

*City of Independence, Missouri*  
*Historic City of the Trails*



*For the Fiscal Year Ended*

*June 30, 2018*

*Comprehensive Annual  
Financial Report*

**CITY OF INDEPENDENCE, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018



**Mayor**  
Eileen Weir

***City Council***

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

***City Manager***

Zachary Walker

*Prepared by the Department of Finance and Administration*

*Bryan Kidney, Director of Finance and Administration*



# CITY OF INDEPENDENCE, MISSOURI

## Table of Contents

		<b>Page</b>
<b>Introductory Section:</b>		
Organizational Chart		1
Letter of Transmittal		2-6
GFOA Certificate of Achievement		7
<b>Financial Section:</b>		
Independent Auditors' Report		8-9
Management's Discussion and Analysis		10-21
	<b>Exhibit</b>	
<b>Basic Financial Statements:</b>		
<b>Government-wide:</b>		
Statement of Net Position	1	22
Statement of Activities	2	23
<b>Fund Financial Statements:</b>		
<b>Governmental Funds:</b>		
Balance Sheet	3	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3.1	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	4	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	4.1	27
<b>Proprietary Funds:</b>		
Statement of Net Position	5	28
Statement of Revenues, Expenses, and Changes in Fund Net Position	6	29
Statement of Cash Flows	7	30
<b>Fiduciary Funds:</b>		
Statement of Fiduciary Net Position	8	31
Statement of Changes in Fiduciary Net Position	9	32
Notes to Financial Statements		33-86
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule – General Fund	10	87
Budgetary Comparison Reconciliation Schedule – General Fund	10.1	88
Notes to Budgetary Comparison Schedules		89
Schedule of Changes in Total OPEB Liability and Related Ratios	11	90
LAGERS Schedule of Changes in Net Pension Liability and Related Ratios	12	91
LAGERS Schedule of Contributions	13	92

# CITY OF INDEPENDENCE, MISSOURI

## Table of Contents

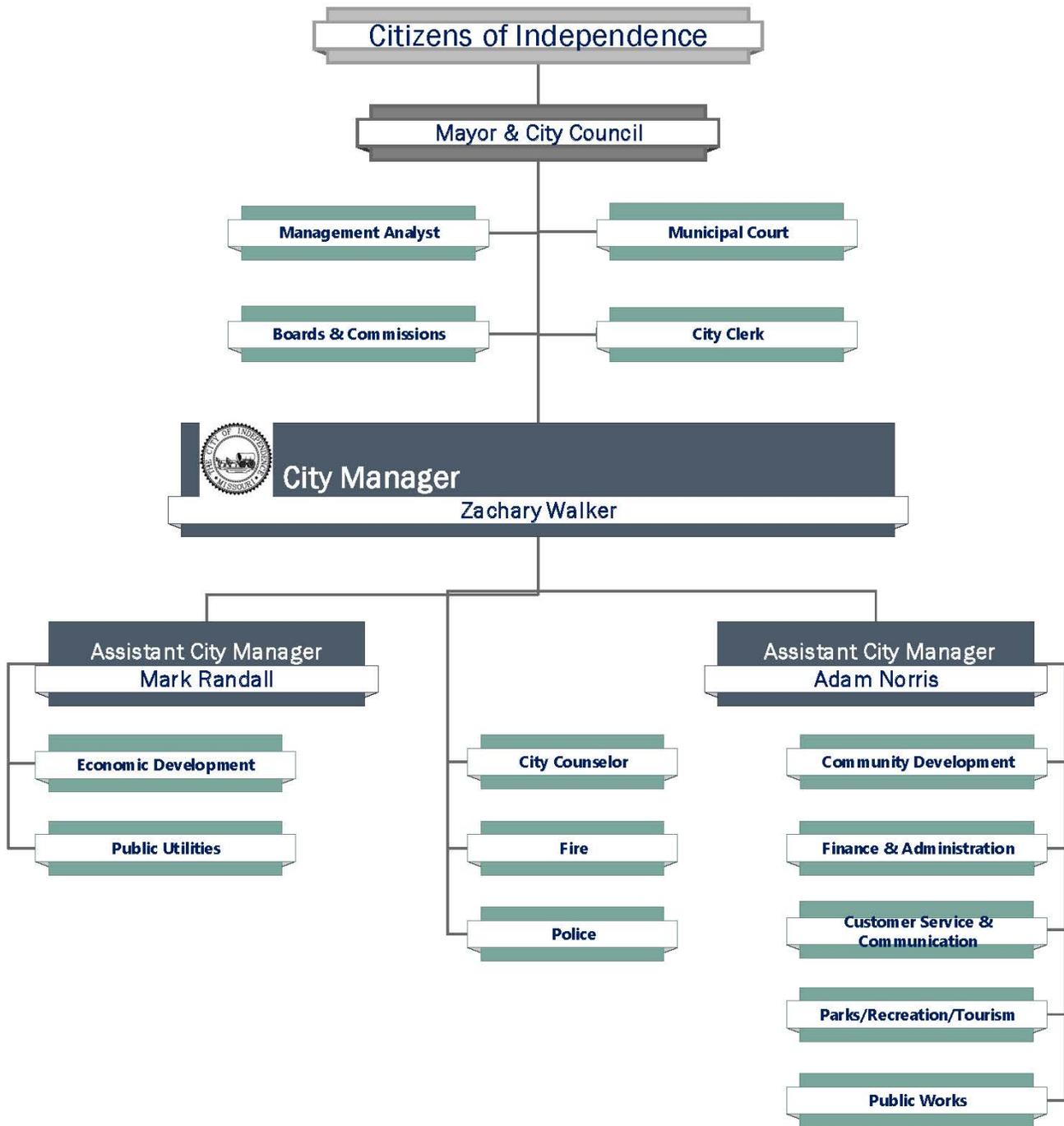
	<b>Exhibit</b>	<b>Page</b>
Supplementary Information:		
Combining Balance Sheet – Nonmajor Governmental Funds	14	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	15	94
Combining Balance Sheet – Nonmajor Special Revenue Funds	16	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	17	96
Budgetary Comparison Schedules		
Tourism Fund	18	97-98
Community Development Block Grant Fund	19	99-100
Rental Rehabilitation Fund	20	101-102
Street Improvement Sales Tax Fund	21	103-104
Park Improvement Sales Tax Fund	22	105-106
Storm Water Sales Tax Fund	23	107-108
Police Public Safety Sales Tax Fund	24	109-110
Fire Public Safety Sales Tax Fund	25	111-112
Grant Fund	26	113-114
Combining Balance Sheet – Nonmajor Sales Tax Funds	27	115
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Sales Tax Funds	28	116
Combining Balance Sheet – Nonmajor Capital Projects Funds	29	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Nonmajor Capital Projects Funds	30	118
Combining Balance Sheet – Component Unit – Tax Increment Financing	31	119-120
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Component Unit – Tax Increment Financing	32	121-122
Combining Statement of Net Position – Internal Service Funds	33	123
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	34	124
Combining Statement of Cash Flows – Internal Service Funds	35	125
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	36	126
Schedules of Operating Expenses – Power and Light Fund	37	127-128
Schedule of Operating Statistics – Power and Light Fund	38	129
Schedules of Operating Expenses – Water Fund	39	130
Schedule of Operating Statistics – Water Fund	40	131
Schedule of Operating Statistics – Sanitary Sewer Fund	41	132

# CITY OF INDEPENDENCE, MISSOURI

## Table of Contents

	<b>Table</b>	<b>Page</b>
Statistical Data (Unaudited):		
Net Position by Component	1	134
Changes in Net Position	2	135-136
Fund Balances of Governmental Funds	3	137
Changes in Fund Balances of Governmental Funds	4	138
Sales Tax Revenue	5	139
Sales Tax Rates Direct and Overlapping Governments	6	140
Assessed Value and Estimated Actual Value of Taxable Property	7	141
Property Tax Rates Direct and Overlapping Debt	8	142
Principal Property Taxpayers	9	143
Property Tax Levies and Collections	10	144
Utility Sales by Category	11	145
Utility Rates by Category	12	146
Principal Utility Payers – Power and Light	13	147
Principal Utility Payers – Water	14	148
Principal Utility Payers – Sewer	15	149
Ratios of Outstanding Debt by Type	16	150
Ratios of General Bonded Debt Outstanding	17	151
Direct and Overlapping Governmental Activities Debt	18	152
Legal Debt Margin Information	19	153
Pledged-Revenue Coverage	20	154
Demographic and Economic Statistics	21	155
Principal Employers	22	156
Full-time Equivalents City Government Employees by Function/Program	23	157
Operating Indicators by Function/Program	24	158
Capital Asset Statistics by Function/Program	25	159







# City of Independence

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

[www.ci.independence.mo.us](http://www.ci.independence.mo.us) • (816) 325-7000



December 20, 2018

***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, 2018. This report is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter.

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

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

The City of Independence's financial statements, as required by the Charter, have been audited. The independent audit was conducted by RSM US LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Independence for fiscal year ended June 30, 2018 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, 2018, 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 117,306.

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), Silverstein Eye Centers 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, 2018, are reported as committed and assigned fund balance since the City intends to honor the purchase orders and contracts.

### **Local economy**

The City is continuing to experience growth on the eastern side of town. The I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21<sup>st</sup> Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of a fast growing commercial area. This area is home to the Silverstein Eye Centers Arena, formerly known as the Independence Events Center which includes an arena with 5,800 seats for sports with additional seating for concerts and a community ice rink. The Silverstein Eye Centers Arena 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 2019. The Arena opened in November 2009, providing approximately 120 new jobs.

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

<b>Year</b>	<b>City Unemployment Rate</b>	<b>Jackson County Unemployment Rate</b>	<b>Statewide Unemployment Rate</b>
2018*	4.1%	3.9%	3.5%
2017	4.7%	4.4%	3.8%
2016	5.5%	5.1%	4.5%
2015	5.6%	5.9%	5.0%
2014	6.7%	7.0%	6.1%

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

\*Average estimated thru June 2018.

### **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 2018-19 includes projects totaling an estimated \$19.3 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 2017-18 fiscal year, the unassigned fund balance in the General Fund was 9.1% of the General Fund revenues and transfers from utility payments in lieu of taxes. This is an increase of 1.2% from the 2016-17 amount of 7.9%.

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 continues to bring a number of private and public entities together to redevelop Western Independence as a vibrant community. The City anticipates the Neighborhood Stabilization Program will run through fiscal year 2018-19, until all funding sources have been exhausted. Development incentives, school redistricting, and tax abatements have combined to encourage construction of new housing, rehabilitation of existing housing, 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 City anticipates that population will continue to rebound in this geographic area over the next five to ten years.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City is also the recipient of GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium. This award is valid for a period of one year only.

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

Respectfully submitted,



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, 2017**

*Christopher P. Morill*

Executive Director/CEO

To 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Silverstein Eye Centers Arena (Arena), which is a blended component unit presented within the Events Center Fund, a major enterprise fund of the City. This activity represents 3 percent and 49 percent, respectively, of the total assets and total revenues of the major enterprise fund and 0.27 percent and 3 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arena is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As explained in Note 10 to the basic financial statements, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which restated beginning net position and the total OPEB Liability of the governmental activities, business-type activities, Power and Light Fund, Water Fund, Sanitary Sewer Fund and aggregate remaining fund information.

**Other Matters***Required Supplementary Information*

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

*Other Information*

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

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

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

*RSM US LLP*

Kansas City, Missouri  
December 20, 2018

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**Financial Highlights**

The City's total net position decreased \$153.8 million. The City's governmental activities had a decrease of \$107.8 million and the business-type activities had a decrease of \$46.0 million. The decreases were primarily due to the implementation of the Governmental Accounting Standards Board's Statement No. 75 – *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (OPEB). This statement replaced the Governmental Accounting Standards Board's Statement No. 45 – *Accounting and Financial Reporting by Employers Postemployment Benefits Other Than Pensions*. Statement No. 75 revised the OPEB calculation and caused a significant increase to the City's recorded OPEB liability.

Without the required accounting treatment of OPEB reporting the City's total net position would have been \$374.1 million. This is an increase of \$10.2 million, or 2.8% from the previous year. This increase was primarily due to an increase in the business-type activities charges for services, due to more favorable weather conditions for the Power and Light and Water utilities.

Sales tax revenue increased by \$1,174,396, or 2.3%. This increase compares favorably with the 10-year history, as shown in the statistical section of this report starting on page 139. This was a more favorable increase from prior years, but sales tax continues to be impacted by on-line sales versus brick and mortar retail. The City does not collect a use tax for on-line sales of goods delivered to the City. This continues to impact receipts as the consumers economy continues to evolve. Total charges for services for the City increased \$13.4 million or 6.1%, with the business-type activities increasing \$14.0 million or 7.0% and the governmental funds decreasing by \$602,741 or 3.2%. The increase for the business-type activities is due to more favorable weather conditions for the utilities.

**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 Silverstein Eye Centers Arena. The focus of these reports is to show the economic resources or value of these systems.

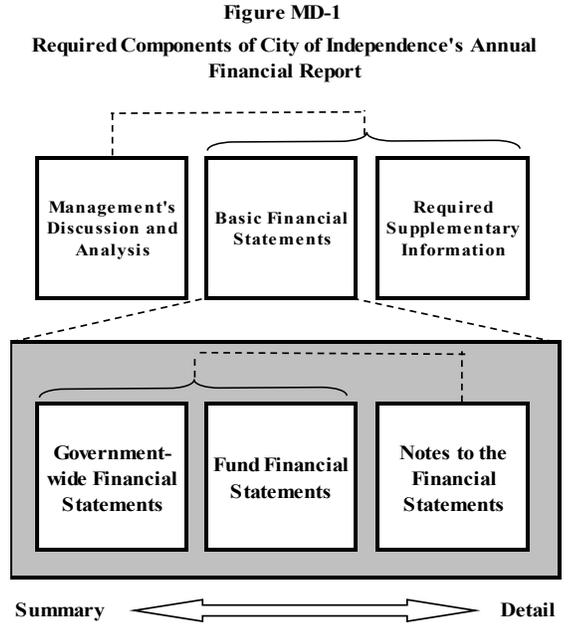
**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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

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

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

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



**Figure MD-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 <u>police, fire, and parks</u>	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, 2018**

**Government-wide Statements**

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To further assess the overall health of the City, additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads should be considered.

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

- Governmental activities – Most of the City's basic services are included here, such as the police, fire, public works, and parks departments, as well as, general administration. Property taxes, sales taxes, and state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's Power and Light, Water, Sanitary Sewer, and Events Center funds are included here.

**Fund Financial Statements**

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

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

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

The City has three kinds of funds:

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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

- Proprietary funds – Business operations for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
  - The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - The City uses internal service funds to report activities that provide supplies and services for the City's other programs and activities. The City has four internal service funds. These are the self-funded Staywell Health Insurance fund, Central Garage fund, Workers' Compensation fund, and the Enterprise Resource Planning fund.
- Fiduciary funds – Periodically, the City may be responsible for other assets that have been given to the City under the terms of a trust agreement initiated by an outside third party. Generally, these funds are limited in use for the benefit of the designated trust beneficiary. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Currently, the City is the trustee, or fiduciary, for the following funds: Vaile Mansion/Anderson Trust Fund, Susie Paxton Block Trust Fund, Seniors' Travel Fund, and the Flexible Benefit Plan Fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 88,068,737	89,352,519	202,631,282	200,284,768	290,700,019	289,637,287
Capital assets	325,973,397	327,643,930	555,282,068	552,013,772	881,255,465	879,657,702
<b>Total assets</b>	<u>414,042,134</u>	<u>416,996,449</u>	<u>757,913,350</u>	<u>752,298,540</u>	<u>1,171,955,484</u>	<u>1,169,294,989</u>
Total deferred outflows of resources	15,612,191	20,309,298	19,654,792	22,193,468	35,266,983	42,502,766
Long-term obligations	422,818,720	326,640,145	505,345,421	460,654,068	928,164,141	787,294,213
Other liabilities	13,878,750	16,824,747	19,479,646	18,827,433	33,358,396	35,652,180
<b>Total liabilities</b>	<u>436,697,470</u>	<u>343,464,892</u>	<u>524,825,067</u>	<u>479,481,501</u>	<u>961,522,537</u>	<u>822,946,393</u>
Total deferred inflows of resources	28,538,085	21,590,175	7,088,920	3,347,523	35,627,005	24,937,698
Net position						
Net investment in capital assets	324,198,133	325,298,654	214,381,085	216,148,308	538,579,218	541,446,962
Restricted	18,741,314	13,785,094	23,202,738	22,390,679	41,944,052	36,175,773
Unrestricted (deficit)	(378,520,677)	(266,833,068)	8,070,332	53,123,997	(370,450,345)	(213,709,071)
<b>Total net position</b>	<u>\$ (35,581,230)</u>	<u>72,250,680</u>	<u>245,654,155</u>	<u>291,662,984</u>	<u>210,072,925</u>	<u>363,913,664</u>

The City's combined net position decreased 42.3% to \$210.1 million from \$363.9 million. Net position of the City's governmental activities decreased 149.2% to (\$35.6) million. Governmental assets decreased \$3.0 million and liabilities increased \$93.2 million. Long-term obligations for governmental activities increased \$96.2 million. Business-type activities assets increased \$5.6 million and liabilities increased \$45.3 million. Long-term obligations for business-type activities increased \$44.7 million. For both the governmental and business-type activities the decrease in net position and increase in long-term obligations is primarily from changes in the calculation and amounts recorded for Other Post-Employment Benefits due to the requirements of GASB Statement No. 75, mentioned earlier.

The City's total unrestricted net position (deficit) was (\$370.5) million. The governmental activities were (\$378.5) million with a decrease of \$111.7 million from the previous year, and business-type activities were \$8.1 million with a decrease of \$45.1 million from the previous year. The City's total net investment in capital assets was \$538.6 million with a decrease of \$2.9 million from the previous year.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**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	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 18,111,949	18,714,690	215,055,236	201,008,194	233,167,185	219,722,884
Operating grants & contributions	8,908,557	8,238,425	—	—	8,908,557	8,238,425
Capital grants & contributions	2,239,697	131,098	864,452	1,322,901	3,104,149	1,453,999
General revenues						
Property taxes	8,237,760	7,978,323	—	—	8,237,760	7,978,323
Sales taxes	46,319,963	45,348,299	5,973,582	5,770,850	52,293,545	51,119,149
Intergovernmental activity taxes	11,720,991	10,776,518	—	—	11,720,991	10,776,518
Other taxes	8,806,485	8,737,660	—	—	8,806,485	8,737,660
Investment income (loss)	478,931	130,083	674,832	(35,308)	1,153,763	94,775
Other	1,211,700	1,147,386	665,216	560,155	1,876,916	1,707,541
<b>Total revenues</b>	<u>106,036,033</u>	<u>101,202,482</u>	<u>223,233,318</u>	<u>208,626,792</u>	<u>329,269,351</u>	<u>309,829,274</u>
<b>Expenses</b>						
Administrative services	9,787,625	10,060,792	—	—	9,787,625	10,060,792
Public safety	59,355,553	59,583,743	—	—	59,355,553	59,583,743
Public works	18,384,360	17,889,269	—	—	18,384,360	17,889,269
Health & welfare	2,190,183	2,690,316	—	—	2,190,183	2,690,316
Culture & recreation	8,659,305	8,490,201	—	—	8,659,305	8,490,201
Community development	6,364,261	5,913,644	—	—	6,364,261	5,913,644
Storm water	3,722,027	3,734,597	—	—	3,722,027	3,734,597
General government	9,749,366	9,330,488	—	—	9,749,366	9,330,488
Tax increment financing	8,756,255	16,156,910	—	—	8,756,255	16,156,910
Interest	75,246	108,756	—	—	75,246	108,756
Power and light	—	—	130,197,969	128,209,073	130,197,969	128,209,073
Water	—	—	23,976,929	22,136,019	23,976,929	22,136,019
Sanitary sewer	—	—	25,605,642	24,420,243	25,605,642	24,420,243
Events center	—	—	12,287,000	12,067,172	12,287,000	12,067,172
<b>Total expenses</b>	<u>127,044,181</u>	<u>133,958,716</u>	<u>192,067,540</u>	<u>186,832,507</u>	<u>319,111,721</u>	<u>320,791,223</u>
Excess (deficiency) of revenues over expenses before transfers	(21,008,148)	(32,756,234)	31,165,778	21,794,285	10,157,630	(10,961,949)
Transfers - In (Out)	20,057,532	19,283,144	(20,057,532)	(19,283,144)	—	—
<b>Change in net position</b>	(950,616)	(13,473,090)	11,108,246	2,511,141	10,157,630	(10,961,949)
Net position, beginning of year as restated (deficit)	(34,630,614)	85,723,770	234,545,909	289,151,843	199,915,295	374,875,613
Net position, end of year	<u>\$ (35,581,230)</u>	<u>72,250,680</u>	<u>245,654,155</u>	<u>291,662,984</u>	<u>210,072,925</u>	<u>363,913,664</u>

Total revenues increased 6.3% or \$19.4 million, business-type activities increased 7.0% or \$14.6 million, and governmental revenues increased 4.8% or \$4.8 million. Of significance is the increase in sales tax revenue of 2.3% or \$1,174,396. This was a more favorable increase from prior years, but sales tax continues to be impacted by on-line sales versus brick and mortar retail. The City does not collect a use tax for on-line sales of goods delivered to the City. This continues to impact receipts as the consumers economy continues to evolve. The increase in capital grants and contributions for the governmental activities of \$2.1 million is primarily due to an increase in grant activity under the Surface Transportation Program. The increase in charges for services for business-type activities of \$14.0 is a combination of weather conditions, which impact charges for services for the Power and Light and Water Funds, and a rate increase for the Sanitary Sewer Fund.

Total expenses decreased 0.5% or \$1.7 million, governmental expenses decreased 5.2% or \$6.9 million and business-type expenses increased 2.8% or \$5.2 million.

For governmental activities the decrease in expenses is primarily from a decrease in TIF developer certified costs. The City books TIF developer certified costs when a developer submits expenses for the development of

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

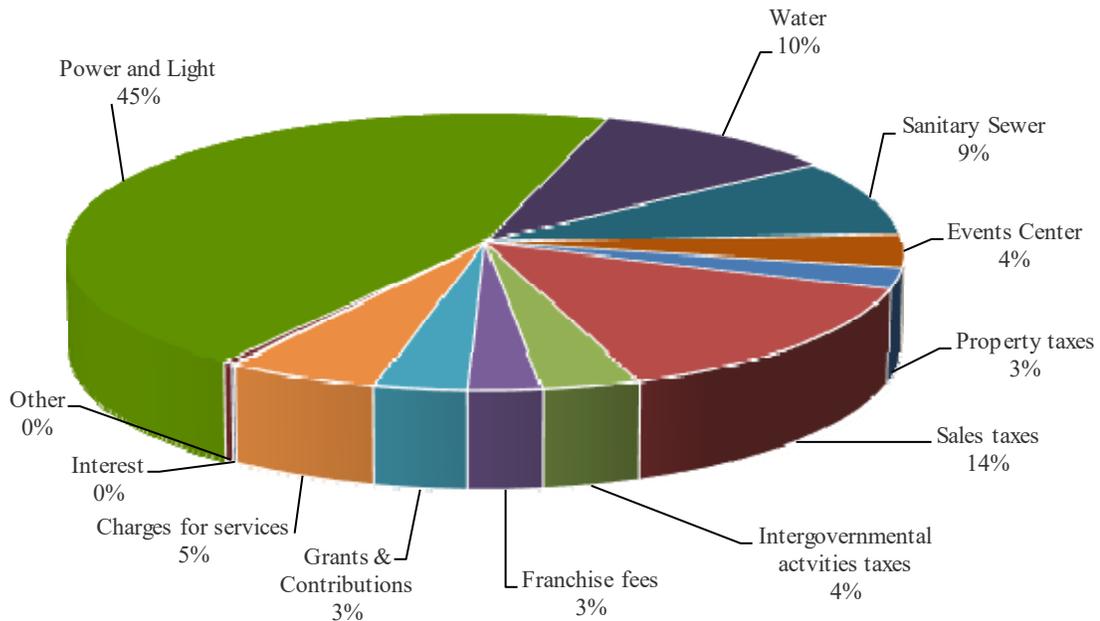
the project to be reimbursed by the City's TIF project. In the previous fiscal year, the City had several new TIF projects and an increase to certified costs for the Little Blue Parkway 1, Little Blue Parkway 3, Marketplace Shopping Center 1, and Marketplace Shopping Center 2 projects which totaled \$6.9 million. For the year ending June 30, 2018, the City only booked certified costs of \$60,375.

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 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, 2018 revenues totaled \$329.3 million. Of this amount charges for services (governmental and business-type) were \$233.2 million or 70.8% of the total. Revenue from business-type activities represents \$223.2 million or 67.8% of the total City revenues (Figure MD-3).

**City of Independence Sources of Revenue for FY 2018**  
**Figure MD-3**



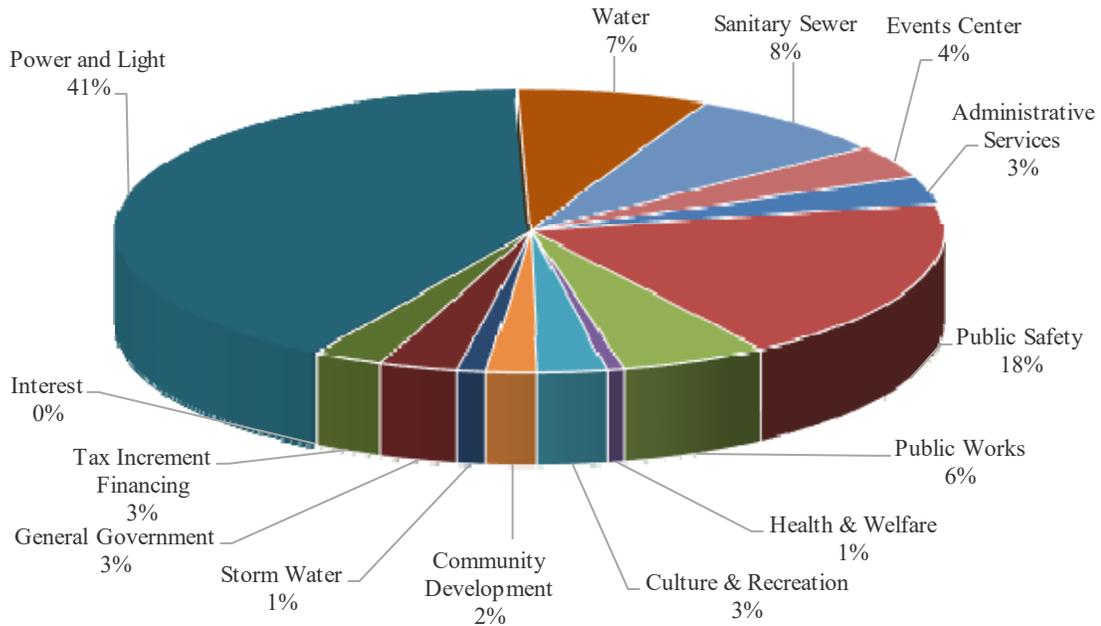
Revenues from governmental activities were \$106.0 million. Sales taxes, the largest governmental category, were \$46.3 million or 43.7%. All taxes represent \$75.1 million or 70.8% of governmental revenue. Operating and capital grants were \$11.1 million or 10.5% of governmental revenues. Charges for services at \$18.1 million were 17.1% of the total.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Expenses**

For the fiscal year ending June 30, 2018, expenses totaled \$319.1 million. Of this amount the Power and Light fund was \$130.2 million or 40.8% of the total. Business-type expenses represent \$192.1 million or 60.2% of the total City expenses (Figure MD-4).

**City of Independence Function Expenses FY 2018 Figure MD-4**



Expenses from governmental activities were \$127.0 million. Public safety expenses, the largest governmental category, were \$59.4 million or 46.7% of the total. Public Works is the next largest category at \$18.4 million, which is 14.5% of the total.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Governmental Activities**

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

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Administrative services	\$ 9,787,625	10,060,792	1,378,807	1,821,491
Public safety	59,355,553	59,583,743	53,188,048	53,158,848
Public works	18,384,360	17,889,269	10,939,030	12,551,662
Health & welfare	2,190,183	2,690,316	856,743	1,233,320
Culture & recreation	8,659,305	8,490,201	7,713,387	7,602,465
Community development	6,364,261	5,913,644	2,675,341	2,233,156
Storm water	3,722,027	3,734,597	3,565,915	3,708,885
General government and interest on long-term debt	9,824,612	9,439,244	9,824,612	9,439,244
Tax increment financing	8,756,255	16,156,910	7,642,095	15,125,432
<b>Total</b>	<b>\$ 127,044,181</b>	<b>133,958,716</b>	<b>97,783,978</b>	<b>106,874,503</b>

As noted in Table MD-3 expenses from governmental activities for fiscal year 2018 were \$127.0 million. However, the net cost of these services was \$97.8 million. The difference represents direct revenues received from charges for services of \$18.1 million, operating grants and contributions of \$8.9 million, and capital grants and contributions of \$2.3 million. Taxes and other revenues of \$76.8 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, \$4.8 million netted primarily to administrative services and community development for licenses and permits, and \$3.3 million netted to public safety for fines and forfeitures.

**Business-type Activities**

Revenues of the City's business-type activities increased \$14.6 million and expenses increased \$5.2 million. This change in revenues is primarily the result of favorable weather conditions for the Power and Light and Water utilities and a rate increase in the Sanitary Sewer Fund. Fluctuations in weather for the Power and Light and Water funds can impact both the revenues and expenses of these utilities.

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

As the City completed the year, its governmental funds reported a combined fund balance of \$51.0 million. The fund balance of the General Fund increased \$502,569 and the TIF Debt Service fund decreased \$4.7 million, during fiscal year 2018. The unassigned portion of the General Fund's fund balance increased \$1.0 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.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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 business-type funds reported a combined net position of \$245.3 million. The net position of the Power and Light fund decreased \$35.6 million, the Water fund decreased \$3.2 million, the Sewer fund decreased \$7.0 million and the Events Center fund decreased \$159,445. Net position for the utilities was primarily impacted by the changes to the OPEB liability due to the requirements of GASB Statement No. 75. 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 decreased \$249,159 from the original estimate. Actual revenues and other financing sources at the end of the year were more than projected by \$1.1 million. The largest variances were in the areas of taxes, which were \$548,549 above estimated, business licenses and permits which were \$180,896 above estimated, fines and court costs which were \$478,612 below estimated, and other revenues which were \$364,785 above estimated.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$214,032 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 \$949,090 less than the amount appropriated, representing operating savings of 1.2%. This was largely the result of vacant positions and underspending of the budget.

