

Comprehensive Annual Financial Report



INDEPENDENCE

★ MISSOURI ★

A GREAT AMERICAN STORY

For the Fiscal Year Ended

June 30, 2019

CITY OF INDEPENDENCE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



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

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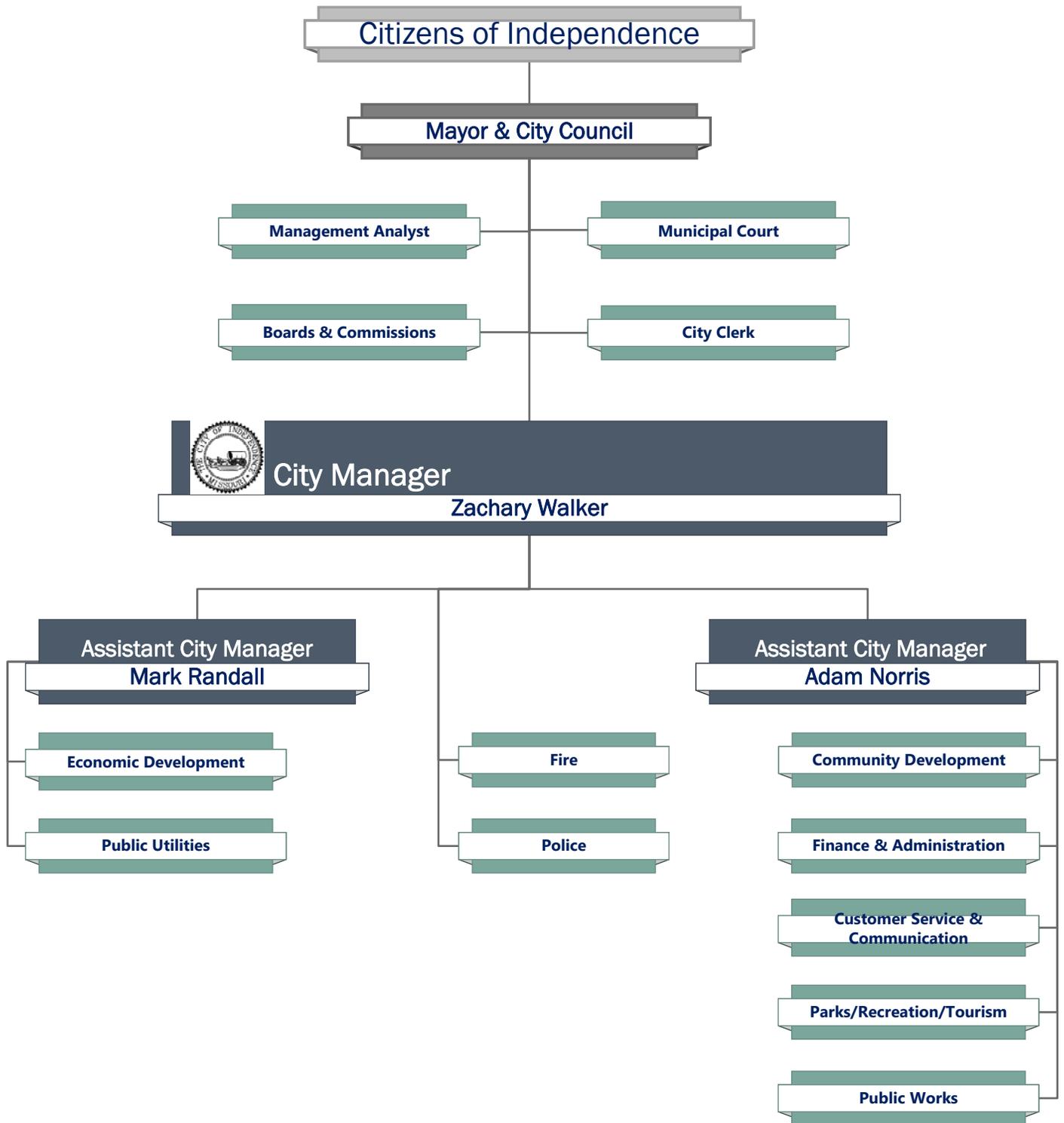
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Note - Organizational Chart as of June 30, 2019



City of Independence

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

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



May 19, 2020

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 2019. This report is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter.

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

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

The City of Independence's financial statements, as required by the Charter, have been audited. The independent audit was conducted by Rubin Brown, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Independence for fiscal year ended June 30, 2019 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, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

and the preparation of an annual report to the Council concerning the methods and results of the operations of the reviewed departments.

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

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

Profile of the City

Incorporated in 1849, the City of Independence is the county seat of Jackson County and borders on the eastern edge of Kansas City, Missouri. Independence has a rich history as The Queen City of the Trails and former home of Harry S Truman, 33rd President of the United States. Independence is the fifth largest city in Missouri with an estimated population of 116,925.

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, 2019, are reported as committed and assigned fund balance since the City intends to honor the purchase orders and contracts.

Local economy

The City is continuing to experience growth on the eastern side of town. The I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21st Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of a fast growing commercial area. This area is home to the Silverstein Eye Centers Arena, formerly known as the Independence Events Center which includes an arena with 5,800 seats for sports with additional seating for concerts and a community ice rink. The Silverstein Eye Centers Arena is home to the Central Hockey League franchise the Kansas City Mavericks and Major Indoor Soccer League the Comets. The Kansas City Mavericks have a signed contract that expires in 2024 and the Comets contract expires April 2022. The Arena opened in November 2009, providing approximately 120 new jobs.

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

Year	City Unemployment Rate	Jackson County Unemployment Rate	Statewide Unemployment Rate
2019*	3.9%	3.8%	3.3%
2018	4.1%	3.7%	3.2%
2017	4.7%	4.4%	3.8%
2016	5.5%	5.1%	4.5%
2015	5.6%	5.9%	5.0%

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

*Average estimated thru June 2019.

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 2019-20 includes projects totaling an estimated \$22.9 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 2018-19 fiscal year, the unassigned fund balance in the General Fund was 8.5% of the General Fund revenues and transfers from utility payments in lieu of taxes. This is a decrease of 0.6% from the 2017-18 amount of 9.1%.

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

Major initiatives

The Neighborhood Stabilization Program brought a number of private and public entities together to redevelop Western Independence as a vibrant community. The Neighborhood Stabilization Program began in 2008 with the Recovery Act funding and completed final invoicing of housing for those aging out of the foster care system at Drumm Institute for Children in fiscal year 2018-19. Development incentives, school redistricting, and tax abatements were combined to encourage construction of new housing, rehabilitation of existing housing, created affordable rental housing for those aging out of the foster care system, and redevelopment of commercial nodes. Additional infrastructure investments by both the City and Missouri Department of Transportation have improved access and enhanced property values. The State of Missouri is working to close out the grant, and no further activities are planned.

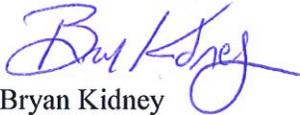
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of team members of the Finance and Administration Department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. I especially want to recognize Nancy Cooper for her dedication to this report while managing the conversion of the new accounting system. I also would like to thank the firm of Rubin Brown, LLP for their assistance and patience in the preparation of this annual report.

Respectfully submitted,



Bryan Kidney
Director of Finance and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Independence
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



1200 Main Street
Suite 1000
Kansas City, MO 64105

T: 816.472.1122
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Independence, Missouri (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Independence, Missouri's basic financial statements, as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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 9.1 percent and 47.2 percent, respectively, of the total assets and total revenues of the major enterprise fund and 0.9 percent and 3.0 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Arena is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Arena, a blended component unit presented within the Events Center major enterprise fund, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Independence, Missouri as of June 30, 2019 and the respective changes in financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis Of Matter

As discussed in Note 15 to the financial statements, the City of Independence, Missouri has restated its financial statements to correct an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory and statistical sections 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.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

May 19, 2020

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2019

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, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

The City's total net position increased \$157.3 million to a total of \$367.4 million. The City's governmental activities had an increase of \$104.0 million and the business-type activities had an increase of \$53.3 million. The majority of the increase was primarily due to changes in benefit terms in Other Postemployment Benefits (OPEB). The City approved significant changes to healthcare coverage by moving retirees into a separate Medicare program which resulted in a decrease to the City's recorded OPEB liability of \$118.0 million.

The City also re-evaluated GASB Statement No. 48, *Sales and Pledges for Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and determined it was appropriate to remove the reported liability for long-term TIF developer obligations. The financial statements were restated to show the beginning of the year net position change of \$33.1 million for the removal of these developer obligations. A list of outstanding obligations are included in the footnotes to the financial statements.

Without the above mentioned changes the City's total net position would have increased \$18.3 million, or 8.7% from the previous year. This increase was primarily due to a decrease in the business-type activities expenses and increases in investment income for both governmental and business-type activities.

Sales tax revenue decreased by \$494,223, or 0.9%. This decrease is in line with the 10-year history, as shown in the statistical section of this report starting on page 142. Sales tax continues to be impacted by on-line sales versus brick and mortar retail. Prior to 2020, the City did not collect a use tax for on-line sales of goods delivered within the City. This impacts receipts as the consumers economy continues to evolve. The City has started collecting for on-line use taxes beginning in January 2020, and we expect to see an increase in the next fiscal year. Total charges for services for the City decreased \$1.2 million or 0.5%, with the business-type activities decreasing \$1.6 million or 0.7% and the governmental funds increasing by \$375,922 or 2.1%. The decrease for the business-type activities is due to less 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

CITY OF INDEPENDENCE, MISSOURI
Management’s Discussion and Analysis
June 30, 2019

Sewer system, and the Silverstein Eye Centers Arena. The focus of these reports is to show the economic resources or value of these systems.

- o 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.

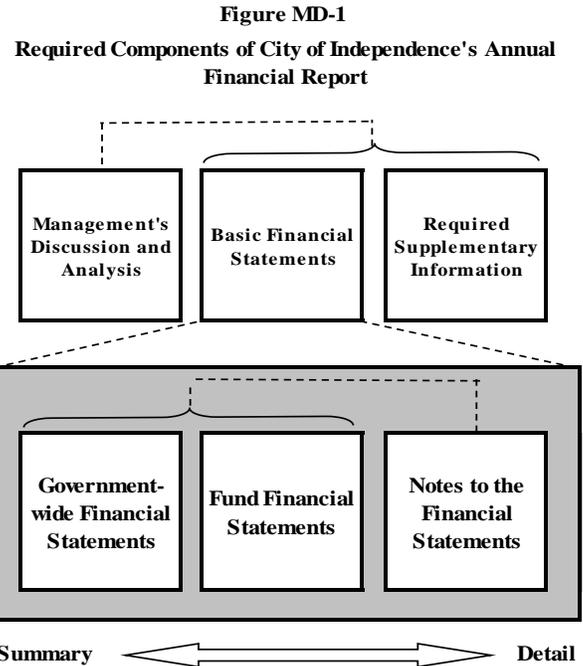


Figure MD-2
Major Features of the City of Independence's Government-wide and Fund Financial Statements

	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, 2019

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The City has three kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional

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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.

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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

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

Table MD-1
City of Independence's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 96,403,860	88,068,737	217,807,993	202,631,282	314,211,853	290,700,019
Capital assets	320,062,805	325,973,397	552,347,482	555,282,068	872,410,287	881,255,465
Total assets	<u>416,466,665</u>	<u>414,042,134</u>	<u>770,155,475</u>	<u>757,913,350</u>	<u>1,186,622,140</u>	<u>1,171,955,484</u>
Total deferred outflows of resources	22,275,091	15,612,191	19,385,224	19,654,792	41,660,315	35,266,983
Long-term obligations	323,195,565	422,818,720	465,966,620	505,345,421	789,162,185	928,164,141
Other liabilities	17,104,438	13,878,750	18,787,272	19,479,646	35,891,710	33,358,396
Total liabilities	<u>340,300,003</u>	<u>436,697,470</u>	<u>484,753,892</u>	<u>524,825,067</u>	<u>825,053,895</u>	<u>961,522,537</u>
Total deferred inflows of resources	29,973,887	28,538,085	5,848,413	7,088,920	35,822,300	35,627,005
Net position						
Net investment in capital assets	319,052,806	324,198,133	216,116,969	214,381,085	535,169,775	538,579,218
Restricted	18,602,877	18,741,314	25,007,273	23,202,738	43,610,150	41,944,052
Unrestricted (deficit)	(269,187,817)	(378,520,677)	57,814,152	8,070,332	(211,373,665)	(370,450,345)
Total net position	<u>\$ 68,467,866</u>	<u>(35,581,230)</u>	<u>298,938,394</u>	<u>245,654,155</u>	<u>367,406,260</u>	<u>210,072,925</u>

The City's combined net position increased 74.9% to \$367.4 million from \$210.1 million. Net position of the City's governmental activities increased 292.4% to \$68.5 million. Governmental assets increased \$2.4 million and liabilities decreased \$96.4 million. Long-term obligations for governmental activities decreased \$99.6 million. Business-type activities assets increased \$12.2 million and liabilities decreased \$40.1 million. Long-term obligations for business-type activities decreased \$39.4 million. For both the governmental and business-type activities the increase in net position and decrease in long-term obligations are primarily from changes in the amounts recorded for Other Post-Employment Benefits due to changes in benefit terms.

The City's total unrestricted net position (deficit) was (\$211.4) million. The governmental activities were (\$269.2) million with an increase of \$109.3 million from the previous year, and business-type activities were \$57.8 million with an increase of \$49.7 million from the previous year. The City's total net investment in capital assets was \$535.2 million with a decrease of \$3.4 million from the previous year.

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Change In Net Position

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

Table MD-2
City of Independence's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 18,487,871	18,111,949	213,462,843	215,055,236	231,950,714	233,167,185
Operating grants & contributions	8,611,746	8,908,557	—	—	8,611,746	8,908,557
Capital grants & contributions	1,299,857	2,239,697	182,117	864,452	1,481,974	3,104,149
General revenues						
Property taxes	8,080,629	8,237,760	—	—	8,080,629	8,237,760
Sales taxes	45,006,244	46,319,963	6,793,078	5,973,582	51,799,322	52,293,545
Intergovernmental activity taxes	12,328,192	11,720,991	—	—	12,328,192	11,720,991
Other taxes	8,670,394	8,806,485	—	—	8,670,394	8,806,485
Investment income (loss)	2,294,796	478,931	5,455,337	674,832	7,750,133	1,153,763
Other	594,740	1,211,700	314,820	665,216	909,560	1,876,916
Total revenues	<u>105,374,469</u>	<u>106,036,033</u>	<u>226,208,195</u>	<u>223,233,318</u>	<u>331,582,664</u>	<u>329,269,351</u>
Expenses						
Administrative services	11,766,972	9,787,625	—	—	11,766,972	9,787,625
Public safety	64,741,468	59,355,553	—	—	64,741,468	59,355,553
Public works	19,081,925	18,384,360	—	—	19,081,925	18,384,360
Health & welfare	—	2,190,183	—	—	—	2,190,183
Culture & recreation	9,829,225	8,659,305	—	—	9,829,225	8,659,305
Community development	6,866,076	6,364,261	—	—	6,866,076	6,364,261
Storm water	3,854,859	3,722,027	—	—	3,854,859	3,722,027
General government	1,047,083	9,749,366	—	—	1,047,083	9,749,366
Tax increment financing	9,743,568	8,756,255	—	—	9,743,568	8,756,255
Interest	109,479	75,246	—	—	109,479	75,246
Power and light	—	—	124,700,820	130,197,969	124,700,820	130,197,969
Water	—	—	22,519,143	23,976,929	22,519,143	23,976,929
Sanitary sewer	—	—	25,728,344	25,605,642	25,728,344	25,605,642
Events center	—	—	13,218,585	12,287,000	13,218,585	12,287,000
Total expenses	<u>127,040,655</u>	<u>127,044,181</u>	<u>186,166,892</u>	<u>192,067,540</u>	<u>313,207,547</u>	<u>319,111,721</u>
Excess (deficiency) of revenues over expenses before transfers	(21,666,186)	(21,008,148)	40,041,303	31,165,778	18,375,117	10,157,630
Transfers - In (Out)	20,360,728	20,057,532	(20,360,728)	(20,057,532)	—	—
Special item - OPEB changes in benefit terms	72,282,213	—	33,603,664	—	105,885,877	—
Change in net position	70,976,755	(950,616)	53,284,239	11,108,246	124,260,994	10,157,630
Net position, beginning of year as restated (deficit)	(2,508,889)	(34,630,614)	245,654,155	234,545,909	243,145,266	199,915,295
Net position, end of year	\$ <u>68,467,866</u>	<u>(35,581,230)</u>	<u>298,938,394</u>	<u>245,654,155</u>	<u>367,406,260</u>	<u>210,072,925</u>

Total revenues increased 0.7% or \$2.3 million, business-type activities increased 1.3% or \$3.0 million, and governmental revenues decreased 0.6% or \$661,564. Of significance is the decrease in sales tax revenue of 0.9% or \$494,223. Sales tax continues to be impacted by on-line sales versus brick and mortar retail. During 2019, the City did not collect a use tax for on-line sales of goods delivered within the City. This continues to impact receipts as the consumer's economy continues to evolve. The decrease in capital grants and contributions for the governmental activities of \$939,840 is primarily due to a decrease in grant activity under the Surface Transportation Program. The decrease in charges for services for business-type activities of \$1.6 million is due to weather conditions, which impact charges for services for the Power and Light and Water Funds.

Total expenses decreased 1.9% or \$5.9 million, governmental expenses decreased \$3,526 and business-type expenses decreased 3.1% or \$5.9 million.

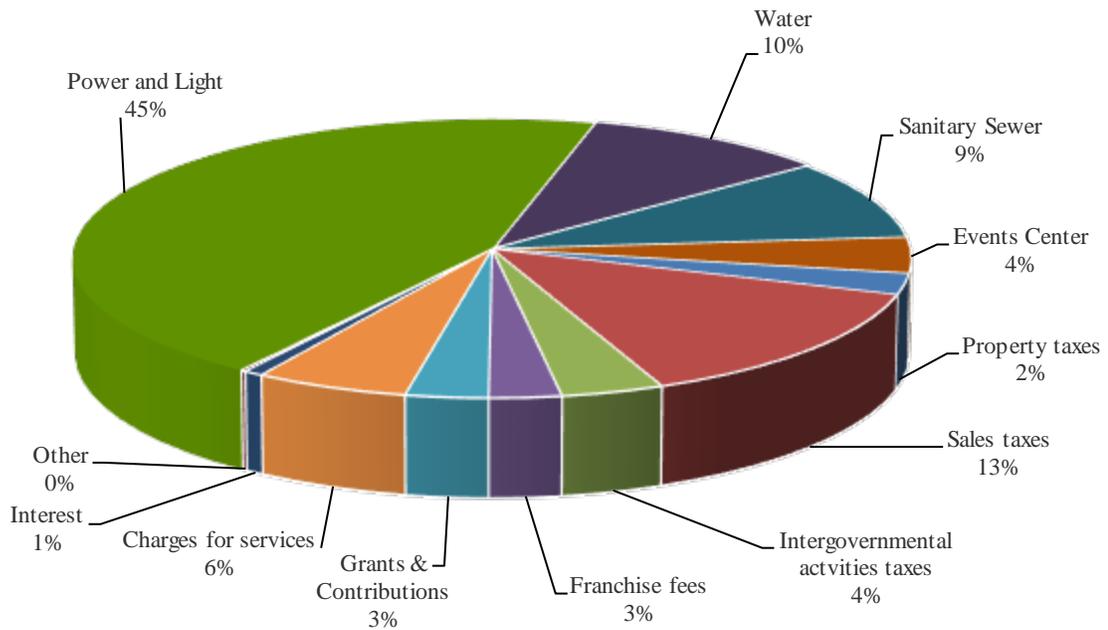
Changes in the business-type expenses are attributed to normal operations; some of the changes are related to the effect of weather on Power and Light and Water sales. The transfers out of the business-type activities and in to the governmental activities represents the payment in-lieu of taxes that would be paid and received if they operated as private utilities.

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Revenues

For the fiscal year ending June 30, 2019 revenues totaled \$331.6 million. Of this amount charges for services (governmental and business-type) were \$231.9 million or 70.0% of the total. Revenue from business-type activities represents \$226.2 million or 68.2% of the total City revenues (Figure MD-3).

City of Independence Sources of Revenue for FY 2019
Figure MD-3



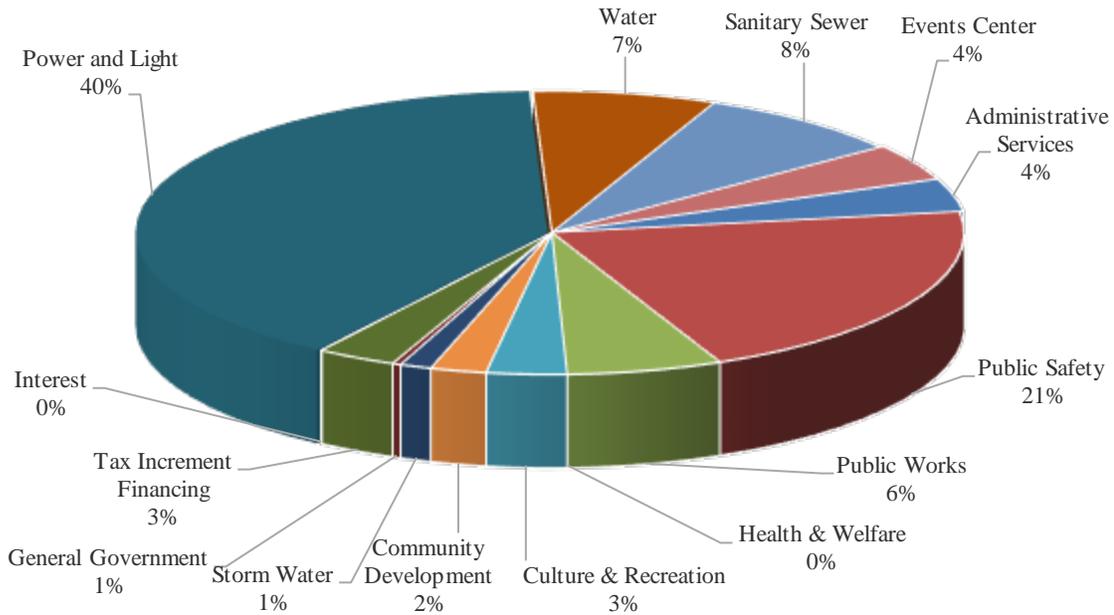
Revenues from governmental activities were \$105.4 million. Sales taxes, the largest governmental category, were \$45.0 million or 42.7%. All taxes represent \$74.1 million or 70.3% of governmental revenue. Operating and capital grants were \$9.9 million or 9.4% of governmental revenues. Charges for services at \$18.5 million were 17.5% of the total.

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Expenses

For the fiscal year ending June 30, 2019, expenses totaled \$313.2 million. Of this amount the Power and Light fund was \$124.7 million or 39.8% of the total. Business-type expenses represent \$186.2 million or 59.4% of the total City expenses (Figure MD-4).

City of Independence Function Expenses FY 2019 Figure MD-4



Expenses from governmental activities were \$127.0 million. Public safety expenses, the largest governmental category, were \$64.7 million or 51.0% of the total. Public Works is the next largest category at \$19.1 million, which is 15.0% of the total.

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Governmental Activities

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

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Administrative services	\$ 11,766,972	9,787,625	5,233,220	1,378,807
Public safety	64,741,468	59,355,553	58,201,352	53,188,048
Public works	19,081,925	18,384,360	12,953,121	10,939,030
Health & welfare	—	2,190,183	—	856,743
Culture & recreation	9,829,225	8,659,305	8,007,968	7,713,387
Community development	6,866,076	6,364,261	526,593	2,675,341
Storm water	3,854,859	3,722,027	3,820,837	3,565,915
General government and interest on long-term debt	1,156,562	9,824,612	1,154,562	9,824,612
Tax increment financing	9,743,568	8,756,255	8,743,528	7,642,095
Total	\$ 127,040,655	127,044,181	98,641,181	97,783,978

As noted in Table MD-3 expenses from governmental activities for fiscal year 2019 were \$127.0 million. However, the net cost of these services was \$98.6 million. The difference represents direct revenues received from charges for services of \$18.5 million, operating grants and contributions of \$8.6 million, and capital grants and contributions of \$1.3 million. Taxes and other revenues of \$77.0 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 \$3.9 million netted to public safety for fines and forfeitures.

Business-type Activities

Revenues of the City's business-type activities increased \$3.0 million and expenses decreased \$5.9 million. This change in revenues is primarily the result of an increase in investment earnings. Also, 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 \$53.3 million. The fund balance of the General Fund decreased \$1.5 million and the TIF Debt Service fund increased \$3.4 million, during fiscal year 2019. The unassigned portion of the General Fund's fund balance decreased \$438,565. 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.

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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 \$301.7 million. The net position of the Power and Light fund increased \$34.0 million, the Water fund increased \$14.7 million, the Sewer fund increased \$7.2 million and the Events Center fund increased \$559,554. Net position for the utilities was primarily impacted by the changes to OPEB discussed earlier. The lagging growth in sales tax revenues has impacted the Events Center Community Improvement District sales tax revenues which have been enough to cover the debt service payments, but not the depreciation and miscellaneous expenses for the Events Center fund.

General Fund Budgetary Highlights

Resources available for appropriation increased \$187,490 from the original estimate. Actual revenues and other financing sources at the end of the year were more than projected by \$677,684. The largest variances were in the areas of taxes, which were \$239,561 below estimated, payments in lieu of taxes which were \$620,728 above estimated, investment earnings which were \$320,482 above estimated, and other revenues which were \$329,638 above estimated.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$1,458,607 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 \$686,058 more than the amount appropriated, representing operating loss of 0.8%.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, the City had invested \$872.4 million, net of depreciation, in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets decreased \$8.8 million or 1.0% during the period.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Land & land imp	\$ 37,694,346	38,190,985	12,131,928	12,131,838	49,826,274	50,322,823	-0.99%
Buildings & Improvements	60,981,751	57,650,736	—	—	60,981,751	57,650,736	5.78%
Office furniture & equipment	16,923	21,841	—	—	16,923	21,841	-22.52%
Computer equipment	1,932,755	1,450,457	—	—	1,932,755	1,450,457	33.25%
Mobile equipment	8,043,177	8,136,943	—	—	8,043,177	8,136,943	-1.15%
Other equipment	2,682,521	2,793,465	12,335,581	11,128,754	15,018,102	13,922,219	7.87%
Infrastructure	175,562,411	189,070,267	483,644,743	498,982,478	659,207,154	688,052,745	-4.19%
Construction in progress	33,148,921	28,658,703	44,235,230	33,038,998	77,384,151	61,697,701	25.42%
Total	<u>\$ 320,062,805</u>	<u>325,973,397</u>	<u>552,347,482</u>	<u>555,282,068</u>	<u>872,410,287</u>	<u>881,255,465</u>	-1.00%

The budget for fiscal year 2020 projects the City will spend an additional \$22.9 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.

