

City of Independence, Missouri
Historic City of the Trails



For the Fiscal Year Ended

June 30, 2015

*Comprehensive Annual
Financial Report*

CITY OF INDEPENDENCE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015



Mayor
Eileen Weir

City Council

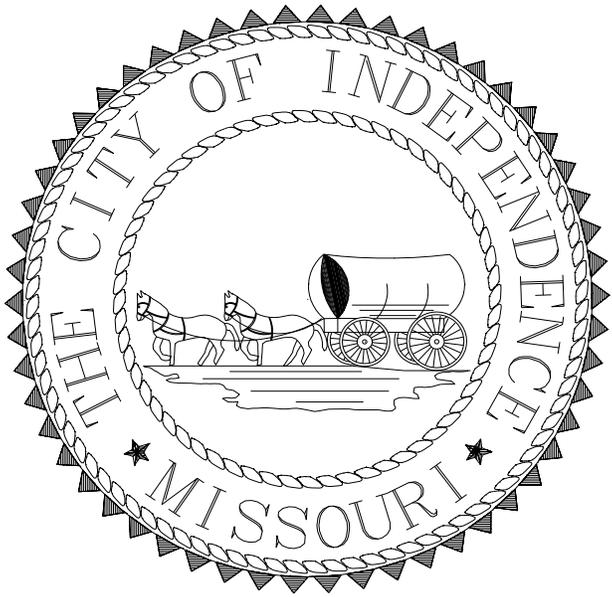
Marcie Gragg	District #1
Curt Dougherty	District #2
Scott Roberson	District #3
Thomas Van Camp	District #4
Karen DeLuccie	At-large
Chris Whiting	At-large

City Manager

John Pinch

Prepared by the Department of Finance

Brian C. Watson, Director of Finance



CITY OF INDEPENDENCE, MISSOURI

Table of Contents

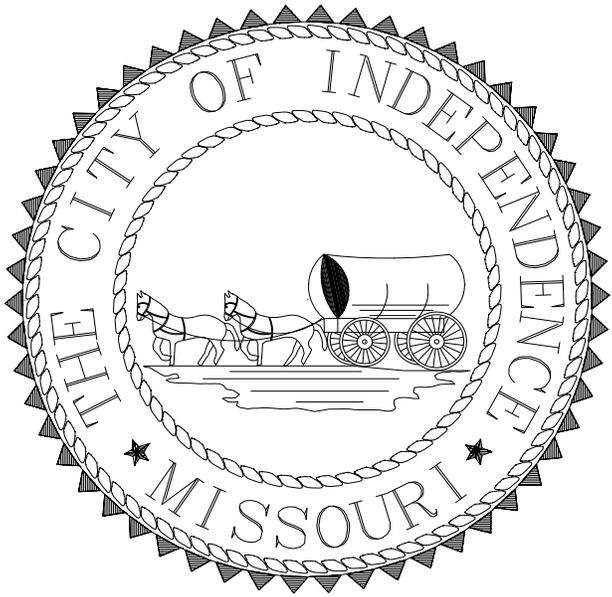
		Page
Introductory Section:		
Organizational Chart		1
Letter of Transmittal		2-6
GFOA Certificate of Achievement		7
Financial Section:		
Independent Auditors' Report		8-9
Management's Discussion and Analysis		10-21
	Exhibit	
Basic Financial Statements:		
Government-wide:		
Statement of Net Position	1	22
Statement of Activities	2	23
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	3	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3.1	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	4	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	4.1	27
Proprietary Funds:		
Statement of Net Position	5	28
Statement of Revenues, Expenses, and Changes in Fund Net Position	6	29
Statement of Cash Flows	7	30
Fiduciary Funds:		
Statement of Fiduciary Net Position	8	31
Statement of Changes in Fiduciary Net Position	9	32
Notes to Financial Statements		33-83
Required Supplementary Information:		
Notes to Budgetary Comparison Schedules		84
Budgetary Comparison Schedule – General Fund	10	85
Budgetary Comparison Reconciliation Schedule – General Fund	10.1	86
Schedule of Funding Progress – Other Post Employment Plans	11	87
LAGERS Schedule of Changes in Net Pension Liability and Related Ratios	12	88
LAGERS Schedule of Contributions	13	89

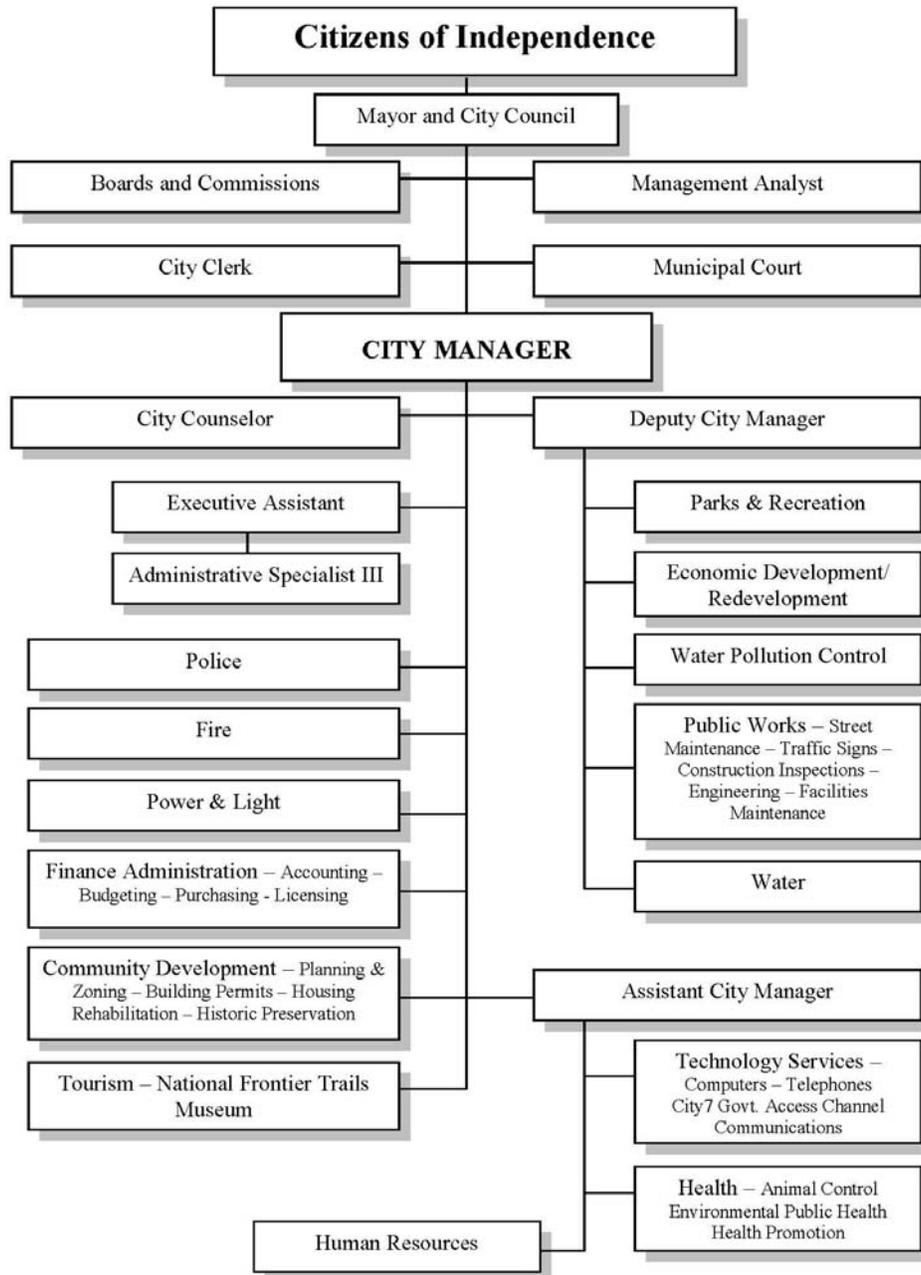
CITY OF INDEPENDENCE, MISSOURI

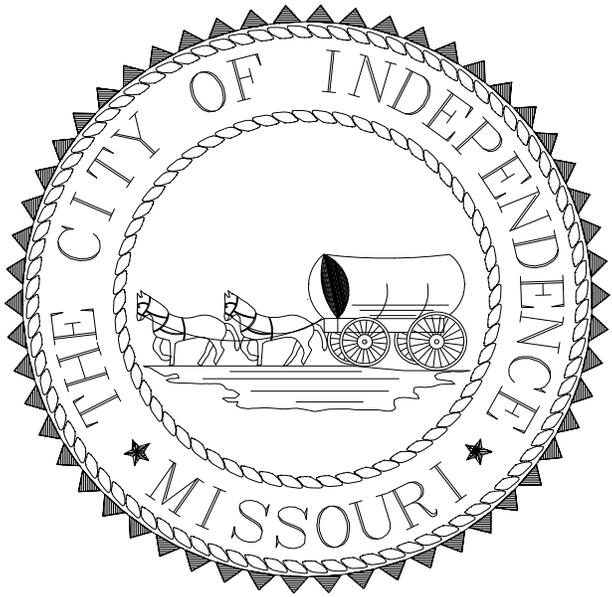
Table of Contents

	Exhibit	Page
Supplementary Information:		
Combining Balance Sheet – Nonmajor Governmental Funds	14	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	15	91
Combining Balance Sheet – Nonmajor Special Revenue Funds	16	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	17	93
Budgetary Comparison Schedules		
Tourism Fund	18	94-95
Community Development Block Grant Fund	19	96-97
Rental Rehabilitation Fund	20	98-99
Street Improvement Sales Tax Fund	21	100-101
Park Improvement Sales Tax Fund	22	102-103
Storm Water Sales Tax Fund	23	104-105
Police Public Safety Sales Tax Fund	24	106-107
Fire Public Safety Sales Tax Fund	25	108-109
Grant Fund	26	110-111
Combining Balance Sheet – Nonmajor Sales Tax Funds	27	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Sales Tax Funds	28	113
Combining Balance Sheet – Nonmajor Capital Projects Funds	29	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Nonmajor Capital Projects Funds	30	115
Combining Balance Sheet – Component Unit – Tax Increment Financing	31	116-117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Component Unit – Tax Increment Financing	32	118-119
Combining Statement of Net Position – Internal Service Funds	33	120
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	34	121
Combining Statement of Cash Flows – Internal Service Funds	35	122
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	36	123
Schedules of Operating Expenses – Power and Light Fund	37	124-125
Schedule of Operating Statistics – Power and Light Fund	38	126
Schedules of Operating Expenses – Water Fund	39	127
Schedule of Operating Statistics – Water Fund	40	128
Schedule of Operating Statistics – Sanitary Sewer Fund	41	129

	Table	Page
Statistical Data (Unaudited):		
Net Position by Component	1	131
Changes in Net Position	2	132-133
Fund Balances of Governmental Funds	3	134
Changes in Fund Balances of Governmental Funds	4	135
Total City Taxable Sales by Category	5	136
Sales Tax Rates Direct and Overlapping Governments	6	137
Assessed Value and Estimated Actual Value of Taxable Property	7	138
Property Tax Rates Direct and Overlapping Debt	8	139
Principal Property Taxpayers	9	140
Property Tax Levies and Collections	10	141
Utility Sales by Category	11	142
Utility Rates by Category	12	143
Principal Utility Payers – Power and Light	13	144
Principal Utility Payers – Water	14	145
Principal Utility Payers – Sewer	15	146
Ratios of Outstanding Debt by Type	16	147
Ratios of General Bonded Debt Outstanding	17	148
Direct and Overlapping Governmental Activities Debt	18	149
Legal Debt Margin Information	19	150
Pledged-Revenue Coverage	20	151
Demographic and Economic Statistics	21	152
Principal Employers	22	153
Full-time Equivalents City Government Employees by Function/Program	23	154
Operating Indicators by Function/Program	24	155
Capital Asset Statistics by Function/Program	25	156







City of Independence

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

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



January 14, 2016

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Independence, Missouri, for the fiscal year ended June 30, 2015. This report is submitted to you for your review in compliance with the provisions of Article 3, Section 3.34 of the City Charter.

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

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

The City of Independence's financial statements, as required by the Charter, have been audited. The independent audit was conducted by RSM US LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Independence for fiscal year ended June 30, 2015 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

Profile of the City

Incorporated in 1849, the City of Independence is the county seat of Jackson County and borders on the eastern edge of Kansas City, Missouri. Independence has a rich history as The Queen City of the Trails and former home of Harry S Truman, 33rd President of the United States. Independence is the fourth largest city in Missouri with an estimated population of 117,494.

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

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

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

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

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

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

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

Purchase orders and contracts are encumbered prior to their release to vendors. Any item, which would result in expenditures in excess of a department's budget, is not released until alternative sources of payment are made available. Open encumbrances as of June 30, 2015, are reported as committed and assigned fund balance since the City intends to honor the purchase orders and contracts.

Local economy

The City is continuing to experience growth on the eastern side of town. The I-70 interchange has made the Little Blue Parkway the professional business corridor of the 21st Century. This is due to a strong business climate and a history of successful development efforts utilizing Tax Increment Financing (TIF). This area has three million square feet of retail development, two million of which has been built since 1995. The Little Blue Parkway is located in the heart of a fast growing commercial area. This area is home to the Silverstein Eye Centers Arena, formerly known as the Independence Events Center which includes an arena with 5,800 seats for sports with additional seating for concerts and a community ice rink. The Silverstein Eye Centers Arena (Arena) is home to the Central Hockey League franchise the Missouri Mavericks and Major Indoor Soccer League the Comets. The Missouri Mavericks have a signed contract that expires in 2020 and the Comets contract expires March 2016. 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
2015*	6.0%	6.5%	5.8%
2014	6.7%	7.0%	6.1%
2013	6.9%	7.5%	6.5%
2012	7.1%	7.7%	6.9%
2011	10.2%	9.5%	8.4%

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

*Average estimated thru June 2015.

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 2015-2016 includes projects totaling an estimated \$27.2 million on capital projects. In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated. Many of the streets improvements, parks improvements and storm water projects are funded by the voter approved street, parks, and storm water sales taxes.

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

Relevant financial policies

It is the City of Independence's policy to restore the unassigned fund balance through revenue allocations or expenditure reductions when it falls below the 5.0% of annual revenues. The City Manager has not funded vacant positions whenever possible in an effort to reduce salary and benefit costs. In addition, each department has been asked to reduce expenditures in an effort to reduce costs. The unassigned fund balance as of June 30, 2015 was 5.0% of the General Fund revenues and transfers from utility payments in lieu of taxes. There was no change from last year’s percentage.

Major initiatives

The Neighborhood Stabilization Program continues to bring a number of private and public entities together to redevelop Northwest Independence as a vibrant community. The City anticipates the Neighborhood Stabilization Program will run through fiscal year 2015-16, until all funding sources have been exhausted. Development incentives, school redistricting, and tax abatements have combined to encourage construction of new housing, rehabilitation of existing housing, and redevelopment of commercial nodes. Additional infrastructure investments by both the City and Missouri Department of Transportation have improved access and enhanced property values. The City anticipates that population will continue to rebound in this geographic area over the next five to ten years.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Brian C. Watson
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Independence
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Independence Events Center (IEC), which is a blended component unit presented within the Events Center Fund, a major enterprise fund of the City. This activity represents 1 percent and 44 percent, respectively, of the total assets and total revenues of the major enterprise fund and 0.16 percent and 2 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the IEC 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 from material misstatement. The financial statements of the IEC, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Missouri, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 9, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27*, which restated beginning net position and the net pension liability of the governmental activities, business-type activities, Power and Light Fund, Water Fund, Sanitary Sewer Fund and aggregate remaining fund information.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10 through 21, the Budgetary Comparison Schedules on pages 85 and 86, and the pension and postemployment information on pages 87 through 89, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016 on our consideration of the City of Independence, Missouri'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 City of Independence, Missouri's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
January 14, 2016

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

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, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

The City's total net position decreased \$40.8 million. The City's 'governmental-type activities' had a decrease of \$21.4 million and the 'business-type activities' had a decrease of \$19.4 million. The decreases were primarily due to the implementation of the Governmental Accounting Standards Board's Statement No. 68 – *Accounting and Financial Reporting for Pensions*. The statement required that we record a net pension liability for the LAGERS pension plan.

Sales tax revenue increased by \$3.5 million, or 7.6%. This was an improvement from previous years, but there continues to be a lagging growth in revenue from sales tax which can mostly be attributed to two factors. The first and probably the most significant is the slow economy that has generally been felt throughout the country. The second is the retail competition that continues to develop within the trade area of the City. Blue Springs and Lee's Summit continue to expand their retail shopping opportunities.

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

Revenues of the General Fund were also significantly impacted by the combined impact of extremely low cost of natural gas and weather. As a result of the low cost of fuel and a very mild winter revenues from the franchise tax on natural gas sales within the City were \$333,764 less than originally projected. Weather has also impacted revenues from sales of electricity and water.

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

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements:

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

- The governmental funds statements tell how general government services, like public safety, were financed in the short-term, as well as, what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like a business, such as the Power and Light system, Water system, Sanitary Sewer system, and the Silverstein Eye Centers Arena.
- Fiduciary fund statements provide information about financial relationships for which the City acts solely as a trustee or agent for the benefit of others, to whom the underlying resources belong, such as the Seniors Travel Fund, and Flexible Benefit Plan Fund.

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

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

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

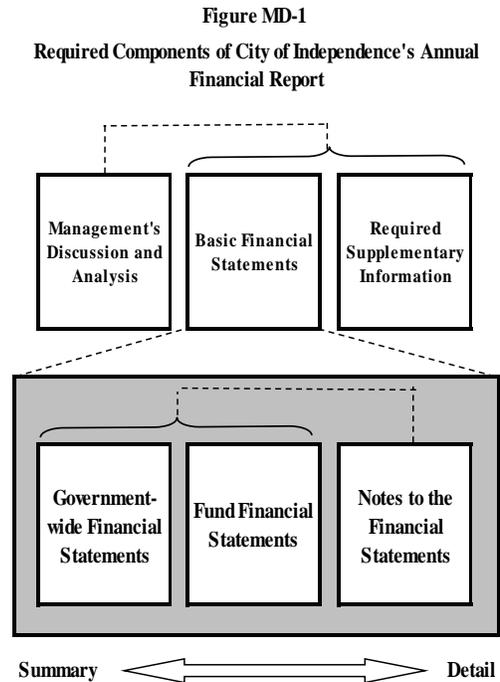


Figure MD-2
Major Features of the City of Independence's Government-wide and Fund Financial Statements

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

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

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

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

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

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

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	
	2015 (as restated)	2014 (not restated)	2015 (as restated)	2014 (not restated)	2015 (as restated)	2014 (not restated)
Current and other assets	\$ 60,211,582	58,747,300	166,360,936	159,206,494	226,572,518	217,953,794
Capital assets	337,307,557	338,548,368	546,246,076	545,208,480	883,553,633	883,756,848
Total assets	<u>397,519,139</u>	<u>397,295,668</u>	<u>712,607,012</u>	<u>704,414,974</u>	<u>1,110,126,151</u>	<u>1,101,710,642</u>
Total deferred outflows of resources	14,514,326	3,319,709	17,140,559	10,801,595	31,654,885	14,121,304
Long-term obligations	297,206,407	268,550,624	412,543,564	377,280,821	709,749,971	645,831,445
Other liabilities	14,691,050	15,106,689	16,781,645	21,916,165	31,472,695	37,022,854
Total liabilities	<u>311,897,457</u>	<u>283,657,313</u>	<u>429,325,209</u>	<u>399,196,986</u>	<u>741,222,666</u>	<u>682,854,299</u>
Total deferred inflows of resources	4,544,307	—	3,839,787	—	8,384,094	—
Net position						
Net investment in capital assets	334,319,837	333,902,700	230,396,460	240,517,938	564,716,297	574,420,638
Restricted	16,335,599	16,931,671	16,587,288	16,288,747	32,922,887	33,220,418
Unrestricted (deficit)	(255,063,735)	(233,876,307)	49,598,827	59,212,898	(205,464,908)	(174,663,409)
Total net position	<u>\$ 95,591,701</u>	<u>116,958,064</u>	<u>296,582,575</u>	<u>316,019,583</u>	<u>392,174,276</u>	<u>432,977,647</u>

The City's combined net position decreased 9.4% to \$392.2 million from \$433.0 million. Net position of the City's Governmental activities decreased 18.3% to \$95.6 million. Governmental assets increased \$223,471 and liabilities increased \$28.2 million. Long-term obligations for Governmental activities increased \$28.7 million. Business-type activities assets increased \$8.2 million and liabilities increased \$30.1 million. Long-term obligations for business-type activities increased \$35.3 million. For both Governmental and Business-type activities the decrease in net position and increase in long-term obligations are primarily from the addition of the net pension liability due to the implementation of GASB No. 68, mentioned earlier. Other factors for the Business-type funds include the issuance of obligations for Sanitary Sewer system improvements, and an increase in the amount reported for other post-employment benefits.

The City's total unrestricted net position (deficit) was (\$205.5) million. The Governmental activities were (\$255.1) million with a decrease of \$21.2 million from the previous year, and Business-type activities were \$49.6 million with a decrease of \$9.6 million from the previous year. The net investment in capital assets for Business-type activities was \$230.4 million with a decrease of \$10.1 million from the previous year.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 16,568,993	15,900,514	194,735,447	191,190,224	211,304,440	207,090,738
Operating grants & contributions	8,844,808	10,680,433	—	—	8,844,808	10,680,433
Capital grants & contributions	1,930,309	3,769,347	1,613,406	2,386,511	3,543,715	6,155,858
General revenues						
Property taxes	8,546,600	7,993,199	—	—	8,546,600	7,993,199
Sales taxes	44,459,358	41,142,183	5,600,076	5,397,059	50,059,434	46,539,242
Intergovernmental activity taxes	8,830,000	10,809,061	—	—	8,830,000	10,809,061
Other taxes	9,977,451	10,311,869	—	—	9,977,451	10,311,869
Interest	256,159	302,394	32,746	45,754	288,905	348,148
Other	1,960,753	695,896	1,456,086	1,660,835	3,416,839	2,356,731
Total revenues	<u>101,374,431</u>	<u>101,604,896</u>	<u>203,437,761</u>	<u>200,680,383</u>	<u>304,812,192</u>	<u>302,285,279</u>
Expenses						
Administrative services	9,348,081	9,096,123	—	—	9,348,081	9,096,123
Public safety	57,226,139	56,859,801	—	—	57,226,139	56,859,801
Public works	17,740,128	18,079,671	—	—	17,740,128	18,079,671
Health & welfare	3,672,055	3,622,207	—	—	3,672,055	3,622,207
Culture & recreation	8,004,845	7,435,735	—	—	8,004,845	7,435,735
Community development	4,876,851	6,316,004	—	—	4,876,851	6,316,004
Storm water	2,917,670	3,000,734	—	—	2,917,670	3,000,734
General government	9,462,575	8,730,105	—	—	9,462,575	8,730,105
Tax increment financing	11,531,889	14,273,775	—	—	11,531,889	14,273,775
Interest	176,912	252,213	—	—	176,912	252,213
Power and light	—	—	136,825,933	138,801,854	136,825,933	138,801,854
Water	—	—	20,921,367	22,140,775	20,921,367	22,140,775
Sanitary sewer	—	—	21,822,803	19,015,060	21,822,803	19,015,060
Events center	—	—	11,218,628	10,859,704	11,218,628	10,859,704
Total expenses	<u>124,957,145</u>	<u>127,666,368</u>	<u>190,788,731</u>	<u>190,817,393</u>	<u>315,745,876</u>	<u>318,483,761</u>
Excess (deficiency) of revenues over expenses before transfers	(23,582,714)	(26,061,472)	12,649,030	9,862,990	(10,933,684)	(16,198,482)
Transfers - In (Out)	18,676,005	18,804,684	(18,676,005)	(18,804,684)	—	—
Special item - litigation settlement	—	2,203,430	—	12,796,570	—	15,000,000
Change in net position	(4,906,709)	(5,053,358)	(6,026,975)	3,854,876	(10,933,684)	(1,198,482)
Net position, beginning of year, as restated	100,498,410	122,011,422	302,609,550	312,164,707	403,107,960	434,176,129
Net position, end of year	\$ <u>95,591,701</u>	<u>116,958,064</u>	<u>296,582,575</u>	<u>316,019,583</u>	<u>392,174,276</u>	<u>432,977,647</u>

Total revenues increased 0.8% or \$2.5 million, Business-type activities increased 1.4% or \$2.8 million, and Governmental revenues decreased 0.2% or \$230,465. The decrease in Operating grants and contributions and Capital grants and contributions is primarily due to larger grants winding down and decreases in funding under the Governmental activities. Of significance is the increase from sales taxes of 7.6% or \$3.5 million. This was an improvement from previous years, but there continues to be a lagging growth in sales tax revenues due to the economy and retail competition. The increase in charges for services for Business-type activities is primarily the result of rate increases for the Sanitary Sewer fund. Weather conditions also impacted charges for services for the Power and Light and Water funds.

Total expenses decreased 0.9% or \$2.7 million, Governmental expenses decreased 2.1% or \$2.7 million and Business-type expenses decreased \$28,662.

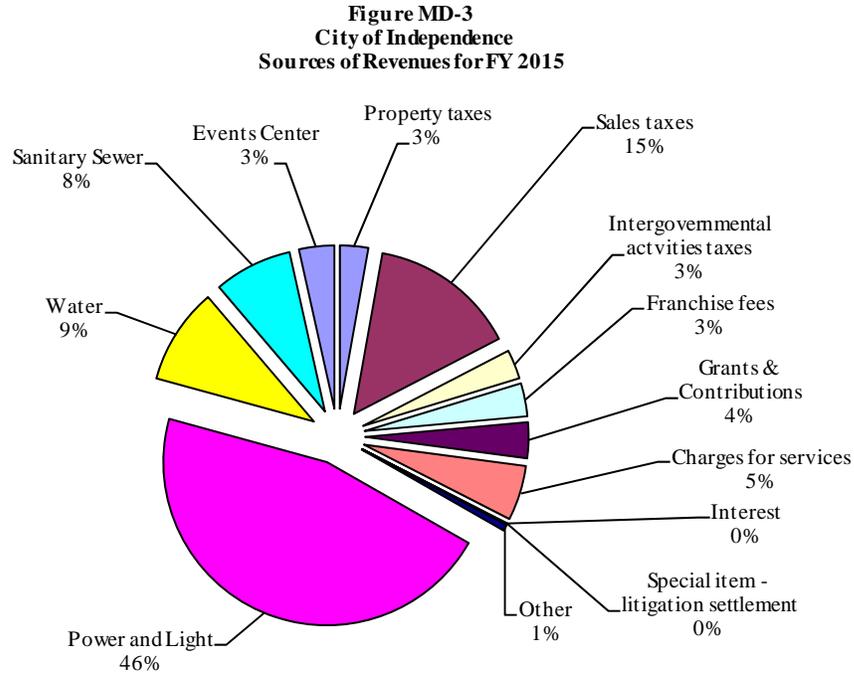
The change in the Business-type expenses is attributable to normal operations; some of the changes are related to the effect of weather on electric and water sales. The transfers out of the Business-type activities and in to the

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

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

Revenues

For the fiscal year ending June 30, 2015 revenues totaled \$304.8 million. Of this amount charges for services (Governmental and Business-type) were \$211.3 million or 69.3% of the total. Revenue from Business-type activities represents \$203.4 million or 66.7% of the total City revenues (Figure MD-3).

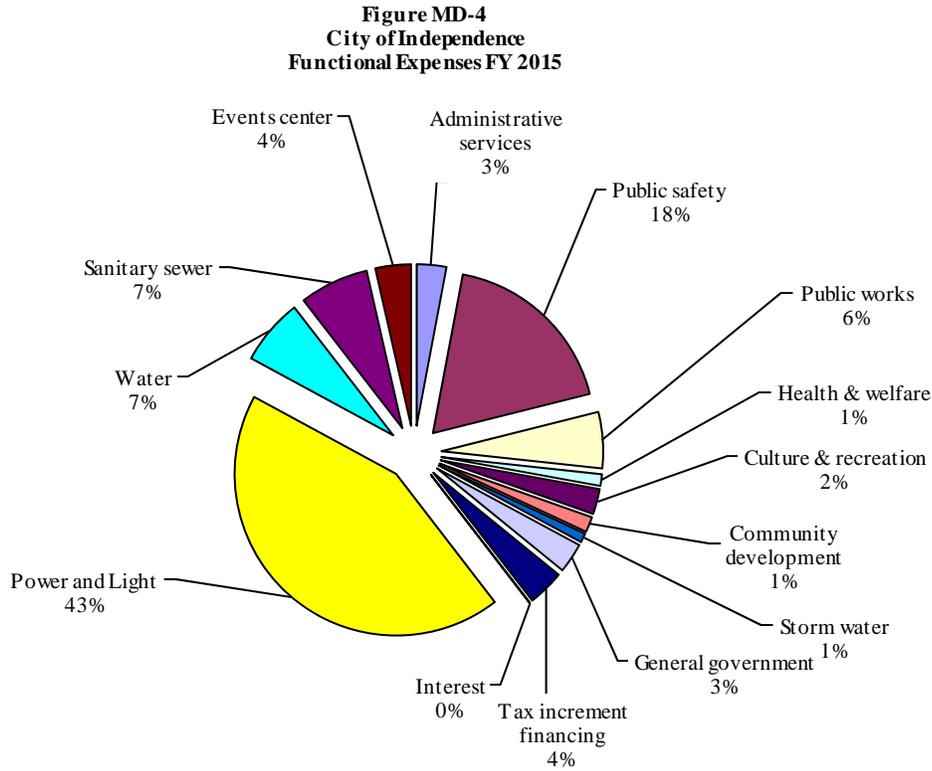


Revenues from Governmental activities were \$101.4 million. Sales taxes, the largest Governmental category, were \$44.5 million or 43.9%. All taxes represent \$71.8 million or 70.8% of Governmental revenue. Operating and capital grants were \$10.8 million or 10.6% of Governmental revenues. Charges for services at \$16.6 million were 16.3% of the total.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

Expenses

For the fiscal year ending June 30, 2015 expenses totaled \$315.7 million. Of this amount the electric utility was \$136.8 million or 43.3% of the total. Business-type expenses represent \$190.8 million or 60.4% of the total City expenses (Figure MD-4).