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2018, the City had invested \$881.3 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 increased \$1.6 million or 0.2% during the period.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2017-2018
	2018	2017	2018	2017	2018	2017	
Land & land imp	\$ 38,190,985	38,687,624	12,131,838	12,167,247	50,322,823	50,854,871	-1.05%
Buildings & Improvements	57,650,736	61,131,371	—	—	57,650,736	61,131,371	-5.69%
Office furniture & equipment	21,841	28,374	—	—	21,841	28,374	-23.02%
Computer equipment	1,450,457	247,001	—	—	1,450,457	247,001	487.23%
Mobile equipment	8,136,943	7,527,962	—	—	8,136,943	7,527,962	8.09%
Other equipment	2,793,465	2,918,659	11,128,754	12,098,423	13,922,219	15,017,082	-7.29%
Infrastructure	189,070,267	201,662,555	498,982,478	471,057,737	688,052,745	672,720,292	2.28%
Construction in progress	28,658,703	15,440,384	33,038,998	56,690,365	61,697,701	72,130,749	-14.46%
<b>Total</b>	<b>\$ 325,973,397</b>	<b>327,643,930</b>	<b>555,282,068</b>	<b>552,013,772</b>	<b>881,255,465</b>	<b>879,657,702</b>	<b>0.18%</b>

The budget for fiscal year 2019 projects the City will spend an additional \$19.3 million for capital projects. The largest category at \$7.4 million is for projects under the City's Street Improvements Sales Tax Fund.

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

**CITY OF INDEPENDENCE, MISSOURI**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Debt Administration**

Table MD-5  
City of Independence's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Loans and bonds payable	\$ 515,000	1,012,064	374,751,112	383,308,356	375,266,112	384,320,420	-2.36%
TIF loans payable	142,458,315	152,289,380	—	—	142,458,315	152,289,380	-6.46%
Capital lease obligations	1,260,264	1,333,212	—	—	1,260,264	1,333,212	-5.47%
Neighborhood Improvemnt District	131,694	217,640	—	—	131,694	217,640	-39.49%
<b>Total</b>	<u>\$ 144,365,273</u>	<u>154,852,296</u>	<u>374,751,112</u>	<u>383,308,356</u>	<u>519,116,385</u>	<u>538,160,652</u>	-3.54%

The City at the end of fiscal year 2018 had a total of \$519.1 million of outstanding obligations. This was a decrease of \$19.0 million or 3.5% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$374.8 million or 72.2% 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, gained 3,309 jobs, with current total employment at 57,320 jobs. Unemployment by mid-2018 was 4.1%; this is higher than Jackson County at 3.9% and higher than the State at 3.5%. Average household income for 2018 is estimated to be \$63,192, compared to \$72,959 for the State as a whole. Per capita income for 2018 is estimated to be \$25,668, compared to \$29,438 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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current assets:</b>			
Pooled cash and investments	\$ 45,244,848	106,961,978	152,206,826
Receivables:			
Taxes	27,593,762	1,004,679	28,598,441
Accounts, net	239,988	22,270,803	22,510,791
Unbilled revenue	—	15,843,297	15,843,297
Special assessment principal	1,202,552	111,372	1,313,924
Accrued interest	83,389	193,844	277,233
Internal balances	(2,879,392)	2,879,392	—
Due from other governments	2,855,654	1,105,140	3,960,794
Inventory	179,034	6,066,030	6,245,064
Prepaid items	526,245	439,265	965,510
Restricted cash and investments	—	4,930,182	4,930,182
Total current assets	<u>75,046,080</u>	<u>161,805,982</u>	<u>236,852,062</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Nondepreciable	60,692,844	45,170,836	105,863,680
Depreciable, net	265,280,553	510,111,232	775,391,785
Other assets	—	138,267	138,267
Restricted cash and investments	12,993,101	40,687,033	53,680,134
Total noncurrent assets	<u>338,966,498</u>	<u>596,107,368</u>	<u>935,073,866</u>
Total assets	<u>414,012,578</u>	<u>757,913,350</u>	<u>1,171,925,928</u>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	5,627,192	9,702,693	15,329,885
Pension related amounts	8,594,975	4,827,462	13,422,437
Other post-employment benefits	1,390,024	696,915	2,086,939
Deferred environmental and regulatory amounts	—	3,428,519	3,428,519
Goodwill	—	999,203	999,203
Total deferred outflows of resources	<u>15,612,191</u>	<u>19,654,792</u>	<u>35,266,983</u>
Total assets and deferred outflows of resources	<u>\$ 429,624,769</u>	<u>777,568,142</u>	<u>1,207,192,911</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current liabilities:</b>			
Accounts and contracts payable	\$ 1,819,646	7,793,031	9,612,677
Accrued items	5,067,461	3,349,014	8,416,475
Other current liabilities	910,388	371,554	1,281,942
Unearned revenue	370,219	1,317,646	1,687,865
Current portion of long-term obligations	15,791,226	11,419,011	27,210,237
Self-insurance claims payable	5,414,126	—	5,414,126
Liabilities payable from restricted assets	267,354	6,433,382	6,700,736
Total current liabilities	<u>29,640,420</u>	<u>30,683,638</u>	<u>60,324,058</u>
<b>Noncurrent liabilities:</b>			
Noncurrent portion of long-term obligations	177,796,743	371,159,714	548,956,457
Self-insurance claims payable	2,499,698	—	2,499,698
Total OPEB liability	190,065,658	95,293,003	285,358,661
Net pension liability	36,665,395	27,473,693	64,139,088
Advances for construction	—	215,019	215,019
Total noncurrent liabilities	<u>407,027,494</u>	<u>494,141,429</u>	<u>901,168,923</u>
Total liabilities	<u>436,667,914</u>	<u>524,825,067</u>	<u>961,492,981</u>
<b>Deferred inflows of resources:</b>			
Real estate tax revenue	18,871,029	—	18,871,029
Pension related amounts	9,667,056	7,088,920	16,755,976
Total deferred inflows of resources	<u>28,538,085</u>	<u>7,088,920</u>	<u>35,627,005</u>
<b>Net position:</b>			
Net investment in capital assets	324,198,133	214,381,085	538,579,218
Restricted for:			
Public safety	3,619,562	—	3,619,562
Public works	4,162,653	—	4,162,653
Culture and recreation	1,604,326	—	1,604,326
Storm water	9,013,785	—	9,013,785
General government	28,128	—	28,128
Debt service	112,860	16,539,596	16,652,456
Worker's compensation escrow	200,000	—	200,000
Dogwood SPP escrow	—	61,500	61,500
Southwest Power Pool collateral	—	831,040	831,040
Community improvement district	—	5,770,602	5,770,602
Unrestricted (deficit)	(378,520,677)	8,070,332	(370,450,345)
Total net position (deficit)	<u>(35,581,230)</u>	<u>245,654,155</u>	<u>210,072,925</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 429,624,769</u>	<u>777,568,142</u>	<u>1,207,192,911</u>

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

Statement of Activities  
Year ended June 30, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary government:</b>					
Governmental activities:					
Administrative services	\$ 9,787,625	8,406,360	2,458	—	(1,378,807)
Public safety	59,355,553	4,372,243	1,795,262	—	(53,188,048)
Public works	18,384,360	537,691	4,785,026	2,122,613	(10,939,030)
Health and welfare	2,190,183	744,308	589,132	—	(856,743)
Culture and recreation	8,659,305	913,869	32,049	—	(7,713,387)
Community development	6,364,261	2,023,318	1,665,602	—	(2,675,341)
Storm water	3,722,027	—	39,028	117,084	(3,565,915)
General government	9,749,366	—	—	—	(9,749,366)
Tax increment financing	8,756,255	1,114,160	—	—	(7,642,095)
Interest on long-term debt	75,246	—	—	—	(75,246)
Total governmental activities	127,044,181	18,111,949	8,908,557	2,239,697	(97,783,978)
<b>Business-type activities:</b>					
Power and light	130,197,969	148,047,728	—	193,642	18,043,401
Water	23,976,929	32,953,246	—	623,820	9,600,137
Sewer	25,605,642	28,812,899	—	46,990	3,254,247
Events center	12,287,000	5,241,363	—	—	(7,045,637)
Total business-type activities	192,067,540	215,055,236	—	864,452	23,852,148
Total primary government	\$ 319,111,721	233,167,185	8,908,557	3,104,149	(73,931,830)
			<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Changes in net position:					
Net (expense) revenue			\$ (97,783,978)	23,852,148	(73,931,830)
General revenues:					
Taxes					
Property taxes			8,237,760	—	8,237,760
Sales and use taxes			46,319,963	5,973,582	52,293,545
Intergovernmental activity taxes			11,720,991	—	11,720,991
Franchise taxes			8,771,667	—	8,771,667
Financial institutions tax			34,818	—	34,818
Investment income			478,931	674,832	1,153,763
Miscellaneous			1,211,700	665,216	1,876,916
Transfers in (out)			20,057,532	(20,057,532)	—
Total general revenues and transfers			96,833,362	(12,743,902)	84,089,460
Change in net position			(950,616)	11,108,246	10,157,630
Net position (deficit), beginning (as restated)			(34,630,614)	234,545,909	199,915,295
Net position (deficit), ending			\$ (35,581,230)	245,654,155	210,072,925

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Balance Sheet

## Governmental Funds

June 30, 2018

Assets	General	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 6,884,375	10,453,272	17,338,488	34,676,135
Receivables:				
Taxes	13,309,913	10,249,625	4,034,224	27,593,762
Accounts, net	114,244	83,333	37,288	234,865
Special assessment principal	640,514	—	562,038	1,202,552
Accrued interest	13,054	28,427	30,660	72,141
Due from other funds	1,318,880	—	16,155	1,335,035
Due from other governments	807,589	1,067,070	980,995	2,855,654
Prepaid items	—	—	526,245	526,245
Restricted cash and investments	267,354	12,431,706	94,041	12,793,101
Total assets	<u>\$ 23,355,923</u>	<u>34,313,433</u>	<u>23,620,134</u>	<u>81,289,490</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts and contracts payable	\$ 520,846	364	1,057,745	1,578,955
Due to other funds	—	1,633	3,851,491	3,853,124
Accrued items	3,041,222	—	145,280	3,186,502
Other current liabilities	889,679	—	20,709	910,388
Unearned revenue	—	—	370,219	370,219
Liabilities payable from restricted assets:				
Deposits and court bonds	267,354	—	—	267,354
Total liabilities	<u>4,719,101</u>	<u>1,997</u>	<u>5,445,444</u>	<u>10,166,542</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	640,514	—	560,042	1,200,556
Unavailable revenue - real estate taxes	9,195,484	9,675,545	25,217	18,896,246
Total deferred inflows of resources	<u>9,835,998</u>	<u>9,675,545</u>	<u>585,259</u>	<u>20,096,802</u>
Fund balances:				
Nonspendable	—	—	526,245	526,245
Restricted	395,412	24,635,891	18,449,923	43,481,226
Committed	106,884	—	53,981	160,865
Assigned	1,268,521	—	—	1,268,521
Unassigned (deficit)	7,030,007	—	(1,440,718)	5,589,289
Total fund balance	<u>8,800,824</u>	<u>24,635,891</u>	<u>17,589,431</u>	<u>51,026,146</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 23,355,923</u>	<u>34,313,433</u>	<u>23,620,134</u>	<u>81,289,490</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, 2018

Fund balances – total governmental funds	\$ 51,026,146
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	623,523,298
Less accumulated depreciation	<u>(298,341,673)</u>
	325,181,625
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due and payable	(1,845,018)
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	1,225,773
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	338,220
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	(141,572,000)
Capital lease obligations	(1,260,264)
Compensated absences	(15,967,417)
Discounts (premiums)	(1,533,009)
Deferred charge on refunding	5,627,192
Other post-employment benefits	(187,797,162)
Net pension liability	(36,224,583)
Unreimbursed certified costs - TIF	<u>(33,102,341)</u>
	(411,829,584)
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	(9,544,480)
Deferred outflows of resources - pension related amounts	8,492,654
Deferred outflows of resources - other post employment benefits	1,373,434
	<u>321,608</u>
Net position of governmental activities (Exhibit 1)	<u>\$ (35,581,230)</u>

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

Year ended June 30, 2018

	General	TIF Debt Service	Nonmajor Funds	Total Funds
<b>Revenues:</b>				
Taxes	\$ 35,210,279	16,996,619	23,466,577	75,673,475
Licenses and permits	4,598,143	—	236,792	4,834,935
Intergovernmental	5,349,156	—	5,511,606	10,860,762
Charges for services	2,431,168	959	953,018	3,385,145
Interfund charges for support services	5,099,696	—	—	5,099,696
Fines, forfeitures, and court costs	3,716,388	—	—	3,716,388
Investment income	99,270	158,354	80,085	337,709
Other	879,305	1,113,201	560,180	2,552,686
<b>Total revenues</b>	<b>57,383,405</b>	<b>18,269,133</b>	<b>30,808,258</b>	<b>106,460,796</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Administrative services	8,029,276	—	22,703	8,051,979
Public safety	46,702,810	—	5,707,265	52,410,075
Public works	5,160,869	—	335,088	5,495,957
Health and welfare	1,518,497	—	596,050	2,114,547
Culture and recreation	1,444,728	—	4,718,763	6,163,491
Community development	4,438,261	—	1,427,216	5,865,477
Storm water	—	—	2,092,652	2,092,652
General government	8,839,125	—	129,606	8,968,731
Tax increment financing	—	1,083,430	—	1,083,430
Capital outlay	317,369	—	14,760,865	15,078,234
<b>Debt service:</b>				
Principal	135,777	8,067,818	645,380	8,848,975
Interest and fiscal agent fees	24,018	6,811,175	64,474	6,899,667
Debt issuance costs	—	249,268	—	249,268
<b>Total expenditures</b>	<b>76,610,730</b>	<b>16,211,691</b>	<b>30,500,062</b>	<b>123,322,483</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(19,227,325)</b>	<b>2,057,442</b>	<b>308,196</b>	<b>(16,861,687)</b>
<b>Other financing sources (uses):</b>				
Debt issuance - refunding	—	11,925,000	127,210	12,052,210
Reoffering premium/original issue discount	—	836,091	—	836,091
Payment to refunded loans escrow agent	—	(15,969,779)	—	(15,969,779)
Transfers in – utility payments in lieu of taxes	20,067,531	—	—	20,067,531
Transfers in	—	824,529	6,991,193	7,815,722
Transfers out	(337,637)	(4,392,315)	(3,095,770)	(7,825,722)
<b>Total other financing sources (uses)</b>	<b>19,729,894</b>	<b>(6,776,474)</b>	<b>4,022,633</b>	<b>16,976,053</b>
<b>Net change in fund balances</b>	<b>502,569</b>	<b>(4,719,032)</b>	<b>4,330,829</b>	<b>114,366</b>
Fund balances, beginning	8,298,255	29,354,923	13,258,602	50,911,780
Fund balances, ending	\$ 8,800,824	24,635,891	17,589,431	51,026,146

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, 2018

Net change in fund balances – total governmental funds	\$ 114,366
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	17,888,318
Depreciation expense	<u>(20,219,590)</u>
	(2,331,272)
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	(5,042)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(510,258)
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	(11,925,000)
Reoffering premium/original issue discount	(836,091)
Payment to refunded loans escrow agent	15,969,779
Principal payments	7,386,157
Debt premiums, discounts & deferred refunding amortizations	(665,513)
Issuance of capital lease	<u>(127,210)</u>
	9,802,122
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	(659,354)
Accrued interest	128,762
Other post-employment benefits	(6,382,288)
Pension related amount - LAGERS pension expense	(1,097,861)
Unreimbursed certified costs - TIF	<u>1,402,443</u>
	(6,608,298)
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:	<u>(1,412,234)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ (950,616)</u>

See accompanying notes to financial statements

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Net Position

## Proprietary Funds

June 30, 2018

Assets and Deferred Outflows of Resources	Enterprise funds				Total	Governmental
	Power and Light	Water	Sanitary Sewer	Events Center		Activities Internal Service Funds
<b>Current assets:</b>						
Pooled cash and investments	\$ 64,102,322	23,548,263	13,258,710	6,052,683	106,961,978	10,568,713
Receivables:						
Taxes	—	—	—	1,004,679	1,004,679	—
Accounts (net of allowance of \$1,128,469)	15,167,036	4,051,853	2,785,523	266,391	22,270,803	5,123
Unbilled revenue	12,222,515	1,751,549	1,869,233	—	15,843,297	—
Special assessment principal	111,372	—	—	—	111,372	—
Accrued interest	124,707	38,619	30,518	—	193,844	11,248
Due from other funds	—	2,538,183	—	—	2,538,183	—
Due from other governments	1,009,675	—	95,465	—	1,105,140	—
Inventory	5,391,982	594,516	76,438	3,094	6,066,030	179,034
Prepaid items	276,018	—	—	163,247	439,265	—
Restricted cash and investments	3,497,660	772,836	659,686	—	4,930,182	—
<b>Total current assets</b>	<b>101,903,287</b>	<b>33,295,819</b>	<b>18,775,573</b>	<b>7,490,094</b>	<b>161,464,773</b>	<b>10,764,118</b>
<b>Noncurrent assets:</b>						
Capital assets:						
Nondepreciable	29,429,947	3,440,993	6,503,581	5,796,315	45,170,836	93,979
Depreciable, net	207,476,827	106,907,329	142,901,873	52,825,203	510,111,232	697,793
Other assets	—	138,267	—	—	138,267	—
Restricted cash and investments	20,028,411	4,107,362	9,704,475	6,846,785	40,687,033	200,000
<b>Total noncurrent assets</b>	<b>256,935,185</b>	<b>114,593,951</b>	<b>159,109,929</b>	<b>65,468,303</b>	<b>596,107,368</b>	<b>991,772</b>
<b>Total assets</b>	<b>358,838,472</b>	<b>147,889,770</b>	<b>177,885,502</b>	<b>72,958,397</b>	<b>757,572,141</b>	<b>11,755,890</b>
<b>Deferred outflows of resources:</b>						
Deferred charge on refunding	1,796,094	1,022,760	—	6,883,839	9,702,693	—
Pension related amounts	3,528,247	716,998	582,217	—	4,827,462	102,321
Other post-employment benefits	464,866	132,919	99,130	—	696,915	16,590
Deferred environmental and regulatory amount	3,428,519	—	—	—	3,428,519	—
Goodwill	—	—	—	999,203	999,203	—
<b>Total deferred outflows of resources</b>	<b>9,217,726</b>	<b>1,872,677</b>	<b>681,347</b>	<b>7,883,042</b>	<b>19,654,792</b>	<b>118,911</b>
<b>Total assets &amp; deferred outflows of resources</b>	<b>\$ 368,056,198</b>	<b>149,762,447</b>	<b>178,566,849</b>	<b>80,841,439</b>	<b>777,226,933</b>	<b>11,874,801</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
<b>Current liabilities:</b>						
Accounts and contracts payable	\$ 6,863,270	671,165	146,675	111,921	7,793,031	240,691
Due to other funds	—	—	—	20,094	20,094	—
Accrued items	1,570,711	585,087	730,889	462,327	3,349,014	35,941
Other current liabilities	219,525	61,160	869	90,000	371,554	—
Unearned revenue	—	—	—	1,317,646	1,317,646	—
Current portion of long-term obligations	5,823,759	2,038,403	2,381,849	1,175,000	11,419,011	62,471
Self-insurance claims payable	—	—	—	—	—	5,414,126
Liabilities payable from restricted assets	3,177,807	943,018	1,366,971	945,586	6,433,382	—
<b>Total current liabilities</b>	<b>17,655,072</b>	<b>4,298,833</b>	<b>4,627,253</b>	<b>4,122,574</b>	<b>30,703,732</b>	<b>5,753,229</b>
<b>Noncurrent liabilities:</b>						
Revenue bonds payable	160,956,001	24,070,531	93,504,880	87,604,700	366,136,112	—
Compensated absences – long-term	3,457,114	982,258	584,230	—	5,023,602	90,467
Total OPEB liability	63,563,651	18,174,719	13,554,633	—	95,293,003	2,268,496
Net pension liability	20,079,101	4,238,451	3,156,141	—	27,473,693	440,812
Self-insurance claims payable	—	—	—	—	—	2,499,698
Advances for construction	105,597	109,422	—	—	215,019	—
<b>Total noncurrent liabilities</b>	<b>248,161,464</b>	<b>47,575,381</b>	<b>110,799,884</b>	<b>87,604,700</b>	<b>494,141,429</b>	<b>5,299,473</b>
<b>Total liabilities</b>	<b>265,816,536</b>	<b>51,874,214</b>	<b>115,427,137</b>	<b>91,727,274</b>	<b>524,845,161</b>	<b>11,052,702</b>
<b>Deferred inflows of resources:</b>						
Pension related amounts	5,206,657	1,123,730	758,533	—	7,088,920	122,576
<b>Total deferred inflows of resources</b>	<b>5,206,657</b>	<b>1,123,730</b>	<b>758,533</b>	<b>—</b>	<b>7,088,920</b>	<b>122,576</b>
<b>Net position:</b>						
Net investment in capital assets	77,885,682	89,377,912	63,545,049	(16,427,558)	214,381,085	791,772
Restricted for:						
Debt service/capital outlay	16,039,596	500,000	—	—	16,539,596	—
Workers compensation escrow	—	—	—	—	—	200,000
Dogwood SPP escrow	61,500	—	—	—	61,500	—
Southwest Power Pool collateral	831,040	—	—	—	831,040	—
Community improvement district	—	—	—	5,770,602	5,770,602	—
Unrestricted	2,215,187	6,886,591	(1,163,870)	(228,879)	7,709,029	(292,249)
<b>Total net position (deficit)</b>	<b>97,033,005</b>	<b>96,764,503</b>	<b>62,381,179</b>	<b>(10,885,835)</b>	<b>245,292,852</b>	<b>699,523</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 368,056,198</b>	<b>149,762,447</b>	<b>178,566,849</b>	<b>80,841,439</b>	<b>777,226,933</b>	<b>11,874,801</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					361,303	
<b>Net position of business-type activities</b>					<b>\$ 245,654,155</b>	

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year ended June 30, 2018

	Enterprise funds				Total	Governmental
	Power and Light	Water	Sanitary Sewer	Events Center		Internal Service Funds
Operating revenues:						
Charges for services	\$ 145,694,257	32,637,822	28,536,772	5,241,363	212,110,214	29,679,626
Miscellaneous	2,353,471	315,424	276,127	—	2,945,022	3
Total operating revenues	<u>148,047,728</u>	<u>32,953,246</u>	<u>28,812,899</u>	<u>5,241,363</u>	<u>215,055,236</u>	<u>29,679,629</u>
Operating expenses:						
Personal services	25,936,448	7,992,030	6,002,453	—	39,930,931	879,479
Other services	21,130,160	5,792,291	11,304,965	271,096	38,498,512	33,587,617
Supplies	54,110,781	1,981,737	478,342	—	56,570,860	856,768
Capital outlay	—	6,822	—	—	6,822	—
Other expenses	8,881,239	5,702,761	124,513	6,001,736	20,710,249	—
Depreciation and amortization	13,899,946	3,063,691	4,298,493	1,834,683	23,096,813	6,212
Total operating expenses	<u>123,958,574</u>	<u>24,539,332</u>	<u>22,208,766</u>	<u>8,107,515</u>	<u>178,814,187</u>	<u>35,330,076</u>
Operating income (loss)	<u>24,089,154</u>	<u>8,413,914</u>	<u>6,604,133</u>	<u>(2,866,152)</u>	<u>36,241,049</u>	<u>(5,650,447)</u>
Nonoperating revenues (expenses):						
Investment income	376,147	36,582	146,872	115,231	674,832	141,222
Miscellaneous revenue	1,485,531	1,589,682	47,158	797,379	3,919,750	3,971,205
Interest and amortization expense	(6,891,891)	(1,072,937)	(4,237,790)	(4,179,485)	(16,382,103)	—
Sales tax	—	—	—	5,973,582	5,973,582	—
Total nonoperating revenue (expenses)	<u>(5,030,213)</u>	<u>553,327</u>	<u>(4,043,760)</u>	<u>2,706,707</u>	<u>(5,813,939)</u>	<u>4,112,427</u>
Income (loss) before contributions and transfers	19,058,941	8,967,241	2,560,373	(159,445)	30,427,110	(1,538,020)
Capital contributions	193,642	623,820	46,990	—	864,452	—
Transfers out – utility payments in lieu of taxes	(14,052,880)	(3,184,837)	(2,829,814)	—	(20,067,531)	—
Transfers in	—	—	10,000	—	10,000	—
Change in net position	5,199,703	6,406,224	(212,451)	(159,445)	11,234,031	(1,538,020)
Total net position (deficit):						
Beginning of the year, as restated	91,833,302	90,358,279	62,593,630	(10,726,390)	—	2,237,543
End of the year	<u>\$ 97,033,005</u>	<u>96,764,503</u>	<u>62,381,179</u>	<u>(10,885,835)</u>	<u>—</u>	<u>699,523</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(125,785)</u>	
Change in net position of business-type activities					<u>\$ 11,108,246</u>	

See accompanying notes to financial statements.

## CITY OF INDEPENDENCE, MISSOURI

## Statement of Cash Flows

## Proprietary Funds

Year ended June 30, 2018

	Enterprise funds				Total	Governmental Activities Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center		
Cash flows from operations:						
Receipts from customers and others	\$ 140,819,094	32,776,959	27,353,403	6,480,227	207,429,683	33,804,966
Payments to suppliers	(85,663,646)	(13,052,991)	(11,891,822)	(6,045,767)	(116,654,226)	(32,961,185)
Payments to employees	(24,062,266)	(7,009,605)	(5,139,868)	—	(36,211,739)	(793,206)
Payments to other funds	—	—	—	(755,639)	(755,639)	—
Net cash provided (used) by operating activities	31,093,182	12,714,363	10,321,713	(321,179)	53,808,079	50,575
Cash flows from noncapital financing activities:						
Transfers in	—	—	10,000	—	10,000	—
Transfers out – payments in lieu of taxes	(14,052,880)	(3,184,837)	(2,829,814)	—	(20,067,531)	—
Sales tax	—	—	—	5,973,582	5,973,582	—
Advances to/from other funds	—	(2,538,183)	—	—	(2,538,183)	—
Net cash provided by (used in) noncapital financing activities	(14,052,880)	(5,723,020)	(2,819,814)	5,973,582	(16,622,132)	—
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(19,384,249)	(3,703,694)	(2,430,166)	—	(25,518,109)	(671,993)
Interest paid on revenue bonds and equipment contracts	(7,036,700)	(649,084)	(4,286,079)	(3,740,936)	(15,712,799)	—
Debt expense paid on revenue bonds	—	(29,649)	—	—	(29,649)	—
Disposal costs from disposition of equipment	(216,773)	—	—	—	(216,773)	—
Redemption of revenue bonds	(3,685,000)	(1,480,000)	(2,000,000)	(1,171,187)	(8,336,187)	—
Net cash provided by (used in) capital and related financing activities	(30,322,721)	(5,862,427)	(8,716,245)	(4,912,123)	(49,813,516)	(671,993)
Cash flows from investing activities:						
Interest on investments	386,154	41,408	301,485	115,231	844,278	141,888
Net cash provided by investing activities	386,154	41,408	301,485	115,231	844,278	141,888
Net increase (decrease) in cash and cash equivalents	(12,896,265)	1,170,324	(912,861)	855,511	(11,783,291)	(479,530)
Cash and cash equivalents at beginning of year	100,524,658	27,258,137	24,535,732	12,043,957	164,362,484	11,248,243
Cash and cash equivalents at end of year	\$ 87,628,393	28,428,461	23,622,871	12,899,468	152,579,193	10,768,713
Noncash capital and related financing activities:						
Contributed capital	\$ 193,642	623,820	46,990	—	864,452	—
Components of cash and short-term investments at end of fiscal year:						
Unrestricted assets	\$ 64,102,322	23,548,263	13,258,710	6,052,683	106,961,978	10,568,713
Restricted assets	23,526,071	4,880,198	10,364,161	6,846,785	45,617,215	200,000
Total pooled cash and investments	\$ 87,628,393	28,428,461	23,622,871	12,899,468	152,579,193	10,768,713
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 24,089,154	8,413,914	6,604,133	(2,866,152)	36,241,049	(5,650,447)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	13,899,946	3,063,691	4,298,493	1,834,683	23,096,813	6,212
Miscellaneous revenue	1,485,531	1,589,682	47,158	797,379	3,919,750	3,971,205
Change in assets and liabilities:						
Accounts receivable	(6,367,936)	(1,718,396)	(799,777)	(139,623)	(9,025,732)	154,132
Inventory	(189,030)	(21,969)	(40,183)	2,352	(248,830)	—
Prepaid items and other assets	(23,089)	—	—	(7,563)	(30,652)	—
Unbilled revenue	(2,357,853)	9,023	(701,544)	—	(3,050,374)	—
Special assessments receivable	11,624	—	—	—	11,624	—
Accounts and contracts payable	930,031	444,511	(73,943)	19,608	1,320,207	142,733
Internal balances	—	—	—	(755,639)	(755,639)	—
Accrued and other liabilities	(1,659,011)	(57,984)	130,124	222,374	(1,364,497)	288,033
Other post-employment benefits & net pension liability	3,464,840	978,068	757,544	—	5,200,452	93,810
Self-insurance claims payable	—	—	—	—	—	1,050,270
Deferred charges	(2,206,718)	—	—	—	(2,206,718)	—
Unearned revenue	—	—	—	581,108	581,108	—
Customer deposits	39,566	9,466	(5,333)	(9,706)	33,993	—
Compensated absences	(23,873)	4,357	105,041	—	85,525	(5,373)
Total adjustments	7,004,028	4,300,449	3,717,580	2,544,973	17,567,030	5,701,022
Net cash provided by operating activities	\$ 31,093,182	12,714,363	10,321,713	(321,179)	53,808,079	50,575

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Pooled cash and investments	\$ 10,945	174,847
Accrued interest receivable	14	557
Total assets	<u>10,959</u>	<u>175,404</u>
Liabilities:		
Accounts and contracts payable	5,446	—
Flexible benefit payable	—	116,120
Susie Block fund payable to others	—	34,500
Senior travel program fund payable to others	—	24,784
Total liabilities	<u>5,446</u>	<u>\$ 175,404</u>
Net position:		
Held in trust	<u>\$ 5,513</u>	

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year ended June 30, 2018

	<b>Private- Purpose Trust Funds</b>
Additions:	
Charges for services	\$ 16,533
Interest & gain (loss) on investments	27
Total additions	16,560
Deductions:	
Preservation and maintenance expense	16,325
Total deductions	16,325
Change in net position	235
Net position, beginning	5,278
Net position, ending	\$ 5,513

See accompanying notes to financial statements.