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Debt Administration

Table MD-5
City of Independence's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Loans and bonds payable	\$ 22,500	515,000	365,808,725	374,751,112	365,831,225	375,266,112	-2.51%
TIF loans payable	135,379,742	142,458,315	—	—	135,379,742	142,458,315	-4.97%
Capital lease obligations	1,009,999	1,260,264	—	—	1,009,999	1,260,264	-19.86%
Neighborhood Improvment District	40,748	131,694	—	—	40,748	131,694	-69.06%
Total	<u>\$ 136,452,989</u>	<u>144,365,273</u>	<u>365,808,725</u>	<u>374,751,112</u>	<u>502,261,714</u>	<u>519,116,385</u>	-3.25%

The City at the end of fiscal year 2019 had a total of \$502.3 million of outstanding obligations. This was a decrease of \$16.9 million or 3.3% from the previous fiscal year. None of the debt is general obligations of the City, and is limited to either an annual appropriation or specific revenue for repayment. Of the total debt, \$365.8 million or 72.8% are obligations of the business-type activities.

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

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

Economic Factors

In the last five years the City, as a community, lost 2,208 jobs, with current total employment at 57,002 jobs. Unemployment by mid-2019 was 3.9%; this is higher than Jackson County at 3.8% and higher than the State at 3.3%. Average household income for 2019 is estimated to be \$69,445, compared to \$75,013 for the State as a whole. Per capita income for 2019 is estimated to be \$29,468, compared to \$30,498 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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Current assets:			
Pooled cash and investments	\$ 46,707,940	134,346,526	181,054,466
Receivables:			
Taxes	30,402,382	1,326,170	31,728,552
Accounts, net	836,565	17,076,275	17,912,840
Unbilled revenue	—	13,475,109	13,475,109
Special assessment principal	1,004,402	103,375	1,107,777
Accrued interest	142,727	293,448	436,175
Other	—	1,758,905	1,758,905
Internal balances	1,175,954	(1,175,954)	—
Due from other governments	2,972,931	39,166	3,012,097
Inventory	156,416	6,274,193	6,430,609
Prepaid items	—	439,309	439,309
Restricted cash and investments	—	5,949,463	5,949,463
Total current assets	<u>83,399,317</u>	<u>179,905,985</u>	<u>263,305,302</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	65,183,062	56,367,158	121,550,220
Depreciable, net	254,879,743	495,980,324	750,860,067
Other assets	—	774,082	774,082
Restricted cash and investments	13,004,543	37,127,926	50,132,469
Total noncurrent assets	<u>333,067,348</u>	<u>590,249,490</u>	<u>923,316,838</u>
Total assets	<u>416,466,665</u>	<u>770,155,475</u>	<u>1,186,622,140</u>
Deferred outflows of resources:			
Deferred charge on refunding	4,583,734	9,169,370	13,753,104
Pension related amounts	10,191,278	2,356,640	12,547,918
Other post-employment benefits	7,500,079	3,463,381	10,963,460
Deferred environmental and regulatory amounts	—	3,428,519	3,428,519
Goodwill	—	967,314	967,314
Total deferred outflows of resources	<u>22,275,091</u>	<u>19,385,224</u>	<u>41,660,315</u>
Total assets and deferred outflows of resources	<u>\$ 438,741,756</u>	<u>789,540,699</u>	<u>1,228,282,455</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities:			
Accounts and contracts payable	\$ 4,244,517	6,971,152	11,215,669
Accrued items	6,638,826	5,976,636	12,615,462
Other current liabilities	735,253	319,223	1,054,476
Unearned revenue	460,706	1,004,628	1,465,334
Current portion of long-term obligations	14,475,664	12,673,214	27,148,878
Self-insurance claims payable	4,745,620	—	4,745,620
Liabilities payable from restricted assets	279,516	4,515,633	4,795,149
Total current liabilities	<u>31,580,102</u>	<u>31,460,486</u>	<u>63,040,588</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	138,407,998	360,585,178	498,993,176
Self-insurance claims payable	5,151,315	—	5,151,315
Total OPEB liability	123,147,343	64,455,805	187,603,148
Net pension liability	42,013,245	27,985,504	69,998,749
Advances for construction	—	266,919	266,919
Total noncurrent liabilities	<u>308,719,901</u>	<u>453,293,406</u>	<u>762,013,307</u>
Total liabilities	<u>340,300,003</u>	<u>484,753,892</u>	<u>825,053,895</u>
Deferred inflows of resources:			
Real estate tax revenue	21,823,544	—	21,823,544
Pension related amounts	8,150,343	5,848,413	13,998,756
Total deferred inflows of resources	<u>29,973,887</u>	<u>5,848,413</u>	<u>35,822,300</u>
Net position:			
Net investment in capital assets	319,052,806	216,116,969	535,169,775
Restricted for:			
Public safety	4,256,188	—	4,256,188
Public works	4,843,014	—	4,843,014
Culture and recreation	51,306	—	51,306
Storm water	9,114,266	—	9,114,266
General government	28,418	—	28,418
Debt service	109,685	18,046,152	18,155,837
Worker's compensation escrow	200,000	—	200,000
Dogwood SPP escrow	—	61,500	61,500
Southwest Power Pool collateral	—	875,037	875,037
Community improvement district	—	6,024,584	6,024,584
Unrestricted (deficit)	<u>(269,187,817)</u>	<u>57,814,152</u>	<u>(211,373,665)</u>
Total net position (deficit)	<u>68,467,866</u>	<u>298,938,394</u>	<u>367,406,260</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 438,741,756</u>	<u>789,540,699</u>	<u>1,228,282,455</u>

CITY OF INDEPENDENCE, MISSOURI

Statement of Activities
Year ended June 30, 2019

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
Administrative services	\$ 11,766,972	6,533,752	—	—	(5,233,220)
Public safety	64,741,468	4,513,453	1,911,001	115,662	(58,201,352)
Public works	19,081,925	640,034	4,685,751	803,019	(12,953,121)
Culture and recreation	9,829,225	1,264,973	200,624	355,660	(8,007,968)
Community development	6,866,076	4,535,619	1,803,864	—	(526,593)
Storm water	3,854,859	—	8,506	25,516	(3,820,837)
General government	1,047,083	—	2,000	—	(1,045,083)
Tax increment financing	9,743,568	1,000,040	—	—	(8,743,528)
Interest on long-term debt	109,479	—	—	—	(109,479)
Total governmental activities	127,040,655	18,487,871	8,611,746	1,299,857	(98,641,181)
Business-type activities:					
Power and light	124,700,820	145,164,378	—	182,117	20,645,675
Water	22,519,143	32,365,391	—	—	9,846,248
Sewer	25,728,344	30,171,515	—	—	4,443,171
Events center	13,218,585	5,761,559	—	—	(7,457,026)
Total business-type activities	186,166,892	213,462,843	—	182,117	27,478,068
Total primary government	\$ 313,207,547	231,950,714	8,611,746	1,481,974	(71,163,113)

	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (98,641,181)	27,478,068	(71,163,113)
General revenues:			
Taxes			
Property taxes	8,080,629	—	8,080,629
Sales and use taxes	45,006,244	6,793,078	51,799,322
Intergovernmental activity taxes	12,328,192	—	12,328,192
Franchise taxes	8,651,580	—	8,651,580
Financial institutions tax	18,814	—	18,814
Investment income	2,294,796	5,455,337	7,750,133
Special items - OPEB changes in benefit terms	72,282,213	33,603,664	105,885,877
Miscellaneous	594,740	314,820	909,560
Transfers in (out)	20,360,728	(20,360,728)	—
Total general revenues and transfers	169,617,936	25,806,171	195,424,107
Change in net position	70,976,755	53,284,239	124,260,994
Net position (deficit), beginning (as restated)	(2,508,889)	245,654,155	243,145,266
Net position (deficit), ending	\$ 68,467,866	298,938,394	367,406,260

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Balance Sheet

Governmental Funds

June 30, 2019

Assets	General	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 6,170,710	13,698,578	18,364,280	38,233,568
Receivables:				
Taxes	12,481,216	14,000,429	3,920,737	30,402,382
Accounts, net	296,452	83,333	140,875	520,660
Special assessment principal	548,352	—	456,050	1,004,402
Accrued interest	27,107	54,559	53,749	135,415
Due from other funds	2,217,188	—	16,155	2,233,343
Due from other governments	795,421	1,087,730	1,089,780	2,972,931
Restricted cash and investments	279,515	12,431,008	94,020	12,804,543
Total assets	<u>\$ 22,815,961</u>	<u>41,355,637</u>	<u>24,135,646</u>	<u>88,307,244</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts and contracts payable	\$ 706,828	12,831	1,771,049	2,490,708
Due to other funds	222,000	1,478	3,200,513	3,423,991
Accrued items	4,598,439	—	217,769	4,816,208
Other current liabilities	711,132	—	24,121	735,253
Unearned revenue	—	—	460,706	460,706
Liabilities payable from restricted assets:				
Deposits and court bonds	279,516	—	—	279,516
Total liabilities	<u>6,517,915</u>	<u>14,309</u>	<u>5,674,158</u>	<u>12,206,382</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	550,711	—	456,050	1,006,761
Unavailable revenue - real estate taxes	8,466,573	13,331,971	25,000	21,823,544
Total deferred inflows of resources	<u>9,017,284</u>	<u>13,331,971</u>	<u>481,050</u>	<u>22,830,305</u>
Fund balances:				
Restricted	84,386	28,009,357	19,546,737	47,640,480
Committed	30,762	—	61,507	92,269
Assigned	574,172	—	—	574,172
Unassigned (deficit)	6,591,442	—	(1,627,806)	4,963,636
Total fund balance	<u>7,280,762</u>	<u>28,009,357</u>	<u>17,980,438</u>	<u>53,270,557</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 22,815,961</u>	<u>41,355,637</u>	<u>24,135,646</u>	<u>88,307,244</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

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

June 30, 2019

Fund balances – total governmental funds	\$ 53,270,557
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	635,389,393
Less accumulated depreciation	<u>(316,727,221)</u>
	318,662,172
Interest on long-term debt is not accrued in governmental funds but, rather, is recognized as expenditure when due and payable	(1,770,302)
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	1,006,761
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	(876,810)
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	(134,273,500)
Capital lease obligations	(1,009,999)
Compensated absences	(16,332,524)
Discounts (premiums)	(1,181,984)
Deferred charge on refunding	4,596,228
Other post-employment benefits	(121,561,863)
Net pension liability	<u>(41,563,612)</u>
	(311,327,254)
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	(8,049,147)
Deferred outflows of resources - pension related amounts	10,131,541
Deferred outflows of resources - other post-employment benefits	<u>7,420,348</u>
	<u>9,502,742</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 68,467,866</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, 2019

	General	TIF Debt Service	Nonmajor Funds	Total Funds
Revenues:				
Taxes	\$ 34,475,439	17,433,856	22,784,849	74,694,144
Licenses and permits	4,733,488	—	50,340	4,783,828
Intergovernmental	5,246,676	—	4,057,728	9,304,404
Charges for services	2,454,494	—	923,929	3,378,423
Interfund charges for support services	5,035,500	—	—	5,035,500
Fines, forfeitures, and court costs	3,913,825	—	—	3,913,825
Investment income	430,482	927,077	642,694	2,000,253
Other	822,138	1,100,915	851,240	2,774,293
Total revenues	<u>57,112,042</u>	<u>19,461,848</u>	<u>29,310,780</u>	<u>105,884,670</u>
Expenditures:				
Current:				
Administrative services	10,401,559	—	27,991	10,429,550
Public safety	54,253,432	—	5,574,778	59,828,210
Public works	6,635,525	—	834,786	7,470,311
Culture and recreation	2,116,353	—	5,392,321	7,508,674
Community development	5,083,553	—	1,478,427	6,561,980
Storm water	—	—	2,223,961	2,223,961
General government	341,595	—	1,861	343,456
Tax increment financing	—	3,124,874	—	3,124,874
Capital outlay	—	—	12,808,202	12,808,202
Debt service:				
Principal	140,514	6,715,000	723,251	7,578,765
Interest and fiscal agent fees	19,943	5,999,990	103,071	6,123,004
Total expenditures	<u>78,992,474</u>	<u>15,839,864</u>	<u>29,168,649</u>	<u>124,000,987</u>
Excess (deficiency) of revenues over expenditures	<u>(21,880,432)</u>	<u>3,621,984</u>	<u>142,131</u>	<u>(18,116,317)</u>
Other financing sources (uses):				
Transfers in – utility payments in lieu of taxes	20,370,728	—	—	20,370,728
Transfers in	—	962,223	2,096,030	3,058,253
Transfers out	(10,358)	(1,210,741)	(1,847,154)	(3,068,253)
Total other financing sources (uses)	<u>20,360,370</u>	<u>(248,518)</u>	<u>248,876</u>	<u>20,360,728</u>
Net change in fund balances	(1,520,062)	3,373,466	391,007	2,244,411
Fund balances, beginning	<u>8,800,824</u>	<u>24,635,891</u>	<u>17,589,431</u>	<u>51,026,146</u>
Fund balances, ending	<u>\$ 7,280,762</u>	<u>28,009,357</u>	<u>17,980,438</u>	<u>53,270,557</u>

See accompanying notes to financial statements.

Exhibit 4.1

CITY OF INDEPENDENCE, MISSOURI

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

Year ended June 30, 2019

Net change in fund balances – total governmental funds	\$ 2,244,411
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	14,652,165
Depreciation expense	<u>(20,575,247)</u>
	(5,923,082)
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	(596,371)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(219,011)
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:	
Principal payments	7,578,766
Debt premiums, discounts & deferred refunding amortizations	<u>(679,941)</u>
	6,898,825
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	(365,108)
Accrued interest	74,717
Other post-employment benefits	72,282,213
Pension related amount - LAGERS pension expense	<u>(2,204,809)</u>
	69,787,013
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>(1,215,030)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 70,976,755</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Net Position

Proprietary Funds

June 30, 2019

Assets and Deferred Outflows of Resources	Enterprise funds				Total	Governmental
	Power and Light	Water	Sanitary Sewer	Events Center		Internal Service Funds
Current assets:						
Pooled cash and investments	\$ 79,773,847	30,833,500	17,030,803	6,708,376	134,346,526	8,474,372
Receivables:						
Taxes	—	—	—	1,326,170	1,326,170	—
Accounts (net of allowance of \$1,126,163)	11,104,535	2,948,853	2,688,381	334,506	17,076,275	315,905
Unbilled revenue	10,953,841	1,174,161	1,347,107	—	13,475,109	—
Special assessment principal	103,375	—	—	—	103,375	—
Accrued interest	170,966	73,188	49,294	—	293,448	7,312
Other	1,385,395	8,388	345,434	19,688	1,758,905	—
Due from other funds	222,000	2,412,412	—	—	2,634,412	—
Due from other governments	—	—	39,166	—	39,166	—
Inventory	5,496,965	697,083	75,250	4,895	6,274,193	156,416
Prepaid items	253,751	—	—	185,558	439,309	—
Restricted cash and investments	4,641,570	715,576	592,317	—	5,949,463	—
Total current assets	114,106,245	38,863,161	22,167,752	8,579,193	183,716,351	8,954,005
Noncurrent assets:						
Capital assets:						
Nondepreciable	36,506,115	6,974,496	7,090,232	5,796,315	56,367,158	93,979
Depreciable, net	199,207,849	104,842,233	139,596,969	52,333,273	495,980,324	1,306,654
Other assets	—	774,082	—	—	774,082	—
Restricted cash and investments	17,269,630	4,091,607	8,921,748	6,844,941	37,127,926	200,000
Total noncurrent assets	252,983,594	116,682,418	155,608,949	64,974,529	590,249,490	1,600,633
Total assets	367,089,839	155,545,579	177,776,701	73,553,722	773,965,841	10,554,638
Deferred outflows of resources:						
Deferred charge on refunding	1,701,563	932,516	—	6,535,291	9,169,370	—
Pension related amounts	1,773,667	296,076	286,897	—	2,356,640	59,737
Other post-employment benefits	2,282,327	649,452	531,602	—	3,463,381	79,730
Deferred environmental and regulatory amounts	3,428,519	—	—	—	3,428,519	—
Goodwill	—	—	—	967,314	967,314	—
Total deferred outflows of resources	9,186,076	1,878,044	818,499	7,502,605	19,385,224	139,467
Total assets & deferred outflows of resources	\$ 376,275,915	157,423,623	178,595,200	81,056,327	793,351,065	10,694,105
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities:						
Accounts and contracts payable	\$ 5,719,516	940,170	189,294	122,172	6,971,152	1,753,809
Due to other funds	—	—	—	1,008,283	1,008,283	435,481
Accrued items	2,188,298	831,341	1,407,985	1,549,012	5,976,636	52,315
Other current liabilities	194,770	34,453	—	90,000	319,223	—
Unearned revenue	—	—	—	1,004,628	1,004,628	—
Current portion of long-term obligations	6,836,602	2,083,733	2,422,879	1,330,000	12,673,214	42,397
Self-insurance claims payable	—	—	—	—	—	4,745,620
Liabilities payable from restricted assets	3,207,740	715,576	592,317	—	4,515,633	—
Total current liabilities	18,146,926	4,605,273	4,612,475	5,104,095	32,468,769	7,029,622
Noncurrent liabilities:						
Revenue bonds payable	155,768,341	22,440,417	91,341,454	86,278,513	355,828,725	—
Compensated absences – long-term	3,322,046	977,149	457,258	—	4,756,453	55,752
Total OPEB liability	43,114,684	12,528,785	8,812,336	—	64,455,805	1,585,480
Net pension liability	20,442,548	4,325,642	3,217,314	—	27,985,504	449,633
Self-insurance claims payable	—	—	—	—	—	5,151,315
Advances for construction	106,797	160,122	—	—	266,919	—
Total noncurrent liabilities	222,754,416	40,432,115	103,828,362	86,278,513	453,293,406	7,242,180
Total liabilities	240,901,342	45,037,388	108,440,837	91,382,608	485,762,175	14,271,802
Deferred inflows of resources:						
Pension related amounts	4,325,748	912,401	610,264	—	5,848,413	101,196
Total deferred inflows of resources	4,325,748	912,401	610,264	—	5,848,413	101,196
Net position:						
Net investment in capital assets	77,752,732	92,325,435	62,137,495	(16,098,693)	216,116,969	1,400,633
Restricted for:						
Debt service/capital outlay	17,269,630	500,000	—	276,522	18,046,152	—
Workers compensation escrow	—	—	—	—	—	200,000
Dogwood SPP escrow	61,500	—	—	—	61,500	—
Southwest Power Pool collateral	875,037	—	—	—	875,037	—
Community improvement district	—	—	—	6,024,584	6,024,584	—
Unrestricted	35,089,926	18,648,399	7,406,604	(528,694)	60,616,235	(5,279,526)
Total net position (deficit)	131,048,825	111,473,834	69,544,099	(10,326,281)	301,740,477	(3,678,893)
Total liabilities, deferred inflows of resources and net position	\$ 376,275,915	157,423,623	178,595,200	81,056,327	793,351,065	10,694,105
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(2,802,083)	
Net position of business-type activities					\$ 298,938,394	

CITY OF INDEPENDENCE, MISSOURI
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2019

	Enterprise funds				Total	Governmental
	Power and Light	Water	Sanitary Sewer	Events Center		Internal Service Funds
Operating revenues:						
Charges for services	\$ 139,548,280	32,139,891	30,126,661	5,761,559	207,576,391	29,675,272
Miscellaneous	5,616,098	225,500	44,854	—	5,886,452	10,638
Total operating revenues	<u>145,164,378</u>	<u>32,365,391</u>	<u>30,171,515</u>	<u>5,761,559</u>	<u>213,462,843</u>	<u>29,685,910</u>
Operating expenses:						
Personal services	23,796,693	8,035,973	6,031,802	—	37,864,468	929,617
Other services	22,886,862	5,288,357	10,686,096	512,270	39,373,585	35,327,921
Supplies	49,818,707	2,064,967	539,403	—	52,423,077	933,450
Other expenses	7,403,172	3,770,383	49,679	6,633,908	17,857,142	—
Depreciation and amortization	13,297,863	3,111,141	4,310,652	1,895,771	22,615,427	117,782
Total operating expenses	<u>117,203,297</u>	<u>22,270,821</u>	<u>21,617,632</u>	<u>9,041,949</u>	<u>170,133,699</u>	<u>37,308,770</u>
Operating income (loss)	<u>27,961,081</u>	<u>10,094,570</u>	<u>8,553,883</u>	<u>(3,280,390)</u>	<u>43,329,144</u>	<u>(7,622,860)</u>
Nonoperating revenues (expenses):						
Investment income	3,346,993	1,123,048	697,035	288,261	5,455,337	294,543
Miscellaneous revenue	1,101,588	1,532,682	(28,588)	935,241	3,540,923	2,203,745
Interest and amortization expense	(6,711,576)	(1,028,117)	(4,179,581)	(4,176,636)	(16,095,910)	—
Sales tax	—	—	—	6,793,078	6,793,078	—
Total nonoperating revenue (expenses)	<u>(2,262,995)</u>	<u>1,627,613</u>	<u>(3,511,134)</u>	<u>3,839,944</u>	<u>(306,572)</u>	<u>2,498,288</u>
Income (loss) before contributions and transfers	25,698,086	11,722,183	5,042,749	559,554	43,022,572	(5,124,572)
Capital contributions	182,117	—	—	—	182,117	—
Transfers out – utility payments in lieu of taxes	(14,130,811)	(3,175,319)	(3,064,598)	—	(20,370,728)	—
Transfers in	—	—	10,000	—	10,000	—
Special item - OPEB changes in benefit terms	22,266,428	6,162,467	5,174,769	—	33,603,664	746,156
Change in net position	<u>34,015,820</u>	<u>14,709,331</u>	<u>7,162,920</u>	<u>559,554</u>	<u>56,447,625</u>	<u>(4,378,416)</u>
Total net position (deficit):						
Beginning of the year, as restated	97,033,005	96,764,503	62,381,179	(10,885,835)		699,523
End of the year	<u>\$ 131,048,825</u>	<u>111,473,834</u>	<u>69,544,099</u>	<u>(10,326,281)</u>		<u>(3,678,893)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(3,163,386)</u>	
Change in net position of business-type activities					<u>\$ 53,284,239</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2019

	Enterprise funds				Total	Governmental
	Power and Light	Water	Sanitary Sewer	Events Center		Internal Service Funds
Cash flows from operations:						
Receipts from customers and others	\$ 151,229,418	35,543,366	30,473,060	5,994,176	223,240,020	31,578,873
Payments to suppliers	(81,330,033)	(10,667,965)	(10,555,144)	(7,018,940)	(109,572,082)	(32,738,145)
Payments to employees	(23,894,517)	(7,654,054)	(5,979,520)	—	(37,528,091)	(942,385)
Payments to other funds	—	—	—	988,189	988,189	—
Net cash provided (used) by operating activities	46,004,868	17,221,347	13,938,396	(36,575)	77,128,036	(2,101,657)
Cash flows from noncapital financing activities:						
Transfers in	—	—	10,000	—	10,000	435,481
Transfers out – payments in lieu of taxes	(14,130,811)	(3,175,319)	(3,064,598)	—	(20,370,728)	—
Sales tax	—	—	—	6,793,078	6,793,078	—
Advances to/from other funds	(222,000)	125,771	—	—	(96,229)	—
Net cash provided by (used in) noncapital financing activities	(14,352,811)	(3,049,548)	(3,054,598)	6,793,078	(13,663,879)	435,481
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(10,009,744)	(4,579,548)	(1,592,399)	(1,403,841)	(17,585,532)	(726,644)
Interest paid on revenue bonds and equipment contracts	(7,036,393)	(1,900,878)	(4,987,661)	(3,660,887)	(17,585,819)	—
Debt expense paid on revenue bonds	—	(37,630)	—	—	(37,630)	—
Redemption of revenue bonds	(3,850,000)	(1,530,000)	(2,060,000)	(1,326,187)	(8,766,187)	—
Net cash provided by (used in) capital and related financing activities	(20,896,137)	(8,048,056)	(8,640,060)	(6,390,915)	(43,975,168)	(726,644)
Cash flows from investing activities:						
Interest on investments	3,300,734	1,088,479	678,259	288,261	5,355,733	298,479
Net cash provided by investing activities	3,300,734	1,088,479	678,259	288,261	5,355,733	298,479
Net increase (decrease) in cash and cash equivalents	14,056,654	7,212,222	2,921,997	653,849	24,844,722	(2,094,341)
Cash and cash equivalents at beginning of year	87,628,393	28,428,461	23,622,871	12,899,468	152,579,193	10,768,713
Cash and cash equivalents at end of year	\$ 101,685,047	35,640,683	26,544,868	13,553,317	177,423,915	8,674,372
Noncash capital and related financing activities:						
Contributed capital	\$ 182,117	—	—	—	182,117	—
Components of cash and short-term investments at end of fiscal year:						
Unrestricted assets	\$ 79,773,847	30,833,500	17,030,803	6,708,376	134,346,526	8,474,372
Restricted assets	21,911,200	4,807,183	9,514,065	6,844,941	43,077,389	200,000
Total pooled cash and investments	\$ 101,685,047	35,640,683	26,544,868	13,553,317	177,423,915	8,674,372
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 27,961,081	10,094,570	8,553,883	(3,280,390)	43,329,144	(7,622,860)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	13,297,863	3,111,141	4,310,652	1,895,771	22,615,427	117,782
Miscellaneous revenue	1,101,588	1,532,682	(28,588)	935,241	3,540,923	2,203,745
Change in assets and liabilities:						
Accounts receivable	4,062,503	1,103,000	97,142	(389,606)	4,873,039	(310,782)
Inventory	(104,983)	(102,567)	1,188	(1,801)	(208,163)	22,619
Prepaid items and other assets	22,267	—	—	(22,311)	(44)	—
Unbilled revenue	1,268,674	577,388	522,126	—	2,368,188	—
Due from other governments	1,009,675	—	56,299	—	1,065,974	—
Special assessments receivable	7,997	—	—	—	7,997	—
Accounts and contracts payable	(1,143,759)	269,005	42,619	10,251	(821,884)	1,513,118
Internal balances	—	—	—	988,189	988,189	—
Accrued and other liabilities	569,731	303,293	398,162	1,086,685	2,357,871	18,757
Other post-employment benefits & net pension liability	1,237,118	387,028	208,224	—	1,832,370	30,025
Self-insurance claims payable	—	—	—	—	—	1,980,728
Deferred charges	(1,817,461)	—	—	—	(1,817,461)	—
Unearned revenue	—	—	—	(313,018)	(313,018)	—
Customer deposits	(1,332,358)	(49,084)	(67,369)	(945,586)	(2,394,397)	—
Compensated absences	(135,068)	(5,109)	(155,942)	—	(296,119)	(54,789)
Total adjustments	18,043,787	7,126,777	5,384,513	3,243,815	33,798,892	5,521,203
Net cash provided by operating activities	\$ 46,004,868	17,221,347	13,938,396	(36,575)	77,128,036	(2,101,657)

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Private- Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Pooled cash and investments	\$ 12,195	205,630
Accrued interest receivable	36	654
Total assets	<u>12,231</u>	<u>206,284</u>
Liabilities:		
Accounts and contracts payable	—	2,825
Funds held in escrow	5,392	—
Flexible benefit payable	—	143,247
Susie Block fund payable to others	—	34,934
Senior travel program fund payable to others	—	25,278
Total liabilities	<u>5,392</u>	<u>\$ 206,284</u>
Net position:		
Held in trust	<u>\$ 6,839</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended June 30, 2019

	Private- Purpose Trust Funds
Additions:	
Charges for services	\$ 16,402
Interest & gain (loss) on investments	444
Other	7
Total additions	16,853
Deductions:	
Preservation and maintenance expense	15,527
Total deductions	15,527
Change in net position	1,326
Net position, beginning	5,513
Net position, ending	\$ 6,839

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

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CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(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, 2019

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, 2019

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 Global, and the activity of the Events Center CID.