Expenses from Governmental activities were \$125.0 million. Public safety expenses, the largest Governmental category, were \$57.2 million or 45.8% of the total. Public Works is the next largest category at \$17.7 million, which is 14.2% of the total.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

Governmental Activities

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

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Administrative services	\$ 9,348,081	9,096,123	1,819,350	2,174,766
Public safety	57,226,139	56,859,801	49,982,713	49,310,539
Public works	17,740,128	18,079,671	11,212,976	10,182,751
Health & Welfare	3,672,055	3,622,207	2,489,160	2,078,421
Culture & Recreation	8,004,845	7,435,735	7,034,745	6,239,090
Community development	4,876,851	6,316,004	2,019,832	2,320,762
Storm water	2,917,670	3,000,734	2,917,670	2,982,143
General government and interest on long-term debt	9,639,487	8,982,318	9,639,487	8,982,318
Tax increment financing	11,531,889	14,273,775	10,497,102	13,045,284
Total	<u>\$ 124,957,145</u>	<u>127,666,368</u>	<u>97,613,035</u>	<u>97,316,074</u>

As noted in Table MD-3 expenses from Governmental activities for fiscal year 2015 were \$125.0 million. However, the net costs of these services were \$97.6 million. The difference represents direct revenues received from charges for services of \$16.6 million, operating grants and contributions of \$8.8 million, and capital grants and contributions of \$1.9 million. Taxes and other revenues of \$74.0 million were collected to cover these net costs.

Business-type Activities

Revenues of the City's Business-type activities increased \$2.8 million or 1.4% and expenses decreased \$28,662. This change in revenues is primarily the result of scheduled rate increases for the Sanitary Sewer fund and favorable weather conditions for the Electric and Water utilities. Fluctuations in weather for the Power and Light and Water funds impact both the revenues and expenses of these utilities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its Governmental funds reported a combined fund balance of \$43.4 million. The fund balance of the General Fund increased \$812,824 and the TIF Debt Service fund decreased \$869,805, during fiscal year 2015. The unassigned portion of the General Fund's fund balance increased \$149,685. The General Fund's fund balance was impacted by several of the financial highlights pointed out earlier, as well as the following:

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

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

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

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

The Business-type funds reported a combined net position of \$297.4 million. The net position of the Power and Light fund decreased \$10.9 million, the Water fund increased \$5.6 million, the Sewer fund decreased \$1.3 million, and the Events Center fund decreased \$599,452. Net position was impacted by several of the financial highlights pointed out earlier, as well as the following:

During fiscal year 2015 the Sanitary Sewer fund had a rate increase for regulatory compliance.

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

General Fund Budgetary Highlights

Resources available for appropriation increased \$102,301 from the original estimate. Actual revenues at the end of the year were less than projected by \$828,176. The largest variances were in the areas of payments in lieu of taxes, which were \$514,550 below estimated and taxes, which were \$352,276 below estimated. A large variance also occurred in the area of licenses and permits, which were \$397,364 above estimated.

Over the course of the fiscal year, the Council revised the City budget several times. Appropriations were increased \$890,071 in the General Fund. These budget amendments generally fall into the following categories:

- Approval of new grants or the extension of current grants that was not previously included in the approved budget. These adjustments generally also include offsetting revenues.
- Transfer of previously approved salary and benefit appropriations to operating departments where expenditures occur when the actual distribution of the expenditure could not be anticipated at the time that the appropriation was originally approved.
- Increase or decrease appropriations for unanticipated events, including overtime costs, which may arise throughout the fiscal year.

Actual expenditures, including encumbrances, were \$2.5 million less than the amount appropriated, representing operating savings of 3.3%. This was largely the result of an intentional under-spending of the budget by means of delaying capital expenditures and the filling of vacant positions to offset projected declining revenues and fund balance reserves.

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the City had invested \$883.6 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and electric, water and sewer systems. Assets decreased \$203,215 or 0.02% during the period.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Land & land imp	\$ 38,269,346	38,363,024	12,163,412	12,163,413	50,432,758	50,526,437	-0.19%
Buildings & Improvements	63,264,397	65,854,001	—	—	63,264,397	65,854,001	-3.93%
Office furniture & equipment	20,318	18,856	—	—	20,318	18,856	7.75%
Computer equipment	765,145	1,105,765	—	—	765,145	1,105,765	-30.80%
Mobile equipment	7,161,556	7,185,373	—	—	7,161,556	7,185,373	-0.33%
Other equipment	3,272,785	3,490,577	12,553,353	12,128,451	15,826,138	15,619,028	1.33%
Infrastructure	196,610,003	206,339,142	422,618,024	433,448,005	619,228,027	639,787,147	-3.21%
Construction in progress	27,944,007	16,191,630	98,911,287	87,468,611	126,855,294	103,660,241	22.38%
Total	\$ 337,307,557	338,548,368	546,246,076	545,208,480	883,553,633	883,756,848	-0.02%

The budget for fiscal year 2015 projects the City will spend an additional \$27.2 million for capital projects. The largest category at \$12.1 million is improvements to the City's Power and Light system.

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

CITY OF INDEPENDENCE, MISSOURI
Management's Discussion and Analysis
June 30, 2015

Debt Administration

Table MD-5
City of Independence's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Loans and bonds payable	\$ 1,951,192	3,419,255	354,386,824	342,793,093	356,338,016	346,212,348	2.92%
TIF loans payable	160,482,813	164,262,050	—	—	160,482,813	164,262,050	-2.30%
Capital lease obligations	1,036,529	1,226,414	—	—	1,036,529	1,226,414	-15.48%
Neighborhood Improvement District	378,531	453,477	—	—	378,531	453,477	-16.53%
Total	\$ 163,849,065	169,361,196	354,386,824	342,793,093	518,235,889	512,154,289	1.19%

The City at the end of fiscal year 2015 had a total of \$518.2 million of outstanding obligations. This was an increase of \$6.1 million or 1.2% from the previous fiscal year. None of these amounts relate to general obligations of the City and \$354.4 million or 68.4% are obligations of the Business-type activities.

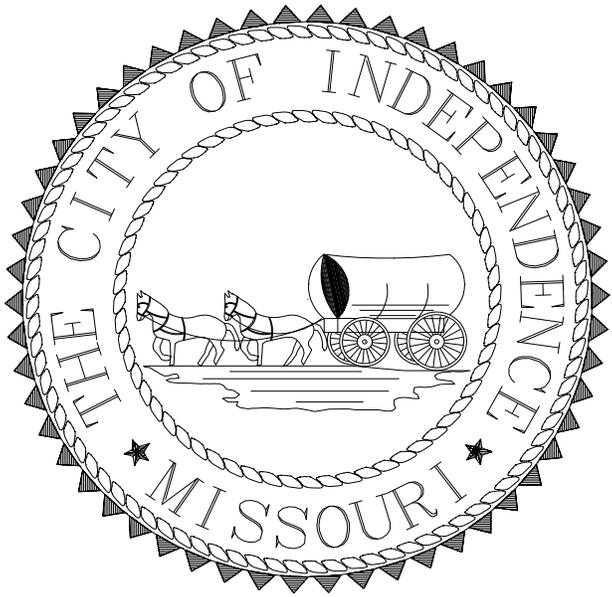
Additional information regarding debt can be found in the 'Notes to Financial Statements' section, Note (7), of this report.

Economic Factors

In the last five years the City, as a community, gained 1,953 jobs, with current total employment at 55,628 jobs. Unemployment by mid-2015 was 6.0%; this is lower than Jackson County at 6.5% and higher than the State at 5.8%. Average household income for 2015 is estimated to be \$68,860, compared to \$78,263 for the State as a whole. Per capita income for 2015 is estimated to be \$23,524, compared to \$26,126 for the State as a whole.

Contacting the City's Financial Management

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



CITY OF INDEPENDENCE, MISSOURI

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Current assets:			
Pooled cash and investments	\$ 25,574,988	82,257,726	107,832,714
Receivables:			
Taxes	8,687,168	889,724	9,576,892
Accounts	913,507	12,984,839	13,898,346
Unbilled revenue	—	14,030,019	14,030,019
Special assessment principal	1,764,979	149,630	1,914,609
Other	—	57,422	57,422
Internal balances	1,355,970	(1,355,970)	—
Due from other governments	2,714,877	—	2,714,877
Inventory	132,873	10,651,144	10,784,017
Prepaid items	—	298,283	298,283
Restricted cash and investments	—	4,458,643	4,458,643
Total current assets	<u>41,144,362</u>	<u>124,421,460</u>	<u>165,565,822</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	59,669,392	111,074,699	170,744,091
Depreciable, net	277,638,165	435,171,377	712,809,542
Goodwill	—	999,203	999,203
Other assets	—	595	595
Restricted cash and investments	19,067,220	40,939,678	60,006,898
Total noncurrent assets	<u>356,374,777</u>	<u>588,185,552</u>	<u>944,560,329</u>
Total assets	<u>397,519,139</u>	<u>712,607,012</u>	<u>1,110,126,151</u>
Deferred outflows of resources:			
Deferred charge on refunding	4,828,539	10,252,847	15,081,386
Pension related amounts	9,685,787	6,887,712	16,573,499
Total deferred outflows of resources	<u>14,514,326</u>	<u>17,140,559</u>	<u>31,654,885</u>
Total assets and deferred outflows of resources	<u>\$ 412,033,465</u>	<u>729,747,571</u>	<u>1,141,781,036</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities:			
Accounts and contracts payable	\$ 1,706,331	6,450,657	8,156,988
Accrued items	5,428,956	3,175,731	8,604,687
Other current liabilities	346,374	528,717	875,091
Unearned revenue	527,139	517,945	1,045,084
Current portion of long-term obligations	14,294,632	12,607,212	26,901,844
Self-insurance claims payable	6,489,278	—	6,489,278
Liabilities payable from restricted assets	192,972	5,998,578	6,191,550
Total current liabilities	<u>28,985,682</u>	<u>29,278,840</u>	<u>58,264,522</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	193,555,671	349,830,635	543,386,306
Other post-employment benefits	58,825,959	27,310,855	86,136,814
Net pension liability	30,530,145	22,794,862	53,325,007
Advances for construction	—	110,017	110,017
Total noncurrent liabilities	<u>282,911,775</u>	<u>400,046,369</u>	<u>682,958,144</u>
Total liabilities	<u>311,897,457</u>	<u>429,325,209</u>	<u>741,222,666</u>
Deferred inflows of resources:			
Pension related amounts	4,544,307	3,839,787	8,384,094
Total deferred inflows of resources	<u>4,544,307</u>	<u>3,839,787</u>	<u>8,384,094</u>
Net position:			
Net investment in capital assets	334,319,837	230,396,460	564,716,297
Restricted for:			
Public safety	3,062,931	—	3,062,931
Public works	5,586,970	—	5,586,970
Storm water	7,294,188	—	7,294,188
General government	32,719	—	32,719
Debt service	158,791	12,655,317	12,814,108
Worker's compensation escrow	200,000	—	200,000
Dogwood SPP escrow	—	61,500	61,500
Southwest Power Pool collateral	—	831,040	831,040
Community improvement district	—	3,039,431	3,039,431
Unrestricted (deficit)	<u>(255,063,735)</u>	<u>49,598,827</u>	<u>(205,464,908)</u>
Total net position	<u>95,591,701</u>	<u>296,582,575</u>	<u>392,174,276</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 412,033,465</u>	<u>729,747,571</u>	<u>1,141,781,036</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Activities
Year ended June 30, 2015

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities					
Administrative services	\$ 9,348,081	7,526,268	2,463	—	(1,819,350)
Public safety	57,226,139	5,016,016	2,174,164	53,246	(49,982,713)
Public works	17,740,128	391,816	4,538,393	1,596,943	(11,212,976)
Health and welfare	3,672,055	659,329	523,566	—	(2,489,160)
Culture and recreation	8,004,845	689,980	—	280,120	(7,034,745)
Community development	4,876,851	1,285,797	1,571,222	—	(2,019,832)
Storm water	2,917,670	—	—	—	(2,917,670)
General government	9,462,575	—	—	—	(9,462,575)
Tax increment financing	11,531,889	999,787	35,000	—	(10,497,102)
Interest on long-term debt	176,912	—	—	—	(176,912)
Total governmental activities	<u>124,957,145</u>	<u>16,568,993</u>	<u>8,844,808</u>	<u>1,930,309</u>	<u>(97,613,035)</u>
Business-type activities:					
Power and light	136,825,933	139,078,098	—	518,197	2,770,362
Water	20,921,367	27,838,244	—	1,095,209	8,012,086
Sewer	21,822,803	23,545,640	—	—	1,722,837
Events center	11,218,628	4,273,465	—	—	(6,945,163)
Total business-type activities	<u>190,788,731</u>	<u>194,735,447</u>	<u>—</u>	<u>1,613,406</u>	<u>5,560,122</u>
Total primary government	<u>\$ 315,745,876</u>	<u>211,304,440</u>	<u>8,844,808</u>	<u>3,543,715</u>	<u>(92,052,913)</u>

	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (97,613,035)	5,560,122	(92,052,913)
General revenues:			
Taxes			
Property taxes	8,546,600	—	8,546,600
Sales and use taxes	44,459,358	5,600,076	50,059,434
Intergovernmental activity taxes	8,830,000	—	8,830,000
Franchise taxes	9,960,928	—	9,960,928
Financial institutions tax	16,523	—	16,523
Investment earnings	256,159	32,746	288,905
Miscellaneous	1,960,753	1,456,086	3,416,839
Transfers in (out)	18,676,005	(18,676,005)	—
Total general revenues, special items and transfers	<u>92,706,326</u>	<u>(11,587,097)</u>	<u>81,119,229</u>
Change in net position	(4,906,709)	(6,026,975)	(10,933,684)
Net position, beginning, as restated	100,498,410	302,609,550	403,107,960
Net position, ending	<u>\$ 95,591,701</u>	<u>296,582,575</u>	<u>392,174,276</u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Balance Sheet

Governmental Funds

June 30, 2015

Assets	General	TIF Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 2,620,765	6,223,323	9,499,322	18,343,410
Receivables:				
Taxes	4,144,616	731,654	3,810,898	8,687,168
Accounts, net	174,525	253,046	18,004	445,575
Special assessment principal	859,925	—	905,054	1,764,979
Due from other funds	1,654,267	—	4,987,564	6,641,831
Due from other governments	740,405	554,802	1,419,670	2,714,877
Restricted assets	192,972	18,445,976	228,272	18,867,220
Total assets	<u>\$ 10,387,475</u>	<u>26,208,801</u>	<u>20,868,784</u>	<u>57,465,060</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts and contracts payable	\$ 56,159	8,987	1,289,308	1,354,454
Due to other funds	—	1,257	6,112,175	6,113,432
Accrued items	2,851,977	—	149,275	3,001,252
Other current liabilities	336,543	—	9,831	346,374
Unearned revenue	2,001	—	525,138	527,139
Liabilities payable from restricted assets:				
Deposits and court bonds	192,972	—	—	192,972
Total liabilities	<u>3,439,652</u>	<u>10,244</u>	<u>8,085,727</u>	<u>11,535,623</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	859,925	—	905,054	1,764,979
Unavailable revenue - real estate taxes	430,678	352,799	—	783,477
Total deferred inflows of resources	<u>1,290,603</u>	<u>352,799</u>	<u>905,054</u>	<u>2,548,456</u>
Fund balances:				
Restricted	142,966	25,845,758	16,405,083	42,393,807
Committed	471,606	—	164,507	636,113
Assigned	1,300,973	—	—	1,300,973
Unassigned (deficit)	3,741,675	—	(4,691,587)	(949,912)
Total fund balance	<u>5,657,220</u>	<u>25,845,758</u>	<u>11,878,003</u>	<u>43,380,981</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 10,387,475</u>	<u>26,208,801</u>	<u>20,868,784</u>	<u>57,465,060</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, 2015

	General	TIF Debt Service	Nonmajor Funds	Total Funds
Revenues:				
Taxes	\$ 35,652,333	13,102,301	22,657,677	71,412,311
Licenses and permits	3,682,051	—	103,481	3,785,532
Intergovernmental	5,323,324	—	5,014,265	10,337,589
Charges for services	1,863,879	—	1,041,722	2,905,601
Interfund charges for support services	4,544,233	—	—	4,544,233
Fines, forfeitures, and court costs	4,652,309	—	—	4,652,309
Investment income	114,483	131,126	5,154	250,763
Developer contributions	—	35,000	—	35,000
Other	547,390	1,120,706	487,348	2,155,444
Total revenues	56,380,002	14,389,133	29,309,647	100,078,782
Expenditures:				
Current:				
Administrative services	7,627,499	—	12,739	7,640,238
Public safety	44,457,042	—	5,072,332	49,529,374
Public works	5,181,350	—	205,369	5,386,719
Health and welfare	2,670,195	—	536,537	3,206,732
Culture and recreation	1,579,428	—	4,213,673	5,793,101
Community development	2,943,595	—	1,516,964	4,460,559
Storm water	—	—	1,629,842	1,629,842
General government	8,599,549	—	23,021	8,622,570
Tax increment financing	—	1,290,274	—	1,290,274
Capital outlay	287,193	—	13,872,783	14,159,976
Debt service:				
Principal	124,285	6,799,045	1,590,600	8,513,930
Interest and fiscal agent fees	34,635	9,035,853	172,646	9,243,134
Debt issuance costs	—	240,698	—	240,698
Total expenditures	73,504,771	17,365,870	28,846,506	119,717,147
Excess (deficiency) of revenues over expenditures	(17,124,769)	(2,976,737)	463,141	(19,638,365)
Other financing sources (uses):				
Debt issuance	—	8,770,000	—	8,770,000
Reoffering premium/original issue discount	—	(99,693)	—	(99,693)
Payment to refunded loans escrow agent	—	(7,887,707)	—	(7,887,707)
Transfers in – utility payments in lieu of taxes	18,413,389	—	—	18,413,389
Transfers in	—	1,390,419	729,461	2,119,880
Transfers out	(475,796)	(66,087)	(1,315,382)	(1,857,265)
Total other financing sources (uses)	17,937,593	2,106,932	(585,921)	19,458,604
Net change in fund balances	812,824	(869,805)	(122,780)	(179,761)
Fund balances, beginning	4,844,396	26,715,563	12,000,783	43,560,742
Fund balances, ending	\$ 5,657,220	25,845,758	11,878,003	43,380,981

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, 2015

Net change in fund balances – total governmental funds	\$ (179,761)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	17,934,686
Depreciation expense	<u>(19,155,854)</u>
	(1,221,168)
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the assets and depreciation is removed from the capital assets account in the statement of net position and offset against the proceeds, resulting in a gain on the sale of capital assets in the statement of activities. More revenue is reported in the governmental funds than gain in the statement of activities:	
Book value of assets disposed	(20,755)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	188,790
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Proceeds from debt issuance	(8,770,000)
Reoffering premium/original issue discount	99,693
Payment to refunded loans escrow agent	7,887,707
Principal payments	8,061,679
Debt premiums, discounts & deferred refunding amortizations	<u>(258,117)</u>
	7,020,962
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	52,722
Accrued interest	1,138
Other post-employment benefits	(8,816,386)
Pension related amount - LAGERS pension expense	(3,423,040)
Unreimbursed certified costs - TIF	<u>(207,456)</u>
	(12,393,022)
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>1,698,245</u>
Change in net position of governmental activities (Exhibit 2)	\$ <u><u>(4,906,709)</u></u>

See accompanying notes to financial statements

CITY OF INDEPENDENCE, MISSOURI

Exhibit 5

Statement of Net Position

Proprietary Funds

June 30, 2015

Assets and Deferred Outflows of Resources	Enterprise funds				Total	Governmental Activities Internal Service Funds
	Power and Light	Water	Sanitary Sewer	Events Center		
Current assets:						
Pooled cash and investments	\$ 52,962,616	12,985,103	13,080,350	3,229,657	82,257,726	7,231,578
Receivables:						
Taxes	—	—	—	889,724	889,724	—
Accounts (net of allowance of \$1,017,710)	9,339,522	1,956,846	1,585,868	102,603	12,984,839	467,932
Unbilled revenue	11,426,721	1,428,143	1,175,155	—	14,030,019	—
Special assessment principal	149,630	—	—	—	149,630	—
Other	—	—	—	57,422	57,422	—
Inventory	10,041,133	563,457	40,581	5,973	10,651,144	132,873
Prepaid items	252,737	—	—	45,546	298,283	—
Restricted cash and investments	3,238,331	653,580	566,732	—	4,458,643	—
Total current assets	87,410,690	17,587,129	16,448,686	4,330,925	125,777,430	7,832,383
Noncurrent assets:						
Capital assets:						
Nondepreciable	13,669,440	4,409,827	87,199,117	5,796,315	111,074,699	93,979
Depreciable, net	208,055,175	105,402,375	63,271,655	58,442,172	435,171,377	27,361
Goodwill	—	—	—	999,203	999,203	—
Other assets	—	595	—	—	595	—
Restricted cash and investments	11,941,653	4,124,532	17,687,771	7,185,722	40,939,678	200,000
Total noncurrent assets	233,666,268	113,937,329	168,158,543	72,423,412	588,185,552	321,340
Total assets	321,076,958	131,524,458	184,607,229	76,754,337	713,962,982	8,153,723
Deferred outflows of resources:						
Deferred charge on refunding	2,071,810	1,380,206	—	6,800,831	10,252,847	—
Pension related amounts	5,021,953	1,107,595	758,164	—	6,887,712	126,477
Total deferred outflows of resources	7,093,763	2,487,801	758,164	6,800,831	17,140,559	126,477
Total assets & deferred outflows of resources	\$ 328,170,721	134,012,259	185,365,393	83,555,168	731,103,541	8,280,200
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities:						
Accounts and contracts payable	\$ 4,743,386	570,598	1,017,747	118,926	6,450,657	351,877
Due to other funds	—	—	—	528,399	528,399	—
Accrued items	1,888,589	498,782	602,536	185,824	3,175,731	37,728
Other current liabilities	213,324	32,794	32,599	250,000	528,717	—
Unearned revenue	—	—	—	517,945	517,945	—
Current portion of long-term obligations	5,298,178	4,722,819	1,856,215	730,000	12,607,212	54,669
Self-insurance claims payable	—	—	—	—	—	3,991,640
Liabilities payable from restricted assets	2,807,453	861,737	1,298,925	1,030,463	5,998,578	—
Total current liabilities	14,950,930	6,686,730	4,808,022	3,361,557	29,807,239	4,435,914
Noncurrent liabilities:						
Revenue bonds payable	124,622,832	30,521,113	99,610,156	89,712,723	344,466,824	—
Compensated absences – long-term	3,755,218	1,008,238	600,355	—	5,363,811	81,042
Other post employment benefits	16,035,537	6,297,767	4,977,551	—	27,310,855	726,167
Net pension liability	16,673,477	3,572,283	2,549,102	—	22,794,862	339,611
Self-insurance claims payable	—	—	—	—	—	2,497,638
Advances for construction	24,935	85,082	—	—	110,017	—
Total noncurrent liabilities	161,111,999	41,484,483	107,737,164	89,712,723	400,046,369	3,644,458
Total liabilities	176,062,929	48,171,213	112,545,186	93,074,280	429,853,608	8,080,372
Deferred inflows of resources:						
Pension related amounts	2,799,657	617,466	422,664	—	3,839,787	70,510
Total deferred inflows of resources	2,799,657	617,466	422,664	—	3,839,787	70,510
Net position:						
Net investment in capital assets	95,778,593	80,035,827	67,013,387	(12,431,347)	230,396,460	121,340
Restricted for:						
Debt service/capital outlay	11,941,653	500,000	—	213,664	12,655,317	—
Workers compensation escrow	—	—	—	—	—	200,000
Dogwood SPP escrow	61,500	—	—	—	61,500	—
Southwest Power Pool collateral	831,040	—	—	—	831,040	—
Community improvement district	—	—	—	3,039,431	3,039,431	—
Unrestricted	40,695,349	4,687,753	5,384,156	(340,860)	50,426,398	(192,022)
Total net position (deficit)	149,308,135	85,223,580	72,397,543	(9,519,112)	297,410,146	129,318
Total liabilities, deferred inflows of resources and net position	\$ 328,170,721	134,012,259	185,365,393	83,555,168	731,103,541	8,280,200
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(827,571)	
Net position of business-type activities					\$ 296,582,575	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2015

	Enterprise funds				Total	Governmental Activities
	Power and Light	Water	Sanitary Sewer	Events Center		Internal Service Funds
Operating revenues:						
Charges for services	\$ 136,974,950	27,545,539	23,284,557	4,273,465	192,078,511	28,703,924
Sales tax	—	—	—	5,600,076	5,600,076	—
Miscellaneous	2,103,148	292,705	261,083	—	2,656,936	—
Total operating revenues	<u>139,078,098</u>	<u>27,838,244</u>	<u>23,545,640</u>	<u>9,873,541</u>	<u>200,335,523</u>	<u>28,703,924</u>
Operating expenses:						
Personal services	26,756,188	8,201,977	6,260,051	—	41,218,216	999,735
Other services	22,619,498	5,037,145	8,856,133	169,695	36,682,471	26,535,982
Supplies	54,972,535	1,688,905	671,306	—	57,332,746	1,136,643
Capital outlay	—	23,682	—	—	23,682	—
Other expenses	8,301,587	2,812,998	108,660	4,708,800	15,932,045	—
Depreciation and amortization	19,604,151	3,277,777	2,653,723	1,891,143	27,426,794	4,286
Total operating expenses	<u>132,253,959</u>	<u>21,042,484</u>	<u>18,549,873</u>	<u>6,769,638</u>	<u>178,615,954</u>	<u>28,676,646</u>
Operating income	<u>6,824,139</u>	<u>6,795,760</u>	<u>4,995,767</u>	<u>3,103,903</u>	<u>21,719,569</u>	<u>27,278</u>
Nonoperating revenues (expenses):						
Interest revenue	15,653	3,192	7,019	6,882	32,746	5,396
Miscellaneous revenue	593,800	1,898,284	33,784	738,753	3,264,621	2,873,288
Interest and amortization expense	(5,391,436)	(1,378,625)	(3,969,979)	(4,448,990)	(15,189,030)	—
Total nonoperating revenue (expenses)	<u>(4,781,983)</u>	<u>522,851</u>	<u>(3,929,176)</u>	<u>(3,703,355)</u>	<u>(11,891,663)</u>	<u>2,878,684</u>
Income (loss) before contributions and transfers	2,042,156	7,318,611	1,066,591	(599,452)	9,827,906	2,905,962
Capital contributions	518,197	1,095,209	—	—	1,613,406	—
Transfers out – utility payments in lieu of taxes	(13,388,446)	(2,698,039)	(2,326,904)	—	(18,413,389)	—
Transfers in	—	—	10,000	—	10,000	—
Transfers out	(93,433)	(82,281)	(96,901)	—	(272,615)	—
Change in net position	<u>(10,921,526)</u>	<u>5,633,500</u>	<u>(1,347,214)</u>	<u>(599,452)</u>	<u>(7,234,692)</u>	<u>2,905,962</u>
Total net position (deficit):						
Beginning of the year, as restated	160,229,661	79,590,080	73,744,757	(8,919,660)	—	(2,776,644)
End of the year	<u>\$ 149,308,135</u>	<u>85,223,580</u>	<u>72,397,543</u>	<u>(9,519,112)</u>	<u>—</u>	<u>129,318</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,207,717	
Change in net position of business-type activities					<u>\$ (6,026,975)</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2015

	Enterprise funds				Total	Governmental
	Power and Light	Water	Sanitary Sewer	Events Center		Activities Internal Service Funds
Cash flows from operations:						
Receipts from customers and others	\$ 140,160,005	29,955,193	23,449,082	10,698,903	204,263,183	31,252,625
Payments to suppliers	(84,776,831)	(9,466,484)	(15,201,569)	(4,603,058)	(114,047,942)	(27,291,639)
Payments to employees	(21,792,848)	(6,768,687)	(4,806,315)	—	(33,367,850)	(826,375)
Payments to other funds	—	—	—	98,463	98,463	—
Net cash provided by (used in) operating activities	33,590,326	13,720,022	3,441,198	6,194,308	56,945,854	3,134,611
Cash flows from noncapital financing activities:						
Transfers in	—	—	10,000	—	10,000	—
Transfers (out)	—	—	(96,901)	—	(96,901)	—
Transfers out – payments in lieu of taxes	(13,388,446)	(2,780,320)	(2,326,904)	—	(18,495,670)	—
Advances to/from other funds	(93,433)	—	—	—	(93,433)	—
Net cash (used in) noncapital financing activities	(13,481,879)	(2,780,320)	(2,413,805)	—	(18,676,004)	—
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(11,436,330)	(3,260,755)	(12,810,711)	—	(27,507,796)	(5,398)
Interest paid on revenue bonds and equipment contracts	(5,670,556)	(1,191,082)	(3,979,596)	(4,922,539)	(15,763,773)	—
Debt expense paid on revenue bonds	—	(8,001)	(119,377)	—	(127,378)	—
Disposal costs from disposition of equipment	934,891	—	—	—	934,891	—
Proceeds from bond issue	—	—	20,804,998	—	20,804,998	—
Redemption of revenue bonds	(3,265,000)	(4,230,000)	(1,015,000)	—	(8,510,000)	—
Net cash provided by (used in) capital and related financing activities	(19,436,995)	(8,689,838)	2,880,314	(4,922,539)	(30,169,058)	(5,398)
Cash flows from investing activities:						
Interest on investments	12,251	3,192	7,019	6,882	29,344	5,396
Net cash provided by investing activities	12,251	3,192	7,019	6,882	29,344	5,396
Net increase in cash and cash equivalents	683,703	2,253,056	3,914,726	1,278,651	8,130,136	3,134,609
Cash and cash equivalents at beginning of year	67,458,897	15,510,159	27,420,127	9,136,728	119,525,911	4,296,969
Cash and cash equivalents at end of year	\$ 68,142,600	17,763,215	31,334,853	10,415,379	127,656,047	7,431,578
Noncash capital and related financing activities:						
Contributed capital	\$ 518,197	1,095,209	—	—	1,613,406	—
Components of cash and short-term investments at end of fiscal year:						
Unrestricted assets	\$ 52,962,616	12,985,103	13,080,350	3,229,657	82,257,726	7,231,578
Restricted assets	15,179,984	4,778,112	18,254,503	7,185,722	45,398,321	200,000
Total pooled cash and investments	\$ 68,142,600	17,763,215	31,334,853	10,415,379	127,656,047	7,431,578
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 6,824,139	6,795,760	4,995,767	3,103,903	21,719,569	27,278
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	19,604,151	3,277,777	2,653,723	1,891,143	27,426,794	4,286
Miscellaneous revenue	593,800	1,898,284	33,784	738,753	3,264,621	2,873,288
Change in assets and liabilities:						
Accounts receivable	649,118	320,146	(80,742)	55,370	943,892	(324,587)
Inventory	1,400,924	80,471	28,709	755	1,510,859	(30,295)
Prepaid items and other assets	11,132	—	—	(10,314)	818	35,049
Unbilled revenue	(454,071)	(107,307)	(50,513)	—	(611,891)	—
Due from other governments	284,555	—	—	1,570	286,125	—
Special assessments receivable	8,505	—	913	—	9,418	—
Accounts and contracts payable	(483,973)	(82,029)	(5,679,754)	(134,303)	(6,380,059)	267,982
Internal balances	—	—	—	98,463	98,463	—
Accrued and other liabilities	211,258	103,630	57,572	423,752	796,212	(257,907)
Other post-employment benefits & net pension liability	4,750,557	1,394,741	1,348,650	—	7,493,948	164,964
Self-insurance claims payable	—	—	—	—	—	366,897
Deferred revenue	—	—	—	31,239	31,239	—
Customer deposits	266,328	—	65,884	(6,023)	326,189	—
Compensated absences	(76,097)	38,549	67,205	—	29,657	7,656
Total adjustments	26,766,187	6,924,262	(1,554,569)	3,090,405	35,226,285	3,107,333
Net cash provided (used) by operating activities	\$ 33,590,326	13,720,022	3,441,198	6,194,308	56,945,854	3,134,611

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Private- Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Pooled cash and investments	\$ 12,971	169,029
Accrued interest receivable	—	490
	<u>12,971</u>	<u>169,519</u>
Total assets		<u><u>169,519</u></u>
Liabilities:		
Accounts and contracts payable	1,426	2,410
Funds held in escrow	—	51,579
Flexible benefit payable	—	115,530
	<u>1,426</u>	<u>115,530</u>
Total liabilities	<u>1,426</u>	<u>\$ 169,519</u>
Net position:		
Held in trust	<u>\$ 11,545</u>	

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended June 30, 2015

		Private- Purpose Trust Funds
Additions:		
Charges for services	\$	14,499
Interest		3
Total additions		<u>14,502</u>
Deductions:		
Preservation and maintenance expense		<u>19,761</u>
Total deductions		<u>19,761</u>
Change in net position		(5,259)
Net position, beginning		<u>16,804</u>
Net position, ending	\$	<u><u>11,545</u></u>

See accompanying notes to financial statements.

