



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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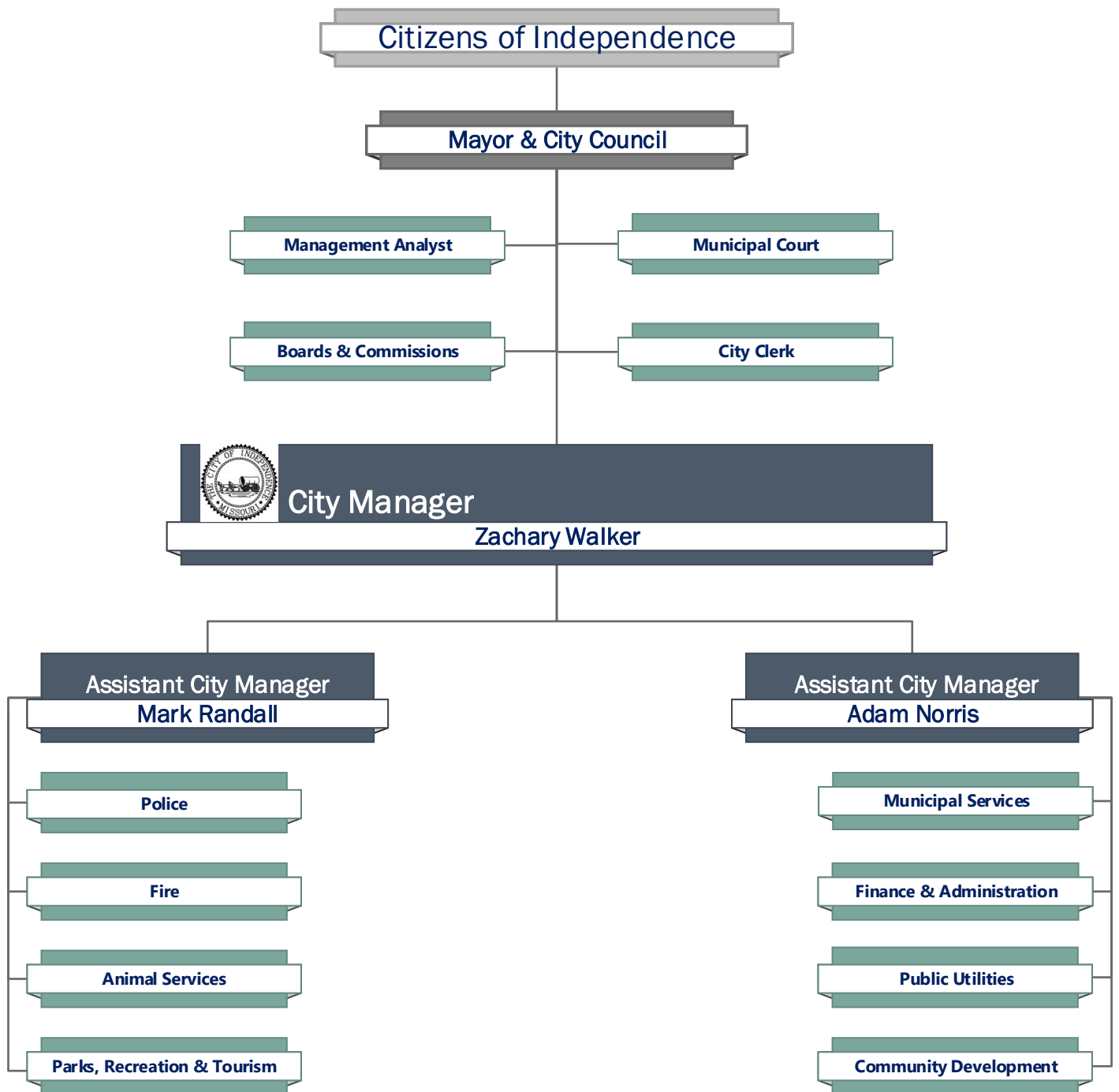
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December 23, 2020

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 21st Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of a fast growing commercial area. This area is home to the 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.

