,863,135
Total assets	<u>\$ 1,532,601</u>	<u>349,557</u>	<u>55,089</u>	<u>134,665</u>	<u>24,399</u>	<u>38,762,109</u>	<u>1,282,877</u>	<u>792,844</u>	<u>271,483</u>	<u>937,998</u>	<u>44,143,622</u>
<b>LIABILITIES</b>											
Accounts and contracts payable	\$ 47,768	-	25,039	28	-	771,444	-	62,736	-	-	907,015
Due to other funds	-	-	-	128,115	3,898	2,275,869	-	473,810	44,506	-	2,926,198
Due to other governments	-	-	795	-	-	-	-	-	-	-	795
Accrued items	66,086	-	-	4,656	659	148,483	-	94,124	6,137	-	320,145
Other current liabilities	-	-	-	2,578	19,835	3,410	-	-	-	-	25,823
Unearned revenue	-	349,557	-	-	-	-	-	162,174	-	-	511,731
Total liabilities	<u>113,854</u>	<u>349,557</u>	<u>25,834</u>	<u>135,377</u>	<u>24,392</u>	<u>3,199,206</u>	<u>-</u>	<u>792,844</u>	<u>50,643</u>	<u>-</u>	<u>4,691,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - real estate taxes	-	-	25,500	-	-	-	-	-	-	-	25,500
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Total liabilities and deferred inflows of resources	<u>113,854</u>	<u>349,557</u>	<u>51,334</u>	<u>135,377</u>	<u>24,392</u>	<u>3,199,206</u>	<u>-</u>	<u>792,844</u>	<u>50,643</u>	<u>-</u>	<u>4,717,207</u>
<b>FUND BALANCES (DEFICITS)</b>											
Restricted	1,418,747	-	3,755	-	7	36,094,327	1,282,877	-	220,840	937,998	39,958,551
Unassigned	-	-	-	(712)	-	(531,424)	-	-	-	-	(532,136)
Total fund balances (deficits)	<u>1,418,747</u>	<u>-</u>	<u>3,755</u>	<u>(712)</u>	<u>7</u>	<u>35,562,903</u>	<u>1,282,877</u>	<u>-</u>	<u>220,840</u>	<u>937,998</u>	<u>39,426,415</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,532,601</u>	<u>349,557</u>	<u>55,089</u>	<u>134,665</u>	<u>24,399</u>	<u>38,762,109</u>	<u>1,282,877</u>	<u>792,844</u>	<u>271,483</u>	<u>937,998</u>	<u>44,143,622</u>



**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2020

	Tourism	Truman Heartland Community Foundation	Independence Square Benefit District	Community Development Block Grant	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 30)	License Surcharge	Grants	Animal Shelter Use Tax	Police Use Tax	Total
<b>REVENUES</b>											
Taxes	\$ 1,554,582	-	25,085	-	-	20,966,912	-	-	750,000	921,812	24,218,391
Intergovernmental	-	-	-	630,514	204,111	282,386	-	1,831,695	-	-	2,948,706
Charges for services	23,427	-	-	-	-	380,902	-	187,828	-	-	592,157
Investment income (loss)	68,272	-	691	-	-	845,348	59,325	-	74	16,186	989,896
Other revenue	39,319	-	-	-	-	720,214	-	833	-	-	760,366
Total revenues	<u>1,685,600</u>	<u>-</u>	<u>25,776</u>	<u>630,514</u>	<u>204,111</u>	<u>23,195,762</u>	<u>59,325</u>	<u>2,020,356</u>	<u>750,074</u>	<u>937,998</u>	<u>29,509,516</u>
<b>EXPENDITURES</b>											
Current:											
Administrative Services	-	-	-	-	-	-	-	18,928	-	-	18,928
Public Safety	-	-	-	-	-	4,128,647	-	1,282,648	-	-	5,411,295
Municipal Services	-	-	-	-	-	1,545,600	10,488	-	-	-	1,556,088
Culture and Recreation	1,656,999	-	-	-	-	3,078,964	-	91,258	-	-	4,827,221
Community Development	-	-	-	479,282	204,111	-	-	627,522	-	-	1,310,915
Storm Water	-	-	-	-	-	2,145,806	-	-	-	-	2,145,806
Animal Services/Shelter	-	-	-	-	-	-	-	-	529,234	-	529,234
Capital outlay	159,297	-	25,439	-	-	9,591,988	-	-	-	-	9,776,724
Debt service:											
Principal	7,500	-	-	-	-	109,460	-	-	-	-	116,960
Interest and fiscal agent fees	-	-	-	-	-	78,460	-	-	-	-	78,460
Total expenditures	<u>1,823,796</u>	<u>-</u>	<u>25,439</u>	<u>479,282</u>	<u>204,111</u>	<u>20,678,925</u>	<u>10,488</u>	<u>2,020,356</u>	<u>529,234</u>	<u>-</u>	<u>25,771,631</u>
Excess (deficiency) of revenues over expenditures	<u>(138,196)</u>	<u>-</u>	<u>337</u>	<u>151,232</u>	<u>-</u>	<u>2,516,837</u>	<u>48,837</u>	<u>-</u>	<u>220,840</u>	<u>937,998</u>	<u>3,737,885</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Proceeds from debt issuance	-	-	-	-	-	17,940,000	-	-	-	-	17,940,000
Transfers in	-	-	-	-	-	283,043	-	-	-	-	283,043
Transfers out	-	-	-	(151,232)	-	(224,667)	(118)	-	-	-	(376,017)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,232)</u>	<u>-</u>	<u>17,998,376</u>	<u>(118)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,847,026</u>
Net change in fund balances	(138,196)	-	337	-	-	20,515,213	48,719	-	220,840	937,998	21,584,911
Fund balances - beginning (deficit)	1,556,943	-	3,418	(712)	7	15,047,690	1,234,158	-	-	-	17,841,504
Fund balances - ending (deficit)	<u>\$ 1,418,747</u>	<u>-</u>	<u>3,755</u>	<u>(712)</u>	<u>7</u>	<u>35,562,903</u>	<u>1,282,877</u>	<u>-</u>	<u>220,840</u>	<u>937,998</u>	<u>39,426,415</u>

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Tourism Fund

Year ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Transient guest taxes	\$ 1,995,578	1,995,578	1,554,582	(440,996)
Investment income (loss)	3,600	3,600	68,272	64,672
Grants – federal, state, and local	-	-	-	-
Other revenue	69,000	69,000	62,746	(6,254)
Total revenues	<u>2,068,178</u>	<u>2,068,178</u>	<u>1,685,600</u>	<u>(382,578)</u>
Expenditures:				
Tourism	<u>2,271,844</u>	<u>2,346,844</u>	<u>1,916,918</u>	<u>429,926</u>
Total expenditures	<u>2,271,844</u>	<u>2,346,844</u>	<u>1,916,918</u>	<u>429,926</u>
Excess of revenues over (under) expenditures	\$ <u>(203,666)</u>	<u>(278,666)</u>	(231,318)	<u>47,348</u>
Fund balance at beginning of year			1,556,943	
Cancellation of prior year encumbrances			1,875	
Increase (Decrease) in Prior Year Encumbrances			91,247	
Fund balance at end of year			<u>\$ 1,418,747</u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Tourism Fund

Year ended June 30, 2020

	<b><u>Tourism Fund</u></b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,685,600
Basis differences – budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,685,600</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,916,918
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(101,968)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>8,846</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,823,796</u></u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

Exhibit 19

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Community Development Block Grant Fund  
 Year ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal grant - CDBG	\$ 831,763	1,541,116	630,514	(910,602)
Total revenues	<u>831,763</u>	<u>1,541,116</u>	<u>630,514</u>	<u>(910,602)</u>
Expenditures:				
CDBG administration	188,916	166,353	119,234	47,119
CDBG expenditures	663,994	658,725	466,546	192,179
Total expenditures	<u>852,910</u>	<u>825,078</u>	<u>585,780</u>	<u>239,298</u>
Other financing uses:				
Transfers out	-	716,038	151,232	564,806
Total other financing uses	<u>-</u>	<u>716,038</u>	<u>151,232</u>	<u>564,806</u>
Total expenditures and other uses	<u>852,910</u>	<u>1,541,116</u>	<u>737,012</u>	<u>804,104</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>(21,147)</u>	<u>-</u>	<u>(106,498)</u>	<u>(106,498)</u>
Fund balance at beginning of year			(712)	
Cancellation of prior year encumbrances			-	
Increase (Decrease) in Prior Year Encumbrances			106,498	
Fund balance at end of year			\$ <u>(712)</u>	

**Exhibit 19.1****CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule  
Community Development Block Grant Fund  
Year ended June 30, 2020

	<b><u>Community Development Block Grant</u></b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 630,514
Basis differences – budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>630,514</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 585,780
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(106,498)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>479,282</u></u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Rental Rehabilitation

Year Ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
			<b>(Budget Basis)</b>	<b>Budget</b>
Revenues:				
HOME program grant	\$ 473,718	1,105,932	204,111	(901,821)
Total revenues	<u>473,718</u>	<u>1,105,932</u>	<u>204,111</u>	<u>(901,821)</u>
Expenditures:				
HOME administration	67,812	111,568	47,531	64,037
Multi-family housing	359,759	331,603	-	331,603
Community housing development	102,788	662,761	50,000	612,761
Total expenditures	<u>530,359</u>	<u>1,105,932</u>	<u>97,531</u>	<u>1,008,401</u>
Excess of revenues over (under)				
expenditures	\$ <u>(56,641)</u>	<u>-</u>	106,580	<u>106,580</u>
Fund balance at beginning of year			7	
Cancellation of prior year encumbrances			-	
Increase (Decrease) in Prior Year				
Encumbrances			(106,580)	
Fund balance at end of year			\$ <u><u>7</u></u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Rental Rehabilitation

Year ended June 30, 2020

	<b><u>Rental Rehabilitation</u></b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 204,111
Basis differences – budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 204,111</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 97,531
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(12,882)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>119,462</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 204,111</u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

 Budgetary Comparison Schedule  
 Street Improvements Sales Tax Fund  
 Year ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 8,451,115	8,451,115	8,323,739	(127,376)
Intergovernmental revenue	-	6,203,000	278,960	(5,924,040)
Investment income	6,800	6,800	174,444	167,644
Other revenue	-	-	135,525	135,525
Total revenues	8,457,915	14,660,915	8,912,668	(5,748,247)
Other Financing sources:				
Transfers in	-	245,000	283,042	38,042
Issuance of debt	-	17,940,000	17,940,000	-
Total other financing sources	-	18,185,000	18,223,042	38,042
Total revenues and other financing sources	8,457,915	32,845,915	27,135,710	(5,710,205)
Expenditures:				
Street Maintenance	1,689,897	1,689,897	1,506,533	183,364
Capital outlay	7,357,904	35,913,699	6,835,703	29,077,996
Debt service	-	-	128,835	(128,835)
Total expenditures	9,047,801	37,603,596	8,471,071	29,132,525
Other financing uses:				
Transfers out	-	-	220,089	(220,089)
Total other financing uses	-	-	220,089	(220,089)
Total expenditures and other financing uses	9,047,801	37,603,596	8,691,160	28,912,436
Excess of revenues and other financing sources over (under) expenditures	\$ (589,886)	(4,757,681)	18,444,550	23,202,231
Fund balance at beginning of year			3,188,490	
Cancellation of prior year encumbrances			393,092	
Increase (Decrease) in Prior Year Encumbrances			(494,213)	
Fund balance at end of year			\$ 21,531,919	



**Exhibit 21.1**

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Street Improvements Sales Tax Fund

Year ended June 30, 2020

	<b>Streets Improvements Sales Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 8,912,668
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>8,912,668</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 8,471,071
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(4,339,340)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	4,440,462
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>8,572,193</u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Park Improvements Sales Tax Fund

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Sales taxes	\$ 4,225,579	4,225,579	4,161,885	(63,694)
Charges for services	560,455	560,455	380,902	(179,553)
Intergovernmental	-	-	3,426	3,426
Investment income	7,300	7,300	42,056	34,756
Other revenue	2,500	4,050	59,487	55,437
Total revenues	<u>4,795,834</u>	<u>4,797,384</u>	<u>4,647,756</u>	<u>(149,628)</u>
Expenditures:				
Culture and Recreation	3,735,901	3,787,916	3,068,046	719,870
Capital outlay	951,900	1,111,921	351,359	760,562
Debt service	196,853	196,853	60,310	136,543
Total expenditures	<u>4,884,654</u>	<u>5,096,690</u>	<u>3,479,715</u>	<u>1,616,975</u>
Other financing uses:				
Transfers out	-	-	4,578	(4,578)
Total other financing uses	<u>-</u>	<u>-</u>	<u>4,578</u>	<u>(4,578)</u>
Total expenditures and other financing uses	<u>4,884,654</u>	<u>5,096,690</u>	<u>3,484,293</u>	<u>1,612,397</u>
Excess of revenues and other financing sources over (under) expenditures	\$ <u>(88,820)</u>	<u>(299,306)</u>	1,163,463	<u>1,462,769</u>
Fund balance (deficit) at beginning of year			(1,417,966)	
Cancellation of prior year encumbrances			26,510	
Increase (Decrease) in Prior Year Encumbrances			(303,431)	
Fund balance (deficit) at end of year			\$ <u>(531,424)</u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Park Improvements Sales Tax Fund

Year ended June 30, 2020

	<b>Park Improvements Sales Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,647,756
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 4,647,756
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 3,479,715
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(120,454)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	209,595
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 3,568,856
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Storm Water Sales Tax Fund  
 Year Ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Sales taxes	\$ 4,225,597	4,225,597	4,161,887	(63,710)
Investment income	26,300	26,300	446,651	420,351
Other revenue	-	-	287,981	287,981
Total revenues	<u>4,251,897</u>	<u>4,251,897</u>	<u>4,896,519</u>	<u>644,622</u>
Expenditures:				
Storm Water				
Administration	398,314	398,314	174,154	224,160
Maintenance	2,094,453	2,094,453	1,647,596	446,857
Permit completion	320,000	320,000	317,214	2,786
Capital outlay	1,845,000	6,018,149	2,506,939	3,511,210
Total expenditures	<u>4,657,767</u>	<u>8,830,916</u>	<u>4,645,903</u>	<u>4,185,013</u>
Excess of revenues over (under) expenditures	\$ <u>(405,870)</u>	<u>(4,579,019)</u>	250,616	<u>4,829,635</u>
Fund balance at beginning of year			9,101,564	
Cancellation of prior year encumbrances			74,079	
Increase (Decrease) in Prior Year Encumbrances			564,938	
Fund balance at end of year			\$ <u>9,991,197</u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Storm Water Sales Tax Fund

Year ended June 30, 2020

	<b><u>Storm Water Sales Tax</u></b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,896,519
Basis differences – budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>4,896,519</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,645,903
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(1,570,712)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>1,035,473</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>4,110,664</u></u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule  
 Police Public Safety Sales Tax Fund  
 Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 2,245,747	2,245,747	2,238,572	(7,175)
Investment income	5,100	5,100	118,317	113,217
Other revenue	-	-	29,119	29,119
Total revenues	<u>2,250,847</u>	<u>2,250,847</u>	<u>2,386,008</u>	<u>135,161</u>
Expenditures:				
Public Safety				
Communications	563,927	563,927	588,679	(24,752)
Facilities	89,380	89,380	89,204	176
Equipment	1,834,326	1,834,326	1,579,303	255,023
Debt service	-	-	2,241	(2,241)
Total expenditures	<u>2,487,633</u>	<u>2,487,633</u>	<u>2,259,427</u>	<u>228,206</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>(236,786)</u>	<u>(236,786)</u>	126,581	<u>363,367</u>
Fund balance at beginning of year			2,483,920	
Cancellation of prior year encumbrances			-	
Increase (Decrease) in Prior Year Encumbrances			432,373	
Fund Balance at end of year			\$ <u><u>3,042,874</u></u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Police Public Safety Sales Tax Fund

Year ended June 30, 2020

	<b>Police Public Safety Sales Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,386,008
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 2,386,008
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,259,427
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(504,259)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	71,886
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 1,827,054
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Fire Public Safety Sales Tax Fund

Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 2,112,842	2,112,842	2,080,829	(32,013)
Investment income	5,600	5,600	63,881	58,281
Other revenue	-	-	208,101	208,101
Total revenues	<u>2,118,442</u>	<u>2,118,442</u>	<u>2,352,811</u>	<u>234,369</u>
Expenditures:				
Public Safety	2,219,136	2,769,136	2,103,354	665,782
Capital outlay	-	-	225,329	(225,329)
Debt service	73,236	73,236	73,236	-
Total expenditures	<u>2,292,372</u>	<u>2,842,372</u>	<u>2,401,919</u>	<u>440,453</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>(173,930)</u>	<u>(723,930)</u>	(49,108)	<u>674,822</u>
Fund balance at beginning of year			1,775,684	
Cancellation of prior year encumbrances			13,217	
Increase (Decrease) in Prior Year Encumbrances			(211,456)	
Fund balance at end of year			\$ <u>1,528,337</u>	



## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Fire Public Safety Sales Tax Fund

Year ended June 30, 2020

	<b>Fire Public Safety Sales Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,352,811
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 2,352,811
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,401,919
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(81,241)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	279,480
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 2,600,158
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Grants Fund

Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Grants and other shared revenue	\$ 510,908	3,197,612	1,831,390	(1,366,222)
Charges for current services	-	18,044	187,828	169,784
Other revenue	-	20,691	1,138	(19,553)
Total revenues	510,908	3,236,347	2,020,356	(1,215,991)
Expenditures:				
Law	-	38,291	18,928	19,363
Police	419,082	2,148,276	1,149,283	998,993
Fire	91,826	202,527	196,304	6,223
Animal Services	-	3,247	-	3,247
Community Development	-	687,094	481,701	205,393
Culture and Recreation	-	156,912	91,258	65,654
Total expenditures	510,908	3,236,347	1,937,474	1,298,873
Excess of revenues over (under) expenditures	\$ -	-	82,882	82,882
Fund balance at beginning of year			-	
Cancellation of prior year encumbrances			22,630	
Increase (Decrease) in Prior Year Encumbrances			(105,512)	
Fund balance at end of year			\$ -	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Grants Fund

Year ended June 30, 2020

	<u>Grants</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,020,356
Basis differences – budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,020,356</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,937,474
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	(114,576)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>197,458</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,020,356</u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Animal Services Use Tax Fund

Year Ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Use taxes	\$ 530,907	530,907	750,000	219,093
Investment income	-	-	74	74
Total revenues	<u>530,907</u>	<u>530,907</u>	<u>750,074</u>	<u>219,167</u>
Expenditures:				
Animal Services	530,907	530,907	529,234	1,673
Total expenditures	<u>530,907</u>	<u>530,907</u>	<u>529,234</u>	<u>1,673</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>-</u>	<u>-</u>	220,840	<u>220,840</u>
Fund balance at beginning of year			-	
Cancellation of prior year encumbrances			-	
Increase (Decrease) in Prior Year Encumbrances			-	
Fund Balance at end of year			\$ <u>220,840</u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Animal Services Use Tax Fund

Year ended June 30, 2020

	<b>Animal Services Use Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 750,074
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 750,074
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 529,234
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	-
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 529,234
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## Police Use Tax Fund

Year Ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Use Taxes	\$ 439,013	469,013	921,812	452,799
Investment income	-	-	16,186	16,186
Total revenues	<u>439,013</u>	<u>469,013</u>	<u>937,998</u>	<u>468,985</u>
Expenditures:				
Public Safety				
Capital outlay	469,013	469,013	-	469,013
Total expenditures	<u>469,013</u>	<u>469,013</u>	<u>-</u>	<u>469,013</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>(30,000)</u>	<u>-</u>	937,998	<u>937,998</u>
Fund balance at beginning of year			-	
Cancellation of prior year encumbrances			-	
Increase (Decrease) in Prior Year Encumbrances			-	
Fund Balance at end of year			\$ <u>937,998</u>	

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Basis Reconciliation Schedule

## Police Use Tax Fund

Year ended June 30, 2020

	<b>Police Use Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 937,998
Basis differences – budget to GAAP:	
None	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 937,998
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ -
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year's budget (1)	-
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ -
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

## CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet  
 Nonmajor Sales Tax Funds  
 June 30, 2020

	Street Improvements Sales Tax	Parks Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 16)
<b>ASSETS</b>						
Pooled cash and investments	\$ 2,692,362	1,163,595	9,604,426	2,682,993	1,196,923	17,340,299
Receivables:						
Taxes	1,370,782	685,391	685,393	354,565	342,696	3,438,827
Accrued interest	10,095	4,265	34,888	9,734	4,346	63,328
Due from other funds	-	-	16,155	-	-	16,155
Due from other governments	40,365	-	-	-	-	40,365
Restricted cash and investments	17,863,135	-	-	-	-	17,863,135
Total assets	<u>\$ 21,976,739</u>	<u>1,853,251</u>	<u>10,340,862</u>	<u>3,047,292</u>	<u>1,543,965</u>	<u>38,762,109</u>
<b>LIABILITIES</b>						
Accounts and contracts payable	\$ 441,393	20,779	294,921	4,418	9,933	771,444
Due to other funds	-	2,275,869	-	-	-	2,275,869
Accrued items	3,427	84,617	54,744	-	5,695	148,483
Other current liabilities	-	3,410	-	-	-	3,410
Total liabilities	<u>444,820</u>	<u>2,384,675</u>	<u>349,665</u>	<u>4,418</u>	<u>15,628</u>	<u>3,199,206</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	21,531,919	-	9,991,197	3,042,874	1,528,337	36,094,327
Unassigned	-	(531,424)	-	-	-	(531,424)
Total fund balances (deficits)	<u>21,531,919</u>	<u>(531,424)</u>	<u>9,991,197</u>	<u>3,042,874</u>	<u>1,528,337</u>	<u>35,562,903</u>
Total liabilities and fund balances	<u>\$ 21,976,739</u>	<u>1,853,251</u>	<u>10,340,862</u>	<u>3,047,292</u>	<u>1,543,965</u>	<u>38,762,109</u>



**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Sales Tax Funds  
For the Year Ended June 30, 2020

	<b>Street Improvements Sales Tax</b>	<b>Parks Improvements Sales Tax</b>	<b>Storm Water Sales Tax</b>	<b>Police Sales Tax</b>	<b>Fire Sales Tax</b>	<b>Total (Exhibit 17)</b>
<b>REVENUES</b>						
Taxes	\$ 8,323,739	4,161,885	4,161,887	2,238,572	2,080,829	20,966,912
Intergovernmental	278,960	3,426	-	-	-	282,386
Charges for services	-	380,902	-	-	-	380,902
Investment income (loss)	174,444	42,056	446,651	118,316	63,881	845,348
Other revenue	135,525	59,487	287,981	29,120	208,101	720,214
Total revenues	<u>8,912,668</u>	<u>4,647,756</u>	<u>4,896,519</u>	<u>2,386,008</u>	<u>2,352,811</u>	<u>23,195,762</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	-	-	-	1,827,054	2,301,593	4,128,647
Municipal Services	1,545,600	-	-	-	-	1,545,600
Culture and Recreation	-	3,078,964	-	-	-	3,078,964
Storm Water	-	-	2,145,806	-	-	2,145,806
Capital outlay	7,026,593	375,208	1,964,858	-	225,329	9,591,988
Debt service:						
Principal	-	49,889	-	-	59,571	109,460
Interest and fiscal agent fees	-	64,795	-	-	13,665	78,460
Total expenditures	<u>8,572,193</u>	<u>3,568,856</u>	<u>4,110,664</u>	<u>1,827,054</u>	<u>2,600,158</u>	<u>20,678,925</u>
Excess (deficiency) of revenues over expenditures	<u>340,475</u>	<u>1,078,900</u>	<u>785,855</u>	<u>558,954</u>	<u>(247,347)</u>	<u>2,516,837</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from debt issuance	17,940,000	-	-	-	-	17,940,000
Transfers in	283,043	-	-	-	-	283,043
Transfers out	(220,089)	(4,578)	-	-	-	(224,667)
Total other financing sources (uses)	<u>18,002,954</u>	<u>(4,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,998,376</u>
Net change in fund balances	18,343,429	1,074,322	785,855	558,954	(247,347)	20,515,213
Fund balances - beginning (deficit)	3,188,490	(1,605,746)	9,205,342	2,483,920	1,775,684	15,047,690
Fund balances - ending (deficit)	<u>\$ 21,531,919</u>	<u>(531,424)</u>	<u>9,991,197</u>	<u>3,042,874</u>	<u>1,528,337</u>	<u>35,562,903</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2020

	<b>Street Improvements</b>	<b>Revolving Public Improvements</b>	<b>Buildings and Other Improvements</b>	<b>Storm Drainage</b>	<b>Park Improvements</b>	<b>Total (Exhibit 14)</b>
<b>ASSETS</b>						
Pooled cash and investments	\$ 121,515	21,500	821	-	32,149	175,985
Receivables:						
Special assessment principal	392,180	-	-	-	-	392,180
Accrued interest	441	78	3	-	117	639
Total assets	<u>\$ 514,136</u>	<u>21,578</u>	<u>824</u>	<u>-</u>	<u>32,266</u>	<u>568,804</u>
<b>LIABILITIES</b>						
Accounts and contracts payable	\$ 93,795	-	5,289	-	-	99,084
Due to other funds	-	-	-	16,155	-	16,155
Other current liabilities	-	-	-	-	840	840
Total liabilities	<u>93,795</u>	<u>-</u>	<u>5,289</u>	<u>16,155</u>	<u>840</u>	<u>116,079</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - special assessments	392,180	-	-	-	-	392,180
Total deferred inflow of resources	<u>392,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,180</u>
Total liabilities and deferred inflows of resources	<u>485,975</u>	<u>-</u>	<u>5,289</u>	<u>16,155</u>	<u>840</u>	<u>508,259</u>
<b>FUND BALANCES (DEFICITS)</b>						
Committed	28,161	21,578	-	-	31,426	81,165
Unassigned	-	-	(4,465)	(16,155)	-	(20,620)
Total fund balances (deficits)	<u>28,161</u>	<u>21,578</u>	<u>(4,465)</u>	<u>(16,155)</u>	<u>31,426</u>	<u>60,545</u>
Total liabilities and fund balances	<u>\$ 514,136</u>	<u>21,578</u>	<u>824</u>	<u>-</u>	<u>32,266</u>	<u>568,804</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2020

	<b>Street Improvements</b>	<b>Revolving Public Improvements</b>	<b>Buildings and Other Improvements</b>	<b>Storm Drainage</b>	<b>Park Improvements</b>	<b>Total (Exhibit 15)</b>
<b>REVENUES</b>						
Intergovernmental	\$ 259,689	-	-	-	-	259,689
Charges for services	11,409	-	-	-	-	11,409
Investment income (loss)	4,319	1,004	728	-	1,502	7,553
Total revenues	<u>275,417</u>	<u>1,004</u>	<u>728</u>	<u>-</u>	<u>1,502</u>	<u>278,651</u>
<b>EXPENDITURES</b>						
Capital outlay	346,662	-	175,024	-	-	521,686
Total expenditures	<u>346,662</u>	<u>-</u>	<u>175,024</u>	<u>-</u>	<u>-</u>	<u>521,686</u>
Excess (deficiency) of revenues over expenditures	<u>(71,245)</u>	<u>1,004</u>	<u>(174,296)</u>	<u>-</u>	<u>1,502</u>	<u>(243,035)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	236,783	-	175,024	-	-	411,807
Transfers out	(148,386)	-	-	-	-	(148,386)
Total other financing sources (uses)	<u>88,397</u>	<u>-</u>	<u>175,024</u>	<u>-</u>	<u>-</u>	<u>263,421</u>
Net change in fund balances	17,152	1,004	728	-	1,502	20,386
Fund balances - beginning (deficit)	11,009	20,574	(5,193)	(16,155)	29,924	40,159
Fund balances - ending (deficit)	<u>\$ 28,161</u>	<u>21,578</u>	<u>(4,465)</u>	<u>(16,155)</u>	<u>31,426</u>	<u>60,545</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Balance Sheet  
Component Unit - Tax Increment Financing Debt Service  
June 30, 2020

	Midtown Truman	RSO - Cargo Largo	Santa Fe	Hartman Heritage	Drumm Farm Golf Course	Eastland Center	North Independence	Mount Washington	Falls at Crackerneck - Bass Pro	Old Landfill - Stone Canyon	Trinity	HCA - Centerpoint
<b>ASSETS</b>												
Pooled cash and investments	\$ 1,566	16,430	-	19,363	1,830,733	8,199,100	28,116	47,138	5,716,430	4,564	47,830	1,240,291
Receivables:												
Taxes	-	-	27,771	1,057,798	590,093	2,942,015	29,911	1,630	721,857	591,570	307,942	4,407,809
Accounts	-	-	-	-	-	-	-	-	83,879	-	-	-
Accrued interest	6	-	-	-	6,642	43,590	-	171	20,540	-	-	4,500
Due from other funds	-	-	-	-	-	3,826,734	-	-	-	-	-	-
Due from other governments	-	-	18,396	48,970	2,617	438,150	1,617	79	194,260	1,129	13,504	5,431
Restricted cash and investments	-	-	537,546	1	-	896,236	-	-	7,523,123	-	-	3,354,870
Total assets	<u>\$ 1,572</u>	<u>16,430</u>	<u>583,713</u>	<u>1,126,132</u>	<u>2,430,085</u>	<u>16,345,825</u>	<u>59,644</u>	<u>49,018</u>	<u>14,260,089</u>	<u>597,263</u>	<u>369,276</u>	<u>9,012,901</u>
<b>LIABILITIES</b>												
Accounts and contracts payable	\$ -	-	-	-	-	-	-	-	9,963	-	-	-
Due to other funds	-	-	1,207,502	2,595,058	-	-	-	-	1,393	-	-	-
Due to other governments	-	708	-	7,670	-	473,765	-	-	129,679	3,051	196,304	-
Total liabilities	<u>-</u>	<u>708</u>	<u>1,207,502</u>	<u>2,602,728</u>	<u>-</u>	<u>473,765</u>	<u>-</u>	<u>-</u>	<u>141,035</u>	<u>3,051</u>	<u>196,304</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable revenue - real estate taxes	-	-	25,271	1,021,598	588,423	2,681,715	27,711	1,630	587,704	590,270	300,742	4,405,209
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>25,271</u>	<u>1,021,598</u>	<u>588,423</u>	<u>2,681,715</u>	<u>27,711</u>	<u>1,630</u>	<u>587,704</u>	<u>590,270</u>	<u>300,742</u>	<u>4,405,209</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>708</u>	<u>1,232,773</u>	<u>3,624,326</u>	<u>588,423</u>	<u>3,155,480</u>	<u>27,711</u>	<u>1,630</u>	<u>728,739</u>	<u>593,321</u>	<u>497,046</u>	<u>4,405,209</u>
<b>FUND BALANCES (DEFICITS)</b>												
Restricted	1,572	15,722	-	-	1,841,662	13,190,345	31,933	47,388	13,531,350	3,942	-	4,607,692
Unassigned	-	-	(649,060)	(2,498,194)	-	-	-	-	-	-	(127,770)	-
Total fund balances (deficits)	<u>1,572</u>	<u>15,722</u>	<u>(649,060)</u>	<u>(2,498,194)</u>	<u>1,841,662</u>	<u>13,190,345</u>	<u>31,933</u>	<u>47,388</u>	<u>13,531,350</u>	<u>3,942</u>	<u>(127,770)</u>	<u>4,607,692</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 1,572</u>	<u>16,430</u>	<u>583,713</u>	<u>1,126,132</u>	<u>2,430,085</u>	<u>16,345,825</u>	<u>59,644</u>	<u>49,018</u>	<u>14,260,089</u>	<u>597,263</u>	<u>369,276</u>	<u>9,012,901</u>

	Cinema East - Blue Ridge	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 1	Marketplace Shopping Center 2	TIF Application Fees	Eliminations	Total
<b>ASSETS</b>													
Pooled cash and investments	\$ 12,821	15,951	1,188	523	2,412	591,914	145,590	79,020	21,736	26,845	-	-	18,049,561
Receivables:													
Taxes	126,257	41,519	11,221	14,476	99,664	245,085	621,737	267,972	35,167	34,832	-	-	12,176,326
Accounts	-	-	-	-	-	-	-	-	-	-	-	-	83,879
Accrued interest	-	-	4	2	9	2,147	18	7	-	-	-	-	77,636
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	(3,826,734)	-
Due from other governments	13,191	6,713	619	2,763	62,395	-	141,325	11,255	28,759	11,365	-	-	1,002,538
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-	-	12,311,776
Total assets	<u>\$ 152,269</u>	<u>64,183</u>	<u>13,032</u>	<u>17,764</u>	<u>164,480</u>	<u>839,146</u>	<u>908,670</u>	<u>358,254</u>	<u>85,662</u>	<u>73,042</u>	<u>-</u>	<u>(3,826,734)</u>	<u>43,701,716</u>
<b>LIABILITIES</b>													
Accounts and contracts payable	\$ -	-	-	-	-	-	-	-	-	-	-	-	9,963
Due to other funds	-	-	-	-	-	-	-	-	-	-	24,174	(3,826,734)	1,393
Due to other governments	-	-	-	-	-	45,048	-	29,753	19,902	182	-	-	906,062
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,048</u>	<u>-</u>	<u>29,753</u>	<u>19,902</u>	<u>182</u>	<u>24,174</u>	<u>(3,826,734)</u>	<u>917,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>													
Unavailable revenue - real estate taxes	116,157	37,219	10,691	10,376	73,064	236,385	539,937	258,672	35,167	34,832	-	-	11,582,773
Total deferred inflow of resources	<u>116,157</u>	<u>37,219</u>	<u>10,691</u>	<u>10,376</u>	<u>73,064</u>	<u>236,385</u>	<u>539,937</u>	<u>258,672</u>	<u>35,167</u>	<u>34,832</u>	<u>-</u>	<u>-</u>	<u>11,582,773</u>
Total liabilities and deferred inflows of resources	<u>116,157</u>	<u>37,219</u>	<u>10,691</u>	<u>10,376</u>	<u>73,064</u>	<u>281,433</u>	<u>539,937</u>	<u>288,425</u>	<u>55,069</u>	<u>35,014</u>	<u>24,174</u>	<u>(3,826,734)</u>	<u>12,500,191</u>
<b>FUND BALANCES (DEFICITS)</b>													
Restricted	36,112	26,964	2,341	7,388	91,416	557,713	368,733	69,829	30,593	38,028	-	-	34,500,723
Unassigned	-	-	-	-	-	-	-	-	-	-	(24,174)	-	(3,299,198)
Total fund balances (deficits)	<u>36,112</u>	<u>26,964</u>	<u>2,341</u>	<u>7,388</u>	<u>91,416</u>	<u>557,713</u>	<u>368,733</u>	<u>69,829</u>	<u>30,593</u>	<u>38,028</u>	<u>(24,174)</u>	<u>-</u>	<u>31,201,525</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 152,269</u>	<u>64,183</u>	<u>13,032</u>	<u>17,764</u>	<u>164,480</u>	<u>839,146</u>	<u>908,670</u>	<u>358,254</u>	<u>85,662</u>	<u>73,042</u>	<u>-</u>	<u>(3,826,734)</u>	<u>43,701,716</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Component Unit - Tax Increment Financing Debt Service  
For the Year Ended June 30, 2020

	Midtown Truman	RSO - Cargo Largo	Santa Fe	Hartman Heritage	Drumm Farm Golf Course	Eastland Center	North Independence	Mount Washington	Falls at Crackerneck - Bass Pro	Old Landfill - Stone Canyon	Trinity	HCA - Centerpoint
<b>REVENUES</b>												
Taxes	\$ -	169,473	34,633	1,425,157	591,159	5,796,951	42,245	2,311	1,904,744	567,099	416,347	4,442,964
Investment income (loss)	99	536	3,815	9,698	85,328	566,823	1,775	2,178	342,445	4,161	889	128,899
Other revenue	-	-	74,769	-	-	-	-	-	771,396	-	-	-
Total revenues	99	170,009	113,217	1,434,855	676,487	6,363,774	44,020	4,489	3,018,585	571,260	417,236	4,571,863
<b>EXPENDITURES</b>												
Tax Increment Financing	-	272,391	7,305	35,417	16,024	277,018	21,564	58	104,316	591,773	594,211	1,895,396
Debt service:												
Principal	-	-	190,000	1,630,000	385,000	2,870,000	-	-	50,000	-	-	1,950,000
Interest and fiscal agent fees	-	-	339,938	140,069	36,150	416,150	-	-	3,779,918	-	-	1,043,000
Total expenditures	-	272,391	537,243	1,805,486	437,174	3,563,168	21,564	58	3,934,234	591,773	594,211	4,888,396
Excess (deficiency) of revenues over expenditures	99	(102,382)	(424,026)	(370,631)	239,313	2,800,606	22,456	4,431	(915,649)	(20,513)	(176,975)	(316,533)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	1,934,000	120,338	-	952,370	-	-	5,058,000	-	36,020	11,325
Transfers out	-	-	-	(120,338)	-	(1,121,089)	-	-	-	-	(36,020)	(11,325)
Total other financing sources (uses)	-	-	1,934,000	-	-	(168,719)	-	-	5,058,000	-	-	-
Net change in fund balances	99	(102,382)	1,509,974	(370,631)	239,313	2,631,887	22,456	4,431	4,142,351	(20,513)	(176,975)	(316,533)
Fund balances - beginning (deficit)	1,473	118,104	(2,159,034)	(2,127,563)	1,602,349	10,558,458	9,477	42,957	9,388,999	24,455	49,205	4,924,225
Fund balances - ending (deficit)	\$ 1,572	15,722	(649,060)	(2,498,194)	1,841,662	13,190,345	31,933	47,388	13,531,350	3,942	(127,770)	4,607,692

	Cinema East - Blue Ridge	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 1	Marketplace Shopping Center 2	TIF Application Fees	Total
<b>REVENUES</b>												
Taxes	\$ 217,531	90,343	15,646	32,753	478,726	193,741	1,673,078	301,798	126,860	109,162	-	18,632,721
Investment income (loss)	485	140	64	1,346	21,622	29,518	44,454	13,114	306	208	-	1,257,903
Other revenue	-	-	-	-	-	-	-	-	-	-	-	846,165
Total revenues	218,016	90,483	15,710	34,099	500,348	223,259	1,717,532	314,912	127,166	109,370	-	20,736,789
<b>EXPENDITURES</b>												
Tax Increment Financing	234,298	88,314	14,974	690	8,514	4,044	148,452	7,024	136,718	85,612	1,564	4,545,677
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	7,075,000
Interest and fiscal agent fees	-	-	-	-	-	-	-	-	-	-	-	5,755,225
Total expenditures	234,298	88,314	14,974	690	8,514	4,044	148,452	7,024	136,718	85,612	1,564	17,375,902
Excess (deficiency) of revenues over expenditures	(16,282)	2,169	736	33,409	491,834	219,215	1,569,080	307,888	(9,552)	23,758	(1,564)	3,360,887
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	8,112,053
Transfers out	-	-	-	(117,000)	(1,817,000)	-	(3,984,000)	(1,074,000)	-	-	-	(8,280,772)
Total other financing sources (uses)	-	-	-	(117,000)	(1,817,000)	-	(3,984,000)	(1,074,000)	-	-	-	(168,719)
Net change in fund balances	(16,282)	2,169	736	(83,591)	(1,325,166)	219,215	(2,414,920)	(766,112)	(9,552)	23,758	(1,564)	3,192,168
Fund balances - beginning (deficit)	52,394	24,795	1,605	90,979	1,416,582	338,498	2,783,653	835,941	40,145	14,270	(22,610)	28,009,357
Fund balances - ending (deficit)	\$ 36,112	26,964	2,341	7,388	91,416	557,713	368,733	69,829	30,593	38,028	(24,174)	31,201,525

## **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.

**Risk Management** – This fund is used to account for the costs of the City's liability insurance and risk management claims.

**Enterprise Resource Planning** – This fund is used to account for the costs of the City's Enterprise Resource Planning (ERP) computer system.



**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2020

	Central Garage	Staywell Health Care	Workers' Compensation	Risk Management	Enterprise Resource Planning	Total (Exhibit 5)
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 542,902	5,359,425	-	706,192	-	6,608,519
Accounts receivable	1,361	1,878	5,733	-	-	8,972
Accrued interest receivable	1,987	-	-	2,562	-	4,549
Inventory	174,283	-	-	-	-	174,283
Total current assets	720,533	5,361,303	5,733	708,754	-	6,796,323
Noncurrent assets:						
Capital assets:						
Nondepreciable	93,979	-	-	-	-	93,979
Depreciable, net	37,211	-	-	-	1,141,092	1,178,303
Restricted cash and investments	-	-	200,000	-	-	200,000
Total noncurrent assets	131,190	-	200,000	-	1,141,092	1,472,282
Total assets	851,723	5,361,303	205,733	708,754	1,141,092	8,268,605
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related amounts	78,159	-	11,996	-	59,908	150,063
Other post-employment benefits	123,900	-	-	-	-	123,900
Total deferred outflows of resources	202,059	-	11,996	-	59,908	273,963
Total assets and deferred outflows of resources	\$ 1,053,782	5,361,303	217,729	708,754	1,201,000	8,542,568
<b>LIABILITIES</b>						
Current liabilities:						
Accounts and contracts payable	\$ 21,295	-	19,075	120,573	2,514	163,457
Due to other funds	-	-	699,791	-	1,920,129	2,619,920
Accrued items	30,698	-	1,307	-	4,181	36,186
Compensated absences - current	63,279	-	-	-	-	63,279
Self-insurance claims payable	-	2,049,300	1,837,842	-	-	3,887,142
Total current liabilities	115,272	2,049,300	2,558,015	120,573	1,926,824	6,769,984
Noncurrent liabilities:						
Compensated absences-long term	63,523	-	-	-	-	63,523
Total OPEB liability	1,528,775	-	-	-	-	1,528,775
Net pension liability	498,946	-	136,265	-	123,318	758,529
Self-insurance claims payable	-	-	6,007,248	-	-	6,007,248
Total noncurrent liabilities	2,091,244	-	6,143,513	-	123,318	8,358,075
Total liabilities	2,206,516	2,049,300	8,701,528	120,573	2,050,142	15,128,059
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related amounts	11,971	-	1,837	-	9,176	22,984
Other post-employment benefits	13,381	-	-	-	-	13,381
Total deferred inflows of resources	25,352	-	1,837	-	9,176	36,365
Total liabilities and deferred inflows of resources	2,231,868	2,049,300	8,703,365	120,573	2,059,318	15,164,424
<b>NET POSITION</b>						
Net investment in capital assets	131,190	-	-	-	1,141,092	1,272,282
Restricted for:						
Worker's Compensation Escrow	-	-	200,000	-	-	200,000
Unrestricted	(1,309,276)	3,312,003	(8,685,636)	588,181	(1,999,410)	(8,094,138)
Total net position (deficit)	(1,178,086)	3,312,003	(8,485,636)	588,181	(858,318)	(6,621,856)
Total liabilities, deferred inflows, and net position	\$ 1,053,782	5,361,303	217,729	708,754	1,201,000	8,542,568

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2020

	<b>Central Garage</b>	<b>Staywell Health Care</b>	<b>Workers' Compensation</b>	<b>Risk Management</b>	<b>Enterprise Resource Planning</b>	<b>Total (Exhibit 6)</b>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,124,877	20,738,594	3,130,989	2,688,900	-	28,683,360
Miscellaneous operating	8,719	1,711,211	2,832,313	-	-	4,552,243
Total operating revenues	<u>2,133,596</u>	<u>22,449,805</u>	<u>5,963,302</u>	<u>2,688,900</u>	<u>-</u>	<u>33,235,603</u>
<b>OPERATING EXPENSES</b>						
Personnel services	818,510	160,206	103,991	-	535,671	1,618,378
Other services	638,202	24,293,748	7,925,723	2,124,154	1,004,438	35,986,265
Supplies	667,603	3,229	196	1,704	-	672,732
Depreciation and amortization	6,583	-	-	-	138,169	144,752
Total operating expenses	<u>2,130,898</u>	<u>24,457,183</u>	<u>8,029,910</u>	<u>2,125,858</u>	<u>1,678,278</u>	<u>38,422,127</u>
Operating income (loss)	<u>2,698</u>	<u>(2,007,378)</u>	<u>(2,066,608)</u>	<u>563,042</u>	<u>(1,678,278)</u>	<u>(5,186,524)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income (loss)	24,223	102,941	40,420	25,139	-	192,723
Miscellaneous non-operating	21,594	1,863,672	163,190	-	2,382	2,050,838
Total nonoperating revenues (expenses)	<u>45,817</u>	<u>1,966,613</u>	<u>203,610</u>	<u>25,139</u>	<u>2,382</u>	<u>2,243,561</u>
Income (loss) before contributions and transfers	<u>48,515</u>	<u>(40,765)</u>	<u>(1,862,998)</u>	<u>588,181</u>	<u>(1,675,896)</u>	<u>(2,942,963)</u>
Change in net position	48,515	(40,765)	(1,862,998)	588,181	(1,675,896)	(2,942,963)
Total net position - beginning (deficit)	(1,226,601)	3,352,768	(6,622,638)	-	817,578	(3,678,893)
Total net position - ending (deficit)	<u>\$ (1,178,086)</u>	<u>3,312,003</u>	<u>(8,485,636)</u>	<u>588,181</u>	<u>(858,318)</u>	<u>(6,621,856)</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Cash Flows

## Internal Service Funds

Year ended June 30, 2020

	Internal Service Funds					
	Central Garage	Staywell Health Care	Workers' Compensation	Risk Management	Enterprise Resource Planning	Total (Exhibit 7)
Cash flows from operations:						
Receipts from customers	\$ 2,154,543	24,441,052	6,306,497	2,688,900	2,382	35,593,374
Payments to suppliers	(1,331,518)	(25,033,481)	(8,878,698)	(2,005,285)	(955,539)	(38,204,521)
Payments to employees	(677,810)	(160,206)	(94,186)	-	(531,490)	(1,463,692)
Net cash provided by (used in) operating activities	145,215	(752,635)	(2,666,387)	683,615	(1,484,647)	(4,074,839)
Cash flows from noncapital financing activities:						
Transfers in (out)	-	-	545,253	-	1,484,648	2,029,901
financing activities	-	-	545,253	-	1,484,648	2,029,901
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(16,400)	-	-	-	(1)	(16,401)
Net cash (used in) capital and related financing activities	(16,400)	-	-	-	(1)	(16,401)
Cash flows from investing activities:						
Interest on investments	23,395	102,941	46,573	22,577	-	195,486
Net cash provided by (used in) investing activities	23,395	102,941	46,573	22,577	-	195,486
Net increase (decrease) in cash and cash equivalents	152,210	(649,694)	(2,074,561)	706,192	-	(1,865,853)
Cash and cash equivalents at beginning of year	390,692	6,009,119	2,274,561	-	-	8,674,372
Cash and cash equivalents at end of year	\$ 542,902	5,359,425	200,000	706,192	-	6,808,519
Components of cash and short-term investments at end of fiscal year						
Unrestricted assets	542,902	5,359,425	-	706,192	-	6,608,519
Restricted assets	-	-	200,000	-	-	200,000
Pooled cash and investments	\$ 542,902	5,359,425	200,000	706,192	-	6,808,519
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,698	(2,007,378)	(2,066,608)	563,042	(1,678,278)	(5,186,524)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	6,583	-	-	-	138,169	144,752
Miscellaneous revenue	21,594	1,863,672	163,190	-	2,382	2,050,838
Change in assets and liabilities:						
Accounts receivable	(647)	127,575	180,005	-	-	306,933
Inventory	(17,867)	-	-	-	-	(17,867)
Accounts and contracts payable	(7,846)	(590,178)	(1,089,214)	120,573	(23,687)	(1,590,352)
Accrued liabilities	(12,964)	(146,326)	(7,346)	-	4,181	(162,455)
Other post-employment benefits and net pension liability	125,011	-	9,805	-	(50,732)	84,084
Self-insurance claims payable	-	-	143,781	-	123,318	267,099
Compensated absences	28,653	-	-	-	-	28,653
Total adjustments	142,517	1,254,743	(599,779)	120,573	193,631	1,111,685
Net cash provided by (used in) operating activities	\$ 145,215	(752,635)	(2,666,387)	683,615	(1,484,647)	(4,074,839)

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year ended June 30, 2020

	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2020 (Exhibit 8)</b>
<b>Flexible Benefit Plan:</b>				
Assets:				
Pooled cash and investments	\$ 143,247	100,787	46,165	197,869
	<u>\$ 143,247</u>	<u>100,787</u>	<u>46,165</u>	<u>197,869</u>
Liabilities:				
Flexible benefit payable	\$ 143,247	548,297	493,675	197,869
	<u>\$ 143,247</u>	<u>548,297</u>	<u>493,675</u>	<u>197,869</u>
<b>Susie Block Trust:</b>				
Assets:				
Pooled cash and investments	\$ 34,363	1,678	1,185	34,856
Accrued interest receivable	571	525	571	525
	<u>\$ 34,934</u>	<u>2,203</u>	<u>1,756</u>	<u>35,381</u>
Liabilities:				
Funds payable to others	\$ 34,934	1,671	1,224	35,381
	<u>\$ 34,934</u>	<u>1,671</u>	<u>1,224</u>	<u>35,381</u>
<b>Seniors Travel Programs:</b>				
Assets:				
Pooled cash and investments	\$ 28,020	43,217	45,682	25,555
Accrued interest	83	93	83	93
	<u>\$ 28,103</u>	<u>43,310</u>	<u>45,765</u>	<u>25,648</u>
Liabilities:				
Funds payable to others	28,103	44,474	46,929	25,648
	<u>\$ 28,103</u>	<u>44,474</u>	<u>46,929</u>	<u>25,648</u>
<b>All Agency Funds:</b>				
Assets:				
Pooled cash and investments	\$ 205,630	145,682	93,032	258,280
Accrued interest receivable	654	618	654	618
	<u>\$ 206,284</u>	<u>146,300</u>	<u>93,686</u>	<u>258,898</u>
Liabilities:				
Flexible benefit payable	\$ 143,247	548,297	493,675	197,869
Funds held in escrow	63,037	46,145	48,153	61,029
	<u>\$ 206,284</u>	<u>594,442</u>	<u>541,828</u>	<u>258,898</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Power and Light Fund  
Years ended June 30, 2020 and 2019

	2020			2019		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Gas			\$ 5,638,503			7,371,807
Oil			570,841			496,787
Total production fuel			6,209,344			7,868,594
Purchased power:						
Purchased energy			18,280,102			18,578,434
Purchased capacity (net)			22,085,730			21,350,702
Border customers			70,284			90,860
Control and dispatching			3,043,130			2,841,551
Total purchased power			43,479,246			42,861,547
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 1,373,526	297,486	1,671,011	969,613	420,045	1,389,658
Steam	947,901	457,104	1,405,006	717,531	926,822	1,644,353
Electric	291,704	296,805	588,508	715,543	400,692	1,116,235
Structures and improvements	-	86,337	86,337	-	219,901	219,901
Miscellaneous	620,362	679,632	1,299,995	745,565	442,982	1,188,547
	3,233,493	1,817,364	5,050,857	3,148,252	2,410,442	5,558,694
Missouri City Station:						
Steam	-	-	-	-	-	-
Structures and improvements	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	-	-	-	-	-	-
Combustion Turbine Station:						
Supervision and engineering	2,390,886	-	2,390,886	2,352,787	1,376	2,354,163
Generation expenses	4,863	817,410	822,273	42,952	732,093	775,045
Structures and improvements	-	-	-	-	-	-
Miscellaneous	22,060	-	22,060	13,860	-	13,860
	2,417,809	817,410	3,235,219	2,409,599	733,469	3,143,068
Total production (other)	\$ 5,651,302	2,634,774	8,286,076	5,557,851	3,143,911	8,701,762
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 390,844	18,856	409,700	305,881	23,230	329,111
Overhead expenses	11,130	-	11,130	2,696	275	2,971
Station expenses	7,319	18,288	25,607	5,194	65,774	70,968
Wheeling charges	7,622,979	-	7,622,979	8,048,836	-	8,048,836
Underground line expense	2,203	4,574	6,777	-	411	411
Miscellaneous	-	69,396	69,396	-	134,557	134,557
Total transmission	8,034,475	111,114	8,145,589	8,362,607	224,247	8,586,854

(Continued)

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Power and Light Fund  
Years ended June 30, 2020 and 2019

	2020			2019		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Distribution:						
Supervision and engineering	\$ 789,655	55,049	844,704	265,694	83,176	348,870
Overhead lines	926,482	4,952,182	5,878,664	1,333,949	4,869,897	6,203,846
Station expenses	54,981	1,607,976	1,662,957	64,068	1,519,395	1,583,463
Street lights and traffic signals	364,072	640,497	1,004,569	265,587	665,647	931,234
Meters	153,372	833,644	987,016	131,722	738,267	869,989
Customer installations	127,048	-	127,048	110,166	-	110,166
Underground lines	429,416	664,829	1,094,245	718,391	651,188	1,369,579
Dispatching communication	468,075	-	468,075	1,081,520	-	1,081,520
Line transformers	-	230,030	230,030	-	133,892	133,892
Miscellaneous	524,969	348,295	873,263	719,663	748,639	1,468,302
Total distribution	3,838,070	9,332,501	13,170,571	4,690,760	9,410,101	14,100,861
Total transmission and distribution	\$ 11,872,545	9,443,615	21,316,160	13,053,367	9,634,348	22,687,715
Customer service:						
Supervision			\$ 179,489			245,991
Meter reading			853,858			766,854
Customer records and collections			2,165,522			2,192,015
Provisions for doubtful accounts			1,151,893			231,310
Miscellaneous			205,331			197,124
Total customer service			4,556,093			3,633,294
General and administrative:						
Salaries			1,619,931			1,647,051
Office supplies			376,247			475,983
Insurance			1,595,003			998,740
Injuries and damage			528,700			1,322,406
Employee benefits			10,285,733			8,147,913
Outside services			2,685,130			2,656,869
Miscellaneous			1,503,249			1,624,589
Administrative expenses – transfers			-			-
Total general and administrative			18,593,994			16,873,551
Depreciation and amortization			13,276,440			13,297,863
Payroll taxes			1,154,658			1,278,971
Total operating expenses			\$ 116,872,011			117,203,297

## CITY OF INDEPENDENCE, MISSOURI

## Schedule of Operating Statistics – Power and Light Fund

Year ended June 30, 2020

	Number of customers			
	Beginning of year	End of year	Revenue	KWH
Sale of electric energy:				
Metered:				
Residential	54,186	54,565	\$ 66,931,889	523,705,474
Small general services	3,017	3,051	3,834,785	25,916,509
General services – space heating	32	27	88,171	696,404
Large general services	1,694	1,691	32,432,522	286,166,576
Large general services – prime voltage	9	7	712,560	6,812,829
Total electric general services	117	122	4,706,004	55,802,253
Schools, churches, and hospitals	215	222	1,140,973	9,422,905
Schools, churches, and hospitals, all electric	2	2	5,085	40,635
Education	68	70	2,908,030	26,772,667
Education, all electric	8	16	382,577	4,587,760
Large power services	3	5	2,422,177	32,540,800
Combined interruptible services	2	2	2,835,649	32,688,200
Sewer pumping	7	8	305,492	2,729,802
City traffic signals	63	63	84,642	1,118,182
Wholesale (border customers)	-	-	106,197	2,028,618
Wholesale (interchange)	-	-	5,514,190	255,017,137
Wholesale (border customers)	59,423	59,851	124,410,943	1,266,046,751
Unmetered:				
Wholesale (interchange)				
Private security lighting	1,638	1,638	391,483	1,127,427
City Public Street lighting	12,301	12,368	-	3,234,669
	13,939	14,006	391,483	4,362,096
Change in unbilled revenue			(1,767,821)	-
Other operating revenue			5,500,886	-
EVTC			40,249	-
Total operating revenue and total energy sales			\$ 128,575,740	1,270,408,847
Net generation				338,034,632
Wholesale power purchased				962,510,892
Unintentional interchange				
Net generation and power purchased				1,300,545,524
Retail energy sales				1,246,781,411
Wholesale (border customers) sales				2,028,618
Power and light usage (building and substations)				1,106,110
Net disposition				1,249,916,139
Transmission and distribution operating losses				50,629,385

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Water Fund  
Years ended June 30, 2020 and 2019

	2020			2019		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 16,552	-	16,552	23,023	-	23,023
Labor and expenses	459,954	5,349	465,303	384,877	-	384,877
Structures and improvements	-	28,147	28,147	-	36,333	36,333
Miscellaneous	-	437,274	437,274	-	102,858	102,858
Total source of supply	476,506	470,770	947,276	407,900	139,191	547,091
Power and pumping:						
Supervision and engineering	22,215	49,840	72,055	40,803	56,682	97,485
Fuel/power purchased	1,903,713	-	1,903,713	2,243,583	-	2,243,583
Labor and expenses	623,143	-	623,143	207,321	-	207,321
Structures and improvements	-	32,528	32,528	-	46,213	46,213
Miscellaneous	-	2,698	2,698	-	3,895	3,895
Total power and pumping	2,549,071	85,066	2,634,137	2,491,707	106,790	2,598,497
Water treatment:						
Supervision and engineering	26,529	11,230	37,759	45,932	23,605	69,537
Chemicals	1,476,816	-	1,476,816	1,517,895	-	1,517,895
Labor and expenses	1,282,382	-	1,282,382	566,429	-	566,429
Structures and improvements	-	988,625	988,625	-	747,562	747,562
Miscellaneous	-	256,693	256,693	-	199,274	199,274
Total water treatment	2,785,727	1,256,548	4,042,275	2,130,256	970,441	3,100,697
Total production	\$ 5,811,304	1,812,384	7,623,688	5,029,863	1,216,422	6,246,285
Transmission and distribution:						
Supervision and engineering	\$ 79,333	18,820	98,153	159,922	37,247	197,169
Storage facilities	23,554	-	23,554	18,108	-	18,108
Transmission and distribution lines	1,000,736	1,363,230	2,363,966	894,314	1,261,159	2,155,473
Meters	57,828	52,201	110,029	56,913	48,070	104,983
Customer installations	82,075	-	82,075	70,178	-	70,178
Services	-	-	-	-	42,778	42,778
Hydrants	-	15,912	15,912	-	46,798	46,798
Miscellaneous	451,017	133,924	584,941	352,257	96,311	448,568
Total transmission and distribution	\$ 1,694,543	1,584,087	3,278,630	1,551,692	1,532,363	3,084,055
Customer service:						
Customer accounting paid and collecting:						
Supervision		\$ 283,155				173,601
Meter reading		1,220,667				1,211,304
Customer records		321,079				354,586
Provision for uncollectible amounts		209,242				(77,876)
Total customer accounting paid and collecting		2,034,143				1,661,615
Sales promotion:						
Expenses		-				-
Total customer service		2,034,143				1,661,615
General and administrative:						
Salaries		905,592				726,116
Office supplies and expense		474,805				508,507
Injuries and damages		411,319				540,818
Employee benefits		3,230,951				2,443,369
Outside services		1,435,974				1,542,848
Miscellaneous		408,924				560,962
Total general and administrative		6,867,565				6,322,620
Depreciation and amortization		3,159,203				3,111,141
Payroll taxes		389,298				382,899
Other		34,733				51,413
Total operating expenses		23,387,260				20,860,028
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						
		1,412,774				1,410,793
	\$	24,800,034				22,270,821



## CITY OF INDEPENDENCE, MISSOURI

## Schedule of Operating Statistics – Water Fund

Year ended June 30, 2020

	Number of customers		Revenue	MGS*
	Beginning of year	End of year		
Sale of water:				
Residential	44,155	44,628	\$ 13,367,035	2,199,620
Commercial	3,592	3,723	5,664,412	1,021,584
Industrial	6	6	683,790	198,580
Public authority	143	195	209,639	37,707
Resale	14	14	9,775,067	4,686,531
Private fire protection	468	478	217,883	-
Public fire protection	-	-	1,668,149	-
	<u>48,378</u>	<u>49,044</u>	<u>31,585,975</u>	<u>8,144,022</u>
Change in unbilled revenue			(61,127)	
Other operating revenue			<u>267,989</u>	
Total operating revenue			<u>\$ 31,792,837</u>	
Thousands of gallons pumped:				
Courtney Bend Plant				-
Less total sales				<u>8,144,022</u>
Unaccounted for water				<u>(8,144,022)</u>

\* Thousand gallons sold.

## CITY OF INDEPENDENCE, MISSOURI

## Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2020

	Number of customers		Revenue	CCF*
	Beginning of year	End of year		
Sale of sanitary sewer services:				
Residential	41,644	41,739	\$ 17,582,711	2,368,366
Commercial:				
Base	3,177	3,508	6,883,043	1,430,604
Surcharge	-	-	684,084	-
Contract waste treatment	9	-	384,504	-
Regulatory Compliance	-	-	6,442,928	-
Intermunicipal agreements:				
Sugar Creek	-	-	944,794	-
Kansas City	-	-	154,981	-
	<u>44,830</u>	<u>45,247</u>	<u>33,077,045</u>	<u>3,798,969</u>
Other operating revenue			169,950	
Change in unbilled revenue			<u>107,080</u>	
Total operating revenue			<u>\$ 33,354,075</u>	

\* Hundred cubic feet.

### **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.”

# 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.

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### **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.

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**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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 321,072,648	334,320,197	336,357,164	333,902,700	334,319,837	330,518,564	325,298,654	324,198,133	319,052,806	311,168,595
Restricted	16,275,115	17,220,970	16,853,297	16,931,671	16,335,599	14,823,334	13,785,094	18,741,314	18,602,877	22,279,174
Unrestricted	(41,705,135)	(219,659,905)	(231,199,039)	(233,876,307)	(255,063,735)	(259,618,128)	(266,833,068)	(378,520,677)	(269,187,817)	(271,260,070)
Total governmental activities net position	\$ 295,642,628	131,881,262	122,011,422	116,958,064	95,591,701	85,723,770	72,250,680	(35,581,230)	68,467,866	62,187,699
Business-type activities	\$									
Net investment in capital assets	272,062,890	262,631,937	251,523,417	240,517,938	230,396,460	238,427,241	216,148,308	214,381,085	216,116,969	211,224,057
Restricted	6,423,693	14,629,418	15,545,776	16,288,747	16,587,288	17,608,769	22,390,679	23,202,738	25,007,273	25,084,135
Unrestricted	37,479,969	46,597,826	45,095,514	59,212,898	49,598,827	33,115,833	53,123,997	8,070,332	57,814,152	69,117,824
Total business-type activities net position	\$ 315,966,552	323,859,181	312,164,707	316,019,583	296,582,575	289,151,843	291,662,984	245,654,155	298,938,394	305,426,016
Primary government										
Net investment in capital assets	\$ 593,135,538	596,952,134	587,880,581	574,420,638	564,716,297	568,945,805	541,446,962	538,579,218	535,169,775	522,392,652
Restricted	22,698,808	31,850,388	32,399,073	33,220,418	32,922,887	32,432,103	36,175,773	41,944,052	43,610,150	47,363,309
Unrestricted	(4,225,166)	(173,062,079)	(186,103,525)	(174,663,409)	(205,464,908)	(226,502,295)	(213,709,071)	(370,450,345)	(211,373,665)	(202,142,246)
Total primary government net position	\$ 611,609,180	455,740,443	434,176,129	432,977,647	392,174,276	374,875,613	363,913,664	210,072,925	367,406,260	367,613,715

Note: In 2011 the Events Center LLC was added as a blended component unit under the business-type activities.

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

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.

Note: In 2018 the City adopted GASB Statement No. 75, which restated beginning net position. For the years prior to 2018, 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
Administrative Services	\$ 9,305,826	8,344,371	9,225,738	9,096,123	9,348,081	9,054,549	10,060,792	9,787,625	11,766,972	11,465,578
Public Safety	53,067,764	53,836,564	55,139,731	56,859,801	57,226,139	59,265,485	59,583,743	59,355,553	64,741,468	68,890,126
Municipal Services	13,647,390	15,562,839	17,428,294	18,079,671	17,740,128	18,062,959	17,889,269	18,384,360	19,081,925	18,966,524
Health and Welfare	3,732,795	3,575,162	3,810,863	3,622,207	3,672,055	3,597,625	2,690,316	2,190,183	—	—
Animal Services	—	—	—	—	—	—	—	—	—	691,921
Culture and Recreation	7,947,692	8,476,301	7,275,087	7,435,735	8,004,845	8,500,729	8,490,201	8,659,305	9,829,225	9,359,426
Community Development	7,032,272	5,128,323	5,318,490	6,316,004	4,876,851	4,694,568	5,913,644	6,364,261	6,866,076	6,729,400
Storm Water	2,876,073	2,765,629	2,862,544	3,000,734	2,917,670	3,381,187	3,734,597	3,722,027	3,854,859	3,929,055
General Government	9,366,479	9,293,399	8,405,914	8,730,105	9,462,575	10,082,656	9,330,488	9,749,366	1,047,083	838,934
Tax Increment Financing	—	2,992,581	14,281,820	14,273,775	11,531,889	11,319,659	16,156,910	8,756,255	9,743,568	10,786,336
Debt Service Component Unit	7,709,611	—	—	—	—	—	—	—	—	—
Interest on long-term debt	625,778	10,125,399	379,760	252,213	176,912	116,229	108,756	75,246	109,479	96,297
Total governmental activities expenses	<u>115,311,680</u>	<u>120,100,568</u>	<u>124,128,241</u>	<u>127,666,368</u>	<u>124,957,145</u>	<u>128,075,646</u>	<u>133,958,716</u>	<u>127,044,181</u>	<u>127,040,655</u>	<u>131,753,597</u>
Business-type activities:										
Power and Light	113,956,212	124,533,699	127,959,254	138,801,854	136,825,933	134,873,700	128,209,073	130,197,969	124,700,820	122,805,250
Water	20,239,748	20,563,502	21,886,576	22,140,775	20,921,367	21,913,607	22,136,019	23,976,929	22,519,143	24,940,525
Sewer	16,304,874	16,157,412	18,900,129	19,015,060	21,822,803	23,512,501	24,420,243	25,605,642	25,728,344	27,191,672
Events Center	13,764,087	12,869,289	13,091,457	10,859,704	11,218,628	11,734,030	12,067,172	12,287,000	13,218,585	12,178,812
Total business-type activities expenses	<u>164,264,921</u>	<u>174,123,902</u>	<u>181,837,416</u>	<u>190,817,393</u>	<u>190,788,731</u>	<u>192,033,838</u>	<u>186,832,507</u>	<u>192,067,540</u>	<u>186,166,892</u>	<u>187,116,259</u>
Total primary government expenses	<u>\$ 279,576,601</u>	<u>294,224,470</u>	<u>305,965,657</u>	<u>318,483,761</u>	<u>315,745,876</u>	<u>320,109,484</u>	<u>320,791,223</u>	<u>319,111,721</u>	<u>313,207,547</u>	<u>318,869,856</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Administrative Services	\$ 6,453,890	6,676,240	6,611,432	6,904,917	7,526,268	8,026,010	8,206,822	8,406,360	6,533,752	6,436,938
Public Safety	4,943,734	4,829,421	4,567,625	5,154,144	5,016,016	4,757,394	4,670,892	4,372,243	4,513,453	3,659,764
Municipal Services	437,032	398,071	362,732	401,793	391,816	376,062	577,574	537,691	640,034	543,843
Health and Welfare	732,116	817,774	735,708	758,211	659,329	198,147	854,870	744,308	—	—
Animal Services	—	—	—	—	—	—	—	—	—	10,688
Culture and Recreation	796,820	871,799	727,220	613,238	689,980	821,976	843,135	913,869	1,264,973	1,017,524
Community Development	1,167,853	968,438	934,442	1,089,720	1,285,797	1,230,826	2,529,919	2,023,318	4,535,619	4,394,291
Storm Water	—	—	—	—	—	—	—	—	—	—
General Government	—	1,012,898	1,037,506	978,491	999,787	1,263,754	1,031,478	1,114,160	1,000,040	771,397
Operating grants and contributions	13,517,593	12,487,041	9,462,570	10,680,433	8,844,808	9,025,480	8,238,425	8,908,557	8,611,746	7,851,184
Capital grants and contributions	12,598,018	14,465,335	3,590,902	3,769,347	1,930,309	575,703	131,098	2,239,697	1,299,857	824,436
Total governmental activities program revenues	<u>40,647,056</u>	<u>42,527,017</u>	<u>28,030,137</u>	<u>30,350,294</u>	<u>27,344,110</u>	<u>26,275,352</u>	<u>27,084,213</u>	<u>29,260,203</u>	<u>28,399,474</u>	<u>25,510,065</u>
Business-type activities:										
Charges for services:										
Power and Light	126,755,826	139,878,341	137,749,295	138,813,984	139,078,098	134,747,475	137,945,902	148,047,728	145,164,378	128,575,740
Water	22,203,258	24,635,637	26,642,646	27,545,623	27,838,244	30,858,398	32,260,796	32,953,246	32,365,391	31,792,837
Sewer	17,061,489	18,233,724	20,231,637	21,471,299	23,545,640	23,743,340	26,029,675	28,812,899	30,171,515	33,354,075
Events Center	4,874,623	8,370,481	4,345,469	3,359,318	4,273,465	4,461,330	4,771,821	5,241,363	5,761,559	4,813,932
Operating grants and contributions	4,813,612	5,000	—	—	—	—	—	—	—	—
Capital grants and contributions	4,012,182	1,122,019	763,127	2,386,511	1,613,406	1,425,612	1,322,901	864,452	182,117	37,799
Total business-type activities program revenues	<u>179,720,990</u>	<u>192,245,202</u>	<u>189,732,174</u>	<u>193,576,735</u>	<u>196,348,853</u>	<u>195,236,155</u>	<u>202,331,095</u>	<u>215,919,688</u>	<u>213,644,960</u>	<u>198,574,443</u>
Total primary government program revenues	<u>\$ 220,368,046</u>	<u>234,772,219</u>	<u>217,762,311</u>	<u>223,927,029</u>	<u>223,692,963</u>	<u>221,511,507</u>	<u>229,415,308</u>	<u>245,179,891</u>	<u>242,044,434</u>	<u>224,084,508</u>

Table 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue										
Governmental activities	\$ (74,664,624)	(77,573,551)	(96,098,104)	(97,316,074)	(97,613,035)	(101,800,294)	(106,874,503)	(97,783,978)	(98,641,181)	(106,243,532)
Business-type activities	15,456,069	18,121,300	7,894,758	2,759,342	5,560,122	3,202,317	15,498,588	23,852,148	27,478,068	11,458,184
Total primary government net expense	<u>\$ (59,208,555)</u>	<u>(59,452,251)</u>	<u>(88,203,346)</u>	<u>(94,556,732)</u>	<u>(92,052,913)</u>	<u>(98,597,977)</u>	<u>(91,375,915)</u>	<u>(73,931,830)</u>	<u>(71,163,113)</u>	<u>(94,785,348)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,458,788	8,652,704	7,618,559	7,993,199	8,546,600	8,485,768	7,978,323	8,237,760	8,080,629	8,717,634
Sales and use taxes	36,030,316	39,836,686	40,689,725	41,142,183	44,459,358	44,683,858	45,348,299	46,319,963	45,006,244	46,752,729
Intergovernmental activity taxes	—	9,534,652	9,635,263	10,809,061	8,830,000	10,351,536	10,776,518	11,720,991	12,328,192	13,388,147
Franchise taxes	10,696,214	10,914,940	10,414,823	10,292,488	9,960,928	8,528,741	8,703,530	8,771,667	8,651,580	7,523,346
Financial institutions tax	28,410	21,646	15,225	19,381	16,523	21,116	34,130	34,818	18,814	32,404
Investment earnings	138,471	228,812	302,467	302,394	256,159	311,028	130,083	478,931	2,294,796	2,897,668
Special item - litigation settlement	—	—	—	2,203,430	—	—	—	—	—	—
Special item - OPEB change in benefit terms	—	—	—	—	—	—	—	—	72,282,213	—
Miscellaneous	1,079,391	397,567	1,049,065	695,896	1,960,753	796,842	1,147,386	1,211,700	594,740	1,469,877
Transfers	16,201,380	17,329,950	18,232,349	18,804,684	18,676,005	18,753,474	19,283,144	20,057,532	20,360,728	19,181,560
Total governmental activities	<u>71,632,970</u>	<u>86,916,957</u>	<u>87,957,476</u>	<u>92,262,716</u>	<u>92,706,326</u>	<u>91,932,363</u>	<u>93,401,413</u>	<u>96,833,362</u>	<u>169,617,936</u>	<u>99,963,365</u>
Business-type activities:										
Sales and use taxes	—	—	5,291,682	5,397,059	5,600,076	5,741,439	5,770,850	5,973,582	6,793,078	7,783,055
Investment earnings	171,413	28,936	66,215	45,754	32,746	176,436	(35,308)	674,832	5,455,337	5,526,440
Special item - litigation settlement	—	—	—	12,796,570	—	—	—	—	—	—
Special item - OPEB change in benefit terms	—	—	—	—	—	—	—	—	33,603,664	—
Miscellaneous	679,868	2,212,916	557,965	1,660,835	1,456,086	2,202,550	560,155	665,216	314,820	901,503
Transfers	(16,201,380)	(17,329,950)	(18,232,349)	(18,804,684)	(18,676,005)	(18,753,474)	(19,283,144)	(20,057,532)	(20,360,728)	(19,181,560)
Total business-type activities	<u>(15,350,099)</u>	<u>(15,088,098)</u>	<u>(12,316,487)</u>	<u>1,095,534</u>	<u>(11,587,097)</u>	<u>(10,633,049)</u>	<u>(12,987,447)</u>	<u>(12,743,902)</u>	<u>25,806,171</u>	<u>(4,970,562)</u>
Total primary government	<u>\$ 56,282,871</u>	<u>71,828,859</u>	<u>75,640,989</u>	<u>93,358,250</u>	<u>81,119,229</u>	<u>81,299,314</u>	<u>80,413,966</u>	<u>84,089,460</u>	<u>195,424,107</u>	<u>94,992,803</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ (3,031,654)	9,343,406	(8,140,628)	(5,053,358)	(4,906,709)	(9,867,931)	(13,473,090)	(950,616)	70,976,755	(6,280,167)
Business-type activities	105,970	3,033,202	(4,421,729)	3,854,876	(6,026,975)	(7,430,732)	2,511,141	11,108,246	53,284,239	6,487,622
Total primary government	<u>\$ (2,925,684)</u>	<u>12,376,608</u>	<u>(12,562,357)</u>	<u>(1,198,482)</u>	<u>(10,933,684)</u>	<u>(17,298,663)</u>	<u>(10,961,949)</u>	<u>10,157,630</u>	<u>124,260,994</u>	<u>207,455</u>

Note: In 2011 the Events Center LLC was added as a blended component unit under the business-type activities.

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

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.

Note: In 2018 the City adopted GASB Statement No. 75, which restated beginning net position. For the years prior to 2018, 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									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund											
Nonspendable	\$	—	—	—	14,141	—	11,424	—	—	—	—
Restricted		442,556	584,917	417,361	402,899	142,966	273,164	404,806	395,412	84,386	78,022
Committed		1,413,292	453,285	391,399	437,083	471,606	348,001	261,700	106,884	30,762	18,105
Assigned		667,065	593,561	464,633	398,283	1,300,973	1,336,086	1,648,808	1,268,521	574,172	723,920
Unassigned		2,302,039	1,831,406	600,662	3,591,990	3,741,675	3,684,710	5,982,941	7,030,007	6,591,442	5,301,516
	\$	<u>4,824,952</u>	<u>3,463,169</u>	<u>1,874,055</u>	<u>4,844,396</u>	<u>5,657,220</u>	<u>5,653,385</u>	<u>8,298,255</u>	<u>8,800,824</u>	<u>7,280,762</u>	<u>6,121,563</u>
All other governmental funds											
Nonspendable	\$	—	—	480,253	—	—	665	—	526,245	—	—
Restricted		16,659,329	44,378,155	43,513,724	44,679,472	43,356,113	42,864,399	44,066,001	43,085,814	47,556,094	74,562,521
Committed		437,150	1,404,187	451,142	204,117	164,507	41,772	30,198	53,981	61,507	81,165
Unassigned		(5,369,883)	(6,237,737)	(6,951,949)	(6,167,243)	(5,796,859)	(2,929,573)	(1,482,674)	(1,440,718)	(1,627,806)	(3,851,954)
	\$	<u>11,726,596</u>	<u>39,544,605</u>	<u>37,493,170</u>	<u>38,716,346</u>	<u>37,723,761</u>	<u>39,977,263</u>	<u>42,613,525</u>	<u>42,225,322</u>	<u>45,989,795</u>	<u>70,791,732</u>

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 Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 59,053,886	68,437,032	68,799,104	70,380,577	71,412,311	71,815,835	73,168,146	75,673,475	74,694,144	76,307,087
Licenses, fees and permits	3,426,859	3,319,496	3,255,877	3,464,631	3,785,532	3,802,218	5,614,626	4,834,935	4,783,828	5,012,961
Intergovernmental	24,785,082	24,127,728	12,724,286	13,672,530	10,337,589	9,174,995	8,215,395	10,860,762	9,304,404	8,315,029
Charges for services	3,015,294	3,095,040	2,966,943	2,699,813	2,905,601	3,273,899	3,378,711	3,385,145	3,378,423	3,153,527
Interfund charges for support services	3,743,875	3,791,444	3,835,972	3,987,029	4,544,233	4,913,709	4,943,014	5,099,696	5,035,500	5,035,500
Fines, forfeitures, and court costs	4,398,111	4,329,537	4,061,879	4,790,383	4,652,309	4,214,064	3,855,121	3,716,388	3,913,825	2,890,421
Investment earnings (loss)	124,223	214,584	287,686	259,908	250,763	286,088	93,294	337,709	2,000,253	2,704,945
Reimbursements from component unit	581,524	—	—	—	—	—	—	—	—	—
Developer contributions	—	832,549	238,105	250,000	35,000	17,025	—	—	—	—
Other	1,115,938	2,355,665	2,263,964	2,281,201	2,042,419	2,382,870	2,322,302	2,444,365	2,413,302	2,333,878
Total revenues	100,244,792	110,503,075	98,433,816	101,786,072	99,965,757	99,880,703	101,590,609	106,352,475	105,523,679	105,753,348
<b>Expenditures</b>										
Administrative Services	7,862,603	7,332,146	6,997,537	7,547,357	7,640,238	7,576,728	7,834,761	8,051,979	10,429,550	8,583,484
Public Safety	48,037,112	45,457,931	46,169,791	49,093,577	49,529,374	50,513,184	49,939,819	52,410,075	59,828,210	61,192,700
Municipal Services	6,159,868	5,191,326	5,645,470	5,899,660	5,386,719	4,693,660	4,791,209	5,495,957	7,470,311	6,484,056
Health and Welfare	3,277,614	3,055,362	3,362,706	3,322,766	3,206,732	3,130,183	2,464,245	2,114,547	—	—
Animal Services	—	—	—	—	—	—	—	—	—	537,806
Culture and Recreation	5,995,558	6,205,463	5,694,462	5,747,828	5,793,101	5,888,760	6,013,044	6,163,491	7,508,674	6,625,256
Community Development	6,730,888	4,877,604	5,029,870	6,007,452	4,460,559	4,303,735	5,226,710	5,865,477	6,561,980	6,108,787
Storm Water	1,772,387	1,581,460	1,532,184	1,686,782	1,629,842	1,769,844	2,271,882	2,092,652	2,223,961	2,145,806
General Government	8,507,142	8,343,550	7,461,577	7,688,526	8,622,570	8,921,005	8,543,800	8,968,731	343,456	18,129
Tax Increment Financing	—	2,992,581	2,578,489	2,886,495	1,290,274	859,000	1,136,583	1,083,430	3,124,874	4,545,677
Capital outlay	22,527,627	24,697,928	15,475,351	12,296,360	14,159,976	13,890,964	11,951,855	15,078,234	12,808,202	10,298,410
Debt Service										
Principal	2,963,391	12,935,067	12,223,792	7,614,702	8,513,930	6,833,988	8,107,973	8,848,975	7,578,765	7,344,377
Debt service component unit	3,566,752	—	—	—	—	—	—	—	—	—
Interest	600,864	10,283,032	9,505,756	8,844,986	9,243,134	8,541,494	7,214,003	6,899,667	6,123,004	5,856,638
Debt issuance costs	—	258,358	1,059,129	201,254	240,698	1,156,904	431,670	249,268	—	—
Total expenditures	118,001,806	133,211,808	122,736,114	118,837,745	119,717,147	118,079,449	115,927,554	123,322,483	124,000,987	119,741,126
Excess of revenues over (under) expenditures	(17,757,014)	(22,708,733)	(24,302,298)	(17,051,673)	(19,751,390)	(18,198,746)	(14,336,945)	(16,970,008)	(18,477,308)	(13,987,778)
<b>Other Financing Sources (Uses)</b>										
Transfers in	2,499,761	8,446,498	9,771,846	2,630,331	2,119,880	2,964,941	2,118,908	7,815,722	3,058,253	8,806,903
Transfers out	(2,461,566)	(8,446,498)	(9,560,573)	(1,969,709)	(1,857,265)	(2,726,803)	(1,834,435)	(7,825,722)	(3,068,253)	(8,816,902)
Issuance of debt	—	8,694,700	40,855,000	6,981,126	8,770,000	50,074,897	19,604,504	12,052,210	—	17,940,000
Premiums/Discounts on debt issued	—	(99,950)	(14,334)	74,056	(99,693)	(1,168,942)	2,585,491	836,091	—	—
Payment to refunded loans escrow agent	—	(6,426,286)	(38,713,690)	(6,982,279)	(7,887,707)	(47,379,813)	(22,019,468)	(15,969,779)	—	—
Transfers in - utility payments in lieu of taxes	16,211,380	17,329,950	18,021,077	18,144,063	18,413,389	18,515,336	18,998,671	20,067,531	20,370,728	19,191,559
Sale of capital assets	218,603	100,901	302,423	164,172	113,025	168,797	164,406	108,321	360,991	508,956
Total other financing sources (uses)	16,468,178	19,599,315	20,661,749	19,041,760	19,571,629	20,448,413	19,618,077	17,084,374	20,721,719	37,630,516
<b>Special items:</b>										
Litigation settlement	—	—	—	2,203,430	—	—	—	—	—	—
Net change in fund balances	\$ (1,288,836)	(3,109,418)	(3,640,549)	4,193,517	(179,761)	2,249,667	5,281,132	114,366	2,244,411	23,642,738
Debt service as a percentage of non-capital expenditures	3.83%	21.55%	20.60%	15.90%	17.45%	15.03%	15.10%	14.94%	12.53%	12.37%

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 Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2012 the Crackerneck Creek Transportation Development District was added as a blended component unit under the governmental activities.