CITY OF INDEPENDENCE, MISSOURI

Index to Notes to Financial Statements

June 30, 2015

(1)	Summary of Significant Accounting Policies	35
(a)	The Financial Reporting Entity	35
(b)	Basis of Presentation	36
(c)	Basis of Accounting	37
(d)	Accounts Receivable	38
(e)	Investments	38
(f)	Inventory	38
(g)	Prepaid Items.....	38
(h)	Interfund Activity.....	38
(i)	Capital Assets.....	39
(j)	Bond Premiums/Discounts, and Issuance Costs.....	40
(k)	Deferred Inflows/Outflows	41
(l)	Compensated Absences.....	41
(m)	Pensions.....	41
(n)	Fund Balances	42
(o)	Net Position.....	43
(p)	Statement of Cash Flows.....	43
(q)	Use of Estimates.....	43
(r)	New Accounting Pronouncements	43
(2)	Deposits and Investments.....	45
(3)	Tax Revenue.....	47
(4)	Intergovernmental Revenue and Receivables	48
(5)	Interfund Activity.....	50
(a)	Interfund Balances	50
(b)	Interfund Charges for Support Services.....	50
(c)	Payments in Lieu of Taxes	51

CITY OF INDEPENDENCE, MISSOURI

Index to Notes to Financial Statements

June 30, 2015

(d) Interfund Transfers	51
(6) Capital Assets	52
(7) Long-Term Obligations	58
(a) Governmental activities	61
(1) Loans Payable	61
(2) Neighborhood Improvement District	61
(3) Capital Lease Obligations	62
(4) Blended component unit	63
(a) Tax Increment Financing Loans and Developer Obligations	63
(1) Tax Increment Financing Refunding	65
(2) Tax Increment Financing Prior Year Defeasance of Debt	66
(b) Bass Pro Lease	66
(b) Business-type Activities	68
(1) Revenue Bonds	68
(a) Pledged Revenues	70
(2) Events Center Bonds	70
(8) Advances for Construction	71
(9) Employee Retirement System	71
(10) Post-Employment Health Benefits	76
(11) Risk Management	79
(12) Commitments	80
(13) Deficits	82
(14) Subsequent Events	82
(15) Fund Balance	83

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

(a) The Financial Reporting Entity

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

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

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

The Tax Increment Financing (TIF) Commission of the City of Independence, Missouri (the Commission) is a blended component unit under the Debt Service Fund category of the City because the outstanding debt of the TIF commission is expected to be repaid from payments in lieu of taxes and economic activity

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

(b) Basis of Presentation

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

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

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

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

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Tax Increment Financing Debt Service Fund – This fund is used to account for the financing of redevelopment project expenses through payments in lieu of taxes and economic activity taxes.

The City reports the following major enterprise funds:

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

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

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

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

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

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

(c) Basis of Accounting

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

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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

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

(d) Accounts Receivable

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

(e) Investments

Investments are recorded at fair value, based on quoted market prices.

(f) Inventory

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

(g) Prepaid Items

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

(h) Interfund Activity

The City has the following types of interfund activity:

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

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

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 fair value at the time of receipt. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City's business-type activities during the fiscal year was \$16,556,978. Of this amount, \$1,367,948 was included as part of the cost of the capital assets under construction in connection with Power and Light, Water, Sewer and Events Center projects.

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

	<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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

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

(j) Bond Premiums/Discounts, and Issuance Costs

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(k) Deferred Inflows/Outflows

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

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

(l) Compensated Absences

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

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

(m) Pensions

The net pension liability, deferred inflows and outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) Fund Balances

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

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

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

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

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

Unassigned – consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balances. Residual deficit amounts of other governmental funds are reported as unassigned.

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

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(o) Net Position

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

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds of \$3,624,532 for Water, \$17,687,771 for Sewer and \$6,972,058 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 \$711,048 for the License Surcharge and \$4,552,577 for the Street Sales Tax (both restricted for public works); \$7,294,188 for Storm Water Sales Tax; \$3,062,931 for Public Safety Sales Tax; and \$12,814,108 for debt service.

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

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

(p) Statement of Cash Flows

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

(q) Use of Estimates

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

(r) New Accounting Pronouncements

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

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for: determining a fair value measurement; applying fair value to certain investments; and disclosures related to all fair value measurements. The City will implement GASB No. 72 beginning with the year ended June 30, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City will implement GASB Statement No. 73 beginning with the year ended June 30, 2016.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The City will implement GASB Statement No. 74 beginning with the year ended June 30, 2017.

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

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP), and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or event is not specified within a source of authoritative GAAP. The City will implement GASB Statement No. 76 beginning with the year ended June 30, 2016.

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

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

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this statement is to address accounting and financial reporting for certain external investment pools and pool participants. The City will implement GASB Statement No. 79 beginning with the year ended June 30, 2016.

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, 2015

(2) Deposits and Investments

At June 30, 2015, the carrying values of deposits and investments are summarized as follows:

Investments:			
Short-term investments held in trust (bond reserves):			
	Federal National Mortgage Association	\$	27,891,330
	Federal Home Loan Bank		19,225,081
	Money Market		10,947,728
	U.S. Treasury Bill		200,000
Other investments:			
	U.S. Treasury Bond		28,509
	Total investments		<u>58,292,648</u>
	Deposits and repurchase obligations		114,178,200
	Petty cash		9,407
	Total	\$	<u><u>172,480,255</u></u>

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

	Government-Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Primary Government Total
Pooled cash and investments	\$ 107,832,714	182,000	108,014,714
Restricted cash and investments	64,465,541	—	64,465,541
	<u>\$ 172,298,255</u>	<u>182,000</u>	<u>172,480,255</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.

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 and money market funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. 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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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	32.98%
Federal National Mortgage Association	AAA	47.85%

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, 2015, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of June 30, 2015.

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, 2015, all of the City's securities had maturities of less than one year with the exception of a U.S. treasury bond with a fair value of \$28,509 that will mature in 2027.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(3) Tax Revenue

Tax revenue, including interest and penalties for the year ended June 30, 2015 is as follows:

	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate tax	\$ 7,519,837	7,325,867	25,150	14,870,854
Railroad utilities tax	39,503	—	—	39,503
Cigarette tax	436,414	—	—	436,414
Transient guest tax	—	—	1,616,667	1,616,667
Sales tax	17,695,651	5,776,434	21,015,860	44,487,945
Franchise tax	9,960,928	—	—	9,960,928
	<u>\$ 35,652,333</u>	<u>13,102,301</u>	<u>22,657,677</u>	<u>71,412,311</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 for which taxes are unpaid. 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, 2014, on which the fiscal 2015 levy was based, was \$1,265,006,477.

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, 2015 were \$0.5026 for the General Fund, \$0.2367 for Public Health and Recreation, and \$0.5610 for the Independence Square Benefit District Fund.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(4) Intergovernmental Revenue and Receivables

Intergovernmental revenue during fiscal year 2015 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Federal			
Department of Agriculture	\$ —	2,894	2,894
Department of Housing & Urban Development			
Community Development Block Grant	—	798,319	798,319
Neighborhood Stabilization Program	—	136,818	136,818
Home Investment Partnership	—	256,435	256,435
Lead Hazard Control Funds	—	43,126	43,126
Department of the Interior	—	600	600
Department of Justice	—	302,068	302,068
Department of Transportation	—	2,144,165	2,144,165
Department of Health & Human Services	25,000	297,718	322,718
Executive Office of the President	—	210,892	210,892
Department of Homeland Security	—	419,415	419,415
Total Federal	<u>25,000</u>	<u>4,612,450</u>	<u>4,637,450</u>
State & Local			
Department of Health & Human Services	—	128,439	128,439
Department of Public Safety	—	88,323	88,323
Department of Highway Safety	—	17,416	17,416
Department of Revenue			
Motor Vehicle Fuel Tax	3,096,448	—	3,096,448
Motor Vehicle License	500,388	—	500,388
Motor Vehicle Sales Tax	941,558	—	941,558
Financial Institutions Tax	16,523	—	16,523
Missouri Parks Department	—	75,000	75,000
Missouri Highway & Transportation Commission	—	18,523	18,523
Missouri Department of Agriculture	—	3,000	3,000
Jackson County Anti Drug Tax	528,407	—	528,407
Jackson County DARE	215,000	—	215,000
Healthcare Foundation of Greater Kansas City	—	64,993	64,993
Other	—	6,121	6,121
Total State & Local	<u>5,298,324</u>	<u>401,815</u>	<u>5,700,139</u>
Grand Total	<u>\$ 5,323,324</u>	<u>5,014,265</u>	<u>10,337,589</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Amounts due from other governments at June 30, 2015 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund :				
Department of Health & Human Services	\$ 2,083	—	—	2,083
Department of Revenue				
Motor Vehicle Fuel Tax	—	529,000	—	529,000
Motor Vehicle Sales Tax	—	90,000	—	90,000
Motor Vehicle License Fees	—	119,000	—	119,000
Events Center Community Improvement District and Crackerneck				
Transportation Development District	—	—	322	322
	<u>2,083</u>	<u>738,000</u>	<u>322</u>	<u>740,405</u>
TIF Debt Service:				
State Sales Tax	—	110,000	—	110,000
County Sales Tax	—	—	350,429	350,429
Kansas City Zoo Tax	—	—	53,293	53,293
39th St Transportation Development District	—	—	41,080	41,080
	<u>—</u>	<u>110,000</u>	<u>444,802</u>	<u>554,802</u>
Nonmajor Governmental Funds:				
Department of Agriculture	2,210	—	—	2,210
Department of Housing & Urban Development				
Community Development Block Grant	78,629	—	—	78,629
Home Investment Partnership	42,355	—	—	42,355
Neighborhood Stabilization Program	43,068	—	—	43,068
Department of the Interior	600	—	—	600
Department of Justice	62,523	—	—	62,523
Department of Transportation	985,740	—	—	985,740
Department of Health & Human Services	41,541	—	—	41,541
Department of Homeland Security	42,922	—	—	42,922
Executive Office of the President	33,167	—	—	33,167
Missouri Department of Health	—	11,915	—	11,915
Missouri Parks Department	—	75,000	—	75,000
	<u>1,332,755</u>	<u>86,915</u>	<u>—</u>	<u>1,419,670</u>
Totals	\$ <u>1,334,838</u>	<u>934,915</u>	<u>445,124</u>	<u>2,714,877</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(5) Interfund Activity

(a) Interfund Balances

Interfund balances at June 30, 2015, consisted of the following:

	<u>Due From TIF Debt Service</u>	<u>Due from Nonmajor Governmental</u>	<u>Due from Events Center</u>	<u>Total</u>
Due to:				
Governmental activities:				
General Fund	\$ 1,257	1,124,611	528,399	1,654,267
Nonmajor governmental	—	4,987,564	—	4,987,564
	<u>1,257</u>	<u>6,112,175</u>	<u>528,399</u>	<u>6,641,831</u>
Total governmental activities	\$ <u>1,257</u>	<u>6,112,175</u>	<u>528,399</u>	<u>6,641,831</u>

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

(b) Interfund Charges for Support Services

Interfund charges for support services and rent paid to the General Fund during fiscal year 2015 were as follows:

	<u>Interfund Charges</u>	<u>Rent</u>
Nonmajor governmental funds	\$ 139,151	\$ —
Power and Light Fund	2,450,239	46,801
Sanitary Sewer Fund	869,810	18,049
Water Fund	1,085,033	22,199
	<u>4,544,233</u>	<u>87,049</u>
	\$ <u>4,544,233</u>	\$ <u>87,049</u>

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

Interfund charges for customer service support services and telephone operators were paid to the Water Fund during fiscal year 2015, and are included as a credit to Water's operating expenses as follows:

Sanitary Sewer Fund	\$ 1,514,617
Power and Light Fund	293,919
	<u>1,808,536</u>
	\$ <u>1,808,536</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Interfund charges for meter reading services were paid to the Power and Light Fund during fiscal year 2015, and are included as a credit to Power and Light's operating expenses as follows:

Sanitary Sewer Fund	\$	222,309
Water Fund		1,244,930
	\$	<u>1,467,239</u>

(c) Payments in Lieu of Taxes

The payments in lieu of taxes of \$13,388,446, \$2,698,039 and \$2,326,904 in fiscal year 2015 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, 2015, consisted of the following:

	Transfer Out						
	General	Tax Increment Financing	Nonmajor Governmental	Power and Light	Water	Sanitary Sewer	Total
Transfers In:							
Tax Increment Financing	\$ 419,716	—	722,565	83,642	72,490	92,006	1,390,419
Sanitary Sewer Fund	10,000	—	—	—	—	—	10,000
Nonmajor governmental	46,080	66,087	592,817	9,791	9,791	4,895	729,461
Total Primary Government	\$ <u>475,796</u>	<u>66,087</u>	<u>1,315,382</u>	<u>93,433</u>	<u>82,281</u>	<u>96,901</u>	<u>2,129,880</u>

Transfers are the result of reimbursements for capital projects, general operations and debt service payments.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(6) Capital Assets

Capital asset activity for the year ended June 30, 2015 is as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 31,705,759	19,626	—	31,725,385
Construction work in progress	<u>16,191,630</u>	<u>13,971,657</u>	<u>(2,219,280)</u>	<u>27,944,007</u>
Total nondepreciable capital assets	<u>47,897,389</u>	<u>13,991,283</u>	<u>(2,219,280)</u>	<u>59,669,392</u>
Depreciable capital assets:				
Land improvements	8,754,712	357,550	—	9,112,262
Buildings	51,536,728	—	—	51,536,728
Building improvements	16,038,485	662,698	—	16,701,183
Improvements other than buildings	32,778,883	412,011	—	33,190,894
Office furniture and equipment	520,585	10,806	—	531,391
Computer equipment	3,543,097	85,318	—	3,628,415
Mobile equipment	24,487,465	1,375,930	(1,512,190)	24,351,205
Other equipment	8,492,363	452,337	(65,924)	8,878,776
Infrastructure	<u>368,923,761</u>	<u>2,819,431</u>	<u>—</u>	<u>371,743,192</u>
Total depreciable capital assets	<u>515,076,079</u>	<u>6,176,081</u>	<u>(1,578,114)</u>	<u>519,674,046</u>
Less accumulated depreciation for:				
Land improvements	(2,097,447)	(470,854)	—	(2,568,301)
Buildings	(14,350,343)	(1,248,080)	—	(15,598,423)
Building improvements	(7,032,559)	(799,680)	—	(7,832,239)
Improvements other than buildings	(13,117,193)	(1,616,553)	—	(14,733,746)
Office furniture and equipment	(501,729)	(9,344)	—	(511,073)
Computer equipment	(2,437,332)	(425,938)	—	(2,863,270)
Mobile equipment	(17,302,092)	(1,370,992)	1,483,435	(17,189,649)
Other equipment	(5,001,786)	(670,129)	65,924	(5,605,991)
Infrastructure	<u>(162,584,619)</u>	<u>(12,548,570)</u>	<u>—</u>	<u>(175,133,189)</u>
Total accumulated depreciation	<u>(224,425,100)</u>	<u>(19,160,140)</u>	<u>1,549,359</u>	<u>(242,035,881)</u>
Total depreciable capital assets, net	<u>290,650,979</u>	<u>(12,984,059)</u>	<u>(28,755)</u>	<u>277,638,165</u>
Governmental activities capital assets, net	\$ <u>338,548,368</u>	<u>1,007,224</u>	<u>(2,248,035)</u>	<u>337,307,557</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Depreciation expense was charged to functions as follows:

Administrative services	\$	216,547
Public safety		3,037,973
Public works		11,574,762
Health and welfare		109,385
Culture and recreation		1,824,720
Community development		65,254
Storm water		1,393,844
General government		933,369
Total		<u>19,155,854</u>

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

Total depreciation expense	\$	<u>4,286</u>
		<u><u>19,160,140</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Business-type activities:				
Power and Light Fund:				
Nondepreciable capital assets:				
Land	\$ 3,872,130	—	—	3,872,130
Construction in progress	<u>11,779,821</u>	<u>12,731,681</u>	<u>(14,714,192)</u>	<u>9,797,310</u>
Total nondepreciable capital assets	15,651,951	12,731,681	(14,714,192)	13,669,440
Depreciable capital assets:				
Infrastructure:				
Production plant	236,737,389	2,545,517	(14,247,001)	225,035,905
Transmission plant	38,928,131	2,805,742	(223,154)	41,510,719
Distribution plant	154,694,210	7,026,562	(961,407)	160,759,365
General plant	6,687,434	42,626	—	6,730,060
Other	<u>2,755,568</u>	<u>—</u>	<u>—</u>	<u>2,755,568</u>
Total infrastructure	439,802,732	12,420,447	(15,431,562)	436,791,617
Machinery and equipment	<u>22,401,192</u>	<u>2,293,745</u>	<u>(763,390)</u>	<u>23,931,547</u>
Total depreciable capital assets	462,203,924	14,714,192	(16,194,952)	460,723,164
Less accumulated depreciation:				
Infrastructure	(231,267,378)	(19,055,240)	14,485,475	(235,837,143)
Machinery and equipment	<u>(16,356,256)</u>	<u>(1,249,175)</u>	<u>774,585</u>	<u>(16,830,846)</u>
* Total accumulated depreciation	<u>(247,623,634)</u>	<u>(20,304,415)</u>	<u>15,260,060</u>	<u>(252,667,989)</u>
Total depreciable capital assets, net	<u>214,580,290</u>	<u>(5,590,223)</u>	<u>(934,892)</u>	<u>208,055,175</u>
Total power and light capital assets	\$ <u>230,232,241</u>	<u>7,141,458</u>	<u>(15,649,084)</u>	<u>221,724,615</u>

* See page 57 note regarding depreciation.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

	Balance			Balance
	June 30, 2014	Additions	Retirements	June 30, 2015
Water Fund:				
Nondepreciable capital assets:	\$			
Land	2,164,776	—	—	2,164,776
Construction in progress	1,475,793	4,386,940	(3,617,682)	2,245,051
Total nondepreciable capital assets	3,640,569	4,386,940	(3,617,682)	4,409,827
Depreciable capital assets:				
Infrastructure:				
Nonutility property	40,014	—	—	40,014
Source of supply	7,827,901	—	—	7,827,901
Pumping plant	15,454,088	320,746	(101,948)	15,672,886
Treatment plant	23,092,926	16,525	(17,423)	23,092,028
Transmission plant	85,609,544	2,871,936	(153,923)	88,327,557
General plant	1,943,845	118,142	(621)	2,061,366
Other	12,547,766	—	—	12,547,766
Total infrastructure	146,516,084	3,327,349	(273,915)	149,569,518
Machinery and equipment	6,417,004	290,332	(208,915)	6,498,421
Total depreciable capital assets	152,933,088	3,617,681	(482,830)	156,067,939
Less accumulated depreciation:				
Infrastructure	(43,868,097)	(2,957,531)	324,725	(46,500,903)
Machinery and equipment	(3,974,694)	(399,505)	209,538	(4,164,661)
* Total accumulated depreciation	(47,842,791)	(3,357,036)	534,263	(50,665,564)
Total depreciable capital assets, net	105,090,297	260,645	51,433	105,402,375
Total water capital assets	\$ 108,730,866	4,647,585	(3,566,249)	109,812,202

* See page 57 note regarding depreciation.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Sanitary Sewer Fund:				
Nondepreciable capital assets:				
Land	\$ 330,191	—	—	330,191
Construction in progress	74,212,997	12,797,163	(141,234)	86,868,926
Total nondepreciable capital assets	74,543,188	12,797,163	(141,234)	87,199,117
Depreciable capital assets:				
Infrastructure:				
Nonutility property	46,368	—	—	46,368
Collection plant	99,039,073	141,234	—	99,180,307
Pumping plant	5,335,154	—	(155,430)	5,179,724
Treatment plant	14,329,060	114,945	(17,400)	14,426,605
General plant	1,549,346	—	(529)	1,548,817
Total infrastructure	120,299,001	256,179	(173,359)	120,381,821
Machinery and equipment	7,150,693	96,645	(220,701)	7,026,637
Total depreciable capital assets	127,449,694	352,824	(394,060)	127,408,458
Less accumulated depreciation:				
Infrastructure	(55,983,035)	(2,286,374)	173,359	(58,096,050)
Machinery and equipment	(5,894,104)	(367,349)	220,700	(6,040,753)
Total accumulated depreciation	(61,877,139)	(2,653,723)	394,059	(64,136,803)
Total depreciable capital assets, net	65,572,555	(2,300,899)	(1)	63,271,655
Total sewer capital assets	140,115,743	10,496,264	(141,235)	150,470,772
Events Center fund:				
Nondepreciable capital assets:				
Land	5,796,315	—	—	5,796,315
Construction in progress	—	—	—	—
Total nondepreciable capital assets	5,796,315	—	—	5,796,315
Depreciable capital assets:				
Infrastructure	65,581,451	—	—	65,581,451
Machinery and equipment	3,555,930	—	—	3,555,930
Total depreciable capital assets	69,137,381	—	—	69,137,381
Less accumulated depreciation:				
Infrastructure	(7,632,751)	(1,639,536)	—	(9,272,287)
Machinery and equipment	(1,171,315)	(251,607)	—	(1,422,922)
Total accumulated depreciation	(8,804,066)	(1,891,143)	—	(10,695,209)
Total depreciable capital assets, net	60,333,315	(1,891,143)	—	58,442,172
Total events center capital assets	66,129,630	(1,891,143)	—	64,238,487
Total business-type activities capital assets	\$ 545,208,480	20,394,164	(19,356,568)	546,246,076

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Depreciation expense was charged to functions as follows:

Business-type activities:	
Power and light	\$ 19,604,151
Water	3,277,777
Sanitary sewer	2,653,723
Events center	1,891,143
	<hr/>
Total business-type activities depreciation expense	\$ 27,426,794
	<hr/> <hr/>

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, 2015 the difference for Power and Light is \$700,264 and the difference for Water is \$79,259.

Under accounting practices promulgated in the utility industry by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC), for business-type activities, units are retired plus the cost of removal, less salvage, are charged against accumulated depreciation, with no gain or loss recognized.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(7) Long-Term Obligations

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

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2015:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Loans and notes payable:					
Loans payable	\$ 3,395,000	—	1,450,000	1,945,000	460,000
TIF loans	165,120,000	8,770,000	12,615,000	161,275,000	6,875,000
Capital lease obligations	1,226,414	—	189,885	1,036,529	174,436
Neighborhood Improvement					
District (NID)	454,000	—	75,000	379,000	80,000
Premium (discount), net	(834,218)	(99,693)	(147,447)	(786,464)	6,191
Total loans and note payable	<u>169,361,196</u>	<u>8,670,307</u>	<u>14,182,438</u>	<u>163,849,065</u>	<u>7,595,627</u>
Other liabilities:					
Compensated absences	15,550,625	5,995,313	6,040,379	15,505,559	6,426,558
Other post-employment benefits	49,902,029	8,923,930	—	58,825,959	—
Net pension liability	21,908,205	8,621,940	—	30,530,145	—
TIF developer obligations	28,288,223	659,707	452,251	28,495,679	272,447
Total other liabilities	<u>115,649,082</u>	<u>24,200,890</u>	<u>6,492,630</u>	<u>133,357,342</u>	<u>6,699,005</u>
Total Governmental Activities	\$ <u>285,010,278</u>	<u>32,871,197</u>	<u>20,675,068</u>	<u>297,206,407</u>	<u>14,294,632</u>

The compensated absences, other post-employment benefits 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, 2015

The following is a summary of changes in long-term debt of the Proprietary Funds for the year ended June 30, 2015:

	<u>Beginning Balance, as restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Business-type activities:					
Power and Light Fund:					
Revenue bonds	\$ 126,640,000	—	3,265,000	123,375,000	3,395,000
Premium on bonds payable	4,857,433	—	214,601	4,642,832	—
Total revenue bonds	<u>131,497,433</u>	<u>—</u>	<u>3,479,601</u>	<u>128,017,832</u>	<u>3,395,000</u>
Compensated absences	5,723,994	2,274,917	2,340,515	5,658,396	1,903,178
Other post-employment benefits	13,564,849	2,470,688	—	16,035,537	—
Net pension liability	12,171,312	4,502,165	—	16,673,477	—
Total Power and Light Fund	<u>162,957,588</u>	<u>9,247,770</u>	<u>5,820,116</u>	<u>166,385,242</u>	<u>5,298,178</u>
Water Fund:					
Revenue bonds	38,220,000	—	4,230,000	33,990,000	4,260,000
Premium on bonds payable	846,307	—	55,194	791,113	—
Total revenue bonds	<u>39,066,307</u>	<u>—</u>	<u>4,285,194</u>	<u>34,781,113</u>	<u>4,260,000</u>
Compensated absences	1,411,366	592,808	533,117	1,471,057	462,819
Other post-employment benefits	5,405,852	891,915	—	6,297,767	—
Net pension liability	2,579,328	992,955	—	3,572,283	—
Total Water Fund	<u>48,462,853</u>	<u>2,477,678</u>	<u>4,818,311</u>	<u>46,122,220</u>	<u>4,722,819</u>
Sanitary Sewer Fund:					
Revenue Bonds	80,090,000	21,170,000	1,015,000	100,245,000	1,535,000
Premium on bonds payable	981,566	—	81,410	900,156	—
Total revenue bonds	<u>81,071,566</u>	<u>21,170,000</u>	<u>1,096,410</u>	<u>101,145,156</u>	<u>1,535,000</u>
Compensated absences	854,365	450,077	382,872	921,570	321,215
Other post-employment benefits	4,317,285	660,266	—	4,977,551	—
Net pension liability	1,869,410	679,692	—	2,549,102	—
Total Sanitary Sewer Fund	<u>88,112,626</u>	<u>22,960,035</u>	<u>1,479,282</u>	<u>109,593,379</u>	<u>1,856,215</u>
Events Center Fund:					
Revenue bonds	91,275,000	—	720,000	90,555,000	730,000
Premium on bonds payable	158,033	—	6,654	151,379	—
Discount on bonds payable	(275,246)	—	(11,590)	(263,656)	—
Total Events Center Fund	<u>91,157,787</u>	<u>—</u>	<u>715,064</u>	<u>90,442,723</u>	<u>730,000</u>
Total business-type activities	\$ <u>390,690,854</u>	<u>34,685,483</u>	<u>12,832,773</u>	<u>412,543,564</u>	<u>12,607,212</u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Debt service requirements on long-term debt with schedules maturities at June 30, 2015 are as follows:

Governmental Activities										
	Loans Payable		NID Payable		TIF Loans		Total			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 460,000	69,694	80,000	20,212	6,875,000	7,772,336	7,415,000	7,862,242		
2017	475,000	52,153	81,000	15,999	9,445,000	7,469,279	10,001,000	7,537,431		
2018	495,000	32,741	86,000	11,732	9,630,000	7,040,868	10,211,000	7,085,341		
2019	515,000	11,266	91,000	7,202	10,255,000	6,583,624	10,861,000	6,602,092		
2020	—	—	7,000	2,409	12,025,000	6,093,836	12,032,000	6,096,245		
2021-2025	—	—	34,000	5,464	54,660,000	21,806,211	54,694,000	21,811,675		
2026-2030	—	—	—	—	52,795,000	7,139,843	52,795,000	7,139,843		
2031-2035	—	—	—	—	1,550,000	1,100,625	1,550,000	1,100,625		
2036-2040	—	—	—	—	1,915,000	728,006	1,915,000	728,006		
2041-2045	—	—	—	—	2,125,000	248,856	2,125,000	248,856		
	\$ 1,945,000	165,854	379,000	63,018	161,275,000	65,983,484	163,599,000	66,212,356		

Business-type Activities										
	Power and Light		Water		Sewer		Events Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 3,395,000	5,539,957	4,260,000	1,206,338	1,535,000	4,373,881	730,000	4,119,116	9,920,000	15,239,292
2017	3,530,000	5,404,157	3,275,000	1,114,613	1,945,000	4,327,756	830,000	4,094,094	9,580,000	14,940,620
2018	3,685,000	5,246,707	1,480,000	1,043,288	2,000,000	4,272,306	965,000	4,063,931	8,130,000	14,626,232
2019	3,850,000	5,082,257	1,530,000	998,138	2,060,000	4,212,806	1,055,000	4,022,981	8,495,000	14,316,182
2020	4,945,000	4,910,356	1,575,000	951,563	2,130,000	4,145,256	1,210,000	3,976,706	9,860,000	13,983,881
2021-2025	21,995,000	21,717,231	8,940,000	3,680,138	11,895,000	19,472,544	8,550,000	18,963,819	51,380,000	63,833,732
2026-2030	26,730,000	16,718,688	12,930,000	1,560,306	14,560,000	16,810,372	16,590,000	16,738,363	70,810,000	51,827,729
2031-2035	34,135,000	10,096,275	—	—	18,070,000	13,291,825	30,810,000	11,650,375	83,015,000	35,038,475
2036-2040	21,110,000	1,656,675	—	—	23,050,000	8,316,569	29,815,000	3,086,606	73,975,000	13,059,850
2041 - 2044	—	—	—	—	23,000,000	2,093,644	—	—	23,000,000	2,093,644
	\$ 123,375,000	76,372,303	33,990,000	10,554,384	100,245,000	81,316,959	90,555,000	70,715,991	348,165,000	238,959,637

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(a) Governmental activities

(1) Loans Payable – Missouri Development Finance Board

Governmental activities loans payable at June 30, 2015 are comprised of the following:

\$4,020,000 Series 2009 (Streets Projects) annual installments of \$395,000 to \$515,000 through 2018; interest at 3.50% to 4.375%.	\$ 1,945,000
Total Governmental Activities Loans Payable	\$ <u><u>1,945,000</u></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 are irrevocably pledged for the prompt payment, when due, of the principal and interest on the Bonds; provided, however, the City is not obligated nor authorized to levy taxes for the purpose of paying principal of or interest on the Bonds and the taxing power of the City is not pledged to the payment of the Bonds.