**CITY OF INDEPENDENCE, MISSOURI**

Index to Notes to Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies .....35

    (a) The Financial Reporting Entity .....35

    (b) Basis of Presentation .....36

    (c) Basis of Accounting .....37

    (d) Accounts Receivable .....38

    (e) Investments .....38

    (f) Inventory .....38

    (g) Prepaid Items .....38

    (h) Interfund Activity .....39

    (i) Capital Assets .....39

    (j) Bond Premiums/Discounts, and Issuance Costs .....41

    (k) Deferred Inflows/Outflows .....41

    (l) Compensated Absences .....42

    (m) Pensions .....42

    (n) Fund Balances .....42

    (o) Net Position .....43

    (p) Statement of Cash Flows .....43

    (q) Use of Estimates .....44

    (r) New Accounting Pronouncements .....44

(2) Deposits and Investments .....45

(3) Tax Revenue .....48

    (a) Tax Abatements .....48

(4) Intergovernmental Revenue and Receivables .....51

(5) Interfund Activity .....53

    (a) Interfund Balances .....53

    (b) Interfund Charges for Support Services .....53

    (c) Payments in Lieu of Taxes .....54

    (d) Interfund Transfers .....54

(6) Capital Assets .....55

(7) Long-Term Obligations .....61

    (a) Governmental activities .....64

        (1) Loans Payable .....64

**CITY OF INDEPENDENCE, MISSOURI**

Index to Notes to Financial Statements

June 30, 2018

(2) Neighborhood Improvement District.....	64
(3) Capital Lease Obligations.....	65
(4) Blended component unit.....	66
(a) Tax Increment Financing Loans and Developer Obligations.....	66
(1) Tax Increment Financing Refunding.....	68
(2) Tax Increment Financing Prior Year Defeasance of Debt.....	68
(b) Bass Pro Lease.....	68
(b) Business-type Activities.....	70
(1) Revenue Bonds.....	70
(a) Pledged Revenues.....	72
(2) Events Center Bonds.....	72
(8) Advances for Construction.....	72
(9) Employee Retirement System.....	73
(10) Post-Employment Health Benefits.....	77
(11) Risk Management.....	82
(12) Commitments.....	83
(13) Deficits.....	85
(14) Subsequent Events.....	85
(15) Fund Balance.....	86

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

### (1) Summary of Significant Accounting Policies

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

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

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

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

This report includes the financial statements of the City (the primary government) which includes the Independence Events Center Management Corporation (Corporation) and the Silverstein Eye Centers Arena, formerly known as the Independence Events Center managed by 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 Silverstein Eye Centers Arena.

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

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, 2018

The City reports the following major enterprise funds:

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

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

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

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

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

***Special Revenue Funds*** – These funds account for specific revenue sources (other than major capital projects) that are legally restricted to 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, 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, 2018

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 cost.

### ***(g) Prepaid Items***

Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements, and expenditures are recognized using the consumption method.

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

### **(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.

The City implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* which removed the capitalized interest calculation beginning with the year ending June 30, 2018.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

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:

	<u>Years</u>
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

	<u>Years</u>
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, 2018

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 four 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, and deferred environmental and regulatory amounts reported in the government-wide and the proprietary funds statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension related deferred outflow consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, plan experience, and changes in assumptions. 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 obsolete inventory materials for the Power and Light fund.

The City implemented GASB Statement No. 85, *Omnibus 2017* in the current fiscal year. With this implementation, the goodwill reported in the Events Center enterprise fund is now reported as a deferred outflow of resources. The goodwill is amortized over the remaining life of the related asset (the Events Center).

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

experience and plan assumptions, and real estate taxes, which will become an inflow in the year for which they are levied.

### ***(l) Compensated Absences***

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

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, 2018

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 \$3,988,815 for Power and Light, \$3,607,362 for Water, \$9,704,475 for Sewer and \$6,846,785 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 \$1,141,287 for the License Surcharge and \$3,593,122 for the Street Sales Tax; \$9,013,785 for Storm Water Sales Tax; \$3,619,562 for Public Safety Sales Tax; \$16,652,456 for debt service; and \$5,770,602 for the Events Center Community Improvement District.

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

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

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

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

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

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, 2020.

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, 2021.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this statement is to improve information that is disclosed in notes to government financial statements related to debt, and clarifies which liabilities governments should include when disclosing information related to debt. The City will implement GASB Statement No. 88 with the year ended June 30, 2019.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interest – an Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency, and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City will implement GASB Statement No. 90 with the year ended June 30, 2020.

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, 2018

### (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.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

At June 30, 2018, the carrying values of deposits and investments are summarized as follows:

		<u>Fair Value Measurement</u>
Investments measured at fair value:		
Short-term investments held in trust (bond reserves):		
Federal Home Loan Bank	\$ 3,578,783	Level 2
U.S. Treasury Notes	16,634,439	Level 1
U.S. Treasury Bill	200,000	Level 1
Other investments:		
Federal Home Loan Mortgage Corporation	4,020,469	Level 2
Federal National Mortgage Association	13,463,061	Level 2
Federal Home Loan Bank	15,416,995	Level 2
U.S. Treasury Notes	54,129,379	Level 1
U.S. Treasury Bond	27,506	Level 1
Investments measured at amortized cost:		
Money Market - Bond Reserves	32,094,404	
Local government investment pool - MOSIP	44,490,517	
	<u>184,055,553</u>	
Cash and cash equivalents:		
Deposits and repurchase obligations	26,937,105	
Petty cash	10,276	
	<u>211,002,934</u>	
	\$ <u><u>211,002,934</u></u>	

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

	<b>Government-Wide Statement of Net Position</b>	<b>Fiduciary Funds Statement of Net Position</b>	<b>Primary Government Total</b>
Pooled cash and investments	\$ 152,206,826	185,792	152,392,618
Restricted cash and investments	58,610,316	—	58,610,316
	<u>\$ 210,817,142</u>	<u>185,792</u>	<u>211,002,934</u>

*Investment Policy*

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

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

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:

<u>Issuer</u>	<u>Moody's Credit Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Bank	AAA	10.32%
Federal Home Loan Mortgage Corporation	AAA	2.18%
Federal National Mortgage Association	AAA	7.32%
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, 2018, 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, 2018.

### *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, 2018, all of the City's securities

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of \$27,506 that will mature in 2027.

**(3) Tax Revenue**

Tax revenue, including interest and penalties for the year ended June 30, 2018 is as follows:

	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate and intergovernmental activity tax	\$ 7,927,243	9,714,853	23,618	17,665,714
Railroad utilities tax	40,608	—	—	40,608
Cigarette tax	449,698	—	—	449,698
Transient guest tax	—	—	1,956,257	1,956,257
Sales tax	18,021,064	7,281,766	21,486,702	46,789,532
Franchise tax	8,771,666	—	—	8,771,666
	<u>\$ 35,210,279</u>	<u>16,996,619</u>	<u>23,466,577</u>	<u>75,673,475</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, 2017, on which the fiscal 2018 levy was based, was \$1,394,246,656.

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, 2018 were \$0.4780 for the General Fund, \$0.2251 for Public Health and Recreation, and \$0.5749 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, 2018, 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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

by the property owner, including inspection by City staff showing proof that improvements were made, 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, 2018, the abated tax amounts were as follows:

<u>Tax Abatement Program</u>	<u>Abated Tax</u>
Fairmount Carlise	\$ 26,347
Independence Square	18,937
Midtown Truman Road Corridor	26,195
St. Clair Park	238
Total	\$ <u>71,717</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.

Facilities receiving tax abatements under Chapter 100 make payments in lieu of taxes (PILOTS) to the City under the following structure:

<u>Years</u>	<u>PILOT Percentage</u>	<u>Basis</u>
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

As of June 30, 2018, the City provides Chapter 100 Tax Abatements through one program and the tax abated for the fiscal year was \$95,180.

## **CITY OF INDEPENDENCE, MISSOURI**

### Notes to Financial Statements

June 30, 2018

#### **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, 2018, the City had 21 active TIF projects and abated \$8,196,900 in real estate tax and sales tax revenue.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(4) Intergovernmental Revenue and Receivables**

Intergovernmental revenue during fiscal year 2018 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Federal</b>			
Department of Agriculture	\$ —	62,327	62,327
Department of Housing & Urban Development			
Community Development Block Grant	—	913,945	913,945
Neighborhood Stabilization Program	—	54,186	54,186
Home Investment Partnership	—	110,872	110,872
Department of the Interior	—	7,560	7,560
Department of Justice	—	309,676	309,676
Department of Transportation	—	3,076,378	3,076,378
Department of Health & Human Services	25,000	297,332	322,332
Executive Office of the President	—	194,975	194,975
Department of Homeland Security	—	134,980	134,980
<b>Total Federal</b>	<u>25,000</u>	<u>5,162,231</u>	<u>5,187,231</u>
<b>State &amp; Local</b>			
Department of Health & Human Services	—	182,798	182,798
Department of Public Safety	—	24,000	24,000
Department of Revenue			
Motor Vehicle Fuel Tax	3,189,013	—	3,189,013
Motor Vehicle License	532,556	—	532,556
Motor Vehicle Sales Tax	1,063,458	—	1,063,458
Financial Institutions Tax	34,818	—	34,818
Missouri Highway & Transportation Commission	—	15,781	15,781
Missouri Department of Transportation	—	3,436	3,436
Jackson County Anti Drug Tax	266,776	—	266,776
Jackson County DARE	237,535	—	237,535
Healthcare Foundation of Greater Kansas City	—	31,794	31,794
American Public Health Association	—	7,110	7,110
Other	—	84,456	84,456
<b>Total State &amp; Local</b>	<u>5,324,156</u>	<u>349,375</u>	<u>5,673,531</u>
<b>Grand Total</b>	<u>\$ <u>5,349,156</u></u>	<u><u>5,511,606</u></u>	<u><u>10,860,762</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

Amounts due from other governments at June 30, 2018 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
<b>General Fund :</b>				
Department of Health & Human Services	\$ 4,167	—	—	4,167
Department of Revenue				
Motor Vehicle Fuel Tax	—	581,183	—	581,183
Motor Vehicle Sales Tax	—	88,391	—	88,391
Motor Vehicle License Fees	—	131,250	—	131,250
Events Center Community Improvement District and Crackerneck Transportation Development District	—	—	2,598	2,598
	<u>4,167</u>	<u>800,824</u>	<u>2,598</u>	<u>807,589</u>
<b>TIF Debt Service:</b>				
State Sales Tax	—	130,000	—	130,000
County Sales Tax	—	—	748,290	748,290
Kansas City Zoo Tax	—	—	65,341	65,341
Noland Road Community Improvement District	—	—	67,406	67,406
39th St Transportation Development District	—	—	56,033	56,033
	<u>—</u>	<u>130,000</u>	<u>937,070</u>	<u>1,067,070</u>
<b>Nonmajor Governmental Funds:</b>				
Department of Agriculture	23,039	—	—	23,039
Department of Housing & Urban Development				
Community Development Block Grant	142,038	—	—	142,038
Home Investment Partnership	12,379	—	—	12,379
Neighborhood Stabilization Program	115,197	—	—	115,197
Department of Justice	104,139	—	—	104,139
Department of Transportation	476,722	—	—	476,722
Department of Health & Human Services	9,891	—	—	9,891
Executive Office of the President	82,697	—	—	82,697
Missouri Department of Transportation	—	1,143	—	1,143
Jackson County - COMBAT Drug Prevention	—	—	13,750	13,750
	<u>966,102</u>	<u>1,143</u>	<u>13,750</u>	<u>980,995</u>
<b>Power and Light Fund:</b>				
Department of Homeland Security	1,009,675	—	—	1,009,675
	<u>1,009,675</u>	<u>—</u>	<u>—</u>	<u>1,009,675</u>
<b>Sanitary Sewer Fund</b>				
Department of Homeland Security	95,465	—	—	95,465
	<u>95,465</u>	<u>—</u>	<u>—</u>	<u>95,465</u>
<b>Totals</b>	\$ <u>2,075,409</u>	<u>931,967</u>	<u>953,418</u>	<u>3,960,794</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(5) Interfund Activity**

*(a) Interfund Balances*

Interfund balances at June 30, 2018, consisted of the following:

	<u>Due from Nonmajor Governmental</u>	<u>Due from TIF Debt Service</u>	<u>Due from Events Center</u>	<u>Total</u>
Due to:				
Governmental activities:				
General Fund	\$ 1,297,153	1,633	20,094	1,318,880
Nonmajor governmental	<u>16,155</u>	<u>—</u>	<u>—</u>	<u>16,155</u>
Total governmental activities	<u>\$ 1,313,308</u>	<u>1,633</u>	<u>20,094</u>	<u>1,335,035</u>
Business-type activities:				
Water Fund	\$ <u>2,538,183</u>	<u>—</u>	<u>—</u>	<u>2,538,183</u>
Total business-type activities	<u>2,538,183</u>	<u>—</u>	<u>—</u>	<u>2,538,183</u>
Total	<u>\$ 3,851,491</u>	<u>1,633</u>	<u>20,094</u>	<u>3,873,218</u>

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

*(b) Interfund Charges for Support Services*

Interfund charges for support services and rent paid to the General Fund during fiscal year 2018 were as follows:

	<u>Interfund Charges</u>	<u>Rent</u>
Nonmajor governmental funds	\$ 64,580	\$ —
Power and Light Fund	3,004,848	60,224
Sanitary Sewer Fund	861,450	23,102
Water Fund	<u>1,168,818</u>	<u>34,670</u>
	<u>\$ 5,099,696</u>	<u>\$ 117,996</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, 2018

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2018, and are included as a credit to Water's operating expenses as follows:

Power and Light Fund	\$	1,230,042
Sanitary Sewer Fund		<u>247,615</u>
	\$	<u><u>1,477,657</u></u>

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2018, and are included as a credit to Power and Light's operating expenses as follows:

Sanitary Sewer Fund	\$	309,542
Water Fund		<u>1,467,336</u>
	\$	<u><u>1,776,878</u></u>

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

The payments in lieu of taxes of \$14,052,880, \$3,184,837 and \$2,829,814 in fiscal year 2018 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, 2018, consisted of the following:

	<u>Transfer Out</u>			
	<u>General</u>	<u>Tax Increment Financing</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers In:				
Sanitary Sewer Fund	\$ 10,000	—	—	10,000
Events Center	—	824,529	—	824,529
Nonmajor governmental	<u>327,637</u>	<u>3,567,786</u>	<u>3,095,770</u>	<u>6,991,193</u>
Total Primary Government	\$ <u><u>337,637</u></u>	<u><u>4,392,315</u></u>	<u><u>3,095,770</u></u>	<u><u>7,825,722</u></u>

Transfers are for capital projects, general operations and debt service payments. There is a transfer for \$824,529 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, 2018

**(6) Capital Assets**

Capital asset activity for the year ended June 30, 2018 is as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 32,034,141	—	—	32,034,141
Construction work in progress	<u>15,440,384</u>	<u>16,387,967</u>	<u>(3,169,648)</u>	<u>28,658,703</u>
Total nondepreciable capital assets	<u>47,474,525</u>	<u>16,387,967</u>	<u>(3,169,648)</u>	<u>60,692,844</u>
Depreciable capital assets:				
Land improvements	10,156,469	—	—	10,156,469
Buildings	51,536,728	165,911	—	51,702,639
Building improvements	18,901,499	141,829	—	19,043,328
Improvements other than buildings	36,327,479	107,889	—	36,435,368
Office furniture and equipment	469,415	—	—	469,415
Computer equipment	3,752,353	1,367,750	—	5,120,103
Mobile equipment	25,374,180	2,041,587	(604,182)	26,811,585
Other equipment	9,452,270	502,523	(7,288)	9,947,505
Infrastructure	<u>403,121,567</u>	<u>1,014,503</u>	<u>—</u>	<u>404,136,070</u>
Total depreciable capital assets	<u>559,091,960</u>	<u>5,341,992</u>	<u>(611,470)</u>	<u>563,822,482</u>
Less accumulated depreciation for:				
Land improvements	(3,502,986)	(496,639)	—	(3,999,625)
Buildings	(18,043,762)	(1,220,160)	—	(19,263,922)
Building improvements	(9,494,483)	(897,916)	—	(10,392,399)
Improvements other than buildings	(18,096,090)	(1,778,188)	—	(19,874,278)
Office furniture and equipment	(441,041)	(6,533)	—	(447,574)
Computer equipment	(3,505,352)	(164,294)	—	(3,669,646)
Mobile equipment	(17,846,218)	(1,432,606)	604,182	(18,674,642)
Other equipment	(6,533,611)	(622,675)	2,246	(7,154,040)
Infrastructure	<u>(201,459,012)</u>	<u>(13,606,791)</u>	<u>—</u>	<u>(215,065,803)</u>
Total accumulated depreciation	<u>(278,922,555)</u>	<u>(20,225,802)</u>	<u>606,428</u>	<u>(298,541,929)</u>
Total depreciable capital assets, net	<u>280,169,405</u>	<u>(14,883,810)</u>	<u>(5,042)</u>	<u>265,280,553</u>
Governmental activities capital assets, net	<u>\$ 327,643,930</u>	<u>1,504,157</u>	<u>(3,174,690)</u>	<u>325,973,397</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

Depreciation expense was charged to functions as follows:

Administrative services	\$	152,116
Public safety		2,926,526
Public works		12,499,203
Health and welfare		90,618
Culture and recreation		1,937,366
Community development		64,609
Storm water		1,615,783
General government		933,369
Total		<u>20,219,590</u>

In addition, depreciation on capital assets held by the City's  
Central Garage Fund is charged to the various functions  
based on their usage of the assets

Total depreciation expense	\$	<u>6,212</u>
		<u><u>20,225,802</u></u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-type activities:				
Power and Light Fund:				
Nondepreciable capital assets:				
Land	\$ 3,875,930	—	(35,409)	3,840,521
Construction in progress	<u>10,893,526</u>	<u>20,628,833</u>	<u>(5,932,933)</u>	<u>25,589,426</u>
Total nondepreciable capital assets	14,769,456	20,628,833	(5,968,342)	29,429,947
Depreciable capital assets:				
Infrastructure:				
Production plant	230,277,427	65,972	(43,225,531)	187,117,868
Transmission plant	45,572,702	2,466	—	45,575,168
Distribution plant	171,929,980	4,020,473	(781,337)	175,169,116
General plant	17,603,429	6,605	—	17,610,034
Other	<u>2,755,568</u>	<u>—</u>	<u>—</u>	<u>2,755,568</u>
Total infrastructure	468,139,106	4,095,516	(44,006,868)	428,227,754
Machinery and equipment	<u>26,801,319</u>	<u>1,544,440</u>	<u>—</u>	<u>28,345,759</u>
Total depreciable capital assets	494,940,425	5,639,956	(44,006,868)	456,573,513
Less accumulated depreciation:				
Infrastructure	(259,309,358)	(12,618,227)	44,259,050	(227,668,535)
Machinery and equipment	<u>(19,452,235)</u>	<u>(1,975,916)</u>	<u>—</u>	<u>(21,428,151)</u>
* Total accumulated depreciation	<u>(278,761,593)</u>	<u>(14,594,143)</u>	<u>44,259,050</u>	<u>(249,096,686)</u>
Total depreciable capital assets, net	<u>216,178,832</u>	<u>(8,954,187)</u>	<u>252,182</u>	<u>207,476,827</u>
Total power and light capital assets	\$ <u>230,948,288</u>	<u>11,674,646</u>	<u>(5,716,160)</u>	<u>236,906,774</u>

\* See page 60 note regarding depreciation.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Water Fund:				
Nondepreciable capital assets:	\$			
Land	2,164,811	—	—	2,164,811
Construction in progress	1,973,978	4,455,924	(5,153,720)	1,276,182
Total nondepreciable capital assets	<u>4,138,789</u>	<u>4,455,924</u>	<u>(5,153,720)</u>	<u>3,440,993</u>
Depreciable capital assets:				
Infrastructure:				
Nonutility property	40,014	—	—	40,014
Source of supply	7,947,687	310,231	—	8,257,918
Pumping plant	15,722,610	121,196	(9,540)	15,834,266
Treatment plant	25,119,777	366,864	(31,261)	25,455,380
Transmission plant	91,354,367	4,003,605	(393,204)	94,964,768
General plant	2,083,288	—	—	2,083,288
Other	12,547,766	—	—	12,547,766
Total infrastructure	<u>154,815,509</u>	<u>4,801,896</u>	<u>(434,005)</u>	<u>159,183,400</u>
Machinery and equipment	<u>6,620,384</u>	<u>419,013</u>	<u>(253,575)</u>	<u>6,785,822</u>
Total depreciable capital assets	<u>161,435,893</u>	<u>5,220,909</u>	<u>(687,580)</u>	<u>165,969,222</u>
Less accumulated depreciation:				
Infrastructure	(51,744,437)	(2,749,701)	310,402	(54,183,736)
Machinery and equipment	<u>(4,693,604)</u>	<u>(436,354)</u>	<u>251,801</u>	<u>(4,878,157)</u>
* Total accumulated depreciation	<u>(56,438,041)</u>	<u>(3,186,055)</u>	<u>562,203</u>	<u>(59,061,893)</u>
Total depreciable capital assets, net	<u>104,997,852</u>	<u>2,034,854</u>	<u>(125,377)</u>	<u>106,907,329</u>
Total water capital assets	<u>\$ 109,136,641</u>	<u>6,490,778</u>	<u>(5,279,097)</u>	<u>110,348,322</u>

\* See page 60 note regarding depreciation.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
Sanitary Sewer Fund:				
Nondepreciable capital assets:				
Land	\$ 330,191	—	—	330,191
Construction in progress	43,822,861	2,137,781	(39,787,252)	6,173,390
Total nondepreciable capital assets	<u>44,153,052</u>	<u>2,137,781</u>	<u>(39,787,252)</u>	<u>6,503,581</u>
Depreciable capital assets:				
Infrastructure:				
Nonutility property	46,368	—	—	46,368
Collection plant	122,253,683	1,632,172	(2,156)	123,883,699
Pumping plant	31,989,501	38,210,488	—	70,199,989
Treatment plant	13,665,607	—	—	13,665,607
General plant	1,444,497	38,116	(18,940)	1,463,673
Total infrastructure	<u>169,399,656</u>	<u>39,880,776</u>	<u>(21,096)</u>	<u>209,259,336</u>
Machinery and equipment	<u>7,359,453</u>	<u>—</u>	<u>—</u>	<u>7,359,453</u>
Total depreciable capital assets	176,759,109	39,880,776	(21,096)	216,618,789
Less accumulated depreciation:				
Infrastructure	(63,272,830)	(3,974,562)	21,096	(67,226,296)
Machinery and equipment	<u>(6,166,689)</u>	<u>(323,931)</u>	<u>—</u>	<u>(6,490,620)</u>
Total accumulated depreciation	<u>(69,439,519)</u>	<u>(4,298,493)</u>	<u>21,096</u>	<u>(73,716,916)</u>
Total depreciable capital assets, net	<u>107,319,590</u>	<u>35,582,283</u>	<u>—</u>	<u>142,901,873</u>
Total sewer capital assets	<u>151,472,642</u>	<u>37,720,064</u>	<u>(39,787,252)</u>	<u>149,405,454</u>
Events Center fund:				
Nondepreciable capital assets:				
Land	\$ 5,796,315	—	—	5,796,315
Construction in progress	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total nondepreciable capital assets	<u>5,796,315</u>	<u>—</u>	<u>—</u>	<u>5,796,315</u>
Depreciable capital assets:				
Infrastructure	65,581,451	—	—	65,581,451
Machinery and equipment	<u>3,555,930</u>	<u>—</u>	<u>—</u>	<u>3,555,930</u>
Total depreciable capital assets	69,137,381	—	—	69,137,381
Less accumulated depreciation:				
Infrastructure	(12,551,360)	(1,639,536)	—	(14,190,896)
Machinery and equipment	<u>(1,926,135)</u>	<u>(195,147)</u>	<u>—</u>	<u>(2,121,282)</u>
Total accumulated depreciation	<u>(14,477,495)</u>	<u>(1,834,683)</u>	<u>—</u>	<u>(16,312,178)</u>
Total depreciable capital assets, net	<u>54,659,886</u>	<u>(1,834,683)</u>	<u>—</u>	<u>52,825,203</u>
Total events center capital assets	<u>60,456,201</u>	<u>(1,834,683)</u>	<u>—</u>	<u>58,621,518</u>
Total business-type activities capital assets	<u>\$ 552,013,772</u>	<u>54,050,805</u>	<u>(50,782,509)</u>	<u>555,282,068</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 13,899,946
Water	3,063,691
Sanitary sewer	4,298,493
Events center	<u>1,834,683</u>
Total business-type activities depreciation expense	<u><u>\$ 23,096,813</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, 2018 the difference for Power and Light is \$694,197 and the difference for Water is \$122,364.

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(7) Long-Term Obligations**

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

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2018:

	<u>Beginning Balance, as restated</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	\$ 1,010,000	—	495,000	515,000	515,000
TIF loans	151,205,000	11,925,000	22,205,000	140,925,000	6,710,000
Capital lease obligations	1,333,212	127,210	200,158	1,260,264	250,265
Neighborhood Improvement					
District (NID)	218,000	—	86,000	132,000	91,000
Premium (discount), net	<u>1,086,084</u>	<u>836,091</u>	<u>389,166</u>	<u>1,533,009</u>	<u>—</u>
Total loans and note payable	<u>154,852,296</u>	<u>12,888,301</u>	<u>23,375,324</u>	<u>144,365,273</u>	<u>7,566,265</u>
Other liabilities:					
Compensated absences	15,466,374	6,282,414	5,628,433	16,120,355	6,924,718
Total OPEB liability	182,224,748	7,840,910	—	190,065,658	—
Net pension liability	46,473,237	—	9,807,842	36,665,395	—
TIF developer obligations	<u>34,504,784</u>	<u>60,375</u>	<u>1,462,818</u>	<u>33,102,341</u>	<u>1,300,243</u>
Total other liabilities	<u>278,669,143</u>	<u>14,183,699</u>	<u>16,899,093</u>	<u>275,953,749</u>	<u>8,224,961</u>
Total Governmental Activities	\$ <u>433,521,439</u>	<u>27,072,000</u>	<u>40,274,417</u>	<u>420,319,022</u>	<u>15,791,226</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, 2018

The following is a summary of changes in long-term debt of the Proprietary Funds for the year ended June 30, 2018:

	<u>Beginning Balance, as restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Business-type activities:					
Power and Light Fund:					
Revenue bonds	\$ 163,630,000	—	3,685,000	159,945,000	3,850,000
Premium on bonds payable	5,083,439	—	222,438	4,861,001	—
Total revenue bonds	<u>168,713,439</u>	<u>—</u>	<u>3,907,438</u>	<u>164,806,001</u>	<u>3,850,000</u>
Compensated absences	5,454,746	2,545,929	2,569,802	5,430,873	1,973,759
Total OPEB liability	61,240,999	2,322,652	—	63,563,651	—
Net pension liability	25,742,535	—	5,663,434	20,079,101	—
Total Power and Light Fund	<u>261,151,719</u>	<u>4,868,581</u>	<u>12,140,674</u>	<u>253,879,626</u>	<u>5,823,759</u>
Water Fund:					
Revenue bonds	26,455,000	—	1,480,000	24,975,000	1,530,000
Premium on bonds payable	680,725	—	55,194	625,531	—
Total revenue bonds	<u>27,135,725</u>	<u>—</u>	<u>1,535,194</u>	<u>25,600,531</u>	<u>1,530,000</u>
Compensated absences	1,448,163	575,614	533,116	1,490,661	508,403
Total OPEB liability	17,435,505	739,214	—	18,174,719	—
Net pension liability	5,422,787	—	1,184,336	4,238,451	—
Total Water Fund	<u>51,442,180</u>	<u>1,314,828</u>	<u>3,252,646</u>	<u>49,504,362</u>	<u>2,038,403</u>
Sanitary Sewer Fund:					
Revenue Bonds	96,765,000	—	2,000,000	94,765,000	2,060,000
Premium on bonds payable	876,492	—	35,025	841,467	—
Discount on bonds payable	(43,187)	—	(1,600)	(41,587)	—
Total revenue bonds	<u>97,598,305</u>	<u>—</u>	<u>2,033,425</u>	<u>95,564,880</u>	<u>2,060,000</u>
Compensated absences	801,036	473,466	368,423	906,079	321,849
Total OPEB liability	12,958,841	595,792	—	13,554,633	—
Net pension liability	3,958,175	—	802,034	3,156,141	—
Total Sanitary Sewer Fund	<u>115,316,357</u>	<u>1,069,258</u>	<u>3,203,882</u>	<u>113,181,733</u>	<u>2,381,849</u>
Events Center Fund:					
Revenue bonds	89,940,000	—	1,085,000	88,855,000	1,175,000
Premium on bonds payable	161,365	—	7,776	153,589	—
Discount on bonds payable	(240,478)	—	(11,589)	(228,889)	—
Total Events Center Fund	<u>89,860,887</u>	<u>—</u>	<u>1,081,187</u>	<u>88,779,700</u>	<u>1,175,000</u>
Total business-type activities	\$ <u>517,771,143</u>	<u>7,252,667</u>	<u>19,678,389</u>	<u>505,345,421</u>	<u>11,419,011</u>

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

Debt service requirements on long-term debt with schedules maturities at June 30, 2018 are as follows:

Governmental Activities									
	Loans Payable		NID Payable		TIF Loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 515,000	11,266	91,000	7,202	6,710,000	5,999,987	7,316,000	6,018,455	
2020	—	—	7,000	2,409	7,080,000	5,755,224	7,087,000	5,757,634	
2021	—	—	7,000	1,998	7,495,000	5,458,278	7,502,000	5,460,276	
2022	—	—	7,000	1,586	6,850,000	5,140,562	6,857,000	5,142,148	
2023	—	—	8,000	1,175	3,165,000	4,858,416	3,173,000	4,859,591	
2024 - 2028	—	—	12,000	705	56,920,000	18,468,909	56,932,000	18,469,614	
2029 - 2033	—	—	—	—	22,765,000	7,983,700	22,765,000	7,983,700	
2034 - 2038	—	—	—	—	10,925,000	5,079,013	10,925,000	5,079,013	
2039 - 2043	—	—	—	—	10,575,000	3,038,181	10,575,000	3,038,181	
2044 - 2045	—	—	—	—	8,440,000	568,888	8,440,000	568,888	
	\$ 515,000	11,267	132,000	15,075	140,925,000	62,351,157	141,572,000	62,377,499	

Business-type Activities										
	Power and Light		Water		Sewer		Events Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,850,000	6,872,250	1,530,000	998,138	2,060,000	4,212,806	1,175,000	3,782,344	8,615,000	15,865,538
2020	4,945,000	6,700,350	1,575,000	951,563	2,130,000	4,145,256	1,330,000	3,738,619	9,980,000	15,535,788
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 - 2028	24,700,000	27,811,189	10,195,000	2,470,825	13,425,000	17,943,325	11,795,000	16,796,769	60,115,000	65,022,107
2029 - 2033	30,475,000	21,912,989	6,565,000	320,556	16,520,000	14,845,425	26,370,000	13,382,706	79,930,000	50,461,676
2034 - 2038	40,650,000	13,737,080	—	—	20,865,000	10,500,538	43,240,000	6,612,563	104,755,000	30,850,181
2039 - 2043	25,160,000	6,312,800	—	—	26,765,000	4,601,794	—	—	51,925,000	10,914,595
2044 - 2046	17,515,000	1,367,500	—	—	6,150,000	123,000	—	—	23,665,000	1,490,500
	\$ 159,945,000	103,661,658	24,975,000	7,190,147	94,765,000	68,343,015	88,855,000	55,205,208	368,540,000	234,400,028

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(a) Governmental activities**

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

Governmental activities loans payable at June 30, 2018 is comprised of the following:

\$4,020,000 Series 2009 G (Streets Projects) annual installments of \$395,000 to \$515,000 through 2019; interest at 3.50% to 4.375%.	\$	515,000
---	----	---------

Total Governmental Activities Loans Payable	\$	<u>515,000</u>
---	----	----------------

**(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, 2018 are comprised of the following:

\$995,000 Series 2004 (Noland Road and Englewood Improvements) annual installments of \$55,000 to \$85,000 through 2019; interest at 4.50% to 5.75%	\$	85,000
---	----	--------

\$111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of \$5,000 to \$6,000 through 2024; interest at 5.375% to 5.50%		47,000
---	--	--------

Total Neighborhood Improvement District	\$	<u>132,000</u>
---	----	----------------

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(3) Capital Lease Obligations**

Capital leases payable at June 30, 2018 are comprised of the following:

Motorola Solutions (radio equipment) semi-annual installments of \$56,700 to \$78,539 through 2022; interest at 3.4593%	\$	592,164
PNC Equipment Finance (fire truck) annual installments of \$51,525 to \$71,106 through 2026; interest at 3.00%		514,215
TCF Equipment Finance (Toro equipment) annual installments of \$9,605 through 2020; interest at 3.89%		26,676
TCF Equipment Finance (Toro equipment) annual installments of \$44,679 through 2020; interest at 4.40%		127,209
Total Capital Lease Obligations	\$	1,260,264

The net book value of assets acquired under the capital leases described above amounted to \$2,508,616 as of June 30, 2018.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Year ending June 30:		
2019	\$	287,403
2020		287,403
2021		287,403
2022		233,029
2023		73,235
2024 - 2026		219,705
		1,388,179
Less imputed interest		(127,915)
Present value of minimum lease payments	\$	1,260,264

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

### **(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 \$203.3 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. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the Commission. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City.