Note: In 2019 the Health Department was restructured and remaining functions were moved to other departments.

Table 5

**City of Independence, Missouri**  
Sales and Use Tax Revenue  
Last Ten Fiscal Years

City Sales and Use Tax Revenue:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund	\$ 16,305,303	16,745,763	16,895,043	17,036,996	18,132,065	18,220,678	17,982,053	18,470,762	17,946,599	18,160,631
Tourism Fund (Transient Guest Tax)	1,077,506	1,219,340	1,356,592	1,468,758	1,618,246	1,954,406	1,994,953	1,956,256	1,967,003	1,554,582
Street Sales Tax Fund	7,406,892	7,640,274	7,730,491	7,767,525	8,357,101	8,399,825	8,329,801	8,540,878	8,258,900	8,323,739
Park Improvements Sales Tax Fund	3,703,969	3,832,077	3,854,506	3,884,655	4,178,652	4,200,128	4,167,642	4,270,461	4,129,442	4,161,885
Storm Water Sales Tax Fund	3,703,882	3,832,155	3,852,030	3,884,641	4,178,663	4,200,147	4,167,558	4,270,479	4,129,446	4,161,887
Police Sales Tax Fund	1,979,695	2,032,892	2,056,547	2,069,621	2,211,890	2,221,976	2,198,883	2,269,600	2,210,139	2,238,572
Fire Sales Tax Fund	1,853,069	1,916,791	1,928,889	1,943,700	2,089,554	2,100,451	2,089,313	2,135,284	2,064,701	2,080,829
TIF Funds (consolidated)	2,818,229	2,617,394	3,015,627	3,086,287	3,693,187	3,386,247	4,418,096	4,406,243	4,300,014	4,398,792
Events Center Community Improvement District	—	3,506,061	5,291,682	5,397,059	5,600,076	5,741,439	5,770,850	5,973,582	6,793,078	7,783,055
Animal Services Use Tax	—	—	—	—	—	—	—	—	—	750,000
Police Use Tax	—	—	—	—	—	—	—	—	—	921,812
Total	\$ <u>38,848,545</u>	<u>43,342,747</u>	<u>45,981,407</u>	<u>46,539,242</u>	<u>50,059,434</u>	<u>50,425,297</u>	<u>51,119,149</u>	<u>52,293,545</u>	<u>51,799,322</u>	<u>54,535,784</u>

Source: City of Independence

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.500	0.500	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	0.125	0.125	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	2011	2012	2013	2014	2015	2016	2017	2018	2018	2018
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Missouri State Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Missouri 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
Jackson County - Community Children's Services	0.000	0.000	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125
Kansas City Zoo	0.000	0.125	0.125	0.125	0.125	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	7.850	7.850	7.850	7.850	7.850	7.975	7.975	7.975	7.975

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,	Taxing Year	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				
2011	2010	\$ 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	2011	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	2012	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	2013	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	2014	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	2015	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%
2017	2016	816,156,782	1,240,556	241,685,369	5,480,210	1,064,562,917	259,387,309	2,848,806	1,326,799,032	0.7216	5,866,135,798	22.62%
2018	2017	851,240,599	1,246,527	269,580,035	5,484,957	1,127,552,118	264,036,773	2,657,765	1,394,246,656	0.7031	6,151,388,242	22.67%
2019	2018	855,893,579	1,212,349	261,658,049	5,795,714	1,124,559,691	276,071,272	2,862,628	1,403,493,591	0.7105	6,188,587,536	22.68%
2020	2019	985,433,731	1,153,021	349,795,437	5,608,335	1,341,990,524	269,306,567	2,582,419	1,613,879,510	0.6078	7,123,537,106	22.66%

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

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

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

Table 8

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

Fiscal Year ending (June 30)	Taxing Year	City Direct Rates				Overlapping Rates			
		Basic/General Rate	Public Health & Recreation	Debt Service	Total Direct	Metropolitan Junior College	Independence School District	Jackson County	State
2011	2010	\$ 0.4950	0.2330	—	0.7280	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
2017	2016	0.4906	0.2310	—	0.7216	0.2339	5.913	1.0117	0.030
2018	2017	0.4780	0.2251	—	0.7031	0.2297	5.801	1.0685	0.030
2019	2018	0.4830	0.2275	—	0.7105	0.2305	5.801	1.2867	0.030
2020	2019	0.4132	0.1946	—	0.6078	0.2047	5.498	1.1371	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        | 0.1801        |
| General Fund                 | 0.2446        |
| Road & Bridge Fund           | 0.0660        |
| Park Fund                    | 0.1203        |
| Mid-Continent Public Library | 0.3633        |
| Developmentally Disabled     | 0.0620        |
| Mental Health                | 0.1008        |
| Total County                 | <u>1.1371</u> |
- (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   | 6.3700 |
| Blue Springs Reorganized #4 | 5.5500 |
| Kansas City School District | 4.9599 |

Table 9

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

Taxpayer	2020			2011		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Independence Mall Holding, Inc	\$ 23,181,438	1	1.44%	\$ 22,131,786	1	1.72%
DT Independence Commons LLC	10,944,962	2	0.68%	8,963,343	4	0.70%
Southern Union Company	7,916,961	3	0.49%	5,335,323	7	0.41%
Space Center of Kansas City	6,400,204	4	0.40%	8,529,447	5	0.66%
Mansion Apartments	5,951,560	5	0.37%	4,032,764	10	0.31%
Cole JC Independence MO DST	5,557,008	6	0.34%			
Unilever Best Foods	5,305,476	7	0.33%	5,253,260	8	0.41%
Centerpoint Medical Center	5,269,809	8	0.33%	4,215,065	9	0.33%
MPM Cornerstone LLC	4,752,927	9	0.29%			
Comcast Cablevision	4,312,436	10	0.27%	6,767,792	6	0.53%
Sprint				11,203,388	2	0.87%
A T & T				9,076,885	3	0.71%
Total	\$ <u>79,592,781</u>		<u>4.93%</u>	\$ <u>85,509,053</u>		<u>6.64%</u>

Source: Jackson County Collection Department

Table 10

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

Fiscal Year Ended June 30,	Taxing Year	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
2011	2010	\$ 7,493,616	\$ 7,145,073	95.35%	\$ 313,746	\$ 7,458,819	99.54%
2012	2011	7,495,895	6,971,357	93.00%	377,000	7,348,357	98.03%
2013	2012	7,402,402	7,065,183	95.44%	322,893	7,388,076	99.81%
2014	2013	7,625,313	7,145,159	93.70%	419,560	7,564,719	99.21%
2015	2014	7,468,109	7,164,660	95.94%	296,940	7,461,600	99.91%
2016	2015	7,633,251	7,182,858	94.10%	310,230	7,493,088	98.16%
2017	2016	7,782,123	7,396,095	95.04%	279,048	7,675,143	98.63%
2018	2017	7,845,114	7,374,105	94.00%	374,457	7,748,562	98.77%
2019	2018	8,058,354	7,589,114	94.18%	160,918	7,750,032	96.17%
2020	2019	7,907,099	7,554,965	95.55%	—	7,554,965	95.55%

Source: City of Independence

Table 11

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

Sales by Category:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Power and Light:										
Residential	\$ 64,723,000	71,334,000	71,667,000	72,259,000	70,622,000	68,081,000	71,368,000	76,223,000	76,873,000	69,507,000
Commercial	52,003,000	58,366,000	56,044,000	56,809,000	58,251,000	54,249,000	55,067,000	56,522,000	52,656,000	48,512,000
Industrial	3,292,000	4,462,000	4,839,000	4,867,000	4,727,000	4,187,000	4,464,000	5,152,000	3,898,000	3,549,000
Sold to Other Utilities	3,077,000	1,909,000	2,380,000	2,254,000	2,369,000	3,298,000	1,751,000	3,088,000	5,780,000	5,620,000
Other	1,551,000	1,644,000	606,000	599,000	493,000	367,000	238,000	302,000	274,000	156,000
Water:										
Residential	10,726,567	11,699,971	13,080,814	13,052,557	13,147,584	14,272,445	15,288,208	15,647,744	13,699,721	13,367,035
Commercial	2,835,271	3,325,167	3,847,161	3,555,507	3,491,458	3,759,332	4,135,439	4,477,410	5,515,624	5,664,412
Industrial	450,156	479,477	547,930	769,857	605,223	694,902	605,996	583,867	1,265,360	683,790
Public Authority	263,137	256,730	270,391	262,012	318,503	281,902	344,489	300,755	256,247	209,639
Sold to Other Utilities	6,659,302	7,153,628	7,714,290	8,136,297	8,322,743	9,461,694	9,814,368	9,753,385	9,878,165	9,775,067
Other	1,245,524	1,289,923	1,531,318	1,760,366	1,845,426	1,981,057	2,146,939	2,199,111	2,327,662	2,154,021
Sanitary Sewer:										
Residential	9,873,906	10,460,524	10,601,887	11,329,939	11,545,538	12,121,229	12,340,133	14,001,286	15,766,174	17,582,711
Commercial	4,841,546	5,099,839	5,288,864	5,755,295	5,875,596	5,402,688	5,903,198	6,221,026	7,080,859	7,567,127
Other	2,443,875	2,628,416	4,340,296	4,295,186	6,073,994	6,148,154	7,865,081	7,889,045	7,846,608	8,097,157
Total	\$ <u>163,985,284</u>	<u>180,108,675</u>	<u>182,758,951</u>	<u>185,705,016</u>	<u>187,688,065</u>	<u>184,305,403</u>	<u>191,331,851</u>	<u>202,360,629</u>	<u>203,117,420</u>	<u>192,444,959</u>

Source: City of Independence



Table 12

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

Rates by Category:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Power and Light (per Kwh):	\$									
Residential	0.12	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.13
Commercial	0.10	0.12	0.12	0.12	0.13	0.12	0.12	0.13	0.12	0.11
Industrial	0.08	0.09	0.09	0.09	0.09	0.08	0.07	0.08	0.07	0.07
Sold to Other Utilities	0.03	0.02	0.03	0.04	0.03	0.02	0.02	0.04	0.03	0.02
Other	0.15	0.15	0.06	0.10	0.12	0.09	0.06	0.08	0.25	0.14
Water (per 1,000 gallons):										
Residential	3.61	3.91	4.14	4.49	4.89	5.21	5.57	5.76	5.21	6.08
Commercial	3.33	3.59	3.82	4.10	4.44	4.77	5.07	5.36	7.18	5.54
Industrial	2.23	2.25	2.29	2.42	2.75	3.21	3.40	3.19	6.58	3.44
Public Authority	3.34	3.67	3.89	4.16	4.36	4.81	5.05	4.60	3.39	5.56
Sold to Other Utilities	1.35	1.46	1.57	1.69	1.80	1.93	2.05	2.09	2.04	2.09
Sanitary Sewer (per 100 cubic feet):										
Residential	3.62	3.90	4.16	4.31	4.49	4.89	5.07	5.49	6.55	7.42
Commercial	3.09	3.42	3.09	3.81	3.74	3.55	3.60	4.00	4.98	5.29
Total	\$ <u>21.05</u>	<u>22.73</u>	<u>23.39</u>	<u>25.49</u>	<u>26.98</u>	<u>28.81</u>	<u>30.23</u>	<u>30.95</u>	<u>36.56</u>	<u>35.90</u>

Source: City of Independence

Table 13

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

Utility Customer - Power and Light	2020			2011		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	2,137,464	1	1.68%	1,632,785	1	1.31%
Centerpoint Medical Center	2,063,945	2	1.62%	1,582,892	2	1.27%
Burd and Fletcher (5151 Geospace)	1,338,096	3	1.05%	1,539,652	3	1.24%
Smart Warehouse/Commercial Distributions Center	993,896	4	0.78%	1,034,879	5	0.83%
Simon Property Group LP/Independence Center LLC	807,391	5	0.63%	1,169,366	4	0.94%
HCP MOB Centerpoint (Boyer Company)	744,955	6	0.58%	533,497	6	0.43%
Costco Wholesale Inc.	506,069	7	0.40%	520,355	7	0.42%
Cable Dahmer Arena (Events Center)	482,095	8	0.38%			
Hy Vee - Noland Road	449,223	9	0.35%			
Price Chopper (23rd Street)	432,025	10	0.34%	513,749	8	0.41%
WalMart						
City's Rock Creek Sanitary Sewer Plant				481,934	9	0.39%
Price Chopper (Noland Road)				431,077	10	0.35%
Total	\$ 9,955,159		7.82%	\$ 9,440,186		7.57%

Source: City of Independence

Table 14

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

Utility Customer - Water	2020			2011		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 5,471,111	1	17.18%	\$ 3,841,421	1	17.32%
Blue Springs	1,229,765	2	3.86%	1,033,424	2	4.66%
District #2, Jackson County	707,524	3	2.22%	465,369	3	2.10%
District #1, Lafayette County	514,515	4	1.62%	320,110	4	1.44%
Oak Grove	448,468	5	1.41%	318,359	5	1.44%
Grain Valley	357,074	6	1.12%	221,005	6	1.00%
District #15, Jackson County	355,216	7	1.12%	170,277	8	0.77%
Audubon (Lafarge) Corporation	345,266	8	1.08%	188,134	7	0.85%
District #16, Jackson County	239,949	9	0.75%			
Unilever (Thomas J. Lipton Co)	176,489	10		151,640	9	0.68%
Buckner				133,158	10	0.60%
Total	\$ 9,845,377		30.35%	\$ 6,842,897		30.85%

Source: City of Independence

Table 15

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

Utility Customer - Sewer	2020			2011		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
BP/AMOCO	\$ 356,856	1	1.07%	\$ 262,272	2	1.53%
Unilever (Thomas J. Lipton Co)	310,823	2	0.93%	687,932	1	4.01%
City of Independence, Power & Light	115,489	3	0.35%	124,251	3	0.72%
Simon Property Group LP/Independence Center LLC	103,052	4	0.31%	41,144	5	0.24%
Centerpoint Medical Center	91,859	5	0.28%	54,472	4	0.32%
Independence Housing Authority	91,246	6	0.27%			
Highland Park Investors	64,561	7	0.19%			
YES Companies	56,686	8	0.17%			
Green Lantern	54,413	9	0.16%			
Space Center of KC	50,916	10	0.15%			
Price Chopper (23rd Street)				18,203	6	0.11%
Smart Warehouse/Commercial Distributions Center				18,024	7	0.11%
The Boyer Company				11,288	8	0.07%
Bass Pro				10,245	9	0.06%
Independence Events Center				7,136	10	0.04%
Total	\$ <u>1,295,901</u>		<u>3.90%</u>	\$ <u>1,234,967</u>		<u>7.20%</u>

Source: City of Independence

Table 16

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

Governmental Activities							
Fiscal Year	Loans Payable	Neighborhood Improvement District	Capital Leases	Certificates of Participation			
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	—			
2017	153,301,444	217,640	1,333,212	—			
2018	142,973,315	131,694	1,260,264	—			
2019	135,402,242	40,748	1,009,999	—			
2020	145,926,947	33,804	755,122	—			

Business-Type Activities							
Fiscal Year	Revenue Bonds	Loans Payable	Capital Leases	Certificates of Participation	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2011	\$ 195,970,016	—	21,353	—	208,531,403	7.40%	\$ 1,720.39
2012	243,037,399	—	—	—	426,070,565	16.16%	3,646.93
2013	296,937,015	—	—	—	470,244,759	17.26%	4,011.88
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
2017	383,308,356	—	—	—	538,160,652	16.90%	4,598.48
2018	374,751,112	—	—	—	519,116,385	17.24%	4,425.32
2019	365,808,725	—	—	—	502,261,714	14.58%	4,295.59
2020	355,501,259	—	—	—	502,217,132	16.99%	4,304.48

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			Percentage of Est. Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Less Amounts Available in Debt Service	Total		
2011	\$ —	\$ —	\$ —	0.00%	\$ —
2012	—	—	—	0.00%	—
2013	—	—	—	0.00%	—
2014	—	—	—	0.00%	—
2014	—	—	—	0.00%	—
2015	—	—	—	0.00%	—
2016	—	—	—	0.00%	—
2017	—	—	—	0.00%	—
2018	—	—	—	0.00%	—
2019	—	—	—	0.00%	—
2020	—	—	—	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, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Independence School District	\$ 176,990,000	93.10%	\$ 164,777,690
Fort Osage Reorganized #1 School District	43,870,000	12.50%	5,483,750
Blue Springs Reorganized #4 School District	167,540,000	4.00%	6,701,600
Raytown School District	87,073,202	8.58%	7,470,881
Subtotal, overlapping debt			<u>184,433,921</u>
City direct debt			<u>146,715,873</u>
Total direct and overlapping debt			<u><u>\$ 331,149,794</u></u>

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit (1)	\$ 257,431,508	255,846,718	255,830,677	256,165,576	253,001,295	263,032,572	265,359,806	280,698,718	280,698,718	322,775,902
Total net debt applicable to limit	585,340	515,768	455,018	368,810	290,306	197,697	118,648	32,474	—	—
Legal Debt Margin	\$ 256,846,168	255,330,950	255,375,659	255,796,766	252,710,989	262,834,875	265,241,158	280,666,244	280,698,718	322,775,902
Total net debt applicable to the limit as a percentage of debt limit	0.227%	0.202%	0.178%	0.144%	0.115%	0.075%	0.045%	0.012%	0.000%	0.000%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Assessed Value	\$ 1,613,879,510
Debt Limit (20% of assessed value)	322,775,902

General obligation:

City-Wide	—
Neighborhood Improvement Districts	33,804
Revenue Bonds	355,501,259
Total Bonded Debt	355,535,063
Less:	
Electric Utility Bonds	155,525,681
Water Utility Bonds	22,385,224
Sewer Utility Bonds	91,308,028
Events Center Bonds	86,282,326
Debt Service Fund Bonds	33,804
Total net debt applicable to limit	—
Legal debt margin	\$ 322,775,902

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			Less: Operating	Net Available		Debt Service				
	Revenues		Expenses (1)	Revenue		Principal		Interest (2)		Coverage
Power & Light (2)										
2011	\$	127,486,725	98,684,455	\$	23,685,011	\$	2,965,000	2,645,010	\$	4.22
2012		140,997,371	104,196,848		28,802,270		3,820,000	3,042,435		4.20
2013		138,561,630	100,672,846		36,800,523		4,080,000	6,100,037		3.61
2014		139,621,307	106,187,200		37,888,784		5,015,000	5,853,306		3.49
2015		139,687,551	107,899,251		33,434,107		3,265,000	5,670,556		3.74
2016		135,479,674	110,381,924		25,097,750		3,395,000	5,539,957		2.81
2017		138,833,337	103,916,192		34,917,145		3,530,000	6,607,431		3.44
2018		149,909,406	107,058,654		42,850,752		3,685,000	7,036,700		4.00
2019		149,612,959	102,668,316		46,944,643		3,850,000	6,872,250		4.38
2020		132,767,233	100,302,200		32,465,033		4,945,000	6,700,350		2.79
Water (2)										
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
2017		34,018,812	17,976,941		16,041,871		3,275,000	1,114,613		3.65
2018		34,579,510	20,668,017		13,911,493		1,480,000	1,043,288		5.51
2019		35,021,121	18,862,896		16,158,225		1,530,000	998,138		6.39
2020		34,835,219	20,476,713		14,358,506		1,575,000	951,563		5.68
Sanitary Sewer										
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		—
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
2017		26,286,812	16,173,501		10,113,311		1,945,000	4,327,756		1.61
2018		29,006,929	17,251,859		11,755,070		2,000,000	4,272,308		1.87
2019		30,839,962	17,126,837		13,713,125		2,060,000	4,212,537		2.19
2020		34,488,587	17,742,410		16,746,177		2,130,000	4,145,258		2.67

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

<u>Calendar Year (3)</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
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%
2016	117,030	3,183,801,150	27,205	39.30	25,076	5.50%
2017	117,306	3,011,010,408	25,668	37.80	25,158	4.70%
2018	116,925	3,445,545,900	29,468	40.20	25,023	4.10%
2019	116,673	2,956,610,493	25,341	36.80	24,408	4.00%

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

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Independence School District	2,200	1	4.22%	2,043	2	3.79%
Orbital ATK (Lake City)	1,900	2	3.65%	2,600	1	4.82%
Centerpoint Medical Center	1,400	3	2.69%	1,600	3	2.97%
City of Independence	1,050	4	2.01%	1,300	4	2.41%
Government Employee Health Association	743	5	1.43%	650	5	1.21%
Rosewood Health Center at the Groves	444	6	0.85%	400	6	0.74%
Burd & Fletcher	274	7	0.53%	350	7	0.65%
Jackson County Circuit Court	274	8	0.53%	274	8	0.51%
Cable Dahmer Automotive	271	9	0.52%			
Unilever	260	10	0.50%	220	10	0.41%
Mid-Continent Library				248	9	0.46%
Total	8,816		15.47%	9,685		17.96%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
City Council Office	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00
City Clerk	6.00	6.00	6.00	7.00	7.00	7.00	7.00	5.00	2.00	2.00
City Manager	9.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.80	8.83
National Frontiers Trails Museum	6.00	5.75	5.75	5.75	5.00	—	—	—	—	—
Technology Services	21.00	22.00	22.00	22.00	23.00	24.00	24.00	19.00	13.48	13.00
Municipal Court	14.00	14.00	14.67	14.65	14.65	14.65	14.65	13.64	13.64	13.64
Law - General fund	6.00	6.25	6.25	6.25	6.23	6.23	6.21	5.71	5.46	2.00
Law - Grant fund	0.25	0.25	0.25	0.25	0.28	0.28	0.16	0.16	0.29	—
Finance	24.15	22.65	22.65	22.65	22.15	22.15	22.15	16.15	17.41	18.29
Human Resources	6.50	6.50	6.44	7.44	6.75	6.75	6.75	5.00	5.00	5.00
<b>Public Safety</b>										
Police - General Fund	292.90	274.65	276.91	291.91	296.91	296.91	295.91	281.26	294.36	318.96
Police - Grant Fund	13.00	14.00	13.00	13.00	7.00	7.00	6.00	7.00	7.00	—
Fire - General Fund	173.25	173.25	173.25	169.25	169.75	173.75	173.75	172.75	175.50	172.50
Fire - Grant Fund	0.75	0.75	0.75	4.75	5.25	1.25	1.25	1.25	1.25	1.00
Fire - Sales Tax Fund	—	—	—	—	—	—	—	—	1.50	1.50
<b>Municipal Services</b>										
General Fund	83.00	79.90	79.90	80.27	80.27	80.27	80.27	64.00	66.50	63.00
Street Sales Tax Fund	—	—	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Health and Welfare</b>										
General Fund	36.00	35.16	40.20	29.33	28.56	28.56	29.52	15.10	—	—
Grant Fund	4.95	8.65	7.65	9.06	6.86	7.13	8.15	8.40	—	—
<b>Culture and Recreation</b>										
General Fund	31.71	28.71	30.15	27.85	27.10	27.10	26.52	22.69	27.43	19.45
Tourism Fund	4.41	4.66	4.66	5.66	8.18	14.18	13.00	14.25	14.42	16.82
Park Improvement Sales Tax Fund	22.48	21.75	20.75	24.70	26.61	26.61	28.22	29.06	34.31	31.93
<b>Community Development</b>										
General Fund	27.05	27.30	27.30	27.30	28.68	28.68	28.18	28.50	33.82	31.96
Community Dev Block Grant Fund	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.40	1.50
HOME Program Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.42
<b>Storm Water</b>										
Water Poll Control - General Fund	5.00	—	—	—	—	—	—	—	—	—
Storm Water Sales Tax Fund	8.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	15.05	13.95
<b>Power and Light</b>										
Technology Services - General Fund	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	—
Power and Light	222.00	233.00	236.00	238.00	239.00	239.00	239.00	228.00	225.00	212.00
<b>Water</b>										
Finance - General fund	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	—
Water	101.65	93.65	93.42	92.42	93.42	93.42	93.42	93.40	92.90	90.80
<b>Sewer</b>										
Public Works - General fund	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	73.20	73.20	73.90	69.45	72.70
<b>Central Garage Fund</b>	9.75	9.75	9.75	9.75	9.75	9.75	9.75	8.00	8.50	8.50
<b>Worker' Compensation Fund</b>	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	—
Total	<u>1,216.90</u>	<u>1,196.93</u>	<u>1,209.05</u>	<u>1,220.59</u>	<u>1,223.75</u>	<u>1,229.22</u>	<u>1,228.41</u>	<u>1,152.57</u>	<u>1,152.32</u>	<u>1,131.75</u>

Source: City of Independence Budget.

Note: During 2015-16 the National Frontiers Trails Museum moved from the General Fund to the Tourism Fund.

Note: During 2018-19 the Health Department was restructured and remaining employees were moved to other departments.

Table 24

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>										
Police										
Police Incident Calls	100,096	98,282	112,197	90,403	105,840	99,355	147,127	46,024	100,073	91,870
Traffic Unit Citations Issued	19,082	19,977	33,234	40,761	36,864	37,921	27,561	11,761	13,906	8,194
Fire										
Total Alarms	16,931	16,907	17,126	16,929	18,737	20,175	20,790	21,603	22,214	21,500
Public Education Audience	35,243	19,508	26,099	25,591	14,787	6,692	13,066	34,800	7,895	9,200
<b>Municipal Services</b>										
Street Overlay (lane miles)	16	35	32	39	49	69	110	57	68	61
Street Patching Jobs	7,181	5,069	4,319	7,718	7,561	4,319	6,067	6,610	11,938	8,556
<b>Health and Welfare</b>										
Food Handlers Trained	7,036	6,582	5,863	5,187	5,712	4,845	4,407	4,715	3,856	3,017
Flu Shots Given	661	422	—	—	3,200	2,434	1,741	500	352	304
Animal Control Service Calls	6,957	7,499	6,343	6,255	5,452	5,008	4,221	4,105	442	3,811
<b>Culture and Recreation</b>										
Park Shelter Reservations	730	524	579	657	698	652	640	535	581	310
Number of Sermon Center Memberships	1,577	1,577	1,671	1,332	1,618	2,065	1,840	1,441	1,246	865
<b>Community Development</b>										
Permits Issued	4,538	3,177	2,728	3,049	3,155	3,002	3,656	2,509	979	619
<b>Tourism</b>										
Site Attendance	287,466	374,525	130,249	293,772	409,320	299,457	292,603	285,823	256,209	214,644
National Frontiers Trails Museum										
Number of visitors to museum	15,126	14,123	12,932	13,470	13,532	14,645	17,934	18,176	16,418	7,990
<b>Power and Light</b>										
Average number of monthly customers	56,458	56,292	56,297	56,474	56,709	56,908	57,123	57,413	57,897	57,832
<b>Water</b>										
Number of customers	48,089	48,145	48,121	48,253	48,384	48,615	48,863	48,799	48,841	50,489
Water main breaks	267	249	402	318	227	184	199	256	322	208
<b>Sewer</b>										
Number of customers	44,078	44,085	44,062	44,166	44,793	44,559	44,755	45,115	44,642	45,316
Wastewater Treated (Million Gallons)	2,515	2,261	2,361	2,124	2,558	3,229	2,603	2,228	3,400	3,290

Source: City of Independence

Note: During 2015-16 the National Frontiers Trails Museum moved from the General Fund to the Tourism Fund.

Note: Police incident calls on the above schedule are lower during 2017-18, due to a computer software upgrade and relocation of the Communications Division. Reporting for this statistic is expected to return to a normal range during 2018-19.

Table 25

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>										
Police										
Police stations	4	3	5	5	5	3	4	5	7	7
Vehicles	166	180	191	191	194	185	200	209	216	208
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	1	1
Vehicles	47	45	44	45	46	45	48	48	48	48
<b>Municipal Services</b>										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	565	565	560	560	560	578	592	592	592	599
<b>Culture and Recreation</b>										
Park acreage	730	843	843	887	887	843	827	788	798	798
Parks	43	45	46	42	43	46	44	41	41	41
Community Centers	3	4	3	3	3	3	3	3	3	3
Fitness Centers	2	2	2	3	3	2	2	2	2	2
Ball Fields	54	42	45	44	44	44	41	38	43	43
<b>Power and Light</b>										
Power stations	5	6	6	6	6	6	5	5	5	3
Transmission/Distribution Circuits (miles)	847	859	853	869	870	888	888	889	889	890
Maximum daily use (Mwh)	5,456	5,780	5,654	4,818	4,754	4,983	5,166	5,166	5,094	5,042
<b>Water</b>										
Water mains (miles)	750	757	758	759	760	760	761	763	764	764
Fire hydrants	4,787	4,854	4,875	4,910	4,933	4,950	4,967	5,016	5,042	5,053
Maximum daily pumpage (millions of gallons)	42	42	47	40	37	39	36	37	36	34
<b>Sewer</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	596	614	614	614	614	616	619	619	618	614
Maximum daily capacity of treatment (MGD)	18	16	16	32	32	32	27	32	32	32

Source: City of Independence



111 East Maple Street  
P.O. Box 1019  
Independence, Missouri 64051-0519  
816-325-7000

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## **APPENDIX C**

### **THE CITY'S 2020-2021 OPERATING BUDGET**

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# Adopted Budget Fiscal Year 2020-2021



**INDEPENDENCE**  
★ MISSOURI ★

A GREAT AMERICAN STORY

# *Guide to the FY 2020-21 Budget Document*

The purpose of this budget document is to provide a comprehensive view of the City's \$311 million operating budget. The budget is a tool for management to plan services, but it is also a communication to the public on the overall financial and policy direction of the City. Use this guide to help you navigate through the different sections of this document:

Introduction: This section provides general information about the City

- Names and photos of Mayor and City Council
- About Our City overview and history
- Tax information
- *Independence for All* 5-Year Strategic Plan
- Budget preparation calendar

Budget Message: The City Manager's Budget Message provides the framework for how the budget was developed, including contextual information on the City's finances, economic trends, major changes to the budget, and future outlooks and trends.

Department Summaries: In this section, you will find summary and detail information about each City department:

- Organizational chart shows the Director and divisions of each department
- Department summary page highlights the mission of the department, the budgetary funds that make up the budget, a summary of expenditures, and total budgets and FTE counts
- The department is then broken down further into divisions (for instance, the Patrol Division of the Police department). The top half of the page will show summary information about the types of expenditures in that division, as well as the funding source and FTE counts. The bottom half of the page will then show the detail broken out as to how exactly the dollars are planned to be spent. Line items with large dollar amounts often include notes to provide further detail.

Fund Summaries: This section of the book gives the highest level overview of the fund structure of the City. Here, you can find summary information such as:

- The breakdown of expenditure types across all funds
- The breakdown of revenue types across all funds
- Fund summaries for each fund, which show how the expenditures relate to the revenues as a whole.

Appendix: The appendix includes miscellaneous information that may help further your understanding of the budget. In this section, you can find:

- Financial and budgetary policies/procedures of the City
- Glossary of budget and finance terms

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# City of Independence, Missouri

## ADOPTED BUDGET

For the Fiscal Year beginning July 1, 2020



Mayor Eileen N. Weir



Karen M. DeLuccie  
City Council At-Large



Mike Huff  
City Council At-Large



John Perkins  
City Council District 1



Curt Dougherty  
City Council District 2



Dr. Scott Roberson  
City Council District 3



Tom Van Camp  
City Council District 4



Zachary Walker  
City Manager

## About Our City

### ***City Facts***

Founded.....March of 1827  
Governance Structure.....Mayor/City Council/City Manager  
Area.....78.25 square miles

### ***Population***

Population, 2018\*\*\* .....121,018  
Population, 2017\* .....117,127  
Population, 2005\* .....111,701  
Population, 1990\* .....112,378

### ***Income***

Estimated Median Household Income, 2017\*\* .....\$48,224  
Estimated Median Household Income, 2019\*\* .....\$51,689

### ***Home Valuations***

Median Value Owner-Occupied Housing Units, 2018\*\*\* .. \$117,576

### ***Top Employers in the City*** (Employees)

Independence School District.....2,200  
Lake City.....1,722  
CenterPoint Medical Hospital.....1,400  
City of Independence.....1,100  
Governmental Employee Health Association (GEHA).....743

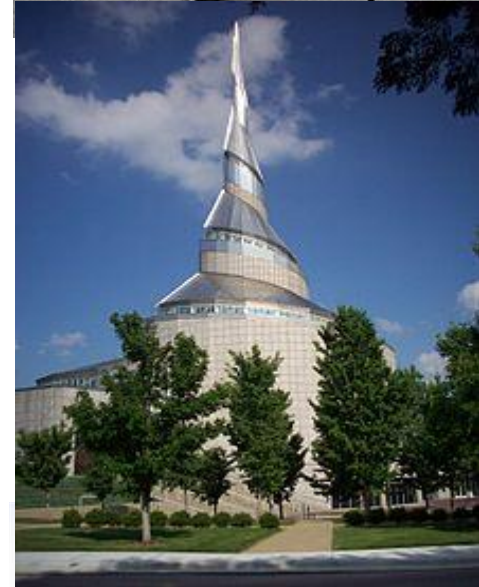
### ***City Finances***

Fiscal Year 2019-20 Citywide Budget.....\$320,047,692  
Fiscal Year 2018-19 Citywide Budget .....\$322,045,686

\* According to U.S. Census

\*\* According to Independence Chamber of Commerce

\*\*\* According to Independence EDC





# History of Independence, Missouri



Photo Courtesy of: thewalkingtourist.com

Just 10 miles east of Kansas City, sits our hometown rich in historical sites, history, and a place that draws visitors from all over the world year after year for annual events. While the pioneers knew that this City was important it quickly became the hub of the California Trail, Santa Fe Trail and the Oregon Trail. Our town was soon known as the “Queen of the Trails.” It wasn’t until the 19<sup>th</sup> century that Independence was defined by The United States Congress as the, “Start of the Oregon Trail.”

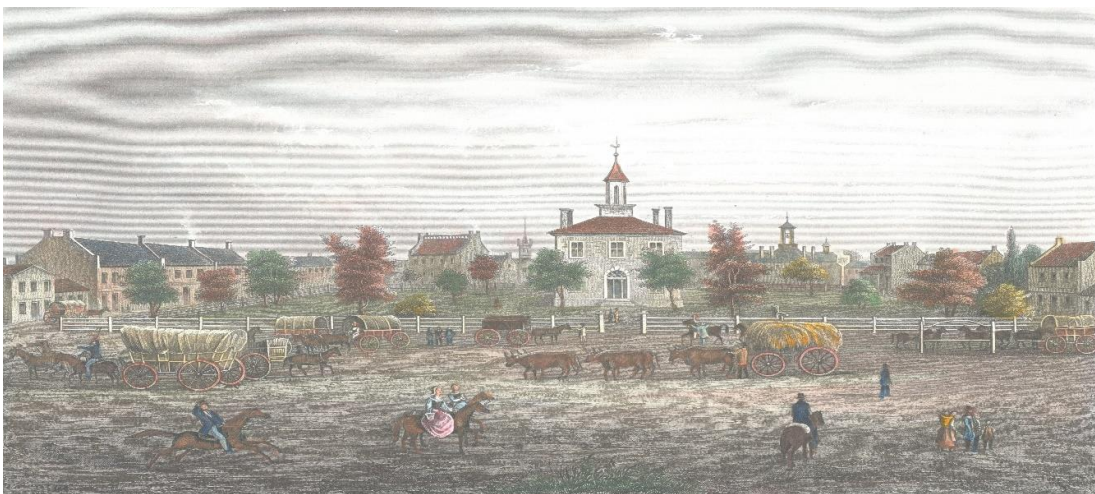
In 1826 Independence was named the county seat of Jackson County. During the years of 1862 and 1864 the First and Second battles of Independence were fought. Later in 1945 the 33<sup>rd</sup> President would take office, being from our hometown.

Harry S. Truman spent two terms as President of The United States and returned to our great City where he had his Presidential Library built in 1957. For another two decades, he and his wife Bess remained Independence residents.

The City of Independence is now home to over 121,000 citizens and has become the 5<sup>th</sup> largest city in the state of Missouri spanning over 78 square miles. Independence has competed in international water competitions and is home to some of the best tasting water in the world. The City of Independence continues to grow and services a diverse population and a multitude of businesses. This city is truly “Independence for All!”



Photo Courtesy of: Trumanlibrary.gov





CITY OF INDEPENDENCE, MISSOURI  
**Independence for All**  
**STRATEGIC PLAN**  
**2017 - 2021**

**Our Vision:**

Our quality neighborhoods, 21st century jobs, growing economy, safe, family-friendly community, and cultural diversity makes Independence, Missouri a nationally recognized city with a unique history and sense of place.

**Our Mission:**

Transforming our community through engagement, innovation, and sustainable services.

	Goals	Objectives
CUSTOMER-FOCUSED	Improve customer service and communication	Improve customer service Communicate more effectively internally and externally
FINANCIALLY SUSTAINABLE	Ensure City finances are stable and sustainable	Control long-term costs Optimize resources Improve long-range financial planning and decision-making
GROWTH	Increase economic prosperity of the community	Attract and retain quality employees Grow retail and commercial business
QUALITY	Achieve livability, choice, access, health and safety through a quality built environment	Reduce blight Improve visual appearance Improve public infrastructure and facilities Reduce crime and disorder Increase perception of safety Stabilize and revitalize neighborhoods Build new housing units

**Values**

**How we use resources:**

**Responsible** – We practice fiscal responsibility. We carefully plan for and spend our resources in appropriate, cost-effective ways.

**Sustainable** – We manage our resources wisely, using only what we need to meet the current needs of our citizens while also keeping in mind the needs of future generations.

**Services are:**

**Quality** – We provide safe, sustainable, and well-maintained public facilities and municipal services to residents and visitors.

**Reliable** – We protect public health and the environment by providing consistent, reliable, and efficient city services.

**Solutions are found through:**

**Collaboration** – We get more work done when we work across departments and partner with the community.

**Open communication** – We are clear with our ideas and decisions. We aim to build respect and trust, resolve our differences, and create a positive environment.

**Our attitude is:**

**Congenial** – We maintain a positive attitude and atmosphere because we treat everyone with respect and fairness.

**Empathetic** – We are able to step into someone else's shoes, listen, and understand another point of view.

**Engaging** – We actively engage our citizens to ensure that community concerns and aspirations are consistently understood and considered.

**Responsive** – We always respond to citizen concerns in a timely and efficient manner.

**Trustworthy** – Our promises instill trust in our actions and decisions.

**Decision making:**

**Accountable** – We accept responsibility for our actions. Our decisions have a real impact on the community and we follow our words with actions.

**Credible** – We employ experienced and qualified staff. We use trusted sources and our decisions are based on balanced and objective information.

**Innovative** – We don't shy away from new ideas. We think of creative ways to work together. Our open thinking helps us accomplish our goals.

**Ethical** – We make equitable, fair and just decisions because that's the right thing to do.

**Transparent** – We are open and honest with our decisions and supporting data.

**Visionary** – We make smart, long-term decisions that consider future needs.

## Calendar for City Council Consideration of the 2020-21 Proposed Budget

City Manager Proposed Budget submitted to the City Council (must be at least 45 days prior to the beginning of the new fiscal year) <sup>a</sup>	Mon.	May 11
Publication of Legal Notice on Budget Hearing (must be at least one week before the hearing) <sup>a</sup>	Fri.	May 8
Public Hearing by the City Council on the Proposed Budget <sup>a</sup>	Mon.	May 18
First reading on the 2020-21 Proposed Budget Appropriation Ordinance	Mon.	June 1
Council adoption of the 2020-21 Operating Budget Appropriation Ordinance. (Must be before June 27 or the proposed budget as amended will become effective.) <sup>a</sup>	Mon.	June 15
Preparation and public filing of the Adopted Budget in the City Clerk's Office	Fri.	June 26
Receive the Certification of Assessed Valuation from the County Clerk for setting Property Tax Levy Rates	Fri.	August 7
Legal Notice on Public Hearing on the Tax Levy Rate (Must be at least 7 days before the hearing) <sup>b</sup>	Fri.	September 11
Public Hearing on the Tax Levy Rate and First Reading on the Tax Levy Ordinance <sup>b</sup>	Mon.	September 14
City Council adoption of the Tax Levy Ordinance (the tax levy rates must be certified to Clay County by September 1, 2017 and Jackson County no later than October 1, 2017) <sup>b</sup>	Mon.	September 28

### **Footnotes-**

<sup>a</sup> City Charter Requirement

<sup>b</sup> Tax Levy Requirement under the "Open Window Law"

# Budget Message



May 11, 2020

Honorable Mayor and Members of the City Council:

Over the past three years, the submitted budget has been developed using the City's five-year strategic plan, *Independence for All*, and with its guidance I have recommended a strategy in each of the last three years that sought to make the ambitious vision laid out in this plan a reality by implementing many of the strategies behind the four goals identified by the City Council:

- Customer-Focused – Improve customer service and communication.
- Financial Sustainability – Ensure City finances are stable and sustainable.
- Growth – Increase the economic prosperity of the community.
- Quality – Achieve livability, choice, access, health and safety through a quality built environment.

The results of our thoughtful planning and superior delivery of City services are staggering. I can enthusiastically report that the strategies behind *Independence for All* are working, as we have now completed more than 60% of the identified strategies outlined in *Independence for All*.

As we began development of the Fiscal Year 2020-21 Proposed Budget, there was no reason to think our progress could not be sustained. In fact, the critical decisions of the past few years were beginning to bear fruit. While our financial picture was by no means perfect, the need for drastic budget reductions was not apparent. It was evident, then, that we were continuing to build a better foundation for an even brighter tomorrow for the people of Independence.

Then disaster struck. On March 12, Mayor Eileen Weir declared a State of Emergency in response to the widening spread of the deadly COVID-19 virus. To date, the virus has killed more than 220,000 people worldwide, including more than 60,000 deaths in the United States. In the days and weeks that followed, a containment strategy was deployed aimed at protecting public health by slowing the spread of the virus. This strategy resulted in the necessary but economically devastating decision to shutter — or greatly reduce — public gatherings and business operations around the world. City of Independence operations were not spared a similar fate, as City buildings, recreation facilities, and historic sites have all closed their doors to the public.

As a result of these restrictions on movement, there has been declining economic activity. Globally, there has been a \$4 trillion loss in gross domestic product (GDP), or output of goods and services. Nationally, the American economic output is shriveling in the biggest and fastest collapse since the Great Depression of the 1930's. The U.S. GDP shrank at an annual rate of 4.8% in the January-March period, the sharpest quarterly drop since the global financial meltdown of 2008.

Unfortunately, it appears the worst is yet to come. The Congressional Budget Office has estimated that the GDP of the world's biggest economy will plunge at a 40% annual rate during the three-month period that ends in June. Economists estimate that nearly 30 million American workers have lost their jobs over the past six weeks. It is estimated that the unemployment rate for April could range as high as 20% — a level last seen during the Great Depression.

Understanding where the economic turmoil ends is a difficult proposition. At the time of this transmittal letter, economists generally agree that economic recovery will be a product of two factors: timing and consumer confidence. Timing will be a factor of when and how local officials begin to reopen the economy. While that information is unknown for our community at this time, it is reasonable to expect a phased reopening will extend 8-12 weeks past the May 10<sup>th</sup> expiration date of the current Stay at Home Order. That means the economy would be functioning without restrictions as early as mid-July or as late as mid-August. Under that scenario, economists generally agree that substantial economic recovery would occur in the 3<sup>rd</sup> Quarter of 2020. Economists further predict a strong economic output to occur in 2021.

While timing will be important, consumer confidence is perhaps the most significant factor in an economic recovery. The Consumer Confidence Survey, released monthly by The Conference Board, reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitudes and buying intentions. The April 2020 report showed unprecedented anxiety, as confidence among U.S. consumers plummeted to 86.9 points, down from 118.8 in March, the largest drop on record in the 53 years the board has measured confidence. "Consumers were less optimistic about their financial prospects and this could have repercussions for spending as the recovery takes hold," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Uncertainty of the economic effects of COVID-19 will likely cause expectations to fluctuate in the months ahead."

This global and national backdrop informs the local economic impact. While the containment strategies implemented locally have helped protect public health, they have had a similarly devastating financial impact. One of the hardest-hit areas is our local retail sales tax. Even as the economy begins to reopen, economists point to two areas that will likely continue to suffer: retail sales and tourism. Unfortunately, these are among the primary revenue sources for the City of Independence. Nationally, March's retail sales were down 8.7%, the largest drop in three decades, with April expected to be even worse. From a tourism standpoint, occupancy rate information locally through March shows a drop of 26% compared to last March. The average daily rate has also dropped 7.7% since the pandemic hit.

In previous submitted budget transmittal letters, I highlighted the need to address our reliance on retail sales tax:

*I must raise a word of caution. The traditional means by which municipal services have long been funded continue to be eroded dramatically and rapidly...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.*

For Independence, the “traditional means” by which our municipal services have long been funded have, to a large degree, represent retail sales tax. The continued overreliance on this revenue source, coupled with our meager financial reserves that barely meet or fall short of the minimum balances established by City Council, have left Independence ill equipped to grapple with the impacts of the COVID-19 economic fallout. Further compounding this will be anticipated delays or losses in revenue from Municipal Court fees, business license renewals, building permits, and utility bills. For example, in the one month since the City suspended utility shutoffs for nonpayment of utility bills, the City has seen the amount of past due bills grow by \$2.5 million. As such, I am forecasting a revenue loss of \$8.4 million as we complete Fiscal Year 2019-20 and an additional loss of \$3.4 million for Fiscal Year 2020-21:

#### **Revenue Loss**

	FY 2019-20 Revenue Loss	FY 2020-21 Revenue Loss	Total Revenue Loss
General Fund	(\$4,625,000)	(\$2,000,000)	(\$6,625,000)
Police Sales Tax	(\$359,320)	(\$112,287)	(\$471,607)
Fire Sales Tax	(\$338,055)	(\$105,642)	(\$443,697)
Parks Sales Tax	(\$724,058)	(\$411,279)	(\$1,135,337)
Storm Water Sales Tax	(\$676,096)	(\$211,280)	(\$887,376)
Street Sales Tax	(\$1,352,178)	(\$422,556)	(\$1,774,734)
Transient Guest Tax	(\$319,292)	(\$164,680)	(\$483,972)
Total	(\$8,393,999)	(\$3,427,724)	(\$11,821,723)

Recognizing this reality, my team and I focused on an innovative approach to optimize our resources and control long-term costs, provide services that are reliable and sustainable, and

identify solutions through collaboration and open communication. This budget is guided by the following principles:

1. Make strategic use of the inter-fund loan
  - a. The City Council has provided extraordinary and critically important leadership in approving an interfund loan to the General Fund of up to \$25 million. This tool should be used strategically, realizing the loan must be repaid with interest.
2. Maintain Police & Fire services
  - a. Public safety is on the front lines of responding to this pandemic. Every available resource is needed to ensure appropriate safeguards are in place to protect public health.
3. The virus is temporary; the long-term ramifications are uncertain
  - a. Eventually, the public health impact of the virus will subside as immunizations and treatments emerge. However, the long-term implications on how society functions remain unknown. As such, budgetary reductions should strike a balance between temporary solutions aimed at navigating the present tense while recognizing the City's precarious financial position and the need to build financial stability.
4. Leverage the crisis as an opportunity for innovation
  - a. Look for opportunities to restructure, reorganize and reevaluate City departments and services to maximize efficiencies and improve service delivery.
5. Ensure reductions are targeted and strategic
  - a. Use data and information to guide proposed reductions. While we are choosing between many difficult options, data can help inform which options are more suitable.
6. Continue identifying cost-saving measures
  - a. While the virus is temporary, we do not know where this journey ends. The pandemic is almost sure to leave a mark on the way people work, shop and socialize, perhaps permanently shifting the way service industries operate. Consumers will think harder about the health implications of their decisions, and more businesses will accept the effectiveness of employees who work from home. The move to online shopping will continue to accelerate. It becomes imperative that additional budgetary reductions are planned as traditional revenue streams evaporate.
7. Build ongoing structural balance and financial sustainability
  - a. The City must continue to properly fund known expenses like overtime, workers' compensation, risk management and accrued leave payouts and plan for growth in these expenditures while meeting the minimum fund balance policies adopted by City Council. We must also prepare for the next crisis — be it financial, natural disaster, or health related — which means conservative financial planning and strong fiscal stewardship to rebuild reserves and focus on core service delivery.

Through thoughtful and deliberate decision-making, 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, 2020 through June 30, 2021. The proposed budget totals \$311,888,191 or a decrease of \$5,090,335 (approximately 2%).

### **General Fund Overview**

Total revenues for the General Fund in the Fiscal year 2020-21 Budget are \$72,822,481, or a decrease of \$5,085,021. Total expenditures for the General Fund are \$72,822,481, or a decrease of \$4,907,496. Revenue shortfalls are primarily a factor of forecasted losses in sales tax revenue from the COVID-19 pandemic. Revenues have been developed based on the assumption that economic activity will have resumed levels similar to those prior to the pandemic by fall 2020. That said, the pandemic should not be seen as a cause of the decline in retail sales, but rather an accelerant of that decline. This was a trend developing well before the pandemic, and the City would be well served to recognize this reality and begin transitioning our budget to accept this new normal. Revenues also decreased in the General Fund this year as a result of transferring the Health & Recreation Levy to its own funds.

Given the level of unpredictability, combined with the need to build long-term financial stability, the submitted budget proposes reductions in the General Fund totaling \$4,295,294. Under this proposal, the City would have an additional \$1,509,018 added to the reserve balance of the General Fund if economic conditions match our forecasts. Should economic conditions stagnate or worsen, or should the pandemic see an additional spike in cases that result in further containment strategies, the City would have an additional contingency to buffer against further revenue loss. In a more optimistic outcome, economic activity would resume by fall as anticipated, and this contingency would be added to the General Fund reserve balance. If that were the case, the City would recognize an estimated ending fund balance on June 30, 2021 of \$5,384,018 or 8.1%.

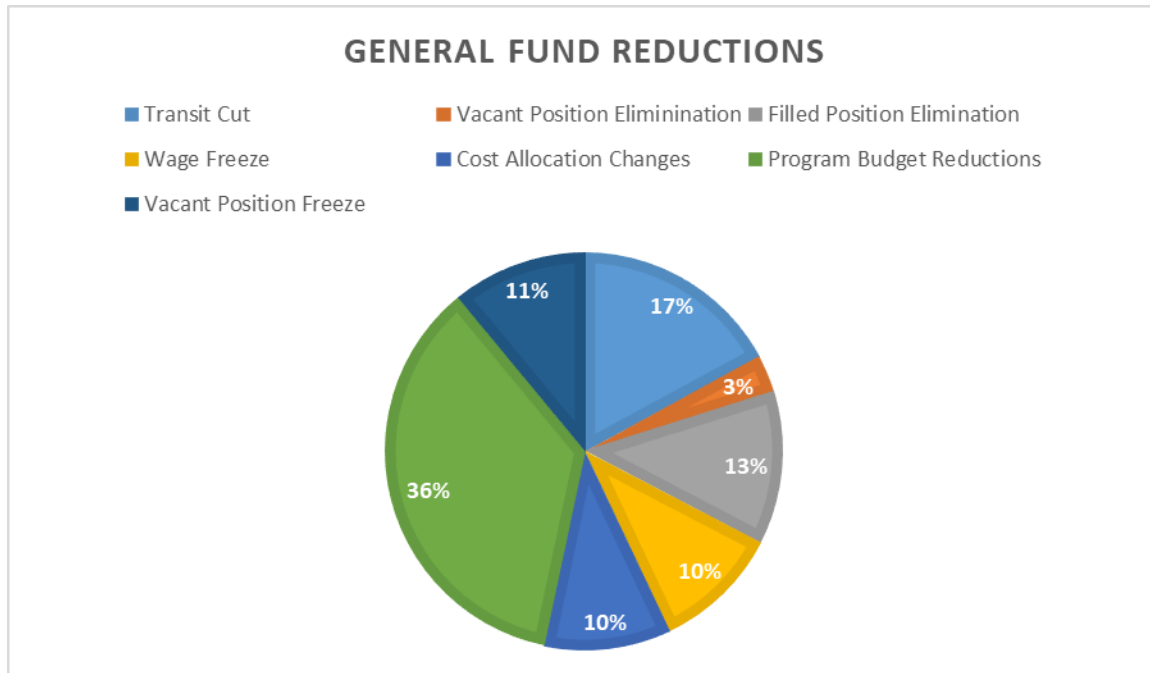
While this would be a positive step, this point must be tempered by two realities. First, the City Council has adopted a set of financial policies based on generally-accepted best practices. These financial policies require the General Fund to maintain a minimum unrestricted fund balance of 16%. Even if this optimistic scenario is realized, the City will still be at less than half of the required minimum balance. Second, this fund balance does not represent a true amount. In order to keep the fund balance above 5% in Fiscal Year 2019-20, I am anticipating drawing down \$2 million of the interfund loan previously approved by City Council in response to the pandemic. Previously, I laid out a plan to repay any loan drawdown in no more than five years. As such, this budget has a loan repayment of \$450,000 (principal of \$400,000 and anticipated interest of up to \$50,000). This leaves an outstanding balance of \$1.6 million, meaning the General Fund reserve balance cannot be truly considered unrestricted. Accounting for the outstanding balance of the loan, the true unrestricted General Fund reserve balance is \$1,875,000 or 2.6%.

While it would be tempting to make aggressive use of the \$25 million loan approved by City Council, it is not my recommendation to do so. While use of the loan certainly helps stave off revenue shortfalls and corresponding budget reductions in the short term, it only adds to the long-term fiscal instability the City faces. Even if the City were not facing mounting pressures with further erosion to its traditional revenue sources, looming economic incentive debt, growing



health insurance premiums, rising costs in workers' compensation and risk management liabilities, and ever-increasing pension costs, the loan in and of itself represents a staggering amount of debt that, in the final estimation, only provides a temporary stopgap. This budget is submitted, then, with the recognition that while the pandemic may be temporary, there are long-term ramifications that must be mitigated.

To address these budgetary pressures, I am proposing the following reductions:



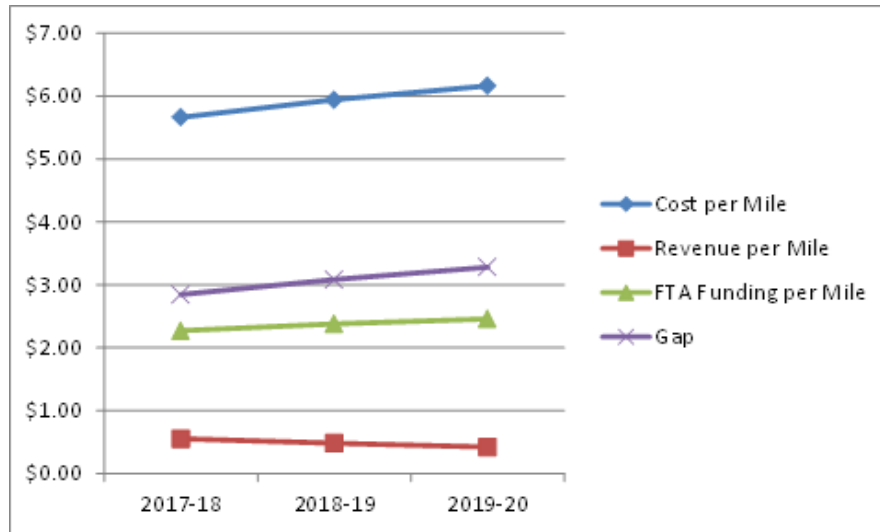
- Elimination of vacant positions: \$148,388. I propose elimination of the vacant Latent Print Examiner in the Police Department (\$103,011) and the Records Staff Assistant in the City Manager's Office (\$45,377).
- Elimination of filled positions: \$599,090. I propose elimination of 12 filled positions as follows:
  - Formation of Municipal Services Department/Development Services Division: \$304,000/Elimination of six filled positions (five positions in Public Works, one position in Water Pollution Control). Recently, I announced a department reorganization that results in the reunification of the Public Works and Water Pollution Control Departments. The combined department will be known as the Municipal Services Department. This restructuring will streamline the services provided to the public, remove duplicate services in the two separate departments, reduce administrative overhead and continue to provide the Charter outlined services to our community. This is a service combination seen in several communities across the country and I expect additional innovations will emerge in the years to come. As part of the reorganization, the development engineering staff from Public Works will transfer to Community Development, creating a one-stop shop for business and developers seeking to invest in Independence. This will streamline the development process, enhance customer service, and

- promote the growth and economic prosperity of Independence—striking multiple objectives in the City’s strategic plan, Independence for All.
- Outsource utility billing and mailing: \$54,314/Elimination of one filled position. We recently issued a Request for Proposals for the printing and mailing of utility billing. Depending on the responses to the request, I propose the City contract with a third-party vendor for utility billing and mailing services. Presently, this duty is performed by one staff person. As the COVID-19 pandemic has highlighted, if this individual were to become incapacitated, this essential service would be compromised. Outsourcing of this function provides a safeguard that the function will continue without interruption.
  - Reorganization of Technology Services/Public Information Office: \$97,347/ Elimination of three filled positions. Under this proposal, three filled positions that are responsible for web design, video production, and social media management would be consolidated into one position responsible for all duties.
  - Redistribution of Chapter 353 Abatement Program duties: \$53,429/Elimination of one filled position. Management and administration of the City’s Chapter 353 Abatement Program would be transferred to an existing position within the Community Development Department.
  - Wage freeze: \$500,094. Prior to the pandemic, the submitted budget anticipated across-the-board wage increases of 1%. Due to the ongoing fiscal uncertainty, these raises represent a financial liability that cannot be responsibly incurred and are therefore no longer anticipated. While our workforce certainly merits a wage increase, it is my belief we should seek to preserve existing positions rather than execute mass layoffs or furloughs. The elimination of a wage increase helps avoid such an outcome.
  - Program budget reductions: \$1,725,600. I propose reducing operating budgets across the General Fund in the following manner:
    - Prisoner detention housing: \$80,000. Advancement in technologies allow for the reliable use of placing ankle bracelets on individuals convicted of a crime and sentenced to service time. This technology is far cheaper than the current daily detention housing costs.
    - Worker’s Compensation: \$941,160. Prior to the pandemic, the submitted budget anticipated an increase in funding to support the ever-increasing costs of this program in an effort to provide structural balance to the budget. Given the financial challenges, I no longer recommend making this investment, but I must note that the budget does not reflect the true costs of operating this program. This deferred liability will remain for the City to address in future years.
    - Risk Management: \$347,170. Similar to worker’s compensation, the submitted budget recommended additional investment into this program to accurately reflect our known liability. This is a liability that is also being deferred and will remain for the City to address in the future.
    - Miscellaneous operating expenditures: \$230,564. These reductions impact multiple departments and generally represent reductions in funding for membership in professional organizations, office supplies, training and travel budgets, and other services designed to support City staff in their delivery of services.

- Equipment lease: \$126,706. Public Works had proposed the purchase of new essential equipment, but now propose leasing instead. While this will minimize the upfront investment, interest costs will likely make this a more expensive option in the long-term. That said, the equipment is critical to the delivery of basic services and this option allows the acquisition to proceed in a manner that the City can afford in the near-term.
- Cost Allocation Changes: \$497,082. These changes represent charging staff time and program costs to alternative funding sources such as voter-approved sales taxes and federal grants.
- Eliminate fixed-route transit service: \$825,000. Under this proposal, the City would continue to operate paratransit service for qualifying elderly and disabled individuals along with inter-city transit services between Independence and Kansas City, Missouri. The fixed-route IndeBus service, however, would be eliminated beginning August 1. This would not be a decision without consequence. Each year, the IndeBus provides approximately 185,000 rides. Many of these riders represent some of the more vulnerable populations in our community who rely on this service to connect with employment, medical services, and retail shopping. In fact, previous budgets have provided enhanced funding for expanded service hours and the installation of free wifi on the buses. The pandemic has exacerbated our financial turmoil, and significant budgetary reductions are needed. Unfortunately, the deep cuts made to the General Fund in the last several years have left limited options, and the fixed-route system is an expense that continues to climb while revenues continue to decline.

	2017-18	2018-19	2019-20
<b>Cost per Mile</b>	\$5.66	\$5.94	\$6.16
<b>Revenue per Mile</b>	\$0.55	\$0.48	\$0.42
<b>FTA Funding per Mile</b>	\$2.27	\$2.38	\$2.46
<b>Gap</b>	\$2.84	\$3.08	\$3.28

As the chart below depicts, our costs for providing this service are increasing faster than Federal Transit Authority funding is increasing. Additionally, fare revenue from ridership is decreasing. The combination of both of these lead to a widening of the gap between cost and revenues, meaning the General Fund absorb a larger portion for this service.



In order to sustain this service at our current levels, an infusion of financial aid is necessary. Given our strong desire to avoid this drastic outcome, City staff will be working collaboratively with the Mayor and City Council to seek permanent, long-term alternatives to sustain this vital service.

#### **Health and Recreation Fund Overview**

For many years, the City has collected a real estate tax on all real property subject to taxation within the corporate limits of the City of Independence. The levies are for general municipal purposes, for the retirement of general obligation bonds, and for public health and recreation grounds purposes. At one time there was a separate Special Revenue Fund to account for the proceeds from the Recreation/Health Levy. It was later made a component of the General Fund. This budget proposes to reestablish the Recreation/Health Fund, and by so doing, completely remove both Animal Services and Parks/Recreation/Tourism (P/R/T) from the General Fund.

The Recreation/Health levy generates approximately \$2.6 million a year. Under this proposal, Animal Services would receive its current pro rate share of 32%, or \$832,000. Similarly, P/R/T would receive its pro rata share of 68%, or \$1.8 million.

Over the past few years, public safety services have increased as a percentage of the General Fund relative to other General Fund operations. Since revenues remain flat in most cases, continuing to increase funding for public safety must necessarily reduce the resources available for other departments. This leads to constant budget warfare and uncertainty. By funding Animal Services and P/R/T exclusively out of special revenue funds, it will not only reduce General Fund competition, but also serve to illustrate to the departments remaining in the General Fund the need to become more entrepreneurial, search for ways to live within their means or increase revenues to meet these growing demands.

#### **Use Tax Fund Overview**

The Proposed Budget for Fiscal Year 2020-21 is the first to include funding from the voter-approved Use Tax. The budget anticipates revenues totaling \$1.5 million. In accordance with the

voter-approved restrictions, \$750,000 will be appropriated for both the Animal Shelter and toward the hiring of new police personnel. Appropriations for the Animal Shelter will fund 15.35 Full Time Employees for shelter staffing along with supplies such as medications for the clinic. This fund will also support the Police Department by adding 6 Full Time Employees (4 police officers and 2 police sergeants), along with their uniforms, supplies and three vehicles.

### **Sales Tax Funds Overview**

In addition to the new Use Tax, the City of Independence administers five additional voter-approved sales taxes. Unlike the Use Tax, these sales tax funds are wholly reliant upon sales at brick-and-mortar retail establishments. While these funds were already experiencing increasing costs against diminishing revenues, the COVID-19 pandemic has weakened their financial position. This budget estimates revenue decline of 21% for the sales tax funds. To accommodate this shortfall, these funds will be taking the following measures:

- Streets Sales Tax
  - \$1.8 million pandemic total impact
  - Decrease capital projects by \$3.8 million
  - Reduce operating services/supplies by \$275,000
  - Reduce equipment purchases by \$146,000
- Parks Sales Tax
  - \$887,000 pandemic total impact
  - Close recreation facilities for remainder of FY20
  - Close Adventure Oasis for 2020 season
  - Delay capital projects
- Police Sales Tax
  - \$472,000 pandemic total impact
  - Decrease uniform, equipment, and vehicle budgets
- Fire Sales Tax
  - \$444,000 pandemic total impact
  - Lease aerial apparatus instead of purchase
- Storm Water Sales Tax
  - \$887,000 pandemic total impact
  - Delay capital projects and decrease emergency repair budget
- Transient Guest Tax
  - \$483,972 pandemic total impact
  - Delay capital projects

### **Enterprise Funds Overview**

The submitted budget does not forecast significant revenue losses as a result of the COVID-19 pandemic. However, this is something that should be closely monitored and revisited throughout the upcoming fiscal year. If unemployment rates do not recede, this could portend a significant decline in revenue as residential customers struggle to make their monthly payments. Similarly, any combination of lingering economic shutdowns or business closures as a result of the pandemic could adversely impact revenues from commercial and industrial accounts. Against that backdrop, the following should be highlighted for the three utility funds:

- Independence Power & Light Department
  - The submitted budget includes a reduction of 24 positions from the previous fiscal year. 17 positions are eliminated as part of the Blue Valley Power Plant closure. Since Fiscal Year 2016-17, Independence Power & Light has reduced the total number of FTE from 239 to 181, or 58 FTEs.
  - The submitted budget is based on revenue forecasts that account for the 6% rate reduction approved by the City Council while also maintaining an Unassigned Fund Balance that meets the 90-day reserve requirement.
  - Expenditures of note include funding to replace unsafe or outdated equipment, increased funding for the tree-trimming program to help minimize damages incurred by falling limbs and branches, and increased funding for purchased power associated with the projected capacity factor increase at Dogwood and Iatan II power plants (\$2,097,891) along with the Oneta Contract (\$1,250,000). It is expected that additional revenue associated with wholesale energy sales should offset some of these increased purchased power expenses.
- Water Department
  - No new FTE are added to this budget, leaving a total of 94.9 FTE
  - The Water Department will continue administering a robust capital improvements program. Planned capital expenditures in Fiscal Year 2020-21 total \$4,205,000 with several main replacement programs planned citywide.
  - The Water Department will reinstitute a 15-year meter replacement program, given the stagnating conversation surrounding AMI. Using a 15-year replacement program will help keep up with industry standards and will help ensure accurate reading consumption for billing purposes.
- Water Pollution Control Department
  - As previously noted, Water Pollution Control is being reorganized to consolidate with the Public Works Department into a new department known as Municipal Services. As a result of this merger, the submitted budget anticipates a savings of \$33,240 in the Sewer Fund and \$86,600 in the Storm Water Sales Tax Fund.
  - The submitted budget proposes 77 FTE, a reduction of 5.5 FTE from the Fiscal Year 2019-20 Budget.
  - Major expenditures include the acquisition of a TV Truck for the Collection System Maintenance Division at a cost of \$232,638.

### **Looking Ahead**

There are a number of critical items that represent a significant financial liability for the City and must be addressed in the coming year in order to continue building the long-term financial stability mandated by *Independence for All*. I include these items in my transmittal letter to signal my call to action and my request to the City Council, City staff, and employee bargaining units to cooperatively address long-term solutions to these legacy issues:

- Accrued leave payouts
  - Presently, individuals leaving employment with the City of Independence are compensated for up to 1,040 hours of sick leave, 400 hours of vacation time, and 60 hours of personal business leave at their current hourly rate. Since 2018, the City has paid \$2.5 million for accrued just to individuals retiring from City employment. A financially sustainable solution to this benefit is needed.

- Health Insurance
  - Since establishing a financial contribution to an employee's Health Savings Account last year, the City has seen steady migration to Open Access Plan 2, which is the City's high-deductible health insurance plan. Additional evaluation should be given to further incentivize transfer to OAP2 as well as a robust wellness program in order to mitigate long-term health insurance costs. Approximately half of plan members are being treated for a chronic health condition. As a reminder, the City operates a self-funded health insurance plan and contributes 80% of the health insurance premium costs.
- These items must be closely monitored as they may be impacted by COVID-19 fallout
  - Pension Contributions: The City of Independence participates in the statewide LAGERS retirement system. This system is reliant of investments in the stock market to help fund the plan. Given the economic volatility brought about by COVID-19, the City should be prepared for contributions to increase to help offset any losses that may have occurred.
  - Health Insurance Premiums: While cost increases will occur naturally, it is reasonable to expect that the worldwide strain on the healthcare industry may fuel a substantial increase in health insurance premiums. As the City provides 80% of the contribution to these premiums, the City should be financially fortified against these looming cost increases
  - Economic Incentive Debt: There are a number of economic incentive programs in which the City is financially liable for any revenue shortfalls necessary to meet annual debt service requirements. Given these economic development projects are reliant on sales tax revenues and the fact that these projects have experienced economic disruption, the City should make contingencies to provide supplemental appropriations in the event revenues fall short of debt service requirements.

### **Conclusion**

The turmoil brought about by the COVID-19 worldwide pandemic is devastating for many reasons from the loss of life to the uncertain economic impact. One of the unfortunate realities is the disruption presented to our progress under *Independence for All*. The results achieved in the first three years of *Independence for All* are impressive, and there was no reason to believe these results wouldn't have continued as we embarked on Fiscal Year 2020-21. In spite of this catastrophic moment in time, I am confident that the submitted budget will not only provide the financial resiliency needed to weather the current storm, but will also allow the City of Independence to provide the services that are most essential to our citizenry.

It is also important to take a moment during these challenging times to thank all of our City staff who continue to respond to this event with the utmost professionalism and commitment to the services we provide to our citizens. It is because of them and the resiliency of this community, that there is a light at the end of this journey.

I want to thank you, the City Council, and the City departments for the assistance provided in preparing this budget. The options presented as a part of this budget are not easy choices; my staff and I are ready to address any questions regarding the information presented. Together we

will ensure the long-term financial sustainability of the City while providing the services that truly make us an *Independence for All*.

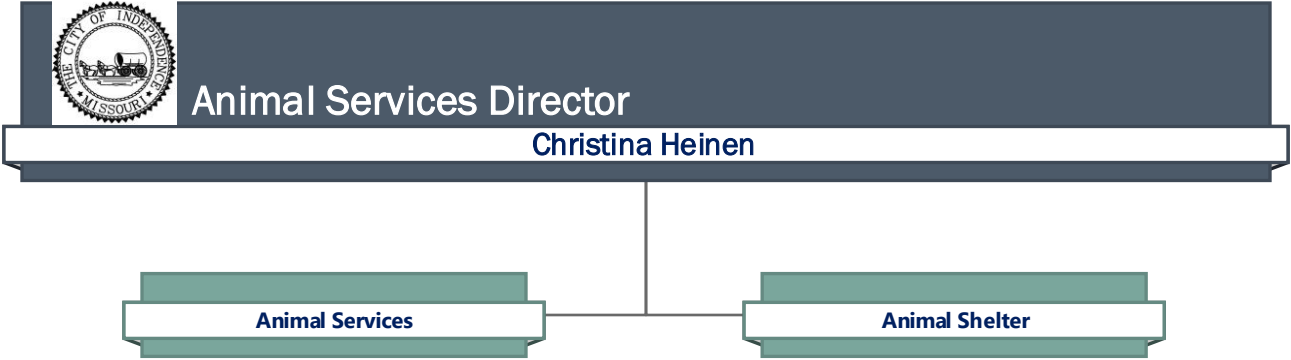
Respectfully,

Zachary C. Walker  
City Manager



# Department Summaries

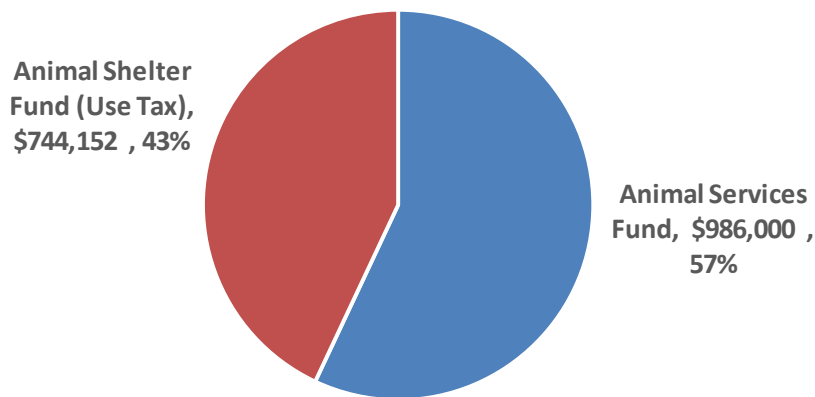
# Animal Services



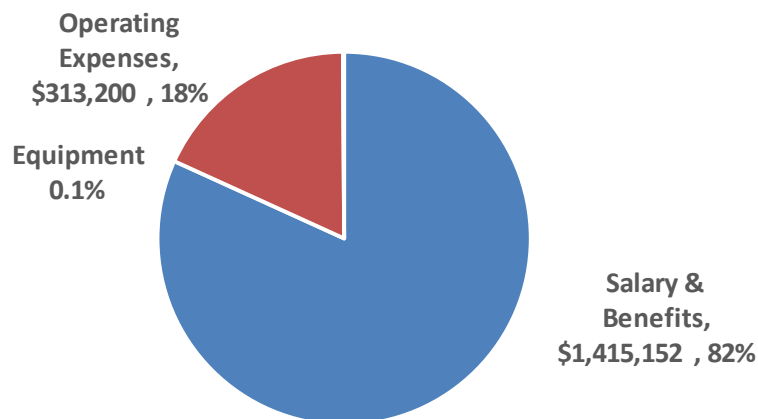
# Animal Services

Our mission is to protect the safety and welfare of people and animals in our community by promoting an environment of responsible pet ownership. To achieve our mission, we will strive to take a leadership role in promoting humane care for animals in the community, promote spay and neuter initiatives to reduce pet overpopulation, make every effort to reunite pets with their families, and promote efforts to increase pet retention.

## Fund Summary



## Department by Expenditure Type



**Total Budget: \$1,730,152**

**FTE Count: 24.35**

# Animal Services

## Animal Services History

Our mission is to protect the safety and welfare of people and animals in our community by promoting an environment of responsible pet ownership. This cost center shows the history of the animal services expenditures prior to the passage of the Proposition P use tax. In 2019, the City took over operations of the regional animal shelter.

<b><u>Program by Expenditure Category</u></b>	<b><u>FY 2018-19 Actual</u></b>	<b><u>FY 2019-20 Adopted</u></b>	<b><u>FY 2020-21 Adopted</u></b>
Salary & Benefits	\$ 432,224	\$ 1,387,273	\$ -
Operating Expenses	\$ 614,057	\$ 330,230	\$ -
Equipment	\$ 15,215	\$ -	\$ -
<b>Total</b>	<b>\$ 1,061,496</b>	<b>\$ 1,717,503</b>	<b>\$ -</b>
 <b><u>Program by Fund</u></b>			
General (002-4520)	\$ 1,061,496	\$ 1,717,503	\$ -
 <b><u>Position Summary</u></b>			
FTE	5.50	24.60	0.00

# Animal Services

## Animal Services

Our mission is to protect the safety and welfare of people and animals in our community by promoting an environment of responsible pet ownership. This cost center provides basic animal services such as animal control through funding from the Health and Recreation levy (funds previously collected in the General Fund), and fees for services.

<b><u>Program by Expenditure Category</u></b>	<b>FY 2018-19 Actual</b>	<b>FY 2019-20 Adopted</b>	<b>FY 2020-21 Adopted</b>
Salary & Benefits	\$ -	\$ -	\$ 695,235
Operating Expenses	\$ -	\$ -	\$ 288,965
Equipment	\$ -	\$ -	\$ 1,800
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 986,000</b>

<b><u>Program by Fund</u></b>			
Animal Services Fund (005-4705)	\$ -	\$ -	\$ 986,000

<b><u>Position Summary</u></b>			
FTE	0.00	0.00	9.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 344,182	5209 Maint-Mobile Equip (CG)	\$ 20,729
5101 Salaries-Temp & Part Time	\$ 117,498	5211 Maintenance-Buildings	\$ 200
5102 Overtime	\$ 35,000	5212 Maintenance-Other	\$ 16,636
5106 Retiree Health Insurance	\$ 2,616	5213 Dues and Memberships	\$ 250
5107 Worker Comp-Medical Costs	\$ 12,357	5214 Training and Education	\$ 2,000
5108 Longevity	\$ 1,683	5224 Software and Comp Maintenance	\$ 2,500
5110 FICA	\$ 39,616	5226 Professional Services	\$ 81,000
5111 LAGERS	\$ 80,559	5229 Electricity	\$ 13,701
5112 Health Insurance	\$ 54,587	5230 Gas	\$ 8,000
5113 Dental Insurance	\$ 2,289	5231 Water	\$ 4,000
5114 Life Insurance	\$ 570	5232 Sewer	\$ 4,500
5115 Long Term Disability	\$ 382	5233 Solid Waste	\$ 1,000
5122 Automobile Allowance	\$ 1,320	5240 Other Services	\$ 6,324
5124 Other Allowances	\$ 2,576	5300 Office Supplies	\$ 2,000
5202 Communication Services	\$ 2,100	5302 Computer Software & Supplies	\$ 750
5203 Overnight Travel & Meetings	\$ 500	5309 Operating Supplies	\$ 59,980
5204 Events and Meetings	\$ 3,000	5313 Small Tools and Equipment	\$ 51,000
5206 Printing and Binding	\$ 1,200	5315 Motor Vehicle Fuels (CG)	\$ 7,235
5208 Fees and Permits	\$ 360	5402 Computer Equipment	\$ 1,800
		<b>Total</b>	<b>\$ 702,395</b>

\*Lawn care, vet services, kennel cleaning

\*Food, vaccinations, medications

\*Kennels, lab equipment

# Animal Services

## Animal Shelter

Our mission is to protect the safety and welfare of people and animals in our community by promoting an environment of responsible pet ownership. This cost center provides for the operations of the regional animal shelter through funding from the Proposition P use tax.

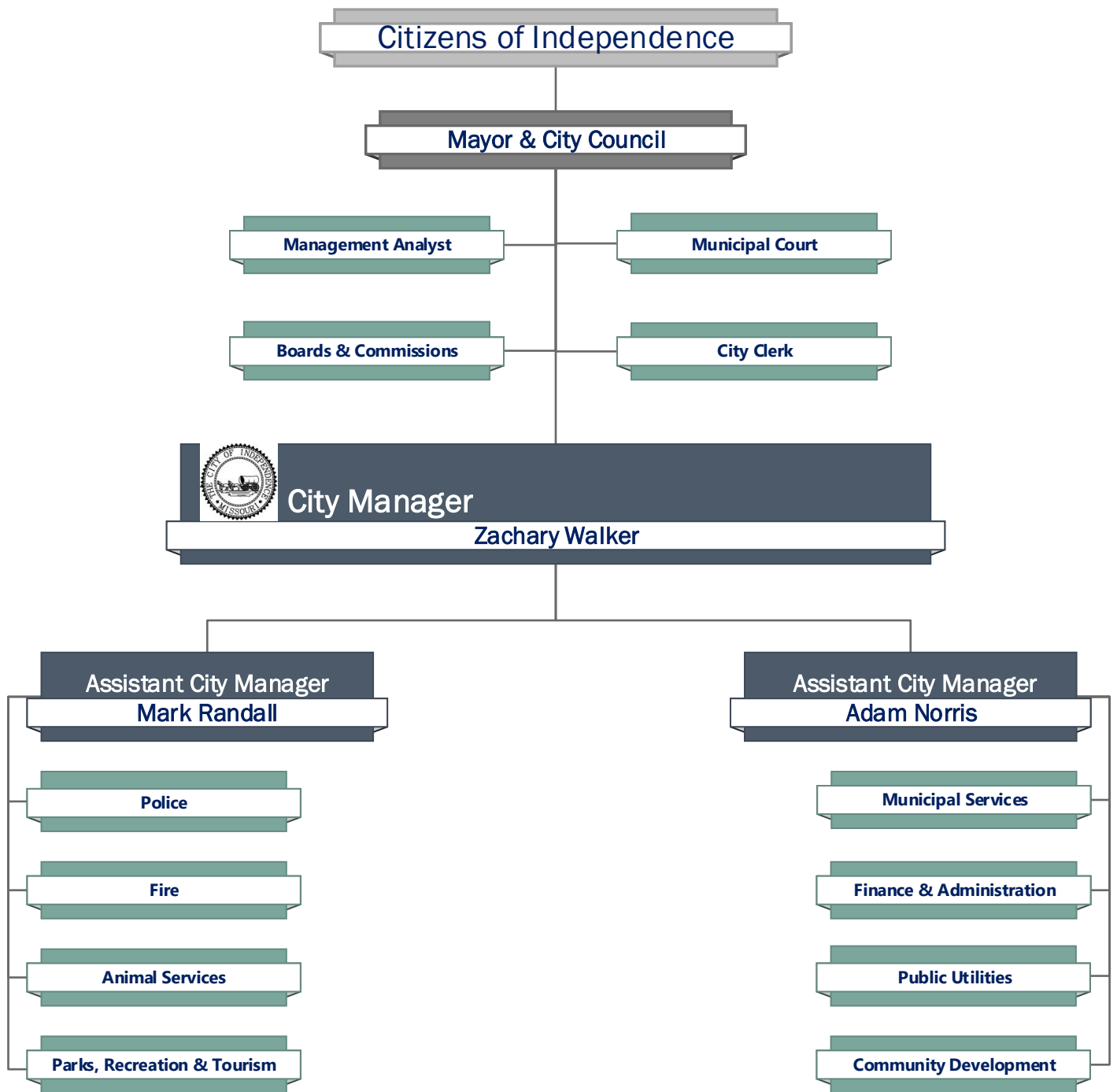
	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	\$ 719,917
Operating Expenses	\$ -	\$ -	\$ 24,235
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 744,152</b>

<u>Program by Fund</u>			
Animal Shelter Fund-Use Tax (010-4710)	\$ -	\$ -	\$ 744,152

<u>Position Summary</u>			
FTE	0.00	0.00	15.35

### Line Item Detail

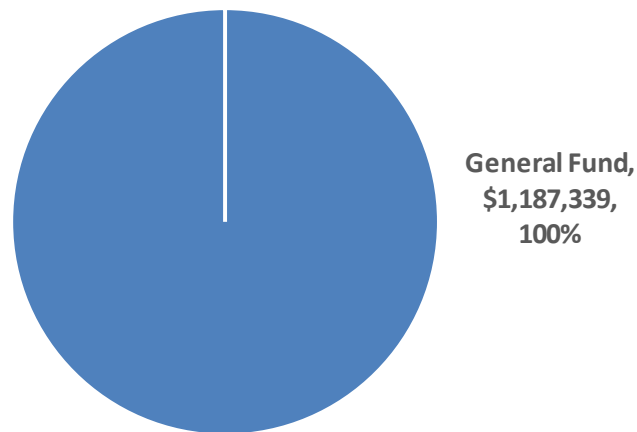
<u>Expenditure</u>	FY 2020-21	
	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 484,735	
5101 Salaries-Temp & Part Time	\$ 94,187	
5110 FICA	\$ 44,218	
5111 LAGERS	\$ 69,743	
5112 Health Insurance	\$ 24,311	
5113 Dental Insurance	\$ 844	
5114 Life Insurance	\$ 772	
5115 Long Term Disability	\$ 567	
5124 Other Allowances	\$ 540	
5309 Operating Supplies	\$ 24,235	*Medications
<b>Total</b>	<b>\$ 744,152</b>	



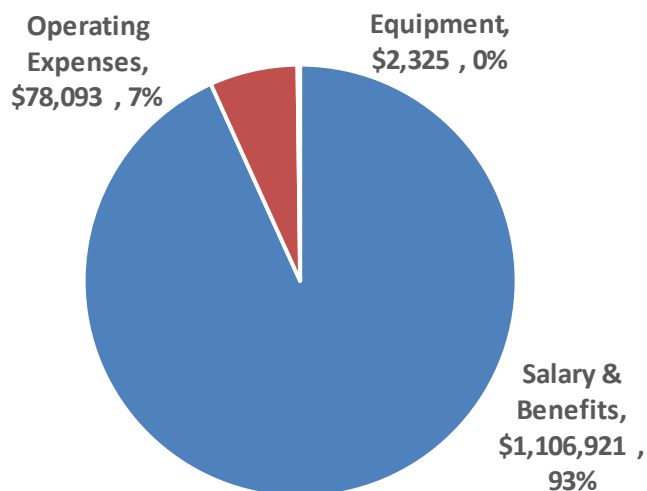
# Office of the City Manager

The City Manager is the Chief Administrative Officer of the City government, exercising direction over all municipal operations.