Neighborhood Improvement District bonds payable at June 30, 2015 are comprised of the following:

\$995,000 Series 2004 (Noland Road and Englewood Improvements) annual installments of \$55,000 to \$85,000 through 2019; interest at 4.50% to 5.75%	\$ 315,000
\$111,000 Series 2004 (Fall Drive Sanitary Sewer Project) annual installments of \$5,000 to \$6,000 through 2024; interest at 5.375% to 5.50%	64,000
Total Neighborhood Improvement District	\$ <u><u>379,000</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(3) Capital Lease Obligations

Capital leases payable at June 30, 2015 are comprised of the following:

IBM Corporation (computer) monthly installments of \$2,868 to \$3,111 through 2016; interest at 2.04%	\$ 18,588
Motorola Solutions (radio equipment) semi-annual installments of \$56,700 to \$78,539 through 2022; interest at 3.4593%	985,915
John Deere Financial (mowers) annual installments of \$30,771 to \$33,330 through 2016; interest at 4.00%	32,026
Total Capital Lease Obligations	\$ <u><u>1,036,529</u></u>

The net book value of assets acquired under the capital leases described above amounted to \$1,388,831 as of June 30, 2015.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year ending June 30:	
2016	\$ 211,395
2017	159,794
2018	159,794
2019	159,794
2020	159,794
2021 - 2022	<u>319,588</u>
	1,170,159
Less imputed interest	<u>(133,630)</u>
Present value of minimum lease payments	\$ <u><u>1,036,529</u></u>

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(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 \$227 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 has appropriated funds sufficient to make all payments required by the bonds for the next fiscal year. During this fiscal year, the City paid \$419,716 from the General Fund, \$722,565 from the Storm Water Sales Tax Fund, \$83,642 from the Power & Light Fund, \$72,490 from the Water Fund, \$92,006 from the Sewer Fund, and \$82,000 from the Crackerneck Transportation Development District in debt service payments for the Crackerneck Creek development. The City has appropriated \$1,545,149 from the General Fund, \$691,083 from the Storm Water Sales Tax Fund, \$83,642 from the Power & Light Fund, \$72,490 from the Water Fund, and \$92,006 from the Sewer Fund for the Crackerneck Creek development debt service payments due in fiscal year 2015-16.

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

At June 30, 2015, total principal and interest remaining on the loans was \$227 million and the outstanding developer obligations was \$28.5 million. The loans are scheduled to mature at varying amounts through 2045 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on TIF loans and developer obligations totaled \$15.1 million. Incremental revenues from the City included \$3.7 million in sales taxes and \$.7 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, 2015

Missouri Development Finance Board Loans Payable

\$1,030,000 Series 2005 B (Drumm Farm TIF) annual installments of \$50,000 to \$90,000 through 2020; interest at 3.00% to 4.50%	\$	415,000
\$48,370,000 Series 2006 A&B (Crackerneck Creek TIF) annual installments of \$340,000 to \$8,225,000 through 2026; interest at 5.30% to 6.00%		37,625,000
\$12,790,000 Series 2006 C (Crackerneck Creek TIF) annual installments of \$3,500,000 to \$5,385,000 through 2026; interest at 5.00%		12,790,000
\$1,590,000 Series 2006 (Drumm Farm TIF) annual installments of \$70,000 to \$170,000 through 2020; interest at 4.00% to 4.625%		745,000
\$4,980,000 Series 2006 F (HCA - Centerpoint TIF) annual installments of \$120,000 to \$445,000 through 2028; interest at 4.00% to 4.25%		3,925,000
\$19,390,000 Series 2007 A (Eastland Center TIF) annual installments of \$815,000 to \$2,570,000 through 2022; interest at 4.00% to 5.00%		9,965,000
\$10,330,000 Series 2007 B (Hartman Heritage TIF) annual installments of \$555,000 to \$1,060,000 through 2020; interest at 4.00% to 5.00%		4,960,000
\$995,000 Series 2007 D (Drumm Farm TIF) annual installments of \$70,000 to \$80,000 through 2020; interest at 4.00% to 4.50%		395,000
\$19,720,000 Series 2007 E (HCA - Centerpoint TIF) annual installments of \$425,000 to \$2,670,000 through 2028; interest at 4.75% to 5.125%		15,960,000
\$5,035,000 Series 2008 A (Crackerneck Creek TIF) annual installments of \$280,000 to \$925,000 through 2017; interest at 4.30% to 5.70%		1,205,000
\$7,920,000 Series 2008 B (Crackerneck Creek TIF) annual installments of \$615,000 to \$1,635,000 through 2025; interest at 4.00% to 5.125%		7,920,000
\$8,000,000 Series 2008 C (Eastland Center TIF) annual installments of \$370,000 to \$2,515,000 through 2022; interest at 4.00% to 5.125%		5,880,000
\$1,230,000 Series 2008 E (Drumm Farm TIF) annual installments of \$30,000 to \$420,000 through 2022; interest at 3.250% to 5.00%		1,015,000
\$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%		5,200,000

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

\$490,000 Series 2011 C (HCA - Centerpoint TIF) annual installments of \$50,000 to \$165,000 through 2017; interest at 2.000% to 3.000%	105,000
\$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%	10,295,000
\$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%	3,000,000
\$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%	4,345,000
\$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%	1,920,000
\$5,225,000 Series 2015 A (Santa Fe TIF) annual installments of \$100,000 to \$285,000 through 2044; interest at 3.000% to 4.000%	5,225,000
\$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%	3,545,000
Total TIF Loans Payable	\$ <u><u>161,275,000</u></u>

Restricted assets held by the Commission of \$18,445,976 consist of funds available for costs related to the redevelopment of the Santa Fe, Hartman Heritage, Eastland Center, Crackerneck Creek and HCA areas.

(1) Tax Increment Financing Refunding

On March 2, 2015, the City entered into a loan payable through the Missouri Development Finance Board of \$8,770,000 with an interest rate ranging from 3.00% to 5.25%, to refund \$7,015,000 of the outstanding 2007 C Santa Fe Project TIF loan payables, with interest rates ranging from 5.410% to 6.096%. The acquisition of the new refunding loan carried a discount of \$99,693 and resulted in a deferred charge on refunding of \$1,920,082. Both items will be amortized over the life of the bonds. This refunding was undertaken to restructure the debt to align debt service payments to known revenues. The restructure of the debt also included adding 22 years to the end of the term of the loan payable in order to match years remaining on the 23rd & Noland Project TIF #3 and #4 which are tied to the Santa Fe Project TIF. A lower interest rate was achieved, but by restructuring the term to add 22 years to the end of the term it caused an increase in debt service payments of \$6,726,314 and an economic loss of \$1,121,433.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(2) Tax Increment Financing Prior Year Defeasance of Debt

In prior years, the City defeased certain loans payable with the Missouri Development Finance Board by placing the proceeds of refunding TIF loans in an irrevocable trust to provide for all future debt service payments on the old loans. Accordingly, the trust account assets and the liability for the defeased loans are not included in the City's financial statements. At June 30, 2015, \$875,000 of loans payable are considered defeased.

(b) Bass Pro Lease

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

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

Calendar Year	Amount
2015	1,000,000
2016	1,000,000
2017	1,000,000
2018	1,000,000
2019	1,000,000
2020 - 2024	5,000,000
2025 - 2026	2,000,000
Total	\$ 12,000,000

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

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(b) Business-type Activities

(1) Revenue Bonds

Revenue bonds payable at June 30, 2015 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%	\$ 19,175,000
--	---------------

\$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%	50,435,000
---	------------

Total Power and Light fund	<u>123,375,000</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%	33,990,000
---	------------

Total Water Fund	<u>33,990,000</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%	35,525,000
---	------------

\$43,800,000 Series 2013 C annual installments of \$250,000 to \$2,855,000 through 2042; interest at 2.00% to 5.25%	43,550,000
---	------------

\$21,170,000 Series 2014 C annual installments of \$250,000 to \$6,150,000 through 2043; interest at 2.00% to 5.00%	21,170,000
---	------------

Total Sanitary Sewer fund	<u>100,245,000</u>
----------------------------------	--------------------

Events Center Fund:

\$12,325,000 Series 2008 D semi-annual installments of \$30,000 to \$410,000 through 2038; interest at 4.00% to 5.75%	11,070,000
---	------------

\$11,815,000 Series 2011 A annual installments of \$70,000 to \$1,585,000 through 2038; interest at 2.00% to 5.50%	11,365,000
--	------------

\$68,945,000 Series 2012 C annual installments of \$105,000 to \$12,540,000 through 2038; interest at 2.00% to 4.00%	68,120,000
--	------------

Total Events Center Fund	<u>90,555,000</u>
---------------------------------	-------------------

Total revenue bonds	<u>\$ 348,165,000</u>
----------------------------	-----------------------

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

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

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

Account	Enterprise Funds			
	Power and Light	Water	Sanitary Sewer	Events Center
Principal and interest	\$ 11,941,653	—	—	213,664
Depreciation and emergency	—	500,000	—	—
Bond reserve and project accounts	—	3,624,532	17,687,771	6,972,058
Total revenue bond reserves	11,941,653	4,124,532	17,687,771	7,185,722
Customer deposits	2,345,791	653,580	566,732	—
Purchase of Dogwood Plant	61,500	—	—	—
Southwest Power Pool collateral	831,040	—	—	—
Total	\$ <u>15,179,984</u>	<u>4,778,112</u>	<u>18,254,503</u>	<u>7,185,722</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, 2015

(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, 2015 is as follows:

Date Issued	Description	Purpose of Debt	Revenue Pledged	Term of Commitment	Principal & Interest Remaining	Principal & Interest 2014-2015	Net Available Revenues 2014-2015
11/2010	Power and Light Leasehold Revenue Bonds	Electric System Projects	Appropriated Revenues	through 2035	29,453,138	2,510,588	
03/2012	Power and Light Revenue Bonds	Electric System - Dogwood	Appropriated Revenues	through 2037	98,352,265	2,631,219	
12/2012	Power and Light Leasehold Revenue Bonds - Refunding	Electric System Projects	Appropriated Revenues	through 2037	71,941,900	3,793,750	
					\$ <u>199,747,303</u>	<u>8,935,557</u>	<u>32,918,425</u>
11/2013	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2029	44,544,384	5,511,338	
11/2013	Water Revenue Bonds - Refunding	Water System Improvements	Appropriated Revenues	through 2014	-	1,997,270	
					\$ <u>44,544,384</u>	<u>7,508,608</u>	<u>13,362,767</u>
08/2012	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2041	61,469,309	2,278,156	
09/2013	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2042	81,420,019	2,338,150	
11/2014	Sewer System Revenue Bonds	Sewer System Improvements	Appropriated Revenues	through 2043	38,672,631	378,290	
					\$ <u>181,561,959</u>	<u>4,994,596</u>	<u>8,496,913</u>

(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, 2015, District revenues paid to the City for debt service totaled \$4,307,891. The remaining debt service amounts of \$2,980 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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(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, 2015, were \$24,935.

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, 2015, were \$85,082.

(9) Employee Retirement System

Pension Prior Period Adjustment

In fiscal year 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this statement resulted in the removal of the net pension obligation and addition of net pension liability.

For the year ended June 30, 2015, management determined that the following adjustments were to be made to the beginning net position balances:

	Governmental Activities (Ex. 2)	Business-Type Activities (Ex. 2)	Proprietary Funds (Ex. 6)			Internal Service Funds (Ex. 36)
			Power and Light	Water	Sanitary Sewer	
Beginning net position (deficit), as originally reported	\$ 116,958,064	316,019,583	170,129,035	81,614,200	75,231,296	(2,608,124)
Removal of net pension obligation	5,448,551	3,210,017	2,271,938	555,208	382,871	57,704
Addition of net pension liability	(21,908,205)	(16,620,050)	(12,171,312)	(2,579,328)	(1,869,410)	(226,224)
Beginning net position, as restated	\$ <u>100,498,410</u>	<u>302,609,550</u>	<u>160,229,661</u>	<u>79,590,080</u>	<u>73,744,757</u>	<u>(2,776,644)</u>

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.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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>2015 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.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	964
Inactive employees entitled to but not yet receiving benefits	189
Active employees	<u>1,003</u>
	<u><u>2,156</u></u>

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 employer contribute 4.00% of their gross pay to the pension plan. The City contribution rates for the year ending June 30, 2015 were 13.30% (General), 14.50% (Police) and 15.10% (Fire) of annual covered payroll

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Net Pension Liability

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015. Standard update procedures were used to roll forward the total pension liability to June 30, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increase	3.50% to 8.60% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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.

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2014	\$ 439,596,574	401,068,319	38,528,255
Changes for the year:			
Service Cost	8,279,026	—	8,279,026
Interest	31,404,337	—	31,404,337
Difference between expected and actual experience	(10,375,729)	—	(10,375,729)
Contributions - employer	—	9,475,216	(9,475,216)
Contributions - employee	—	2,738,899	(2,738,899)
Net investment income	—	7,836,996	(7,836,996)
Benefit payments, including refunds	(21,374,778)	(21,374,778)	—
Administrative expense	—	(198,235)	198,235
Other (net transfer)	—	(5,341,994)	5,341,994
Net changes	<u>7,932,856</u>	<u>(6,863,896)</u>	<u>14,796,752</u>
Balances at 6/30/2015	<u>\$ 447,529,430</u>	<u>394,204,423</u>	<u>53,325,007</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/(Asset) (NPL)	\$ 112,836,146	53,325,007	3,381,756

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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

For the year ended June 30, 2015 the City recognized pension expense of \$16,082,563. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ —	(8,384,094)
Excess (deficit) investment returns	16,573,499	—
Total	\$ 16,573,499	(8,384,094)

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

Year Ended:		
2016	\$	2,151,740
2017		2,151,740
2018		2,151,740
2019		2,521,070
2020		(522,533)
Thereafter		<u>(264,352)</u>
	\$	<u><u>8,189,405</u></u>

Deferred inflows 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 period, which was 4.75, 6.78 and 6.45 for General, Police and Fire divisions, respectively. The deferred outflows of resources are being amortized over a closed 5-year period beginning in the current year.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(10) Post-Employment Health Benefits

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

Plan Description

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

The number of participants that either are, or potentially could be, covered by the City's plan, as of January 1, 2015, 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	944
Retirees & covered spouses of retirees	<u>747</u>
Total Participants	1,691

Funding Policy

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	19,706,046
Interest on net OPEB obligation		2,561,651
Adjustment to annual required contribution		<u>(2,990,898)</u>
Annual OPEB cost (expense)		19,276,799
Less: Employer contributions		<u>(6,330,000)</u>
Increase in net OPEB obligation		12,946,799
Net OPEB obligation – July 1, 2014		<u>73,190,015</u>
Net OPEB obligation – June 30, 2015	\$	<u><u>86,136,814</u></u>

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2015 is as follows:

		<u>Annual OPEB Cost</u>		<u>Percentage of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>
Fiscal year ending:						
June 30, 2013	\$	19,284,602	%	34.29	\$	61,726,951
June 30, 2014		19,179,213		40.23		73,190,015
June 30, 2015		19,276,799		32.84		86,136,814

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

Funded Status and Funding Progress

As of January 1, 2015, which is the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$287.6 million dollars. There are no assets set aside for funding the plan as of that date, thus, the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$59.9 million which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 480 percent.

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

Actuarial Methods and Assumptions

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

The entry age normal (level percent of pay) cost method is used in the January 1, 2015 actuarial valuation. At this valuation date, the annual cost accruals (individual normal cost for each participant) are determined as a level percentage of pay for each year from entry age until expected retirement. The sum of these individual normal costs for all active participants whose attained ages are under the assumed retirement age is the normal cost for the initial plan year. The excess of all normal costs falling due prior to the initial valuation date, accumulated with interest over the plan assets, represents the initial unfunded actuarial accrued liability.

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

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

(11) Risk Management

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

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

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

The City offers its employees and retirees a contributory self-insurance healthcare plans (Staywell Open Access Plan or Staywell In-Network Plan). An excess coverage insurance policy covers the portion of specific claims in excess of \$250,000 and aggregate claims in excess of \$31,191,607 for the open access plan and for the in-network plan. The City's share of the premiums for this employee benefit was approximately \$19,237,602. 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, 2015

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	
	2014	2015	2014	2015
Beginning of year	\$ 4,165,807	4,197,247	2,349,929	2,183,559
Current year claims and changes in estimates	1,738,578	2,007,166	24,995,550	23,777,329
Claims payments	<u>(1,707,138)</u>	<u>(1,640,269)</u>	<u>(25,161,920)</u>	<u>(24,035,754)</u>
End of year	\$ <u>4,197,247</u>	<u>4,564,144</u>	<u>2,183,559</u>	<u>1,925,134</u>

(12) Commitments

Construction Commitments

At June 30, 2015, the City had commitments of approximately \$10.9 million to complete construction contracts. Of this amount, \$8.2 million relates to the enterprise funds.

Purchase/Sales of Capacity and Energy

The City purchases a portion of its power supply needs under three 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), and a renewable energy purchase agreement with Smoky Hills Wind Project II, LLC (Smoky Hills).

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 \$150,000,000 through the year 2049. During fiscal year 2015, the delivered cost of capacity and energy under the agreement, including all demand, energy, transmission costs, and debt service was approximately \$16,100,000 for 297,915 megawatt-hours of wholesale energy. For fiscal year 2016, the projected costs under the agreement are estimated to be approximately \$16,400,000.

In June 2006, the City entered into a unit power purchase agreement with the MJMEUC. Under this agreement, the City purchases a 50% share (approximately 53 megawatts) of MJMEUC's 106 MW ownership share of the nominal 875 megawatt Iatan 2 coal-fired generating unit located at Kansas City Power & Light Company's (KCPL) existing power station site in Weston, Missouri. The agreement

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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 \$212,000,000 through the year 2039. During fiscal year 2015, the delivered cost of capacity and energy under the agreement, including all demand, energy, transmission costs, and debt service was approximately \$20,300,000 for 236,132 megawatt-hours of wholesale energy. For fiscal year 2016, the projected costs under the agreement are estimated to be approximately \$22,300,000.

In August 2008, the City entered into a renewable energy purchase agreement with Smoky Hills. Under this agreement, the City purchases a 10.10% share (15 megawatts) of a 148.5 megawatt wind farm generation project located in north-central Kansas. The agreement provides that the City will purchase its share of the energy output of the Smoky Hills project and will pay a flat fixed rate (in dollars per megawatt-hour) for the entire term of the agreement. Energy deliveries from the wind farm began on December 8, 2008 and will continue for a term of 20 years with certain renewal options at the mutual agreement of the parties. During fiscal year 2015, the cost of the energy purchases including transmission costs was approximately \$2,700,000 for 49,755 megawatt-hours of wholesale energy.

Dogwood Energy Facility

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

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

The plant had a value of \$53,785,771 with \$6,049,771 accumulated depreciation, making the net purchase price \$47,736,000. An operating reserve account was established in the amount of \$430,500 for working capital and \$61,500 for SPP credit. Prepaid operating expenses as of June 30, 2015 were \$152,667 and depreciation expense for fiscal year end June 30, 2015 was \$1,422,274.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

June 30, 2015

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 \$216,012 in the Street Improvements Fund, \$712 in the Community Development Block Grant Fund, \$4,458,708 in the Parks Sales Tax Fund, \$16,155 in the Storm Drainage Fund, \$1,287,611 in the Workers' Compensation Fund, \$219,306 in the Central Garage Fund, \$9,519,112 in the Events Center Fund, \$1,098,725 in the Santa Fe TIF project, \$4,825 in the 23rd & Noland TIF project 2, and \$1,722 in the Independence Square TIF project will be eliminated by future revenues or transfers.

(14) Subsequent Events

The City evaluated subsequent events through January 14, 2016, the date the financial statements were available to be issued.

Subsequent to year end, the City approved the issuance of the following loan payable through the Missouri Development Finance Board.

\$47,060,000 Series 2015 C TIF loan payable for the Crackerneck Creek Project.

\$2,390,000 Series 2015 D TIF loan payable for the Crackerneck Creek Project.

CITY OF INDEPENDENCE, MISSOURI

Notes to Financial Statements

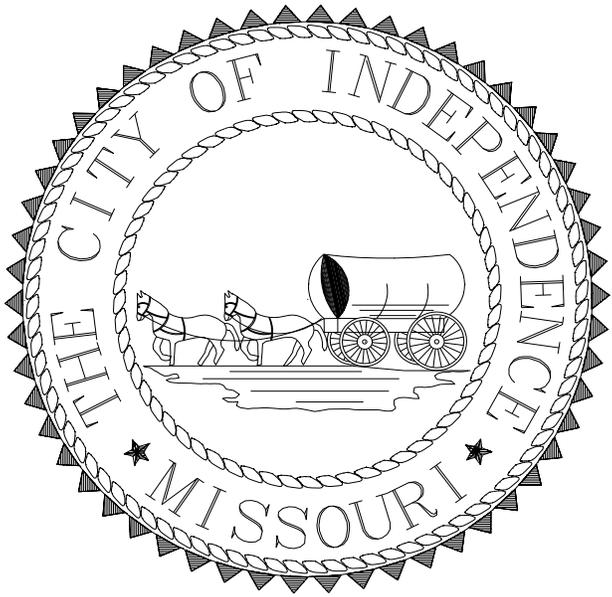
June 30, 2015

(15) Fund Balance

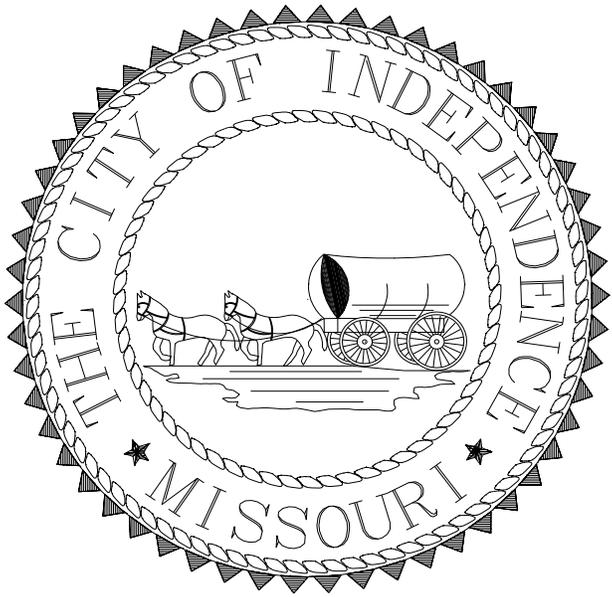
Fund balances at year-end are as follows:

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>TIF Debt Service</u>	<u>Nonmajor</u>	
Fund balances:				
Restricted for:				
Protested revenues	\$ 17,915	—	—	17,915
Police equipment	125,051	—	—	125,051
Tourism	—	—	571,591	571,591
Independence square benefit district	—	—	32,719	32,719
Grants	—	—	7	7
License surcharge	—	—	711,048	711,048
Street sales tax	—	—	4,552,577	4,552,577
Storm water sales tax	—	—	7,385,985	7,385,985
Police sales tax	—	—	1,557,817	1,557,817
Fire sales tax	—	—	1,505,114	1,505,114
Debt service fund	—	—	88,225	88,225
TIF debt service	—	25,845,758	—	25,845,758
Total fund balances restricted	<u>142,966</u>	<u>25,845,758</u>	<u>16,405,083</u>	<u>42,393,807</u>
Committed for:				
Domestic violence	27,070	—	—	27,070
Capital projects	—	—	164,507	164,507
Strategic goals	332,703	—	—	332,703
Vandalism reward	3,000	—	—	3,000
Economic development	108,833	—	—	108,833
Total fund balances committed	<u>471,606</u>	<u>—</u>	<u>164,507</u>	<u>636,113</u>
Assigned for:				
Encumbrances:				
Professional services	330,201	—	—	330,201
Capital outlay/equipment	379,703	—	—	379,703
Supplies	88,366	—	—	88,366
Maintenance	134,775	—	—	134,775
Communication services	13,728	—	—	13,728
Accrued leave payouts	300,000	—	—	300,000
Miscellaneous	54,200	—	—	54,200
Total fund balances assigned	<u>1,300,973</u>	<u>—</u>	<u>—</u>	<u>1,300,973</u>
Unassigned	<u>3,741,675</u>	<u>—</u>	<u>(4,691,587)</u>	<u>(949,912)</u>
Total fund balance	\$ <u><u>5,657,220</u></u>	<u><u>25,845,758</u></u>	<u><u>11,878,003</u></u>	<u><u>43,380,981</u></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 \$1,342,556 and Non-major Funds \$3,855,340.



**Required
Supplementary
Information**



CITY OF INDEPENDENCE, MISSOURI

Notes to Budgetary Comparison Schedules

Year ended June 30, 2015

(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 2014-2015 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

Budgetary Comparison Schedule

General Fund

Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Taxes	\$ 36,004,609	36,004,609	35,652,333	(352,276)
Licenses and permits	3,284,687	3,284,687	3,682,051	397,364
State and county shared revenue	5,179,046	5,204,046	5,323,324	119,278
Charges for current services	1,861,663	2,046,828	1,863,879	(182,949)
Interfund charges for support services	4,616,045	4,616,045	4,544,233	(71,812)
Fines and forfeitures	4,860,377	4,860,377	4,652,309	(208,068)
Other revenue	784,900	677,036	661,873	(15,163)
Total revenues	56,591,327	56,693,628	56,380,002	(313,626)
Other financing sources:				
Payments in lieu of taxes	18,927,939	18,927,939	18,413,389	(514,550)
Total other financing sources	18,927,939	18,927,939	18,413,389	(514,550)
Total revenues and other financing sources	75,519,266	75,621,567	74,793,391	(828,176)
Expenditures:				
City Council	441,183	455,766	455,766	—
City Clerk	404,718	406,031	381,705	24,326
City Manager	934,131	934,131	886,592	47,539
National Frontier Trails Museum	260,907	261,914	261,914	—
Technology services	1,828,880	1,828,880	1,666,875	162,005
Municipal court	849,872	849,872	827,283	22,589
Law	687,741	789,297	789,297	—
Finance	1,966,982	1,966,982	1,944,054	22,928
Human resources	454,287	455,439	450,776	4,663
Community development	3,155,386	3,155,386	3,039,100	116,286
Police	27,227,469	27,862,565	27,329,756	532,809
Fire	16,966,162	17,214,372	17,214,371	1
Health	2,754,318	2,792,325	2,697,307	95,018
Public works	5,870,029	5,870,029	5,616,443	253,586
Parks and recreation	1,632,342	1,670,161	1,585,448	84,713
General government	9,030,295	8,678,129	8,797,138	(119,009)
City Council strategic goals	250,000	413,494	105,550	307,944
Capital outlay	374,848	374,848	343,177	31,671
Total expenditures	75,089,550	75,979,621	74,392,552	1,587,069
Other financing uses:				
Transfers out	429,716	429,716	475,796	(46,080)
Total expenditures and other financing uses	75,519,266	76,409,337	74,868,348	1,540,989
Excess of revenue and other financing sources over (under) expenditures and other financing uses	\$ —	(787,770)	(74,957)	712,813
Unassigned fund balance at beginning of year			3,591,990	
Cancellation of prior year encumbrances			51,036	
Change in other fund balance components during the year			173,606	
Unassigned fund balance at end of year			\$ 3,741,675	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

General Fund

Year ended June 30, 2015

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	\$ 74,793,391
Basis differences – budget to GAAP:	
None	<u> —</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 74,793,391</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 74,392,552
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget	(1,229,175)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year	341,394
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds (GAAP basis)	<u> —</u>
	<u>\$ 73,504,771</u>

CITY OF INDEPENDENCE, MISSOURI
 Schedule of Funding Progress
 Other Post Employment Benefit Plan

Schedule of Funding Progress:

Other Post Employment Benefits

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b) – (a) Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>(a)/(b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>(b) – (a)/(c) UAAL as a Percentage of Covered Payroll</u>
January 1, 2011	\$ —	\$ 246,341,296	\$ 246,341,296	0%	\$ 65,353,754	377%
January 1, 2013	—	263,513,494	263,513,494	0%	59,861,860	440%
January 1, 2015	—	287,649,394	287,649,394	0%	59,925,139	480%

See accompanying note (10) to financials for additional information on Other Post Employment Benefits and assumptions

CITY OF INDEPENDENCE, MISSOURI
LAGERS Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 8,279,026
Interest on the Total Pension Liability	31,404,337
Difference between expected and actual experience	(10,375,729)
Benefit Payments	(21,374,778)
Net Change in Total Pension Liability	7,932,856
Total Pension Liability beginning	439,596,574
Total Pension Liability ending	\$ 447,529,430
Plan Fiduciary Net Position	
Contributions-employer	9,475,216
Contributions-employee	2,738,899
Pension Plan Net Investment income	7,836,996
Benefit Payments	(21,374,778)
Pension Plan Administrative expense	(198,235)
Other	(5,341,994)
Net Change in Plan Fiduciary Net Position	(6,863,896)
Plan Fiduciary Net Position beginning	401,068,319
Plan Fiduciary Net Position ending	\$ 394,204,423
Employer Net Pension Liability	\$ 53,325,007
Plan Fiduciary Net Position as a percentage of the total pension liability	88.08%
Covered Employee Payroll	\$ 67,691,063
Employer's Net Pension Liability as a percentage of covered employee payroll	78.78%

Notes to schedule:

2014-15 is our 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.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 12,187,371	11,568,730	10,954,525	9,709,369	8,784,873	4,699,896	4,494,600	4,821,020	5,830,554	5,431,685
Contributions in relation to the actuarially determined contribution	9,477,315	8,724,862	7,962,390	7,273,562	6,751,554	5,498,789	4,494,598	4,821,019	5,731,339	5,409,671
Contribution deficiency (excess)	\$ 2,710,056	2,843,868	2,992,135	2,435,807	2,033,319	(798,893)	2	1	99,215	22,014
Covered-employee payroll	\$ 68,487,854	68,032,518	67,337,696	67,174,192	68,743,946	67,077,233	64,997,189	62,443,412	58,360,904	58,260,646
Contributions as a percentage of covered-employee payroll	13.84%	12.82%	11.82%	10.83%	9.82%	8.20%	6.92%	7.72%	9.82%	9.29%

Notes to schedule:
Valuation Date

Actuarially determined contribution rates were calculated as of February 28, 2015 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial Cost Method
 - Amortization Method
 - Remaining Amortization Period
 - Asset Valuation Method
 - Inflation
 - Salary Increases
 - Investment Rate of Return
 - Retirement Age
 - Mortality
- Entry Age Normal
Level percent of payroll, closed.
Multiple bases from 14 to 24 years.
5 years smoothed market; 20% corridor.
3.50% wage inflation and 3.00% price inflation.
3.50% to 8.60%; including wage inflation.
7.25%, net of investment and administrative expenses.
Experience-based table of rates that are specific to the type of eligibility condition.
105.00% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13.00% margin for future mortality improvement.