At June 30, 2018, total principal and interest remaining on the loans was \$203.3 million and the outstanding developer obligations were \$33.1 million. The loans are scheduled to mature at varying amounts through 2045 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF loans and developer obligations totaled \$14.9 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, 2018

### 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%	3,930,000
\$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%	8,370,000
\$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%	1,955,000
\$14,005,000 Series 2013 A (Crackerneck Creek TIF) annual installments of \$50,000 to \$5,200,000 through 2028; interest at 4.693% to 4.993%	14,005,000
\$10,835,000 Series 2013 B (Crackerneck Creek TIF) one installment of \$10,835,000 through 2029; interest at 4.125%	10,835,000
\$4,855,000 Series 2014 A (Eastland Center TIF) annual installments of \$500,000 to \$1,095,000 through 2022; interest at 3.000%	2,790,000
\$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%	1,600,000
\$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%	4,905,000
\$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%	3,360,000
\$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%	15,160,000
\$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%	1,585,000
\$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%	7,845,000
\$2,200,000 Series 2017 B (Hartman Heritage TIF) annual installments of \$1,095,000 to \$1,105,000 through 2019; interest at 3.000%	1,105,000
Total TIF Loans Payable	<u><u>\$ 140,925,000</u></u>

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2018

Restricted assets held by the Commission of \$12,431,706 consist of funds available for costs related to the redevelopment of the Santa Fe, Hartman Heritage, Eastland Center, Crackerneck Creek and HCA areas.

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

On July 18, 2017, the City entered into a loan payable through the Missouri Development Finance Board of \$9,725,000 with an interest rate of 5.00%, to refund \$7,670,000 of the outstanding 2007 A and advance refund \$4,795,000 of the outstanding 2008 C Eastland Center TIF project loan payables, with interest rates ranging from 4.250% to 5.125%. The acquisition of the new refunding loan carried a premium of \$799,247 and resulted in a deferred charge on refunding of \$281,343. Both items will be amortized over the life of the bonds. This refunding was undertaken to reduce the total debt service payments by \$944,638 which resulted in an economic gain of \$901,334.

On July 18, 2017, the City entered into a loan payable through the Missouri Development Finance Board of \$2,200,000 with an interest rate of 3.00%, to refund \$3,135,000 of the outstanding 2007 B Hartman Heritage TIF project loans payable, with an interest rate of 5.00%. The acquisition of the new refunding loan carried a premium of \$36,844 and resulted in a deferred charge on refunding of \$77,217. Both items will be amortized over the life of the bonds. This advance refunding was undertaken to reduce the total debt service payments by \$111,413 which resulted in an economic gain of \$108,551.

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

In prior years, the City defeased certain loans payable with the Missouri Development Finance Board by placing the proceeds of refunding TIF loans in an irrevocable trust to provide for all future debt service payments on the old loans. Accordingly, the trust account assets and the liability for the defeased loans are not included in the City's financial statements. At June 30, 2018, there are no loans payable that are considered defeased.

#### ***(b) Bass Pro Lease***

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

As part of the Project, the City has entered into the Lease Agreement (as amended from time to time, the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease the City will own a 150,000 square foot Bass Pro retail store (the "Bass Pro Store") and will lease the Bass Pro Store to Bass Pro under the terms and conditions as contained in the Bass Pro Lease. Under the Bass Pro

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

Lease, the City was obligated to make \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City.

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

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

<b>Calendar Year</b>		<b>Amount</b>
2018	\$	1,000,000
2019		1,000,000
2020		1,000,000
2021		1,000,000
2022		1,000,000
2023 - 2026		4,000,000
<b>Total</b>	\$	<b>9,000,000</b>

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(b) Business-Type Activities**

**(1) Revenue Bonds**

Revenue bonds payable at June 30, 2018 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%	\$ 14,285,000
\$55,185,000 Series 2012 A annual installments of \$150,000 to \$11,900,000 through 2037; interest at 2.00% to 5.00%	53,765,000
\$52,525,000 Series 2012 F annual installments of \$140,000 to \$3,630,000 through 2037; interest at 3.00% to 4.00%	44,715,000
\$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
<b>Total Power and Light fund</b>	<b>159,945,000</b>

**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%	24,975,000
<b>Total Water Fund</b>	<b>24,975,000</b>

**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%	33,095,000
\$43,800,000 Series 2013 C annual installments of \$250,000 to \$2,855,000 through 2042; interest at 2.00% to 5.25%	41,495,000
\$21,170,000 Series 2014 C annual installments of \$250,000 to \$6,150,000 through 2043; interest at 2.00% to 5.00%	20,175,000
<b>Total Sanitary Sewer fund</b>	<b>94,765,000</b>

**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%	11,030,000
\$68,945,000 Series 2012 C annual installments of \$105,000 to \$12,540,000 through 2038; interest at 2.00% to 4.00%	66,720,000
\$12,005,000 Series 2016 A annual installments of \$400,000 to \$710,000 through 2038; interest at 3.00%	11,105,000
<b>Total Events Center Fund</b>	<b>88,855,000</b>

<b>Total revenue bonds</b>	<b>\$ 368,540,000</b>
----------------------------	-----------------------

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

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:

<u>Account</u>	<u>Restriction</u>
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:

<u>Account</u>	<u>Enterprise Funds</u>			
	<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Events Center</u>
Principal and interest	\$ 16,039,596	—	—	—
Depreciation and emergency	—	500,000	—	—
Bond reserve and project accounts	<u>3,988,815</u>	<u>3,607,362</u>	<u>9,704,475</u>	<u>6,846,785</u>
Total revenue bond reserves	20,028,411	4,107,362	9,704,475	6,846,785
Customer deposits	2,605,120	772,836	659,686	—
Purchase of Dogwood Plant	61,500	—	—	—
Southwest Power Pool collateral	<u>831,040</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 23,526,071</u>	<u>4,880,198</u>	<u>10,364,161</u>	<u>6,846,785</u>

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, 2018

**(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, 2018 is as follows:

Date Issued	Description	Purpose of Debt	Revenue Pledged	Term of Commitment	Principal & Interest Remaining	Principal & Interest 2017 - 2018	Net Available Revenues 2017 - 2018
11/2010	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2035	21,917,425	2,511,938	
03/2012	Power and Light Revenue Bonds	Electric System - Dogwood	Appropriated Revenues	through 2037	90,458,609	2,631,219	
12/2012	Power and Light Leasehold Revenue Bonds - Refunding	Electric System Projects	Appropriated Revenues	through 2037	60,570,450	3,788,550	
09/2016	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2046	90,660,174	1,789,994	
					\$ 263,606,658	10,721,701	40,782,032
11/2013	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2029	32,165,147	2,523,288	
					\$ 32,165,147	2,523,288	14,194,778
08/2012	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2041	54,642,116	2,276,307	
09/2013	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2042	73,176,493	2,927,275	
11/2014	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2043	35,289,406	1,068,725	
					\$ 163,108,015	6,272,307	11,859,965

**(2) Events Center Bonds**

The Events Center Bonds (Bonds) are secured by a pledge of certain community improvement district sales taxes (CID sales taxes) and related Tax Increment Financing (TIF) revenues generated within the Independence Events Center Community Improvement District (District) boundaries. In addition, the Bonds include an annual appropriation covenant pursuant to which the City agrees to budget and appropriate sufficient funds to meet the scheduled debt service requirements of the Bonds should the CID sales taxes and TIF revenues not be sufficient to do so. For the year ended June 30, 2018, District revenues paid to the City for debt service totaled \$5,080,921. The remaining debt service amounts of \$473,672 were funded from capitalized interest funds that were established at the time the Bonds were issued. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in payments during the next fiscal year.

**(8) Advances for Construction**

As new developments are constructed, the Power and Light (Enterprise) Fund requires a nonrefundable cash payment from a customer or developer to be paid toward the cost of extending the distribution system, installation of street lights, and other additions or modifications solely for the benefit of the customer or developer. The advances for construction at June 30, 2018, were \$105,597.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

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, 2018, were \$109,422.

**(9) Employee Retirement System**

*Plan Description*

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

*Benefits Provided*

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

	<b>2018 Valuation</b>
Benefit Multiplier	2.00%
Final Average Salary	3 Years
Member Contributions	4.00%

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

***Employees Covered by Benefit Terms***

At June 30, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1,091
Inactive employees entitled to but not yet receiving benefits	191
Active employees	972
	<hr/>
	2,254
	<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, 2018 were 16.30% (General), 17.50% (Police) and 17.00% (Fire) of annual covered payroll.

***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018. Standard update procedures were used to roll forward the total pension liability to June 30, 2018.

***Actuarial Assumptions***

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

The actuarial assumptions used in the February 28, 2018 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

***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, 2018

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

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 6/30/2017</b>	\$ 499,944,283	418,347,549	81,596,734
<b>Changes for the year:</b>			
Service Cost	8,491,285	—	8,491,285
Interest	35,565,355	—	35,565,355
Difference between expected and actual experience	4,958,458	—	4,958,458
Changes in assumptions	—	—	—
Contributions - employer	—	12,176,570	(12,176,570)
Contributions - employee	—	2,925,232	(2,925,232)
Net investment income	—	50,437,763	(50,437,763)
Benefit payments, including refunds	(27,600,963)	(27,600,963)	—
Administrative expense	—	(189,560)	189,560
Other (net transfer)	—	1,122,739	(1,122,739)
<b>Net changes</b>	21,414,135	38,871,781	(17,457,646)
<b>Balances at 6/30/2018</b>	\$ 521,358,418	457,219,330	64,139,088

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

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

	<b>Current Single Discount</b>		
	<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>7.25%</b>	<b>8.25%</b>
Net Pension Liability (NPL)	\$ 136,564,472	64,139,088	4,188,204

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

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

For the year ended June 30, 2018 the City recognized pension expense of \$14,842,438. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected & actual plan experience	\$	6,264,061	(4,704,737)
Changes in assumptions		7,158,376	—
Difference between expected & actual investment earnings		—	(12,051,239)
Total	\$	13,422,437	(16,755,976)

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

<b>Year Ended:</b>		
2019	\$	4,931,805
2020		896,134
2021		(6,608,612)
2022		(3,148,067)
2023		453,335
Thereafter		141,866
	\$	(3,333,539)

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. In fiscal year 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed, and the total OPEB liability was recorded in accordance with GASB Statement No. 75.

For the year ended June 30, 2018, management determined that the following adjustments were to be made to the beginning net position balances:

	<u>Governmental Activities (Ex. 2)</u>	<u>Business-Type Activities (Ex. 2)</u>	<u>Proprietary Funds (Ex. 6)</u>			<u>Internal Service Funds (Ex. 34)</u>
			<u>Power and Light</u>	<u>Water</u>	<u>Sanitary Sewer</u>	
Beginning net position (deficit), as originally reported	\$ 72,250,680	291,662,984	132,611,600	99,930,110	69,360,576	3,486,235
GASB 75 - OPEB liability	(182,224,748)	(91,635,345)	(61,240,999)	(17,435,505)	(12,958,841)	(2,183,309)
Removal of net OPEB obligation	75,343,454	34,518,270	20,462,701	7,863,674	6,191,895	934,617
Beginning net position, as restated	\$ <u>(34,630,614)</u>	<u>234,545,909</u>	<u>91,833,302</u>	<u>90,358,279</u>	<u>62,593,630</u>	<u>2,237,543</u>

***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 are self-insured by the City, and administered through Cigna.

***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, 2018, the premiums were split as follows:

<u>Insurance Plan</u>	<u>Retiree Premium</u>	<u>City Premium</u>
Open Access Plan 1 (retired prior to 11/01/09)	17.00%	83.00%
Open Access Plan 1 (retired after 11/01/09)	20.00%	80.00%
Open Access Plan 2	18.00%	82.00%

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

***Participants***

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2018, 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	911
Retirees & covered spouses of retirees	<u>829</u>
Total Participants	1,740

***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	\$	273,860,094
Service Cost		6,933,082
Interest Cost		9,284,832
Changes in Benefit Terms		—
Difference between actual & expected experience		—
Changes in assumptions & inputs		2,548,653
Employer Contributions (Benefit Payments)		<u>(7,268,000)</u>
Net Changes		<u>11,498,567</u>
Total OPEB Liability - End of the year	\$	<u><u>285,358,661</u></u>
Covered payroll		62,007,715
Total OPEB liability as a % of covered payroll		460.20%

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

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

***Total OPEB Liability***

The City's total OPEB liability of \$285,358,661 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, 2018, rolled forward to June 30, 2018
Measurement Date	June 30, 2018
Discount Rate	3.30% Measurement Date 3.35% 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	3.00%
Actuarial Cost Method	Entry Age - Level Percent-of-Pay
Inflation	3.00%
Healthcare Cost Trend Rate	7.00% 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, 2018 served as a starting point for the valuation, and were assumed to increase at the same rate of health care costs in the future.
Mortality Rates	The mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount - Weighted Mortality with Scale MP-2017 Full Generational Improvement

***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 3.30%, as well as what the total OPEB liability would be using a discount rate that is 1 percentage point lower at 2.30% or one percentage point higher at 4.30% than the current rate.

		<b>Current Single Discount</b>		
		<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
		<b>2.30%</b>	<b>3.30%</b>	<b>4.30%</b>
Total OPEB Liability	\$	342,138,499	285,358,661	240,457,711

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rates of 7.00% decreasing annually to 4.50% in 2024.

		<b>Current Healthcare Cost Trend Rate</b>		
		<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
		<b>6.00%</b>	<b>Trend Rate 7.00%</b>	<b>8.00%</b>
Total OPEB Liability	\$	236,167,096	285,358,661	349,097,954

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$16,679,627. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ —	—
Changes in assumptions	2,086,939	—
Contributions subsequent to the measurement date	—	—
Total	<u>\$ 2,086,939</u>	<u>—</u>

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

<b>Fiscal Year Ending</b>		<b>Amount</b>
2019	\$	461,713
2020		461,713
2021		461,713
2022		461,713
2023		240,087
2024 & Therafter	\$	<u>—</u>
		<u>2,086,939</u>

# CITY OF INDEPENDENCE, MISSOURI

## Notes to Financial Statements

June 30, 2018

### (11) Risk Management

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

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

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

The City offers its employees and retirees contributory self-insurance healthcare plans (Staywell Open Access Plan or Staywell In-Network Plan). An excess coverage insurance policy covers the portion of specific claims in excess of \$250,000 and aggregate claims in excess of \$28,283,169 for the open access plan and for the in-network plan. The City's share of the premiums for this employee benefit was \$18,724,979. 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.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

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

	<b>Claims Payable</b>			
	<b>Workers' Compensation</b>		<b>Staywell</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
Beginning of year	\$ 4,361,481	4,670,311	1,758,541	1,903,134
Current year claims and changes in estimates	3,223,386	4,806,428	21,275,465	25,248,267
Claims payments	<u>(2,914,556)</u>	<u>(3,756,158)</u>	<u>(21,130,872)</u>	<u>(24,958,158)</u>
End of year	\$ <u>4,670,311</u>	<u>5,720,581</u>	<u>1,903,134</u>	<u>2,193,243</u>

**(12) Commitments**

*Construction Commitments*

At June 30, 2018, the City had commitments of approximately \$14.5 million to complete construction contracts. Of this amount, \$11.1 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 six 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) and two renewable energy purchase agreements with MCP-Independence LLC (MCP).

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 \$136,800,000 through the year 2049. During fiscal year 2018, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$14,900,000 for 449,224 megawatt-hours of wholesale energy. For fiscal year 2019, the projected costs under the agreement are estimated to be approximately \$15,100,000.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2018

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 \$180,000,000 through the year 2038. During fiscal year 2018, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$19,200,000 for 184,772 megawatt-hours of wholesale energy. For fiscal year 2019, the projected costs under the agreement are estimated to be approximately \$19,400,000.

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 2018, the cost of the energy purchases was approximately \$2,900,000 for 52,991 megawatt-hours of wholesale energy. For the fiscal year 2019, the projected costs under the agreement are estimated to be approximately \$2,500,000.

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 2018, the cost of the energy purchases was approximately \$2,800,000 for 83,363 megawatt-hours of wholesale energy. For fiscal year 2019, the projected costs under the agreement are estimated to be approximately \$2,700,000.

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 2018, the cost of the energy purchased was approximately \$424,000 for 6,098 megawatt-hours of wholesale energy. For the fiscal year 2019, the projected costs under the agreement are estimated to be approximately \$1,500,000.

## CITY OF INDEPENDENCE, MISSOURI

### Notes to Financial Statements

June 30, 2018

#### ***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, 2018 were \$162,252 and depreciation expense for fiscal year end June 30, 2018 was \$1,311,998.

#### ***Litigation***

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While other cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

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

The accumulated deficits of \$712 in the Community Development Block Grant Fund, \$1,417,966 in the Parks Sales Tax Fund, \$5,885 in the Buildings and Other Improvements Fund, \$16,155 in the Storm Drainage Fund, \$3,516,408 in the Workers' Compensation Fund, \$1,895,363 in the Central Garage Fund, \$10,885,835 in the Events Center Fund, \$1,760,729 in the Santa Fe TIF project, \$1,756,881 in the Hartman Heritage TIF project, and \$10,431 in the TIF Application Fee project will be eliminated by future revenues or transfers.

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

The City evaluated subsequent events through December 20, 2018, the date the financial statements were available to be issued.

**CITY OF INDEPENDENCE, MISSOURI**

Notes to Financial Statements

June 30, 2018

**(15) Fund Balance**

Fund balances at year-end are as follows:

	<u>Governmental Funds</u>			
	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balances:				
Nonspendable for:				
Prepaid items	\$ —	—	526,245	526,245
Total fund balances nonspendable	—	—	526,245	526,245
Restricted for:				
Protested revenues	\$ 183,144	—	—	183,144
Police equipment	212,268	—	—	212,268
Tourism	—	—	1,450,697	1,450,697
Independence square benefit district	—	—	2,910	2,910
Grants	—	—	7	7
License surcharge	—	—	1,141,287	1,141,287
Street sales tax	—	—	3,030,827	3,030,827
Storm water sales tax	—	—	9,101,564	9,101,564
Police sales tax	—	—	2,184,604	2,184,604
Fire sales tax	—	—	1,438,807	1,438,807
Debt service fund	—	—	99,220	99,220
TIF debt service	—	24,635,891	—	24,635,891
Total fund balances restricted	395,412	24,635,891	18,449,923	43,481,226
Committed for:				
Domestic violence	20,202	—	—	20,202
Capital projects	—	—	53,981	53,981
Strategic goals	83,682	—	—	83,682
Vandalism reward	3,000	—	—	3,000
Total fund balances committed	106,884	—	53,981	160,865
Assigned for:				
ERP Computer System	32,630	—	—	32,630
CityWorks/Document Management	200,000	—	—	200,000
Encumbrances:				
Professional services	292,928	—	—	292,928
Capital outlay/equipment	345,719	—	—	345,719
Supplies	46,968	—	—	46,968
Maintenance	169,876	—	—	169,876
Communication services	236	—	—	236
Miscellaneous	180,164	—	—	180,164
Total fund balances assigned	1,268,521	—	—	1,268,521
Unassigned	7,030,007	—	(1,440,718)	5,589,289
Total fund balance	\$ 8,800,824	24,635,891	17,589,431	51,026,146

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Totals above include encumbrances as follows: General Fund \$1,074,067 and Non-Major Funds \$4,852,719.

**Required  
Supplementary  
Information**

## CITY OF INDEPENDENCE, MISSOURI

## Budgetary Comparison Schedule

## General Fund

Year ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 34,661,732	34,661,730	35,210,279	548,549
Licenses and permits	4,417,247	4,417,247	4,598,143	180,896
State and county shared revenue	5,823,250	5,279,833	5,349,156	69,323
Charges for current services	2,195,856	2,468,325	2,431,168	(37,157)
Interfund charges for support services	5,080,432	5,080,432	5,099,696	19,264
Fines and forfeitures	4,195,000	4,195,000	3,716,388	(478,612)
Other revenue	600,500	613,790	978,575	364,785
Total revenues	56,974,017	56,716,357	57,383,405	667,048
Other financing sources:				
Payments in lieu of taxes	19,637,772	19,637,772	20,067,531	429,759
Operating transfers in	100,000	100,000	—	(100,000)
Total other financing sources	19,737,772	19,737,772	20,067,531	329,759
Total revenues and other financing sources	76,711,789	76,454,129	77,450,936	996,807
Expenditures:				
City Council	572,685	573,960	565,816	8,144
City Clerk	326,926	326,926	322,091	4,835
City Manager	1,009,349	1,009,349	1,080,628	(71,279)
Technology services	1,988,080	1,988,080	2,090,063	(101,983)
Municipal court	846,357	846,357	842,585	3,772
Law	741,716	741,716	824,927	(83,211)
Finance	1,656,240	1,656,240	1,735,429	(79,189)
Human resources	537,673	537,673	550,171	(12,498)
Community development	5,074,237	4,530,820	4,451,208	79,612
Police	27,693,181	27,964,655	27,537,161	427,494
Fire	18,159,783	18,159,783	19,083,428	(923,645)
Health	1,710,226	1,725,395	1,641,568	83,827
Public works	5,490,163	5,496,503	4,963,421	533,082
Parks and recreation	1,567,882	1,567,882	1,445,401	122,481
General government	9,422,028	9,422,028	8,732,604	689,424
City Council strategic goals	100,000	363,190	317,686	45,504
Capital outlay	350,000	550,000	327,280	222,720
Total expenditures	77,246,526	77,460,557	76,511,467	949,090
Other financing uses:				
Transfers out	—	—	337,637	(337,637)
Total expenditures and other financing uses	77,246,526	77,460,557	76,849,104	611,453
Excess of revenue and other financing sources over (under) expenditures and other financing uses	\$ (534,737)	(1,006,428)	601,832	1,608,260
Unassigned fund balance at beginning of year			5,982,941	
Cancellation of prior year encumbrances			116,049	
Change in other fund balance components during the year			329,185	
Unassigned fund balance at end of year			\$ 7,030,007	

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2018

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:

	<u>General Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 77,450,936
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>\$ 77,450,936</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 76,511,467
Basis differences – budget to GAAP:	
Capital lease	<u>—</u>
Outstanding encumbrances at year-end charged to the current year’s budget	(614,743)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	<u>714,006</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	<u>\$ 76,610,730</u>

## **CITY OF INDEPENDENCE, MISSOURI**

### Notes to Budgetary Comparison Schedules

Year ended June 30, 2018

#### **(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 2017-2018 budget was amended during the year for transfers and supplemental appropriations. The budget amendments were approved by the City Council.
- Expenditures may not exceed appropriations for any department without City Council approval. Unencumbered appropriations lapse at year-end.
- Formal budgets are used as a control device for most funds; however, there is no requirement to report on the budget. Therefore, the financial statements include a comparison of budget to actual only for the General, Tourism, Community Development Block Grant, Rental Rehabilitation, Street Improvement Sales Tax, Park Improvements Sales Tax, Storm Water Sales Tax, Police Public Safety Sales Tax, Fire Public Safety Sales Tax, and Grant Funds. Annual operating budgets are not prepared for Capital Projects Funds, although budgets on a project basis are prepared.

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

**CITY OF INDEPENDENCE, MISSOURI**  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 June 30, 2018

		<b>2018</b>
Total OPEB Liability		
Service Cost	\$	6,933,082
Interest		9,284,832
Changes in benefit terms		—
Differences between expected and actual experience		—
Changes of assumptions or other inputs		2,548,653
Benefit payments		(7,268,000)
Net Change in Total OPEB Liability		11,498,567
Total OPEB liability beginning		273,860,094
Total OPEB liability ending	\$	285,358,661
Covered employee payroll	\$	62,007,715
Total OPEB liability as a percentage of covered employee payroll		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:

- 2018 - 3.30%
- 2017 - 3.35%

**CITY OF INDEPENDENCE, MISSOURI**  
LAGERS Schedule of Changes in Net Pension Liability and Related Ratios  
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 8,491,285	8,388,017	8,219,353	8,279,026
Interest on the Total Pension Liability	35,565,355	34,642,794	31,909,765	31,404,337
Difference between expected and actual experience	4,958,458	(3,550,230)	4,916,999	(10,375,729)
Assumption Changes	—	—	17,199,406	—
Benefit Payments, including refunds	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
<b>Net Change in Total Pension Liability</b>	<u>21,414,135</u>	<u>13,441,546</u>	<u>38,973,307</u>	<u>7,932,856</u>
Total Pension Liability beginning	499,944,283	486,502,737	447,529,430	439,596,574
<b>Total Pension Liability ending</b>	<u>\$ 521,358,418</u>	<u>499,944,283</u>	<u>486,502,737</u>	<u>447,529,430</u>
<b>Plan Fiduciary Net Position</b>				
Contributions-employer	12,176,570	11,503,039	10,603,882	9,475,216
Contributions-employee	2,925,232	2,939,278	2,861,145	2,738,899
Pension Plan Net Investment income	50,437,763	46,423,639	(791,625)	7,836,996
Benefit Payments, including refunds	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Pension Plan Administrative expense	(189,560)	(183,539)	(181,225)	(198,235)
Other	1,122,739	(701,221)	981,004	(5,341,994)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>38,871,781</u>	<u>33,942,161</u>	<u>(9,799,035)</u>	<u>(6,863,896)</u>
Plan Fiduciary Net Position beginning	418,347,549	384,405,388	394,204,423	401,068,319
<b>Plan Fiduciary Net Position ending</b>	<u>\$ 457,219,330</u>	<u>418,347,549</u>	<u>384,405,388</u>	<u>394,204,423</u>
<b>Employer Net Pension Liability</b>	<u>\$ 64,139,088</u>	<u>81,596,734</u>	<u>102,097,349</u>	<u>53,325,007</u>
Plan Fiduciary Net Position as a percentage of the total pension liability (City)	87.70%	83.68%	79.01%	88.08%
<b>Covered Employee Payroll</b>	<u>\$ 72,279,232</u>	<u>69,006,951</u>	<u>69,847,339</u>	<u>67,691,063</u>
Employer's Net Pension Liability as a percentage of covered employee payroll	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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 14,999,546	13,135,770	13,178,745	12,187,283	11,568,731	10,954,525	9,708,966	6,751,552	5,498,789	4,494,600
Contributions in relation to the actuarially determined contribution	12,178,090	11,500,846	10,603,733	9,477,331	8,724,862	7,962,390	7,273,254	6,751,554	5,498,789	4,494,598
Contribution deficiency (excess)	\$ 2,821,456	1,634,924	2,575,012	2,709,952	2,843,869	2,992,135	2,435,712	(2)	—	2
Covered-employee payroll	\$ 73,139,992	73,470,495	71,527,434	68,488,329	68,032,518	67,337,696	67,171,204	68,743,946	67,077,233	64,997,189
Contributions as a percentage of covered-employee payroll	16.65%	15.65%	14.82%	13.84%	12.82%	11.82%	10.83%	9.82%	8.20%	6.92%

**Notes to schedule:**

Valuation Date Actuarially determined contribution rates were calculated as of February 28, 2018 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 11 to 21 years.
Asset Valuation Method	5 years smoothed market; 20% corridor.
Inflation	3.25% wage inflation and 2.50% price inflation.
Salary Increases	3.25% to 7.15%; including wage inflation.
Investment Rate of Return	7.25%, net of investment and administrative expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.
Other information:	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.
	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.