Year	City Unemployment Rate	Jackson County Unemployment Rate	Statewide Unemployment Rate
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-1
Required Components of City of Independence's Annual Financial Report

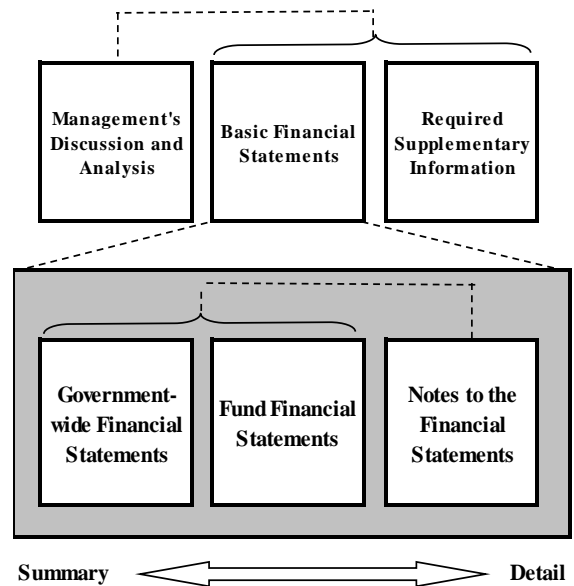


Figure MD-2
Major Features of the City of Independence's Government-wide and Fund Financial Statements

	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.

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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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
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
Total assets	426,712,493	416,466,665	766,079,173	770,155,475	1,192,791,666	1,186,622,140
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
Total liabilities	373,638,979	340,300,003	490,877,926	484,753,892	864,516,905	825,053,895
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)
Total net position	\$ 62,187,699	68,467,866	305,426,016	298,938,394	367,613,715	367,406,260

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.

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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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
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
Total revenues	106,291,870	105,374,469	212,785,441	226,208,195	319,077,311	331,582,664
Expenses						
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
Total expenses	131,753,597	127,040,655	187,116,259	186,166,892	318,869,856	313,207,547
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
Change in net position	(6,280,167)	70,976,755	6,487,622	53,284,239	207,455	124,260,994
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

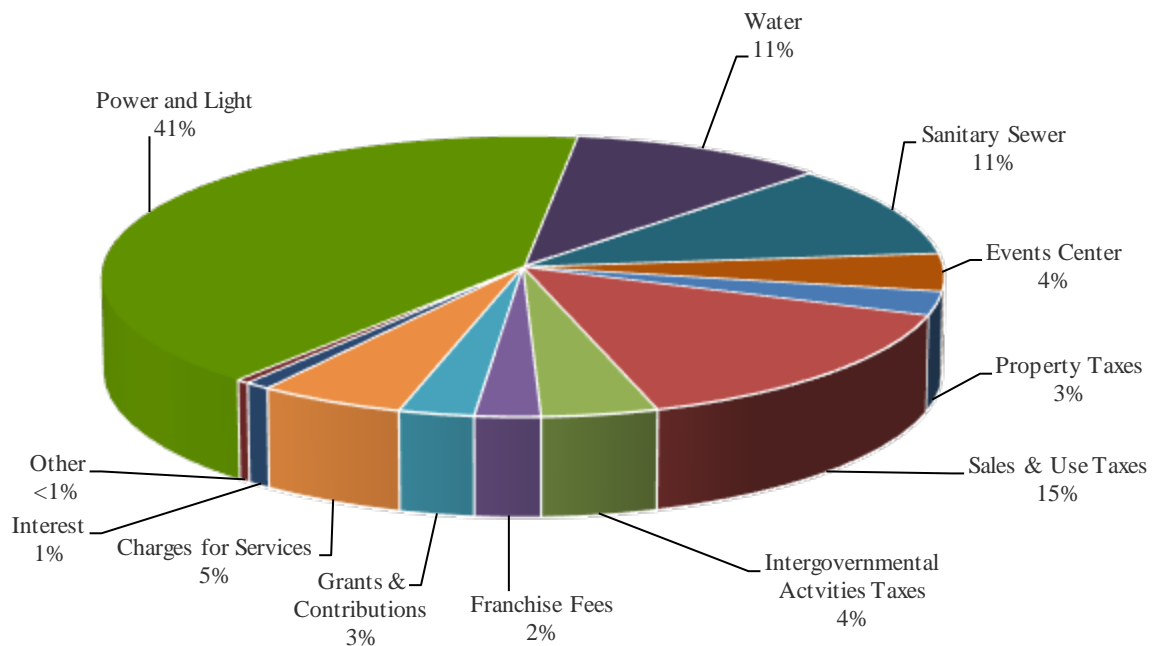
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the governmental activities represents the payment in-lieu of taxes that would be paid and received if they operated as private utilities.