Other information:

There were no benefit changes during the year.

CITY OF INDEPENDENCE, MISSOURI

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

CITY OF INDEPENDENCE, MISSOURI

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

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

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

Debt Service Fund

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

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

Assets	Special Revenue (Exhibit 16)	Capital Projects (Exhibit 29)	Debt Service Fund	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 9,479,535	19,787	—	9,499,322
Receivables:				
Taxes	3,810,898	—	—	3,810,898
Accounts	18,004	—	—	18,004
Special assessment principal and accrued interest	—	449,219	455,835	905,054
Due from other funds	4,987,564	—	—	4,987,564
Due from other governments	468,639	951,031	—	1,419,670
Restricted assets	—	134,272	94,000	228,272
Total assets	<u>\$ 18,764,640</u>	<u>1,554,309</u>	<u>549,835</u>	<u>20,868,784</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts and contracts payable	\$ 1,155,487	133,821	—	1,289,308
Due to other funds	5,067,471	1,038,929	5,775	6,112,175
Accrued items	149,275	—	—	149,275
Other current liabilities	9,831	—	—	9,831
Unearned revenue	525,138	—	—	525,138
Total liabilities	<u>6,907,202</u>	<u>1,172,750</u>	<u>5,775</u>	<u>8,085,727</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	—	449,219	455,835	905,054
Total deferred inflows of resources	<u>—</u>	<u>449,219</u>	<u>455,835</u>	<u>905,054</u>
Fund balances:				
Restricted	16,316,858	—	88,225	16,405,083
Committed	—	164,507	—	164,507
Unassigned	(4,459,420)	(232,167)	—	(4,691,587)
Total fund balances	<u>11,857,438</u>	<u>(67,660)</u>	<u>88,225</u>	<u>11,878,003</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,764,640</u>	<u>1,554,309</u>	<u>549,835</u>	<u>20,868,784</u>

CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue (Exhibit 17)	Capital Projects (Exhibit 30)	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 22,657,677	—	—	22,657,677
Licenses and permits	103,481	—	—	103,481
Intergovernmental	3,227,232	1,787,033	—	5,014,265
Charges for services	926,468	11,961	103,293	1,041,722
Investment income	3,961	106	1,087	5,154
Other	450,252	37,096	—	487,348
Total revenues	<u>27,369,071</u>	<u>1,836,196</u>	<u>104,380</u>	<u>29,309,647</u>
Expenditures:				
Current:				
Administrative services	12,739	—	—	12,739
Public safety	5,072,332	—	—	5,072,332
Public works	205,369	—	—	205,369
Health and welfare	536,537	—	—	536,537
Culture and recreation	4,213,673	—	—	4,213,673
Community development	1,516,964	—	—	1,516,964
Storm water	1,629,842	—	—	1,629,842
General government	21,477	—	1,544	23,021
Capital outlay	11,391,504	2,481,279	—	13,872,783
Debt service:				
Principal	1,515,600	—	75,000	1,590,600
Interest and fiscal agent fees	148,368	—	24,278	172,646
Total expenditures	<u>26,264,405</u>	<u>2,481,279</u>	<u>100,822</u>	<u>28,846,506</u>
Excess (deficiency) of revenues over expenditures	<u>1,104,666</u>	<u>(645,083)</u>	<u>3,558</u>	<u>463,141</u>
Other financing sources (uses):				
Transfers in	111,946	617,515	—	729,461
Transfers out	(1,315,382)	—	—	(1,315,382)
Total other financing sources (uses)	<u>(1,203,436)</u>	<u>617,515</u>	<u>—</u>	<u>(585,921)</u>
Net change in fund balances	<u>(98,770)</u>	<u>(27,568)</u>	<u>3,558</u>	<u>(122,780)</u>
Fund balances, beginning	<u>11,956,208</u>	<u>(40,092)</u>	<u>84,667</u>	<u>12,000,783</u>
Fund balances, ending	<u>\$ 11,857,438</u>	<u>(67,660)</u>	<u>88,225</u>	<u>11,878,003</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2015

Assets	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 27)	License Surcharge	Grants	Total
Pooled cash and investments	\$ 434,543	28,893	—	—	8,114,317	711,048	190,734	9,479,535
Receivables:								
Taxes	175,000	3,826	—	—	3,632,072	—	—	3,810,898
Accounts	1,525	—	—	—	716	—	15,763	18,004
Due from other funds	—	—	—	—	4,987,564	—	—	4,987,564
Due from other governments	—	—	78,629	42,355	—	—	347,655	468,639
Total assets	\$ 611,068	32,719	78,629	42,355	16,734,669	711,048	554,152	18,764,640

Liabilities and Fund Balances

Liabilities:								
Accounts and contracts payable	\$ 17,958	—	12,364	—	1,117,006	—	8,159	1,155,487
Due to other funds	—	—	58,145	37,917	4,971,409	—	—	5,067,471
Accrued items	17,312	—	8,832	—	102,276	—	20,855	149,275
Other current liabilities	4,207	—	—	4,431	1,193	—	—	9,831
Unearned revenue	—	—	—	—	—	—	525,138	525,138
Total liabilities	39,477	—	79,341	42,348	6,191,884	—	554,152	6,907,202
Fund balances:								
Restricted	571,591	32,719	—	7	15,001,493	711,048	—	16,316,858
Unassigned	—	—	(712)	—	(4,458,708)	—	—	(4,459,420)
Total fund balances	571,591	32,719	(712)	7	10,542,785	711,048	—	11,857,438
Total liabilities and fund balances	\$ 611,068	32,719	78,629	42,355	16,734,669	711,048	554,152	18,764,640

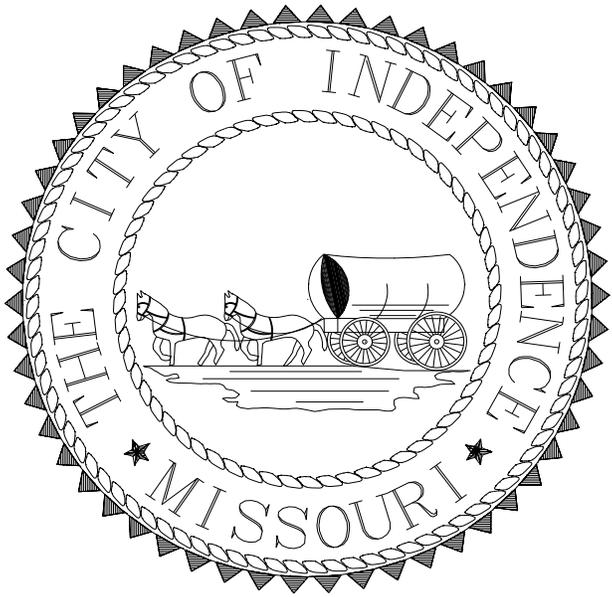
CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Special Revenue Funds

Year ended June 30, 2015

	Tourism	Independence Square Benefit District	Community Development Grant Act	Rental Rehabilitation	Combined Sales Tax Funds (Exhibit 28)	License Surcharge	Grants	Total
Revenues:								
Taxes	\$ 1,616,667	25,150	—	—	21,015,860	—	—	22,657,677
Licenses and permits	—	—	—	—	—	103,481	—	103,481
Intergovernmental	—	—	798,319	256,435	—	—	2,172,478	3,227,232
Charges for services	—	—	—	—	455,917	—	470,551	926,468
Investment income	94	784	—	—	2,903	180	—	3,961
Other	—	—	—	—	169,712	—	280,540	450,252
Total revenues	1,616,761	25,934	798,319	256,435	21,644,392	103,661	2,923,569	27,369,071
Expenditures:								
Current:								
Administrative services:								
Public safety	—	—	—	—	3,447,697	—	12,739	12,739
Public Works	—	—	—	—	205,369	—	1,624,635	5,072,332
Health and welfare	—	—	—	—	—	—	536,537	205,369
Culture and recreation	1,607,132	—	—	—	2,437,917	—	168,624	536,537
Community development	—	—	679,495	256,435	—	—	581,034	4,213,673
Storm water	—	—	—	—	1,629,842	—	—	1,516,964
General government	—	—	—	—	21,477	—	—	1,629,842
Capital outlay	—	24,057	—	—	11,367,447	—	—	21,477
Debt service:								
Principal	—	—	—	—	1,515,600	—	—	11,391,504
Interest and fiscal agent fees	—	—	—	—	148,368	—	—	1,515,600
Total expenditures	1,607,132	24,057	679,495	256,435	20,773,717	—	2,923,569	148,368
Excess of revenues over expenditures	9,629	1,877	118,824	—	870,675	103,661	—	1,104,666
Other financing sources (uses):								
Transfers in	—	—	—	—	111,946	—	—	111,946
Transfers out	(23,727)	—	(120,859)	—	(783,615)	(387,181)	—	(1,315,382)
Total other financing sources (uses)	(23,727)	—	(120,859)	—	(671,669)	(387,181)	—	(1,203,436)
Net change in fund balances	(14,098)	1,877	(2,035)	—	199,006	(283,520)	—	(98,770)
Fund balances, beginning	585,689	30,842	1,323	7	10,343,779	994,568	—	11,956,208
Fund balances, ending	\$ 571,591	32,719	(712)	7	10,542,785	711,048	—	11,857,438



CITY OF INDEPENDENCE, MISSOURI

Budgetary Comparison Schedule

Tourism Fund

Year ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Transient guest taxes	\$ 1,400,000	1,400,000	1,616,667	216,667
Interest	200	200	94	(106)
Grants – federal, state, and local	—	—	—	—
Other revenue	3,000	3,000	—	(3,000)
Total revenues	<u>1,403,200</u>	<u>1,403,200</u>	<u>1,616,761</u>	<u>213,561</u>
Expenditures:				
Tourism	<u>1,400,128</u>	<u>1,620,110</u>	<u>1,620,110</u>	<u>—</u>
Total expenditures	<u>1,400,128</u>	<u>1,620,110</u>	<u>1,620,110</u>	<u>—</u>
Other financing uses – transfers out	<u>—</u>	<u>—</u>	<u>23,727</u>	<u>(23,727)</u>
Total other financing uses	<u>—</u>	<u>—</u>	<u>23,727</u>	<u>(23,727)</u>
Total expenditures and other uses	<u>1,400,128</u>	<u>1,620,110</u>	<u>1,643,837</u>	<u>(23,727)</u>
Excess of revenues over (under) expenditures	<u>\$ 3,072</u>	<u>(216,910)</u>	<u>(27,076)</u>	<u>237,288</u>
Restricted fund balance at beginning of year			585,689	
Cancellation of prior year encumbrances			45,405	
Increase (Decrease) in Prior Year Encumbrances			<u>(32,427)</u>	
Restricted fund balance at end of year			<u>\$ 571,591</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Tourism Fund

Year ended June 30, 2015

	Tourism Fund
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 1,616,761
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>\$ 1,616,761</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,620,110
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(108,620)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>95,642</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 1,607,132</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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Federal grant - CDBG	\$ 750,000	750,000	798,319	48,319
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>798,319</u>	<u>48,319</u>
Expenditures:				
CDBG administration	155,416	152,522	273,769	(121,247)
CDBG expenditures	594,584	932,820	516,483	416,337
Commercial facade program	—	75,165	—	75,165
Total expenditures	<u>750,000</u>	<u>1,160,507</u>	<u>790,252</u>	<u>370,255</u>
Other financing uses:				
Transfers out	—	75,000	120,859	(45,859)
Total other financing uses	<u>—</u>	<u>75,000</u>	<u>120,859</u>	<u>(45,859)</u>
Total expenditures and other uses	<u>750,000</u>	<u>1,235,507</u>	<u>911,111</u>	<u>324,396</u>
Excess of revenues over (under) expenditures and other financing uses	\$ <u>—</u>	<u>(485,507)</u>	<u>(112,792)</u>	<u>372,715</u>
Restricted fund balance at beginning of year			1,323	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			110,757	
Restricted fund balance at end of year			\$ <u><u>(712)</u></u>	

Exhibit 19.1

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Community Development Block Grant Fund
 Year ended June 30, 2015

	Community Development Block Grant
	<u> </u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 798,319
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>\$ 798,319</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 790,252
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(110,757)
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>\$ 679,495</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, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
HOME program grant	\$ 300,000	300,000	256,435	(43,565)
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>256,435</u>	<u>(43,565)</u>
Expenditures:				
HOME administration	30,000	35,424	9,656	25,768
Multi family housing	225,000	264,015	147,014	117,001
Community housing development	45,000	164,653	173,270	(8,617)
Total expenditures	<u>300,000</u>	<u>464,092</u>	<u>329,940</u>	<u>134,152</u>
Excess of revenues over (under) expenditures	\$ <u>—</u>	<u>(164,092)</u>	(73,505)	<u>90,587</u>
Restricted fund balance at beginning of year			7	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			73,505	
Restricted fund balance at end of year			<u>\$ 7</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Rental Rehabilitation

Year ended June 30, 2015

	<u>Rental Rehabilitation</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 256,435
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>\$ 256,435</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 329,940
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(73,505)
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>\$ 256,435</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
Revenues:				
Sales taxes	\$ 7,957,701	7,957,701	8,357,101	399,400
Interest	900	900	631	(269)
Other revenue	—	—	98,000	98,000
Total revenues	<u>7,958,601</u>	<u>7,958,601</u>	<u>8,455,732</u>	<u>497,131</u>
Other Financing sources:				
Transfers in	—	—	66,087	66,087
Total other financing sources	<u>—</u>	<u>—</u>	<u>66,087</u>	<u>66,087</u>
Total revenues and other financing sources	<u>7,958,601</u>	<u>7,958,601</u>	<u>8,521,819</u>	<u>563,218</u>
Expenditures:				
General Government	13,200	13,985	13,985	—
Street maintenance	278,972	278,972	205,369	73,603
Capital outlay	7,128,000	10,248,042	8,012,297	2,235,745
Debt service	529,831	529,842	529,841	1
Total expenditures	<u>7,950,003</u>	<u>11,070,841</u>	<u>8,761,492</u>	<u>2,309,349</u>
Other financing uses:				
Transfers out	—	—	27,347	(27,347)
Total other financing uses	<u>—</u>	<u>—</u>	<u>27,347</u>	<u>(27,347)</u>
Total expenditures and other financing uses	<u>7,950,003</u>	<u>11,070,841</u>	<u>8,788,839</u>	<u>2,282,002</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 8,598</u>	<u>(3,112,240)</u>	<u>(267,020)</u>	<u>2,845,220</u>
Restricted fund balance at beginning of year			3,716,655	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			1,102,942	
Restricted fund balance at end of year			<u>\$ 4,552,577</u>	

Exhibit 21.1

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Street Improvements Sales Tax Fund
 Year ended June 30, 2015

	Streets Improvements Sales Tax
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 8,455,732
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>\$ 8,455,732</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 8,761,492
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(1,102,942)
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>\$ 7,658,550</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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budget Basis)	with Final Budget
Revenues:				
Sales taxes	\$ 3,978,851	3,978,851	4,178,652	199,801
Public health and recreation	—	133,047	137,933	4,886
Adventure Oasis Water Park	480,000	480,000	308,969	(171,031)
Other revenue	126,000	8,027	13,807	5,780
Total revenues	<u>4,584,851</u>	<u>4,599,925</u>	<u>4,639,361</u>	<u>39,436</u>
Other financing sources:				
Transfers in	—	—	45,859	45,859
Total other financing sources	<u>—</u>	<u>—</u>	<u>45,859</u>	<u>45,859</u>
Total revenues and other financing sources	<u>4,584,851</u>	<u>4,599,925</u>	<u>4,685,220</u>	<u>85,295</u>
Expenditures:				
Culture and recreation	2,607,577	2,622,651	2,471,645	151,006
General government	6,800	6,993	6,992	1
Capital outlay	1,331,000	1,983,585	1,662,611	320,974
Debt service	—	—	33,330	(33,330)
Total expenditures	<u>3,945,377</u>	<u>4,613,229</u>	<u>4,174,578</u>	<u>438,651</u>
Other financing uses:				
Transfers out	—	—	19,015	(19,015)
Total other financing uses	<u>—</u>	<u>—</u>	<u>19,015</u>	<u>(19,015)</u>
Total expenditures and other financing uses	<u>3,945,377</u>	<u>4,613,229</u>	<u>4,193,593</u>	<u>419,636</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 639,474</u>	<u>(13,304)</u>	491,627	<u>504,931</u>
Restricted fund balance (deficit) at beginning of year			(4,984,064)	
Cancellation of prior year encumbrances			61,925	
Increase (Decrease) in Prior Year Encumbrances			(28,196)	
Restricted fund balance (deficit) at end of year			<u>\$ (4,458,708)</u>	

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Park Improvements Sales Tax Fund
 Year ended June 30, 2015

	<u>Park Improvements Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,639,361
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>\$ 4,639,361</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,174,578
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(169,510)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>135,781</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 4,140,849</u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Storm Water Sales Tax Fund
 Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 3,978,851	3,978,851	4,178,663	199,812
Interest	3,000	3,000	1,673	(1,327)
Other revenue	—	—	1	1
Total revenues	<u>3,981,851</u>	<u>3,981,851</u>	<u>4,180,337</u>	<u>198,486</u>
Expenditures:				
Storm water				
Administration	316,985	314,785	117,548	197,237
Maintenance	1,582,328	1,584,328	1,257,907	326,421
Permit completion	349,175	349,175	346,891	2,284
General government	6,800	7,000	6,992	8
Capital outlay	1,540,000	7,231,763	2,795,481	4,436,282
Total expenditures	<u>3,795,288</u>	<u>9,487,051</u>	<u>4,524,819</u>	<u>4,962,232</u>
Other financing uses:				
Transfers out	722,565	4,896	727,461	(722,565)
Total other financing uses	<u>722,565</u>	<u>4,896</u>	<u>727,461</u>	<u>(722,565)</u>
Total expenditures and other financing uses	<u>4,517,853</u>	<u>9,491,947</u>	<u>5,252,280</u>	<u>4,239,667</u>
Excess of revenues over (under) expenditures	\$ <u>(536,002)</u>	<u>(5,510,096)</u>	<u>(1,071,943)</u>	<u>4,438,153</u>
Restricted fund balance at beginning of year			8,358,432	
Cancellation of prior year encumbrances			33,002	
Increase (Decrease) in Prior Year Encumbrances			66,494	
Restricted fund balance at end of year			<u>\$ 7,385,985</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Storm Water Sales Tax Fund

Year ended June 30, 2015

	<u>Storm Water Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 4,180,337
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 4,180,337</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 4,524,819
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(128,456)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>28,960</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 4,425,323</u></u>

- (1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Police Public Safety Sales Tax Fund
 Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
Revenues:				
Sales taxes	\$ 2,126,514	2,126,514	2,211,890	85,376
Investment income	900	900	379	(521)
Other revenue	—	—	66,919	66,919
Total revenues	<u>2,127,414</u>	<u>2,127,414</u>	<u>2,279,188</u>	<u>151,774</u>
Expenditures:				
Public safety				
Communications	340,542	340,542	299,995	40,547
Facilities	1,299,850	1,201,791	276,294	925,497
Equipment	1,251,344	1,349,403	1,167,112	182,291
Debt service	513,863	513,863	511,794	2,069
Total expenditures	<u>3,405,599</u>	<u>3,405,599</u>	<u>2,255,195</u>	<u>1,150,404</u>
Other financing uses:				
Transfers out/capital outlay	—	4,700	4,700	—
Total other financing uses	<u>—</u>	<u>4,700</u>	<u>4,700</u>	<u>—</u>
Total expenditures and other financing uses	<u>3,405,599</u>	<u>3,410,299</u>	<u>2,259,895</u>	<u>1,150,404</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (1,278,185)</u>	<u>(1,282,885)</u>	19,293	<u>1,302,178</u>
Restricted fund balance at beginning of year			2,356,260	
Cancellation of prior year encumbrances			20,154	
Increase (Decrease) in Prior Year Encumbrances			(837,890)	
Restricted Fund Balance at end of year			<u>\$ 1,557,817</u>	

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Police Public Safety Sales Tax Fund
 Year ended June 30, 2015

	<u>Police Public Safety Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,279,188
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>2,279,188</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 2,255,195
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(151,391)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>969,127</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>3,072,931</u></u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Fire Public Safety Sales Tax Fund
 Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget Basis)</u>	<u>with Final</u> <u>Budget</u>
Revenues:				
Sales taxes	\$ 1,989,425	1,989,425	2,089,554	100,129
Investment income	800	800	220	(580)
Total revenues	<u>1,990,225</u>	<u>1,990,225</u>	<u>2,089,774</u>	<u>99,549</u>
Expenditures:				
Public safety	1,340,525	1,340,525	842,988	497,537
Debt service	555,963	555,963	552,563	3,400
Total expenditures	<u>1,896,488</u>	<u>1,896,488</u>	<u>1,395,551</u>	<u>500,937</u>
Other financing uses:				
Transfers out/capital outlay	—	5,092	5,092	—
Total other financing uses	<u>—</u>	<u>5,092</u>	<u>5,092</u>	<u>—</u>
Total expenditures and other financing uses	<u>1,896,488</u>	<u>1,901,580</u>	<u>1,400,643</u>	<u>500,937</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ 93,737</u>	<u>88,645</u>	689,131	<u>600,486</u>
Restricted fund balance at beginning of year			896,496	
Cancellation of prior year encumbrances			67,821	
Increase (Decrease) in Prior Year Encumbrances			(148,334)	
Restricted fund balance at end of year			<u>\$ 1,505,114</u>	

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Basis Reconciliation Schedule
 Fire Public Safety Sales Tax Fund
 Year ended June 30, 2015

	<u>Fire Public Safety Sales Tax</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,089,774
Basis differences – budget to GAAP:	
None	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>2,089,774</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 1,395,551
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(32,587)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	<u>113,100</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ <u><u>1,476,064</u></u>

(1) Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

CITY OF INDEPENDENCE, MISSOURI
 Budgetary Comparison Schedule
 Grants Fund
 Year Ended June 30, 2015

	<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	\$ 1,128,069	3,927,312	2,172,478	(1,754,834)
Charges for current services	546,633	465,168	470,551	5,383
Interest income and other revenue	—	357,432	280,540	(76,892)
Total revenues	<u>1,674,702</u>	<u>4,749,912</u>	<u>2,923,569</u>	<u>(1,826,343)</u>
Expenditures:				
Law department	31,735	49,811	12,352	37,459
Human Resources	—	387	387	—
Police department	391,353	1,787,608	1,264,359	523,249
Fire department	352,061	460,733	440,690	20,043
Health department	432,553	1,223,018	536,537	686,481
Community development	467,000	1,042,868	729,733	313,135
Culture and recreation	—	185,487	180,709	4,778
Total expenditures	<u>1,674,702</u>	<u>4,749,912</u>	<u>3,164,767</u>	<u>1,585,145</u>
Excess of revenues over (under) expenditures	<u>—</u>	<u>—</u>	(241,198)	<u>(241,198)</u>
Restricted fund balance at beginning of year			—	
Cancellation of prior year encumbrances			—	
Increase (Decrease) in Prior Year Encumbrances			241,198	
Restricted fund balance at end of year			<u>\$ —</u>	

CITY OF INDEPENDENCE, MISSOURI

Budgetary Basis Reconciliation Schedule

Grants Fund

Year ended June 30, 2015

	<u>Grants</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) for total revenues from the budgetary comparison schedule	\$ 2,923,569
Basis differences – budget to GAAP:	
None	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,923,569</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) for total expenditures from the budgetary comparison schedule	\$ 3,164,767
Basis differences – budget to GAAP:	
Outstanding encumbrances at year-end charged to the current year’s budget (1)	(241,198)
Current year expenditures of encumbrances outstanding at the end of the prior fiscal year (1)	—
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 2,923,569</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, 2015

Assets	Street Sales Tax	Parks Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 16)
Pooled cash and investments	\$ 3,576,652	47,909	2,011,930	1,307,578	1,170,248	8,114,317
Receivables:						
Taxes	1,449,563	724,787	724,793	370,392	362,537	3,632,072
Accounts	—	716	—	—	—	716
Due from other funds	—	—	4,987,564	—	—	4,987,564
Total assets	<u>\$ 5,026,215</u>	<u>773,412</u>	<u>7,724,287</u>	<u>1,677,970</u>	<u>1,532,785</u>	<u>16,734,669</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ 467,603	207,895	293,884	119,953	27,671	1,117,006
Due to other funds	—	4,971,409	—	—	—	4,971,409
Accrued items	6,035	51,823	44,418	—	—	102,276
Other current liabilities	—	993	—	200	—	1,193
Total liabilities	<u>473,638</u>	<u>5,232,120</u>	<u>338,302</u>	<u>120,153</u>	<u>27,671</u>	<u>6,191,884</u>
Fund balances:						
Restricted	4,552,577	—	7,385,985	1,557,817	1,505,114	15,001,493
Unassigned	—	(4,458,708)	—	—	—	(4,458,708)
Total fund balances (deficit)	<u>4,552,577</u>	<u>(4,458,708)</u>	<u>7,385,985</u>	<u>1,557,817</u>	<u>1,505,114</u>	<u>10,542,785</u>
Total liabilities and fund balances	<u>\$ 5,026,215</u>	<u>773,412</u>	<u>7,724,287</u>	<u>1,677,970</u>	<u>1,532,785</u>	<u>16,734,669</u>

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Sales Tax Funds
Year ended June 30, 2015

	Street Sales Tax	Park Improvements Sales Tax	Storm Water Sales Tax	Police Sales Tax	Fire Sales Tax	Total (Exhibit 17)
Revenues:						
Taxes	\$ 8,357,101	4,178,652	4,178,663	2,211,890	2,089,554	21,015,860
Charges for services	—	455,917	—	—	—	455,917
Investment income	631	—	1,673	379	220	2,903
Other	98,000	4,792	1	66,919	—	169,712
Total revenues	<u>8,455,732</u>	<u>4,639,361</u>	<u>4,180,337</u>	<u>2,279,188</u>	<u>2,089,774</u>	<u>21,644,392</u>
Expenditures:						
Current:						
Public safety	—	—	—	2,524,196	923,501	3,447,697
Public works	205,369	—	—	—	—	205,369
Culture and recreation	—	2,437,917	—	—	—	2,437,917
Storm water	—	—	1,629,842	—	—	1,629,842
General government	14,485	6,992	—	—	—	21,477
Capital outlay	6,909,355	1,662,611	2,795,481	—	—	11,367,447
Debt service:						
Principal	440,000	30,771	—	519,829	525,000	1,515,600
Interest and fiscal agent fees	89,341	2,558	—	28,906	27,563	148,368
Total expenditures	<u>7,658,550</u>	<u>4,140,849</u>	<u>4,425,323</u>	<u>3,072,931</u>	<u>1,476,064</u>	<u>20,773,717</u>
Excess (deficiency) of revenues over expenditures	<u>797,182</u>	<u>498,512</u>	<u>(244,986)</u>	<u>(793,743)</u>	<u>613,710</u>	<u>870,675</u>
Other financing sources (uses):						
Transfers in	66,087	45,859	—	—	—	111,946
Transfers out	(27,347)	(19,015)	(727,461)	(4,700)	(5,092)	(783,615)
Total other financing sources (uses)	<u>38,740</u>	<u>26,844</u>	<u>(727,461)</u>	<u>(4,700)</u>	<u>(5,092)</u>	<u>(671,669)</u>
Net change in fund balances	835,922	525,356	(972,447)	(798,443)	608,618	199,006
Fund balances (deficit), beginning	<u>3,716,655</u>	<u>(4,984,064)</u>	<u>8,358,432</u>	<u>2,356,260</u>	<u>896,496</u>	<u>10,343,779</u>
Fund balances (deficit), ending	<u>\$ 4,552,577</u>	<u>(4,458,708)</u>	<u>7,385,985</u>	<u>1,557,817</u>	<u>1,505,114</u>	<u>10,542,785</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2015

Assets	<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 14)</u>
Pooled cash and investments	\$ —	19,787	—	—	—	19,787
Receivables:						
Special assessment principal and accrued interest	449,219	—	—	—	—	449,219
Due from other governments	876,031	—	—	—	75,000	951,031
Restricted assets	—	—	134,272	—	—	134,272
Total assets	<u>\$ 1,325,250</u>	<u>19,787</u>	<u>134,272</u>	<u>—</u>	<u>75,000</u>	<u>1,554,309</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts and contracts payable	\$ 133,621	—	200	—	—	133,821
Due to other funds	958,422	—	11,357	16,155	52,995	1,038,929
Total liabilities	<u>1,092,043</u>	<u>—</u>	<u>11,557</u>	<u>16,155</u>	<u>52,995</u>	<u>1,172,750</u>
Deferred inflows of resources:						
Unavailable revenue - special assessments	449,219	—	—	—	—	449,219
Total deferred inflows of resources	<u>449,219</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>449,219</u>
Fund balances (deficit):						
Committed	—	19,787	122,715	—	22,005	164,507
Unassigned	(216,012)	—	—	(16,155)	—	(232,167)
Total fund balances (deficit)	<u>(216,012)</u>	<u>19,787</u>	<u>122,715</u>	<u>(16,155)</u>	<u>22,005</u>	<u>(67,660)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,325,250</u>	<u>19,787</u>	<u>134,272</u>	<u>—</u>	<u>75,000</u>	<u>1,554,309</u>

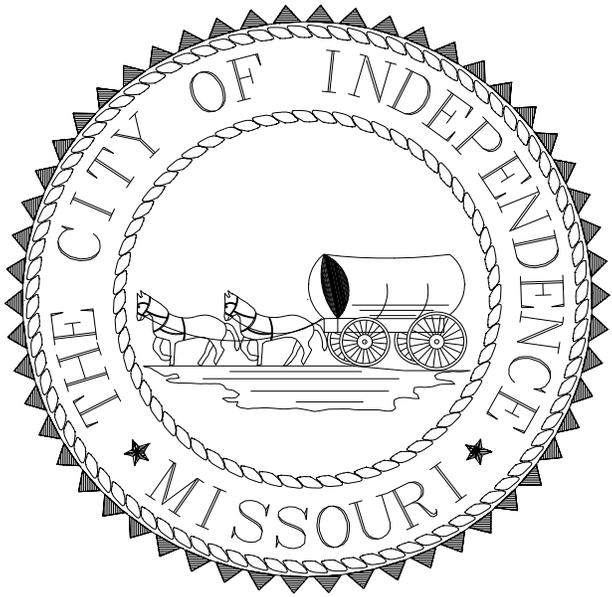
CITY OF INDEPENDENCE, MISSOURI

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

Nonmajor Capital Projects Funds

Year ended June 30, 2015

	<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	\$ 1,712,033	—	—	—	75,000	1,787,033
Charges for services	11,961	—	—	—	—	11,961
Investment income	80	5	14	—	7	106
Other	—	—	—	—	37,096	37,096
Total revenues	<u>1,724,074</u>	<u>5</u>	<u>14</u>	<u>—</u>	<u>112,103</u>	<u>1,836,196</u>
Expenditures:						
Capital outlay	<u>2,126,561</u>	<u>—</u>	<u>183,970</u>	<u>—</u>	<u>170,748</u>	<u>2,481,279</u>
Total expenditures	<u>2,126,561</u>	<u>—</u>	<u>183,970</u>	<u>—</u>	<u>170,748</u>	<u>2,481,279</u>
Excess (deficiency) of revenues over expenditures	<u>(402,487)</u>	<u>5</u>	<u>(183,956)</u>	<u>—</u>	<u>(58,645)</u>	<u>(645,083)</u>
Other financing sources:						
Transfers in	<u>414,529</u>	<u>—</u>	<u>183,971</u>	<u>—</u>	<u>19,015</u>	<u>617,515</u>
Total other financing sources	<u>414,529</u>	<u>—</u>	<u>183,971</u>	<u>—</u>	<u>19,015</u>	<u>617,515</u>
Net change in fund balances	<u>12,042</u>	<u>5</u>	<u>15</u>	<u>—</u>	<u>(39,630)</u>	<u>(27,568)</u>
Fund balances (deficit), beginning	<u>(228,054)</u>	<u>19,782</u>	<u>122,700</u>	<u>(16,155)</u>	<u>61,635</u>	<u>(40,092)</u>
Fund balances (deficit), ending	<u>\$ (216,012)</u>	<u>19,787</u>	<u>122,715</u>	<u>(16,155)</u>	<u>22,005</u>	<u>(67,660)</u>



CITY OF INDEPENDENCE, MISSOURI

Internal Service Funds

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

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

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

Workers’ Compensation – This fund is used to account for the costs of the City’s self-insured Worker’s Compensation claims and administration plan.