**Independence Square Benefit District** – This fund is used to account for expenditures to improve the City's downtown business district that are financed by a special property tax levy on those businesses which are benefited.

**Community Development Grant Act** – This fund is used to account for all projects that are funded by the Federal Community Development Block Grant.

**Rental Rehabilitation** – This fund is used to account for expenditures to improve rental property within the City that are funded by state and federal grants.

**Street Improvement Sales Tax** – This fund is used to account for all street projects that are funded by the three-eighths cent street improvement sales tax.

**Park Improvement Sales Tax Fund** – This fund accounts for all park projects that are funded by the one-quarter cent park improvement sales tax.

**Storm Water Sales Tax** – This fund is used to account for all storm water projects that are funded by the one-fourth cent storm water sales tax.

**Police Sales Tax** – This fund is used to account for receipts and expenditures of the City's sales tax for police protection services.

**Fire Sales Tax** – This fund is used to account for receipts and expenditures of the City's sales tax for fire protection services.

**License Surcharge** – This fund is used to account for street improvements funded by an excise tax that is based on increased traffic flow relating to new development.

**Grant Fund** – This fund is used to account for expenditures that are funded by grants.

#### Capital Projects Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary funds or trust funds.

**Street Improvements Fund** – This fund is used to account for major street improvement construction projects. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

**Revolving Public Improvements** – This fund, which is legally mandated by City Charter, is used to account for the cost of public works or improvements funded by special assessments.

## **CITY OF INDEPENDENCE, MISSOURI**

**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 Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2018

Assets	Special Revenue (Exhibit 16)	Capital Projects (Exhibit 29)	Debt Service Fund	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 15,457,295	1,876,201	4,992	17,338,488
Receivables:				
Taxes	4,034,224	—	—	4,034,224
Accounts	37,288	—	—	37,288
Special assessment principal and accrued interest	1,995	412,308	147,735	562,038
Accrued interest	30,277	155	228	30,660
Due from other funds	16,155	—	—	16,155
Due from other governments	980,995	—	—	980,995
Prepaid items	526,245	—	—	526,245
Restricted cash and investments	41	—	94,000	94,041
Total assets	<u>\$ 21,084,515</u>	<u>2,288,664</u>	<u>246,955</u>	<u>23,620,134</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts and contracts payable	\$ 55,448	1,002,297	—	1,057,745
Due to other funds	3,010,211	841,280	—	3,851,491
Accrued items	145,280	—	—	145,280
Other current liabilities	19,870	839	—	20,709
Unearned revenue	370,219	—	—	370,219
Total liabilities	<u>3,601,028</u>	<u>1,844,416</u>	<u>—</u>	<u>5,445,444</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	—	412,307	147,735	560,042
Unavailable revenue - real estate taxes	25,217	—	—	25,217
Total deferred inflows of resources	<u>25,217</u>	<u>412,307</u>	<u>147,735</u>	<u>585,259</u>
Fund balances:				
Nonspendable	526,245	—	—	526,245
Restricted	18,350,703	—	99,220	18,449,923
Committed	—	53,981	—	53,981
Unassigned	(1,418,678)	(22,040)	—	(1,440,718)
Total fund balances	<u>17,458,270</u>	<u>31,941</u>	<u>99,220</u>	<u>17,589,431</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,084,515</u>	<u>2,288,664</u>	<u>246,955</u>	<u>23,620,134</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Governmental Funds

Year ended June 30, 2018

	<b>Special Revenue (Exhibit 17)</b>	<b>Capital Projects (Exhibit 30)</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
Revenues:				
Taxes	\$ 23,466,577	—	—	23,466,577
Licenses and permits	236,792	—	—	236,792
Intergovernmental	5,511,606	—	—	5,511,606
Charges for services	841,475	12,965	98,578	953,018
Investment income	75,242	4,131	712	80,085
Other	560,180	—	—	560,180
Total revenues	<u>30,691,872</u>	<u>17,096</u>	<u>99,290</u>	<u>30,808,258</u>
Expenditures:				
Current:				
Administrative services	22,703	—	—	22,703
Public safety	5,707,265	—	—	5,707,265
Public works	335,079	9	—	335,088
Health and welfare	596,050	—	—	596,050
Culture and recreation	4,718,757	6	—	4,718,763
Community development	1,427,216	—	—	1,427,216
Storm water	2,092,652	—	—	2,092,652
General government	128,567	—	1,039	129,606
Capital outlay	8,009,788	6,751,077	—	14,760,865
Debt service:				
Principal	559,380	—	86,000	645,380
Interest and fiscal agent fees	52,451	—	12,023	64,474
Total expenditures	<u>23,649,908</u>	<u>6,751,092</u>	<u>99,062</u>	<u>30,500,062</u>
Excess (deficiency) of revenues over expenditures	<u>7,041,964</u>	<u>(6,733,996)</u>	<u>228</u>	<u>308,196</u>
Other financing sources (uses):				
Proceeds from capital leases/bond issuance	127,210	—	—	127,210
Transfers in	65,000	6,926,193	—	6,991,193
Transfers out	(3,095,770)	—	—	(3,095,770)
Total other financing sources (uses)	<u>(2,903,560)</u>	<u>6,926,193</u>	<u>—</u>	<u>4,022,633</u>
Net change in fund balances	4,138,404	192,197	228	4,330,829
Fund balances (deficit), beginning	<u>13,319,866</u>	<u>(160,256)</u>	<u>98,992</u>	<u>13,258,602</u>
Fund balances (deficit), ending	<u>\$ 17,458,270</u>	<u>31,941</u>	<u>99,220</u>	<u>17,589,431</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2018

Assets	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 27)	License Surcharge	Grants	Total
Pooled cash and investments	\$ 1,290,168	497	—	5,899	13,026,438	1,134,293	—	15,457,295
Receivables:								
Taxes	200,000	27,571	—	—	3,806,653	—	—	4,034,224
Accounts	1,525	—	—	—	—	4,999	30,764	37,288
Special assessment principal & accrued interest	—	—	—	—	—	1,995	—	1,995
Accrued interest	1,542	59	—	—	28,676	—	—	30,277
Due from other funds	—	—	—	—	16,155	—	—	16,155
Due from other governments	—	—	142,038	12,379	116,398	—	710,180	980,995
Prepaid items	—	—	—	—	526,245	—	—	526,245
Restricted assets	—	—	—	—	41	—	—	41
<b>Total assets</b>	<b>\$ 1,493,235</b>	<b>28,127</b>	<b>142,038</b>	<b>18,278</b>	<b>17,520,606</b>	<b>1,141,287</b>	<b>740,944</b>	<b>21,084,515</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts and contracts payable	\$ 7,716	—	1,533	—	24,467	—	21,732	55,448
Due to other funds	—	—	132,355	—	2,538,183	—	339,673	3,010,211
Accrued items	34,822	—	7,962	—	93,176	—	9,320	145,280
Other current liabilities	—	—	900	18,271	699	—	—	19,870
Unearned revenue	—	—	—	—	—	—	370,219	370,219
<b>Total liabilities</b>	<b>42,538</b>	<b>—</b>	<b>142,750</b>	<b>18,271</b>	<b>2,656,525</b>	<b>—</b>	<b>740,944</b>	<b>3,601,028</b>
Deferred inflows of resources:								
Unavailable revenue - real estate taxes	—	25,217	—	—	—	—	—	25,217
<b>Total deferred outflows of resources</b>	<b>—</b>	<b>25,217</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>25,217</b>
Fund balances:								
Nonspendable	—	—	—	—	526,245	—	—	526,245
Restricted	1,450,697	2,910	—	7	15,755,802	1,141,287	—	18,350,703
Unassigned	—	—	(712)	—	(1,417,966)	—	—	(1,418,678)
<b>Total fund balances (deficits)</b>	<b>1,450,697</b>	<b>2,910</b>	<b>(712)</b>	<b>7</b>	<b>14,864,081</b>	<b>1,141,287</b>	<b>—</b>	<b>17,458,270</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,493,235</b>	<b>28,127</b>	<b>142,038</b>	<b>18,278</b>	<b>17,520,606</b>	<b>1,141,287</b>	<b>740,944</b>	<b>21,084,515</b>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Special Revenue Funds

Year ended June 30, 2018

	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 28)	License Surcharge	Grants	Total
Revenues:								
Taxes	\$ 1,956,257	23,618	—	—	21,486,702	—	—	23,466,577
Licenses and permits	—	—	—	—	—	236,792	—	236,792
Intergovernmental	—	—	913,945	110,872	2,011,070	—	2,475,719	5,511,606
Charges for services	47,879	—	—	—	623,214	—	170,382	841,475
Investment income (loss)	(1,637)	607	—	—	73,663	2,609	—	75,242
Other	29,509	—	5	—	379,160	—	151,506	560,180
Total revenues	2,032,008	24,225	913,950	110,872	24,573,809	239,401	2,797,607	30,691,872
Expenditures:								
Current:								
Administrative services	—	—	—	—	—	—	22,703	22,703
Public safety	—	—	—	—	4,261,486	—	1,445,779	5,707,265
Public Works	—	—	—	—	335,079	—	—	335,079
Health and welfare	—	—	—	—	—	—	596,050	596,050
Culture and recreation	1,834,833	—	—	—	2,881,631	—	2,293	4,718,757
Community development	—	—	586,462	110,872	—	—	729,882	1,427,216
Storm water	—	—	—	—	2,092,652	—	—	2,092,652
General government	—	—	—	—	127,225	442	900	128,567
Capital outlay	—	50,834	—	—	7,958,954	—	—	8,009,788
Debt service:								
Principal	—	—	—	—	559,380	—	—	559,380
Interest and fiscal agent fees	—	—	—	—	52,451	—	—	52,451
Total expenditures	1,834,833	50,834	586,462	110,872	18,268,858	442	2,797,607	23,649,908
Excess (deficiency) of revenues over expenditures	197,175	(26,609)	327,488	—	6,304,951	238,959	—	7,041,964
Other financing sources (uses):								
Proceeds from bond issuance	—	—	—	—	127,210	—	—	127,210
Transfers in	—	—	—	—	65,000	—	—	65,000
Transfers out	(49,837)	—	(327,488)	—	(2,537,170)	(181,275)	—	(3,095,770)
Total other financing sources (uses)	(49,837)	—	(327,488)	—	(2,344,960)	(181,275)	—	(2,903,560)
Net change in fund balances	147,338	(26,609)	—	—	3,959,991	57,684	—	4,138,404
Fund balances (deficits), beginning	1,303,359	29,519	(712)	7	10,904,090	1,083,603	—	13,319,866
Fund balances (deficits), ending	\$ 1,450,697	2,910	(712)	7	14,864,081	1,141,287	—	17,458,270



**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Comparison Schedule  
 Tourism Fund  
 Year ended June 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget Basis)</b>	
<b>Revenues:</b>				
Transient guest taxes	\$ 1,900,000	1,900,000	1,956,257	56,257
Investment income (loss)	1,000	1,000	(1,637)	(2,637)
Other revenue	81,600	81,600	77,388	(4,212)
Total revenues	1,982,600	1,982,600	2,032,008	49,408
<b>Expenditures:</b>				
Tourism	1,760,910	2,144,581	1,890,299	254,282
Total expenditures	1,760,910	2,144,581	1,890,299	254,282
Other financing uses – transfers out	—	—	49,837	(49,837)
Total other financing uses	—	—	49,837	(49,837)
Total expenditures and other uses	1,760,910	2,144,581	1,940,136	204,445
Excess of revenues over (under) expenditures	\$ 221,690	(161,981)	91,872	(155,037)
Fund balance at beginning of year			1,303,359	
Cancellation of prior year encumbrances			15,122	
Increase (Decrease) in Prior Year Encumbrances			40,344	
Fund balance at end of year			\$ 1,450,697	

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Tourism Fund

Year ended June 30, 2018

	<b>Tourism Fund</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,032,008
Basis differences – budget to GAAP:	
None	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,032,008</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,890,299
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(93,695)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>38,229</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,834,833</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  
 Community Development Block Grant Fund  
 Year ended June 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal grant - CDBG	\$ 149,225	1,262,843	913,950	(348,893)
Total revenues	149,225	1,262,843	913,950	(348,893)
Expenditures:				
CDBG administration	149,225	144,312	136,834	7,478
CDBG expenditures	—	1,118,531	670,667	447,864
Total expenditures	149,225	1,262,843	807,501	455,342
Other financing uses:				
Transfers out	—	—	327,488	(327,488)
Total other financing uses	—	—	327,488	(327,488)
Total expenditures and other uses	149,225	1,262,843	1,134,989	127,854
Excess of revenues over (under) expenditures and other financing uses	\$ —	—	(221,039)	(221,039)
Fund balance at beginning of year			(712)	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			221,039	
Fund balance at end of year			\$ (712)	

**Exhibit 19.1**

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Community Development Block Grant Fund  
 Year ended June 30, 2018

	<b>Community Development Block Grant</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 913,950
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>\$ 913,950</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 807,501
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(221,039)
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>\$ 586,462</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, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
HOME program grant	\$ 21,556	259,432	110,872	(148,560)
Total revenues	<u>21,556</u>	<u>259,432</u>	<u>110,872</u>	<u>(148,560)</u>
Expenditures:				
HOME administration	21,556	41,502	20,098	21,404
Multi family housing	—	139,766	81,823	57,943
Community housing development	—	78,164	10,000	68,164
Total expenditures	<u>21,556</u>	<u>259,432</u>	<u>111,921</u>	<u>147,511</u>
Excess of revenues over (under) expenditures	<u>\$ —</u>	<u>—</u>	(1,049)	<u>(1,049)</u>
Fund balance at beginning of year			7	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			1,049	
Fund balance at end of year			<u>\$ 7</u>	

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Rental Rehabilitation

Year ended June 30, 2018

	<u><b>Rental Rehabilitation</b></u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 110,872
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>\$ 110,872</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 111,921
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(1,049)
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>\$ 110,872</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  
 Street Improvements Sales Tax Fund  
 Year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
<b>Revenues:</b>				
Sales taxes	\$ 8,450,000	8,450,000	8,540,878	90,878
Intergovernmental revenue	—	554,200	2,011,070	1,456,870
Investment income	3,300	3,300	34,264	30,964
Other revenue	—	—	121,000	121,000
Total revenues	<u>8,453,300</u>	<u>9,007,500</u>	<u>10,707,212</u>	<u>1,699,712</u>
<b>Expenditures:</b>				
Street maintenance	337,832	356,319	351,943	4,376
Capital outlay	8,323,082	9,762,584	6,652,534	3,110,050
Debt service	530,741	530,741	530,255	486
Total expenditures	<u>9,191,655</u>	<u>10,649,644</u>	<u>7,534,732</u>	<u>3,114,912</u>
<b>Other financing uses:</b>				
Transfers out	—	—	46,266	(46,266)
Total other financing uses	<u>—</u>	<u>—</u>	<u>46,266</u>	<u>(46,266)</u>
Total expenditures and other financing uses	<u>9,191,655</u>	<u>10,649,644</u>	<u>7,580,998</u>	<u>3,068,646</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (738,355)</u>	<u>(1,642,144)</u>	<u>3,126,214</u>	<u>4,768,358</u>
Fund balance at beginning of year			333,878	
Cancellation of prior year encumbrances			2,737	
Increase (Decrease) in Prior Year Encumbrances			94,243	
Fund balance at end of year			<u>\$ 3,557,072</u>	

**Exhibit 21.1**

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Street Improvements Sales Tax Fund  
 Year ended June 30, 2018

	<b>Streets Improvements Sales Tax</b>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 10,707,212
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>\$ 10,707,212</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 7,534,732
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(246,669)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	149,689
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 7,437,752</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
<b>Revenues:</b>				
Sales taxes	\$ 4,225,000	4,225,000	4,270,461	45,461
Adventure Oasis Water Park	524,600	524,600	623,214	98,614
Investment income	—	—	6,510	6,510
Other revenue	9,033	11,533	13,396	1,863
Total revenues	<u>4,758,633</u>	<u>4,761,133</u>	<u>4,913,581</u>	<u>152,448</u>
<b>Other financing sources:</b>				
Transfers in	—	—	65,000	65,000
Proceeds from bond issuance/capital lease	—	—	127,210	127,210
Total other financing sources	<u>—</u>	<u>—</u>	<u>192,210</u>	<u>192,210</u>
Total revenues and other financing sources	<u>4,758,633</u>	<u>4,761,133</u>	<u>5,105,791</u>	<u>344,658</u>
<b>Expenditures:</b>				
Culture and recreation	3,066,731	2,986,060	2,829,138	156,922
Capital outlay	357,400	508,360	554,964	(46,604)
Debt service	—	—	9,605	(9,605)
Total expenditures	<u>3,424,131</u>	<u>3,494,420</u>	<u>3,393,707</u>	<u>100,713</u>
<b>Other financing uses:</b>				
Transfers out	—	75,000	1,821,537	(1,746,537)
Total other financing uses	<u>—</u>	<u>75,000</u>	<u>1,821,537</u>	<u>(1,746,537)</u>
Total expenditures and other financing uses	<u>3,424,131</u>	<u>3,569,420</u>	<u>5,215,244</u>	<u>(1,645,824)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 1,334,502</u>	<u>1,191,713</u>	<u>(109,453)</u>	<u>(1,301,166)</u>
Fund balance (deficit) at beginning of year			(1,291,508)	
Cancellation of prior year encumbrances			47,730	
Increase (Decrease) in Prior Year Encumbrances			(64,735)	
Fund balance (deficit) at end of year			<u>\$ (1,417,966)</u>	

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Park Improvements Sales Tax Fund  
 Year ended June 30, 2018

		<u><b>Park Improvements Sales Tax</b></u>
<b>Sources/inflows of resources:</b>		
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$	4,913,581
Basis differences – budget to GAAP:		
None		—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$	<u><u>4,913,581</u></u>
<b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$	3,393,707
Basis differences – budget to GAAP:		
Outstanding encumbrances at year-end charged to the current year’s budget (1)		(85,292)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)		<u>102,297</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$	<u><u>3,410,712</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  
 Storm Water Sales Tax Fund  
 Year Ended June 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Sales taxes	\$ 4,200,000	4,200,000	4,270,479	70,479
Investment income	4,000	4,000	25,609	21,609
Other revenue	—	—	156,112	156,112
Total revenues	<u>4,204,000</u>	<u>4,204,000</u>	<u>4,452,200</u>	<u>248,200</u>
<b>Expenditures:</b>				
Storm water				
Administration	459,856	459,856	300,176	159,680
Maintenance	2,064,439	2,064,439	1,514,549	549,890
Permit completion	361,425	361,425	295,341	66,084
Capital outlay	1,450,000	5,743,985	1,526,357	4,217,628
Total expenditures	<u>4,335,720</u>	<u>8,629,705</u>	<u>3,636,423</u>	<u>4,993,282</u>
Excess of revenues over (under) expenditures	\$ <u>(131,720)</u>	<u>(4,425,705)</u>	815,777	<u>5,241,482</u>
Fund balance at beginning of year			7,735,037	
Cancellation of prior year encumbrances			40,940	
Increase (Decrease) in Prior Year Encumbrances			509,810	
Fund balance at end of year			<u>\$ 9,101,564</u>	

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2018

	<u>Storm Water Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,452,200
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>\$ 4,452,200</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 3,636,423
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(589,258)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>38,508</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 3,085,673</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, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Sales taxes	\$ 2,220,000	2,220,000	2,269,600	49,600
Investment income	2,000	2,000	2,782	782
Other revenue	—	—	88,652	88,652
Total revenues	<u>2,222,000</u>	<u>2,222,000</u>	<u>2,361,034</u>	<u>139,034</u>
<b>Expenditures:</b>				
Public safety				
Communications	430,764	429,739	379,630	50,109
Facilities	575,500	475,500	85,620	389,880
Equipment	1,459,930	1,599,228	1,611,488	(12,260)
Debt service	38,273	—	—	—
Total expenditures	<u>2,504,467</u>	<u>2,504,467</u>	<u>2,076,738</u>	<u>427,729</u>
<b>Other financing uses:</b>				
Transfers out/capital outlay	—	—	214,330	(214,330)
Total other financing uses	<u>—</u>	<u>—</u>	<u>214,330</u>	<u>(214,330)</u>
Total expenditures and other financing uses	<u>2,504,467</u>	<u>2,504,467</u>	<u>2,291,068</u>	<u>213,399</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (282,467)</u>	<u>(282,467)</u>	69,966	<u>352,433</u>
Fund balance at beginning of year			2,233,684	
Cancellation of prior year encumbrances			80,892	
Increase (Decrease) in Prior Year Encumbrances			(199,938)	
Fund Balance at end of year			<u>\$ 2,184,604</u>	

**Exhibit 24.1**

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Police Public Safety Sales Tax Fund  
 Year ended June 30, 2018

	<b>Police Public Safety Sales Tax</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,361,034
Basis differences – budget to GAAP:	
None	<u>                    —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,361,034</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,076,738
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(40,265)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>159,311</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,195,784</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  
 Fire Public Safety Sales Tax Fund  
 Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
Revenues:				
Sales taxes	\$ 2,100,000	2,100,000	2,135,284	35,284
Investment income	2,000	2,000	4,498	2,498
Total revenues	<u>2,102,000</u>	<u>2,102,000</u>	<u>2,139,782</u>	<u>37,782</u>
Expenditures:				
Public safety	1,940,872	2,335,872	2,113,184	222,688
Debt service	73,236	73,236	73,236	—
Total expenditures	<u>2,014,108</u>	<u>2,409,108</u>	<u>2,186,420</u>	<u>222,688</u>
Other financing uses:				
Transfers out/capital outlay	—	—	455,037	(455,037)
Total other financing uses	<u>—</u>	<u>—</u>	<u>455,037</u>	<u>(455,037)</u>
Total expenditures and other financing uses	<u>2,014,108</u>	<u>2,409,108</u>	<u>2,641,457</u>	<u>(232,349)</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ 87,892</u>	<u>(307,108)</u>	(501,675)	<u>(194,567)</u>
Fund balance at beginning of year			1,892,999	
Cancellation of prior year encumbrances			13,092	
Increase (Decrease) in Prior Year Encumbrances			34,391	
Fund balance at end of year			<u>\$ 1,438,807</u>	

**Exhibit 25.1**

**CITY OF INDEPENDENCE, MISSOURI**  
 Budgetary Basis Reconciliation Schedule  
 Fire Public Safety Sales Tax Fund  
 Year ended June 30, 2018

	<b>Fire Public Safety Sales Tax</b>
	<u>                    </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,139,782
Basis differences – budget to GAAP:	
None	<u>                    —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,139,782</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,186,420
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(245,410)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>197,927</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,138,937</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
Revenues:				
Grants and other shared revenue	\$ —	3,436,680	2,475,719	(960,961)
Charges for current services	—	178,877	170,382	(8,495)
Other revenue	—	92,482	151,506	59,024
Total revenues	<u>—</u>	<u>3,708,039</u>	<u>2,797,607</u>	<u>(910,432)</u>
Expenditures:				
Law department	—	65,332	22,703	42,629
Police department	—	1,603,858	1,401,334	202,524
Fire department	—	217,098	101,432	115,666
Health department	—	948,147	599,730	348,417
Community development	—	960,685	771,017	189,668
Culture and recreation	—	2,293	2,293	—
General Government	—	900	1,053	(153)
Total expenditures	<u>—</u>	<u>3,798,313</u>	<u>2,899,562</u>	<u>898,751</u>
Excess of revenues over (under) expenditures	<u>\$ —</u>	<u>(90,274)</u>	(101,955)	<u>(11,681)</u>
Fund balance at beginning of year			—	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			101,955	
Fund balance at end of year			<u>\$ —</u>	

**CITY OF INDEPENDENCE, MISSOURI**

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2018

	<u><b>Grants</b></u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,797,607
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>\$ 2,797,607</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,899,562
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(101,955)
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>\$ 2,797,607</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

Combining Balance Sheet

Nonmajor Sales Tax Funds

June 30, 2018

Assets	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 16)
Pooled cash and investments	\$ 1,392,708	434,417	8,346,900	1,796,335	1,056,078	13,026,438
Receivables:						
Taxes	1,518,190	759,095	759,113	390,562	379,693	3,806,653
Accrued interest	5,475	—	15,914	3,668	3,619	28,676
Due from other funds	—	—	16,155	—	—	16,155
Due from other governments	116,398	—	—	—	—	116,398
Prepaid items	526,245	—	—	—	—	526,245
Restricted assets	41	—	—	—	—	41
Total assets	<u>\$ 3,559,057</u>	<u>1,193,512</u>	<u>9,138,082</u>	<u>2,190,565</u>	<u>1,439,390</u>	<u>17,520,606</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts and contracts payable	\$ —	16,374	1,549	5,961	583	24,467
Due to other funds	—	2,538,183	—	—	—	2,538,183
Accrued items	1,985	56,222	34,969	—	—	93,176
Other current liabilities	—	699	—	—	—	699
Total liabilities	<u>1,985</u>	<u>2,611,478</u>	<u>36,518</u>	<u>5,961</u>	<u>583</u>	<u>2,656,525</u>
Fund balances:						
Nonspendable	526,245	—	—	—	—	526,245
Restricted	3,030,827	—	9,101,564	2,184,604	1,438,807	15,755,802
Unassigned	—	(1,417,966)	—	—	—	(1,417,966)
Total fund balances (deficit)	<u>3,557,072</u>	<u>(1,417,966)</u>	<u>9,101,564</u>	<u>2,184,604</u>	<u>1,438,807</u>	<u>14,864,081</u>
Total liabilities and fund balances	<u>\$ 3,559,057</u>	<u>1,193,512</u>	<u>9,138,082</u>	<u>2,190,565</u>	<u>1,439,390</u>	<u>17,520,606</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Sales Tax Funds  
Year ended June 30, 2018

	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 17)
Revenues:						
Taxes	\$ 8,540,878	4,270,461	4,270,479	2,269,600	2,135,284	21,486,702
Intergovernmental	2,011,070	—	—	—	—	2,011,070
Charges for services	—	623,214	—	—	—	623,214
Investment income	34,264	6,510	25,609	2,782	4,498	73,663
Other	121,000	13,396	156,112	88,652	—	379,160
Total revenues	<u>10,707,212</u>	<u>4,913,581</u>	<u>4,452,200</u>	<u>2,361,034</u>	<u>2,139,782</u>	<u>24,573,809</u>
Expenditures:						
Current:						
Public safety	—	—	—	2,195,784	2,065,702	4,261,486
Public works	335,079	—	—	—	—	335,079
Culture and recreation	—	2,881,631	—	—	—	2,881,631
Storm water	—	—	2,092,652	—	—	2,092,652
General government	15	127,210	—	—	—	127,225
Capital outlay	6,573,667	392,266	993,021	—	—	7,958,954
Debt service:						
Principal	495,000	8,223	—	—	56,157	559,380
Interest and fiscal agent fees	33,991	1,382	—	—	17,078	52,451
Total expenditures	<u>7,437,752</u>	<u>3,410,712</u>	<u>3,085,673</u>	<u>2,195,784</u>	<u>2,138,937</u>	<u>18,268,858</u>
Excess (deficiency) of revenues over expenditures	<u>3,269,460</u>	<u>1,502,869</u>	<u>1,366,527</u>	<u>165,250</u>	<u>845</u>	<u>6,304,951</u>
Other financing sources (uses):						
Proceeds from debt issuance	—	127,210	—	—	—	127,210
Transfers in	—	65,000	—	—	—	65,000
Transfers out	(46,266)	(1,821,537)	—	(214,330)	(455,037)	(2,537,170)
Total other financing sources (uses)	<u>(46,266)</u>	<u>(1,629,327)</u>	<u>—</u>	<u>(214,330)</u>	<u>(455,037)</u>	<u>(2,344,960)</u>
Net change in fund balances	3,223,194	(126,458)	1,366,527	(49,080)	(454,192)	3,959,991
Fund balances (deficit), beginning	333,878	(1,291,508)	7,735,037	2,233,684	1,892,999	10,904,090
Fund balances (deficit), ending	<u>\$ 3,557,072</u>	<u>(1,417,966)</u>	<u>9,101,564</u>	<u>2,184,604</u>	<u>1,438,807</u>	<u>14,864,081</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Balance Sheet