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

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

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

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

Internal Service Funds – These funds account for the costs of fleet maintenance, the Staywell Healthcare program, Workers’ Compensation, 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, 2019

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Cost reimbursement grants are recorded as unearned revenue when proceeds are received in advance.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual under this definition. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, and is not susceptible to reporting under this definition. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

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

(d) Accounts Receivable

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

(e) Investments

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

(f) Inventory

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

(g) Prepaid Items

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(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, 2019

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, 2019

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

(j) Bond Premiums/Discounts, and Issuance Costs

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

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

(k) Deferred Inflows/Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has five items that qualify for reporting in this category. They are the deferred charge on refunding, deferred pension related amounts, deferred other post-employment benefit (OPEB) amounts, deferred environmental and regulatory amounts, and goodwill reported in the government-wide and the proprietary funds statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension related deferred outflow consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, plan experience, and changes in assumptions. The OPEB related deferred outflow consists of the unamortized portion of the net difference between projected and actual experience and changes in assumptions. The deferred environmental and regulatory deferred outflow consists of obsolete inventory materials for the Power and Light fund. The goodwill related deferred outflow consists of goodwill reported in the Events Center enterprise fund, which will be amortized over the remaining life of the related asset (the Events Center). Goodwill became a deferred outflow of resources under GASB Statement No. 85, *Omnibus 2017*, which the City implemented in the fiscal year ending June 30, 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has 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, 2019

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 leave for all employees, other than Firefighters, is paid up to the equivalent of six months' for sick leave, and a maximum of 400 hours for vacation at the employee's current rate of pay. Firefighters are paid up to nine months for sick leave, and up to 780 hours of vacation for 24-hours shift Firefighters.

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

(m) Pensions

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

(n) Fund Balances

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

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

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

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

Assigned – consists of amounts which are constrained by City management's intent for these to be used for a specific purpose but are neither formally restricted by external sources nor committed by City Council action. The City's Fund Balance Policy authorizes the City Manager to assign amounts for a specific purpose in this category. Likewise, the City Manager has the authority to take

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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 16 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 \$1,050,546 for Power and Light, \$3,591,607 for Water, \$8,921,748 for Sewer and \$6,844,941 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 \$1,234,158 for the License Surcharge and \$3,188,490 for the Street Sales Tax; \$9,114,266 for Storm Water Sales Tax; \$4,256,188 for Public Safety Sales Tax; \$18,155,837 for debt service; and \$6,024,584 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, 2019

(q) Use of Estimates

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

(r) New Accounting Pronouncements

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

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

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The City will implement GASB Statement No. 91 with the year ended June 30, 2022.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(2) Deposits and Investments

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

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

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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

At June 30, 2019, 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	\$ 3,581,181	Level 2
U.S. Treasury Notes	38,927,925	Level 1
U.S. Treasury Bill	197,880	Level 1
Other investments:		
Federal National Mortgage Association	17,939,745	Level 2
Federal Home Loan Bank	7,356,039	Level 2
U.S. Treasury Notes	84,363,719	Level 1
U.S. Treasury Bond	27,506	Level 1
Money Market - Bond Reserves	5,902,883	Level 1
Local government investment pool - MOSIP	26,841,449	Level 1
	<u>Total investments</u>	
	185,138,327	
Cash and cash equivalents:		
Deposits and repurchase obligations	52,205,420	
Petty cash	10,476	
	<u>Total</u>	
	\$ 237,354,223	

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

	<u>Government-Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Primary Government Total</u>
Pooled cash and investments	\$ 181,054,466	217,825	181,272,291
Restricted cash and investments	56,081,932	—	56,081,932
	<u>\$ 237,136,398</u>	<u>217,825</u>	<u>237,354,223</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, 2019

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	5.91%
Federal National Mortgage Association	AAA	9.69%
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, 2019, 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, 2019.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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, 2019, the City’s investment portfolio had the following investments and maturities:

<u>Investment Type</u>	<u>Total</u>	<u>6 Months or Less</u>	<u>6 - 12 Months</u>	<u>12 - 24 Months</u>	<u>24 - 36 Months</u>	<u>36 - 48 Months</u>	<u>48 - 60 Months</u>	<u>Over 60 Months</u>
Local government investment pool - MOSIP	\$ 26,841,449	26,841,449	—	—	—	—	—	—
Money Market - Bond Reserves	5,902,883	5,902,883	—	—	—	—	—	—
U.S. Government Securities								
Federal National Mortgage Association	17,939,745	4,984,835	—	4,130,413	—	—	8,824,497	—
Federal Home Loan Bank	10,937,220	3,581,181	—	—	3,186,519	—	4,169,520	—
U.S. Treasury Notes	123,291,644	11,992,000	15,429,245	43,179,864	24,230,460	14,342,673	14,117,402	—
U.S. Treasury Bill	197,880	197,880	—	—	—	—	—	—
U.S. Treasury Bond	27,506	—	—	—	—	—	—	27,506
Total investments	\$ 185,138,327	53,500,228	15,429,245	47,310,277	27,416,979	14,342,673	27,111,419	27,506

Truman Heartland Community Foundation

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

At June 30, 2019, the carrying values of deposits are summarized as follows:

<u>Project</u>	<u>Balance</u>
Police Peer Support	\$ 593
Police Equipment	11,648
Fire Safety Equipment	7,129
Sermon Memorial Room	30,127
Sermon/Old Spring Project	30,072
Truman Memorial Building Restoration	1,694
Truman Memorial Walking Trail	15,295
George Owens Nature Park	4,828
Palmer Center Senior Services	16,733
Palmer Senior Center	5,818
Memorial Endowment - Palmer Senior Center	77,089
McCoy Park Inclusive Play	8,098
Animal Shelter Replacement	163
Friends of Truman Depot	17,216
Waggoner Memorial	4,717
Pioneer Statue	4,511
	\$ 235,731

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(3) Tax Revenue

Tax revenue, including interest and penalties for the year ended June 30, 2019 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	\$ 7,834,414	10,282,072	25,218	18,141,704
Railroad utilities tax	42,846	—	—	42,846
Cigarette tax	412,888	—	—	412,888
Transient guest tax	—	—	1,967,003	1,967,003
Sales tax	17,533,711	7,151,784	20,792,628	45,478,123
Franchise tax	8,651,580	—	—	8,651,580
	<u>\$ 34,475,439</u>	<u>17,433,856</u>	<u>22,784,849</u>	<u>74,694,144</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, 2018, on which the fiscal 2019 levy was based, was \$1,403,493,591.

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, 2019 were \$0.4830 for the General Fund, \$0.2275 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, 2019, the City provides Chapter 353 Tax Abatements through four programs that provide property tax abatement to encourage rehabilitation of properties that improve the safety and health of the home occupants, and help revitalize the redevelopment area. Abatements are obtained through application by the property owner, including inspection by City staff showing proof that improvements were made, and equals 100% of the real estate tax for years 1 through 10, and 50% of the real estate tax for years 11

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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, 2019, the abated tax amounts were as follows:

Tax Abatement Program	Abated Tax
Fairmount Carlisle	\$ 26,706
Independence Square	19,144
Midtown Truman Road Corridor	33,679
St. Clair Park	240
Total	\$ 79,769

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:

Years	PILOT Percentage	Basis
1 through 10	20%	Real property taxes that would otherwise be due on the Project Improvements
11 through 15	25%	Real property taxes that would otherwise be due on the Project Improvements
16 through 20	50%	Real property taxes that would otherwise be due on the Project Improvements
1	0%	Personal property taxes that would otherwise be due on the Project Equipment
2	5%	Personal property taxes that would otherwise be due on the Project Equipment
3	10%	Personal property taxes that would otherwise be due on the Project Equipment
4	15%	Personal property taxes that would otherwise be due on the Project Equipment
5	20%	Personal property taxes that would otherwise be due on the Project Equipment

As of June 30, 2019, the City provides Chapter 100 Tax Abatements through one program and the tax abated for the fiscal year was \$93,597.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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, 2019, the City had 21 active TIF projects and abated \$8,132,808 in real estate tax and sales tax revenue.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(4) Intergovernmental Revenue and Receivables

Intergovernmental revenue during fiscal year 2019 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Federal			
Department of Agriculture	\$ —	3,000	3,000
Department of Housing & Urban Development			
Community Development Block Grant	—	912,675	912,675
Neighborhood Stabilization Program	—	305	305
Home Investment Partnership	—	194,076	194,076
Department of the Interior	—	30,440	30,440
Department of Justice	—	268,050	268,050
Department of Transportation	—	1,964,356	1,964,356
Department of Health & Human Services	30,000	26,754	56,754
Executive Office of the President	—	274,787	274,787
Department of Homeland Security	—	98,500	98,500
Total Federal	<u>30,000</u>	<u>3,772,943</u>	<u>3,802,943</u>
State & Local			
Department of Health & Human Services	—	167,048	167,048
Department of Public Safety	—	23,500	23,500
Department of Revenue			
Motor Vehicle Fuel Tax	3,128,777	—	3,128,777
Motor Vehicle License	520,018	—	520,018
Motor Vehicle Sales Tax	1,020,723	—	1,020,723
Financial Institutions Tax	18,814	—	18,814
Missouri Highway & Transportation Commission	—	18,712	18,712
Missouri Department of Agriculture	—	1,000	1,000
Missouri Department of Conservation	—	23,410	23,410
Missouri Department of Transportation	—	16,257	16,257
Jackson County Anti-Drug Tax	286,935	9,513	296,448
Jackson County DARE	241,409	—	241,409
Other	—	25,345	25,345
Total State & Local	<u>5,216,676</u>	<u>284,785</u>	<u>5,501,461</u>
Grand Total	<u>\$ 5,246,676</u>	<u>4,057,728</u>	<u>9,304,404</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

Amounts due from other governments at June 30, 2019 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund :				
Department of Health & Human Services	\$ 5,000	—	—	5,000
Department of Revenue				
Motor Vehicle Fuel Tax	—	559,909	—	559,909
Motor Vehicle Sales Tax	—	101,669	—	101,669
Motor Vehicle License Fees	—	128,843	—	128,843
	<u>5,000</u>	<u>790,421</u>	<u>—</u>	<u>795,421</u>
TIF Debt Service:				
State Sales Tax	—	127,861	—	127,861
County Sales Tax	—	—	774,580	774,580
Kansas City Zoo Tax	—	—	64,284	64,284
Noland Road Community Improvement District	—	—	65,496	65,496
39th St Transportation Development District	—	—	55,509	55,509
	<u>—</u>	<u>127,861</u>	<u>959,869</u>	<u>1,087,730</u>
Nonmajor Governmental Funds:				
Department of Agriculture	22,097	—	—	22,097
Department of Housing & Urban Development				
Community Development Block Grant	155,364	—	—	155,364
Home Investment Partnership	20,952	—	—	20,952
Neighborhood Stabilization Program	115,196	—	—	115,196
Department of the Interior	20,000	—	—	20,000
Department of Justice	114,884	—	—	114,884
Department of Transportation	478,518	—	—	478,518
Department of Health & Human Services	6,876	—	—	6,876
Executive Office of the President	131,993	—	—	131,993
Missouri Department of Transportation	—	490	—	490
Missouri Department of Conservation	—	23,410	—	23,410
	<u>1,065,880</u>	<u>23,900</u>	<u>—</u>	<u>1,089,780</u>
Sanitary Sewer Fund				
Department of Homeland Security	39,166	—	—	39,166
	<u>39,166</u>	<u>—</u>	<u>—</u>	<u>39,166</u>
Totals	\$ <u>1,110,046</u>	<u>942,182</u>	<u>959,869</u>	<u>3,012,097</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(5) Interfund Activity

(a) Interfund Balances

Interfund balances at June 30, 2019, consisted of the following:

	<u>Due From General Fund</u>	<u>Due from Nonmajor Governmental</u>	<u>Due from TIF Debt Service</u>	<u>Due from Events Center</u>	<u>Due from Enterprise Resource Planning</u>	<u>Total</u>
Due to:						
Governmental activities:						
General Fund	\$ —	771,946	1,478	1,008,283	435,481	2,217,188
Nonmajor governmental	—	16,155	—	—	—	16,155
Total governmental activities	<u>\$ —</u>	<u>788,101</u>	<u>1,478</u>	<u>1,008,283</u>	<u>435,481</u>	<u>2,233,343</u>
Business-type activities:						
Power and Light Fund	\$ 222,000	—	—	—	—	222,000
Water Fund	—	2,412,412	—	—	—	2,412,412
Total business-type activities	<u>222,000</u>	<u>2,412,412</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,634,412</u>
Total	<u>\$ 222,000</u>	<u>3,200,513</u>	<u>1,478</u>	<u>1,008,283</u>	<u>435,481</u>	<u>4,867,755</u>

Interfund payables and receivables represent loans between funds for operating purposes, short-term negative balances and pending reimbursements. The General Fund owes \$222,000 to the Power and Light Fund for an internal loan to purchase electric vehicles, and the Parks Sales Tax Fund owes the Water Fund \$2,412,412 for an internal loan for Farmer’s Market construction. The Crackerneck Creek TDD, which is reported as a component unit in the TIF Debt Service category, owes \$1,478 to the General Fund for administrative fees. The Events Center CID, which is reported as a component unit in the Event Center Category, owes \$26,523 to the General Fund for administrative fees. All other amounts are for short-term loans for negative cash balances at June 30, 2019.

(b) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 2019 were as follows:

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2019, and are included as a credit to Water's operating expenses as follows:

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

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2019, and are included as a credit to Power and Light's operating expenses as follows:

Sanitary Sewer Fund	\$	337,915
Water Fund		<u>1,496,096</u>
	\$	<u><u>1,834,011</u></u>

(c) Payments in Lieu of Taxes

The payments in lieu of taxes of \$14,130,811, \$3,175,319 and \$3,064,598 in fiscal year 2019 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, 2019, consisted of the following:

	Transfer Out			
	General	Tax Increment Financing	Nonmajor Governmental	Total
Transfers In:				
Sanitary Sewer Fund	\$ 10,000	—	—	10,000
Events Center	—	962,223	—	962,223
Nonmajor governmental	358	248,518	1,847,154	2,096,030
Total Primary Government	\$ <u><u>10,358</u></u>	<u><u>1,210,741</u></u>	<u><u>1,847,154</u></u>	<u><u>3,068,253</u></u>

Transfers are for capital projects, general operations and debt service payments. There is a transfer for \$962,223 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, 2019

(6) Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 32,034,141	—	—	32,034,141
Construction work in progress	<u>28,658,703</u>	<u>12,431,263</u>	<u>(7,941,045)</u>	<u>33,148,921</u>
Total nondepreciable capital assets	<u>60,692,844</u>	<u>12,431,263</u>	<u>(7,941,045)</u>	<u>65,183,062</u>
Depreciable capital assets:				
Land improvements	10,156,469	—	—	10,156,469
Buildings	51,702,639	7,941,045	(862,627)	58,781,057
Building improvements	19,043,328	71,204	—	19,114,532
Improvements other than buildings	36,435,368	99,345	—	36,534,713
Office furniture and equipment	469,415	—	—	469,415
Computer equipment	5,120,103	813,463	—	5,933,566
Mobile equipment	26,811,585	1,527,173	(1,879,665)	26,459,093
Other equipment	9,947,505	490,728	(98,146)	10,340,087
Infrastructure	<u>404,136,070</u>	<u>—</u>	<u>—</u>	<u>404,136,070</u>
Total depreciable capital assets	<u>563,822,482</u>	<u>10,942,958</u>	<u>(2,840,438)</u>	<u>571,925,002</u>
Less accumulated depreciation for:				
Land improvements	(3,999,625)	(496,639)	—	(4,496,264)
Buildings	(19,263,922)	(1,504,603)	273,077	(20,495,448)
Building improvements	(10,392,399)	(903,483)	—	(11,295,882)
Improvements other than buildings	(19,874,278)	(1,782,943)	—	(21,657,221)
Office furniture and equipment	(447,574)	(4,918)	—	(452,492)
Computer equipment	(3,669,646)	(331,165)	—	(4,000,811)
Mobile equipment	(18,674,642)	(1,559,750)	1,818,476	(18,415,916)
Other equipment	(7,154,040)	(601,672)	98,146	(7,657,566)
Infrastructure	<u>(215,065,803)</u>	<u>(13,507,856)</u>	<u>—</u>	<u>(228,573,659)</u>
Total accumulated depreciation	<u>(298,541,929)</u>	<u>(20,693,029)</u>	<u>2,189,699</u>	<u>(317,045,259)</u>
Total depreciable capital assets, net	<u>265,280,553</u>	<u>(9,750,071)</u>	<u>(650,739)</u>	<u>254,879,743</u>
Governmental activities capital assets, net	<u>\$ 325,973,397</u>	<u>2,681,192</u>	<u>(8,591,784)</u>	<u>320,062,805</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

Depreciation expense was charged to functions as follows:

Administrative services	\$	395,904
Public safety		3,046,136
Public works		12,445,488
Culture and recreation		2,045,384
Community development		109,013
Storm water		1,599,953
General government		933,369
Total		<u>20,575,247</u>
Internal Service Funds:		
Central Garage		5,357
Enterprise Resource Planning		112,425
Total depreciation expense	\$	<u><u>20,693,029</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
Business-type activities:				
Power and Light Fund:				
Nondepreciable capital assets:				
Land	\$ 3,840,521	—	—	3,840,521
Construction in progress	<u>25,589,426</u>	<u>12,624,128</u>	<u>(5,547,960)</u>	<u>32,665,594</u>
Total nondepreciable capital assets	29,429,947	12,624,128	(5,547,960)	36,506,115
Depreciable capital assets:				
Infrastructure:				
Production plant	187,117,868	14,155	—	187,132,023
Transmission plant	45,575,168	94,322	(7,179)	45,662,311
Distribution plant	175,169,116	4,616,429	(536,502)	179,249,043
General plant	17,610,034	7,300	(1,111,749)	16,505,585
Other	<u>2,755,568</u>	<u>—</u>	<u>—</u>	<u>2,755,568</u>
Total infrastructure	428,227,754	4,732,206	(1,655,430)	431,304,530
Machinery and equipment	<u>28,345,759</u>	<u>876,955</u>	<u>—</u>	<u>29,222,714</u>
Total depreciable capital assets	456,573,513	5,609,161	(1,655,430)	460,527,244
Less accumulated depreciation:				
Infrastructure	(227,668,535)	(12,590,997)	851,741	(239,407,791)
Machinery and equipment	<u>(21,428,151)</u>	<u>(1,396,209)</u>	<u>912,756</u>	<u>(21,911,604)</u>
* Total accumulated depreciation	<u>(249,096,686)</u>	<u>(13,987,206)</u>	<u>1,764,497</u>	<u>(261,319,395)</u>
Total depreciable capital assets, net	<u>207,476,827</u>	<u>(8,378,045)</u>	<u>109,067</u>	<u>199,207,849</u>
Total power and light capital assets	\$ <u>236,906,774</u>	<u>4,246,083</u>	<u>(5,438,893)</u>	<u>235,713,964</u>

* See page 60 note regarding depreciation.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
Water Fund:				
Nondepreciable capital assets:	\$			
Land	2,164,811	90	—	2,164,901
Construction in progress	1,276,182	4,562,642	(1,029,229)	4,809,595
Total nondepreciable capital assets	<u>3,440,993</u>	<u>4,562,732</u>	<u>(1,029,229)</u>	<u>6,974,496</u>
Depreciable capital assets:				
Infrastructure:				
Nonutility property	40,014	—	—	40,014
Source of supply	8,257,918	47,509	—	8,305,427
Pumping plant	15,834,266	10,214	(91,133)	15,753,347
Treatment plant	25,455,380	158,230	(13,534)	25,600,076
Transmission plant	94,964,768	425,976	(58,667)	95,332,077
General plant	2,083,288	—	—	2,083,288
Other	12,547,766	—	—	12,547,766
Total infrastructure	<u>159,183,400</u>	<u>641,929</u>	<u>(163,334)</u>	<u>159,661,995</u>
Machinery and equipment	6,785,822	505,152	(313,131)	6,977,843
Total depreciable capital assets	<u>165,969,222</u>	<u>1,147,081</u>	<u>(476,465)</u>	<u>166,639,838</u>
Less accumulated depreciation:				
Infrastructure	(54,183,736)	(2,716,743)	161,394	(56,739,085)
Machinery and equipment	(4,878,157)	(493,494)	313,131	(5,058,520)
* Total accumulated depreciation	<u>(59,061,893)</u>	<u>(3,210,237)</u>	<u>474,525</u>	<u>(61,797,605)</u>
Total depreciable capital assets, net	<u>106,907,329</u>	<u>(2,063,156)</u>	<u>(1,940)</u>	<u>104,842,233</u>
Total water capital assets	<u>\$ 110,348,322</u>	<u>2,499,576</u>	<u>(1,031,169)</u>	<u>111,816,729</u>

* See page 60 note regarding depreciation.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
Sanitary Sewer Fund:				
Nondepreciable capital assets:				
Land	\$ 330,191	—	—	330,191
Construction in progress	6,173,390	1,060,560	(473,909)	6,760,041
Total nondepreciable capital assets	<u>6,503,581</u>	<u>1,060,560</u>	<u>(473,909)</u>	<u>7,090,232</u>
Depreciable capital assets:				
Infrastructure:				
Nonutility property	46,368	—	—	46,368
Collection plant	123,883,699	475,699	(6,262)	124,353,136
Pumping plant	70,199,989	—	—	70,199,989
Treatment plant	13,665,607	4,276	—	13,669,883
General plant	1,463,673	—	—	1,463,673
Total infrastructure	<u>209,259,336</u>	<u>479,975</u>	<u>(6,262)</u>	<u>209,733,049</u>
Machinery and equipment	<u>7,359,453</u>	<u>532,035</u>	<u>(28,474)</u>	<u>7,863,014</u>
Total depreciable capital assets	216,618,789	1,012,010	(34,736)	217,596,063
Less accumulated depreciation:				
Infrastructure	(67,226,296)	(3,983,682)	—	(71,209,978)
Machinery and equipment	<u>(6,490,620)</u>	<u>(326,970)</u>	<u>28,474</u>	<u>(6,789,116)</u>
Total accumulated depreciation	<u>(73,716,916)</u>	<u>(4,310,652)</u>	<u>28,474</u>	<u>(77,999,094)</u>
Total depreciable capital assets, net	<u>142,901,873</u>	<u>(3,298,642)</u>	<u>(6,262)</u>	<u>139,596,969</u>
Total sewer capital assets	<u>149,405,454</u>	<u>(2,238,082)</u>	<u>(480,171)</u>	<u>146,687,201</u>
Events Center fund:				
Nondepreciable capital assets:				
Land	\$ 5,796,315	—	—	5,796,315
Construction in progress	—	—	—	—
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	558,630	—	66,140,081
Machinery and equipment	<u>3,555,930</u>	<u>845,211</u>	<u>—</u>	<u>4,401,141</u>
Total depreciable capital assets	69,137,381	1,403,841	—	70,541,222
Less accumulated depreciation:				
Infrastructure	(14,190,896)	(1,647,162)	—	(15,838,058)
Machinery and equipment	<u>(2,121,282)</u>	<u>(248,609)</u>	<u>—</u>	<u>(2,369,891)</u>
Total accumulated depreciation	<u>(16,312,178)</u>	<u>(1,895,771)</u>	<u>—</u>	<u>(18,207,949)</u>
Total depreciable capital assets, net	<u>52,825,203</u>	<u>(491,930)</u>	<u>—</u>	<u>52,333,273</u>
Total events center capital assets	<u>58,621,518</u>	<u>(491,930)</u>	<u>—</u>	<u>58,129,588</u>
Total business-type activities capital assets	<u>\$ 555,282,068</u>	<u>4,015,647</u>	<u>(6,950,233)</u>	<u>552,347,482</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 13,297,863
Water	3,111,141
Sanitary sewer	4,310,652
Events center	<u>1,895,771</u>
Total business-type activities depreciation expense	<u>\$ 22,615,427</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, 2019 the difference for Power and Light is \$689,343 and the difference for Water is \$99,096.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(7) Long-Term Obligations

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for “city purposes,” not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a city, by vote of two-thirds of the voting electorate under a special election or four-sevenths under a general election, to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property. As of June 30, 2019, the City has no general obligation debt outstanding.