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



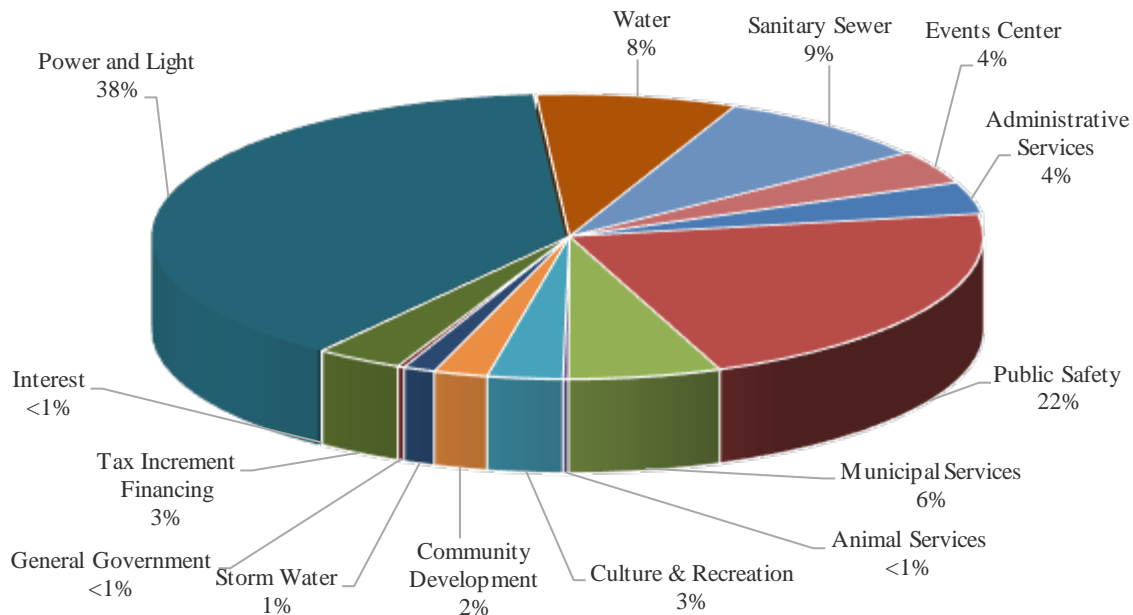
Revenues from governmental activities were \$106.3 million. Sales and use taxes, the largest governmental category, were \$46.8 million or 44.0%. All taxes represent \$76.4 million or 72.0% of governmental revenue. Charges for services at \$16.8 million were 15.8% of the total. Operating and capital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

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
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
Total	\$ 131,753,597	127,040,655	106,243,532	98,641,181

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)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2019-2020
	2020	2019	2020	2019	2020	2019	
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%
Total	\$ 311,923,717	320,062,805	540,004,484	552,347,482	851,928,201	872,410,287	-2.35%

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.

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Debt Administration

Table MD-5
City of Independence's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
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%
Total	<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
ASSETS & DEFERRED OUTFLOWS			
Current assets:			
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>
Noncurrent assets:			
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>
Deferred outflows of resources:			
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>
LIABILITIES, DEFERRED INFLOWS & NET POSITION			
Current liabilities:			
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>
Noncurrent liabilities:			
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>
Deferred inflows of resources:			
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>
Net position:			
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
Primary government:					
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)
Business-type activities:					
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
ASSETS				
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>
LIABILITIES				
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>
DEFERRED INFLOWS OF RESOURCES				
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>
FUND BALANCES (DEFICITS)				
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

	General	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
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>
EXPENDITURES				
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>
OTHER FINANCING SOURCES (USES)				
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)
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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
ASSETS						
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
DEFERRED OUTFLOWS OF RESOURCES						
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
LIABILITIES						
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
DEFERRED INFLOWS OF RESOURCES						
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
NET POSITION						
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

	Enterprise Funds					Governmental Activities
	Power and Light	Water	Sanitary Sewer	Events Center	Total	Internal Service Funds
OPERATING REVENUES						
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
OPERATING EXPENSES						
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)
NONOPERATING REVENUES (EXPENSES)						
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
ASSETS		
Pooled cash and investments	\$ 13,197	258,280
Accrued interest receivable	48	618
Total assets	<u>13,245</u>	<u>258,898</u>
LIABILITIES		
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	<u>-</u>	<u>25,648</u>
Total liabilities	<u>3,750</u>	<u>\$ 258,898</u>
NET POSITION		
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