**Fund Summary**



**Department by Expenditure Type**



**Total Budget: \$1,187,339**

**FTE Count: 7.83**



# Office of the City Manager

## Office of the City Manager

The mission of the City Manager is to serve as the Chief Administrative Officer of the City government so that Mayor and City Council-directed policies are implemented and city services are delivered efficiently and effectively.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 852,635	\$ 891,624	\$ 830,007
Operating Expenses	\$ 74,248	\$ 60,650	\$ 63,618
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 926,883</b>	<b>\$ 952,274</b>	<b>\$ 893,625</b>

<b><u>Program by Fund</u></b>			
General (002-4021)	\$ 926,883	\$ 952,274	\$ 893,625

<b><u>Position Summary</u></b>			
FTE	6.00	6.00	4.50

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$566,372
5106 Retiree Health Insurance	\$27,816
5107 Worker Comp-Medical Costs	\$1,579
5110 FICA	\$34,553
5111 LAGERS	\$116,339
5112 Health Insurance	\$60,178
5113 Dental Insurance	\$2,257
5114 Life Insurance	\$813
5115 Long Term Disability	\$465
5122 Automobile Allowance	\$17,715
5124 Other Allowances	\$1,920
5202 Communication Services	\$2,000
5203 Overnight Travel & Meetings	\$3,500
5204 Events and Meetings	\$16,350
5206 Printing and Binding	\$1,000
5212 Maintenance-Other	\$2,693
5213 Dues and Memberships	\$4,500
5226 Professional Services	\$30,000
5240 Other Services	\$1,000
5300 Office Supplies	\$1,000
5302 Computer Software & Supplies	\$775
5309 Operating Supplies	\$800
<b>Total</b>	<b>\$893,625</b>

# Office of the City Manager

## Public Information Office

The mission of the PIO is to disseminate information on municipal programs and services and improve customer service through communication on multiple platforms, both internally and externally.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 204,185	\$ 261,769	\$ 276,914
Operating Expenses	\$ 54,687	\$ 36,354	\$ 14,475
Equipment	\$ 1,597		\$ 2,325
<b>Total</b>	<b>\$ 260,469</b>	<b>\$ 298,123</b>	<b>\$ 293,714</b>

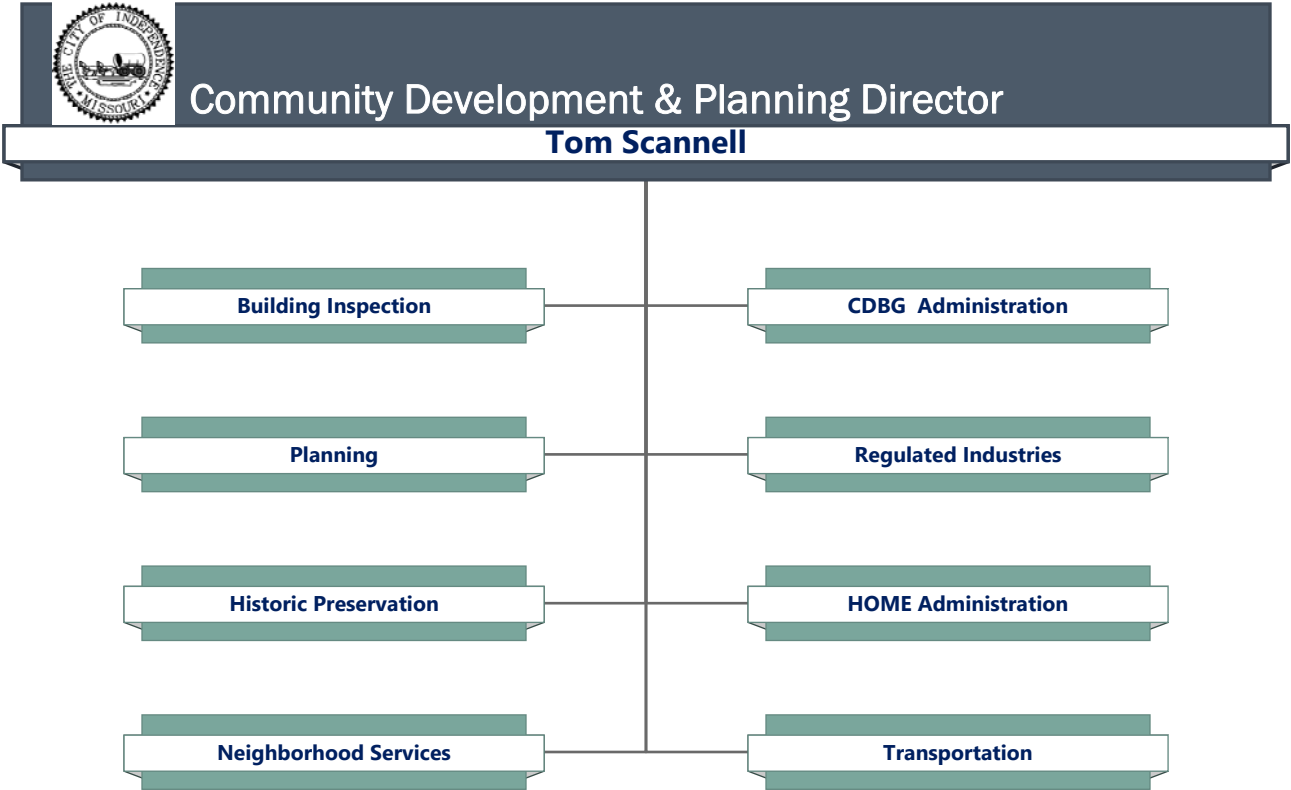
<b><u>Program by Fund</u></b>			
General (002-4022)	\$ 260,469	\$ 298,123	\$ 293,714

<b><u>Position Summary</u></b>			
FTE	2.83	2.83	3.33

### Line Item Detail

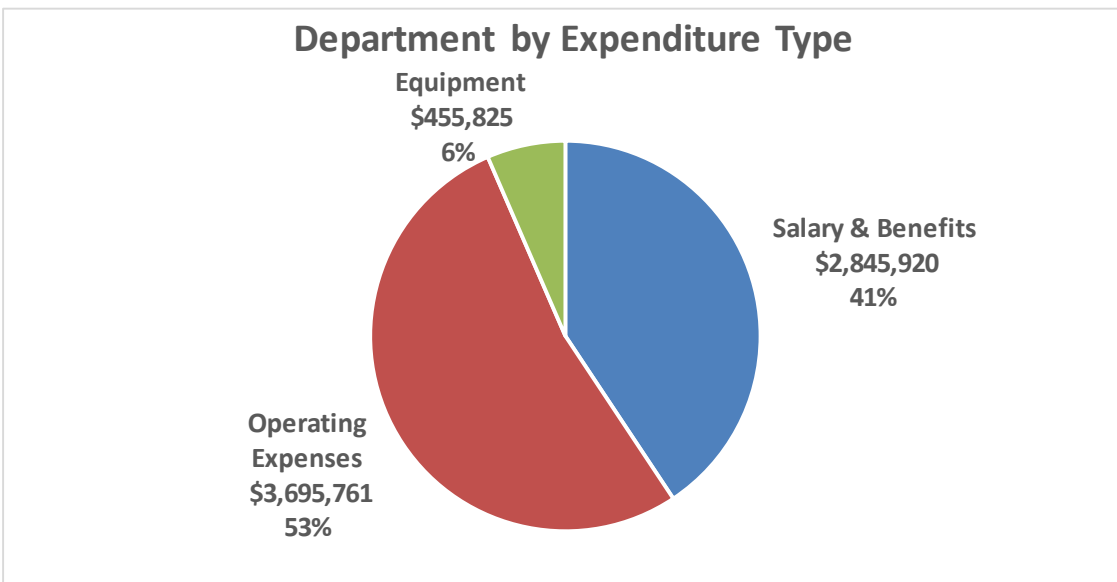
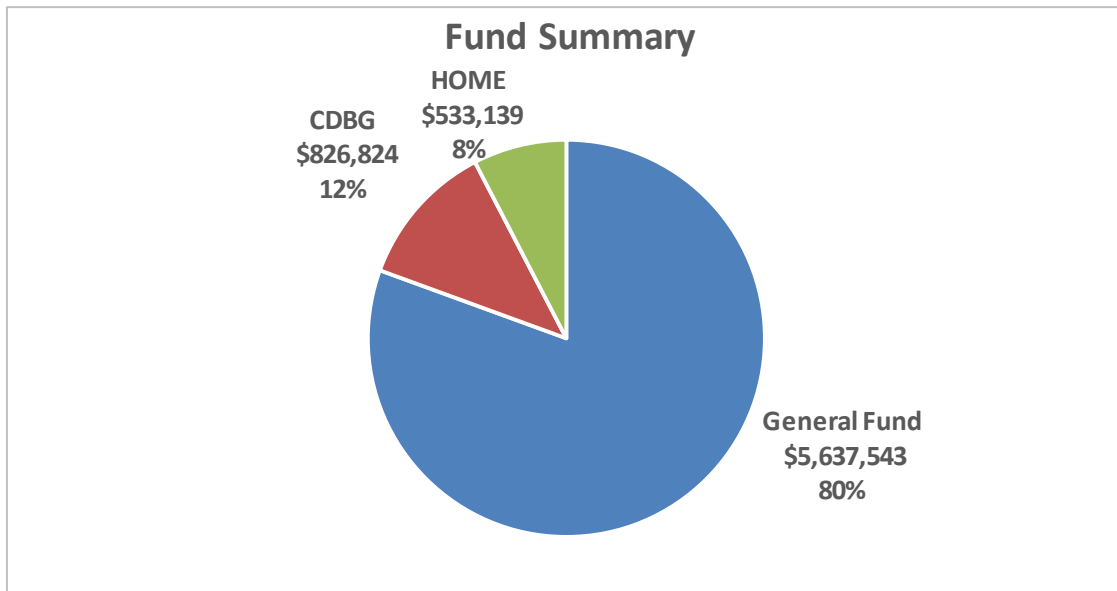
<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$195,747
5107 Worker Comp-Medical Costs	\$37
5110 FICA	\$16,359
5111 LAGERS	\$37,911
5112 Health Insurance	\$12,035
5113 Dental Insurance	\$463
5114 Life Insurance	\$225
5115 Long Term Disability	\$159
5122 Automobile Allowance	\$13,260
5124 Other Allowances	\$718
5202 Communication Services	\$6,288
5206 Printing and Binding	\$4,870
5212 Maintenance-Other	\$600
5213 Dues and Memberships	\$430
5224 Software & Comp Maintenance	\$937
5300 Office Supplies	\$750
5309 Operating Supplies	\$600
5402 Computer Equipment	\$2,325
<b>Total</b>	<b>\$293,714</b>

# Community Development



# Community Development

The purpose of the Community Development Department is to enhance the quality of life in Independence by encouraging public involvement in the planning and creation of quality places in which to live, work, and play.



**Total Budget: \$6,997,506**

**FTE Count: 37**

# Community Development Administration

The mission of Community Development Administration is to lead and direct development policy for the City so that safe, livable and sustainable environments are created and maintained.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 311,702	\$ 298,135	\$ 211,282
Operating Expenses	\$ 6,946	\$ 9,105	\$ 9,105
Equipment	\$ -	\$ -	\$ 16,275
<b>Total</b>	<b>\$ 318,648</b>	<b>\$ 307,240</b>	<b>\$ 236,662</b>
<b><u>Program by Fund</u></b>			
General (002-4401)	\$ 318,648	\$ 307,240	\$ 236,662
<b><u>Position Summary</u></b>			
FTE	2.4	2.3	1.7

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 122,146
5106 Retiree Health Insurance	\$ 10,464
5107 Worker Comp-Medical Costs	\$ 3,555
5110 FICA	\$ 11,259
5111 LAGERS	\$ 30,518
5112 Health Insurance	\$ 28,228
5113 Dental Insurance	\$ 1,333
5114 Life Insurance	\$ 222
5115 Long Term Disability	\$ 157
5122 Automobile Allowance	\$ 2,860
5124 Other Allowances	\$ 540
5203 Overnight Travel & Meetings	\$ 250
5204 Events and Meetings	\$ 300
5206 Printing and Binding	\$ 500
5207 Insurance and Bonds	\$ 1,600
5212 Maintenance-Other	\$ 3,700
5213 Dues and Memberships	\$ 800
5214 Training and Education	\$ 250
5300 Office Supplies	\$ 1,505
5309 Operating Supplies	\$ 200
5402 Computer Equipment	\$ 16,275
<b>Total</b>	<b>\$ 236,662</b>

# Community Development

## Neighborhood Services

The Neighborhood Services Division works in partnership with citizens and businesses to promote and maintain a safe, healthy, and desirable living and working environment through the administration of the Property Maintenance, zoning, and right-of-way codes.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 986,262	\$ 1,052,899	\$ 800,865
Operating Expenses	\$ 243,117	\$ 188,419	\$ 190,518
Equipment	\$ -	\$ 62,213	\$ -
<b>Total</b>	<b>\$1,229,379</b>	<b>\$1,303,531</b>	<b>\$ 991,383</b>
<b><u>Program by Fund</u></b>			
General (002-4411)	\$1,229,379	\$ 1,303,531	\$ 991,383
<b><u>Position Summary</u></b>			
FTE	10.92	10.92	9.75

### Line Item Detail

	<b>FY 2020-21</b>	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 536,511	
5106 Retiree Health Insurance	\$ 7,848	
5107 Worker Comp-Medical Costs	\$ 13,152	
5110 FICA	\$ 41,726	
5111 LAGERS	\$ 102,751	
5112 Health Insurance	\$ 91,807	
5113 Dental Insurance	\$ 3,608	
5114 Life Insurance	\$ 772	
5115 Long Term Disability	\$ 545	
5122 Automobile Allowance	\$ 2,145	
5202 Communication Services	\$ 7,000	
5206 Printing and Binding	\$ 2,300	
5209 Maint-Mobile Equip (CG)	\$ 17,260	
5212 Maintenance-Other	\$ 14,220	
5213 Dues and Memberships	\$ 500	
5214 Training and Education	\$ 1,000	
5226 Professional Services	\$ 132,447	*Property abatements
5240 Other Services	\$ 588	
5300 Office Supplies	\$ 1,000	
5302 Computer Software & Supplies	\$ 6,500	
5309 Operating Supplies	\$ 2,900	
5315 Motor Vehicle Fuels (CG)	\$ 4,803	
<b>Total</b>	<b>\$ 991,383</b>	

# Community Development

## Development Services

The mission of the Planning Division is to articulate and maintain the community's vision, values, and priorities by maintaining and updating the Comprehensive Plan, as well as enforcing the Unified Development Ordinance to ensure an attractive, safe, and functional built environment.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 370,950	\$ 396,702	\$ 601,456
Operating Expenses	\$ 18,768	\$ 22,975	\$ 27,115
Equipment	\$ 4,374	\$ -	\$ -
<b>Total</b>	<b>\$ 394,092</b>	<b>\$ 419,677</b>	<b>\$ 628,571</b>
<u>Program by Fund</u>			
General (002-4412)	\$ 394,092	\$ 419,677	\$ 628,571
<u>Position Summary</u>			
FTE	4.00	4.00	8.70

### Line Item Detail

Expenditure	FY 2020-21 Adopted	
5100 Salaries-Regular Employees	\$ 652,944	Major Changes: 5 development engineering FTE transferred from Public Works to streamline development process
5106 Retiree Health Insurance	\$ 11,136	
5107 Worker Comp-Medical Costs	\$ 3,910	
5110 FICA	\$ 20,961	
5111 LAGERS	\$ 56,687	
5112 Health Insurance	\$ 49,875	
5113 Dental Insurance	\$ 1,948	
5114 Life Insurance	\$ 419	
5115 Long Term Disability	\$ 296	
5120 Employee Allowances	\$ 2,860	
5124 Other Allowances	\$ 420	
5130 Pers Ser Charged to Projects	\$ (200,000)	*Time charged to capital projects
5204 Events and Meetings	\$ 600	
5205 Advertising & Public Notice	\$ 6,000	
5206 Printing and Binding	\$ 2,000	
5212 Maintenance-Other	\$ 13,180	
5213 Dues and Memberships	\$ 1,500	
5214 Training and Education	\$ 750	
5218 Mileage & Parking Reimb	\$ 660	
5300 Office Supplies	\$ 1,500	
5309 Operating Supplies	\$ 925	
<b>Total</b>	<b>\$ 628,571</b>	

## Community Development Transportation

The purpose of the Transportation function is to provide a rider-focused transit system that provides access to employment, health, educational and social destinations through a fixed route system and paratransit program.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ -	\$ -	\$ -
Operating Expenses	\$ 1,661,582	\$ 1,865,933	\$ 2,510,762
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,661,582</b>	<b>\$ 1,865,933</b>	<b>\$ 2,510,762</b>
<b><u>Program by Fund</u></b>			
General (002-4414)	\$ 1,661,582	\$ 1,865,933	\$ 2,510,762
<b><u>Position Summary</u></b>			
FTE	0.0	0.0	0.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5226 Professional Services	\$ 2,499,415
5229 Electricity	\$ 4,147
5231 Water	\$ 3,200
5232 Sewer	\$ 4,000
<b>Total</b>	<b>\$ 2,510,762</b>



# Community Development

## Historic Preservation

The Historic Preservation Division assists in cultivating diverse and sustainable places by encouraging community-wide preservation of our irreplaceable, historic built and natural environments through proactive preservation planning, public engagement, and reinvestment in traditional building stock.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 54,362	\$ 57,268	\$ 22,903
Operating Expenses	\$ 5,152	\$ 9,010	\$ 8,310
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 59,514</b>	<b>\$ 66,278</b>	<b>\$ 31,213</b>
<u>Program by Fund</u>			
General (002-4420)	\$ 59,514	\$ 66,278	\$ 31,213
<u>Position Summary</u>			
FTE	0.5	0.5	0.25

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 12,009	Major Changes: move .25 FTE to Tourism division
5107 Worker Comp-Medical Costs	\$ 1,422	
5110 FICA	\$ 1,040	
5111 LAGERS	\$ 3,078	
5112 Health Insurance	\$ 4,992	
5113 Dental Insurance	\$ 113	
5114 Life Insurance	\$ 23	
5115 Long Term Disability	\$ 16	
5124 Other Allowances	\$ 210	
5203 Overnight Travel & Meetings	\$ 500	
5204 Events and Meetings	\$ 500	
5205 Advertising & Public Notice	\$ 500	
5213 Dues and Memberships	\$ 200	
5214 Training and Education	\$ 2,200	
5226 Professional Services	\$ 4,000	
5309 Operating Supplies	\$ 410	
<b>Total</b>	<b>\$ 31,213</b>	

# Community Development

## Building Inspections

The Building Inspections Division enhances the quality of life in Independence by ensuring that buildings, structures, and properties are constructed, utilized, and maintained in a manner that reduces the risk to public health, and ensures the safety, welfare, and trust of citizens, business owners, and visitors in all elements of construction throughout the City.

	FY 2018-19	FY 2019-20	FY 2020-21
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 448,421	\$ 530,097	\$ 585,166
Operating Expenses	\$ 223,350	\$ 165,493	\$ 164,912
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 671,770</b>	<b>\$ 695,590</b>	<b>\$ 750,078</b>
<b><u>Program by Fund</u></b>			
General (002-4431)	\$ 671,770	\$ 695,590	\$ 750,078
<b><u>Position Summary</u></b>			
FTE	7.0	7.0	8.0

### Line Item Detail

	FY 2020-21	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 374,993	
5106 Retiree Health Insurance	\$ 20,160	
5107 Worker Comp-Medical Costs	\$ 6,398	
5110 FICA	\$ 27,581	
5111 LAGERS	\$ 74,518	
5112 Health Insurance	\$ 77,719	
5113 Dental Insurance	\$ 2,969	
5114 Life Insurance	\$ 485	
5115 Long Term Disability	\$ 343	
5202 Communication Services	\$ 2,000	
5203 Overnight Travel & Meetings	\$ 250	
5204 Events and Meetings	\$ 250	
5206 Printing and Binding	\$ 150	
5208 Fees and Permits	\$ 2,000	
5209 Maint-Mobile Equip (CG)	\$ 11,053	
5212 Maintenance-Other	\$ 10,780	
5213 Dues and Memberships	\$ 500	
5214 Training and Education	\$ 2,000	
5226 Professional Services	\$ 128,810	*Demolition of dangerous buildings
5300 Office Supplies	\$ 2,000	
5315 Motor Vehicle Fuels (CG)	\$ 5,119	
<b>Total</b>	<b>\$ 750,078</b>	

## Community Development Regulated Industries

The purpose of Regulated Industries is to issue licenses and permits to businesses and to inspect said businesses for compliance with City ordinances so that safe, healthy and livable environments are maintained.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 579,247	\$ 572,559	\$ 448,827
Operating Expenses	\$ 40,737	\$ 42,892	\$ 40,047
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 619,984</b>	<b>\$ 615,451</b>	<b>\$ 488,874</b>
<b><u>Program by Fund</u></b>			
General (002-4460)	\$ 619,984	\$ 615,451	\$ 488,874
<b><u>Position Summary</u></b>			
FTE	9.23	9.00	5.85

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 328,606	
5102 Overtime	\$ 1,800	
5106 Retiree Health Insurance	\$ 14,424	
5107 Worker Comp-Medical Costs	\$ 7,109	
5110 FICA	\$ 23,760	
5111 LAGERS	\$ 63,501	
5112 Health Insurance	\$ 59,899	
5113 Dental Insurance	\$ 2,272	
5114 Life Insurance	\$ 404	
5115 Long Term Disability	\$ 286	
5124 Other Allowances	\$ 420	
5130 Pers Ser Charged to Projects	\$ (53,654)	*Charge to Customer Service for cashiering services
5202 Communication Services	\$ 2,400	
5204 Events and Meetings	\$ 500	
5206 Printing and Binding	\$ 1,500	
5209 Maint-Mobile Equip (CG)	\$ 9,087	
5210 Maint-Mobile Equip (Other)	\$ 135	
5212 Maintenance-Other	\$ 17,780	
5300 Office Supplies	\$ 4,300	
5302 Computer Software & Supplies	\$ 1,000	
5309 Operating Supplies	\$ 2,000	
5315 Motor Vehicle Fuels (CG)	\$ 1,345	
<b>Total</b>	<b>\$ 488,874</b>	

# Community Development

## Community Development Block Grant

The mission of the Community Development Block Grant (CDBG) Program is to improve the quality of life of very low, low, and moderate income residents living in Independence by providing for the availability, affordability, and sustainability of suitable living environments, decent housing, and economic opportunities.

<b><u>Program by Expenditure Category</u></b>	<b><u>FY 2018-19</u></b> <b><u>Actual</u></b>	<b><u>FY 2019-20</u></b> <b><u>Adopted</u></b>	<b><u>FY 2020-21</u></b> <b><u>Adopted</u></b>
Salary & Benefits	\$ 104,371	\$ 121,957	\$ 110,729
Operating Expenses	\$ 710,058	\$ 730,953	\$ 714,295
Equipment	\$ -	\$ -	\$ 1,800
<b>Total</b>	<b>\$ 814,429</b>	<b>\$ 852,910</b>	<b>\$ 826,824</b>

<b><u>Program by Fund</u></b>			
Community Development Block Grant (008)	\$ 814,429	\$ 852,910	\$ 826,824

<b><u>Position Summary</u></b>			
FTE	1.4	1.5	1.3

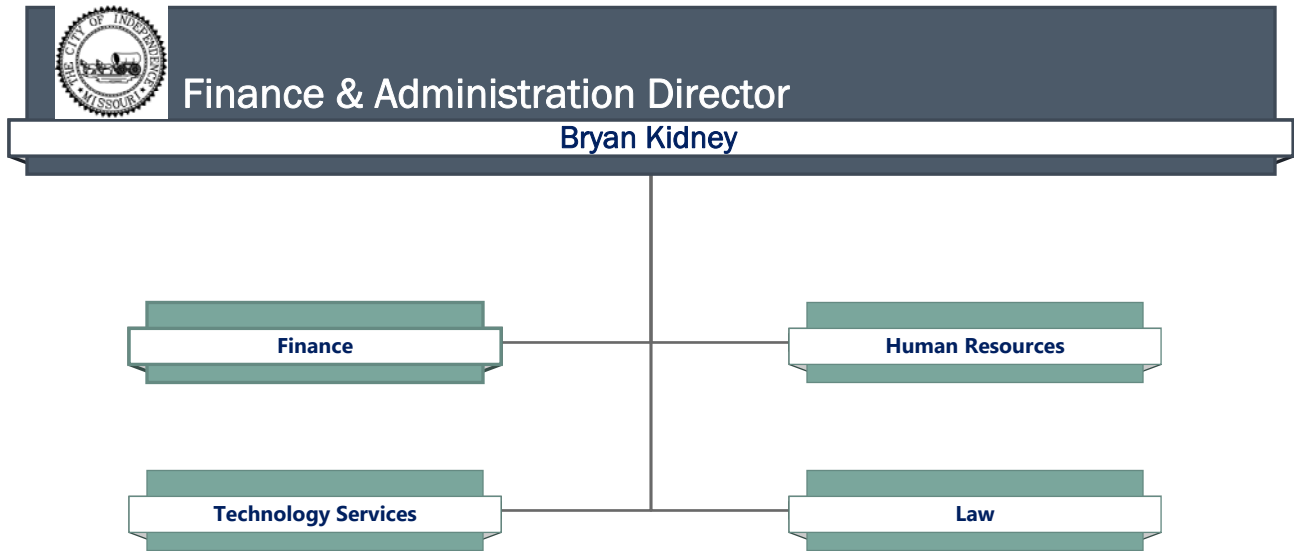
# Community Development

## HOME Grant

The purpose of the HOME Investment Partnerships Program is to improve the quality of life in Independence by addressing the unmet housing needs of very low, low, and moderate income persons.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 18,289	\$ 39,961	\$ 64,692
Operating Expenses	\$ 8,895	\$ 53,548	\$ 30,697
Equipment	\$ 166,891	\$ 436,850	\$ 437,750
<b>Total</b>	<b>\$ 194,076</b>	<b>\$ 530,359</b>	<b>\$ 533,139</b>
<u>Program by Fund</u>			
HOME (009)	\$ 194,076	\$ 530,359	\$ 533,139
<u>Position Summary</u>			
FTE	0.5	0.4	0.55

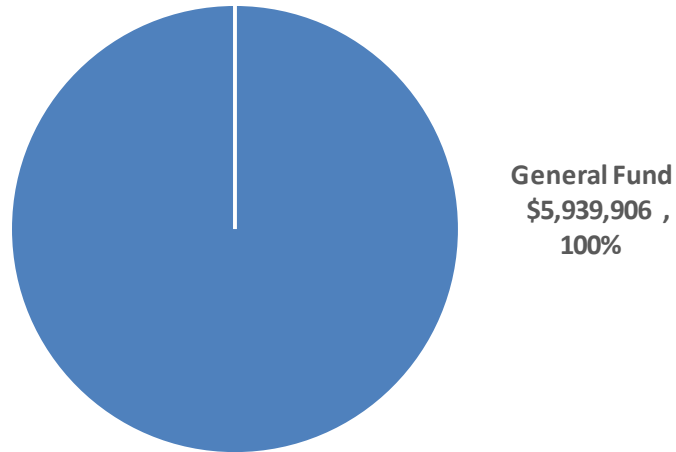
# Finance & Administration



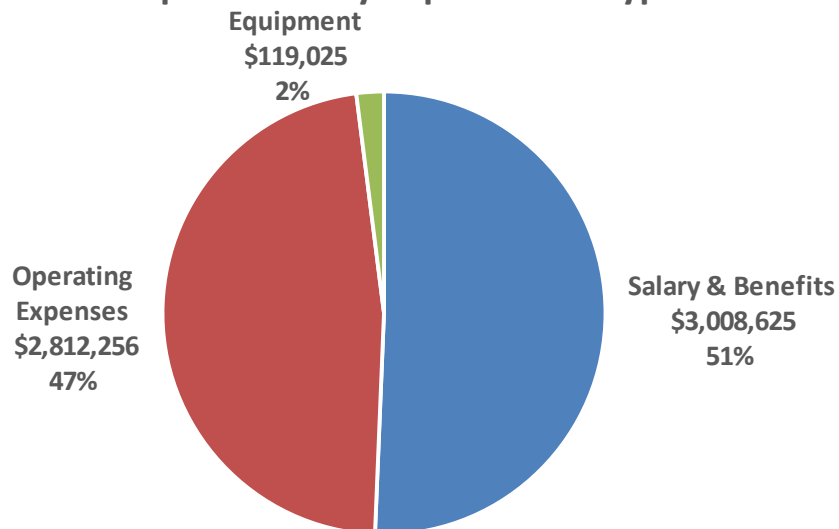
# Finance & Administration

The Finance & Administration Department is responsible for the administration of all financial affairs of the City, as well as the Human Resources, Law, and Technology Services functions.

**Fund Summary**



**Department by Expenditure Type**



**Total Budget: \$5,939,906**

**FTE Count: 32.25**

# Finance & Administration

## Administration

The mission of Finance Administration is to provide leadership and direction for the City's financial duties and responsibilities so that all financial assets of the City are protected.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 292,548	\$ 443,717	\$ 482,528
Operating Expenses	\$ 12,518	\$ 18,500	\$ 18,000
Equipment	\$ 3,422	\$ -	\$ 4,375
<b>Total</b>	<b>\$ 308,488</b>	<b>\$ 462,217</b>	<b>\$ 504,903</b>
<b><u>Program by Fund</u></b>			
General (002-4201)	\$ 308,488	\$ 462,217	\$ 504,903
<b><u>Position Summary</u></b>			
FTE	4.0	4.0	4.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 331,450
5106 Retiree Health Insurance	\$ 22,140
5107 Worker Comp-Medical Costs	\$ 853
5110 FICA	\$ 26,816
5111 LAGERS	\$ 64,851
5112 Health Insurance	\$ 27,789
5113 Dental Insurance	\$ 1,269
5114 Life Insurance	\$ 499
5115 Long Term Disability	\$ 255
5117 Deferred Compensation Ben	\$ 3,206
5122 Automobile Allowance	\$ 2,860
5124 Other Allowances	\$ 540
5203 Overnight Travel & Meetings	\$ 4,250
5204 Events and Meetings	\$ 250
5206 Printing and Binding	\$ 250
5207 Insurance and Bonds	\$ 7,000
5213 Dues and Memberships	\$ 1,000
5214 Training and Education	\$ 500
5224 Software and Comp Maintenance	\$ 320
5226 Professional Services	\$ 650
5240 Other Services	\$ 175
5300 Office Supplies	\$ 2,000
5302 Computer Software & Supplies	\$ 400
5309 Operating Supplies	\$ 1,205
5402 Computer Equipment	\$ 4,375
<b>Total</b>	<b>\$ 504,903</b>



# Finance & Administration

## Accounts

The mission of Accounts is to maintain the accounting records for all of the City's operations and component units so that the records meet all governmental accounting standards and the annual independent audit is completed.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 870,302	\$ 768,553	\$ 669,247
Operating Expenses	\$ 380,289	\$ 465,000	\$ 376,608
Equipment	\$ 40	\$ 9,000	\$ 2,000
<b>Total</b>	<b>\$ 1,250,631</b>	<b>\$ 1,242,553</b>	<b>\$ 1,047,855</b>
<b><u>Program by Fund</u></b>			
General (002-4210)	\$ 1,250,631	\$ 1,242,553	\$ 1,047,855
<b><u>Position Summary</u></b>			
FTE	9.15	8.00	8.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21</b>	
<b>Adopted</b>		
5100 Salaries-Regular Employees	\$ 440,882	
5101 Salaries-Temp & Part Time	\$ 8,000	
5102 Overtime	\$ 10,000	
5106 Retiree Health Insurance	\$ 50,628	
5107 Worker Comp-Medical Costs	\$ 2,047	
5110 FICA	\$ 33,640	
5111 LAGERS	\$ 79,966	
5112 Health Insurance	\$ 40,646	
5113 Dental Insurance	\$ 1,908	
5114 Life Insurance	\$ 651	
5115 Long Term Disability	\$ 459	
5124 Other Allowances	\$ 420	
5206 Printing and Binding	\$ 1,000	
5212 Maintenance-Other	\$ 2,400	
5213 Training and Education	\$ 4,000	
5224 Software and Comp Maintenance	\$ 8,720	
5226 Professional Services	\$ 319,262	*Audit, CAFR review, assessments
5238 Rental of Equip. & Vehicles	\$ 7,200	
5240 Other Services	\$ 27,926	*Bank and credit card fees
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 5,100	
5402 Computer Equipment	\$ 2,000	
<b>Total</b>	<b>\$ 1,047,855</b>	

# Finance & Administration

## City Hall Cashiering

The purpose of City Hall Cashiering is to collect electric, water, sewer and natural gas bill payments from walk-in customers at City Hall. This function has been absorbed by staff in Community Development and Finance.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 52,880	\$ -	\$ -
Operating Expenses	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 52,880</b>	<b>\$ -</b>	<b>\$ -</b>

<u>Program by Fund</u>			
Water (040-4217)	\$ 52,880	\$ -	\$ -

<u>Position Summary</u>			
FTE	0.85	0.00	0.0

# Finance & Administration

## City Memberships

The purpose of City Memberships is to provide funding for various civic, government, and economic development partnerships that are not department-specific.

<b><u>Program by Expenditure Category</u></b>	<b><u>FY 2018-19 Actual</u></b>	<b><u>FY 2019-20 Adopted</u></b>	<b><u>FY 2020-21 Adopted</u></b>
Salary & Benefits	\$ 44	\$ -	
Operating Expenses	\$ 208,447	\$ 177,500	\$ 177,500
Equipment	\$ -	\$ -	
<b>Total</b>	<b>\$ 208,491</b>	<b>\$ 177,500</b>	<b>\$ 177,500</b>
<b><u>Program by Fund</u></b>			
General (002-4205)	\$ 208,491	\$ 177,500	\$ 177,500
<b><u>Position Summary</u></b>			
FTE	0.0	0.0	0.00

### Line Item Detail

<b><u>Expenditure</u></b>	<b><u>FY 2020-21 Adopted</u></b>	
5203 Overnight Travel & Meetings	\$ 1,000	
5204 Events and Meetings	\$ 37,000	*Employee Engagement Committee,
5213 Dues and Memberships	\$ 118,500	table purchases, volunteer breakfast, etc.
5226 Professional Services	\$ 20,000	*Chamber, NLC, KCADC, Santa-Cali-Gon,
5240 Other Services	\$ 1,000	etc.
<b>Total</b>	<b>\$ 177,500</b>	

# Finance

## Copy and Mailing Center

The mission of the Copy and Mailing Center is to provide centralized postal services and mail delivery to City departments.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 75,686	\$ 75,716	\$ 17,766
Operating Expenses	\$ 77,969	\$ 83,500	\$ 80,000
Equipment	\$ -	\$ -	
<b>Total</b>	<b>\$ 153,656</b>	<b>\$ 159,216</b>	<b>\$ 97,766</b>
<u>Program by Fund</u>			
General (002-4270)	\$ 153,656	\$ 159,216	\$ 97,766
<u>Position Summary</u>			
FTE	0.6	1.5	0.5

### Line Item Detail

		FY 2020-21
<u>Expenditure</u>		<u>Adopted</u>
5100 Salaries-Temp & Part Time	\$	16,485
5110 FICA	\$	1,261
5111 Life Insurance	\$	3
5114 Long Term Disability	\$	17
5201 Mailing and Shipping	\$	80,000
<b>Total</b>	<b>\$</b>	<b>97,766</b>

Major Changes:  
Outsourcing of utility bill  
printing; eliminate  
Mail/Copy Center  
Operator

### Line Item Detail

# Finance & Administration

## Procurement

The mission of Purchasing is to provide a centralized system for the purchase of goods and services by City Departments in accordance with all legal requirements and ethical standards.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 281,187	\$ 285,461	\$ 157,065
Operating Expenses	\$ 8,381	\$ 67,543	\$ 13,290
Equipment	\$ -	\$ -	\$ 1,000
<b>Total</b>	<b>\$ 289,568</b>	<b>\$ 353,004</b>	<b>\$ 171,355</b>
<b><u>Program by Fund</u></b>			
General (002-4240)	\$ 289,568	\$ 353,004	\$ 171,355
<b><u>Position Summary</u></b>			
FTE	3.63	3.00	2.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 95,015
5106 Retiree Health Insurance	\$ 2,616
5107 Worker Comp-Medical Costs	\$ 853
5110 FICA	\$ 6,755
5111 LAGERS	\$ 18,881
5112 Health Insurance	\$ 31,429
5113 Dental Insurance	\$ 1,278
5114 Life Insurance	\$ 140
5115 Long Term Disability	\$ 98
5206 Printing and Binding	\$ 4,000
5213 Dues and Memberships	\$ 825
5214 Training and Education	\$ 5,595
5224 Software and Comp Maintenance	\$ 1,870
5300 Office Supplies	\$ 500
5309 Operating Supplies	\$ 500
5402 Computer Equipment	\$ 1,000
<b>Total</b>	<b>\$ 171,355</b>

Major Changes: Procurement  
Manager position eliminated in FY20  
mid-year budget amendment related  
to retiree health insurance

# Finance & Administration

## Risk Management 4260

The mission of Risk Management is to manage insurance programs that safeguard the City's financial, human resource, and capital assets.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 79,315	\$ 26,697	\$ -
Operating Expenses	\$ 983,474	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,062,789</b>	<b>\$ 26,697</b>	<b>\$ -</b>

<b><u>Program by Fund</u></b>			
General (002-4260)	\$ 1,062,789	\$ 26,697	\$ -
Risk Management (093-4293)	\$ -	\$ -	\$ -

<b><u>Position Summary</u></b>			
FTE	1.0	0.5	0.0

### Major Changes:

- .5 FTE eliminated in FY20 mid-year budget amendment related to retiree health insurance
- Risk Management charges are now included in the Risk Management fund, which is an internal service fund that charges out to each department budget

# Finance & Administration

## Human Resources

The mission of Human Resources is to establish and administer personnel policies for City employees so that the City is in compliance with equal employment opportunity, City Charter, and federal, state, and local rules and regulations governing employment.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 480,911	\$ 573,085	\$ 474,142
Operating Expenses	\$ 167,551	\$ 171,114	\$ 200,698
Equipment	\$ -	\$ -	\$ 3,875
<b>Total</b>	<b>\$ 648,462</b>	<b>\$ 744,199</b>	<b>\$ 678,715</b>
<u>Program by Fund</u>			
General (002-4230)	\$ 648,462	\$ 744,199	\$ 678,715
<u>Position Summary</u>			
FTE	5.00	5.00	4.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 312,020	
5106 Retiree Health Insurance	\$ 14,076	
5107 Worker Comp-Medical Costs	\$ 597	
5110 FICA	\$ 23,177	
5111 LAGERS	\$ 62,444	
5112 Health Insurance	\$ 26,647	
5113 Dental Insurance	\$ 2,116	
5114 Life Insurance	\$ 461	
5115 Long Term Disability	\$ 324	
5116 Other Employee Benefits	\$ 30,000	*Drug screens/pre-employment tests
5122 Automobile Allowance	\$ 1,320	
5124 Other Allowances	\$ 960	
5201 Mailing and Shipping	\$ 100	
5203 Overnight Travel & Meetings	\$ 3,000	
5204 Events and Meetings	\$ 50	
5206 Printing and Binding	\$ 100	
5207 Insurance and Bonds	\$ 300	
5212 Maintenance-Other	\$ 2,774	
5213 Dues and Memberships	\$ 900	
5214 Training and Education	\$ 36,450	*Tuition reimbursement, city-wide training
5218 Mileage & Parking Reimb	\$ 200	
5226 Professional Services	\$ 150,000	*Employee wellness (reimbursed by Cigna)
5240 Other Services	\$ 150	
5300 Office Supplies	\$ 2,000	
5302 Computer Software & Supplies	\$ 3,924	
5309 Operating Supplies	\$ 750	
5402 Computer Equipment	\$ 3,875	
<b>Total</b>	<b>\$ 678,715</b>	

Major Changes: HR Assistant position eliminated in FY20 mid-year budget amendment related to retiree health insurance

# Finance & Administration

## Law

To conduct and carry on all civil suits, actions, and proceedings; draft or review proposed City ordinances and amendments; and, prepare or officially approve as to form all contracts, deeds, bonds, and other documents.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 769,168	\$ 161,397	\$ 207,025
Operating Expenses	\$ 200,365	\$ 454,941	\$ 453,501
Equipment	\$ 304	\$ 7,150	\$ 775
<b>Total</b>	<b>\$ 969,838</b>	<b>\$ 623,488</b>	<b>\$ 661,301</b>
<u>Program by Fund</u>			
General (002-4100)	\$ 969,838	\$ 623,488	\$ 661,301
Grants (015-4150)	\$ 27,992	\$ -	\$ -

### Position Summary

FTE	5.75	2.00	1.50
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### Line Item Detail

	FY 2020-21	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 98,929	
5106 Retiree Health Insurance	\$ 22,140	
5107 Worker Comp-Medical Costs	\$ 977	
5110 FICA	\$ 16,106	
5111 LAGERS	\$ 41,955	
5112 Health Insurance	\$ 25,758	
5113 Dental Insurance	\$ 630	
5114 Life Insurance	\$ 310	
5115 Long Term Disability	\$ 220	
5201 Mailing and Shipping	\$ 100	
5202 Communication Services	\$ 975	
5203 Overnight Travel & Meetings	\$ 2,065	
5204 Events and Meetings	\$ 100	
5206 Printing and Binding	\$ 75	
5212 Maintenance-Other	\$ 60	
5213 Dues and Memberships	\$ 2,990	
5214 Training and Education	\$ 3,500	
5218 Mileage & Parking Reimb	\$ 300	
5226 Professional Services	\$ 418,741	*Outside counsel, settlement fees
5240 Other Services	\$ 270	
5300 Office Supplies	\$ 775	
5302 Computer Software & Supplies	\$ 25	
5309 Operating Supplies	\$ 23,375	*Law library
5313 Small Tools and Equipment	\$ 150	
5402 Computer Equipment	\$ 775	
<b>Total</b>	<b>\$ 661,301</b>	



# Finance & Administration

## Technology Services

The mission of Technology Services is to provide information technology services to all City departments so that City employees have effective and efficient hardware and software to use and that systems and data are secure.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,414,375	\$ 1,241,121	\$ 1,000,852
Operating Expenses	\$ 229,160	\$ 384,500	\$ 770,566
Equipment	\$ 82,154	\$ 107,000	\$ 107,000
<b>Total</b>	<b>\$ 1,725,689</b>	<b>\$ 1,732,621</b>	<b>\$ 1,878,418</b>
<b><u>Program by Fund</u></b>			
General (002-4220)	\$ 1,725,689	\$ 1,732,621	\$ 1,878,418
<b><u>Position Summary</u></b>			
FTE	13.5	13.00	11.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 682,072	Major Changes: -1 Computer Operations position eliminated -Payment to ERP Fund (Munis & GIS/Cityworks Team)
5106 Retiree Health Insurance	\$ 41,304	
5107 Worker Comp-Medical Costs	\$ 4,180	
5110 FICA	\$ 56,625	
5111 LAGERS	\$ 106,864	
5112 Health Insurance	\$ 101,828	
5113 Dental Insurance	\$ 3,310	
5114 Life Insurance	\$ 662	
5115 Long Term Disability	\$ 471	
5122 Automobile Allowance	\$ 4,180	
5124 Other Allowances	\$ 3,356	
5202 Communication Services	\$ 2,000	
5206 Printing and Binding	\$ 3,500	
5212 Maintenance-Other	\$ 652,066	*Annual software maintenance fees, payment to ERP Fund
5214 Training and Education	\$ 7,000	
5218 Mileage & Parking Reimb	\$ 2,500	
5226 Professional Services	\$ 100,000	*Software development, cyber security
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 2,500	
5402 Computer Equipment	\$ 107,000	
<b>Total</b>	<b>\$ 1,878,418</b>	

# Finance & Administration

## Voice and Data Systems

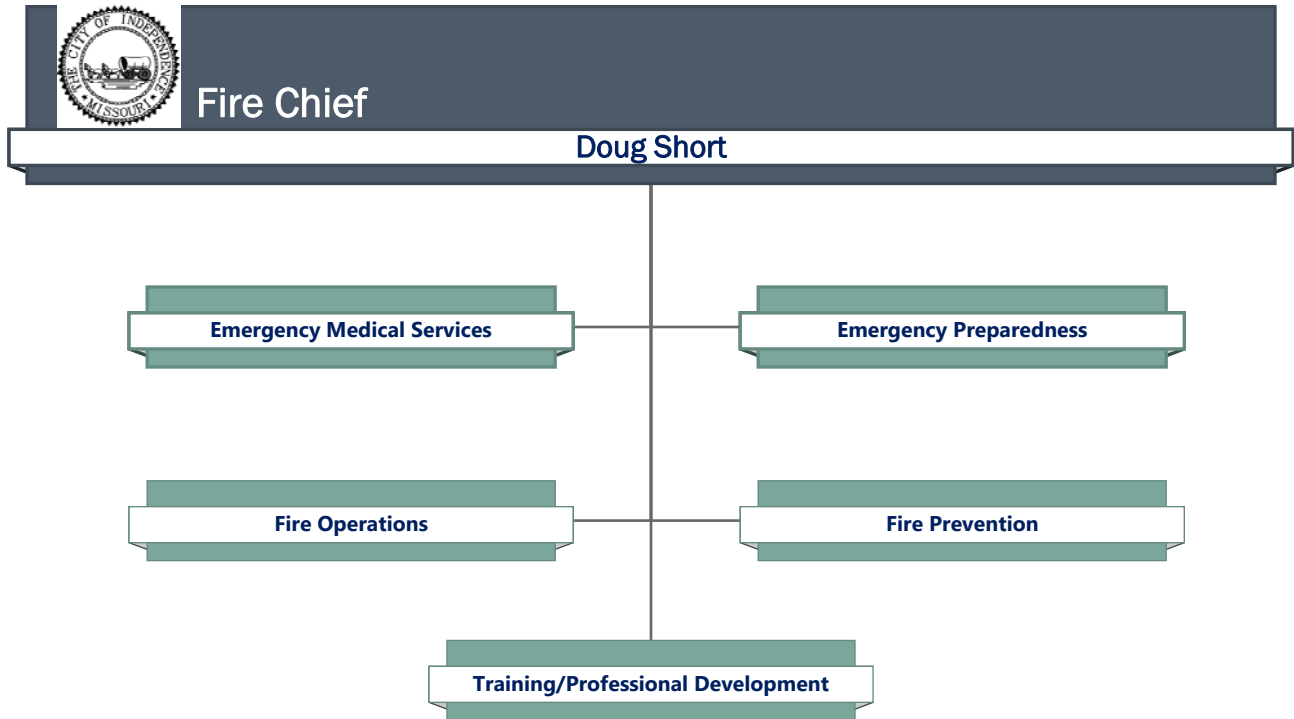
The mission of Voice and Data Systems is to maintain the telephone trunk system for land line telephones, radios, and to provide internet connectivity to City Departments so that modern communication can exist.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	
Operating Expenses	\$ 507,626	\$ 286,325	\$ 722,093
Equipment	\$ -	\$ -	
<b>Total</b>	<b>\$ 507,626</b>	<b>\$ 286,325</b>	<b>\$ 722,093</b>
<u>Program by Fund</u>			
General (002-4221)	\$ 507,626	\$ 286,325	\$ 722,093
<u>Position Summary</u>			
FTE	0.0	0.0	0.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5202 Communication Services	\$ 392,790	*Phones, cable, internet
5212 Maintenance-Other	\$ 320,000	*Radio system maintenance (reimbursed through fees)
5512 Interest	\$ 9,303	
<b>Total</b>	<b>\$ 722,093</b>	

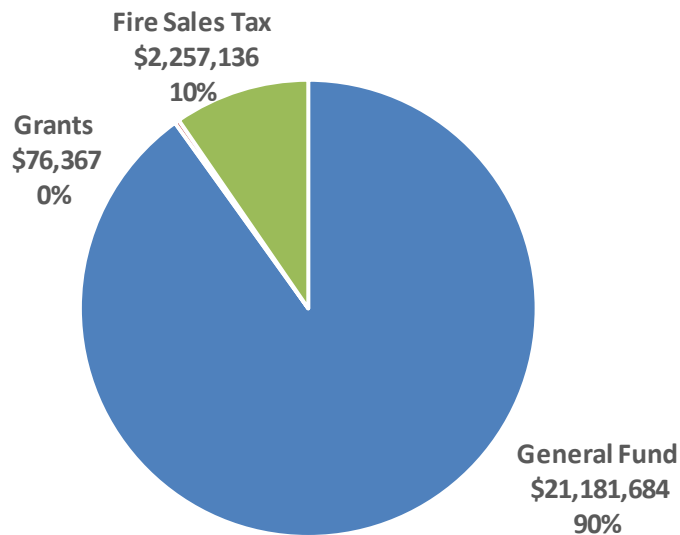
# Fire



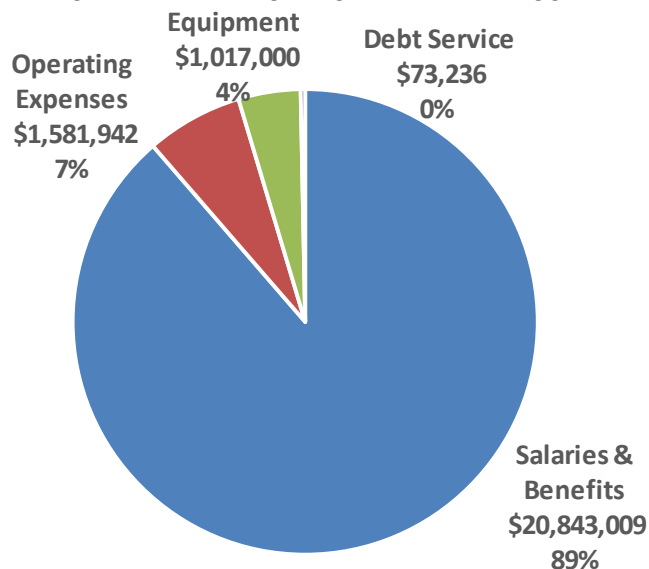
# Fire

The mission of the Fire Department is to prevent and extinguish fires, serve as first responder for basic and advanced life support in medical emergencies and to be the lead agency for emergency preparation so that the safety, health and property of residents is protected.

**Fund Summary**



**Department by Expenditure Type**



**Total Budget: \$23,515,187**

**FTE Count: 176.5**

# Fire Administration

The Administration Division is responsible for the overall management of the department, and ensures that strategic goals and objectives meet the visions and mission of the department as a whole.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 346,668	\$ 340,382	\$ 340,849
Operating Expenses	\$ 349,423	\$ 286,581	\$ 314,205
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 696,091</b>	<b>\$ 626,963</b>	<b>\$ 655,054</b>
<b><u>Program by Fund</u></b>			
General (002-4611)	\$ 696,091	\$ 626,963	\$ 655,054
<b><u>Position Summary</u></b>			
FTE	3.0	3.0	3.0

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 212,347
5106 Retiree Health Insurance	\$ 22,140
5107 Worker Comp-Medical Costs	\$ 11,508
5110 FICA	\$ 15,774
5111 LAGERS	\$ 42,730
5112 Health Insurance	\$ 33,388
5113 Dental Insurance	\$ 1,709
5114 Life Insurance	\$ 312
5115 Long Term Disability	\$ 221
5121 Clothing Uniform Allowance	\$ 720
5201 Mailing and Shipping	\$ 250
5202 Communication Services	\$ 23,000
5203 Events and Meetings	\$ 2,000
5205 Advertising & Public Notice	\$ 250
5207 Insurance and Bonds	\$ 40,000
5209 Maint-Mobile Equip (CG)	\$ 3,908
5212 Maintenance-Other	\$ 500
5213 Dues and Memberships	\$ 3,200
5226 Professional Services	\$ 7,000
5229 Electricity	\$ 132,832
5230 Gas	\$ 27,000
5231 Water	\$ 40,000
5232 Sewer	\$ 10,500
5233 Solid Waste	\$ 1,200
5240 Other Services	\$ 10,000
5300 Office Supplies	\$ 7,900
5309 Operating Supplies	\$ 2,700
5315 Motor Vehicle Fuels (CG)	\$ 1,965
<b>Total</b>	<b>\$ 655,054</b>

# Fire

## Fire Operations

The mission of the Fire Operations Division is to serve the emergent needs of the community with response to emergency medical calls, fires, explosions, bomb threats, vehicle accidents, homeland security terrorism, hazardous chemical spills, and other emergency calls.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 19,353,139	\$ 18,766,380	\$ 18,915,378
Operating Expenses	\$ 402,968	\$ 354,628	\$ 368,500
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 19,756,107</b>	<b>\$ 19,121,008</b>	<b>\$ 19,283,878</b>
<b><u>Program by Fund</u></b>			
General (002-4621)	\$ 19,756,107	\$ 19,121,008	\$ 19,283,878
<b><u>Position Summary</u></b>			
FTE	159.50	159.50	162.50

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 11,188,516	
5102 Overtime	\$ 250,000	
5103 Other Pay Types	\$ 800,000	
5106 Retiree Health Insurance	\$ 562,032	
5107 Worker Comp-Medical Costs	\$ 1,047,222	
5110 FICA	\$ 798,182	
5111 LAGERS	\$ 2,199,595	
5112 Health Insurance	\$ 2,051,728	
5113 Dental Insurance	\$ 75,737	
5114 Life Insurance	\$ 14,691	
5115 Long Term Disability	\$ 10,415	
5121 Clothing Uniform Allowance	\$ 102,960	
5130 Pers Ser Charged to Projects	\$ (185,700)	*Training time charged to sales tax
5209 Maint-Mobile Equip (CG)	\$ 226,536	
5212 Maintenance-Other	\$ 24,405	
5309 Operating Supplies	\$ 12,500	
5315 Motor Vehicle Fuels (CG)	\$ 102,059	
5316 Motor Vehicle Fuels (Other)	\$ 3,000	
<b>Total</b>	<b>\$ 19,283,878</b>	

# Fire

## Emergency Medical Services

The Emergency Medical Services (EMS) and Wellness Division is responsible for the training and operation of emergency medical services to ensure firefighters are able to provide basic and advanced life support measures to the citizens.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 145,473	\$ 156,128	\$ 154,937
Operating Expenses	\$ 70,141	\$ 65,674	\$ 66,708
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 215,614</b>	<b>\$ 221,802</b>	<b>\$ 221,645</b>
<b><u>Program by Fund</u></b>			
General (002-4622)	\$ 215,614	\$ 221,802	\$ 221,645
<b><u>Position Summary</u></b>			
FTE	1.00	1.00	1.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 100,841	
5106 Retiree Health Insurance	\$ 2,616	
5107 Worker Comp-Medical Costs	\$ 11,508	
5110 FICA	\$ 7,248	
5111 LAGERS	\$ 19,866	
5112 Health Insurance	\$ 11,461	
5113 Dental Insurance	\$ 431	
5114 Life Insurance	\$ 144	
5115 Long Term Disability	\$ 102	
5121 Clothing Uniform Allowance	\$ 720	
5208 Fees and Permits	\$ 150	
5209 Maint-Mobile Equip (CG)	\$ 3,271	
5213 Dues and Memberships	\$ 250	
5226 Professional Services	\$ 28,500	*Medical Director
5309 Operating Supplies	\$ 33,000	*EMS supplies
5315 Motor Vehicle Fuels (CG)	\$ 1,537	
<b>Total</b>	<b>\$ 221,645</b>	

# Fire

## Fire Prevention

The Fire Prevention Division provides for the safety of the residents through inspection of new businesses within the City, fire code enforcement, plan reviews, fire safety education, fire investigation, and the re-inspection of all violations found during company inspections.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 710,472	\$ 945,527	\$ 725,175
Operating Expenses	\$ 8,731	\$ 12,775	\$ 14,159
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 719,203</b>	<b>\$ 958,302</b>	<b>\$ 739,334</b>
<b><u>Program by Fund</u></b>			
General (002-4631)	\$ 719,203	\$ 958,302	\$ 739,334
<b><u>Position Summary</u></b>			
FTE	7.0	7.0	7.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 465,978
5102 Overtime	\$ 7,000
5106 Retiree Health Insurance	\$ 38,280
5107 Worker Comp-Medical Costs	\$ 46,032
5110 FICA	\$ 34,714
5111 LAGERS	\$ 84,380
5112 Health Insurance	\$ 44,832
5113 Dental Insurance	\$ 2,098
5114 Life Insurance	\$ 670
5115 Long Term Disability	\$ 471
5121 Clothing Uniform Allowance	\$ 720
5206 Printing and Binding	\$ 1,500
5209 Maint-Mobile Equip (CG)	\$ 4,796
5212 Maintenance-Other	\$ 1,200
5213 Dues and Memberships	\$ 500
5309 Operating Supplies	\$ 5,000
5313 Small Tools and Equipment	\$ 250
5315 Motor Vehicle Fuels (CG)	\$ 913
<b>Total</b>	<b>\$ 739,334</b>



# Fire Maintenance

The Maintenance Division manages the service, preventative maintenance, and replacement programs for all staff vehicles, fire apparatus, facilities, and equipment.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 149,383	\$ 159,779	\$ 14,124
Operating Expenses	\$ 61,937	\$ 55,854	\$ 55,708
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 211,320</b>	<b>\$ 215,633</b>	<b>\$ 69,832</b>
<u>Program by Fund</u>			
General (002-4641)	\$ 211,320	\$ 215,633	\$ 69,832
<b>Total</b>	<b>\$ 211,320</b>	<b>\$ 215,633</b>	<b>\$ 69,832</b>
<u>Position Summary</u>			
FTE	1.0	1.0	0.0

## Line Item Detail

	FY 2020-21	
<b>Expenditure</b>	<b>Adopted</b>	
5106 Retiree Health Insurance	\$ 2,616	
5107 Worker Comp-Medical Costs	\$ 11,508	
5201 Mailing and Shipping	\$ 250	
5209 Maint-Mobile Equip (CG)	\$ 4,032	
5211 Maintenance-Buildings	\$ 9,000	
5212 Maintenance-Other	\$ 11,000	
5309 Operating Supplies	\$ 7,500	
5312 Maintenance Supplies	\$ 20,000	*Plumbing, paint, etc.
5313 Small Tools and Equipment	\$ 3,000	
5315 Motor Vehicle Fuels (CG)	\$ 926	
<b>Total</b>	<b>\$ 69,832</b>	

Major Changes: Maintenance Chief  
position transferred to Fire Sales Tax

# Fire

## Training and Professional Development

The Training/Professional Development Division provides training which promotes safe, effective, and efficient emergency response to the community.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 210,559	\$ 217,151	\$ 20,076
Operating Expenses	\$ 4,944	\$ 6,374	\$ 6,522
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 215,503</b>	<b>\$ 223,525</b>	<b>\$ 26,598</b>
<u>Program by Fund</u>			
General (002-4651)	\$ 215,503	\$ 223,525	\$ 26,598
<u>Position Summary</u>			
FTE	1.5	1.0	0.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5106 Retiree Health Insurance	\$ 7,848
5107 Worker Comp-Medical Costs	\$ 11,508
5121 Clothing Uniform Allowance	\$ 720
5209 Maint-Mobile Equip (CG)	\$ 2,382
5309 Operating Supplies	\$ 2,500
5315 Motor Vehicle Fuels (CG)	\$ 1,640
<b>Total</b>	<b>\$ 26,598</b>

Major Changes: Training Chief position transferred to Fire Sales Tax during FY20 mid-year budget amendment related to retiree health insurance

# Fire

## Emergency Preparedness

The Emergency Preparedness Division is responsible for support during times of disaster for all local, state, and federal departments across the spectrum of the emergency management functions, including preparedness, response, prevention, and recovery.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 280,560	\$ 211,076	\$ 202,371
Operating Expenses	\$ 53,877	\$ 57,003	\$ 59,339
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 334,437</b>	<b>\$ 268,079</b>	<b>\$ 261,710</b>
<b><u>Program by Fund</u></b>			
General (002-4661)	\$ 150,233	\$ 172,113	\$ 185,343
Grants (015-4650)	\$ 184,204	\$ 91,826	\$ 76,367
<b>Total</b>	<b>\$ 334,437</b>	<b>\$ 263,939</b>	<b>\$ 261,710</b>
<b><u>Position Summary</u></b>			
FTE	2.50	2.50	2.50

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 152,734	
5106 Retiree Health Insurance	\$ 7,848	
5107 Worker Comp-Medical Costs	\$ 11,508	
5110 FICA	\$ 5,468	
5111 LAGERS	\$ 11,656	
5112 Health Insurance	\$ 12,567	
5113 Dental Insurance	\$ 419	
5114 Life Insurance	\$ 110	
5115 Long Term Disability	\$ 61	
5201 Mailing and Shipping	\$ 100	
5202 Communication Services	\$ 8,000	
5204 Events and Meetings	\$ 2,500	
5209 Maint-Mobile Equip (CG)	\$ 10,752	
5210 Maint-Mobile Equip (Other)	\$ 2,000	
5212 Maintenance-Other	\$ 24,000	*Siren system maintenance
5300 Office Supplies	\$ 1,300	
5309 Operating Supplies	\$ 3,000	
5313 Small Tools and Equipment	\$ 3,000	
5315 Motor Vehicle Fuels (CG)	\$ 4,687	
<b>Total</b>	<b>\$ 261,710</b>	

# Fire

## Sales Tax Program

The purpose of this cost center is to budget and track expenditures of Fire Safety Tax funds to ensure compliance with the stated goals of this initiative when passed by voters.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 185,700	\$ 185,700	\$ 470,099
Operating Expenses	\$ 626,866	\$ 789,936	\$ 696,801
Equipment	\$ 631,198	\$ 1,243,500	\$ 1,017,000
Debt Service	\$ 73,235	\$ 73,236	\$ 73,236
<b>Total</b>	<b>\$ 1,517,000</b>	<b>\$ 2,292,372</b>	<b>\$ 2,257,136</b>

### Program by Fund

Fire Safety Sales Tax (017-4671)	\$ 1,517,000	\$ 2,292,372	\$ 2,257,136
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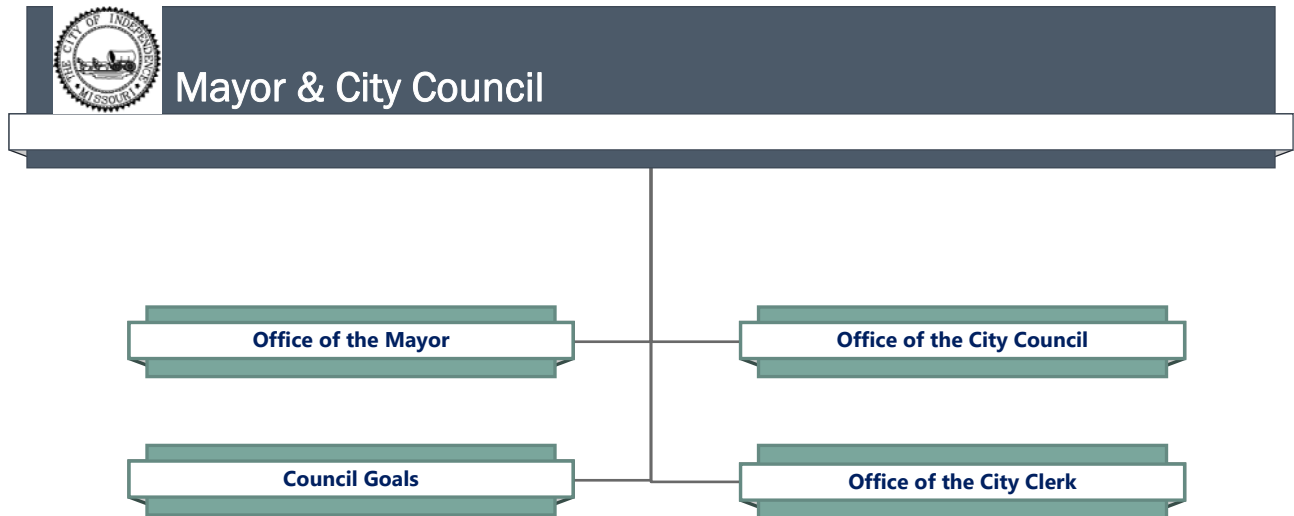
### Position Summary

FTE	1.5	1.5	2
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### Line Item Detail

	FY 2020-21	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 199,691	
5102 Overtime	\$ 3,500	
5110 FICA	\$ 14,555	
5111 LAGERS	\$ 39,339	
5112 Health Insurance	\$ 25,758	
5113 Dental Insurance	\$ 1,070	
5114 Life Insurance	\$ 285	
5115 Long Term Disability	\$ 201	
5130 Pers Ser Charged to Projects	\$ 185,700	*Charge in for training
5202 Communication Services	\$ 47,200	
5210 Maint-Mobile Equip (Other)	\$ 30,000	
5211 Maintenance-Buildings	\$ 90,000	*Station repairs
5212 Maintenance-Other	\$ 138,405	*Technology maintenance
5213 Training and Education	\$ 79,000	
5300 Office Supplies	\$ 50,000	*Health and wellness physicals
5229 Electricity	\$ 9,891	
5231 Water	\$ 15,700	
5232 Sewer	\$ 200	
5236 Leases	\$ 21,405	
5240 Other Services	\$ 40,000	*Claims, accident repairs
5309 Operating Supplies	\$ 15,000	
5313 Small Tools and Equipment	\$ 160,000	*Miscellaneous fire equipment/PPE
5401 Buildings	\$ 270,000	*Security cameras, driveway repair, etc.
5402 Computer Equipment	\$ 37,000	
5404 Mobile Equipment	\$ 640,000	*Vehicle replacement
5405 Other Machinery & Equip	\$ 70,000	
5510 Bond Principal Payments	\$ 61,355	
5512 Interest Expense-Cap Lease	\$ 11,881	
<b>Total</b>	<b>\$ 2,257,136</b>	

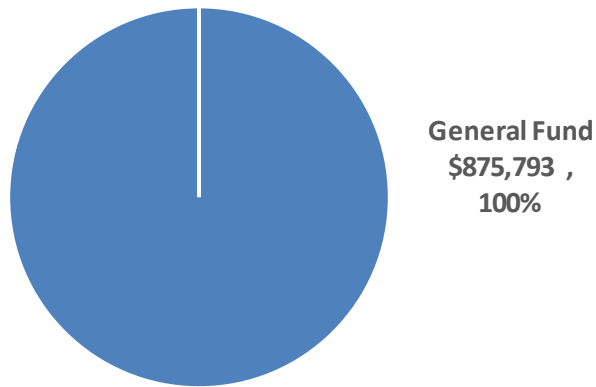
# Mayor/City Council



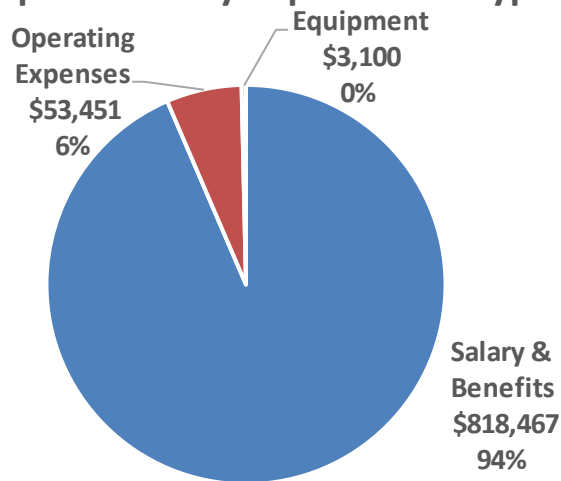
# Offices of the Mayor and City Council

The Mayor and City Council is the legislative and governing body of the City, consisting of seven members elected by the voters within the City. The Mayor and Council operate with powers granted by the City Charter to enact legislation, appoint the City Manager, Management Analyst and City Clerk. Additionally, the Mayor and Council appoint members to various advisory boards and commissions which provide them with community input and ideas.

## Fund Summary



## Department by Expenditure Type



**Total Budget: \$835,793**

**FTE Count: 12**

# Offices of the Mayor and City Council

## Office of the Mayor

The mission of the Mayor is to serve as the presiding officer of the City Council, as provided by the City Charter. As the presiding officer, the Mayor works with other members of the City Council to enact legislation and make appointments to various advisory boards and commissions.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 181,945	\$ 184,869	\$ 179,716
Operating Expenses	\$ 31,727	\$ 31,000	\$ 28,290
Equipment	\$ 1,259	\$ -	\$ -
<b>Total</b>	<b>\$ 214,931</b>	<b>\$ 215,869</b>	<b>\$ 208,006</b>
<b><u>Program by Fund</u></b>			
General (002-4004)	\$ 214,931	\$ 215,869	\$ 208,006
<b><u>Position Summary</u></b>			
FTE	2.0	2.0	2.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 102,571
5106 Retiree Health Insurance	\$ 10,464
5107 Worker Comp-Medical Costs	\$ 222
5110 FICA	\$ 7,632
5111 LAGERS	\$ 21,540
5112 Health Insurance	\$ 29,959
5113 Dental Insurance	\$ 1,070
5114 Life Insurance	\$ 151
5115 Long Term Disability	\$ 107
5122 Automobile Allowance	\$ 6,000
5203 Overnight Travel & Meetings	\$ 10,000
5204 Events and Meetings	\$ 5,000
5206 Printing and Binding	\$ 1,000
5240 Other Services	\$ 9,290
5300 Office Supplies	\$ 545
5309 Operating Supplies	\$ 2,455
<b>Total</b>	<b>\$ 208,006</b>

# Offices of the Mayor and City Council

## Office of the City Council

The mission of the City Council is to enact legislation that protects the health, peace, property, and general welfare of the citizens of the City of Independence. The Council consists of four members elected by the voters of the Council District, and two members elected at-large, or by all Independence voters.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 388,939	\$ 379,162	\$ 369,186
Operating Expenses	\$ 9,075	\$ 10,010	\$ 10,261
Equipment	\$ 151	\$ -	\$ 3,100
<b>Total</b>	<b>\$ 398,164</b>	<b>\$ 389,172</b>	<b>\$ 382,547</b>
<b><u>Program by Fund</u></b>			
General (002-4002)	\$ 398,164	\$ 389,172	\$ 382,547
<b><u>Position Summary</u></b>			
FTE	7.0	7.0	7.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 204,520
5106 Retiree Health Insurance	\$ 7,848
5107 Worker Comp-Medical Costs	\$ 602
5110 FICA	\$ 16,681
5111 LAGERS	\$ 40,583
5112 Health Insurance	\$ 58,581
5113 Dental Insurance	\$ 1,899
5114 Life Insurance	\$ 289
5115 Long Term Disability	\$ 203
5122 Automobile Allowance	\$ 36,000
5124 Other Allowances	\$ 1,980
5202 Communication Services	\$ 2,200
5203 Overnight Travel & Meetings	\$ 3,600
5204 Events and Meetings	\$ 3,000
5212 Maintenance-Other	\$ 251
5300 Office Supplies	\$ 1,210
5402 Computer Equipment	\$ 3,100
<b>Total</b>	<b>\$ 382,547</b>



# Offices of the Mayor and City Council

## Council Goals

The purpose of the Council Goals program is to provide funding for emerging initiatives that align with the Independence4All strategic plan.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	\$ -
Operating Expenses	\$ 93,650		\$ -
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 93,650</b>	<b>\$ -</b>	<b>\$ -</b>

<u>Program by Fund</u>			
General (002-4005)	\$ 93,650	\$ -	\$ -

<u>Position Summary</u>			
FTE	0.0	0.0	0.0

# Offices of the Mayor and City Council

## City Clerk

The mission of the City Clerk is to manage and record the official proceedings of the City of Independence so that the official business of the City is duly recorded and maintained.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 207,301	\$ 192,305	\$ 179,565
Operating Expenses	\$ 8,270	\$ 191,200	\$ 14,900
Equipment	\$ 1,632	\$ -	\$ 775
<b>Total</b>	<b>\$ 217,203</b>	<b>\$ 383,505</b>	<b>\$ 195,240</b>
<u>Program by Fund</u>			
General (002-4012)	\$ 217,203	\$ 383,505	\$ 195,240
<u>Position Summary</u>			
FTE	2.0	2.0	2.0

### Line Item Detail

<u>Expenditure</u>	<u>FY 2020-21 Adopted</u>
5100 Salaries-Regular Employees	\$ 121,864
5106 Retiree Health Insurance	\$ 5,232
5107 Worker Comp-Medical Costs	\$ 276
5110 FICA	\$ 8,973
5111 LAGERS	\$ 23,490
5112 Health Insurance	\$ 16,626
5113 Dental Insurance	\$ 630
5114 Life Insurance	\$ 170
5115 Long Term Disability	\$ 120
5122 Automobile Allowance	\$ 1,644
5124 Other Allowances	\$ 540
5203 Overnight Travel & Meetings	\$ 3,000
5204 Events and Meetings	\$ 700
5205 Advertising & Public Notice	\$ 550
5207 Insurance and Bonds	\$ 300
5208 Fees and Permits	\$ 450
5212 Maintenance-Other	\$ 7,500
5213 Dues and Memberships	\$ 350
5214 Training and Education	\$ 500
5218 Mileage & Parking Reimb	\$ 350
5240 Other Services	\$ 500
5300 Office Supplies	\$ 200
5309 Operating Supplies	\$ 500
5402 Computer Equipment	\$ 775
<b>Total</b>	<b>\$ 195,240</b>

Major Changes: No funding needed this fiscal year for elections

# Offices of the Mayor and City Council

## Management Analyst

The mission of the Management Analyst program is to systematically and continuously examine all works of the City in order to identify opportunities to reduce costs, increase program efficiency, improve program effectiveness, and enhance professionalism of the administration of the City.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 90,479	\$ -	\$ 90,000
Operating Expenses	\$ 1,277	\$ 50,000	\$ -
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 91,756</b>	<b>\$ 50,000</b>	<b>\$ 90,000</b>
<u>Program by Fund</u>			
General (002-4003)	\$ 91,756	\$ 50,000	\$ 90,000
<u>Position Summary</u>			
FTE	1.0	0.0	1.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 55,000
5110 FICA	\$ 16,650
5111 LAGERS	\$ 16,850
5112 Health Insurance	\$ 500
5113 Dental Insurance	\$ 500
5114 Life Insurance	\$ 500
<b>Total</b>	<b>\$ 90,000</b>

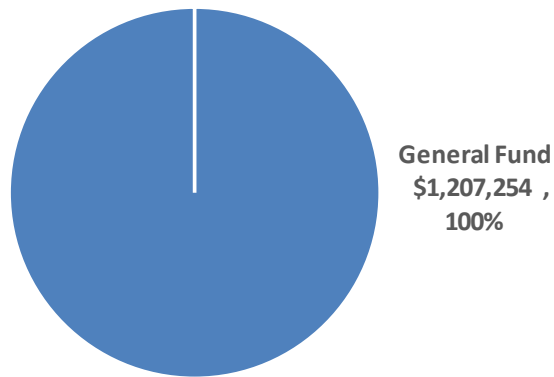
# Municipal Court



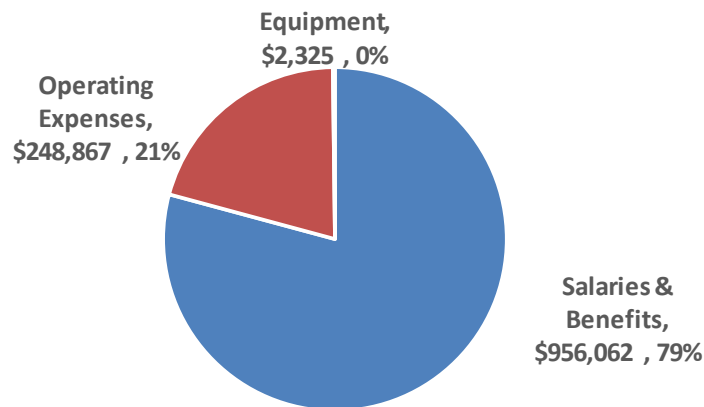
# Municipal Court

The Municipal Court has jurisdiction of cases involving violation of City ordinances; establishes and collects all fines, court costs, and bond money; issues warrants, subpoenas, and orders of commitment; and provides other services as prescribed by the Charter of the City of Independence, Missouri and applicable State Statutes.

**Fund Summary**



**Department by Expenditure Type**



**Total Budget: \$1,207,254**

**FTE Count: 13.64**

# Municipal Court

## Municipal Court

The Municipal Court has jurisdiction of cases involving violation of City ordinances; establishes and collects all fines, court costs and bond money; issues warrants, subpoenas, orders of commitment; and provides others services as prescribed by the Charter of the City of Independence, Missouri and applicable State Statutes.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 921,709	\$ 928,406	\$ 956,062
Operating Expenses	\$ 223,940	\$ 246,247	\$ 248,867
Equipment	\$ 1,134	\$ -	\$ 2,325
<b>Total</b>	<b>\$ 1,146,784</b>	<b>\$ 1,174,653</b>	<b>\$ 1,207,254</b>
<u>Program by Fund</u>			
General (002-4090)	\$ 1,146,784	\$ 1,174,653	\$ 1,207,254
<u>Position Summary</u>			
FTE	13.64	13.64	13.64

### Line Item Detail

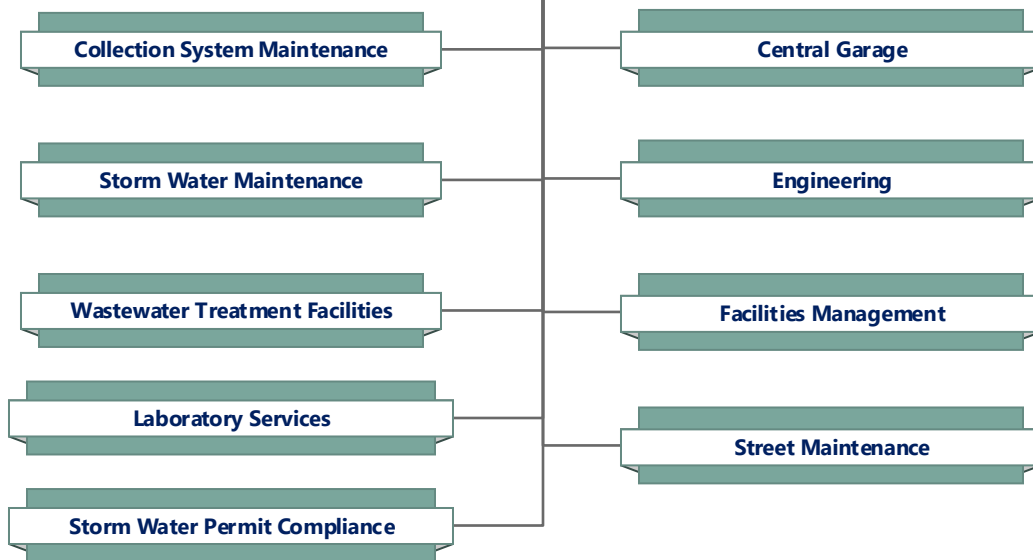
	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 554,021	
5101 Salaries-Temp & Part Time	\$ 36,824	
5106 Retiree Health Insurance	\$ 62,088	
5107 Worker Comp-Medical Costs	\$ 2,499	
5110 FICA	\$ 44,367	
5111 LAGERS	\$ 106,926	
5112 Health Insurance	\$ 142,906	
5113 Dental Insurance	\$ 4,895	
5114 Life Insurance	\$ 901	
5115 Long Term Disability	\$ 635	
5203 Overnight Travel & Meetings	\$ 2,500	
5206 Printing and Binding	\$ 12,955	
5208 Fees and Permits	\$ 10,000	
5212 Maintenance-Other	\$ 52,171	
5213 Dues and Memberships	\$ 270	
5214 Training and Education	\$ 750	
5226 Professional Services	\$ 153,931	*Youth Court, payments to DV shelters
5236 Leases	\$ 6,585	
5240 Other Services	\$ 2,670	
5300 Office Supplies	\$ 2,540	
5302 Computer Software & Supplies	\$ 1,445	
5309 Operating Supplies	\$ 1,620	
5313 Small Tools and Equipment	\$ 1,430	
5402 Computer Equipment	\$ 2,325	
<b>Total</b>	<b>\$ 1,207,254</b>	

# Municipal Services



**Municipal Services Director**

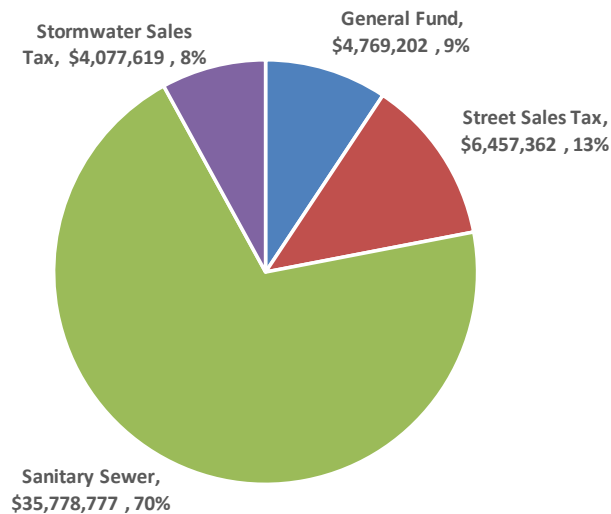
**Lisa Phelps**



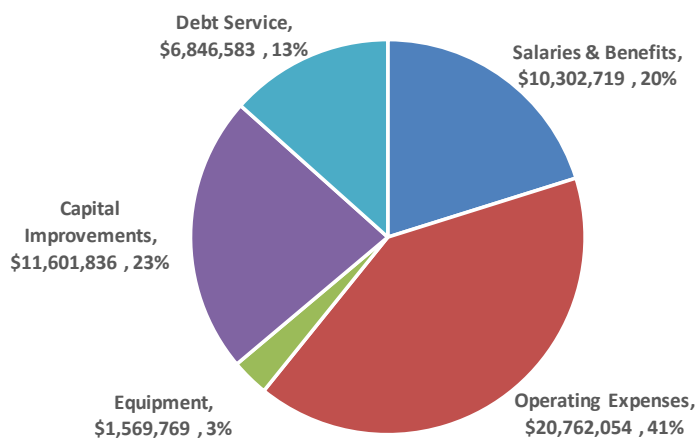
# Municipal Services

The Municipal Services department provides professional services for public safety and convenience in the areas of infrastructure design, construction, street maintenance, fleet management, facility management, water pollution control, and stormwater management.