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2019:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 545,000	—	522,500	22,500	7,500
TIF loans	140,925,000	—	6,715,000	134,210,000	7,075,000
Capital lease obligations	1,260,264	—	250,265	1,009,999	254,877
Neighborhood Improvement					
District (NID)	132,000	—	91,000	41,000	7,000
Premium (discount), net	1,533,009	—	363,519	1,169,490	—
Total loans and note payable	<u>144,395,273</u>	<u>—</u>	<u>7,942,284</u>	<u>136,452,989</u>	<u>7,344,377</u>
Other liabilities:					
Compensated absences	16,120,355	6,283,626	5,973,308	16,430,673	7,131,287
Total OPEB liability	190,065,658	6,110,054	73,028,369	123,147,343	—
Net pension liability	36,665,395	5,347,850	—	42,013,245	—
Total other liabilities	<u>242,851,408</u>	<u>17,741,530</u>	<u>79,001,677</u>	<u>181,591,261</u>	<u>7,131,287</u>
Total Governmental Activities	\$ <u>387,246,681</u>	<u>17,741,530</u>	<u>86,943,961</u>	<u>318,044,250</u>	<u>14,475,664</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, 2019

The following is a summary of changes in long-term debt of the Proprietary Funds for the year ended June 30, 2019:

	<u>Beginning Balance</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	\$ 159,945,000	—	3,850,000	156,095,000	4,945,000
Premium on bonds payable	4,861,001	—	242,660	4,618,341	—
Total revenue bonds	<u>164,806,001</u>	<u>—</u>	<u>4,092,660</u>	<u>160,713,341</u>	<u>4,945,000</u>
Compensated absences	5,430,873	2,511,234	2,728,459	5,213,648	1,891,602
Total OPEB liability	63,563,651	1,817,461	22,266,428	43,114,684	—
Net pension liability	20,079,101	363,447	—	20,442,548	—
Total Power and Light Fund	<u>253,879,626</u>	<u>4,692,142</u>	<u>29,087,547</u>	<u>229,484,221</u>	<u>6,836,602</u>
Water Fund:					
Revenue bonds	24,975,000	—	1,530,000	23,445,000	1,575,000
Premium on bonds payable	625,531	—	55,114	570,417	—
Total revenue bonds	<u>25,600,531</u>	<u>—</u>	<u>1,585,114</u>	<u>24,015,417</u>	<u>1,575,000</u>
Compensated absences	1,490,661	569,728	574,507	1,485,882	508,733
Total OPEB liability	18,174,719	516,533	6,162,467	12,528,785	—
Net pension liability	4,238,451	87,191	—	4,325,642	—
Total Water Fund	<u>49,504,362</u>	<u>1,173,452</u>	<u>8,322,088</u>	<u>42,355,726</u>	<u>2,083,733</u>
Sanitary Sewer Fund:					
Revenue Bonds	94,765,000	—	2,060,000	92,705,000	2,130,000
Premium on bonds payable	841,467	—	35,025	806,442	—
Discount on bonds payable	(41,587)	—	(1,599)	(39,988)	—
Total revenue bonds	<u>95,564,880</u>	<u>—</u>	<u>2,093,426</u>	<u>93,471,454</u>	<u>2,130,000</u>
Compensated absences	906,079	432,469	588,411	750,137	292,879
Total OPEB liability	13,554,633	432,472	5,174,769	8,812,336	—
Net pension liability	3,156,141	61,173	—	3,217,314	—
Total Sanitary Sewer Fund	<u>113,181,733</u>	<u>926,114</u>	<u>7,856,606</u>	<u>106,251,241</u>	<u>2,422,879</u>
Events Center Fund:					
Revenue bonds	88,855,000	—	1,175,000	87,680,000	1,330,000
Premium on bonds payable	153,589	—	7,776	145,813	—
Discount on bonds payable	(228,889)	—	(11,589)	(217,300)	—
Total Events Center Fund	<u>88,779,700</u>	<u>—</u>	<u>1,171,187</u>	<u>87,608,513</u>	<u>1,330,000</u>
Total business-type activities	\$ <u>505,345,421</u>	<u>6,791,708</u>	<u>46,437,428</u>	<u>465,699,701</u>	<u>12,673,214</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

Debt service requirements on long-term debt with schedules maturities at June 30, 2019 are as follows:

Governmental Activities									
	Loans Payable		NID Payable		TIF Loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 7,500	—	7,000	2,409	7,075,000	5,755,224	7,089,500	5,757,634	
2021	7,500	—	7,000	1,998	7,495,000	5,458,278	7,509,500	5,460,276	
2022	7,500	—	7,000	1,586	6,850,000	5,140,562	6,864,500	5,142,148	
2023	—	—	8,000	1,175	3,165,000	4,858,416	3,173,000	4,859,591	
2024	—	—	12,000	705	9,405,000	4,686,961	9,417,000	4,687,666	
2025-2029	—	—	—	—	61,185,000	15,916,304	61,185,000	15,916,304	
2030-2034	—	—	—	—	11,760,000	7,066,275	11,760,000	7,066,275	
2035-2039	—	—	—	—	10,135,000	4,633,900	10,135,000	4,633,900	
2040-2044	—	—	—	—	11,210,000	2,602,531	11,210,000	2,602,531	
2045-2046	—	—	—	—	5,930,000	232,719	5,930,000	232,719	
	\$ 22,500	—	41,000	7,873	134,210,000	56,351,170	134,273,500	56,359,043	

Business-type Activities										
	Power and Light		Water		Sewer		Events Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	4,625,000	5,952,350	1,880,000	652,938	2,470,000	3,805,006	1,970,000	3,507,969	10,945,000	13,918,263
2025-2029	25,640,000	26,768,239	10,620,000	2,047,919	13,980,000	17,388,363	14,580,000	16,370,894	64,820,000	62,575,414
2030-2034	31,900,000	20,519,269	4,260,000	90,525	17,265,000	14,097,231	28,205,000	12,269,875	81,630,000	46,976,901
2035-2039	38,330,000	11,844,568	—	—	21,930,000	9,438,056	36,650,000	4,643,300	96,910,000	25,925,926
2040-2044	26,110,000	5,364,906	—	—	28,080,000	3,285,425	—	—	54,190,000	8,650,332
2045-2046	11,895,000	692,225	—	—	—	—	—	—	11,895,000	692,225
	\$ 156,095,000	96,789,408	23,445,000	6,192,009	92,705,000	64,130,208	87,680,000	51,422,863	359,925,000	218,534,490

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(a) Governmental Activities

(1) Loans Payable – Property Acquisition

Governmental activities loans payable at June 30, 2019 is comprised of the following:

\$67,500 (Osage Parcels 2, 3, 4 and 5) annual installments of \$7,500 through 2022; interest at 0.00%	\$ 22,500
Total Governmental Activities Loans Payable	<u>\$ 22,500</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, 2019 are comprised of the following:

\$111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of \$5,000 to \$6,000 through 2024; interest at 5.375% to 5.50%	\$ 41,000
Total Neighborhood Improvement District	<u>\$ 41,000</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(3) Capital Lease Obligations

Capital leases payable at June 30, 2019 are comprised of the following:

Motorola Solutions (radio equipment) semi-annual installments of \$56,700 to \$78,539 through 2022; interest at 3.4593%	\$ 451,650
PNC Equipment Finance (fire truck) annual installments of \$51,525 to \$71,106 through 2026; interest at 3.00%	456,376
TCF Equipment Finance (Toro equipment) annual installments of \$9,605 through 2020; interest at 3.89%	18,127
TCF Equipment Finance (Toro equipment) annual installments of \$44,679 through 2020; interest at 4.40%	83,846
Total Capital Lease Obligations	\$ <u><u>1,009,999</u></u>

The net book value of assets acquired under the capital leases described above amounted to \$2,395,429 as of June 30, 2019.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year ending June 30:	
2020	\$ 287,403
2021	287,403
2022	233,029
2023	73,235
2024 - 2026	<u>219,705</u>
	1,100,775
Less imputed interest	<u>(90,776)</u>
Present value of minimum lease payments	\$ <u><u>1,009,999</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(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 \$190.6 million in tax increment financing loans (TIF Loans) issued at various dates beginning in 1999 to finance redevelopment projects within each of the respective TIF plans. The loans are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plans. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the TIF loans. Should TIF revenues not be sufficient to meet the required debt service obligations, neither the City nor the Commission is obligated to make such loan payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. During this fiscal year, the City did not use any of the City's general, sales tax, or proprietary funds to make up deficiencies in loan payments, and management anticipates the same for the next fiscal year.

Developer obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City. For the fiscal year ended June 30, 2019, the City re-evaluated GASB Statement No. 48, *Sales and Pledges for Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, and determined it was appropriate to remove the reported liability for long-term TIF developer obligations.

Although not recorded as a liability, the outstanding TIF developer obligations at June 30, 2019 were:

TIF Project	Obligations
RSO - Cargo Largo	\$ 1,038,977
North Independence	1,691,398
Mount Washington	68,852
Falls at Crackerneck - Bass Pro	5,350,000
Old Landfill - Stone Canyon	8,784,435
Cinema East - Blue Ridge	3,516,273
Trinity	3,549,464
HCA - Centerpoint	358,036
23rd & Noland - Project 1	130,500
23rd & Noland - Project 2	283,400
Little Blue Parkway 1	1,441,917
Little Blue Parkway 3	1,452,070
Marketplace Shopping Center 1	790,000
Marketplace Shopping Center 2	3,694,764
	<u>\$ 32,150,086</u>

CITY OF INDEPENDENCE, MISSOURI

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June 30, 2019

At June 30, 2019, total principal and interest remaining on the loans was \$190.6 million and the outstanding developer obligations were \$32.2 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 \$14.8 million, excluding refunding transactions. Incremental revenues from the City included \$4.3 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, 2019

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%	3,445,000
\$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%	7,670,000
\$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%	1,585,000
\$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%	2,245,000
\$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%	1,480,000
\$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%	4,790,000
\$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%	3,290,000
\$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%	14,155,000
\$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%	1,205,000
\$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%	6,025,000
Total TIF Loans Payable	<u>\$ 134,210,000</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

Restricted assets held by the Commission of \$12,431,008 consist of funds available for costs related to the redevelopment of the Santa Fe, Hartman Heritage, Drumm Farm, Eastland Center, Crackerneck Creek and HCA areas.

(1) Tax Increment Financing Prior Year Defeasance of Debt

In prior years, the City defeased certain loans payable with the Missouri Development Finance Board by placing the proceeds of refunding TIF loans in an irrevocable trust to provide for all future debt service payments on the old loans. Accordingly, the trust account assets and the liability for the defeased loans are not included in the City's financial statements. At June 30, 2019, 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 Lease, the City was obligated to make \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of the Series 2006A Bonds. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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

Calendar Year		Amount
2019	\$	1,000,000
2020		1,000,000
2021		1,000,000
2022		1,000,000
2023		1,000,000
2024 - 2026		<u>3,000,000</u>
Total	\$	<u><u>8,000,000</u></u>

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, 2019

(b) Business-Type Activities

(1) Revenue Bonds

Revenue bonds payable at June 30, 2019 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%	\$	12,495,000
\$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%		42,655,000
\$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
Total Power and Light fund		<u>156,095,000</u>

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%		23,445,000
Total Water Fund		<u>23,445,000</u>

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%		32,235,000
\$43,800,000 Series 2013 C annual installments of \$250,000 to \$2,855,000 through 2042; interest at 2.00% to 5.25%		40,585,000
\$21,170,000 Series 2014 C annual installments of \$250,000 to \$6,150,000 through 2043; interest at 2.00% to 5.00%		19,885,000
Total Sanitary Sewer fund		<u>92,705,000</u>

Events Center Fund:

\$11,815,000 Series 2011 A annual installments of \$70,000 to \$1,585,000 through 2038; interest at 2.00% to 5.50%		10,960,000
\$68,945,000 Series 2012 C annual installments of \$105,000 to \$12,540,000 through 2038; interest at 2.00% to 4.00%		66,030,000
\$12,005,000 Series 2016 A annual installments of \$400,000 to \$710,000 through 2038; interest at 3.00%		10,690,000
Total Events Center Fund		<u>87,680,000</u>
Total revenue bonds	\$	<u>359,925,000</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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	\$ 17,269,630	—	—	—
Depreciation and emergency	—	500,000	—	—
Bond reserve and project accounts	1,050,546	3,591,607	8,921,748	6,844,941
Total revenue bond reserves	18,320,176	4,091,607	8,921,748	6,844,941
Customer deposits	2,649,378	715,576	592,317	—
Purchase of Dogwood Plant	61,500	—	—	—
Southwest Power Pool collateral	880,146	—	—	—
Total	\$ <u>21,911,200</u>	<u>4,807,183</u>	<u>9,514,065</u>	<u>6,844,941</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, 2019

(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, 2019 is as follows:

Date Issued	Description	Purpose of Debt	Revenue Pledged	Term of Commitment	Principal & Interest Remaining	Principal & Interest 2018 - 2019	Net Available Revenues 2018 - 2019
11/2010	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2035	19,405,738	2,511,688	
03/2012	Power and Light Revenue Bonds	Electric System - Dogwood	Appropriated Revenues	through 2037	87,827,390	2,631,219	
12/2012	Power and Light Leasehold Revenue Bonds - Refunding	Electric System Projects	Appropriated Revenues	through 2037	56,781,100	3,789,350	
09/2016	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2046	88,870,180	1,789,994	
					\$ 252,884,408	10,722,250	46,944,643
11/2013	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2029	29,637,009	2,528,138	16,158,225
					\$ 29,637,009	2,528,138	16,158,225
08/2012	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2041	52,366,234	2,275,881	
09/2013	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2042	70,251,143	2,925,350	
11/2014	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2043	34,217,831	1,071,575	
					\$ 156,835,208	6,272,806	13,713,125

(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, 2019, District revenues paid to the City for debt service totaled \$5,072,064. The remaining debt service amounts of \$123,175 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, 2019, were \$106,797.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

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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, 2019, were \$160,122.

(9) Employee Retirement System

Plan Description

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

Benefits Provided

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

	<u>2019 Valuation</u>
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, 2019

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1,121
Inactive employees entitled to but not yet receiving benefits	196
Active employees	969
	<hr/>
	2,286
	<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, 2019 were 17.30% (General), 18.50% (Police) and 18.00% (Fire) of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019. Standard update procedures were used to roll forward the total pension liability to June 30, 2019.

Actuarial Assumptions

The total pension liability in the February 28, 2019 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

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The actuarial assumptions used in the February 28, 2019 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>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.51%

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, 2019

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2018	\$ 521,358,418	457,219,330	64,139,088
Changes for the year:			
Service Cost	8,767,760	—	8,767,760
Interest	37,097,513	—	37,097,513
Difference between expected and actual experience	5,293,296	—	5,293,296
Contributions - employer	—	13,183,650	(13,183,650)
Contributions - employee	—	2,992,581	(2,992,581)
Net investment income	—	29,696,791	(29,696,791)
Benefit payments, including refunds	(28,449,283)	(28,449,283)	—
Administrative expense	—	(271,793)	271,793
Other (net transfer)	—	(302,321)	302,321
Net changes	<u>22,709,286</u>	<u>16,849,625</u>	<u>5,859,661</u>
Balances at 6/30/2019	<u>\$ 544,067,704</u>	<u>474,068,955</u>	<u>69,998,749</u>

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

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

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability (NPL)	\$ 144,811,913	69,998,749	8,050,466

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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

For the year ended June 30, 2019 the City recognized pension expense of \$17,160,610. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual plan experience	\$	8,736,552	(2,292,910)
Changes in assumptions		3,811,366	—
Difference between expected & actual investment earnings		—	(11,705,846)
Total	\$	12,547,918	(13,998,756)

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

Year Ended:		
2020	\$	2,368,972
2021		(5,135,774)
2022		(1,675,229)
2023		1,897,308
2024		965,607
Thereafter		128,278
	\$	(1,450,838)

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 replaced the requirements of

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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

Plan Description

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

Benefits Provided

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to retired employees who participate in 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, 2019, the premiums were split as follows:

Insurance Plan	Retiree Premium	City Premium
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%

Participants

The number of participants that either are, or potentially could be, covered by the City’s plan, as of January 1, 2019, which is the effective date of the current OPEB actuarial valuation, is listed below. There have been no significant changes in the number of covered participants or the type of coverage since that date.

Active Employees (not including dependents)	912
Retirees or surviving spouses (not including dependents)	<u>854</u>
Total Participants	1,766

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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	\$	285,358,661
Service Cost		7,279,911
Interest Cost		9,525,419
Changes in Benefit Terms		(117,967,934)
Difference between actual & expected experience		8,495,479
Changes in assumptions & inputs		2,890,612
Employer Contributions (Benefit Payments)		(7,979,000)
Net Changes		<u>(97,755,513)</u>
Total OPEB Liability - End of the year	\$	<u><u>187,603,148</u></u>
 Covered payroll		 62,360,911
 Total OPEB liability as a % of covered payroll		 300.83%

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

Effective January 1, 2020, Medicare eligible retirees are covered under a fully-insured, stand-alone plan and will be moved from the self-funded group plan. The impact on the actuarial liability is a reduction of \$117,967,934. Premium costs are significantly lower than claim experience and cost incurred for Medicare eligible retirees in the self-funded plan.

Total OPEB Liability

The City's total OPEB liability of \$187,603,148 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, 2019, rolled forward to June 30, 2019
Measurement Date	June 30, 2019
Discount Rate	3.00% Measurement Date 3.30% 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	7.50% decreasing annually until 4.50% is reached
Retiree's Share of Benefit Related Costs	Retirees must contribute a stipulated percentage of the plan premiums to maintain coverage. The monthly contribution rates as of January 1, 2019 served as a starting point for the valuation, and were assumed to increase at the same rate of health care costs in the future. Effective January 1, 2020, the Medicare eligible retirees will be covered under a fully-insured, stand-alone program. Retirees will still be required to contribute a stipulated percentage of the plan premiums to this program.
Mortality Rates	The mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount - Weighted Mortality with Scale MP-2019 Full Generational Improvement

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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 3.00%, as well as what the total OPEB liability would be using a discount rate that is 1 percentage point lower at 2.00% or one percentage point higher at 4.00% than the current rate.

		Current Single Discount		
		1% Decrease	Rate Assumption	1% Increase
		2.00%	3.00%	4.00%
Total OPEB Liability	\$	219,165,906	187,603,148	162,566,649

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City’s total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rates of 7.50% decreasing annually to 4.50% in 2028.

		Current Healthcare Cost Trend Rate		
		1% Decrease	Current	1% Increase
		6.50%	Trend Rate 7.50%	8.50%
Total OPEB Liability	\$	159,352,654	187,603,148	224,163,392

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

For the year ended June 30, 2019, the City recognized OPEB income of \$98,653,033. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	\$	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	6,967,515	—
Changes in assumptions		3,995,945	—
Total	\$	10,963,460	—

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

Fiscal Year Ending	Amount
2020	\$ 2,509,571
2021	2,509,571
2022	2,509,571
2023	2,509,571
2024	925,176
2025 & Thereafter	—
	\$ 10,963,460

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(11) Risk Management

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

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

Beginning April 1, 2019, the City left MOPERM and joined the States Risk Retention Group, which is a member-owned company providing excess liability insurance to cities, counties, school districts, and other public entities across the country. States is a Risk Retention program whereby the City assumes the first \$150,000 of each liability claim for the 2020 policy year. This amount increases to \$200,000 for the 2021 policy year, and will be at the desired goal of \$250,000 deductible per claim starting in the 2022 policy year. The liability limits with States are \$10,000,000 each occurrence/policy aggregate.

The City is self-insured for workers' compensation and purchases excess coverage for workers' compensation claims in excess of \$1,000,000 per accident. 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 \$30,535,496 for the open access plan and for the in-network plan. The City's share of the premiums for this employee benefit was \$18,722,665. 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, 2019

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

	Claims Payable			
	Workers' Compensation		Staywell	
	2018	2019	2018	2019
Beginning of year	\$ 4,670,311	5,720,581	1,903,134	2,193,243
Current year claims and changes in estimates	4,806,428	8,387,470	25,248,267	23,794,406
Claims payments	<u>(3,756,158)</u>	<u>(6,406,742)</u>	<u>(24,958,158)</u>	<u>(23,792,023)</u>
End of year	\$ <u>5,720,581</u>	<u>7,701,309</u>	<u>2,193,243</u>	<u>2,195,626</u>

(12) Commitments

Construction Commitments

At June 30, 2019, the City had commitments of approximately \$18.2 million to complete construction contracts. Of this amount, \$10.9 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 \$132,200,000 through the year 2049. During fiscal year 2019, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$14,900,000 for 420,199 megawatt-hours of wholesale energy. For fiscal year 2020, the projected costs under the agreement are estimated to be approximately \$17,000,000.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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 2019, the delivered cost of capacity and energy under the agreement, including all demand, energy, and debt service was approximately \$18,000,000 for 309,590 megawatt-hours of wholesale energy. For fiscal year 2020, the projected costs under the agreement are estimated to be approximately \$22,500,000.

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 2019, the cost of the energy purchases was approximately \$2,200,000 for 37,598 megawatt-hours of wholesale energy. For the fiscal year 2020, the projected costs under the agreement are estimated to be approximately \$2,800,000.

In May 2015, the City entered into a renewable energy purchase agreement with Marshall Wind Energy LLC. Under this agreement, the City purchases a 27.78% share (20 megawatts) of a 72 megawatt wind farm generation project located in north central Kansas. The agreement provides that the City will purchase its share of the energy output of the Marshall Wind project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on March 22, 2016 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2019, the cost of the energy purchases was approximately \$2,600,000 for 76,011 megawatt-hours of wholesale energy. For fiscal year 2020, the projected costs under the agreement are estimated to be approximately \$2,800,000.

In November 2015, the City entered into a renewable energy purchase agreement with MCP-Independence LLC. Under this agreement, the City purchases power generated from a 3 megawatt AC photovoltaic solar farm located in Independence, Missouri. In July 2017, the City entered into a second renewable energy purchase agreement with MCP-Independence, LLC to expand the solar farm by 8.5 megawatts. Both agreements provides that the City will purchase all energy output of the projects and will pay a flat fixed rate (in dollars per kilowatt-hour) for the entire 25-year term of the agreements. Energy deliveries from the solar farm began on March 15, 2017 and deliveries for the expansion began on June 14, 2018. During fiscal year 2019, the cost of the energy purchased was approximately \$1,500,000 for 18,913 megawatt-hours of wholesale energy. For the fiscal year 2020, the projected costs under the agreement are estimated to be approximately \$1,500,000.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

In May 2019, the City entered into an agreement with Oneta Power LLC, for a Capacity Only Power Purchase Agreement for the purchase of 46 megawatts of capacity only from the Oneta Generating Facility for a 10 year term. Oneta Generating Facility is a 1,133 MW natural gas-fired combined cycle plant located in Coweta, Oklahoma. For Delivery Years 1-5, the City shall have the right to increase the Quantity of the Contract Capacity (up to 70 MW total, the 'Reserved Capacity') for any remaining years of the Delivery Term. Beginning in Delivery Year 6, in the event Oneta is interested in pursuing a transaction with a third party for any portion of the Reserved Capacity that is not yet committed to the City, Oneta shall give the City advance notice, and the City has the right, exercisable within a specified number of days following the notice, to add such portion of the Reserved Capacity to the Contract Capacity (in lieu of Oneta transacting with a third party for such portion). Any adjustment of Contract Capacity shall not fall below the level of Contract Capacity for the previous Delivery Year. The "Capacity Price" equals \$2.25 per kW-month in the Delivery Year beginning June 1, 2020 (First Year Annual Cost equals $\$2.25 \times 45\text{MW} \times 1000 \times 12\text{mo} = \$1,215,000$). For Delivery Years beginning June 1, 2021 through (and including) May 31, 2030, the Capacity Price shall equal the Capacity Price for the prior Delivery Year, multiplied by an Escalation Factor equal to one and two hundredths (1.02) per annum through delivery year ten. The City's obligation shall be contingent upon the City obtaining network integrated transmission service with SPP for the delivery of Capacity from the Delivery Point to Buyer's distribution system on and after June 1, 2020. If the City is unable to obtain transmission service based on the results of the SPP transmission study, the City has the right to terminate the Agreement without any further financial or other obligation. If the City's transmission request results in directly assigned transmission upgrade costs in excess of \$1,000,000, or a start date for transmission service after June 1, 2020, the City has the right to terminate the Agreement within thirty (30) days and each Party shall be relieved of all obligations without any further financial or other obligation to the other Party as a result of such termination. The estimated total cost for the capacity purchase, excluding transmission upgrade costs is \$15.3 million

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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

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, 2019 were \$181,977 and depreciation expense for fiscal year end June 30, 2019 was \$1,323,857.

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, \$1,605,746 in the Parks Sales Tax Fund, \$5,193 in the Buildings and Other Improvements Fund, \$16,155 in the Storm Drainage Fund, \$6,622,638 in the Workers' Compensation Fund, \$1,226,601 in the Central Garage Fund, \$10,326,281 in the Events Center Fund, \$2,159,034 in the Santa Fe TIF project, \$2,127,563 in the Hartman Heritage TIF project, and \$22,610 in the TIF Application Fee project will be eliminated by future revenues or transfers.

(14) Subsequent Events

The City evaluated subsequent events through May 19, 2020, the date the financial statements were available to be issued.

A city-wide vote to allow use tax collections for on-line sales was approved by voters on August 6, 2019. Implementation of the use tax began on January 1, 2020, and the City received the first remittance in March 2020.

Subsequent to year end, the City approved the issuance of a capital lease purchase through Regions Capital Advantage, Inc., in the amount of \$17,940,000 to acquire vehicles and install certain public improvements under the Street Sales Tax Fund.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(15) Prior Period Adjustment

The City re-evaluated GASB Statement No. 48, *Sales and Pledges for Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and determined it was appropriate to remove the reported liability for long-term TIF developer obligations.

The City added a long-term obligation for a loan payable due to a property acquisition that should have been added in a prior year.