	Private-Purpose Trust Fund
ADDITIONS	
Charges for services	\$ 11,608
Investment income (loss)	640
Other revenue	11
Total additions	<u>12,259</u>
DEDUCTIONS	
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

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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:

	Years
Governmental activities:	
Buildings and improvements	20-40
Improvements other than buildings	20
Roads	20
Bridges	40
Drainage systems	35
Office equipment and furniture	7
Mobile equipment – vehicles	5
Mobile equipment – heavy equipment	10
Fire trucks	15
Other equipment	10
Computer equipment	5
	Years
Business-type activities:	
Power and Light Fund:	
Production plant	25-45
Transmission plant	28-40
Distribution plant	25-40
Transportation equipment	7
General plant	19-40
Machinery and equipment	7-25
Water Fund:	
Source of supply	15-50
Pumping	20-50
Water treatment	40-50
Transmission and distribution system	20-100
General plant	5-50
Acquisition adjustment	30
Nonutility property	10
Machinery and equipment	5-22
Sanitary Sewer Fund:	
Equipment	5-25
Sewer system	40-100
Plant	25
Machinery and equipment	5-20
Events Center Fund:	
Buildings and improvements	20-40
Improvements other than buildings	20
Machinery and equipment	4-20

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

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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

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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	70,722,921	—	70,722,921
	<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

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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

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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
	<u>\$ 349,557</u>

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:

	General	TIF Debt Service	Nonmajor Governmental Funds	Total
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

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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:

Tax Abatement Program	Abated Tax
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.

Years	PILOT Percentage	Basis
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

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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:

	General Fund	Nonmajor Governmental Funds	Total
Federal			
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
Total Federal	45,627	3,065,990	3,111,617
State & Local			
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
Total State & Local	5,061,007	142,405	5,203,412
Grand Total	\$ 5,106,634	3,208,395	8,315,029

CITY OF INDEPENDENCE, MISSOURI

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

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund :				
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>
TIF Debt Service:				
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>
Nonmajor Governmental Funds:				
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>
Power and Light Fund:				
Department of Homeland Security	62,214	—	—	62,214
	<u>62,214</u>	<u>—</u>	<u>—</u>	<u>62,214</u>
Sanitary Sewer Fund				
Department of Homeland Security	22,740	—	—	22,740
	<u>22,740</u>	<u>—</u>	<u>—</u>	<u>22,740</u>
Totals	<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		<u>240,016</u>
	\$	<u><u>1,392,092</u></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		<u>1,445,894</u>
	\$	<u><u>1,771,230</u></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
Business-type activities:				
Power and Light Fund:				
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
Water Fund:				
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
Sanitary Sewer Fund:				
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
Events Center fund:				
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	
	\$ 17,955,000	4,003,305	34,000	5,464	127,140,000	50,595,946	145,129,000	54,604,714	

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
	\$ 151,150,000	90,089,057	21,870,000	5,240,447	90,575,000	59,984,952	86,350,000	47,684,244	349,945,000	202,998,702

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>\$ 127,140,000</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:

Calendar Year		Amount
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
Total	\$	7,000,000

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

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

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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Total Power and Light fund	151,150,000
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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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Total Water Fund	21,870,000
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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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Total Sanitary Sewer fund	90,575,000
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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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Total Events Center Fund	86,350,000
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Total revenue bonds	\$ 349,945,000
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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.

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.

	2020 Valuation
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:

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%

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)
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)
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
Net Changes	16,132,737	(8,444,571)	24,577,308
Balances at 6/30/2020	\$ 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:

	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	—
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:

Year Ended:		
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:

Insurance Plan	Retiree Premium	City Premium
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.

		Current Single Discount		
		1% Decrease	Rate Assumption	1% Increase
		1.60%	2.60%	3.60%
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.

		Current Healthcare Cost Trend Rate		
		1% Decrease	Current	1% Increase
		6.50%	Trend Rate 7.50%	8.50%
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:

		Deferred Outflows of Resources	Deferred Inflows of Resources
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:

Fiscal Year Ending		Amount
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.