**Fund Summary**



**Department by Expenditure Type**



**Total Budget: \$51,082,961**

**FTE Count: 139.39**



# Municipal Services

## Public Works Administration

The Administration Division is responsible for the supervision and administration of the Public Works division, including support and response to the City Manager and City Council.

<u>Program by Expenditure Category</u>	<u>FY 2018-19 Actual</u>	<u>FY 2019-20 Adopted</u>	<u>FY 2020-21 Adopted</u>
Salary & Benefits	\$ 551,195	\$ 541,174	\$ 450,029
Operating Expenses	\$ 16,392	\$ 188,391	\$ 212,454
Equipment	\$ -	\$ 10,875	\$ 5,100
<b>Total</b>	<b>\$ 567,587</b>	<b>\$ 740,440</b>	<b>\$ 667,583</b>
<u><b>Program by Fund</b></u>			
General (002-5001)	\$ 567,587	\$ 740,440	\$ 667,583
<u><b>Position Summary</b></u>			
FTE	5.0	5.0	2.3

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 384,828	
5102 Overtime	\$ 500	
5106 Retiree Health Insurance	\$ 23,760	
5107 Worker Comp-Medical Costs	\$ 9,083	
5110 FICA	\$ 14,096	
5111 LAGERS	\$ 36,997	
5112 Health Insurance	\$ 25,876	
5113 Dental Insurance	\$ 838	
5114 Life Insurance	\$ 269	
5115 Long Term Disability	\$ 262	
5122 Automobile Allowance	\$ 2,860	
5124 Other Allowances	\$ 660	
5130 Pers Ser Charged to Projects	\$ (50,000)	*Staff time charged to sales tax
5201 Mailing and Shipping	\$ 25	
5203 Overnight Travel & Meetings	\$ 5,000	
5204 Events and Meetings	\$ 1,600	
5207 Insurance and Bonds	\$ 138,500	
5208 Fees and Permits	\$ 100	
5212 Maintenance-Other	\$ 11,000	
5213 Dues and Memberships	\$ 3,020	
5214 Training and Education	\$ 2,605	
5224 Software and Comp Maintenance	\$ 35,561	
5300 Office Supplies	\$ 4,600	
5302 Computer Software & Supplies	\$ 3,768	
5309 Operating Supplies	\$ 4,675	
5313 Small Tools and Equipment	\$ 2,000	
5402 Computer Equipment	\$ 5,100	
<b>Total</b>	<b>\$ 667,583</b>	

# Municipal Services

## Engineering

The Engineering Division provides public works services through the following work elements: plan review, design, investigations, studies, contract specifications, inspections, permits and traffic engineering, land acquisition for public improvements, and tracking project reimbursements on construction projects.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 859,627	\$ 646,555	\$ 119,402
Operating Expenses	\$ 95,033	\$ 138,676	\$ 145,942
Equipment	\$ 28,678	\$ 175,000	\$ 18,000
<b>Total</b>	<b>\$ 983,338</b>	<b>\$ 960,231</b>	<b>\$ 283,344</b>
<u>Program by Fund</u>			
General (002-5011)	\$ 983,338	\$ 960,231	\$ 283,344

### Position Summary

FTE	19.60	20.10	9.4
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### Line Item Detail

Expenditure	FY 2020-21 Adopted
5100 Salaries-Regular Employees	\$ 727,933
5101 Salaries-Temp & Part Time	\$ 55,056
5102 Overtime	\$ 45,000
5106 Retiree Health Insurance	\$ 35,856
5107 Worker Comp-Medical Costs	\$ 38,603
5110 FICA	\$ 58,880
5111 LAGERS	\$ 157,945
5112 Health Insurance	\$ 98,633
5113 Dental Insurance	\$ 4,190
5114 Life Insurance	\$ 1,099
5115 Long Term Disability	\$ 777
5124 Other Allowances	\$ 1,080
5130 Pers Ser Charged to Projects	\$ (1,105,650) *Staff time charged to capital projects
5201 Mailing and Shipping	\$ 200
5202 Communication Services	\$ 9,000
5203 Overnight Travel & Meetings	\$ 6,800
5204 Events and Meetings	\$ 400
5205 Advertising & Public Notice	\$ 1,000
5206 Printing and Binding	\$ 200
5208 Fees and Permits	\$ 300
5209 Maint-Mobile Equip (CG)	\$ 27,583
5210 Maint-Mobile Equip (Other)	\$ 300
5213 Dues and Memberships	\$ 970
5214 Training and Education	\$ 7,750
5224 Software and Comp Maintenance	\$ 31,000
5226 Professional Services	\$ 40,144 *Appraisals, studies, etc.
5229 Electricity	\$ 120
5240 Other Services	\$ 200
5302 Computer Software & Supplies	\$ 3,100
5309 Operating Supplies	\$ 2,500
5313 Small Tools and Equipment	\$ 3,000
5315 Motor Vehicle Fuels (CG)	\$ 11,375
5402 Computer Equipment	\$ 18,000
<b>Total</b>	<b>\$ 283,344</b>

Major Changes: 5 FTE transferred to  
Community Development Planning division

# Municipal Services

## Facilities Management

The Facilities Management Division is responsible for maintenance and repair of existing City facilities as well as the design and construction management of new construction and remodeling projects to provide a safe and comfortable environment for City employees and citizens.

<u>Program by Expenditure Category</u>	<u>FY 2018-19 Actual</u>	<u>FY 2019-20 Adopted</u>	<u>FY 2020-21 Adopted</u>
Salary & Benefits	\$ 637,331	\$ 487,940	\$ 425,776
Operating Expenses	\$ 666,564	\$ 528,624	\$ 584,836
Equipment	\$ 6,984	\$ 32,500	\$ 3,050
<b>Total</b>	<b>\$ 1,310,879</b>	<b>\$ 1,049,064</b>	<b>\$ 1,013,662</b>
<u>Program by Fund</u>			
General (002-5015)	\$ 1,310,879	\$ 1,049,064	\$ 1,013,662
<u>Position Summary</u>			
FTE	9.50	9.50	8.75

### Line Item Detail

<u>Expenditure</u>	<u>FY 2020-21 Adopted</u>	
5100 Salaries-Regular Employees	\$ 334,053	
5101 Salaries-Temp & Part Time	\$ 17,182	
5102 Overtime	\$ 24,000	
5106 Retiree Health Insurance	\$ 32,604	
5107 Worker Comp-Medical Costs	\$ 14,760	
5110 FICA	\$ 28,090	
5111 LAGERS	\$ 63,483	
5112 Health Insurance	\$ 44,718	
5113 Dental Insurance	\$ 2,421	
5114 Life Insurance	\$ 573	
5115 Long Term Disability	\$ 372	
5122 Automobile Allowance	\$ 2,860	
5124 Other Allowances	\$ 660	
5130 Pers Ser Charged to Projects	\$ (140,000)	*Staff time charge to projects
5201 Mailing and Shipping	\$ 100	
5202 Communication Services	\$ 7,620	
5205 Advertising & Public Notice	\$ 100	
5206 Printing and Binding	\$ 100	
5209 Maint-Mobile Equip (CG)	\$ 14,833	
5210 Maint-Mobile Equip (Other)	\$ 200	
5211 Maintenance-Buildings	\$ 181,600	*HVAC, plumbing, electrical, etc.
5212 Maintenance-Other	\$ 11,820	
5213 Training and Education	\$ 400	
5229 Electricity	\$ 252,040	
5230 Gas	\$ 9,000	
5231 Water	\$ 8,000	
5232 Sewer	\$ 6,800	
5233 Solid Waste	\$ 26,000	
5240 Other Services	\$ 100	
5309 Operating Supplies	\$ 24,200	
5312 Maintenance Supplies	\$ 31,200	
5313 Small Tools and Equipment	\$ 4,750	
5315 Motor Vehicle Fuels (CG)	\$ 5,973	
5402 Computer Equipment	\$ 1,050	
5405 Other Machinery & Equip	\$ 2,000	
<b>Total</b>	<b>\$ 1,013,662</b>	

# Municipal Services

## Street Maintenance

Street Maintenance is responsible for maintaining 575 miles of City streets and 38 bridge structures, as well as the coordination of the Drop-Off Depot events.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 1,917,012	\$ 2,048,368	\$ 1,936,467
Operating Expenses	\$ 1,761,386	\$ 1,722,000	\$ 1,286,952
Equipment	\$ 338,615	\$ 1,166,550	\$ 510,769
<b>Total</b>	<b>\$ 4,017,013</b>	<b>\$ 4,936,918</b>	<b>\$ 3,734,188</b>
<u>Program by Fund</u>			
General (002-5111)	\$ 3,346,265	\$ 3,247,021	\$ 2,804,613
Street Improvements Sales Tax (011-5112)	\$ 670,747	\$ 1,689,897	\$ 929,575
<b>Total</b>	<b>\$ 4,017,013</b>	<b>\$ 4,936,918</b>	<b>\$ 3,734,188</b>
<u>Position Summary</u>			
FTE	35.40	34.00	33.00

### Line Item Detail

Expenditure	FY 2020-21 Adopted		
5100 Salaries-Regular Employees	\$ 1,262,024	5213 Dues and Memberships	\$ 1,525
5102 Overtime	\$ 301,000	5214 Training and Education	\$ 5,350
5106 Retiree Health Insurance	\$ 84,324	5215 Employee Reimbursements	\$ 450
5107 Worker Comp-Medical Costs	\$ 36,186	5217 Uniform Clothing Tool Allowance	\$ 20,800
5110 FICA	\$ 84,133	5229 Electricity	\$ 3,945
5111 LAGERS	\$ 150,118	5230 Gas	\$ 4,200
5112 Health Insurance	\$ 206,119	5231 Water	\$ 2,500
5113 Dental Insurance	\$ 6,993	5232 Sewer	\$ 800
5114 Life Insurance	\$ 1,682	5233 Solid Waste	\$ 91,800
5115 Long Term Disability	\$ 1,188	5238 Rental of Equip & Vehicles	\$ 20,160
5124 Other Allowances	\$ 2,700	5240 Other Services	\$ 26,000 *Salt
5130 Pers Ser Charged to Projects	\$ (250,000) *Charge in for streetsweeping	5309 Operating Supplies	\$ 264,905 *Traffic paints, concrete, fertilizer
5130 Pers Ser Charged to Projects	\$ 50,000	5312 Maintenance Supplies	\$ 142,000
5201 Mailing and Shipping	\$ 1,200	5313 Small Tools and Equipment	\$ 12,400
5202 Communication Services	\$ 12,810	5315 Motor Vehicle Fuels (CG)	\$ 82,319
5203 Overnight Travel & Meetings	\$ 3,000	5402 Computer Equipment	\$ 7,275
5204 Events and Meetings	\$ 2,870	5403 Office Furniture & Equip	\$ 2,800 *Vehicles
5206 Printing and Binding	\$ 800	5404 Mobile Equipment	\$ 169,294 *Street maintenance equipment
5209 Maint-Mobile Equip (CG)	\$ 536,193	5405 Other Machinery & Equip	\$ 116,400 *Asphalt, crack seal material
5210 Maint-Mobile Equip (Other)	\$ 8,075	5406 Other Improvements	\$ 215,000
5212 Maintenance-Other	\$ 42,850	<b>Total</b>	<b>\$ 2,544,265</b>

# Municipal Services

## WPC Administration

The mission of the Administration program is to provide leadership and back office support for the development, maintenance and enforcement of the City's water pollution control policies and regulations.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 1,093,544	\$ 563,718	\$ 443,405
Operating Expenses	\$ 135,374	\$ 251,344	\$ 211,468
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,228,918</b>	<b>\$ 815,062</b>	<b>\$ 654,873</b>
<u>Program by Fund</u>			
Sanitary Sewer (030-5201)	\$ 1,228,918	\$ 815,062	\$ 654,873
<u>Position Summary</u>			
FTE	9.4	3.3	3.4

### Line Item Detail

	FY 2020-21	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 319,301	
5110 FICA	\$ 22,714	
5111 LAGERS	\$ 52,201	
5112 Health Insurance	\$ 43,731	
5113 Dental Insurance	\$ 1,603	
5114 Life Insurance	\$ 453	
5115 Long Term Disability	\$ 393	
5122 Automobile Allowance	\$ 1,736	
5124 Other Allowances	\$ 1,273	
5201 Mailing and Shipping	\$ 100	
5202 Communication Services	\$ 7,500	
5203 Overnight Travel & Meetings	\$ 16,400	
5204 Events and Meetings	\$ 10,000	
5206 Printing and Binding	\$ 500	
5208 Fees and Permits	\$ 50	
5212 Maintenance-Other	\$ 119,663	*Software maintenance
5213 Dues and Memberships	\$ 32,505	
5214 Training and Education	\$ 5,200	
5229 Electricity	\$ 5,300	
5231 Water	\$ 250	
5232 Sewer	\$ 200	
5240 Other Services	\$ 3,600	
5300 Office Supplies	\$ 1,000	
5302 Computer Software & Supplies	\$ 2,700	
5309 Operating Supplies	\$ 5,000	
5313 Small Tools and Equipment	\$ 1,500	
<b>Total</b>	<b>\$ 654,873</b>	

# Municipal Services

## WPC Facilities

The mission of the Facilities division is to ensure reliable operation of wastewater collection and treatment systems through preventative and predictive maintenance practices.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ 582,420	\$ 615,834
Operating Expenses	\$ -	\$ 667,886	\$ 635,975
Equipment	\$ -	\$ 102,000	\$ 86,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,352,306</b>	<b>\$ 1,337,809</b>
<u>Program by Fund</u>			
Sanitary Sewer (030-5215)	\$ -	\$ 1,352,306	\$ 1,337,809
<u>Position Summary</u>			
FTE	0.00	7.00	6.25

### Line Item Detail

Expenditure	FY 2020-21 Adopted	
5100 Salaries-Regular Employees	\$ 455,475	
5110 FICA	\$ 31,815	
5111 LAGERS	\$ 72,367	
5112 Health Insurance	\$ 54,470	
5113 Dental Insurance	\$ 1,070	
5114 Life Insurance	\$ 374	
5115 Long Term Disability	\$ 263	
5201 Mailing and Shipping	\$ 10,000	
5202 Communication Services	\$ 15,000	
5203 Overnight Travel & Meetings	\$ 2,500	
5204 Events and Meetings	\$ 200	
5210 Maint-Mobile Equip (Other)	\$ 11,200	
5211 Maintenance-Buildings	\$ 91,600	
5212 Maintenance-Other	\$ 205,800	*Lime stabilization equip, etc.
5214 Training and Education	\$ 6,500	
5217 Uniform Clothing Tool Allow	\$ 1,500	
5226 Professional Services	\$ 185,215	*Custodial, grounds maint., equip. replacement study
5235 Rents and Leases	\$ 15,000	
5302 Computer Software & Supplies	\$ 3,260	
5309 Operating Supplies	\$ 33,000	
5312 Maintenance Supplies	\$ 6,500	
5313 Small Tools and Equipment	\$ 48,700	
5401 Buildings	\$ 46,000	*Fence, windows
5405 Other Machinery & Equip	\$ 40,000	*Pumps
<b>Total</b>	<b>\$ 1,337,809</b>	

# Municipal Services

## Treatment Facilities

The mission of the Treatment Facilities program is to operate and maintain the Rock Creek Wastewater Treatment Plan and thirteen pumping stations throughout the City so that wastewater meets all National Pollutant Discharge Elimination System permit limits.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 1,867,341	\$ 1,884,485	\$ 1,438,130
Operating Expenses	\$ 1,797,807	\$ 1,451,545	\$ 1,453,786
Equipment	\$ 95,563	\$ -	\$ 41,000
<b>Total</b>	<b>\$ 3,760,712</b>	<b>\$ 3,336,030</b>	<b>\$ 2,932,916</b>
<u>Program by Fund</u>			
Sanitary Sewer (030-5220)	\$ 3,760,712	\$ 3,336,030	\$ 2,932,916
<u>Position Summary</u>			
FTE	25.00	20.00	16.00

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 919,277	
5102 Overtime	\$ 115,000	
5110 FICA	\$ 68,278	
5111 LAGERS	\$ 174,584	
5112 Health Insurance	\$ 152,212	
5113 Dental Insurance	\$ 5,308	
5114 Life Insurance	\$ 1,296	
5115 Long Term Disability	\$ 915	
5120 Employee Allowances	\$ 840	
5124 Other Allowances	\$ 420	
5201 Mailing and Shipping	\$ 500	
5202 Communication Services	\$ 1,500	
5203 Overnight Travel & Meetings	\$ 1,750	
5204 Events and Meetings	\$ 500	
5206 Printing and Binding	\$ 120	
5208 Fees and Permits	\$ 3,000	
5210 Maint-Mobile Equip (Other)	\$ 5,000	
5212 Maintenance-Other	\$ 3,550	
5213 Dues and Memberships	\$ 500	
5214 Training and Education	\$ 5,200	
5217 Uniform Clothing Tool Allow	\$ 4,000	
5226 Professional Services	\$ 49,716	*Engineering, equip. replacement study
5229 Electricity	\$ 873,000	
5230 Gas	\$ 53,000	
5231 Water	\$ 36,000	
5232 Sewer	\$ 200,000	
5300 Office Supplies	\$ 2,000	
5302 Computer Software & Supplies	\$ 7,050	
5309 Operating Supplies	\$ 197,400	*Chemicals, fuels, etc.
5313 Small Tools and Equipment	\$ 10,000	
5404 Mobile Equipment	\$ 31,000	
5405 Other Machinery & Equip	\$ 10,000	
<b>Total</b>	<b>\$ 2,932,916</b>	

# Municipal Services

## Collection System Maintenance

The mission of Collection System Maintenance is to maintain over 614 miles of sanitary sewer pipe and over 14,720 manholes to a level that minimizes the number and frequency of overflows and backups.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 2,198,802	\$ 2,528,694	\$ 2,241,464
Operating Expenses	\$ 694,352	\$ 961,590	\$ 939,511
Equipment	\$ 436,276	\$ 239,150	\$ 704,000
<b>Total</b>	<b>\$ 3,329,430</b>	<b>\$ 3,729,434</b>	<b>\$ 3,884,975</b>
<u>Program by Fund</u>			
Sanitary Sewer (030-5230)	\$ 3,329,430	\$ 3,729,434	\$ 3,884,975
<u>Position Summary</u>			
FTE	33.25	30.25	29.75

### Line Item Detail

Expenditure	FY 2020-21 Adopted	
5100 Salaries-Regular Employees	\$ 1,464,322	
5102 Overtime	\$ 40,000	
5110 FICA	\$ 105,907	
5111 LAGERS	\$ 285,481	
5112 Health Insurance	\$ 285,515	
5113 Dental Insurance	\$ 10,042	
5114 Life Insurance	\$ 2,054	
5115 Long Term Disability	\$ 1,453	
5120 Employee Allowances	\$ 1,695	
5123 Meal Allowance	\$ 42,640	
5124 Other Allowances	\$ 2,355	
5201 Mailing and Shipping	\$ 3,000	
5202 Communication Services	\$ 10,000	
5203 Overnight Travel & Meetings	\$ 7,000	
5204 Events and Meetings	\$ 700	
5206 Printing and Binding	\$ 1,000	
5208 Fees and Permits	\$ 4,400	
5210 Maint-Mobile Equip (Other)	\$ 84,700	
5212 Maintenance-Other	\$ 52,500	
5213 Dues and Memberships	\$ 1,000	
5214 Training and Education	\$ 4,500	
5217 Uniform Clothing Tool Allow	\$ 10,000	
5226 Professional Services	\$ 411,601	*Various testing, contract services
5229 Electricity	\$ 10,500	
5230 Gas	\$ 4,200	
5231 Water	\$ 2,500	
5233 Solid Waste	\$ 10,000	
5235 Rents and Leases	\$ 30,000	
5300 Office Supplies	\$ 3,500	
5302 Computer Software & Supplies	\$ 8,160	
5309 Operating Supplies	\$ 76,250	
5312 Maintenance Supplies	\$ 94,000	*Manhole lids, erosion control supplies, etc.
5313 Small Tools and Equipment	\$ 10,000	
5391 Inventory Purchases	\$ 100,000	*Fuels, pipe and fittings
5404 Mobile Equipment	\$ 665,000	*Vehicles
5405 Other Machinery & Equip	\$ 39,000	
<b>Total</b>	<b>\$ 3,884,975</b>	



# Municipal Services

## Environmental Services

The mission of the Environmental Services program is to inspect, sample and analyze industrial sewage discharges to determine compliance with National Pretreatment regulations.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 220,920	\$ 613,710	\$ 550,880
Operating Expenses	\$ 36,337	\$ 92,500	\$ 115,936
Equipment	\$ -	\$ 99,600	\$ 95,000
<b>Total</b>	<b>\$ 257,256</b>	<b>\$ 805,810</b>	<b>\$ 761,816</b>
<b><u>Program by Fund</u></b>			
Sanitary Sewer (030-5240)	\$ 257,256	\$ 805,810	\$ 761,816
<b><u>Position Summary</u></b>			
FTE	3.0	8.0	7.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 384,968	
5102 Overtime	\$ 500	
5110 FICA	\$ 28,463	
5111 LAGERS	\$ 75,814	
5112 Health Insurance	\$ 58,352	
5113 Dental Insurance	\$ 1,833	
5114 Life Insurance	\$ 558	
5115 Long Term Disability	\$ 392	
5201 Mailing and Shipping	\$ 600	
5202 Communication Services	\$ 5,000	
5203 Overnight Travel & Meetings	\$ 7,400	
5204 Events and Meetings	\$ 100	
5205 Advertising & Public Notice	\$ 300	
5206 Printing and Binding	\$ 500	
5210 Maint-Mobile Equip (Other)	\$ 4,000	
5212 Maintenance-Other	\$ 4,000	
5213 Dues and Memberships	\$ 900	
5214 Training and Education	\$ 5,250	
5217 Uniform Clothing Tool Allow	\$ 850	
5226 Professional Services	\$ 45,216	*Outside lab testing, etc.
5300 Office Supplies	\$ 2,000	
5302 Computer Software & Supplies	\$ 5,320	
5309 Operating Supplies	\$ 27,500	
5313 Small Tools and Equipment	\$ 7,000	
5405 Other Machinery & Equip	\$ 95,000	
<b>Total</b>	<b>\$ 761,816</b>	

# Municipal Services

## Inter-Jurisdictional Agencies

The mission of the Inter-Jurisdictional program is to provide administrative support for cooperative sewer services within the contiguous watersheds of adjoining municipalities and the Little Blue Valley Sewer District.

<b><u>Program by Expenditure Category</u></b>	<b><u>FY 2018-19 Actual</u></b>	<b><u>FY 2019-20 Adopted</u></b>	<b><u>FY 2020-21 Adopted</u></b>
Salary & Benefits	\$ -	\$ -	\$ -
Operating Expenses	\$ 6,601,161	\$ 7,945,000	\$ 7,945,000
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 6,601,161</b>	<b>\$ 7,945,000</b>	<b>\$ 7,945,000</b>

<b><u>Program by Fund</u></b>			
Sanitary Sewer (030-5210)	\$ 6,601,161	\$ 7,945,000	\$ 7,945,000
<b>Total</b>	<b>\$ 6,601,161</b>	<b>\$ 7,945,000</b>	<b>\$ 7,945,000</b>

<b><u>Position Summary</u></b>			
FTE	0.0	0.0	0.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5204 Events and Meetings	\$ 5,000	
5240 Other Services	\$ 7,940,000	*Little Blue Valley Sewer District, intermunicipal agreements
<b>Total</b>	<b>\$ 7,945,000</b>	

# Municipal Services

## Non Departmental

Provides funding for department-wide activities not attributable to one single sewer program.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 598,913	\$ 213,897	\$ 611,219
Operating Expenses	\$ 4,979,075	\$ 5,360,234	\$ 6,062,175
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 5,577,988</b>	<b>\$ 5,574,131</b>	<b>\$ 6,673,394</b>
<b><u>Program by Fund</u></b>			
Sanitary Sewer (030-6530)	\$ 5,577,988	\$ 5,574,131	\$ 6,673,394
<b>Total</b>	<b>\$ 5,577,988</b>	<b>\$ 5,574,131</b>	<b>\$ 6,673,394</b>
<b><u>Position Summary</u></b>			
FTE	0.0	0.0	1.24

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21</b>	
<b>Adopted</b>		
5100 Salaries/Benefits-Regular Employees	\$ 152,702	
5106 Retiree Health Insurance	\$ 211,164	
5107 Worker Comp. Medical Costs	\$ 247,353	
5201 Mailing and Shipping	\$ 70,000	*NeoPost
5202 Communication Services	\$ 25,168	
5206 Printing and Binding	\$ 4,725	
5207 Insurance and Bonds	\$ 204,930	
5214 Training and Education	\$ 7,000	
5221 Interfund Charges for Support Services	\$ 1,484,275	
5224 Software & Comp Maintenance	\$ 357,500	*ERP fund payment
5226 Professional Services	\$ 30,000	
5236 Leases	\$ 47,213	
5237 Rental of Land and Buildings	\$ 76,102	
5240 Other Services	\$ 118,650	*License fees, etc.
5302 Computer Software & Supplies	\$ 10,000	
5500 Contingencies	\$ 30,000	
5520 Payments in Lieu of Taxes	\$ 3,596,612	
<b>Total</b>	<b>\$ 6,673,394</b>	

# Municipal Services

## Storm Water Operations & Maintenance

### Program Mission

The mission of the Storm Water Program is to maintain maintain the City's storm water system standards of the Missouri Department of Natural Resources so that the MS4 operating permit is granted to the City.

<u>Program by Expenditure Category</u>	<u>FY 2018-19 Actual</u>	<u>FY 2019-20 Adopted</u>	<u>FY 2020-21 Adopted</u>
Salary & Benefits	\$ 1,292,204	\$ 1,569,652	\$ 1,502,750
Operating Expenses	\$ 743,508	\$ 1,147,215	\$ 1,168,019
Equipment	\$ 54,653	\$ 95,900	\$ 106,850
<b>Total</b>	<b>\$ 2,090,365</b>	<b>\$ 2,812,767</b>	<b>\$ 2,777,619</b>

### Program by Fund

Storm Water Sales Tax (013-5261, 5262, 5263)	\$ 2,090,365	\$ 2,812,767	\$ 2,777,619
<b>Total</b>	<b>\$ 2,090,365</b>	<b>\$ 2,812,767</b>	<b>\$ 2,777,619</b>

### Position Summary

FTE	15.1	13.95	13.8
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### Line Item Detail

<u>Expenditure</u>	<u>FY 2020-21 Adopted</u>		
5100 Salaries-Regular Employees	\$ 759,308	5229 Electricity	\$ 11,304
5102 Overtime	\$ 20,000	5230 Gas	\$ 2,832
5106 Retiree Health Insurance	\$ 27,816	5231 Water	\$ 2,160
5107 Worker Comp-Medical Costs	\$ 53,619	5232 Sewer	\$ 5,856
5110 FICA	\$ 61,787	5233 Solid Waste	\$ 41,600
5111 LAGERS	\$ 165,143	5236 Leases	\$ 21,277
5112 Health Insurance	\$ 150,323	5240 Other Services	\$ 25,290
5113 Dental Insurance	\$ 4,943	5300 Office Supplies	\$ 1,000
5114 Life Insurance	\$ 1,155	5302 Computer Software & Supplies	\$ 5,000
5115 Long Term Disability	\$ 816	5309 Operating Supplies	\$ 28,500
5120 Employee Allowances	\$ 7,135	5312 Maintenance Supplies	\$ 60,000 *Storm structure supplies
5124 Other Allowances	\$ 705	5313 Small Tools and Equipment	\$ 12,500
5201 Mailing and Shipping	\$ 200	5316 Motor Vehicle Fuels (Other)	\$ 35,000
5202 Communication Services	\$ 1,500	5404 Mobile Equipment	\$ 100,000 *Vehicles
5203 Overnight Travel & Meetings	\$ 1,000	5405 Other Machinery & Equip	\$ 6,850
5204 Events and Meetings	\$ 500	5500 Contingencies	\$ 5,700
5205 Advertising & Public Notice	\$ 500	5130 Pers Ser Charged to Projects	\$ 250,000 *Charge to PW for streetsweeping services
5208 Fees and Permits	\$ 5,000	5226 Professional Services	\$ 809,785 *Engineering services, USGS cooperative agreemt
5210 Maint-Mobile Equip (Other)	\$ 30,000	<b>Total</b>	<b>\$ 2,777,619</b>
5211 Maintenance-Buildings	\$ 10,740		
5212 Maintenance-Other	\$ 43,900		
5213 Dues and Memberships	\$ 375		
5214 Training and Education	\$ 4,000		
5217 Uniform Clothing Tool Allow	\$ 2,500		

# Municipal Services

## Capital Projects

	FY 2018-19	FY 2019-20	FY 2020-21
	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
<b><u>Program by Expenditure Category</u></b>			
Streets Capital Improvements	\$ 7,107,095	\$ 7,357,904	\$ 4,971,836
Sanitary Sewer	\$ 339,372	\$ 4,130,000	\$ 5,330,000
Storm Water Sales Tax	\$ 1,833,820	\$ 1,845,000	\$ 1,300,000
<b>Total</b>	<b>\$ 9,280,287</b>	<b>\$ 13,332,904</b>	<b>\$ 11,601,836</b>

### Capital Projects for FY2020-21

#### Street Improvements Sales Tax:

2020 Pavement Management Construction: \$4,550,000  
 Operation Greenlight Annual Payment: \$23,836  
 Traffic Signal Program: \$10,000  
 US 24 Cost Share Phase 1 Land Acquisition: \$220,000  
 Truman Connected Phase 1 Land Acquisition & Design: \$168,000

\*Deferred Maintenance on intersection improvements, bridges, sidewalks, and curb & gutters will also take place through the street improvements mini-bond that was approved in FY2020.

#### Sewer

##### *Collection System Projects:*

Trenchless Technology: \$500,000  
 Neighborhood Projects: \$430,000  
 Sanitation Sewer Evaluation Survey: \$250,000  
 Bison Park: \$200,000  
 Raymond Harkless to Mills Sanitary Sewer Improvements: \$200,000  
 Pump Stations Improvements & Maintenance: \$200,000  
*Treatment Plant/Pump Station/Other:*  
 Biosolids Handling-Lime Stabilization: \$3,000,000  
 Perimeter Fence Replacements RC Facilities: \$250,000  
 Piping Rehabilitation: \$200,000  
 Polymer System Relocation: \$100,000

#### Storm

Barnes Place Drainage Improvements: \$360,000  
 Fairmount Highland Storm Drainage Design: \$90,000  
 Raymond Harkless to Mills Construction: \$700,000  
 Trenchless Technology: \$50,000  
 Emergency Construction Projects: \$100,000

# Municipal Services

## Debt

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
<b><u>Program by Expenditure Category</u></b>			
Debt Service	\$ 6,801,772	\$ 6,290,257	\$ 6,846,583
<b><u>Program by Fund</u></b>			
Street Improvements Sales Tax	\$ 528,766	\$ -	\$ 555,951
Sanitary Sewer	\$ 6,273,006	\$ 6,290,257	\$ 6,290,632
<b>Total</b>	<b>\$ 6,801,772</b>	<b>\$ 6,290,257</b>	<b>\$ 6,846,583</b>
<b><u>Debt Issuance</u></b>			
<b><u>Issue 2009G</u></b>			
Principal	\$ 515,000	\$ -	
Interest	\$ 11,266	\$ -	
Fees	\$ 2,500	\$ -	
<b>Total</b>	<b>\$ 528,766</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Issue 2012B</u></b>			
Principal	\$ 860,000	\$ 890,000	\$ 915,000
Interest	\$ 1,411,581	\$ 1,389,632	\$ 1,362,557
Fees	\$ 3,750	\$ 5,000	\$ 5,000
<b>Total</b>	<b>\$ 2,275,331</b>	<b>\$ 2,284,632</b>	<b>\$ 2,282,557</b>
<b><u>Issue 2013C</u></b>			
Principal	\$ 910,000	\$ 940,000	\$ 980,000
Interest	\$ 2,010,800	\$ 1,982,900	\$ 1,944,500
Fees	\$ 3,000	\$ 5,000	\$ 5,000
<b>Total</b>	<b>\$ 2,923,800</b>	<b>\$ 2,927,900</b>	<b>\$ 2,929,500</b>
<b><u>Issue 2014C</u></b>			
Principal	\$ 290,000	\$ 300,000	\$ 310,000
Interest	\$ 780,125	\$ 772,725	\$ 763,575
Fees	\$ 3,750	\$ 5,000	\$ 5,000
<b>Total</b>	<b>\$ 1,073,875</b>	<b>\$ 1,077,725</b>	<b>\$ 1,078,575</b>

# General Fund Non-Departmental

## Description

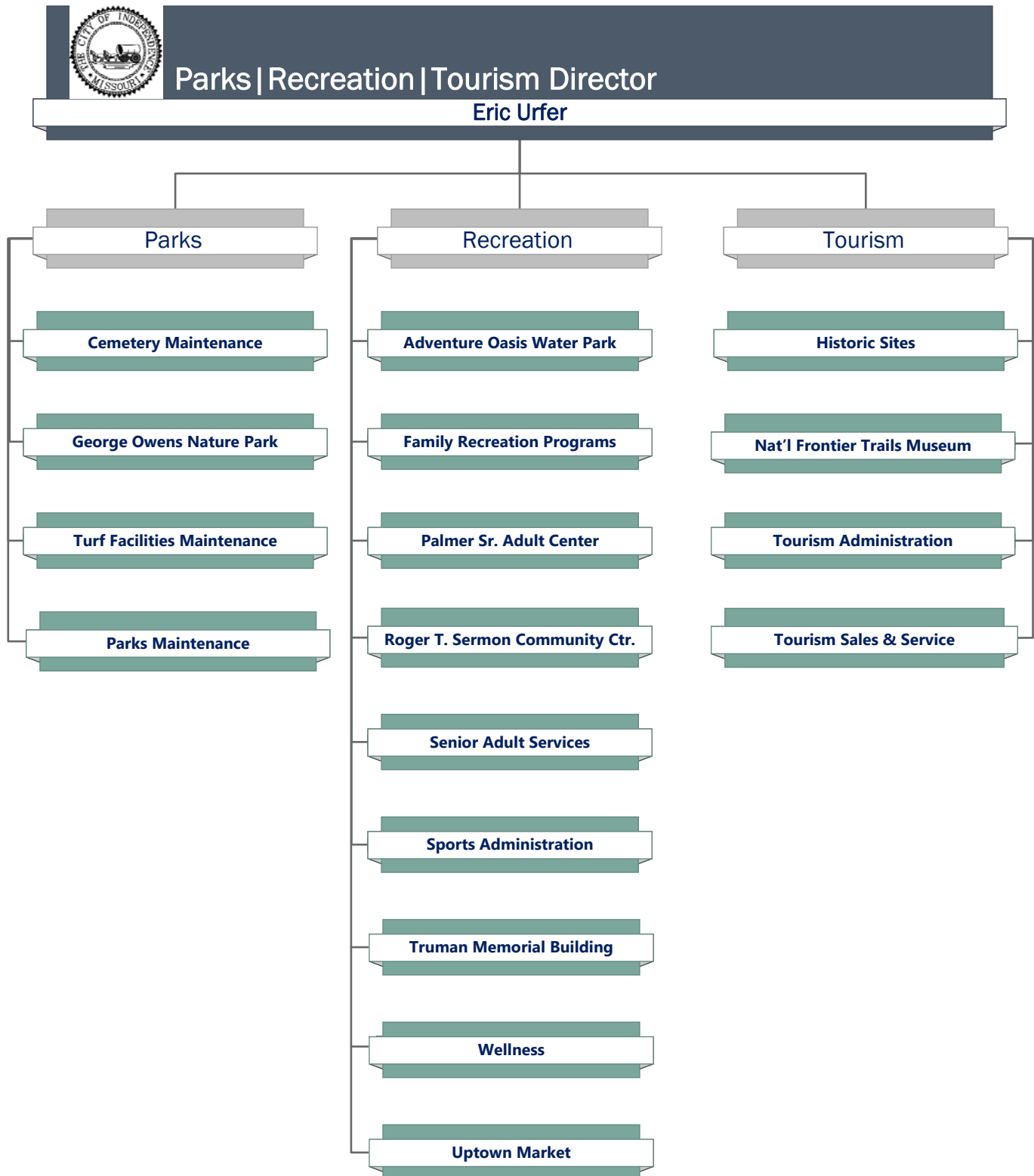
This cost center had traditionally been used for costs considered not to belong to a department. Beginning in FY19 most of these costs - primarily retiree health insurance and workers compensation insurance premiums - have been placed in the department budgets.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Loan Repayments	\$ -	\$ -	\$ 520,025
COVID-19 Contingencies	\$ -	\$ -	\$ 1,508,971
Other	\$ 75,336	\$ -	\$ -
<b>Total</b>	<b>\$ 75,336</b>	<b>\$ -</b>	<b>\$ 2,028,996</b>

## Program by Fund

General (002)	\$ 75,336	\$ -	\$ 2,028,996
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# Parks | Recreation | Tourism

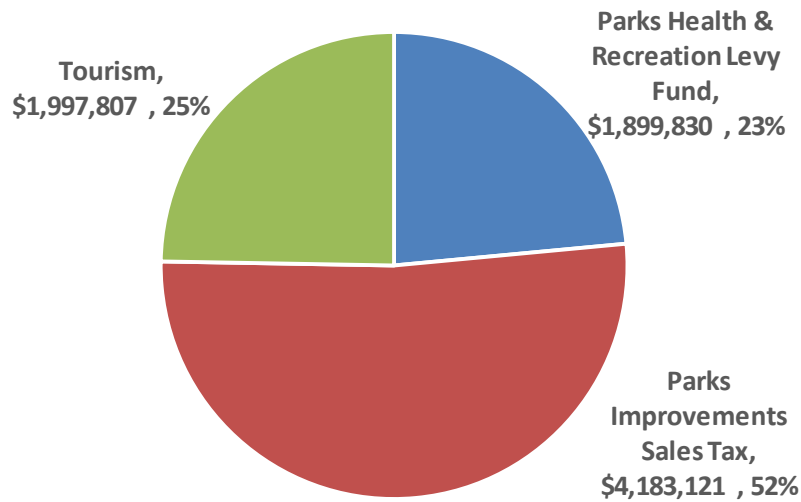




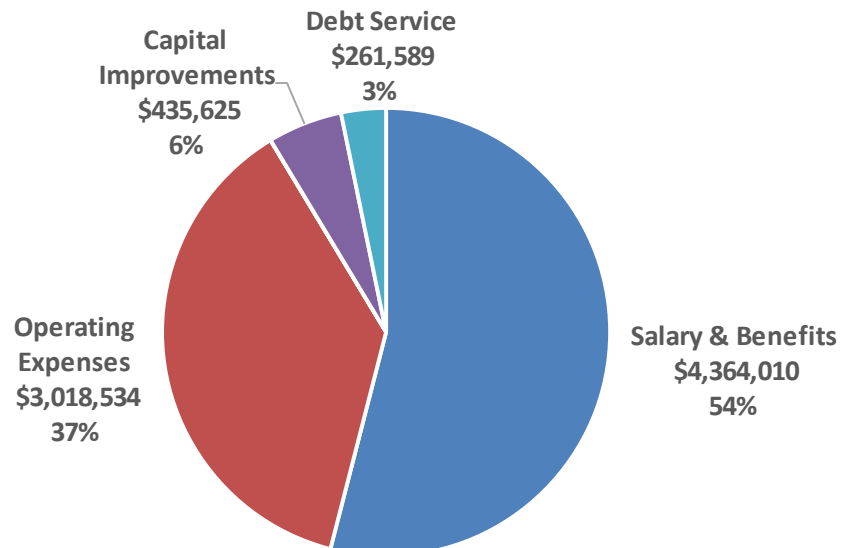
# Parks/Recreation/Tourism

The mission of Parks, Recreation and Tourism is to provide quality leisure, recreational, and educational opportunities for visitors to and residents of Independence .

**Fund Summary**



**Department by Expenditure Type**



**Total Budget: \$8,080,758**

**FTE Count: 70.6**

# Parks/Recreation/Tourism Administration

This division oversees the various divisions within the department to promote the City as a quality place to visit and reside by providing quality historic sites, parks, recreation facilities, tour packages, and various types of programs.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 293,631	\$ 304,680	\$ 273,412
Operating Expenses	\$ 9,016	\$ 39,102	\$ 158,012
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 302,647</b>	<b>\$ 343,782</b>	<b>\$ 431,424</b>
<b><u>Program by Fund</u></b>			
General (002-6001)	\$ 302,647	\$ 343,782	\$ -
Parks Levy Fund (007-6071)	\$ -	\$ -	\$ 431,424
<b>Total</b>	<b>\$ 302,647</b>	<b>\$ 343,782</b>	<b>\$ 431,424</b>
<b><u>Position Summary</u></b>			
FTE	2.0	2.6	2.66

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 153,077
5102 Overtime	\$ 300
5106 Retiree Health Insurance	\$ 2,616
5107 Worker Comp-Medical Costs	\$ 14,457
5106 Employee Benefits	\$ 9,418
5110 FICA	\$ 15,265
5111 LAGERS	\$ 39,839
5112 Health Insurance	\$ 31,962
5113 Dental Insurance	\$ 1,271
5114 Life Insurance	\$ 289
5115 Long Term Disability	\$ 204
5122 Automobile Allowance	\$ 3,318
5124 Other Allowances	\$ 1,396
5202 Communication Services	\$ 495
5204 Events and Meetings	\$ 1,000
5206 Printing and Binding	\$ 1,400
5207 Insurance and Bonds	\$ 98,010
5212 Maintenance-Other	\$ 52,700
5213 Dues and Memberships	\$ 350
5226 Professional Services	\$ 2,000
5300 Office Supplies	\$ 1,000
5309 Operating Supplies	\$ 1,057
<b>Total</b>	<b>\$ 431,424</b>

# Parks/Recreation/Tourism

## Park Maintenance Administration

This division runs daily park maintenance operations by scheduling work projects, purchasing materials, implementing repairs, and responding to inquiries from the public and other City-affiliated departments.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 57,482	\$ 56,184	\$ 55,291
Operating Expenses	\$ 13,134	\$ 13,482	\$ 14,830
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 70,616</b>	<b>\$ 69,666</b>	<b>\$ 70,121</b>
<b><u>Program by Fund</u></b>			
General (002-6011)	\$ 70,616	\$ 69,666	\$ -
Parks Levy Fund (007-6072)	\$ -	\$ -	\$ 70,121
<b>Total</b>	<b>\$ 70,616</b>	<b>\$ 69,666</b>	<b>\$ 70,121</b>
<b><u>Position Summary</u></b>			
FTE	0.5	0.5	0.5

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 32,767
5107 Worker Comp-Medical Costs	\$ 3,098
5110 FICA	\$ 2,293
5111 LAGERS	\$ 6,419
5112 Health Insurance	\$ 9,984
5113 Dental Insurance	\$ 320
5114 Life Insurance	\$ 47
5115 Long Term Disability	\$ 33
5124 Other Allowances	\$ 330
5206 Printing and Binding	\$ 300
5209 Maint-Mobile Equip (CG)	\$ 1,288
5211 Maintenance-Buildings	\$ 200
5212 Maintenance-Other	\$ 300
5231 Water	\$ 450
5300 Office Supplies	\$ 300
5309 Operating Supplies	\$ 10,000
5312 Maintenance Supplies	\$ 200
5315 Motor Vehicle Fuels (CG)	\$ 1,792
<b>Total</b>	<b>\$ 70,121</b>

# Parks/Recreation/Tourism

## Turf Facilities Maintenance

The Turf and Facilities Division is responsible for daily park maintenance operations, including: the care and cleaning of picnic shelters and park restroom facilities, athletic fields and landscape beds, snow removal, and mowing and trimming all City parks and related facilities.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 590,698	\$ 629,769	\$ 609,767
Operating Expenses	\$ 140,563	\$ 164,997	\$ 147,618
Equipment	\$ -	\$ -	
<b>Total</b>	<b>\$ 731,261</b>	<b>\$ 794,766</b>	<b>\$ 757,385</b>
<b><u>Program by Fund</u></b>			
General (002-6012)	\$ 731,261	\$ 794,766	\$ -
Parks Levy Fund (007-6073)	\$ -	\$ -	\$ 757,385
<b>Total</b>	<b>\$ 731,261</b>	<b>\$ 794,766</b>	<b>\$ 757,385</b>
<b><u>Position Summary</u></b>			
FTE	10.59	10.59	10.59

### Line Item Detail

	<b>FY 2020-21</b>	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 349,576	
5101 Salaries-Temp & Part Time	\$ 50,328	
5102 Overtime	\$ 31,000	
5106 Retiree Health Insurance	\$ 6,408	
5107 Worker Comp-Medical Costs	\$ 19,621	
5110 FICA	\$ 29,805	
5111 LAGERS	\$ 61,811	
5112 Health Insurance	\$ 54,518	
5113 Dental Insurance	\$ 2,487	
5114 Life Insurance	\$ 501	
5115 Long Term Disability	\$ 352	
5124 Other Allowances	\$ 3,360	
5202 Communication Services	\$ 2,400	
5204 Events and Meetings	\$ 100	
5209 Maint-Mobile Equip (CG)	\$ 68,210	
5210 Maint-Mobile Equip (Other)	\$ 16,000	
5212 Maintenance-Other	\$ 3,290	
5226 Professional Services	\$ 23,372	*Landscape & turf contracts
5231 Water	\$ 2,300	
5300 Office Supplies	\$ 400	
5309 Operating Supplies	\$ 8,228	
5312 Maintenance Supplies	\$ 2,800	
5313 Small Tools and Equipment	\$ 1,000	
5315 Motor Vehicle Fuels (CG)	\$ 19,518	
<b>Total</b>	<b>97 \$ 757,385</b>	

# Parks/Recreation/Tourism

## Cemetery Maintenance

The Cemetery Maintenance Division is responsible for daily maintenance operations at Woodlawn Cemetery, including: routine turf and landscape maintenance, coordinating final arrangement needs and internments, and providing accurate facility records for public viewing.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 92,358	\$ 158,348	\$ 108,985
Operating Expenses	\$ 41,353	\$ 38,864	\$ 33,099
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 133,712</b>	<b>\$ 197,212</b>	<b>\$ 142,084</b>
<b><u>Program by Fund</u></b>			
General (6002-6013)	\$ 133,712	\$ 197,212	\$ -
Parks Levy Fund (007-6074)	\$ -	\$ -	\$ 142,084
<b>Total</b>	<b>\$ 133,712</b>	<b>\$ 197,212</b>	<b>\$ 142,084</b>
<b><u>Position Summary</u></b>			
FTE	2.58	2.58	2.58

### Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 59,654
5101 Salaries-Temp & Part Time	\$ 12,475
5102 Overtime	\$ 3,000
5107 Worker Comp-Medical Costs	\$ 4,130
5110 FICA	\$ 5,353
5111 LAGERS	\$ 11,756
5112 Health Insurance	\$ 10,571
5113 Dental Insurance	\$ 638
5114 Life Insurance	\$ 88
5115 Long Term Disability	\$ 60
5124 Other Allowances	\$ 1,260
5202 Communication Services	\$ 480
5204 Events and Meetings	\$ 120
5209 Maint-Mobile Equip (CG)	\$ 6,259
5210 Maint-Mobile Equip (Other)	\$ 500
5211 Maintenance-Buildings	\$ 2,000
5212 Maintenance-Other	\$ 600
5226 Professional Services	\$ 1,000
5229 Electricity	\$ 6,973
5231 Water	\$ 2,500
5232 Sewer	\$ 2,500
5233 Solid Waste	\$ 900
5300 Office Supplies	\$ 300
5309 Operating Supplies	\$ 4,000
5312 Maintenance Supplies	\$ 1,000
5313 Small Tools and Equipment	\$ 1,525
5315 Motor Vehicle Fuels (CG)	\$ 2,442
<b>Total</b>	<b>\$ 142,084</b>

# Parks/Recreation/Tourism

## Recreation Programs/Facilities Administration

Recreation Programs/Facilities Administration is responsible for the daily management of a variety of recreation programs, facility operations, and staff associated with recreation programs/events, nature/community centers, sports complexes and other designated venues.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 42,858	\$ 48,621	\$ 46,639
Operating Expenses	\$ 1,203	\$ 6,847	\$ 6,847
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 44,060</b>	<b>\$ 55,468</b>	<b>\$ 53,486</b>
<b><u>Program by Fund</u></b>			
General (002-6021)	\$ 44,060	\$ 55,468	\$ -
Parks Levy Fund (007-6075)	\$ -	\$ -	\$ 53,486
<b>Total</b>	<b>\$ 44,060</b>	<b>\$ 55,468</b>	<b>\$ 53,486</b>
<b><u>Position Summary</u></b>			
FTE	1.50	0.50	0.50

### Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 31,064
5110 FICA	\$ 2,139
5111 LAGERS	\$ 5,995
5112 Health Insurance	\$ 7,149
5113 Dental Insurance	\$ 216
5114 Life Insurance	\$ 44
5115 Long Term Disability	\$ 32
5202 Communication Services	\$ 210
5204 Events and Meetings	\$ 600
5205 Advertising & Public Notice	\$ 300
5212 Maintenance-Other	\$ 5,037
5300 Office Supplies	\$ 500
5309 Operating Supplies	\$ 200
<b>Total</b>	<b>\$ 53,486</b>

# Parks/Recreation/Tourism

## Senior Adult Services

This cost center provides ongoing programs for resident senior adults and individuals with disabilities. These programs focus on, but are not limited to, nutritious lunches, nutrition and consumer education, health programs, social integration, and assistance with support services.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 122,635	\$ 86,378	\$ 65,489
Operating Expenses	\$ 15,055	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 137,690</b>	<b>\$ 86,378</b>	<b>\$ 65,489</b>
<b><u>Program by Fund</u></b>			
General (002-6022)	\$ 137,690	\$ 86,378	\$ -
Parks Levy Fund (007-6076)	\$ -	\$ -	\$ 65,489
<b>Total</b>	<b>\$ 137,690</b>	<b>\$ 86,378</b>	<b>\$ 65,489</b>
<b><u>Position Summary</u></b>			
FTE	2.20	1.50	1.20

### Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 26,116
5101 Salaries-Temp & Part Time	\$ 19,787
5107 Worker Comp-Medical Costs	\$ 5,164
5110 FICA	\$ 3,836
5111 LAGERS	\$ 5,081
5112 Health Insurance	\$ 5,011
5113 Dental Insurance	\$ 215
5114 Life Insurance	\$ 42
5115 Long Term Disability	\$ 27
5124 Other Allowances	\$ 210
<b>Total</b>	<b>\$ 65,489</b>

# Parks/Recreation/Tourism

## Roger T. Sermon Community Center

The mission of the Roger T. Sermon Community Center is to provide an affordable and modern option for a variety of services, including: health and physical fitness opportunities; rental options for weddings, birthday parties, and business meetings; as well as cultural arts through theatre performances.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 194,609	\$ 97,152	\$ 127,792
Operating Expenses	\$ 233,108	\$ 80,544	\$ -
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 427,717</b>	<b>\$ 177,696</b>	<b>\$ 127,792</b>
<b><u>Program by Fund</u></b>			
General (002-6028)	\$ 427,717	\$ 177,696	\$ -
Parks Levy Fund (007-6077)	\$ -	\$ -	\$ 127,792
<b>Total</b>	<b>\$ 427,717</b>	<b>\$ 177,696</b>	<b>\$ 127,792</b>
<b><u>Position Summary</u></b>			
FTE	5.15	4.89	3.89

### Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Temp & Part Time	\$ 111,037
5107 Worker Comp-Medical Costs	\$ 8,261
5110 FICA	\$ 8,494
<b>Total</b>	<b>\$ 127,792</b>



# Parks/Recreation/Tourism

## George Owens Nature Park

George Owens Nature Park is an 85-acre park site that features natural areas, restored grasslands, two lakes, an extensive hiking trail system, a nature center with hands-on children activities and exhibits, picnic opportunities and an organized camp area.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 113,080	\$ 104,273	\$ 103,116
Operating Expenses	\$ 33,819	\$ 34,094	\$ 28,800
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 146,899</b>	<b>\$ 138,367</b>	<b>\$ 131,916</b>
<u>Program by Fund</u>			
General (002-6029)	\$ 146,899	\$ 138,367	\$ -
Parks Levy Fund (007-6078)	\$ -	\$ -	\$ 131,916
<b>Total</b>	<b>\$ 146,899</b>	<b>\$ 138,367</b>	<b>\$ 131,916</b>
<u>Position Summary</u>			
FTE	1.91	1.91	1.91

### Line Item Detail

Expenditure	FY 2020-21 Adopted
5100 Salaries-Regular Employees	\$ 51,424
5101 Salaries-Temp & Part Time	\$ 19,572
5102 Overtime	\$ 500
5107 Worker Comp-Medical Costs	\$ 3,098
5110 FICA	\$ 5,031
5111 LAGERS	\$ 9,949
5112 Health Insurance	\$ 12,879
5113 Dental Insurance	\$ 536
5114 Life Insurance	\$ 74
5115 Long Term Disability	\$ 53
5202 Communication Services	\$ 2,510
5205 Advertising & Public Notice	\$ 2,000
5206 Printing and Binding	\$ 400
5209 Maint-Mobile Equip (CG)	\$ 5,333
5210 Maint-Mobile Equip (Other)	\$ 500
5211 Maintenance-Buildings	\$ 2,000
5212 Maintenance-Other	\$ 1,640
5213 Dues and Memberships	\$ 50
5226 Professional Services	\$ 5,840
5229 Electricity	\$ 1,003
5240 Other Services	\$ 120
5300 Office Supplies	\$ 500
5309 Operating Supplies	\$ 3,000
5312 Maintenance Supplies	\$ 3,100
5315 Motor Vehicle Fuels (CG)	\$ 804
<b>Total</b>	<b>\$ 131,916</b>

# Parks/Recreation/Tourism

## Wellness Administration

The mission of Wellness is to work closely with community partners to promote and implement a variety of innovative, effective, accessible health and wellness programs and services including nutrition education, active living, and smoking cessation.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 59,474	\$ 68,116	\$ 84,903
Operating Expenses	\$ 45,186	\$ 90,310	\$ 35,229
Equipment	\$ 16,245	\$ 4,000	\$ -
<b>Total</b>	<b>\$ 120,905</b>	<b>\$ 162,426</b>	<b>\$ 120,132</b>
<b><u>Program by Fund</u></b>			
General (002-6032)	\$ 120,905	\$ 162,426	\$ -
Parks Levy Fund (007-6079)	\$ -	\$ -	\$ 120,132
<b>Total</b>	<b>\$ 120,905</b>	<b>\$ 162,426</b>	<b>\$ 120,132</b>
<b><u>Position Summary</u></b>			
FTE	2.00	1.00	1.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 51,976	
5101 Salaries-Temp & Part Time	\$ 11,884	
5109 Employee Benefits	\$ 878	
5110 FICA	\$ 3,921	
5111 LAGERS	\$ 10,112	
5112 Health Insurance	\$ 5,165	
5113 Life Insurance	\$ 74	
5114 Long Term Disability	\$ 53	
5115 Employee Allowances	\$ 420	
5124 Other Allowances	\$ 420	
5201 Mailing and Shipping	\$ 250	
5204 Events and Meetings	\$ 500	
5205 Advertising & Public Notice	\$ 1,500	
5206 Printing and Binding	\$ 500	
5208 Fees and Permits	\$ 500	
5209 Maint-Mobile Equip (CG)	\$ 1,896	
5210 Maint-Mobile Equip (Other)	\$ 605	
5213 Dues and Memberships	\$ 500	
5214 Training and Education	\$ 501	
5226 Professional Services	\$ 20,906	*Contract fitness instructors
5236 Leases	\$ 2,500	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 2,500	
5312 Maintenance Supplies	\$ 1,500	
5315 Motor Vehicle Fuels (CG)	\$ 71	
<b>Total</b>	<b>\$ 120,132</b>	

# Parks/Recreation/Tourism

## Park Maintenance - Security & Inspection

This division oversees and manages park revitalization, maintenance, and capital improvement projects planned for the City's park system made possible through the Parks and Recreation Sales Tax.

<u>Program by Expenditure Category</u>	<b>FY 2018-19</b> <u>Actual</u>	<b>FY 2019-20</b> <u>Adopted</u>	<b>FY 2020-21</b> <u>Adopted</u>
Salary & Benefits	\$ 902,017	\$ 850,762	\$ 952,920
Operating Expenses	\$ 347,468	\$ 374,252	\$ 364,348
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,249,485</b>	<b>\$ 1,225,014</b>	<b>\$ 1,317,268</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6041)	\$ 1,249,485	\$ 1,225,014	\$ 1,317,268
<b>Total</b>	<b>\$ 1,249,485</b>	<b>\$ 1,225,014</b>	<b>\$ 1,317,268</b>

### Position Summary

FTE	11.00	10.37	11.24
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### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21</b> <b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 480,350	
5102 Overtime	\$ 185,000	
5106 Retiree Health Insurance	\$ 13,752	
5107 Worker Comp-Medical Costs	\$ 16,523	
5110 FICA	\$ 36,084	
5111 LAGERS	\$ 86,435	
5112 Health Insurance	\$ 121,921	
5113 Dental Insurance	\$ 3,593	
5114 Life Insurance	\$ 708	
5115 Long Term Disability	\$ 497	
5120 Employee Allowances	\$ 3,445	
5122 Automobile Allowance	\$ 1,773	
5124 Other Allowances	\$ 2,839	
5202 Communication Services	\$ 3,543	
5203 Events and Meetings	\$ 2,000	
5209 Maint-Mobile Equip (CG)	\$ 34,165	
5210 Maint-Mobile Equip (Other)	\$ 15,000	
5211 Maintenance-Buildings	\$ 20,000	*Park buildings maintenance/repair
5212 Maintenance-Other	\$ 8,757	
5214 Training and Education	\$ 3,200	
5226 Professional Services	\$ 88,000	*Landscape/turf contracts
5229 Electricity	\$ 33,493	
5230 Gas	\$ 4,600	
5231 Water	\$ 23,000	
5232 Sewer	\$ 22,000	
5233 Solid Waste	\$ 13,500	
5235 Rents and Leases	\$ 2,600	
5240 Other Services	\$ 6,480	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 43,100	
5312 Maintenance Supplies	\$ 20,000	
5313 Small Tools and Equipment	\$ 6,000	
5315 Motor Vehicle Fuels (CG)	\$ 13,910	
<b>Total</b>	<b>\$ 1,317,268</b>	

# Parks/Recreation/Tourism

## Truman Memorial Building

The mission of this division is to provide ongoing operation of the City's historic Truman Memorial Building, which serves as a community asset capable of hosting a variety of different functions.

	FY 2018-19	FY 2019-20	FY 2020-
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 159,786	\$ 170,554	\$ 142,114
Operating Expenses	\$ 196,101	\$ 142,071	\$ 178,052
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 355,887</b>	<b>\$ 312,625</b>	<b>\$ 320,166</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6042)	\$ 355,887	\$ 312,625	\$ 320,166
<b>Total</b>	<b>\$ 355,887</b>	<b>\$ 312,625</b>	<b>\$ 320,166</b>
<u>Position Summary</u>			
FTE	3.97	3.79	3.79

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 59,439	
5101 Salaries-Temp & Part Time	\$ 46,999	
5102 Overtime	\$ 1,000	
5107 Worker Comp-Medical Costs	\$ 5,164	
5110 FICA	\$ 5,099	
5111 LAGERS	\$ 11,275	
5112 Health Insurance	\$ 11,639	
5113 Dental Insurance	\$ 518	
5114 Life Insurance	\$ 83	
5115 Long Term Disability	\$ 58	
5120 Employee Allowances	\$ 630	
5124 Other Allowances	\$ 210	
5201 Mailing and Shipping	\$ 125	
5202 Communication Services	\$ 10,225	
5204 Events and Meetings	\$ 500	
5205 Advertising & Public Notice	\$ 100	
5206 Printing and Binding	\$ 1,000	
5211 Maintenance-Buildings	\$ 19,964	
5212 Maintenance-Other	\$ 7,500	
5226 Professional Services	\$ 26,364	*Contract instructor pay
5229 Electricity	\$ 85,714	
5231 Water	\$ 4,000	
5232 Sewer	\$ 3,700	
5233 Solid Waste	\$ 1,100	
5235 Rents and Leases	\$ 3,560	
5240 Other Services	\$ 1,000	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 6,000	
5312 Maintenance Supplies	\$ 4,000	
5313 Small Tools and Equipment	\$ 2,200	
<b>Total</b>	<b>\$ 320,166</b>	

# Parks/Recreation/Tourism

## Palmer Senior Adult Center

The mission of the Palmer Center is to provide diverse adult programs and services including a daily meal program, fitness opportunities, education classes, recreational programs, and a wide variety of social needs.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 115,660	\$ 174,801	\$ 196,217
Operating Expenses	\$ 124,212	\$ 148,632	\$ 161,859
Equipment	\$ 5,981	\$ -	\$ -
<b>Total</b>	<b>\$ 245,853</b>	<b>\$ 323,433</b>	<b>\$ 358,076</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6043)	\$ 245,853	\$ 323,433	\$ 358,076
<b>Total</b>	<b>\$ 245,853</b>	<b>\$ 323,433</b>	<b>\$ 358,076</b>

### Position Summary

FTE	4.40	3.94	2.94
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### Line Item Detail

Expenditure	FY 2020-21 Adopted	
5100 Salaries-Regular Employees	\$ 26,117	
5101 Salaries-Temp & Part Time	\$ 119,260	
5107 Worker Comp-Medical Costs	\$ 6,196	
5109 Employee Benefits	\$ 3,512	
5110 FICA	\$ 9,759	
5111 LAGERS	\$ 11,277	
5112 Health Insurance	\$ 18,228	
5113 Dental Insurance	\$ 647	
5114 Life Insurance	\$ 111	
5115 Long Term Disability	\$ 60	
5120 Employee Allowances	\$ 840	
5124 Other Allowances	\$ 210	
5201 Mailing and Shipping	\$ 385	
5202 Communication Services	\$ 4,510	
5203 Overnight Travel & Meetings	\$ 100	
5204 Events and Meetings	\$ 250	
5205 Advertising & Public Notice	\$ 350	
5206 Printing and Binding	\$ 5,562	
5210 Maint-Mobile Equip (Other)	\$ 20	
5211 Maintenance-Buildings	\$ 25,325	
5212 Maintenance-Other	\$ 7,175	
5213 Dues and Memberships	\$ 265	
5214 Training and Education	\$ 250	
5226 Professional Services	\$ 41,550	*Event entertainment
5229 Electricity	\$ 39,557	
5230 Gas	\$ 2,000	
5231 Water	\$ 2,700	
5232 Sewer	\$ 2,200	
5233 Solid Waste	\$ 1,700	
5240 Other Services	\$ 1,500	
5300 Office Supplies	\$ 3,000	
5309 Operating Supplies	\$ 15,060	*Program/event supplies
5312 Maintenance Supplies	\$ 8,100	
5313 Small Tools and Equipment	\$ 300	
<b>Total</b>	<b>\$ 358,076</b>	

# Parks/Recreation/Tourism

## Family Recreation Programs

The mission of Family Recreation Programs is to provide ongoing development and implementation of family-oriented recreation programs consistent with the recommendation from the Independence Parks & Recreation and Open Space Master Plan, giving special attention to the development of youth and family programs, outdoor programs, festivals, and special events.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 110,821	\$ 188,356	\$ 131,480
Operating Expenses	\$ 80,954	\$ 165,290	\$ 78,040
Equipment	\$ -	\$ 3,000	\$ -
<b>Total</b>	<b>\$ 191,775</b>	<b>\$ 356,646</b>	<b>\$ 209,520</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6044)	\$ 191,775	\$ 356,646	\$ 209,520
<b>Total</b>	<b>\$ 191,775</b>	<b>\$ 356,646</b>	<b>\$ 209,520</b>
<u>Position Summary</u>			
FTE	3.06	3.00	3.00

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 51,424	
5101 Salaries-Temp & Part Time	\$ 44,304	
5102 Overtime	\$ 1,000	
5107 Worker Comp-Medical Costs	\$ 4,130	
5110 FICA	\$ 6,922	
5111 LAGERS	\$ 9,951	
5112 Health Insurance	\$ 12,879	
5113 Dental Insurance	\$ 534	
5114 Life Insurance	\$ 74	
5115 Long Term Disability	\$ 52	
5120 Employee Allowances	\$ 210	
5201 Mailing and Shipping	\$ 100	
5202 Communication Services	\$ 2,290	
5204 Events and Meetings	\$ 350	
5205 Advertising & Public Notice	\$ 2,000	
5206 Printing and Binding	\$ 750	
5211 Maintenance-Buildings	\$ 2,000	
5212 Maintenance-Other	\$ 2,100	
5213 Training and Education	\$ 250	
5226 Professional Services	\$ 30,600	*Family programs, contract instructors
5229 Electricity	\$ 7,550	
5231 Water	\$ 1,200	
5232 Sewer	\$ 1,000	
5233 Solid Waste	\$ 800	
5235 Rents and Leases	\$ 2,000	
5240 Other Services	\$ 1,500	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 19,650	*Family programs/events supplies
5312 Maintenance Supplies	\$ 2,500	
5313 Small Tools and Equipment	\$ 400	
<b>Total</b>	<b>\$ 209,520</b>	

# Parks/Recreation/Tourism

## Adventure Oasis Water Park

This division serves to provide ongoing management, support, and supervision of the Adventure Oasis Water Park, spray grounds, and development of aquatics-oriented programs, activities, and events.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 61,624	\$ -	\$ -
Operating Expenses	\$ 566,247	\$ 594,835	\$ 297,704
Equipment	\$ 6,008	\$ -	\$ -
<b>Total</b>	<b>\$ 633,878</b>	<b>\$ 594,835</b>	<b>\$ 297,704</b>
<b><u>Program by Fund</u></b>			
Parks Improvement Sales Tax (012-6045)	\$ 633,878	\$ 594,835	\$ 297,704
<b>Total</b>	<b>\$ 633,878</b>	<b>\$ 594,835</b>	<b>\$ 297,704</b>
<b><u>Position Summary</u></b>			
FTE	1.00	0.00	0.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21</b>	
<b>Adopted</b>		
5202 Communication Services	\$ 10,913	
5209 Printing and Binding	\$ 1,750	
5208 Fees and Permits	\$ 500	
5211 Maintenance-Buildings	\$ 5,500	
5212 Maintenance-Other	\$ 5,000	
5226 Professional Services	\$ 237,966	*Contracted pool management
5229 Electricity	\$ 9,600	
5231 Water	\$ 6,400	
5232 Sewer	\$ 7,400	
5233 Solid Waste	\$ 2,500	
5235 Rents and Leases	\$ 1,425	
5240 Other Services	\$ 2,000	
5309 Operating Supplies	\$ 3,750	
5312 Maintenance Supplies	\$ 1,500	
5314 Inventory Purchases	\$ 1,500	
<b>Total</b>	<b>\$ 297,704</b>	

# Parks/Recreation/Tourism

## Sports Administration

The mission of Sports Administration is to support and fund year-round sports programs for Independence residents of all ages and abilities at multiple indoor and outdoor facilities.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 373,961	\$ 493,554	\$ 493,208
Operating Expenses	\$ 186,032	\$ 282,190	\$ 243,246
Equipment	\$ 1,800	\$ -	\$ -
<b>Total</b>	<b>\$ 561,793</b>	<b>\$ 775,744</b>	<b>\$ 736,454</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6046)	\$ 561,793	\$ 775,744	\$ 736,454
<b>Total</b>	<b>\$ 561,793</b>	<b>\$ 775,744</b>	<b>\$ 736,454</b>

### Position Summary

FTE	9.88	8.88	8.88
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### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 235,124	
5101 Salaries-Temp & Part Time	\$ 73,360	
5102 Overtime	\$ 15,000	
5106 Retiree Health Insurance	\$ 8,520	
5107 Worker Comp-Medical Costs	\$ 12,391	
5110 FICA	\$ 21,958	
5111 LAGERS	\$ 45,541	
5112 Health Insurance	\$ 74,433	
5113 Dental Insurance	\$ 2,946	
5114 Life Insurance	\$ 336	
5115 Long Term Disability	\$ 239	
5120 Employee Allowances	\$ 2,520	
5124 Other Allowances	\$ 840	
5202 Communication Services	\$ 4,871	
5204 Events and Meetings	\$ 500	
5205 Advertising & Public Notice	\$ 2,350	
5206 Printing and Binding	\$ 850	
5209 Maint-Mobile Equip (CG)	\$ 15,879	
5210 Maint-Mobile Equip (Other)	\$ 500	
5211 Maintenance-Buildings	\$ 6,000	
5212 Maintenance-Other	\$ 2,510	
5214 Training and Education	\$ 100	
5226 Professional Services	\$ 45,000	*Youth sports programs
5229 Electricity	\$ 9,647	
5231 Water	\$ 59,000	
5232 Sewer	\$ 42,000	
5235 Rents and Leases	\$ 3,245	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 31,235	*Ballfield/sport courts supplies
5312 Maintenance Supplies	\$ 10,000	
5313 Small Tools and Equipment	\$ 1,000	
5315 Motor Vehicle Fuels (CG)	\$ 7,559	
<b>Total</b>	<b>\$ 736,454</b>	



# Parks/Recreation/Tourism

## Uptown Market

The mission of the Independence Uptown Market is to provide a modern, unique, and versatile addition to the list of community assets capable of hosting a variety of different functions including a Farmers' and Crafters' Market, special events, recreation and fitness

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 48,819	\$ 83,004	\$ 29,076
Operating Expenses	\$ 85,928	\$ 64,600	\$ 67,150
Equipment	\$ 24,707	\$ -	\$ -
<b>Total</b>	<b>\$ 159,453</b>	<b>\$ 147,604</b>	<b>\$ 96,226</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6047)	\$ 159,453	\$ 147,604	\$ 96,226
<b>Total</b>	<b>\$ 159,453</b>	<b>\$ 147,604</b>	<b>\$ 96,226</b>
<u>Position Summary</u>			
FTE	1.00	1.95	0.95

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5101 Salaries-Temp & Part Time	\$ 20,200
5102 Overtime	\$ 6,299
5107 Worker Comp-Medical Costs	\$ 1,032
5110 FICA	\$ 1,545
5201 Mailing and Shipping	\$ 250
5202 Communication Services	\$ 900
5204 Events and Meetings	\$ 1,500
5205 Advertising & Public Notice	\$ 8,400
5206 Printing and Binding	\$ 1,750
5211 Maintenance-Buildings	\$ 11,680
5212 Maintenance-Other	\$ 2,100
5213 Dues and Memberships	\$ 320
5226 Professional Services	\$ 12,200
5229 Electricity	\$ 2,250
5230 Gas	\$ 500
5231 Water	\$ 1,300
5232 Sewer	\$ 1,200
5233 Solid Waste	\$ 800
5235 Rents and Leases	\$ 9,000
5300 Office Supplies	\$ 500
5309 Operating Supplies	\$ 9,000
5312 Maintenance Supplies	\$ 3,500
<b>Total</b>	<b>\$ 96,226</b>

# Parks/Recreation/Tourism

## Sermon Center-Sales Tax

The mission of the Roger T. Sermon Community Center is to provide an affordable and modern option for a variety of services, including: health and physical fitness opportunities; rental options for weddings, birthday parties, and business meetings; as well as cultural arts through theatre performances.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	\$ 86,749
Operating Expenses	\$ -	\$ -	\$ 218,744
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 305,493</b>
<u>Program by Fund</u>			
Parks Improvement Sales Tax (012-6048)	\$ -	\$ -	\$ 305,493
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 305,493</b>
<u>Position Summary</u>			
FTE	0.00	0.00	1.00

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 52,233	
5110 FICA	\$ 2,586	
5111 LAGERS	\$ 10,162	
5112 Health Insurance	\$ 19,968	
5113 Dental Insurance	\$ 1,676	
5114 Life Insurance	\$ 72	
5115 Long Term Disability	\$ 52	
5201 Mailing and Shipping	\$ 200	
5202 Communication Services	\$ 1,055	
5205 Advertising & Public Notice	\$ 575	
5206 Printing and Binding	\$ 1,800	
5211 Maintenance-Buildings	\$ 32,200	*Custodial services, pest control
5212 Maintenance-Other	\$ 13,000	
5226 Professional Services	\$ 45,600	*Contract instructor pay
5229 Electricity	\$ 95,947	
5231 Water	\$ 1,800	
5232 Sewer	\$ 2,300	
5235 Rents and Leases	\$ 6,000	
5240 Other Services	\$ 180	
5300 Office Supplies	\$ 1,800	
5309 Operating Supplies	\$ 5,000	
5312 Maintenance Supplies	\$ 8,000	
5313 Small Tools and Equipment	\$ 1,500	
5314 Inventory Purchases	\$ 1,715	
5315 Motor Vehicle Fuels (CG)	\$ 72	
<b>Total</b>	<b>\$ 305,493</b>	

# Parks/Recreation/Tourism

## Tourism Administration

Tourism Administration oversees administrative, marketing, and historic preservation activities

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 310,919	\$ 265,423	\$ 340,085
Operating Expenses	\$ 469,515	\$ 602,436	\$ 589,509
Equipment	\$ 7,500	\$ -	\$ -
<b>Total</b>	<b>\$ 787,934</b>	<b>\$ 867,859</b>	<b>\$ 929,594</b>
<b><u>Program by Fund</u></b>			
Tourism (004-6061)	\$ 787,934	\$ 867,859	\$ 929,594
<b>Total</b>	<b>\$ 787,934</b>	<b>\$ 867,859</b>	<b>\$ 929,594</b>
<b><u>Position Summary</u></b>			
FTE	3.42	3.42	4.16

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21</b>	
<b>Adopted</b>		
5100 Salaries-Regular Employees	\$ 262,827	
5102 Overtime	\$ 2,500	
5107 Worker Comp-Medical Costs	\$ 416	
5110 FICA	\$ 13,502	
5111 LAGERS	\$ 30,082	
5112 Health Insurance	\$ 27,427	
5113 Dental Insurance	\$ 874	
5114 Life Insurance	\$ 264	
5115 Long Term Disability	\$ 187	
5122 Automobile Allowance	\$ 629	
5124 Other Allowances	\$ 1,377	
5201 Mailing and Shipping	\$ 5,000	
5202 Communication Services	\$ 2,947	
5203 Overnight Travel & Meetings	\$ 8,800	
5204 Events and Meetings	\$ 3,000	
5205 Advertising & Public Notice	\$ 332,110	*Marketing/advertising
5206 Printing and Binding	\$ 10,000	
5207 Insurance and Bonds	\$ 21,120	
5212 Maintenance-Other	\$ 1,700	
5213 Dues and Memberships	\$ 11,199	
5215 Employee Reimbursements	\$ 1,000	
5226 Professional Services	\$ 157,233	*Marketing contract
5235 Rents and Leases	\$ 32,500	
5300 Office Supplies	\$ 2,500	
5309 Operating Supplies	\$ 400	
<b>Total</b>	<b>\$ 929,594</b>	

# Parks/Recreation/Tourism

## National Frontier Trails Museum

The mission of the National Frontier Trails Museum is to serve both the local community and visitors to Independence by operating a historic museum featuring the westward expansion of the United States and the role Independence played in that development.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 314,702	\$ 306,323	\$ 264,430
Operating Expenses	\$ 149,304	\$ 153,027	\$ 70,246
Equipment	\$ 1,884	\$ 1,000	\$ 1,000
<b>Total</b>	<b>\$ 465,890</b>	<b>\$ 460,350</b>	<b>\$ 335,676</b>
<u>Program by Fund</u>			
Tourism (004-6062)	\$ 465,890	\$ 460,350	\$ 335,676
<b>Total</b>	<b>\$ 465,890</b>	<b>\$ 460,350</b>	<b>\$ 335,676</b>
<u>Position Summary</u>			
FTE	6.00	6.00	5.80

### Line Item Detail

	FY 2020-21
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 110,362
5101 Salaries-Temp & Part Time	\$ 34,975
5106 Retiree Health Insurance	\$ 2,616
5110 FICA	\$ 21,365
5111 LAGERS	\$ 40,899
5112 Health Insurance	\$ 50,891
5113 Dental Insurance	\$ 945
5114 Life Insurance	\$ 268
5115 Long Term Disability	\$ 189
5124 Other Allowances	\$ 1,920
5201 Mailing and Shipping	\$ 100
5202 Communication Services	\$ 1,102
5204 Events and Meetings	\$ 7,050
5206 Printing and Binding	\$ 500
5211 Maintenance-Buildings	\$ 9,000
5212 Maintenance-Other	\$ 3,621
5218 Mileage & Parking Reimb	\$ 1,225
5226 Professional Services	\$ 13,245
5229 Electricity	\$ 12,126
5230 Gas	\$ 9,500
5231 Water	\$ 1,100
5232 Sewer	\$ 1,000
5240 Other Services	\$ 500
5300 Office Supplies	\$ 1,085
5309 Operating Supplies	\$ 1,840
5312 Maintenance Supplies	\$ 4,695
5314 Inventory Purchases	\$ 2,557
5402 Computer Equipment	\$ 1,000
<b>Total</b>	<b>\$ 335,676</b>

# Parks/Recreation/Tourism

## Historic Sites

The Historic Sites Maintenance division is responsible for daily historic site maintenance operations, including mowing and trimming, landscape bed care, snow removal, litter and debris removal, and basic repairs and painting for all City-owned historic properties.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 130,212	\$ 147,035	\$ 151,491
Operating Expenses	\$ 65,129	\$ 69,719	\$ 88,601
Equipment	\$ 7,073	\$ -	\$ -
<b>Total</b>	<b>\$ 202,414</b>	<b>\$ 216,754</b>	<b>\$ 240,092</b>
<u>Program by Fund</u>			
Tourism (004-6063)	\$ 202,414	\$ 216,754	\$ 240,092
<b>Total</b>	<b>\$ 202,414</b>	<b>\$ 216,754</b>	<b>\$ 240,092</b>
<u>Position Summary</u>			
FTE	3.00	3.00	3.00

### Line Item Detail

	FY 2020-21
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 100,737
5102 Overtime	\$ 5,000
5107 Worker Comp-Medical Costs	\$ 19
5110 FICA	\$ 7,346
5111 LAGERS	\$ 15,517
5112 Health Insurance	\$ 20,501
5113 Dental Insurance	\$ 447
5114 Life Insurance	\$ 143
5115 Long Term Disability	\$ 101
5120 Employee Allowances	\$ 1,260
5124 Other Allowances	\$ 420
5202 Communication Services	\$ 7,900
5211 Maintenance-Buildings	\$ 40,545
5212 Maintenance-Other	\$ 4,500
5214 Training and Education	\$ 500
5226 Professional Services	\$ 15,000
5229 Electricity	\$ 7,237
5230 Gas	\$ 5,000
5231 Water	\$ 2,500
5232 Sewer	\$ 2,400
5235 Rents and Leases	\$ 500
5240 Other Services	\$ 1,019
5312 Maintenance Supplies	\$ 1,000
5313 Small Tools and Equipment	\$ 500
<b>Total</b>	<b>\$ 240,092</b>

# Parks/Recreation/Tourism

## Tourism Sales & Services

The Tourism Sales and Services cost center is responsible for the daily operations of the Visitor Experience Center, directly and indirectly soliciting, securing, and supporting group tours, events, conferences, etc., and training of tourism-related volunteers.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 191,445	\$ 187,039	\$ 100,845
Operating Expenses	\$ 148,070	\$ 254,842	\$ 236,600
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 339,515</b>	<b>\$ 441,881</b>	<b>\$ 337,445</b>
<u>Program by Fund</u>			
Tourism (004-6064)	\$ 339,515	\$ 441,881	\$ 337,445
<b>Total</b>	<b>\$ 339,515</b>	<b>\$ 441,881</b>	<b>\$ 337,445</b>
<u>Position Summary</u>			
FTE	4.00	4.40	2.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 70,871	
5102 Overtime	\$ 1,000	
5107 Worker Comp-Medical Costs	\$ 511	
5110 FICA	\$ 5,370	
5111 LAGERS	\$ 13,932	
5112 Health Insurance	\$ 5,908	
5113 Dental Insurance	\$ 199	
5114 Life Insurance	\$ 102	
5115 Long Term Disability	\$ 72	
5120 Employee Allowances	\$ 1,920	
5124 Other Allowances	\$ 960	
5201 Mailing and Shipping	\$ 2,500	
5203 Overnight Travel & Meetings	\$ 3,500	
5204 Events and Meetings	\$ 4,000	
5205 Advertising & Public Notice	\$ 220,500	*Sponsorships, advertising, etc.
5215 Employee Reimbursements	\$ 1,500	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 3,600	
<b>Total</b>	<b>\$ 337,445</b>	

# Parks/Recreation/Tourism

## Capital Projects & Debt

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Capital Improvements	\$ 735,793	\$ 1,236,900	\$ 435,625
Debt Service	\$ 117,829	\$ 196,853	\$ 261,589
<b>Total</b>	<b>\$ 853,622</b>	<b>\$ 1,433,753</b>	<b>\$ 697,214</b>

<u>Program by Fund</u>			
Park Improvements Sales Tax	\$ 853,622	\$ 1,148,753	\$ 542,214
Tourism Fund	\$ -	\$ 285,000	\$ 155,000
<b>Total</b>	<b>\$ 853,622</b>	<b>\$ 1,433,753</b>	<b>\$ 697,214</b>

### Capital Projects for FY 2020-21

#### Parks Improvements Sales Tax:

Park Revitalization: \$235,000

#### Tourism Fund:

Historic Sites Rehab: \$75,000

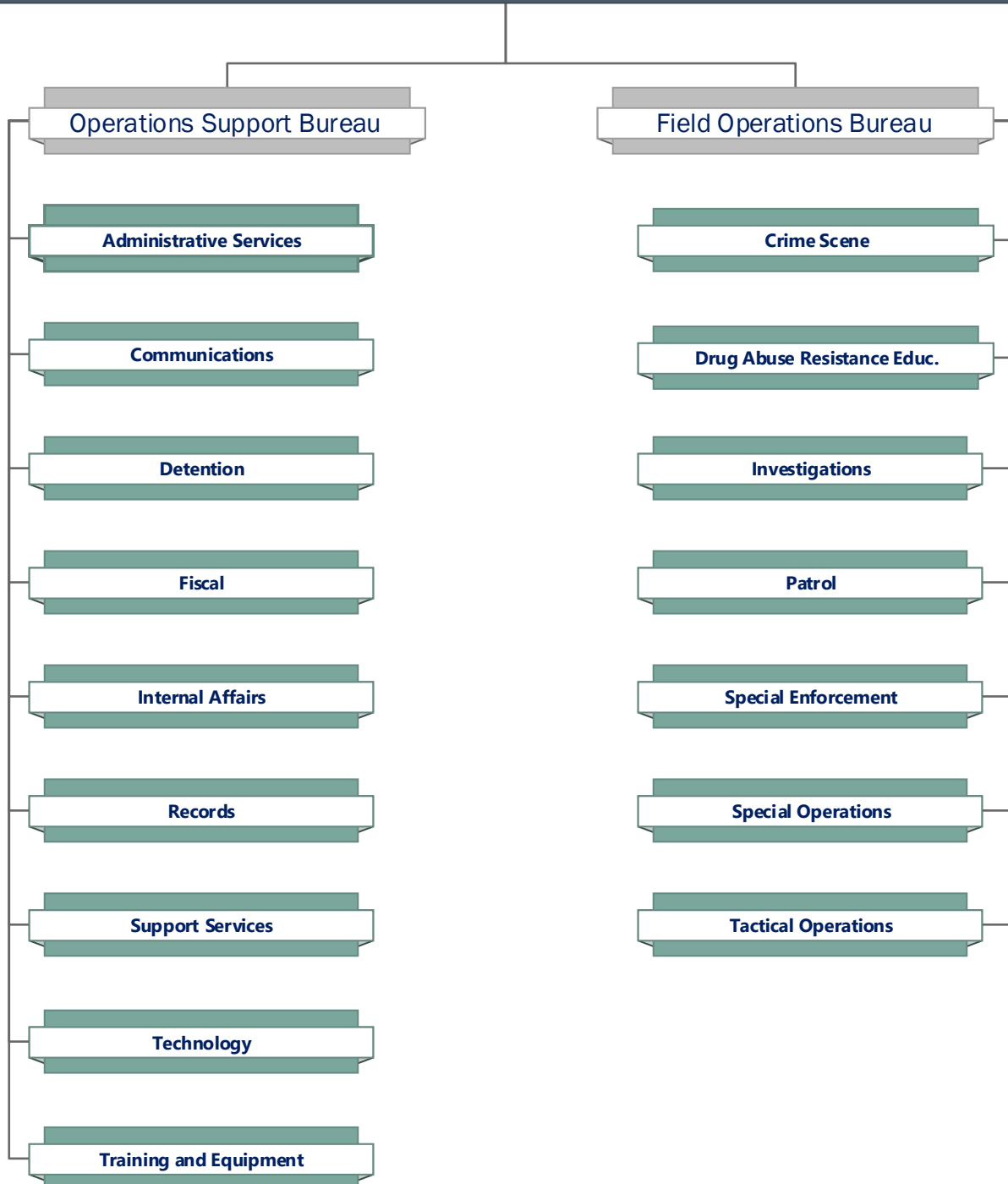
Truman Depot: \$80,000

# Police



**Chief of Police**

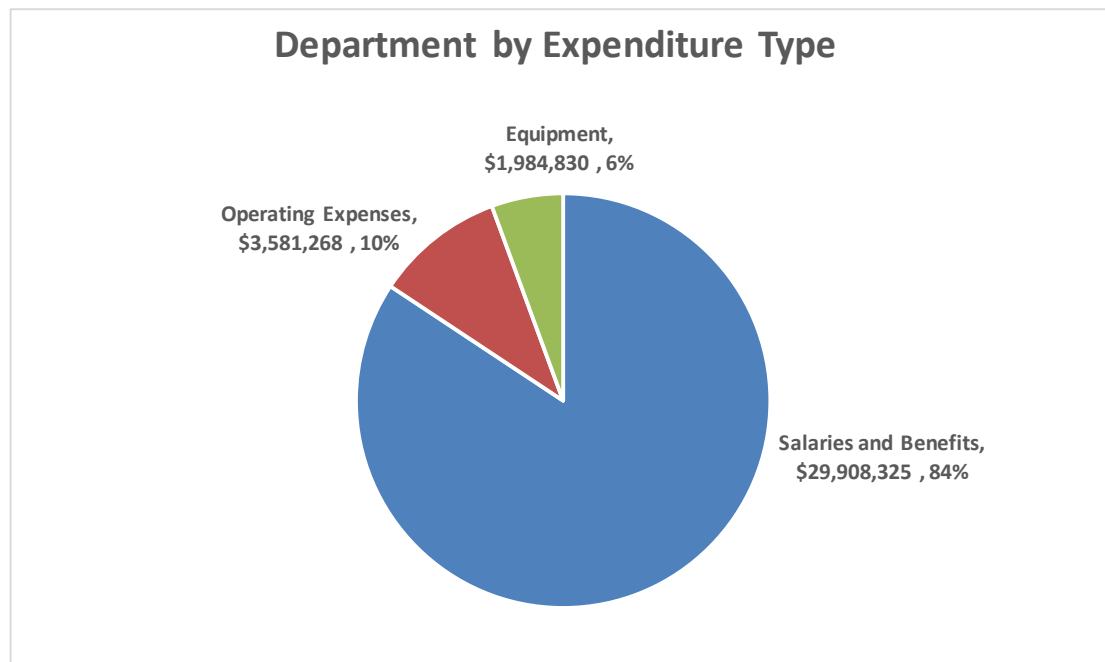
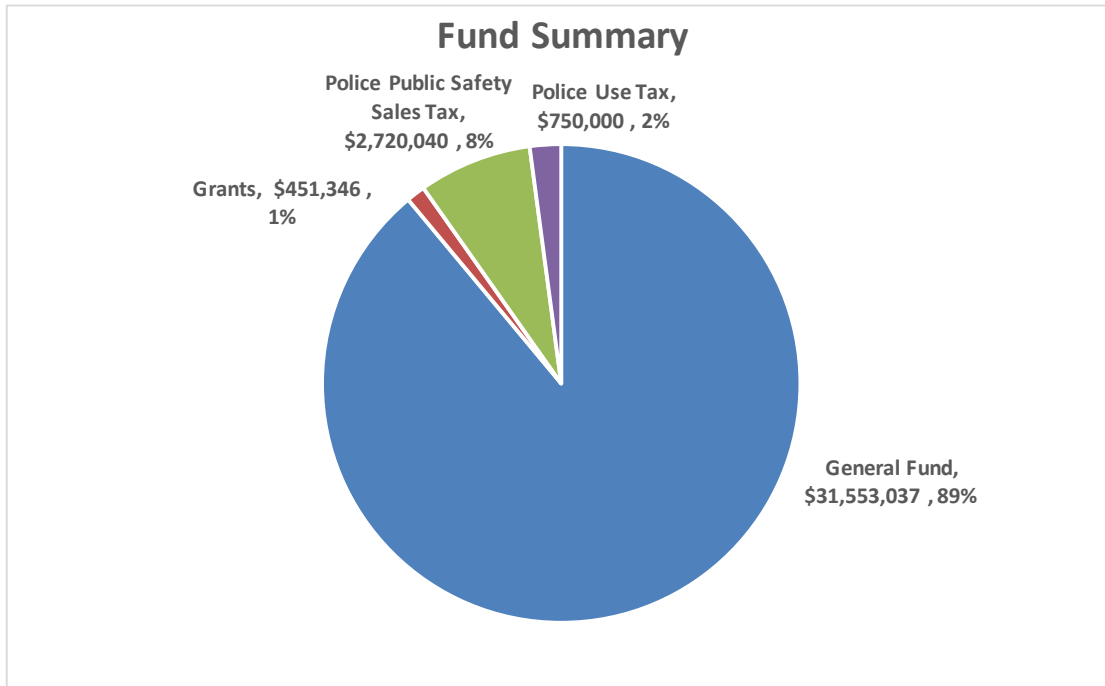
**Brad Halsey**





# Police

The Police Department plays a critical role in reducing crime and increasing the perception of public safety. The department is committed to lowering crime and disorder and strives to accomplish this by adhering to the four departmental priorities: strategic policing, staffing, equipment, and facilities and technology.