These resulted in the following adjustments to the opening net position balances:

	<u>Governmental Activities (Ex. 2)</u>
Beginning net position (deficit), as originally reported	\$ (35,581,230)
Restatement of TIF developer obligations	33,102,341
Loan payable - property acquisition	(30,000)
Beginning net position, as restated	\$ <u><u>(2,508,889)</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2019

(16) 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:				
Restricted for:				
Police equipment	\$ 84,386	—	—	84,386
Tourism	—	—	1,556,943	1,556,943
Independence square benefit district	—	—	3,418	3,418
Grants	—	—	7	7
License surcharge	—	—	1,234,158	1,234,158
Street sales tax	—	—	3,188,490	3,188,490
Storm water sales tax	—	—	9,205,342	9,205,342
Police sales tax	—	—	2,483,920	2,483,920
Fire sales tax	—	—	1,775,684	1,775,684
Debt service fund	—	—	98,775	98,775
TIF debt service	—	28,009,357	—	28,009,357
Total fund balances restricted	<u>84,386</u>	<u>28,009,357</u>	<u>19,546,737</u>	<u>47,640,480</u>
Committed for:				
Domestic violence	22,694	—	—	22,694
Capital projects	—	—	61,507	61,507
Strategic goals	5,068	—	—	5,068
Vandalism reward	3,000	—	—	3,000
Total fund balances committed	<u>30,762</u>	<u>—</u>	<u>61,507</u>	<u>92,269</u>
Assigned for:				
Encumbrances:				
Professional services	236,328	—	—	236,328
Capital outlay/equipment	49,430	—	—	49,430
Supplies	14,386	—	—	14,386
Maintenance	117,188	—	—	117,188
Communication services	9,500	—	—	9,500
Training and Education	12,091	—	—	12,091
Miscellaneous	135,249	—	—	135,249
Total fund balances assigned	<u>574,172</u>	<u>—</u>	<u>—</u>	<u>574,172</u>
Unassigned	<u>6,591,442</u>	<u>—</u>	<u>(1,627,806)</u>	<u>4,963,636</u>
Total fund balance	<u>\$ 7,280,762</u>	<u>28,009,357</u>	<u>17,980,438</u>	<u>53,270,557</u>

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 \$574,172 and Non-Major Funds \$8,557,406.



**Required
Supplementary
Information**





CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

General Fund

Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 34,715,000	34,715,000	34,475,439	(239,561)
Licenses and permits	4,817,260	4,817,260	4,733,488	(83,772)
Grants – federal and state	5,366,228	5,366,228	5,246,676	(119,552)
Charges for current services	2,315,841	2,501,331	2,454,494	(46,837)
Interfund charges for support services	5,155,242	5,155,242	5,035,500	(119,742)
Fines and forfeitures	3,897,525	3,897,525	3,913,825	16,300
Other revenue	600,500	602,500	1,252,620	650,120
Total revenues	<u>56,867,596</u>	<u>57,055,086</u>	<u>57,112,042</u>	<u>56,956</u>
Other financing sources:				
Payments in lieu of taxes	<u>19,750,000</u>	<u>19,750,000</u>	<u>20,370,728</u>	<u>620,728</u>
Total other financing sources	<u>19,750,000</u>	<u>19,750,000</u>	<u>20,370,728</u>	<u>620,728</u>
Special items:				
Total revenues and other financing sources	<u>76,617,596</u>	<u>76,805,086</u>	<u>77,482,770</u>	<u>677,684</u>
Expenditures:				
City Council	830,811	830,811	829,501	1,310
City Clerk	302,250	302,250	217,389	84,861
City Manager	1,511,092	1,511,092	1,221,917	289,175
Municipal court	1,165,716	1,165,716	1,149,997	15,719
Law	845,434	889,339	944,393	(55,054)
Finance	5,986,001	6,111,762	6,266,952	(155,190)
Community development	5,351,414	5,351,414	5,090,584	260,830
Police	31,689,896	32,096,729	32,358,354	(261,625)
Fire	20,539,523	21,171,546	21,964,071	(792,525)
Public works	6,070,802	5,947,353	6,244,951	(297,598)
Parks and recreation	2,311,418	2,387,289	2,134,661	252,628
Capital outlay	—	297,663	297,662	1
Total expenditures	<u>76,604,357</u>	<u>78,062,964</u>	<u>78,720,432</u>	<u>(657,468)</u>
Other financing uses:				
Transfers out	<u>10,000</u>	<u>10,000</u>	<u>10,358</u>	<u>(358)</u>
Total expenditures and other financing uses	<u>76,614,357</u>	<u>78,072,964</u>	<u>78,730,790</u>	<u>(657,826)</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ 3,239</u>	<u>(1,267,878)</u>	<u>(1,248,020)</u>	<u>19,858</u>
Unassigned fund balance at beginning of year			7,030,007	
Cancellation of prior year encumbrances			389,680	
Change in other fund balance components during the year			<u>419,775</u>	
Unassigned fund balance at end of year			<u>\$ 6,591,442</u>	

Note: The General Fund was over-budget in expenditures and other financing uses by \$657,826. This primarily came about from additional expenditures incurred by the Fire Department for over-time associated with call volume and staffing shortages.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2019

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	\$ 77,482,770
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>\$ 77,482,770</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 78,720,432
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget	(402,184)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	<u>674,226</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	<u>\$ 78,992,474</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Budgetary Comparison Schedules

Year ended June 30, 2019

(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 2018-2019 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, 2019

	2019	2018
Total OPEB Liability		
Service Cost	\$ 7,279,911	6,933,082
Interest	9,525,419	9,284,832
Changes in benefit terms	(117,967,934)	—
Differences between expected and actual experience	8,495,479	—
Changes of assumptions or other inputs	2,890,612	2,548,653
Benefit payments	(7,979,000)	(7,268,000)
Net Change in Total OPEB Liability	(97,755,513)	11,498,567
Total OPEB liability beginning	285,358,661	273,860,094
Total OPEB liability ending	\$ 187,603,148	285,358,661
Covered payroll	\$ 62,360,911	62,007,715
Total OPEB liability as a percentage of covered employee payroll	300.83%	460.20%

Notes to schedule:

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

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

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

CITY OF INDEPENDENCE, MISSOURI
LAGERS Schedule of Changes in Net Pension Liability and Related Ratios
 June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service Cost	\$ 8,767,760	8,491,285	8,388,017	8,219,353	8,279,026
Interest on the Total Pension Liability	37,097,513	35,565,355	34,642,794	31,909,765	31,404,337
Difference between expected and actual experience	5,293,296	4,958,458	(3,550,230)	4,916,999	(10,375,729)
Assumption Changes	—	—	—	17,199,406	—
Benefit Payments, including refunds	(28,449,283)	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Net Change in Total Pension Liability	<u>22,709,286</u>	<u>21,414,135</u>	<u>13,441,546</u>	<u>38,973,307</u>	<u>7,932,856</u>
Total Pension Liability beginning	<u>521,358,418</u>	<u>499,944,283</u>	<u>486,502,737</u>	<u>447,529,430</u>	<u>439,596,574</u>
Total Pension Liability ending	<u>\$ 544,067,704</u>	<u>521,358,418</u>	<u>499,944,283</u>	<u>486,502,737</u>	<u>447,529,430</u>
Plan Fiduciary Net Position					
Contributions-employer	13,183,650	12,176,570	11,503,039	10,603,882	9,475,216
Contributions-employee	2,992,581	2,925,232	2,939,278	2,861,145	2,738,899
Pension Plan Net Investment income	29,696,791	50,437,763	46,423,639	(791,625)	7,836,996
Benefit Payments, including refunds	(28,449,283)	(27,600,963)	(26,039,035)	(23,272,216)	(21,374,778)
Pension Plan Administrative expense	(271,793)	(189,560)	(183,539)	(181,225)	(198,235)
Other	(302,321)	1,122,739	(701,221)	981,004	(5,341,994)
Net Change in Plan Fiduciary Net Position	<u>16,849,625</u>	<u>38,871,781</u>	<u>33,942,161</u>	<u>(9,799,035)</u>	<u>(6,863,896)</u>
Plan Fiduciary Net Position beginning	<u>457,219,330</u>	<u>418,347,549</u>	<u>384,405,388</u>	<u>394,204,423</u>	<u>401,068,319</u>
Plan Fiduciary Net Position ending	<u>\$ 474,068,955</u>	<u>457,219,330</u>	<u>418,347,549</u>	<u>384,405,388</u>	<u>394,204,423</u>
Employer Net Pension Liability	<u>\$ 69,998,749</u>	<u>64,139,088</u>	<u>81,596,734</u>	<u>102,097,349</u>	<u>53,325,007</u>
Plan Fiduciary Net Position as a percentage of the total pension liability (City)	87.13%	87.70%	83.68%	79.01%	88.08%
Covered Payroll	\$ 72,252,369	72,279,232	69,006,951	69,847,339	67,691,063
Employer's Net Pension Liability as a percentage of covered employee payroll	96.88%	88.74%	118.24%	146.17%	78.78%

Notes to schedule:

2014-15 was the City's first year implementing GASB 68 for Net Pension Liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 68 requirements.

During 2015-16 amounts reported as assumption changes were primarily from changes to the mortality table, as well as salary increases and inflation.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 16,236,063	14,999,546	13,135,770	13,178,745	12,187,283	11,568,731	10,954,525	9,708,589	6,751,552	5,498,789
Contributions in relation to the actuarially determined contribution	13,183,894	12,178,090	11,500,846	10,603,733	9,477,331	8,724,862	7,962,390	7,273,010	6,751,554	5,498,789
Contribution deficiency (excess)	\$ <u>3,052,169</u>	<u>2,821,456</u>	<u>1,634,924</u>	<u>2,575,012</u>	<u>2,709,952</u>	<u>2,843,869</u>	<u>2,992,135</u>	<u>2,435,579</u>	<u>(2)</u>	<u>—</u>
Covered-employee payroll	\$ 74,620,835	73,139,992	73,470,495	71,527,434	68,488,329	68,032,518	67,337,696	67,169,650	68,743,946	67,077,246
Contributions as a percentage of covered-employee payroll	17.67%	16.65%	15.65%	14.82%	13.84%	12.82%	11.82%	10.83%	9.82%	8.20%

Notes to schedule:

Valuation Date Actuarially determined contribution rates were calculated as of February 28, 2019 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 10 to 20 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.

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

Other information:

None

CITY OF INDEPENDENCE, MISSOURI

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism – This fund is used to account for expenditures for tourism that are financed out of the transient guest tax.

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

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

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

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

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

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

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

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

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

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.

CITY OF INDEPENDENCE, MISSOURI

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

Building and Other Improvements – This fund is used to account for the acquisition, construction, and improvement of nonproprietary buildings and facilities of the City.

Storm Drainage – This fund is used to account for the acquisition and construction of the City's infrastructure to control the run-off surface water.

Park Improvements – This fund is used to account for the acquisition and construction of the City's parkland.

Debt Service Fund

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

Assets	Special Revenue (Exhibit 16)	Capital Projects (Exhibit 29)	Debt Service Fund	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 18,240,147	119,372	4,761	18,364,280
Receivables:				
Taxes	3,920,737	—	—	3,920,737
Accounts	140,875	—	—	140,875
Special assessment principal and accrued interest	—	403,589	52,461	456,050
Accrued interest	53,387	348	14	53,749
Due from other funds	16,155	—	—	16,155
Due from other governments	1,089,780	—	—	1,089,780
Restricted cash and investments	20	—	94,000	94,020
Total assets	<u>\$ 23,461,101</u>	<u>523,309</u>	<u>151,236</u>	<u>24,135,646</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts and contracts payable	\$ 1,708,483	62,566	—	1,771,049
Due to other funds	3,184,358	16,155	—	3,200,513
Accrued items	217,769	—	—	217,769
Other current liabilities	23,281	840	—	24,121
Unearned revenue	460,706	—	—	460,706
Total liabilities	<u>5,594,597</u>	<u>79,561</u>	<u>—</u>	<u>5,674,158</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	—	403,589	52,461	456,050
Unavailable revenue - real estate taxes	25,000	—	—	25,000
Total deferred inflows of resources	<u>25,000</u>	<u>403,589</u>	<u>52,461</u>	<u>481,050</u>
Fund balances:				
Restricted	19,447,962	—	98,775	19,546,737
Committed	—	61,507	—	61,507
Unassigned	(1,606,458)	(21,348)	—	(1,627,806)
Total fund balances	<u>17,841,504</u>	<u>40,159</u>	<u>98,775</u>	<u>17,980,438</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,461,101</u>	<u>523,309</u>	<u>151,236</u>	<u>24,135,646</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Governmental Funds

Year ended June 30, 2019

	Special Revenue (Exhibit 17)	Capital Projects (Exhibit 30)	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 22,784,849	—	—	22,784,849
Licenses and permits	50,340	—	—	50,340
Intergovernmental	3,509,505	548,223	—	4,057,728
Charges for services	819,941	8,715	95,273	923,929
Investment income	619,834	18,599	4,261	642,694
Other	851,240	—	—	851,240
Total revenues	<u>28,635,709</u>	<u>575,537</u>	<u>99,534</u>	<u>29,310,780</u>
Expenditures:				
Current:				
Administrative services	27,991	—	—	27,991
Public safety	5,574,778	—	—	5,574,778
Public works	834,775	11	—	834,786
Culture and recreation	5,391,992	329	—	5,392,321
Community development	1,478,427	—	—	1,478,427
Storm water	2,223,961	—	—	2,223,961
General government	374	—	1,487	1,861
Capital outlay	10,145,193	2,663,009	—	12,808,202
Debt service:				
Principal	632,251	—	91,000	723,251
Interest and fiscal agent fees	95,579	—	7,492	103,071
Total expenditures	<u>26,405,321</u>	<u>2,663,349</u>	<u>99,979</u>	<u>29,168,649</u>
Excess (deficiency) of revenues over expenditures	<u>2,230,388</u>	<u>(2,087,812)</u>	<u>(445)</u>	<u>142,131</u>
Other financing sources (uses):				
Transfers in	—	2,096,030	—	2,096,030
Transfers out	(1,847,154)	—	—	(1,847,154)
Total other financing sources (uses)	<u>(1,847,154)</u>	<u>2,096,030</u>	<u>—</u>	<u>248,876</u>
Net change in fund balances	383,234	8,218	(445)	391,007
Fund balances (deficit), beginning	<u>17,458,270</u>	<u>31,941</u>	<u>99,220</u>	<u>17,589,431</u>
Fund balances (deficit), ending	<u>\$ 17,841,504</u>	<u>40,159</u>	<u>98,775</u>	<u>17,980,438</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2019

Assets	Tourism	Truman Heartland Community Foundation	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 27)	License Surcharge	Grants	Total
Pooled cash and investments	\$ 1,397,347	235,731	25,142	—	—	15,359,393	1,222,534	—	18,240,147
Receivables:									
Taxes	200,000	—	28,176	—	—	3,692,561	—	—	3,920,737
Accounts	1,525	—	—	—	—	105,260	7,998	26,092	140,875
Accrued interest	4,140	—	—	—	—	45,621	3,626	—	53,387
Due from other funds	—	—	—	—	—	16,155	—	—	16,155
Due from other governments	—	—	—	155,364	20,952	67,048	—	846,416	1,089,780
Restricted assets	—	—	—	—	—	20	—	—	20
Total assets	<u>\$ 1,603,012</u>	<u>235,731</u>	<u>53,318</u>	<u>155,364</u>	<u>20,952</u>	<u>19,286,058</u>	<u>1,234,158</u>	<u>872,508</u>	<u>23,461,101</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts and contracts payable	\$ 4,371	—	24,900	9,437	—	1,664,509	—	5,266	1,708,483
Due to other funds	—	—	—	132,501	1,033	2,412,412	—	638,412	3,184,358
Accrued items	41,698	—	—	11,560	77	160,579	—	3,855	217,769
Other current liabilities	—	—	—	2,578	19,835	868	—	—	23,281
Unearned revenue	—	235,731	—	—	—	—	—	224,975	460,706
Total liabilities	<u>46,069</u>	<u>235,731</u>	<u>24,900</u>	<u>156,076</u>	<u>20,945</u>	<u>4,238,368</u>	<u>—</u>	<u>872,508</u>	<u>5,594,597</u>
Deferred inflows of resources:									
Unavailable revenue - real estate taxes	—	—	25,000	—	—	—	—	—	25,000
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>25,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,000</u>
Fund balances:									
Restricted	1,556,943	—	3,418	—	7	16,653,436	1,234,158	—	19,447,962
Unassigned	—	—	—	(712)	—	(1,605,746)	—	—	(1,606,458)
Total fund balances (deficits)	<u>1,556,943</u>	<u>—</u>	<u>3,418</u>	<u>(712)</u>	<u>7</u>	<u>15,047,690</u>	<u>1,234,158</u>	<u>—</u>	<u>17,841,504</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,603,012</u>	<u>235,731</u>	<u>53,318</u>	<u>155,364</u>	<u>20,952</u>	<u>19,286,058</u>	<u>1,234,158</u>	<u>872,508</u>	<u>23,461,101</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Special Revenue Funds

Year ended June 30, 2019

	Tourism	Truman Heartland Community Foundation	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 28)	License Surcharge	Grants	Total
Revenues:									
Taxes	\$ 1,967,003	—	25,218	—	—	20,792,628	—	—	22,784,849
Licenses and permits	—	—	—	—	—	—	50,340	—	50,340
Intergovernmental	—	—	—	912,675	194,076	150,804	—	2,251,950	3,509,505
Charges for services	39,672	—	—	—	—	574,929	—	205,340	819,941
Investment income (loss)	56,246	—	595	—	—	520,088	42,905	—	619,834
Other	29,288	9,503	—	—	—	796,338	—	16,111	851,240
Total revenues	2,092,209	9,503	25,813	912,675	194,076	22,834,787	93,245	2,473,401	28,635,709
Expenditures:									
Current:									
Administrative services	—	—	—	—	—	—	—	27,991	27,991
Public safety	—	536	—	—	—	3,908,911	—	1,665,331	5,574,778
Public Works	—	—	—	—	—	834,775	—	—	834,775
Culture and recreation	1,848,365	8,212	—	—	—	3,422,176	—	113,239	5,391,992
Community development	—	—	—	617,511	194,076	—	—	666,840	1,478,427
Storm water	—	—	—	—	—	2,223,961	—	—	2,223,961
General government	—	—	—	—	—	—	374	—	374
Capital outlay	—	755	25,305	—	—	10,119,133	—	—	10,145,193
Debt service:									
Principal	7,500	—	—	—	—	624,751	—	—	632,251
Interest and fiscal agent fees	—	—	—	—	—	95,579	—	—	95,579
Total expenditures	1,855,865	9,503	25,305	617,511	194,076	21,229,286	374	2,473,401	26,405,321
Excess (deficiency) of revenues over expenditures	236,344	—	508	295,164	—	1,605,501	92,871	—	2,230,388
Other financing sources (uses):									
Transfers out	(130,098)	—	—	(295,164)	—	(1,421,892)	—	—	(1,847,154)
Total other financing sources (uses)	(130,098)	—	—	(295,164)	—	(1,421,892)	—	—	(1,847,154)
Net change in fund balances	106,246	—	508	—	—	183,609	92,871	—	383,234
Fund balances (deficits), beginning	1,450,697	—	2,910	(712)	7	14,864,081	1,141,287	—	17,458,270
Fund balances (deficits), ending	\$ 1,556,943	—	3,418	(712)	7	15,047,690	1,234,158	—	17,841,504

CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

Tourism Fund

Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Transient guest taxes	\$ 2,058,071	2,058,071	1,967,003	(91,068)
Investment income (loss)	1,000	1,000	56,246	55,246
Other revenue	86,418	86,418	68,960	(17,458)
Total revenues	<u>2,145,489</u>	<u>2,145,489</u>	<u>2,092,209</u>	<u>(53,280)</u>
Expenditures:				
Tourism	<u>2,033,076</u>	<u>2,108,076</u>	<u>1,829,114</u>	<u>278,962</u>
Total expenditures	<u>2,033,076</u>	<u>2,108,076</u>	<u>1,829,114</u>	<u>278,962</u>
Other financing uses – transfers out	<u>—</u>	<u>—</u>	<u>130,098</u>	<u>(130,098)</u>
Total other financing uses	<u>—</u>	<u>—</u>	<u>130,098</u>	<u>(130,098)</u>
Total expenditures and other uses	<u>2,033,076</u>	<u>2,108,076</u>	<u>1,959,212</u>	<u>148,864</u>
Excess of revenues over (under) expenditures	\$ <u>112,413</u>	<u>37,413</u>	132,997	<u>(202,144)</u>
Fund balance at beginning of year			1,450,697	
Cancellation of prior year encumbrances			174,913	
Increase (Decrease) in Prior Year Encumbrances			<u>(201,664)</u>	
Fund balance at end of year			\$ <u><u>1,556,943</u></u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Tourism Fund

Year ended June 30, 2019

	Tourism Fund
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,092,209
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>\$ 2,092,209</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,829,114
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(43,801)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>70,552</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,855,865</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budget Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grant - CDBG	\$ 829,993	829,993	912,675	82,682
Total revenues	<u>829,993</u>	<u>829,993</u>	<u>912,675</u>	<u>82,682</u>
Expenditures:				
CDBG administration	165,999	165,999	145,156	20,843
CDBG expenditures	663,994	663,994	374,109	289,885
Total expenditures	<u>829,993</u>	<u>829,993</u>	<u>519,265</u>	<u>310,728</u>
Other financing uses:				
Transfers out	—	—	295,164	(295,164)
Total other financing uses	<u>—</u>	<u>—</u>	<u>295,164</u>	<u>(295,164)</u>
Total expenditures and other uses	<u>829,993</u>	<u>829,993</u>	<u>814,429</u>	<u>15,564</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>—</u>	<u>—</u>	<u>98,246</u>	<u>98,246</u>
Fund balance at beginning of year			(712)	
Cancellation of prior year encumbrances			65,285	
Increase (Decrease) in Prior Year Encumbrances			(163,531)	
Fund balance at end of year			<u>\$ (712)</u>	

Exhibit 19.1

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Community Development Block Grant Fund
 Year ended June 30, 2019

	Community Development Block Grant
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 912,675
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>\$ 912,675</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 519,265
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	—
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>98,246</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 617,511</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, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
HOME program grant	\$ 513,941	513,941	194,076	(319,865)
Total revenues	513,941	513,941	194,076	(319,865)
Expenditures:				
HOME administration	51,394	51,394	21,017	30,377
Multi-family housing	359,759	359,759	169,153	190,606
Community housing development	102,788	102,788	296,071	(193,283)
Total expenditures	513,941	513,941	486,241	27,700
Excess of revenues over (under) expenditures	\$ —	—	(292,165)	(292,165)
Fund balance at beginning of year			7	
Cancellation of prior year encumbrances			1,049	
Increase (Decrease) in Prior Year Encumbrances			291,116	
Fund balance at end of year			\$ 7	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Rental Rehabilitation

Year ended June 30, 2019

	<u>Rental Rehabilitation</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 194,076
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>\$ 194,076</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 486,241
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(292,165)
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>\$ 194,076</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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Sales taxes	\$ 8,550,000	8,550,000	8,258,900	(291,100)
Intergovernmental revenue	—	95,100	150,804	55,704
Investment income	3,300	3,300	45,230	41,930
Other revenue	—	—	130,668	130,668
Total revenues	<u>8,553,300</u>	<u>8,648,400</u>	<u>8,585,602</u>	<u>(62,798)</u>
Expenditures:				
Street maintenance	502,351	502,351	494,169	8,182
Capital outlay	7,977,300	12,653,276	12,760,827	(107,551)
Debt service	657,766	657,766	558,397	99,369
Total expenditures	<u>9,137,417</u>	<u>13,813,393</u>	<u>13,813,393</u>	<u>—</u>
Other financing uses:				
Transfers out	—	403,433	403,433	—
Total other financing uses	<u>—</u>	<u>403,433</u>	<u>403,433</u>	<u>—</u>
Total expenditures and other financing uses	<u>9,137,417</u>	<u>14,216,826</u>	<u>14,216,826</u>	<u>—</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (584,117)</u>	<u>(5,568,426)</u>	<u>(5,631,224)</u>	<u>(62,798)</u>
Fund balance at beginning of year			3,557,072	
Cancellation of prior year encumbrances			16,785	
Increase (Decrease) in Prior Year Encumbrances			5,245,857	
Fund balance at end of year			<u>\$ 3,188,490</u>	

Exhibit 21.1

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Street Improvements Sales Tax Fund

Year ended June 30, 2019

	Streets Improvements Sales Tax
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 8,585,602
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>\$ 8,585,602</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 13,813,393
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(5,476,805)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	214,163
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 8,550,751</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, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 4,275,000	4,275,000	4,129,442	(145,558)
Charges for services	527,655	527,655	574,929	47,274
Investment income	2,500	2,500	12,654	10,154
Other revenue	—	50,000	421,504	371,504
Total revenues	<u>4,805,155</u>	<u>4,855,155</u>	<u>5,138,529</u>	<u>283,374</u>
Expenditures:				
Culture and recreation	3,578,900	3,594,868	3,363,745	231,123
Capital outlay	1,136,167	1,275,557	1,012,221	263,336
Debt service	189,225	189,225	117,829	71,396
Total expenditures	<u>4,904,292</u>	<u>5,059,650</u>	<u>4,493,795</u>	<u>565,855</u>
Other financing uses:				
Transfers out	—	236,795	1,015,023	(778,228)
Total other financing uses	<u>—</u>	<u>236,795</u>	<u>1,015,023</u>	<u>(778,228)</u>
Total expenditures and other financing uses	<u>4,904,292</u>	<u>5,296,445</u>	<u>5,508,818</u>	<u>(212,373)</u>
Excess of revenues and other financing sources over (under) expenditures	\$ <u>(99,137)</u>	<u>(441,290)</u>	(370,289)	<u>71,001</u>
Fund balance (deficit) at beginning of year			(1,417,966)	
Cancellation of prior year encumbrances			27,127	
Increase (Decrease) in Prior Year Encumbrances			155,382	
Fund balance (deficit) at end of year			\$ <u>(1,605,746)</u>	

Note: The Park Improvements Sales Tax Fund was over-budget in expenditures and other financing uses by \$212,373. This primarily came about from transfers out for construction projects.