CITY OF INDEPENDENCE, MISSOURI
 Combining Balance Sheet
 Component Unit - Tax Increment Financing
 June 30, 2015

	Midtown Truman	RSO	Sante Fe	Hartman Heritage	Drumm Farm	Eastland Center	North Independence	Mount Washington	Noland Rd Auto Plaza	Crackerneck Creek	Old Landfill	Cinema East
Assets												
Pooled cash and investments	\$ 71,172	42,676	—	—	1,097,349	3,953,818	9,173	33,995	10,690	75,063	9,565	38,453
Receivables:												
Taxes	3,813	—	206	58,962	7,520	182,800	1,886	—	—	118,660	316,170	9,075
Accounts	13,925	—	—	—	—	184,768	—	—	—	54,353	—	—
Due from other funds	108	11,314	33,711	49,456	1,501	2,753,527	1,076	53	—	154,772	806	9,756
Due from other governments	—	—	541,902	1,033,270	—	3,317,000	—	—	—	9,865,070	—	—
Restricted assets	—	—	—	—	—	—	—	—	—	—	—	—
Total assets	\$ 89,018	53,990	575,819	1,141,688	1,106,370	10,638,803	12,135	34,048	10,690	10,267,918	326,541	57,284

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities:												
Accounts and contracts payable	\$ —	—	—	—	—	—	—	—	—	2,294	—	—
Due to other funds	—	—	1,674,338	914,512	—	—	—	—	—	157,794	—	—
Total liabilities	—	—	1,674,338	914,512	—	—	—	—	—	160,088	—	—
Deferred inflows of resources:												
Unavailable revenue - real estate taxes	3,813	—	206	26,462	5,020	—	116	—	—	—	314,720	—
Total deferred inflows of resources	3,813	—	206	26,462	5,020	—	116	—	—	—	314,720	—
Fund balances:												
Restricted	85,205	53,990	—	200,714	1,101,350	10,638,803	12,019	34,048	10,690	10,107,830	11,821	57,284
Unassigned	—	—	(1,098,725)	—	—	—	—	—	—	—	—	—
Total fund balances (deficits)	85,205	53,990	(1,098,725)	200,714	1,101,350	10,638,803	12,019	34,048	10,690	10,107,830	11,821	57,284
Total liabilities, deferred inflows of resources and fund balances	\$ 89,018	53,990	575,819	1,141,688	1,106,370	10,638,803	12,135	34,048	10,690	10,267,918	326,541	57,284

Assets	Trinity	HCA	23rd & Noland Project 1	23rd & Noland Project 2	23rd & Noland Project 4	Independence Square	Little Blue Parkway 1	Little Blue Parkway 3	TIF App Fees	Eliminations	Total
Pooled cash and investments	\$ 51,695	732,775	3,921	—	61,276	—	10,452	16,640	2,610	—	6,223,323
Receivables:											
Accounts	8,312	3,000	3,400	—	10,100	—	7,750	—	—	—	731,654
Taxes	—	—	—	—	—	—	—	—	—	—	253,046
Due from other funds	13,768	2,784	4,206	81	17,442	1,512	5,348	2,218	—	(2,753,527)	554,802
Due from other governments	—	3,688,734	—	—	—	—	—	—	—	—	18,445,976
Restricted assets	—	—	—	—	—	—	—	—	—	—	—
Total assets	\$ 73,775	4,427,293	11,527	81	88,818	1,512	23,550	18,858	2,610	(2,753,527)	26,208,801
Liabilities, Deferred Inflows of Resources and Fund Balances											
Liabilities:											
Accounts and contracts payable	—	6,693	—	—	—	—	—	—	—	—	8,987
Due to other funds	—	—	—	4,906	—	3,234	—	—	—	(2,753,527)	1,257
Total liabilities	—	6,693	—	4,906	—	3,234	—	—	—	(2,753,527)	10,244
Deferred inflows of resources:											
Unavailable revenue - real estate taxes	2,462	—	—	—	—	—	—	—	—	—	352,799
Total deferred inflows of resources	2,462	—	—	—	—	—	—	—	—	—	352,799
Fund balances:											
Restricted	71,313	4,420,600	11,527	—	88,818	—	23,550	18,858	2,610	—	26,951,030
Unassigned	—	—	—	(4,825)	—	(1,722)	—	—	—	—	(1,105,272)
Total fund balances (deficits)	71,313	4,420,600	11,527	(4,825)	88,818	(1,722)	23,550	18,858	2,610	—	25,845,758
Total liabilities, deferred inflows of resources and fund balances	\$ 73,775	4,427,293	11,527	81	88,818	1,512	23,550	18,858	2,610	(2,753,527)	26,208,801

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Component Unit - Tax Increment Financing
Year ended June 30, 2015

	Midtown Truman	RSO	Sante Fe	Hertman Heritage	Drumm Farm	Eastland Center	North Independence	Mount Washington	Noland Rd Auto Plaza	Creekerneck Creek	Old Landfill	Cinema East
Revenues:												
Taxes	12,049	152,277	26,066	1,301,468	550,527	4,758,754	35,890	1,719	3,723	1,483,998	223,217	245,768
Investment income	841	6	1,335	425	1,800	115,454	23	8	3	6,706	901	17
Developer contributions	—	—	—	—	—	—	—	—	—	999,791	—	—
Other	—	—	120,915	—	—	—	—	—	—	—	—	—
Total revenues	12,890	152,283	148,316	1,301,893	552,327	4,874,188	35,913	1,727	3,726	2,490,495	224,118	245,785
Expenditures:												
Tax increment financing	257	2,597	4,506	30,830	18,619	224,748	715	34	76	63,203	4,463	4,857
Debt service:												
Principal	34,055	—	746,794	1,230,000	305,000	2,420,000	—	—	—	—	—	—
Interest and fiscal agent fees	—	196,000	210,892	474,013	132,413	1,058,729	30,000	—	—	4,440,259	335,000	279,000
Debt issuance costs	—	—	240,698	—	—	—	—	—	—	—	—	—
Total expenditures	34,312	198,597	1,202,890	1,734,843	456,032	3,703,477	30,715	34	76	4,503,462	339,463	283,857
Excess (deficiency) of revenues over expenditures	(21,422)	(46,314)	(1,054,574)	(432,950)	96,295	1,170,711	5,198	1,693	3,650	(2,012,967)	(115,345)	(38,072)
Other financing sources:												
Issuance of debt	—	—	8,770,000	—	—	—	—	—	—	—	—	—
Reoffering premium/original issue discount	—	—	(99,693)	—	—	—	—	—	—	—	—	—
Payment to refunded loans escrow agent	—	—	(7,887,707)	—	—	—	—	—	—	1,390,419	—	—
Transfers in	—	—	—	—	—	(66,087)	—	—	—	—	—	—
Transfers out	—	—	—	—	—	(66,087)	—	—	—	—	—	—
Total other financing sources	—	—	782,600	—	—	(66,087)	—	—	—	1,390,419	—	—
Net change in fund balances	(21,422)	(46,314)	(271,974)	(432,950)	96,295	1,104,624	5,198	1,693	3,650	(622,548)	(115,345)	(38,072)
Fund balances (deficits), beginning	106,627	100,304	(826,751)	633,664	1,005,055	9,534,179	6,821	32,355	7,040	10,730,378	127,166	95,356
Fund balances (deficits), ending	85,205	53,990	(1,098,725)	200,714	1,101,350	10,638,803	12,019	34,048	10,690	10,107,830	11,821	57,284

	Trinity	HCA	23rd & Noland Project 1	23rd & Noland Project 2	23rd & Noland Project 4	Independence Square	Little Blue Parkway 1	Little Blue Parkway 3	TIF App Fees	Total
Revenues:										
Taxes	\$ 449,862	3,508,042	62,891	2,829	132,725	76,525	55,076	18,895	—	13,102,301
Investment income	41	3,578	5	—	1	—	—	1	1	131,126
Developer contributions	—	—	—	—	35,000	—	—	—	—	35,000
Other	—	—	—	—	—	—	—	—	—	1,120,706
Total revenues	449,903	3,511,620	62,896	2,829	167,726	76,525	55,076	18,896	1	14,389,133
Expenditures:										
Tax increment financing	8,855	838,112	1,111	—	78,908	2,502	2,706	238	2,937	1,290,274
Debt service:										
Principal	359,196	1,645,000	59,000	—	—	—	—	—	—	6,799,045
Interest and fiscal agent fees	415,804	1,463,743	—	—	—	—	—	—	—	9,035,853
Debt issuance costs	—	—	—	—	—	—	—	—	—	240,698
Total expenditures	783,855	3,946,855	60,111	—	78,908	2,502	2,706	238	2,937	17,365,870
Excess (deficiency) of revenues over expenditures	(333,952)	(435,235)	2,785	2,829	88,818	74,023	52,370	18,658	(2,936)	(2,976,737)
Other financing sources:										
Issuance of debt	—	—	—	—	—	—	—	—	—	8,770,000
Reoffering premium/original issue discount	—	—	—	—	—	—	—	—	—	(89,693)
Payment to refunded loans escrow agent	—	—	—	—	—	—	—	—	—	(7,887,707)
Transfers in	—	—	—	—	—	—	—	—	—	1,390,419
Transfers out	—	—	—	—	—	—	—	—	—	(66,087)
Total other financing sources	—	—	—	—	—	—	—	—	—	2,106,932
Net change in fund balances	(333,952)	(435,235)	2,785	2,829	88,818	74,023	52,370	18,658	(2,936)	(869,805)
Fund balances (deficits), beginning	405,265	4,855,835	8,742	(7,654)	—	(75,745)	(28,820)	200	5,546	26,715,563
Fund balances (deficits), ending	71,313	4,420,600	11,527	(4,825)	88,818	(1,722)	23,550	18,858	2,610	25,845,758

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Net Position

Internal Service Funds

June 30, 2015

	Central Garage	Staywell Health Care	Workers' Compensation	Total (Exhibit 5)
Assets:				
Current assets:				
Pooled cash and investments	\$ 642,926	3,406,405	3,182,247	7,231,578
Accounts receivable	2,174	393,758	72,000	467,932
Inventory	132,873	—	—	132,873
Total current assets	<u>777,973</u>	<u>3,800,163</u>	<u>3,254,247</u>	<u>7,832,383</u>
Noncurrent assets:				
Capital assets:				
Land	93,979	—	—	93,979
Depreciable property, plant, and equipment	211,562	—	—	211,562
Less accumulated depreciation	(184,201)	—	—	(184,201)
Restricted assets	—	—	200,000	200,000
Total noncurrent assets	<u>121,340</u>	<u>—</u>	<u>200,000</u>	<u>321,340</u>
Total assets	<u>899,313</u>	<u>3,800,163</u>	<u>3,454,247</u>	<u>8,153,723</u>
Deferred outflows of resources:				
Pension related amounts	98,278	—	28,199	126,477
Total deferred outflows of resources	<u>98,278</u>	<u>—</u>	<u>28,199</u>	<u>126,477</u>
Total assets & deferred outflows of resources	<u>\$ 997,591</u>	<u>3,800,163</u>	<u>3,482,446</u>	<u>8,280,200</u>
Liabilities:				
Current liabilities:				
Accounts and contracts payable	\$ 112,930	238,794	153	351,877
Accrued liabilities	33,833	—	3,895	37,728
Compensated absences – current	40,925	—	13,744	54,669
Self-insurance claims payable	—	1,925,134	2,066,506	3,991,640
Total current liabilities	<u>187,688</u>	<u>2,163,928</u>	<u>2,084,298</u>	<u>4,435,914</u>
Noncurrent liabilities:				
Compensated absences – long-term	49,310	—	31,732	81,042
Other post employment benefits	671,804	—	54,363	726,167
Net pension liability	253,306	—	86,305	339,611
Self-insurance claims payable	—	—	2,497,638	2,497,638
Total noncurrent liabilities	<u>974,420</u>	<u>—</u>	<u>2,670,038</u>	<u>3,644,458</u>
Total liabilities	<u>1,162,108</u>	<u>2,163,928</u>	<u>4,754,336</u>	<u>8,080,372</u>
Deferred inflows of resources:				
Pension related amounts	54,789	—	15,721	70,510
Total deferred inflows of resources	<u>54,789</u>	<u>—</u>	<u>15,721</u>	<u>70,510</u>
Net position:				
Net Investment in capital assets	121,340	—	—	121,340
Restricted for:				
Worker's compensation escrow	—	—	200,000	200,000
Unrestricted	(340,646)	1,636,235	(1,487,611)	(192,022)
Total net position (deficit)	<u>(219,306)</u>	<u>1,636,235</u>	<u>(1,287,611)</u>	<u>129,318</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 997,591</u>	<u>3,800,163</u>	<u>3,482,446</u>	<u>8,280,200</u>

CITY OF INDEPENDENCE, MISSOURI

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

Internal Service Funds

Year ended June 30, 2015

	<u>Central Garage</u>	<u>Staywell Health Care</u>	<u>Workers' Compensation</u>	<u>Total (Exhibit 6)</u>
Operating revenues:				
Charges for services	\$ 1,966,724	24,185,700	2,551,500	28,703,924
Total operating revenues	<u>1,966,724</u>	<u>24,185,700</u>	<u>2,551,500</u>	<u>28,703,924</u>
Operating expenses:				
Personal services	821,721	—	178,014	999,735
Other services	364,027	23,986,817	2,185,138	26,535,982
Supplies	962,863	169,107	4,673	1,136,643
Depreciation and amortization	4,286	—	—	4,286
Total operating expenses	<u>2,152,897</u>	<u>24,155,924</u>	<u>2,367,825</u>	<u>28,676,646</u>
Operating income (loss)	<u>(186,173)</u>	<u>29,776</u>	<u>183,675</u>	<u>27,278</u>
Nonoperating revenues:				
Interest revenue	150	4,155	1,091	5,396
Miscellaneous revenue	42,415	2,752,975	77,898	2,873,288
Total nonoperating revenue	<u>42,565</u>	<u>2,757,130</u>	<u>78,989</u>	<u>2,878,684</u>
Change in net position	<u>(143,608)</u>	<u>2,786,906</u>	<u>262,664</u>	<u>2,905,962</u>
Total net position:				
Beginning of the year (deficit), as restated	<u>(75,698)</u>	<u>(1,150,671)</u>	<u>(1,550,275)</u>	<u>(2,776,644)</u>
End of the year (deficit)	<u>\$ (219,306)</u>	<u>1,636,235</u>	<u>(1,287,611)</u>	<u>129,318</u>

CITY OF INDEPENDENCE, MISSOURI

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2015

	Internal Service Funds			Total (Exhibit 7)
	Central Garage	Staywell Health Care	Workers' Compensation	
Cash flows from operations:				
Receipts from customers	\$ 2,013,666	26,607,291	2,631,668	31,252,625
Payments to suppliers	(1,326,394)	(24,175,555)	(1,789,690)	(27,291,639)
Payments to employees	(672,896)	—	(153,479)	(826,375)
Net cash provided by operating activities	14,376	2,431,736	688,499	3,134,611
Cash flows from noncapital financing activities:				
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(5,398)	—	—	(5,398)
Net cash (used in) capital and related financing activities	(5,398)	—	—	(5,398)
Cash flows from investing activities:				
Interest on investments	150	4,155	1,091	5,396
Net cash provided by investing activities	150	4,155	1,091	5,396
Net increase in cash and cash equivalents	9,128	2,435,891	689,590	3,134,609
Cash and cash equivalents at beginning of year	633,798	970,514	2,692,657	4,296,969
Cash and cash equivalents at end of year	\$ 642,926	3,406,405	3,382,247	7,431,578
Components of cash and short-term investments at end of fiscal year				
Unrestricted assets	642,926	3,406,405	3,182,247	7,231,578
Restricted assets	—	—	200,000	200,000
Pooled cash and investments	\$ 642,926	3,406,405	3,382,247	7,431,578
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (186,173)	29,776	183,675	27,278
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,286	—	—	4,286
Miscellaneous revenue	42,415	2,752,975	77,898	2,873,288
Change in assets and liabilities:				
Accounts receivable	4,527	(331,384)	2,270	(324,587)
Inventory	(30,295)	—	—	(30,295)
Prepaid items	—	—	35,049	35,049
Accounts and contracts payable	30,791	238,794	(1,603)	267,982
Accrued liabilities	740	(258,425)	(222)	(257,907)
Other post-employment benefits and net pension liability	140,447	—	24,517	164,964
Self-insurance claims payable	—	—	366,897	366,897
Compensated absences	7,638	—	18	7,656
Total adjustments	200,549	2,401,960	504,824	3,107,333
Net cash provided by operating activities	\$ 14,376	2,431,736	688,499	3,134,611

CITY OF INDEPENDENCE, MISSOURI
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year ended June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015 (Exhibit 8)</u>
Flexible Benefit Plan:				
Assets:				
Pooled cash and investments	\$ 88,311	126,796	99,577	115,530
	<u>\$ 88,311</u>	<u>126,796</u>	<u>99,577</u>	<u>115,530</u>
Liabilities:				
Flexible benefit payable	\$ 88,311	514,942	487,723	115,530
	<u>\$ 88,311</u>	<u>514,942</u>	<u>487,723</u>	<u>115,530</u>
Susie Block Trust:				
Assets:				
Pooled cash and investments	\$ 32,156	1,326	1,148	32,334
Accrued interest receivable	490	1,325	1,325	490
	<u>\$ 32,646</u>	<u>2,651</u>	<u>2,473</u>	<u>32,824</u>
Liabilities:				
Funds held in escrow	\$ 32,646	2,326	2,148	32,824
	<u>\$ 32,646</u>	<u>2,326</u>	<u>2,148</u>	<u>32,824</u>
Seniors Travel Programs:				
Assets:				
Pooled cash and investments	\$ 21,577	48,651	49,063	21,165
	<u>\$ 21,577</u>	<u>48,651</u>	<u>49,063</u>	<u>21,165</u>
Liabilities:				
Accounts and contracts payable	\$ 6,207	42,405	46,202	2,410
Funds held in escrow	15,370	48,701	45,316	18,755
	<u>\$ 21,577</u>	<u>91,106</u>	<u>91,518</u>	<u>21,165</u>
All Agency Funds:				
Assets:				
Pooled cash and investments	\$ 142,044	176,773	149,788	169,029
Accrued interest receivable	490	1,325	1,325	490
	<u>\$ 142,534</u>	<u>178,098</u>	<u>151,113</u>	<u>169,519</u>
Liabilities:				
Flexible benefit payable	\$ 88,311	514,942	487,723	115,530
Accounts and contracts payable	6,207	42,405	46,202	2,410
Funds held in escrow	48,016	51,027	47,464	51,579
	<u>\$ 142,534</u>	<u>608,374</u>	<u>581,389</u>	<u>169,519</u>

CITY OF INDEPENDENCE, MISSOURI

Schedules of Operating Expenses – Power and Light Fund

Years ended June 30, 2015 and 2014

	2015			2014		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production fuel:						
Coal			\$ 2,582,941			5,101,889
Gas			5,267,007			3,040,794
Oil			73,740			221,272
Total production fuel			7,923,688			8,363,955
Purchased power:						
Purchased energy			19,548,418			19,957,742
Purchased capacity (net)			23,547,992			22,999,441
Border customers			63,095			79,794
Control and dispatching			2,205,955			2,465,159
Total purchased power			45,365,460			45,502,136
Production (other):						
Blue Valley Station:						
Supervision and engineering	\$ 759,819	697,068	1,456,887	785,858	715,865	1,501,723
Steam	849,097	2,822,142	3,671,239	850,232	2,584,719	3,434,951
Electric	844,441	253,776	1,098,217	843,186	579,696	1,422,882
Structures and improvements	—	519,166	519,166	—	184,406	184,406
Allowance	433	—	433	3,817	—	3,817
Miscellaneous	1,272,734	597,612	1,870,346	1,038,767	639,347	1,678,114
	3,726,524	4,889,763	8,616,287	3,521,860	4,704,033	8,225,893
Missouri City Station:						
Supervision and engineering	5,557	4,777	10,334	104,726	7,519	112,246
Steam	242,967	545,506	788,472	397,503	812,826	1,210,329
Electric	257,623	68,330	325,953	410,842	194,042	604,884
Structures and improvements	—	11,392	11,392	—	208,429	208,429
Miscellaneous	303,821	138,261	442,082	411,108	255,454	666,562
	809,968	768,265	1,578,234	1,324,179	1,478,270	2,802,449
Combustion Turbine Station:						
Supervision and engineering	1,462,047	2,376	1,464,423	2,149,519	—	2,149,519
Generation expenses	1,830	405,716	407,545	198	240,784	240,982
Structures and improvements	1,140,625	6,028	1,146,653	—	4,000	4,000
Miscellaneous	19,583	193,567	213,150	12,156	46,335	58,491
	2,624,084	607,687	3,231,771	2,161,873	291,118	2,452,991
Total production (other)	\$ 7,160,577	6,265,716	13,426,293	7,007,912	6,473,422	13,481,334
Transmission and distribution:						
Transmission:						
Supervision and engineering	\$ 432,673	22,513	455,186	528,508	20,485	548,994
Overhead expenses	3,125	—	3,125	8,531	2,278	10,808
Station expenses	153,861	582,729	736,590	151,134	703,739	854,873
Wheeling charges	7,814,657	—	7,814,657	6,175,999	—	6,175,999
Underground line expense	—	281	281	4,481	49,123	53,603
Miscellaneous	1,763	—	1,763	—	—	—
Total transmission	8,406,078	605,524	9,011,602	6,868,652	775,625	7,644,277

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Power and Light Fund
Years ended June 30, 2015 and 2014

	2015			2014		
	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
Distribution:						
Supervision and engineering	\$ 165,718	87,613	253,330	166,353	61,512	227,865
Overhead lines	1,010,983	3,842,789	4,853,772	1,027,605	3,656,829	4,684,434
Station expenses	3,850	786,805	790,655	51,821	838,805	890,626
Street lights and traffic signals	212,545	479,322	691,867	223,562	489,973	713,534
Meters	126,223	550,050	676,272	103,687	634,720	738,406
Customer installations	391	—	391	3,015	—	3,015
Underground lines	755,650	608,521	1,364,172	1,151,055	635,522	1,786,576
Dispatching communication	1,011,700	—	1,011,700	995,707	—	995,707
Line transformers	—	137,443	137,443	—	176,145	176,145
Miscellaneous	820,140	839,925	1,660,065	560,479	632,769	1,193,248
Total distribution	<u>4,107,201</u>	<u>7,332,467</u>	<u>11,439,668</u>	<u>4,283,283</u>	<u>7,126,274</u>	<u>11,409,556</u>
Total transmission and distribution	<u>\$ 12,513,279</u>	<u>7,937,990</u>	<u>20,451,270</u>	<u>11,151,935</u>	<u>7,901,898</u>	<u>19,053,833</u>
Customer service:						
Supervision			\$ 126,862			144,531
Meter reading			571,830			629,994
Customer records and collections			2,388,351			2,147,835
Provisions for doubtful accounts			689,513			766,629
Miscellaneous			386,539			179,184
Total customer service			<u>4,163,095</u>			<u>3,868,172</u>
General and administrative:						
Salaries			1,336,277			1,550,273
Office supplies			996,453			950,296
Insurance			1,250,561			1,379,412
Injuries and damage			1,143,182			1,140,426
Employee benefits			11,096,903			8,677,422
Outside services			2,988,467			2,767,209
Miscellaneous			1,325,356			1,370,481
Administrative expenses – transfers			(68,521)			(72,991)
Total general and administrative			<u>20,068,677</u>			<u>17,762,528</u>
Depreciation and amortization			19,604,151			18,775,454
Payroll taxes			1,251,325			1,300,868
Total operating expenses			<u>\$ 132,253,959</u>			<u>128,108,281</u>

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Power and Light Fund

Year ended June 30, 2015

	Number of customers		Revenue	KWH
	Beginning of year	End of year		
Sale of electric energy:				
Metered:				
Residential	51,432	51,662	\$ 70,589,524	487,979,436
Small general services	3,008	2,991	4,762,085	26,833,665
General services – space heating	3	9	9,961	86,349
Large general services	1,623	1,608	39,895,534	306,698,211
Large general services – prime voltage	6	6	1,090,045	9,098,544
Large general services – space heating	2	15	112,615	874,365
Total electric general services	110	112	6,381,268	62,590,140
Schools, churches, and hospitals	277	207	2,958,114	21,691,974
Schools, churches, and hospitals, all electric	11	2	249,020	1,968,764
Education	—	68	1,660,492	13,609,680
Education, all electric	—	8	255,847	2,955,880
Large power services	3	3	2,197,198	21,095,400
Combined interruptible services	2	2	2,495,952	27,534,700
Sewer pumping	6	6	401,635	3,036,393
City traffic signals	64	64	78,638	110,696
Wholesale (border customers)			145,412	3,237,133
Wholesale (interchange)			2,223,181	82,838,330
Wholesale (border customers)	<u>56,547</u>	<u>56,763</u>	135,506,520	1,072,239,660
Unmetered:				
Wholesale (interchange)				
Private security lighting	1,714	2,041	392,088	1,827,035
City Public Street lighting	12,090	12,153	412,554	4,121,411
	<u>13,804</u>	<u>14,194</u>	804,642	5,948,446
Change in unbilled revenue			454,072	3,372,311
Other operating revenue			2,272,615	—
EVTC			40,249	—
Total operating revenue and total energy sales			\$ <u>139,078,098</u>	<u>1,081,560,417</u>
Net generation				219,911,247
Wholesale power purchased				893,551,672
Net generation and power purchased				<u>1,113,462,919</u>
Retail energy sales				1,078,323,284
Wholesale (border customers) sales				3,237,133
Power and light usage (building and substations)				<u>1,425,901</u>
Net disposition				<u>1,082,986,318</u>
Transmission and distribution operating losses				<u>30,476,601</u>

CITY OF INDEPENDENCE, MISSOURI
Schedules of Operating Expenses – Water Fund
Years ended June 30, 2015 and 2014

	2015			2014		
	Operations	Maintenance	Total	Operations	Maintenance	Total
Production:						
Source of supply:						
Supervision and engineering	\$ 29,936	—	29,936	29,863	—	29,863
Labor and expenses	318,412	—	318,412	391,245	—	391,245
Structures and improvements	—	91	91	—	31,065	31,065
Miscellaneous	—	299,373	299,373	—	234,673	234,673
Total source of supply	<u>348,348</u>	<u>299,464</u>	<u>647,812</u>	<u>421,108</u>	<u>265,738</u>	<u>686,846</u>
Power and pumping:						
Supervision and engineering	42,882	26,583	69,465	41,917	20,784	62,701
Fuel/power purchased	1,792,336	—	1,792,336	1,808,777	—	1,808,777
Labor and expenses	249,600	—	249,600	234,511	—	234,511
Structures and improvements	—	13,322	13,322	—	11,223	11,223
Miscellaneous	—	211	211	—	1,666	1,666
Total power and pumping	<u>2,084,818</u>	<u>40,116</u>	<u>2,124,934</u>	<u>2,085,205</u>	<u>33,673</u>	<u>2,118,878</u>
Water treatment:						
Supervision and engineering	50,590	20,596	71,186	48,931	20,283	69,214
Chemicals	1,230,072	—	1,230,072	1,480,573	—	1,480,573
Labor and expenses	649,511	—	649,511	596,752	—	596,752
Structures and improvements	—	84,875	84,875	—	678,069	678,069
Miscellaneous	—	313,698	313,698	—	274,341	274,341
Total water treatment	<u>1,930,173</u>	<u>419,169</u>	<u>2,349,342</u>	<u>2,126,256</u>	<u>972,693</u>	<u>3,098,949</u>
Total production	\$ <u>4,363,339</u>	<u>758,749</u>	<u>5,122,088</u>	<u>4,632,569</u>	<u>1,272,104</u>	<u>5,904,673</u>
Transmission and distribution:						
Supervision and engineering	\$ 87,570	55,493	143,063	215,453	48,787	264,240
Storage facilities	20,730	51,508	72,238	19,255	55,823	75,078
Transmission and distribution lines	729,972	1,024,755	1,754,727	710,519	1,145,835	1,856,354
Meters	27,711	84,323	112,034	49,622	54,407	104,029
Customer installations	88,156	—	88,156	83,198	—	83,198
Services	—	121,340	121,340	—	162,903	162,903
Hydrants	—	91,686	91,686	—	87,812	87,812
Miscellaneous	602,778	237,432	840,210	589,574	184,734	774,308
Total transmission and distribution	\$ <u>1,556,917</u>	<u>1,666,537</u>	<u>3,223,454</u>	<u>1,667,621</u>	<u>1,740,301</u>	<u>3,407,922</u>
Customer service:						
Customer accounting paid and collecting:						
Supervision			\$ 162,698			196,204
Meter reading			1,270,688			1,138,704
Customer records			311,108			283,125
Provision for uncollectible amounts			192,813			116,437
Total customer accounting paid and collecting			1,937,307			1,734,470
Sales promotion:						
Expenses			43,158			39,298
Total customer service			1,980,465			1,773,768
General and administrative:						
Salaries			564,254			531,400
Office supplies and expense			354,816			394,469
Injuries and damages			451,614			472,033
Employee benefits			2,448,300			1,829,398
Outside services			1,115,523			1,000,455
Miscellaneous			304,434			303,845
Total general and administrative			5,238,941			4,531,600
Depreciation and amortization			3,277,777			3,236,330
Payroll taxes			317,281			307,431
Other			61,126			73,534
Total operating expenses			19,221,132			19,235,258
Certain amounts are presented as a reduction of operating expenses, whereas they are included as miscellaneous revenue in the statement of revenues, expenses, and changes in fund net position						
			1,821,352			1,713,662
			\$ <u>21,042,484</u>			<u>20,948,920</u>

CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Water Fund

Year ended June 30, 2015

	Number of customers		Revenue	MGS*
	Beginning of year	End of year		
Sale of water:				
Residential	44,617	44,760	\$ 13,147,585	2,689,690
Commercial	3,099	3,086	3,491,458	786,224
Industrial	6	6	605,223	220,065
Public authority	77	78	318,503	73,073
Resale	14	14	8,322,743	4,633,854
Private fire protection	440	440	179,049	—
Public fire protection	—	—	1,373,671	—
	<u>48,253</u>	<u>48,384</u>	<u>27,438,232</u>	<u>8,402,906</u>
Change in unbilled revenue			107,307	
Other operating revenue			292,705	
Total operating revenue			<u>\$ 27,838,244</u>	
Thousands of gallons pumped:				
Courtney Bend Plant				9,652,510
Less total sales				<u>8,402,906</u>
Unaccounted for water				<u>1,249,604</u>

* Thousand gallons sold.