## Nonmajor Capital Projects Funds

June 30, 2018

<b>Assets</b>	<b>Street Improvements</b>	<b>Revolving Public Improvements</b>	<b>Buildings and Other Improvements</b>	<b>Storm Drainage</b>	<b>Park Improvements</b>	<b>Total (Exhibit 14)</b>
Pooled cash and investments	\$ 19,926	19,806	1,821,537	—	14,932	1,876,201
Receivables:						
Special assessment principal and accrued interest	412,308	—	—	—	—	412,308
Accrued interest	—	46	—	—	109	155
Total assets	<u>\$ 432,234</u>	<u>19,852</u>	<u>1,821,537</u>	<u>—</u>	<u>15,041</u>	<u>2,288,664</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts and contracts payable	\$ —	—	1,002,297	—	—	1,002,297
Due to other funds	—	—	825,125	16,155	—	841,280
Other current liabilities	—	—	—	—	839	839
Total liabilities	<u>—</u>	<u>—</u>	<u>1,827,422</u>	<u>16,155</u>	<u>839</u>	<u>1,844,416</u>
Deferred inflows of resources:						
Unavailable revenue - special assessments	412,307	—	—	—	—	412,307
Total deferred inflows of resources	<u>412,307</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>412,307</u>
Fund balances (deficit):						
Committed	19,927	19,852	—	—	14,202	53,981
Unassigned	—	—	(5,885)	(16,155)	—	(22,040)
Total fund balances (deficit)	<u>19,927</u>	<u>19,852</u>	<u>(5,885)</u>	<u>(16,155)</u>	<u>14,202</u>	<u>31,941</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 432,234</u>	<u>19,852</u>	<u>1,821,537</u>	<u>—</u>	<u>15,041</u>	<u>2,288,664</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

## Nonmajor Capital Projects Funds

Year ended June 30, 2018

	<u>Street Improvements</u>	<u>Revolving Public Improvements</u>	<u>Buildings and Other Improvements</u>	<u>Storm Drainage</u>	<u>Park Improvements</u>	<u>Total (Exhibit 15)</u>
Revenues:						
Charges for services	\$ 12,965	—	—	—	—	12,965
Investment income	160	97	100	—	3,774	4,131
Total revenues	<u>13,125</u>	<u>97</u>	<u>100</u>	<u>—</u>	<u>3,774</u>	<u>17,096</u>
Expenditures:						
Public works	—	9	—	—	—	9
Culture and recreation	—	—	—	—	6	6
Capital outlay	61,849	—	6,689,228	—	—	6,751,077
Total expenditures	<u>61,849</u>	<u>9</u>	<u>6,689,228</u>	<u>—</u>	<u>6</u>	<u>6,751,092</u>
Excess (deficiency) of revenues over expenditures	<u>(48,724)</u>	<u>88</u>	<u>(6,689,128)</u>	<u>—</u>	<u>3,768</u>	<u>(6,733,996)</u>
Other financing sources:						
Transfers in	231,769	—	6,694,424	—	—	6,926,193
Total other financing sources	<u>231,769</u>	<u>—</u>	<u>6,694,424</u>	<u>—</u>	<u>—</u>	<u>6,926,193</u>
Net change in fund balances	183,045	88	5,296	—	3,768	192,197
Fund balances (deficit), beginning	<u>(163,118)</u>	<u>19,764</u>	<u>(11,181)</u>	<u>(16,155)</u>	<u>10,434</u>	<u>(160,256)</u>
Fund balances (deficit), ending	<u>\$ 19,927</u>	<u>19,852</u>	<u>(5,885)</u>	<u>(16,155)</u>	<u>14,202</u>	<u>31,941</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Balance Sheet**  
**Component Unit - Tax Increment Financing**  
**June 30, 2018**

<b>Assets</b>	<b>Midtown Truman</b>	<b>RSO</b>	<b>Sante Fe</b>	<b>Hartman Heritage</b>	<b>Drumm Farm</b>	<b>Eastland Center</b>	<b>North Independence</b>	<b>Mount Washington</b>	<b>Crackerneck Creek</b>	<b>Old Landfill</b>	<b>Cinema East</b>	<b>Trinity</b>
Pooled cash and investments	\$ 1,302	77,697	—	—	1,375,808	2,971,583	5,778	39,424	2,082,955	9,478	36,768	20,328
Receivables:												
Taxes	151	46,280	19,204	997,714	560,439	2,422,382	24,941	1,345	646,232	483,962	121,013	359,548
Accounts	—	—	—	—	—	—	—	—	83,333	—	—	—
Accrued Interest	108	97	—	—	2,610	17,349	108	83	5,847	—	36	67
Due from other funds	—	—	—	—	—	4,220,210	—	—	—	—	—	—
Due from other governments	—	51,153	21,927	72,405	2,410	423,141	2,819	89	225,845	945	27,121	18,404
Restricted cash and investments	—	—	542,758	11,430	48	901,335	—	—	7,585,345	—	—	—
<b>Total assets</b>	<b>\$ 1,561</b>	<b>175,227</b>	<b>583,889</b>	<b>1,081,549</b>	<b>1,941,315</b>	<b>10,956,000</b>	<b>33,646</b>	<b>40,941</b>	<b>10,629,557</b>	<b>494,385</b>	<b>184,938</b>	<b>398,347</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>												
Liabilities:												
Accounts and contracts payable	\$ —	—	—	—	—	—	—	—	178	52	—	—
Due to other funds	—	—	2,326,564	1,883,215	—	—	—	—	1,633	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>2,326,564</b>	<b>1,883,215</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,811</b>	<b>52</b>	<b>—</b>	<b>—</b>
Deferred inflows of resources:												
Unavailable revenue - real estate taxes	151	34,681	18,054	955,215	559,189	2,187,280	23,121	1,345	508,864	482,771	109,713	351,549
<b>Total deferred inflows of resources</b>	<b>151</b>	<b>34,681</b>	<b>18,054</b>	<b>955,215</b>	<b>559,189</b>	<b>2,187,280</b>	<b>23,121</b>	<b>1,345</b>	<b>508,864</b>	<b>482,771</b>	<b>109,713</b>	<b>351,549</b>
Fund balances:												
Restricted	1,410	140,546	—	—	1,382,126	8,768,720	10,525	39,596	10,118,882	11,562	75,225	46,798
Unassigned	—	—	(1,760,729)	(1,756,881)	—	—	—	—	—	—	—	—
<b>Total fund balances (deficits)</b>	<b>1,410</b>	<b>140,546</b>	<b>(1,760,729)</b>	<b>(1,756,881)</b>	<b>1,382,126</b>	<b>8,768,720</b>	<b>10,525</b>	<b>39,596</b>	<b>10,118,882</b>	<b>11,562</b>	<b>75,225</b>	<b>46,798</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,561</b>	<b>175,227</b>	<b>583,889</b>	<b>1,081,549</b>	<b>1,941,315</b>	<b>10,956,000</b>	<b>33,646</b>	<b>40,941</b>	<b>10,629,557</b>	<b>494,385</b>	<b>184,938</b>	<b>398,347</b>

Assets		HCA	23rd & Noland Project 1	23rd & Noland Project 2	23rd & Noland Project 3	23rd & Noland Project 4	Independence Square	Little Blue Parkway 1	Little Blue Parkway 3	Marketplace Shopping Center 1	Marketplace Shopping Center 2	TIF App Fees	Eliminations	Total
Pooled cash and investments	\$	997,928	20,381	2,556	51,628	834,624	124,532	1,314,129	446,084	4,842	35,447	—	—	10,453,272
Receivables:														
Taxes		3,548,646	35,601	5,512	11,988	87,955	117,060	487,296	225,576	11,333	35,447	—	—	10,249,625
Accounts		—	—	—	—	—	—	—	—	—	—	—	—	83,333
Accrued Interest		1,756	31	7	23	28	242	—	—	35	—	—	—	28,427
Due from other funds		5,965	9,611	1,119	1,833	60,576	—	105,725	16,830	19,152	—	—	(4,220,210)	1,067,070
Due from other governments		3,390,790	—	—	—	—	—	—	—	—	—	—	—	12,431,706
Restricted cash and investments		—	—	—	—	—	—	—	—	—	—	—	—	—
Total assets	\$	<u>7,945,085</u>	<u>65,624</u>	<u>9,194</u>	<u>65,472</u>	<u>983,183</u>	<u>241,834</u>	<u>1,907,150</u>	<u>688,490</u>	<u>35,362</u>	<u>70,894</u>	<u>—</u>	<u>(4,220,210)</u>	<u>34,313,433</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>														
Liabilities:														
Accounts and contracts payable	\$	—	—	—	—	—	—	80	54	—	—	—	—	364
Due to other funds		—	—	—	—	—	—	—	—	—	—	10,431	(4,220,210)	1,633
Total liabilities		—	—	—	—	—	—	80	54	—	—	10,431	(4,220,210)	1,997
Deferred inflows of resources:														
Unavailable revenue - real estate taxes		3,546,346	31,501	5,512	7,788	61,655	113,659	414,696	215,676	11,332	35,447	—	—	9,675,545
Total deferred inflows of resources		<u>3,546,346</u>	<u>31,501</u>	<u>5,512</u>	<u>7,788</u>	<u>61,655</u>	<u>113,659</u>	<u>414,696</u>	<u>215,676</u>	<u>11,332</u>	<u>35,447</u>	<u>—</u>	<u>—</u>	<u>9,675,545</u>
Fund balances:														
Restricted		4,398,739	34,123	3,682	57,684	921,528	128,175	1,492,374	472,760	24,030	35,447	—	—	28,163,932
Unassigned		—	—	—	—	—	—	—	—	—	—	(10,431)	—	(3,528,041)
Total fund balances (deficits)		<u>4,398,739</u>	<u>34,123</u>	<u>3,682</u>	<u>57,684</u>	<u>921,528</u>	<u>128,175</u>	<u>1,492,374</u>	<u>472,760</u>	<u>24,030</u>	<u>35,447</u>	<u>(10,431)</u>	<u>—</u>	<u>24,635,891</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>7,945,085</u>	<u>65,624</u>	<u>9,194</u>	<u>65,472</u>	<u>983,183</u>	<u>241,834</u>	<u>1,907,150</u>	<u>688,490</u>	<u>35,362</u>	<u>70,894</u>	<u>—</u>	<u>(4,220,210)</u>	<u>34,313,433</u>

**CITY OF INDEPENDENCE, MISSOURI**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit)**  
**Component Unit - Tax Increment Financing**  
**Year ended June 30, 2018**

	<u>Midtown Truman</u>	<u>RSO</u>	<u>Sante Fe</u>	<u>Hartman Heritage</u>	<u>Drumm Farm</u>	<u>Eastland Center</u>	<u>North Independence</u>	<u>Mount Washington</u>	<u>Crackerneck Creek</u>	<u>Old Landfill</u>	<u>Cinema East</u>	<u>Trinity</u>
Revenues:												
Taxes	\$ 17,383	281,284	30,498	1,452,477	577,003	5,078,171	75,972	2,109	1,942,453	489,556	261,507	489,733
Charges for services	—	—	—	—	—	—	—	—	—	—	—	—
Investment income (loss)	2,012	26	7,099	3,360	980	19,732	3,005	170	74,238	993	161	(986)
Other	—	—	113,188	—	—	—	—	—	1,000,002	—	—	—
Total revenues	<u>19,395</u>	<u>281,310</u>	<u>150,785</u>	<u>1,455,837</u>	<u>577,983</u>	<u>5,097,903</u>	<u>78,977</u>	<u>2,279</u>	<u>3,016,693</u>	<u>490,549</u>	<u>261,668</u>	<u>488,747</u>
Expenditures:												
Tax increment financing	10,290	4,395	7,810	34,920	15,350	287,791	1,641	63	74,208	9,590	5,139	17,196
Debt service:												
Principal	60,375	51,849	180,000	1,530,000	370,000	2,775,000	17,516	—	—	420,597	45,890	445,276
Interest and fiscal agent fees	—	190,151	350,963	219,865	51,150	510,936	63,484	—	3,779,939	73,903	203,110	45,724
Debt issuance costs	—	—	—	78,641	—	170,627	—	—	—	—	—	—
Total expenditures	<u>70,665</u>	<u>246,395</u>	<u>538,773</u>	<u>1,863,426</u>	<u>436,500</u>	<u>3,744,354</u>	<u>82,641</u>	<u>63</u>	<u>3,854,147</u>	<u>504,090</u>	<u>254,139</u>	<u>508,196</u>
Excess (deficiency) of revenues over expenditures	<u>(51,270)</u>	<u>34,915</u>	<u>(387,988)</u>	<u>(407,589)</u>	<u>141,483</u>	<u>1,353,549</u>	<u>(3,664)</u>	<u>2,216</u>	<u>(837,454)</u>	<u>(13,541)</u>	<u>7,529</u>	<u>(19,449)</u>
Other financing sources:												
Issuance of debt	—	—	—	2,200,000	—	9,725,000	—	—	—	—	—	—
Reoffering premium/original issue discount	—	—	—	36,844	—	799,247	—	—	—	—	—	—
Payment to refunded loans escrow agent	—	—	—	(3,184,202)	—	(12,785,577)	—	—	—	—	—	—
Transfers in	—	—	—	118,097	—	664,783	—	—	—	—	—	32,466
Transfers out	—	—	—	(118,097)	—	(4,167,569)	—	—	—	—	—	(32,466)
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>(947,358)</u>	<u>—</u>	<u>(5,764,116)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>(51,270)</u>	<u>34,915</u>	<u>(387,988)</u>	<u>(1,354,947)</u>	<u>141,483</u>	<u>(4,410,567)</u>	<u>(3,664)</u>	<u>2,216</u>	<u>(837,454)</u>	<u>(13,541)</u>	<u>7,529</u>	<u>(19,449)</u>
Fund balances (deficits), beginning	<u>52,680</u>	<u>105,631</u>	<u>(1,372,741)</u>	<u>(401,934)</u>	<u>1,240,643</u>	<u>13,179,287</u>	<u>14,189</u>	<u>37,380</u>	<u>10,956,336</u>	<u>25,103</u>	<u>67,696</u>	<u>66,247</u>
Fund balances (deficits), ending	\$ <u>1,410</u>	<u>140,546</u>	<u>(1,760,729)</u>	<u>(1,756,881)</u>	<u>1,382,126</u>	<u>8,768,720</u>	<u>10,525</u>	<u>39,596</u>	<u>10,118,882</u>	<u>11,562</u>	<u>75,225</u>	<u>46,798</u>

	HCA	23rd & Noland Project 1	23rd & Noland Project 2	23rd & Noland Project 3	23rd & Noland Project 4	Independence Square	Little Blue Parkway 1	Little Blue Parkway 3	Marketplace Shopping Center 1	Marketplace Shopping Center 2	TIF App Fees	Total
Revenues:												
Taxes	\$ 3,619,868	92,517	12,164	31,811	470,241	168,516	1,387,732	384,893	95,284	35,447	—	16,996,619
Charges for services									959			959
Investment income (loss)	49,366	239	66	(101)	(2,791)	2,946	113	(2,608)	334			158,354
Other											11	1,113,201
Total revenues	3,669,234	92,756	12,230	31,710	467,450	171,462	1,387,845	382,285	96,577	35,447	11	18,269,133
Expenditures:												
Tax increment financing	551,427	2,062	247	664	9,427	7,800	23,927	9,651	3,747		6,085	1,083,430
Debt service:												
Principal	1,750,000	75,000	13,500				332,815					8,067,818
Interest and fiscal agent fees	1,163,950								158,000			6,811,175
Debt issuance costs												249,268
Total expenditures	3,465,377	77,062	13,747	664	9,427	7,800	356,742	9,651	161,747		6,085	16,211,691
Excess (deficiency) of revenues over expenditures	203,857	15,694	(1,517)	31,046	458,023	163,662	1,031,103	372,634	(65,170)	35,447	(6,074)	2,057,442
Other financing sources:												
Issuance of debt												11,925,000
Reoffering premium/original issue discount												836,091
Payment to refunded loans escrow agent												(15,969,779)
Transfers in	9,183											824,529
Transfers out	(9,183)					(65,000)						(4,392,315)
Total other financing sources						(65,000)						(6,776,474)
Net change in fund balances	203,857	15,694	(1,517)	31,046	458,023	98,662	1,031,103	372,634	(65,170)	35,447	(6,074)	(4,719,032)
Fund balances (deficits), beginning	4,194,882	18,429	5,199	26,638	463,505	29,513	461,271	100,126	89,200		(4,357)	29,354,923
Fund balances (deficits), ending	\$ 4,398,739	34,123	3,682	57,684	921,528	128,175	1,492,374	472,760	24,030	35,447	(10,431)	24,635,891



## **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.

**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, 2018

	<u>Central Garage</u>	<u>Staywell Health Care</u>	<u>Workers' Compensation</u>	<u>Enterprise Resource Planning</u>	<u>Total (Exhibit 5)</u>
Assets:					
Current assets:					
Pooled cash and investments	\$ 368,061	6,877,944	2,401,520	921,188	10,568,713
Accounts receivable	4,185	938	—	—	5,123
Accrued interest receivable	1,639	—	9,609	—	11,248
Inventory	179,034	—	—	—	179,034
Total current assets	<u>552,919</u>	<u>6,878,882</u>	<u>2,411,129</u>	<u>921,188</u>	<u>10,764,118</u>
Noncurrent assets:					
Capital assets:					
Land	93,979	—	—	—	93,979
Depreciable property, plant, and equipment	233,008	—	—	665,041	898,049
Less accumulated depreciation	(200,256)	—	—	—	(200,256)
Restricted cash and investments	—	—	200,000	—	200,000
Total noncurrent assets	<u>126,731</u>	<u>—</u>	<u>200,000</u>	<u>665,041</u>	<u>991,772</u>
Total assets	<u>679,650</u>	<u>6,878,882</u>	<u>2,611,129</u>	<u>1,586,229</u>	<u>11,755,890</u>
Deferred outflows of resources:					
Pension related amounts	75,998	—	26,323	—	102,321
Other post-employment benefits	14,908	—	1,682	—	16,590
Total deferred outflows of resources	<u>90,906</u>	<u>—</u>	<u>28,005</u>	<u>—</u>	<u>118,911</u>
Total assets & deferred outflows of resources	<u>\$ 770,556</u>	<u>6,878,882</u>	<u>2,639,134</u>	<u>1,586,229</u>	<u>11,874,801</u>
Liabilities:					
Current liabilities:					
Accounts and contracts payable	\$ 66,274	90,322	13,843	70,252	240,691
Accrued liabilities	31,666	—	4,275	—	35,941
Compensated absences – current	47,134	—	15,337	—	62,471
Self-insurance claims payable	—	2,193,243	3,220,883	—	5,414,126
Total current liabilities	<u>145,074</u>	<u>2,283,565</u>	<u>3,254,338</u>	<u>70,252</u>	<u>5,753,229</u>
Noncurrent liabilities:					
Compensated absences – long-term	55,448	—	35,019	—	90,467
Total OPEB liability	2,038,478	—	230,018	—	2,268,496
Net pension liability	331,047	—	109,765	—	440,812
Self-insurance claims payable	—	—	2,499,698	—	2,499,698
Total noncurrent liabilities	<u>2,424,973</u>	<u>—</u>	<u>2,874,500</u>	<u>—</u>	<u>5,299,473</u>
Total liabilities	<u>2,570,047</u>	<u>2,283,565</u>	<u>6,128,838</u>	<u>70,252</u>	<u>11,052,702</u>
Deferred inflows of resources:					
Pension related amounts	95,872	—	26,704	—	122,576
Total deferred inflows of resources	<u>95,872</u>	<u>—</u>	<u>26,704</u>	<u>—</u>	<u>122,576</u>
Net position:					
Net Investment in capital assets	126,731	—	—	665,041	791,772
Restricted for:					
Worker's compensation escrow	—	—	200,000	—	200,000
Unrestricted	(2,022,094)	4,595,317	(3,716,408)	850,936	(292,249)
Total net position (deficit)	<u>(1,895,363)</u>	<u>4,595,317</u>	<u>(3,516,408)</u>	<u>1,515,977</u>	<u>699,523</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 770,556</u>	<u>6,878,882</u>	<u>2,639,134</u>	<u>1,586,229</u>	<u>11,874,801</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Revenues, Expenses, and Changes in Net Position

## Internal Service Funds

Year ended June 30, 2018

	<u>Central Garage</u>	<u>Staywell Health Care</u>	<u>Workers' Compensation</u>	<u>Enterprise Resource Planning</u>	<u>Total (Exhibit 6)</u>
Operating revenues:					
Charges for services	\$ 1,856,043	23,270,094	2,615,249	1,938,240	29,679,626
Miscellaneous	3	—	—	—	3
Total operating revenues	<u>1,856,046</u>	<u>23,270,094</u>	<u>2,615,249</u>	<u>1,938,240</u>	<u>29,679,629</u>
Operating expenses:					
Personal services	712,424	—	167,055	—	879,479
Other services	578,990	28,398,548	4,187,638	422,441	33,587,617
Supplies	849,398	3,468	3,255	647	856,768
Depreciation and amortization	6,212	—	—	—	6,212
Total operating expenses	<u>2,147,024</u>	<u>28,402,016</u>	<u>4,357,948</u>	<u>423,088</u>	<u>35,330,076</u>
Operating income (loss)	<u>(290,978)</u>	<u>(5,131,922)</u>	<u>(1,742,699)</u>	<u>1,515,152</u>	<u>(5,650,447)</u>
Nonoperating revenues:					
Investment income	7,796	105,485	27,117	824	141,222
Miscellaneous revenue	14,205	3,956,999	—	1	3,971,205
Total nonoperating revenue	<u>22,001</u>	<u>4,062,484</u>	<u>27,117</u>	<u>825</u>	<u>4,112,427</u>
Change in net position	<u>(268,977)</u>	<u>(1,069,438)</u>	<u>(1,715,582)</u>	<u>1,515,977</u>	<u>(1,538,020)</u>
Total net position:					
Beginning of the year (deficit), as restated	<u>(1,626,386)</u>	<u>5,664,755</u>	<u>(1,800,826)</u>	<u>—</u>	<u>2,237,543</u>
End of the year (deficit)	<u>\$ (1,895,363)</u>	<u>4,595,317</u>	<u>(3,516,408)</u>	<u>1,515,977</u>	<u>699,523</u>

## CITY OF INDEPENDENCE, MISSOURI

## Combining Statement of Cash Flows

## Internal Service Funds

Year ended June 30, 2018

	Internal Service Funds				Total (Exhibit 7)
	Central Garage	Staywell Health Care	Workers' Compensation	Enterprise Resource Planning	
Cash flows from operations:					
Receipts from customers	\$ 1,868,802	27,382,674	2,615,249	1,938,241	33,804,966
Payments to suppliers	(1,362,114)	(28,119,543)	(3,126,692)	(352,836)	(32,961,185)
Payments to employees	(637,195)	—	(156,011)	—	(793,206)
Net cash provided by (used in) operating activities	(130,507)	(736,869)	(667,454)	1,585,405	50,575
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(6,952)	—	—	(665,041)	(671,993)
Net cash (used in) capital and related financing activities	(6,952)	—	—	(665,041)	(671,993)
Cash flows from investing activities:					
Interest on investments	7,836	105,485	27,743	824	141,888
Net cash provided by (used in) investing activities	7,836	105,485	27,743	824	141,888
Net increase (decrease) in cash and cash equivalents	(129,623)	(631,384)	(639,711)	921,188	(479,530)
Cash and cash equivalents at beginning of year	497,684	7,509,328	3,241,231	—	11,248,243
Cash and cash equivalents at end of year	\$ 368,061	6,877,944	2,601,520	921,188	10,768,713
Components of cash and short-term investments at end of fiscal year					
Unrestricted assets	368,061	6,877,944	2,401,520	921,188	10,568,713
Restricted assets	—	—	200,000	—	200,000
Pooled cash and investments	\$ 368,061	6,877,944	2,601,520	921,188	10,768,713
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (290,978)	(5,131,922)	(1,742,699)	1,515,152	(5,650,447)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	6,212	—	—	—	6,212
Miscellaneous revenue	14,205	3,956,999	—	1	3,971,205
Change in assets and liabilities:					
Accounts receivable	(1,449)	155,581	—	—	154,132
Accounts and contracts payable	66,274	(7,636)	13,843	70,252	142,733
Accrued liabilities	(2,164)	290,109	88	—	288,033
Other post-employment benefits and net pension liability	83,532	—	10,278	—	93,810
Self-insurance claims payable	—	—	1,050,270	—	1,050,270
Compensated absences	(6,139)	—	766	—	(5,373)
Total adjustments	160,471	4,395,053	1,075,245	70,253	5,701,022
Net cash provided by (used in) operating activities	\$ (130,507)	(736,869)	(667,454)	1,585,405	50,575

**CITY OF INDEPENDENCE, MISSOURI**  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018 (Exhibit 8)</u>
<b>Flexible Benefit Plan:</b>				
Assets:				
Pooled cash and investments	\$ 122,270	80,556	86,706	116,120
	<u>\$ 122,270</u>	<u>80,556</u>	<u>86,706</u>	<u>116,120</u>
Liabilities:				
Flexible benefit payable	\$ 122,270	531,981	538,131	116,120
	<u>\$ 122,270</u>	<u>531,981</u>	<u>538,131</u>	<u>116,120</u>
<b>Susie Block Trust:</b>				
Assets:				
Pooled cash and investments	\$ 33,646	3,820	3,468	33,998
Accrued interest receivable	504	1,324	1,326	502
	<u>\$ 34,150</u>	<u>5,144</u>	<u>4,794</u>	<u>34,500</u>
Liabilities:				
Funds payable to others	\$ 34,150	1,468	1,118	34,500
	<u>\$ 34,150</u>	<u>1,468</u>	<u>1,118</u>	<u>34,500</u>
<b>Seniors Travel Programs:</b>				
Assets:				
Pooled cash and investments	\$ 27,804	72,395	75,470	24,729
Accrued interest	59	—	4	55
	<u>\$ 27,863</u>	<u>72,395</u>	<u>75,474</u>	<u>24,784</u>
Liabilities:				
Funds payable to others	\$ 27,863	62,302	65,381	24,784
	<u>\$ 27,863</u>	<u>62,302</u>	<u>65,381</u>	<u>24,784</u>
<b>All Agency Funds:</b>				
Assets:				
Pooled cash and investments	\$ 183,720	156,771	165,644	174,847
Accrued interest receivable	563	1,324	1,330	557
	<u>\$ 184,283</u>	<u>158,095</u>	<u>166,974</u>	<u>175,404</u>
Liabilities:				
Flexible benefit payable	\$ 122,270	531,981	538,131	116,120
Funds held in escrow	62,013	63,770	66,499	59,284
	<u>\$ 184,283</u>	<u>595,751</u>	<u>604,630</u>	<u>175,404</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Power and Light Fund  
Years ended June 30, 2018 and 2017

	2018			2017		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Coal			\$ —			—
Gas			5,865,917			4,800,950
Oil			212,346			295,209
Total production fuel			<u>6,078,263</u>			<u>5,096,159</u>
Purchased power:						
Purchased energy			20,109,866			20,055,873
Purchased capacity (net)			23,464,482			24,379,904
Border customers			61,044			58,347
Control and dispatching			2,786,116			2,819,776
Total purchased power			<u>46,421,508</u>			<u>47,313,899</u>
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 1,049,731	513,686	1,563,417	1,107,855	589,851	1,697,706
Steam	782,815	1,255,492	2,038,307	754,888	2,101,650	2,856,538
Electric	809,777	437,880	1,247,656	755,643	1,067,793	1,823,436
Structures and improvements	—	401,665	401,665	—	190,644	190,644
Allowance	—	—	—	4	—	4
Miscellaneous	1,004,660	474,783	1,479,443	1,236,837	617,806	1,854,643
	<u>3,646,983</u>	<u>3,083,506</u>	<u>6,730,489</u>	<u>3,855,228</u>	<u>4,567,744</u>	<u>8,422,972</u>
Missouri City Station:						
Supervision and engineering	—	—	—	486	—	486
Steam	—	1,326	1,326	162,031	31,136	193,167
Electric	—	—	—	160,969	3,091	164,060
Structures and improvements	—	43	43	—	53,422	53,422
Miscellaneous	5,087	—	5,087	54,198	21,001	75,199
	<u>5,087</u>	<u>1,369</u>	<u>6,456</u>	<u>377,684</u>	<u>108,649</u>	<u>486,333</u>
Combustion Turbine Station:						
Supervision and engineering	1,734,584	1,597	1,736,181	573,316	427	573,743
Generation expenses	182,625	565,844	748,469	118,646	210,440	329,087
Structures and improvements	—	738	738	—	2,340	2,340
Miscellaneous	2,940	53,078	56,018	14,796	122,576	137,373
	<u>1,920,149</u>	<u>621,257</u>	<u>2,541,406</u>	<u>706,759</u>	<u>335,783</u>	<u>1,042,542</u>
Total production (other)	<u>\$ 5,572,218</u>	<u>3,706,132</u>	<u>9,278,350</u>	<u>4,939,670</u>	<u>5,012,176</u>	<u>9,951,846</u>
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 386,982	17,915	404,897	382,730	24,179	406,910
Overhead expenses	10,678	2,601	13,278	51,104	11,343	62,447
Station expenses	6,330	83,517	89,848	8,369	84,578	92,947
Wheeling charges	8,329,065	—	8,329,065	7,403,035	—	7,403,035
Underground line expense	330	—	330	—	—	—
Miscellaneous	91,230	—	91,230	33,142	—	33,142
Total transmission	<u>8,824,615</u>	<u>104,033</u>	<u>8,928,648</u>	<u>7,878,380</u>	<u>120,100</u>	<u>7,998,480</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Power and Light Fund  
Years ended June 30, 2018 and 2017

	<b>2018</b>			<b>2017</b>		
	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
Distribution:						
Supervision and engineering	\$ 265,200	52,986	318,186	318,646	72,618	391,264
Overhead lines	2,460,794	4,184,131	6,644,926	1,124,130	4,250,023	5,374,153
Station expenses	29,139	1,457,835	1,486,975	9,730	1,361,291	1,371,021
Street lights and traffic signals	251,714	792,951	1,044,666	207,190	564,124	771,314
Meters	131,687	634,288	765,974	136,517	609,338	745,855
Customer installations	67,970	—	67,970	240	—	240
Underground lines	605,263	728,094	1,333,356	786,332	646,376	1,432,708
Dispatching communication	1,045,667	—	1,045,667	1,048,800	—	1,048,800
Line transformers	—	137,120	137,120	—	147,330	147,330
Miscellaneous	466,072	764,528	1,230,600	934,934	522,139	1,457,073
Total distribution	<u>5,323,505</u>	<u>8,751,933</u>	<u>14,075,439</u>	<u>4,566,519</u>	<u>8,173,239</u>	<u>12,739,758</u>
Total transmission and distribution	<u>\$ 14,148,121</u>	<u>8,855,966</u>	<u>23,004,087</u>	<u>12,444,899</u>	<u>8,293,339</u>	<u>20,738,238</u>
Customer service:						
Supervision			\$ 251,049			231,349
Meter reading			727,442			664,502
Customer records and collections			2,548,630			2,352,825
Provisions for doubtful accounts			724,333			685,346
Miscellaneous			194,052			188,426
Total customer service			<u>4,445,507</u>			<u>4,122,448</u>
General and administrative:						
Salaries			2,019,987			1,812,370
Office supplies			473,641			372,497
Insurance			967,423			977,167
Injuries and damage			1,266,538			1,106,261
Employee benefits			9,428,551			11,987,257
Outside services			2,908,790			2,956,890
Miscellaneous			2,716,109			1,440,250
Administrative expenses – transfers			(112,488)			(109,919)
Total general and administrative			<u>19,668,550</u>			<u>20,542,773</u>
Depreciation and amortization			13,899,946			13,283,451
Payroll taxes			1,162,364			1,322,770
Total operating expenses			<u>\$ 123,958,574</u>			<u>122,371,584</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedule of Operating Statistics – Power and Light Fund  
Year ended June 30, 2018