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Park Improvements Sales Tax Fund

Year ended June 30, 2019

	<u>Park Improvements Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 5,138,529
Basis differences – budget to GAAP:	
None	—
	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 5,138,529
	<hr/> <hr/>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,493,795
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(241,810)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	59,301
	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 4,311,286
	<hr/> <hr/>

- (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, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 4,275,000	4,275,000	4,129,446	(145,554)
Investment income	4,000	4,000	317,377	313,377
Other revenue	—	—	42,058	42,058
Total revenues	<u>4,279,000</u>	<u>4,279,000</u>	<u>4,488,881</u>	<u>209,881</u>
Expenditures:				
Storm water				
Administration	414,931	414,931	278,053	136,878
Maintenance	2,060,866	2,060,866	1,634,274	426,592
Permit completion	320,000	320,000	198,326	121,674
Capital outlay	1,540,400	5,941,829	3,028,363	2,913,466
Total expenditures	<u>4,336,197</u>	<u>8,737,626</u>	<u>5,139,016</u>	<u>3,598,610</u>
Excess of revenues over (under) expenditures	\$ <u>(57,197)</u>	<u>(4,458,626)</u>	(650,135)	<u>3,808,491</u>
Fund balance at beginning of year			9,101,564	
Cancellation of prior year encumbrances			188,760	
Increase (Decrease) in Prior Year Encumbrances			565,153	
Fund balance at end of year			<u>\$ 9,205,342</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2019

	<u>Storm Water Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,488,881
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>\$ 4,488,881</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 5,139,016
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(1,171,586)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>417,673</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,385,103</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, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 2,250,000	2,250,000	2,210,139	(39,861)
Investment income	2,000	2,000	77,686	75,686
Other revenue	—	—	193,370	193,370
Total revenues	<u>2,252,000</u>	<u>2,252,000</u>	<u>2,481,195</u>	<u>229,195</u>
Expenditures:				
Public safety				
Communications	459,554	657,754	622,385	35,369
Facilities	89,500	89,500	100,883	(11,383)
Equipment	1,621,056	1,422,856	1,454,965	(32,109)
Debt service	—	—	455	(455)
Total expenditures	<u>2,170,110</u>	<u>2,170,110</u>	<u>2,178,688</u>	<u>(8,578)</u>
Other financing uses:				
Transfers out/capital outlay	—	—	3,436	(3,436)
Total other financing uses	<u>—</u>	<u>—</u>	<u>3,436</u>	<u>(3,436)</u>
Total expenditures and other financing uses	<u>2,170,110</u>	<u>2,170,110</u>	<u>2,182,124</u>	<u>(12,014)</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>81,890</u>	<u>81,890</u>	299,071	<u>217,181</u>
Fund balance at beginning of year			2,184,604	
Cancellation of prior year encumbrances			21,361	
Increase (Decrease) in Prior Year Encumbrances			(21,116)	
Fund Balance at end of year			\$ <u>2,483,920</u>	

Note: The Police Public Safety Sales Tax Fund was over-budget in expenditures and other financing uses by \$12,014. This primarily came about from additional vehicle maintenance and fuel expenditures incurred during the year.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Police Public Safety Sales Tax Fund
 Year ended June 30, 2019

		Police Public Safety Sales Tax
		<hr/>
Sources/inflows of resources:		
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$	2,481,195
Basis differences – budget to GAAP:		
None		—
		<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$	<u>2,481,195</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$	2,178,688
Basis differences – budget to GAAP:		
Outstanding encumbrances at year-end charged to the current year’s budget (1)		(76,287)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)		76,042
		<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$	<u>2,178,443</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, 2019

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 2,133,500	2,133,500	2,064,701	(68,799)
Investment income	2,000	2,000	67,140	65,140
Other revenue	—	—	8,739	8,739
Total revenues	<u>2,135,500</u>	<u>2,135,500</u>	<u>2,140,580</u>	<u>5,080</u>
Expenditures:				
Public safety	2,063,350	2,063,350	1,952,112	111,238
Debt service	73,236	73,236	73,235	1
Total expenditures	<u>2,136,586</u>	<u>2,136,586</u>	<u>2,025,347</u>	<u>111,239</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (1,086)</u>	<u>(1,086)</u>	115,233	<u>116,319</u>
Fund balance at beginning of year			1,438,807	
Cancellation of prior year encumbrances			16,536	
Increase (Decrease) in Prior Year Encumbrances			205,108	
Fund balance at end of year			<u>\$ 1,775,684</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Fire Public Safety Sales Tax Fund

Year ended June 30, 2019

	<u>Fire Public Safety Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,140,580
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>\$ 2,140,580</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,025,347
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(495,847)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>274,203</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,803,703</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, 2019

	<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	\$ —	2,581,684	2,251,645	(330,039)
Charges for current services	—	213,420	205,341	(8,079)
Other revenue	—	39,527	16,415	(23,112)
Total revenues	<u>—</u>	<u>2,834,631</u>	<u>2,473,401</u>	<u>(361,230)</u>
Expenditures:				
Law department	—	43,713	27,992	15,721
Police department	—	1,622,209	1,473,936	148,273
Fire department	—	198,370	184,204	14,166
Community development	—	787,912	862,414	(74,502)
Culture and recreation	—	250,869	113,239	137,630
Total expenditures	<u>—</u>	<u>2,903,073</u>	<u>2,661,785</u>	<u>241,288</u>
Excess of revenues over (under) expenditures	<u>\$ —</u>	<u>(68,442)</u>	(188,384)	<u>(119,942)</u>
Fund balance at beginning of year			—	
Cancellation of prior year encumbrances			12,786	
Increase (Decrease) in Prior Year Encumbrances			175,598	
Fund balance at end of year			<u>\$ —</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2019

	<u>Grants</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,473,401
Basis differences – budget to GAAP:	
None	—
	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,473,401</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,661,785
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(195,575)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	7,191
	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u>2,473,401</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, 2019

Assets	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 16)
Pooled cash and investments	\$ 2,522,179	159,442	9,023,107	2,206,245	1,448,420	15,359,393
Receivables:						
Taxes	1,471,232	735,623	735,626	382,106	367,974	3,692,561
Accounts	—	105,260	—	—	—	105,260
Accrued interest	7,488	408	26,885	6,544	4,296	45,621
Due from other funds	—	—	16,155	—	—	16,155
Due from other governments	67,048	—	—	—	—	67,048
Restricted assets	20	—	—	—	—	20
Total assets	<u>\$ 4,067,967</u>	<u>1,000,733</u>	<u>9,801,773</u>	<u>2,594,895</u>	<u>1,820,690</u>	<u>19,286,058</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ 870,964	97,473	540,091	110,975	45,006	1,664,509
Due to other funds	—	2,412,412	—	—	—	2,412,412
Accrued items	8,513	95,726	56,340	—	—	160,579
Other current liabilities	—	868	—	—	—	868
Total liabilities	<u>879,477</u>	<u>2,606,479</u>	<u>596,431</u>	<u>110,975</u>	<u>45,006</u>	<u>4,238,368</u>
Fund balances:						
Restricted	3,188,490	—	9,205,342	2,483,920	1,775,684	16,653,436
Unassigned	—	(1,605,746)	—	—	—	(1,605,746)
Total fund balances (deficit)	<u>3,188,490</u>	<u>(1,605,746)</u>	<u>9,205,342</u>	<u>2,483,920</u>	<u>1,775,684</u>	<u>15,047,690</u>
Total liabilities and fund balances	<u>\$ 4,067,967</u>	<u>1,000,733</u>	<u>9,801,773</u>	<u>2,594,895</u>	<u>1,820,690</u>	<u>19,286,058</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Sales Tax Funds

Year ended June 30, 2019

	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 17)
Revenues:						
Taxes	\$ 8,258,900	4,129,442	4,129,446	2,210,139	2,064,701	20,792,628
Intergovernmental	150,804	—	—	—	—	150,804
Charges for services	—	574,929	—	—	—	574,929
Investment income	45,231	12,654	317,376	77,687	67,140	520,088
Other	130,667	421,504	42,059	193,369	8,739	796,338
Total revenues	<u>8,585,602</u>	<u>5,138,529</u>	<u>4,488,881</u>	<u>2,481,195</u>	<u>2,140,580</u>	<u>22,834,787</u>
Expenditures:						
Current:						
Public safety	—	—	—	2,178,443	1,730,468	3,908,911
Public works	834,775	—	—	—	—	834,775
Culture and recreation	—	3,422,176	—	—	—	3,422,176
Storm water	—	—	2,223,961	—	—	2,223,961
Capital outlay	7,186,710	771,281	2,161,142	—	—	10,119,133
Debt service:						
Principal	515,000	51,912	—	—	57,839	624,751
Interest and fiscal agent fees	14,266	65,917	—	—	15,396	95,579
Total expenditures	<u>8,550,751</u>	<u>4,311,286</u>	<u>4,385,103</u>	<u>2,178,443</u>	<u>1,803,703</u>	<u>21,229,286</u>
Excess (deficiency) of revenues over expenditures	<u>34,851</u>	<u>827,243</u>	<u>103,778</u>	<u>302,752</u>	<u>336,877</u>	<u>1,605,501</u>
Other financing sources (uses):						
Transfers out	<u>(403,433)</u>	<u>(1,015,023)</u>	<u>—</u>	<u>(3,436)</u>	<u>—</u>	<u>(1,421,892)</u>
Total other financing sources (uses)	<u>(403,433)</u>	<u>(1,015,023)</u>	<u>—</u>	<u>(3,436)</u>	<u>—</u>	<u>(1,421,892)</u>
Net change in fund balances	<u>(368,582)</u>	<u>(187,780)</u>	<u>103,778</u>	<u>299,316</u>	<u>336,877</u>	<u>183,609</u>
Fund balances (deficit), beginning	<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>
Fund balances (deficit), ending	<u>\$ 3,188,490</u>	<u>(1,605,746)</u>	<u>9,205,342</u>	<u>2,483,920</u>	<u>1,775,684</u>	<u>15,047,690</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2019

Assets	Street Improvements	Revolving Public Improvements	Buildings and Other Improvements	Storm Drainage	Park Improvements	Total (Exhibit 14)
Pooled cash and investments	\$ 10,983	20,513	57,203	—	30,673	119,372
Receivables:						
Special assessment principal and accrued interest	403,589	—	—	—	—	403,589
Accrued interest	26	61	170	—	91	348
Total assets	<u>\$ 414,598</u>	<u>20,574</u>	<u>57,373</u>	<u>—</u>	<u>30,764</u>	<u>523,309</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ —	—	62,566	—	—	62,566
Due to other funds	—	—	—	16,155	—	16,155
Other current liabilities	—	—	—	—	840	840
Total liabilities	<u>—</u>	<u>—</u>	<u>62,566</u>	<u>16,155</u>	<u>840</u>	<u>79,561</u>
Deferred inflows of resources:						
Unavailable revenue - special assessments	403,589	—	—	—	—	403,589
Total deferred inflows of resources	<u>403,589</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>403,589</u>
Fund balances (deficit):						
Committed	11,009	20,574	—	—	29,924	61,507
Unassigned	—	—	(5,193)	(16,155)	—	(21,348)
Total fund balances (deficit)	<u>11,009</u>	<u>20,574</u>	<u>(5,193)</u>	<u>(16,155)</u>	<u>29,924</u>	<u>40,159</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 414,598</u>	<u>20,574</u>	<u>57,373</u>	<u>—</u>	<u>30,764</u>	<u>523,309</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Capital Projects Funds

Year ended June 30, 2019

	<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:						
Intergovernmental	\$ 548,223	—	—	—	—	548,223
Charges for services	8,715	—	—	—	—	8,715
Investment income	1,128	728	692	—	16,051	18,599
Total revenues	<u>558,066</u>	<u>728</u>	<u>692</u>	<u>—</u>	<u>16,051</u>	<u>575,537</u>
Expenditures:						
Public works	5	6	—	—	—	11
Culture and recreation	—	—	—	—	329	329
Capital outlay	988,836	—	1,674,173	—	—	2,663,009
Total expenditures	<u>988,841</u>	<u>6</u>	<u>1,674,173</u>	<u>—</u>	<u>329</u>	<u>2,663,349</u>
Excess (deficiency) of revenues over expenditures	<u>(430,775)</u>	<u>722</u>	<u>(1,673,481)</u>	<u>—</u>	<u>15,722</u>	<u>(2,087,812)</u>
Other financing sources:						
Transfers in	421,857	—	1,674,173	—	—	2,096,030
Total other financing sources	<u>421,857</u>	<u>—</u>	<u>1,674,173</u>	<u>—</u>	<u>—</u>	<u>2,096,030</u>
Net change in fund balances	(8,918)	722	692	—	15,722	8,218
Fund balances (deficit), beginning	19,927	19,852	(5,885)	(16,155)	14,202	31,941
Fund balances (deficit), ending	<u>\$ 11,009</u>	<u>20,574</u>	<u>(5,193)</u>	<u>(16,155)</u>	<u>29,924</u>	<u>40,159</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Balance Sheet
Component Unit - Tax Increment Financing
June 30, 2019

Assets	Midtown Truman	RSO - Cargo Largo	Santa Fe	Hartman Heritage	Drumm Farm	Eastland Center	North Independence	Mount Washington	Falls at Crackerneck - Bass Pro	Old Landfill - Stone Canyon	Cinema East - Blue Ridge	Trinity
Pooled cash and investments	\$ 1,408	61,187	—	—	1,588,191	3,921,696	5,922	42,762	1,352,670	5,061	22,235	21,284
Receivables:												
Taxes	61	60,980	26,872	1,783,347	589,245	3,514,147	29,604	1,630	855,278	593,443	127,252	585,178
Accounts	—	—	—	—	—	—	—	—	83,333	—	—	—
Accrued Interest	4	—	—	—	4,711	26,484	—	127	3,808	—	—	—
Due from other funds	—	—	—	—	—	5,017,456	—	—	—	—	—	—
Due from other governments	—	45,517	23,756	71,108	2,452	451,846	1,355	68	218,360	1,270	19,059	18,921
Restricted cash and investments	—	—	554,773	118	85	895,444	—	—	7,595,206	—	—	—
Total assets	<u>\$ 1,473</u>	<u>167,684</u>	<u>605,401</u>	<u>1,854,573</u>	<u>2,184,684</u>	<u>13,827,073</u>	<u>36,881</u>	<u>44,587</u>	<u>10,108,655</u>	<u>599,774</u>	<u>168,546</u>	<u>625,383</u>
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities:												
Accounts and contracts payable	\$ —	—	—	—	—	500	—	—	827	—	—	—
Due to other funds	—	—	2,739,163	2,266,581	—	—	—	—	1,478	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>2,739,163</u>	<u>2,266,581</u>	<u>—</u>	<u>500</u>	<u>—</u>	<u>—</u>	<u>2,305</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources:												
Unavailable revenue - real estate taxes	—	49,580	25,272	1,715,555	582,335	3,268,115	27,404	1,630	717,351	575,319	116,152	576,178
Total deferred inflows of resources	<u>—</u>	<u>49,580</u>	<u>25,272</u>	<u>1,715,555</u>	<u>582,335</u>	<u>3,268,115</u>	<u>27,404</u>	<u>1,630</u>	<u>717,351</u>	<u>575,319</u>	<u>116,152</u>	<u>576,178</u>
Fund balances:												
Restricted	1,473	118,104	—	—	1,602,349	10,558,458	9,477	42,957	9,388,999	24,455	52,394	49,205
Unassigned	—	—	(2,159,034)	(2,127,563)	—	—	—	—	—	—	—	—
Total fund balances (deficits)	<u>1,473</u>	<u>118,104</u>	<u>(2,159,034)</u>	<u>(2,127,563)</u>	<u>1,602,349</u>	<u>10,558,458</u>	<u>9,477</u>	<u>42,957</u>	<u>9,388,999</u>	<u>24,455</u>	<u>52,394</u>	<u>49,205</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,473</u>	<u>167,684</u>	<u>605,401</u>	<u>1,854,573</u>	<u>2,184,684</u>	<u>13,827,073</u>	<u>36,881</u>	<u>44,587</u>	<u>10,108,655</u>	<u>599,774</u>	<u>168,546</u>	<u>625,383</u>

Assets	HCA - Centerpoint	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	\$ 1,528,136	14,840	—	83,866	1,322,726	302,499	2,583,667	808,681	21,627	10,120	—	—	13,698,578
Receivables:													
Taxes	4,407,152	39,120	11,022	14,277	100,065	261,145	617,837	262,143	60,683	59,948	—	—	14,000,429
Accounts	—	—	—	—	—	—	—	—	—	—	—	—	83,333
Accrued Interest	4,533	—	—	249	3,923	897	7,612	2,211	—	—	—	—	54,559
Due from other funds	—	—	—	—	—	—	—	—	—	—	—	(5,017,456)	—
Due from other governments	4,494	8,055	1,381	2,964	62,933	—	114,474	17,049	18,518	4,150	—	—	1,087,730
Restricted cash and investments	3,385,382	—	—	—	—	—	—	—	—	—	—	—	12,431,008
Total assets	\$ 9,329,697	62,015	12,403	101,356	1,489,647	564,541	3,323,590	1,090,084	100,828	74,218	—	(5,017,456)	41,355,637
Liabilities, Deferred Inflows of Resources and Fund Balances													
Liabilities:													
Accounts and contracts payable	\$ 500	—	—	—	—	—	—	—	—	—	11,004	—	12,831
Due to other funds	—	—	106	—	—	—	—	—	—	—	11,606	(5,017,456)	1,478
Total liabilities	500	—	106	—	—	—	—	—	—	—	22,610	(5,017,456)	14,309
Deferred inflows of resources:													
Unavailable revenue - real estate taxes	4,404,972	37,220	10,692	10,377	73,065	226,043	539,937	254,143	60,683	59,948	—	—	13,331,971
Total deferred inflows of resources	4,404,972	37,220	10,692	10,377	73,065	226,043	539,937	254,143	60,683	59,948	—	—	13,331,971
Fund balances:													
Restricted	4,924,225	24,795	1,605	90,979	1,416,582	338,498	2,783,653	835,941	40,145	14,270	(22,610)	—	32,295,954
Unassigned	—	—	—	—	—	—	—	—	—	—	—	—	(4,286,597)
Total fund balances (deficits)	4,924,225	24,795	1,605	90,979	1,416,582	338,498	2,783,653	835,941	40,145	14,270	(22,610)	—	28,009,357
Total liabilities, deferred inflows of resources and fund balances	\$ 9,329,697	62,015	12,403	101,356	1,489,647	564,541	3,323,590	1,090,084	100,828	74,218	—	(5,017,456)	41,355,637

CITY OF INDEPENDENCE, MISSOURI
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Component Unit - Tax Increment Financing
Year ended June 30, 2019

	Midtown Truman	RSO - Cargo Largo	Santa Fe	Hartman Heritage	Drumm Farm	Eastland Center	North Independence	Mount Washington	Falls at Crackerneck - Bass Pro	Old Landfill - Stone Canyon	Cinema East - Blue Ridge	Trinity
Revenues:												
Taxes	\$ 151	268,273	26,782	1,439,503	598,228	5,199,550	41,498	1,970	1,914,462	549,669	262,142	500,664
Investment income (loss)	(88)	2,269	12,107	4,953	61,800	394,938	314	1,454	211,217	10,470	1,504	6,281
Other	—	—	100,875	—	4	3	—	—	1,000,000	—	—	—
Total revenues	63	270,542	139,764	1,444,456	660,032	5,594,491	41,812	3,424	3,125,679	560,139	263,646	506,945
Expenditures:												
Tax increment financing	—	292,984	7,507	33,728	16,059	286,635	42,860	63	75,644	547,246	286,477	504,538
Debt service:												
Principal	—	—	185,000	1,590,000	380,000	2,735,000	—	—	—	—	—	—
Interest and fiscal agent fees	—	—	345,562	191,410	43,750	534,600	—	—	3,779,918	—	—	—
Total expenditures	—	292,984	538,069	1,815,138	439,809	3,556,235	42,860	63	3,855,562	547,246	286,477	504,538
Excess (deficiency) of revenues over expenditures	63	(22,442)	(398,305)	(370,682)	220,223	2,038,256	(1,048)	3,361	(729,883)	12,893	(22,831)	2,407
Other financing sources:												
Transfers in	—	—	—	127,413	—	788,705	—	—	—	—	—	37,321
Transfers out	—	—	—	(127,413)	—	(1,037,223)	—	—	—	—	—	(37,321)
Total other financing sources	—	—	—	—	—	(248,518)	—	—	—	—	—	—
Net change in fund balances	63	(22,442)	(398,305)	(370,682)	220,223	1,789,738	(1,048)	3,361	(729,883)	12,893	(22,831)	2,407
Fund balances (deficits), beginning	1,410	140,546	(1,760,729)	(1,756,881)	1,382,126	8,768,720	10,525	39,596	10,118,882	11,562	75,225	46,798
Fund balances (deficits), ending	\$ 1,473	118,104	(2,159,034)	(2,127,563)	1,602,349	10,558,458	9,477	42,957	9,388,999	24,455	52,394	49,205

	HCA - Centerpoint	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	\$ 3,900,564	82,432	13,426	31,846	470,507	207,862	1,416,346	350,236	89,606	68,139	—	17,433,856
Investment income (loss)	103,209	434	52	2,049	34,436	6,234	51,976	20,472	521	475	—	927,077
Other	3	—	—	—	—	—	—	—	—	—	30	1,100,915
Total revenues	4,003,776	82,866	13,478	33,895	504,943	214,096	1,468,322	370,708	90,127	68,614	30	19,461,848
Expenditures:												
Tax increment financing	548,540	92,194	15,555	600	9,889	3,773	177,043	7,527	74,012	89,791	12,209	3,124,874
Debt service:												
Principal	1,825,000	—	—	—	—	—	—	—	—	—	—	6,715,000
Interest and fiscal agent fees	1,104,750	—	—	—	—	—	—	—	—	—	—	5,999,990
Total expenditures	3,478,290	92,194	15,555	600	9,889	3,773	177,043	7,527	74,012	89,791	12,209	15,839,864
Excess (deficiency) of revenues over expenditures	525,486	(9,328)	(2,077)	33,295	495,054	210,323	1,291,279	363,181	16,115	(21,177)	(12,179)	3,621,984
Other financing sources:												
Transfers in	8,784	—	—	—	—	—	—	—	—	—	—	962,223
Transfers out	(8,784)	—	—	—	—	—	—	—	—	—	—	(1,210,741)
Total other financing sources	—	—	—	—	—	—	—	—	—	—	—	(248,518)
Net change in fund balances	525,486	(9,328)	(2,077)	33,295	495,054	210,323	1,291,279	363,181	16,115	(21,177)	(12,179)	3,373,466
Fund balances (deficits), beginning	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
Fund balances (deficits), ending	\$ 4,924,225	24,795	1,605	90,979	1,416,582	338,498	2,783,653	835,941	40,145	14,270	(22,610)	28,009,357

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, 2019

	Central Garage	Staywell Health Care	Workers' Compensation	Enterprise Resource Planning	Total (Exhibit 5)
Assets:					
Current assets:					
Pooled cash and investments	\$ 390,692	6,009,119	2,074,561	—	8,474,372
Accounts receivable	714	129,453	185,738	—	315,905
Accrued interest receivable	1,159	—	6,153	—	7,312
Inventory	156,416	—	—	—	156,416
Total current assets	<u>548,981</u>	<u>6,138,572</u>	<u>2,266,452</u>	<u>—</u>	<u>8,954,005</u>
Noncurrent assets:					
Capital assets:					
Land	93,979	—	—	—	93,979
Depreciable property, plant, and equipment	233,007	—	—	1,391,686	1,624,693
Less accumulated depreciation	(205,613)	—	—	(112,426)	(318,039)
Restricted cash and investments	—	—	200,000	—	200,000
Total noncurrent assets	<u>121,373</u>	<u>—</u>	<u>200,000</u>	<u>1,279,260</u>	<u>1,600,633</u>
Total assets	<u>670,354</u>	<u>6,138,572</u>	<u>2,466,452</u>	<u>1,279,260</u>	<u>10,554,638</u>
Deferred outflows of resources:					
Pension related amounts	42,144	—	17,593	—	59,737
Other post-employment benefits	71,570	—	8,160	—	79,730
Total deferred outflows of resources	<u>113,714</u>	<u>—</u>	<u>25,753</u>	<u>—</u>	<u>139,467</u>
Total assets & deferred outflows of resources	<u>\$ 784,068</u>	<u>6,138,572</u>	<u>2,492,205</u>	<u>1,279,260</u>	<u>10,694,105</u>
Liabilities:					
Current liabilities:					
Accounts and contracts payable	\$ 29,141	590,178	1,108,289	26,201	1,753,809
Due to other funds	—	—	—	435,481	435,481
Accrued liabilities	43,662	—	8,653	—	52,315
Compensated absences – current	42,397	—	—	—	42,397
Self-insurance claims payable	—	2,195,626	2,549,994	—	4,745,620
Total current liabilities	<u>115,200</u>	<u>2,785,804</u>	<u>3,666,936</u>	<u>461,682</u>	<u>7,029,622</u>
Noncurrent liabilities:					
Compensated absences – long-term	55,752	—	—	—	55,752
Total OPEB liability	1,422,782	—	162,698	—	1,585,480
Net pension liability	338,060	—	111,573	—	449,633
Self-insurance claims payable	—	—	5,151,315	—	5,151,315
Total noncurrent liabilities	<u>1,816,594</u>	<u>—</u>	<u>5,425,586</u>	<u>—</u>	<u>7,242,180</u>
Total liabilities	<u>1,931,794</u>	<u>2,785,804</u>	<u>9,092,522</u>	<u>461,682</u>	<u>14,271,802</u>
Deferred inflows of resources:					
Pension related amounts	78,875	—	22,321	—	101,196
Total deferred inflows of resources	<u>78,875</u>	<u>—</u>	<u>22,321</u>	<u>—</u>	<u>101,196</u>
Net position:					
Net Investment in capital assets	121,373	—	—	1,279,260	1,400,633
Restricted for:					
Worker's compensation escrow	—	—	200,000	—	200,000
Unrestricted	(1,347,974)	3,352,768	(6,822,638)	(461,682)	(5,279,526)
Total net position (deficit)	<u>(1,226,601)</u>	<u>3,352,768</u>	<u>(6,622,638)</u>	<u>817,578</u>	<u>(3,678,893)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 784,068</u>	<u>6,138,572</u>	<u>2,492,205</u>	<u>1,279,260</u>	<u>10,694,105</u>