**Total Budget: \$35,474, 423**

**FTE Count: 298.36**

# Police

## Chief of Police

The Office of the Chief of Police is responsible for the overall administrative control of the operations and leadership of the department. Responsibilities include technology and fleet management, budget and accounting processes, inventories, professional standards, and recruitment.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,875,181	\$ 1,903,123	\$ 1,985,593
Operating Expenses	\$ 234,265	\$ 754,653	\$ 771,822
Equipment	\$ 2,443	\$ 5,000	\$ 5,000
<b>Total</b>	<b>\$ 2,111,889</b>	<b>\$ 2,662,776</b>	<b>\$ 2,762,415</b>
<b><u>Program by Fund</u></b>			
General (002-4511)	\$ 2,111,889	\$ 2,662,776	\$ 2,762,415

### **Position Summary**

FTE	15.63	15.73	15.73
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### **Line Item Detail**

<b>Expenditure</b>	<b>FY 2020-21</b>	
<b>Adopted</b>		
5100 Salaries-Regular Employees	\$ 1,218,107	
5101 Salaries-Temp & Part Time	\$ 40,392	
5102 Overtime	\$ 1,000	
5106 Retiree Health Insurance	\$ 94,908	
5107 Worker Comp-Medical Costs	\$ 51,645	
5108 Longevity	\$ 19,728	
5110 FICA	\$ 93,304	
5111 LAGERS	\$ 249,918	
5112 Health Insurance	\$ 200,746	
5113 Dental Insurance	\$ 6,803	
5114 Life Insurance	\$ 1,780	
5115 Long Term Disability	\$ 1,262	
5121 Clothing Uniform Allowance	\$ 6,000	
5201 Mailing and Shipping	\$ 3,100	
5202 Communication Services	\$ 75,976	*Department cell phones, internet
5204 Events and Meetings	\$ 4,000	
5205 Advertising & Public Notice	\$ 800	
5206 Printing and Binding	\$ 6,500	
5207 Insurance and Bonds	\$ 534,000	
5212 Maintenance-Other	\$ 52,027	
5213 Dues and Memberships	\$ 2,065	
5226 Professional Services	\$ 67,792	*Hiring/promotional testing
5235 Rents and Leases	\$ 10,521	
5240 Other Services	\$ 10,636	
5300 Office Supplies	\$ 305	
5309 Operating Supplies	\$ 2,600	
5313 Small Tools and Equipment	\$ 1,500	
5402 Computer Equipment	\$ 5,000	
<b>Total</b>	<b>\$ 2,762,415</b>	

# Police Grants

The grants program includes federal and state grant programs to assist the Police Department in maintaining peace and order. The general fund portion of this program is the match needed to receive the grants or the funding gap between the actual cost of the program and the amount available from the grantor agency.

	FY 2018-19	FY 2019-20	FY 2020-21
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,414,537	\$ 635,506	\$ 672,144
Operating Expenses	\$ 44,478	\$ -	\$ -
Equipment	\$ 118,131	\$ -	\$ -
<b>Total</b>	<b>\$ 1,577,146</b>	<b>\$ 635,506</b>	<b>\$ 672,144</b>
<b><u>Program by Fund</u></b>			
General (002-4512)	\$ 124,806	\$ 216,424	\$ 220,798
Grants (015-4550)	\$ 1,452,340	\$ 419,082	\$ 451,346
<b>Total</b>	<b>\$ 1,577,146</b>	<b>\$ 635,506</b>	<b>\$ 672,144</b>
<b><u>Position Summary</u></b>			
FTE	7.00	7.00	7.00

## Line Item Detail

	FY 2020-21
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 672,144
<b>Total</b>	<b>\$ 672,144</b>

# Police

## Training & Equipment

The mission of this unit is to coordinate all department training, including: mandated Police Officer Standards and Training (POST) certification, federal, state, and City requirements, and all external training activities. This unit is also responsible for the Field Training Officer (FTO) program.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 671,127	\$ 649,142	\$ 159,029
Operating Expenses	\$ 931,836	\$ 879,127	\$ 921,220
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,602,963</b>	<b>\$ 1,528,269</b>	<b>\$ 1,080,249</b>
<u>Program by Fund</u>			
General (002-4513)	\$ 1,602,963	\$ 1,528,269	\$ 1,080,249
<u>Position Summary</u>			
FTE	4.00	1.00	1.00

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 87,183	
5102 Overtime	\$ 5,000	
5106 Retiree Health Insurance	\$ 7,848	
5107 Worker Comp-Medical Costs	\$ 17,215	
5108 Longevity	\$ 2,014	
5110 FICA	\$ 6,224	
5111 LAGERS	\$ 18,000	
5112 Health Insurance	\$ 14,301	
5113 Dental Insurance	\$ 431	
5114 Life Insurance	\$ 125	
5115 Long Term Disability	\$ 88	
5121 Clothing Uniform Allowance	\$ 600	
5203 Overnight Travel & Meetings	\$ 60,000	*Department-wide training/travel
5208 Fees and Permits	\$ 500	
5209 Maint-Mobile Equip (CG)	\$ 196,849	
5210 Maint-Mobile Equip (Other)	\$ 104,350	
5212 Maintenance-Other	\$ 40,000	
5213 Dues and Memberships	\$ 180	
5214 Training and Education	\$ 70,962	*Academy recruit training, local training
5229 Electricity	\$ 930	
5230 Gas	\$ 800	
5231 Water	\$ 300	
5232 Sewer	\$ 600	
5300 Office Supplies	\$ 50,000	
5309 Operating Supplies	\$ 134,025	*Uniforms, ammunition, etc.
5315 Motor Vehicle Fuels (CG)	\$ 254,724	
5316 Motor Vehicle Fuels (Other)	\$ 7,000	
<b>Total</b>	<b>\$ 1,080,249</b>	

# Police Patrol

The mission of the Patrol division is to reduce crime and disorder by being the initial responder for all calls from citizens 24 hours per day, 365 days per year.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 9,487,234	\$ 8,883,651	\$ 8,973,505
Operating Expenses	\$ 3,230	\$ 8,150	\$ 8,150
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 9,490,464</b>	<b>\$ 8,891,801</b>	<b>\$ 8,981,655</b>
<u>Program by Fund</u>			
General (002-4532)	\$ 9,490,464	\$ 8,891,801	\$ 8,981,655
<u>Position Summary</u>			
FTE	90.00	90.00	89.00

## Line Item Detail

	FY 2020-21
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 5,264,133
5102 Overtime	\$ 350,000
5106 Retiree Health Insurance	\$ 214,884
5107 Worker Comp-Medical Costs	\$ 266,834
5108 Longevity	\$ 22,325
5110 FICA	\$ 459,349
5111 LAGERS	\$ 1,284,176
5112 Health Insurance	\$ 1,009,305
5113 Dental Insurance	\$ 34,990
5114 Life Insurance	\$ 7,340
5115 Long Term Disability	\$ 5,269
5121 Clothing Uniform Allowance	\$ 54,900
5212 Maintenance-Other	\$ 2,100
5213 Dues and Memberships	\$ 250
5309 Operating Supplies	\$ 4,300
5313 Small Tools and Equipment	\$ 1,500
<b>Total</b>	<b>\$ 8,981,655</b>

# Police

## Investigations

The Investigations division consists of the Criminal Investigations Unit, the Drug Enforcement Unit, and the Street Crimes Unit. This division is tasked with reactionary as well as proactive investigation of crimes, including homicides, assaults, domestic

<b><u>Program by Expenditure Category</u></b>	<b><u>FY 2018-19 Actual</u></b>	<b><u>FY 2019-20 Adopted</u></b>	<b><u>FY 2020-21 Adopted</u></b>
Salary & Benefits	\$ 5,733,311	\$ 6,045,991	\$ 6,323,628
Operating Expenses	\$ 19,007	\$ 38,465	\$ 38,465
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 5,752,318</b>	<b>\$ 6,084,456</b>	<b>\$ 6,362,093</b>

<b><u>Program by Fund</u></b>			
General (002-4534)	\$ 5,752,318	\$ 6,084,456	\$ 6,362,093
<b>Total</b>	<b>\$ 5,752,318</b>	<b>\$ 6,084,456</b>	<b>\$ 6,362,093</b>

<b><u>Position Summary</u></b>			
FTE	56.00	55.00	55.00

<b>Line Item Detail</b>	
<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 3,870,386
5102 Overtime	\$ 260,000
5106 Retiree Health Insurance	\$ 160,500
5107 Worker Comp-Medical Costs	\$ 189,366
5108 Longevity	\$ 35,119
5110 FICA	\$ 286,876
5111 LAGERS	\$ 765,696
5112 Health Insurance	\$ 675,514
5113 Dental Insurance	\$ 26,414
5114 Life Insurance	\$ 5,464
5115 Long Term Disability	\$ 3,893
5121 Clothing Uniform Allowance	\$ 44,400
5208 Fees and Permits	\$ 1,500
5212 Maintenance-Other	\$ 9,565
5213 Dues and Memberships	\$ 50
5226 Professional Services	\$ 20,000
5309 Operating Supplies	\$ 3,750
5313 Small Tools and Equipment	\$ 3,600
<b>Total</b>	<b>\$ 6,362,093</b>

# Police

## Special Operations

The mission of the Tactical Operations division is to reduce crime and disorder by providing support, coordination, and proactive patrol in high-crime and/or violation areas through the Canine Unit, Special Weapons and Tactics Team (SWAT), and Explosive Ordnance Disposal (EOD) Team.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 2,083,387	\$ 1,848,168	\$ 1,766,764
Operating Expenses	\$ 35,617	\$ 40,370	\$ 40,534
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,119,005</b>	<b>\$ 1,888,538</b>	<b>\$ 1,807,298</b>
<b><u>Program by Fund</u></b>			
General (002-4535)	\$ 2,119,005	\$ 1,888,538	\$ 1,807,298
<b><u>Position Summary</u></b>			
FTE	16.00	14.00	14.00

<b>Line Item Detail</b>	
<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 1,050,324
5102 Overtime	\$ 60,000
5106 Retiree Health Insurance	\$ 58,476
5107 Worker Comp-Medical Costs	\$ 68,860
5108 Longevity	\$ 10,265
5110 FICA	\$ 77,574
5111 LAGERS	\$ 220,149
5112 Health Insurance	\$ 202,669
5113 Dental Insurance	\$ 6,742
5114 Life Insurance	\$ 1,369
5115 Long Term Disability	\$ 1,036
5121 Clothing Uniform Allowance	\$ 9,300
5210 Maint-Mobile Equip (Other)	\$ 2,250
5211 Maintenance-Buildings	\$ 1,900
5213 Dues and Memberships	\$ 695
5229 Electricity	\$ 3,314
5230 Gas	\$ 1,700
5231 Water	\$ 200
5232 Sewer	\$ 1,300
5233 Solid Waste	\$ 500
5240 Other Services	\$ 2,500
5309 Operating Supplies	\$ 25,100
5313 Small Tools and Equipment	\$ 1,075
<b>Total</b>	<b>\$ 1,807,298</b>

\*SWAT and K9 supplies

# Police

## Special Enforcement

This Unit focuses on responding to traffic complaints and accidents, and enforcing traffic laws. Their duties include radar/laser operations, accident reconstruction, and DWI enforcement. This Unit also supports special events in the community.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 3,188,324	\$ 2,187,589	\$ 2,185,385
Operating Expenses	\$ 26,823	\$ 30,985	\$ 30,985
Equipment	\$ 82	\$ -	\$ -
<b>Total</b>	<b>\$ 3,215,229</b>	<b>\$ 2,218,574</b>	<b>\$ 2,216,370</b>
<b><u>Program by Fund</u></b>			
General (002-4536)	\$ 3,215,229	\$ 2,218,574	\$ 2,216,370
<b><u>Position Summary</u></b>			
FTE	30.00	19.00	19.00

<b>Line Item Detail</b>	
<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 1,265,727
5102 Overtime	\$ 100,000
5106 Retiree Health Insurance	\$ 71,964
5107 Worker Comp-Medical Costs	\$ 103,290
5108 Longevity	\$ 14,062
5110 FICA	\$ 91,788
5111 LAGERS	\$ 255,408
5112 Health Insurance	\$ 260,931
5113 Dental Insurance	\$ 8,321
5114 Life Insurance	\$ 1,814
5115 Long Term Disability	\$ 1,280
5121 Clothing Uniform Allowance	\$ 10,800
5204 Events and Meetings	\$ 350
5210 Maint-Mobile Equip (Other)	\$ 600
5212 Maintenance-Other	\$ 1,235
5213 Dues and Memberships	\$ 300
5240 Other Services	\$ 22,000
5309 Operating Supplies	\$ 5,500
5313 Small Tools and Equipment	\$ 1,000
<b>Total</b>	<b>\$ 2,216,370</b>

\*Drug/alcohol testing



# Police

## Drug Abuse Resistance Education

The mission and curriculum of the DARE program is to prevent or curtail drug, alcohol, and tobacco use amongst students, as well as proactively network with internal and external agencies to track registered sex offenders within the City boundaries and their proximity to schools and daycares.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 227,394	\$ 244,136	\$ 234,952
Operating Expenses	\$ 11,483	\$ 11,300	\$ 11,300
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 238,877</b>	<b>\$ 255,436</b>	<b>\$ 246,252</b>
<b><u>Program by Fund</u></b>			
General (002-4538)	\$ 238,877	\$ 255,436	\$ 246,252
<b><u>Position Summary</u></b>			
FTE	2.00	2.00	2.00

### Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 147,077
5107 Worker Comp-Medical Costs	\$ 8,608
5108 Longevity	\$ 1,808
5110 FICA	\$ 10,169
5111 LAGERS	\$ 30,397
5112 Health Insurance	\$ 34,265
5113 Dental Insurance	\$ 1,070
5114 Life Insurance	\$ 210
5115 Long Term Disability	\$ 148
5121 Clothing Uniform Allowance	\$ 1,200
5309 Operating Supplies	\$ 11,000
5313 Small Tools and Equipment	\$ 300
<b>Total</b>	<b>\$ 246,252</b>

# Police

## Community Services

The Community Services Unit provides citizens with the information and resources needed to improve their quality of life and sense of security. This is accomplished through community meetings, the Disorderly House Program, Crime Free Mult-Housing Program, public demonstrations, Volunteer in Police Services (VIP's), crime prevention and education programs, and the Crisis Intervention Team (CIT).

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ -	\$ 1,688,144	\$ 1,673,568
Operating Expenses	\$ -	\$ 2,375	\$ 2,375
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,690,519</b>	<b>\$ 1,675,943</b>
<b><u>Program by Fund</u></b>			
General (002-4539)	\$ -	\$ 1,690,519	\$ 1,675,943
<b><u>Position Summary</u></b>			
FTE	0.00	17.00	17.00

### Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 1,104,966
5102 Overtime	\$ 10,000
5108 Longevity	\$ 6,306
5110 FICA	\$ 79,496
5111 LAGERS	\$ 222,128
5112 Health Insurance	\$ 229,535
5113 Dental Insurance	\$ 9,536
5114 Life Insurance	\$ 1,484
5115 Long Term Disability	\$ 1,117
5121 Clothing Uniform Allowance	\$ 9,000
5204 Events and Meetings	\$ 1,550
5213 Dues and Memberships	\$ 25
5309 Operating Supplies	\$ 800
<b>Total</b>	<b>\$ 1,675,943</b>

# Police

## Crime Scene

The Crime Scene Unit consists of investigators who are responsible for processing crime scenes to gather evidence and other data to support criminal charges. The Unit is also responsible for collecting video evidence from local businesses and residences. The collection and identification of evidence is utilized in the prosecution of criminal defendants, helping to reduce crime in the community.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 556,865	\$ 587,573	\$ 448,909
Operating Expenses	\$ 14,054	\$ 20,620	\$ 20,620
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 570,920</b>	<b>\$ 608,193</b>	<b>\$ 469,529</b>
<u>Program by Fund</u>			
General (002-4542)	\$ 570,920	\$ 608,193	\$ 469,529
<u>Position Summary</u>			
FTE	6.0	6.0	5.0

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 258,075	Major Changes: Eliminate Latent Print Examiner Position
5101 Salaries-Temp & Part Time	\$ 16,000	
5106 Retiree Health Insurance	\$ 20,928	
5107 Worker Comp-Medical Costs	\$ 17,215	
5108 Longevity	\$ 10,547	
5110 FICA	\$ 18,371	
5111 LAGERS	\$ 50,388	
5112 Health Insurance	\$ 51,871	
5113 Dental Insurance	\$ 1,899	
5114 Life Insurance	\$ 360	
5115 Long Term Disability	\$ 255	
5121 Clothing Uniform Allowance	\$ 3,000	
5212 Maintenance-Other	\$ 1,000	
5213 Dues and Memberships	\$ 450	
5226 Professional Services	\$ 8,770	
5309 Operating Supplies	\$ 7,000	
5313 Small Tools and Equipment	\$ 3,400	
<b>Total</b>	<b>\$ 469,529</b>	

# Police Detention

The Detention Unit is responsible for processing and housing individuals arrested for violations of City Ordinances, State Statutes, and Federal laws. The unit houses prisoners on a short-term basis who are held for investigation of an alleged violation, awaiting arraignment, or until their bond is posted. Long-term prisoners are transferred and incarcerated at an outside facility.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,117,975	\$ 1,096,871	\$ 1,079,560
Operating Expenses	\$ 821,075	\$ 762,310	\$ 682,310
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,939,050</b>	<b>\$ 1,859,181</b>	<b>\$ 1,761,870</b>
<b><u>Program by Fund</u></b>			
General (002-4543)	\$ 1,939,050	\$ 1,859,181	\$ 1,761,870
<b><u>Position Summary</u></b>			
FTE	14.0	14.0	14.0

## Line Item Detail

	<b>FY 2020-21</b>	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 675,226	
5102 Overtime	\$ 50,000	
5106 Retiree Health Insurance	\$ 24,756	
5107 Worker Comp-Medical Costs	\$ 25,823	
5108 Longevity	\$ 3,583	
5110 FICA	\$ 49,642	
5111 LAGERS	\$ 124,138	
5112 Health Insurance	\$ 112,485	
5113 Dental Insurance	\$ 4,196	
5114 Life Insurance	\$ 943	
5115 Long Term Disability	\$ 668	
5121 Clothing Uniform Allowance	\$ 8,100	
5212 Maintenance-Other	\$ 3,025	
5226 Professional Services	\$ 668,285	*Prisoner housing
5309 Operating Supplies	\$ 8,000	
5313 Small Tools and Equipment	\$ 3,000	
<b>Total</b>	<b>\$ 1,761,870</b>	

Major Changes:  
Decrease prisoner  
housing budget

# Police Records

The Records Unit provides customer service to the public by completing police reports, answering questions, and receiving and returning warrants, subpoenas, and other pertinent court and jail papers.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,523,479	\$ 1,631,133	\$ 1,532,621
Operating Expenses	\$ 5,939	\$ 10,600	\$ 10,600
Equipment	\$ 1,476	\$ -	\$ -
<b>Total</b>	<b>\$ 1,530,894</b>	<b>\$ 1,641,733</b>	<b>\$ 1,543,221</b>
<b><u>Program by Fund</u></b>			
General (002-4544)	\$ 1,530,894	\$ 1,641,733	\$ 1,543,221
<b><u>Position Summary</u></b>			
FTE	22.63	23.63	22.63

## Line Item Detail

	<b>FY 2020-21</b>
<b>Expenditure</b>	<b>Adopted</b>
5100 Salaries-Regular Employees	\$ 925,914
5101 Salaries-Temp & Part Time	\$ 39,225
5102 Overtime	\$ 25,000
5106 Retiree Health Insurance	\$ 26,160
5107 Worker Comp-Medical Costs	\$ 43,038
5108 Longevity	\$ 31,366
5110 FICA	\$ 70,011
5111 LAGERS	\$ 167,821
5112 Health Insurance	\$ 192,574
5113 Dental Insurance	\$ 5,589
5114 Life Insurance	\$ 1,360
5115 Long Term Disability	\$ 963
5121 Clothing Uniform Allowance	\$ 3,600
5212 Maintenance-Other	\$ 5,100
5309 Operating Supplies	\$ 2,000
5313 Small Tools and Equipment	\$ 3,500
<b>Total</b>	<b>\$ 1,543,221</b>

Major Changes: 1 FTE eliminated in FY20 mid-year budget amendment related to retiree health insurance

# Police

## Communications Unit

The Communications Unit receives emergency and non-emergency telephone calls from the public and routes them to the appropriate responder: Fire, Police, or AMR.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 2,389,320	\$ 2,342,190	\$ 2,414,439
Operating Expenses	\$ 4,164	\$ 5,525	\$ 5,525
Equipment	\$ -	\$ 5,380	\$ 5,380
<b>Total</b>	<b>\$ 2,393,484</b>	<b>\$ 2,353,095</b>	<b>\$ 2,425,344</b>
<u>Program by Fund</u>			
General (002-4545)	\$ 2,393,484	\$ 2,353,095	\$ 2,425,344
<u>Position Summary</u>			
FTE	31.0	31.0	31.0

### Line Item Detail

	FY 2020-21
<u>Expenditure</u>	<u>Adopted</u>
5100 Salaries-Regular Employees	\$ 1,543,979
5101 Salaries-Temp & Part Time	\$ 38,571
5102 Overtime	\$ 200,000
5106 Retiree Health Insurance	\$ 25,560
5107 Worker Comp-Medical Costs	\$ 60,253
5108 Longevity	\$ 30,102
5110 FICA	\$ 115,689
5111 LAGERS	\$ 202,066
5112 Health Insurance	\$ 185,640
5113 Dental Insurance	\$ 6,469
5114 Life Insurance	\$ 2,135
5115 Long Term Disability	\$ 1,515
5121 Clothing Uniform Allowance	\$ 2,460
5204 Events and Meetings	\$ 600
5212 Maintenance-Other	\$ 1,139
5213 Dues and Memberships	\$ 742
5309 Operating Supplies	\$ 1,544
5313 Small Tools and Equipment	\$ 1,500
5403 Office Furniture & Equip	\$ 5,380
<b>Total</b>	<b>\$ 2,425,344</b>

# Police

## Sales Tax Program

This cost center serves to provide oversight and management of the revitalization and capital improvement projects planned for the City's Police Department, made possible through the adoption of a one-eighth cent sales tax.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	\$ -
Operating Expenses	\$ 844,102	\$ 944,321	\$ 994,590
Equipment	\$ 1,258,299	\$ 1,543,312	\$ 1,725,450
Debt Service	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,102,401</b>	<b>\$ 2,487,633</b>	<b>\$ 2,720,040</b>
<u>Program by Fund</u>			
Police Public Safety Sales Tax (016)	\$ 2,102,401	\$ 2,487,633	\$ 2,720,040
<u>Position Summary</u>			
FTE	0.0	0.0	0.0

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5224 Maint-Mobile Equip (CG)	\$ 221,649	
5212 Maintenance-Other	\$ 312,747	
5226 Professional Services	\$ 116,840	*Technology & Technician contracts
5229 Electricity	\$ 22,088	
5230 Gas	\$ 2,000	
5231 Water	\$ 1,100	
5232 Sewer	\$ 1,600	
5233 Solid Waste	\$ 700	
5309 Operating Supplies	\$ 181,500	*Uniforms, body armor
5313 Small Tools and Equipment	\$ 49,375	*Taser replacements
5401 Buildings	\$ 5,000	
5315 Motor Vehicle Fuels (CG)	\$ 84,991	
5402 Computer Equipment	\$ 402,400	*Cameras, etc.
5404 Mobile Equipment	\$ 1,093,050	*Fleet replacement program
5405 Other Machinery & Equip	\$ 225,000	*Portable radios
<b>Total</b>	<b>\$ 1,401,990</b>	

# Police

## Use Tax Program

Revenues generated from the Proposition P tax will hire certified and non certified police officer candidates. Furthermore, this funding will help support the training, equipment and other expenses related to these new positions.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	\$ 458,228
Operating Expenses	\$ -	\$ -	\$ 42,772
Equipment	\$ -	\$ -	\$ 249,000
<b>Total</b>	<b>\$ - #</b>	<b>\$ - #</b>	<b>\$ 750,000</b>

<u>Program by Fund</u>			
Police Use Tax (018-4571)	\$ - #	\$ - #	\$ 750,000

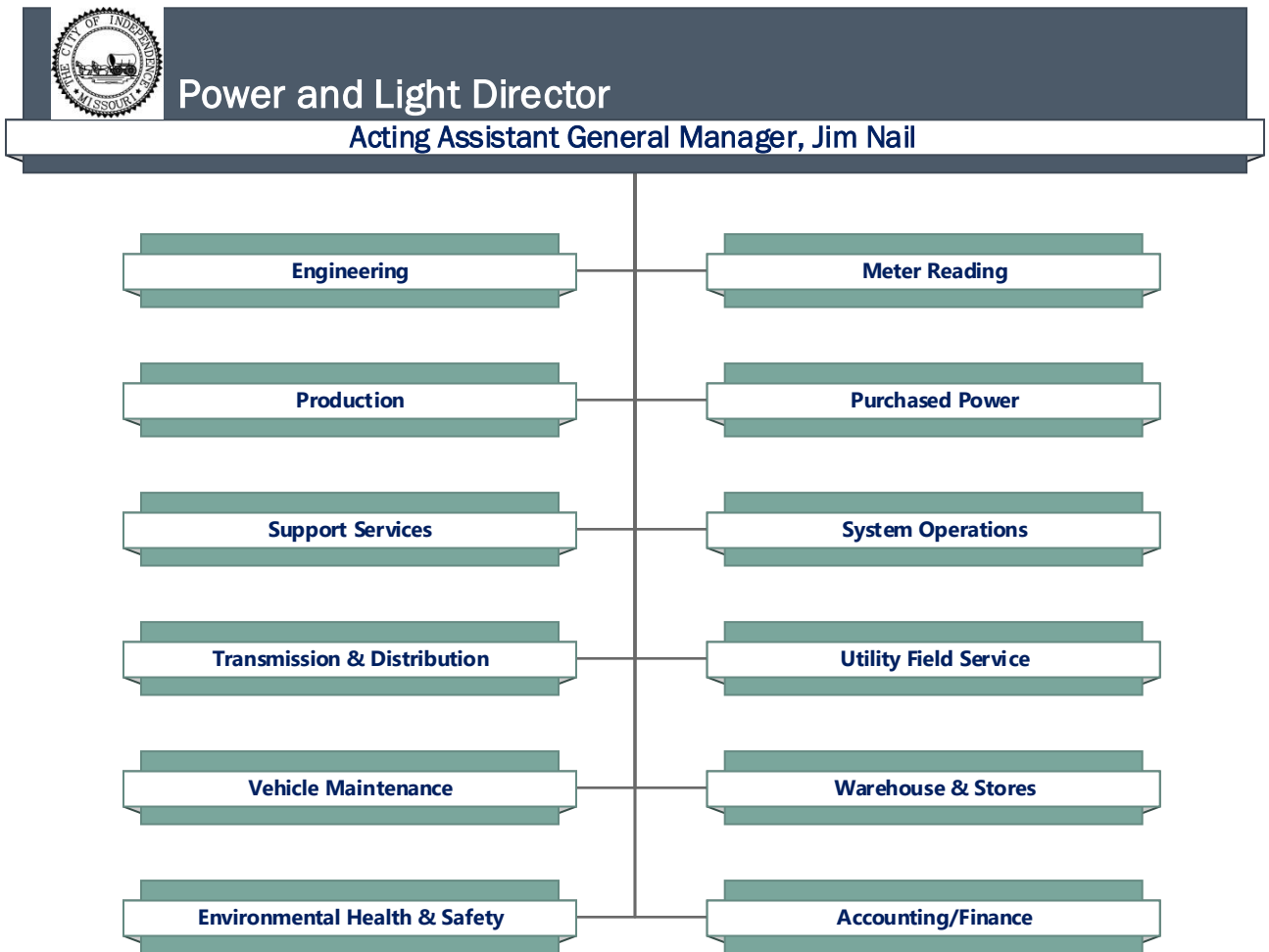
<u>Position Summary</u>			
FTE	0.0	0.0	6.0

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries/Benefits-Regular	\$ 442,596	
5102 Overtime	\$ 15,632	
5309 Operating Supplies	\$ 42,772	*Uniforms, supplies
5404 Mobile Equipment	\$ 249,000	*Vehicles
<b>Total</b>	<b>\$ 750,000</b>	



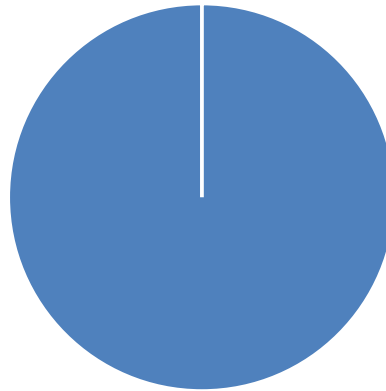
# Power and Light



# Power and Light

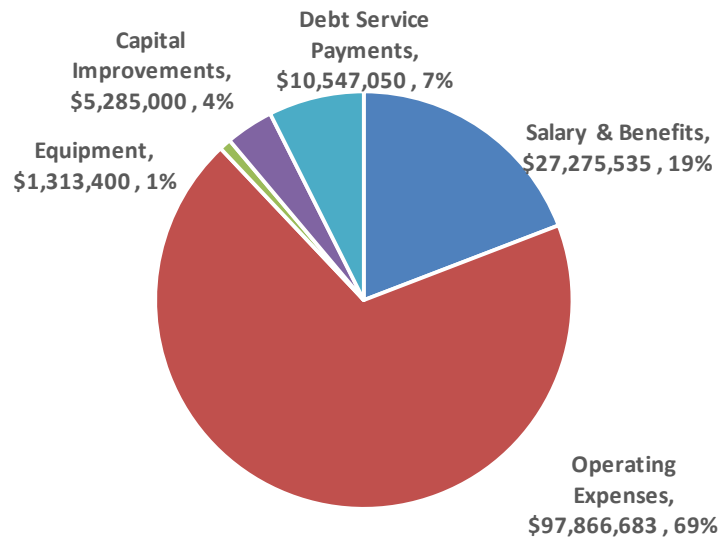
To provide reliable and affordable electric energy services in a customer-oriented and environmentally-responsible manner, while participating organizationally and individually in the growth and enhancement of the community we serve.

## Fund Summary



Power & Light  
Fund,  
\$142,287,668 ,  
100%

## Department by Expenditure Type



**Total Budget: \$142,321,294**

**FTE Count: 176.77**

# Power and Light Administration

The mission of Administration is to provide leadership of the Department to ensure reliable and environmentally-friendly electric service to the citizens of Independence at the lowest possible cost consistent with sound business practices.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 847,061	\$ 714,780	\$ 560,982
Operating Expenses	\$ 1,356,065	\$ 1,469,550	\$ 1,211,957
Equipment	\$ 2,949	\$ 2,000	\$ 2,000
<b>Total</b>	<b>\$ 2,206,074</b>	<b>\$ 2,186,330</b>	<b>\$ 1,774,939</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6110)	\$ 2,206,074	\$ 2,186,330	\$ 1,774,939
<b><u>Position Summary</u></b>			
FTE	6.0	4.0	4.0

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 364,193
5102 Overtime	\$ 3,000
5110 FICA	\$ 31,380
5111 LAGERS	\$ 94,781
5112 Health Insurance	\$ 63,715
5113 Dental Insurance	\$ 2,015
5114 Life Insurance	\$ 408
5115 Long Term Disability	\$ 290
5116 Automobile Allowance	\$ 1,200
5201 Mailing and Shipping	\$ 100
5203 Overnight Travel & Meetings	\$ 30,000
5204 Events and Meetings	\$ 9,000
5205 Advertising & Public Notice	\$ 1,000
5206 Printing and Binding	\$ 250
5212 Maintenance-Other	\$ 5,000
5213 Dues and Memberships	\$ 150,000
5214 Training and Education	\$ 5,000
5215 Employee Reimbursements	\$ 1,000
5226 Professional Services	\$ 992,607
5240 Other Services	\$ 10,000
5300 Office Supplies	\$ 5,000
5309 Operating Supplies	\$ 3,000
5402 Computer Equipment	\$ 2,000
<b>Total</b>	<b>\$ 1,774,939</b>

# Power and Light

## Environmental Health & Safety

The mission of Environmental Health & Safety is to ensure regulatory compliance through training and emergency response in order to reduce injuries, accidents and environmental impact.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 307,901	\$ 471,238	\$ 414,087
Operating Expenses	\$ 203,267	\$ 791,450	\$ 571,700
Equipment	\$ -	\$ 7,000	\$ -
<b>Total</b>	<b>\$ 511,168</b>	<b>\$ 1,269,688</b>	<b>\$ 985,787</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6111)	\$ 511,168	\$ 1,269,688	\$ 985,787
<b><u>Position Summary</u></b>			
FTE	4.0	3.0	3.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 302,885	
5110 FICA	\$ 22,050	
5111 LAGERS	\$ 58,538	
5112 Health Insurance	\$ 28,594	
5113 Dental Insurance	\$ 862	
5114 Life Insurance	\$ 432	
5115 Long Term Disability	\$ 306	
5124 Other Allowances	\$ 420	
5203 Overnight Travel & Meetings	\$ 6,000	
5204 Events and Meetings	\$ 5,000	
5208 Fees and Permits	\$ 165,500	
5213 Dues and Memberships	\$ 4,500	
5214 Training and Education	\$ 25,000	
5226 Professional Services	\$ 183,100	*Various consulting/testing services
5240 Other Services	\$ 600	
5302 Computer Software & Supplies	\$ 2,000	
5309 Operating Supplies	\$ 142,000	
5312 Maintenance Supplies	\$ 35,000	
5313 Small Tools and Equipment	\$ 3,000	
<b>Total</b>	<b>\$ 985,787</b>	

# Power and Light

## Accounting/Finance

The mission of Accounting is to ensure all financial and statistical records of the utility are kept and reported on in accordance with governmental best practices and regulations so that the results are transparent to rate payers.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 420,740	\$ 635,501	\$ 317,433
Operating Expenses	\$ 36,422	\$ 14,000	\$ 8,000
Equipment	\$ -	\$ 2,000	\$ -
<b>Total</b>	<b>\$ 457,162</b>	<b>\$ 651,501</b>	<b>\$ 325,433</b>
<b><u>Program by Fund</u></b>			
Power and Light (002-6112)	\$ 457,162	\$ 651,501	\$ 325,433
<b><u>Position Summary</u></b>			
FTE	4.0	5.0	3.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21</b>
<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 216,523
5102 Overtime	\$ 10,000
5110 FICA	\$ 15,559
5111 LAGERS	\$ 41,788
5112 Health Insurance	\$ 31,666
5113 Dental Insurance	\$ 829
5114 Life Insurance	\$ 310
5115 Long Term Disability	\$ 218
5120 Employee Allowances	\$ 540
5203 Overnight Travel & Meetings	\$ 6,000
5204 Events and Meetings	\$ 1,000
5213 Dues and Memberships	\$ 500
5300 Office Supplies	\$ 500
<b>Total</b>	<b>\$ 325,433</b>

# Power and Light Support Services

The mission of Support Services is to provide financial and contract oversight services for the department so that services can be delivered efficiently and effectively.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 546,926	\$ 759,698	\$ 433,622
Operating Expenses	\$ 362,542	\$ 465,590	\$ 450,849
Equipment	\$ 12,365	\$ 41,000	\$ 40,000
<b>Total</b>	<b>\$ 921,833</b>	<b>\$ 1,266,288</b>	<b>\$ 924,471</b>
<u>Program by Fund</u>			
Power and Light (020-6121)	\$ 921,833	\$ 1,266,288	\$ 924,471
<u>Position Summary</u>			
FTE	5.0	6.0	4.0

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 293,297	
5102 Overtime	\$ 1,000	
5110 FICA	\$ 20,832	
5111 LAGERS	\$ 56,711	
5112 Health Insurance	\$ 57,187	
5113 Dental Insurance	\$ 2,140	
5114 Life Insurance	\$ 419	
5115 Long Term Disability	\$ 296	
5120 Employee Allowances	\$ 1,200	
5124 Other Allowances	\$ 540	
5203 Overnight Travel & Meetings	\$ 7,000	
5204 Events and Meetings	\$ 300	
5211 Maintenance-Buildings	\$ 70,000	*Rockwood mowing
5212 Maintenance-Other	\$ 197,289	*Software maintenance
5213 Dues and Memberships	\$ 260	
5214 Training and Education	\$ 3,000	
5226 Professional Services	\$ 170,000	*Integration support
5309 Operating Supplies	\$ 2,000	
5313 Small Tools and Equipment	\$ 1,000	
5402 Computer Equipment	\$ 40,000	
<b>Total</b>	<b>\$ 924,471</b>	

# Power and Light

## Warehouse and Stores

The mission of the Warehouse and Stores is to order, receive, issue and maintain material and tools for line crews, maintenance personnel and outside contractors.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 1,136,296	\$ 1,094,523	\$ 794,045
Operating Expenses	\$ 2,175,849	\$ 3,492,932	\$ 3,489,932
Equipment	\$ 1,288	\$ 100,000	\$ 100,000
<b>Total</b>	<b>\$ 3,313,432</b>	<b>\$ 4,687,455</b>	<b>\$ 4,383,977</b>
<u>Program by Fund</u>			
Power and Light (020-6122)	\$ 3,313,432	\$ 4,687,455	\$ 4,383,977
<u>Position Summary</u>			
FTE	9.0	9.0	6.0

### Line Item Detail

Expenditure	FY 2020-21 Adopted	
5100 Salaries-Regular Employees	\$ 503,252	
5102 Overtime	\$ 45,000	
5110 FICA	\$ 35,924	
5111 LAGERS	\$ 97,232	
5112 Health Insurance	\$ 105,630	
5113 Dental Insurance	\$ 3,626	
5114 Life Insurance	\$ 594	
5115 Long Term Disability	\$ 507	
5120 Employee Allowances	\$ 1,740	
5124 Other Allowances	\$ 540	
5201 Mailing and Shipping	\$ 20,000	
5203 Overnight Travel & Meetings	\$ 6,000	
5204 Events and Meetings	\$ 250	
5206 Printing and Binding	\$ 250	
5211 Maintenance-Buildings	\$ 217,634	*Service center, IUC shared expenses
5212 Maintenance-Other	\$ 113,918	*HVAC, elevator, sprinkler
5214 Training and Education	\$ 1,000	
5215 Employee Reimbursements	\$ 300	
5229 Electricity	\$ 5,000	
5231 Water	\$ 1,200	
5232 Sewer	\$ 1,000	
5235 Rents and Leases	\$ 20,000	
5309 Operating Supplies	\$ 91,380	
5312 Maintenance Supplies	\$ 250,000	*Rock, concrete, etc.
5313 Small Tools and Equipment	\$ 8,000	
5314 Inventory Purchases	\$ 2,754,000	*Transformers, meters, poles, etc.
5402 Computer Equipment	\$ 50,000	*Upgrade Materials Management System
5405 Other Machinery & Equip	\$ 50,000	
<b>Total</b>	<b>\$ 4,383,977</b>	

# Power and Light Vehicle Maintenance

The mission of Vehicle Maintenance is to procure and maintain the Power & Light fleet so that personnel have available and safe vehicles to perform their jobs.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 913,064	\$ 945,369	\$ 930,627
Operating Expenses	\$ 476,196	\$ 654,200	\$ 654,200
Equipment	\$ 39,891	\$ 757,500	\$ 757,500
<b>Total</b>	<b>\$ 1,429,151</b>	<b>\$ 2,357,069</b>	<b>\$ 2,342,327</b>
<u>Program by Fund</u>			
Power and Light (020-6123)	\$ 1,429,151	\$ 2,357,069	\$ 2,342,327
<u>Position Summary</u>			
FTE	7.0	7.0	7.0

## Line Item Detail

	FY 2020-21	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 633,000	
5102 Overtime	\$ 35,000	
5110 FICA	\$ 46,495	
5111 LAGERS	\$ 122,575	
5112 Health Insurance	\$ 87,621	
5113 Dental Insurance	\$ 2,315	
5114 Life Insurance	\$ 891	
5115 Long Term Disability	\$ 630	
5124 Other Allowances	\$ 2,100	
5203 Overnight Travel & Meetings	\$ 5,000	
5210 Maint-Mobile Equip (Other)	\$ 300,000	
5211 Maintenance-Buildings	\$ 5,500	
5212 Maintenance-Other	\$ 11,800	
5214 Training and Education	\$ 3,000	
5215 Employee Reimbursements	\$ 400	
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 19,500	
5312 Maintenance Supplies	\$ 3,000	
5313 Small Tools and Equipment	\$ 5,000	
5316 Motor Vehicle Fuels (Other)	\$ 300,000	
5403 Office Furniture & Equip	\$ 1,000	
5404 Mobile Equipment	\$ 756,500	*Vehicle & equipment replacement
<b>Total</b>	<b>\$ 2,342,327</b>	



# Power and Light Utility Field Service

The Utility Field Service Division is responsible for turning both electric and water services on and off, field services of delinquent accounts, and reading meters for customer transfers.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 975,551	\$ 1,122,828	\$ 820,845
Operating Expenses	\$ 3,955	\$ 25,100	\$ 25,100
Equipment	\$ -	\$ 1,000	\$ 1,000
<b>Total</b>	<b>\$ 979,506</b>	<b>\$ 1,148,928</b>	<b>\$ 846,945</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6125)	\$ 979,506	\$ 1,148,928	\$ 846,945
<b><u>Position Summary</u></b>			
FTE	8.0	8.0	6.0

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 558,335
5102 Overtime	\$ 15,000
5110 FICA	\$ 40,224
5111 LAGERS	\$ 107,885
5112 Health Insurance	\$ 94,406
5113 Dental Insurance	\$ 2,978
5114 Life Insurance	\$ 803
5115 Long Term Disability	\$ 564
5122 Automobile Allowance	\$ 650
5201 Mailing and Shipping	\$ 500
5206 Printing and Binding	\$ 2,500
5212 Maintenance-Other	\$ 5,000
5214 Training and Education	\$ 1,600
5215 Employee Reimbursements	\$ 3,000
5309 Operating Supplies	\$ 7,500
5313 Small Tools and Equipment	\$ 5,000
5402 Computer Equipment	\$ 1,000
<b>Total</b>	<b>\$ 846,945</b>

# Power and Light Meter Reading

The mission of Meter Reading is to accurately read electric watt-hour and water consumption meters so that customers are billed correctly for their electricity consumption.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,806,127	\$ 1,897,024	\$ 1,880,786
Operating Expenses	\$ 46,388	\$ 64,600	\$ 64,600
Equipment	\$ -	\$ 4,000	\$ 4,000
<b>Total</b>	<b>\$ 1,852,514</b>	<b>\$ 1,965,624</b>	<b>\$ 1,949,386</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6126)	\$ 1,852,514	\$ 1,965,624	\$ 1,949,386
<b><u>Position Summary</u></b>			
FTE	15.0	15.0	15.0

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>
5100 Salaries-Regular Employees	\$ 1,177,138
5102 Overtime	\$ 150,000
5110 FICA	\$ 88,854
5111 LAGERS	\$ 220,049
5112 Health Insurance	\$ 158,390
5113 Dental Insurance	\$ 5,890
5114 Life Insurance	\$ 1,683
5115 Long Term Disability	\$ 1,190
5120 Employee Allowances	\$ 38,016
5121 Clothing Uniform Allowance	\$ 1,560
5122 Automobile Allowance	\$ 38,016
5201 Mailing and Shipping	\$ 12,000
5203 Overnight Travel & Meetings	\$ 600
5212 Maintenance-Other	\$ 37,000 *Itron handhelds
5214 Training and Education	\$ 2,200
5215 Employee Reimbursements	\$ 1,300
5300 Office Supplies	\$ 500
5309 Operating Supplies	\$ 8,500
5313 Small Tools and Equipment	\$ 2,500
5402 Computer Equipment	\$ 2,000
5403 Office Furniture & Equip	\$ 2,000
<b>Total</b>	<b>\$ 1,949,386</b>

# Power and Light

## Marketing & Customer Relations

The Marketing & Customer Relations division is responsible for working with the public and local businesses, and administers the rebate program.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ 566,470	\$ 435,518
Operating Expenses	\$ -	\$ 634,200	\$ 548,200
Equipment	\$ -	\$ 69,500	\$ 69,500
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,270,170</b>	<b>\$ 1,053,218</b>
<u>Program by Fund</u>			
Power and Light (020-6130)	\$ -	\$ 1,270,170	\$ 1,053,218
<u>Position Summary</u>			
FTE	0.0	4.0	3.0

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 300,615	
5110 FICA	\$ 21,288	
5111 LAGERS	\$ 58,250	
5112 Health Insurance	\$ 51,724	
5113 Dental Insurance	\$ 1,709	
5114 Life Insurance	\$ 429	
5115 Long Term Disability	\$ 303	
5124 Other Allowances	\$ 1,200	
5203 Overnight Travel & Meetings	\$ 6,000	
5204 Events and Meetings	\$ 3,000	
5205 Advertising & Public Notice	\$ 40,000	*Mavericks sponsorship, promotional items/events
5206 Printing and Binding	\$ 8,500	
5211 Maintenance-Buildings	\$ 50,000	*Fence/gate & CCTV repair
5213 Dues and Memberships	\$ 6,000	
5226 Professional Services	\$ 199,200	*Habitat for Humanity, other professional services
5240 Other Services	\$ 217,000	*Rebate programs
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 11,000	
5313 Small Tools and Equipment	\$ 6,500	
5402 Computer Equipment	\$ 4,500	
5405 Other Machinery & Equip	\$ 40,000	*Security video equipment
5406 Other Improvements	\$ 25,000	*Perimeter gate upgrades
<b>Total</b>	<b>\$ 1,053,218</b>	

# Power and Light Production

The mission of Production is to maintain and operate power production equipment so that electricity is generated safely and efficiently.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 6,608,257	\$ 6,833,808	\$ 2,851,584
Operating Expenses	\$ 741,189	\$ 2,156,900	\$ 1,323,100
Equipment	\$ 239	\$ 6,000	\$ 3,000
<b>Total</b>	<b>\$ 7,349,685</b>	<b>\$ 8,996,708</b>	<b>\$ 4,177,684</b>
<u>Program by Fund</u>			
Power and Light (020-6140)	\$ 7,349,685	\$ 8,996,708	\$ 4,177,684
<u>Position Summary</u>			
FTE	56.0	40.0	17.0

## Line Item Detail

Expenditure	FY 2020-21 Adopted	
5100 Salaries-Regular Employees	\$ 1,840,247	
5102 Overtime	\$ 300,000	
5110 FICA	\$ 134,732	
5111 LAGERS	\$ 332,075	
5112 Health Insurance	\$ 230,037	
5113 Dental Insurance	\$ 8,087	
5114 Life Insurance	\$ 2,625	
5115 Long Term Disability	\$ 1,861	
5124 Other Allowances	\$ 1,920	
5201 Mailing and Shipping	\$ 9,000	
5203 Overnight Travel & Meetings	\$ 20,000	
5204 Events and Meetings	\$ 500	
5208 Fees and Permits	\$ 3,600	
5205 Advertising & Public Notice	\$ 4,000	
5206 Printing and Binding	\$ 500	
5207 Insurance and Bonds	\$ 1,800	
5211 Maintenance-Buildings	\$ 225,000	*Janitorial, HVAC, misc. repairs
5212 Maintenance-Other	\$ 720,000	*Various repairs, inspections, tests, maintenance
5213 Dues and Memberships	\$ 100	
5214 Training and Education	\$ 13,000	
5215 Employee Reimbursements	\$ 3,000	
5231 Water	\$ 28,000	
5232 Sewer	\$ 22,400	
5233 Solid Waste	\$ 2,700	
5235 Rents and Leases	\$ 10,000	
5226 Professional Services	\$ 113,000	*Lab services, engineering services, etc.
5240 Other Services	\$ 61,000	*Waste oil removal, diesel generator testing, etc.
5300 Office Supplies	\$ 4,000	
5309 Operating Supplies	\$ 31,500	
5312 Maintenance Supplies	\$ 15,000	
5313 Small Tools and Equipment	\$ 10,000	
5391 Inventory Purchases	\$ 25,000	
5402 Computer Equipment	\$ 3,000	
<b>Total</b>	<b>\$ 4,177,684</b>	

Major Changes: The Blue Valley Power Plant will be de-commissioned in summer of 2020, resulting in elimination of several positions and expenses

# Power and Light

## Purchased Power

The mission of Purchased Power is to manage agreements - including the cost of energy, demand and transmission charges - with other utilities and the Southwest Power Pool so that electricity is acquired at the lowest cost.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ -	\$ -	\$ -
Operating Expenses	\$ 57,139,592	\$ 62,442,705	\$ 62,275,000
Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 57,139,592</b>	<b>\$ 62,442,705</b>	<b>\$ 62,275,000</b>
<u>Program by Fund</u>			
Power and Light (020-6145)	\$ 57,139,592	\$ 62,442,705	\$ 62,275,000
<u>Position Summary</u>			
FTE	0.0	0.0	0.0

### Line Item Detail

<u>Expenditure</u>	FY 2020-21	
<u>Adopted</u>		
5226 Professional Services	\$ 360,000	
5240 Other Services	\$ 8,300,000	*Dogwood
5309 Operating Supplies	\$ 53,615,000	*Purchased power agreements
<b>Total</b>	<b>\$ 62,275,000</b>	

# Power and Light

## Transmission and Distribution

The mission of Transmission and Distribution is to maintain, repair and the City's electrical transmission and distribution systems in order to maintain the reliability of the systems.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 10,359,307	\$ 10,068,395	\$ 9,713,352
Operating Expenses	\$ 3,589,671	\$ 3,908,950	\$ 4,162,600
Equipment	\$ 4,930	\$ 28,500	\$ 228,500
<b>Total</b>	<b>\$ 13,953,909</b>	<b>\$ 14,005,845</b>	<b>\$ 14,104,452</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6150)	\$ 13,953,909	\$ 14,005,845	\$ 14,104,452
<b><u>Position Summary</u></b>			
FTE	64.0	62.0	61.0

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 6,129,279	
5101 Salaries-Temp. & Part Time	\$ 16,823	
5102 Overtime	\$ 1,100,000	
5110 FICA	\$ 448,274	
5111 LAGERS	\$ 1,137,459	
5112 Health Insurance	\$ 837,486	
5113 Dental Insurance	\$ 29,054	
5114 Life Insurance	\$ 8,525	
5115 Long Term Disability	\$ 6,032	
5120 Employee Allowances	\$ 420	
5203 Overnight Travel & Meetings	\$ 6,500	
5208 Fees and Permits	\$ 6,500	
5206 Printing and Binding	\$ 1,150	
5211 Maintenance-Buildings	\$ 35,000	
5212 Maintenance-Other	\$ 12,200	
5213 Dues and Memberships	\$ 5,500	
5214 Training and Education	\$ 16,600	
5226 Professional Services	\$ 130,900	*Locating services, other safety
5229 Electricity	\$ 6,500	
5235 Rents and Leases	\$ 10,000	
5240 Other Services	\$ 3,668,100	*Tree crews, emergency storm restoration
5300 Office Supplies	\$ 1,000	
5309 Operating Supplies	\$ 35,350	
5312 Maintenance Supplies	\$ 165,200	
5313 Small Tools and Equipment	\$ 62,100	
5403 Office Furniture & Equip	\$ 5,000	
5405 Other Machinery & Equip	\$ 223,500	*Underground switching cabinets
<b>Total</b>	<b>\$ 14,104,452</b>	

# Power and Light Engineering

The mission of Engineering is to design transmission, substation and distribution systems and manage construction projects so that the City's high voltage electrical power system maintains

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 2,224,673	\$ 2,741,413	\$ 1,851,950
Operating Expenses	\$ 457,150	\$ 519,500	\$ 888,900
Equipment	\$ 14,172	\$ -	\$ -
<b>Total</b>	<b>\$ 2,695,996</b>	<b>\$ 3,260,913</b>	<b>\$ 2,740,850</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6160)	\$ 2,695,996	\$ 3,260,913	\$ 2,740,850
<b><u>Position Summary</u></b>			
FTE	23.0	20.0	15.5

## Line Item Detail

	<b>FY 2020-21</b>	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 1,349,371	
5101 Salaries-Temp. & Part Time	\$ 16,491	
5102 Overtime	\$ 5,000	
5110 FICA	\$ 101,292	
5111 LAGERS	\$ 230,401	
5112 Health Insurance	\$ 140,577	
5113 Dental Insurance	\$ 5,549	
5114 Life Insurance	\$ 1,949	
5115 Long Term Disability	\$ 1,320	
5203 Overnight Travel & Meetings	\$ 42,500	
5204 Events and Meetings	\$ 4,300	
5208 Fees and Permits	\$ 5,000	
5212 Maintenance-Other	\$ 37,000	
5213 Dues and Memberships	\$ 1,800	
5214 Training and Education	\$ 6,500	
5226 Professional Services	\$ 755,000	*Engineering studies & contractors
5229 Electricity	\$ 7,800	
5235 Rents and Leases	\$ 2,000	
5300 Office Supplies	\$ 15,000	
5309 Operating Supplies	\$ 12,000	
<b>Total</b>	<b>\$ 2,740,850</b>	

# Power and Light System Operations

Responsible for the 24/7 operations of the City's electrical system. Major areas of responsibility include dispatching of the generation resources, operation of the transmission system, wholesale power purchases and sales, and management of the Department's regulatory reliability compliance efforts in an efficient, cost effective, and reliable manner.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 2,341,786	\$ 2,972,182	\$ 2,877,396
Operating Expenses	\$ 353,559	\$ 576,610	\$ 452,900
Equipment	\$ 4,011	\$ 105,600	\$ 34,500
<b>Total</b>	<b>\$ 2,699,356</b>	<b>\$ 3,654,392</b>	<b>\$ 3,364,796</b>
<u>Program by Fund</u>			
Power and Light (020-6170)	\$ 2,699,356	\$ 3,654,392	\$ 3,364,796
<u>Position Summary</u>			
FTE	17.0	19.0	20.0

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 2,008,576	
5102 Overtime	\$ 135,000	
5110 FICA	\$ 146,944	
5111 LAGERS	\$ 371,667	
5112 Health Insurance	\$ 202,464	
5113 Dental Insurance	\$ 6,651	
5114 Life Insurance	\$ 2,846	
5115 Long Term Disability	\$ 2,014	
5120 Employee Allowances	\$ 630	
5124 Other Allowances	\$ 604	
5203 Overnight Travel & Meetings	\$ 37,200	
5204 Events and Meetings	\$ 1,000	
5205 Advertising & Public Notice	\$ 500	
5212 Maintenance-Other	\$ 230,000	*Software maintenance
5213 Dues and Memberships	\$ 2,700	
5214 Training and Education	\$ 17,900	
5215 Employee Reimbursements	\$ 300	
5226 Professional Services	\$ 145,000	
5302 Computer Software & Supplies	\$ 9,800	*SCADA/EMS/NERC engineering and assessment services
5309 Operating Supplies	\$ 1,500	
5312 Maintenance Supplies	\$ 500	
5313 Small Tools and Equipment	\$ 6,500	
5402 Computer Equipment	\$ 32,000	
5403 Office Furniture & Equip	\$ 2,500	
<b>Total</b>	<b>\$ 3,364,796</b>	



# Power and Light Communications

Responsible for planning, engineering, administration, installation, and maintenance of IPL's internal communications, security, and fiber optic facilities. Areas of responsibility include: fiber optic systems, telephone systems, CCTV systems, traffic signals, mobile radio, wireless, microwave, SCADA/EMS, and Relay Protection communication links.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 951,109	\$ 1,010,263	\$ 897,736
Operating Expenses	\$ 568,990	\$ 730,361	\$ 793,628
Equipment	\$ -	\$ 53,000	\$ 53,000
<b>Total</b>	<b>\$ 1,520,099</b>	<b>\$ 1,793,624</b>	<b>\$ 1,744,364</b>
<u>Program by Fund</u>			
Power and Light (020-6175)	\$ 1,520,099	\$ 1,793,624	\$ 1,744,364
<u>Position Summary</u>			
FTE	6.0	6.0	6.0

## Line Item Detail

Expenditure	FY 2020-21	
	Adopted	
5100 Salaries-Regular Employees	\$ 620,201	
5102 Overtime	\$ 63,000	
5110 FICA	\$ 45,965	
5111 LAGERS	\$ 103,623	
5112 Health Insurance	\$ 59,635	
5113 Dental Insurance	\$ 1,700	
5114 Life Insurance	\$ 886	
5115 Long Term Disability	\$ 626	
5120 Employee Allowances	\$ 840	
5124 Other Allowances	\$ 1,260	
5202 Communication Services	\$ 199,400	*Telephone and internet charges
5203 Overnight Travel & Meetings	\$ 31,000	
5204 Events and Meetings	\$ 1,000	
5208 Fees and Permits	\$ 22,500	
5212 Maintenance-Other	\$ 291,428	*Radio system maintenance, fiber restoration contract
5213 Dues and Memberships	\$ 100	
5214 Training and Education	\$ 8,700	
5226 Professional Services	\$ 60,000	*Fiber projects engineering/support
5300 Office Supplies	\$ 1,500	
5302 Computer Software & Supplies	\$ 3,000	
5312 Maintenance Supplies	\$ 96,500	*Pedestrian lights & pedestrian crossings
5313 Small Tools and Equipment	\$ 78,500	
5402 Computer Equipment	\$ 53,000	
<b>Total</b>	<b>\$ 1,744,364</b>	

## Power and Light Security/NERC

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 342,331	\$ 645,036	\$ 563,999
Operating Expenses	\$ 50,459	\$ 177,150	\$ 174,900
Equipment	\$ 2,840	\$ 4,500	\$ 400
<b>Total</b>	<b>\$ 395,630</b>	<b>\$ 826,686</b>	<b>\$ 739,299</b>
<u>Program by Fund</u>			
Power and Light (020-6180)	\$ 395,630	\$ 826,686	\$ 739,299
<u>Position Summary</u>			
FTE	0.0	4.0	4.0

### Line Item Detail

	FY 2020-21	
<u>Expenditure</u>	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 431,510	
5110 FICA	\$ 32,058	
5111 LAGERS	\$ 65,457	
5112 Health Insurance	\$ 31,784	
5113 Dental Insurance	\$ 1,477	
5114 Life Insurance	\$ 618	
5115 Long Term Disability	\$ 435	
5124 Other Allowances	\$ 660	
5203 Overnight Travel & Meetings	\$ 36,250	
5204 Events and Meetings	\$ 2,500	
5205 Advertising & Public Notice	\$ 3,500	
5212 Maintenance-Other	\$ 3,000	
5213 Dues and Memberships	\$ 31,450	
5214 Training and Education	\$ 16,000	
5215 Employee Reimbursements	\$ 200	
5224 Software & Comp Maintenance	\$ 4,000	
5226 Professional Services	\$ 75,000	*NERC audit prep/violation mitigation/support
5300 Office Supplies	\$ 3,000	
5403 Office Furniture & Equip	\$ 400	
<b>Total</b>	<b>\$ 739,299</b>	

# Power and Light Non-Departmental

Provides funding for department-wide activities not attributable to one single power and light program.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 3,017,138	\$ 545,790	\$ 1,931,573
Operating Expenses	\$ 19,778,321	\$ 17,152,692	\$ 20,771,117
Equipment	\$ 7,554	\$ 10,000	\$ 20,000
<b>Total</b>	<b>\$ 22,803,013</b>	<b>\$ 17,708,482</b>	<b>\$ 22,722,690</b>
<b><u>Program by Fund</u></b>			
Power and Light (020-6520)	\$ 22,803,013	\$ 17,708,482	\$ 22,722,690
<b>Total</b>	<b>\$ 22,803,013</b>	<b>\$ 17,708,482</b>	<b>\$ 22,722,690</b>
<b><u>Position Summary</u></b>			
FTE	0.0	0.0	2.3

## Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries/Benefits-Regular Employees	\$ 187,704	
5106 Retiree Health Insurance	\$ 1,022,952	
5107 Worker Comp-Medical Costs	\$ 720,917	
5201 Mailing and Shipping	\$ 130,000	*NeoPost
5202 Communication Services	\$ 92,105	*Phone/internet charges
5206 Printing and Binding	\$ 4,725	
5207 Insurance and Bonds	\$ 1,723,735	*Risk Management charges
5214 Training and Education	\$ 7,000	
5215 Employee Reimbursements	\$ 3,000	
5221 Interfund Charges for Support Services	\$ 3,909,629	
5224 Software & Comp Maintenance	\$ 708,498	*ERP fund charge, software
5226 Professional Services	\$ 30,000	
5232 Sewer	\$ 146,000	
5238 Rental of Land and Buildings	\$ 60,225	
5240 Other Services	\$ 681,200	*I-Share, damage claims, MOPERM
5402 Computer Equipment	\$ 20,000	
5500 Contingencies	\$ 275,000	
5520 Payments in Lieu of Taxes	\$ 13,000,000	
<b>Total</b>	<b>\$ 22,722,690</b>	

The FY2019-20 Budget was decreased by \$3.6 million to show the cuts necessary for the 6% rate reduction passed by the Council during the FY20 budget process. These permanent reductions were then made throughout the different divisions of IPL.

# Power and Light Capital Projects

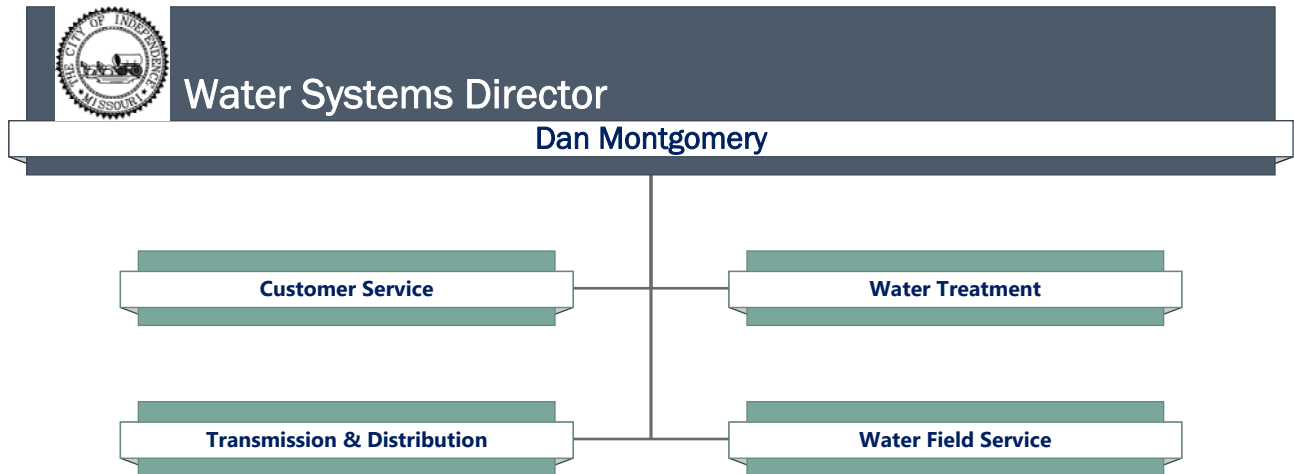
	<b>FY 2018-19 <u>Actual</u></b>	<b>FY 2019-20 <u>Adopted</u></b>	<b>FY 2020-21 <u>Adopted</u></b>
<b><u>Program by Fund</u></b>			
Power and Light (020-7020)	\$ 1,063,484	\$ 2,952,300	\$ 5,285,000

## Capital Projects for FY 2020-21

Substation Fiber Optic Network Equip Replacement: \$125,000  
 Traffic Controller Upgrades: \$60,000  
 Traffic Camera System Upgrades: \$50,000  
 Motorola APX Radio Purchase-2nd Phase: \$75,000  
 Substation Modeling: \$150,000  
 20 MVAR Capacitor Bank at Substation A: \$800,000  
 Transmission Pole Replacement Program: \$150,000  
 69 KV Substation Facilities: \$300,000  
 Substation K Switchgear & Transformer Replacement: \$2,075,000  
 Substation E Transformer & Switchgear Replacement: \$1,350,000  
 Service Center Emergency Maintenance: \$150,000



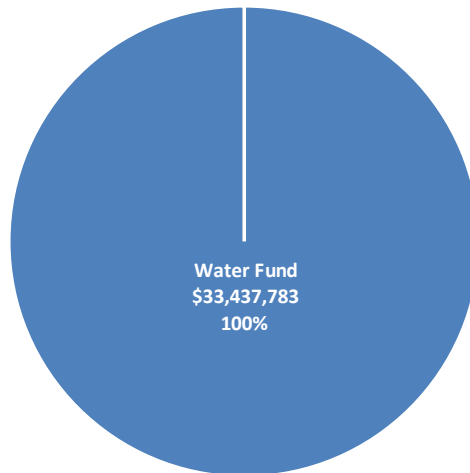
# Water



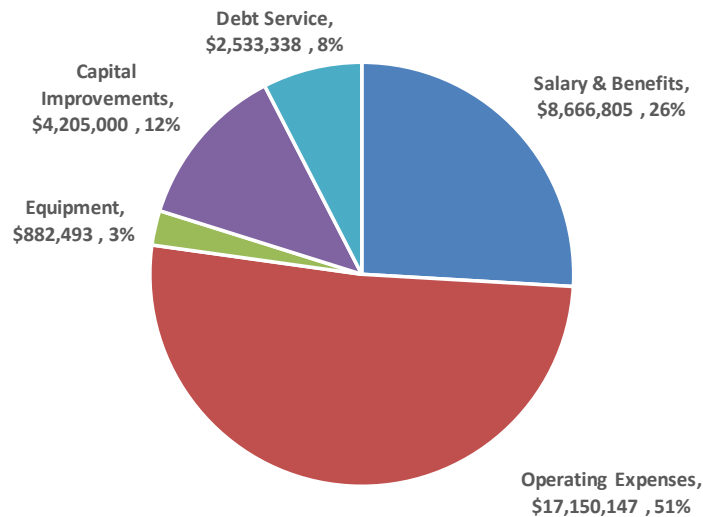
# Water

The mission of the Water Department is to produce and supply drinking water that meets the requirements of the Safe Drinking Water Act and standards of the Missouri Department of Natural Resources to about 250,000 people, including residents of Independence and 12 wholesale customers.

Fund Summary



Department by Expenditure Type



**Total Budget: \$33,437,783**

**FTE Count: 94.5**

# Water Administration

The mission of the Administration program is to provide leadership and back office support so that the Department can successfully meet the requirements of the Safe Drinking Water Act and standards of the Missouri Department of Natural Resources.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,033,942	\$ 1,178,183	\$ 999,085
Operating Expenses	\$ 498,328	\$ 774,643	\$ 804,934
Equipment	\$ 2,253	\$ 10,000	\$ 8,843
<b>Total</b>	<b>\$ 1,534,523</b>	<b>\$ 1,962,826</b>	<b>\$ 1,812,862</b>
<b><u>Program by Fund</u></b>			
Water (002-4810)	\$ 1,534,523	\$ 1,962,826	\$ 1,812,862
<b><u>Position Summary</u></b>			
FTE	10.25	9.50	9.50

## Line Item Detail

	<b>FY 2020-21</b>	
<b>Expenditure</b>	<b>Adopted</b>	
5100 Salaries-Regular Employees	\$ 713,290	
5102 Overtime	\$ 20,000	
5110 FICA	\$ 48,601	
5111 LAGERS	\$ 109,527	
5112 Health Insurance	\$ 92,986	
5113 Dental Insurance	\$ 3,289	
5114 Life Insurance	\$ 953	
5115 Long Term Disability	\$ 750	
5120 Employee Allowances	\$ 3,820	
5122 Automobile Allowance	\$ 4,596	
5124 Other Allowances	\$ 1,273	
5201 Mailing and Shipping	\$ 110	
5202 Communication Services	\$ 139,144	*Phones, internet
5203 Overnight Travel & Meetings	\$ 5,000	
5204 Events and Meetings	\$ 1,000	
5205 Advertising & Public Notice	\$ 1,000	
5206 Printing and Binding	\$ 3,000	
5208 Fees and Permits	\$ 1,000	
5211 Maintenance-Buildings	\$ 2,500	
5212 Maintenance-Other	\$ 201,595	*Software maintenance
5213 Dues and Memberships	\$ 23,815	
5214 Training and Education	\$ 2,500	
5226 Professional Services	\$ 116,600	*Consulting, CityWorks
5229 Electricity	\$ 40,000	
5232 Sewer	\$ 2,000	
5233 Solid Waste	\$ 1,000	
5235 Rents and Leases	\$ 245,000	
5300 Office Supplies	\$ 11,000	
5309 Operating Supplies	\$ 6,170	
5312 Maintenance Supplies	\$ 500	
5313 Small Tools and Equipment	\$ 2,000	
5402 Computer Equipment	\$ 8,243	
5403 Office Furniture & Equipment	\$ 600	
<b>Total</b>	<b>\$ 1,812,862</b>	

# Water

## Field Service

The mission of the Water Field Service Division is to install, maintain and disconnect meters for over 48,517 customers so that consumption levels are accurate and service line leaks can be identified for repair.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 754,611	\$ 778,052	\$ 882,409
Operating Expenses	\$ 25,711	\$ 42,350	\$ 38,700
Equipment	\$ 29,887	\$ 151,000	\$ 392,050
<b>Total</b>	<b>\$ 810,208</b>	<b>\$ 971,402</b>	<b>\$ 1,313,159</b>
<b><u>Program by Fund</u></b>			
Water (040-4821)	\$ 810,208	\$ 971,402	\$ 1,313,159
<b><u>Position Summary</u></b>			
FTE	10.00	10.00	10.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 617,026	
5102 Overtime	\$ 35,000	
5110 FICA	\$ 45,263	
5111 LAGERS	\$ 85,985	
5112 Health Insurance	\$ 89,656	
5113 Dental Insurance	\$ 2,770	
5114 Life Insurance	\$ 886	
5115 Long Term Disability	\$ 623	
5121 Clothing Uniform Allowance	\$ 3,120	
5124 Other Allowances	\$ 2,080	
5201 Mailing and Shipping	\$ 200	
5206 Printing and Binding	\$ 400	
5210 Maint-Mobile Equip (Other)	\$ 300	
5211 Maintenance-Buildings	\$ 2,000	
5212 Maintenance-Other	\$ 3,000	
5215 Employee Reimbursements	\$ 700	
5226 Professional Services	\$ 4,000	
5309 Operating Supplies	\$ 14,000	
5312 Maintenance Supplies	\$ 100	
5313 Small Tools and Equipment	\$ 14,000	
5402 Computer Equipment	\$ 1,350	
5405 Other Machinery & Equip	\$ 390,700	*15 year meter replacements
<b>Total</b>	<b>\$ 1,313,159</b>	



# Water

## Customer Service

The mission of Customer Service is to accurately issue utility bills to all City water, sewer and electric customers and to operate a customer service center for all billing inquiries.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 1,482,253	\$ 1,744,351	\$ 1,672,016
Operating Expenses	\$ 615,526	\$ 989,543	\$ 915,305
Equipment	\$ -	\$ -	\$ 16,400
Debt	\$ -	\$ -	
<b>Total</b>	<b>\$ 2,097,778</b>	<b>\$ 2,733,894</b>	<b>\$ 2,603,721</b>
<b><u>Program by Fund</u></b>			
Water (040-4822)	\$ 2,097,778	\$ 2,733,894	\$ 2,603,721
<b><u>Position Summary</u></b>			
FTE	25.00	25.00	26.00

### Line Item Detail

<b>Expenditure</b>	<b>FY 2020-21 Adopted</b>	
5100 Salaries-Regular Employees	\$ 1,129,821	
5102 Overtime	\$ 30,000	
5110 FICA	\$ 81,918	
5111 LAGERS	\$ 210,799	
5112 Health Insurance	\$ 155,714	
5113 Dental Insurance	\$ 5,839	
5114 Life Insurance	\$ 1,623	
5115 Long Term Disability	\$ 1,148	
5124 Other Allowances	\$ 1,500	
5130 Pers Ser Charged to Projects	\$ 53,654	*Charge out for cashiering services
5201 Mailing and Shipping	\$ 6,000	
5202 Communication Services	\$ 4,469	
5203 Overnight Travel & Meetings	\$ 9,000	
5204 Events and Meetings	\$ 500	
5206 Printing and Binding	\$ 55,000	
5212 Maintenance-Other	\$ 293,166	*Software maintenance
5226 Professional Services	\$ 485,000	*Bank card processing fees, etc.
5235 Rents and Leases	\$ 42,000	
5300 Office Supplies	\$ 9,000	
5309 Operating Supplies	\$ 6,170	
5313 Small Tools and Equipment	\$ 5,000	
5402 Computer Equipment	\$ 12,400	
5403 Office Furniture & Equip	\$ 4,000	
<b>Total</b>	<b>\$ 2,603,721</b>	

# Water Production

The mission of Production is to operate and maintain the Courtney Bend Water Treatment Plant so that up to 48 millions gallons of water that meets or exceeds all federal and state standards at the Courtney Bend Water Treatment Plant can be daily pumped.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 1,861,649	\$ 1,951,654	\$ 1,956,915
Operating Expenses	\$ 5,704,508	\$ 6,153,625	\$ 6,214,803
Equipment	\$ 124,489	\$ 90,500	\$ 135,250
<b>Total</b>	<b>\$ 7,690,646</b>	<b>\$ 8,195,779</b>	<b>\$ 8,306,968</b>
<u>Program by Fund</u>			
Water (040-4830)	\$ 7,690,646	\$ 8,195,779	\$ 8,306,968

## Position Summary

FTE	21.15	21.40	22.00
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## Line Item Detail

	FY 2020-21	
Expenditure	Adopted	
5100 Salaries-Regular Employees	\$ 1,320,439	
5101 Salaries-Temp & Part Time	\$ 37,145	
5102 Overtime	\$ 73,000	
5110 FICA	\$ 99,057	
5111 LAGERS	\$ 211,126	
5112 Health Insurance	\$ 197,818	
5113 Dental Insurance	\$ 7,590	
5114 Life Insurance	\$ 1,943	
5115 Long Term Disability	\$ 1,372	
5121 Clothing Uniform Allowance	\$ 5,265	
5124 Other Allowances	\$ 2,160	
5201 Mailing and Shipping	\$ 2,000	
5203 Overnight Travel & Meetings	\$ 5,500	
5204 Events and Meetings	\$ 5,000	
5206 Fees and Permits	\$ 3,350	
5210 Maint-Mobile Equip (Other)	\$ 5,000	
5211 Maintenance-Buildings	\$ 4,000	
5212 Maintenance-Other	\$ 1,492,153	*Plant equipment/maintenance
5215 Employee Reimbursements	\$ 1,000	
5213 Dues and Memberships	\$ 5,400	
5214 Training and Education	\$ 3,500	
5226 Professional Services	\$ 356,600	*Sampling, testing, etc.
5229 Electricity	\$ 2,700,000	
5230 Gas	\$ 2,000	
5232 Sewer	\$ 5,000	
5233 Solid Waste	\$ 4,300	
5235 Rents and Leases	\$ 11,000	
5309 Operating Supplies	\$ 90,000	
5312 Maintenance Supplies	\$ 6,000	
5313 Small Tools and Equipment	\$ 3,000	
5314 Inventory Purchases	\$ 1,500,000	*Chemicals
5316 Motor Vehicle Fuels (Other)	\$ 10,000	
5402 Computer Equipment	\$ 3,750	
5403 Office Furniture & Equip	\$ 1,500	
5405 Other Machinery & Equip	\$ 130,000	
<b>Total</b>	<b>\$ 8,306,968</b>	

# Water Transmission & Distribution

The mission of the Transmission and Distribution Division is to engineer, construct and maintain 761 miles of water main pipe so that water is distributed to the customers with consistent pressure and minimal loss of treated water.