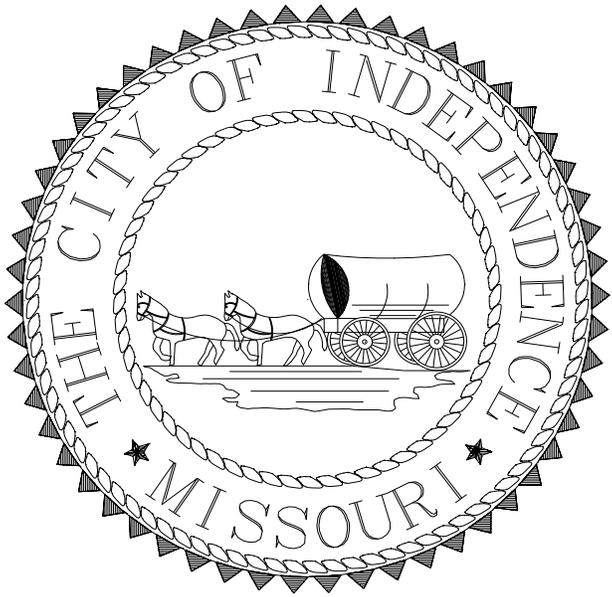
CITY OF INDEPENDENCE, MISSOURI

Schedule of Operating Statistics – Sanitary Sewer Fund

Year ended June 30, 2015

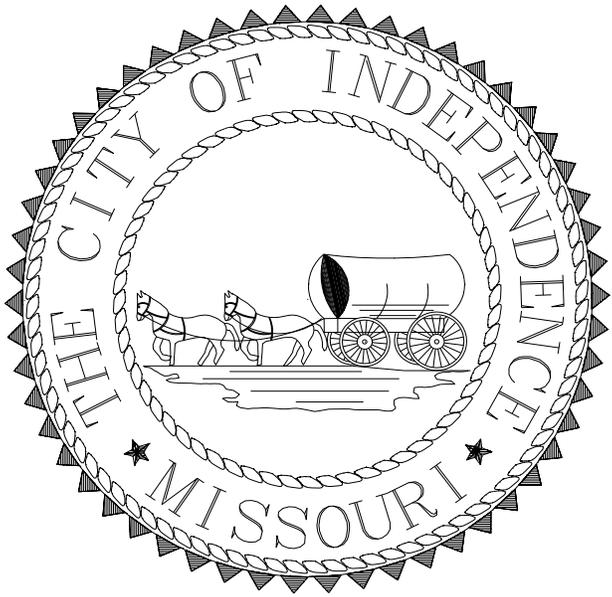
	<u>Number of customers</u>		<u>Revenue</u>	<u>CCF*</u>
	<u>Beginning of year</u>	<u>End of year</u>		
Sale of sanitary sewer services:				
Residential	40,927	41,312	\$ 11,545,538	2,570,213
Commercial:				
Base	3,418	3,470	4,587,613	1,569,151
Surcharge	—	—	1,287,983	—
Contract waste treatment	3	11	319,756	—
Regulatory Compliance	—	—	4,793,814	—
Intermunicipal agreements:				
Sugar Creek	—	—	592,279	—
Kansas City	—	—	116,161	—
	<u>44,348</u>	<u>44,793</u>	<u>23,243,144</u>	<u>4,139,364</u>
Other operating revenue			251,983	
Change in unbilled revenue			50,513	
Total operating revenue			<u>\$ 23,545,640</u>	

* Hundred cubic feet.



STATISTICAL DATA

The statistical data “relates to the physical, economic, social, and political characteristics of the City.” Its design is to provide “a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedule presentation in the Financial Section.”



STATISTICAL SECTION

This part of the City of Independence's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Tables

Financial Trends

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

1 - 4

Revenue Capacity

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

5 - 15

Debt Capacity

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

16 - 20

Demographic and Economic Information

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

21 - 22

Operating Information

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

23 - 25

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

Table 1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 165,333,646	195,251,671	233,350,380	289,028,019	305,569,028	321,072,648	334,320,197	336,357,164	333,902,700	334,319,837
Restricted	25,262,407	28,164,683	25,270,518	15,475,733	16,889,552	16,275,115	17,220,970	16,853,297	16,031,071	16,335,599
Unrestricted	(6,028,884)	(3,122,802)	(4,410,121)	(10,872,489)	(23,784,289)	(41,051,153)	(219,659,605)	(231,199,039)	(233,876,307)	(253,065,735)
Total governmental activities net position	\$ 186,567,169	\$ 220,285,552	\$ 254,210,777	\$ 294,016,493	\$ 298,674,292	\$ 295,696,608	\$ 318,881,562	\$ 321,011,422	\$ 316,057,464	\$ 325,591,701
Business-type activities										
Net investment in capital assets	\$ 246,080,008	267,330,916	285,931,913	281,280,070	279,970,114	272,062,890	262,631,937	251,323,417	240,517,938	230,396,460
Restricted	731,652	731,101	5,216,672	3,691,325	3,692,885	6,423,693	14,629,418	15,345,776	16,288,747	16,587,288
Unrestricted	70,071,662	60,010,180	31,311,567	29,929,991	32,197,583	37,479,969	46,597,826	45,095,514	59,212,898	49,598,827
Total business-type activities net position	\$ 316,883,322	\$ 328,072,197	\$ 322,459,952	\$ 314,901,386	\$ 315,860,582	\$ 315,966,552	\$ 323,859,181	\$ 312,164,707	\$ 316,019,583	\$ 296,582,575
Primary government										
Net investment in capital assets	\$ 411,413,654	462,582,587	519,282,293	570,308,089	585,539,142	593,135,538	596,952,134	587,880,581	574,420,638	564,716,297
Restricted	25,994,059	28,895,784	30,487,190	19,167,048	20,582,437	22,698,808	31,850,388	32,399,073	33,220,418	32,922,887
Unrestricted	66,042,778	56,877,378	26,901,246	19,442,742	8,413,285	(4,225,166)	(173,062,079)	(186,103,525)	(174,663,409)	(205,464,908)
Total primary government net position	\$ 503,450,491	\$ 548,355,749	\$ 576,670,729	\$ 608,917,879	\$ 614,534,864	\$ 611,609,180	\$ 455,740,443	\$ 434,176,129	\$ 432,977,647	\$ 392,174,276

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2007 the GASB 34 Retroactive Infrastructure was added.

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

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

Note: In 2012 the Events Center Community Improvement District was added as a blended component unit under the business-type activities.

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

Note: In 2015 the City adopted GASB Statement No. 68, which restated beginning net position. For the years prior to 2015, the amounts in this schedule have not been restated.

Table 2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Administrative services	7,363,102	7,749,779	8,487,120	8,216,824	9,172,736	9,305,826	8,344,371	9,225,738	9,096,123	9,348,081
Public safety	36,796,996	38,253,819	44,390,164	47,972,502	49,861,503	53,067,764	53,836,564	55,139,731	56,859,801	57,226,139
Public works	12,817,343	13,231,006	13,013,430	13,197,612	13,687,890	13,647,390	17,428,294	18,079,671	18,079,671	17,740,128
Health and welfare	2,638,369	2,898,542	3,287,200	3,599,725	3,607,469	3,732,795	3,575,162	3,810,863	3,622,207	3,672,055
Culture and recreation	5,161,139	6,965,260	7,813,486	8,135,903	7,604,501	7,947,692	8,476,301	7,275,087	7,435,735	8,004,845
Community development	3,809,726	4,096,835	4,381,932	4,003,876	4,386,689	7,032,272	5,128,323	5,318,490	6,316,004	4,876,851
Storm water	1,641,992	2,193,290	2,270,858	2,445,470	2,569,381	2,876,073	2,765,629	2,862,534	3,000,734	2,917,670
General government	6,678,208	8,225,760	7,921,217	8,374,983	9,421,062	9,366,479	9,293,399	8,405,914	8,730,105	9,462,575
Tax increment financing	—	—	—	—	—	—	—	—	—	—
Debt service component unit	—	—	—	—	—	—	—	—	—	—
Interest on long-term debt	991,856	1,050,153	1,073,318	891,473	640,902	7,709,611	10,125,399	379,760	252,213	176,912
Total governmental activities expenses	77,898,731	84,664,444	92,638,725	96,838,368	100,952,133	115,311,680	120,100,568	124,128,241	127,666,368	124,957,145
Business-type activities:										
Power and light	84,564,657	89,265,988	101,665,442	101,097,606	105,486,932	113,956,212	124,533,699	127,959,254	138,801,854	136,825,933
Water	17,097,507	17,723,114	19,131,054	20,250,295	20,324,005	20,239,748	20,563,502	21,886,576	22,140,775	20,921,367
Sewer	12,236,654	12,721,171	14,451,363	15,233,127	15,268,389	16,304,874	16,157,412	18,900,129	19,015,060	21,822,803
Events center	—	—	179,032	1,888,027	4,862,017	13,764,087	12,869,289	13,091,457	10,859,704	11,216,628
Total business-type activities expenses	113,898,818	119,710,273	135,226,891	138,469,055	145,941,343	164,264,921	174,123,902	181,837,416	190,817,593	190,788,731
Total primary government expenses	\$ 191,797,549	\$ 204,374,717	\$ 228,065,616	\$ 235,307,423	\$ 246,893,476	\$ 279,576,601	\$ 294,224,470	\$ 305,965,657	\$ 318,483,761	\$ 315,745,876
Program Revenues										
Governmental activities:										
Charges for services:										
Administrative services	5,512,413	5,696,158	5,905,973	6,247,933	6,276,153	6,453,890	6,676,240	6,611,432	6,904,917	7,526,268
Public safety	4,588,766	4,202,328	4,202,059	4,432,454	4,867,364	4,943,734	4,829,421	4,567,625	5,154,144	5,016,016
Public works	1,003,761	1,338,479	739,643	449,172	462,490	397,032	398,071	362,732	401,793	391,816
Health and welfare	485,775	723,574	791,825	776,194	819,659	732,116	817,774	735,708	758,211	659,329
Culture and recreation	975,889	845,560	925,880	842,523	771,890	796,820	727,220	613,238	613,238	689,980
Community development	2,203,367	2,292,638	1,949,275	1,172,512	1,242,376	1,167,853	968,438	934,442	1,089,720	1,285,797
Storm water	—	—	645	—	—	—	—	—	—	—
General government	9,199,332	9,957,178	8,902,787	8,223,227	9,182,959	13,517,593	12,487,041	10,377,506	10,680,433	999,787
Operating grants and contributions	26,417,977	23,963,312	27,772,386	41,557,506	11,912,031	12,598,018	14,465,335	3,590,902	3,769,347	8,844,808
Capital grants and contributions	50,337,280	49,019,227	51,190,473	63,701,521	35,534,922	40,647,056	42,527,017	28,030,157	30,530,294	1,930,309
Total governmental activities program revenues	184,257,444	190,517,624	196,570,785	206,119,060	193,438,123	220,368,046	234,772,219	217,762,311	223,927,029	223,692,963
Business-type activities:										
Charges for services:										
Power and light	98,278,354	103,133,249	107,619,947	105,064,847	114,744,814	126,755,826	139,878,341	137,749,295	138,813,984	139,078,098
Water	18,312,720	17,744,404	18,114,183	18,607,799	20,134,421	22,203,258	24,635,637	26,642,646	27,545,623	27,838,244
Sewer	14,364,165	15,058,695	15,283,055	15,347,894	15,265,586	17,061,489	18,233,724	20,231,637	21,471,299	23,545,640
Events center	—	—	—	—	—	4,874,623	8,370,481	4,345,469	3,359,318	4,273,465
Operating grants and contributions	2,964,925	5,562,049	4,363,127	3,396,999	7,760,380	4,813,612	5,000	—	2,386,511	1,613,406
Capital grants and contributions	133,920,164	141,498,397	145,380,312	142,417,539	157,903,201	179,720,990	192,245,202	189,732,174	193,576,735	196,348,853
Total business-type activities program revenues	329,437,228	333,957,795	336,637,624	336,787,275	356,412,306	379,343,226	396,533,375	396,897,397	396,897,397	396,897,397
Total primary government program revenues	\$ 184,257,444	\$ 190,517,624	\$ 196,570,785	\$ 206,119,060	\$ 193,438,123	\$ 220,368,046	\$ 234,772,219	\$ 217,762,311	\$ 223,927,029	\$ 223,692,963

Table 2

City of Independence, Missouri		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Changes in Net Position												
Last Ten Fiscal Years												
(accrual basis of accounting)												
Net (expense)/revenue		\$ (27,561,451)	(35,645,217)	(41,448,252)	(33,136,847)	(65,417,211)	(74,664,624)	(77,573,551)	(96,098,104)	(97,316,074)	(97,615,035)	
Governmental activities		20,021,346	21,788,124	9,953,421	3,948,484	11,961,858	15,456,069	18,121,300	7,894,758	2,759,342	5,560,122	
Business-type activities		(7,540,105)	(13,857,093)	(31,494,831)	(29,188,363)	(53,458,353)	(59,208,555)	(59,452,251)	(88,303,346)	(94,556,732)	(92,052,913)	
Total primary government net expense		\$ 6,895,323	6,932,380	7,067,966	7,963,698	7,276,215	7,458,788	8,652,704	7,618,559	7,993,199	8,546,600	
General Revenues and Other Changes in Net Position		\$ 37,754,853	37,728,799	38,086,941	37,353,520	36,021,505	36,030,316	39,836,686	40,689,725	41,142,183	44,459,358	
Governmental activities:												
Taxes												
Property taxes		7,645,601	8,209,734	16,519,852	13,138,965	11,823,113	10,696,214	10,914,940	10,414,823	10,292,488	9,960,928	
Sales and use taxes		22,181	34,802	31,960	44,195	15,669	28,410	21,646	15,225	19,381	16,523	
Intergovernmental activity taxes		1,385,126	1,785,111	1,476,448	605,453	197,476	138,471	228,812	302,467	302,394	256,159	
Franchise taxes		714,149	589,469	348,143	438,354	466,775	1,079,391	397,567	1,049,065	2,203,430	1,960,753	
Financial institutions tax		—	—	—	—	—	—	—	—	—	—	
Investment earnings		13,167,930	13,180,055	14,181,015	13,398,378	14,274,247	16,201,380	17,329,950	18,232,349	18,804,684	18,676,005	
Special item - litigation settlement		67,585,163	68,480,350	77,712,325	72,942,563	70,075,000	71,632,970	86,916,957	87,957,476	92,262,716	92,706,326	
Miscellaneous		—	—	—	—	—	—	—	—	—	—	
Payments to component unit		—	—	—	—	—	—	—	—	—	—	
Total governmental activities		2,449,623	2,532,853	1,850,519	485,895	69,869	171,413	28,936	5,291,682	5,397,059	5,600,076	
Business-type activities:		—	—	—	—	—	—	—	66,215	45,754	32,746	
Sales and use taxes		—	—	—	—	—	—	—	—	—	—	
Investment earnings		436,132	47,953	37,982	1,405,433	609,962	679,868	2,212,916	557,965	1,660,835	1,456,086	
Special item - litigation settlement		(13,167,930)	(13,180,055)	(14,181,015)	(13,398,378)	(14,274,247)	(16,201,380)	(17,329,950)	(18,232,349)	(18,804,684)	(18,676,005)	
Miscellaneous		(10,282,175)	(10,599,249)	(12,292,514)	(11,507,050)	(13,594,416)	(15,350,099)	(15,088,098)	(12,316,487)	1,095,534	(11,387,097)	
Transfers		—	—	—	—	—	—	—	—	—	—	
Total business-type activities		\$ 57,302,988	57,881,101	65,419,811	61,435,513	56,480,584	56,282,871	71,828,859	75,640,989	93,358,250	81,119,229	
Total primary government		\$ 40,023,712	32,835,133	36,264,073	39,805,716	4,657,789	(3,031,654)	9,343,406	(8,140,628)	(5,053,358)	(4,906,709)	
Changes in Net Position		\$ 9,799,171	11,188,875	(2,339,093)	(7,558,566)	(1,632,558)	105,970	3,033,202	(4,421,729)	3,854,876	(6,026,975)	
Governmental activities		49,762,883	44,024,008	33,924,980	32,247,150	3,025,231	(2,925,684)	12,376,608	(12,862,557)	(11,998,482)	(10,935,684)	
Business-type activities		—	—	—	—	—	—	—	—	—	—	
Total primary government		\$ 49,762,883	44,024,008	33,924,980	32,247,150	3,025,231	(2,925,684)	12,376,608	(12,862,557)	(11,998,482)	(10,935,684)	

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2007 the GASB 34 Retrospective Infrastructure was added.

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

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

Note: In 2012 the Events Center Community Improvement District was added as a blended component unit under the business-type activities.

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

Note: In 2015 the City adopted GASB Statement No. 68, which restated beginning net position. For the years prior to 2015, the amounts in this schedule have not been restated.

Table 3

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

	Fiscal Year				
	2006	2007	2008	2009	
General Fund					
Reserved	\$ 1,756,039	2,200,693	1,265,717	1,319,086	
Unreserved	6,029,006	4,534,005	8,062,100	5,739,682	
Total General Fund	\$ 7,785,045	6,734,698	9,327,817	7,058,768	
All other governmental funds					
Reserved	\$ 20,786,620	10,928,435	41,091,787	19,583,280	
Unreserved, reported in:					
Special revenue funds	14,250,375	17,620,241	12,648,957	5,357,555	
Capital project funds	(10,687,320)	(1,859,546)	(29,245,744)	(10,675,562)	
Debt service funds	86,300	82,229	71,068	56,553	
Permanent funds	14,220	9,670	—	—	
Total all other governmental funds	\$ 24,450,195	26,781,029	24,566,068	14,321,826	
General Fund	2010	2011	2012	2013	2014
Nonspendable	\$ —	—	—	—	14,141
Restricted	236,365	442,556	584,917	417,361	402,899
Committed	2,277,479	1,413,292	453,285	391,399	437,083
Assigned	662,881	667,065	593,561	464,633	398,283
Unassigned	2,012,374	2,302,039	1,831,406	600,662	3,591,990
Total	\$ 5,189,099	4,824,952	3,463,169	1,874,055	4,844,396
All other governmental funds					
Nonspendable	\$ —	—	—	480,253	—
Restricted	17,329,836	16,659,329	44,378,155	43,513,724	44,679,472
Committed	440,243	437,150	1,404,187	451,142	204,117
Unassigned	(5,118,794)	(5,369,883)	(6,237,737)	(6,951,949)	(6,167,243)
Total	\$ 12,651,285	11,726,596	39,544,605	37,493,170	38,716,346

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

Note: In 2011 GASB 54 was implemented which changes the Fund Balance classifications. 2010 has been restated for the new categories as well.

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

Table 4

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 52,295,777	52,890,913	58,474,761	55,131,682	55,953,427	59,053,886	68,437,032	68,799,104	70,380,577	71,412,311
Licenses, fees and permits	5,073,944	5,472,192	4,642,719	3,695,971	3,483,767	3,426,859	3,319,496	3,255,877	3,464,631	3,785,532
Intergovernmental	21,762,714	16,534,433	10,862,317	19,131,915	16,921,164	24,785,082	24,127,728	12,724,286	13,672,530	10,337,589
Charges for services	2,926,800	2,897,783	2,784,144	2,774,284	2,759,317	3,015,294	3,095,040	2,966,943	2,699,813	2,905,601
Interfund charges for support services	2,949,682	3,105,514	3,222,406	3,389,629	3,580,384	3,743,875	3,791,444	3,835,972	3,987,029	4,544,233
Fines, forfeitures, and court costs	4,023,981	3,900,967	3,724,608	4,009,673	4,510,754	4,398,111	4,329,537	4,061,879	4,790,383	4,652,309
Investment earnings	1,309,569	1,588,358	1,197,790	495,337	165,939	124,223	214,584	287,686	259,908	250,763
Reimbursements from component unit	—	3,502,961	11,413,444	—	3,792,466	581,524	—	—	250,000	—
Developer contributions	—	—	740,435	—	816,818	—	832,549	238,105	2,042,419	35,000
Other	90,835,594	90,382,701	97,062,624	101,826,754	91,984,036	100,244,792	110,503,075	98,433,816	101,786,072	99,965,757
Total revenues										
Expenditures										
Administrative services	6,897,346	7,592,963	7,460,421	7,728,128	7,867,425	7,862,603	7,321,146	6,997,537	7,547,357	7,640,238
Public safety	38,976,460	39,693,647	40,950,718	40,956,235	45,150,437	48,037,112	45,457,931	46,169,791	49,093,577	49,529,374
Public works	6,586,771	7,173,004	7,173,709	6,719,666	6,513,379	6,159,868	5,191,326	5,645,470	5,899,660	5,896,719
Health and welfare	2,614,557	2,835,949	2,875,392	3,150,172	3,226,705	3,277,614	3,055,362	3,362,706	3,322,766	3,206,732
Culture and recreation	4,628,228	5,098,826	5,800,784	5,942,029	6,160,686	5,995,558	6,205,463	5,694,462	5,747,828	5,793,101
Community development	3,712,454	4,182,354	4,090,318	3,657,531	4,119,818	6,730,888	4,877,604	5,029,870	6,007,452	4,460,559
Storm water	1,141,595	1,538,857	1,388,856	1,542,289	1,668,148	1,772,587	1,581,460	1,532,184	1,686,782	1,629,842
General government	6,678,208	7,582,224	7,612,540	7,486,977	8,541,386	8,307,142	8,343,550	7,461,577	7,688,526	8,622,570
Tax increment financing	—	—	—	—	—	—	2,992,581	2,578,489	2,886,495	1,290,274
Capital outlay	33,296,700	31,736,638	28,561,029	42,442,528	26,346,981	22,527,627	24,697,928	15,475,351	12,296,360	14,159,976
Debt Service	3,230,099	3,256,394	3,378,132	7,277,755	3,465,682	2,963,391	12,935,067	12,223,792	7,614,702	8,513,930
Debt service component unit	—	—	—	—	—	3,566,752	—	—	—	—
Interest	996,600	1,001,306	1,114,072	977,116	814,620	600,864	10,283,032	9,506,756	8,844,986	9,243,134
Debt issuance costs	—	—	—	—	—	—	258,358	1,059,129	201,254	240,698
Total expenditures	108,759,018	111,692,162	110,405,971	127,880,426	113,875,467	118,001,806	133,211,808	122,736,114	118,837,745	119,717,147
Excess of revenues over (under) expenditures	(17,923,424)	(21,309,461)	(13,343,347)	(26,053,672)	(21,891,431)	(17,757,014)	(22,708,733)	(24,302,298)	(17,051,673)	(19,751,390)
Other Financing Sources (Uses)										
Transfers in	1,724,648	2,102,299	1,266,294	3,897,938	3,069,619	2,499,761	8,446,498	9,771,846	2,630,331	2,119,880
Transfers out	(1,181,579)	(1,961,707)	(1,371,651)	(4,003,295)	(3,020,619)	(2,461,566)	(8,446,498)	(9,560,573)	(1,969,709)	(1,857,265)
Issuance of debt	—	8,477,809	100,695	101,734	4,020,000	—	8,694,700	40,855,000	6,981,126	8,770,000
Premiums/Discounts on debt issued	—	—	—	18,402	—	—	(99,950)	(14,334)	74,056	(99,693)
Payment to refunded loans escrow agent	—	—	—	—	—	—	(6,426,286)	(38,713,690)	(6,982,279)	(7,887,707)
Transfers in - utility payments in lieu of taxes	12,624,861	13,039,463	13,702,586	13,503,735	14,225,247	16,211,380	17,329,950	18,021,077	18,144,063	18,413,389
Sale of capital assets	303,255	50,834	23,581	40,269	38,572	218,603	100,901	302,423	164,172	113,025
Total other financing sources (uses)	13,471,185	21,708,698	13,721,505	13,540,381	18,351,221	16,468,178	19,599,315	20,661,749	19,041,760	19,571,629
Special items:										
Litigation settlement	—	—	—	—	—	—	—	—	2,203,430	—
Net change in fund balances	\$ (4,452,239)	399,237	378,158	(12,513,291)	(3,540,210)	(1,288,836)	(3,109,418)	(3,640,549)	4,193,517	(179,761)
Debt service as a percentage of non capital expenditures	5.76%	5.42%	5.63%	9.75%	5.04%	3.83%	21.55%	20.60%	15.90%	17.45%

Note: In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. In 2012 the Tax Increment Financing funds were added back to the primary government presentation as a blended component unit.

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

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

Table 5

City of Independence, Missouri
Total City Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

Sales by Retail Category:	2004	2006	2007	2008	2009	2010	2011	2012	2013	2014
Apparel stores	\$ 115,283	126,307	132,957	125,832	124,168	103,406	109,372	100,727	105,579	92,839
General merchandise	411,327	436,832	430,331	434,782	408,200	388,061	424,435	431,720	433,166	447,692
Food stores	166,671	173,595	170,099	178,747	179,031	166,018	177,019	167,729	165,814	187,945
Eating and drinking establishments	170,143	190,478	194,970	201,085	211,739	207,363	220,458	220,621	223,733	239,711
Home furnishings and appliances	85,821	84,366	80,420	72,902	67,124	54,274	55,222	49,381	45,410	43,012
Building materials and farm tools	20,842	25,578	22,720	19,998	17,213	16,937	14,753	17,949	17,133	19,654
Construction/Remodeling	5,432	2,040	4,724	3,415	3,596	3,317	4,383	3,356	2,919	2,716
Auto dealers and supplies	32,284	33,865	35,314	38,260	36,967	41,703	39,526	37,625	38,257	40,621
Service stations	55,475	61,586	62,430	65,741	68,633	70,891	75,773	81,702	74,396	83,447
Other retail stores	186,594	227,864	222,237	245,406	233,860	219,787	236,382	222,049	228,625	226,899
All other outlets	109,023	121,081	119,236	113,711	119,813	118,046	123,443	128,081	116,758	119,810
Total	\$ 1,358,895	1,483,592	1,475,438	1,499,879	1,470,344	1,389,803	1,480,766	1,460,940	1,451,790	1,504,346

Note: Amounts for 2015 are not provided due to only receiving partial year figures.