**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:

	General Fund
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	<u>-</u>
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

	2020	2019	2018	2017	2016	2015
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	16,132,737	22,709,286	21,414,135	13,441,546	38,973,307	7,932,856
Total Pension Liability, Beginning	544,067,704	521,358,418	499,944,283	486,502,737	447,529,430	439,596,574
Total Pension Liability, Ending	\$ 560,200,441	544,067,704	521,358,418	499,944,283	486,502,737	447,529,430
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	(8,444,571)	16,849,625	38,871,781	33,942,161	(9,799,035)	(6,863,896)
Plan Fiduciary Net Position, Beginning	474,068,955	457,219,330	418,347,549	384,405,388	394,204,423	401,068,319
Plan Fiduciary Net Position, Ending	\$ 465,624,384	474,068,955	457,219,330	418,347,549	384,405,388	394,204,423
Employer Net Pension Liability	\$ 94,576,057	69,998,749	64,139,088	81,596,734	102,097,349	53,325,007
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

	Special Revenue (Exhibit 16)	Capital Projects (Exhibit 31)	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
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>
LIABILITIES				
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>
DEFERRED INFLOWS OF RESOURCES				
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>
FUND BALANCES (DEFICITS)				
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
REVENUES				
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
EXPENDITURES				
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
OTHER FINANCING SOURCES (USES)				
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

	Tourism	Truman Heartland Community Foundation	Independence Square Benefit District	Community Development Block Grant	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 29)	License Surcharge	Grants	Animal Shelter Use Tax	Police Use Tax	Total
ASSETS											
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>
LIABILITIES											
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>
DEFERRED INFLOWS OF RESOURCES											
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>
FUND BALANCES (DEFICITS)											
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
REVENUES											
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>
EXPENDITURES											
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>
OTHER FINANCING SOURCES (USES)											
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

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
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

	Tourism Fund
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	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>1,685,600</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>1,823,796</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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
			(Budget Basis)	Budget
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

	<u>Community Development Block Grant</u>
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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
			(Budget Basis)	Budget
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

	<u>Rental Rehabilitation</u>
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

	Streets Improvements Sales Tax
	<u> </u>
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	<u> -</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 8,912,668</u></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
	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 8,572,193</u></u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

Park Improvements Sales Tax Fund

Year ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
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

	Park Improvements Sales Tax
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

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
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

	<u>Storm Water Sales Tax</u>
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>3,042,874</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Police Public Safety Sales Tax Fund

Year ended June 30, 2020

	Police Public Safety Sales Tax
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

	Fire Public Safety Sales Tax
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	\$ <u>2,352,811</u>
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)	<u>279,480</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,600,158</u>
(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Grants Fund
 Year Ended June 30, 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	<u>510,908</u>	<u>3,236,347</u>	<u>2,020,356</u>	<u>(1,215,991)</u>
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	<u>510,908</u>	<u>3,236,347</u>	<u>1,937,474</u>	<u>1,298,873</u>
Excess of revenues over (under) expenditures	\$ <u>-</u>	<u>-</u>	82,882	<u>82,882</u>
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			\$ <u>-</u>	

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><u>2,020,356</u></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><u>2,020,356</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
 Animal Services Use Tax Fund
 Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
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

	Animal Services Use Tax
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

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
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

	Police Use Tax
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)
ASSETS						
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>
LIABILITIES						
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>
FUND BALANCES (DEFICITS)						
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

	Street Improvements Sales Tax	Parks Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 17)
REVENUES						
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>
EXPENDITURES						
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>
OTHER FINANCING SOURCES (USES)						
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

	Street Improvements	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 14)
ASSETS						
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>
LIABILITIES						
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>
DEFERRED INFLOWS OF RESOURCES						
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>
FUND BALANCES (DEFICITS)						
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