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Salary & Benefits	\$ 2,280,768	\$ 2,436,174	\$ 2,538,365
Operating Expenses	\$ 1,579,545	\$ 2,065,250	\$ 2,172,300
Equipment	\$ 315,309	\$ 447,600	\$ 319,950
<b>Total</b>	<b>\$ 4,175,622</b>	<b>\$ 4,949,024</b>	<b>\$ 5,030,615</b>
<u>Program by Fund</u>			
Water (040-4840)	\$ 4,175,622	\$ 4,949,024	\$ 5,030,615
<b>Total</b>	<b>\$ 4,175,622</b>	<b>\$ 4,949,024</b>	<b>\$ 5,030,615</b>

## Position Summary

FTE	27.0	27.0	27.0
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## Line Item Detail

<u>Expenditure</u>	<u>FY 2020-21</u>	
	<u>Adopted</u>	
5100 Salaries-Regular Employees	\$ 1,594,244	
5101 Salaries-Temp & Part Time	\$ 52,474	
5102 Overtime	\$ 150,000	
5110 FICA	\$ 119,504	
5111 LAGERS	\$ 278,888	
5112 Health Insurance	\$ 313,115	
5113 Dental Insurance	\$ 9,100	
5114 Life Insurance	\$ 2,278	
5115 Long Term Disability	\$ 1,612	
5120 Employee Allowances	\$ 7,340	
5121 Clothing Uniform Allowance	\$ 8,190	
5124 Other Allowances	\$ 1,620	
5201 Mailing and Shipping	\$ 100	
5203 Overnight Travel & Meetings	\$ 2,000	
5208 Fees and Permits	\$ 25,000	
5210 Maint-Mobile Equip (Other)	\$ 70,000	
5211 Maintenance-Buildings	\$ 12,000	
5212 Maintenance-Other	\$ 1,000,000	*Asphalt & pavement replacement
5215 Employee Reimbursements	\$ 2,000	
5214 Training and Education	\$ 8,500	
5226 Professional Services	\$ 250,000	*Utility locates, contract main repair
5229 Electricity	\$ 1,400	
5230 Gas	\$ 14,000	
5232 Sewer	\$ 1,500	
5233 Solid Waste	\$ 1,200	
5235 Rents and Leases	\$ 1,500	
5300 Office Supplies	\$ 3,000	
5309 Operating Supplies	\$ 65,000	
5312 Maintenance Supplies	\$ 250,000	*Rock and misc. supplies
5313 Small Tools and Equipment	\$ 5,100	
5314 Inventory Purchases	\$ 400,000	*Pipe, hydrant, valves, etc.
5316 Motor Vehicle Fuels (Other)	\$ 60,000	
5402 Computer Equipment	\$ 1,350	
5404 Mobile Equipment	\$ 163,500	*Vehicles, trailers
5405 Other Machinery & Equip	\$ 115,100	
5406 Other Improvements	\$ 40,000	
<b>Total</b>	<b>\$ 5,030,615</b>	

# Water

## Non-Departmental

Provides funding for department-wide activities not attributable to one single water program.

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b><u>Program by Expenditure Category</u></b>	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
Salary & Benefits	\$ 761,357	\$ 212,762	\$ 618,015
Operating Expenses	\$ 6,203,451	\$ 6,661,962	\$ 7,004,105
Equipment	\$ 8,903	\$ 10,000	\$ 10,000
<b>Total</b>	<b>\$ 6,973,711</b>	<b>\$ 6,884,724</b>	<b>\$ 7,632,120</b>
<b><u>Program by Fund</u></b>			
Water (040-6540)	\$ 6,973,711	\$ 6,884,724	\$ 7,632,120
<b>Total</b>	<b>\$ 6,973,711</b>	<b>\$ 6,884,724</b>	<b>\$ 7,632,120</b>

### **Position Summary**

FTE	0.0	0.0	1.24
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### **Line Item Detail**

<b>Expenditure</b>	<b>FY 2020-21</b>	
<b>Adopted</b>		
5100 Salaries/Benefits-Regular Employees	\$ 107,890	
5106 Retiree Health Insurance	\$ 260,400	
5107 Worker Comp-Medical Costs	\$ 245,725	
5116 Other Employee Benefits	\$ 4,000	
5201 Mailing and Shipping	\$ 120,000	*Neopost
5206 Printing and Binding	\$ 4,725	
5207 Insurance and Bonds	\$ 258,280	
5214 Training and Education	\$ 7,000	
5221 Interfund Charges for Support Services	\$ 2,647,502	
5224 Software and Comp Maintenance	\$ 357,500	*Charge to ERP fund
5226 Professional Services	\$ 30,000	
5236 Leases	\$ 94,428	*Motorola radios
5237 Rental of Land and Buildings	\$ 34,670	
5240 Other Services	\$ 125,000	*Bank fees, damage claims, etc.
5402 Computer Equipment	\$ 10,000	
5500 Contingencies	\$ 125,000	
5520 Payments in Lieu of Taxes	\$ 3,200,000	
<b>Total</b>	<b>\$ 7,632,120</b>	

# Water Capital Projects

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
	<b><u>Actual</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>
<b><u>Program by Expenditure Category</u></b>			
Capital Improvements	\$1,060,658	\$ 5,400,000	\$ 4,205,000
<b>Total</b>	<b>\$1,060,658</b>	<b>\$ 5,400,000</b>	<b>\$ 4,205,000</b>
<b><u>Program by Fund</u></b>			
Water (040-7040-5406)	\$1,060,658	\$ 5,400,000	\$ 4,205,000
<b>Total</b>	<b>\$1,060,658</b>	<b>\$ 5,400,000</b>	<b>\$ 4,205,000</b>

## Capital Projects for FY 2020-21

Main Replacements: \$200,000  
Security Upgrades: \$250,000  
Main Replacement: Gudgell (Dodgion-Kings Hwy): \$135,000  
Main Replacement: Salisbury (Peck-Geospace): \$75,000  
College Avenue Improvements: \$250,000  
Main Replacement: Ralston (31st-29th): \$350,000  
Main Replacement: 3rd St & Jennings: \$460,000  
Main Replacement: Truman Rd (Powell to 23rd St): \$500,000  
Lime Slaker No. 5: \$350,000  
Main Replacement: Sheley (Crysler to 27th St): \$100,000  
Main Replacement: Sheley & Northern: \$1,035,000  
Facility Improvements: Construction/Maintenance: \$250,000  
Basin Drive Improvements: \$250,000

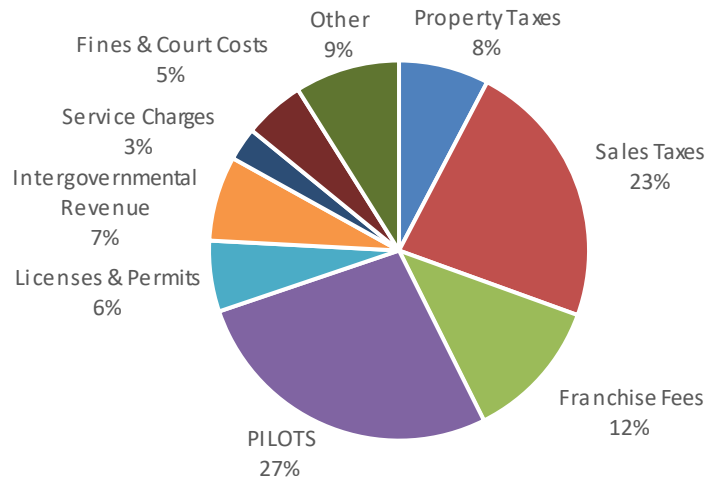
# Water Debt

	FY 2018-19	FY 2019-20	FY 2020-21
<u>Program by Expenditure Category</u>	<u>Actual</u>	<u>Adopted</u>	<u>Adopted</u>
Debt Service	\$2,522,987	\$2,534,563	\$2,533,338
 <u>Program by Fund</u>			
Water	\$2,522,987	\$2,534,563	\$2,533,338
<b>Total</b>	<b>\$2,522,987</b>	<b>\$2,534,563</b>	<b>\$2,533,338</b>
 <u>Debt Issuance</u>			
<u>Issue 2013D</u>			
Principal	\$1,530,000	\$1,575,000	\$1,630,000
Interest	\$ 990,487	\$ 951,563	\$ 895,338
Fees	\$ 2,500	\$ 8,000	\$ 8,000
<b>Total</b>	<b>\$2,522,987</b>	<b>\$2,534,563</b>	<b>\$2,533,338</b>

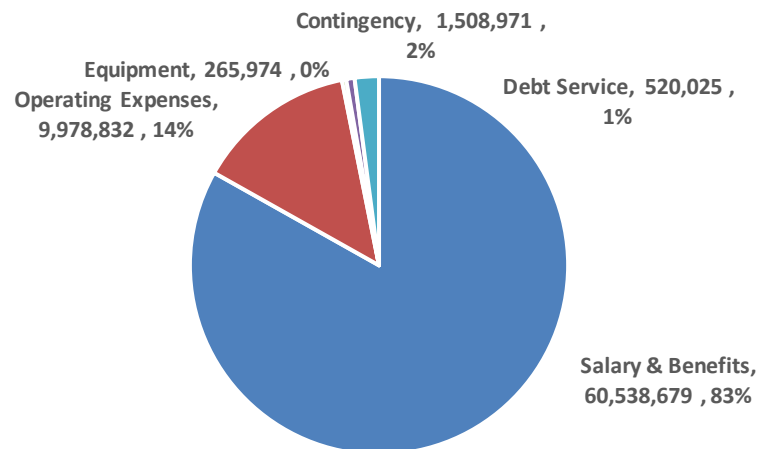
# Fund Summaries

# General Fund Summary

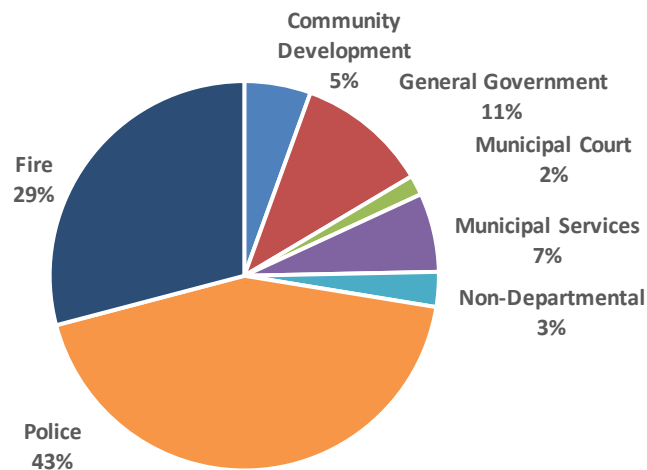
## Sources of Revenue



## Expenditures by Type



## Expenditures by Department





**Schedule 1**  
**All Funds by Expense Category**

<b>All Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Salaries	\$ 118,649,900	\$ 119,018,412	\$ 112,033,087
Operating Expenses	134,587,101	147,029,570	150,728,517
Equipment	4,674,237	7,249,680	7,409,917
<b>Total - Operating</b>	<b>\$ 257,911,239</b>	<b>\$ 273,297,662</b>	<b>\$ 270,171,521</b>
Capital Improvements	12,140,222	22,922,104	21,527,461
Debt Service	20,331,122	20,752,260	20,781,821
Transfers Out	1,847,154	10,000	10,000
Contingency	--	--	1,468,971
<b>Total</b>	<b>\$ 292,229,737</b>	<b>\$ 316,982,026</b>	<b>\$ 313,959,774</b>

<b>General Fund</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Salaries	\$ 65,683,713	\$ 65,840,568	\$ 60,628,679
Operating Expenses	12,173,931	11,317,741	11,543,364
Equipment	1,099,623	565,168	265,974
<b>Total - Operating</b>	<b>\$ 78,957,267</b>	<b>\$ 77,723,477</b>	<b>\$ 72,438,017</b>
Capital Improvements	--	--	--
Debt Service	663	--	520,025
Transfers Out	--	10,000	10,000
Contingency	--	--	1,468,971
<b>Total</b>	<b>\$ 78,957,930</b>	<b>\$ 77,733,477</b>	<b>\$ 74,437,013</b>

<b>Special Revenue Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Salaries	\$ 6,013,821	\$ 5,465,426	\$ 9,593,773
Operating Expenses	6,202,378	7,017,867	6,804,473
Equipment	2,471,697	4,343,062	4,022,050
<b>Total - Operating</b>	<b>\$ 14,687,896</b>	<b>\$ 16,826,355</b>	<b>\$ 20,420,296</b>
Capital Improvements	9,676,708	10,439,804	6,707,461
Debt Service	719,829	270,089	890,776
Transfers Out	1,847,154	--	--
<b>Total</b>	<b>\$ 26,931,588</b>	<b>\$ 27,536,248</b>	<b>\$ 28,018,533</b>

<b>Enterprise Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Salaries	\$ 46,952,366	\$ 47,712,418	\$ 41,810,635
Operating Expenses	116,210,792	128,693,962	132,380,680
Equipment	1,102,917	2,341,450	3,121,893
<b>Total - Operating</b>	<b>\$ 164,266,075</b>	<b>\$ 178,747,830</b>	<b>\$ 177,313,208</b>
Capital Improvements	2,463,514	12,482,300	14,820,000
Debt Service	19,610,630	20,482,171	19,371,020
Transfers Out	--	--	--
<b>Total</b>	<b>\$ 186,340,219</b>	<b>\$ 211,712,301</b>	<b>\$ 211,504,228</b>

**Schedule 2**  
**Expenditures by Department**

<b>All Funds</b>			
<b>Department</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Animal Services	--	--	1,730,152
City Manager	1,211,027	1,250,397	1,187,339
Community Development	6,092,058	6,656,969	6,997,506
Finance & Administration	7,119,320	5,807,820	5,939,906
Fire	23,487,817	23,831,718	23,438,820
Mayor & City Council	1,015,891	1,038,546	835,793
Municipal Court	1,149,762	1,174,653	1,207,254
Non-Departmental	362,709	--	2,109,351
Parks Recreation Tourism	9,308,973	9,182,259	8,080,758
Police	34,388,452	36,104,131	35,023,077
Power and Light	132,106,241	144,102,059	142,287,668
Municipal Services	46,637,594	53,680,354	51,088,864
Water	26,866,134	33,632,212	33,437,783
Transfers Out	10,358	10,000	10,000
Misc. Grants	2,473,401	510,908	585,503
<b>Total</b>	<b>\$ 292,229,737</b>	<b>\$ 316,982,026</b>	<b>\$ 313,959,774</b>
<b>General Fund</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
City Manager	\$ 1,211,027	\$ 1,250,397	1,187,339
Community Development	5,083,553	5,273,700	5,637,543
Finance & Administration	7,119,320	5,807,820	5,939,906
Fire	21,970,817	21,539,346	21,181,684
Mayor & City Council	1,015,891	1,038,546	835,793
Municipal Court	1,149,762	1,174,653	1,207,254
Non-Departmental	362,709	--	2,109,351
Parks Recreation Tourism	2,116,353	2,025,761	--
Police	32,282,615	33,616,498	31,553,037
Municipal Services	6,635,525	5,996,756	4,775,106
Transfers Out	10,358	10,000	10,000
<b>Total</b>	<b>\$ 78,957,930</b>	<b>\$ 77,733,477</b>	<b>\$ 74,437,013</b>
<b>Special Revenue Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Animal Services	\$ --	--	1,730,152
Community Development	1,008,505	1,383,269	1,359,963
Fire	1,517,000	2,292,372	2,257,136
Parks	7,192,620	7,156,498	8,080,758
Police	2,105,837	2,487,633	3,470,040
Municipal Services	12,634,225	13,705,568	10,534,981
Grants	2,473,401	510,908	585,503
<b>Total</b>	<b>\$ 26,931,588</b>	<b>\$ 27,536,248</b>	<b>\$ 28,018,533</b>
<b>Raise Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Power & Light	132,106,241	144,102,059	142,287,668
Water	26,866,134	33,632,212	33,437,783
Municipal Services	27,367,844	33,978,030	35,778,777
<b>Total</b>	<b>\$ 186,340,219</b>	<b>\$ 211,712,301</b>	<b>\$ 211,504,228</b>

**Schedule 3**  
**Expenditures by Fund and Fund Type**

<b>All Funds</b>			
<b>Fund Type</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Governmental Funds	\$ 105,889,518	\$ 105,269,725	\$ 102,455,546
Enterprise Funds	186,340,219	211,712,301	211,504,228
<b>Total</b>	<b>\$ 292,229,737</b>	<b>\$ 316,982,026</b>	<b>\$ 313,959,774</b>

<b>Governmental Funds</b>			
<b>Fund</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
General	\$ 78,957,930	77,733,477	74,437,013
Tourism	1,925,851	2,271,844	1,997,807
Community Development Block Grant	814,429	852,910	826,824
HOME	194,076	530,359	533,139
Street Improvements Sales Tax	8,710,041	9,047,801	6,457,362
Park Improvements Sales Tax	5,266,769	4,884,654	4,183,121
Storm Water Sales Tax	3,924,184	4,657,767	4,077,619
Grants	2,473,401	510,908	585,503
Police Public Safety Sales Tax	2,105,837	2,487,633	2,720,040
Fire Public Safety Sales Tax	1,517,000	2,292,372	2,257,136
Police Use Tax	--	--	750,000
Animal Shelter Use Tax	--	--	744,152
Animal Services Levy	--	--	986,000
Parks Health & Recreation Levy	--	--	1,899,830
<b>Total</b>	<b>\$ 105,889,518</b>	<b>\$ 105,269,725</b>	<b>\$ 102,455,546</b>

<b>Enterprise Funds</b>			
<b>Fund</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Power & Light	\$ 132,106,241	144,102,059	142,287,668
Water	26,866,134	33,632,212	33,437,783
Sanitary Sewer	27,367,844	33,978,030	35,778,777
<b>Total</b>	<b>\$ 186,340,219</b>	<b>\$ 211,712,301</b>	<b>\$ 211,504,228</b>

**Schedule 4**  
**Revenues by Fund and Fund Type**

<b>All Funds</b>			
<b>Fund Type</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Governmental Funds	\$ 105,991,579	103,640,004	103,313,754
Enterprise Funds	249,087,706	206,719,966	207,227,469
<b>Total</b>	<b>\$ 355,079,286</b>	<b>\$ 310,359,970</b>	<b>\$ 310,541,223</b>

<b>Governmental Funds</b>			
<b>Fund</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
General	\$ 77,484,431	77,880,502	74,437,013
Tourism	2,092,209	2,068,178	1,903,198
Community Development Block Grant	912,675	831,763	814,159
HOME	194,076	473,718	482,477
Street Improvements Sales Tax	8,585,602	8,457,915	8,038,559
Park Improvements Sales Tax	5,138,529	4,795,834	4,368,255
Storm Water Sales Tax	4,488,882	4,251,897	4,038,817
Grants	2,473,401	510,908	585,503
Police Public Safety Sales Tax	2,481,194	2,250,847	2,138,460
Fire Public Safety Sales Tax	2,140,580	2,118,442	2,012,500
Police Use Tax	--	--	750,000
Animal Shelter Use Tax	--	--	750,000
Animal Services Levy	--	--	986,000
Parks Health & Recreation Levy	--	--	2,008,813
<b>Total</b>	<b>\$ 105,991,579</b>	<b>\$ 103,640,004</b>	<b>\$ 103,313,754</b>

<b>Enterprise Funds</b>			
<b>Fund</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Power & Light	\$ 171,879,387	138,838,381	139,955,484
Water	41,183,588	34,232,692	33,617,092
Sanitary Sewer	36,024,731	33,648,893	33,654,893
<b>Total</b>	<b>\$ 249,087,706</b>	<b>\$ 206,719,966</b>	<b>\$ 207,227,469</b>

**Schedule 5**  
**All Funds by Revenue Category Group**

<b>All Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Taxes	\$ 48,583,490	50,096,528	48,824,290
Franchise Fees	8,651,580	8,752,300	8,813,000
PILOTS	20,370,728	19,614,000	19,796,612
Licenses and Permits	4,733,532	4,725,150	4,392,069
Intergovernmental Revenue	8,755,876	7,221,596	7,144,289
Charges for Services	3,275,516	3,585,838	2,719,278
Fines and Forfeitures	3,913,826	3,727,250	3,771,000
Utility Service Charges	205,421,360	199,867,649	200,557,865
Other Revenue	9,498,111	4,394,178	6,257,081
<b>Sub-Total</b>	<b>\$ 313,204,019</b>	<b>301,984,489</b>	<b>302,275,484</b>
Interfund Charges	8,261,603	8,375,481	8,255,739
Capital Lease Proceeds	--	--	--
Special Items	33,603,664	--	--
Transfers In	10,000	--	10,000
<b>Total</b>	<b>\$ 355,079,286</b>	<b>\$ 310,359,970</b>	<b>\$ 310,541,223</b>

<b>General Fund</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Taxes	\$ 25,823,860	\$ 26,840,070	\$ 22,640,100
Franchise Fees	8,651,580	8,752,300	8,813,000
PILOTS	20,370,728	19,614,000	19,796,612
Licenses and Permits	4,733,532	4,725,150	4,392,069
Intergovernmental Revenue	5,246,677	5,405,207	5,262,150
Charges for Services	2,455,574	2,980,383	2,058,050
Fines and Forfeitures	3,913,826	3,727,250	3,771,000
Other Revenue	1,253,154	680,900	2,668,532
<b>Sub-Total</b>	<b>\$ 72,448,931</b>	<b>\$ 72,725,260</b>	<b>\$ 69,401,513</b>
Interfund Charges	5,035,500	5,155,242	5,035,500
Transfers In	--	--	--
<b>Total</b>	<b>\$ 77,484,431</b>	<b>\$ 77,880,502</b>	<b>\$ 74,437,013</b>

<b>Special Revenue Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Taxes	\$ 22,759,630	23,256,458	26,184,190
Charges for Services	819,942	605,455	661,228
Other Revenue	1,418,377	81,200	149,184
Intergovernmental Revenue	3,509,199	1,816,389	1,882,139
<b>Sub-Total</b>	<b>\$ 28,507,148</b>	<b>\$ 25,759,502</b>	<b>\$ 28,876,741</b>
Interfund Charges	--	--	--
Capital Lease Proceeds	--	--	--
<b>Total</b>	<b>\$ 28,507,148</b>	<b>\$ 25,759,502</b>	<b>\$ 28,876,741</b>

<b>Enterprise Funds</b>			
<b>Category</b>	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2020-21 Adopted</b>
Utility Service Charges	\$ 205,421,360	\$ 199,867,649	\$ 200,557,865
Other Revenue	6,826,579	3,632,078	3,439,365
<b>Sub-Total</b>	<b>\$ 212,247,939</b>	<b>\$ 203,499,727</b>	<b>\$ 203,997,230</b>
Interfund Charges	3,226,103	3,220,239	3,220,239
Special Items	33,603,664	--	--
Transfers In	10,000	--	10,000
<b>Total</b>	<b>\$ 249,087,706</b>	<b>\$ 206,719,966</b>	<b>\$ 207,227,469</b>

**Schedule 6**  
**Governmental Funds**  
**General Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	2018-19 Actual	2019-20 Adopted	2019-20 Estimate	2020-21 Adopted
<b>Revenues</b>				
<b>Taxes</b>				
Property	\$ 7,877,260	8,592,000	7,792,507	5,592,000
Sales	17,533,711	17,831,670	17,745,438	16,633,100
Cigarette	412,888	416,400	415,193	415,000
<b>Total Taxes</b>	<b>25,823,860</b>	<b>26,840,070</b>	<b>25,953,138</b>	<b>22,640,100</b>
<b>Utility Franchise Fees</b>				
Water	35,825	43,300	26,837	35,000
Gas	3,869,197	3,841,000	3,407,027	4,000,000
Telephone	2,730,897	2,580,000	2,124,771	2,638,000
Electricity	727,217	1,188,000	677,847	740,000
Cable	1,288,443	1,100,000	1,286,363	1,400,000
<b>Total Franchise Fees</b>	<b>8,651,580</b>	<b>8,752,300</b>	<b>7,522,845</b>	<b>8,813,000</b>
<b>PILOTS</b>				
Power & Light	14,130,811	12,950,000	12,757,506	13,000,000
Water Service	3,175,319	3,371,200	3,070,250	3,200,000
Sanitary Sewer	3,064,598	3,292,800	3,363,804	3,596,612
<b>Total PILOTS</b>	<b>20,370,728</b>	<b>19,614,000</b>	<b>19,191,559</b>	<b>19,796,612</b>
<b>All Other</b>				
Licenses & Permits	4,733,532	4,725,150	5,012,961	4,392,069
Intergovernmental Revenue	5,246,677	5,405,207	4,930,541	5,262,150
Service Charges	2,455,574	2,980,383	2,536,496	2,058,050
Fines & Court Costs	3,913,826	3,727,250	2,890,921	3,771,000
Interfund Chgs Supp Srvcs	5,035,500	5,155,242	5,035,500	5,035,500
Other	1,253,154	680,900	1,502,997	2,668,532
<b>Total All Other</b>	<b>22,638,263</b>	<b>22,674,132</b>	<b>21,909,416</b>	<b>23,187,301</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ 77,484,431</b>	<b>77,880,502</b>	<b>74,576,958</b>	<b>74,437,013</b>
<b>Expenditures</b>				
Salary and Benefits	\$ 65,683,713	65,840,568	65,602,561	60,628,679
Operating Expenses	12,173,931	11,317,741	10,224,869	11,543,364
Equipment	1,099,623	565,168	286,612	265,974
Debt Service	663	--	5,877	520,025.00
<b>Sub-Total Expenditures</b>	<b>78,957,930</b>	<b>77,723,477</b>	<b>76,119,919</b>	<b>72,958,042</b>
Transfers Out	--	10,000	11,727	10,000
Contingency	--	--	--	1,468,971
<b>Total Expenditures</b>	<b>\$ 78,957,930</b>	<b>77,733,477</b>	<b>76,131,646</b>	<b>74,437,013</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ (1,473,499)</b>	<b>147,025</b>	<b>(1,554,688)</b>	<b>--</b>
<b>Unassigned Fund Balance at Beginning of Year</b>			6,591,442	
Cancellation of prior year encumbrances			52,672	
Change in other fund balance components during the year			(24,479)	
Year-end investment market value adjustment			180,464	
<b>Ending Unassigned Fund Balance, 06/30/20</b>			<b>5,245,411</b>	
<b>Restricted</b>			78,021	
<b>Committed</b>			18,105	
<b>Assigned</b>			618,306	
<b>Total Fund Balance</b>			<b>5,959,843</b>	

**Schedule 7**  
**Governmental Funds**  
**Tourism Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Transient Guest Tax	\$ 1,967,003	1,995,578	1,554,582	1,860,354
Charges for Services	39,672	45,000	23,427	23,944
Investment Income (Loss)	56,246	3,600	29,959	3,300
Other	29,287	24,000	39,319	15,600
<b>Total All Other</b>	<u><b>2,092,209</b></u>	<u><b>2,068,178</b></u>	<u><b>1,647,287</b></u>	<u><b>1,903,198</b></u>
Transfers In	--	--	--	--
<b>Total Revenues</b>	<u><b>\$ 2,092,209</b></u>	<u><b>2,068,178</b></u>	<u><b>1,647,287</b></u>	<u><b>1,903,198</b></u>
<b>Expenditures</b>				
Salary & Benefits	\$ 947,278	905,820	812,866	856,851
Operating Expenses	832,018	1,080,024	902,438	984,956
Equipment	16,457	1,000	1,615	1,000
<b>Operating Expenditures</b>	<u><b>1,795,753</b></u>	<u><b>1,986,844</b></u>	<u><b>1,716,919</b></u>	<u><b>1,842,807</b></u>
Capital Improvements	--	285,000	183,742	155,000
Debt Service	--	--	--	--
Transfers Out	130,098	--	--	--
<b>Total Expenditures</b>	<u><b>\$ 1,925,851</b></u>	<u><b>2,271,844</b></u>	<u><b>1,900,662</b></u>	<u><b>1,997,807</b></u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ 166,358	(203,666)	(253,375)	(94,609)
<b>Beginning Unassigned Fund Balance</b>			1,136,780	
Cancellation of Prior Year Encumbrances			1,875	
Change in Other Fund Balance Components			-	
Year-End Investment Market Value Adjustment			38,313	
<b>Ending Unassigned Fund Balance</b>			<u><b>923,593</b></u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			101,968	
Restricted - Prior Year Encumbrances			33,079	
Restricted - Operating Reserve			376,368	
<b>Total Ending Fund Balance</b>			<u><u><b>1,435,008</b></u></u>	

**Schedule 7**  
**Governmental Funds**  
**Community Development Block Grant**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Federal Grant	\$ 912,675	831,763	720,542	814,159
<b>Total Revenues</b>	<u><u>\$ 912,675</u></u>	<u><u>831,763</u></u>	<u><u>720,542</u></u>	<u><u>814,159</u></u>
<b>Expenditures</b>				
Salary & Benefits	\$ 104,371	121,957	119,235	\$ 110,729
Operating Expenses	414,894	730,953	486,523	\$ 714,295
Equipment	--	--	--	\$ 1,800
<b>Operating Expenditures</b>	<u><u>\$ 519,265</u></u>	<u><u>852,910</u></u>	<u><u>605,758</u></u>	<u><u>826,824</u></u>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	295,164	--	241,260	--
<b>Total Expenditures</b>	<u><u>\$ 814,429</u></u>	<u><u>852,910</u></u>	<u><u>847,018</u></u>	<u><u>826,824</u></u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ 98,246	(21,147)	(126,476)	(12,665)
<b>Beginning Unassigned Fund Balance</b>			(57,993)	
Cancellation of Prior Year Encumbrances			-	
Change in Other Fund Balance Components			-	
Year-End Investment Market Value Adjustment			-	
<b>Ending Unassigned Fund Balance</b>			<u>(184,469)</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			126,476	
Restricted - Prior Year Encumbrances			57,281	
Restricted - Operating Reserve			-	
<b>Total Ending Fund Balance</b>			<u>(712)</u>	



**Schedule 7**  
**Governmental Funds**  
**HOME Grant - Rental Rehabilitation**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19 Actual</u>	<u>2019-2020 Adopted</u>	<u>2019-2020 Estimated</u>	<u>2020-2021 Adopted</u>
<b>Revenues</b>				
Federal Grant	\$ 194,076	473,718	204,111	482,477
<b>Total Revenues</b>	<u>\$ 194,076</u>	<u>473,718</u>	<u>204,111</u>	<u>482,477</u>
<b>Expenditures</b>				
Salary & Benefits	\$ 18,289	39,961	44,040	\$ 64,692
Operating Expenses	8,895	53,548	3,490	\$ 30,697
Equipment	166,891	436,850	50,000	\$ 437,750
<b>Operating Expenditures</b>	<u>\$ 194,076</u>	<u>530,359</u>	<u>97,530</u>	<u>533,139</u>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<u>\$ 194,076</u>	<u>530,359</u>	<u>97,530</u>	<u>533,139</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ --	(56,641)	106,581	(50,662)
<b>Beginning Unassigned Fund Balance</b>			(292,158)	
Cancellation of Prior Year Encumbrances			-	
Change in Other Fund Balance Components			-	
Year-End Investment Market Value Adjustment			-	
<b>Ending Unassigned Fund Balance</b>			<u>(185,577)</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			12,882	
Restricted - Prior Year Encumbrances			172,703	
Restricted - Operating Reserve			-	
<b>Total Ending Fund Balance</b>			<u>8</u>	

**Schedule 7**  
**Governmental Funds**  
**Street Improvements Sales Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<b>2018-19 Actual</b>	<b>2019-2020 Adopted</b>	<b>2019-2020 Estimated</b>	<b>2020-2021 Adopted</b>
<b>Revenues</b>				
Sales Tax	\$ 8,258,900	8,451,115	8,323,739	8,028,559
Intergovernmental Revenue	150,804	--	278,960	--
Interest	45,231	6,800	98,963	10,000
Other	130,668	--	135,526	--
<b>Total All Other</b>	<b>\$ 8,585,602</b>	<b>8,457,915</b>	<b>8,837,187</b>	<b>8,038,559</b>
Issuance of Debt	--	--	17,940,000	--
Transfers In from Other Funds	--	--	283,042	--
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 8,585,602</b>	<b>8,457,915</b>	<b>27,060,230</b>	<b>8,038,559</b>
<b>Expenditures</b>				
Salary & Benefits	\$ 106,949	170,397	133,841	198,175
Operating Expenses	386,667	500,000	405,171	250,000
Equipment	177,132	1,019,500	967,521	481,400
<b>Total Expenditures</b>	<b>\$ 670,747</b>	<b>1,689,897</b>	<b>1,506,533</b>	<b>929,575</b>
Capital Improvements	7,107,095	7,357,904	6,826,155	4,971,836
Debt Service	528,766	--	128,835	555,951
Transfers Out	403,433	--	130,062	--
<b>Total Expenditures</b>	<b>\$ 8,710,041</b>	<b>9,047,801</b>	<b>8,591,585</b>	<b>6,457,362</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ (124,439)	(589,886)	18,468,645	1,581,197
<b>Beginning Unassigned Fund Balance</b>			(2,310,743)	
Cancellation of Prior Year Encumbrances			393,092	
Change in Other Fund Balance Components			(17,863,115)	
Year-End Investment Market Value Adjustment			75,482	
<b>Ending Unassigned Fund Balance</b>			<b>(1,236,639)</b>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			4,329,792	
Restricted - Prior Year Encumbrances			665,678	
Restricted - Operating Reserve			17,863,115	
<b>Total Ending Fund Balance</b>			<b>21,621,946</b>	

**Schedule 7**  
**Governmental Funds**  
**Park Improvements Sales Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19 Actual</u>	<u>2019-2020 Adopted</u>	<u>2019-2020 Estimated</u>	<u>2020-2021 Adopted</u>
<b>Revenues</b>				
Sales Tax	\$ 4,129,442	4,225,579	4,161,885	4,014,300
Charges for Services	574,929	560,455	380,902	348,455
Interest	12,654	7,300	8,189	3,000
Other	421,504	2,500	62,912	2,500
<b>Total All Other</b>	<b>\$ 5,138,529</b>	<b>4,795,834</b>	<b>4,613,888</b>	<b>4,368,255</b>
Transfers In from Other Funds	--	--	--	--
Proceeds from capital lease	--	--	--	--
<b>Total Revenues</b>	<b>\$ 5,138,529</b>	<b>4,795,834</b>	<b>4,613,888</b>	<b>4,368,255</b>
<b>Expenditures</b>				
Salary & Benefits	\$ 1,772,688	1,961,031	1,808,352	2,031,764
Operating Expenses	1,586,940	1,771,870	1,251,081	1,609,143
Equipment	38,496	3,000	8,613	--
<b>Total Expenditures</b>	<b>\$ 3,398,124</b>	<b>3,735,901</b>	<b>3,068,046</b>	<b>3,640,907</b>
Capital Improvements	735,793	951,900	294,435	280,625
Debt Service	117,829	196,853	114,684	261,589
Transfers Out	1,015,023	--	4,578	--
<b>Total Expenditures</b>	<b>\$ 5,266,769</b>	<b>4,884,654</b>	<b>3,481,743</b>	<b>4,183,121</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ (128,240)	(88,820)	1,132,145	185,134
<b>Beginning Unassigned Fund Balance</b>			(1,848,011)	
Cancellation of Prior Year Encumbrances			26,510	
Change in Other Fund Balance Components			-	
Year-End Investment Market Value Adjustment			33,867	
<b>Ending Unassigned Fund Balance</b>			<u>(655,489)</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			120,454	
Restricted - Prior Year Encumbrances			6,160	
Restricted - Operating Reserve			-	
<b>Total Ending Fund Balance</b>			<u>(528,875)</u>	

**Schedule 7**  
**Governmental Funds**  
**Stormwater Sales Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19 Actual</u>	<u>2019-2020 Adopted</u>	<u>2019-2020 Estimated</u>	<u>2020-2021 Adopted</u>
<b>Revenues</b>				
Sales Tax	\$ 4,129,446	4,225,597	4,161,887	4,014,317
Interest	317,377	26,300	186,516	24,500
Other	42,059	-	287,981	-
<b>Total All Other</b>	<b>\$ 4,488,882</b>	<b>4,251,897</b>	<b>4,636,384</b>	<b>4,038,817</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ 4,488,882</b>	<b>4,251,897</b>	<b>4,636,384</b>	<b>4,038,817</b>
<b>Expenditures</b>				
Salary & Benefits	\$ 1,292,204	1,569,652	1,314,609	1,502,750
Operating Expenses	743,508	1,147,215	756,522	1,168,019
Equipment	54,653	95,900	75,438	106,850
<b>Operating Expenditures</b>	<b>\$ 2,090,365</b>	<b>2,812,767</b>	<b>2,146,570</b>	<b>2,777,619</b>
Capital Improvements	1,833,820	1,845,000	2,463,608	1,300,000
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ 3,924,184</b>	<b>4,657,767</b>	<b>4,610,178</b>	<b>4,077,619</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ 564,698	(405,870)	26,206	(38,802)
<b>Beginning Unassigned Fund Balance</b>			7,062,677	
Cancellation of Prior Year Encumbrances			74,079	
Change in Other Fund Balance Components			(177,256)	
Year-End Investment Market Value Adjustment			260,135	
<b>Ending Unassigned Fund Balance</b>			<u>7,245,841</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			1,523,477	
Restricted - Prior Year Encumbrances			119,576	
Restricted - Regional Detention Construction			540,563	
Restricted - Regional Detention Maintenance			50,228	
Restricted - Emergency Response Relief			500,000	
<b>Total Ending Fund Balance</b>			<u>9,979,685</u>	

**Schedule 7**  
**Governmental Funds**  
**Grants**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-20</u> <u>Adopted</u>	<u>2019-20</u> <u>Estimated</u>	<u>2020-21</u> <u>Adopted</u>
<b>Revenues</b>				
Federal & State Grants	\$ 2,251,645	510,908	1,823,277	585,503
Charges for Services	205,341	--	187,828	--
Other	16,416	--	1,138	--
<b>Total Revenues</b>	<b>\$ 2,473,401</b>	<b>510,908</b>	<b>2,012,243</b>	<b>585,503</b>
<b>Expenditures</b>				
Salary & Benefits	\$ 1,586,342	510,908	1,246,364	585,503
Operating Expenses	758,488	--	538,211	--
Equipment	128,571	--	109,886	--
<b>Operating Expenditures</b>	<b>\$ 2,473,401</b>	<b>510,908</b>	<b>1,894,461</b>	<b>585,503</b>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ 2,473,401</b>	<b>510,908</b>	<b>1,894,461</b>	<b>585,503</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ --	--	117,782	--
<b>Beginning Unassigned Fund Balance</b>			(255,957)	
Cancellation of Prior Year Encumbrances			22,630	
Change in Other Fund Balance Components			--	
Year-End Investment Market Value Adjustment			--	
<b>Ending Unassigned Fund Balance</b>			<u>115,545</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			79,676	
Restricted - Prior Year Encumbrances			35,869	
Restricted - Operating Reserve			--	
<b>Total Ending Fund Balance</b>			<u><u>--</u></u>	

**Schedule 7**  
**Governmental Funds**  
**Police Public Safety Sales Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19 Actual</u>	<u>2019-2020 Adopted</u>	<u>2019-2020 Estimated</u>	<u>2020-2021 Adopted</u>
<b>Revenues</b>				
Sales Tax	\$ 2,210,139	2,245,747	2,238,572	2,133,460
Interest	77,687	5,100	45,054	5,000
Other	193,369	--	29,120	--
<b>Total All Other</b>	<b>\$ 2,481,194</b>	<b>2,250,847</b>	<b>2,312,746</b>	<b>2,138,460</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ 2,481,194</b>	<b>2,250,847</b>	<b>2,312,746</b>	<b>2,138,460</b>
<b>Expenditures</b>				
Salary & Benefits	\$ --	--	--	--
Operating Expenses	844,102	944,321	924,732	994,590
Equipment	1,258,299	1,543,312	1,334,696	1,725,450
<b>Operating Expenditures</b>	<b>\$ 2,102,401</b>	<b>2,487,633</b>	<b>2,259,427</b>	<b>2,720,040</b>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	3,436	--	--	--
<b>Total Expenditures</b>	<b>\$ 2,105,837</b>	<b>2,487,633</b>	<b>2,259,427</b>	<b>2,720,040</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ 375,357	(236,786)	53,319	(581,580)
<b>Beginning Unassigned Fund Balance</b>			2,407,632	
Cancellation of Prior Year Encumbrances			-	
Change in Other Fund Balance Components			-	
Year-End Investment Market Value Adjustment			73,262	
<b>Ending Unassigned Fund Balance</b>			<u>2,534,213</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			504,259	
Restricted - Prior Year Encumbrances			4,400	
Restricted - Operating Reserve			-	
<b>Total Ending Fund Balance</b>			<u>3,042,872</u>	

**Schedule 7**  
**Governmental Funds**  
**Fire Public Safety Sales Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Sales Tax	\$ 2,064,701	2,112,842	2,080,829	2,007,200
Interest	67,140	5,600	32,154	5,300
Other	8,739	--	208,100	--
<b>Total Revenues</b>	<u><u>\$ 2,140,580</u></u>	<u><u>2,118,442</u></u>	<u><u>2,321,083</u></u>	<u><u>2,012,500</u></u>
<b>Expenditures</b>				
Salary & Benefits	\$ 185,700	185,700	335,316	470,099
Operating Expenses	626,866	789,936	636,542	696,801
Equipment	631,198	1,243,500	1,356,825	1,017,000
<b>Operating Expenditures</b>	<u><u>\$ 1,443,765</u></u>	<u><u>2,219,136</u></u>	<u><u>2,328,683</u></u>	<u><u>2,183,900</u></u>
Capital Improvements	--	--	--	--
Debt Service	73,235	73,236	73,236	73,236
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<u><u>\$ 1,517,000</u></u>	<u><u>2,292,372</u></u>	<u><u>2,401,919</u></u>	<u><u>2,257,136</u></u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ 623,581	(173,930)	(80,836)	(244,636)
<b>Beginning Unassigned Fund Balance</b>			1,279,838	
Cancellation of Prior Year Encumbrances			13,217	
Change in Other Fund Balance Components			-	
Year-End Investment Market Value Adjustment			31,727	
<b>Ending Unassigned Fund Balance</b>			<u><u>1,243,946</u></u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			81,241	
Restricted - Prior Year Encumbrances			203,150	
Restricted - Operating Reserve			-	
<b>Total Ending Fund Balance</b>			<u><u>1,528,337</u></u>	

**Schedule 7**  
**Governmental Funds**  
**Police Use Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Use Tax	\$ --	--	650,907	750,000
Interest	--	--	1,864	--
Other	--	--	--	--
<b>Total All Other</b>	<b>\$ --</b>	<b>--</b>	<b>652,771</b>	<b>750,000</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ --</b>	<b>--</b>	<b>652,771</b>	<b>750,000</b>
<b>Expenditures</b>				
Salary & Benefits	\$ --	--	--	458,228
Operating Expenses	--	--	--	42,772
Equipment	--	--	--	249,000
<b>Operating Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>750,000</b>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>750,000</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ --	--	652,771	--
<b>Beginning Unassigned Fund Balance</b>			--	
Cancellation of Prior Year Encumbrances			--	
Change in Other Fund Balance Components			--	
Year-End Investment Market Value Adjustment			14,322	
<b>Ending Unassigned Fund Balance</b>			<u>667,093</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			--	
Restricted - Prior Year Encumbrances			--	
Restricted - Operating Reserve			--	
<b>Total Ending Fund Balance</b>			<u>667,093</u>	



**Schedule 7**  
**Governmental Funds**  
**Animal Shelter Use Tax Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Use Tax	\$ --	--	650,907	750,000
Interest	--	--	74	--
Other	--	--	--	--
<b>Total All Other</b>	<b>\$ --</b>	<b>--</b>	<b>650,981</b>	<b>750,000</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ --</b>	<b>--</b>	<b>650,981</b>	<b>750,000</b>
<b>Expenditures</b>				
Salary & Benefits	\$ --	--	506,831	719,917
Operating Expenses	--	--	22,403	24,235
Equipment	--	--	--	--
<b>Operating Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>529,234</b>	<b>744,152</b>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>529,234</b>	<b>744,152</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ --	--	121,747	5,848
<b>Beginning Unassigned Fund Balance</b>			--	
Cancellation of Prior Year Encumbrances			--	
Change in Other Fund Balance Components			--	
Year-End Investment Market Value Adjustment			--	
<b>Ending Unassigned Fund Balance</b>			<u>121,747</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			--	
Restricted - Prior Year Encumbrances			--	
Restricted - Operating Reserve			--	
<b>Total Ending Fund Balance</b>			<u>121,747</u>	

**Schedule 7**  
**Governmental Funds**  
**Animal Services Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Real Estate Tax	\$ --	--	--	832,000
Charges for Services	--	--	--	154,000
Interest	--	--	--	--
Other	--	--	--	--
<b>Total All Other</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>986,000</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>986,000</b>
<b>Expenditures</b>				
Salary & Benefits	\$ --	--	--	695,235
Operating Expenses	--	--	--	288,965
Equipment	--	--	--	1,800
<b>Operating Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>986,000</b>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>986,000</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ --	--	--	--
<b>Beginning Unassigned Fund Balance</b>			--	
Cancellation of Prior Year Encumbrances			--	
Change in Other Fund Balance Components			--	
Year-End Investment Market Value Adjustment			--	
<b>Ending Unassigned Fund Balance</b>			<u>--</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			--	
Restricted - Prior Year Encumbrances			--	
Restricted - Operating Reserve			--	
<b>Total Ending Fund Balance</b>			<u><u>--</u></u>	

**Schedule 7**  
**Governmental Funds**  
**Parks Health & Recreation Levy Fund**  
**Comparison of Revenues, Expenditures and Change in Fund Balance**

	<u>2018-19</u> <u>Actual</u>	<u>2019-2020</u> <u>Adopted</u>	<u>2019-2020</u> <u>Estimated</u>	<u>2020-2021</u> <u>Adopted</u>
<b>Revenues</b>				
Real Estate Tax	\$ --	--	--	1,794,000
Charges for Services	--	--	--	134,829
Interest	--	--	--	-
Other	--	--	--	79,984
<b>Total All Other</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>2,008,813</b>
Transfers In from Other Funds	--	--	--	--
<b>Total Revenues</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>2,008,813</b>
<b>Expenditures</b>				
Salary & Benefits	\$ --	--	--	1,899,830
Operating Expenses	--	--	--	--
Equipment	--	--	--	--
<b>Operating Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>1,899,830</b>
Capital Improvements	--	--	--	--
Debt Service	--	--	--	--
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>1,899,830</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ --	--	--	108,983
<b>Beginning Unassigned Fund Balance</b>			--	
Cancellation of Prior Year Encumbrances			--	
Change in Other Fund Balance Components			--	
Year-End Investment Market Value Adjustment			--	
<b>Ending Unassigned Fund Balance</b>			<u>--</u>	
<b>Other Fund Balance Components</b>				
Restricted - Current Year Encumbrances			--	
Restricted - Prior Year Encumbrances			--	
Restricted - Operating Reserve			--	
<b>Total Ending Fund Balance</b>			<u><u>--</u></u>	

**Schedule 8**  
**Enterprise Funds**  
**Power and Light Fund**  
**Comparison of Revenues, Expenditures and Change in Available Resources**

	<u>2018-19 Actual</u>	<u>2019-20 Adopted</u>	<u>2019-20 Estimated</u>	<u>2020-21 Adopted</u>
<b>Revenues</b>				
Electric Service Charges	\$ 138,121,949.7	129,032,756	121,004,102	130,313,972
Other Operating Revenue	590,027	1,880,289	1,038,328	1,727,176
SPP Transmission Revenues	5,026,072	5,000,000	5,202,814	5,000,000
Interfund Charges	1,834,011	1,828,147	1,771,229	1,828,147
Interest and Misc Revenue	4,040,899	1,097,189	2,344,598	1,086,189
<b>Total All Other</b>	<b>\$ 149,612,959</b>	<b>138,838,381</b>	<b>131,361,071</b>	<b>139,955,484</b>
Proceeds from Bond Issuance	--	--	--	--
Special Item - OPEB Changes in Benefit Terms	22,266,428	--	--	--
Resources from closed projects	--	--	--	--
<b>Total Revenues</b>	<b>\$ 171,879,387</b>	<b>138,838,381</b>	<b>131,361,071</b>	<b>139,955,484</b>
<b>Expenditures</b>				
Salary and Benefits	\$ 32,798,267	33,024,318	30,629,468	27,275,535
Operating Expenses	87,339,615	95,276,490	86,310,181	97,866,683
Equipment	90,238	1,191,600	615,511	1,313,400
<b>Operating Expenditures</b>	<b>120,228,120</b>	<b>129,492,408</b>	<b>117,555,160</b>	<b>126,455,618</b>
Capital Improvements	1,063,484	2,952,300	5,850,494	5,285,000
Debt Service	10,814,637	11,657,351	11,673,930	10,547,050
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ 132,106,241</b>	<b>144,102,059</b>	<b>135,079,584</b>	<b>142,287,668</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ 39,773,146</b>	<b>(5,263,678)</b>	<b>(3,718,513)</b>	<b>(2,332,184)</b>
<b>Beginning Available Resources</b>			78,743,426	
Cancellation of Prior Year Encumbrances			854,156	
<b>Ending Available Resources</b>			<u>75,879,069</u>	
Current Debt Service Due			2,704,188	
Capital Improvement Reserve			16,426,434	
Operating Reserve (63 Days)			24,336,964	
Mngt Recom Operating Reserve (27 Days)			10,430,100	
Capital Projects in Process - Non Bond			8,237,166	
Prior Year Open Encumbrances - Non Cap			627,207	
Reserved Resources			<u>62,762,059</u>	
<b>Total Non-Restricted Resources Available</b>			<u>13,117,010</u>	

**Schedule 8**  
**Enterprise Funds**  
**Sanitary Sewer Fund**  
**Comparison of Revenues, Expenditures and Change in Available Resources**

	<b>2018-19 Actual</b>	<b>2019-20 Adopted</b>	<b>2019-20 Estimated</b>	<b>2020-21 Adopted</b>
<b>Revenues</b>				
Residential Utility Charges	\$ 15,244,048	17,750,893	17,676,341	17,750,893
Commercial Utility Charges	7,080,859	8,318,000	7,567,127	8,318,000
Regulatory Compliance Charges	6,797,098	6,450,000	6,442,928	6,450,000
Contract Sales	32,148	65,000	384,504	65,000
Intermunicipal Agreements	979,294	810,000	1,106,500	810,000
Other Operating Revenue	38,067	200,000	176,675	200,000
Interest and Misc Revenue	668,448	55,000	643,274	51,000
<b>Total All Other</b>	<b>30,839,962</b>	<b>33,648,893</b>	<b>33,997,349</b>	<b>33,644,893</b>
Transfers In	10,000	--	10,000	10,000
Special Item - OPEB Changes in Benefit Terms	5,174,769	--	--	--
Resources from closed projects	--	--	--	--
<b>Total Revenues</b>	<b>\$ 36,024,731</b>	<b>33,648,893</b>	<b>34,007,349</b>	<b>33,654,893</b>
<b>Expenditures</b>				
Salary & Benefits	\$ 5,979,520	6,386,924	5,805,821	5,868,295
Operating Expenses	14,244,107	16,730,099	15,030,504	17,363,850
Equipment	531,839	440,750	232,871	926,000
<b>Operating Expenditures</b>	<b>20,755,466</b>	<b>23,557,773</b>	<b>21,069,196</b>	<b>24,158,145</b>
Capital Improvements	339,372	4,130,000	5,728,330	5,330,000
Debt Service	6,273,006	6,290,257	6,273,040	6,290,632
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ 27,367,844</b>	<b>33,978,030</b>	<b>33,070,566</b>	<b>35,778,777</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ 8,656,888</b>	<b>(329,137)</b>	<b>936,783</b>	<b>(2,123,884)</b>
<b>Beginning Available Resources</b>			19,139,652	
Cancellation of Prior Year Encumbrances			83,911	
<b>Ending Available Resources</b>			<b>20,160,346</b>	
Current Debt Service Due			3,574,535	
Operating Reserve (63 Days)			5,164,395	
Mngt Recom Operating Reserve (27 Days)			2,213,325	
Capital Projects in Process - Non Bond			5,332,554	
Prior Year Open Encumbrances - Non Cap			24,102	
Reserved Resources			16,308,911	
<b>Total Non-Restricted Resources Available</b>			<b>3,851,435</b>	

**Schedule 8**  
**Enterprise Funds**  
**Water Fund**  
**Comparison of Revenues, Expenditures and Change in Available Resources**

	<b>2018-19</b>	<b>2019-20</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>
<b>Revenues</b>				
Residential Utility Charges	\$ 13,122,333	15,600,000	13,305,908	14,700,000
Commercial Utility Charges	5,515,624	4,200,000	5,664,412	4,400,000
Industrial Sales	1,265,360	590,000	683,790	700,000
Public Authority Sales	256,247	300,000	209,639	300,000
Fire Protection	1,879,245	1,880,000	1,886,032	1,750,000
Sales for Resale	10,101,083	9,871,000	9,775,065	10,000,000
Other Operating Revenue	234,324	324,000	274,929	300,000
Interfund Service Charges	1,392,092	1,392,092	1,392,092	1,392,092
Interest and Misc Revenue	1,254,814	75,600	782,692	75,000
<b>Total All Other</b>	<b>35,021,121</b>	<b>34,232,692</b>	<b>33,974,559</b>	<b>33,617,092</b>
Transfers In	--	--	--	--
Special Item - OPEB Changes in Benefit Terms	6,162,467	--	--	--
<b>Total Revenues</b>	<b>\$ 41,183,588</b>	<b>34,232,692</b>	<b>33,974,559</b>	<b>33,617,092</b>
<b>Expenditures</b>				
Salary & Benefits	\$ \$ 8,174,579	8,301,176	7,902,236	8,666,805
Operating Expenses	\$ 14,627,069	16,687,373	14,536,414	17,150,147
Equipment	\$ 480,840	709,100	594,193	882,493
<b>Operating Expenditures</b>	<b>23,282,489</b>	<b>25,697,649</b>	<b>23,032,843</b>	<b>26,699,445</b>
Capital Improvements	1,060,658	5,400,000	2,557,666	4,205,000
Debt Service	2,522,987	2,534,563	2,520,687	2,533,338
Transfers Out	--	--	--	--
<b>Total Expenditures</b>	<b>\$ 26,866,134</b>	<b>33,632,212</b>	<b>28,111,196</b>	<b>33,437,783</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ 14,317,454</b>	<b>600,480</b>	<b>5,863,363</b>	<b>179,309</b>
<b>Beginning Available Resources</b>			26,166,541	
Cancellation of Prior Year Encumbrances			328,463	
<b>Ending Available Resources</b>			<b>32,358,367</b>	
Current Debt Service Due			1,939,313	
Operating Reserve (63 Days)			4,889,277	
Mngt Recom Operating Reserve (27 Days)			2,095,389	
Capital Projects in Process - Non Bond			13,442,414	
Prior Year Open Encumbrances - Non Cap			103,198	
Reserved Resources			22,469,591	
<b>Total Non-Restricted Resources Available</b>			<b>9,888,776</b>	

# Appendix

**City of Independence, Missouri**  
**Financial Policies**  
**Adopted by Council Resolution 17-729**

**Statement of Purpose**

The City of Independence has an important responsibility to our residents to carefully account for public funds, manage municipal finances wisely, and to develop a plan to adequately fund services and facilities desired and needed by the public. The financial integrity of our city government is of utmost importance and the codification of a set of financial policies is a key element in maintaining this integrity. The formalization of a set of financial policies for the City is consistent with the Council's adopted goal of ensuring City finances are stable and sustainable through control of long-term costs, optimization of resources, long-range financial planning, and sound decision-making.

Written and adopted financial policies have many benefits, such as assisting the City Council and City Manager in providing the financial management of the City, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as City Council and staff members change. While these policies will periodically be reviewed and amended, they will provide the basic foundation and framework for many of the issues and decisions facing the City today and in the future. They will promote sound financial management and assist in the City's stability, efficiency and effectiveness.

In the past, the City of Independence has developed a variety of different types of financial policies, many of which have been maintained on a somewhat informal basis. These policies can be found in a variety of different locations, including Council Resolutions, Ordinances, Budget Documents, Capital Improvements Programs, etc. The financial policies listed below will establish consistent standards for the review of existing practices as well as the development of future financial plans

The following policies are divided into seven major categories: General, Fund Balances, Debt, Financial Sustainability, Long Range Financial Planning, Monitoring – Accountability – Control, and Investment of Funds.

**A. General**

1. Compliance with Applicable Laws: The City shall comply with all applicable federal and state laws, the City Charter, and the Code of Ordinances with respect to the interpretation and application of these policies.
2. Compliance with Governmental Standards: Policies and practices in financial reporting shall be consistent with Governmental Accounting Standards Board (GASB) standards.

**B. Fund Balances**

1. Minimum Unrestricted and Unassigned Fund Balance & Working Capital: The City of Independence has determined it a sound financial practice to maintain adequate fund balances and working capital. Accordingly, the City will endeavor to maintain a minimum Unrestricted



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and Unassigned Fund Balance in the General Fund equal to 16% of annual operating revenues less one-time funds like grants or transfers.

The City will endeavor to maintain a minimum Unrestricted Fund Balance in Enterprise Funds equal to 63 days of annual operating expenditures plus the annual debt service payment, if applicable.

For Special Revenue Funds that are primarily designated for capital purposes and support limited personnel and ongoing operations, the City will endeavor to maintain an Unassigned Fund Balance of 5% of annual revenues.

For Special Revenue Funds that support personnel and ongoing operations, as well as capital expenditures, the City will endeavor to maintain an Unassigned Fund Balance between 5% and 16% of annual revenues.

2. Use of Fund Balance: Circumstances may arise which warrant the use of Unassigned or Unrestricted Fund Balances and working capital balances. These include revenue shortfalls, unanticipated cost increases, emergencies, grant matching, early debt retirement, major projects, and unexpected expenditures beyond those created by only natural disasters. In such cases, any expenditure from the Unassigned or Unrestricted Fund Balance must be approved by the Council. The rationale for the expenditure must be documented as part of Council action. Any unrestricted and unassigned funds in excess of target minimums may be expended to fund non-recurring expenditures.
3. Recovery Plan: If, based on staff's analysis and forecasting, the target level of Unassigned Fund Balance reserve is not being met or is unlikely to be met at some point within a five-year time horizon, then during the annual budget process, a plan to replenish the Unassigned Fund Balance reserve should be established.

## **C. Debt**

1. Evaluation Criteria: The following criteria will be used to evaluate pay-as-you-go versus debt financing in funding capital improvements and equipment:
  - a. Factors which favor pay-as-you-go financing include the following:
    - (1) Current revenues and fund balances are available;
    - (2) Phasing-in of projects is feasible;
    - (3) Additional debt levels would adversely affect the City's credit rating;
    - (4) Market conditions are unfavorable or suggest difficulties in marketing new debt.
  - b. Factors which favor debt financing include the following:
    - (1) Revenues available for debt issues are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating, which can be maintained;
    - (2) Market conditions present favorable interest rates and demand for City debt financing;
    - (3) A project is mandated by state or federal government and current revenues or fund balances are insufficient to pay project costs;
    - (4) A project is immediately required to meet or relieve capacity needs;

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- (5) The life of the project or asset financed is five years or longer;
  - (6) The life of the project or asset is less than five years, but short-term financing that does not exceed the useful life of the project or asset is feasible;
  - (7) Cost savings can be achieved by completing improvements as a single large project rather than as a multi-year series of pay-as-you-go smaller projects.
- 2. Neighborhood Improvement District (NID) Debt: NID Debt may be issued provided assessment payments are adequate to cover 100% of debt service and financing costs. The City will simultaneously apply any related economic development policies to evaluate the feasibility of the development project before issuing debt.
  - 3. Early Debt Retirement: The City will endeavor when possible to retire bonds and other similar instruments early when sufficient revenues are accumulated, and to refinance debt when a Net Present Value Savings of at least 3% exists.
  - 4. Debt Term to Match Useful Life: Debt shall only be issued when the term of financing does not exceed the useful life of the asset for which the debt was issued.
  - 5. City Debt Schedule: To ensure that long term debt obligations are sufficiently funded and accounted for, it is the City's policy to develop a comprehensive Debt Schedule which matches specific revenues to specific debt obligations for each year of the entire term of each source of debt.
  - 6. Debt Coverage & Solvency: To demonstrate solvency, ensure sufficient revenues exist to retire debt issued, and maintain favorable bond ratings, the City will endeavor to maintain a Debt Service Coverage Ratio (net operating income (revenue minus operating expenses excluding transfers) divided by total debt service payment) of at least 1.2.
  - 7. Lease Purchase Financing: The City will lease-purchase items only if lease rates are less than the rate attained from investment return. In no event shall the City lease-purchase items with a useful life less than the term of the lease.
  - 8. Financial Advisor: To provide advice on the issuance of debt and related matters, the City will employ the services of an outside financial advisor. The financial advisor will assist the City in evaluating when debt should be sold through a competitive versus negotiated sale. Such factors in determining the form of sale include, but are not limited to, the complexity of the issue; the need for specialized expertise; maximizing savings in time or money; or circumstances in which market conditions or City credit are unusually volatile or uncertain. It is the City's policy that said financial advisor cannot also serve as the underwriter of municipal securities.
  - 9. Statutory Limitations: The Missouri 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 City may issue additional debt not to exceed 10% of assessed valuation (20% total) for street and sewer improvements, or purchasing or constructing water or electric utility plants.

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**D. Financial Sustainability**

1. Financial Sustainability: To ensure financial sustainability in City programs and operations, it shall be the City's policy to apply one-time revenues to fund non-recurring expenditures. Similarly, personnel costs and on-going programs and operations will be funded with on-going, sustainable sources of revenue.
2. Priority Funding to Maintain Assets: In preparing the annual budget, priority shall be given to providing adequate funding for maintenance, upkeep, and scheduled replacement of physical assets. The City will endeavor to establish funding levels to replace assets on a life-cycle basis. Enterprise Fund operations will endeavor to reflect, in budget appropriations, reinvestment for the depreciation of assets.

**E. Long Range Financial Planning**

1. 5-Year Capital Improvement Plan: The City will annually prepare a capital improvement plan that identifies its priorities and timeframe for undertaking capital projects and provides a financing plan for those projects. In order to ensure that proposed capital projects, their timing and their financing best meet the City's policies and plans, the capital improvement plan will:
  - a. Project at least five years into the future;
  - b. Take into account overall affordability in terms of both capital and operating costs; and
  - c. Include a process that allows opportunity for stakeholder involvement in prioritizing projects and review.
2. Long Range Planning of Financial Obligations: The City will annually prepare a financial plan to assess the long-term financial implications of current and proposed policies, programs, and assumptions in order to develop appropriate strategies to achieve its goals. The financial plan will consist of:
  - a. An analysis of financial trends;
  - b. An assessment of problems or opportunities facing the City;
  - c. A five year forecast of revenues and expenditures;
  - d. A review of cash flow requirements and appropriate fund balances to determine whether modifications are appropriate for the Fund Balance Reserve Policy; and
  - e. Any further analyses as may be appropriate.

**F. Monitoring – Accountability - Control**

1. Transfer of Funds: Department Directors, with the consent of the City Manager or his/her designee, may transfer funds between line items within the total budget appropriation of a particular budget in a fund. The City Manager may transfer unencumbered appropriation balances or parts thereof from any item of appropriation within a fund, department, office or agency to any other items of appropriation, including new items, within the same fund or department.
2. Reports: It is the City's policy to produce monthly reports as a means to verify that City

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departments are operating within the amount of appropriation, to compare actual income and expenses to budget estimates, to update year-end revenues and expense projections, and to develop, as soon as possible, strategies to meet financial challenges. Monthly reports to the City Manager from the Finance Department will also be provided to illustrate overall financial position of the City. A comprehensive annual financial report, as well as an annual audit, will also be produced.

3. Spending: No expenditures may be made, or funds encumbered, unless consistent with adopted purchasing policies and expenditure procedures.
4. Service Delivery Analysis: The City will seek to optimize the efficiency and effectiveness of its services to reduce costs and improve service quality. Alternative means of service delivery will be evaluated to ensure that quality services are provided to our residents at the most competitive and economical cost. Department directors, in cooperation with the City Manager's office, will identify all activities that could be provided by another source and review options/alternatives to current service delivery methods. The review of service delivery alternatives and the need for the service will be performed annually or on an "opportunity" basis.
5. Grant Acceptance: The City shall actively pursue federal, state and other grant opportunities when deemed appropriate. Before accepting any grant the City shall thoroughly consider all implications related to costs associated with complying with the terms of the grant agreement and the ongoing obligations that will be required in connection with the acceptance of the grant. In the event of reduced grant funding, City resources may be substituted only after all program priorities and alternatives are considered during the budget process. The City Manager will establish supplemental administrative policies to ensure appropriate coordination of grant applications and ensure grant compliance.
6. Employee Staffing Levels: The addition of new positions will only be requested after service needs have been thoroughly examined and it is substantiated that the additional staffing will result in increased revenue, enhanced operating efficiencies, or the achievement of specific objectives approved by the Council. To the extent feasible, personnel cost reductions will be achieved through attrition and reassignment.
7. Technology & Expertise: To ensure, to the greatest extent possible, accuracy in financial reporting, it is the City's policy to invest in necessary technology. It is also the City's policy to invest in training to develop staff expertise in financial reporting systems.

## **G. Investment of Funds**

1. The investment of City funds will be handled in accordance with the City's Statement of Investment Policy and Section 3.34(6) of the Charter of the City of Independence. Investments shall be undertaken in a manner that does not conflict with the Missouri Constitution Article IV, Section 5 on permitted investments or Section 30.270 of the Missouri Revised Statutes on permitted collateral.
2. Safety of Principal: It is the City's policy that the foremost consideration in the City's investment strategy should be safety of the principal invested.

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3. Liquidity: It is the City's policy that the investment portfolio remain at all times sufficiently liquid to meet all operating requirements.
4. Return: It is the City's policy that the investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety of principal and liquidity objectives described above.

# **City of Independence, Missouri**

## **Budget Procedures and Policies**

### **A. Budget Preparation and Submission**

The fiscal year of the City shall start on July 1 and end on June 30.

1. City Charter, Section 8.2 Budget: Preparation and submission. At least forty-five (45) days before the beginning of the fiscal year, the City Manager shall prepare and submit to the Council a proposed budget for the next fiscal year, which shall contain detailed estimates of anticipated revenues including any resources available from the current fiscal year, and proposed expenditures for the year, and an explanatory message. The budget shall include the general fund and at least all other regular operating funds which are deemed to require formal annual budgeting, and shall be in such form as the City Manager deems desirable or as the Council may require. The total of the proposed expenditures from any fund shall not exceed the total of the anticipated resources thereof. The budget and budget message shall be public records in the office of the City Clerk, and shall be open to public inspection. Copies of the budget; and budget message shall be made for distribution to persons on request.
2. City Charter, Section 8.3 Comparison of anticipation revenues and proposed expenditures with prior years.
  - (1) In parallel columns opposite the several items of anticipated revenues in the budget, there shall be placed the amount of revenue during the last preceding fiscal year, and the amount of revenue up to the time of preparing the budget plus anticipated revenue for the remainder of the current fiscal year estimated as accurately as may be.
  - (2) In parallel columns opposite the several items of proposed expenditures in the budget, there shall be placed the amount of each such item actually expended during the last preceding fiscal year, and the amount of each such item actually expended up to the time of preparing the budget plus the expenditures for the remainder of the current fiscal year estimated as accurately as may be.

### **B. Public Hearing**

1. City Charter, Section 8.4 Budget: Public hearing. The Council shall hold a public hearing on the proposed budget at least one (1) week after a notice of the time of the hearing has been published in a newspaper of general circulation within the City; and any interested person shall have an opportunity to be heard. The Council may continue the hearing at later meetings without further notice.

### **C. Amendments, Adoption and Appropriations**

1. City Charter, Section 8.5 Budget: Amendment, adoption, appropriations. The Council may insert, strike out, increase, or decrease items in the budget, and otherwise amend it, but may not increase any estimate of anticipated revenues therein unless the City Manager certifies that, in the City Manager's judgment, the amount estimated will be revenue of the fiscal year. The

## **City of Independence, Missouri**

### **Budget Procedures and Policies**

Council, not later than the twenty-seventh (27th) day of the last month of the fiscal year, shall adopt the budget and make the appropriations for the next fiscal year. If the Council fails to adopt the budget and make the appropriations on or before that day, the budget as submitted or as amended, shall go into effect and be deemed to have been finally adopted by the Council; and the proposed expenditures therein shall become the appropriations for the next fiscal year. The appropriations, when made by the Council by a general appropriation ordinance separate from the budget document, need not be in as great detail as the proposed expenditures in the budget. Appropriations from a fund shall never exceed the anticipated resources thereof in the budget as adopted.

#### **D. Transfer of Appropriation Balances and Amendments**

1. City Charter, Section 8.6 Budget: Transfer of appropriation balances, amendment. After the appropriations are made, and except as the Council by ordinance may provide otherwise, the City Manager may transfer unencumbered appropriation balances or parts thereof from any item of appropriation within a department, office, or agency to any other items of appropriation, including new items within the same department, office, or agency; and upon recommendation by the City Manager, the Council may transfer unencumbered appropriation balances or parts thereof from any item of appropriation, including an item for contingencies, in a fund to any other item of appropriation, including new items, in the fund.

Upon recommendation by the City Manager, the Council by ordinance may also amend the budget as adopted by changing the estimates of anticipated revenues or proposed expenditures of a fund and otherwise; and may increase or decrease the total appropriations from a fund when a change in revenues or conditions justify such action; but total appropriations from any fund shall never exceed the anticipated revenues thereof in the budget as adopted or as amended, as the case may be. The Council shall not increase any estimate of anticipated revenues in the budget unless the City Manager certifies that, in the City Manager's judgment, the amount estimated will be revenue of the fiscal year.

#### **E. Fund Types**

1. Governmental Funds - are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position. The following are the City's governmental fund types for which annual operating budgets are prepared:
  - a. The General Fund is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed

## **City of Independence, Missouri Budget Procedures and Policies**

through revenues received by the General Fund.

- b. Special Revenue Funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated to finance particular functions or activities of the City.
2. Proprietary Funds - are used to account for the City's on-going organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following are the City's proprietary fund types:
  - a. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the periodic determination of net income or loss is deemed appropriate.
3. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

### **F. Basis of Accounting/Measurement Focus for Budgets**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and recorded in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus determines what actually is being recorded, not when. The measurement focus for governmental funds is based upon expenditures - decreases in net financial resources. The measurement focus for proprietary funds is based upon expenses - decreases in net total assets. The principal difference between expenditures and expenses is that with expenditures, the primary concern is the flow of resources, however with expenses; the primary concern is the substance of transactions and events which may not specifically relate to the actual flow of resources.

As already indicated, the basis of accounting relates to when transactions are recorded, not what is actually being recorded. The three different types of accounting basis are 1) Cash, 2) Modified Accrual, and 3) Accrual. The latter two are recognized as Generally Accepted Accounting Principles (GAAP); the Cash basis is not.

The modified accrual basis of accounting is utilized by all governmental fund types and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amounts measurable and available to finance the City's operations or of a material amount and not received at the normal time of receipt. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues which are considered susceptible to accrual include real estate taxes, sales taxes, utility franchise taxes, interest, and certain State and Federal grants and entitlements. Expenditures, other than



## **City of Independence, Missouri Budget Procedures and Policies**

interest on long-term debt, are recorded when the liability is incurred.

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

Real estate taxes levied and expected to be collected within sixty days after the fiscal year-end are considered available and, therefore, are recognized as revenues.

Licenses and permits, fines and forfeitures, charges for services, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The accrual basis of accounting is utilized by the proprietary and nonexpendable trust fund types. Under this basis of accounting, revenues are recognized when earned (including unbilled revenue) and expenses are recorded when liabilities are incurred.

### **G. Encumbrances**

The City's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures in order to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrance accounting is where purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation.

Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end are reported in the Comprehensive Annual Financial Report (CAFR) as reservations of fund balances because they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are re-appropriated in the following fiscal year in order to provide authority to complete these transactions.

### **H. Difference between Budget Basis and Financial Reporting Basis**

The City's Comprehensive Annual Financial Report (CAFR) reports on the status of the City's finances in accordance with the GAAP basis of accounting. In most cases this is also the same basis of accounting as used in preparing the budget. Exceptions to the basis of accounting used for financial reports and in preparing the budget are listed below:

1. Governmental Fund Types - All governmental fund types use the same basis of accounting for reporting and budgeting with the exception that the budget also recognizes encumbrance accounting. In the CAFR, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and

## **City of Independence, Missouri**

### **Budget Procedures and Policies**

Expendable Trust Funds” presents revenues and expenditures in accordance with the GAAP basis of accounting. The “Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)” in the CAFR presents the same information, however it also includes the recognition of encumbrances. This later statement provides a reconciliation of the presented data to the GAAP basis statement.

2. Proprietary Fund Types - All proprietary fund types use the same basis of accounting for reporting and budgeting with the exception of “non-cash” expenses and disbursements that affect balance sheet accounts. “Non-cash” expenses are included in the financial reports but not in the budget. An example of this type of expense would be depreciation where an expense is recorded but a cash disbursement does not take place. Balance sheet account disbursements are items that are included in the budget as expenditures, however they do not affect the “Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types and Nonexpendable Trust Funds” (i.e. the operating statement) in the CAFR. An example of these types of items would be inventory purchases, debt principal payments, and capitalized labor and material costs.

## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Account -</b>	A sub-unit of the accounting system used to record the financial activity of similar transactions.
<b>Accounting System -</b>	The total set of records and procedures that are to record, classify, and report information on financial status and operations.
<b>Accrual Accounting -</b>	A basis of accounting in which revenues and expenditures are recorded at the time they are earned or incurred as opposed to when cash is actually received or spent. For example, in accrual accounting, a revenue which was earned between June 1 and June 30, but for which payment was not received until July 10, is recorded as a revenue of June rather than July.
<b>Adopted Budget -</b>	Revenues and appropriations approved by the City Council in June for the following fiscal year.
<b>Ad Valorem Tax -</b>	A tax levied on the assessed valuation of real property.
<b>Appropriation -</b>	An authorization made by the Council that allows the City to incur obligations and to make expenditures of resources for the procurement of goods and services.
<b>Assessed Valuation -</b>	A value that is established for real or personal property for use as a basis for levying property taxes.
<b>Assets -</b>	Resources owned or held by the City which have a monetary value.
<b>Balanced Budget -</b>	An operating budget in which the operating revenues plus beginning fund balance are equal to, or exceed, operating expenditures.
<b>Beginning/ Ending Fund Balance -</b>	Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year's expenses. Not necessarily cash on hand.
<b>Bonds -</b>	Debt instruments representing a promise to pay a specified amount of money at a specified time and at a specified periodic interest rate. Bonds are used to finance major capital projects or adverse judgments.

## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Budget (Capital Improvement) -</b>	A Capital Improvement Budget is a separate budget from the operating budget. Items in the Capital Budget are usually construction projects designed to improve the value of the government assets. Examples of capital improvement projects include roads, sewer lines, buildings, recreational facilities and large scale remodeling. The Council receives a separate document that details the Capital Budget costs for the upcoming fiscal year. The Capital Budget is based on a Capital Improvement Program (CIP).
<b>Budget (Operating) -</b>	A plan of financial operation embodying an estimate of proposed expenditures for a given period (a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceilings under which the departments operate.
<b>Capital Improvement -</b>	Major construction, repair of or addition to buildings, parks, streets, bridges and other City facilities.
<b>Capital Improvement Program (CIP) -</b>	A multi-year plan for capital expenditures needed to maintain and expand the public infrastructure. It projects the infrastructure needs for a set number of years and is updated annually to reflect the latest priorities, cost estimates, or changing financial strategies.
<b>Capital Outlay -</b>	Represents expenditures which result in the acquisition or addition to fixed assets including land, buildings, improvements, machinery or equipment. Most equipment or machinery expenditures are included in the Operating Budget. Capital improvements such as acquisition of land and related construction and engineering fees are generally in the Capital Budget.
<b>City Council -</b>	The Mayor and six Council members collectively acting as the legislative and policy making body of the City.
<b>Contingency -</b>	A budgetary appropriation set aside for emergencies and expenditures not planned for otherwise.
<b>Debt Service -</b>	Debt Service expenditures are the result of bonded indebtedness of the City. Debt Service expenditures include principal, interest, fiscal agent's fees, and bond reserve requirements on the City's outstanding debt.

## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Department -</b>	A major administrative division of the City that has management responsibility for an operation or a group of related operations within a functional area.
<b>Depreciation -</b>	(1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset which is charged as an expense during that particular period.
<b>Designated Fund Balance-</b>	An account used to show that a portion of fund balance was segregated for a specific purpose. The account is not legally restricted and is, therefore, available for general appropriation.
<b>Encumbrances -</b>	Obligations in the form of purchase orders, contracts or salary commitments that are chargeable to an appropriation and that an appropriation is restricted. They cease to be encumbrances when paid or when an actual liability is created.
<b>Enterprise Fund -</b>	Separate financial accounting used for government operations that are financial and operated in a manner similar to private sector operations. Enterprise funds for the City are Power & Light, Sanitary Sewer and Water.
<b>Estimated Revenue -</b>	The amount of projected revenue to be collected during the fiscal year.
<b>Expenditure -</b>	This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained despite when the expense occurs. This term applies to all funds. Note: An encumbrance is not an expenditure. An encumbrance reserves funds to be expended.
<b>Fiscal Year -</b>	The period signifying the beginning and ending period for recording financial transactions. The Charter specifies July 1 to June 30 as the fiscal year.
<b>Fixed Assets -</b>	Assets of a long-term character which are intended to be held or used, such as land, buildings, machinery, furniture and other equipment.
<b>Full Time Equivalent (FTE) -</b>	The decimal equivalent of a part-time position converted to a full-time basis, i.e., one person working half time would count as 0.5 FTE.

## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Fund -</b>	An independent fiscal and accounting entity with a self-balancing set of accounts recording cash or other resources with all related liabilities, obligations, reserves, and equities that are segregated to carrying on specific activities or attaining certain objectives.
<b>Fund Balance -</b>	The Fund Balance is the excess of a governmental fund's assets over its liabilities. A negative fund balance is a deficit.
<b>General Fund -</b>	The largest governmental fund, the General Fund accounts for most of the financial resources of the general government. General Fund revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, finance, data processing, parks and recreation, public works and general administration.
<b>Goal -</b>	A statement of broad direction, purpose, or intent based on the needs of the community.
<b>Governmental Fund -</b>	funds generally used to account for tax-supported activities. There are five different types of governmental funds. The City of Independence's governmental funds include the general fund, other general purpose funds, special revenue funds, debt service funds, and capital projects funds.
<b>Grant -</b>	A contribution of assets (usually cash) by one governmental entity (or other organization) to another to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.
<b>Interfund Transfer -</b>	Transfer of resources between funds that are not recorded as revenues to the fund receiving or expenditures to the fund providing.
<b>Internal Service Funds -</b>	Proprietary funds used to account for the furnishing of goods or services by one department or agency to other departments or agencies on a cost-reimbursement basis; for example, the Central Garage.
<b>Line Item -</b>	An individual expenditure category listing in the budget (personal services, commodities, contractual services, etc.)

## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Major Fund -</b>	A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund.
<b>Modified Accrual Accounting -</b>	Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for special assessment revenues. Anticipated refunds of such taxes are recorded as liabilities and reduction in revenue when measurable and their validity seems certain. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, which are recorded as fund liabilities when due.
<b>Non-Departmental -</b>	Program costs that do not relate to any one department, but represent costs of a general, citywide nature, i.e. debt service.
<b>Object of Expenditure -</b>	Expenditure classifications based upon the types or categories of goods and services purchased. Objects of expenditures are: <ul style="list-style-type: none"><li>* 100 - Personal Services (salaries and wages);</li><li>* 200 - Services (utilities, maintenance contracts, travel)</li><li>* 300 - Supplies;</li><li>* 400 - Capital (automobiles, trucks, computers)</li></ul>
<b>Objective -</b>	A program objective is an operationalized statement of a program goal, containing specific descriptions of desired results. An objective states a result in which the achievement is measurable within a given time frame and cost parameter. Objectives usually contain verbs such as "increase," "reduce," or "maintain."
<b>Ordinance -</b>	A formal legislative enactment by the governing board of the City. If it is not in conflict with any higher form of law, such as a State statute or constitutional provision, it has the full force and effect of law within the boundaries of the City to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status.

## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Payment-In-Lieu-Of-Taxes -</b>	An amount charged enterprise operations equivalent to the City property taxes that would be due on a plant or equipment if the enterprise operations were “for profit” companies.
<b>Performance Indicators -</b>	Financial ratios and nonfinancial information that identifies efforts, and gauges efficiencies and accomplishments of governments in providing services.
<b>Performance Measures -</b>	Specific quantitative measures of work performed within an activity or program. Also, a specific quantitative measure of results obtained through a program or activity.
<b>Proposed Budget -</b>	Proposed level of expenditures/revenue/FTEs as outlined in the proposed budget document. This is the City Manager’s recommended budget, which will be considered by the City Council for approval.
<b>Proprietary Fund -</b>	In governmental accounting, one having profit and loss aspects; therefore it uses the accrual rather than modified accrual accounting method. The two types of proprietary funds are the enterprise fund and the internal service fund.
<b>Reserved Fund Balance -</b>	An account used to show that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.
<b>Resolution -</b>	A special or temporary order of a legislative body: an order of a legislative body requiring less legal formality than an ordinance or statute.
<b>Resources -</b>	Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.
<b>Retained Earnings -</b>	An equity account reflecting the accumulated earnings of an enterprise or internal service fund.
<b>Revenue -</b>	Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.



## **GLOSSARY OF BUDGET AND FINANCE TERMS**

<b>Sources -</b>	That portion of Revenues and Fund Balance (Resources) that are identified to balance the budget.
<b>Special Assessments -</b>	Property taxes incurred by property owners within a designated area for improvements that benefit the area. A majority of the affected property owners must approve the formation of the benefit district.
<b>Special Revenue Fund -</b>	A fund used to account for the proceeds of specific revenue sources (other than expendable trusts of major capital projects) that are restricted to expenditure for specified purposes.
<b>Undesignated Fund Balance -</b>	That portion of the fund balance that has neither been restricted nor designated for a specific purpose. The account is available for general appropriation.
<b>User Fees -</b>	Fees charged to users of a particular service provided by the City.
<b>Uses -</b>	The appropriations and transfer authorizations that create the budget for each Fund.
<b>Working Capital (Designated) -</b>	An account within the fund balance of the General Fund in which a certain amount of resources were set aside for purposes of maintaining a positive cash flow, shortfalls in the revenue projections, and emergencies during the fiscal year.

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## **APPENDIX D**

### **THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER**

#### **The Bass Pro Store and the Bass Pro Lease**

On June 16, 2004 the City entered into a Lease with Options with Bass Pro Outdoor World, L.L.C., a Missouri limited liability company ("Bass Pro"). The Bass Pro Lease was amended pursuant to the Amendment to Bass Pro Lease with Options dated December 20, 2004 and the Second Amendment to Lease With Options dated March 6, 2006. The lease and the amendments thereto are referred to herein as the "Bass Pro Lease" or the "Lease."

Pursuant to the Bass Pro Lease, the City leases to Bass Pro approximately twenty (20) acres on which Bass Pro constructed a "Bass Pro Shops Outdoor World" retail store building containing approximately 160,000 square feet (the "Bass Pro Store"), which is in excess of the minimum requirement of 150,000 square feet contained in the Bass Pro Lease. \$25,000,000 of the cost of constructing the Bass Pro Store was funded by the City through the issuance of a series of Project Bonds. The City also constructed and made available to Bass Pro approximately 600 parking spaces pursuant to the terms of the Bass Pro Lease. The Bass Pro Store offers the general public retail sales of sporting goods, sporting equipment and sporting services primarily relating to fishing, hunting, camping and boating. The Bass Pro Store opened in March, 2008.

The initial term of the Lease is 20 years, beginning at the commencement date of the Lease. Bass Pro has the option to renew the Lease for nine one-year periods, and three five-year periods. During the initial 20 year term, Bass Pro is required to pay the City rent equal to 2% of "Gross Sales," except for sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which Bass Pro is obligated to pay 1% with a maximum of \$250 per such boat or vehicle sold. In addition, Bass Pro is obligated to pay "Minimum Percentage Rent" of \$1,000,000 during each year of the initial term. All such rental payments are referred to herein as the "Bass Pro Lease Payments." Historically Bass Pro has never exceeded the \$1,000,000 Minimum Percentage Rent.

Pursuant to the Lease, Bass Pro covenanted that it would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20 year initial term (the "Operating Covenant Period"). Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period runs through the year 2026.

During any of the nine one-year renewal options, Bass Pro will pay rent equal to \$10 per year. However, if the TIF bond financing provided by the City in a maximum amount of \$35,000,000 (the "Leased Premises TIF") has not been fully paid at the expiration of the initial term, then during each year thereafter (if any) until the Leased Premises TIF has been paid in full or until the expiration of the third one-year renewal option (if exercised by Bass Pro), whichever occurs first, Bass Pro shall be obligated to pay \$1,000,000 per year. During any of the three five year renewal options, Bass Pro will pay rent equal to 1% of Gross Sales in excess of \$30,000,000, except for Gross Sales respecting sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which shall be 0.5% of such Gross Sales. The Leased Premises TIF includes \$35,000,000 of Project Bonds and has not yet been fully paid.

Bass Pro prevailed in litigation with the City over the amount owed by Bass Pro for a construction license surcharge related to construction of the Bass Pro Store. Including related attorneys fees, the City paid to Bass Pro approximately \$460,000 related to the verdict from a non-General Fund source.

The City and Bass Pro settled litigation related to the initial lease payment. Thereafter, rent payments have been paid on time by Bass Pro, with the exception of rent due for two months during the COVID-19 response, which have since been caught up. Upon a default by the City under the Bass Pro Lease, Bass Pro may pursue all available legal and equitable remedies, including termination of the lease.

As a result of the City's ownership, the land on which the Bass Pro Store is located is exempt from real estate taxes.

Under the 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 MAI appraisal.

The Lease also required the City to purchase, prepare and give to Bass Pro at no cost an approximate five acre parcel located near or adjacent to the Bass Pro Store to be used for the construction of a hotel containing at least 150 rooms (the "Hotel") and such other improvements thereon as desired by Bass Pro. Bass Pro agreed that (subject to force majeure) it would cause the Hotel to be open for business within two (2) years of the opening date of the Bass Pro Store. Because the two year period expired without any progress by Bass Pro toward the construction of the Hotel, the City took control of the Hotel site and subsequently deeded it to the Developer described below. Any sales generated from the Hotel will be excluded from Bass Pro's gross sales and will not be included in the calculation of rent due under the Bass Pro Lease. This site is the location of the Stoney Creek Inn.

Under the Lease the City also constructed at its cost 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 lake and park development was completed at approximately the same time the Bass Pro Store opened for business.

### **Status of Developer**

To implement the Crackerneck Creek Project, the City and Crackerneck Creek, L.L.C. (the "Developer") entered into the Tax Increment Financing Redevelopment Agreement dated as of February 9, 2005, as amended by that certain First Amendment dated March 16, 2006 (collectively, the "TIF Agreement"). Pursuant to the TIF Agreement, the Developer was obligated to produce commitments for Additional Retail Development according to the Additional Retail Development Leasing Schedule that is attached to the TIF Agreement. On December 1, 2006, the City provided a written demand to Developer to engage a national leasing firm to assist in obtaining leases for Additional Retail Development, as defined in the TIF Agreement, and to take certain actions as required by the TIF Agreement to produce the required amount of Additional Retail Development in accordance with the Additional Retail Development Leasing Schedule.

The Developer failed to take the requested action, and on June 22, 2007, the City provided written notice to the Developer stating "[d]eveloper is hereby terminated as the developer of record under the TIF Agreement" for Developer's failure to comply with certain provisions of the TIF Agreement, relating to compliance with the Additional Retail Development Leasing Schedule and the submission of covenants, conditions and restrictions that will be applicable to the Crackerneck Creek Project.

On February 7, 2008, the City and Developer entered into an Agreement for Stay of Termination (the "Stay of Termination"). Under the provisions of the Stay of Termination, the City consented to stay the provisions of the termination until June 30, 2008 to provide the Developer additional time to procure retail development for the project. Because commitments for such retail development have not been secured, the City can proceed at any time with the termination of the Developer and the Developer has expressly waived any ability to challenge the termination proceedings as part of the Stay of Termination. The City has not yet acted to permanently terminate Developer as the developer of record under the Redevelopment Agreement.

Subsequent to the execution of the Stay of Termination, the City and Developer have entered into an “Agreement for Parcel Development in the Falls at Crackerneck Project” dated October 9, 2008 (the “Parcel Development Agreement”). Under the terms of the Parcel Development Agreement, the City agrees to make up to \$5,054,100 from amounts saved under the original public improvements budget available to the Developer to assist in funding actual development costs of certain parcels in the Crackerneck Creek project for the Hobby Lobby store that opened in the Crackerneck Creek Project in 2009, a hotel and other potential development. Subsequent to the execution of the Parcel Development Agreement, the City and Developer agreed that \$425,000 of the \$5,054,100 made available under the Parcel Development Agreement would be reimbursed to the Developer for site costs related to the construction of a Cheddars restaurant at the Crackerneck Creek Project.

In 2007 and 2008 the Developer protested the assessed value assigned by Jackson County, Missouri, to certain property in the Crackerneck Creek Redevelopment Area. During the time the protest was pending, the PILOTS attributable to such parcels were not available to the City to pay debt service on the Project Bonds. The protest was resolved in 2009 and all PILOT payments from the Crackerneck Creek Project eventually became available to the City. While the assessed value and property taxes in the Crackerneck Creek Redevelopment Area have not been protested since that time, there can be no assurance that future valuations of property in the Crackerneck Creek Redevelopment Area will not be subject to protest.

In a letter dated November 25, 2019, the Developer requested that the City begin to make payment of approximately \$8.7 Million in amounts that the Developer claims are due to it under the various agreements described above. Such amounts have been the subject of an exchange of requests and responses between the Developer and the City dating back to 2017. In early 2020, the City reiterated its position to the Developer that, although some reimbursable amounts may have been incurred by the Developer in addition to what has been paid by the Project Bonds, such amounts are payable only from a portion of the revenues generated by the Crackerneck Creek Project after debt service on the Project Bonds is provided for, and such revenues are currently not sufficient to pay debt service on the Project Bonds, leaving nothing for payment of reimbursable project costs.

It is impossible to predict whether any future development will occur or whether the existing businesses will continue in operation. The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The City’s Tax Increment Financing Commission has recommended approval of the amendment to City Council, but City Council has not yet determined whether it will approve the amendment. It is anticipated that a portion of any PILOTS generated by such new development would be distributed to the taxing districts. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

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## APPENDIX E

### 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 Indenture, the Financing Agreement and this Official Statement unless the context clearly otherwise requires. The summary of the Authorizing Ordinance contained herein has separate definitions as set forth herein.*

**“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 2015C Bonds and the Series 2021 Bonds.

**“Authorizing Ordinance”** means the Ordinances of the City authorizing the execution of documents relating to the Series 2015C Bonds and the Series 2021 Bonds.

**“Bond”** or **“Bonds”** means the Series 2015C Bonds, the Series 2021 Bonds and any Additional Bonds issued pursuant to the Indenture.

**“Bond Issuance Date”** means October 20, 2015 with respect to the Series 2015C Bonds and, with respect to the Series 2021 Bonds, the date on which the Series 2021 Bonds are issued.

**“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 Undertaking”** means, (1) with respect to the Series 2015C Bonds, the Continuing Disclosure Undertaking executed by the City for the benefit of holders of the Series 2015C Bonds, as from time to time amended in accordance with the provisions thereof, and (2) with respect to the Series 2021 Bonds, the Continuing Disclosure Undertaking executed by the City for the benefit of holders of the Series 2021 Bonds, as from time to time amended in accordance with the provisions thereof.

**“Debt Service Fund”** means the fund by that name created by the Indenture.

**“Debt Service Reserve Fund”** means the fund by that name created by the Indenture.

**“Debt Service Reserve Fund Requirement”** means (1) with respect to the Series 2015C Bonds, an amount equal to \$3,489,192.01, (2) with respect to the Series 2021 Bonds, an amount calculated as described in the body of the Official Statement on the Bond Issuance Date and, on any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, an amount equal to the least of (a) 10% of the original principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for the Series 2021 Bonds during each Fiscal Year subsequent to such date in which Series 2021 Bonds remain Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the

Debt Service Reserve Fund Requirement over the amount required immediately prior to such calculation, and (3) with respect to Additional Bonds that are entitled to the benefit of a reserve fund, the amount, if any, specified in the Supplemental 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:

- (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).

**“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.

**“Fiscal Year”** means the City’s fiscal year, which is currently July 1 to June 30, or as it may be later defined by the City in a supplement to the Indenture.

**“Financing Agreement”** means the Original Financing Agreement as amended and supplemented by the First Supplemental Financing Agreement and as further amended and supplemented as from time to time by Supplemental Financing Agreements in accordance with the provisions of the Financing Agreement.

**“First Supplemental Financing Agreement”** means the First Supplemental Financing Agreement dated as of June 1, 2021 between the Board and the City.

**“First Supplemental Indenture”** means the First Supplemental Bond Trust Indenture, dated June 1, 2021 between the Board and the Trustee.

**“Indenture”** means the Original Indenture as originally executed by the Board and the Trustee, as amended and supplemented by the First Supplemental Indenture, and as further amended and supplemented from time to time by Supplemental Indentures in accordance with the provisions of the Indenture.

**“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.

**“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 Series 2015C Bonds or the Series 2021 Bonds.

**“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.

**“Original Financing Agreement”** means the Financing Agreement dated as of October 1, 2015, between the Board and the City.

**“Original Indenture”** means the Bond Trust Indenture dated as of October 1, 2015, 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 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 subparagraph (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 provided in the Indenture, 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.

**"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."

**"Refunded Bonds"** all of the outstanding Series 2006B Bonds, all of the outstanding Series 2013A Bonds and all of the outstanding Series 2013B Bonds.

**"Series 2006B Bonds"** means the \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project), Series 2006B, issued by the Board.

**"Series 2013A Bonds"** means the \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A, issued by the Board.

**"Series 2013B Bonds"** means the \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B, issued by the Board.

**"Series 2015C Bonds"** means the \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C, issued by the Board.

**"Series 2021 Bonds"** means the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021, issued by the Board pursuant to the Indenture.

**"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 Statement relating to the Bonds, the Continuing Disclosure Undertaking, 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.

**“Unassigned Board’s Rights”** means the Board’s rights to reimbursement and payment of its costs and expenses under the Financing Agreement, its rights of access under the Financing Agreement, its rights to exemption from liability under the Financing Agreement, its rights to receive notices, reports and other statements and its rights to consent to certain matters.

\* \* \*

## **SUMMARY OF THE BOND TRUST INDENTURE**

*The following is a summary of certain provisions contained in the Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.*

### **Trust Estate**

To declare the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under the Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Board of all the covenants, agreements and conditions contained in the Indenture and in the Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by the Indenture, the purchase and acceptance of the Bonds by the owners thereof, the Board transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to as the “Trust Estate”):

(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 by the Indenture 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.

The Board covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Bonds, that all Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts as set forth 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 Series 2015C Bonds, the Series 2021 Bonds and any other Additional 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 Series 2015C Bonds, 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 Series 2015C Bonds, the Series 2021 Bonds and any other Additional Bonds, and except that the Board may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service 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 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 orders to be established 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 – Crackerneck Creek Infrastructure Facilities Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund separate accounts for each Series of Bonds.

(b) “Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Debt Service Fund” (the “Debt Service Fund”) and within such fund separate accounts for each Series of Bonds, and within each such account a subaccount for capitalized interest on such Series, if any.

(c) “Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Debt Service Fund” (the “Debt Service Reserve Fund”) and within such fund separate accounts for each Series of Bonds.

(d) “Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Rebate Fund” (the “Rebate Fund”) and within such fund separate accounts for each Series of Bonds.

### **Debt Service Fund**

The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows: (a) all Loan Payments made by the City pursuant to the Financing Agreement; (b) interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture; (c) any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture; (d) all other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Financing Agreement or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 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**

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 on the Debt Service Fund relates to the extent of any deficiency in the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. 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.

On each valuation date (as described below under the subheading “**Investment of Moneys**”), the Trustee shall determine the value of all cash and Permitted Investments held in the Debt Service Reserve Fund. If the value so determined exceeds the Debt Service Reserve Fund Requirement, the excess shall as promptly as practical be transferred to the Debt Service Fund. If the value so determined is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately direct the City to restore the deficiency not later than the next succeeding Payment Date.

After payment or provision for payment in full of the principal of and interest on the Bonds to which such account of the Debt Service Reserve Fund relates, and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the applicable account of the Debt Service Reserve Fund shall be paid to the City.

On or after any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, the City may provide written direction, signed by a City Representative, specifying the then-applicable Debt Service Reserve Fund Requirement (together with the mathematical calculation of such requirement) to the Trustee, together with direction to the Trustee to release any excess amounts held in the Debt Service Reserve Fund account established for the Series 2021 Bonds. Upon receipt of such written direction, the Trustee shall promptly transfer such excess funds to the fund providing for the defeasance of such Series 2021 Bonds in advance of their maturity or redemption date in accordance with the Indenture.

## **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.

## **Payments Due on Saturdays, Sundays and Holidays**

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.



## **Nonpresentment of Bonds**

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Board to the owner thereof for the payment of such Bond, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay jointly to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

## **Moneys to be Held in Trust**

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Indenture and the Financing Agreement, and, until used or applied, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the Board or the City except as provided under the Indenture for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except to the extent such moneys are invested in Permitted Investments.

## **Investment of Moneys**

Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the City Representative, or in the absence of such direction at the discretion of the Trustee, 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 shall invest and reinvest moneys in an investment described in paragraph (7) of the definition of the term "Permitted Investments." The Trustee shall 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 Debt Service Reserve 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 (other than the Debt Service Reserve 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. Permitted Investments in the Debt Service Reserve Fund (if any) shall be valued at fair market value, exclusive of accrued interest. Investments in the Funds under the Indenture shall be valued on each February 15 and August 15 in each year beginning February 15, 2016. 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.

### **Limited Obligations**

The Bonds and the interest thereon shall be special, limited obligations of the Board payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards solely out of the Loan Payments and other payments derived by the Board under the Financing Agreement (except for fees and expenses payable to the Board, the Board's right to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision or body politic thereof, including the City, within the meaning of any state constitutional provision or statutory limitation, including the City, and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision or body politic thereof, but shall be payable solely from the funds provided for in the Financing Agreement and in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision or body politic thereof, including the City, to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Board. No breach by the Board of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or against its taxing power. The Board has no power to tax.

### **Enforcement of Rights**

The Board agrees under the Indenture that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Board may enforce all rights of the Board and the Trustee and all obligations of the City under and pursuant to the Financing Agreement and any other Transaction Documents for and on behalf of the bondowners, whether or not the Board is in default under the Indenture. The Financing Agreement and all other Transaction Documents shall be delivered to and held by the Trustee.

### **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 under this subheading “**Events of Default**”), 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, 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 above, 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.

### **Rights and Remedies Cumulative**

No right or remedy conferred upon or reserved to the Trustee or to the Bondowners by the Indenture is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

### **Delay or Omission Not Waiver**

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the

Trustee, or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

### **Waiver of Past Defaults**

Before any judgment or decree for payment of money due 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 delivered to the Trustee and the Board, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or
- (b) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

### **Acceptance of Trusts; Certain Duties and Responsibilities**

Under the Indenture, the Trustee accepts and agrees to execute the trusts imposed upon it by the Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an event of default,
  - (1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and
  - (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.
- (b) If an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.
- (c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that
  - (1) this shall not be construed to limit the effect of subparagraph (a), above;
  - (2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
  - (3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to 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; and

(4) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or conveying rights and duties or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions set forth above.

### **Notice of Defaults**

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the Board to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the Board, the City or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to the Board, the City and all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default.

### **Corporate Trustee Required; Eligibility**

There shall at all times be a Trustee under the Indenture which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$25,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this paragraph, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible, it shall resign immediately in the manner and with the effect specified in the Indenture.

### **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 by the City under the Financing Agreement, signed by the City Representative. 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.

If at any time: (1) the Trustee shall fail to comply with a request relating to a conflicting interest, as described above, after written request therefor by the Board or by any bondowner, or (2) the Trustee shall cease to be eligible and shall fail to resign after written request therefor by the Board or by any such bondowner, or (3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (A) the Board may remove the Trustee, or (B) the City or any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Trustee shall give notice at the expense of the City of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Board and the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

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 Indenture 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 to the Indenture 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 subsection (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 (2) an Opinion of Bond Counsel addressed and

delivered to the Trustee and the Board 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 paragraph 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 this paragraph, 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.

### **Limitation on Board Obligations**

Any other term or provision in the Indenture or in any other Transaction Documents or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Board or its members, officers, agents, employees, representatives, advisors or assigns, whether under the Indenture or any of the other Transaction Documents or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively the "Obligations"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

- (1) Bond proceeds and investments therefrom; and

(2) Payments derived from the Bonds, the Indenture (including the Trust Estate to the extent provided in the Indenture), the Financing Agreement (except for the fees and expenses of the Board and the Board's right to indemnification under the Financing Agreement under certain circumstances and as otherwise expressly set forth therein);

(the above provisions (1) and (2) being collectively referred to as the "exclusive sources of the Obligations").

(b) The Obligations shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from and out of the exclusive sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State of Missouri or any political subdivision thereof or any charge upon their general credit or taxing power.

(c) In no event shall any member, officer, agent, employee, representative or advisor of the Board, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall the Indenture be construed as:

(1) depriving the Board of any right or privilege; or

(2) requiring the Board or any member, officer, agent, employee, representative or advisor of the Board to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

which deprivation or requirement would violate or result in the Board's being in violation of the Act or any other applicable state or federal law.

\* \* \*

## SUMMARY OF THE AUTHORIZING ORDINANCE

*The following is a summary of certain provisions contained in the Authorizing Ordinance related to the Series 2021 Bonds. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Authorizing Ordinance for a complete recital of the terms thereof.*

### Definitions of Words and Terms

In addition to words and terms defined elsewhere in the Authorizing Ordinance, the following capitalized words and terms as used in the Authorizing Ordinance have the following meanings:

**"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.

**"Additional Payments"** shall have the meaning set forth in the Financing Agreements.

**"Bass Pro Lease Agreement"** means the Lease with Options between the City and Bass Pro Outdoor World, L.L.C., dated as of June 16, 2004, as amended by an Amendment to Lease with Options dated

December 20, 2004, as further amended by a Second Amendment to Lease With Options dated March 6, 2006, and as further amended from time to time.

**“Board”** means the Missouri Development Finance Board, a body corporate and politic of the State of Missouri.

**“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.

**“City”** means the City of Independence, Missouri, and any successors or assigns.

**“Crackerneck Creek Redevelopment Agreement”** means the Crackerneck Creek Redevelopment Agreement described in the Authorizing Ordinance.

**“Crackerneck Loans”** means the Series 2015C Loan and the Series 2021 Loan.

**“District”** means the Crackerneck Creek Transportation Development District, a political subdivision organized and existing under the laws of the State of Missouri.

**“Economic Activity Tax Account”** means the Economic Activity Tax Account in the Special Allocation Fund described in the Authorizing Ordinance.

**“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 Crackerneck Creek Redevelopment Area over the amount of such taxes generated by economic activities within the Crackerneck Creek Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the Crackerneck Creek 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 Act.

**“Financing Agreements”** means the Series 2015C Financing Agreement and the Series 2021 Financing Agreement.

**“Indenture”** means the applicable bond trust indenture or supplement thereto under which the Series 2015C Bonds and the Series 2021 Bonds are or were issued.

**“Loan Payments”** shall have the meaning set forth in the Financing Agreements.

**“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 Crackerneck Creek Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in the Crackerneck Creek 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 Act; *provided that*, with respect to any improvements that did not exist as of January 1, 2021, for the purpose of which the Redevelopment Plan is amended, Payments in Lieu of Taxes shall not include any portion declared as surplus and distributed to the taxing jurisdictions.

**“PILOTS Account”** means the PILOTS Account in the Special Allocation Fund described in Authorizing Ordinance.

**“Redevelopment Area”** means the Crackerneck Creek Redevelopment Area, with the governing body of the City having adopted tax increment financing therefore in accordance with the Act.

**“Redevelopment Costs”** means the “redevelopment project costs,” as defined in the Act, that may be paid through tax increment financing and which the City has agreed to pay under the Crackerneck Creek Redevelopment Agreement.

**“Refunded Bonds”** means, collectively, the outstanding Series 2006B Bonds, the outstanding Series 2013A Bonds and the outstanding Series 2013B Bonds.

**“Series 2006B Bonds”** means the \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project), Series 2006B, issued by the Board.

**“Series 2013A Bonds”** means the \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A, issued by the Board.

**“Series 2013B Bonds”** means the \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B, issued by the Board.

**“Series 2015C Bonds”** means the \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C, issued by the Board.

**“Series 2015C Loan”** means the loan from the Board to the City of the proceeds of the Series 2015C Bonds.

**“Series 2021 Bonds”** means the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021, to be issued by the Board.

**“Series 2021 Loan”** means the loan from the Board to the City made pursuant to the Financing Agreement.

**“Special Allocation Fund”** means the Crackerneck Creek Special Allocation Fund ratified and confirmed by the Authorizing Ordinance.

**“State”** means the State of Missouri.

**“State TIF Revenues”** means payments received from the State under the Act for paying Costs of the Crackerneck Creek Redevelopment Project.

**“TDD Revenues”** means 7/8 of the moneys received by the City from the Crackerneck Creek Transportation Development District which are derived from the sales tax levied by the District for the payment of project costs related to the Crackerneck Creek Redevelopment Project, and which are subject to annual appropriation by the District.

**“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 Act, which for the Crackerneck Creek project include Ordinance Nos. 15928, 15929, 15930, 15931 and 15932 of the City.

### **Limited Obligations**

Except as provided in the Authorizing Ordinance, the City obligation to make Loan Payments and Additional Payments under the Financing Agreements shall be subject to annual appropriation and shall not constitute a debt, liability or indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction, all as more fully provided in the Financing Agreements.

## **Ratification of Approvals and Designations**

On October 18, 2004, the City passed Ordinance No. 15874 approving the Redevelopment Plan, approving the Redevelopment Project, designating the Redevelopment Area, designating the Developer as the developer, and authorizing the execution of a redevelopment agreement with the Developer to carry out the Redevelopment Plan. On December 20, 2004, the City passed ordinance numbers 15928, 15929, 15930, 15931 and 15932 activating Tax Increment Financing in the Redevelopment Area. The City ratifies and confirms such approvals and designations and represents that Ordinance Nos. 15874, 15928, 15929, 15930, 15931 and 15932 remain in full force and effect.

## **Security for the Crackerneck Loans**

(a) Except as provided in the following paragraph, the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreements shall be subject to annual appropriation as provided in the Financing Agreements.

In the Authorizing Ordinance, the City states that it currently intends to appropriate in each year moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments under the Financing Agreements with respect to the Crackerneck Creek Loans for the next succeeding Fiscal Year, to the extent sufficient funds are not available from pledged sources. In preparing the City's annual budget the City Manager or Acting 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 amounts, the City shall immediately notify in writing the following persons of such Event of Nonappropriation: (i) the Board, (ii) UMB Bank, N.A., as trustee for the Series 2015C Bonds and the Series 2021 Bonds, (iii) the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") system (or successor thereto), and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds.

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 pursuant to the Financing Agreements.

(b) As additional security for the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreements, such payments shall be payable from and secured as to the payment of principal and interest by (a) a pledge of the Payments in Lieu of Taxes deposited in the PILOTS Account of the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project, (b) subject to annual appropriation by the City Council as provided in the Authorizing Ordinance, the Economic Activity Tax Revenues deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project. The taxing power of the City is not pledged to the payment of the Crackerneck Loans either as to principal or interest. The Crackerneck Loans shall not constitute a general obligation of the City, nor shall any of the Crackerneck Loans 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 Crackerneck Creek Redevelopment Project are pledged to the payment of the Crackerneck Loans; provided, however Economic Activity Taxes deposited therein shall remain subject to annual appropriation as described in the Authorizing Ordinance.

The City currently intends to appropriate in each year the Economic Activity Tax Revenues in the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project to the repayment of the Crackerneck Loans. 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) UMB Bank, N.A., as trustee for the Series 2015C Bonds and the Series 2021 Bonds, (iii) the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (“EMMA”) system (or successor thereto), 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 the Authorizing Ordinance to delete such requirement.

The City also pledges the State TIF Revenues (if any) and the TDD Revenues (if any) to secure the Crackerneck Loans.

(c) The pledge of Economic Activity Tax Revenues (subject to annual appropriation), State TIF Revenues, TDD Revenues and Payments in Lieu of Taxes described in the Authorizing Ordinance to the payment of the Series 2021 Loan shall be on parity with the pledge of such revenues securing the payment of the Series 2015C Loan and the Loan Payments and Additional Payments relating thereto. The State TIF Revenues and TDD Revenues shall be aggregated with Economic Activity Taxes and Payments in Lieu of Taxes and applied in the same manner and at the same time as Economic Activity Tax Revenues as set forth in the Authorizing Ordinance.

(d) The rentals paid to the City pursuant to the Bass Pro Lease Agreement shall not be used for the repayment of the Series 2015C Loan and are not pledged to the repayment of the Series 2021 Loan.

(e) The City shall not pledge Economic Activity Tax Revenues, State TIF Revenues, TDD Revenues or Payments in Lieu of Taxes to any bond or other obligation on a basis that is senior to the pledge of such revenues to the payment of the Series 2021 Loan or the Series 2015C Loan and the Loan Payments and Additional Payments relating thereto.

#### **Crackerneck Creek Special Allocation Fund**

The moneys in the Crackerneck Creek Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in the Authorizing Ordinance. At any time moneys are to be withdrawn, transferred or paid from the Crackerneck Creek Special Allocation Fund pursuant to the Authorizing Ordinance, 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 agrees to deposit into the Crackerneck Creek Special Allocation Fund as received all Economic Activity Taxes and Payments in Lieu of Taxes. The Economic Activity Taxes and Payments in Lieu of Taxes shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Crackerneck Creek Redevelopment Area shall be deposited into the PILOTS Account of the Crackerneck Creek Special Allocation Fund, and subject to annual appropriation as provided in the Authoring Ordinance, all Economic Activity Tax Revenues from the Crackerneck Creek Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Crackerneck Creek Special Allocation Fund. All interest earnings on moneys in the Crackerneck Creek Special Allocation Fund shall be credited to and deposited in the Crackerneck Creek Special Allocation Fund.

The Crackerneck Creek Special Allocation Fund shall be administered by the City as follows:

(a) Not later than the last business day of each February and August, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under the Financing Agreements relating to the Series 2015C Bonds and the Series 2021 Bonds and any other financing agreement relating to Additional Bonds secured on a parity with the with the Series 2015C Bonds and the Series 2021 Bonds. In the event such moneys shall be insufficient to make such Loan Payments, such deposits shall be made pro rata into the various accounts within the Debt Service Fund for the Series 2015C Bonds and the Series 2021 Bonds and any bonds issued on a parity with such Bonds.

(b) Upon receipt by the City of written notice from the Trustee that the balance in the applicable account of the Debt Service Reserve Fund (as defined in the Indenture) is less than the Debt Service Reserve Requirement for the Series 2015C Bonds and the Series 2021 Bonds (as defined in the Indenture) or any bonds issued on a parity with the Series 2015C Bonds and the Series 2021 Bonds, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the accounts in the applicable Debt Service Reserve Fund to an amount equal to such Debt Service Reserve Requirement. In the event such moneys shall be insufficient to fully restore the balance therein to the applicable Debt Service Reserve Requirement such deposits shall be made pro rata into the various accounts with the Debt Service Reserve Fund for the Series 2015C Bonds and the Series 2021 Bonds and any bonds issued on a parity therewith.

(c) Moneys remaining in the Crackerneck Creek Special Allocation Fund, after making the payments described in the Authorizing Ordinance, shall be expended in the following order of priority:

(i) For deposit into any business interruption reserve fund established with the Trustee for a series of bonds secured on parity with the Series 2015C Bonds and the Series 2021 Bonds, until such time as the amount on deposit therein equals the business interruption reserve fund requirement (as set out in the indentures relating to such bonds) or to restore the amount on deposit therein to such business interruption reserve fund requirement (as defined in the indentures relating to such bonds );

(ii) Any Excess Tax Revenues shall be transferred by the City to the Trustee for the purpose of prepaying that portion of the Series 2015C Loan or the Series 2021 Loan that the City has elected to prepay. "Excess Tax Revenues" means the amount of (i) Economic Activity Taxes and Payments in Lieu of Taxes, and (ii) any State TIF Sales Tax revenues, collected by the City (in increments of \$5,000) which the City determines are in excess of the amounts needed to make Loan Payments under the Financing Agreements relating to regularly scheduled payments of principal and interest on the Series 2015C Bonds, the Series 2021 Bonds and any Additional Bonds issued on a parity with the Series 2015C Bonds and the Series 2021 Bonds.

(iii) For the purpose of prepaying any Loan Payments or Additional Payments due under the Financing Agreements relating to the Series 2015C Bonds and the Series 2021 Bonds or any other financing agreement relating to Additional Bonds secured on a parity with the Series 2015C Bonds and the Series 2021 Bonds.

(d) Moneys remaining in the Crackerneck Creek Special Allocation Fund, after making the payments described in the Authorizing Ordinance, shall be expended in the following order of priority:

(i) Not later than the last business day of each February and August, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under the financing agreement(s) relating to any bonds secured on a basis subordinate to the Series 2015C Bonds and the Series 2021 Bonds with respect to the pledge of Economic Activity Tax Revenues, State TIF Revenues, TDD Revenues and Payments in Lieu of Taxes. In the event such moneys shall be insufficient to make such Loan Payments, such deposits shall be made pro rata into the various accounts within the Debt Service Fund for such bonds.

(ii) Upon receipt by the City of written notice from the Trustee that the balance in the applicable account of any debt service reserve fund established for any bonds secured on a basis subordinate to the Series 2015C Bonds and the Series 2021 Bonds with respect to the pledge of Economic Activity Tax Revenues, State TIF Revenues, TDD Revenues and Payments in Lieu of Taxes (which does not currently include any outstanding bonds) is less than the debt service reserve requirement for such bonds, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the accounts in the debt service reserve fund to an amount equal to the debt service reserve requirement. In the event such moneys shall be insufficient to fully restore the balance therein to the applicable debt service reserve requirement such deposits shall be made pro rata into the various accounts with the debt service reserve fund for such bonds.

(e) Moneys remaining in the Crackerneck Creek Special Allocation Fund, after making the payments described in the Authorizing Ordinance, shall be expended in the following order of priority:

(i) for the purpose of establishing such additional reserves as may be deemed necessary by the City; or

(ii) for the purpose of reimbursing the City for any transfer of any legally available funds to the Crackerneck Creek Special Allocation Fund; or

(iii) for any other purpose set forth in the Redevelopment Agreement for the Redevelopment Project as may be authorized under the Act.

## **Investments**

Moneys in the Special Allocation Fund shall be continuously and adequately secured as provided by the laws of the State.

## **Refunding of Prior Bonds**

The Series 2021 Loan is being made for the purpose of prepaying in whole or in part certain prior loans from the Board to the City related to the Crackerneck Creek project. The loans, or portions thereof, to be prepaid were funded by the following bond issues of the Board (the "Refunded Bonds"):

(i) The entire outstanding principal amount of the Series 2006B Bonds, with a stated maturity of March 1, 2026, in the aggregate principal amount of \$14,030,000 (the "Series 2006B Refunded Bonds");

(ii) The entire outstanding principal amount of the Series 2013A Bonds, with stated maturities of March 1 in the years 2025, 2027, 2028, in the aggregate principal amount of \$13,905,000 (the "Series 2013A Refunded Bonds"); and

(iii) The entire outstanding principal amount of the Series 2013B Bonds, with a stated maturity of March 1, 2029, in the aggregate principal amount of \$10,835,000 (the “Series 2013B Refunded Bonds”).

The officers of the City are authorized and directed to take such actions as are necessary to use certain proceeds of the Series 2021 Loan to effect the refunding of the outstanding amounts of the applicable Refunded Bonds and to prepay the corresponding loan payments under the applicable prior Financing Agreements between the Board and the City associated with the Refunded Bonds.

\* \* \*

## SUMMARY OF THE FINANCING AGREEMENT

*The following is a summary of certain provisions contained in the Financing Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Financing 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 March 1 and September 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 March 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.

(c) *Debt Service Fund -- Redemption:* On or before 10:00 A.M. on or before the Business Day preceding the date required by the Financing Agreement or the Indenture, the amount of any Net Proceeds or other moneys received which is intended or required to redeem Bonds then Outstanding if the City exercises its right to redeem Bonds under any provision of the Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

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.

### **Credits on Loan Payments**

Notwithstanding any provision contained in the Financing Agreement or in the Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources:

(a) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as interest (including moneys received as accrued interest from the sale of the Bonds and any initial deposit of capitalized interest made from the proceeds of the sale of any series of the Bonds) shall be credited against the obligation of the City to pay interest on the Loan as the same becomes due;

(b) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as principal shall be credited against the obligation of the City to pay the principal of the Loan as the same becomes due in the order of maturity thereof; and

(c) the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the City to pay interest or principal, as the case may be, as the same become due.

### **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;

(g) to the appropriate person, amounts to be paid pursuant to the Tax Compliance Agreement; and

(h) 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 request the City confirm in writing 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**

The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, subject to annual appropriation by the City, all general fund revenues and other legally available sources of the City and from amounts pledged to secure repayment of the Loan 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 (as defined in the Authorizing Ordinance) deposited into the Special Allocation Fund (as defined in the Authorizing Ordinance) 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.

The City also pledges (1) the State TIF Revenues (as defined in the Authorizing Ordinance), if any, (2) the TDD Revenues (as defined in the Authorizing Ordinance), if any, and (3) subject to annual appropriation by the City Council as provided in the Authorizing Ordinance, the Economic Activity Tax Revenues (as defined in the Authorizing Ordinance) deposited in the Special Allocation Fund to secure the Loan relating to the Series 2021 Bonds, as well as to the Loan related to the Series 2015C Bonds and bonds issued on a parity therewith.

### **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 and 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. No Additional Bonds shall be issued on a basis senior to the Series 2021 Bonds with respect to any revenues or security pledged to the Series 2021 Bonds under the Financing Agreement or the Authorizing Ordinance.

#### **Information Provided to the Board and the Trustee**

The City shall furnish to the Board, the Trustee and the other parties designated for such notice in the Authorizing Ordinance written notice of any Event of Nonappropriation as soon as practicable, but in no event more than 5 days after 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 Board and the Trustee any and all information as the Board or the Trustee may reasonably request with respect to the performance by the City of its covenants in the Financing Agreement.

#### **Assignment by the Board**

The Board, by means of the Indenture and as security for the payment of the principal of, purchase price, and redemption premium, if any, and interest on the Bonds, will assign, pledge and grant a security interest in all of its rights, title and interests in, to and under the Financing Agreement, including Loan Payments and Additional Payments and other revenues, moneys and receipts received by it pursuant to the Financing Agreement, to the Trustee (reserving its Unassigned Board's Rights) for the benefit of the bondowners.

#### **Restriction on Transfer of Board's Rights**

The Board will not sell, assign, transfer or convey its interests in the Financing Agreement except pursuant to the Indenture.

#### **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 paragraph, 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 paragraph:

- (a) By written notice to the City declare the outstanding principal of the Loan due in such Fiscal Year 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, 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 so taken 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 above 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), above, 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.

### **Performance of the City's Obligations**

If the City shall fail to keep or perform any of its obligations as provided in the Financing Agreement, then the Board or the Trustee may (but shall not be obligated so to do), upon the continuance of such failure on the City's part for 15 days after notice of such failure is given to the City by the Board or the Trustee, and without waiving or releasing the City from any obligation thereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Board or the Trustee and all necessary incidental costs and expenses incurred by the Board or the Trustee in performing such obligations shall be deemed to be Additional Payments and shall be paid to the Board or the Trustee plus interest at the Prime Rate plus 2% on demand.

### **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 under this subheading, 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 to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

### **Tax Covenants**

The City expresses in the Financing Agreement its intention that interest on the Series 2021 Bonds shall be and remain excluded from the gross income of the owners thereof for federal income tax purposes, and to that end the covenants and agreements of the City in this subheading and in the Tax Compliance Agreement are for the benefit of the Trustee on behalf of and for each and every owner of the Series 2021 Bonds.

The City shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2021 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the City shall comply with the requirements of the Tax Compliance Agreement. This covenant shall survive payment in full or defeasance of the Series 2021 Bonds.

\* \* \*

## APPENDIX F

### FORM OF OPINION OF BOND COUNSEL

June 10, 2021

Missouri Development Finance Board  
Jefferson City, Missouri

Goldman Sachs & Co. LLC  
New York, New York

City of Independence, Missouri  
Independence, Missouri

UMB Bank, N.A., as Trustee  
Kansas City, Missouri

Re: \$35,920,000 Missouri Development Finance Board Infrastructure Facilities  
Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek  
Project) Series 2021

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 October 1, 2015, between the Board and Commerce Bank, as trustee (the “Original Trustee”), as amended by a First Supplemental Bond Trust Indenture dated as of June 1, 2021 (together, the “Indenture”) between the Board and UMB Bank, N.A., Kansas City, Missouri, successor in interest to the Original 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 October 1, 2015 (the “Original Financing Agreement”), as supplemented by a First Supplemental Financing Agreement dated as of June 1, 2021 (the “First Supplemental Financing Agreement,” and together with the Original Financing Agreement, the “Financing Agreement”), between the Board and the City.

Reference is made to an opinion of even date herewith of the City Counselor of the City, 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;
- (iii) the Tax Compliance Agreement; and

(iv) the Authorizing Ordinance.

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, the Tax Compliance Agreement and the Authorizing Ordinance.

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, the Financing Agreement and the Tax Compliance 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 Financing Agreement and the Authorizing Ordinance have been duly authorized, executed and delivered by the City and constitute valid and legally binding agreements enforceable against the City in accordance with the respective provisions thereof.

6. 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. 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, the Tax Compliance Agreement and the Authorizing Ordinance 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.

We express no opinion regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds, except as otherwise expressly stated. Further, we express no opinion regarding the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

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## APPENDIX G

### TAX INCREMENT FINANCING IN MISSOURI

#### 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 then 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 (defined below) 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 and the sales tax imposed by Jackson County, Missouri to fund improvements to the stadium sports complex) 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 Crackerneck Redevelopment Project was adopted in 2004. 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) (en banc). The TIF Act authorizes cities and counties to provide long-term financing for redevelopment projects in “blighted” and “conservation” 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) (en banc).

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 Annual Appropriations”** 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 the plaintiffs are successful in one or more of the currently pending 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 Crackerneck Creek Redevelopment Area. 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 Crackerneck Creek Redevelopment Area. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area, Economic Activity Tax Revenues and Payments in Lieu of Taxes may not be available to pay principal of and interest on the Outstanding Project 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 Series 2021 Bonds can predict or guarantee the outcome of any currently pending or future 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 Crackerneck Creek Redevelopment Area 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 to pay interest falling due on general obligation bonds issued and the principal of bonds maturing in such year and the costs of operation and maintenance plus such amounts as shall be required to cover emergencies and anticipated tax delinquencies. 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 Crackerneck Creek Redevelopment Area.

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 purposes, 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 September 30 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 the Crackerneck Creek Redevelopment Area 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.* 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 pursuant to the Hancock Amendment (as hereinafter described), 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 Crackerneck Creek Redevelopment Area 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, the County Collector is required to compile lists of delinquent tax bills collectible by such office. 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.

### **Newly-Approved Taxes are not Subject to Capture for Special Allocation Fund**

Since August 28, 2014, when voters in a Taxing District vote to approve an increase in such Taxing District's levy rate for ad valorem tax on real property, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such Taxing District's levy rate are **not** considered Payments in Lieu of Taxes subject to deposit into a special allocation fund unless such Taxing District gives its consent to such capture. Revenues are considered directly attributable to the newly voter-approved incremental increase to the extent that they are generated from the difference between the Taxing District's actual levy rate currently imposed and the maximum voter approved levy rate at the time that the redevelopment project was adopted.

Since August 28, 2014, when voters in a Taxing District vote to approve an increase in such Taxing District's sales tax or use tax, other than the renewal of an expiring sales or use tax, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such Taxing District's levy rate are **not** considered Economic Activity Tax Revenues subject to deposit into a special allocation fund unless such Taxing District gives its consent to such capture.

It is not possible to predict with certainty how this amendment will be interpreted and how the amount of "additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase" will be determined in part because tax rates are subject to adjustment and rollback pursuant to the Hancock Amendment. The effects of the amendments to the TIF Act and the tax-rate rollbacks required under the Hancock Amendment could result in a reduction in the amount of

Payments in Lieu of Taxes or Economic Activity Tax Revenues available for the payment of the Outstanding Project Bonds.

## **APPENDIX H**

### **ACTUARIAL REPORT OF GRS RETIREMENT CONSULTING**

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**Missouri Local Government Employees Retirement System**

**The City of Independence**

**GASB Statement No. 68 Employer Reporting**

**Accounting Schedules – June 30, 2020**



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October 25, 2020

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.

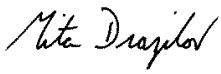
Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. Our calculation of the plan's liability for this report may not be applicable for funding purposes of the plan. A calculation of 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. GRS is not responsible for unauthorized use of this report.

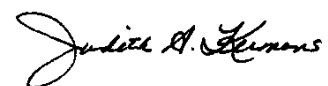
This report is based upon information, furnished to us by LAGERS, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different than ours, please let us know and do not use or distribute this report until those differences have been resolved to your satisfaction. This information was checked for internal consistency, but was not audited. GRS is not responsible for any of the information provided by LAGERS.

Please see the actuarial valuation report as of February 29, 2020 for additional discussions of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

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 for the purposes of GASB Statement No. 68. 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   
Mita D. Drazilov, ASA, FCA, MAAA

By   
Judith A. Kermans, EA, FCA, MAAA

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# SECTION A



## EXECUTIVE SUMMARY

# Executive Summary as of June 30, 2020

	General	Police	Fire
Actuarial Valuation Date	February 29, 2020	February 29, 2020	February 29, 2020
Measurement Date of the Net Pension Liability	June 30, 2020	June 30, 2020	June 30, 2020

## Membership

Number of			
- Retirees and Beneficiaries	796	167	185
- Inactive, Nonretired Members	163	37	10
- Active Members	598	198	166
- Total	1,557	402	361
Covered Payroll	\$43,807,496	\$15,317,738	\$13,050,285

## Net Pension Liability

Total Pension Liability	\$330,005,972	\$124,572,267	\$105,622,202
Plan Fiduciary Net Position	274,437,541	94,523,941	96,662,902
Net Pension Liability/(Asset)	\$55,568,431	\$30,048,326	\$8,959,300
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.16%	75.88%	91.52%
Net Pension Liability as a Percentage of Covered Payroll	126.85%	196.17%	68.65%

## 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*	2.45%	2.45%	2.45%
Last year ending February 28 in the 100-year projection period for which projected benefit payments are fully funded	2120	2120	2120

<b>Total Pension Expense</b>	<b>\$12,163,836</b>	<b>\$4,833,825</b>	<b>\$2,653,404</b>
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\*Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.

## Executive Summary (Completed) as of June 30, 2020

### 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	\$737,324	\$(1,147,311)	\$3,810,636	\$(1,064,681)	\$2,045,969	\$(521,044)
Changes in assumptions	0	0	746,114	0	486,941	0
Net Difference between projected and actual earnings on pension plan investments	6,753,453	0	2,671,787	0	2,586,267	0
Employer contributions subsequent to the measurement date						
Total	\$7,490,777	\$(1,147,311)	\$7,228,537	\$(1,064,681)	\$5,119,177	\$(521,044)

# 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, 2020 and a measurement date of June 30, 2020.

## 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 2.45% (based on the weekly rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity); 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

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### FINANCIAL STATEMENTS

**General Division**  
**Pension Expense Under GASB Statement No. 68**  
**Year Ended June 30, 2020**

**A. Expense**

1. Service Cost	\$5,096,854
2. Interest on the Total Pension Liability	22,852,540
3. Current-Period Benefit Changes	0
4. Employee Contributions (made negative for addition here)	(1,748,650)
5. Projected Earnings on Plan Investments (made negative for addition here)	(20,041,108)
6. Pension Plan Administrative Expense	202,532
7. Other Changes in Plan Fiduciary Net Position	1,674,943
8. Recognition of Outflow (Inflow) of Resources due to Liabilities	1,858,080
9. Recognition of Outflow (Inflow) of Resources due to Assets	2,268,645
<b>10. Total Pension Expense</b>	<hr/> <b>\$12,163,836</b>

# General Division

## Statement of Outflows and Inflows Arising from Current Reporting Period

### Year Ended June 30, 2020

#### A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$(1,020,916)
2. Assumption Changes (gains) or losses	\$0
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	4.3496
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	\$(234,715)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<div style="border-top: 1px solid black;">\$(234,715)</div>
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	\$(786,201)
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<div style="border-top: 1px solid black;">\$(786,201)</div>

#### B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on Pension plan investments (gains) or losses	\$16,419,139
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	\$3,283,828
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$13,135,311

# General Division

## Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods

### Year Ended June 30, 2020

#### 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	\$2,717,550	\$(859,470)	\$1,858,080
2. Due to Assets	7,071,225	(4,802,580)	2,268,645
<b>3. Total</b>	<b>\$9,788,775</b>	<b>\$(5,662,050)</b>	<b>\$4,126,725</b>

#### 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	\$1,000,155	\$(859,470)	\$140,685
2. Assumption Changes	1,717,395	0	1,717,395
3. Net Difference between projected and actual earnings on pension plan investments	7,071,225	(4,802,580)	2,268,645
<b>4. Total</b>	<b>\$9,788,775</b>	<b>\$(5,662,050)</b>	<b>\$4,126,725</b>

#### 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	\$737,324	\$(1,147,311)	\$(409,987)
2. Assumption Changes	0	0	0
3. Net Difference between projected and actual earnings on pension plan investments	6,753,453	0	6,753,453
<b>4. Total</b>	<b>\$7,490,777</b>	<b>\$(1,147,311)</b>	<b>\$6,343,466</b>

#### 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
2021	\$(1,317,347)
2022	1,092,381
2023	3,366,661
2024	3,201,771
2025	0
Thereafter	0
<b>Total</b>	<b>\$6,343,466</b>

# General Division

## Schedule of Changes in Net Pension Liability and Related Ratios

### Year Ended June 30, 2020

#### A. Total Pension Liability

1. Service Cost	\$5,096,854
2. Interest on Total Pension Liability	22,852,540
3. Changes of Benefit Terms	0
4. Difference between expected and actual experience of the Total Pension Liability	(1,020,916)
5. Changes of Assumptions	0
6. Benefit payments, including refunds of employee contributions	(18,921,180)
7. Net change in total pension liability	\$8,007,298
8. Total pension liability – beginning	321,998,674
9. Total pension liability – ending	\$330,005,972

#### B. Plan fiduciary net position

1. Contributions – employer	\$8,016,053
2. Contributions – employee	1,748,650
3. Net investment income	3,621,969
4. Benefit payments, including refunds of employee contributions	(18,921,180)
5. Pension Plan Administrative Expense	(202,532)
6. Other (Net Transfer)	(1,674,943)
7. Net change in plan fiduciary net position	\$(7,411,983)
8. Plan fiduciary net position – beginning	281,849,524
9. Plan fiduciary net position – ending	\$274,437,541

#### C. Net pension liability/(asset)

\$55,568,431

#### D. Plan fiduciary net position as a percentage of the total pension liability

83.16%

#### E. Covered-employee payroll

\$43,807,496

#### F. Net pension liability as a percentage of covered-employee payroll

126.85%

## 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)	\$373,379,957	\$330,005,972	\$293,956,923
Plan Fiduciary Net Position	274,437,541	274,437,541	274,437,541
Net Pension Liability/(Asset) (NPL)	\$98,942,416	\$55,568,431	\$19,519,382



# 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,	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>					
Service Cost	\$5,096,854	\$5,250,519	\$5,103,844	\$5,075,444	\$5,038,105
Interest on Total Pension Liability	22,852,540	22,176,244	21,354,080	20,855,818	19,091,117
Changes of Benefit Terms	0	0	0	0	0
Difference between expected and actual experience	(1,020,916)	222,572	1,967,786	(2,860,130)	3,388,716
Changes of Assumptions	0	0	0	0	11,661,771
Benefit payments, including refunds	(18,921,180)	(17,593,299)	(16,736,836)	(15,706,206)	(14,037,682)
<b>Net change in total pension liability</b>	<b>\$8,007,298</b>	<b>\$10,056,036</b>	<b>\$11,688,874</b>	<b>\$7,364,926</b>	<b>\$25,142,027</b>
<b>Total pension liability – beginning</b>	<b>321,998,674</b>	<b>311,942,638</b>	<b>300,253,764</b>	<b>292,888,838</b>	<b>267,746,811</b>
<b>Total pension liability – ending (a)</b>	<b>\$330,005,972</b>	<b>\$321,998,674</b>	<b>\$311,942,638</b>	<b>\$300,253,764</b>	<b>\$292,888,838</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$8,016,053	\$8,019,128	\$7,607,308	\$7,139,614	\$6,586,149
Contributions – employee	1,748,650	1,854,183	1,866,824	1,866,481	1,842,290
Net investment income	3,621,969	17,969,216	30,187,450	28,042,263	(592,511)
Benefit payments, including refunds	(18,921,180)	(17,593,299)	(16,736,836)	(15,706,206)	(14,037,682)
Pension Plan Administrative Expense	(202,532)	(181,142)	(126,655)	(123,116)	(121,262)
Other (Net Transfer)	(1,674,943)	(734,363)	(212,578)	(788,019)	790,723
<b>Net change in plan fiduciary net position</b>	<b>\$(7,411,983)</b>	<b>\$9,333,723</b>	<b>\$22,585,513</b>	<b>\$20,431,017</b>	<b>\$(5,532,293)</b>
<b>Plan fiduciary net position – beginning</b>	<b>281,849,524</b>	<b>272,515,801</b>	<b>249,930,288</b>	<b>229,499,271</b>	<b>235,031,564</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$274,437,541</b>	<b>\$281,849,524</b>	<b>\$272,515,801</b>	<b>\$249,930,288</b>	<b>\$229,499,271</b>
<b>Net pension liability/(asset) – ending (a) – (b)</b>	<b>\$55,568,431</b>	<b>\$40,149,150</b>	<b>\$39,426,837</b>	<b>\$50,323,476</b>	<b>\$63,389,567</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>83.16%</b>	<b>87.53%</b>	<b>87.36%</b>	<b>83.24%</b>	<b>78.36%</b>
<b>Covered-employee payroll</b>	<b>\$43,807,496</b>	<b>\$44,315,369</b>	<b>\$46,338,758</b>	<b>\$43,487,268</b>	<b>\$44,752,305</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>126.85%</b>	<b>90.60%</b>	<b>85.08%</b>	<b>115.72%</b>	<b>141.65%</b>

Notes to schedule:





# 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,	2015
<b>Total Pension Liability</b>	
Service Cost	\$5,065,557
Interest on Total Pension Liability	18,832,431
Changes of Benefit Terms	0
Difference between expected and actual experience	(6,976,179)
Changes of Assumptions	0
Benefit payments, including refunds	(12,666,782)
<b>Net change in total pension liability</b>	<b>\$4,255,027</b>
<b>Total pension liability – beginning</b>	<b>263,491,784</b>
<b>Total pension liability – ending (a)</b>	<b>\$267,746,811</b>
<b>Plan fiduciary net position</b>	
Contributions – employer	\$5,768,526
Contributions – employee	1,734,878
Net investment income	4,694,233
Benefit payments, including refunds	(12,666,782)
Pension Plan Administrative Expense	(133,461)
Other (Net Transfer)	(3,998,370)
<b>Net change in plan fiduciary net position</b>	<b>\$(4,600,976)</b>
<b>Plan fiduciary net position – beginning</b>	<b>239,632,540</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$235,031,564</b>
<b>Net pension liability/(asset) – ending (a) – (b)</b>	<b>\$32,715,247</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>87.78%</b>
<b>Covered-employee payroll</b>	<b>\$43,225,806</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>75.68%</b>
<b>Notes to schedule:</b>	

## **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, 2020

**Notes:** The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

### Methods and Assumptions Used to Determine Contribution Rates:

<b>Actuarial Cost Method</b>	Entry Age Normal and Modified Terminal Funding
<b>Amortization Method</b>	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
<b>Remaining Amortization Period</b>	Multiple bases from 9 to 19 years
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 6.55% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment expenses
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	<p>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.</p> <p>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.</p>
<b>Other Information:</b>	None

**Police Division**  
**Pension Expense Under GASB Statement No. 68**  
**Year Ended June 30, 2020**

**A. Expense**

1. Service Cost	\$1,769,501
2. Interest on the Total Pension Liability	8,622,879
3. Current-Period Benefit Changes	0
4. Employee Contributions (made negative for addition here)	(642,976)
5. Projected Earnings on Plan Investments (made negative for addition here)	(6,819,153)
6. Pension Plan Administrative Expense	52,026
7. Other Changes in Plan Fiduciary Net Position	(246,506)
8. Recognition of Outflow (Inflow) of Resources due to Liabilities	1,197,506
9. Recognition of Outflow (Inflow) of Resources due to Assets	900,548
<b>10. Total Pension Expense</b>	<hr/> \$4,833,825

# Police Division

## Statement of Outflows and Inflows Arising from Current Reporting Period

### Year Ended June 30, 2020

#### A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$(1,153,372)
2. Assumption Changes (gains) or losses	\$0
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	6.1549
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	\$(187,391)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$(187,391)
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	\$(965,981)
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$(965,981)

#### B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on Pension plan investments (gains) or losses	\$5,631,213
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	\$1,126,243
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$4,504,970

# Police Division

## Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods

### Year Ended June 30, 2020

#### 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	\$1,492,359	\$(294,853)	\$1,197,506
2. Due to Assets	2,424,907	(1,524,359)	900,548
<b>3. Total</b>	<b>\$3,917,266</b>	<b>\$(1,819,212)</b>	<b>\$2,098,054</b>

#### 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	\$1,020,374	\$(294,853)	\$725,521
2. Assumption Changes	471,985	0	471,985
3. Net Difference between projected and actual earnings on pension plan investments	2,424,907	(1,524,359)	900,548
<b>4. Total</b>	<b>\$3,917,266</b>	<b>\$(1,819,212)</b>	<b>\$2,098,054</b>

#### 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	\$3,810,636	\$(1,064,681)	\$2,745,955
2. Assumption Changes	746,114	0	746,114
3. Net Difference between projected and actual earnings on pension plan investments	2,671,787	0	2,671,787
<b>4. Total</b>	<b>\$7,228,537</b>	<b>\$(1,064,681)</b>	<b>\$6,163,856</b>

#### 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
2021	\$982,039
2022	1,587,387
2023	2,099,511
2024	1,643,106
2025	(119,161)
Thereafter	(29,026)
<b>Total</b>	<b>\$6,163,856</b>

# Police Division

## Schedule of Changes in Net Pension Liability and Related Ratios

### Year Ended June 30, 2020

#### A. Total Pension Liability

1. Service Cost	\$1,769,501
2. Interest on Total Pension Liability	8,622,879
3. Changes of Benefit Terms	0
4. Difference between expected and actual experience of the Total Pension Liability	(1,153,372)
5. Changes of Assumptions	0
6. Benefit payments, including refunds of employee contributions	(5,373,452)
7. Net change in total pension liability	\$3,865,556
8. Total pension liability – beginning	120,706,711
9. Total pension liability – ending	\$124,572,267

#### B. Plan fiduciary net position

1. Contributions – employer	\$3,118,245
2. Contributions – employee	642,976
3. Net investment income	1,187,940
4. Benefit payments, including refunds of employee contributions	(5,373,452)
5. Pension Plan Administrative Expense	(52,026)
6. Other (Net Transfer)	246,506
7. Net change in plan fiduciary net position	\$(229,811)
8. Plan fiduciary net position – beginning	94,753,752
9. Plan fiduciary net position – ending	\$94,523,941

#### C. Net pension liability/(asset)

\$30,048,326

#### D. Plan fiduciary net position as a percentage of the total pension liability

75.88%

#### E. Covered-employee payroll

\$15,317,738

#### F. Net pension liability as a percentage of covered-employee payroll

196.17%

## 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)	\$143,088,821	\$124,572,267	\$109,354,462
Plan Fiduciary Net Position	94,523,941	94,523,941	94,523,941
Net Pension Liability/(Asset) (NPL)	\$48,564,880	\$30,048,326	\$14,830,521



# 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,	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>					
Service Cost	\$1,769,501	\$1,670,103	\$1,614,623	\$1,594,085	\$1,552,685
Interest on Total Pension Liability	8,622,879	8,045,898	7,606,303	7,352,213	6,884,789
Changes of Benefit Terms	0	0	0	0	0
Difference between expected and actual experience	(1,153,372)	3,606,580	2,488,245	222,238	(120,425)
Changes of Assumptions	0	0	0	0	3,106,039
Benefit payments, including refunds	(5,373,452)	(5,451,298)	(5,887,159)	(5,468,042)	(4,540,583)
<b>Net change in total pension liability</b>	<b>\$3,865,556</b>	<b>\$7,871,283</b>	<b>\$5,822,012</b>	<b>\$3,700,494</b>	<b>\$6,882,505</b>
<b>Total pension liability – beginning</b>	<b>120,706,711</b>	<b>112,835,428</b>	<b>107,013,416</b>	<b>103,312,922</b>	<b>96,430,417</b>
<b>Total pension liability – ending (a)</b>	<b>\$124,572,267</b>	<b>\$120,706,711</b>	<b>\$112,835,428</b>	<b>\$107,013,416</b>	<b>\$103,312,922</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$3,118,245	\$2,834,308	\$2,482,857	\$2,383,556	\$2,148,531
Contributions – employee	642,976	620,634	567,489	577,830	554,449
Net investment income	1,187,940	5,684,879	9,869,958	9,002,131	(121,512)
Benefit payments, including refunds	(5,373,452)	(5,451,298)	(5,887,159)	(5,468,042)	(4,540,583)
Pension Plan Administrative Expense	(52,026)	(46,841)	(32,436)	(30,676)	(30,700)
Other (Net Transfer)	246,506	859,191	1,534,535	(212,513)	(178,196)
<b>Net change in plan fiduciary net position</b>	<b>\$(229,811)</b>	<b>\$4,500,873</b>	<b>\$8,535,244</b>	<b>\$6,252,286</b>	<b>\$(2,168,011)</b>
<b>Plan fiduciary net position – beginning</b>	<b>94,753,752</b>	<b>90,252,879</b>	<b>81,717,635</b>	<b>75,465,349</b>	<b>77,633,360</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$94,523,941</b>	<b>\$94,753,752</b>	<b>\$90,252,879</b>	<b>\$81,717,635</b>	<b>\$75,465,349</b>
<b>Net pension liability/(asset) – ending (a) – (b)</b>	<b>\$30,048,326</b>	<b>\$25,952,959</b>	<b>\$22,582,549</b>	<b>\$25,295,781</b>	<b>\$27,847,573</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>75.88%</b>	<b>78.50%</b>	<b>79.99%</b>	<b>76.36%</b>	<b>73.05%</b>
<b>Covered-employee payroll</b>	<b>\$15,317,738</b>	<b>\$15,230,541</b>	<b>\$13,974,455</b>	<b>\$13,865,769</b>	<b>\$13,768,377</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>196.17%</b>	<b>170.40%</b>	<b>161.60%</b>	<b>182.43%</b>	<b>202.26%</b>
<b>Notes to schedule:</b>					





# 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,	2015
<b>Total Pension Liability</b>	
Service Cost	\$1,572,058
Interest on Total Pension Liability	6,667,024
Changes of Benefit Terms	0
Difference between expected and actual experience	(604,748)
Changes of Assumptions	0
Benefit payments, including refunds	(4,698,969)
<b>Net change in total pension liability</b>	<b>\$2,935,365</b>
<b>Total pension liability – beginning</b>	<b>93,495,052</b>
<b>Total pension liability – ending (a)</b>	<b>\$96,430,417</b>
<b>Plan fiduciary net position</b>	
Contributions – employer	\$2,019,304
Contributions – employee	557,049
Net investment income	1,557,269
Benefit payments, including refunds	(4,698,969)
Pension Plan Administrative Expense	(33,273)
Other (Net Transfer)	(321,328)
<b>Net change in plan fiduciary net position</b>	<b>\$(919,948)</b>
<b>Plan fiduciary net position – beginning</b>	<b>78,553,308</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$77,633,360</b>
<b>Net pension liability/(asset) – ending (a) – (b)</b>	<b>\$18,797,057</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>80.51%</b>
<b>Covered-employee payroll</b>	<b>\$13,633,099</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>137.88%</b>
<b>Notes to schedule:</b>	

## **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, 2020

**Notes:** The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

### Methods and Assumptions Used to Determine Contribution Rates:

<b>Actuarial Cost Method</b>	Entry Age Normal and Modified Terminal Funding
<b>Amortization Method</b>	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
<b>Remaining Amortization Period</b>	Multiple bases from 9 to 19 years
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 6.55% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment expenses
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	<p>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.</p> <p>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.</p>
<b>Other Information:</b>	None

**Fire Division**  
**Pension Expense Under GASB Statement No. 68**  
**Year Ended June 30, 2020**

**A. Expense**

1. Service Cost	\$1,946,318
2. Interest on the Total Pension Liability	7,223,985
3. Current-Period Benefit Changes	0
4. Employee Contributions (made negative for addition here)	(533,853)
5. Projected Earnings on Plan Investments (made negative for addition here)	(6,992,627)
6. Pension Plan Administrative Expense	47,981
7. Other Changes in Plan Fiduciary Net Position	(400,817)
8. Recognition of Outflow (Inflow) of Resources due to Liabilities	470,670
9. Recognition of Outflow (Inflow) of Resources due to Assets	891,747
<b>10. Total Pension Expense</b>	<hr/> \$2,653,404

# Fire Division

## Statement of Outflows and Inflows Arising from Current Reporting Period

### Year Ended June 30, 2020

#### A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$539,484
2. Assumption Changes (gains) or losses	\$0
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	6.3715
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	\$84,671
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<hr/> \$84,671
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	\$454,813
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<hr/> \$454,813

#### B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on Pension plan investments (gains) or losses	\$5,727,941
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	\$1,145,588
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$4,582,353

# Fire Division

## Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods

### Year Ended June 30, 2020

#### 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	\$1,050,509	\$(579,839)	\$470,670
2. Due to Assets	2,468,465	(1,576,718)	891,747
<b>3. Total</b>	<b>\$3,518,974</b>	<b>\$(2,156,557)</b>	<b>\$1,362,417</b>

#### 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	\$661,578	\$(579,839)	\$81,739
2. Assumption Changes	388,931	0	388,931
3. Net Difference between projected and actual earnings on pension plan investments	2,468,465	(1,576,718)	891,747
<b>4. Total</b>	<b>\$3,518,974</b>	<b>\$(2,156,557)</b>	<b>\$1,362,417</b>

#### 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	\$2,045,969	\$(521,044)	\$1,524,925
2. Assumption Changes	486,941	0	486,941
3. Net Difference between projected and actual earnings on pension plan investments	2,586,267	0	2,586,267
<b>4. Total</b>	<b>\$5,119,177</b>	<b>\$(521,044)</b>	<b>\$4,598,133</b>

#### 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
2021	\$417,758
2022	863,227
2023	1,649,360
2024	1,491,611
2025	144,719
Thereafter	31,458
<b>Total</b>	<b>\$4,598,133</b>

# Fire Division

## Schedule of Changes in Net Pension Liability and Related Ratios

### Year Ended June 30, 2020

#### A. Total Pension Liability

1. Service Cost	\$1,946,318
2. Interest on Total Pension Liability	7,223,985
3. Changes of Benefit Terms	0
4. Difference between expected and actual experience of the Total Pension Liability	539,484
5. Changes of Assumptions	0
6. Benefit payments, including refunds of employee contributions	(5,449,904)
7. Net change in total pension liability	\$4,259,883
8. Total pension liability – beginning	101,362,319
9. Total pension liability – ending	\$105,622,202

#### B. Plan fiduciary net position

1. Contributions – employer	\$2,495,752
2. Contributions – employee	533,853
3. Net investment income	1,264,686
4. Benefit payments, including refunds of employee contributions	(5,449,904)
5. Pension Plan Administrative Expense	(47,981)
6. Other (Net Transfer)	400,817
7. Net change in plan fiduciary net position	\$(802,777)
8. Plan fiduciary net position – beginning	97,465,679
9. Plan fiduciary net position – ending	\$96,662,902

#### C. Net pension liability/(asset)

\$8,959,300

#### D. Plan fiduciary net position as a percentage of the total pension liability

91.52%

#### E. Covered-employee payroll

\$13,050,285

#### F. Net pension liability as a percentage of covered-employee payroll

68.65%

## 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)	\$120,026,993	\$105,622,202	\$93,682,867
Plan Fiduciary Net Position	96,662,902	96,662,902	96,662,902
Net Pension Liability/(Asset) (NPL)	\$23,364,091	\$8,959,300	\$(2,980,035)



# 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,	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>					
Service Cost	\$1,946,318	\$1,847,138	\$1,772,818	\$1,718,488	\$1,628,563
Interest on Total Pension Liability	7,223,985	6,875,371	6,604,972	6,434,763	5,933,859
Changes of Benefit Terms	0	0	0	0	0
Difference between expected and actual experience	539,484	1,464,144	502,427	(912,338)	1,648,708
Changes of Assumptions	0	0	0	0	2,431,596
Benefit payments, including refunds	(5,449,904)	(5,404,686)	(4,976,968)	(4,864,787)	(4,693,951)
<b>Net change in total pension liability</b>	<b>\$4,259,883</b>	<b>\$4,781,967</b>	<b>\$3,903,249</b>	<b>\$2,376,126</b>	<b>\$6,948,775</b>
<b>Total pension liability – beginning</b>	<b>101,362,319</b>	<b>96,580,352</b>	<b>92,677,103</b>	<b>90,300,977</b>	<b>83,352,202</b>
<b>Total pension liability – ending (a)</b>	<b>\$105,622,202</b>	<b>\$101,362,319</b>	<b>\$96,580,352</b>	<b>\$92,677,103</b>	<b>\$90,300,977</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$2,495,752	\$2,330,214	\$2,086,405	\$1,979,869	\$1,869,202
Contributions – employee	533,853	517,764	490,919	494,967	464,406
Net investment income	1,264,686	6,042,696	10,380,355	9,379,245	(77,602)
Benefit payments, including refunds	(5,449,904)	(5,404,686)	(4,976,968)	(4,864,787)	(4,693,951)
Pension Plan Administrative Expense	(47,981)	(43,810)	(30,469)	(29,747)	(29,263)
Other (Net Transfer)	400,817	(427,149)	(199,218)	299,311	368,477
<b>Net change in plan fiduciary net position</b>	<b>\$(802,777)</b>	<b>\$3,015,029</b>	<b>\$7,751,024</b>	<b>\$7,258,858</b>	<b>\$(2,098,731)</b>
<b>Plan fiduciary net position – beginning</b>	<b>97,465,679</b>	<b>94,450,650</b>	<b>86,699,626</b>	<b>79,440,768</b>	<b>81,539,499</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$96,662,902</b>	<b>\$97,465,679</b>	<b>\$94,450,650</b>	<b>\$86,699,626</b>	<b>\$79,440,768</b>
<b>Net pension liability/(asset) – ending (a) – (b)</b>	<b>\$8,959,300</b>	<b>\$3,896,640</b>	<b>\$2,129,702</b>	<b>\$5,977,477</b>	<b>\$10,860,209</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>91.52%</b>	<b>96.16%</b>	<b>97.79%</b>	<b>93.55%</b>	<b>87.97%</b>
<b>Covered-employee payroll</b>	<b>\$13,050,285</b>	<b>\$12,706,459</b>	<b>\$11,966,019</b>	<b>\$11,653,914</b>	<b>\$11,326,657</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>68.65%</b>	<b>30.67%</b>	<b>17.80%</b>	<b>51.29%</b>	<b>95.88%</b>
<b>Notes to schedule:</b>					





# 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,	2015
<b>Total Pension Liability</b>	
Service Cost	\$1,641,411
Interest on Total Pension Liability	5,904,882
Changes of Benefit Terms	0
Difference between expected and actual experience	(2,794,802)
Changes of Assumptions	0
Benefit payments, including refunds	(4,009,027)
<b>Net change in total pension liability</b>	<b>\$742,464</b>
<b>Total pension liability – beginning</b>	<b>82,609,738</b>
<b>Total pension liability – ending (a)</b>	<b>\$83,352,202</b>
<b>Plan fiduciary net position</b>	
Contributions – employer	\$1,687,386
Contributions – employee	446,972
Net investment income	1,585,494
Benefit payments, including refunds	(4,009,027)
Pension Plan Administrative Expense	(31,501)
Other (Net Transfer)	(1,022,296)
<b>Net change in plan fiduciary net position</b>	<b>\$(1,342,972)</b>
<b>Plan fiduciary net position – beginning</b>	<b>82,882,471</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$81,539,499</b>
<b>Net pension liability/(asset) – ending (a) – (b)</b>	<b>\$1,812,703</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>97.83%</b>
<b>Covered-employee payroll</b>	<b>\$10,832,158</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>16.73%</b>
<b>Notes to schedule:</b>	

## **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, 2020

**Notes:** The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

### Methods and Assumptions Used to Determine Contribution Rates:

<b>Actuarial Cost Method</b>	Entry Age Normal and Modified Terminal Funding
<b>Amortization Method</b>	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
<b>Remaining Amortization Period</b>	Multiple bases from 9 to 19 years
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 7.15% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment expenses
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	<p>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.</p> <p>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.</p>
<b>Other Information:</b>	None

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## SECTION C

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### **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 2.45%; 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. 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	\$43,683,540	\$1,747,342	\$3,382,961	\$174,734	\$5,300,707	\$10,605,744
2	41,673,772	1,666,951	3,196,066	166,695	5,925,292	10,955,004
3	40,039,992	1,601,600	3,048,501	160,160	6,584,877	11,395,138
4	38,598,474	1,543,939	2,917,390	154,394	7,281,076	11,896,799
5	37,277,488	1,491,100	2,797,086	149,110	7,567,497	12,004,793
6	35,964,552	1,438,582	2,679,554	143,858	7,813,441	12,075,435
7	34,523,450	1,380,938	2,550,019	138,094	8,067,378	12,136,429
8	33,073,953	1,322,958	2,417,878	132,296	8,329,567	12,202,699
9	31,758,056	1,270,322	2,298,492	127,032	8,600,278	12,296,124
10	30,399,534	1,215,981	2,176,383	121,598	6,192,483	9,706,445
11	28,987,992	1,159,520	2,052,180	115,952	6,996,922	10,324,574
12	27,615,026	1,104,601	1,932,910	110,460	4,172,669	7,320,640
13	26,311,734	1,052,469	1,820,648	105,247	3,986,767	6,965,131
14	25,056,795	1,002,272	1,714,255	100,227	3,784,374	6,601,128
15	23,778,804	951,152	1,607,495	95,115	3,633,165	6,286,927
16	22,549,187	901,967	1,507,306	90,197	3,185,018	5,684,488
17	21,417,855	856,714	1,417,874	85,671	3,653,923	6,014,182
18	20,314,268	812,571	1,332,814	81,257	3,621,769	5,848,411
19	19,241,236	769,649	1,252,018	76,965	3,739,476	5,838,108
20	18,178,354	727,134	1,174,186	72,713	0	1,974,033
21	17,084,272	683,371	1,094,704	68,337	0	1,846,412
22	15,966,302	638,652	1,013,262	63,865	0	1,715,779
23	14,889,789	595,592	937,319	59,559	0	1,592,470
24	13,822,209	552,888	864,125	55,289	91,415	1,563,717
25	12,714,740	508,590	789,189	50,859	94,386	1,443,024
26	11,627,658	465,106	715,755	46,511	0	1,227,372
27	10,540,715	421,629	642,850	42,163	0	1,106,642
28	9,419,998	376,800	569,591	37,680	0	984,071
29	8,332,534	333,301	498,550	33,330	0	865,181
30	7,307,356	292,294	430,859	29,229	0	752,382
31	6,373,153	254,926	369,246	25,493	0	649,665
32	5,514,651	220,586	314,503	22,059	0	557,148
33	4,751,621	190,065	267,220	19,006	0	476,291
34	4,090,428	163,617	226,044	16,362	0	406,023
35	3,428,848	137,154	185,033	13,715	0	335,902
36	2,820,933	112,837	148,359	11,284	0	272,480
37	2,307,209	92,288	118,690	9,229	0	220,207
38	1,845,698	73,828	92,837	7,383	0	174,048
39	1,459,461	58,378	71,639	5,838	0	135,855
40	1,130,189	45,208	54,066	4,521	0	103,795
41	871,161	34,846	40,751	3,485	0	79,082
42	666,835	26,673	30,521	2,667	0	59,861
43	494,552	19,782	22,164	1,978	0	43,924
44	350,868	14,035	15,248	1,403	0	30,686
45	231,117	9,245	9,583	924	0	19,752
46	143,534	5,741	5,686	574	0	12,001
47	90,979	3,639	3,503	364	0	7,506
48	53,864	2,155	1,991	215	0	4,361
49	29,202	1,168	1,026	117	0	2,311
50	14,862	594	492	59	0	1,145

# 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	\$274,437,541	\$10,605,744	\$17,375,078	\$174,734	\$19,649,403	\$287,142,876
2	287,142,876	10,955,004	18,214,499	166,695	20,553,369	300,270,055
3	300,270,055	11,395,138	19,056,234	160,160	21,491,019	313,939,818
4	313,939,818	11,896,799	19,939,384	154,394	22,468,695	328,211,534
5	328,211,534	12,004,793	20,818,400	149,110	23,476,122	342,724,939
6	342,724,939	12,075,435	21,888,993	143,858	24,492,917	357,260,440
7	357,260,440	12,136,429	22,935,485	138,094	25,511,847	371,835,137
8	371,835,137	12,202,699	23,941,226	132,296	26,535,259	386,499,573
9	386,499,573	12,296,124	24,904,263	127,032	27,567,646	401,332,048
10	401,332,048	9,706,445	25,883,515	121,598	28,516,084	413,549,464
11	413,549,464	10,324,574	26,950,673	115,952	29,386,055	426,193,468
12	426,193,468	7,320,640	28,019,725	110,460	30,157,879	435,541,802
13	435,541,802	6,965,131	28,989,941	105,247	30,788,602	444,200,347
14	444,200,347	6,601,128	29,893,246	100,227	31,371,389	452,179,391
15	452,179,391	6,286,927	30,782,249	95,115	31,907,199	459,496,153
16	459,496,153	5,684,488	31,588,321	90,197	32,387,674	465,889,797
17	465,889,797	6,014,182	32,307,160	85,671	32,837,515	472,348,663
18	472,348,663	5,848,411	32,998,755	81,257	33,275,404	478,392,466
19	478,392,466	5,838,108	33,645,148	76,965	33,690,344	484,198,805
20	484,198,805	1,974,033	34,231,675	72,713	33,952,943	485,821,393
21	485,821,393	1,846,412	34,745,050	68,337	34,047,907	486,902,325
22	486,902,325	1,715,779	35,230,270	63,865	34,104,500	487,428,469
23	487,428,469	1,592,470	35,651,757	59,559	34,123,395	487,433,018
24	487,433,018	1,563,717	35,967,806	55,289	34,111,597	487,085,237
25	487,085,237	1,443,024	36,262,258	50,859	34,071,755	486,286,899
26	486,286,899	1,227,372	36,514,474	46,511	33,997,367	484,950,653
27	484,950,653	1,106,642	36,655,095	42,163	33,891,336	483,251,373
28	483,251,373	984,071	36,755,029	37,680	33,760,373	481,203,108
29	481,203,108	865,181	36,761,027	33,330	33,607,580	478,881,512
30	478,881,512	752,382	36,681,979	29,229	33,438,209	476,360,895
31	476,360,895	649,665	36,464,435	25,493	33,259,687	473,780,319
32	473,780,319	557,148	36,146,876	22,059	33,080,732	471,249,264
33	471,249,264	476,291	35,738,686	19,006	32,908,998	468,876,861
34	468,876,861	406,023	35,235,386	16,362	32,752,515	466,783,651
35	466,783,651	335,902	34,714,236	13,715	32,616,916	465,008,518
36	465,008,518	272,480	34,132,727	11,284	32,506,757	463,643,744
37	463,643,744	220,207	33,458,905	9,229	32,430,021	462,825,838
38	462,825,838	174,048	32,734,162	7,383	32,394,957	462,653,298
39	462,653,298	135,855	31,941,321	5,838	32,409,380	463,251,374
40	463,251,374	103,795	31,099,367	4,521	32,481,633	464,732,914
41	464,732,914	79,082	30,205,614	3,485	32,620,033	467,222,930
42	467,222,930	59,861	29,269,247	2,667	32,833,253	470,844,130
43	470,844,130	43,924	28,310,510	1,978	33,129,393	475,704,959
44	475,704,959	30,686	27,336,135	1,403	33,516,055	481,914,162
45	481,914,162	19,752	26,348,969	924	34,001,009	489,585,030
46	489,585,030	12,001	25,340,531	574	34,592,799	498,848,725
47	498,848,725	7,506	24,306,971	364	35,301,076	509,849,972
48	509,849,972	4,361	23,263,018	215	36,135,741	522,726,841
49	522,726,841	2,311	22,210,024	117	37,106,747	537,625,758
50	537,625,758	1,145	21,149,279	59	38,224,659	554,702,224