CITY OF INDEPENDENCE, MISSOURI

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

Internal Service Funds

Year ended June 30, 2019

	Central Garage	Staywell Health Care	Workers' Compensation	Enterprise Resource Planning	Total (Exhibit 6)
Operating revenues:					
Charges for services	\$ 2,370,873	23,770,393	3,534,006	—	29,675,272
Miscellaneous	10,638	—	—	—	10,638
Total operating revenues	<u>2,381,511</u>	<u>23,770,393</u>	<u>3,534,006</u>	<u>—</u>	<u>29,685,910</u>
Operating expenses:					
Personal services	675,813	—	111,735	142,069	929,617
Other services	790,351	27,355,723	6,726,885	454,962	35,327,921
Supplies	927,875	3,529	2,046	—	933,450
Depreciation and amortization	5,357	—	—	112,425	117,782
Total operating expenses	<u>2,399,396</u>	<u>27,359,252</u>	<u>6,840,666</u>	<u>709,456</u>	<u>37,308,770</u>
Operating income (loss)	<u>(17,885)</u>	<u>(3,588,859)</u>	<u>(3,306,660)</u>	<u>(709,456)</u>	<u>(7,622,860)</u>
Nonoperating revenues:					
Investment income	9,202	147,652	126,632	11,057	294,543
Miscellaneous revenue	5,087	2,198,658	—	—	2,203,745
Total nonoperating revenue	<u>14,289</u>	<u>2,346,310</u>	<u>126,632</u>	<u>11,057</u>	<u>2,498,288</u>
Income (loss) before transfers	<u>(3,596)</u>	<u>(1,242,549)</u>	<u>(3,180,028)</u>	<u>(698,399)</u>	<u>(5,124,572)</u>
Special item - OPEB change in benefit terms	672,358	—	73,798	—	746,156
Change in net position	668,762	(1,242,549)	(3,106,230)	(698,399)	(4,378,416)
Total net position:					
Beginning of the year (deficit), as restated	<u>(1,895,363)</u>	<u>4,595,317</u>	<u>(3,516,408)</u>	<u>1,515,977</u>	<u>699,523</u>
End of the year (deficit)	<u>\$ (1,226,601)</u>	<u>3,352,768</u>	<u>(6,622,638)</u>	<u>817,578</u>	<u>(3,678,893)</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2019

	Internal Service Funds				Total (Exhibit 7)
	Central Garage	Staywell Health Care	Workers' Compensation	Enterprise Resource Planning	
Cash flows from operations:					
Receipts from customers	\$ 2,390,069	25,840,536	3,348,268	—	31,578,873
Payments to suppliers	(1,732,740)	(26,857,013)	(3,649,379)	(499,013)	(32,738,145)
Payments to employees	(644,380)	—	(155,936)	(142,069)	(942,385)
Net cash provided by (used in) operating activities	12,949	(1,016,477)	(457,047)	(641,082)	(2,101,657)
Cash flows from noncapital financing activities:					
Transfers in (out)	—	—	—	435,481	435,481
financing activities	—	—	—	435,481	435,481
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	—	—	—	(726,644)	(726,644)
Net cash (used in) capital and related	—	—	—	(726,644)	(726,644)
financing activities	—	—	—	(726,644)	(726,644)
Cash flows from investing activities:					
Interest on investments	9,682	147,652	130,088	11,057	298,479
Net cash provided by (used in) investing activities	9,682	147,652	130,088	11,057	298,479
Net increase (decrease) in cash and cash equivalents	22,631	(868,825)	(326,959)	(921,188)	(2,094,341)
Cash and cash equivalents at beginning of year	368,061	6,877,944	2,601,520	921,188	10,768,713
Cash and cash equivalents at end of year	\$ 390,692	6,009,119	2,274,561	—	8,674,372
Components of cash and short-term investments at end of fiscal year					
Unrestricted assets	390,692	6,009,119	2,074,561	—	8,474,372
Restricted assets	—	—	200,000	—	200,000
Pooled cash and investments	\$ 390,692	6,009,119	2,274,561	—	8,674,372
Reconciliation of operating income (loss) to net cash					
provided (used) by operating activities:					
Operating income (loss)	\$ (17,885)	(3,588,859)	(3,306,660)	(709,456)	(7,622,860)
Adjustments to reconcile operating income (loss) to net cash					
provided (used) by operating activities:					
Depreciation and amortization	5,357	—	—	112,425	117,782
Miscellaneous revenue	5,087	2,198,658	—	—	2,203,745
Change in assets and liabilities:					
Accounts receivable	3,471	(128,515)	(185,738)	—	(310,782)
Accounts and contracts payable	(37,133)	499,856	1,094,446	(44,051)	1,513,118
Accrued liabilities	11,996	2,383	4,378	—	18,757
Other post-employment benefits and net pension liability	23,870	—	6,155	—	30,025
Self-insurance claims payable	—	—	1,980,728	—	1,980,728
Compensated absences	(4,433)	—	(50,356)	—	(54,789)
Total adjustments	30,834	2,572,382	2,849,613	68,374	5,521,203
Net cash provided by (used in) operating activities	\$ 12,949	(1,016,477)	(457,047)	(641,082)	(2,101,657)

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019 (Exhibit 8)
Flexible Benefit Plan:				
Assets:				
Pooled cash and investments	\$ 116,120	98,062	70,935	143,247
	<u>\$ 116,120</u>	<u>98,062</u>	<u>70,935</u>	<u>143,247</u>
Liabilities:				
Flexible benefit payable	\$ 116,120	537,156	510,029	143,247
	<u>\$ 116,120</u>	<u>537,156</u>	<u>510,029</u>	<u>143,247</u>
Susie Block Trust:				
Assets:				
Pooled cash and investments	\$ 33,998	1,986	1,621	34,363
Accrued interest receivable	502	731	662	571
	<u>\$ 34,500</u>	<u>2,717</u>	<u>2,283</u>	<u>34,934</u>
Liabilities:				
Funds payable to others	\$ 34,500	1,640	1,206	34,934
	<u>\$ 34,500</u>	<u>1,640</u>	<u>1,206</u>	<u>34,934</u>
Seniors Travel Programs:				
Assets:				
Pooled cash and investments	\$ 24,729	55,617	52,326	28,020
Accrued interest	55	83	55	83
	<u>\$ 24,784</u>	<u>55,700</u>	<u>52,381</u>	<u>28,103</u>
Liabilities:				
Funds payable to others	24,784	83,629	80,310	28,103
	<u>\$ 24,784</u>	<u>83,629</u>	<u>80,310</u>	<u>28,103</u>
All Agency Funds:				
Assets:				
Pooled cash and investments	\$ 174,847	155,665	124,882	205,630
Accrued interest receivable	557	814	717	654
	<u>\$ 175,404</u>	<u>156,479</u>	<u>125,599</u>	<u>206,284</u>
Liabilities:				
Flexible benefit payable	\$ 116,120	537,156	510,029	143,247
Funds held in escrow	59,284	85,269	81,516	63,037
	<u>\$ 175,404</u>	<u>622,425</u>	<u>591,545</u>	<u>206,284</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2019 and 2018

	2019			2018		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Gas			\$ 7,371,807			5,865,917
Oil			496,787			212,346
Total production fuel			<u>7,868,594</u>			<u>6,078,263</u>
Purchased power:						
Purchased energy			18,578,434			20,109,866
Purchased capacity (net)			21,350,702			23,464,482
Border customers			90,860			61,044
Control and dispatching			2,841,551			2,786,116
Total purchased power			<u>42,861,547</u>			<u>46,421,508</u>
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 969,613	420,045	1,389,658	1,049,731	513,686	1,563,417
Steam	717,531	926,822	1,644,353	782,815	1,255,492	2,038,307
Electric	715,543	400,692	1,116,235	809,777	437,880	1,247,656
Structures and improvements	—	219,901	219,901	—	401,665	401,665
Miscellaneous	745,565	442,982	1,188,547	1,004,660	474,783	1,479,443
	<u>3,148,252</u>	<u>2,410,442</u>	<u>5,558,694</u>	<u>3,646,983</u>	<u>3,083,506</u>	<u>6,730,489</u>
Missouri City Station:						
Steam	—	—	—	—	1,326	1,326
Structures and improvements	—	—	—	—	43	43
Miscellaneous	—	—	—	5,087	—	5,087
	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,087</u>	<u>1,369</u>	<u>6,456</u>
Combustion Turbine Station:						
Supervision and engineering	2,352,787	1,376	2,354,163	1,734,584	1,597	1,736,181
Generation expenses	42,952	732,093	775,045	182,625	565,844	748,469
Structures and improvements	—	—	—	—	738	738
Miscellaneous	13,860	—	13,860	2,940	53,078	56,018
	<u>2,409,599</u>	<u>733,469</u>	<u>3,143,068</u>	<u>1,920,149</u>	<u>621,257</u>	<u>2,541,406</u>
Total production (other)	<u>\$ 5,557,851</u>	<u>3,143,911</u>	<u>8,701,762</u>	<u>5,572,218</u>	<u>3,706,132</u>	<u>9,278,350</u>
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 305,881	23,230	329,111	386,982	17,915	404,897
Overhead expenses	2,696	275	2,971	10,678	2,601	13,278
Station expenses	5,194	65,774	70,968	6,330	83,517	89,848
Wheeling charges	8,048,836	—	8,048,836	8,329,065	—	8,329,065
Underground line expense	—	411	411	330	—	330
Miscellaneous	—	134,557	134,557	91,230	—	91,230
Total transmission	<u>8,362,607</u>	<u>224,247</u>	<u>8,586,854</u>	<u>8,824,615</u>	<u>104,033</u>	<u>8,928,648</u>

(Continued)

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2019 and 2018

	2019			2018		
	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
Distribution:						
Supervision and engineering	\$ 265,694	83,176	348,870	265,200	52,986	318,186
Overhead lines	1,333,949	4,869,897	6,203,846	2,460,794	4,184,131	6,644,926
Station expenses	64,068	1,519,395	1,583,463	29,139	1,457,835	1,486,975
Street lights and traffic signals	265,587	665,647	931,234	251,714	792,951	1,044,666
Meters	131,722	738,267	869,989	131,687	634,288	765,974
Customer installations	110,166	—	110,166	67,970	—	67,970
Underground lines	718,391	651,188	1,369,579	605,263	728,094	1,333,356
Dispatching communication	1,081,520	—	1,081,520	1,045,667	—	1,045,667
Line transformers	—	133,892	133,892	—	137,120	137,120
Miscellaneous	719,663	748,639	1,468,302	466,072	764,528	1,230,600
Total distribution	<u>4,690,760</u>	<u>9,410,101</u>	<u>14,100,861</u>	<u>5,323,505</u>	<u>8,751,933</u>	<u>14,075,439</u>
Total transmission and distribution	\$ <u>13,053,367</u>	<u>9,634,348</u>	<u>22,687,715</u>	<u>14,148,121</u>	<u>8,855,966</u>	<u>23,004,087</u>
Customer service:						
Supervision			\$ 245,991			251,049
Meter reading			766,854			727,442
Customer records and collections			2,192,015			2,548,630
Provisions for doubtful accounts			231,310			724,333
Miscellaneous			197,124			194,052
Total customer service			<u>3,633,294</u>			<u>4,445,507</u>
General and administrative:						
Salaries			1,647,051			2,019,987
Office supplies			475,983			473,641
Insurance			998,740			967,423
Injuries and damage			1,322,406			1,266,538
Employee benefits			8,147,913			9,428,551
Outside services			2,656,869			2,908,790
Miscellaneous			1,624,589			2,716,109
Administrative expenses – transfers			—			(112,488)
Total general and administrative			<u>16,873,551</u>			<u>19,668,550</u>
Depreciation and amortization			13,297,863			13,899,946
Payroll taxes			1,278,971			1,162,364
Total operating expenses			\$ <u>117,203,297</u>			<u>123,958,574</u>

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Power and Light Fund

Year ended June 30, 2019

	Number of customers		Revenue	KWH
	Beginning of year	End of year		
Sale of electric energy:				
Metered:				
Residential	53,768	54,186	\$ 75,423,767	537,125,202
Small general services	2,928	3,017	4,281,738	25,120,928
General services – space heating	26	32	64,796	944,049
Large general services	1,666	1,694	38,182,485	298,287,723
Large general services – prime voltage	7	9	780,854	7,125,842
Total electric general services	100	117	5,968,021	58,374,905
Schools, churches, and hospitals	210	215	1,369,913	10,210,881
Schools, churches, and hospitals, all electric	2	2	7,892	53,414
Education	60	68	3,320,925	27,031,574
Education, all electric	4	8	494,789	5,539,080
Large power services	3	3	2,805,850	29,591,320
Combined interruptible services	2	2	2,511,113	31,092,100
Sewer pumping	7	7	388,949	3,170,293
City traffic signals	64	63	505,763	1,108,743
Wholesale (border customers)	—	—	126,819	2,428,974
Wholesale (interchange)	—	—	5,652,559	186,957,326
Wholesale (border customers)	<u>58,847</u>	<u>59,423</u>	<u>141,886,233</u>	<u>1,224,162,354</u>
Unmetered:				
Wholesale (interchange)				
Private security lighting	1,641	1,638	348,775	1,205,669
City Public Street lighting	12,301	—	—	3,565,202
	<u>13,941</u>	<u>1,638</u>	<u>348,775</u>	<u>4,770,871</u>
Change in unbilled revenue			(1,268,673)	—
Other operating revenue			4,157,794	—
EVTC			40,249	—
Total operating revenue and total energy sales			<u>\$ 145,164,378</u>	<u>1,228,933,225</u>
Net generation				291,843,628
Wholesale power purchased				965,275,828
Unintentional interchange				
Net generation and power purchased				<u>1,257,119,456</u>
Retail energy sales				1,216,547,683
Wholesale (border customers) sales				2,428,974
Power and light usage (building and substations)				<u>1,347,639</u>
Net disposition				<u>1,220,324,296</u>
Transmission and distribution operating losses				<u>36,795,160</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Water Fund
Years ended June 30, 2019 and 2018

	2019			2018		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 23,023	—	23,023	32,109	—	32,109
Labor and expenses	384,877	—	384,877	403,857	—	403,857
Structures and improvements	—	36,333	36,333	—	—	—
Miscellaneous	—	102,858	102,858	—	535,373	535,373
Total source of supply	<u>407,900</u>	<u>139,191</u>	<u>547,091</u>	<u>435,967</u>	<u>535,373</u>	<u>971,340</u>
Power and pumping:						
Supervision and engineering	40,803	56,682	97,485	45,670	88,521	134,191
Fuel/power purchased	2,243,583	—	2,243,583	2,411,381	—	2,411,381
Labor and expenses	207,321	—	207,321	275,986	—	275,986
Structures and improvements	—	46,213	46,213	—	52,712	52,712
Miscellaneous	—	3,895	3,895	—	1,087	1,087
Total power and pumping	<u>2,491,707</u>	<u>106,790</u>	<u>2,598,497</u>	<u>2,733,037</u>	<u>142,320</u>	<u>2,875,357</u>
Water treatment:						
Supervision and engineering	45,932	23,605	69,537	53,340	22,526	75,866
Chemicals	1,517,895	—	1,517,895	1,470,383	—	1,470,383
Labor and expenses	566,429	—	566,429	677,065	—	677,065
Structures and improvements	—	747,562	747,562	—	1,133,581	1,133,581
Miscellaneous	—	199,274	199,274	—	277,678	277,678
Total water treatment	<u>2,130,256</u>	<u>970,441</u>	<u>3,100,697</u>	<u>2,200,788</u>	<u>1,433,784</u>	<u>3,634,573</u>
Total production	<u>\$ 5,029,863</u>	<u>1,216,422</u>	<u>6,246,285</u>	<u>5,369,792</u>	<u>2,111,477</u>	<u>7,481,270</u>
Transmission and distribution:						
Supervision and engineering	\$ 159,922	37,247	197,169	135,289	22,085	157,374
Storage facilities	18,108	—	18,108	21,060	653,169	674,229
Transmission and distribution lines	894,314	1,261,159	2,155,473	835,996	1,003,966	1,839,962
Meters	56,913	48,070	104,983	57,997	100,910	158,907
Customer installations	70,178	—	70,178	88,067	58,093	146,160
Services	—	42,778	42,778	—	72,144	72,144
Hydrants	—	46,798	46,798	—	210,351	210,351
Miscellaneous	352,257	96,311	448,568	654,492	—	654,492
Total transmission and distribution	<u>\$ 1,551,692</u>	<u>1,532,363</u>	<u>3,084,055</u>	<u>1,792,901</u>	<u>2,120,717</u>	<u>3,913,619</u>
Customer service:						
Customer accounting paid and collecting:						
Supervision			\$ 173,601			203,694
Meter reading			1,211,304			1,186,264
Customer records			354,586			693,206
Provision for uncollectible amounts			(77,876)			183,199
Total customer accounting paid and collecting			<u>1,661,615</u>			<u>2,266,363</u>
Sales promotion:						
Expenses			—			1,842
Total customer service			<u>1,661,615</u>			<u>2,268,205</u>
General and administrative:						
Salaries			726,116			489,212
Office supplies and expense			508,507			508,111
Injuries and damages			540,818			493,137
Employee benefits			2,443,369			2,205,668
Outside services			1,542,848			1,222,411
Miscellaneous			560,962			958,081
Total general and administrative			<u>6,322,620</u>			<u>5,876,620</u>
Depreciation and amortization			3,111,141			3,063,691
Payroll taxes			382,899			345,485
Other			51,413			89,283
Total operating expenses			<u>20,860,028</u>			<u>23,038,173</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>1,410,793</u>			<u>1,501,159</u>
			<u>\$ 22,270,821</u>			<u>24,539,332</u>

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Water Fund

Year ended June 30, 2019

	Number of customers		Revenue	MGS*
	Beginning of year	End of year		
Sale of water:				
Residential	45,173	44,155	\$ 13,699,721	2,627,786
Commercial	3,173	3,592	5,515,624	767,776
Industrial	6	6	1,265,360	192,227
Public authority	93	143	256,247	75,556
Resale	14	14	9,878,165	4,852,834
Private fire protection	473	468	213,611	—
Public fire protection	—	—	1,665,634	—
	<u>48,931</u>	<u>48,378</u>	<u>32,494,362</u>	<u>8,516,179</u>
Change in unbilled revenue			(577,388)	
Other operating revenue			448,417	
Total operating revenue			<u>\$ 32,365,391</u>	
Thousands of gallons pumped:				
Courtney Bend Plant				—
Less total sales				<u>8,516,179</u>
Unaccounted for water				<u>(8,516,179)</u>

* Thousand gallons sold.

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2019

	<u>Number of customers</u>		<u>Revenue</u>	<u>CCF*</u>
	<u>Beginning of year</u>	<u>End of year</u>		
Sale of sanitary sewer services:				
Residential	41,581	41,644	\$ 15,766,174	2,405,756
Commercial:				
Base	3,516	3,177	6,403,388	1,421,035
Surcharge	—	—	677,471	—
Contract waste treatment	18	9	32,149	—
Regulatory Compliance	—	—	6,797,098	—
Intermunicipal agreements:				
Sugar Creek	—	—	800,036	—
Kansas City	—	—	179,258	—
	<u>45,115</u>	<u>44,830</u>	<u>30,655,574</u>	<u>3,826,791</u>
Other operating revenue			38,067	
Change in unbilled revenue			(522,126)	
Total operating revenue			<u>\$ 30,171,515</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.

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Tables

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Revenue Capacity

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

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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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

Table 1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	319,052,806
Restricted	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	18,602,877
Unrestricted	(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)	(269,187,817)
Total governmental activities net position	\$ 298,674,282	295,642,628	131,881,262	122,011,422	116,958,064	95,591,701	85,723,770	72,250,680	(35,581,230)	68,467,866
Business-type activities										
Net investment in capital assets	\$ 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	216,116,969
Restricted	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	25,007,273
Unrestricted	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	57,814,152
Total business-type activities net position	\$ 315,860,582	315,966,552	323,859,181	312,164,707	316,019,583	296,582,575	289,151,843	291,662,984	245,654,155	298,938,394
Primary government										
Net investment in capital assets	\$ 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	535,169,775
Restricted	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	43,610,150
Unrestricted	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)	(211,373,665)
Total primary government net position	\$ 614,534,864	611,609,180	455,740,443	434,176,129	432,977,647	392,174,276	374,875,613	363,913,664	210,072,925	367,406,260

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
Administrative services	\$ 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	11,766,972
Public safety	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	64,741,468
Public works	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	19,081,925
Health and welfare	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	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	9,829,225
Community development	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	6,866,076
Storm water	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	3,854,859
General government	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	1,047,083
Tax increment financing	—	—	2,992,581	14,281,820	14,273,775	11,531,889	11,319,659	16,156,910	8,756,255	9,743,568
Debt service component unit	—	7,709,611	—	—	—	—	—	—	—	—
Interest on long-term debt	640,902	625,778	10,125,399	379,760	252,213	176,912	116,229	108,756	75,246	109,479
Total governmental activities expenses	<u>100,952,133</u>	<u>115,311,680</u>	<u>120,100,568</u>	<u>124,128,241</u>	<u>127,666,368</u>	<u>124,957,145</u>	<u>128,075,646</u>	<u>133,958,716</u>	<u>127,044,181</u>	<u>127,040,655</u>
Business-type activities:										
Power and light	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	124,700,820
Water	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	22,519,143
Sewer	15,268,389	16,304,874	16,157,412	18,900,129	19,015,060	21,822,803	23,512,501	24,420,243	25,605,642	25,728,344
Events center	4,862,017	13,764,087	12,869,289	13,091,457	10,859,704	11,218,628	11,734,030	12,067,172	12,287,000	13,218,585
Total business-type activities expenses	<u>145,941,343</u>	<u>164,264,921</u>	<u>174,123,902</u>	<u>181,837,416</u>	<u>190,817,393</u>	<u>190,788,731</u>	<u>192,033,838</u>	<u>186,832,507</u>	<u>192,067,540</u>	<u>186,166,892</u>
Total primary government expenses	<u>\$ 246,893,476</u>	<u>279,576,601</u>	<u>294,224,470</u>	<u>305,965,657</u>	<u>318,483,761</u>	<u>315,745,876</u>	<u>320,109,484</u>	<u>320,791,223</u>	<u>319,111,721</u>	<u>313,207,547</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administrative services	\$ 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	6,533,752
Public safety	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	4,513,453
Public works	462,490	437,032	398,071	362,732	401,793	391,816	376,062	577,574	537,691	640,034
Health and welfare	819,659	732,116	817,774	735,708	758,211	659,329	198,147	854,870	744,308	—
Culture and recreation	771,890	796,820	871,799	727,220	613,238	689,980	821,976	843,135	913,869	1,264,973
Community development	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	4,535,619
Storm water	—	—	—	—	—	—	—	—	—	—
General government	—	—	1,012,898	1,037,506	978,491	999,787	1,263,754	1,031,478	1,114,160	1,000,040
Operating grants and contributions	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	8,611,746
Capital grants and contributions	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	1,299,857
Total governmental activities program revenues	<u>35,534,922</u>	<u>40,647,056</u>	<u>42,527,017</u>	<u>28,030,137</u>	<u>30,350,294</u>	<u>27,344,110</u>	<u>26,275,352</u>	<u>27,084,213</u>	<u>29,260,203</u>	<u>28,399,474</u>
Business-type activities:										
Charges for services:										
Power and light	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	145,164,378
Water	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	32,365,391
Sewer	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	30,171,515
Events center	—	4,874,623	8,370,481	4,345,469	3,359,318	4,273,465	4,461,330	4,771,821	5,241,363	5,761,559
Operating grants and contributions	—	4,813,612	5,000	—	—	—	—	—	—	—
Capital grants and contributions	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	182,117
Total business-type activities program revenues	<u>157,903,201</u>	<u>179,720,990</u>	<u>192,245,202</u>	<u>189,732,174</u>	<u>193,576,735</u>	<u>196,348,853</u>	<u>195,236,155</u>	<u>202,331,095</u>	<u>215,919,688</u>	<u>213,644,960</u>
Total primary government program revenues	<u>\$ 193,438,123</u>	<u>220,368,046</u>	<u>234,772,219</u>	<u>217,762,311</u>	<u>223,927,029</u>	<u>223,692,963</u>	<u>221,511,507</u>	<u>229,415,308</u>	<u>245,179,891</u>	<u>242,044,434</u>

Table 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$ (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)	(98,641,181)
Business-type activities	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	27,478,068
Total primary government net expense	\$ (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)	(71,163,113)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	8,080,629
Sales and use taxes	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	45,006,244
Intergovernmental activity taxes	—	—	9,534,652	9,635,263	10,809,061	8,830,000	10,351,536	10,776,518	11,720,991	12,328,192
Franchise taxes	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	8,651,580
Financial institutions tax	15,669	28,410	21,646	15,225	19,381	16,523	21,116	34,130	34,818	18,814
Investment earnings	197,476	138,471	228,812	302,467	302,394	256,159	311,028	130,083	478,931	2,294,796
Special item - litigation settlement	—	—	—	—	2,203,430	—	—	—	—	—
Special item - OPEB change in benefit terms	—	—	—	—	—	—	—	—	—	72,282,213
Miscellaneous	466,775	1,079,391	397,567	1,049,065	695,896	1,960,753	796,842	1,147,386	1,211,700	594,740
Transfers	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	20,360,728
Total governmental activities	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	169,617,936
Business-type activities:										
Sales and use taxes	—	—	—	5,291,682	5,397,059	5,600,076	5,741,439	5,770,850	5,973,582	6,793,078
Investment earnings	69,869	171,413	28,936	66,215	45,754	32,746	176,436	(35,308)	674,832	5,455,337
Special item - litigation settlement	—	—	—	—	12,796,570	—	—	—	—	—
Special item - OPEB change in benefit terms	—	—	—	—	—	—	—	—	—	33,603,664
Miscellaneous	609,962	679,868	2,212,916	557,965	1,660,835	1,456,086	2,202,550	560,155	665,216	314,820
Transfers	(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)	(20,360,728)
Total business-type activities	(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)	25,806,171
Total primary government	\$ 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	195,424,107
Changes in Net Position										
Governmental activities	\$ 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)	70,976,755
Business-type activities	(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	53,284,239
Total primary government	\$ 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	124,260,994

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 3

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ —	—	—	—	14,141	—	11,424	—	—	—
Restricted	236,365	442,556	584,917	417,361	402,899	142,966	273,164	404,806	395,412	84,386
Committed	2,277,479	1,413,292	453,285	391,399	437,083	471,606	348,001	261,700	106,884	30,762
Assigned	662,881	667,065	593,561	464,633	398,283	1,300,973	1,336,086	1,648,808	1,268,521	574,172
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	6,591,442
	<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>	<u>7,280,762</u>
All other governmental funds										
Nonspendable	\$ —	—	—	480,253	—	—	665	—	526,245	—
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	47,556,094
Committed	440,243	437,150	1,404,187	451,142	204,117	164,507	41,772	30,198	53,981	61,507
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)	(1,627,806)
	<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>	<u>45,989,795</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 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	74,694,144
Licenses, fees and permits	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	4,783,828
Intergovernmental	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	9,304,404
Charges for services	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	3,378,423
Interfund charges for support services	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	5,035,500
Fines, forfeitures, and court costs	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	3,913,825
Investment earnings (loss)	165,939	124,223	214,584	287,686	259,908	250,763	286,088	93,294	337,709	2,000,253
Reimbursements from component unit	3,792,466	581,524	—	—	—	—	—	—	—	—
Developer contributions	—	—	832,549	238,105	250,000	35,000	17,025	—	—	—
Other	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	2,413,302
Total revenues	91,984,036	100,244,792	110,503,075	98,433,816	101,786,072	99,965,757	99,880,703	101,590,609	106,352,475	105,523,679
Expenditures										
Administrative services	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	10,429,550
Public safety	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	59,828,210
Public works	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	7,470,311
Health and welfare	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	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	7,508,674
Community development	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	6,561,980
Storm water	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	2,223,961
General government	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	343,456
Tax increment financing	—	—	2,992,581	2,578,489	2,886,495	1,290,274	859,000	1,136,583	1,083,430	3,124,874
Capital outlay	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	12,808,202
Debt Service										
Principal	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	7,578,765
Debt service component unit	—	3,566,752	—	—	—	—	—	—	—	—
Interest	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	6,123,004
Debt issuance costs	—	—	258,358	1,059,129	201,254	240,698	1,156,904	431,670	249,268	—
Total expenditures	113,875,467	118,001,806	133,211,808	122,736,114	118,837,745	119,717,147	118,079,449	115,927,554	123,322,483	124,000,987
Excess of revenues over (under) expenditures	(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)	(18,477,308)
Other Financing Sources (Uses)										
Transfers in	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	3,058,253
Transfers out	(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)	(3,068,253)
Issuance of debt	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	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	20,370,728
Sale of capital assets	38,572	218,603	100,901	302,423	164,172	113,025	168,797	164,406	108,321	360,991
Total other financing sources (uses)	18,351,221	16,468,178	19,599,315	20,661,749	19,041,760	19,571,629	20,448,413	19,618,077	17,084,374	20,721,719
Special items:										
Litigation settlement	—	—	—	—	2,203,430	—	—	—	—	—
Net change in fund balances	\$ (3,540,210)	(1,288,836)	(3,109,418)	(3,640,549)	4,193,517	(179,761)	2,249,667	5,281,132	114,366	2,244,411
Debt service as a percentage of non-capital expenditures	5.04%	3.83%	21.55%	20.60%	15.90%	17.45%	15.03%	15.10%	14.94%	12.53%

Note: For 2011 the Debt service as a percentage of non-capital expenditures includes the debt service payment for the component unit.