	<u>Number of customers</u>		<u>Revenue</u>	<u>KWH</u>
	<u>Beginning of year</u>	<u>End of year</u>		
Sale of electric energy:				
Metered:				
Residential	52,080	53,768	\$ 74,980,743	528,109,035
Small general services	2,933	2,928	4,148,261	23,569,651
General services – space heating	10	26	24,534	217,129
Large general services	1,630	1,666	39,072,843	305,950,962
Large general services – prime voltage	7	7	855,737	7,633,354
Large general services – space heating	14	—	162,389	1,104,707
Total electric general services	117	100	5,997,276	59,586,962
Schools, churches, and hospitals	212	210	1,396,109	10,026,445
Schools, churches, and hospitals, all electric	1	2	1,745	9,049
Education	65	60	3,078,401	25,608,016
Education, all electric	8	4	418,502	4,514,471
Large power services	3	3	2,780,294	28,696,620
Combined interruptible services	2	2	2,891,039	32,001,500
Sewer pumping	7	7	430,410	3,034,363
City traffic signals	63	64	120,253	170,977
Wholesale (border customers)	—	—	166,538	2,966,518
Wholesale (interchange)	—	—	2,921,106	79,107,024
Wholesale (border customers)	<u>57,152</u>	<u>58,847</u>	<u>139,446,180</u>	<u>1,112,306,783</u>
Unmetered:				
Wholesale (interchange)				
Private security lighting	1,718	1,641	355,851	1,377,928
City Public Street lighting	12,224	12,301	172,820	3,718,761
	<u>13,941</u>	<u>13,941</u>	<u>528,672</u>	<u>5,096,689</u>
Change in unbilled revenue			2,357,853	—
Other operating revenue			5,671,975	—
EVTC			43,048	—
Total operating revenue and total energy sales			<u>\$ 148,047,728</u>	<u>1,117,403,472</u>
Net generation				229,936,041
Wholesale power purchased				944,206,923
Unintentional interchange				—
Net generation and power purchased				<u>1,174,142,964</u>
Retail energy sales				1,127,816,860
Wholesale (border customers) sales				2,966,518
Power and light usage (building and substations)				1,168,569
Net disposition				<u>1,131,951,947</u>
Transmission and distribution operating losses				<u>42,191,017</u>

**CITY OF INDEPENDENCE, MISSOURI**  
Schedules of Operating Expenses – Water Fund  
Years ended June 30, 2018 and 2017

	2018			2017		
	Operations	Maintenance	Total	Operations	Maintenance	Total
<b>Production:</b>						
Source of supply:						
Supervision and engineering	\$ 32,109	—	32,109	32,417	—	32,417
Labor and expenses	403,857	—	403,857	351,534	—	351,534
Structures and improvements	—	—	—	—	481	481
Miscellaneous	—	535,373	535,373	—	204,875	204,875
Total source of supply	<u>435,967</u>	<u>535,373</u>	<u>971,340</u>	<u>383,951</u>	<u>205,356</u>	<u>589,307</u>
Power and pumping:						
Supervision and engineering	45,670	88,521	134,191	44,682	24,462	69,144
Fuel/power purchased	2,411,381	—	2,411,381	2,249,369	—	2,249,369
Labor and expenses	275,986	—	275,986	271,592	—	271,592
Structures and improvements	—	52,712	52,712	—	43,917	43,917
Miscellaneous	—	1,087	1,087	—	7,988	7,988
Total power and pumping	<u>2,733,037</u>	<u>142,320</u>	<u>2,875,357</u>	<u>2,565,643</u>	<u>76,367</u>	<u>2,642,010</u>
Water treatment:						
Supervision and engineering	53,340	22,526	75,866	53,137	21,485	74,622
Chemicals	1,470,383	—	1,470,383	1,374,812	—	1,374,812
Labor and expenses	677,065	—	677,065	682,285	—	682,285
Structures and improvements	—	1,133,581	1,133,581	—	545,078	545,078
Miscellaneous	—	277,678	277,678	—	276,316	276,316
Total water treatment	<u>2,200,788</u>	<u>1,433,784</u>	<u>3,634,573</u>	<u>2,110,234</u>	<u>842,879</u>	<u>2,953,113</u>
Total production	\$ <u>5,369,792</u>	<u>2,111,477</u>	<u>7,481,270</u>	<u>5,059,828</u>	<u>1,124,602</u>	<u>6,184,430</u>
Transmission and distribution:						
Supervision and engineering	\$ 135,289	22,085	157,374	136,089	44,854	180,943
Storage facilities	21,060	653,169	674,229	20,729	67,338	88,067
Transmission and distribution lines	835,996	1,003,966	1,839,962	768,332	1,021,910	1,790,242
Meters	57,997	100,910	158,907	50,837	66,532	117,369
Customer installations	88,067	58,093	146,160	102,600	—	102,600
Services	—	72,144	72,144	—	148,849	148,849
Hydrants	—	210,351	210,351	—	76,793	76,793
Miscellaneous	654,492	—	654,492	576,237	172,157	748,394
Total transmission and distribution	\$ <u>1,792,901</u>	<u>2,120,717</u>	<u>3,913,619</u>	<u>1,654,824</u>	<u>1,598,433</u>	<u>3,253,257</u>
Customer service:						
Customer accounting paid and collecting:						
Supervision			\$ 203,694			241,374
Meter reading			1,186,264			1,091,179
Customer records			693,206			272,904
Provision for uncollectible amounts			183,199			80,086
Total customer accounting paid and collecting			<u>2,266,363</u>			<u>1,685,543</u>
Sales promotion:						
Expenses			<u>1,842</u>			<u>7,977</u>
Total customer service			<u>2,268,205</u>			<u>1,693,520</u>
General and administrative:						
Salaries			489,212			594,539
Office supplies and expense			508,111			537,225
Injuries and damages			493,137			476,013
Employee benefits			2,205,668			2,633,071
Outside services			1,222,411			1,496,352
Miscellaneous			958,081			300,255
Total general and administrative			<u>5,876,620</u>			<u>6,037,455</u>
Depreciation and amortization			3,063,691			2,999,495
Payroll taxes			345,485			335,328
Other			89,283			97,275
Total operating expenses			<u>23,038,173</u>			<u>20,600,760</u>
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						
			<u>1,501,159</u>			<u>1,705,838</u>
			\$ <u>24,539,332</u>			<u>22,306,598</u>

**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Operating Statistics – Water Fund

Year ended June 30, 2018

	<b>Number of customers</b>		<b>Revenue</b>	<b>MGS*</b>
	<b>Beginning of year</b>	<b>End of year</b>		
Sale of water:				
Residential	45,177	45,173	\$ 15,647,744	2,714,955
Commercial	3,114	3,173	4,477,410	865,640
Industrial	6	6	583,867	183,273
Public authority	80	93	300,755	65,348
Resale	14	14	9,753,385	4,677,546
Private fire protection	472	473	223,288	—
Public fire protection	—	—	1,660,396	—
	<u>48,863</u>	<u>48,931</u>	<u>32,646,845</u>	<u>8,506,762</u>
Change in unbilled revenue			(9,023)	
Other operating revenue			315,424	
Total operating revenue			<u>\$ 32,953,246</u>	
Thousands of gallons pumped:				
Courtney Bend Plant				9,983,886
Less total sales				<u>8,506,762</u>
Unaccounted for water				<u>1,477,124</u>

\* Thousand gallons sold.

**CITY OF INDEPENDENCE, MISSOURI**

Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2018

	<b>Number of customers</b>		<b>Revenue</b>	<b>CCF*</b>
	<b>Beginning of year</b>	<b>End of year</b>		
Sale of sanitary sewer services:				
Residential	41,261	41,581	\$ 14,001,286	2,549,815
Commercial:				
Base	3,478	3,516	5,583,633	1,555,670
Surcharge	—	—	637,393	—
Contract waste treatment	16	18	274,865	—
Regulatory Compliance	—	—	6,462,642	—
Intermunicipal agreements:				
Sugar Creek	—	—	732,971	—
Kansas City	—	—	152,667	—
	<u>44,755</u>	<u>45,115</u>	<u>27,845,457</u>	<u>4,105,485</u>
Other operating revenue			265,899	
Change in unbilled revenue			701,543	
Total operating revenue			<u>\$ 28,812,899</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

16 - 20

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

21 - 22

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

23 - 25

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

**City of Independence, Missouri**  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 289,028,019	305,569,028	321,072,648	334,320,197	336,357,164	333,902,700	334,319,837	330,518,564	325,298,654	324,198,133
Restricted	15,475,723	16,889,552	16,275,115	17,220,970	16,853,297	16,931,671	16,335,599	14,823,334	13,785,094	18,741,314
Unrestricted	(10,487,249)	(23,784,298)	(41,705,135)	(219,659,905)	(231,199,039)	(233,876,307)	(255,063,735)	(259,618,128)	(266,833,068)	(378,520,677)
<b>Total governmental activities net position</b>	<b>\$ 294,016,493</b>	<b>298,674,282</b>	<b>295,642,628</b>	<b>131,881,262</b>	<b>122,011,422</b>	<b>116,958,064</b>	<b>95,591,701</b>	<b>85,723,770</b>	<b>72,250,680</b>	<b>(35,581,230)</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 281,280,070	279,970,114	272,062,890	262,631,937	251,523,417	240,517,938	230,396,460	238,427,241	216,148,308	214,381,085
Restricted	3,691,325	3,692,885	6,423,693	14,629,418	15,545,776	16,288,747	16,587,288	17,608,769	22,390,679	23,202,738
Unrestricted	29,929,991	32,197,583	37,479,969	46,597,826	45,095,514	59,212,898	49,598,827	33,115,833	53,123,997	8,070,332
<b>Total business-type activities net position</b>	<b>\$ 314,901,386</b>	<b>315,860,582</b>	<b>315,966,552</b>	<b>323,859,181</b>	<b>312,164,707</b>	<b>316,019,583</b>	<b>296,582,575</b>	<b>289,151,843</b>	<b>291,662,984</b>	<b>245,654,155</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 570,308,089	585,539,142	593,135,538	596,952,134	587,880,581	574,420,638	564,716,297	568,945,805	541,446,962	538,579,218
Restricted	19,167,048	20,582,437	22,698,808	31,850,388	32,399,073	33,220,418	32,922,887	32,432,103	36,175,773	41,944,052
Unrestricted	19,442,742	8,413,285	(4,225,166)	(173,062,079)	(186,103,525)	(174,663,409)	(205,464,908)	(226,502,295)	(213,709,071)	(370,450,345)
<b>Total primary government net position</b>	<b>\$ 608,917,879</b>	<b>614,534,864</b>	<b>611,609,180</b>	<b>455,740,443</b>	<b>434,176,129</b>	<b>432,977,647</b>	<b>392,174,276</b>	<b>374,875,613</b>	<b>363,913,664</b>	<b>210,072,925</b>

Note: In 2008 the new Workers' Compensation Fund was added as an Internal Service Fund.

Note: In 2011 the Events Center LLC was added as a blended component unit under the business-type activities.

Note: In 2012 the 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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
Administrative services	\$ 8,216,824	9,172,736	9,305,826	8,344,371	9,225,738	9,096,123	9,348,081	9,054,549	10,060,792	9,787,625
Public safety	47,972,502	49,861,503	53,067,764	53,836,564	55,139,731	56,859,801	57,226,139	59,265,485	59,583,743	59,355,553
Public works	13,197,612	13,687,890	13,647,390	15,562,839	17,428,294	18,079,671	17,740,128	18,062,959	17,889,269	18,384,360
Health and welfare	3,599,725	3,607,469	3,732,795	3,575,162	3,810,863	3,622,207	3,672,055	3,597,625	2,690,316	2,190,183
Culture and recreation	8,135,903	7,604,501	7,947,692	8,476,301	7,275,087	7,435,735	8,004,845	8,500,729	8,490,201	8,659,305
Community development	4,003,876	4,386,689	7,032,272	5,128,323	5,318,490	6,316,004	4,876,851	4,694,568	5,913,644	6,364,261
Storm water	2,445,470	2,569,381	2,876,073	2,765,629	2,862,544	3,000,734	2,917,670	3,381,187	3,734,597	3,722,027
General government	8,374,983	9,421,062	9,366,479	9,293,399	8,405,914	8,730,105	9,462,575	10,082,656	9,330,488	9,749,366
Tax increment financing	—	—	—	2,992,581	14,281,820	14,273,775	11,531,889	11,319,659	16,156,910	8,756,255
Debt service component unit	—	—	7,709,611	—	—	—	—	—	—	—
Interest on long-term debt	891,473	640,902	625,778	10,125,399	379,760	252,213	176,912	116,229	108,756	75,246
Total governmental activities expenses	96,838,368	100,952,133	115,311,680	120,100,568	124,128,241	127,666,368	124,957,145	128,075,646	133,958,716	127,044,181
Business-type activities:										
Power and light	101,097,606	105,486,932	113,956,212	124,533,699	127,959,254	138,801,854	136,825,933	134,873,700	128,209,073	130,197,969
Water	20,250,295	20,324,005	20,239,748	20,563,502	21,886,576	22,140,775	20,921,367	21,913,607	22,136,019	23,976,929
Sewer	15,233,127	15,268,389	16,304,874	16,157,412	18,900,129	19,015,060	21,822,803	23,512,501	24,420,242	25,605,642
Events center	1,888,027	4,862,017	13,764,087	12,869,289	13,091,457	10,859,704	11,218,628	11,734,300	12,067,173	12,287,000
Total business-type activities expenses	138,469,055	145,941,343	164,264,921	174,123,902	181,837,416	190,817,393	190,788,731	192,033,838	186,832,507	192,067,540
Total primary government expenses	\$ 235,307,423	246,893,476	279,576,601	294,224,470	305,965,657	318,483,761	315,745,876	320,109,484	320,791,223	319,111,721
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Administrative services	\$ 6,247,933	6,276,153	6,453,890	6,676,240	6,611,432	6,904,917	7,526,268	8,026,010	8,206,822	8,406,360
Public safety	4,432,454	4,867,364	4,943,734	4,829,421	4,567,625	5,154,144	5,016,016	4,757,394	4,670,892	4,372,243
Public works	449,172	462,490	437,032	398,071	362,732	401,793	391,816	376,062	577,574	537,691
Health and welfare	776,194	819,659	732,116	817,774	735,708	758,211	659,329	198,147	854,870	744,308
Culture and recreation	842,523	771,890	796,820	871,799	727,220	613,238	689,980	821,976	843,135	913,869
Community development	1,172,512	1,242,376	1,167,853	968,438	934,442	1,089,720	1,285,797	1,230,826	2,529,919	2,023,318
Storm water	—	—	—	—	—	—	—	—	—	—
General government	—	—	—	1,012,898	1,037,506	978,491	999,787	1,263,754	1,031,478	1,114,160
Operating grants and contributions	8,223,227	9,182,959	13,517,593	12,487,041	9,462,570	10,680,433	8,844,808	9,025,480	8,238,425	8,908,557
Capital grants and contributions	41,557,506	11,912,031	12,598,018	14,465,335	3,590,902	3,769,347	1,930,309	575,703	131,098	2,239,697
Total governmental activities program revenues	63,701,521	35,534,922	40,647,056	42,527,017	28,030,137	30,350,294	27,344,110	26,275,352	27,084,213	29,260,203
Business-type activities:										
Charges for services:										
Power and light	105,064,847	114,744,814	126,755,826	139,878,341	137,749,295	138,813,984	139,078,098	134,747,475	137,945,902	148,047,728
Water	18,607,799	20,134,421	22,203,258	24,635,637	26,642,646	27,545,623	27,838,244	30,858,398	32,260,796	32,953,246
Sewer	15,347,894	15,263,586	17,061,489	18,233,724	20,231,637	21,471,299	23,545,640	23,743,340	26,029,675	28,812,899
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
Operating grants and contributions	—	—	4,813,612	5,000	—	—	—	—	—	—
Capital grants and contributions	3,396,999	7,760,380	4,012,182	1,122,019	763,127	2,386,511	1,613,406	1,425,612	1,322,901	864,452
Total business-type activities program revenues	142,417,539	157,903,201	179,720,990	192,245,202	189,732,174	193,576,735	196,348,853	195,236,155	202,331,095	215,919,688
Total primary government program revenues	\$ 206,119,060	193,438,123	220,368,046	234,772,219	217,762,311	223,927,029	223,692,963	221,511,507	229,415,308	245,179,891

Table 2

**City of Independence, Missouri**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (33,136,847)	(65,417,211)	(74,664,624)	(77,573,551)	(96,098,104)	(97,316,074)	(97,613,035)	(101,800,294)	(106,874,503)	(97,783,978)
Business-type activities	3,948,484	11,961,858	15,456,069	18,121,300	7,894,758	2,759,342	5,560,122	3,202,317	15,498,588	23,852,148
Total primary government net expense	\$ (29,188,363)	(53,455,353)	(59,208,555)	(59,452,251)	(88,203,346)	(94,556,732)	(92,052,913)	(98,597,977)	(91,375,915)	(73,931,830)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 7,963,698	7,276,215	7,458,788	8,652,704	7,618,559	7,993,199	8,546,600	8,485,768	7,978,323	8,237,760
Sales and use taxes	37,353,520	36,021,505	36,030,316	39,836,686	40,689,725	41,142,183	44,459,358	44,683,858	45,348,299	46,319,963
Intergovernmental activity taxes	—	—	—	9,534,652	9,635,263	10,809,061	8,830,000	10,351,536	10,776,518	11,720,991
Franchise taxes	13,138,965	11,823,113	10,696,214	10,914,940	10,414,823	10,292,488	9,960,928	8,528,741	8,703,530	8,771,667
Financial institutions tax	44,195	15,669	28,410	21,646	15,225	19,381	16,523	21,116	34,130	34,818
Investment earnings	605,453	197,476	138,471	228,812	302,467	302,394	256,159	311,028	130,083	478,931
Special item - litigation settlement	—	—	—	—	—	2,203,430	—	—	—	—
Miscellaneous	438,354	466,775	1,079,391	397,567	1,049,065	695,896	1,960,753	796,842	1,147,386	1,211,700
Transfers	13,398,378	14,274,247	16,201,380	17,329,950	18,232,349	18,804,684	18,676,005	18,753,474	19,283,144	20,057,532
Total governmental activities	72,942,563	70,075,000	71,632,970	86,916,957	87,957,476	92,262,716	92,706,326	91,932,363	93,401,413	96,833,362
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
Investment earnings	485,895	69,869	171,413	28,936	66,215	45,754	32,746	176,436	(35,308)	674,832
Special item - litigation settlement	—	—	—	—	—	12,796,570	—	—	—	—
Miscellaneous	1,405,433	609,962	679,868	2,212,916	557,965	1,660,835	1,456,086	2,202,550	560,155	665,216
Transfers	(13,398,378)	(14,274,247)	(16,201,380)	(17,329,950)	(18,232,349)	(18,804,684)	(18,676,005)	(18,753,474)	(19,283,144)	(20,057,532)
Total business-type activities	(11,507,050)	(13,594,416)	(15,350,099)	(15,088,098)	(12,316,487)	1,095,534	(11,587,097)	(10,633,049)	(12,987,447)	(12,743,902)
Total primary government	\$ 61,435,513	56,480,584	56,282,871	71,828,859	75,640,989	93,358,250	81,119,229	81,299,314	80,413,966	84,089,460
<b>Changes in Net Position</b>										
Governmental activities	\$ 39,805,716	4,657,789	(3,031,654)	9,343,406	(8,140,628)	(5,053,358)	(4,906,709)	(9,867,931)	(13,473,090)	(950,616)
Business-type activities	(7,558,566)	(1,632,558)	105,970	3,033,202	(4,421,729)	3,854,876	(6,026,975)	(7,430,732)	2,511,141	11,108,246
Total primary government	\$ 32,247,150	3,025,231	(2,925,684)	12,376,608	(12,562,357)	(1,198,482)	(10,933,684)	(17,298,663)	(10,961,949)	10,157,630

Note: In 2008 the new Workers' Compensation Fund was added as an Internal Service Fund.

Note: In 2011 the Events Center LLC was added as a blended component unit under the business-type activities.

Note: In 2012 the 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.

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

		Fiscal Year								
		2009								
General Fund										
Reserved	\$	1,319,086								
Unreserved		5,739,682								
Total General Fund	\$	<u>7,058,768</u>								
All other governmental funds										
Reserved	\$	19,583,280								
Unreserved, reported in:										
Special revenue funds		5,357,555								
Capital project funds		(10,675,562)								
Debt service funds		56,553								
Permanent funds		—								
Total all other governmental funds	\$	<u>14,321,826</u>								
		2010								
		2011								
		2012								
		2013								
		2014								
		2015								
		2016								
		2017								
		2018								
General Fund										
Nonspendable	\$	—								
Restricted		236,365	442,556	584,917	417,361	402,899	142,966	273,164	404,806	395,412
Committed		2,277,479	1,413,292	453,285	391,399	437,083	471,606	348,001	261,700	106,884
Assigned		662,881	667,065	593,561	464,633	398,283	1,300,973	1,336,086	1,648,808	1,268,521
Unassigned		2,012,374	2,302,039	1,831,406	600,662	3,591,990	3,741,675	3,684,710	5,982,941	7,030,007
	\$	<u>5,189,099</u>								
		<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>								
All other governmental funds										
Nonspendable	\$	—								
Restricted		17,329,836	16,659,329	44,378,155	43,513,724	44,679,472	43,356,113	42,864,399	44,066,001	43,085,814
Committed		440,243	437,150	1,404,187	451,142	204,117	164,507	41,772	30,198	53,981
Unassigned		(5,118,794)	(5,369,883)	(6,237,737)	(6,951,949)	(6,167,243)	(5,796,859)	(2,929,573)	(1,482,674)	(1,440,718)
	\$	<u>12,651,285</u>								
		<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>								

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 55,131,682	55,953,427	59,053,886	68,437,032	68,799,104	70,380,577	71,412,311	71,815,835	73,168,146	75,673,475
Licenses, fees and permits	3,695,971	3,483,767	3,426,859	3,319,496	3,255,877	3,464,631	3,785,532	3,802,218	5,614,626	4,834,935
Intergovernmental	19,131,915	16,921,164	24,785,082	24,127,728	12,724,286	13,672,530	10,337,589	9,174,995	8,215,395	10,860,762
Charges for services	2,774,284	2,759,317	3,015,294	3,095,040	2,966,943	2,699,813	2,905,601	3,273,899	3,378,711	3,385,145
Interfund charges for support services	3,389,629	3,580,384	3,743,875	3,791,444	3,835,972	3,987,029	4,544,233	4,913,709	4,943,014	5,099,696
Fines, forfeitures, and court costs	4,009,673	4,510,754	4,398,111	4,329,537	4,061,879	4,790,383	4,652,309	4,214,064	3,855,121	3,716,388
Investment earnings (loss)	495,337	165,939	124,223	214,584	287,686	259,908	250,763	286,088	93,294	337,709
Reimbursements from component unit	12,274,171	3,792,466	581,524	—	—	—	—	—	—	—
Developer contributions	—	—	—	832,549	238,105	250,000	35,000	17,025	—	—
Other	924,092	816,818	1,115,938	2,355,665	2,263,964	2,281,201	2,042,419	2,382,870	2,322,302	2,444,365
<b>Total revenues</b>	<b>101,826,754</b>	<b>91,984,036</b>	<b>100,244,792</b>	<b>110,503,075</b>	<b>98,433,816</b>	<b>101,786,072</b>	<b>99,965,757</b>	<b>99,880,703</b>	<b>101,590,609</b>	<b>106,352,475</b>
<b>Expenditures</b>										
Administrative services	7,728,128	7,867,425	7,862,603	7,332,146	6,997,537	7,547,357	7,640,238	7,576,728	7,834,761	8,051,979
Public safety	40,956,235	45,150,437	48,037,112	45,457,931	46,169,791	49,093,577	49,529,374	50,513,184	49,939,819	52,410,075
Public works	6,719,666	6,513,379	6,159,868	5,191,326	5,645,470	5,899,660	5,386,719	4,693,660	4,791,209	5,495,957
Health and welfare	3,150,172	3,226,705	3,277,614	3,055,362	3,362,706	3,322,766	3,206,732	3,130,183	2,464,245	2,114,547
Culture and recreation	5,942,029	6,160,686	5,995,558	6,205,463	5,694,462	5,747,828	5,793,101	5,888,760	6,013,044	6,163,491
Community development	3,657,531	4,119,818	6,730,888	4,877,604	5,029,870	6,007,452	4,460,559	4,303,735	5,226,710	5,865,477
Storm water	1,542,289	1,668,148	1,772,387	1,581,460	1,532,184	1,686,782	1,629,842	1,769,844	2,271,882	2,092,652
General government	7,486,977	8,541,586	8,507,142	8,343,550	7,461,577	7,688,526	8,622,570	8,921,005	8,543,800	8,968,731
Tax increment financing	—	—	—	2,992,581	2,578,489	2,886,495	1,290,274	859,000	1,136,583	1,083,430
Capital outlay	42,442,528	26,346,981	22,527,627	24,697,928	15,475,351	12,296,360	14,159,976	13,890,964	11,951,855	15,078,234
Debt Service										
Principal	7,277,755	3,465,682	2,963,391	12,935,067	12,223,792	7,614,702	8,513,930	6,833,988	8,107,973	8,848,975
Debt service component unit	—	—	3,566,752	—	—	—	—	—	—	—
Interest	977,116	814,620	600,864	10,283,032	9,505,756	8,844,986	9,243,134	8,541,494	7,214,003	6,899,667
Debt issuance costs	—	—	—	258,358	1,059,129	201,254	240,698	1,156,904	431,670	249,268
<b>Total expenditures</b>	<b>127,880,426</b>	<b>113,875,467</b>	<b>118,001,806</b>	<b>133,211,808</b>	<b>122,736,114</b>	<b>118,837,745</b>	<b>119,717,147</b>	<b>118,079,449</b>	<b>115,927,554</b>	<b>123,322,483</b>
Excess of revenues over (under) expenditures	(26,053,672)	(21,891,431)	(17,757,014)	(22,708,733)	(24,302,298)	(17,051,673)	(19,751,390)	(18,198,746)	(14,336,945)	(16,970,008)
<b>Other Financing Sources (Uses)</b>										
Transfers in	3,897,938	3,069,619	2,499,761	8,446,498	9,771,846	2,630,331	2,119,880	2,964,941	2,118,908	7,815,722
Transfers out	(4,003,295)	(3,020,619)	(2,461,566)	(8,446,498)	(9,560,573)	(1,969,709)	(1,857,265)	(2,726,803)	(1,834,435)	(7,825,722)
Issuance of debt	101,734	4,020,000	—	8,694,700	40,855,000	6,981,126	8,770,000	50,074,897	19,604,504	12,052,210
Premiums/Discounts on debt issued	—	18,402	—	(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	13,503,735	14,225,247	16,211,380	17,329,950	18,021,077	18,144,063	18,413,389	18,515,336	18,998,671	20,067,531
Sale of capital assets	40,269	38,572	218,603	100,901	302,423	164,172	113,025	168,797	164,406	108,321
<b>Total other financing sources (uses)</b>	<b>13,540,381</b>	<b>18,351,221</b>	<b>16,468,178</b>	<b>19,599,315</b>	<b>20,661,749</b>	<b>19,041,760</b>	<b>19,571,629</b>	<b>20,448,413</b>	<b>19,618,077</b>	<b>17,084,374</b>
<b>Special items:</b>										
Litigation settlement	—	—	—	—	—	2,203,430	—	—	—	—
<b>Net change in fund balances</b>	<b>\$ (12,513,291)</b>	<b>(3,540,210)</b>	<b>(1,288,836)</b>	<b>(3,109,418)</b>	<b>(3,640,549)</b>	<b>4,193,517</b>	<b>(179,761)</b>	<b>2,249,667</b>	<b>5,281,132</b>	<b>114,366</b>
Debt service as a percentage of non capital expenditures	9.75%	5.04%	3.83%	21.55%	20.60%	15.90%	17.45%	15.03%	15.10%	14.94%

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.