Source: Missouri Department of Revenue

Table 6

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Direct Sales Tax Rate City of Independence										
General Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Street Improvements	0.375	0.375	0.375	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Park Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Storm Water Improvements	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Police Public Safety	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Fire Public Safety	0.250	0.250	0.250	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Direct Sales Tax Rate City of Independence	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									
Total Local Option Sales Tax Rate	4.000									
State of Missouri	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Mo. State Conservation	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Mo. State Parks and Soil	0.750	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125
Jackson County	0.000	0.000	0.000	0.000	0.000	0.000	0.125	0.125	0.125	0.125
Kansas City Zoo	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250	2.250
City of Independence	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Transportation Development District										
Total Direct and Overlapping Sales Tax Rate	7.350	7.725	7.725	7.725	7.725	7.725	7.850	7.850	7.850	7.850

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

Source: Missouri Department of Revenue

Table 7

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

Fiscal Year Ended June 30,	Real Property			State Assessed	Total	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			Personal Property	Railroads & Utilities				
2006	\$ 789,999,343	1,132,567	255,766,766	5,244,739	1,052,143,415	266,654,033	1,105,062	1,319,902,510	0.6930	5,787,206,471	22.81%
2007	826,183,410	1,077,386	289,266,376	4,991,962	1,121,519,134	278,254,929	836,952	1,400,611,015	0.6630	6,115,085,122	22.90%
2008	835,415,560	1,092,071	280,076,363	4,385,286	1,120,969,280	289,243,271	1,720,003	1,411,932,554	0.6630	6,168,940,666	22.89%
2009	774,152,986	1,020,696	255,474,757	3,793,786	1,034,442,225	268,317,482	1,114,259	1,303,873,966	0.6560	5,702,449,660	22.87%
2010	770,979,192	1,083,868	257,788,756	4,145,717	1,033,997,533	263,606,423	1,237,018	1,298,840,974	0.7030	5,680,839,244	22.86%
2011	781,239,728	1,126,981	235,721,480	4,951,250	1,023,039,439	262,875,610	1,242,492	1,287,157,541	0.7280	5,666,580,865	22.71%
2012	781,254,601	1,128,703	236,979,066	4,844,455	1,024,206,825	252,082,951	2,943,813	1,279,233,589	0.7236	5,643,175,957	22.67%
2013	779,674,017	1,128,605	235,695,566	4,816,906	1,021,315,094	254,225,408	3,612,882	1,279,153,384	0.7281	5,639,283,894	22.68%
2014	779,683,482	1,138,200	233,988,631	5,106,421	1,019,916,734	257,382,527	3,528,618	1,280,827,879	0.7394	5,644,201,744	22.69%
2015	779,384,690	1,138,682	232,114,740	5,387,691	1,018,025,803	244,122,675	2,857,999	1,265,006,477	0.7393	5,595,741,171	22.61%

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		
2006	2005	\$ 0.471	0.222	—	0.693	0.230	5.190	1.107	0.030		
2007	2006	0.451	0.212	—	0.663	0.217	5.084	1.060	0.030		
2008	2007	0.451	0.212	—	0.663	0.217	5.084	1.063	0.030		
2009	2008	0.446	0.210	—	0.656	0.213	5.084	1.053	0.030		
2010	2009	0.478	0.225	—	0.703	0.214	5.084	1.061	0.030		
2011	2010	0.495	0.233	—	0.728	0.2329	5.430	1.0596	0.030		
2012	2011	0.4924	0.2312	—	0.7236	0.2335	5.580	1.0596	0.030		
2013	2012	0.4950	0.2331	—	0.7281	0.2349	5.670	1.0464	0.030		
2014	2013	0.5026	0.2368	—	0.7394	0.2369	5.700	1.0464	0.030		
2015	2014	0.5026	0.2367	—	0.7393	0.2374	5.700	1.0317	0.030		

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	0.1493
General Fund	0.1414
Road & Bridge Fund	0.1363
Park Fund	0.0871
Mid-Continent Public Library	0.3200
Developmentally Disabled	0.0753
Mental Health	0.1223
Total County	1.0317
- (4) Three other school districts are in the Jackson County portion of the City of Independence. School tax rates for these districts are:

Fort Osage Reorganized #1	5.6998
Blue Springs Reorganized #4	5.7286
Kansas City School District	4.9500

Table 9

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

Taxpayer	2015			2006		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group LP	\$ 26,030,210	1	2.06%	\$ 19,238,350	1	1.46%
Cole DDR Mt Independence LLC	8,963,343	2	0.71%			
Space Center of Kansas City	6,730,787	3	0.53%	8,848,360	2	0.67%
Southern Union Company	5,953,893	4	0.47%	4,257,589	6	0.32%
A T & T	5,105,329	5	0.40%			
Sprint	4,758,915	6	0.38%	4,166,300	7	0.32%
Mansion Apartment	4,530,213	7	0.36%			
Comcast Cablevision	4,251,687	8	0.34%			
Walmart	3,869,194	9	0.31%			
Centerpoint Medical Center	3,278,403	10	0.26%			
DDR MDT Independence Commons				9,611,830	3	0.73%
Bradley Operating LTD PTP				7,661,437	4	0.58%
Noland Fashion Square Partners				5,103,999	5	0.39%
Burd & Fletcher				3,814,618	8	0.29%
Southwestern Bell				3,635,212	9	0.28%
Independence Regional Hospital				3,353,692	10	0.25%
Total	\$ 73,471,974		5.81%	\$ 69,691,387		5.28%

Source: Jackson County Collection Department

Table 10

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

Fiscal Year Ended June 30,	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 6,818,619	\$ 6,164,479	90.41%	\$ 651,262	\$ 6,815,741	99.96%
2007	6,905,547	6,557,341	94.96%	345,002	6,902,343	99.95%
2008	7,103,810	6,645,387	93.55%	453,960	7,099,347	99.94%
2009	7,287,258	6,807,203	93.41%	485,079	7,292,282	100.07%
2010	7,232,424	6,883,318	95.17%	325,101	7,208,418	99.67%
2011	7,493,616	7,145,073	95.35%	311,001	7,456,074	99.50%
2012	7,495,895	6,971,357	93.00%	357,724	7,329,081	97.77%
2013	7,402,402	7,065,183	95.44%	283,990	7,349,173	99.28%
2014	7,625,313	7,145,159	93.70%	187,155	7,332,314	96.16%
2015	7,468,109	7,164,660	95.94%	—	7,164,660	95.94%

Source: City of Independence

Table 11

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

Sales by Category:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Power and Light:										
Residential	\$ 50,668,000	53,326,000	55,218,000	52,555,000	56,500,000	64,723,000	71,334,000	71,667,000	72,259,000	70,622,000
Commercial	40,881,000	43,673,000	44,708,000	45,171,000	48,273,000	52,003,000	58,366,000	56,044,000	56,809,000	58,251,000
Industrial	2,649,000	2,891,000	2,999,000	2,904,000	3,085,000	3,292,000	4,462,000	4,839,000	4,867,000	4,727,000
Sold to Other Utilities	1,839,000	796,000	2,081,000	1,765,000	4,039,000	3,077,000	1,909,000	2,380,000	2,254,000	2,369,000
Other	1,128,000	1,214,000	1,328,000	1,434,000	1,621,000	1,551,000	1,644,000	606,000	599,000	493,000
Water:										
Residential	8,488,894	8,657,593	8,994,600	9,037,744	9,403,985	10,726,567	11,699,971	13,080,814	13,052,557	13,147,584
Commercial	2,245,526	2,347,234	2,458,013	2,450,246	2,404,953	2,835,271	3,325,167	3,847,161	3,555,507	3,491,458
Industrial	362,537	367,863	308,642	300,577	407,313	450,156	479,477	547,930	769,857	605,223
Public Authority	231,257	228,957	267,428	281,615	297,218	263,137	256,730	270,391	262,012	318,503
Sold to Other Utilities	5,858,904	5,232,779	5,023,444	4,930,608	6,302,495	6,659,302	7,153,628	7,714,290	8,136,297	8,322,743
Other	968,733	1,060,453	1,081,606	1,344,666	1,217,907	1,245,524	1,289,923	1,531,318	1,760,366	1,845,426
Sanitary Sewer:										
Residential	9,196,013	9,584,113	9,854,124	9,841,314	9,733,214	9,873,906	10,460,524	10,601,887	11,329,939	11,545,538
Commercial	4,364,268	4,585,890	4,559,524	4,560,728	4,569,721	4,841,546	5,099,839	5,288,864	5,755,295	5,875,596
Other	774,222	854,930	881,836	906,142	897,895	2,443,875	2,628,416	4,340,296	4,295,186	6,073,994
Total	\$ 129,655,354	134,819,812	139,763,217	137,482,640	148,752,701	163,985,284	180,108,675	182,758,951	185,705,016	187,688,065

Source: City of Independence

Table 12

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

Rates by Category:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Power and Light (per Kwh):										
Residential	0.09	0.10	0.10	0.10	0.11	0.12	0.14	0.14	0.14	0.14
Commercial	0.08	0.09	0.09	0.09	0.10	0.10	0.12	0.12	0.12	0.13
Industrial	0.06	0.06	0.07	0.07	0.07	0.08	0.09	0.09	0.09	0.09
Sold to Other Utilities	0.04	0.04	0.05	0.03	0.03	0.03	0.02	0.03	0.04	0.03
Other	0.12	0.13	0.14	0.15	0.16	0.15	0.15	0.06	0.10	0.12
Water (per 1,000 gallons):										
Residential	2.54	2.63	2.80	3.06	3.35	3.61	3.91	4.14	4.49	4.89
Commercial	2.34	2.41	2.52	2.78	3.08	3.33	3.59	3.82	4.10	4.44
Industrial	1.31	1.34	1.44	1.73	1.97	2.23	2.25	2.29	2.42	2.75
Public Authority	2.34	2.42	2.58	2.86	3.11	3.34	3.67	3.89	4.16	4.36
Sold to Other Utilities	1.21	1.10	1.03	1.10	1.23	1.35	1.46	1.57	1.69	1.80
Sanitary Sewer (per 100 cubic feet):										
Residential	3.13	3.18	3.35	3.50	3.40	3.62	3.90	4.16	4.31	4.49
Commercial	2.46	2.64	2.68	2.69	3.08	3.09	3.42	3.09	3.81	3.74
Total	15.72	16.13	16.84	18.16	19.70	21.05	22.73	23.39	25.49	26.98

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	2015			2006		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 1,983,245	1	1.45%	\$ 1,376,681	1	1.42%
Centerpoint Medical Center	1,798,091	2	1.32%			
Burd and Fletcher (Combined Accounts)	1,618,748	3	1.19%	1,046,288	2	1.08%
Simon Property Group LP	1,111,228	4	0.81%	983,402	4	1.01%
Smart Warehouse/Commercial Distributions Center	867,342	5	0.64%	997,387	3	1.03%
HCP MOB Centerpoint (Boyer Company)	671,459	6	0.49%			
City's Rock Creek Sanitary Sewer Plant	607,286	7	0.45%	382,777	8	0.39%
Costco Wholesale Inc.	557,783	8	0.41%	368,658	10	0.38%
Independence Events Center	520,362	9	0.38%			
Price Chopper (23rd Street)	476,818	10	0.35%	428,559	7	0.44%
Hy-Yee (Noland Road)	—		0.00%			
Independence Regional Health Center	—		0.00%	483,997	5	0.50%
Price Chopper (Noland Road)	—		0.00%	460,459	6	0.47%
Medical Center of Independence	—		0.00%	381,785	9	0.39%
Total	\$ 10,212,362		7.48%	\$ 6,909,993		7.11%

Source: City of Independence

Table 14

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

Utility Customer - Water	2015			2006		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Lee's Summit	\$ 4,632,295	1	16.70%	\$ 2,864,005	1	15.77%
Blue Springs	1,255,596	2	4.53%	1,329,577	2	7.32%
District #2, Jackson County	587,869	3	2.12%	286,899	6	1.58%
District #1, Lafayette County	394,024	4	1.42%	310,521	3	1.71%
Oak Grove	353,967	5	1.28%	298,378	4	1.64%
Grain Valley	276,614	6	1.00%	288,574	5	1.59%
District #15, Jackson County	272,416	7	0.98%	160,270	7	0.88%
Audubon (Lafarge) Corporation	252,183	8	0.91%	151,326	8	0.83%
Unilever (Thomas J. Lipton Co)	204,247	9	0.74%	137,904	10	0.76%
Buckner	171,492	10	0.62%	139,462	9	0.77%
Total	\$ 8,400,703		30.29%	\$ 5,966,916		32.86%

Source: City of Independence

Table 15

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

Utility Customer - Sewer	2015			2006		
	Total Sales	Rank	Percentage of Total Sales	Total Sales	Rank	Percentage of Total Sales
Unilever (Thomas J. Lipton Co)	\$ 908,220	1	3.87%	\$ 469,393	1	3.27%
BP/AMOCO	259,205	2	1.10%	166,465	2	1.16%
City of Independence, Power & Light	183,608	3	0.78%	165,058	3	1.15%
Centerpoint Medical Center	51,573	4	0.22%			
Simon Property Group LP	45,162	5	0.19%	36,923	5	0.26%
Midwest Ferrelwood MHP	44,909	6	0.19%			
Highland Park Investors	41,866	7	0.18%			
Space Center of KC	40,798	8	0.17%			
Smart Warehouse/Commercial Distributions Center	33,336	9	0.14%	28,110	6	0.20%
Price Chopper (23rd Street)	24,881	10	0.11%	44,169	4	0.31%
Independence Regional Health Center						
Total	\$ 1,633,558		6.95%	\$ 910,118		6.35%

Note: Amounts for customers 7 through 10 are not available for 2006.

Source: City of Independence

Table 16

City of Independence, Missouri
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	Loans Payable	Neighborhood Improvement District	Capital Leases	Certificates of Participation		
2006	\$ 18,590,023	\$ 982,044	\$ 737,370	\$ —	3.03%	\$ 687.10
2007	23,870,529	923,099	712,483	—	3.06%	696.59
2008	20,681,754	864,153	650,673	—	3.48%	788.08
2009	13,586,351	800,207	603,524	—	7.48%	1,695.18
2010	14,366,011	736,261	431,454	—	6.77%	1,572.56
2011	11,580,656	667,315	292,063	—	7.91%	1,784.91
2012	180,792,033	598,369	1,642,764	—	15.64%	3,635.01
2013	171,371,974	528,423	1,407,347	—	16.92%	4,010.96
2014	167,681,305	453,477	1,226,414	—	18.43%	4,368.43
2015	162,434,005	378,531	1,036,529	—	18.75%	4,410.74

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Loans Payable	Capital Leases	Certificates of Participation			
2006	\$ 59,361,323	—	—	—	\$ 79,670,760	3.03%	\$ 687.10
2007	55,548,038	—	—	—	81,054,149	3.06%	696.59
2008	63,829,753	—	—	—	86,026,333	3.48%	788.08
2009	178,411,467	—	65,954	—	193,467,503	7.48%	1,695.18
2010	175,035,863	—	43,988	—	190,613,577	6.77%	1,572.56
2011	195,970,016	—	21,353	—	208,531,403	7.91%	1,784.91
2012	243,037,399	—	—	—	426,070,565	15.64%	3,635.01
2013	296,937,015	—	—	—	470,244,759	16.92%	4,010.96
2014	342,793,093	—	—	—	512,154,289	18.43%	4,368.43
2015	354,386,824	—	—	—	518,235,889	18.75%	4,410.74

Notes: (1) See Table 21 for personal income and population data.

(2) In 2005 the Tax Increment Financing funds were removed from the primary government presentation and shown as a discretely component unit. 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		
2006	\$ —	\$ —	\$ —	0.00%	\$ —
2007	—	—	—	0.00%	—
2008	—	—	—	0.00%	—
2009	—	—	—	0.00%	—
2010	—	—	—	0.00%	—
2011	—	—	—	0.00%	—
2012	—	—	—	0.00%	—
2013	—	—	—	0.00%	—
2014	—	—	—	0.00%	—
2014	—	—	—	0.00%	—
2015	—	—	—	0.00%	—

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, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Independence School District	\$ 154,045,000	93.52%	\$ 144,062,884
Fort Osage Reorganized #1 School District	53,540,000	12.50%	6,692,500
Blue Springs Reorganized #4 School District	129,915,000	5.00%	6,495,750
Raytown School District	77,750,000	8.38%	6,515,450
Subtotal, overlapping debt			<u>163,766,584</u>
City direct debt			<u>163,849,065</u>
Total direct and overlapping debt			<u>\$ 327,615,649</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit (1)	\$ 263,980,502	280,122,203	282,386,511	282,386,511	259,768,195	257,431,508	255,846,718	255,830,677	256,165,576	253,001,295
Total net debt applicable to limit	896,700	840,870	790,240	790,240	650,505	585,340	515,768	455,018	368,810	290,306
Legal Debt Margin	\$ 263,083,802	279,281,333	281,596,271	281,596,271	259,117,690	256,846,168	255,330,950	255,375,659	255,796,766	252,710,989

Total net debt applicable to the limit as a percentage of debt limit

	0.340%	0.300%	0.280%	0.280%	0.250%	0.227%	0.202%	0.178%	0.144%	0.115%
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	\$ 1,265,006,477
Debt Limit (20% of assessed value)	253,001,295
General obligation:	
City-Wide	—
Neighborhood Improvement Districts	378,531
Revenue Bonds	354,386,824
Total Bonded Debt	354,765,355
Less:	
Electric Utility Bonds	128,017,832
Water Utility Bonds	34,781,113
Sewer Utility Bonds	101,145,156
Events Center Bonds	90,442,723
Debt Service Fund Balance	88,225
Total net debt applicable to limit	290,306
Legal debt margin	\$ 252,710,989

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)						
2006	\$ 100,254,630	\$ 75,369,477	\$ 24,885,153	\$ 1,925,000	\$ 855,273	\$ 8.95
2007	105,313,797	80,423,304	24,890,493	1,995,000	784,823	8.95
2008	109,358,222	90,141,975	19,216,247	2,065,000	708,218	6.93
2009	106,810,460	88,778,796	18,031,664	2,155,000	1,157,423	5.44
2010	115,265,625	91,580,614	23,685,011	2,245,000	2,149,388	5.39
2011	127,486,725	98,684,455	28,802,270	2,965,000	2,645,010	5.13
2012	140,997,371	104,196,848	36,800,523	3,820,000	3,042,435	5.36
2013	138,561,630	100,672,846	37,888,784	4,080,000	6,100,037	3.72
2014	139,621,307	106,187,200	33,434,107	5,015,000	5,853,306	3.08
2015	139,687,551	107,899,251	31,788,300	3,265,000	5,670,556	3.56
Water (2)						
2006	\$ 19,285,620	\$ 12,300,943	\$ 6,984,677	\$ 1,905,000	\$ 2,053,730	\$ 1.76
2007	18,473,889	12,850,111	5,623,778	2,040,000	1,923,627	1.42
2008	18,422,122	13,268,938	5,153,184	2,200,000	1,838,014	1.28
2009	18,709,946	13,618,857	5,091,089	2,380,000	2,032,591	1.15
2010	21,979,071	14,628,914	7,350,157	2,525,000	2,495,816	1.46
2011	24,133,141	15,051,480	9,081,661	2,790,000	2,263,273	1.80
2012	26,383,701	15,282,735	11,100,966	2,965,000	2,150,678	2.17
2013	28,165,483	16,255,647	11,909,836	3,180,000	2,003,608	2.30
2014	29,374,518	16,856,321	12,518,197	3,395,000	1,463,831	2.58
2015	29,739,720	16,376,953	13,362,767	4,230,000	1,281,338	2.42
Sanitary Sewer						
2006	\$ 14,850,445	\$ 10,400,801	\$ 4,449,644	\$ —	\$ —	\$ —
2007	15,519,278	10,884,567	4,634,711	—	—	—
2008	15,860,966	11,852,963	4,008,003	—	—	—
2009	15,585,793	13,005,365	2,580,428	—	—	—
2010	15,310,352	13,001,081	2,309,271	—	—	—
2011	17,099,048	13,451,850	3,647,198	—	—	—
2012	19,260,332	13,840,938	5,419,394	—	—	—
2013	20,249,977	13,440,965	6,809,012	—	1,030,631	6.61
2014	21,501,256	14,301,898	7,199,358	745,000	2,740,012	2.07
2015	23,586,443	14,891,692	8,694,751	1,015,000	3,979,597	1.74

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Notes: (1) Operating expenses excludes depreciation, interest expense, amortization, non-operating expenses, OPEB, net pension expense (GASB 68), and payments in lieu of taxes.

(2) Numbers displayed for Power and Light are in accordance with FERC accounting. Numbers displayed for Water are in accordance with NARUC accounting.

Table 21

City of Independence, Missouri
 Demographic and Economic Statistics
 Last Ten Calendar Years

Calendar Year (3)	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
2005	115,146	\$ 2,552,786,820	\$ 22,170	38.57	16,278	6.00%
2006	115,953	2,632,249,053	22,701	38.91	14,829	5.30%
2007	116,359	2,651,123,456	22,784	39.22	14,113	5.40%
2008	109,159	2,471,141,442	22,638	39.28	13,550	6.40%
2009	114,128	2,585,569,840	22,655	39.56	16,065	9.80%
2010	121,212	2,817,572,940	23,245	39.81	20,755	10.35%
2011	116,830	2,636,035,290	22,563	38.79	19,505	10.20%
2012	117,213	2,723,795,694	23,238	38.18	24,900	7.10%
2013	117,240	2,778,588,000	23,700	39.60	25,320	6.90%
2014	117,494	2,763,928,856	23,524	41.80	24,304	6.70%

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	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Independence School District	2,200	1	3.72%	1,800	2	3.09%
Alliant Tech Systems (Lake City)	1,600	2	2.70%	2,100	1	3.60%
Centerpoint Medical Center	1,400	3	2.36%			
City of Independence	1,120	4	1.89%	1,176	3	2.02%
Government Employee Health Association	650	5	1.10%	350	6	0.60%
Rosewood Health Center at the Groves	444	6	0.75%			
Burd & Fletcher	274	7	0.46%	350	7	0.60%
Jackson County Circuit Court	274	8	0.46%	274	9	0.47%
Cable Dahmer Automotive	271	9	0.46%			
Unilever	260	10	0.44%			
Mid-Continent Library				330	8	0.57%
Independence Regional Health Center				248	10	0.43%
Medical Center of Independence				1,035	4	1.78%
				565	5	0.97%
Total	8,493		14.34%	8,228		14.12%

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
City council office	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
City manager	7.50	10.50	10.50	10.50	9.50	9.50	7.00	7.00	7.00	7.00
National Frontiers Trails Museum	6.00	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.00
Technology services	20.00	21.00	21.00	21.00	21.00	21.00	22.00	22.00	22.00	23.00
Municipal court	13.00	13.00	14.00	14.00	14.00	14.00	14.00	14.67	14.65	14.65
Law - General fund	5.75	6.75	6.51	6.50	6.50	6.00	6.25	6.25	6.25	6.23
Law - Grant fund	0.50	0.50	0.37	0.25	0.25	0.25	0.25	0.25	0.25	0.28
Finance	25.00	26.00	25.00	24.15	24.15	24.15	22.65	22.65	22.65	22.15
Human resources	7.50	7.50	7.50	7.50	7.50	6.50	6.50	6.44	7.44	6.75
Public Safety	281.50	281.50	283.00	290.40	290.40	292.90	274.65	276.91	291.91	296.91
Police - General fund	12.00	10.00	14.00	15.00	15.00	13.00	14.00	13.00	13.00	7.00
Police - Grant fund	173.25	173.25	173.25	173.25	173.25	173.25	173.25	173.25	169.25	169.75
Fire - Grant fund	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	4.75	5.25
Public Works	82.00	83.00	82.00	82.00	82.00	83.00	79.90	79.90	80.27	80.27
General Fund	—	—	—	—	—	—	—	3.00	3.00	3.00
Street Sales Tax Fund	—	—	—	—	—	—	—	—	—	—
Health and Welfare	34.25	34.25	35.25	35.25	35.25	36.00	35.16	40.20	29.33	28.56
General fund	6.00	7.70	6.25	7.10	5.35	4.95	8.65	7.65	9.06	6.86
Culture and Recreation	36.70	35.53	32.65	32.65	33.46	31.71	28.71	30.15	27.85	27.10
General fund	4.41	4.41	4.41	4.41	4.41	4.41	4.66	4.66	5.66	8.18
Tourism fund	12.59	17.12	25.29	25.29	23.98	22.48	21.75	20.75	24.70	26.61
Park Improvement Sales Tax fund	—	—	—	—	—	—	—	—	—	—
Community Development	26.00	25.75	26.64	26.05	27.55	27.05	27.30	27.30	27.30	28.68
General fund	3.00	2.50	2.11	2.70	2.00	2.00	2.00	2.00	2.00	2.00
Community Dev Block Grant fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
HOME Program fund	—	—	—	—	—	—	—	—	—	—
Storm Water	5.00	5.00	5.00	5.00	5.00	5.00	—	—	—	—
Water Poll Control - General Fund	8.00	8.00	8.00	8.00	8.00	8.00	13.00	13.00	13.00	13.00
Storm Water Sales Tax fund	—	—	—	—	—	—	—	—	—	—
Power and Light	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50
Technology Services - General Fund	220.00	220.00	220.00	217.00	218.00	222.00	233.00	236.00	238.00	239.00
Power and Light	1.00	0.17	0.15	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Finance - General fund	98.48	97.48	98.50	101.65	101.65	101.65	93.65	93.42	92.42	93.42
Water	—	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—	—
Sewer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works - General fund	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
Water Pollution Control	—	—	—	—	—	—	—	—	—	—
Central Garage fund	9.00	9.00	10.00	10.00	9.75	9.75	9.75	9.75	9.75	9.75
Worker Compensation Fund	—	—	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00
Total	1,188.18	1,195.66	1,208.88	1,218.00	1,216.30	1,216.90	1,196.93	1,209.05	1,220.59	1,223.75

Source: City of Independence Budget

Table 24

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
National Frontiers Trails Museum										
Number of visitors to museum	15,986	14,621	15,095	14,900	16,691	15,126	14,123	12,932	13,470	13,532
Public Safety										
Police										
Police Incident Calls	130,242	126,301	122,667	125,899	126,087	100,096	98,282	112,197	90,403	105,840
Traffic Unit Citations Issued	20,257	30,984	31,241	31,969	38,465	19,082	19,977	33,234	40,761	36,864
Fire										
Total Alarms	13,166	13,354	13,130	15,374	16,081	16,931	16,907	17,126	16,929	18,737
Public Education Audience	18,818	18,502	18,830	10,291	38,133	35,243	19,508	26,099	25,591	14,787
Public Works										
Street Overlay (lane miles)	66	26	—	53	63	16	35	32	39	49
Street Patching Jobs	474	3,897	6,822	3,168	6,163	7,181	5,069	4,319	7,718	7,561
Health and Welfare										
Food Handlers Trained	7,696	8,663	10,112	8,850	9,333	7,036	6,582	5,863	5,187	5,712
Flu Shots Given	680	1,118	764	789	7,369	661	422	—	—	3,200
Animal Control Service Calls	7,294	8,415	6,641	9,314	9,489	6,957	7,499	6,343	6,255	5,452
Culture and Recreation										
Park Shelter Reservations	462	457	646	872	715	730	524	579	657	698
Number of Sermon Center Memberships	930	1,095	1,500	1,323	1,574	1,577	1,577	1,671	1,332	1,618
Community Development										
Permits Issued	4,792	4,048	4,100	3,782	3,246	4,538	3,177	2,728	3,049	3,155
Tourism										
Site Attendance	295,381	260,342	244,524	230,483	222,104	287,466	374,525	130,249	293,772	409,320
Leisure Visitor Inquiries	44,943	34,116	35,446	33,392	39,925	38,828	50,517	37,126	1,282	3,117
Power and Light										
Average number of monthly customers	56,402	56,562	56,790	56,656	56,585	56,458	56,292	56,297	56,474	56,709
Water										
Number of customers	47,769	48,358	48,350	48,318	47,822	48,089	48,145	48,121	48,253	48,384
Water main breaks	241	271	179	171	202	267	249	402	318	227
Sewer										
Number of customers	44,290	44,351	44,210	44,279	44,232	44,078	44,085	44,062	44,166	44,793
Wastewater Treated (Million Gallons)	2,935	2,348	2,701	3,080	3,249	2,515	2,261	2,361	2,124	2,558

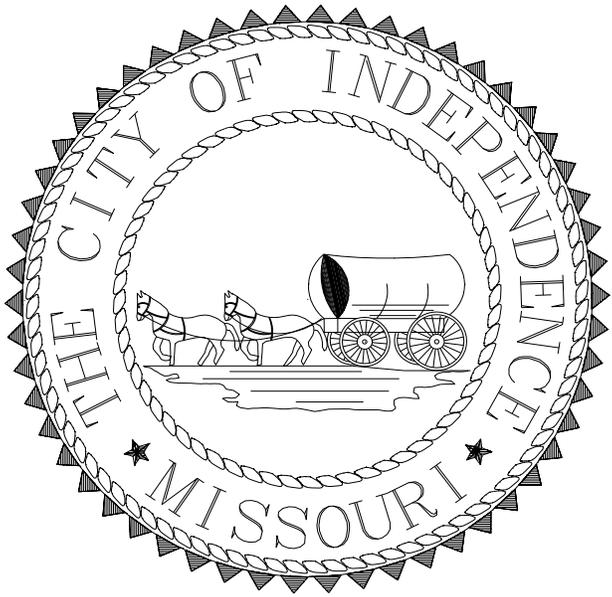
Source: City of Independence
Note: There was a tracking issue during 2013-14 for Tourism's leisure visitor inquiries that should now be corrected.

Table 25

City of Independence, Missouri
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Police stations		4	4	4	5	4	3	5	5	5
Vehicles	177	203	206	201	215	166	180	191	191	194
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
Vehicles	44	45	42	45	48	47	45	44	45	46
Public Works										
Total area (square miles)	78	78	78	78	78	78	78	78	78	78
Paved miles	580	550	564	547	557	565	565	560	560	560
Culture and Recreation										
Park acreage	757	826	728	728	781	730	843	843	887	887
Parks	43	44	42	42	45	43	45	46	42	43
Community Centers	3	3	3	3	3	3	4	3	3	3
Fitness Centers	2	2	2	2	2	2	2	2	3	3
Ball Fields	53	53	54	54	57	54	42	45	44	44
Power and Light										
Power stations	5	5	5	5	5	5	6	6	6	6
Transmission/Distribution Circuits (miles)	817	829	835	840	844	847	859	853	869	870
Maximum daily use (Mwh)	5,464	5,865	5,579	5,472	4,909	5,456	5,780	5,654	4,818	4,754
Water										
Water mains (miles)	729	736	741	742	746	750	757	758	759	760
Fire hydrants	4,401	4,520	4,635	4,679	4,728	4,787	4,854	4,875	4,910	4,933
Maximum daily pumpage (millions of gallons)	44	44	39	38	35	42	42	47	40	37
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	578	590	578	596	597	596	614	614	614	614
Maximum daily capacity of treatment (MGD)	19	18	16	18	18	18	16	16	32	32

Source: City of Independence



City of Independence



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