# 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	\$274,437,541	\$17,375,078	\$17,375,078	\$0	\$16,777,533	\$0	\$16,777,533
2	287,142,876	18,214,499	18,214,499	0	16,399,148	0	16,399,148
3	300,270,055	19,056,234	19,056,234	0	15,997,194	0	15,997,194
4	313,939,818	19,939,384	19,939,384	0	15,607,063	0	15,607,063
5	328,211,534	20,818,400	20,818,400	0	15,193,558	0	15,193,558
6	342,724,939	21,888,993	21,888,993	0	14,895,004	0	14,895,004
7	357,260,440	22,935,485	22,935,485	0	14,552,093	0	14,552,093
8	371,835,137	23,941,226	23,941,226	0	14,163,371	0	14,163,371
9	386,499,573	24,904,263	24,904,263	0	13,737,150	0	13,737,150
10	401,332,048	25,883,515	25,883,515	0	13,312,171	0	13,312,171
11	413,549,464	26,950,673	26,950,673	0	12,924,030	0	12,924,030
12	426,193,468	28,019,725	28,019,725	0	12,528,380	0	12,528,380
13	435,541,802	28,989,941	28,989,941	0	12,085,958	0	12,085,958
14	444,200,347	29,893,246	29,893,246	0	11,620,091	0	11,620,091
15	452,179,391	30,782,249	30,782,249	0	11,156,796	0	11,156,796
16	459,496,153	31,588,321	31,588,321	0	10,675,012	0	10,675,012
17	465,889,797	32,307,160	32,307,160	0	10,179,895	0	10,179,895
18	472,348,663	32,998,755	32,998,755	0	9,694,933	0	9,694,933
19	478,392,466	33,645,148	33,645,148	0	9,216,635	0	9,216,635
20	484,198,805	34,231,675	34,231,675	0	8,743,409	0	8,743,409
21	485,821,393	34,745,050	34,745,050	0	8,274,624	0	8,274,624
22	486,902,325	35,230,270	35,230,270	0	7,823,012	0	7,823,012
23	487,428,469	35,651,757	35,651,757	0	7,381,450	0	7,381,450
24	487,433,018	35,967,806	35,967,806	0	6,943,483	0	6,943,483
25	487,085,237	36,262,258	36,262,258	0	6,527,111	0	6,527,111
26	486,286,899	36,514,474	36,514,474	0	6,128,213	0	6,128,213
27	484,950,653	36,655,095	36,655,095	0	5,735,957	0	5,735,957
28	483,251,373	36,755,029	36,755,029	0	5,362,793	0	5,362,793
29	481,203,108	36,761,027	36,761,027	0	5,001,089	0	5,001,089
30	478,881,512	36,681,979	36,681,979	0	4,652,993	0	4,652,993
31	476,360,895	36,464,435	36,464,435	0	4,312,725	0	4,312,725
32	473,780,319	36,146,876	36,146,876	0	3,986,170	0	3,986,170
33	471,249,264	35,738,686	35,738,686	0	3,674,737	0	3,674,737
34	468,876,861	35,235,386	35,235,386	0	3,378,076	0	3,378,076
35	466,783,651	34,714,236	34,714,236	0	3,103,135	0	3,103,135
36	465,008,518	34,132,727	34,132,727	0	2,844,899	0	2,844,899
37	463,643,744	33,458,905	33,458,905	0	2,600,221	0	2,600,221
38	462,825,838	32,734,162	32,734,162	0	2,371,933	0	2,371,933
39	462,653,298	31,941,321	31,941,321	0	2,158,027	0	2,158,027
40	463,251,374	31,099,367	31,099,367	0	1,959,107	0	1,959,107
41	464,732,914	30,205,614	30,205,614	0	1,774,177	0	1,774,177
42	467,222,930	29,269,247	29,269,247	0	1,602,963	0	1,602,963
43	470,844,130	28,310,510	28,310,510	0	1,445,647	0	1,445,647
44	475,704,959	27,336,135	27,336,135	0	1,301,531	0	1,301,531
45	481,914,162	26,348,969	26,348,969	0	1,169,725	0	1,169,725
46	489,585,030	25,340,531	25,340,531	0	1,048,911	0	1,048,911
47	498,848,725	24,306,971	24,306,971	0	938,116	0	938,116
48	509,849,972	23,263,018	23,263,018	0	837,133	0	837,133
49	522,726,841	22,210,024	22,210,024	0	745,212	0	745,212
50	537,625,758	21,149,279	21,149,279	0	661,651	0	661,651



# 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	\$554,702,224	\$20,085,436	\$20,085,436	\$0	\$585,892	\$0	\$585,892
52	574,117,668	19,016,093	19,016,093	0	517,202	0	517,202
53	596,047,833	17,944,033	17,944,033	0	455,053	0	455,053
54	620,678,178	16,874,611	16,874,611	0	399,005	0	399,005
55	648,201,733	15,809,877	15,809,877	0	348,558	0	348,558
56	678,823,401	14,752,434	14,752,434	0	303,259	0	303,259
57	712,760,244	13,705,784	13,705,784	0	262,698	0	262,698
58	750,241,436	12,674,356	12,674,356	0	226,507	0	226,507
59	791,508,177	11,663,023	11,663,023	0	194,343	0	194,343
60	836,814,109	10,677,139	10,677,139	0	165,888	0	165,888
61	886,425,718	9,721,886	9,721,886	0	140,836	0	140,836
62	940,623,444	8,801,972	8,801,972	0	118,890	0	118,890
63	999,703,183	7,921,966	7,921,966	0	99,770	0	99,770
64	1,063,977,551	7,086,004	7,086,004	0	83,209	0	83,209
65	1,133,777,546	6,297,656	6,297,656	0	68,953	0	68,953
66	1,209,454,466	5,559,912	5,559,912	0	56,760	0	56,760
67	1,291,381,982	4,875,103	4,875,103	0	46,405	0	46,405
68	1,379,958,442	4,244,783	4,244,783	0	37,674	0	37,674
69	1,475,609,465	3,669,551	3,669,551	0	30,367	0	30,367
70	1,578,790,906	3,148,970	3,148,970	0	24,297	0	24,297
71	1,690,404,374	2,681,485	2,681,485	0	19,291	0	19,291
72	1,810,181,703	2,264,759	2,264,759	0	15,192	0	15,192
73	1,939,074,456	1,896,156	1,896,156	0	11,860	0	11,860
74	2,077,693,665	1,572,809	1,572,809	0	9,172	0	9,172
75	2,226,697,630	1,291,614	1,291,614	0	7,023	0	7,023
76	2,386,795,592	1,049,348	1,049,348	0	5,320	0	5,320
77	2,559,251,012	842,706	842,706	0	3,984	0	3,984
78	2,743,923,991	668,385	668,385	0	2,946	0	2,946
79	2,942,166,290	523,120	523,120	0	2,150	0	2,150
80	3,154,931,595	403,680	403,680	0	1,547	0	1,547
81	3,383,246,078	306,889	306,889	0	1,096	0	1,096
82	3,628,213,600	229,655	229,655	0	765	0	765
83	3,891,021,252	169,018	169,018	0	525	0	525
84	4,172,945,255	122,225	122,225	0	354	0	354
85	4,475,357,208	86,756	86,756	0	234	0	234
86	4,799,730,760	60,383	60,383	0	152	0	152
87	5,148,336,411	41,157	41,157	0	97	0	97
88	5,521,548,178	27,431	27,431	0	60	0	60
89	5,921,832,013	17,855	17,855	0	36	0	36
90	6,351,146,343	11,329	11,329	0	22	0	22
91	6,811,592,720	6,991	6,991	0	12	0	12
92	7,305,425,952	4,187	4,187	0	7	0	7
93	7,835,064,997	2,425	2,425	0	4	0	4
94	8,403,964,963	1,356	1,356	0	2	0	2
95	9,013,251,019	732	732	0	1	0	1
96	9,666,710,960	382	382	0	0	0	0
97	10,367,547,109	194	194	0	0	0	0
98	11,119,194,073	95	95	0	0	0	0
99	11,925,335,545	45	45	0	0	0	0
100	12,789,922,325	19	19	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	\$15,554,375	\$622,175	\$1,207,225	\$62,218	\$2,037,259	\$3,928,877
2	15,344,771	613,791	1,187,455	61,379	2,261,626	4,124,251
3	15,174,085	606,963	1,173,872	60,696	2,498,424	4,339,955
4	14,984,803	599,392	1,158,890	59,939	2,748,226	4,566,447
5	14,758,907	590,356	1,140,753	59,036	3,011,626	4,801,771
6	14,481,581	579,263	1,117,941	57,926	3,289,243	5,044,373
7	14,125,938	565,038	1,088,584	56,504	3,581,726	5,291,852
8	13,667,795	546,712	1,051,007	54,671	3,889,745	5,542,135
9	13,174,829	526,993	1,010,201	52,699	4,214,002	5,803,895
10	12,668,407	506,736	969,651	50,674	3,819,854	5,346,915
11	12,129,964	485,199	927,580	48,520	3,986,181	5,447,480
12	11,536,068	461,443	880,310	46,144	3,331,783	4,719,680
13	10,857,234	434,289	827,181	43,429	3,035,352	4,340,251
14	10,135,897	405,436	771,224	40,544	2,785,779	4,002,983
15	9,434,781	377,391	715,758	37,739	2,444,869	3,575,757
16	8,685,976	347,439	655,382	34,744	2,351,089	3,388,654
17	7,899,295	315,972	593,382	31,597	2,478,605	3,419,556
18	7,212,246	288,490	539,889	28,849	2,321,712	3,178,940
19	6,591,855	263,674	491,230	26,367	2,179,243	2,960,514
20	6,048,966	241,959	449,381	24,196	1,040,657	1,756,193
21	5,492,754	219,710	406,332	21,971	842,159	1,490,172
22	4,910,220	196,409	361,391	19,641	659,642	1,237,083
23	4,422,788	176,912	324,376	17,691	433,415	952,394
24	4,010,207	160,408	292,396	16,041	223,751	692,596
25	3,633,454	145,338	262,660	14,534	0	422,532
26	3,261,465	130,459	234,501	13,046	0	378,006
27	2,925,795	117,032	209,274	11,703	0	338,009
28	2,573,371	102,935	182,681	10,293	0	295,909
29	2,221,935	88,877	156,107	8,888	0	253,872
30	1,946,451	77,858	135,222	7,786	0	220,866
31	1,619,002	64,760	110,955	6,476	0	182,191
32	1,343,590	53,744	91,217	5,374	0	150,335
33	1,182,052	47,282	79,838	4,728	0	131,848
34	1,005,150	40,206	67,424	4,021	0	111,651
35	787,866	31,515	52,511	3,151	0	87,177
36	578,416	23,137	37,847	2,314	0	63,298
37	415,195	16,608	26,320	1,661	0	44,589
38	276,812	11,072	16,996	1,107	0	29,175
39	181,105	7,244	10,871	724	0	18,839
40	121,872	4,875	7,112	487	0	12,474
41	69,150	2,766	3,846	277	0	6,889
42	28,028	1,121	1,484	112	0	2,717
43	5,122	205	248	20	0	473
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

# 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	\$94,523,941	\$3,928,877	\$5,476,879	\$62,218	\$6,795,637	\$99,709,358
2	99,709,358	4,124,251	5,680,690	61,379	7,171,309	105,262,849
3	105,262,849	4,339,955	5,910,707	60,696	7,573,451	111,204,852
4	111,204,852	4,566,447	6,144,556	59,939	8,004,011	117,570,815
5	117,570,815	4,801,771	6,361,283	59,036	8,466,238	124,418,505
6	124,418,505	5,044,373	6,665,173	57,926	8,960,553	131,700,332
7	131,700,332	5,291,852	7,093,748	56,504	9,482,086	139,324,018
8	139,324,018	5,542,135	7,606,436	54,671	10,025,523	147,230,569
9	147,230,569	5,803,895	8,110,183	52,699	10,590,199	155,461,781
10	155,461,781	5,346,915	8,605,886	50,674	11,153,104	163,305,240
11	163,305,240	5,447,480	9,155,349	48,520	11,705,843	171,254,694
12	171,254,694	4,719,680	9,748,968	46,144	12,235,200	178,414,462
13	178,414,462	4,340,251	10,382,369	43,429	12,718,307	185,047,222
14	185,047,222	4,002,983	11,038,965	40,544	13,163,888	191,134,584
15	191,134,584	3,575,757	11,695,954	37,739	13,566,706	196,543,354
16	196,543,354	3,388,654	12,356,566	34,744	13,928,757	201,469,455
17	201,469,455	3,419,556	13,034,662	31,597	14,262,961	206,085,713
18	206,085,713	3,178,940	13,631,394	28,849	14,567,915	210,172,325
19	210,172,325	2,960,514	14,169,433	26,367	14,837,340	213,774,379
20	213,774,379	1,756,193	14,621,363	24,196	15,039,578	215,924,591
21	215,924,591	1,490,172	15,106,529	21,971	15,168,793	217,455,056
22	217,455,056	1,237,083	15,564,972	19,641	15,254,493	218,362,019
23	218,362,019	952,394	15,906,378	17,691	15,298,019	218,688,363
24	218,688,363	692,596	16,180,882	16,041	15,302,708	218,486,744
25	218,486,744	422,532	16,426,282	14,534	15,269,786	217,738,246
26	217,738,246	378,006	16,650,007	13,046	15,206,019	216,659,218
27	216,659,218	338,009	16,816,968	11,703	15,120,466	215,289,022
28	215,289,022	295,909	16,969,999	10,293	15,014,227	213,618,866
29	213,618,866	253,872	17,080,711	8,888	14,887,751	211,670,890
30	211,670,890	220,866	17,109,505	7,786	14,744,361	209,518,826
31	209,518,826	182,191	17,155,416	6,476	14,585,370	207,124,495
32	207,124,495	150,335	17,128,834	5,374	14,411,632	204,552,254
33	204,552,254	131,848	16,988,293	4,728	14,229,515	201,920,596
34	201,920,596	111,651	16,824,772	4,021	14,043,850	199,247,304
35	199,247,304	87,177	16,659,965	3,151	13,855,065	196,526,430
36	196,526,430	63,298	16,462,664	2,314	13,664,008	193,788,758
37	193,788,758	44,589	16,203,222	1,661	13,474,124	191,102,588
38	191,102,588	29,175	15,895,525	1,107	13,289,806	188,524,937
39	188,524,937	18,839	15,523,376	724	13,115,826	186,135,502
40	186,135,502	12,474	15,094,251	487	12,957,658	184,010,896
41	184,010,896	6,889	14,632,768	277	12,819,868	182,204,608
42	182,204,608	2,717	14,137,009	112	12,706,427	180,776,631
43	180,776,631	473	13,603,813	20	12,621,812	179,795,083
44	179,795,083	0	13,036,240	0	12,570,848	179,329,691
45	179,329,691	0	12,448,439	0	12,558,042	179,439,294
46	179,439,294	0	11,848,806	0	12,587,345	180,177,833
47	180,177,833	0	11,241,649	0	12,662,513	181,598,697
48	181,598,697	0	10,630,647	0	12,787,287	183,755,337
49	183,755,337	0	10,019,521	0	12,965,409	186,701,225
50	186,701,225	0	9,412,261	0	13,200,614	190,489,578

# 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	\$94,523,941	\$5,476,879	\$5,476,879	\$0	\$5,288,524	\$0	\$5,288,524
2	99,709,358	5,680,690	5,680,690	0	5,114,523	0	5,114,523
3	105,262,849	5,910,707	5,910,707	0	4,961,879	0	4,961,879
4	111,204,852	6,144,556	6,144,556	0	4,809,500	0	4,809,500
5	117,570,815	6,361,283	6,361,283	0	4,642,553	0	4,642,553
6	124,418,505	6,665,173	6,665,173	0	4,535,511	0	4,535,511
7	131,700,332	7,093,748	7,093,748	0	4,500,837	0	4,500,837
8	139,324,018	7,606,436	7,606,436	0	4,499,885	0	4,499,885
9	147,230,569	8,110,183	8,110,183	0	4,473,563	0	4,473,563
10	155,461,781	8,605,886	8,605,886	0	4,426,100	0	4,426,100
11	163,305,240	9,155,349	9,155,349	0	4,390,391	0	4,390,391
12	171,254,694	9,748,968	9,748,968	0	4,359,028	0	4,359,028
13	178,414,462	10,382,369	10,382,369	0	4,328,428	0	4,328,428
14	185,047,222	11,038,965	11,038,965	0	4,291,062	0	4,291,062
15	191,134,584	11,695,954	11,695,954	0	4,239,111	0	4,239,111
16	196,543,354	12,356,566	12,356,566	0	4,175,799	0	4,175,799
17	201,469,455	13,034,662	13,034,662	0	4,107,185	0	4,107,185
18	206,085,713	13,631,394	13,631,394	0	4,004,862	0	4,004,862
19	210,172,325	14,169,433	14,169,433	0	3,881,525	0	3,881,525
20	213,774,379	14,621,363	14,621,363	0	3,734,569	0	3,734,569
21	215,924,591	15,106,529	15,106,529	0	3,597,659	0	3,597,659
22	217,455,056	15,564,972	15,564,972	0	3,456,260	0	3,456,260
23	218,362,019	15,906,378	15,906,378	0	3,293,306	0	3,293,306
24	218,688,363	16,180,882	16,180,882	0	3,123,673	0	3,123,673
25	218,486,744	16,426,282	16,426,282	0	2,956,687	0	2,956,687
26	217,738,246	16,650,007	16,650,007	0	2,794,366	0	2,794,366
27	216,659,218	16,816,968	16,816,968	0	2,631,596	0	2,631,596
28	215,289,022	16,969,999	16,969,999	0	2,476,031	0	2,476,031
29	213,618,866	17,080,711	17,080,711	0	2,323,715	0	2,323,715
30	211,670,890	17,109,505	17,109,505	0	2,170,287	0	2,170,287
31	209,518,826	17,155,416	17,155,416	0	2,029,007	0	2,029,007
32	207,124,495	17,128,834	17,128,834	0	1,888,917	0	1,888,917
33	204,552,254	16,988,293	16,988,293	0	1,746,777	0	1,746,777
34	201,920,596	16,824,772	16,824,772	0	1,613,019	0	1,613,019
35	199,247,304	16,659,965	16,659,965	0	1,489,249	0	1,489,249
36	196,526,430	16,462,664	16,462,664	0	1,372,132	0	1,372,132
37	193,788,758	16,203,222	16,203,222	0	1,259,215	0	1,259,215
38	191,102,588	15,895,525	15,895,525	0	1,151,797	0	1,151,797
39	188,524,937	15,523,376	15,523,376	0	1,048,794	0	1,048,794
40	186,135,502	15,094,251	15,094,251	0	950,864	0	950,864
41	184,010,896	14,632,768	14,632,768	0	859,480	0	859,480
42	182,204,608	14,137,009	14,137,009	0	774,229	0	774,229
43	180,776,631	13,603,813	13,603,813	0	694,665	0	694,665
44	179,795,083	13,036,240	13,036,240	0	620,683	0	620,683
45	179,329,691	12,448,439	12,448,439	0	552,631	0	552,631
46	179,439,294	11,848,806	11,848,806	0	490,453	0	490,453
47	180,177,833	11,241,649	11,241,649	0	433,866	0	433,866
48	181,598,697	10,630,647	10,630,647	0	382,550	0	382,550
49	183,755,337	10,019,521	10,019,521	0	336,185	0	336,185
50	186,701,225	9,412,261	9,412,261	0	294,461	0	294,461



# 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	\$190,489,578	\$8,812,971	\$8,812,971	\$0	\$257,074	\$0	\$257,074
52	195,173,221	8,225,495	8,225,495	0	223,718	0	223,718
53	200,804,827	7,652,837	7,652,837	0	194,073	0	194,073
54	207,437,778	7,097,450	7,097,450	0	167,821	0	167,821
55	215,126,786	6,561,440	6,561,440	0	144,659	0	144,659
56	223,928,347	6,046,424	6,046,424	0	124,293	0	124,293
57	233,901,380	5,553,544	5,553,544	0	106,444	0	106,444
58	245,107,892	5,083,581	5,083,581	0	90,850	0	90,850
59	257,613,578	4,637,008	4,637,008	0	77,267	0	77,267
60	271,488,404	4,213,905	4,213,905	0	65,470	0	65,470
61	286,807,327	3,814,083	3,814,083	0	55,253	0	55,253
62	303,650,934	3,436,873	3,436,873	0	46,423	0	46,423
63	322,106,347	3,081,458	3,081,458	0	38,808	0	38,808
64	342,267,851	2,747,625	2,747,625	0	32,265	0	32,265
65	364,236,786	2,435,529	2,435,529	0	26,667	0	26,667
66	388,121,681	2,145,227	2,145,227	0	21,900	0	21,900
67	414,165,709	1,876,461	1,876,461	0	17,862	0	17,862
68	442,249,430	1,628,732	1,628,732	0	14,455	0	14,455
69	472,625,773	1,401,562	1,401,562	0	11,598	0	11,598
70	505,439,662	1,194,659	1,194,659	0	9,218	0	9,218
71	540,846,830	1,007,779	1,007,779	0	7,250	0	7,250
72	579,014,553	840,475	840,475	0	5,638	0	5,638
73	620,276,369	692,150	692,150	0	4,329	0	4,329
74	664,529,604	562,149	562,149	0	3,278	0	3,278
75	712,125,830	449,698	449,698	0	2,445	0	2,445
76	763,289,238	353,870	353,870	0	1,794	0	1,794
77	818,261,234	273,586	273,586	0	1,293	0	1,293
78	877,301,843	207,578	207,578	0	915	0	915
79	940,691,256	154,362	154,362	0	634	0	634
80	1,008,731,512	112,356	112,356	0	431	0	431
81	1,081,748,189	79,965	79,965	0	286	0	286
82	1,160,092,120	55,596	55,596	0	185	0	185
83	1,244,352,809	37,725	37,725	0	117	0	117
84	1,334,529,319	24,967	24,967	0	72	0	72
85	1,431,256,838	16,111	16,111	0	44	0	44
86	1,535,006,274	10,133	10,133	0	26	0	26
87	1,646,283,735	6,214	6,214	0	15	0	15
88	1,765,632,870	3,722	3,722	0	8	0	8
89	1,893,637,399	2,177	2,177	0	4	0	4
90	2,031,188,534	1,242	1,242	0	2	0	2
91	2,178,448,416	689	689	0	1	0	1
92	2,336,385,213	371	371	0	1	0	1
93	2,505,772,757	192	192	0	0	0	0
94	2,687,441,083	97	97	0	0	0	0
95	2,882,280,461	49	49	0	0	0	0
96	3,091,245,744	23	23	0	0	0	0
97	3,315,361,037	9	9	0	0	0	0
98	3,555,724,703	3	3	0	0	0	0
99	3,813,514,741	1	1	0	0	0	0
100	4,089,994,559	0	0	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	\$13,350,501	\$534,020	\$1,475,069	\$53,402	\$1,161,475	\$3,223,966
2	13,321,340	532,854	1,470,656	53,285	1,064,479	3,121,274
3	13,257,378	530,295	1,462,499	53,030	1,099,075	3,144,899
4	13,155,190	526,208	1,449,946	52,621	1,134,795	3,163,570
5	12,993,805	519,752	1,430,528	51,975	1,171,675	3,173,930
6	12,794,858	511,794	1,406,694	51,179	1,209,755	3,179,422
7	12,562,880	502,515	1,379,411	50,252	1,249,072	3,181,250
8	12,267,205	490,688	1,344,757	49,069	1,289,667	3,174,181
9	11,923,185	476,927	1,304,881	47,693	1,331,581	3,161,082
10	11,529,999	461,200	1,260,121	46,120	991,986	2,759,427
11	11,146,605	445,864	1,215,944	44,586	1,203,914	2,910,308
12	10,776,037	431,041	1,173,630	43,104	779,220	2,426,995
13	10,376,821	415,073	1,128,528	41,507	862,012	2,447,120
14	9,981,851	399,274	1,083,268	39,927	850,470	2,372,939
15	9,606,630	384,265	1,039,915	38,427	694,320	2,156,927
16	9,227,704	369,108	996,489	36,911	716,886	2,119,394
17	8,832,998	353,320	952,333	35,332	740,184	2,081,169
18	8,415,060	336,602	905,799	33,660	764,240	2,040,301
19	7,947,841	317,914	853,756	31,791	789,078	1,992,539
20	7,426,568	297,063	796,013	29,706	0	1,122,782
21	6,918,976	276,759	739,962	27,676	0	1,044,397
22	6,454,526	258,181	689,610	25,818	0	973,609
23	5,929,399	237,176	632,380	23,718	0	893,274
24	5,432,565	217,303	577,979	21,730	0	817,012
25	4,946,106	197,844	524,671	19,784	0	742,299
26	4,406,119	176,245	465,807	17,624	0	659,676
27	3,863,402	154,536	407,315	15,454	0	577,305
28	3,316,582	132,663	348,304	13,266	0	494,233
29	2,744,911	109,796	286,506	10,980	0	407,282
30	2,196,450	87,858	228,034	8,786	0	324,678
31	1,765,726	70,629	182,671	7,063	0	260,363
32	1,432,757	57,310	147,431	5,731	0	210,472
33	1,111,665	44,467	113,908	4,447	0	162,822
34	859,746	34,390	87,489	3,439	0	125,318
35	652,586	26,103	65,781	2,610	0	94,494
36	470,584	18,823	47,052	1,882	0	67,757
37	365,709	14,628	36,282	1,463	0	52,373
38	271,298	10,852	26,606	1,085	0	38,543
39	199,071	7,963	19,343	796	0	28,102
40	123,499	4,940	11,850	494	0	17,284
41	56,569	2,263	5,248	226	0	7,737
42	37,643	1,506	3,415	151	0	5,072
43	30,925	1,237	2,807	124	0	4,168
44	25,387	1,015	2,303	102	(2,151)	1,269
45	11,788	472	1,069	47	(998)	590
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	\$96,662,902	\$3,223,966	\$5,137,345	\$53,402	\$6,938,012	\$101,634,133
2	101,634,133	3,121,274	5,352,940	53,285	7,287,094	106,636,276
3	106,636,276	3,144,899	5,580,625	53,030	7,642,491	111,790,011
4	111,790,011	3,163,570	5,829,462	52,621	8,007,954	117,079,452
5	117,079,452	3,173,930	6,114,041	51,975	8,381,695	122,469,061
6	122,469,061	3,179,422	6,435,954	51,179	8,761,200	127,922,550
7	127,922,550	3,181,250	6,762,798	50,252	9,145,036	133,435,786
8	133,435,786	3,174,181	7,119,644	49,069	9,531,826	138,973,080
9	138,973,080	3,161,082	7,512,272	47,693	9,918,879	144,493,076
10	144,493,076	2,759,427	7,936,838	46,120	10,289,708	149,559,253
11	149,559,253	2,910,308	8,340,867	44,586	10,648,044	154,732,152
12	154,732,152	2,426,995	8,735,848	43,104	10,991,851	159,372,046
13	159,372,046	2,447,120	9,146,901	41,507	11,314,377	163,945,135
14	163,945,135	2,372,939	9,551,683	39,927	11,628,924	168,355,388
15	168,355,388	2,156,927	9,911,186	38,427	11,928,223	172,490,925
16	172,490,925	2,119,394	10,279,597	36,911	12,213,646	176,507,457
17	176,507,457	2,081,169	10,657,765	35,332	12,490,070	180,385,599
18	180,385,599	2,040,301	11,044,131	33,660	12,756,079	184,104,188
19	184,104,188	1,992,539	11,469,636	31,791	13,008,887	187,604,187
20	187,604,187	1,122,782	11,905,262	29,706	13,216,219	190,008,220
21	190,008,220	1,044,397	12,290,874	27,676	13,374,058	192,108,125
22	192,108,125	973,609	12,630,241	25,818	13,511,760	193,937,435
23	193,937,435	893,274	12,998,964	23,718	13,628,466	195,436,493
24	195,436,493	817,012	13,321,148	21,730	13,723,028	196,633,655
25	196,633,655	742,299	13,619,352	19,784	13,796,609	197,533,427
26	197,533,427	659,676	13,936,127	17,624	13,847,695	198,087,047
27	198,087,047	577,305	14,233,567	15,454	13,874,382	198,289,713
28	198,289,713	494,233	14,520,565	13,266	13,875,973	198,126,088
29	198,126,088	407,282	14,808,696	10,980	13,850,833	197,564,527
30	197,564,527	324,678	15,069,579	8,786	13,797,964	196,608,804
31	196,608,804	260,363	15,222,993	7,063	13,720,981	195,360,092
32	195,360,092	210,472	15,277,271	5,731	13,626,787	193,914,349
33	193,914,349	162,822	15,305,481	4,447	13,519,315	192,286,558
34	192,286,558	125,318	15,261,173	3,439	13,401,578	190,548,842
35	190,548,842	94,494	15,171,110	2,610	13,277,733	188,747,349
36	188,747,349	67,757	15,037,894	1,882	13,150,943	186,926,273
37	186,926,273	52,373	14,825,423	1,463	13,025,949	185,177,709
38	185,177,709	38,543	14,587,139	1,085	12,907,186	183,535,214
39	183,535,214	28,102	14,312,515	796	12,797,524	182,047,529
40	182,047,529	17,284	14,025,349	494	12,699,520	180,738,490
41	180,738,490	7,737	13,712,016	226	12,615,444	179,649,429
42	179,649,429	5,072	13,344,250	151	12,549,493	178,859,593
43	178,859,593	4,168	12,950,854	124	12,506,210	178,418,993
44	178,418,993	1,269	12,542,247	102	12,488,717	178,366,630
45	178,366,630	590	12,129,285	47	12,499,606	178,737,494
46	178,737,494	0	11,703,758	0	12,541,630	179,575,366
47	179,575,366	0	11,259,347	0	12,618,204	180,934,223
48	180,934,223	0	10,806,868	0	12,732,836	182,860,191
49	182,860,191	0	10,347,435	0	12,888,832	185,401,588
50	185,401,588	0	9,881,830	0	13,089,666	188,609,424



# 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	\$96,662,902	\$5,137,345	\$5,137,345	\$0	\$4,960,667	\$0	\$4,960,667
2	101,634,133	5,352,940	5,352,940	0	4,819,438	0	4,819,438
3	106,636,276	5,580,625	5,580,625	0	4,684,784	0	4,684,784
4	111,790,011	5,829,462	5,829,462	0	4,562,868	0	4,562,868
5	117,079,452	6,114,041	6,114,041	0	4,462,112	0	4,462,112
6	122,469,061	6,435,954	6,435,954	0	4,379,533	0	4,379,533
7	127,922,550	6,762,798	6,762,798	0	4,290,856	0	4,290,856
8	133,435,786	7,119,644	7,119,644	0	4,211,905	0	4,211,905
9	138,973,080	7,512,272	7,512,272	0	4,143,757	0	4,143,757
10	144,493,076	7,936,838	7,936,838	0	4,082,001	0	4,082,001
11	149,559,253	8,340,867	8,340,867	0	3,999,812	0	3,999,812
12	154,732,152	8,735,848	8,735,848	0	3,906,035	0	3,906,035
13	159,372,046	9,146,901	9,146,901	0	3,813,359	0	3,813,359
14	163,945,135	9,551,683	9,551,683	0	3,712,926	0	3,712,926
15	168,355,388	9,911,186	9,911,186	0	3,592,235	0	3,592,235
16	172,490,925	10,279,597	10,279,597	0	3,473,905	0	3,473,905
17	176,507,457	10,657,765	10,657,765	0	3,358,232	0	3,358,232
18	180,385,599	11,044,131	11,044,131	0	3,244,732	0	3,244,732
19	184,104,188	11,469,636	11,469,636	0	3,141,952	0	3,141,952
20	187,604,187	11,905,262	11,905,262	0	3,040,826	0	3,040,826
21	190,008,220	12,290,874	12,290,874	0	2,927,104	0	2,927,104
22	192,108,125	12,630,241	12,630,241	0	2,804,592	0	2,804,592
23	193,937,435	12,998,964	12,998,964	0	2,691,346	0	2,691,346
24	195,436,493	13,321,148	13,321,148	0	2,571,610	0	2,571,610
25	196,633,655	13,619,352	13,619,352	0	2,451,447	0	2,451,447
26	197,533,427	13,936,127	13,936,127	0	2,338,896	0	2,338,896
27	198,087,047	14,233,567	14,233,567	0	2,227,334	0	2,227,334
28	198,289,713	14,520,565	14,520,565	0	2,118,643	0	2,118,643
29	198,126,088	14,808,696	14,808,696	0	2,014,623	0	2,014,623
30	197,564,527	15,069,579	15,069,579	0	1,911,528	0	1,911,528
31	196,608,804	15,222,993	15,222,993	0	1,800,455	0	1,800,455
32	195,360,092	15,277,271	15,277,271	0	1,684,732	0	1,684,732
33	193,914,349	15,305,481	15,305,481	0	1,573,746	0	1,573,746
34	192,286,558	15,261,173	15,261,173	0	1,463,115	0	1,463,115
35	190,548,842	15,171,110	15,171,110	0	1,356,159	0	1,356,159
36	188,747,349	15,037,894	15,037,894	0	1,253,380	0	1,253,380
37	186,926,273	14,825,423	14,825,423	0	1,152,141	0	1,152,141
38	185,177,709	14,587,139	14,587,139	0	1,056,991	0	1,056,991
39	183,535,214	14,312,515	14,312,515	0	966,985	0	966,985
40	182,047,529	14,025,349	14,025,349	0	883,528	0	883,528
41	180,738,490	13,712,016	13,712,016	0	805,398	0	805,398
42	179,649,429	13,344,250	13,344,250	0	730,813	0	730,813
43	178,859,593	12,950,854	12,950,854	0	661,322	0	661,322
44	178,418,993	12,542,247	12,542,247	0	597,163	0	597,163
45	178,366,630	12,129,285	12,129,285	0	538,462	0	538,462
46	178,737,494	11,703,758	11,703,758	0	484,449	0	484,449
47	179,575,366	11,259,347	11,259,347	0	434,549	0	434,549
48	180,934,223	10,806,868	10,806,868	0	388,891	0	388,891
49	182,860,191	10,347,435	10,347,435	0	347,187	0	347,187
50	185,401,588	9,881,830	9,881,830	0	309,151	0	309,151



# 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	\$188,609,424	\$9,410,019	\$9,410,019	\$0	\$274,490	\$0	\$274,490
52	192,538,443	8,932,186	8,932,186	0	242,939	0	242,939
53	197,247,168	8,448,798	8,448,798	0	214,258	0	214,258
54	202,797,879	7,960,468	7,960,468	0	188,227	0	188,227
55	209,256,739	7,468,244	7,468,244	0	164,651	0	164,651
56	216,693,621	6,973,951	6,973,951	0	143,360	0	143,360
57	225,181,575	6,479,954	6,479,954	0	124,201	0	124,201
58	234,796,497	5,988,938	5,988,938	0	107,030	0	107,030
59	245,617,004	5,503,691	5,503,691	0	91,709	0	91,709
60	257,724,528	5,026,719	5,026,719	0	78,099	0	78,099
61	271,203,807	4,560,325	4,560,325	0	66,063	0	66,063
62	286,143,339	4,107,182	4,107,182	0	55,477	0	55,477
63	302,635,269	3,670,493	3,670,493	0	46,227	0	46,227
64	320,775,106	3,253,475	3,253,475	0	38,205	0	38,205
65	340,661,951	2,859,102	2,859,102	0	31,304	0	31,304
66	362,399,011	2,489,937	2,489,937	0	25,419	0	25,419
67	386,094,321	2,148,005	2,148,005	0	20,446	0	20,446
68	411,861,651	1,835,093	1,835,093	0	16,287	0	16,287
69	439,821,169	1,552,414	1,552,414	0	12,847	0	12,847
70	470,100,499	1,300,275	1,300,275	0	10,033	0	10,033
71	502,836,200	1,078,075	1,078,075	0	7,756	0	7,756
72	538,175,353	884,443	884,443	0	5,933	0	5,933
73	576,277,123	717,654	717,654	0	4,489	0	4,489
74	617,314,001	575,766	575,766	0	3,358	0	3,358
75	661,472,994	456,651	456,651	0	2,483	0	2,483
76	708,956,871	357,962	357,962	0	1,815	0	1,815
77	759,985,533	277,161	277,161	0	1,310	0	1,310
78	814,797,452	211,792	211,792	0	934	0	934
79	873,650,932	159,631	159,631	0	656	0	656
80	936,825,308	118,629	118,629	0	455	0	455
81	1,004,622,289	86,873	86,873	0	310	0	310
82	1,077,367,438	62,629	62,629	0	209	0	209
83	1,155,411,718	44,405	44,405	0	138	0	138
84	1,239,133,081	30,945	30,945	0	90	0	90
85	1,328,938,182	21,181	21,181	0	57	0	57
86	1,425,264,265	14,227	14,227	0	36	0	36
87	1,528,581,191	9,371	9,371	0	22	0	22
88	1,639,393,623	6,046	6,046	0	13	0	13
89	1,758,243,399	3,820	3,820	0	8	0	8
90	1,885,712,089	2,355	2,355	0	4	0	4
91	2,022,423,777	1,410	1,410	0	3	0	3
92	2,169,048,041	826	826	0	1	0	1
93	2,326,303,169	474	474	0	1	0	1
94	2,494,959,658	266	266	0	0	0	0
95	2,675,843,958	143	143	0	0	0	0
96	2,869,842,497	73	73	0	0	0	0
97	3,077,906,002	38	38	0	0	0	0
98	3,301,054,148	19	19	0	0	0	0
99	3,540,380,554	10	10	0	0	0	0
100	3,797,058,134	4	4	0	0	0	0

## SECTION D

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### GLOSSARY OF TERMS

## Glossary of Terms

<b><i>Accrued Service</i></b>	Service credited under the system which was rendered before the date of the actuarial valuation.
<b><i>Actuarial Accrued Liability (AAL)</i></b>	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".
<b><i>Actuarial Assumptions</i></b>	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.
<b><i>Actuarial Cost Method</i></b>	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.
<b><i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i></b>	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.
<b><i>Actuarial Equivalent</i></b>	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.
<b><i>Actuarial Gain (Loss)</i></b>	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.
<b><i>Actuarial Present Value (APV)</i></b>	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.
<b><i>Actuarial Valuation</i></b>	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.
<b><i>Actuarial Valuation Date</i></b>	The date as of which an actuarial valuation is performed.

## Glossary of Terms

<b><i>Amortization Method</i></b>	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).
<b><i>Amortization Payment</i></b>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<b><i>Cost-of-Living Adjustments</i></b>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<b><i>Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)</i></b>	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.
<b><i>Covered-Employee Payroll</i></b>	The payroll of covered employees, which is typically only the pensionable pay and does not include pay above any pay cap.
<b><i>Deferred Inflows and Outflows</i></b>	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.
<b><i>Discount Rate</i></b>	<p>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:</p> <ol style="list-style-type: none"><li>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</li><li>2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.</li></ol>
<b><i>Entry Age Actuarial Cost Method (EAN)</i></b>	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 age(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

<b><i>Fiduciary Net Position</i></b>	The fiduciary net position is the value of the assets of the trust.
<b><i>GASB</i></b>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<b><i>Long-Term Expected Rate of Return</i></b>	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.
<b><i>Money-Weighted Rate of Return</i></b>	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.
<b><i>Multiple-Employer Defined Benefit Pension Plan</i></b>	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
<b><i>Municipal Bond Rate</i></b>	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.
<b><i>Net Pension Liability (NPL)</i></b>	The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.
<b><i>Non-employer Contribution Entities</i></b>	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.
<b><i>Normal Cost</i></b>	The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.
<b><i>Other Postemployment Benefits (OPEB)</i></b>	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.
<b><i>Real Rate of Return</i></b>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<b><i>Service Cost</i></b>	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.

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**APPENDIX I**

**ACTUARIAL REPORT OF  
LEWIS & ELLIS INC.**

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# **CITY OF INDEPENDENCE**

## **POSTRETIREMENT HEALTH INSURANCE FINANCIAL INFORMATION**

**UNDER GASB 75**

**FISCAL YEAR ENDING  
JUNE 30, 2020**



**LEWIS & ELLIS**  
Actuaries and Consultants

**11225 College Boulevard, Suite 320  
Overland Park, KS 66210**

**November 2020**

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**LEWIS & ELLIS**  
Actuaries and Consultants

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Overland Park, KS 66210

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LewisEllis.com

November 25, 2020

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. 75 ("GASB 75" 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 and liability recognition as of June 30, 2020; and
- Determine the OPEB Expense for fiscal year 2019-20.

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 benefit terms as of the measurement date of June 30<sup>th</sup>. Each actuarial assumption used in this valuation represents reasonable expectations of future experience under the postretirement insurance program.

The undersigned is a member of the Society of Actuaries and the American Academy of Actuaries and meets the qualification standards to render the actuarial information contained herein.

Respectfully submitted,

**LEWIS & ELLIS, INC.**

Patrick Glenn, ASA, ACAS, MAAA, CPA (inactive)

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## **SUMMARY**

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The valuation procedures and information presented in this report are based on provisions underlying GASB 75. GASB stipulates that retiree benefits should be measured using age-adjusted costs.

The City adopted GASB 75 in fiscal year (“FY”) 2017-18. The present value of benefits allocated to past service represents the actuarial accrued liability (“AAL”). The amount of AAL less any OPEB trust assets is recognized as the booked liability known as the Net OPEB Liability. The amount of OPEB Expense is measured as the change in the Net OPEB Liability with deferral and amortization of specified items. When an OPEB trust does not apply, GASB 75 requires the discount rate be determined based on a yield or index rate as of the measurement date for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

## **VALUATION PROCEDURES**

The measurement date as selected by the City under GASB 75 Standards is June 30<sup>th</sup>.

The financial information for FY 2019-20 end of year measurement is based upon an actuarial valuation performed as of January 1, 2020 using the participant census as of January 1, 2020. The valuation for FY 2019-20 beginning of year measurement was performed as of January 1, 2019 using the census as of January 1, 2019. The January 1, 2019 valuation results were projected to June 30, 2019. The January 1, 2020 valuation results were projected to June 30, 2020. The projections were performed using standard actuarial techniques based on reasonable assumptions and the benefit terms as of the commensurate measurement date.

## **SUBSTANTIVE PLAN**

The City of Independence sponsors postretirement medical, prescription drug and vision coverage. The benefit plan options offered by the City collectively operate as a single-employer defined benefit healthcare plan. Two Medical / Rx 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 for retirees not on Medicare is self-insured with stop-loss coverage for large claims. Pre-Medicare retirees are charged 20% of plan premium irrespective of the date of retirement.

Effective January 1, 2020, the Medicare eligible retirees are covered under a fully-insured, stand-alone program. Three Medical plans, one Pharmacy plan and one Vision plan will be available. The City will contribute 80% of the premium cost for the Medical-Custom plan, Pharmacy plan and the Vision plan. Retirees are responsible for the balance of the premium cost.

Employees hired after July 1, 2018 must contribute 100% of plan premium costs to maintain coverage during retirement.

## **SUMMARY (CONTINUED)**

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### **FUNDING OF BENEFITS**

Costs under the health insurance 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.

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.0% (beginning-of-year measurement) and 2.6% (end-of-year measurement).

### **RESULTS**

The impact of assumption changes on the Total OPEB Liability from beginning to end of year measurement for FY 2019-20 is shown below.

Discount rate decreased from 3.0% to 2.6%	12,471,536
Update Retiree Per Capita Costs, Contribution Premiums and Trend Rates	(2,740,058)
Change Salary Scale from 3% to 2%.	4,645,409
The assumed mortality was changed from Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement <a href="#">to</a> the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General and Public Safety Mortality Tables using Scale MP-2020 Full Generational Improvement.	1,278,388
Net Assumption Changes [Increase / (Decrease) to Total OPEB Liability]	<u>\$15,655,275</u>

The impact of “Expected to Actual” is shown on page 5 under Item K. Assumption changes and Expected to Actual are amortized over average service life.

The expected Employer Contributions for fiscal year 2020-21, based on the January 1, 2020 valuation is \$6,881,000. This is net of Rx rebates and retiree contribution premiums.

This report does not make any explicit adjustment for the recent and still developing impact of COVID-19, though recent claim experience was not used for developing per capita costs. We will continue to monitor the impact of COVID-19 for subsequent valuations as experience emerges.



## VALUATION RESULTS

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### June 30, 2019 Measurement Date

Actuarial Present Value of Benefits	249,185,502
Actuarial Accrued Liability	187,603,148
Service Cost	5,117,074
Discount Rate	3.0%

### June 30, 2020 Measurement Date

Actuarial Present Value of Benefits	269,904,281
Actuarial Accrued Liability	204,525,153
Discount Rate	2.6%

### Employer Contributions for 2019-20 Measurement Period \*

(July 1, 2019 to June 30, 2020)

A. Retiree Claims / Premiums and Fixed Costs (Net of Rx Rebates)	8,729,000
B. Retiree Premium Contributions	1,682,000
C. Employer Contributions – Benefit Payments (A – B)	<u>7,047,000</u>

\* Based on actual and expected

## FINANCIAL & DISCLOSURE INFORMATION

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### A. Valuation Parameters

	Fiscal Year 2019-20	
	Beginning of Year	End of Year
Valuation Date	January 1, 2019	January 1, 2020
Measurement Date	June 30, 2019	June 30, 2020
Reporting Date	June 30, 2019	June 30, 2020
Discount Rate	3.0%	2.6%

### B. Net OPEB Liability at June 30, 2020

I. Total OPEB Liability	204,525,153
II. Plan Fiduciary Net Position (Trust Assets)	0
III. Net OPEB Liability (I minus II)	<u>204,525,153</u>

### C. OPEB Liability Changes during FY 2019-20

OPEB Liability – Beginning of Year	187,603,148
1. Service Cost	5,117,074
2. Interest Cost	5,675,902
3. Changes in Benefit Terms	(64,032)
4. Differences between actual and expected experience	(2,415,214)
5. Changes in assumptions and inputs	15,655,275
6. Employer Contributions (Benefit Payments)	<u>7,047,000</u>
Net Changes (1 + 2 + 3 + 4 + 5 – 6)	<u>16,922,005</u>
OPEB Liability – End of Year	<u>204,525,153</u>

## FINANCIAL & DISCLOSURE INFORMATION (CONTINUED)

### D. OPEB Expense – Fiscal Year 2019-20

1. Service Cost	5,117,074
2. Interest Cost	5,675,902
3. Changes in Benefit Terms	(64,032)
4. Differences between expected and actual experience	1,088,834
5. Changes of assumptions and inputs	3,828,021
6. Projected earnings on OPEB plan investments	0
7. Differences between projected & actual earnings on OPEB investments	0
OPEB Expense / (Income) (1 + 2 + 3 + 4 + 5 – 6 + 7)	<u>15,645,799</u>

### E. Net OPEB Liability as a percentage of payroll

Net OPEB Liability	204,525,153
Payroll *	61,654,203
Percent of Payroll	331.7%

*\*Annualized pay as of January 1, 2020 of active employees not waiving coverage*

### F. Sensitivity of Net OPEB Liability to changes in the Discount Rate

	1% Decrease 1.6%	Current Single Discount Rate Assumption 2.6%	1% Increase 3.6%
Net OPEB Liability	241,505,086	204,525,153	175,395,719
Increase / (Decrease) from Baseline	36,979,933		(29,129,434)

### G. Sensitivity of Net OPEB Liability to changes in Healthcare Cost Trend Rate

	1% Decrease	Current Trend Assumption	1% Increase
Net OPEB Liability	171,987,463	204,525,153	246,919,046
Increase / (Decrease) from Baseline	(32,537,690)		42,393,893

## FINANCIAL & DISCLOSURE INFORMATION (CONTINUED)

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### H. Deferred Outflows and Inflows of Resources

The accumulated amount of Deferred Outflows and Inflows of Resources as of June 30, 2020 are shown below.

Category	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	5,439,551	1,976,084
Changes in Assumptions	15,823,199	-
Contributions Subsequent to Measurement Date (1)	-	-

(1) Expected Employer Contributions between Measurement date and Reporting date – Does Not Apply.

Amounts reported as deferred outflows / inflows of resources related to OPEB will be recognized as an expense / (income) item in OPEB expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2021	4,916,855
2022	4,916,855
2023	4,695,230
2024	3,554,085
2025	1,203,641
2026 & Thereafter	0

### I. Changes in Benefit Terms

Pre-Medicare retirees are charged 20% of plan premiums for OAP 1 plan irrespective of date of retirement. Previously employees retiring prior to November 1, 2009 were charged 17% of plan premiums. The impact on the actuarial accrued liability is a reduction of \$64,032. This only accounts for the impact of pre-Medicare retirees that retired prior to November 1, 2009. Changes affecting Medicare retirees were valued for the FY 2018-19 valuation.

## FINANCIAL & DISCLOSURE INFORMATION (CONTINUED)

### J. History of Schedule of Changes in Total OPEB Liability

Fiscal Year Ending	<u>2018</u>	<u>2019</u>	<u>2020</u>
Discount Rate	3.3%	3.0%	2.6%
Valuation Date	Jan 1, 2018	Jan 1, 2018	Jan 1, 2020
Measurement Date	Jun 30, 2018	Jun 30, 2019	Jun 30, 2020
Reporting Date	Jun 30, 2018	Jun 30, 2019	Jun 30, 2020
Total OPEB Liability:			
1. Service Cost	6,933,082	7,279,911	5,117,074
2. Interest Cost	9,284,832	9,525,419	5,675,902
3. Changes in Benefit Terms	0	(117,967,934)	(64,032)
4. Differences between actual and expected experience	0	8,495,479	(2,415,214)
5. Changes in assumptions or other inputs	2,548,653	2,890,612	15,655,275
6. Employer Contributions (Benefit Payments)	7,268,000	7,979,000	7,047,000
Net Changes (1 + 2 + 3 + 4 + 5 - 6)	11,498,567	(97,755,513)	16,922,005
Beginning of Year	273,860,094	285,358,661	187,603,148
End of Year	285,358,661	187,603,148	204,525,153
Covered-employee payroll at Valuation Date	62,007,715	62,360,911	61,654,203
Total OPEB Liability as a % of Covered-employee payroll	460.2%	300.8%	331.7%

## FINANCIAL & DISCLOSURE INFORMATION (CONTINUED)

### K. Amortization of Deferred (Inflows) / Outflows

Item	Initial Year Ending	Amortization Period	Initial Balance	Beginning of Year Unamortized Balance	Amortization Amount FY 2019-20	End of Year Unamortized Balance
1-Assumption	2018	5.52	2,548,653	1,625,227	461,713	1,163,514
2-Assumption	2019	5.56	2,890,612	2,370,718	519,894	1,850,824
3-Assumption	2020	5.50	15,655,275	15,655,275	2,846,414	12,808,861
Total Assumptions			21,094,540	19,651,220	3,828,021	15,823,199
4-Exp to Actual	2019	5.56	8,495,479	6,967,515	1,527,964	5,439,551
5-Exp to Actual	2020	5.50	(2,415,214)	(2,415,214)	(439,130)	(1,976,084)
Total Exp to Actual			6,080,265	4,552,301	1,088,834	3,463,467
<b>Totals</b>			<b>27,174,805</b>	<b>24,203,521</b>	<b>4,916,855</b>	<b>19,286,666</b>

1. Change / Update discount rate.
2. Change / Update discount rate, mortality improvement scale, enrollment rate, per capita costs, trend rates, retiree contribution premiums, disability rates and duty / non-duty disability rates.
3. Change / Update discount rate, mortality, retiree contribution premiums, trend rates and salary scale (3% to 2%).
4. Value updated census using actuarial assumption and method parameters consistent with the January 1. 2018 valuation.
5. Value updated census using actuarial assumption and method parameters consistent with the January 1. 2019 valuation.

## ACCOUNTING ENTRIES

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### Fiscal Year 2019-20

<b>GASB 75 Accounting Entries</b>	<b>Debit</b>	<b>Credit</b>
OPEB Expense	15,645,799	
Net OPEB Liability		15,645,799
To record Expense for FY 2020		
Net OPEB Liability	7,047,000	
Employee Benefits Expense		7,047,000
To record net benefit payments for FY 2020		
Net OPEB Liability	1,976,084	
Deferred Inflows		1,976,084
To record change in Deferred Inflows for FY 2020		
Deferred Outflows	10,299,290	
Net OPEB Liability		10,299,290
To record change in Deferred Outflows for FY 2020		

## RESULTS BY ACCOUNTING FUND

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Accounting Fund	Number of Employees	Number of Retirees / Surviving Spouses
Central Garage	7	7
Community Dev Block Grant	1	0
General	546	527
Grants	0	1
Parks Sales Tax	20	5
Power & Light	175	198
Sanitary Sewer	55	49
Storm Water Tax	10	0
Street Tax	1	0
Tourism	7	0
Water	66	53
<b>Total</b>	<b>888</b>	<b>840</b>



## RESULTS BY ACCOUNTING FUND (CONTINUED)

Accounting Fund	Net OPEB Liability/(Asset) at 6-30-2019  (A)	2019-20 OPEB Expense / (Income)  (B)	2019-20 Employer Contributions  (C)	Change in Unamortized Deferred Inflows/Outflows  (D)	Net OPEB Liability/(Asset) at 6-30-2020  (E)=(A)+(B)- (C)+(D)
Central Garage	1,422,782	105,948	38,904	38,949	1,528,775
Community Dev Block Grant	129,985	15,515	36	13,129	158,593
General	118,510,113	10,059,718	4,418,097	5,100,677	129,252,411
Grants	429,642	15,376	5,732	2,706	441,992
Parks Sales Tax	1,131,491	212,871	58,774	172,919	1,458,507
Power & Light	43,114,684	3,225,537	1,741,399	1,753,538	46,352,360
Sanitary Sewer	8,812,336	783,641	340,678	399,379	9,654,678
Storm Water Tax	1,008,017	130,926	2,884	139,305	1,275,364
Street Tax	(228)	534	0	359	665
Tourism	515,541	57,503	1,125	29,760	601,679
Water	12,528,785	1,038,230	439,371	672,485	13,800,129
<b>Total</b>	<b>187,603,148</b>	<b>15,645,799</b>	<b>7,047,000</b>	<b>8,323,206</b>	<b>204,525,153</b>

## 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	
	<u>January 1, 2019</u>	<u>January 1, 2020</u>
<u><i>Active Employees</i></u>		
General Employees	500	556
Police & Fire	<u>412</u>	<u>332</u>
Total Count	<u>912</u>	<u>888</u>
Average Age – General Employees	46.4 years	45.5 years
Average Service – General Employees	12.2 years	11.7 years
Average Age – Police & Fire	41.3 years	41.7 years
Average Service – Police & Fire	12.6 years	13.8 years
<u><i>Current Benefit Recipients</i></u>		
Retirees / Disableds / Surviving Spouses	854	840
Spouses of Covered Retirees / Disableds	<u>461</u>	<u>446</u>
Total Count	<u>1,315</u>	<u>1,286</u>
Average Attained Age – Subscribers	70.3 years	70.7 years

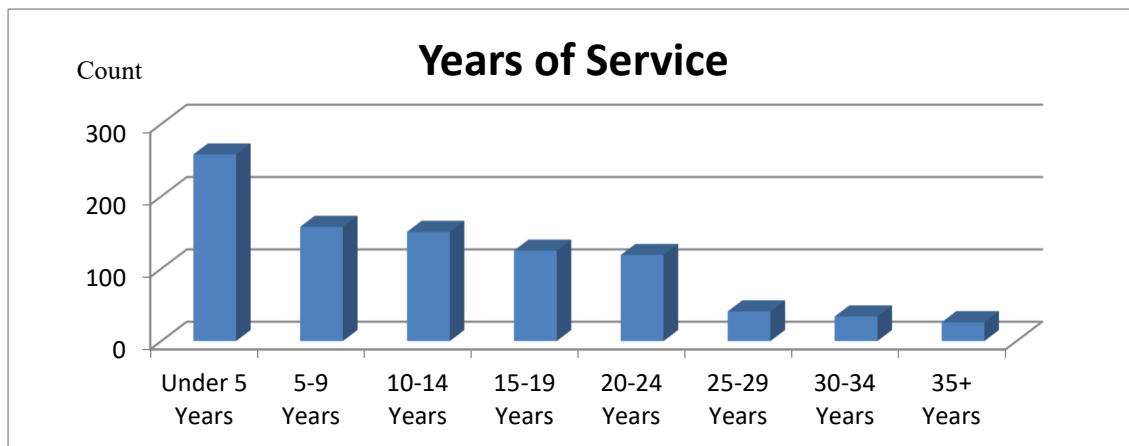
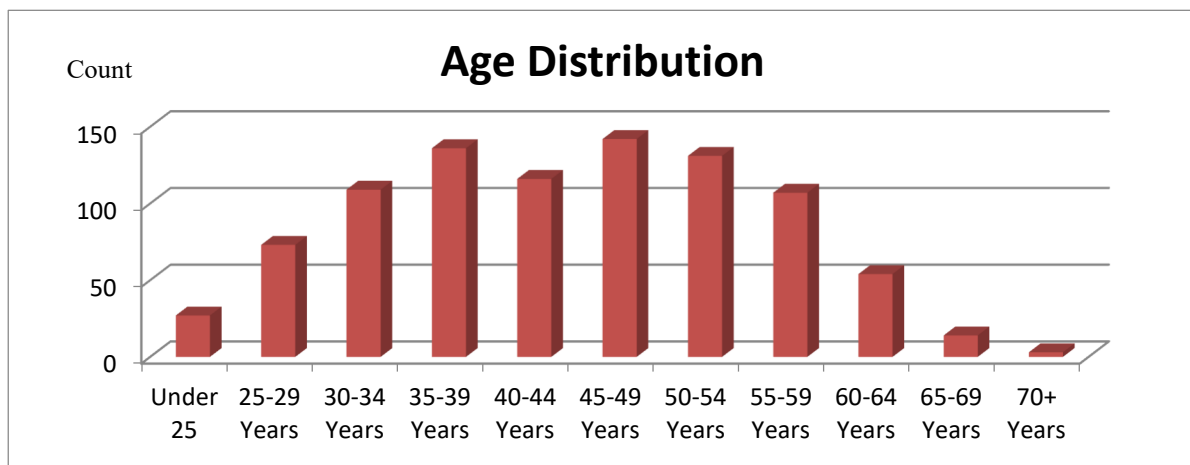
### MEDICAL PLAN AS OF JANUARY 1, 2020

Medical Plan	Actives	Retirees	Total
OAP 1	759	191	950
OAP 2	129	1	130
Custom W/ RX	0	244	244
Custom W/O RX	0	10	10
Plan F W/ RX	0	330	330
Plan F W/O RX	0	4	4
Plan G W/ RX	0	56	56
Plan G W/O RX	0	4	4
<b>Total</b>	<b>888</b>	<b>840</b>	<b>1,728</b>

## SUMMARY OF PARTICIPANT DATA (CONTINUED)

### Distribution of Active Participants

Age	Years of Service as of January 1, 2020								Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<b>Under 25</b>	17	1							18
<b>25-29</b>	61	15							76
<b>30-34</b>	46	41	9	1					97
<b>35-39</b>	42	38	40	17	1				138
<b>40-44</b>	21	21	26	28	18				114
<b>45-49</b>	16	19	21	30	53	6			145
<b>50-54</b>	16	14	14	19	34	18	10	1	126
<b>55-59</b>	10	8	17	17	17	13	18	10	110
<b>60-64</b>	6	8	7	7	4	4	6	5	47
<b>65-69</b>	3	4	1	3	1			2	14
<b>70+</b>			2	1					3
<b>Totals</b>	238	169	137	123	128	41	34	18	888



## SUMMARY OF PARTICIPANT DATA (CONTINUED)

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### Distribution of Inactives

Age	Retirees / Surviving Spouses	Spouses of Retirees
≤55	23	42
56	2	11
57	5	12
58	10	14
59	12	8
60	29	26
61	33	16
62	24	20
63	48	28
64	39	18
65	41	16
66	43	14
67	33	14
68	30	21
69	33	23
70	37	27
71	27	19
72	40	15
73	35	9
74	29	15
75	31	11
76	25	17
77	23	13
78	31	7
79	16	5
80	21	3
81	15	5
82	17	3
83	9	4
84	16	2
85+	63	8
<b>Totals</b>	<b>840</b>	<b>446</b>
<b>Average Age</b>	<b>70.7</b>	<b>66.1</b>

## SUMMARY OF PLAN PROVISIONS

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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 1, 2009

	Retirement	Disability Retirement
General Employees	55 & 5	5 years of service
Public Safety	50 & 5	5 years of service

#### Employees Hired On or 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.

## SUMMARY OF PLAN PROVISIONS (CONTINUED)

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### PLAN OF OPERATION

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 1<sup>st</sup>.

#### Pre-Medicare Retirees

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. A self-insured Cigna vision plan is included at no additional premium for participants with Medical / Rx coverage. The plan parameters are the same as those that apply to active employees.

#### Medicare Retirees

Effective January 1, 2020 the Medicare-eligible retirees are covered under a separate, stand-alone fully insured arrangement. Medical, Prescription Drug and Vision coverage will apply. Plan members will have a choice of three Medicare Supplement plans, one pharmacy plan and one vision plan. The City will pay up to 80% of the cost of the Custom plan, pharmacy plan and the vision plan.

### MONTHLY RETIREE CONTRIBUTION PREMIUMS

Participants must make premium contributions to maintain coverage. The amounts for 2020 are shown below.

#### Pre-Medicare Retirees

Pre-Medicare Coverage	OAP 1	OAP 2
<b>Hired on or Prior to July 1, 2018</b>		
Single	123.07	94.49
Single + Spouse	297.86	228.65
Single + Children	238.78	183.31
Family	416.01	319.37
<b>Hired After July 1, 2018</b>		
Single	615.39	524.92
Single + Spouse	1,489.28	1,270.34
Single + Children	1,193.88	1,018.38
Family	2,080.04	1,774.28

## SUMMARY OF PLAN PROVISIONS *(CONTINUED)*

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### MONTHLY RETIREE CONTRIBUTION PREMIUMS *(continued)*

#### Medicare Retirees-Full Premium Rates-Per Covered Life

Medicare Coverage	Medical	Pharmacy	Vision	Total
Custom	110.82	149.89	11.52	272.23
Plan F	179.67	149.89	11.52	341.08
Plan G	165.26	149.89	11.52	326.67

The City will pay up to 80% of the cost of the Custom-Medical, Pharmacy and Vision plan, irrespective of the Medical plan elected. The balance of the premium is payable by the plan participant.

## SUMMARY OF PLAN PROVISIONS (CONTINUED)

### PLAN DESIGN – PRE-MEDICARE RETIREES

A summary of the plan parameters effective January 1, 2020 are shown below:

<b>Open Access 1</b>	<b>PPO In-Network</b>	<b>PPO Out of Network</b>
<b>Deductible</b> Individual / Family	\$800 / \$2,000	\$1,600 / \$4,000
<b>Coinsurance – Plan Pays</b>	80%	60%
<b>Out of Pocket</b> Individual / Family	\$3,000 / \$7,500	\$6,000 / \$15,000
<b>Office Visit Copays</b> Primary Care Specialist	\$35 \$45	Deductible + Coinsurance
<b>Wellness Benefit</b>	100% Covered	Deductible + Coinsurance
<b>Emergency Room</b>	\$200 Copay + 80% Coinsurance	
<b>Prescription Drugs</b> Generic Brand Formulary Non-formulary	<b>Retail</b> \$15 \$40 \$75	<b>Mail Order</b> \$45 \$120 \$225
<b>Lifetime Limit</b>	Unlimited	

<b>Open Access 2</b>	<b>PPO In-Network</b>	<b>PPO Out of Network</b>
<b>Deductible</b> Individual / Family	\$1,500 / \$3,000	\$3,000 / \$6,000
<b>Coinsurance – Plan Pays</b>	80%	60%
<b>Out of Pocket</b> Individual / Family	\$3,000 / \$6,000	\$6,000 / \$12,000
<b>Office Visit Copays</b> Primary Care & Specialist	Deductible + Coinsurance	Deductible + Coinsurance
<b>Wellness Benefit</b>	100% Covered	Deductible + Coinsurance
<b>Emergency Room</b>	Deductible + 80% Coinsurance	
<b>Prescription Drugs</b>	Deductible + Coinsurance	Deductible + Coinsurance
<b>Lifetime Limit</b>	Unlimited	



## COST ANALYSIS BY AGE

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The benefit that is valued under GASB 75 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 for Pre-Medicare coverage are based on City experience and vendor contract rates for administrative / stop-loss premium costs. We considered City claim experience separately for Medical and Prescription Drug. Age-adjusted expected costs during plan year 2020 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.

### Pre-Medicare Expected Cost Levels (PMPM)

Age	OAP 1		OAP 2	
	Male	Female	Male	Female
55	829	902	798	868
58	955	977	919	940
62	1,148	1,123	1,104	1,081
64	1,260	1,218	1,212	1,171

The difference between the above expected costs that apply by age minus the retiree contribution premium is the “benefit” that is valued for GASB 75 cost recognition.

### Medicare Retirees

Starting in 2020 the Medicare-eligible retirees are covered under a fully-insured, stand-alone program. The per member per month premium cost during 2020 for the Custom, Pharmacy and Vision plans is shown below. The City will contribute 80% of this cost.

Medical – Custom	110.82
Pharmacy	149.89
Vision	11.52
Total	<u>272.23</u>

## ACTUARIAL ASSUMPTIONS

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### A. Discount Rate

2.6% per annum	End of Year
3.0% per annum	Beginning of Year

### B. Measurement Date

June 30, 2020	End of Year
June 30, 2019	Beginning of Year

### C. Valuation Date

January 1, 2020	End of Year
January 1, 2019	Beginning of Year

### D1. Medical / Rx Cost Trend (and Retiree Contribution Trend)

Year	Pre-Medicare Medical / Rx & Medicare Rx	Medicare Medical
2020	7.50%	4.50%
2021	7.00%	4.50%
2022	6.50%	4.50%
2023	6.00%	4.50%
2024	5.75%	4.50%
2025	5.50%	4.50%
2026	5.25%	4.50%
2027	5.00%	4.50%
2028	4.75%	4.50%
2029 (to Ultimate)	4.50%	4.50%

### D2. Vision Trend (and Retiree Contribution Trend when applicable)

2.50% per year

### D3. Trend on Fixed Costs

Admin	Flat – 0% first year per contract, then 2.5% per year
Stop-Loss Premiums	3 percentage points above cost trend

### E. Age Adjusted Costs

The estimated age-adjusted cost for retiree insurance coverage during 2020 is shown at sample ages in the “Cost Analysis by Age” section.

## **ACTUARIAL ASSUMPTIONS (CONTINUED)**

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***F. Future Retiree Enrollment***

Ninety-five percent (95%) of future eligible employees hired on or prior to July 1, 2018 are assumed to participate in the City's health insurance program upon retirement. This considers City experience from January 2014 to June 2020. Fifty percent (50%) of future eligible employees hired after July 1, 2018 are assumed to participate in the City's health insurance program upon retirement. This considers experience of other plans in the region requiring full group plan premium contributions.

***G. Retirees Waiving Coverage***

Not Valued

***H. Plan Election***

Future eligible retirees and current retirees are assumed to continue with the current plan option. Future Medicare retirees are assumed to elect Rx along with Medical and Vision.

***I. Duration of Coverage***

Retirees and spouses are assumed to continue coverage for each of their own lifetimes.

***J. Healthy Life Mortality***

Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General and Public Safety Mortality Tables using Scale MP-2020 Full Generational Improvement

***K. Disabled Life Mortality***

Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General and Public Safety Disabled Life Mortality Tables using Scale MP-2020 Full Generational Improvement

## ACTUARIAL ASSUMPTIONS (CONTINUED)

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### ***L. Disability Incidence***

Assumed disability rates are based on rates used for the LAGERS pension actuarial valuation. Assumed annual rates of disablement are shown below for selected ages:

Age	Police	Fire	General	
			Male	Female
30	.0011	.0010	.0012	.0003
40	.0022	.0035	.0021	.0010
45	.0034	.0056	.0030	.0016
50	.0053	.0085	.0044	.0024
55	.0088	.0131	.0068	.0034
60	N/A	N/A	.0102	.0048

### ***M. Proportion of Disability Coverage due to Duty Disability***

General Employees – 30%  
Safety Employees – 60%

### ***N. 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.

### ***O. 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.

### ***P. Non-Spouse Dependents***

Children were valued based on an assumed coverage election distribution and an average number of children. These assumptions were evaluated considering experience of current retirees and older actives.

### ***Q. Timing of Benefit Payments***

Mid-year

### ***R. Medicare Eligibility Age***

Age 65 (unless otherwise noted in the retiree census)

### ***S. Salary Scale (per employee)***

2.0% per year

## ACTUARIAL ASSUMPTIONS (CONTINUED)

### T. 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. Illustrations of annual rates of turnover are shown below at sample ages and levels of service.

#### Police

<u>Age</u>	<u>Years of Service</u>				
	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>
All Ages	.18	.17	.16	.13	.12

<u>Years of Service &gt; 5</u>	
<u>Age</u>	<u>Rate</u>
25	.098
30	.078
35	.061
40	.044
50	.018

#### Fire

<u>Age</u>	<u>Years of Service</u>				
	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>
All Ages	.10	.08	.07	.06	.06

<u>Years of Service &gt; 5</u>	
<u>Age</u>	<u>Rate</u>
25	.050
30	.040
35	.028
40	.022
50	.010

#### General

<u>Gender</u>	<u>Age</u>	<u>Years of Service</u>				
		<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>
Male	All Ages	.19	.17	.15	.13	.11
Female	All Ages	.22	.20	.17	.14	.13

<u>Years of Service &gt; 5</u>		
<u>Age</u>	<u>Male</u>	<u>Female</u>
25	.073	.108
30	.065	.089
35	.050	.074
40	.037	.057
45	.030	.042
50	.024	.033

## ACTUARIAL ASSUMPTIONS (CONTINUED)

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### *U. 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.

<b>General Members</b>	<b>Age(s)</b>	<b>General Members</b>	
		<b>Men</b>	<b>Women</b>
	55-59	0.03	0.03
	60-61	0.10	0.10
	62	0.25	0.15
	63-64	0.20	0.15
	65-66	0.25	0.25
	67-68	0.20	0.25
	69	0.20	0.20
	70+	1.00	1.00

<b>Public Safety</b>	<b>Age(s)</b>	<b>Police</b>	<b>Fire</b>
	50-54	0.025	0.025
	55-59	0.10	0.13
	60-61	0.10	0.15
	62	0.25	0.20
	63-64	0.20	0.20
	65+	1	1

## **ACTUARIAL METHODS**

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### **A. POPULATION VALUED**

The valuation is based on a closed group. Current employees and covered retirees as of the valuation date of January 1, 2020 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 required under GASB 75.

- The Actuarial Present Value (“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 current year is called the Service Cost.
- The APV of benefits allocated to past service is called the Actuarial Accrued Liability (“AAL”).
- The Unfunded AAL represents the difference between the AAL and the actuarial value of plan assets as of the measurement date.
- The  $APV = AAL$  for current retirees as all benefits have effectively been “earned.”

### **C. VALUATION PROCEDURES AND DISCOUNT RATE**

The City implemented GASB 75 in FY 2017-18. The selected measurement date is June 30<sup>th</sup>. The valuation date equals January 1, 2020 for FY 2019-20 end of year measurement. The Total OPEB liability was projected using actuarial techniques from the valuation date to the measurement date. The valuation date was January 1, 2019 for FY 2018-19 end of year measurement.

GASB 75 standards require a single discount rate be determined. To the extent Plan (i.e. Trust) assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent a Plan is not projected to be sufficient make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the City’s program.

In order to determine the municipal bond rate we took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 3.0% and 2.6% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

## **ACTUARIAL METHODS (CONTINUED)**

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### **D. ACTUARIAL VALUE OF ASSETS**

As of the date of this valuation, it is our understanding there are no plan assets (i.e. assets held in a qualifying, irrevocable trust) as recognized under GASB rules. Healthcare costs of retirees are paid as they come due from pooled investments of the City.

### **E. CALCULATION OF PRESENT VALUES**

Using the actuarial assumptions, the number of retired participants and costs at each age is projected into the future considering the current population census. The projected costs less retiree contribution premiums are multiplied by the expected number of retirees to produce expected employer costs (i.e. retiree benefits) by year. These employer costs are discounted using the “discount 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 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 measurement date.

### **F. BENEFIT TERMS**

Projections of benefit payments are required to be based on the benefit terms and legal agreements existing at the measurement date, including changes impacting future periods that were finalized and made public as of the measurement date. For purposes of evaluating the benefit terms, consideration is required to be given to the written plan document, as well as additional information, including other communications between the employer and plan members and an established pattern of practice with regard to the sharing of benefit-related costs with inactive plan members.

The City moved Medicare eligible retirees from the self-funded group plan to a separate, stand-alone, fully insured program effective January 1, 2020. This change was recognized in the 2018-19 valuation results.



## GLOSSARY

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**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 past service.

**Actuarial Cost Method.** A procedure for allocating the Actuarial Present Value of plan benefits to time periods, usually in the form of a Service Cost and Actuarial Accrued Liability. GASB 75 requires the use of the Entry Age Normal actuarial cost method with each period's Service Cost determined as a level percentage of pay.

**Actuarial Valuation Date.** The date as of which an actuarial valuation is performed generally coinciding with the "as of" census date. Actuarial valuations are required to be performed at least every two years. For GASB 75 reporting, the actuarial valuation must have been performed as of a date no more than 30 months and 1 day prior to the employer's most recent fiscal year-end date.

**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.

**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 retiree premium. An age-subsidy may occur because the retiree premium, based on the combined pool of actives and retirees, is lower than the age-adjusted cost at retiree ages.

**Consolidated Omnibus Budget Reconciliation Act (COBRA).** Gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102 percent of the cost to the plan.

**Deferred Inflows of Resources.** Resources received not currently recognized as revenue.

**Deferred Outflows of Resources.** Resources expended not currently recognized as expense.

**Defined Benefit OPEB Plan.** An OPEB plan having terms that specify the amount of benefits to be provided at or after separation from employment. The amount specified usually is a function of one or more factors such as age and years of service.

**Discount Rate.** Expected rate of return on assets in an irrevocable trust to the extent that benefits may be paid from such assets; otherwise, the yield as of the measurement date on 20-year, tax-exempt, municipal bonds of quality rating AA or higher.

## GLOSSARY

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**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.

**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.

**Measurement Date.** The date as of which the Net OPEB liability is calculated. For purposes of GASB 75, the measurement date may be selected from a range starting no earlier than one year prior to and ending no later than the employer's fiscal year-end date. When the actuarial valuation date does not equal the measurement date, actuarial techniques may be utilized to project results to the measurement date.

**Net OPEB Liability.** Total OPEB liability on the measurement date minus plan assets.

**OPEB Expense.** The amount of expense an employer must recognize under GASB 75 provisions. The change in the Net OPEB Liability during the measurement period, with deferral of recognition for (1) changes of economic and demographic assumptions (2) differences between actual and expected experience and (3) differences between actual and projected earnings on plan assets.

**Other Postemployment Benefits (OPEB).** Benefits (such as death benefits, life insurance, disability and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not generally include termination benefits or termination payments for sick leave.

**Postemployment Healthcare Benefits.** Medical, dental, vision and other health-related benefits paid subsequent to the termination of employment.

**Service Cost.** The portion of the Actuarial Present Value of OPEB benefits attributed to the current year by the Actuarial Cost Method.

**Substantive Plan.** The terms of the OPEB plan as understood by the employer and plan members.

**Total OPEB Liability.** The portion of the Actuarial Present Value of OPEB benefits attributed to past service by the Actuarial Cost Method. This is equal to the AAL.

**Unfunded Actuarial Accrued Liability.** The excess, if any, of the Actuarial Accrued Liability over the assets of the plan.

## APPENDIX J

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** (the “Disclosure Undertaking”) dated as of June 1, 2021, is executed and delivered by the City of Independence, Missouri (the “City”), in connection with the issuance of Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021 issued by the Missouri Development Finance Board (the “Board”) on behalf of the City in the aggregate principal amount of \$35,920,000 (the “Bonds”).

The Bonds are issued pursuant to a Bond Trust Indenture dated as of October 1, 2015, as amended and supplemented by a First Supplemental Bond Trust Indenture dated as of June 1, 2021 (together, the “Indenture”).

In order to permit the Underwriter to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended, in connection with the public offering of the Bonds, the City, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of holders and Beneficial Owners (as hereinafter defined) of the Bonds, as follows:

**Section 1. Definitions.** Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Indenture.

“Annual Financial Information” shall mean the information specified in Section 3 hereof.

“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.

“Bonds” shall mean the bonds described above.

“City” shall mean the City of Independence, Missouri, a municipality of the State of Missouri constituting a political subdivision, and any successor thereto.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Financing Agreement” means the First Supplemental Financing Agreement dated as of June 1, 2021, between the City and the Board with respect to the Bonds.

“GAAP” shall mean accounting principles generally accepted in the United States of America as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

“GAAS” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Obligated Person” shall mean the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

“Official Statement” shall mean the Official Statement related to the Bonds dated June 3, 2021.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended from time to time.

“Underwriter” shall mean Goldman Sachs & Co. LLC.

## **Section 2. Obligations to Provide Continuing Disclosure.**

### **(a) Obligations of the City.**

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide, no later than January 2 of each year commencing January 2, 2022 (or, if the City’s Fiscal Year shall no longer end on June 30, 180 days after the end of each of its Fiscal Years) to the MSRB via EMMA, the City’s Comprehensive Annual Financial Report (the “Annual Report”), which includes (A) the audited financial statements of the City for the prior fiscal year, and (B) updates to the information in the tables in Appendix A to the Official Statement under the headings “FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuations – *Current Assessed Valuation*,” “– *History of Property Valuation*,” and “– *Major Real Property Taxpayers*”; and “FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City,” and – Overlapping or Underlying Indebtedness”. If the City’s Comprehensive Annual Report is not then available, unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds and the operating information described in (B) above shall be provided no later than January 2 of each year commencing January 2, 2022 (or, if the City’s Fiscal Year shall no longer end on June 30, 180 days after the end of each of its Fiscal Years) and the Comprehensive Annual Report shall be delivered to the MSRB if and when it becomes available. The Annual Report shall be provided to the MSRB in such manner and format as prescribed by the MSRB.

(ii) The Trustee, based upon information that has been provided to and actually received by it in its capacity as Trustee, if other than an officer of the City, shall notify the City of the occurrence of any of the events with respect to the Bonds listed in Section 2(a)(iii) hereof promptly upon becoming aware of the occurrence of any such event.

(iii) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide to the MSRB via EMMA and the Trustee, not later than 10 Business

Days from the occurrence thereof, notice of any of the following events with respect to the Bonds:

- (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;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties; and
- (17) the occurrence of an Event of Nonappropriation (as defined in the Financing Agreement) under the Financing Agreement.

(iv) The City shall also provide to the MSRB in a timely manner notice of any failure of the City to provide the MSRB the Annual Report or financial statements required by paragraph (i) of this Section 2(a) on or before the date specified.

(v) Notwithstanding the foregoing, notice of listed events described in (iii)(8) above need not be given earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

(b) Termination or Modification of Disclosure Obligation. The City's obligations herein shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations hereunder are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Undertaking 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 **Section 2(a)(iii)**.

(c) Other Information. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City should disseminate any such additional information, the City shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

### **Section 3. Annual Financial Information.**

(a) Specified Information. The Annual Financial Information of the City shall consist of the Annual Report as described in Section 2(a)(i).

(b) Incorporation by Reference. 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 Rule 15c2-12), 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 via EMMA. The City shall clearly identify each such other document so included by reference.

(c) Informational Categories. The requirements contained in this Disclosure Undertaking are intended to set forth a general description of the type of financial information and operating data to be provided by the City, such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of this Disclosure Undertaking call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

### **Section 4. Financial Statements.**

The annual financial statements of the City for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS. The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and the Securities and Exchange Commission.

### **Section 5. Remedies.**

If the City should fail to comply with any provision of this Disclosure Undertaking, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of such party hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with Sections 2 and 3 hereunder are conditioned upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default as though such provisions applied hereunder. Failure of any party to perform its obligations hereunder shall not constitute an Event of Default under any agreement executed and delivered in connection with the issuance of the Bonds.

## **Section 6. Parties in Interest.**

The provisions of this Disclosure Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds, the Underwriter, the City and the Trustee, and shall create no rights in any other person or entity.

## **Section 7. Amendments.**

(a) Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may amend or make changes this Disclosure Undertaking for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

(b) Annual Financial Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to the MSRB.

## **Section 8. Termination.**

This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Indenture; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance of the Bonds, the City shall

provide notice of such defeasance to the MSRB and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

**Section 9. Notices.**

Any notices or communications to the City may be given as follows:

City of Independence, Missouri  
111 East Maple  
City of Independence, Missouri 64050  
Attention: Director of Finance  
Telephone: (816) 325-7078  
Fax: (816) 325-7075

The City may, by written notice to the Trustee, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**Section 10. Designated Agents.**

The City may, from time to time, appoint or designate one or more agents (each, a “designated agent”) to submit Annual Financial Information, Material Event notices, and other notices or reports with the MSRB via EMMA. The City hereby appoints the Trustee and Gilmore & Bell, P.C. as designated agents of the City solely for the purpose of submitting City-approved Annual Financial Information, event notices, and other notices or reports to the MSRB via EMMA as requested by the City. The City may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this **Section 10** from time to time by written designation to the newly appointed designated agent.

**Section 11. Electronic Transactions.**

The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12. Governing Law.**

This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

**IN WITNESS WHEREOF**, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of the date first above written.

**CITY OF INDEPENDENCE, MISSOURI,**  
as Obligated Person

By: \_\_\_\_\_