Table 5

**City of Independence, Missouri**  
Sales and Use Tax Revenue  
Last Ten Fiscal Years

City Sales and Use Tax Revenue:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund	\$ 16,964,539	16,287,218	16,305,303	16,745,763	16,895,043	17,036,996	18,132,065	18,220,678	17,982,053	18,470,762
Tourism Fund (Transient Guest Tax)	972,773	988,984	1,077,506	1,219,340	1,356,592	1,468,758	1,618,246	1,954,406	1,994,953	1,956,256
Street Sales Tax Fund	6,586,624	7,452,606	7,406,892	7,640,274	7,730,491	7,767,525	8,357,101	8,399,825	8,329,801	8,540,878
Park Improvements Sales Tax Fund	3,857,852	3,726,577	3,703,969	3,832,077	3,854,506	3,884,655	4,178,652	4,200,128	4,167,642	4,270,461
Storm Water Sales Tax Fund	3,858,941	3,727,187	3,703,882	3,832,155	3,852,030	3,884,641	4,178,663	4,200,147	4,167,558	4,270,479
Police Sales Tax Fund	2,055,300	1,975,909	1,979,695	2,032,892	2,056,547	2,069,621	2,211,890	2,221,976	2,198,883	2,269,600
Fire Sales Tax Fund	3,057,491	1,863,024	1,853,069	1,916,791	1,928,889	1,943,700	2,089,554	2,100,451	2,089,313	2,135,284
TIF Funds (consolidated)	2,638,940	2,765,247	2,818,229	2,617,394	3,015,627	3,086,287	3,693,187	3,386,247	4,418,096	4,406,243
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
<b>Total</b>	<b>\$ 39,992,460</b>	<b>38,786,752</b>	<b>38,848,545</b>	<b>43,342,747</b>	<b>45,981,407</b>	<b>46,539,242</b>	<b>50,059,434</b>	<b>50,425,297</b>	<b>51,119,149</b>	<b>52,293,545</b>

Source: City of Independence

**Table 6**

**City of Independence, Missouri**  
**Sales Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Calendar Years**  
**(in percent)**

<u>Direct Sales Tax Rate City of Independence</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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
<b>Direct Sales Tax Rate City of Independence</b>	<b>2.250</b>									
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
<b>Total Direct Sales Tax Rate</b>	<b>2.375</b>									
<b>Total Local Option Sales Tax Rate</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Mo. State Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Mo. State Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Jackson County	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125
Jackson County - Community Children's Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.125	0.125
Kansas City Zoo	0.000	0.000	0.000	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
<b>Total Direct and Overlapping Sales Tax Rate</b>	<b>7.725</b>	<b>7.725</b>	<b>7.725</b>	<b>7.850</b>	<b>7.850</b>	<b>7.850</b>	<b>7.850</b>	<b>7.850</b>	<b>7.975</b>	<b>7.975</b>

Note: The rate shown for the Transportation Development District is for the 39th Street corridor only.

Source: Missouri Department of Revenue

**Table 7**

**City of Independence, Missouri**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property					Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Agricultural Property	Commercial Property	State Assessed	Total	Personal Property	Railroads & Utilities				
2009	\$ 774,152,986	1,020,696	255,474,757	3,793,786	1,034,442,225	268,317,482	1,114,259	1,303,873,966	0.6560	5,702,449,660	22.87%
2010	770,979,192	1,083,868	257,788,756	4,145,717	1,033,997,533	263,606,423	1,237,018	1,298,840,974	0.7030	5,680,839,244	22.86%
2011	781,239,728	1,126,981	235,721,480	4,951,250	1,023,039,439	262,875,610	1,242,492	1,287,157,541	0.7280	5,666,580,865	22.71%
2012	781,254,601	1,128,703	236,979,066	4,844,455	1,024,206,825	252,082,951	2,943,813	1,279,233,589	0.7236	5,643,175,957	22.67%
2013	779,674,017	1,128,605	235,695,566	4,816,906	1,021,315,094	254,225,408	3,612,882	1,279,153,384	0.7281	5,639,283,894	22.68%
2014	779,683,482	1,138,200	233,988,631	5,106,421	1,019,916,734	257,382,527	3,528,618	1,280,827,879	0.7394	5,644,201,744	22.69%
2015	779,384,690	1,138,682	232,114,740	5,387,691	1,018,025,803	244,122,675	2,857,999	1,265,006,477	0.7393	5,595,741,171	22.61%
2016	814,095,793	1,227,696	242,938,873	5,523,260	1,063,785,622	248,605,246	2,771,990	1,315,162,858	0.7165	5,826,614,435	22.57%
2017	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	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	0.7031	6,188,587,536	22.68%

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
2009	2008	\$ 0.446	0.210	—	0.656	0.213	5.084	1.053	0.030
2010	2009	0.478	0.225	—	0.703	0.214	5.084	1.061	0.030
2011	2010	0.495	0.233	—	0.728	0.2329	5.430	1.0596	0.030
2012	2011	0.4924	0.2312	—	0.7236	0.2335	5.580	1.0596	0.030
2013	2012	0.4950	0.2331	—	0.7281	0.2349	5.670	1.0464	0.030
2014	2013	0.5026	0.2368	—	0.7394	0.2369	5.700	1.0464	0.030
2015	2014	0.5026	0.2367	—	0.7393	0.2374	5.700	1.0317	0.030
2016	2015	0.4871	0.2294	—	0.7165	0.2343	5.913	1.0038	0.030
2017	2016	0.4906	0.2310	—	0.7216	0.2339	5.913	1.0685	0.030
2018	2017	0.4780	0.2251	—	0.7031	0.2297	5.801	1.0685	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	0.1409
General Fund	0.1331
Road & Bridge Fund	0.1287
Park Fund	0.0822
Mid-Continent Public Library	0.3963
Developmentally Disabled	0.0713
Mental Health	0.1160
<b>Total County</b>	<u>1.0685</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	5.7286
Kansas City School District	4.9599

Table 9

**City of Independence, Missouri**  
Principal Property Taxpayers  
Current Year and Ten Years Ago

Taxpayer	2018			2009		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group LP	\$ 32,212,495	1	2.30%	\$ 22,148,951	1	1.70%
Cole DDR Mt Independence LLC	13,082,058	2	0.93%	9,410,731	4	
Unilever Best Foods	12,651,038	3	0.90%	6,579,003	6	0.50%
Southern Union Company dba MGE	7,916,961	4	0.56%		7	0.00%
Comcast Cablevision	7,077,118	5	0.50%			
Space Center of Kansas City	6,537,095	6	0.47%	8,528,233	5	0.65%
Mansion Apartment	5,175,269	7	0.37%			
Centerpoint Medical Center	3,856,128	8	0.27%	9,468,744	3	0.73%
Pepperwood Apartments LLC	3,530,168	9	0.25%			
Wal-Mart Real Estate Business Trust	3,409,329	10	0.24%			
Sprint				14,309,100	2	1.10%
Bradley Operating LTD PTP				6,046,633	7	0.46%
A T & T				5,703,409	8	0.44%
Noland Fashion Square Partners				4,881,823	9	0.37%
Southern Union Company				4,705,107	10	0.36%
<b>Total</b>	<b>\$ 95,447,659</b>		<b>6.80%</b>	<b>\$ 91,781,734</b>		<b>6.32%</b>

Source: Jackson County Collection Department

**Table 10**

**City of Independence, Missouri**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 7,287,258	\$ 6,807,203	93.41%	\$ 485,165	\$ 7,292,367	100.07%
2010	7,232,424	6,883,318	95.17%	325,704	7,209,022	99.68%
2011	7,493,616	7,145,073	95.35%	313,746	7,458,819	99.54%
2012	7,495,895	6,971,357	93.00%	376,996	7,348,353	98.03%
2013	7,402,402	7,065,183	95.44%	322,254	7,387,437	99.80%
2014	7,625,313	7,145,159	93.70%	416,796	7,561,955	99.17%
2015	7,468,109	7,164,660	95.94%	286,704	7,451,365	99.78%
2016	7,633,251	7,182,858	94.10%	286,957	7,469,815	97.86%
2017	7,782,123	7,396,095	95.04%	157,379	7,553,474	97.06%
2018	7,845,114	7,374,105	94.00%	—	7,374,105	94.00%

Source: City of Independence

Table 11

**City of Independence, Missouri**  
**Total Utility Sales by Category**  
**Last Ten Fiscal Years**

Sales by Category:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Power and Light:</b>										
Residential	\$ 52,555,000	56,500,000	64,723,000	71,334,000	71,667,000	72,259,000	70,622,000	68,081,000	71,368,000	76,223,000
Commercial	45,171,000	48,273,000	52,003,000	58,366,000	56,044,000	56,809,000	58,251,000	54,249,000	55,067,000	56,522,000
Industrial	2,904,000	3,085,000	3,292,000	4,462,000	4,839,000	4,867,000	4,727,000	4,187,000	4,464,000	5,152,000
Sold to Other Utilities	1,765,000	4,039,000	3,077,000	1,909,000	2,380,000	2,254,000	2,369,000	3,298,000	1,751,000	3,088,000
Other	1,434,000	1,621,000	1,551,000	1,644,000	606,000	599,000	493,000	367,000	238,000	302,000
<b>Water:</b>										
Residential	9,037,744	9,403,985	10,726,567	11,699,971	13,080,814	13,052,557	13,147,584	14,272,445	15,288,208	15,647,744
Commercial	2,450,246	2,404,953	2,835,271	3,325,167	3,847,161	3,555,507	3,491,458	3,759,332	4,135,439	4,477,410
Industrial	300,577	407,313	450,156	479,477	547,930	769,857	605,223	694,902	605,996	583,867
Public Authority	281,615	297,218	263,137	256,730	270,391	262,012	318,503	281,902	344,489	300,755
Sold to Other Utilities	4,930,608	6,302,495	6,659,302	7,153,628	7,714,290	8,136,297	8,322,743	9,461,694	9,814,368	9,753,385
Other	1,344,666	1,217,907	1,245,524	1,289,923	1,531,318	1,760,366	1,845,426	1,981,057	2,146,939	2,199,111
<b>Sanitary Sewer:</b>										
Residential	9,841,314	9,733,214	9,873,906	10,460,524	10,601,887	11,329,939	11,545,538	12,121,229	12,340,133	14,001,286
Commercial	4,560,728	4,569,721	4,841,546	5,099,839	5,288,864	5,755,295	5,875,596	5,402,688	5,903,198	6,221,026
Other	906,142	897,895	2,443,875	2,628,416	4,340,296	4,295,186	6,073,994	6,148,154	7,865,081	7,889,045
<b>Total</b>	<b>\$ 137,482,640</b>	<b>148,752,701</b>	<b>163,985,284</b>	<b>180,108,675</b>	<b>182,758,951</b>	<b>185,705,016</b>	<b>187,688,065</b>	<b>184,305,403</b>	<b>191,331,851</b>	<b>202,360,629</b>

Source: City of Independence

Table 12

**City of Independence, Missouri**  
**Total Utility Rates by Category**  
**Last Ten Fiscal Years**

Rates by Category:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Power and Light (per Kwh):	\$									
Residential	0.10	0.11	0.12	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Commercial	0.09	0.10	0.10	0.12	0.12	0.12	0.13	0.12	0.12	0.13
Industrial	0.07	0.07	0.08	0.09	0.09	0.09	0.09	0.08	0.07	0.08
Sold to Other Utilities	0.03	0.03	0.03	0.02	0.03	0.04	0.03	0.02	0.02	0.04
Other	0.15	0.16	0.15	0.15	0.06	0.10	0.12	0.09	0.06	0.08
Water (per 1,000 gallons):										
Residential	3.06	3.35	3.61	3.91	4.14	4.49	4.89	5.21	5.57	5.76
Commercial	2.78	3.08	3.33	3.59	3.82	4.10	4.44	4.77	5.07	5.36
Industrial	1.73	1.97	2.23	2.25	2.29	2.42	2.75	3.21	3.40	3.19
Public Authority	2.86	3.11	3.34	3.67	3.89	4.16	4.36	4.81	5.05	4.60
Sold to Other Utilities	1.10	1.23	1.35	1.46	1.57	1.69	1.80	1.93	2.05	2.09
Sanitary Sewer (per 100 cubic feet):										
Residential	3.50	3.40	3.62	3.90	4.16	4.31	4.49	4.89	5.07	5.49
Commercial	2.69	3.08	3.09	3.42	3.09	3.81	3.74	3.55	3.60	4.00
<b>Total</b>	<b>\$ 18.16</b>	<b>19.70</b>	<b>21.05</b>	<b>22.73</b>	<b>23.39</b>	<b>25.49</b>	<b>26.98</b>	<b>28.81</b>	<b>30.23</b>	<b>30.95</b>

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	2018			2009		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	1,884,506	1	1.33%	1,493,098	1	1.44%
Centerpoint Medical Center	1,868,309	2	1.32%	1,275,452	2	1.23%
Burd and Fletcher (5151 Geospace)	1,493,273	3	1.06%	1,169,111	3	1.13%
Smart Warehouse/Commercial Distributions Center	1,015,632	4	0.72%	1,005,808	5	0.97%
Simon Property Group LP	906,369	5	0.64%	1,021,731	4	0.98%
HCP MOB Centerpoint (Boyer Company)	658,969	6	0.47%	428,695	10	0.41%
Costco Wholesales Inc.	565,279	7	0.40%	434,297	9	0.42%
Silverstein Eye Centers Arena (Events Center)	546,583	8	0.39%			
Price Chopper (23rd Street)	449,932	9	0.32%	479,759	6	0.46%
Walmart	442,804	10	0.31%			
Price Chopper (Noland Road)				474,220	7	0.46%
City's Rock Creek Sanitary Sewer Plant				441,021	8	0.42%
<b>Total</b>	<b>\$ 9,831,656</b>		<b>6.96%</b>	<b>\$ 8,223,192</b>		<b>7.92%</b>

Source: City of Independence

Table 14

**City of Independence, Missouri**  
Principal Utility Payers -  
Water  
Current Year and Nine Years Ago

Utility Customer - Water	2018			2009		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 5,475,030	1	16.61%	\$ 2,512,095	1	13.69%
Blue Springs	1,379,683	2	4.19%	972,054	2	5.30%
District #2, Jackson County	671,506	3	2.04%	343,651	3	1.87%
District #1, Lafayette County	487,659	4	1.48%	277,842	4	1.51%
Oak Grove	428,615	5	1.30%	240,847	5	1.31%
District #15, Jackson County	350,401	6	1.06%	142,205	7	0.78%
Grain Valley	315,659	7	0.96%	196,252	6	1.07%
Audubon (Lafarge) Corporation	259,981	8	0.79%	116,444	8	0.63%
District #16, Jackson County	225,404	9	0.68%			
Buckner	177,588	10	0.54%	108,060	10	0.59%
Unilever (Thomas J. Lipton Co)				112,768	9	0.61%
<b>Total</b>	<b>\$ 9,771,526</b>		<b>29.64%</b>	<b>\$ 5,022,218</b>		<b>27.38%</b>

Source: City of Independence

Table 15

**City of Independence, Missouri**  
Principal Utility Payers -  
Sanitary Sewer  
Current Year and Nine Years Ago

BP/AMOCO  Utility Customer - Sewer	2018			2009		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
BP/AMOCO	\$ 272,451	1	0.97%	\$ 286,327	3	1.87%
Unilever (Thomas J. Lipton Co)	240,399	2	0.86%	393,759	1	2.57%
City of Independence, Power & Light	118,388	3	0.42%	287,066	2	1.88%
Centerpoint Medical Center	83,820	4	0.30%	63,064	4	0.41%
Simon Property Group LP	62,293	5	0.22%	35,452	5	0.23%
Highland Park Investors	55,871	6	0.20%			
Independence Housing Authority	54,595	7	0.19%			
Green Lantern	50,354	8	0.18%			
Space Center of KC	49,326	9	0.18%			
YES Companies	32,303	10	0.11%			
Smart Warehouse/Commercial Distributions Center				18,350	6	0.12%
Price Chopper (23rd Street)				15,537	7	0.10%
The Boyer Company				9,719	8	0.06%
Wal-Mart (Bolger Drive)				9,487	9	0.06%
Bass Pro				9,204	10	0.06%
<b>Total</b>	<b>\$ 1,019,800</b>		<b>3.63%</b>	<b>\$ 1,127,965</b>		<b>7.37%</b>

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				
2009	\$ 13,586,351	\$ 800,207	\$ 603,524	\$ —				
2010	14,366,011	736,261	431,454	—				
2011	11,580,656	667,315	292,063	—				
2012	(2) 180,792,033	598,369	1,642,764	—				
2013	171,371,974	528,423	1,407,347	—				
2014	167,681,305	453,477	1,226,414	—				
2015	162,434,005	378,531	1,036,529	—				
2016	159,223,920	298,586	1,484,037	—				
2017	153,301,444	217,640	1,333,212	—				
2018	142,973,315	131,694	1,260,264	—				
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)	
2009	\$ 178,411,467	\$ —	\$ 65,954	\$ —	\$ 193,467,503	7.83%	\$ 1,772.35	
2010	175,035,863	—	43,988	—	190,613,577	7.37%	1,670.17	
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	

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		
2009	\$ —	\$ —	\$ —	0.00%	\$ —
2010	—	—	—	0.00%	—
2011	—	—	—	0.00%	—
2012	—	—	—	0.00%	—
2013	—	—	—	0.00%	—
2014	—	—	—	0.00%	—
2014	—	—	—	0.00%	—
2015	—	—	—	0.00%	—
2016	—	—	—	0.00%	—
2017	—	—	—	0.00%	—
2018	—	—	—	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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Independence School District	\$ 187,239,587	93.00%	\$ 174,132,816
Fort Osage Reorganized #1 School District	48,870,000	12.50%	6,108,750
Blue Springs Reorganized #4 School District	93,490,000	4.40%	4,113,560
Raytown School District	73,865,167	7.44%	5,495,568
Subtotal, overlapping debt			<u>189,850,694</u>
City direct debt			<u>144,365,273</u>
Total direct and overlapping debt			<u><u>\$ 334,215,967</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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit (1)	\$ 282,386,511	259,768,195	257,431,508	255,846,718	255,830,677	256,165,576	253,001,295	263,032,572	265,359,806	280,698,718
Total net debt applicable to limit	790,240	650,505	585,340	515,768	455,018	368,810	290,306	197,697	118,648	32,474
Legal Debt Margin	\$ 281,596,271	259,117,690	256,846,168	255,330,950	255,375,659	255,796,766	252,710,989	262,834,875	265,241,158	280,666,244
Total net debt applicable to the limit as a percentage of debt limit	0.280%	0.250%	0.227%	0.202%	0.178%	0.144%	0.115%	0.075%	0.045%	0.012%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Assessed Value	\$ 1,403,493,591
Debt Limit (20% of assessed value)	280,698,718
General obligation:	
City-Wide	—
Neighborhood Improvement Districts	131,694
Revenue Bonds	374,751,112
Total Bonded Debt	374,882,806
Less:	
Electric Utility Bonds	164,806,001
Water Utility Bonds	25,600,531
Sewer Utility Bonds	95,564,880
Events Center Bonds	88,779,700
Debt Service Fund Balance	99,220
Total net debt applicable to limit	32,474
Legal debt margin	\$ 280,666,244

Notes:

(1) - Article 6, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur an indebtedness of city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

(1) - Article 6, Section 26(c) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur additional indebtedness of city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

(1) - Article 6, Section 26(d) & (e) of the Missouri Constitution provides that any city may become indebted not exceeding in the aggregate an additional 10 percent of the value of the taxable tangible property for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligated indebtedness of the city does not exceed 20 percent of the assessed valuation.

Table 20

**City of Independence, Missouri**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest (2)	
<b>Power &amp; Light (2)</b>						
2009	\$ 106,810,460	\$ 88,778,796	\$ 18,031,664	\$ 2,155,000	\$ 1,157,423	\$ 5.44
2010	115,265,625	91,580,614	23,685,011	2,245,000	2,149,388	5.39
2011	127,486,725	98,684,455	28,802,270	2,965,000	2,645,010	5.13
2012	140,997,371	104,196,848	36,800,523	3,820,000	3,042,435	5.36
2013	138,561,630	100,672,846	37,888,784	4,080,000	6,100,037	3.72
2014	139,621,307	106,187,200	33,434,107	5,015,000	5,853,306	3.08
2015	139,687,551	107,899,251	31,788,300	3,265,000	5,670,556	3.56
2016	135,479,674	110,381,924	25,097,750	3,395,000	5,539,957	2.81
2017	138,833,337	103,916,192	34,917,145	3,530,000	6,607,431	3.44
2018	150,283,900	109,501,868	40,782,032	3,685,000	7,036,700	3.80
<b>Water (2)</b>						
2009	\$ 18,709,946	\$ 13,618,857	\$ 5,091,089	\$ 2,380,000	\$ 2,032,591	\$ 1.15
2010	21,979,071	14,628,914	7,350,157	2,525,000	2,495,816	1.46
2011	24,133,141	15,051,480	9,081,661	2,790,000	2,263,273	1.80
2012	26,383,701	15,282,735	11,100,966	2,965,000	2,150,678	2.17
2013	28,165,483	16,255,647	11,909,836	3,180,000	2,003,608	2.30
2014	29,374,518	16,856,321	12,518,197	3,395,000	1,463,831	2.58
2015	29,739,720	16,376,953	13,362,767	4,230,000	1,281,338	2.42
2016	32,783,397	17,560,790	15,222,607	4,260,000	1,206,338	2.78
2017	34,018,812	17,976,941	16,041,871	3,275,000	1,114,613	3.65
2018	34,542,928	20,348,150	14,194,778	1,480,000	1,043,288	5.63
<b>Sanitary Sewer</b>						
2009	\$ 15,585,793	\$ 13,005,365	\$ 2,580,428	\$ —	\$ —	\$ —
2010	15,310,352	13,001,081	2,309,271	—	—	—
2011	17,099,048	13,451,850	3,647,198	—	—	—
2012	19,260,332	13,840,938	5,419,394	—	—	—
2013	20,249,977	13,440,965	6,809,012	—	1,030,631	6.61
2014	21,501,256	14,301,898	7,199,358	745,000	2,740,012	2.07
2015	23,586,443	14,891,692	8,694,751	1,015,000	3,979,597	1.74
2016	24,292,174	15,786,512	8,505,662	1,535,000	4,373,881	1.44
2017	26,286,812	16,173,501	10,113,311	1,945,000	4,327,756	1.61
2018	29,036,947	17,176,982	11,859,965	2,000,000	4,272,308	1.89

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>
2008	109,159	\$ 2,471,141,442	\$ 22,638	39.28	13,550	6.40%
2009	114,128	2,585,569,840	22,655	39.56	16,065	9.80%
2010	121,212	2,817,572,940	23,245	39.81	20,755	10.35%
2011	116,830	2,636,035,290	22,563	38.79	19,505	10.20%
2012	117,213	2,723,795,694	23,238	38.18	24,900	7.10%
2013	117,240	2,778,588,000	23,700	39.60	25,320	6.90%
2014	117,494	2,763,928,856	23,524	41.80	24,304	6.70%
2015	117,255	2,850,820,815	24,313	38.60	25,173	5.60%
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%

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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Independence School District	2,200	1	3.84%	2,000	2	3.74%
Orbital ATK (Lake City)	1,722	2	3.00%	2,500	1	4.68%
Centerpoint Medical Center	1,400	3	2.44%	1,600	3	3.00%
City of Independence	1,092	4	1.91%	1,176	4	2.20%
Government Employee Health Association	743	5	1.30%	650	5	1.22%
Rosewood Health Center at the Groves	444	6	0.77%	400	6	0.75%
Burd & Fletcher	274	7	0.48%	350	7	0.66%
Jackson County Circuit Court	274	8	0.48%	274	8	0.51%
Cable Dahmer Automotive	271	9	0.47%			
Unilever	260	10	0.45%	220	10	0.41%
Mid-Continent Library				248	9	0.46%
Total	<u>8,680</u>		<u>15.14%</u>	<u>9,418</u>		<u>17.63%</u>

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
City council office	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
City clerk	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	5.00
City manager	10.50	9.50	9.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00
National Frontiers Trails Museum	6.00	6.00	6.00	5.75	5.75	5.75	5.00	—	—	—
Technology services	21.00	21.00	21.00	22.00	22.00	22.00	23.00	24.00	24.00	19.00
Municipal court	14.00	14.00	14.00	14.00	14.67	14.65	14.65	14.65	14.65	13.64
Law - General fund	6.50	6.50	6.00	6.25	6.25	6.25	6.23	6.23	6.21	5.71
Law - Grant fund	0.25	0.25	0.25	0.25	0.25	0.25	0.28	0.28	0.16	0.16
Finance	24.15	24.15	24.15	22.65	22.65	22.65	22.15	22.15	22.15	16.15
Human resources	7.50	7.50	6.50	6.50	6.44	7.44	6.75	6.75	6.75	5.00
<b>Public Safety</b>										
Police - General fund	290.40	290.40	292.90	274.65	276.91	291.91	296.91	296.91	295.91	281.26
Police - Grant fund	15.00	15.00	13.00	14.00	13.00	13.00	7.00	7.00	6.00	7.00
Fire - General fund	173.25	173.25	173.25	173.25	173.25	169.25	169.75	173.75	173.75	172.75
Fire - Grant fund	0.75	0.75	0.75	0.75	0.75	4.75	5.25	1.25	1.25	1.25
<b>Public Works</b>										
General Fund	82.00	82.00	83.00	79.90	79.90	80.27	80.27	80.27	80.27	64.00
Street Sales Tax Fund	—	—	—	—	3.00	3.00	3.00	3.00	3.00	3.00
<b>Health and Welfare</b>										
General fund	35.25	35.25	36.00	35.16	40.20	29.33	28.56	28.56	29.52	15.10
Grant fund	7.10	5.35	4.95	8.65	7.65	9.06	6.86	7.13	8.15	8.40
<b>Culture and Recreation</b>										
General fund	32.65	33.46	31.71	28.71	30.15	27.85	27.10	27.10	26.52	22.69
Tourism fund	4.41	4.41	4.41	4.66	4.66	5.66	8.18	14.18	13.00	14.25
Park Improvement Sales Tax fund	25.29	23.98	22.48	21.75	20.75	24.70	26.61	26.61	28.22	29.06
<b>Community Development</b>										
General fund	26.05	27.55	27.05	27.30	27.30	27.30	28.68	28.68	28.18	28.50
Community Dev Block Grant fund	2.70	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
HOME Program fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Storm Water</b>										
Water Poll Control - General Fund	5.00	5.00	5.00	—	—	—	—	—	—	—
Storm Water Sales Tax fund	8.00	8.00	8.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
<b>Power and Light</b>										
Technology Services - General Fund	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Power and Light	217.00	218.00	222.00	233.00	236.00	238.00	239.00	239.00	239.00	228.00
<b>Water</b>										
Finance - General fund	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Water	101.65	101.65	101.65	93.65	93.42	92.42	93.42	93.42	93.42	93.40
<b>Sewer</b>										
Public Works - General fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	—
Water Pollution Control	70.00	70.00	70.00	70.00	70.00	70.00	70.00	73.20	73.20	73.90
<b>Central Garage fund</b>	10.00	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	8.00
<b>Worker' Compensation Fund</b>	1.75	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Total</b>	<u>1,218.00</u>	<u>1,216.30</u>	<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>

Source: City of Independence Budget

Table 24

**City of Independence, Missouri**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police										
Police Incident Calls	125,899	126,087	100,096	98,282	112,197	90,403	105,840	99,355	147,127	46,024
Traffic Unit Citations Issued	31,969	38,465	19,082	19,977	33,234	40,761	36,864	37,921	27,561	11,761
Fire										
Total Alarms	15,374	16,081	16,931	16,907	17,126	16,929	18,737	20,175	20,790	21,603
Public Education Audience	10,291	38,133	35,243	19,508	26,099	25,591	14,787	6,692	13,066	34,800
<b>Public Works</b>										
Street Overlay (lane miles)	53	63	16	35	32	39	49	69	110	57
Street Patching Jobs	3,168	6,163	7,181	5,069	4,319	7,718	7,561	4,319	6,067	6,610
<b>Health and Welfare</b>										
Food Handlers Trained	8,850	9,333	7,036	6,582	5,863	5,187	5,712	4,845	4,407	4,715
Flu Shots Given	789	7,369	661	422	—	—	3,200	2,434	1,741	500
Animal Control Service Calls	9,314	9,489	6,957	7,499	6,343	6,255	5,452	5,008	4,221	4,105
<b>Culture and Recreation</b>										
Park Shelter Reservations	872	715	730	524	579	657	698	652	640	535
Number of Sermon Center Memberships	1,323	1,574	1,577	1,577	1,671	1,332	1,618	2,065	1,840	1,441
<b>Community Development</b>										
Permits Issued	3,782	3,246	4,538	3,177	2,728	3,049	3,155	3,002	3,656	2,509
<b>Tourism</b>										
Site Attendance	230,483	222,104	287,466	374,525	130,249	293,772	409,320	299,457	292,603	285,823
National Frontiers Trails Museum Number of visitors to museum	14,900	16,691	15,126	14,123	12,932	13,470	13,532	14,645	17,934	18,176
<b>Power and Light</b>										
Average number of monthly customers	56,656	56,585	56,458	56,292	56,297	56,474	56,709	56,908	57,123	57,413
<b>Water</b>										
Number of customers	48,318	47,822	48,089	48,145	48,121	48,253	48,384	48,615	48,863	48,799
Water main breaks	171	202	267	249	402	318	227	184	199	256
<b>Sewer</b>										
Number of customers	44,279	44,232	44,078	44,085	44,062	44,166	44,793	44,559	44,755	45,115
Wastewater Treated (Million Gallons)	3,080	3,249	2,515	2,261	2,361	2,124	2,558	3,229	2,603	2,228

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police										
Police stations	4	5	4	3	5	5	5	3	4	5
Vehicles	201	215	166	180	191	191	194	185	200	209
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	45	48	47	45	44	45	46	45	48	48
<b>Public Works</b>										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	547	557	565	565	560	560	560	578	592	592
<b>Culture and Recreation</b>										
Park acreage	728	781	730	843	843	887	887	843	827	788
Parks	42	45	43	45	46	42	43	46	44	41
Community Centers	3	3	3	4	3	3	3	3	3	3
Fitness Centers	2	2	2	2	2	3	3	2	2	2
Ball Fields	54	57	54	42	45	44	44	44	41	38
<b>Power and Light</b>										
Power stations	5	5	5	6	6	6	6	6	5	5
Transmission/Distribution Circuits (miles)	840	844	847	859	853	869	870	888	888	889
Maximum daily use (Mwh)	5,472	4,909	5,456	5,780	5,654	4,818	4,754	4,983	5,166	5,166
<b>Water</b>										
Water mains (miles)	742	746	750	757	758	759	760	760	761	763
Fire hydrants	4,679	4,728	4,787	4,854	4,875	4,910	4,933	4,950	4,967	5,016
Maximum daily pumpage (millions of gallons)	38	35	42	42	47	40	37	39	36	37
<b>Sewer</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	596	597	596	614	614	614	614	616	619	619
Maximum daily capacity of treatment (MGD)	18	18	18	16	16	32	32	32	27	32

Source: City of Independence



*City of Independence*



111 East Maple St., P.O. Box 1019, Independence, Missouri 64051-0519 (816) 325-7000