Note: In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2012 the Crackerneck Creek Transportation Development District was added as a blended component unit under the governmental activities.

Note: In 2019 the Health Department was restructured and remaining functions were moved to other departments.

Table 5

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

City Sales and Use Tax Revenue:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund	\$ 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	17,946,599
Tourism Fund (Transient Guest Tax)	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	1,967,003
Street Sales Tax Fund	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	8,258,900
Park Improvements Sales Tax Fund	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	4,129,442
Storm Water Sales Tax Fund	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	4,129,446
Police Sales Tax Fund	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	2,210,139
Fire Sales Tax Fund	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	2,064,701
TIF Funds (consolidated)	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	4,300,014
Events Center Community Improvement District	—	—	3,506,061	5,291,682	5,397,059	5,600,076	5,741,439	5,770,850	5,973,582	6,793,078
Total	\$ 38,786,752	38,848,545	43,342,747	45,981,407	46,539,242	50,059,434	50,425,297	51,119,149	52,293,545	51,799,322

Source: City of Independence

Table 6

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

Direct Sales Tax Rate City of Independence	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Park Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Storm Water Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Police Public Safety	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Fire Public Safety	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Direct Sales Tax Rate City of Independence	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Total Direct Sales Tax Rate	2.375	2.375	2.375	2.375	2.375	2.375	2.375	2.375	2.375	2.375
Total Local Option Sales Tax Rate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
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	0.125	0.125	0.125
Kansas City Zoo	0.000	0.000	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
City of Independence	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250
Transportation Development District	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Total Direct and Overlapping Sales Tax Rate	7.725	7.725	7.850	7.850	7.850	7.850	7.850	7.975	7.975	7.975

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

Source: Missouri Department of Revenue

Table 7

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

Fiscal Year Ended June 30,	Taxing Year	Real Property					Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Agricultural Property	Commercial Property	State Assessed	Total	Personal Property	Railroads & Utilities				
2010	2009	\$ 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	2010	781,239,728	1,126,981	235,721,480	4,951,250	1,023,039,439	262,875,610	1,242,492	1,287,157,541	0.7280	5,666,580,865	22.71%
2012	2011	781,254,601	1,128,703	236,979,066	4,844,455	1,024,206,825	252,082,951	2,943,813	1,279,233,589	0.7236	5,643,175,957	22.67%
2013	2012	779,674,017	1,128,605	235,695,566	4,816,906	1,021,315,094	254,225,408	3,612,882	1,279,153,384	0.7281	5,639,283,894	22.68%
2014	2013	779,683,482	1,138,200	233,988,631	5,106,421	1,019,916,734	257,382,527	3,528,618	1,280,827,879	0.7394	5,644,201,744	22.69%
2015	2014	779,384,690	1,138,682	232,114,740	5,387,691	1,018,025,803	244,122,675	2,857,999	1,265,006,477	0.7393	5,595,741,171	22.61%
2016	2015	814,095,793	1,227,696	242,938,873	5,523,260	1,063,785,622	248,605,246	2,771,990	1,315,162,858	0.7165	5,826,614,435	22.57%
2017	2016	816,156,782	1,240,556	241,685,369	5,480,210	1,064,562,917	259,387,309	2,848,806	1,326,799,032	0.7216	5,866,135,798	22.62%
2018	2017	851,240,599	1,246,527	269,580,035	5,484,957	1,127,552,118	264,036,773	2,657,765	1,394,246,656	0.7031	6,151,388,242	22.67%
2019	2018	855,893,579	1,212,349	261,658,049	5,795,714	1,124,559,691	276,071,272	2,862,628	1,403,493,591	0.7105	6,188,587,536	22.68%

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
2010	2009	\$ 0.4780	0.2250	—	0.7030	0.2140	5.084	1.0610	0.030
2011	2010	0.4950	0.2330	—	0.7280	0.2329	5.430	1.0596	0.030
2012	2011	0.4924	0.2312	—	0.7236	0.2335	5.580	1.0596	0.030
2013	2012	0.4950	0.2331	—	0.7281	0.2349	5.670	1.0464	0.030
2014	2013	0.5026	0.2368	—	0.7394	0.2369	5.700	1.0464	0.030
2015	2014	0.5026	0.2367	—	0.7393	0.2374	5.700	1.0317	0.030
2016	2015	0.4871	0.2294	—	0.7165	0.2343	5.913	1.0038	0.030
2017	2016	0.4906	0.2310	—	0.7216	0.2339	5.913	1.0117	0.030
2018	2017	0.4780	0.2251	—	0.7031	0.2297	5.801	1.0685	0.030
2019	2018	0.4830	0.2275	—	0.7105	0.2305	5.801	1.2867	0.030

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	0.2259
General Fund	0.1349
Road & Bridge Fund	0.1989
Park Fund	0.1416
Mid-Continent Public Library	0.3963
Developmentally Disabled	0.0720
Mental Health	0.1171
Total County	1.2867
- (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	2019			2010		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group LP/Independence Center LLC	\$ 20,343,643	1	1.45%	\$ 22,131,786	1	1.70%
Unilever Best Foods	16,443,453	2	1.17%	5,733,275	6	0.44%
DT Independence Commons LLC	10,464,708	3	0.75%	8,963,343	3	
Southern Union Company	7,916,961	4	0.56%	5,335,323	8	0.41%
Space Center of Kansas City	5,546,916	5	0.40%	8,529,787	4	0.66%
Mansion Apartments	5,175,269	6	0.37%			
Wal-Mart Real Estate Business Trust	4,568,489	7	0.33%			
Centerpoint Medical Center	4,484,242	8	0.32%	7,646,876	5	0.59%
MPM Cornerstone LLC	4,479,527	9	0.32%			
Comcast Cablevision	4,043,073	10	0.29%	4,377,971	10	
Sprint				12,946,218	2	1.00%
A T & T				5,731,632	7	0.44%
Bradley Operating LTD PTP				4,640,000	9	0.36%
Total	\$ 83,466,281		5.95%	\$ 86,036,211		5.60%

Source: Jackson County Collection Department

Table 10

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

Fiscal Year Ended June 30,	Taxing Year	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	\$ 7,232,424	\$ 6,883,318	95.17%	\$ 325,704	\$ 7,209,022	99.68%
2011	2010	7,493,616	7,145,073	95.35%	313,746	7,458,819	99.54%
2012	2011	7,495,895	6,971,357	93.00%	377,000	7,348,357	98.03%
2013	2012	7,402,402	7,065,183	95.44%	322,686	7,387,869	99.80%
2014	2013	7,625,313	7,145,159	93.70%	419,199	7,564,358	99.20%
2015	2014	7,468,109	7,164,660	95.94%	295,846	7,460,506	99.90%
2016	2015	7,633,251	7,182,858	94.10%	303,045	7,485,903	98.07%
2017	2016	7,782,123	7,396,095	95.04%	264,813	7,660,908	98.44%
2018	2017	7,845,114	7,374,105	94.00%	284,275	7,658,379	97.62%
2019	2018	8,058,354	7,589,114	94.18%	—	7,589,114	94.18%

Source: City of Independence

Table 11

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

Sales by Category:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Power and Light:										
Residential	\$ 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	76,873,000
Commercial	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	52,656,000
Industrial	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	3,898,000
Sold to Other Utilities	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	5,780,000
Other	1,621,000	1,551,000	1,644,000	606,000	599,000	493,000	367,000	238,000	302,000	274,000
Water:										
Residential	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	13,699,721
Commercial	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	5,515,624
Industrial	407,313	450,156	479,477	547,930	769,857	605,223	694,902	605,996	583,867	1,265,360
Public Authority	297,218	263,137	256,730	270,391	262,012	318,503	281,902	344,489	300,755	256,247
Sold to Other Utilities	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	9,878,165
Other	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	2,327,662
Sanitary Sewer:										
Residential	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	15,766,174
Commercial	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	7,080,859
Other	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	7,846,608
Total	\$ 148,752,701	163,985,284	180,108,675	182,758,951	185,705,016	187,688,065	184,305,403	191,331,851	202,360,629	203,117,420

Source: City of Independence

Table 12

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

Rates by Category:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Power and Light (per Kwh):	\$									
Residential	0.11	0.12	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Commercial	0.10	0.10	0.12	0.12	0.12	0.13	0.12	0.12	0.13	0.12
Industrial	0.07	0.08	0.09	0.09	0.09	0.09	0.08	0.07	0.08	0.07
Sold to Other Utilities	0.03	0.03	0.02	0.03	0.04	0.03	0.02	0.02	0.04	0.03
Other	0.16	0.15	0.15	0.06	0.10	0.12	0.09	0.06	0.08	0.25
Water (per 1,000 gallons):										
Residential	3.35	3.61	3.91	4.14	4.49	4.89	5.21	5.57	5.76	5.21
Commercial	3.08	3.33	3.59	3.82	4.10	4.44	4.77	5.07	5.36	7.18
Industrial	1.97	2.23	2.25	2.29	2.42	2.75	3.21	3.40	3.19	6.58
Public Authority	3.11	3.34	3.67	3.89	4.16	4.36	4.81	5.05	4.60	3.39
Sold to Other Utilities	1.23	1.35	1.46	1.57	1.69	1.80	1.93	2.05	2.09	2.04
Sanitary Sewer (per 100 cubic feet):										
Residential	3.40	3.62	3.90	4.16	4.31	4.49	4.89	5.07	5.49	6.55
Commercial	3.08	3.09	3.42	3.09	3.81	3.74	3.55	3.60	4.00	4.98
Total	\$ 19.70	21.05	22.73	23.39	25.49	26.98	28.81	30.23	30.95	36.56

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	2019			2010		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	2,030,468	1	1.46%	1,381,684	1	1.22%
Centerpoint Medical Center	1,983,286	2	1.42%	1,315,375	2	1.16%
Burd and Fletcher (5151 Geospace)	1,183,924	3	0.85%	1,183,124	3	1.04%
Smart Warehouse/Commercial Distributions Center	960,262	4	0.69%	1,066,922	4	0.94%
Simon Property Group LP/Independence Center LLC	876,827	5	0.63%	1,006,142	5	0.89%
HCP MOB Centerpoint (Boyer Company)	711,514	6	0.51%	435,014	10	0.38%
Silverstein Eye Centers Arena (Events Center)	562,383	7	0.40%			
Costco Wholesale Inc.	530,035	8	0.38%	440,479	9	0.39%
Sam's Club	425,061	9	0.30%			
Price Chopper (23rd Street)	423,603	10	0.30%	500,527	6	0.44%
Price Chopper (Noland Road)				462,839	7	0.41%
City's Rock Creek Sanitary Sewer Plant				454,499	8	0.40%
Total	\$ 9,687,363		6.95%	\$ 8,246,605		7.26%

Source: City of Independence

Table 14

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

Utility Customer - Water	2019			2010		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 5,705,570	1	17.32%	\$ 3,538,824	1	17.66%
Blue Springs	1,354,038	2	4.11%	1,182,929	2	5.90%
District #2, Jackson County	671,797	3	2.04%	375,637	3	1.88%
District #1, Lafayette County	513,942	4	1.56%	296,686	4	1.48%
Oak Grove	465,032	5	1.41%	287,778	5	1.44%
District #15, Jackson County	369,971	6	1.12%	146,268	8	0.73%
Grain Valley	320,525	7	0.97%	209,755	6	1.05%
Audubon (Lafarge) Corporation	285,778	8	0.87%	183,499	7	0.92%
District #16, Jackson County	222,918	9	0.68%			
Sugar Creek	186,417	10	0.57%			
Buckner				120,627	10	0.60%
Unilever (Thomas J. Lipton Co)				133,694	9	0.67%
Total	\$ <u>10,095,988</u>		<u>30.65%</u>	\$ <u>6,475,697</u>		<u>32.32%</u>

Source: City of Independence

Table 15

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

Utility Customer - Sewer	2019			2010		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 295,073	1	0.96%	\$ 488,343	1	3.21%
BP/AMOCO	278,261	2	0.91%	301,750	2	1.99%
City of Independence, Power & Light	146,401	3	0.48%	232,239	3	1.53%
Centerpoint Medical Center	90,836	4	0.30%	49,562	4	0.33%
Independence Housing Authority	72,768	5	0.24%			
Space Center of KC	59,360	6	0.19%			
Highland Park Investors	59,009	7	0.19%			
Green Lantern	55,499	8	0.18%			
YES Companies	52,209	9	0.17%			
Simon Property Group LP/Independence Center LLC	26,661	10	0.09%	35,200	5	0.23%
Smart Warehouse/Commercial Distributions Center				20,395	6	0.13%
Price Chopper (23rd Street)				15,222	7	0.10%
The Boyer Company				9,633	8	0.06%
Bass Pro				9,303	9	0.06%
Wal-Mart (Bolger Drive)				8,426	10	0.06%
Total	\$ 1,136,077		3.70%	\$ 1,170,073		7.70%

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			
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	—			
2019		135,402,242	40,748	1,009,999	—			
		Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
Fiscal Year		Revenue Bonds	Loans Payable	Capital Leases	Certificates of Participation			
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
2019		365,808,725	—	—	—	502,261,714	14.58%	4,295.59

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		
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%	—
2019	—	—	—	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, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Independence School District	\$ 231,015,000	93.10%	\$ 215,074,965
Fort Osage Reorganized #1 School District	46,900,284	12.50%	5,862,536
Blue Springs Reorganized #4 School District	178,340,000	4.40%	7,846,960
Raytown School District	94,809,699	8.55%	8,106,229
Subtotal, overlapping debt			<u>236,890,690</u>
City direct debt			<u>136,452,989</u>
Total direct and overlapping debt			<u><u>\$ 373,343,679</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit (1)	\$ 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	280,698,718
Total net debt applicable to limit	650,505	585,340	515,768	455,018	368,810	290,306	197,697	118,648	32,474	—
Legal Debt Margin	\$ 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	280,698,718
Total net debt applicable to the limit as a percentage of debt limit	0.250%	0.227%	0.202%	0.178%	0.144%	0.115%	0.075%	0.045%	0.012%	0.000%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 1,403,493,591
Debt Limit (20% of assessed value)	280,698,718
General obligation:	
City-Wide	—
Neighborhood Improvement Districts	40,748
Revenue Bonds	365,808,725
Total Bonded Debt	365,849,473
Less:	
Electric Utility Bonds	160,713,341
Water Utility Bonds	24,015,417
Sewer Utility Bonds	93,471,454
Events Center Bonds	87,608,513
Debt Service Fund Bonds	40,748
Total net debt applicable to limit	—
Legal debt margin	\$ 280,698,718

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)	
Power & Light (2)						
2010	\$ 115,265,625	91,580,614	\$ 18,031,664	\$ 2,245,000	2,149,388	\$ 4.10
2011	127,486,725	98,684,455	23,685,011	2,965,000	2,645,010	4.22
2012	140,997,371	104,196,848	28,802,270	3,820,000	3,042,435	4.20
2013	138,561,630	100,672,846	36,800,523	4,080,000	6,100,037	3.61
2014	139,621,307	106,187,200	37,888,784	5,015,000	5,853,306	3.49
2015	139,687,551	107,899,251	33,434,107	3,265,000	5,670,556	3.74
2016	135,479,674	110,381,924	25,097,750	3,395,000	5,539,957	2.81
2017	138,833,337	103,916,192	34,917,145	3,530,000	6,607,431	3.44
2018	149,909,406	107,058,654	42,850,752	3,685,000	7,036,700	4.00
2019	149,612,959	102,668,316	46,944,643	3,850,000	6,872,250	4.38
Water (2)						
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	34,579,510	20,668,017	13,911,493	1,480,000	1,043,288	5.51
2019	35,021,121	18,862,896	16,158,225	1,530,000	998,138	6.39
Sanitary Sewer						
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	—
2014	21,501,256	14,301,898	7,199,358	745,000	2,740,012	2.07
2015	23,586,443	14,891,692	8,694,751	1,015,000	3,979,597	1.74
2016	24,292,174	15,786,512	8,505,662	1,535,000	4,373,881	1.44
2017	26,286,812	16,173,501	10,113,311	1,945,000	4,327,756	1.61
2018	29,006,929	17,251,859	11,755,070	2,000,000	4,272,308	1.87
2019	30,839,962	17,126,837	13,713,125	2,060,000	4,212,537	2.19

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>
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%
2018	116,925	3,445,545,900	29,468	40.20	25,023	4.10%

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	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Independence School District	2,200	1	3.86%	2,043	2	4.17%
Orbital ATK (Lake City)	1,900	2	3.33%	2,500	1	5.10%
Centerpoint Medical Center	1,400	3	2.46%	1,600	3	3.26%
City of Independence	1,050	4	1.84%	1,123	4	2.29%
Government Employee Health Association	743	5	1.30%	650	5	1.33%
Rosewood Health Center at the Groves	444	6	0.78%	400	6	0.82%
Burd & Fletcher	274	7	0.48%	350	7	0.71%
Jackson County Circuit Court	274	8	0.48%	274	8	0.56%
Cable Dahmer Automotive	271	9	0.48%			
Unilever	260	10	0.46%	220	10	0.45%
Mid-Continent Library				248	9	0.51%
Total	8,816		15.47%	9,408		19.19%

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City council office	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
City clerk	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	5.00	2.00
City manager	9.50	9.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.80
National Frontiers Trails Museum	6.00	6.00	5.75	5.75	5.75	5.00	—	—	—	—
Technology services	21.00	21.00	22.00	22.00	22.00	23.00	24.00	24.00	19.00	13.48
Municipal court	14.00	14.00	14.00	14.67	14.65	14.65	14.65	14.65	13.64	13.64
Law - General fund	6.50	6.00	6.25	6.25	6.25	6.23	6.23	6.21	5.71	5.46
Law - Grant fund	0.25	0.25	0.25	0.25	0.25	0.28	0.28	0.16	0.16	0.29
Finance	24.15	24.15	22.65	22.65	22.65	22.15	22.15	22.15	16.15	17.41
Human resources	7.50	6.50	6.50	6.44	7.44	6.75	6.75	6.75	5.00	5.00
Public Safety										
Police - General fund	290.40	292.90	274.65	276.91	291.91	296.91	296.91	295.91	281.26	294.36
Police - Grant fund	15.00	13.00	14.00	13.00	13.00	7.00	7.00	6.00	7.00	7.00
Fire - General fund	173.25	173.25	173.25	173.25	169.25	169.75	173.75	173.75	172.75	175.50
Fire - Grant fund	0.75	0.75	0.75	0.75	4.75	5.25	1.25	1.25	1.25	1.25
Fire - Sales tax fund	—	—	—	—	—	—	—	—	—	1.50
Public Works										
General Fund	82.00	83.00	79.90	79.90	80.27	80.27	80.27	80.27	64.00	66.50
Street Sales Tax Fund	—	—	—	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Health and Welfare										
General fund	35.25	36.00	35.16	40.20	29.33	28.56	28.56	29.52	15.10	—
Grant fund	5.35	4.95	8.65	7.65	9.06	6.86	7.13	8.15	8.40	—
Culture and Recreation										
General fund	33.46	31.71	28.71	30.15	27.85	27.10	27.10	26.52	22.69	27.43
Tourism fund	4.41	4.41	4.66	4.66	5.66	8.18	14.18	13.00	14.25	14.42
Park Improvement Sales Tax fund	23.98	22.48	21.75	20.75	24.70	26.61	26.61	28.22	29.06	34.31
Community Development										
General fund	27.55	27.05	27.30	27.30	27.30	28.68	28.68	28.18	28.50	33.82
Community Dev Block Grant fund	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.40
HOME Program fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50
Storm Water										
Water Poll Control - General Fund	5.00	5.00	—	—	—	—	—	—	—	—
Storm Water Sales Tax fund	8.00	8.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	15.05
Power and Light										
Technology Services - General Fund	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Power and Light	218.00	222.00	233.00	236.00	238.00	239.00	239.00	239.00	228.00	225.00
Water										
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	93.65	93.42	92.42	93.42	93.42	93.42	93.40	92.90
Sewer										
Public Works - General fund	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	73.20	73.20	73.90	69.45
Central Garage fund	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	8.00	8.50
Worker' Compensation Fund	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	1,216.30	1,216.90	1,196.93	1,209.05	1,220.59	1,223.75	1,229.22	1,228.41	1,152.57	1,152.32

Source: City of Independence Budget

Table 24

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Police Incident Calls	126,087	100,096	98,282	112,197	90,403	105,840	99,355	147,127	46,024	100,073
Traffic Unit Citations Issued	38,465	19,082	19,977	33,234	40,761	36,864	37,921	27,561	11,761	13,906
Fire										
Total Alarms	16,081	16,931	16,907	17,126	16,929	18,737	20,175	20,790	21,603	22,214
Public Education Audience	38,133	35,243	19,508	26,099	25,591	14,787	6,692	13,066	34,800	7,895
Public Works										
Street Overlay (lane miles)	63	16	35	32	39	49	69	110	57	68
Street Patching Jobs	6,163	7,181	5,069	4,319	7,718	7,561	4,319	6,067	6,610	11,938
Health and Welfare										
Food Handlers Trained	9,333	7,036	6,582	5,863	5,187	5,712	4,845	4,407	4,715	3,856
Flu Shots Given	7,369	661	422	—	—	3,200	2,434	1,741	500	352
Animal Control Service Calls	9,489	6,957	7,499	6,343	6,255	5,452	5,008	4,221	4,105	442
Culture and Recreation										
Park Shelter Reservations	715	730	524	579	657	698	652	640	535	581
Number of Sermon Center Memberships	1,574	1,577	1,577	1,671	1,332	1,618	2,065	1,840	1,441	1,246
Community Development										
Permits Issued	3,246	4,538	3,177	2,728	3,049	3,155	3,002	3,656	2,509	979
Tourism										
Site Attendance	222,104	287,466	374,525	130,249	293,772	409,320	299,457	292,603	285,823	256,209
National Frontiers Trails Museum										
Number of visitors to museum	16,691	15,126	14,123	12,932	13,470	13,532	14,645	17,934	18,176	16,418
Power and Light										
Average number of monthly customers	56,585	56,458	56,292	56,297	56,474	56,709	56,908	57,123	57,413	57,897
Water										
Number of customers	47,822	48,089	48,145	48,121	48,253	48,384	48,615	48,863	48,799	48,841
Water main breaks	202	267	249	402	318	227	184	199	256	322
Sewer										
Number of customers	44,232	44,078	44,085	44,062	44,166	44,793	44,559	44,755	45,115	44,642
Wastewater Treated (Million Gallons)	3,249	2,515	2,261	2,361	2,124	2,558	3,229	2,603	2,228	3,400

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Police stations	5	4	3	5	5	5	3	4	5	7
Vehicles	215	166	180	191	191	194	185	200	209	216
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	48	47	45	44	45	46	45	48	48	48
Public Works										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	557	565	565	560	560	560	578	592	592	592
Culture and Recreation										
Park acreage	781	730	843	843	887	887	843	827	788	798
Parks	45	43	45	46	42	43	46	44	41	41
Community Centers	3	3	4	3	3	3	3	3	3	3
Fitness Centers	2	2	2	2	3	3	2	2	2	2
Ball Fields	57	54	42	45	44	44	44	41	38	43
Power and Light										
Power stations	5	5	6	6	6	6	6	5	5	5
Transmission/Distribution Circuits (miles)	844	847	859	853	869	870	888	888	889	889
Maximum daily use (Mwh)	4,909	5,456	5,780	5,654	4,818	4,754	4,983	5,166	5,166	5,094
Water										
Water mains (miles)	746	750	757	758	759	760	760	761	763	764
Fire hydrants	4,728	4,787	4,854	4,875	4,910	4,933	4,950	4,967	5,016	5,042
Maximum daily pumpage (millions of gallons)	35	42	42	47	40	37	39	36	37	36
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	597	596	614	614	614	614	616	619	619	618
Maximum daily capacity of treatment (MGD)	18	18	16	16	32	32	32	27	32	32

Source: City of Independence



INDEPENDENCE
★ MISSOURI ★

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