	Street Improvements	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 15)
REVENUES						
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>
EXPENDITURES						
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>
OTHER FINANCING SOURCES (USES)						
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
ASSETS												
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>
LIABILITIES												
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>
DEFERRED INFLOWS OF RESOURCES												
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>
FUND BALANCES (DEFICITS)												
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
ASSETS													
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>
LIABILITIES													
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>
DEFERRED INFLOWS OF RESOURCES													
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>
FUND BALANCES (DEFICITS)													
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
REVENUES												
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
EXPENDITURES												
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)
OTHER FINANCING SOURCES (USES)												
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
REVENUES												
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	<u>218,016</u>	<u>90,483</u>	<u>15,710</u>	<u>34,099</u>	<u>500,348</u>	<u>223,259</u>	<u>1,717,532</u>	<u>314,912</u>	<u>127,166</u>	<u>109,370</u>	<u>-</u>	<u>20,736,789</u>
EXPENDITURES												
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	<u>234,298</u>	<u>88,314</u>	<u>14,974</u>	<u>690</u>	<u>8,514</u>	<u>4,044</u>	<u>148,452</u>	<u>7,024</u>	<u>136,718</u>	<u>85,612</u>	<u>1,564</u>	<u>17,375,902</u>
Excess (deficiency) of revenues over expenditures	<u>(16,282)</u>	<u>2,169</u>	<u>736</u>	<u>33,409</u>	<u>491,834</u>	<u>219,215</u>	<u>1,569,080</u>	<u>307,888</u>	<u>(9,552)</u>	<u>23,758</u>	<u>(1,564)</u>	<u>3,360,887</u>
OTHER FINANCING SOURCES (USES)												
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,000)</u>	<u>(1,817,000)</u>	<u>-</u>	<u>(3,984,000)</u>	<u>(1,074,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,719)</u>
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)	<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>31,201,525</u>

CITY OF INDEPENDENCE, MISSOURI

Internal Service Funds

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

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

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

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)
ASSETS						
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
DEFERRED OUTFLOWS OF RESOURCES						
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
LIABILITIES						
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
DEFERRED INFLOWS OF RESOURCES						
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
NET POSITION						
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

	Central Garage	Staywell Health Care	Workers' Compensation	Risk Management	Enterprise Resource Planning	Total (Exhibit 6)
OPERATING REVENUES						
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>
OPERATING EXPENSES						
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>
NONOPERATING REVENUES (EXPENSES)						
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

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020 (Exhibit 8)
Flexible Benefit Plan:				
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>
Susie Block Trust:				
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>
Seniors Travel Programs:				
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>
All Agency Funds:				
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)	<u>59,423</u>	<u>59,851</u>	<u>124,410,943</u>	<u>1,266,046,751</u>
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
	<u>13,939</u>	<u>14,006</u>	<u>391,483</u>	<u>4,362,096</u>
Change in unbilled revenue			(1,767,821)	-
Other operating revenue			5,500,886	-
EVTC			40,249	-
Total operating revenue and total energy sales			<u>\$ 128,575,740</u>	<u>1,270,408,847</u>
Net generation				338,034,632
Wholesale power purchased				962,510,892
Unintentional interchange				
Net generation and power purchased				<u>1,300,545,524</u>
Retail energy sales				1,246,781,411
Wholesale (border customers) sales				2,028,618
Power and light usage (building and substations)				<u>1,106,110</u>
Net disposition				<u>1,249,916,139</u>
Transmission and distribution operating losses				<u>50,629,385</u>

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			267,989	
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			107,080	
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.

1 - 4

Revenue Capacity

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

5 - 15

Debt Capacity

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

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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
Expenses										
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>
Program Revenues										
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>
General Revenues and Other Changes in Net Position										
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>
Changes in Net Position										
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
Revenues										
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
Expenditures										
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)
Other Financing Sources (Uses)										
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
Special items:										
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	<u>\$ 9,845,377</u>		<u>30.35%</u>	<u>\$ 6,842,897</u>		<u>30.85%</u>

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
General Government										
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
Public Safety										
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
Municipal Services										
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
Health and Welfare										
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	—	—
Culture and Recreation										
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
Community Development										
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
Storm Water										
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
Power and Light										
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
Water										
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
Sewer										
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
Central Garage Fund	9.75	9.75	9.75	9.75	9.75	9.75	9.75	8.00	8.50	8.50
Worker' Compensation Fund	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
Public Safety										
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
Municipal Services										
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
Health and Welfare										
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
Culture and Recreation										
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
Community Development										
Permits Issued	4,538	3,177	2,728	3,049	3,155	3,002	3,656	2,509	979	619
Tourism										
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
Power and Light										
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
Water										
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
Sewer										
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
Public Safety										
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
Municipal Services										
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
Culture and Recreation										
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
Power and Light										
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
Water										
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
Sewer										
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



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